

**Condensed Transcript of Q&A Session Regarding Results Briefing
for the Six-Month Period Ended September 30, 2021 (November 2, 2021)**

Presenters

Masayoshi Fujimoto, Representative Director, President & CEO

Seiichi Tanaka, Representative Director, Executive Vice President, CFO

First Questioner

Q. The forecast for profit for the year (attributable to owners of the Company) has been raised to ¥70.0 billion. However, the outlook for second-half market trends for coking coal and thermal coal in the Metals, Mineral Resources & Recycling Division, such as the projected price of U.S.\$200 per ton for coking coal, seems highly conservative. The current spot for coking coal is around U.S.\$400 per ton. Should the coking coal price remain around this level throughout the second half of the fiscal year, is there any possibility of an upward revision to forecasts? Also, are there any other factors with the potential to cause an upswing in the performance of the Metals, Mineral Resources & Recycling Division?

A. Fujimoto, CEO:

The price of thermal coal previously stood around U.S.\$200 per ton, but this price has recently dropped to U.S.\$139 per ton. This situation indicates the uncertainty of the outlook going forward and has prompted us to take a conservative stance. If the current price of U.S.\$400 per ton for coking coal were to continue throughout the second half of the fiscal year, it is possible that the Metals, Mineral Resources & Recycling Division may generate earnings that surpass our forecast. However, even though we are able to hedge against forecast exchange rate fluctuations for coal, there are no options for hedging against fluctuations in market conditions. Moreover, it is customary for contract prices to be set based on previous three-month average prices, and there is thus a delay between when spot prices become reflected in actual prices.

Tanaka, CFO:

As stated by President Fujimoto, there are no options for hedging for coking coal. Accordingly, if the current spot prices continue, the high prices will translate directly to increases in profits. At the moment, we have already received contracts for around 90% of the projected annual sales volume for coal from the Gregory Crinum coking coal mine. However, prices have only been set for about 50% of these contracts, and the contracted sales for which prices have not been set thus have the potential to contribute to upswings in performance.

Q. Should profit for the year surpass the revised forecast, how will these increased profits be utilized? Would strong earnings be used to fund structural reforms? Also, what would your stance toward shareholder returns be in this case?

A. Fujimoto, CEO:

Should an upswing in performance be achieved, it will be necessary to

consider the sale of coal interests as part of structural reforms to address future risks. The 2021 United Nations Climate Change Conference is currently underway in Glasgow, Scotland, and it can be expected that we will see increased expectations to help combat climate change. Sojitz is committed to responding to these expectations in the fight against climate change. In terms of shareholder returns, we are targeting a dividend payout ratio of approximately 30%, as has been stated, and, until the price book-value ratio reaches 1.0 times, we will use market price-based DOE of 4% as the minimum level for dividends. Our current forecast is for a year-end dividend of ¥45 per share, which will make for an annual dividend of ¥90 per share and a dividend yield of 4.5%, a figure in line with our dividend policy.

Second Questioner

Q. I would like to ask about the investment return and earnings contributions figures shown on slide 6 of the presentation materials for the financial results briefing for the six-month period ended September 30, 2021. Investments conducted under Medium-Term Management Plan 2023 are projected to produce significant returns of around ¥0.5 billion in the year ending March 31, 2022. Is it safe to assume that if smooth progress is made in these investments, they will contribute to higher earnings in the future fiscal years? Also, the stock market believes that Sojitz will be exposed to risks of earnings declines should the price of coal decrease as we progress into the next fiscal year. Meanwhile, the numbers seem to suggest that not a lot of progress was made in earnings contributions from investments during the six-month period ended September 30, 2021. How has progress been in investments? Will Sojitz be able to assemble an investment portfolio with the potential to generate returns of a scale that can compensate for any potential market condition downturns seen in the year ending March 31, 2023, or beyond?

A. Fujimoto, CEO:
People returning from overseas business trips have been subject to a 10-day quarantine period over the period from January 1 to October 31, 2021. As a result of this restriction, overseas business trips have been almost completely non-existent at Sojitz. We believe it is necessary to conduct closing and final investment negotiations face to face, and the inability to engage in such face-to-face negotiations has impeded our progress in executing investments. Nevertheless, new investments amounted to around ¥40.0 billion in the six-month period ended September 30, 2021, and, when including investments that have yet to receive final approval, we are looking at around ¥170.0 billion in investment candidates on a full-year basis. Many of these candidates are projected to produce returns over a relatively short timeframe. The prices of coal, particularly coking coal, have been rather extreme in the year ending March 31, 2022, and there is some concern as to whether we will be able to compensate for the drop in these prices in their entirety. However, when excluding this concern, we feel confident in our ability to achieve the initial goals of the medium-term management plan, three years average profit for the year of ¥65.0 billion. Moreover, in the first year of the plan, we look to conduct between ¥150.0 billion and ¥170.0 billion in investments and thereby achieve our target as a result of the earnings contributions from these

investments.

Q. It would appear as though Sojitz has been successful in generating earnings contributions from new investments, and the Company would seem to be becoming increasingly confident in its ability to create cash. Sojitz is currently implementing a basic dividend policy of issuing stable ongoing dividend payments while targeting a dividend payout ratio of approximately 30%, and this policy has led it to forecast an annual dividend of ¥90 per share for the year ending March 31, 2022. Given Sojitz's recent success, what changes will be seen in dividend policies in the year ending March 31, 2023, and beyond, and what are the Company's policies for dividends, including the continuity of dividend payments, going forward?

A. Fujimoto, CEO:

Sojitz has continued to issue stable ongoing dividend payments, and there will be no change to our policy of targeting a dividend payout ratio of approximately 30% going forward.

Third Questioner

Q. It was stated that the forecast for the Automotive Division incorporates the semiconductor shortages and that demand seems to be returning to normal levels. Could you please offer details on the situation surrounding the semiconductor shortages and whether demand has indeed returned to normal levels?

Also, the supplementary materials state that distributorship businesses in Asia are showing substantial growth. What are the reasons behind this strong growth and what types of earnings contributions can be expected from these businesses?

A. Fujimoto, CEO:

The impacts of the semiconductor shortages on the Automotive Division have been incorporated into full-year forecasts. In the first half of the fiscal year, these shortages had almost no impact on performance. In the second half of the fiscal year, however, we project a drop in supply volumes as the number of vehicles produced declines. The increase in automobile sales volumes seen in Asian distributorship businesses in the year ending March 31, 2022, is attributable to our automobile production, assembly, and distribution business in Pakistan. This business has achieved a sales volume exceeding 10,000 units in its second year. Conversely, we see a need to carefully monitor the potential impacts of the semiconductor shortages on this business going forward.

Tanaka, CFO:

Automobile sales volumes showed a substantial increase in the six-month period ended September 30, 2021, as a result of the rebound from the impacts of the store closures in overseas automotive businesses during the previous equivalent period. In fact, the number of vehicles sold was nearly double the number from the previous equivalent period. The reason we said that the impacts of the semiconductor shortages would be felt in the second half of the fiscal year is that we needed to account for a decline of between 10% and 15% from our initial automobile sales volume forecast. This decline has been reflected in the current full-year forecasts. As for Asian distributorship

businesses, as stated by President Fujimoto, the growth you speak of is a result of operations in Pakistan.

Q. The impacts of the COVID-19 pandemic in Southeast Asia have been cited as a reason for the downward revision to performance forecasts for the Consumer Industry & Agriculture Business Division and the Retail & Consumer Service Division. What degree of monetary impact do you expect from the pandemic and what type of upside would you anticipate should conditions return to normal?

A. Fujimoto, CEO:

In Vietnam, although we were not forced to shut down factories in July and August 2021, we did face certain restrictions on production activities and on the movement of people during these months as a result of the COVID-19 pandemic. Shutdowns were, however, instituted in September. We also had to close all of our Ministop locations in this country. Conditions are currently recovering, and we have resumed operations at our Vietnamese factories as well as at all of our Ministop locations. The monetary impact of the pandemic will be equivalent to the downward revision to forecasts: between ¥1.0 billion and ¥1.5 billion.

Fourth Questioner

Q. The forecast for profit for the year in the year ending March 31, 2022, was changed to ¥70.0 billion. Medium-Term Management Plan 2023, meanwhile, projects a three-year average of ¥65.0 billion for profit for the year, ¥53.0 billion in the plan's first year, ¥65.0 billion in the second year, and ¥77.0 billion in the third year. I suspect that it is hard to project performance for the year ending March 31, 2022, especially when considering the trends in coal prices. As six months have passed, and Sojitz is becoming more optimistic with regard to the year ending March 31, 2023, do you now believe that Sojitz is demonstrating a capacity that surpasses the initial expectations of the medium-term management plan and that performance may be higher than forecast in the year ending March 31, 2023? Also, do you feel that Sojitz is gradually increasing its capacity, when excluding coal businesses? Meanwhile, what is your outlook for the global economy in the year ending March 31, 2023?

A. Fujimoto, CEO:

Medium-Term Management Plan 2023 projects profit for the year of ¥53.0 billion in its first year, ¥65.0 billion in its second year, and ¥77.0 billion in its third year. These forecasts were arrived at based on the assumption that the prices of coal and other commodities would not increase and that earnings contributions from investments conducted under Medium-Term Management Plan 2017, Medium-Term Management Plan 2020, and Medium-Term Management Plan 2023 would grow. Other factors considered when formulating the aforementioned forecasts included our plans to withdraw from underperforming product lines in existing businesses to focus on those with greater profitability and thereby construct a highly efficient business portfolio. Once again, these forecasts do not account for any potential upturns in commodity prices. In terms of our capacity in the year ending March 31, 2022, investments are projected to progress smoothly going forward, and, should

economic conditions return to normal, we believe that Sojitz will be poised to target profit for the year of around ¥60.0 billion. It will then be important to look at the degree to which we can surpass this amount through investments and other methods.

Projecting the economic climate in the coming year is no easy task, but I can say that we expect the global economy to recover as the COVID-19 pandemic subsides, but the outlook with regard to the Chinese market remains incredibly opaque. Meanwhile, this year has seen economic slowdown in Southeast Asia as a result of the COVID-19 pandemic, and we therefore anticipate recovery in both the economy and business performance in this region going forward. As we look ahead, an area of focus will be the degree to which the Chinese economy deteriorates while the Southeast Asian economy recovers.

Fifth Questioner

Q. Earnings from coal businesses were ¥0.6 billion in the first quarter and ¥3.2 billion in the second quarter, a level that does not seem to match the rise in prices. I understand that there is a bit of a time lag before changes in market prices are reflected in contract prices, but this level of earnings seems low even given this fact. Is this lackluster performance a result of a decline in transaction volumes or of some other special factor?

A. Fujimoto, CEO:

The increase in earnings was not as significant as the rise in coal prices as certain contracts for the first and second quarters were based on prices decided before the rise in market prices. Contract prices are determined in accordance with average prices over the past two or three months. For this reason, we expect earnings to increase to a certain degree in reflection of the strong market conditions in the third and fourth quarters. However, we have not yet formulated an outlook for the latter half of the fourth quarter. The most recent forecast revision accounts for contracts for which prices have been decided.

Q. There was concern regarding the impacts of semiconductor shortages on the Automotive Division, the Chemicals Division, and Metal One Corporation. However, the second-quarter performance of these entities exceeded their first-quarter performance. Is it safe to assume that there is no concern with regard to shortages or other impacts in relation to these entities?

A. Fujimoto, CEO:

The prices of steel products are on the rise, and there is currently no concern for a drop in these prices. The unlikelihood of a significant drop in prices is further underscored by China's policy of lowering production volumes. Meanwhile Metal One will face concerns regarding semiconductor shortages, but these concerns will not persist for too long into the future. As for the Chemicals Division, we see a need to carefully monitor the rising price of methanol. However, with the crude oil price remaining high, we believe it is possible that the price of methanol will stay around its current level throughout the second half of the fiscal year. The Automotive Division, meanwhile, does face concern regarding the semiconductor shortages, but the potential impacts of these shortages have been incorporated into forecasts.