

**Condensed Transcript of Q&A Session Regarding Results Briefing
for the Six-Month Period Ended September 30, 2020 (November 2, 2020)**

Presenters

Masayoshi Fujimoto, Representative Director, President & CEO

Seiichi Tanaka, Representative Director, Executive Vice President, CFO

First Questioner

Q. How were production and sales trends at Australian coking coal business (Gregory Crinum coal mine) and what is the current status of operations at this mine?

A. Fujimoto, CEO:

Production is advancing smoothly as projected. Sales are also in line with projections as prices have already been decided for the transactions to be conducted up until the end of the third quarter. We will need to negotiate prices for fourth-quarter transactions going forward. With this regard, steel production levels are recovering in India, South Korea, Japan, and other countries, and we are engaged in price negotiations with manufacturers in these countries. However, we do not expect any significant improvement in prices going forward.

Q. Progress toward the full-year forecast for profit for the year attributable to owners of the Company was stated to be 30% in the first half ended Sep.30, 2020. Based on prior explanations, I understand that this level of progress is in line with Sojitz's initial plans. At the same time, however, we are seeing second waves of COVID-19 cases in certain regions. How are current trends and are there any businesses in which conditions are improving in the third quarter?

A. Tanaka, CFO:

The Automotive Division is witnessing strong recovery in certain operations, such as dealership businesses in the Americas, where recovery began in second quarter of the fiscal year. This trend is expected to continue in the third quarter and beyond. The Aerospace & Transportation Project Division, meanwhile, struggled under the impacts of plummeting air travel passenger numbers and falling demand in part-out operations during the six-month period ended September 30, 2020, but a gradual recovery has been seen since. Furthermore, we expect to see part-out demand in the future arising from the fact that parts must be replaced for maintenance purposes after a certain amount of time has passed, regardless of the amount of distance an aircraft has travelled or the number of takeoffs. We also expect some earnings contributions as the railway construction project in India, which was halted due to lockdowns in the first half of the fiscal year, is resumed during the second half of the year. The Machinery & Medical Infrastructure Division, conversely, has enjoyed favorable performance since the six-month period ended September 30, 2020. In the Energy & Social Infrastructure Division, the earnings of many subsidiaries and associates tend to be concentrated in the second half of the fiscal year. The Chemicals Divisions will benefit from the recovery in the price of methanol we are

witnessing at the moment. We also anticipate recovery in conjunction with the resumption of transactions for plastic resin products for railcar and home electronics applications that began in the second quarter in China and other parts of Asia. We recognize that the Retail & Lifestyle Business Division is facing difficult conditions in the textile, building material, and meat fields, and we do not anticipate significant growth in these fields. However, we do anticipate earnings contributions from this division as we are planning to conduct certain asset replacement activities.

Second Questioner

Q. At the financial results briefing, it was stated that the coal market has bottomed out. Does this statement primarily pertain to the thermal coal market or to the coking coal market? Also, how will the import restrictions placed on Australian coal by China impact Sojitz?

A. Tanaka, CFO:

We believe it could be said that the market conditions for both thermal coal and coking coal have recovered in comparison to the beginning of the fiscal year and bottomed out when compared to the first quarter. The impacts of the Australian coal import restrictions instituted by China in mid-October 2020 have not been incorporated into forecasts for the second half of the fiscal year. As usual, our outlook for coal market prices in the second half of the fiscal year is based on forward prices. When considering the drop in forward prices after the institution of the import restrictions, we project that these restrictions will reduce earnings by between ¥0.3 billion and ¥0.4 billion.

Q. Of the segments feeling the impacts of the global COVID-19 pandemic, I would like to ask about the Retail & Lifestyle Business Division and the Aerospace & Transportation Project Division specifically. What measures are being taken to improve profits in these segments given that it is difficult to project how long the impacts of the pandemic will linger?

A. Fujimoto, CEO:

In relation to the Retail & Lifestyle Business Division, recent trends such as the Go To Campaign have resulted in a slight increase in visitors to commercial facilities, but the tenants of these facilities are still struggling, and these conditions are expected to continue throughout the remainder of the year. The primary factors affecting performance in the Aerospace & Transportation Project Division are the part-out business and the railway project in India. We cannot project how long the part-out business will continue to suffer adverse impacts, and we may have to consider lowering procurement prices or taking other measures going forward. As for the railway project in India, we expect recovery as people return to the construction site after the lockdown in India has been lifted.

Q. In one of the earlier questions, it was stated that prices have been decided for the coal transactions to take place up until the end of the third quarter. Is it correct to assume that this refers to thermal coal and that these operations will not be impacted by price fluctuations prior to the end of the third quarter?

A. Fujimoto, CEO:

That assumption is correct. However, this statement does not only apply to thermal coal as prices for coking coal, including that produced at the Gregory Crinum coal mine, have been decided for transactions to take place up until the end of the third quarter.

Third Questioner

Q. Slide 7 of the financial results presentation materials mentions the Australian coking coal business and the Vietnamese paper manufacturing business. What is the current status of these two businesses and what measures will be taken to improve earnings in these businesses in the year ending March 31, 2022, and beyond?

A. Fujimoto, CEO:

We struggled to get the Vietnamese paper manufacturing business off the ground due to issues such as falling cardboard base board prices in China and other regions. We have been accumulating product inventories amid this trend, which has been a major cause behind the loss recorded in this business. However, we have since undertaken a drastic revision of this business along with an enhancement of its sales network. We have thereby been able to break even on a single-month basis, and we are anticipating that profits will be recorded in the year ending March 31, 2022. In the Australian coking coal business, we experienced delays in kicking off operations, and production costs increased as we were forced to alter excavation locations due to flooding in the mining area. Improvements have already been seen with regard to these conditions. Regardless, we do not expect prices to improve in this fiscal year, given the sluggish steel demand. We are also struggling due to the limited number of buyers, but we have begun negotiating prices with buyers in India, South Korea, Japan, and other locations. The potential for concluding full-year contracts has been brought up in certain negotiations, and we therefore see the possibility for recovery in this business in the next fiscal year.

Q. Could you please offer details with regard to Sojitz's investment and asset policies for the next fiscal year, and beyond? Specifically, given the current conditions surrounding the COVID-19 pandemic and the operating environment projected after the pandemic, in what fields will Sojitz be amassing assets and in what fields will aggressive asset replacement and divestment be required?

A. Fujimoto, CEO:

We are currently in the process of discussing the next medium-term management plan, and I therefore do not have specific figures regarding the anticipated scale of investments and loans. However, I can say that we intend to build our portfolio of assets related to retail operations in Asia. At the same time, we will continue to advance electricity field initiatives, such as those pertaining to the development of asset turnover-oriented business models, while also exploring new business opportunities in the healthcare field. Our plans for asset replacement have not currently been cemented, but there will be no change to the previously explained policy of taking an asset replacement-based approach toward building our portfolio of resource assets.

Fourth Questioner

Q. What level of profit would have been achieved in this fiscal year, if the COVID-19 pandemic had not occurred?

A. Fujimoto, CEO:

We estimate that the total impact of the COVID-19 pandemic will amount to around ¥40.0 billion in the year ending March 31, 2021. Accordingly, it is likely that total profit for the year attributable to owners of the Company would have amounted to ¥70.0 billion if not for the pandemic. We are confident that we have been able to raise the base earnings capacity of Sojitz to between ¥60.0 billion and ¥70.0 billion. At the moment, it seems as though it will be difficult to target profit for the year attributable to owners of the Company of ¥100.0 billion under the next medium-term management plan. Accordingly, we are currently discussing how to grow the Company's earnings capacity from the current level of ¥60.0 billion to ¥70.0 billion over the next MTP.

Q. It was previously explained that each division is currently able to generate profits in the area of ¥5.0 billion, and that the Company will be looking to raise this level to ¥10.0 billion per division in the future. What policies will be adopted toward accomplishing this goal under the next medium-term management plan?

A. Fujimoto, CEO:

The level of earnings varies by division. In operations that lack the potential for growth, we recognize that there is a need to expand our perspective beyond the division in question to pursue growth in a different manner. We intend to explain our policies with this regard when announcing the next medium-term management plan.

Fifth Questioner

Q. What was the background behind the strong performance seen in overseas fertilizer businesses in this first half ended Sep. 30, 2020? What is the future outlook for these businesses?

A. Fujimoto, CEO:

Fertilizer sales volumes are dependent on rainfall volumes. In 2019, rainfall was sparse, and some farmers thus refrained from using fertilizer. In the second half of the fiscal year, we expect that progress will be in line with our forecasts and that no significant downturns will be seen.

Q. How are conditions in overseas industrial park businesses and what is the outlook for these businesses?

A. Fujimoto, CEO:

In Indonesia, performance is strong for the Deltamas City industrial district, and we are receiving a large number of inquiries, despite the impacts of the COVID-19 pandemic. Going forward, we will need to determine the ideal timing for undertaking future development projects in this country.

Sixth Questioner

Q. Slide 10 of the financial results presentation materials describes the target of reducing thermal coal interests to less than half the current level by 2030. I understand that progress toward this goal is smooth at the moment. Have the negative attitudes toward CO₂ and coal made it difficult to sell thermal coal assets, or have conditions remained unchanged with this regard?

A. Fujimoto, CEO:

We have been progressively selling thermal coal assets, such as the Moolarben Coal Mine for which a sales agreement was reached in 2019, and we have not experienced any particular difficulty in making these sales.

Q. Sojitz has recently issued a number of news releases announcing investments in start-up companies. Are these investments based on a policy of proactively engaging in small-sum experimental capital and business alliances?

A. Fujimoto, CEO:

In the first year of the current MTP 2020, we established the Business Innovation Office. After this, Sojitz has proceeded to invest in innovation through means such as setting up corporate venture capital funds. Our strategy for investing in innovation has been to select investment candidates and projects that can create innovations for taking existing businesses to the next level or that present the potential for significant value to be generated through participation by Sojitz. It took some time to find start-up companies that matched this strategy, but we have recently been successful in identifying start-ups that will enable us to raise our value or to create new value. As these initiatives have begun taking shape, we have issued several news releases lately.