

**Condensed Transcript of Q&A Session Regarding Results Briefing
for the Three-Month Period Ended June 30, 2018 (August 1, 2018)**

Financial Results

Q. Could you please explain the one-time income movements that have been incorporated into initial full-year forecasts?

A. Initial full-year forecast incorporated the factors described in the explanatory materials, namely the gains on a sale of automotive-related company in the Philippines, the gains on sales of aircraft, and the loss resulting for sales of oil and gas interests. Initial forecasts also accounted for gains on sales of overseas solar power generation projects. However, we do not recognize those particular gains as one-time income movements as the development, operation, and sale of such projects constitutes a business model of Sojitz.

Q. To what extent will earnings contributions be realized from prior investments and loans?

A. We project that earnings contributions from investments and loans conducted during the period of Medium-Term Management Plan 2017 will amount to around ¥6.0 billion in the year ending March 31, 2019. We also anticipate ¥2.0 billion in earnings contributions from investments and loans conducted under Medium-Term Management Plan 2020. We have not yet touched on this subject in the three-month period ended June 30, 2018. The earnings contributions from investments and loans under Medium-Term Management Plan 2017 in the three-month period ended June 30, 2018, have not been calculated, but we do not expect the level of full-year contributions to be significantly less than initially anticipated.

Q. How exactly did tobacco operations impact Sojitz's balance sheet and what were the amounts of this impact?

A. The payment of payables related to tobacco transactions outstanding as of March 31, 2018, and the increase in tobacco inventories in the three-month period ended June 30, 2018, led to a rise in working capital of around ¥80.0 billion in the period under review. This amount represented roughly 80% of the ¥98.0 billion increase in gross interest-bearing debt.

Q. What are your plans for managing free cash flow leading up to the March 31, 2019, and what is your forecast for the net debt equity ratio?

A. On October 1, 2018, the tax rate on tobacco will hike. We are amassing inventories to respond to the demand rush anticipated to occur before this tax hike. On June 30, 2018, tobacco inventories had reached nearly ¥200.0 billion. However, we expect that inventory turnover periods will decrease as we approach March 31, 2019, and that the additional interest-bearing debt amassed during the three-month period ended June 30, 2018, will decline. For this reason, we forecast that the increased net debt equity ratio will decrease toward 1.0 times. Debt may be slightly higher on December 31, 2018, because of year-end demand, but we do not anticipate an increase in fund usage as significant as that seen in the

three-month period ended June 30, 2018.

Business Segments

Q. How is performance by region in automotive businesses?

A. Overall automotive demand in Thailand rose by around 25% year on year in the three-month period ended June 30, 2018. While not as substantial as the increase in demand, Sojitz's automotive business in Thailand witnessed a rise in automobile sales volumes, which resulted in higher revenue and profit. Similarly, Puerto Rico experienced a year-on-year increase in demand of nearly 30% as its economy was supported by efforts to recover from hurricane damages, and our operations in this country performed smoothly and posted revenue and profit growth in line with the higher demand. In Russia, overall demand rose 15% and drove the recovery of the economy. Our Russian automobile distributor business saw an increase in sales volumes, but profit was down slightly due to the depreciation of the ruble. As for our BMW dealership business in the United States, sales of new automobiles in this country have been gradually declining from the peak level seen in 2016. In the year ending March 31, 2019, we project that new automobile sales in this market will drop below 1.7 million vehicles. However, changes to the earnings structure of this business have decreased dependence on earnings from new car sales to 15%, with the remaining 85% of earnings coming from used car sales or workshops. Accordingly, the impact of the decline in new car sales volumes will be minimal.

Q. Aside from coal operations, what were the reasons behind the increase in profits in the Metals & Mineral Resources Division?

A. In addition to coal operations, factors contributing to increased profits included strong market conditions for aluminum and nickel, and impressive transactions for carbon materials such as needle coke used to make electrode.

Q. What were the conditions pertaining to coal-related hedging contracts?

A. About 95% of thermal coal is index linked. There are no forwards that are applicable to hedging. Accordingly, prices are generally set based on delivery timing on a by-transaction basis. As of July 31, 2018, prices had been determined for around 45% of the projected sales volume for the year ending March 31, 2019, with the prices for the remaining 55% remained open.

Q. Why were coal transactions volumes higher than expected?

A. Thermal coal transactions are rising due to ongoing growth in demand in China. While this is only speculation, it is possible that the various environmental regulations being put in place in China are restricting thermal coal excavation, resulting in an increase in coal imports.

Q. How was progress toward the full-year forecast for profit for the period (attributable to owners of the Company) in the Foods & Agriculture Business Division during the three-month period ended June 30, 2018?

A. Progress in the Foods & Agriculture Business Division during the three-month period ended June 30, 2018, was lower than in previous fiscal years. However, we expect to be able to achieve around 70% of the full-year forecast for profit for the period (attributable to owners of the Company) in the six-month period ending September 30, 2018.

Q. Are any businesses suffering downturns in performance?

A. We do not have concern for performance downturns in any businesses.

Q. How will the tariffs implemented by the United States impact Sojitz's business?

A. Our Hyundai automobile distributor business in Puerto Rico entails importing vehicles from South Korea, and is therefore likely to feel some impact from the increased tariffs. We do not expect our U.S. BMW dealership business to be significantly impacted by the higher tariffs as its mainstay sport-utility vehicles are manufactured at factories in the United States and, although certain passenger cars handled in this business are imported from Germany, new vehicle sales only account for around 15% of its earnings. As for steel and aluminum, exports of steel products to the United States represent roughly 3% of the total transaction volumes of equity method associate Metal One Corporation, and the tariffs have therefore not had a large impact on this company. On the contrary, the tariffs have driven up steel product prices within the United States, contributing to higher earnings at business entities in this country in which Metal One invests.