

Highlights of Consolidated Financial Results for the Year Ended March 31, 2022 (IFRS)

May 2, 2022
Sojitz Corporation

Results Highlights

◆ In the year ended March 31, 2022, the first year of Medium-Term Management Plan 2023, increasingly strong downward pressure was placed on the global economy by factors including Russia's military invasion of Ukraine and the economic sanctions placed on Russia in response to this act. At the same time, there was an ongoing need to monitor the potential market impacts of various factors. Such factors included the possibility of resumed increases in COVID-19 cases, soaring resource prices, supply restrictions and inflation that resulted from supply chain disruptions, and rapid interest rate increases and yen depreciation triggered by the monetary tightening measures of the central banks of several countries.

The Company's revenue for the year ended March 31, 2022 was up year on year due to higher revenue in the Metals, Mineral Resources & Recycling Division, a result of higher prices for coal and precious metals; in the Chemicals Division, a result of growth in plastic resin transactions and higher methanol prices; and in the Automotive Division, a result of increased sales volumes in overseas automotive businesses.

Despite the increase in SG&A expenses and other expenses, profit for the year (attributable to owners of the Company) increased year on year following higher gross profit and a rise in share of profit of investments accounted for using the equity method attributable to earnings growth at a steel operating company.

(Figures in parentheses are YoY changes)

Revenue 2,100.8 bn yen (+498.3 bn yen / +31.1%)

- Increase in the Metals, Mineral Resources & Recycling Div. due to higher coal prices and precious metals
- Increase in the Chemicals Div. due to higher transaction volumes of plastic resin and a price increase in methanol
- Increase in the Automotive Div. due to higher sales volumes in overseas automotive operations

Gross profit 271.3 bn yen (+83.2 bn yen / +44.2%)

- Increase in the Metals, Mineral Resources & Recycling Div. due to increase in coal prices
- Increase in the Chemicals Div. due to the higher price of methanol and higher transaction volumes of plastic resin
- Increase in the Automotive Div. due to higher sales volumes in overseas automotive operations

Profit for the year (attributable to owners of the Company) 82.3 bn yen (+55.3 bn yen / +204.9%)

- Increase in gross profit
- Increase in share of profit of investments accounted for using the equity method

Cash dividends per share for the year ended March 31, 2022

Year-end : 61.00 yen per share (Full year : 106.00 yen per share)

The Company conducted a five-for-one share consolidation of common shares of stock effective October 1, 2021. The interim dividend reflecting this share consolidation was 45.00 yen.

Earnings forecast for the year ending March 31, 2023

Profit for the year (attributable to owners of the Company) 85.0 bn yen

(Initial Assumptions)

Exchange rate (annual average: ¥/US\$) : 115

Cash dividends per share for the year ending March 31, 2023 (forecast)

Interim : 56.00 yen per share

Year-end : 56.00 yen per share

(Full year: 112.00 yen per share)

*1 Core earnings = Gross profit + SG&A expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividends received + Share of profit (loss) of investments accounted for using the equity method

*2 Core operating cash flow = Net cash provided by (used in) operating activities - Changes in working capital

*3 Core cash flow = Core operating cash flow + Post-adjustment, net cash provided by (used in) investing activities - Dividends paid - Purchase of treasury stock (Post-adjustment, net cash provided by (used in) investing activities is net cash provided by (used in) investing activities after adjustment for changes in long-term operating assets, etc.)

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. Actual results may differ materially based on 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.

Consolidated Statements of Profit or Loss

				(BN JPY)	
	FY2021 Results a	FY2020 Results b	Difference a-b	FY2021 Full-year Forecast c	Percentage Achieved a/c
Revenue	2,100.8	1,602.5	498.3		
				Factors Affecting Circled Figures	
				Revenue: segment changes	
				Metals, Mineral Resources & Recycling	+204.3
				Chemicals	+131.5
				Automotive	+63.2
Gross profit	271.3	188.1	83.2		
				Gross profit: segment changes	
				Metals, Mineral Resources & Recycling	+47.6
				Chemicals	+13.4
				Automotive	+13.1
SG&A expenses					
Personnel expenses	(101.6)	(93.5)	(8.1)		
Non-personnel expenses	(58.7)	(50.1)	(8.6)		
Depreciation	(19.0)	(17.5)	(1.5)		
Provision of allowance for doubtful accounts	(1.0)	0.0	(1.0)		
(Total SG&A expenses)	(180.3)	(161.1)	(19.2)		(180.0)
Other income/expenses					
Gain/loss on sale and disposal of fixed assets, net	6.7	2.9	3.8		
				Sale of overseas office building	
Impairment loss on fixed assets	(2.6)	(5.5)	2.9		
Gain on reorganization of subsidiaries/associates	6.1	3.9	2.2		
				Industrial machinery-related company	
Loss on reorganization of subsidiaries/associates	(18.2)	(2.1)	(16.1)		
				Thermal coal-related company	
Other operating income/expenses	(5.8)	(0.3)	(5.5)		
(Total other income/expenses)	(13.8)	(1.1)	(12.7)		(7.0)
Financial income/costs					
Interest earned	7.4	5.4	2.0		
Interest expenses	(11.2)	(11.8)	0.6		
(Interest expenses, net)	(3.8)	(6.4)	2.6)		
Dividends received	5.1	3.0	2.1		
Other financial income/costs	0.8	0.1	0.7		
(Financial income/costs, net)	2.1)	(3.3)	5.4)		1.0)
Share of profit (loss) of investments accounted for using the equity method	38.0)	14.8)	23.2)		34.0)
Profit before tax	117.3)	37.4)	79.9)	108.0)	109%
Income tax expenses	(31.8)	(8.0)	(23.8)		(25.0)
Profit for the year	85.5)	29.4)	56.1)	83.0)	103%
(Profit attributable to)					
Owners of the Company	82.3)	27.0)	55.3)	80.0)	103%
Non-controlling interests	3.2	2.4	0.8	3.0	
Core earnings*1	131.3)	38.4)	92.9)	115.0)	

Comprehensive Income

				(BN JPY)	
	FY2021 Results a	FY2020 Results b	Difference a-b		
Profit for the year	85.5	29.4	56.1		
Other comprehensive income	63.1	33.6	29.5		
Total comprehensive income for the period	148.6)	63.0)	85.6)		
Comprehensive income attributable to:					
Owners of the Company	142.4)	59.1)	83.3)		
Non-controlling interests	6.2	3.9	2.3		

Cash Flows

				(BN JPY)	
	FY2021 Results a	FY2020 Results b	Difference a-b		
Cash flows from operating activities	65.1	85.0	(19.9)		
Cash flows from investing activities	(138.8)	(35.7)	(103.1)		
FCF	(73.7)	49.3)	(123.0)		
Cash flows from financing activities	46.9	(40.6)	87.5		
Core operating cash flow*2	128.7)	60.2)	68.5)		
Core cash flow*3	10.5)	(8.0)	18.5)		

Consolidated Statements of Financial Position

				(BN JPY)	
	Mar. 31, 2022 d	Mar. 31, 2021 e	Difference d-e		
Current assets	1,394.2)	1,195.4)	198.8)		
Cash and cash equivalents	271.7	287.6	(15.9)		
Time deposits	10.8	10.1	0.7		
Trade and other receivables	791.5	636.2	155.3		Increase in chemicals, building materials, and tobacco
Inventories	232.8	187.9	44.9		Increase in chemicals and building materials
Other current assets	87.4	73.6	13.8		
Non-current assets	1,267.5)	1,104.7)	162.8)		
Property, plant and equipment	201.5	191.3	10.2		
Lease assets (Right-of-use assets)	69.7	72.8	(3.1)		
Goodwill	82.5	67.2	15.3		
Intangible assets	85.0	61.5	23.5		
Investment property	13.3	11.6	1.7		
Investments accounted for using the equity method	673.6	590.8	82.8		Increase due to new acquisition and accumulation of share of profit of investments accounted for using the equity method
Other non-current assets	141.9	109.5	32.4		Increase due to aircraft-related businesses
Total assets	2,661.7)	2,300.1)	361.6)		
Current liabilities	897.6)	734.8)	162.8)		
Trade and other payables	546.0	476.0	70.0		Increase in chemicals, building materials, and tobacco
Lease liabilities	17.4	16.8	0.6		
Bonds and borrowings	231.2	158.6	72.6		Increase due to new borrowings
Other current liabilities	103.0	83.4	19.6		
Non-current liabilities	1,000.2)	910.8)	89.4)		
Lease liabilities	57.8	60.5	(2.7)		
Bonds and borrowings	821.5	749.7	71.8		Increase due to new borrowings
Retirement benefit liabilities	23.9	21.9	2.0		
Other non-current liabilities	97.0	78.7	18.3		
Total liabilities	1,897.8)	1,645.6)	252.2)		
Share capital	160.3	160.3	-		
Capital surplus	147.0	146.8	0.2		
Treasury stock	(31.0)	(15.9)	(15.1)		Purchase of treasury stock
Other components of equity	136.8	77.8	59.0		Increase due to changes in foreign exchange rates and stock prices
Retained earnings	314.9	250.0	64.9		Profit for the year +82.3
Total equity attributable to owners of the Company	728.0)	619.0)	109.0)		Dividends paid (16.4)
Non-controlling interests	35.9	35.5	0.4		
Total equity	763.9)	654.5)	109.4)		
Total liabilities and equity	2,661.7)	2,300.1)	361.6)		
Gross interest-bearing debt*4	1,052.7	908.3	+144.4		*4 Lease liabilities (under current liabilities and non-current liabilities) have been excluded from calculations of gross interest-bearing debt and net interest-bearing debt.
Net interest-bearing debt*4	770.2	610.6	+159.6		
Net debt/equity ratio (times)*5	1.06	0.99	+0.07		
Equity ratio*5	27.4%	26.9%	+0.5%		*5 "Total equity attributable to owners of the Company" is recognized as "Total equity" and is also used as the denominator of "Net debt/equity ratio" and the numerator when calculating "Equity ratio."
Current ratio	155.3%	162.7%	(7.4%)		
Long-term debt ratio	78.0%	82.5%	(4.5%)		

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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. Actual results may differ materially based on 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.

Highlights of Consolidated Financial Results for the Year Ended March 31, 2022 (IFRS) — Supplementary Materials (1)

May 2, 2022
Sojitz Corporation

(BN JPY)						(BN JPY)						(BN JPY)					
Operating Results						Segment Performance (Gross Profit)						Segment Performance (Profit for the Year Attributable to Owners of the Company)					
	FY21	FY20	Difference	FY21 Forecast (Feb. 2, 2022)	Percentage Achieved (Against Forecast)		FY21	FY20	Difference		FY21	FY20	Difference	Main factors of differences	FY21 Forecast (Feb. 2, 2022)	Main factors of differences between results and revised forecast for FY2021	
Revenue	2,100.8	1,602.5	+498.3	—	—												
Gross profit	271.3	188.1	+83.2	260.0	104%	Automotive	45.6	32.5	+13.1		7.1	1.1	+6.0	Increased due to higher sales volumes in overseas automotive operations	6.5	Performance generally as forecast	
SG&A expenses	(180.3)	(161.1)	(19.2)	(180.0)		Aerospace & Transportation Project	16.2	12.5	+3.7		4.7	1.8	+2.9	Increased due to higher transaction volumes in aircraft- and marine vessel-related businesses	4.0	Performance generally as forecast	
Other income/expenses	(13.8)	(1.1)	(12.7)	(7.0)		Infrastructure & Healthcare	19.0	19.4	(0.4)		6.6	8.2	(1.6)	Decreased due to impairment loss on telecommunication infrastructure business in Myanmar despite steady profit from healthcare-related businesses and power generation businesses in Japan and overseas	6.5	Performance generally as forecast, despite recorded impairment loss on telecommunication infrastructure business in Myanmar	
Financial income/costs	2.1	(3.3)	+5.4	1.0		Metals, Mineral Resources & Recycling	60.0	12.4	+47.6		34.1	(1.8)	+35.9	Increased due to higher profits from a rise in coal market conditions and higher profits from steel operating company thanks to recovery of steel demand, despite provision recorded for thermal coal interests based on decarbonization target	44.0	Provision recorded for thermal coal assets to address potential future stranded asset risks as part of decarbonization initiatives	
Share of profit (loss) of investments accounted for using the equity method	38.0	14.8	+23.2	34.0		Chemicals	50.7	37.3	+13.4		12.6	5.8	+6.8	Increased due to recovery of methanol prices and higher transaction volumes of plastic resin	12.0	Performance generally as forecast	
Profit before tax	117.3	37.4	+79.9	108.0	109%	Consumer Industry & Agriculture Business	31.3	27.4	+3.9		6.4	4.6	+1.8	Increased due to a rise in market conditions of imported plywood despite higher production costs due to increase in raw material prices in fertilizer businesses	5.0	Performance exceeded annual forecast due to steady profits from lumber-related businesses	
Profit for the year (Profit attributable to)	85.5	29.4	+56.1	83.0	103%	Retail & Consumer Service	31.3	27.6	+3.7		5.0	4.9	+0.1	Relatively unchanged year on year due to absence of gains from sale of shopping mall recorded in the previous year despite higher sales volumes of food-related company	4.0	Performance exceeded annual forecast due to earnings from food-related company	
Owners of the Company	82.3	27.0	+55.3	80.0	103%	Others	17.2	19.0	(1.8)		5.8	2.4	+3.4	Increased due to sales of assets	(2.0)	Performance exceeded due to recording of structural reform expenses in the business segments above	
Non-controlling interests	3.2	2.4	+0.8	3.0		Total	271.3	188.1	+83.2		82.3	27.0	+55.3		80.0		
Core earnings*1	131.3	38.4	+92.9	115.0													
Comprehensive income attributable to owners of the Company	142.4	59.1	+83.3	-													

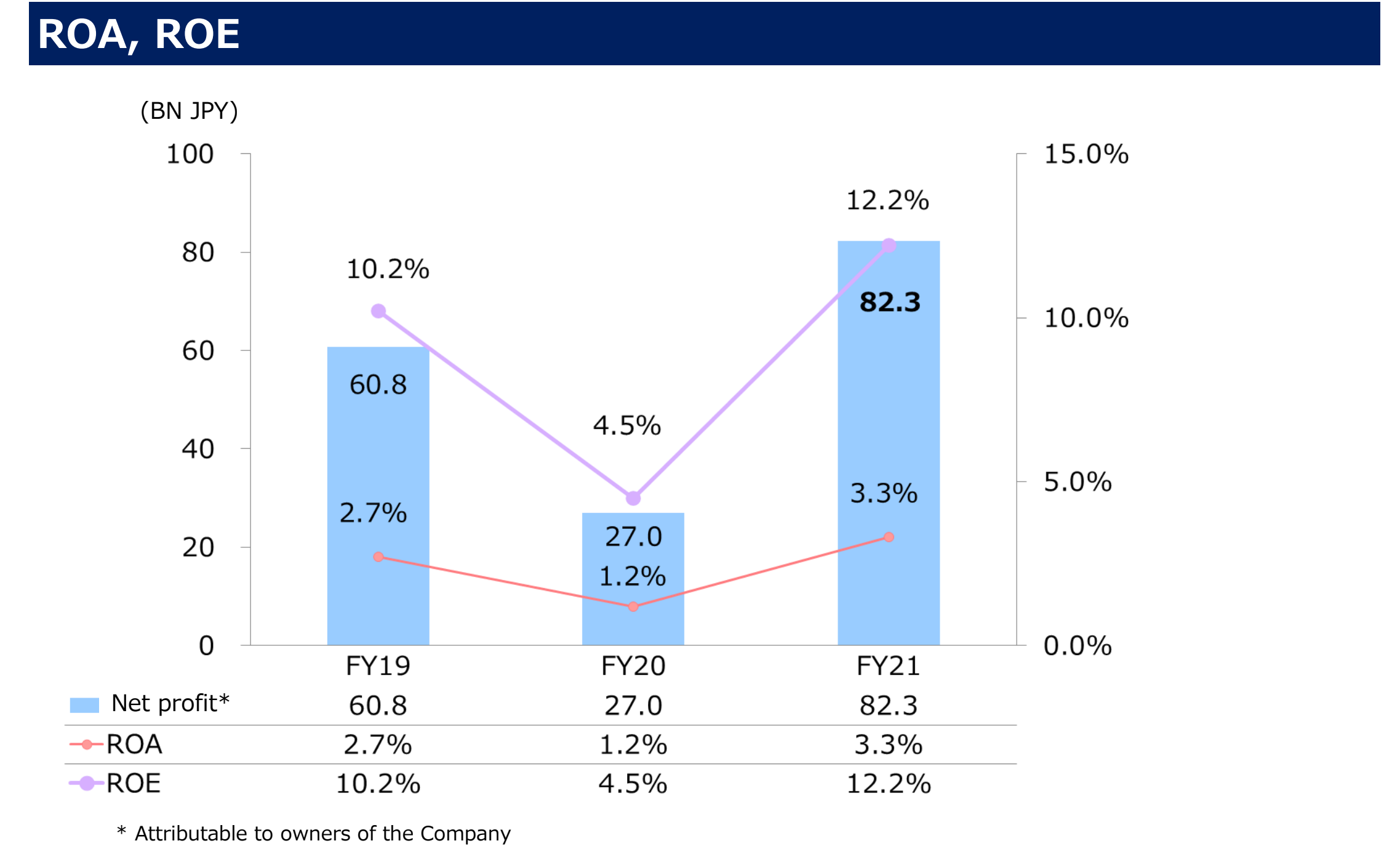
*1 Core earnings = Gross profit + SG&A expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividends received + Share of profit (loss) of investments accounted for using the equity method

(BN JPY)				(BN JPY)					(BN JPY)			
Financial Position				Commodity Prices and Exchange Rates					ROA, ROE			
	Mar. 31, 2022	Mar. 31, 2021	Difference		FY20 Results (Annual Avg.)	FY21 Initial Assumption (Annual Avg.)	FY21 Results (Annual Avg.)	FY21 Results (Jan.-Mar. Avg.)				
Total assets	2,661.7	2,300.1	+361.6	Coking coal**1	US\$117.9/t	US\$127.5/t	US\$317.5/t	US\$490.7/t	Net profit*	60.8	27.0	82.3
Total equity*2	728.0	619.0	+109.0	Thermal coal**1	US\$65.6/t	US\$80.0/t	US\$181.7/t	US\$263.4/t	ROA	2.7%	1.2%	3.3%
Equity ratio	27.4%	26.9%	+0.5%	Crude oil (Brent)	US\$45.8/bbl	US\$50.0/bbl	US\$80.0/bbl	US\$97.9/bbl	ROE	10.2%	4.5%	12.2%
Net interest-bearing debt*3	770.2	610.6	+159.6	Exchange rate**2	¥105.9/US\$	¥108.0/US\$	¥113.04/US\$	¥117.8/US\$				
Net D/E ratio (times)	1.06	0.99	+0.07									
Risk assets	450.0	390.0	+60.0									
Ratio of risk assets to equity (times)	0.6	0.6	0.0									

**1 Coal prices are based on standard market prices and therefore differ from the Company's selling prices.

*2 "Total equity" above refers to "Total equity attributable to owners of the Company" and is used as the denominator when calculating "Net D/E ratio" and the numerator when calculating "Equity ratio."

*3 Lease liabilities (under current liabilities and non-current liabilities) have been excluded from calculations of net interest-bearing debt.



Highlights of Consolidated Financial Results for the Year Ended March 31, 2022 (IFRS) — Supplementary Materials (2)

May 2, 2022
Sojitz Corporation

Operating Results

(BN JPY)

	FY21	FY22 Forecast	Difference
Revenue	2,100.8	—	—
Gross profit	271.3	300.0	+28.7
SG&A expenses	(180.3)	(210.0)	(29.7)
Other income/expenses	(13.8)	0.0	+13.8
Financial income/costs	2.1	(5.0)	(7.1)
Share of profit (loss) of investments accounted for using the equity method	38.0	35.0	(3.0)
Profit before tax	117.3	120.0	+2.7
Profit for the year	85.5	88.0	+2.5
(Profit attributable to)			
Owners of the Company	82.3	85.0	+2.7
Non-controlling interests	3.2	3.0	(0.2)
Core earnings*1	131.3	120.0	(11.3)

*1 Core earnings = Gross profit + Selling, general and administrative expenses (before provision of allowance for doubtful accounts and write-offs) + Net interest expenses + Dividends received + Share of profit (loss) of investments accounted for using the equity method

Financial Position

(BN JPY)

	Mar. 31, 2022	Mar. 31, 2023 forecast	Difference
Total assets	2,661.7	2,700.0	+38.3
Total equity*1	728.0	760.0	+32.0
Equity ratio	27.4%	28.1%	+0.7%
Net interest-bearing debt*2	770.2	800.0	+29.8
Net D/E ratio (times)	1.06	1.1	—
Risk assets	450.0	—	—
Ratio of risk assets to equity (times)	0.6	—	—

*1 "Total equity" above refers to "Total equity attributable to owners of the Company" and is used as the denominator when calculating "Net D/E ratio" and the numerator when calculating "Equity ratio."

*2 Lease liabilities (under current liabilities and non-current liabilities) have been excluded from calculations of net interest-bearing debt.

Segment Performance (Profit for the Year*)

(BN JPY)

*Attributable to owners of the Company

	FY21	FY22 Forecast
Automotive	7.1	6.0
Aerospace & Transportation Project	4.7	4.5
Infrastructure & Healthcare	6.6	9.0
Metals, Mineral Resources & Recycling	34.1	51.0
Chemicals	12.6	12.5
Consumer Industry & Agriculture Business	6.4	3.0
Retail & Consumer Service	5.0	5.0
Others	5.8	(6.0)
Total	82.3	85.0

Note: Based on organizational reforms effective as of April 1, 2022, figures for Consumer Industry & Agriculture Business segment and Retail & Consumer Service segment have been arrived at through a simple conversion of figures for the previous organizational structure to reflect the new organizational structure. Accordingly, it is possible that these figures may differ from those disclosed later.

(Announcement on Feb. 10, 2022: https://www.sojitz.com/jp/news/docs/220210_02e.pdf)

Cash Flows

(BN JPY)

	MTP* 2020 Three-year Results (Aggregate)	MTP* 2023 Three-year Target (Aggregate)	FY21 Results	FY22 Forecast
Core operating cash flow	219.0	Approx. 240.0-250.0	128.7	113
Core cash flow	56.0	Positive over the six-year period of MTP 2020 and MTP 2023	10.5	(30.0)
FCF	108.0	-	(73.7)	67.0

* Medium-Term Management Plan (MTP)

Note: As of the end of March 31, 2022, in addition to cash in bank of ¥282.5 bn, Sojitz maintains a ¥100.0 bn long-term commitment line (which remains unused) and a US\$2.025 bn long-term commitment line (of which US\$1.42 bn has been used).

Commodity Prices and Exchange Rates

	FY22 Assumption (Annual Avg.)	Latest Data (As of Apr. 25, 2022)
Coking coal*1	US\$280.0/t	US\$465.0/t
Thermal coal*1	US\$160.0/t	US\$372.5/t
Crude oil (Brent)	US\$90.0/bbl	US\$102.3/bbl
Exchange rate*2	¥115.0/US\$	¥128.8/US\$

*1 Coal prices are based on standard market prices and therefore differ from the Company's selling prices.

*2 Impact of fluctuations in the exchange rate on earnings: ¥1/US\$ change alters gross profit by approx. ¥0.5 bn annually, profit for the year (attributable to owners of the Company) by approx. ¥0.3 bn annually, and total equity by approx. ¥1.5 bn annually.

FY2022 Outlook

Automotive	Earnings expected to decrease due to influence from Russia-related businesses, despite growing earnings from investments in emerging countries and steady profit from principal overseas businesses anticipated
Aerospace & Transportation Project	Earnings contributions expected to remain around the same level considering an increase in aircraft-related transactions and a decrease in transaction volumes of marine vessel-related businesses compared with FY2021
Infrastructure & Healthcare	Steady profit from healthcare-related businesses and power generation businesses in Japan and overseas, and accumulation of earnings from new investments
Metals, Mineral Resources & Recycling	Earnings expected to increase following coal market conditions and absence of structural reform expenses recorded in the previous fiscal year
Chemicals	Steady profit expected from methanol businesses and plastic resin businesses
Consumer Industry & Agriculture Business	Earnings expected to decrease due to higher production costs stemming from an increase in raw material prices in fertilizer businesses
Retail & Consumer Service	Steady profit expected from food-related company
Others	Incorporation into forecasts of rebound from asset sales conducted in previous fiscal year and impacts of rising cost, inflation due to higher USD interest rates, and other causes of opaqueness

Impacts of the Russia-Ukraine Conflict on Sojitz's Business

■ Exposure in both countries is as follows (As of March 31, 2022):

Russia ¥22.8 billion

Ukraine ¥0.1 billion

*Exposure above then sets net exposure (gross exposure minus insurance coverage and/or other country-risk hedges)

■ Major businesses are automotive-related businesses and the thermal and coking coal trading.

■ FY2022 forecast reflects impact of ¥(6.0) billion.