



Financial Results for the First Half Ended September 30, 2021

Caution regarding Forward-looking Statements

This document contains forward-looking statements based on information available to the company at the time of disclosure and certain assumptions that management believes to be reasonable. Sojitz makes no assurances as to the actual results and/or other outcomes, which may differ substantially from those expressed or implied by such forward-looking statements due to various factors including the timing at which the COVID-19 pandemic ends, changes in economic conditions in key markets, both in and outside of Japan, and exchange rate movements.

The company will provide timely disclosure of any material changes, events, or other relevant issues.

November 2, 2021
Sojitz Corporation

FY2021 H1 Summary

- Record highs for the first half of the year due to recovery of automotive, material-related businesses such as steel and chemical, and strong coal prices
- Strong core operating CF, generating profit with cash
- Upward revision to full-year forecast of profit for the year as a result of higher profit for the period than initial forecast
- Upward revision of interim dividend of ¥9, year-end dividend of ¥45, and consolidated payout ratio of 30%

	FY20 H1	FY21 H1	Difference	FY21 Initial Forecast	FY21 Revised Forecast	Achieved (vs. Revised Forecast)
Profit for the period/year attributable to owners of the Company	9.1	39.4 ★	30.3	53.0	70.0 ↑	56%
[Break-down]						
Non-Resources	7.5	29.6	22.1			
Resources	(1.9)	9.2	11.1			
One-time gain/loss	3.5	0.6	(2.9)			
Core operating CF	20.9	49.3	28.4	70.0 - 75.0	85.0 - 90.0	
NET DER (Times)	0.93	1.04	0.11	1.2	1.2	

Non-Resources businesses : Main breakdown of +¥22.1bn (YoY)

- Steel products : +¥7.7bn (Recovery of steel demand)
- Chemical : +¥5.5bn (Recovery of methanol market conditions and increase in transaction volumes of plastic resin)
- Automotive : +¥4.8bn (Higher sales volumes in Americas)
- Stable earnings contributions from healthcare businesses, power generation businesses, fertilizer businesses

Resources businesses : Main breakdown of +¥11.1bn (YoY)

- Coal businesses +¥6.9bn,
Ferroalloys and non-ferrous metals +¥3.3bn

	FY21 Initial Forecast	FY21 Revised Forecast
ROE	8.4%	10.8 %
ROA	2.2%	2.9%
Dividends	Interim : ¥7* Year-end : ¥35	Interim : ¥9* Year-end : ¥45 ↑

★ : Record highs for the first half of the year

Performance Forecast Revisions

- Upward revision to full-year forecast for profit for the year (attributable to the owners of the Company) from ¥53.0bn to **¥70.0bn** based on six-month progress
- Revisions to segment forecasts based on the following point of view

Upward revision

■ **Automotive**

Upward revision of ¥0.5bn reflecting steady progress in the first half of the year, while also considering effects of semiconductor shortage

■ **Metals, Mineral Resources & Recycling**

Upward revision of ¥19.0bn mainly due to strong coal prices

■ **Chemicals**

Upward revision of ¥1.5bn mainly due to strong methanol prices and higher transaction volumes of plastic resin

Downward revision

■ **Aerospace & Transportation Project**

Downward revision of ¥0.5bn due to delay in recovery of certain aircraft-related transactions

■ **Infrastructure & Healthcare**

Downward revision of ¥1.0bn due to delay of earnings contributions from new and ongoing projects

■ **Consumer Industry & Agriculture Business**

Downward revision of ¥1.0bn to reflect delay of recovery in Southeast Asian businesses due to the impacts of COVID-19

■ **Retail & Consumer Service**

Downward revision of ¥1.0bn to reflect delay of recovery in Southeast Asian businesses due to the impacts of COVID-19

Summary of Profit or Loss (Profit for the period by segment)

Upward revision to full-year forecast for profit for the year based on six-month progress

(BN JPY)	FY21 H1	FY21 Initial Forecast	Achieved (Against initial forecast)	FY21 Revised Forecast	Achieved (Against revised forecast)
Profit for the period/year attributable to owners of the Company	39.4	53.0	74%	70.0	56%
■ Automotive	3.4	5.0	68%	5.5	62%
■ Aerospace & Transportation Project	1.4	4.5	31%	4.0	35%
■ Infrastructure & Healthcare	1.2	7.5	16%	6.5	18%
■ Metals, Mineral Resources & Recycling	16.2	12.0	135%	31.0	52%
■ Chemicals	6.8	10.5	65%	12.0	57%
■ Consumer Industry & Agriculture Business	4.8	5.0	96%	4.0	120%
■ Retail & Consumer Service	1.9	5.0	38%	4.0	48%
■ Others	3.7	3.5	106%	3.0	123%

Cash Flow Management

Maintaining a positive core cash flow over the six-year period during MTP2023*

*MTP2023: Referred to as Medium-Term Management Plan 2023

	MTP 2020 3-year cumulative results (FY18–FY20)	FY21 H1 Results	MTP 2023 3-year cumulative forecast (FY21–FY23)
Core operating cash flow *1	¥219.0 bn	¥49.0 bn	Approx. ¥240.0 - ¥250.0 bn
Asset replacement (Investment recovery)	¥170.0 bn	¥9.0 bn	Approx. ¥100.0 bn
New investments and others	¥(262.0) bn	¥(40.0) bn	Approx. ¥(330.0) bn
Shareholder returns *2	¥(71.0) bn	¥(21.0) bn	Approx. ¥(70.0) bn
Core cash flow *3	¥56.0 bn	¥(3.0) bn	Positive (MTP2020 and MTP2023 6-year period)
Free cash flow	¥108.0 bn	¥(38.0) bn	

*1 Core operating cash flow = Cash flow after deducting changes in working capital from operating cash flows calculated for accounting purposes

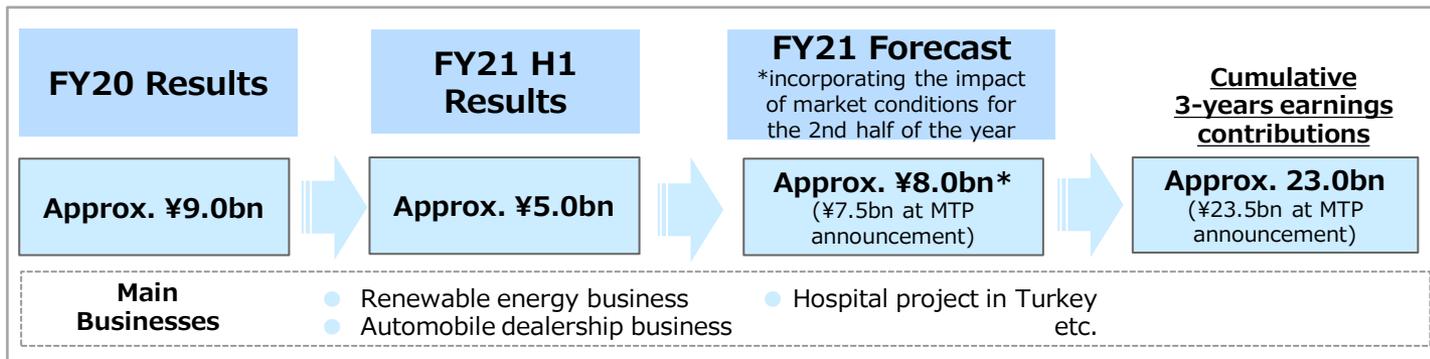
*2 Includes acquisitions of treasury stock

*3 Core cash flow = Core operating cash flow (excluding changes in working capital) + Investing cash flow (including asset replacement)
– Dividends paid – Purchase of treasury stock

MTP2023 – Investment Progress (Earning contributions) *Hassoitz*

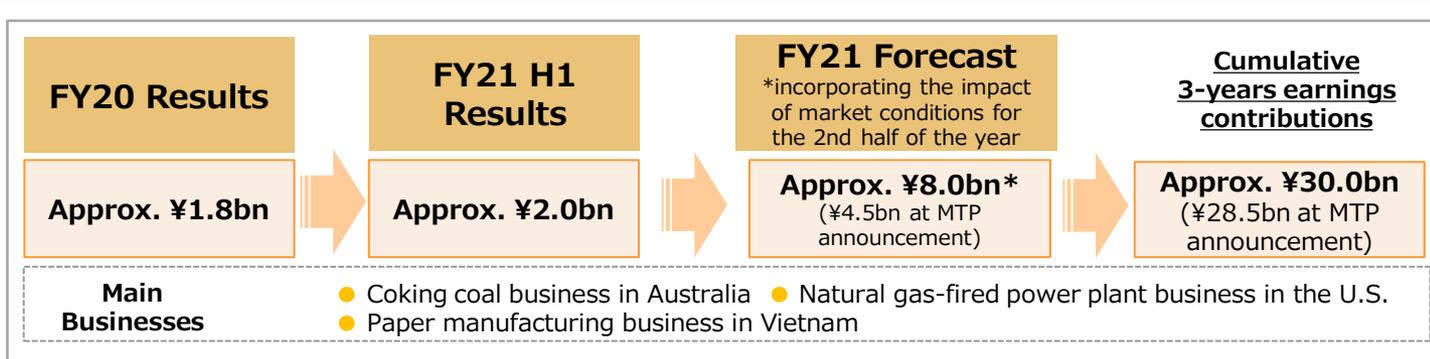
MTP2017

The amount of the investments	Approx. ¥315.0bn
Initial outstanding investments	Approx. ¥130.0bn
ROI	3 years avg. Initial forecast Approx. 7.0%



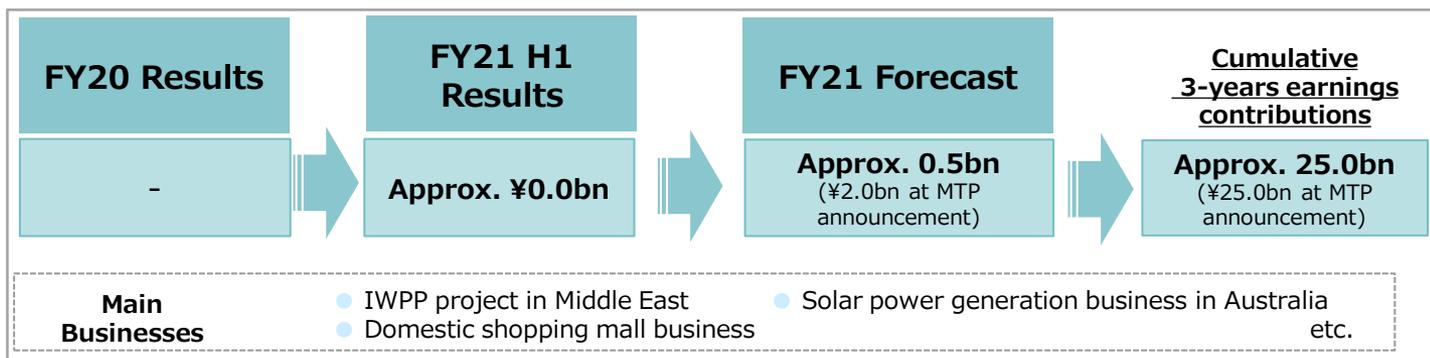
MTP2020

The amount of the investments	Approx. ¥260.0bn
Initial outstanding investments	Approx. ¥206.0bn
ROI	3 years avg. Initial forecast Approx. 7.0%

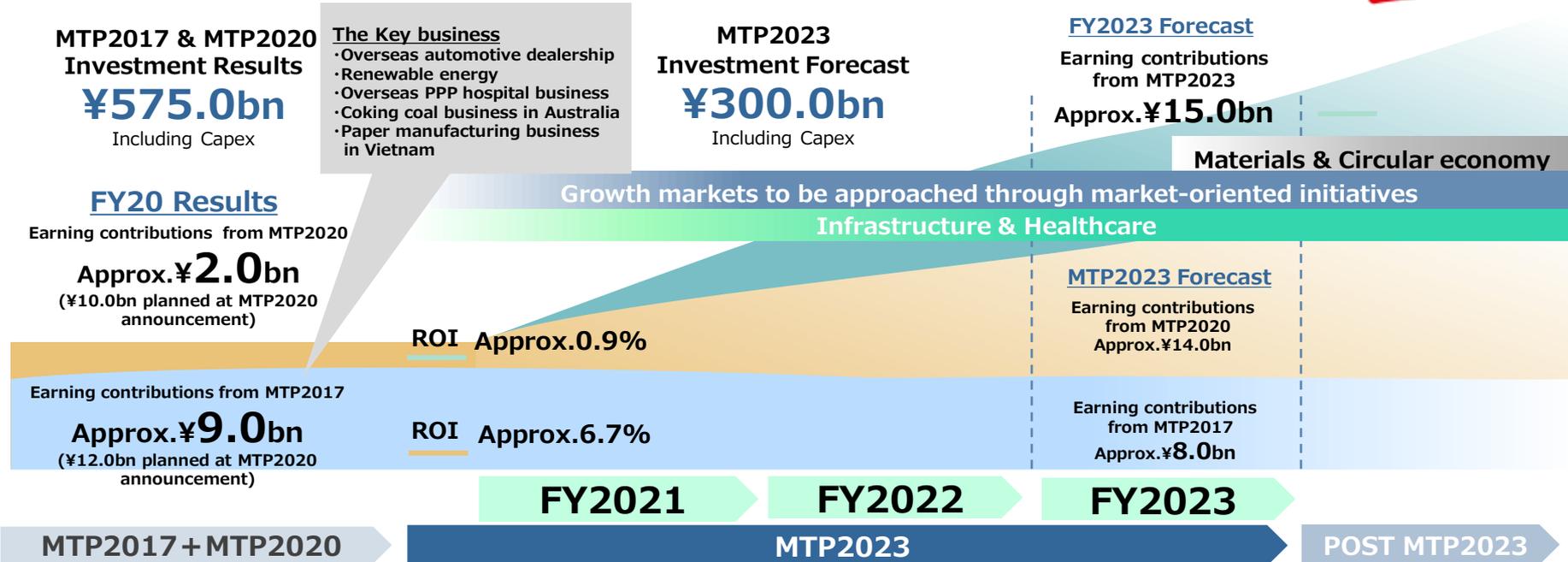


MTP2023

Initial forecast of 3 years amount of the investments	Approx. ¥300.0bn (+Non-Financial +30.0bn)
ROI	3 years avg. Initial forecast Approx. 4.0%



MTP2023 – Investment Progress



MTP 2023

- Invested in IWPP and Desalination projects in Middle East, renewable energy project in Australia, and electricity retail business in Spain.
- Planning to realize projects in the second half of the year. Total investments for the first year of MTP2023 is expected to be ¥150.0bn as initially planned.

MTP 2020

Stable full-year earnings supported by contributions from U.S. natural gas-fired power project and from Australian coking coal business amid rising coking coal prices and full-fledged sales.

[Paper manufacturing business in Vietnam]
 Single-month profitability achieved in March, April, and May 2021. While operations were restricted due to the impacts of COVID-19, operations have gradually restarted. We will continue conducting earnings improvement measures on inventory management and cost reductions looking ahead to recovery of external environment.

MTP 2017

Stable full-year earnings anticipated following strong contributions from Turkish hospital project and renewable energy businesses.

[ASEAN Retail]
 Profitability achieved in four-temperature controlled logistics and food wholesale business from previous medium-term management plan. Despite the impacts of COVID-19 pandemic, earnings growth is planned from convenience store business in Vietnam through setting business polices incorporating recovery of external environment with partners as well as lowering procurement costs.

MTP2023 – Investments and Asset Replacements

<p>Total Investments</p>	<p>¥40.3bn</p>		
<p>Main breakdowns</p>	<p><u>Infrastructure & Healthcare</u></p>	<p>¥16.7bn</p>	<ul style="list-style-type: none"> ■ IWPP and Desalination Project in Middle East ■ Renewable energy businesses in Australia ■ Offshore wind power project in Taiwan <p>etc.</p>
	<p><u>Growth markets × Market-oriented initiatives</u></p>	<p>¥16.0bn</p>	<ul style="list-style-type: none"> ■ Domestic shopping malls ■ Domestic real estate business ■ Retail businesses in Southeast Asia <p>etc.</p>
	<p><u>Materials & Circular economy</u></p>	<p>¥0.0bn</p>	<p>-</p>
	<p><u>Others</u></p>	<p>¥7.6bn</p>	<ul style="list-style-type: none"> ■ Non-financial-related investments ■ Innovation investment ■ Others
<p>Total Asset Replacement</p>	<p>¥9.4bn</p>		
<p>Main breakdown</p>	<p>Industrial machinery business, Domestic and overseas renewable energy businesses, Sale of cross-shareholdings</p>		

Tender Offer for Shares of JALUX Inc.

- ✓ Conduct a Joint Tender Offer bid with Japan Airlines Co., Ltd. (JAL) and delist JALUX Inc..
- ✓ JALUX will act as the perfect platform for co-creation and sharing, a central theme of MTP 2023, in pursuit of rapid business scope expansion and earnings growth

Objectives



➔ Maximize corporate value by pooling and leveraging the strengths of each of the three companies

Areas of Enhancement

Maximize JALUX's corporate value by drawing on Sojitz's global network, investment and corporate management expertise and human capital

Retail & Consumer Service Division

- Utilize Sojitz's network to enhance JALUX's product development and lineup on the e-commerce website employing JAL's brand and customer base
- Deploy Sojitz Group's food and goods brands through JALUX's competitive sales channels (airport stores) and promote JALUX's products through Sojitz's sales channels to improve profitability

Aerospace & Transportation Project Division

- Consolidate and integrate the commercial aircraft businesses leveraging strengths of Sojitz, JAL and JALUX
- Enhance Sojitz and JALUX's partnership in the airport management business, including cross-selling to airlines for various domestic and overseas airports
- Leverage JAL and JALUX's airport management expertise to participate in new airport management businesses and simultaneously expand into airport peripheral businesses

Outline of Tender Offer

Structure

- Establish a Joint Holding Company ("Joint Co.") with JAL to conduct the Joint Tender Offer bid
- Delist JALUX after Joint Co. acquires 48.1% stock holding in addition to Sojitz's existing 22.2% stake
- Japan Airport Terminal will remain as a shareholder in order to maximize JALUX's corporate value (non-participation in Tender Offer)

Tender Offer Price (planned), Amount, Schedule

- Offer Price : ¥2,560 per share
- Investment Amount : ¥7.7 billion
For reference purpose only : +48.7% premium against a simple average of JALUX's closing price over the past month
- Schedule :

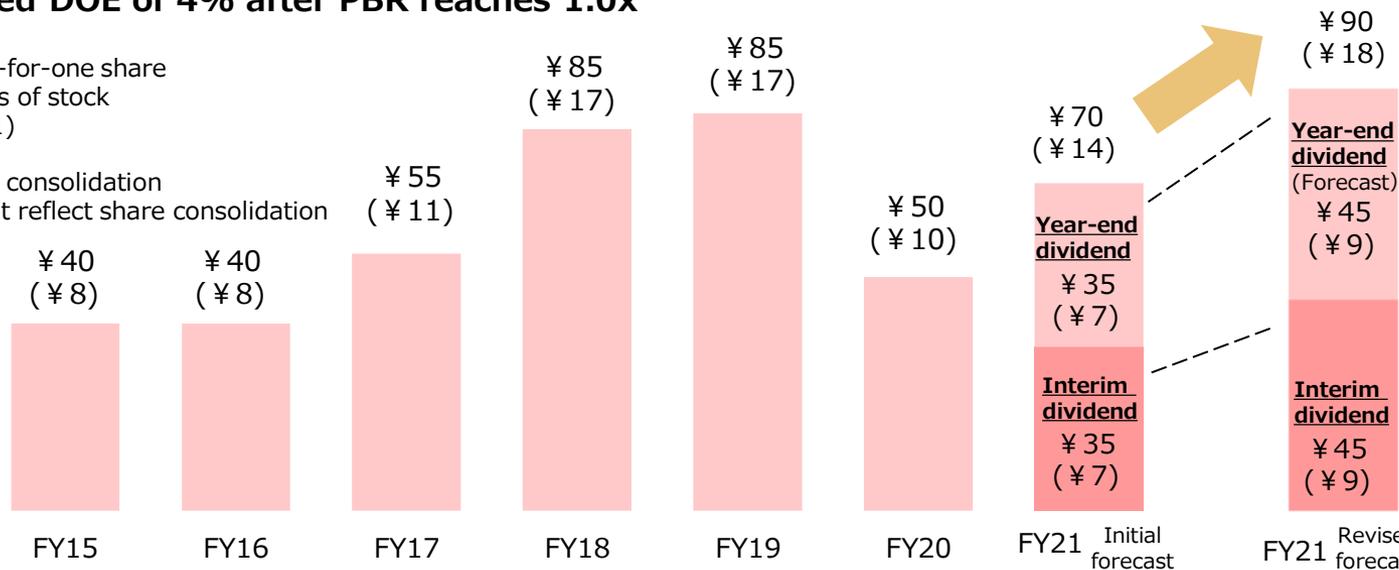
November 2 nd , 2021	Tender Offer Plan publicly disclosed
Early February 2022	Tender Offer Bid announced (conditional on antitrust approval from the Chinese authorities)
Mid-March 2022	Completion of Tender Offer Squeeze-Out Procedures
May 2022 ~	Completion of Squeeze-Out and JALUX to be delisted

Dividends Policy

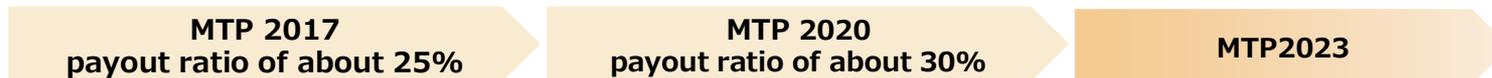
- Sojitz recognizes that paying stable and continuous dividends is a management priority, together with enhancing shareholder value through the accumulation and effective use of retained earnings.
- Our basic policy will be to target a consolidated payout ratio of about 30%.
- Lower limit for dividends set as representing market price-based DOE of 4% until PBR reaches 1.0x and book value-based DOE of 4% after PBR reaches 1.0x

※ The Company conducted a five-for-one share consolidation of common shares of stock (Effective date: October 1, 2021)

Figures restated to reflect share consolidation
 Figures in parentheses () do not reflect share consolidation



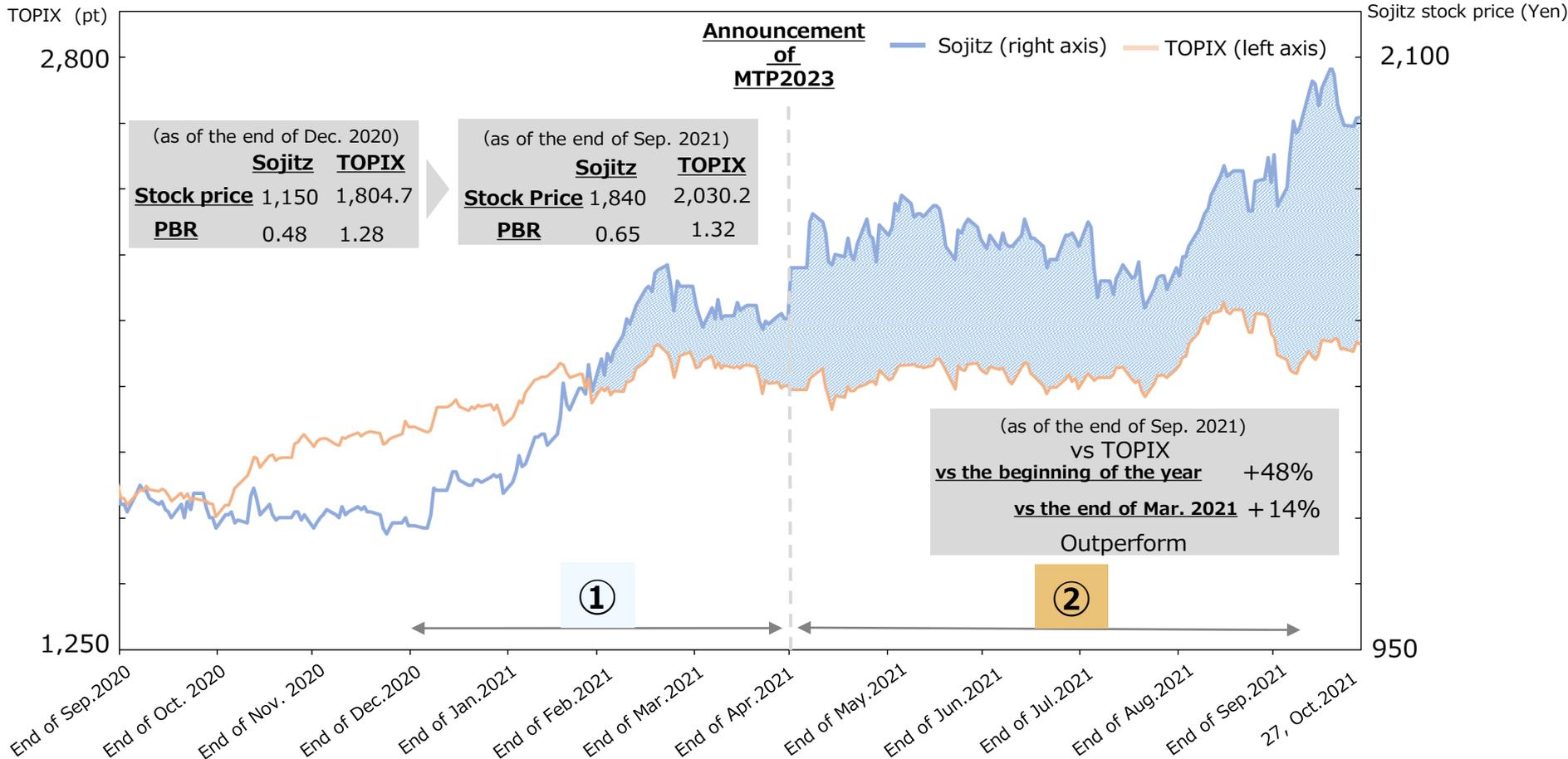
Profit for the year (attributable to owners of the Company)	¥36.5bn	¥40.8bn	¥56.8bn	¥70.4bn	¥60.8bn	¥27.0bn	¥53.0bn	¥70.0bn
Consolidated payout ratio	27.4%	24.6%	24.2%	30.2%	34.8%	44.4%	Approx. 30%	Approx. 30%



Note1: The Company conducted a five-for-one share consolidation of common shares of stock effective October 1, 2021. The year-end dividend figures for FY15 to FY20 and the interim dividend figures for FY21 have been restated to reflect the share consolidation. Figures in parentheses () are provided for reference and do not reflect the share consolidation.

Note2: Market price-based DOE = Total dividends paid ÷ (Average annual closing share price × Total shares issued at fiscal year-end)
 Book value-based DOE = Total dividends paid ÷ Total equity at fiscal year-end (book value)
 The decision of whether to use market price-based DOE or book value-based DOE will be made based on the PBR at the end of Mar. 2022.

Stock Price & PBR Trend



① FY20 Q4

② FY21 H1

- [Sojitz Acquires Stake in Royal Holdings Co., Ltd. with Capital and Business Tie-up](#)
- [Sojitz Group Policies for Realizing a Decarbonized Society](#)

- [Sojitz Announces Shareholding Policy Calling for Reduction of Cross-Shareholdings](#)
- [Sojitz Announces New Initiatives to Support Diverse Career Paths and Working Styles \(Support for Entrepreneurs and Independent Businesses\)](#)
- [Sojitz Joins Hospital Project in Australia](#)

- [Notice Regarding Share Repurchase of Treasury Stock \(Up to 50,000,000 shares & ¥15bn\)](#)
- [Notice Regarding Share Consolidation \(5 shares → 1 share, Effective date: Oct. 1st, 2021\)](#)
- [Sojitz Enters Natural Gas-fired Power and Desalination Project in the UAE](#)

- [Sojitz Begins Construction on one of the Largest-scale Solar Farms by Japanese companies in Australia](#)
- [Toshiba, Sojitz and CBMM Partner to Commercialize Next-Generation Lithium-ion Batteries](#)
- [SKK Migas approved Plan of Development for Ubadari Field and Vorwata CCUS at Tangguh LNG Project](#)

Main News Releases

*Click each link for the relevant news release.

Note: The Company conducted a five-for-one share consolidation of common shares of stock effective October 1, 2021. Stock price in this page reflects this share consolidation.

- External evaluation of disclosure materials

Sojitz's FY2020 disclosure materials were chosen by government agencies as best practice examples and introduced at external lawyer seminars and in legal magazines.

1. Corporate Governance Report

Following aspects of corporate governance report were praised as frontrunning examples and introduced at external lawyer seminars and in legal magazines:

<Point>

- Submission of Corporate Governance Report on June 18, 2021 (promptly after General Shareholders' Meeting), **one week after issuance of revision of Japan's Corporate Governance Code by the Tokyo Stock Exchange (on June 11, 2021)**
- **All amended and newly established** principles in revised Japan's Corporate Governance Code addressed in corporate governance report
- **Concrete and clear targets set** for supplementary principle 2.4.1 (diversity in promotion to core positions) and supplementary principle 3.1.3 (disclosure of initiatives on sustainability) **servicing as a model for other companies in complying with Japan's Corporate Governance Code**

2. Disclosing information on our web site

about human rights policy and sustainability challenge

Sojitz's initiatives were introduced in a collection of examples released by Ministry of Foreign Affairs in September 2021 (**Sojitz was only general trading company** among 15 companies)

