

Highlights of Consolidated Financial Results for the Year Ended March 31, 2023 (IFRS) I

May 2, 2023
Sojitz Corporation

Results Highlights

◆ In the year ended March 31, 2023, the second year of Medium-Term Management Plan 2023, downward was placed on the global economy by factors including Russia's ongoing military invasion of Ukraine, the economic sanctions placed on Russia in response to this act, and the monetary tightening measures implemented to combat inflation. Meanwhile, financial agencies around the world took swift action to prevent rises in credit uncertainty in response to the collapse of a notable U.S. bank and concern regarding the management of banks in Europe. There is a need to monitor the potential economic ramifications of this development.

Revenue in the year ended March 31, 2023, was up year on year following increases in revenue in the Retail & Consumer Service Division, a result of the new acquisition of an aquaculture food product manufacturing company; in the Metals, Mineral Resources & Recycling Division, a result of higher prices for coal; and in the Chemicals Division, a result of higher prices of various chemical products. Despite a rise in SG&A expenses associated with the acquisition of new consolidated subsidiaries and a decrease in share of profit of investments accounted for using the equity method following a loss recorded by an offshore wind power generation business in Taiwan, profit for the year (attributable to owners of the Company) was up year on year due to higher gross profit stemming from revenue growth.

(Figures in parentheses are YoY changes)

Revenue 2,479.8 bn yen (+379.0 bn yen / +18.0%)

- Increase in the Retail & Consumer Service Div. due to the new acquisition of an aquaculture food product manufacturing company

- Increase in the Metals, Mineral Resources & Recycling Div. due to higher coal prices

- Increase in the Chemicals Div. due to higher prices of various chemical products

Gross profit 337.6 bn yen (+66.3 bn yen / +24.4%)

- Increase in the Metals, Mineral Resources & Recycling Div. due to the increase in coal prices

- Increase in the Chemicals Div. due to higher prices of various chemical products

- Increase in the Retail & Consumer Service Div. due to the new acquisition of an aquaculture food product manufacturing company

Profit for the year (attributable to owners of the Company) 111.2 bn yen (+28.9 bn yen / +35.1%)

- Increase in gross profit

◆ Cash dividends per share for the year ended March 31, 2023

Year-end : 65.00 yen per share (Full year : 130.00 yen per share)

◆ Earnings forecast for the year ending March 31, 2024

Profit for the year (attributable to owners of the Company) 95.0 bn yen

(Assumptions)

Exchange rate (annual average:¥/US\$) : 125

◆ Cash dividends per share for the year ending March 31, 2024

Interim : 65.00 yen per share

Year-end : 65.00 yen per share

(Full year: : 130.00 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. Sojitz makes no assurances as to the actual results and/or outcomes, which may differ materially based on various factors, including 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)			Factors Affecting Circled Figures	(BN JPY)	
	FY2022 Results a	FY2021 Results b	Difference a-b		FY2022 Full-year Forecast c	Percentage Achieved a/c
Revenue	2,479.8	2,100.8	379.0	Revenue: segment changes Retail & Consumer Service +86.3 Metals, Mineral Resources & Recycling +85.2 Chemicals +84.6		
Gross profit	337.6	271.3	66.3	Gross profit: segment changes Metals, Mineral Resources & Recycling +23.4 Chemicals +11.5 Retail & Consumer Service +11.2	345.0	98%
SG&A expenses						
Personnel expenses	(118.6)	(101.6)	(17.0)			
Non-personnel expenses	(79.5)	(58.7)	(20.8)			
Depreciation	(22.7)	(19.0)	(3.7)			
Provision of allowance for doubtful accounts	(2.0)	(1.0)	(1.0)			
(Total SG&A expenses)	(222.8)	(180.3)	(42.5)	Increase due to acquisition of new consolidated subsidiaries, etc.	(225.0)	
Other income/expenses						
Gain/loss on sale and disposal of fixed assets, net	2.2	6.7	(4.5)			
Impairment loss on fixed assets	(14.3)	(2.6)	(11.7)	System-related assets, etc.		
Gain on reorganization of subsidiaries/associates	30.8	6.1	24.7	Domestic solar power generation businesses and J-REIT management company, etc.		
Loss on reorganization of subsidiaries/associates	(8.6)	(18.2)	9.6	Copper mine interests Company, etc.		
Other operating income/expenses	2.6	(5.8)	8.4			
(Total other income/expenses)	12.7	(13.8)	26.5		(18.0)	
Financial income/costs						
Interest earned	12.8	7.4	5.4			
Interest expenses	(18.5)	(11.2)	(7.3)			
(Interest expenses, net)	(5.7)	(3.8)	(1.9)			
Dividends received	6.7	5.1	1.6			
Other financial income/costs	(0.8)	0.8	(1.6)			
(Financial income/costs, net)	0.2	2.1	(1.9)		(1.0)	
Share of profit (loss) of investments accounted for using the equity method	27.3	38.0	(10.7)	Off-shore wind power generation business in Taiwan	49.0	
Profit before tax	155.0	117.3	37.7		150.0	103%
Income tax expenses	(39.2)	(31.8)	(7.4)		(35.0)	
Profit for the year (Profit attributable to)	115.8	85.5	30.3		115.0	101%
Owners of the Company	111.2	82.3	28.9		110.0	101%
Non-controlling interests	4.6	3.2	1.4		5.0	
Core earnings*1	145.1	131.3	13.8		168.0	

Comprehensive Income

	(BN JPY)		
	FY2022 Results a	FY2021 Results b	Difference a-b
Profit for the year	115.8	85.5	30.3
Other comprehensive income	30.0	63.1	(33.1)
Total comprehensive income for the year	145.8	148.6	(2.8)
Comprehensive income attributable to:			
Owners of the Company	138.4	142.4	(4.0)
Non-controlling interests	7.4	6.2	1.2

Consolidated Statements of Financial Position

	(BN JPY)			Factors Affecting Circled Figures
	Mar. 31, 2023 d	Mar. 31, 2022 e	Difference d-e	
Current assets	1,444.5	1,394.2	50.3	
Cash and cash equivalents	247.3	271.7	(24.4)	
Time deposits	7.0	10.8	(3.8)	
Trade and other receivables	794.9	791.5	3.4	
Inventories	281.0	232.8	48.2	Increase in coal and automotives
Other current assets	114.3	87.4	26.9	
Non-current assets	1,216.3	1,267.5	(51.2)	
Property, plant and equipment	195.4	201.5	(6.1)	
Lease assets (Right-of-use assets)	65.6	69.7	(4.1)	
Goodwill	85.7	82.5	3.2	
Intangible assets	70.8	85.0	(14.2)	
Investment property	8.1	13.3	(5.2)	
Investments accounted for using the equity method	689.7	673.6	16.1	Increase due to new acquisition and accumulation of share of profit of investments accounted for using the equity method
Other non-current assets	101.0	141.9	(40.9)	Decrease due to aircraft-related transactions
Total assets	2,660.8	2,661.7	(0.9)	
Current liabilities	891.8	897.6	(5.8)	
Trade and other payables	579.3	546.0	33.3	Increase in coal and tobacco
Lease liabilities	17.3	17.4	(0.1)	
Bonds and borrowings	167.8	231.2	(63.4)	Decrease due to repayment of borrowings
Other current liabilities	127.4	103.0	24.4	
Non-current liabilities	892.4	1,000.2	(107.8)	
Lease liabilities	54.1	57.8	(3.7)	
Bonds and borrowings	715.9	821.5	(105.6)	Decrease due to repayment of borrowings
Retirement benefit liabilities	22.7	23.9	(1.2)	
Other non-current liabilities	99.7	97.0	2.7	
Total liabilities	1,784.2	1,897.8	(113.6)	
Share capital	160.3	160.3	–	
Capital surplus	147.6	147.0	0.6	
Treasury stock	(31.1)	(31.0)	(0.1)	
Other components of equity	138.7	136.8	1.9	
Retained earnings	422.2	314.9	107.3	Profit for the year +111.2 Dividends paid (29.2)
Total equity attributable to owners of the Company	837.7	728.0	109.7	
Non-controlling interests	38.9	35.9	3.0	
Total equity	876.6	763.9	112.7	
Total liabilities and equity	2,660.8	2,661.7	(0.9)	
Gross interest-bearing debt*4	883.7	1,052.7	(169.0)	*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	629.4	770.2	(140.8)	
Net debt/equity ratio (times)*5	0.75	1.06	(0.31)	
Equity ratio*5	31.5%	27.4%	+4.1ppt	*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	162.0%	155.3%	+6.7ppt	
Long-term debt ratio	81.0%	78.0%	+3.0ppt	

Cash Flows

	(BN JPY)			
	FY2022 Results a	FY2021 Results b	Difference a-b	
Cash flows from operating activities	171.6	65.1	106.5	Inflows from business earnings and dividend income
Cash flows from investing activities	29.2	(138.8)	168.0	Revenue from sales of investments and aircraft-related transactions
FCF	200.8	(73.7)	274.5	
Cash flows from financing activities	(230.4)	46.9	(277.3)	Outflows for repayment of borrowings and dividends paid
Core operating cash flow*2	145.2	128.7	16.5	
Core cash flow*3	135.6	10.5	125.1	