

**Sojitz IR Day**  
**Lifestyle Commodities & Materials Division**  
**Business Presentation Meeting (January 13, 2017)**  
**Condensed Transcript of Q&A Session**

Q. There was an explanation of biomass power generation operations utilizing woodchips. It is my understanding that coconut shells are currently one of the more common fuels used for biomass generation. Are woodchips a competitive option in this environment? What are your thoughts on this situation and how profitable do you expect these operations to be?

A. Sojitz has experience dealing in coconut shells. It is true that coconut shells are highly competitive, but there are also issues impeding the stable supply of this resource. Furthermore, we have no intention of devoting ourselves entirely to woodchips. To ensure that we can reliably deliver biomass fuel, we plan to handle a combination of woodchips, pellets, and coconut shells.

Q. Why was an impairment loss recognized in woodchip operations for the year ended March 31, 2016? Is there any risk that similar losses could occur in Vietnamese woodchip operations?

A. Sojitz is currently developing woodchip operations in Vietnam and Australia only, but we had previously planned to start up operations in Africa as a third location. In the end, we abandoned this plan due to a myriad of factors, including a lack of the necessary regulatory environment, taxation issues, and the need for a business model that would differ from the one used in Vietnam. As for Vietnamese woodchip operations, together with our partners, we have succeeded in maintaining stability in these operations for more than 20 years. Accordingly, we do not believe that any significant risks are faced in these operations.

Q. Looking at the Lifestyle Commodities & Materials Division as a whole, are there any businesses needing to restructure their models in response to operating environment changes?

A. There are three businesses facing such a need. One is the woodchip operations that recorded an impairment loss in the year ended March 31, 2016. The other two businesses are both relatively small, and we expect to complete our withdrawal from these businesses during the year ending March 31, 2017. There are no businesses that present concern for the year ending March 31, 2018, or beyond.

Q. What portions of profit for the year attributable to owners of the Company and total assets are accounted for by the Textile Business, Forest Products, and General Commodities? Also, what type of growth do you anticipate in each of these areas going forward?

A. The Textile Business Department, Forest Products Department, and General Commodities & Lifestyle Department each account for around the same portion of profit for the year attributable to owners of the Company: roughly 30%. We expect the most significant growth to be seen in the General Commodities & Lifestyle Department, which will benefit from new initiatives related to consumer goods and industrial materials.

Q. It was mentioned that the Lifestyle Commodities & Materials Division plans to raise return on assets while refraining from increasing total assets. How specifically do you intend to go about replacing assets or expanding existing businesses?

A. In the year ending March 31, 2017, we have been withdrawing from several businesses, resulting in decreases in total assets. Meanwhile, a total of ¥10.0 billion has been earmarked for new investments and loans during the three-year period of the current medium-term management plan. By devoting these funds to new businesses promising high returns, we will boost the division's overall return on assets without increasing total assets.

Q. Growth in Japan is not anticipated in existing business fields, such as textile OEM and domestic building material operations. Given this situation, how do you plan to expand earnings?

A. In the forest products business, for example, non-residential construction fields, such as those for public facilities, are quite large and boast relatively high profit margins. Accordingly, we plan to step up efforts in such fields. We also believe that margins can be increased in environment-related and other fields by applying Sojitz's unique business ideas. Low-margin businesses will be discontinued to boost return on assets.