sojitz

Internet Disclosure of Matters for the Notice of the 17th Ordinary General Shareholders' Meeting

In accordance with laws and regulations and Article 14 of the Articles of Incorporation,
this information is posted on Sojitz's website at:
(https://www.sojitz.com/en/ir/stkholder/general/)

Sojitz Corporation

Basic concept and status of implementation and operation of internal control system

1. Basic Concept

Sojitz has been working on implementing and maintaining our internal control systems on a Group-wide basis. The "Basic policy regarding the establishment of systems for ensuring appropriate execution of Sojitz Group business operations" was resolved by the Board of Directors on April 24, 2015, based on the Companies Act and Ordinance for the Enforcement of the Companies Act of Japan.

i) Retention and management of information relating to the execution of the Company Directors' duties

- With respect to important documents relating to the execution of duties by Directors of the Company, such as the minutes of Board of Directors meetings and approval documents, a retention period that is equal to the period required by the relevant law or regulation shall be prescribed in accordance with the Board of Directors rules and the internal rules for document retention and information management. The department in charge of such retention shall also be designated, and documents shall be made available for view as necessary.

ii) System to ensure compliance by Company Directors and employees with laws and regulations and the Articles of Incorporation in execution of duties

- The Sojitz Group Compliance Code of Conduct and Ethics and the manual for its implementation shall be established, as well as the Sojitz Group Compliance Program to ensure that Directors and employees comply with laws and regulations, the Articles of Incorporation, and internal rules.
- In order to fully achieve understanding of and compliance with amendments of laws and regulations relating to the Group's operations, the reinforcement and improvement of the legal compliance system centering on the Compliance Committee shall be promoted. Also, the separation of duties by departments and the supervisors in charge of Group companies shall be clarified.
- Sojitz shall ensure that the Group does not enter into any business or other relationship with anti-social forces, and shall resolutely reject any improper request, taking legal measures if necessary.

iii) Rules and other systems regarding management of loss risks of the Company and its subsidiaries

- In order to prevent, or when impossible to prevent, to minimize economic losses of the Group, various potential risks for economic losses both inside and outside the Company including credit risks, business investment risks, market risks and disaster risks shall be analyzed and categorized. The Company shall establish internal rules or manuals, and assign a department for managing the risks in each category.
- The effectiveness of internal rules and handling procedures shall be periodically reviewed and improved. Furthermore, in the event that a new type of risk emerges in the Group due to changes in the business environment, a person and/or department to be responsible shall be promptly appointed, and appropriate internal rules with regard to the new risk shall be prescribed.

iv) System to ensure efficiency in execution of duties by Directors of the Company and its subsidiaries

- The responsible fields or departments of each Director and Executive Officer of the Company and the responsibility of each of its departments shall be made clear, as well as chains of command, scopes of authority and decision-making rules.
- In the Board of Directors rules, important matters requiring resolutions of the Board of Directors shall be clearly prescribed and the Management Committee and other committees to deliberate and decide other important matters shall be convened. Also, matters to be reported to the Board of Directors shall

be set forth in the Board of Directors rules.

- A department to oversee the management structure of the Group and ensure the sound management of Group companies shall be established.
- Top management policy of the Group shall be promptly announced to all Directors and employees of the Group companies through the Management Committee, Corporate Planning Department or the supervisor in charge, and through other oral and written methods.
- Group management shall be promoted by preparing a management plan on a consolidated basis and by sharing management objectives and management indices within the Group.

v) System for reporting the execution of duties by Directors of subsidiaries to the Company and other systems for proper business operations in the Company and its Subsidiaries

- The supervisors in charge who manage the Group companies as prescribed in the Basic Code of Group Management shall be designated. The supervisors in charge must request prior consultation with the Group companies regarding important matters, and must report to the Company regularly on the business report, operating activity reports, and other reports.
- The Company shall review and develop the business processes of each Group company in light of internal controls relating to consolidated financial reporting.
- The Audit Department of the Company shall conduct internal audits on the Group companies, and ensure the proper conduct of their business operations.

vi) Employees assisting Audit & Supervisory Board Members of the Company and their independence from Directors, and the system to ensure efficiency of instructions to these employees from the Audit & Supervisory Board Members of the Company

- The Audit & Supervisory Board Members Office shall be established to assist Audit & Supervisory Board Members and assign the necessary employees.
- These employees shall work under the direction of the Audit & Supervisory Board Members of the Company, and their performance evaluations and personnel changes shall require the consent of the Audit & Supervisory Board Members of the Company.

vii) Reports to Audit & Supervisory Board Members

- The Board of Directors rules shall include a rule that requires any Director of the Company to immediately report to Audit & Supervisory Board Members of the Company when he/she learns of a fact that may cause significant damage to the Company.
- The department in charge of the internal reporting system of the Group shall report regularly to Audit & Supervisory Board Members of the Company on the status of the internal report from Directors and employees of the Group through the Compliance Committee or other body.
- The Audit Department of the Company shall provide Audit & Supervisory Board Members of the Company with a copy of the internal audit report upon completion of each internal audit.
- The Audit & Supervisory Board of the Company shall be entitled to request a report from the Accounting Auditor, a Director or other relevant person, as it deems necessary.

viii) System for ensuring that a person who reports to Audit & Supervisory Board Members of the Company will not receive disadvantageous treatment as a result

- A Director or employee of the Group shall not be treated disadvantageously because he/she makes a report through the internal reporting system or other methods (including reports to Audit & Supervisory Board Members of the Company and others).

ix) Other arrangements to ensure efficient auditing by the Audit & Supervisory Board Members of the Company

- Expenses deemed necessary shall be paid by the Company, keeping in mind the efficiency and appropriateness of audits by Audit & Supervisory Board Members.
- One or more of the Audit & Supervisory Board Members of the Company shall attend every meeting of the Board of Directors of the Company and express opinions as necessary. They may also attend the Management Committee and other important meetings of the Company, directly observing the discussions and reporting on important matters.
- Representative Directors shall regularly meet with Audit & Supervisory Board Members and exchange opinions on key issues, as well as on the conditions of and important issues relating to audits by Audit & Supervisory Board Members.

2. Status of implementation and operation

- **Overall internal control system**

The Internal Control Committee, which is an executing body under the management of the President, consolidates and monitors the status of implementation and operation of the Internal Control System, and leads maintenance and improvement of our internal control systems.

(Overview of operational status)

The Internal Control Committee oversees the implementation and enforcement of the overall internal control system, as well as conducts periodic monitoring. The Committee also identifies issues and considers countermeasures related to the internal systems and frameworks, points out these issues to the relevant departments, and makes improvements. In addition, the Committee monitors progress on assessments of internal controls with regards to financial reporting, based on the Financial Instruments and Exchange Act, thereby working to ensure the reliability of financial reporting. Each committee (Compliance Committee, Sustainability Committee, etc.) and subcommittee (the Disclosure Subcommittee, Information Security Subcommittee, etc.) discusses specific initiatives for their area of expertise.

The Internal Control Committee met five times during the fiscal year ended March 31, 2020, and reported the details of these meetings to the Board of Directors.

With a view to further disseminating and sharing important information including those concerning the establishment and revision of rules and guidelines of the Sojitz Group and precautions, Sojitz issued the “Internal Control Bulletin,” a summary of key information, and began its regular distribution to all Group companies in Japan and overseas.

- **Compliance**

Sojitz has established a “Sojitz Group Compliance Program,” which sets out procedures for achieving thorough compliance, and have also formulated a “Sojitz Group Code of Conduct and Ethics,” which provides common criteria for conduct that applies to Group officers and employees globally.

The Compliance Committee, chaired by the Chief Compliance Officer (CCO), leads the establishment of systems for promoting compliance with laws and regulations and corporate ethics at Group companies and overseas bases, such as appointing compliance supervisors and forming compliance committees.

To help prevent or quickly detect compliance violations, Sojitz has a hotline (internal reporting system) that provides access to the CCO and outside legal counsel; a consultation desk where the Compliance Committee Secretariat members can be contacted; and the multi-lingual Sojitz Ethics Hotline, which is available 24 hours a day, 365 days a year. These systems are made known to all Sojitz Group officers and employees. In addition, a point of contact for external parties concerning the compliance of Sojitz has been established on the website of Sojitz, to collect any reports from outside of the Company.

To prevent corruption, Sojitz has also established the "Sojitz Group Anti-Corruption Policy" and the "Guidelines for Sojitz Group Anti-Corruption Policy," and has introduced corresponding rules at overseas local subsidiaries as well as Group companies in Japan and overseas.

In November 2019, Sojitz became the first Japanese company to acquire the ISO 37001 certification, an international standard for anti-bribery management systems.

Meanwhile in July 2019, Sojitz formulated the Sojitz Group Basic Policy on Sanctions and Export Controls, in an effort to develop a safeguard structure against the risks associated with the violations of sanctions and export controls in Japan and overseas.

Following the partial enforcement of the Act on the Arrangement of Related Acts to Promote Work Style Reform in April 2019, Sojitz has endeavored to make its contents well understood by requiring all employees to take e-learning education and holding seminars by labor and social security attorneys for Sojitz and domestic Group companies. In January 2020, we launched a remote work system, using the super flex system and other systems already in place, to improve individual operational efficiency and work on new initiatives as well as to improve the productivity and creativity of teams and organizations.

Sojitz has continued activities to enhance its systems for ensuring legal compliance and maintaining a good working environment free of any kind of harassment, such as making its harassment consultation desk better known and providing educational opportunities including e-learning.

(Overview of operational status)

Based on the action plan formulated by the Compliance Committee, Sojitz continues to provide counsel on how to prevent compliance issues from reoccurring, as well as providing assistance and guidance to Group companies on how to practice said Code of Conduct.

Specific activities related to compliance in the fiscal year ended March 31, 2020, included the following:

- Meetings between the CCO and presidents of Group companies
- Regular liaison meetings among the compliance staff of Group companies
- Regular liaison meetings with the compliance staff of overseas operating sites
- Seminars and briefings on important issues concerning the prevention of harassment and corruption and the Subcontract Act, as well as e-learning on the Act on the Protection of Personal Information (including the General Data Protection Regulation (GDPR))
- Various training programs for newly hired employees, employees hired as mid-career professionals, employees on overseas assignments, and others
- Introductory training for new compliance staff, as well as skills development training for the personnel in charge of business operations in the domestic Group companies

The Compliance Committee met a total of four times, once in each quarter, during the fiscal year ended March 31, 2020.

With regard to security trade control, Sojitz spun off the subcommittee under the jurisdiction of the Compliance Committee and newly established the Security Trade Control Committee. Based on the action plans formulated by the Security Trade Control Committee, the committee secretariat is engaged in activities for preventing violations of sanctions and export controls while providing support and guidance to the Group companies.

Specific activities carried out in the fiscal year ended March 31, 2020, included the following:

- Formulation of the Sojitz Group Basic Policy on Sanctions and Export Controls
- Various training programs for newly hired employees, employees hired as mid-career professionals, employees on overseas assignments, and others
- Support for the revision and formulation of local security trade control-related regulations at overseas operating sites
- Held one meeting of the Security Trade Control Committee

- **Risk Management**

Sojitz has designated categories of business activity risk based on the “Basic rules of corporate risk management,” has assigned officers responsible for each kind of risk, and has formulated the “Risk Management Policy and Plan” in order to deal with the various risks facing general trading companies today. By implementing a PDCA cycle with regards to formulating, executing, monitoring and summarizing the Risk Management Policy and Plan, Sojitz strives to secure its sustainability and further improve the risk management system.

(Overview of operational status)

The “Risk Management Policy and Plan” is resolved by the Board of Directors, and the Internal Control Committee deliberates whether it is operating properly, issuing a report to the Board of Directors quarterly. Additionally, in the event that it becomes necessary to make everyone at Sojitz aware of measures to counter changes in the business environment, or if new risks require new responses, such situations are dealt with upon making the necessary reports to the management on the issues and the status of responses.

Among the risk categories, quantifiable risks such as market risk, credit risk, business investment risk and country risk, are managed based on the calculated values of risk assets. As for the risks that are difficult to quantify such as legal risk, compliance risk, environmental and social (human rights) risk, funding risk, disaster risk and system risk, their management status is monitored and reported to the management. In addition, emerging risks such as risks concerning the delivery of corporate information via websites and SNS (e.g., protection of personal information, crisis management) and quality-related risks (e.g., ensuring quality control in a way to accommodate the diversification of business fields) are continuously monitored in a PDCA cycle.

Sojitz continues to conduct ongoing education programs through a variety of risk management training, in order to firmly establish a risk management mindset among Sojitz Group officers and employees.

In relation to the disaster risk, Sojitz further developed the implementation framework and environment involving the aforementioned remote work system and super flex system as measures to promote the work style reform, in addition to ensuring uninterrupted business execution by employees in the event of disaster risk such as earthquake, flood, windstorm and pandemic. In addition, the Management Committee decided in February 2020 to establish a Business Continuity Management Committee, tasked to ensure the effectiveness of the Group’s basic policies for risk management while engaging in the continuous review, improvement and development in response to changes in the management environment.

- **Management of Group companies**

Each Group company has a management system based on the management system for Group companies' business operations defined in the "Basic Rules of Group Management" and the "Group Management Administration Regulations." The status of each system is monitored on a periodic basis.

In addition, Directors monitor business management of Group companies through the business division or corporate department staff who supervise these companies, or else the Directors, Audit & Supervisory Board Members, and others dispatched to Sojitz Group companies.

(Overview of operational status)

Through the Directors and the Audit & Supervisory Board Members dispatched to each Group company, Sojitz manages and supervises Group companies, ensuring that they have established an appropriate management foundation and corporate governance and that these are working correctly. Sojitz also receives regular reports, including annual business reports and monthly operating activity reports. As for the most important matters at Group companies, execution of the most important business requires advance consultation with Sojitz to ensure appropriate management.

Additionally, in order to promote Group management, Sojitz has the business division or corporate department staff supervising Sojitz Group company explain Sojitz Group's management philosophy, as well as make efforts to publicize our management philosophy and policies during training sessions for Group companies' officers and employees.

As part of the Group's efforts to further enhance the corporate governance of Group companies, the operating status of the Board of Directors at each Group company has been reported regularly to the Management Committee and the Board of Directors at Sojitz.

In addition, trainings for Directors of Group companies are provided on a yearly basis and additional trainings are separately provided for newly appointed Directors and Audit & Supervisory Board Members.

- **Management and storage of information**

With respect to handling of important documents related to execution of duties such as the minutes of Board of Directors meetings, the responsible department shall appropriately manage such documents according to the retention period required by law based on guidelines including the internal rules for document retention, and shall make such documents available for viewing as necessary. As for the information related to business execution, a system is in place to monitor the status of operation by establishing rules that define the classification and confidentiality of the information.

(Overview of operational status)

With respect to information related to business execution, Sojitz regularly reviews the classification, management methods, and retention period of information as stipulated in the internal regulations, and makes efforts to ensure proper management. In addition, the Group has formulated guidelines on specific methods for the management and operation of information that requires particularly strict control, which is defined as "information requiring specific management," and has investigated the status of holding such information and provided instructions for improvement as necessary. Furthermore, the Group has endeavored to further bolster security measures through various initiatives, such as providing trainings to handle suspicious e-mails, revising the IT Security Regulations with the main purpose of enforcing stricter password management, and developing rules for the business use of messaging applications.

- **Arrangements to ensure effective auditing by the Audit & Supervisory Board Members**

In terms of reporting to Audit & Supervisory Board Members, Sojitz has adopted a system which, in addition to the reports by the Directors, reports matters required for auditing in a timely manner, such as reporting on Group-wide matters by various committees, including the Internal Control Committee and the Compliance Committee, as well as the Internal Audit Department, and business reports from the consolidated subsidiaries. Additionally, relevant regulations provide that persons who report to the Audit & Supervisory Board Members will not receive disadvantageous treatment on account of having made the report.

For accounting audits, Audit & Supervisory Board Members receive explanations on the audit plan and regular reports on the audit status from the Accounting Auditor, share information with each other, establish a system enabling efficient audits, and audit the independence of the Accounting Auditor.

(Overview of operational status)

Audit & Supervisory Board Members receive reports in a timely fashion and set interviews regularly in addition to exchange of opinions conducted between the Audit & Supervisory Board Members and Directors as well as the Audit & Supervisory Board Members and the Accounting Auditor.

Accounting Auditor

(1) Name of Accounting Auditor

KPMG AZSA LLC

(2) Amount of remuneration, etc. for Accounting Auditor in FY2019

(Millions of yen)

	Amount paid
Remuneration, etc. payable by Sojitz in FY2019	
Remuneration, etc. for services stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act	420
Remuneration, etc. for services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act	41
Total	461
Total amount of money and other financial benefits payable by Sojitz and its subsidiaries to the Accounting Auditor	821

(Notes)
1. The Audit & Supervisory Board conducted necessary verification on whether the contents of the audit plan, the status of execution of accounting audit duties and the basis for calculating the estimated amount of remunerations, etc. of the Accounting Auditor are appropriate. As a result, the Audit & Supervisory Board has given the consent with regard to remuneration, etc. for the Accounting Auditor in accordance with Article 399, Paragraph 1 of the Companies Act.
2. The audit agreement between Sojitz and the Accounting Auditor does not and cannot practically distinguish between remunerations for audits in accordance with the Companies Act and those in accordance with the Financial Instruments and Exchange Act. For this reason, the above figures include the remuneration for audits under the Financial Instruments and Exchange Act.
3. Of major subsidiaries of Sojitz, Sojitz Corporation of America, Sojitz Europe plc, and Sojitz Asia Pte. Ltd. are audited (limited to audits stipulated in the Companies Act or the Financial Instruments and Exchange Act (including equivalent laws and regulations of the relevant overseas country)) by CPAs or audit firms (including those who hold equivalent qualifications of the relevant overseas country) other than KPMG AZSA LLC.
4. Figures are rounded down to the nearest million yen.

(3) Non-audit services

Sojitz entrusts our Accounting Auditor to provide advisory services pertaining to IFRS that are services other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit services).

(4) Policy and reason for selection of Accounting Auditor

Sojitz selects its Accounting Auditor under comprehensive consideration of quality control, independence, auditing execution systems, estimated amounts of remuneration and other considerations according to the evaluation standards for Accounting Auditor set out by the Audit & Supervisory Board.

(5) Policy for determining dismissal or non-reappointment of Accounting Auditor

In the event that the Audit & Supervisory Board deems that any Accounting Auditor falls under any of the Items of Article 340, Paragraph 1 of the Companies Act, the Audit & Supervisory Board shall dismiss the Accounting Auditor based on the consent of all the Audit & Supervisory Board members.

In addition, the Audit & Supervisory Board shall make comprehensive judgments on the Accounting Auditors' execution of their duties, etc., and in case the Accounting Auditor is deemed incapable of executing proper audits, the Audit & Supervisory Board shall decide on the contents of proposal on dismissal or non-reappointment of the Accounting Auditor, to be submitted to the General Shareholders' Meeting, by the resolution of the Audit & Supervisory Board.

(6) Evaluation of Accounting Auditor by the Audit & Supervisory Board and its Members

The Audit & Supervisory Board and its Members evaluate the Accounting Auditor according to the evaluation standards for Accounting Auditor set out by the Audit & Supervisory Board, by having interviews, etc., with the Accounting Auditor, and from such perspectives as quality control, results of examination by external institutions, the auditing team's independence, expertise and member configuration, auditing fees, effectiveness and efficiency of audit, communication with the Audit & Supervisory Board Members and group auditing.

Consolidated Statements of Changes in Equity

(Millions of yen)

	Attributable to owners of the Company					
				Other components of equity		
	Share capital	Capital surplus	Treasury stock	Foreign currency translation differences for foreign operations	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 2019	160,339	146,645	(865)	4,861	107,226	(4,512)
Cumulative effects of changes in accounting policies						
Restated balance as of April 1, 2019	160,339	146,645	(865)	4,861	107,226	(4,512)
Profit for the year						
Other comprehensive income				(34,835)	(27,526)	(2,248)
Total comprehensive income for the year	—	—	—	(34,835)	(27,526)	(2,248)
Purchase of treasury stock		(5)	(10,059)			
Disposal of treasury stock		(24)	24			
Dividends						
Change in ownership interests in subsidiaries without loss/acquisition of control				(2)		0
Reclassification from other components of equity to retained earnings					6,812	
Share remuneration transaction		140				
Other changes						
Total contributions by and distributions to owners of the Company	—	110	(10,035)	(2)	6,812	0
Balance as of March 31, 2020	160,339	146,756	(10,901)	(29,975)	86,513	(6,760)

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total equity attributable to owners of the Company		
	Remeasurements of defined benefit pension plans	Total other components of equity				
Balance as of April 1, 2019	—	107,576	204,600	618,295	43,312	661,607
Cumulative effects of changes in accounting policies			(2,402)	(2,402)		(2,402)
Restated balance as of April 1, 2019	—	107,576	202,197	615,892	43,312	659,205
Profit for the year			60,821	60,821	3,752	64,573
Other comprehensive income	(432)	(65,042)		(65,042)	(1,892)	(66,934)
Total comprehensive income for the year	(432)	(65,042)	60,821	(4,220)	1,859	(2,361)
Purchase of treasury stock				(10,064)		(10,064)
Disposal of treasury stock				—		—
Dividends			(22,517)	(22,517)	(4,217)	(26,735)
Change in ownership interests in subsidiaries without loss/acquisition of control		(1)	(193)	(195)	2,776	2,581
Reclassification from other components of equity to retained earnings	432	7,245	(7,245)	—		—
Share remuneration transaction				140		140
Other changes			89	89	(956)	(867)
Total contributions by and distributions to owners of the Company	432	7,243	(29,867)	(32,548)	(2,396)	(34,944)
Balance as of March 31, 2020	—	49,777	233,151	579,123	42,774	621,898

(Reference)

(Millions of yen)

	Attributable to owners of the Company					
				Other components of equity		
	Share capital	Capital surplus	Treasury stock	Foreign currency translation differences for foreign operations	Financial assets measured at fair value through other comprehensive income	Cash flow hedges
Balance as of April 1, 2018	160,339	146,512	(174)	17,709	111,072	(4,432)
Cumulative effects of changes in accounting policies						
Restated balance as of April 1, 2018	160,339	146,512	(174)	17,709	111,072	(4,432)
Profit for the year						
Other comprehensive income				(12,847)	(6,167)	(79)
Total comprehensive income for the year	—	—	—	(12,847)	(6,167)	(79)
Purchase of treasury stock		(0)	(691)			
Dividends						
Change in ownership interests in subsidiaries without loss/acquisition of control						
Reclassification from other components of equity to retained earnings					2,321	
Share remuneration transaction		132				
Other changes						
Total contributions by and distributions to owners of the Company	—	132	(691)	—	2,321	—
Balance as of March 31, 2019	160,339	146,645	(865)	4,861	107,226	(4,512)

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Other components of equity		Retained earnings	Total equity attributable to owners of the Company		
	Remeasurements of defined benefit pension plans	Total other components of equity				
Balance as of April 1, 2018	—	124,348	155,437	586,464	38,659	625,124
Cumulative effects of changes in accounting policies			(444)	(444)		(444)
Restated balance as of April 1, 2018	—	124,348	154,993	586,020	38,659	624,679
Profit for the year			70,419	70,419	4,799	75,219
Other comprehensive income	(386)	(19,481)		(19,481)	(789)	(20,270)
Total comprehensive income for the year	(386)	(19,481)	70,419	50,938	4,010	54,948
Purchase of treasury stock				(691)		(691)
Dividends			(16,888)	(16,888)	(3,381)	(20,269)
Change in ownership interests in subsidiaries without loss/acquisition of control			(62)	(62)	2,871	2,808
Reclassification from other components of equity to retained earnings	386	2,708	(2,708)	—		—
Share remuneration transaction				132		132
Other changes			(1,153)	(1,153)	1,152	(0)
Total contributions by and distributions to owners of the Company	386	2,708	(20,812)	(18,663)	643	(18,020)
Balance as of March 31, 2019	—	107,576	204,600	618,295	43,312	661,607

Notes to the Consolidated Financial Statements

Significant basis of presenting consolidated financial statements

1. Basis for presenting consolidated financial statements

Sojitz prepares its consolidated financial statements based on the International Financial Reporting Standards (hereinafter referred to as "IFRS"), in accordance with Article 120, Paragraph 1 of the Rules of Corporate Accounting.

In accordance with the second sentence of Article 120, Paragraph 1 of the Rules of Corporate Accounting, certain disclosures and notes as required by the IFRS are omitted.

2. Scope of Consolidation

Number of consolidated subsidiaries: 300

The major consolidated subsidiaries of Sojitz Group are as follows:

Sojitz Autrans Corporation, Sojitz Aerospace Corporation, Sojitz Marine & Engineering Corporation, Sojitz Machinery Corporation, Nissho Electronics Corporation, Sojitz Ject Corporation, Sojitz Pla-Net Corporation, Pla Matels Corporation, Sojitz Building Materials Corporation, Sojitz Foods Corporation, Sojitz Fashion Co., Ltd., Sojitz New Urban Development Corporation, Sojitz Kyushu Corporation, Sojitz Corporation of America, Sojitz Europe plc and Sojitz Asia Pte. Ltd.

3. Application of equity method

Number of entities subject to equity method: 130

The major entities subject to equity method are as follows:

Metal One Corporation, LNG Japan Corporation, and JALUX, Inc.

4. Accounting Policies

(1) Basis and methods of valuation of significant assets

1) Financial assets

Sojitz Group has applied the IFRS 9 Financial Instruments (2014 version).

At initial recognition, financial assets are classified as financial assets measured at amortized costs, debt financial assets measured at fair value through other comprehensive income, equity financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss. Sojitz Group initially recognizes financial assets measured at amortized costs and debt financial assets measured at fair value through other comprehensive income on the date of occurrence. Sojitz Group initially recognizes other financial assets on the transaction date.

In cases in which the contractual right with respect to the cash flow from a financial asset is extinguished, or the contractual right to receive cash flow from a financial asset has been transferred, and substantially all of the risks and rewards associated with the ownership of such asset are removed, Sojitz Group derecognizes such financial asset.

(a) Financial assets measured at amortized costs

A financial asset that meets the following conditions is classified as financial asset measured at amortized costs.

- When the financial asset is held for a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets
- When the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

At initial recognition, financial assets measured at amortized costs are measured at fair value plus transaction costs directly attributable to acquisition of such assets. After initial recognition, the carrying amount of such financial assets measured at amortized cost is calculated using the effective interest method.

(b) Debt financial assets measured at fair value through other comprehensive income

A financial asset that meets the following conditions is classified as a debt financial asset measured through other comprehensive income.

- The asset is held in a business model for which the objective is to collect cash flow under a contract and to sell the financial asset; and,
- Based on the contractual terms with respect to the financial asset, the cash flow, which is intended only for payment of principal and interests on the outstanding principal balance, arises on a specified date.

At initial recognition, debt financial assets measured at fair value through other comprehensive income are measured at fair value plus transaction costs directly attributable to the acquisition of such assets. After initial recognition, they are measured at fair value, and subsequent changes in the fair value are recognized as other comprehensive income. Of the subsequent changes in fair value, however, financial revenue based on the effective interest method, foreign exchange translation differences and impairment losses are recognized as profit or loss. The accumulated amount of other comprehensive income is reclassified as profit or loss when derecognized.

(c) Equity financial assets measured at fair value through other comprehensive income

Regarding equity financial assets invested in for purposes other than that of purchase and sale, an irrevocable election may be made at initial recognition to present subsequent changes to the fair value of such instruments as other comprehensive income. Sojitz Group makes such election per each such financial instrument.

At initial recognition, equity financial assets invested in for purposes other than that of purchase and sale for which an irrevocable election was made to present subsequent changes to the fair value as other comprehensive income are measured at fair value plus transaction costs directly attributable to the acquisition of such assets. After initial recognition, they are measured at fair value, and subsequent changes in the fair value are recognized as other comprehensive income. When the equity investment is derecognized, or the decrease in fair value is substantial, the accumulated amount of other comprehensive income is reclassified as retained earnings and not as profit or loss. Dividends are recognized as profit or loss.

(d) Financial assets measured at fair value through profit or loss

Financial assets other than the above are classified as financial assets measured at fair value through profit or loss. At initial recognition, such assets are measured at fair value, and transaction costs directly attributable to the acquisition of such assets are recognized as profit or loss are recognized at the time they are incurred. After initial recognition, they are measured at fair value and the subsequent changes in fair value are recognized as profit or loss.

Trade receivables without significant financing components are measured at transaction prices at initial recognition.

2) Inventories

Inventories are measured at the lower of a historical cost basis and net realizable value.

The costs of inventories include purchasing costs, processing costs and all other costs incurred in the process of bringing such inventories to the present location and condition, and is mainly determined based on the average method. Non-fungible inventories are calculated based on the specific identification method.

Inventories that have been acquired for trading purposes are measured at fair value less costs to sell, and changes in the fair values of such inventories are recognized as profit or loss.

3) Property, plant and equipment

After initial recognition, Sojitz Group applies the cost model, under which property, plant and equipment are measured at cost less any accumulated depreciations and accumulated impairment losses.

The costs of property, plant and equipment include costs directly attributable to the acquisition of such assets. If a material component of property, plant and equipment is consumed differently, then such component is accounted for as a separate item of property, plant and equipment.

4) Right-of-use assets

Please refer to “4. Accounting Policies (8) Leases.”

5) Goodwill and intangible assets

(a) Goodwill

Goodwill is measured at cost less any accumulated impairment losses.

(b) Intangible assets

After initial recognition, Sojitz Group applies the cost model and intangible assets are measured at cost less any accumulated depreciations and accumulated impairment losses.

At initial recognition, intangible assets acquired individually are measured at cost. The costs of intangible assets acquired from business combinations are measured at fair value at the date of acquisition. With respect to internally-generated intangible assets that do not meet the criteria for asset recognition, expenditures related thereto are accounted for as expenses at the time they are incurred. With respect to internally-generated intangible assets that meet the criteria for asset recognition, the total of expenditures related thereto that were incurred from the date such criteria was first met is treated as cost.

6) Investment property

An investment property is a property held either to earn rental income or for capital appreciation or for both. An investment property does not include a property held for sale in the ordinary course of business or property used for the production or supply of goods or service or for other administrative purposes.

After initial recognition, Sojitz Group applies the cost model and investment property is measured at cost less any accumulated depreciations and accumulated impairment losses.

(2) Depreciation method for significant depreciable assets

1) Property, plant and equipment

Depreciation of property, plant and equipment is mainly computed under the straight-line method based on the estimated useful life of each component thereof.

2) Right-of-use assets

Please refer to “4. Accounting Policies (8) Leases.”

3) Intangible assets

Intangible assets, of which their useful lives may be determined (excluding mining rights), are depreciated under the straight-line method for the period of such estimated use. With respect to mining rights, they are depreciated using the production output method based on estimated mine reserves.

Intangible assets for which their useful lives may not be determined are not depreciated.

4) Investment property

Depreciation of an investment property is mainly computed under the straight-line method based on the applicable estimated useful life.

(3) Accounting standards for significant provisions

A provision is recognized only when Sojitz Group has a currently existing obligation (legal or presumptive) as a result of a past event, there is a probability that an outflow of resources with economic benefits will be required to settle such obligation and a reliable estimate can be made regarding the amount of such obligation.

In the case where there is significance in the effect of the time value of money, provision is posted for the amount from which the current discount rate before tax after reflecting the risks specific to the relevant liabilities have been deducted.

(4) Revenue recognition standards

The Company has adopted an approach of recognizing the amount of profit to which the Company is expected to be entitled due to the transfer of goods or services to customers based on the following five-step model.

Step 1. Identify the contract(s) with a customer

Step 2. Identify the performance obligations in the contract

Step 3. Determine the transaction price

Step 4. Allocate the transaction price to the performance obligations in the contract

Step 5. Recognize revenue when (or as) the entity satisfies a performance obligation

Sojitz Group identifies each good or service in the contract with a customer and identifies a performance obligation for each as a unit of transaction. Because, in ordinary business transactions, Sojitz Group might act as a broker or an agent, we determine whether we are a principal or an agent in identifying a performance obligation. It is judged as principal if the nature of our promise is a performance obligation for us ourselves to provide a specified good or service, while it is judged as agent if the nature of our promise is a performance obligation to arrange so that such good or service is provided by another party. The principal versus agent determination is made comprehensively by considering the following factors.

- The Group assumes lead responsibility for performing the promise of providing a specified good or service.
- Before the specified good or service is transferred to the customer, or after the control is transferred to the customer, the Group holds an inventory risk.
- The Group has discretion with regard to determining the price of the specified good or service.

For a transaction in which the Group is judged as principal, we recognize revenue at the total amount of consideration in which the right is expected to be acquired in exchange for providing the specified good or service, when or as a performance obligation is satisfied. Meanwhile, for a transaction in which the Group is judged as agent, revenue is recognized at a total amount of the remuneration or commission in which the right is expected to be acquired in exchange for arranging that the specified good or service is provided by another party or the net amount of the consideration.

The Group recognizes revenue at the amount of consideration in which the right is expected to be acquired in exchange for a transfer of goods or services to a customer, exclusive of consumption tax, value-added tax or other taxes that are collected on behalf of tax authorities. If variable components are included in the consideration in the contract with a customer, the variable consideration amount estimated in the transaction price is included to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when uncertainties relating to the variable consideration are later eliminated. Regarding the transaction prices, the amount of revenue that includes variable consideration, etc., carries no significance.

In the case that, at the commencement of the contract, the period between the timing of transfer to the customer of the good or service promised by the Group and the timing of payment for said good or service is expected to be not more than one year, the Group does not make any adjustments on the effects of significant financial components regarding the amount of the promised consideration.

The timing of recognizing revenue for major transactions by the Group is as follows.

1) Revenue concerning the sale of goods

Revenue concerning the sale of goods includes revenue regarding the sale of products mainly through the wholesale, retail, manufacturing and/or processing thereof, and the sale of real estate. The Group judges that a customer acquires control over the goods and the Group’s performance obligations are satisfied at the time of delivery or receiving inspections or when contractual terms of delivery are satisfied. Therefore, revenue is recognized at such timing.

The consideration relating to the sale of goods does not include significant financial components because they are received primarily within one year from the satisfaction of performance obligations.

2) Revenue concerning the sale of services and others

Revenue concerning the sale of services and others includes revenue arising from the provision of services, such as system-related services, quality inspection of automobile parts and building management. If revenue falls under any of the following, the Group judges that control over the service is transferred for a certain period and therefore the Group’s performance obligations are satisfied for that certain period. Accordingly, the revenue is recognized according to the progress of performance obligations being satisfied. The degree of progress is measured in consideration of the nature of the goods or services transferred to the customer.

- A customer receives and consumes the benefits provided from the Group's performance of obligations at the same time as the Group's performance of obligations.
- The Group's performance of obligations creates or enhances the value of an asset (e.g., work in progress), and a customer acquires control as said asset is created or its value is enhanced.
- The Group's performance of obligations does not create an asset that can be used for other purposes, and the Group has the enforceable right to receive payment for the obligations that have been completed to date.

In the case that the aforementioned conditions are not met, the Group recognizes revenue when it acquires the right to receive consideration from a customer due to such reasons as completion of the provision of services because we judge that the Group's performance obligations are satisfied at such time.

The consideration relating to the sale of services and others does not include significant financial components because they are received primarily within one year from the satisfaction of performance obligations.

(5) Retirement Benefits Liabilities

Defined benefit plans refer to retirement benefits plans other than a defined contribution plan. Defined benefits obligations are calculated separately for each plan by estimating the future amount of benefits that employees will have earned in return for their services provided in the current and prior periods and discounting such amount in order to determine the present value. The fair value of any plan assets is deducted from the present value of the defined benefits obligations.

The discount rates are principally equivalent to the market yields of AA credit-rated corporate bonds at the fiscal year end that have maturity terms that are approximately the same as those of Sojitz Group's obligations and use the same currencies as those used for future benefits payments.

Past service costs are immediately recognized as profit or loss.

Sojitz Group immediately recognizes all of the net amount of remeasured defined benefits obligations (assets) arising from the defined benefit plans as other comprehensive income and promptly reclassifies them as retained earnings.

(6) Foreign Currency Translation

1) Foreign currency transactions

Foreign currency transactions are translated to the respective functional currencies of each company at exchange rates on the dates of such transactions.

Monetary items in foreign currency on the reporting date are retranslated to the functional currency at the exchange rate on such date.

Foreign exchange translation differences on monetary items are recognized as profit or loss in the period incurred.

Non-monetary items that are measured based on historical cost of the foreign currency are translated using the exchange rate on the date of the transaction. Non-monetary items in foreign currency that are measured at fair value of such foreign currency are retranslated to the functional currency at the exchange rate as of the calculation date of fair values thereof. With respect to the foreign exchange translation differences of non-monetary items, if gains or losses on non-monetary items are recognized as other comprehensive income, the exchanged portion of such gains or losses will be recognized as other comprehensive income. On the other hand, if gains or losses on non-monetary items are recognized as profit or loss, the exchanged portions of such gains or losses will be recognized as profit or loss.

2) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising from acquisitions thereof, are translated into presentation currency using the exchange rate on the reporting date. In addition, the income and expenses of foreign operations are translated into presentation currency using the average exchange rate for the year excluding cases in which exchange rates are fluctuating significantly.

Foreign exchange translation differences are recognized as other comprehensive income. If Sojitz Group's foreign operation is disposed of, the cumulative amount of the foreign exchange translation differences related to such foreign operation are reclassified to profit or loss at the time of such disposal.

Based on the application of the exemption clauses under IFRS 1 First Time Adoption of International Financial Reporting Standards, Sojitz Group reclassified the cumulative translation differences as of the Transition Date to retained earnings.

(7) Derivatives and hedge accounting

In order to hedge the foreign currency risk, interest rate fluctuation risk and commodity price fluctuation risk, Sojitz Group conducts derivative transactions, such as forward exchange transactions, interest rate swap transactions and commodity futures and forward transactions.

Derivatives are initially recognized at fair value. After initial recognition, derivatives are measured at fair value and subsequent changes in the fair value thereof are accounted for as follows:

1) Fair value hedges

The changes in fair value of a derivative used as a hedging instrument are recognized as profit or loss. The carrying amount of hedged items is measured at fair value and the gains or losses on such hedged items arising from changes in the fair values attributable to the hedged risks are recognized as profit or loss.

2) Cash flow hedges

Of the changes in fair value of a derivative used as a hedging instrument, portions determined to be effective are recognized as other comprehensive income, and the cumulative amount is included in other components of equity.

The amount accumulated in other components of equity is reclassified to profit or loss in the same period that the hedged transaction affects profit or loss; provided, however, that if hedging of a scheduled transaction subsequently results in the recognition of a non-financial asset or liability, the amount accumulated in other components of equity is directly included in the initial carrying amount of such non-financial asset or liability. Portions determined to be not effective are immediately recognized as profit or loss.

When the hedge no longer meets the criteria for hedge accounting, the hedge instrument expires or is sold, terminated or exercised or designation of the hedge is revoked, hedge accounting is discontinued prospectively. If the scheduled transaction is no longer expected to occur, the amount accumulated in other components of equity is immediately reclassified to profit or loss.

3) Hedge of a net investment

Of the changes in fair value of derivatives and other hedge instruments, such as loans payable, under the same accounting applied to a cash flow hedge, portions determined to be effective are recognized as other comprehensive income and the cumulative amount is included in other components of equity. The effective portions recognized as other comprehensive income are reclassified from other components of equity to profit or loss at the time of disposition of a foreign operation.

4) Derivatives not designated as hedging instrument

The changes in the fair value of such derivatives are recognized as profit or loss.

(8) Leases

The Group determines, at the commencement of an agreement, whether such agreement constitutes or includes a lease. An agreement is deemed to constitute or include a lease, if such agreement involves transfer of the right to control the use of a specified asset for a specific period in return for consideration.

1) Leases as lessee

In regard to leases as the lessee, the Company recognizes right-of-use assets and lease liabilities on the commencement day of the lease period.

Lease liabilities are recognized by first measuring the total outstanding amount of the lease at discounted present value using the calculated interest rate for the lease. After recognition, the book value of the lease liabilities is adjusted to reflect interest associated with the lease and lease payments made. If the calculated interest rate for the lease cannot be easily determined, the Group's incremental borrowing rate is used as a substitute, which the Group normally uses for the purpose of discount rate. In measuring lease liabilities, the Group has opted for a method whereby lease components and associated non-lease components are not separated, and recognized as a single lease component.

Right-of-use assets are first recognized by measuring the acquisition cost by adjusting the initially measured value for the initial direct costs. After recognition, the value is measured by deducting accumulated depreciation and accumulated impairment losses. Depreciation of right-of-use assets is performed using the straight-line method over the shorter of the lease period and the usable life of the lease assets. The lease period is determined as a period including the non-cancellable period of the lease, the period covered under the lease extension option likely to be executed with reasonable certainty, and the period covered under the lease termination option unlikely to be executed with reasonable certainty.

Lease payments for short-term leases and small-sum asset leases are recognized as expenses using the straight-line method over the lease period.

2) Leases as lessor

The Group classifies a lease, as of the date of its agreement, as either finance lease or operating lease. A lease involving transfer of nearly all of the risks and economic value associated with the ownership of the underlying asset is classified as a finance lease, whereas a lease not involving transfer of nearly all of the risks and economic value associated with the ownership of the underlying asset is classified as an operating lease.

If the Group is acting as an intermediate lessor, the sublease is classified based on the right-of-use asset arising from the head lease, rather than the underlying asset. If the head lease is a short-term lease, its sublease is classified as an operating lease.

(a) Finance leases

At the lease commencement date, recognition of the assets held based on a finance lease is terminated, whereupon lease liability is recognized as a receivable at an amount equal to the net unrecovered investment in the lease. Subsequent to such initial recognition, recovery of receivables from the lessee is recognized as the lease payment is received, and financial revenue is recognized over the lease period so that the profit ratio against the net unrecovered in the lease over a period of time is constant.

(b) Operating leases

The underlying assets subject to operating leases are continuously recognized in the consolidated statements of financial position. Lease payments under operating leases are recognized as revenue either by using the straight-line method or another regular basis. In addition, the underlying assets subject to operating leases are subjected to depreciation and amortization by using the method consistent with that applicable to other similar assets held by the Group. Initial direct costs associated with acquiring the operating lease agreement are added to the book value of the underlying assets subject to the operating lease, and recognized as expenses over the lease period on the same basis as applicable to the lease revenue.

(9) Accounting for consumption tax

The tax-excluded method is used.

5. Changes in accounting policies

Effective April 1, 2019, the Sojitz Group has applied the following mandatory standards.

Standard	Name	New / revised policies
IFRS 16	Leases	Revision of definition, accounting treatment, and disclosure method of leases

Effective April 1, 2019, the Company applied IFRS 16—Leases.

IFRS 16 does not categorize leases as finance leases or operating leases, but rather entails introduction of a uniform accounting model. Under this model, in principle, all leases are accounted for by recognizing right-of-use assets representing the right to use the underlying leased asset over the lease period and lease liabilities representing the obligation to make lease payments. As a result of recognizing right-of-use assets and lease liabilities, the Company must also recognize depreciation on the right-of-use assets and interest expenses on the lease liabilities.

For lessors, the standards under IFRS 16 are relatively unchanged from the prior standards. Accordingly, lessors continue to categorize leases as operating leases or finance leases.

In regard to leases as the lessee, the Company recognizes right-of-use assets and lease liabilities on the commencement day of the lease period. Lease liabilities are recognized by first measuring the total outstanding amount of the lease at discounted present value. After recognition, the book value of the lease liabilities is adjusted to reflect interest associated with the lease and lease payments made. Right-of-use assets are first recognized by measuring the acquisition cost by adjusting the initially measured value for the initial direct costs. After recognition, the value is measured by deducting accumulated depreciation and accumulated impairment losses. Depreciation of right-of-use assets is performed using the straight-line method over the shorter of the lease period and the usable life of the lease assets. Lease payments for short-term leases and small-sum asset leases are recognized as expenses using the straight-line method over the lease period.

The application of IFRS 16 has had the following effects on the Company.

1. Transition Approach
The Company used the modified retrospective approach to transition to IFRS 16. Accordingly, retained earnings at April 1, 2019, were adjusted by the aggregate amount of impact of applying IFRS 16.

2. Lease Definition
The Company has chosen to apply the practical expedient that allows it to continue using prior judgments of whether or not a transaction constitutes a lease. For this reason, IFRS 16 will only be applied to arrangements previously recognized as leases. Arrangements previously not recognized as leases in accordance with IAS 17—Leases and IFRIC 4—Determining whether an Arrangement Contains a Lease are not reassessed to determine whether they constitute leases under IFRS 16. Accordingly, the definition of leases based on IFRS 16 are only applied to such arrangements formed or amended after April 1, 2019.

3. Leases as Lessee
With regard to leases previously classified as operating leases under IAS 17, right-of-use assets and lease liabilities have been recognized as of the date of initial application. The Company measured lease liabilities at the present value of the total remaining lease payments, discounted using the lessee’s incremental borrowing rate at the date of initial application. The right-of-use assets at the time of transition are recognized using either of the following methods:
・Recognized at book value assuming that IFRS 16 had been applied at the start of the lease period, but discounted using the lessee’s incremental borrowing rate at the date of initial application
・Recognized as an amount equal to lease liabilities adjusted by the amount of any prepaid or accrued lease payments

The weighted average of the incremental borrowing rate of the lessee as applicable to the lease liabilities recognized in the consolidated statements of financial position is 1.85% at the date of initial application.

With regard to leases previously classified as operating leases under IAS 17, the following practical expedients were used in applying IFRS 16.
・Dependence on evaluations of disadvantage of leases by applying IAS 37−Provisions, Contingent Liabilities and Contingent Assets immediately before the date of initial application as an alternative to impairment reviews
・Application of the exemption of not recognizing right-of-use assets or lease liabilities for leases for which the period ends within 12 months of the date of initial application
・Exclusion of initial direct costs from measurements of right-of-use assets at the date of initial application

・Use of post-fact judgments for calculating lease period, etc. for leases for which agreements include extension or cancellation options

4. Impact on Consolidated Financial Statements

As a result of the application of IFRS 16, ¥68,720 million in additional lease-related assets, including right-of-use assets, and ¥70,498 million in additional lease liabilities were recognized on the consolidated statements of financial position on the date of initial application.

In addition, the method of accounting for operating lease payments as lessees recorded on the consolidated statements of profit or loss as expenses at time of incurring under the previously applied IAS 17 have changed to recognize these payments as depreciation on right-of-use assets and as interest expenses on lease liabilities. The impact of these changes on the consolidated statements of profit or loss in the year ended March 31, 2020 was minimal.

Reconciliation of the future minimum lease payments based on the non-cancellable operating leases to which IAS 17 was applied at the end of the previous fiscal year and the lease liabilities recognized in the consolidated statements of financial position at the date of initial application is as follows.

(Millions of yen)

	Amount
Non-cancellable operating lease agreements as of March 31, 2019	66,815
Non-cancellable operating lease agreements as of March 31, 2019 (after discount by using incremental borrowing rate)	53,358
Finance lease obligations as of March 31, 2019	4,511
Recognition exemption	
Short-term lease	(1,569)
Small-sum asset lease	(946)
Non-cancellable operating leases, etc.	19,657
Lease liabilities as of April 1, 2019	75,010

Consolidated statements of financial position

1. Pledged assets and corresponding liabilities

(1) Assets pledged as security

(Millions of yen)

	As of March 31, 2020
Assets pledged as security	
Inventories	9,855
Property, plant and equipment	31,922
Investment property	1,517
Other investments	9
Others	9,106
Total	52,412
Corresponding liabilities	
Trade and other payables	8,297
Bonds and borrowings	18,564
Total	26,861

(Note) With respect to assets pledged as security other than listed above, there are subsidiaries' stocks which were eliminated in the consolidated statements.

(2) Assets pledged in lieu of guarantee money

(Millions of yen)

	As of March 31, 2020
Inventories	800
Property, plant and equipment	834
Intangible assets	3,063
Investments accounted for using the equity method	59,942
Other investments	603
Others	5,659
Total	70,904

(Note) With respect to assets pledged in lieu of guarantee money other than listed above, there are subsidiaries' stocks which were eliminated in the consolidated statements.

2. Allowance for doubtful accounts which has been subtracted from trade and other receivables

46,111 million yen

3. Accumulated depreciations and accumulated impairment losses of property, plant and equipment

195,092 million yen

4. Guarantee Obligation

(Millions of yen)

	As of March 31, 2020
Guarantees for obligations of entities subject to equity method	42,972
Guarantees for obligations of third parties	2,541
Total	45,514

(Note) The above guarantee obligations mainly consist of Sojitz Group's guarantees for the borrowings from financial institutions.

Consolidated statements of changes in equity

1. Class and number of shares outstanding as of March 31, 2020

Common stock 1,251,499,501 shares

2. Dividends

(1) Amount of dividends paid

Resolution	Class of shares	Source of dividend funds	Total amount of dividends (Millions of yen)	Dividend per share	Record date	Effective date
Ordinary General Shareholders' Meeting held on June 20, 2019	Common stock	Retained earnings	11,884	9.50 yen	March 31, 2019	June 21, 2019
Meeting of the Board of Directors held on November 1, 2019	Common stock	Retained earnings	10,633	8.50 yen	September 30, 2019	December 2, 2019

(2) Dividends for which the record date falls in the current consolidated fiscal year while the effective date comes next consolidated fiscal year

Sojitz presents the following proposal on the year-end dividends for common stock as the agenda for the 17th Ordinary General Shareholders' Meeting scheduled on June 18, 2020.

Dividends of common stock

(a) Total amount of dividends	10,378 million yen
(b) Source of dividend funds	Retained earnings
(c) Dividend per share	8.50 yen
(d) Record date	March 31, 2020
(e) Effective date	June 19, 2020

Financial instruments

1. Status of financial instruments

As a general trading company, Sojitz Group is engaged in a wide range of businesses globally, including buying, selling, importing, and exporting of goods, manufacturing and selling products, providing services, and planning and coordinating various projects, investments to various business fields and conducting of financial activities, in Japan and overseas.

In order to carry out these businesses, Sojitz Group has set up a target of long-term debt ratio and raises funds, not only through indirect financing from financial institutions, but also through direct financing by issuance of bonds. In this manner, Sojitz Group aims at maintaining and improving the stability of its funding structure.

Sojitz Group is exposed to market risks, including foreign exchange risk associated with transactions denominated in foreign currencies in connection with international trade or business investments; interest rate risk associated with debt financing and investment; commodity price risk associated with purchase and sales agreements and commodity inventories incidental to sales activities; and market price risk associated with ownership of listed securities and other such assets. Sojitz Group strives to minimize these market risks through such means as matching assets and liabilities (e.g., long and short commodity exposures) and hedging with forward exchange contracts, commodity futures, forward commodity contracts, and interest rate swaps, etc.

2. Fair value of financial instruments

As of March 31, 2020, carrying amounts and fair values of the main financial instruments by type were as follows.

(Millions of yen)

	As of March 31, 2020	
	Carrying amount	Fair value
Financial assets		
Trade and other receivables		
Trade notes and accounts receivables	430,430	430,383
Other investments		
Financial assets measured at fair value through profit or loss	3,899	3,899
Financial assets measured at fair value through other comprehensive income	137,075	137,075
Derivative financial assets	5,229	5,229
Total	576,635	576,587
Financial liabilities		
Trade and other payables		
Trade notes and accounts payables	382,151	382,151
Bonds and borrowings		
Bonds payable (including current portion)	89,779	90,661
Long-term loans payable (including current portion)	675,205	678,582
Derivative financial liabilities	6,021	6,021
Total	1,153,156	1,157,416

The fair values above were calculated as follows.

(a) Trade notes and accounts receivables

Per each receivable classified per certain period, the fair value was calculated based on the present value of future cash flow discounted by the interest rate, which took into account the period to maturity and the credit risk.

(b) Other investments

The fair values of listed stocks were based on the prices at the applicable exchange. The fair values of unlisted stocks were calculated using the discounted future cash flow method, price comparison method based on the prices of similar companies, net asset value method and other valuation methods.

(c) Derivative financial assets and liabilities

Currency-related derivatives

The fair values with respect to foreign exchange transactions, spot/forward transactions, currency option transactions and currency swap transactions were calculated based on the forward exchange rate as of the settlement date.

Interest rate-related derivatives

The fair values of interest rate-related derivatives were calculated based on present values of future cash flows discounted by the interest rate, which took into account the period to maturity and the credit risk.

Commodity-related derivatives

The fair values of commodity futures transactions were calculated based on the final prices announced at the commodities exchanges as of the fiscal year-end. The fair values of commodity forward transactions and commodity swaps were calculated based on the index prices publicly announced at the fiscal year-end.

(d) Trade notes and accounts payables

Per each payable classified per certain period, the fair value was calculated based on the present value of future cash flow discounted by the interest rate, which took into account the period to maturity and the credit risk.

(e) Bonds and borrowings

For bonds payable, the fair values thereof were calculated based on such market prices.

The fair values of long-term loans payable were calculated based on the present value discounted by a rate anticipated for a new borrowing with the same principal and interest.

Investment Property

1. Status of investment property

Sojitz and certain subsidiaries own rental commercial facilities and for-rent housing in Tokyo and other areas.

2. Fair values of investment property

Carrying amounts and fair values of investment property as of March 31, 2020 were as follows.

(Millions of yen)

	As of March 31, 2020
Carrying amount	18,602
Fair value	19,574

(Notes) 1. The above carrying amount is calculated by subtracting accumulated depreciation and accumulated impairment losses from acquisition costs.

2. The fair values are of amounts that Sojitz Group calculated using as reference the amounts based on an independent appraiser's appraisals and the "real estate appraisal standards" of the country in which the investment properties are located. These appraisals are calculated based on either the public offering price, a sales comparison approach or discount cash flow approach. Upon acquisition from a third party or at the time of the most recent appraisal, if there is no significant fluctuation in the index, which is believed to reflect a certain appraised value (market or assessed price) or appropriate market value, the fair value is adjusted using such appraised value or index.

Per-share Information

Total equity per share attributable to owners of the Company	474.97 yen
Basic earnings per share (attributable to owners of the Company)	48.91 yen

(Note) Sojitz shares held by the Board Incentive Plan (BIP) Trust account are treated as treasury stock on the consolidated statements of financial position, and they are included as treasury shares in calculating the per-share amounts above.

Subsequent Events

Not applicable.

(Note) In the consolidated financial statements, amounts presented in millions of yen have been rounded down to the nearest million.

(Reference) Consolidated Statements of Profit or Loss and Other Comprehensive Income

(Millions of yen)

Items	FY2019 (From April 1, 2019 to March 31, 2020)	FY2018 (From April 1, 2018 to March 31, 2019)
Profit for the year	64,573	75,219
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(21,936)	(10,751)
Remeasurements of defined benefit pension plans	(435)	(365)
Share of other comprehensive income of investments accounted for using the equity method	(5,731)	4,391
Total items that will not be reclassified to profit or loss	(28,103)	(6,725)
Items that may be reclassified subsequently to profit or loss		
Foreign currency translation differences for foreign operations	(24,518)	(8,975)
Cash flow hedges	(1,092)	(189)
Share of other comprehensive income of investments accounted for using the equity method	(13,220)	(4,380)
Total items that may be reclassified subsequently to profit or loss	(38,831)	(13,545)
Other comprehensive income for the year, net of tax	(66,934)	(20,270)
Total comprehensive income for the year	(2,361)	54,948
Total comprehensive income attributable to:		
Owners of the Company	(4,220)	50,938
Non-controlling interests	1,859	4,010
Total	(2,361)	54,948

(Reference) Segment Information

Summary of reportable segments

Main products and services of reportable segments are in "1. Current circumstances of Sojitz Group (2) Review of progress and performance in operations."

Information regarding reportable segments

The accounting method for the reported business segments are basically consistent with those used in the Consolidated Financial Statements, except with respect to the calculation of income tax expenses. Prices for intersegment transactions are determined in the same way as general transactions and with reference to market prices.

FY2019 (From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments						
	Automotive	Aerospace & Transportation Project	Machinery & Medical Infrastructure	Energy & Social Infrastructure	Metals & Mineral Resources	Chemicals	Foods & Agriculture Business
Revenue							
External revenue	225,276	35,631	123,725	82,009	350,519	446,429	115,219
Inter-segment revenue	—	23	58	1,859	—	12	11
Total revenue	225,276	35,655	123,783	83,869	350,519	446,441	115,230
Gross profit	41,150	15,651	14,673	25,749	20,410	43,201	14,240
Share of profit (loss) of investments accounted for using the equity method	(401)	1,060	2,005	5,662	12,471	680	528
Profit attributable to owners of the Company	2,380	1,794	4,567	9,632	20,104	9,269	1,365
Segment assets	180,528	135,099	123,891	263,172	443,113	269,031	128,896
Others:							
Investment accounted for using the equity method	5,284	9,726	10,649	95,172	233,290	11,512	12,384
Capital expenditure	11,233	357	407	6,316	11,674	2,890	1,546

	Reportable segments			Others	Reconciliations	Consolidated
	Retail & Lifestyle Business	Industrial Infrastructure & Urban Development	Total			
Revenue						
External revenue	310,274	34,480	1,723,566	31,259	—	1,754,825
Inter-segment revenue	53	365	2,384	162	(2,546)	—
Total revenue	310,328	34,845	1,725,950	31,421	(2,546)	1,754,825
Gross profit	35,456	6,025	216,559	5,479	(1,544)	220,494
Share of profit (loss) of investments accounted for using the equity method	391	2,350	24,748	162	(2)	24,908
Profit attributable to owners of the Company	5,963	1,474	56,552	(609)	4,878	60,821
Segment assets	370,325	77,175	1,991,235	201,627	37,423	2,230,285
Others:						
Investment accounted for using the equity method	17,210	14,564	409,794	4,060	(114)	413,740
Capital expenditure	2,702	3,610	40,739	11,052	—	51,792

Reconciliation of segment profit of 4,878 million yen includes the difference between the Company's actual income tax expenses and income tax expenses allocated to each segment based on the calculation method established internally, which amounted to 4,119 million yen, and unallocated dividend income and others of 759 million yen.

The reconciliation amount of segment assets of 37,423 million yen includes elimination of inter-segment transactions or the like amounting to (164,661) million yen, and all of the Companies' assets that were not allocated to each segment, amounting to 202,085 million yen, which mainly consists of the Company's surplus funds in the form of cash in bank or the like for investments and marketable securities or the like.

Capital expenditure includes the amount related to right-of-use assets.

FY2018 (From April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments						
	Automotive	Aerospace & Transportation Project	Machinery & Medical Infrastructure	Energy & Social Infrastructure	Metals & Mineral Resources	Chemicals	Foods & Agriculture Business
Revenue							
External revenue	242,499	27,811	107,010	74,791	383,170	505,101	128,293
Inter-segment revenue	—	0	131	1,944	—	11	11
Total revenue	242,499	27,812	107,142	76,736	383,170	505,112	128,305
Gross profit	42,330	15,463	13,642	18,681	37,638	46,366	16,404
Share of profit (loss) of investments accounted for using the equity method	298	1,016	904	5,694	17,680	931	243
Profit attributable to owners of the Company	6,409	3,962	2,763	5,786	30,463	8,984	2,280
Segment assets	167,777	130,181	121,496	284,473	464,565	298,574	125,116
Others:							
Investment accounted for using the equity method	4,450	9,193	9,437	101,469	239,828	11,367	11,594
Capital expenditure	2,391	2,173	126	7,950	14,194	1,597	2,537

	Reportable segments			Others	Reconciliations	Consolidated
	Retail & Lifestyle Business	Industrial Infrastructure & Urban Development	Total			
Revenue						
External revenue	317,373	33,267	1,819,319	36,871	—	1,856,190
Inter-segment revenue	55	368	2,524	314	(2,838)	—
Total revenue	317,428	33,636	1,821,843	37,185	(2,838)	1,856,190
Gross profit	38,661	6,957	236,145	5,427	(616)	240,956
Share of profit (loss) of investments accounted for using the equity method	(74)	889	27,584	195	(0)	27,779
Profit attributable to owners of the Company	5,724	1,087	67,462	440	2,517	70,419
Segment assets	395,738	72,543	2,060,467	144,710	91,881	2,297,059
Others:						
Investment accounted for using the equity method	17,303	15,575	420,219	4,046	(114)	424,152
Capital expenditure	923	2,577	34,471	1,453	—	35,925

Reconciliation of segment profit of 2,517 million yen includes the difference between the Company's actual income tax expenses and income tax expenses allocated to each segment based on the calculation method established internally, which amounted to (698) million yen, and unallocated dividend income and others of 1,819 million yen.

The reconciliation amount of segment assets of 91,881 million yen includes elimination of inter-segment transactions or the like amounting to (130,375) million yen, and all of the Companies' assets that were not allocated to each segment, amounting to 222,256 million yen, which mainly consists of the Company's surplus funds in the form of cash in bank or the like for investments and marketable securities or the like.

Non-consolidated Statements of Changes in Net Assets

(Millions of yen)

	Shareholders' equity							
		Capital surplus			Retained earnings			
	Capital stock	Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings (Retained earnings brought forward)	Total retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2019	160,339	152,160	3,110	155,271	64,997	64,997	(865)	379,742
Changes of items during the period								
Dividends from surplus					(22,517)	(22,517)		(22,517)
Net income					32,116	32,116		32,116
Purchase of treasury stock							(10,059)	(10,059)
Disposal of treasury stock							24	24
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	—	—	9,599	9,599	(10,035)	(435)
Balance as of March 31, 2020	160,339	152,160	3,110	155,271	74,596	74,596	(10,901)	379,306

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of April 1, 2019	33,831	(6,500)	27,331	407,073
Changes of items during the period				
Dividends from surplus				(22,517)
Net income				32,116
Purchase of treasury stock				(10,059)
Disposal of treasury stock				24
Net changes of items other than shareholders' equity	(14,850)	(152)	(15,002)	(15,002)
Total changes of items during the period	(14,850)	(152)	(15,002)	(15,438)
Balance as of March 31, 2020	18,981	(6,653)	12,328	391,634

(Reference)

(Millions of yen)

	Shareholders' equity							
	Capital stock	Capital surplus			Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Other retained earnings (Retained earnings brought forward)	Total retained earnings		
Balance as of April 1, 2018	160,339	152,160	3,110	155,271	37,353	37,353	(174)	352,789
Cumulative effects of changes in accounting policies					7,647	7,647		7,647
Restated balance as of April 1, 2018	160,339	152,160	3,110	155,271	45,001	45,001	(174)	360,437
Changes of items during the period								
Dividends from surplus					(16,888)	(16,888)		(16,888)
Net income					36,883	36,883		36,883
Purchase of treasury stock							(691)	(691)
Net changes of items other than shareholders' equity								
Total changes of items during the period	—	—	—	—	19,995	19,995	(691)	19,304
Balance as of March 31, 2019	160,339	152,160	3,110	155,271	64,997	64,997	(865)	379,742

	Valuation and translation adjustments			Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of April 1, 2018	38,418	(6,453)	31,964	384,754
Cumulative effects of changes in accounting policies				7,647
Restated balance as of April 1, 2018	38,418	(6,453)	31,964	392,402
Changes of items during the period				
Dividends from surplus				(16,888)
Net income				36,883
Purchase of treasury stock				(691)
Net changes of items other than shareholders' equity	(4,586)	(47)	(4,633)	(4,633)
Total changes of items during the period	(4,586)	(47)	(4,633)	14,670
Balance as of March 31, 2019	33,831	(6,500)	27,331	407,073

Notes to the Non-consolidated Financial Statements

Significant Accounting Policies

1. Basis and methods of valuation of assets

(1) Securities

- Trading Securities

  Stated at fair value based on market prices as of the closing date with the cost of securities sold calculated using the moving average method.

- Held-to-maturity debt securities

  Stated at amortized cost (straight-line method).

- Stocks of subsidiaries and associates

  Stated at cost using the moving average method.

- Available-for-sale securities

  - Securities with available fair values

    Stated at fair value based on market prices as of the closing date. Valuation gains or losses are taken directly included in a component of net assets. The cost of securities sold is calculated using the moving average method.

  - Securities with no readily available fair value

    Stated at cost using the moving average method.

    Investments in a limited investment partnership or a similar partnership (that can be considered as marketable securities in accordance with the Article 2, Paragraph 2 of the Financial Instruments and Exchange Act) are stated at their net equity value on the most recent financial statements that are available on the settlement report day as specified in the partnership agreement.

(2) Derivatives

Stated at fair value.

(3) Fund trusts for investment purpose

Stated at fair value.

(4) Inventories

- Inventories held for sale in the ordinary course of business

  Stated at cost based on the specific identification method or moving average method (balance sheet values are adjusted by writing down the book values where the profitability declines).

- Inventories held for trading purpose

  Stated at fair value.

2. Depreciation method for noncurrent assets

(1) Property, plant and equipment (excluding lease assets)

Property, plant and equipment are depreciated using the declining balance method. However, the buildings (excluding fixtures) acquired on or after April 1, 1998 and the facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.

(2) Intangible assets (excluding lease assets)

Intangible assets are amortized using the straight-line method.

3. Accounting standards for provisions

(1) Allowance for doubtful accounts

In order to provide reserves for possible losses on receivables or loans, Sojitz records allowance for doubtful accounts based on the historical default rates for ordinary receivables and on an estimate of collectability of specific doubtful receivables from customers in financial difficulties.

(2) Allowance for investment loss

In order to provide reserves for possible losses on investments in subsidiaries and associates, etc., Sojitz records the allowance for investment loss for each investment based upon the financial condition and business value of each investee in accordance with the internal standard.

(3) Provision for bonuses

Provision for bonuses is recorded to accrue the bonus to employees of Sojitz for the amount to be paid.

(4) Provision for retirement benefits

Provision for retirement benefits is recorded to provide the retirement benefits to employees of Sojitz for the amount to be accrued based on projected retirement benefit obligation at the end of the fiscal year.

1) Method of attributing projected retirement benefits

In calculating retirement benefit obligations, benefit formula is used for attributing projected retirement benefits to each period until the end of the current fiscal year.

2) Method of amortization of actuarial differences

Actuarial differences are amortized in the fiscal year following the fiscal year of incurrence.

(5) Provision for delivery of shares

Provision for delivery of shares is recorded to deliver Sojitz shares to Directors and Executive Officers in accordance with the Share Delivery Rule for the amount to be accrued based on the stock delivery obligation at the end of the fiscal year.

4. Basis for translating of foreign currency denominated assets and liabilities into Japanese yen

Monetary receivables and payables denominated in foreign currency are translated into Japanese yen at the spot exchange rate on the closing date. Translation differences are recognized as profit or loss in the corresponding fiscal year.

5. Hedge Accounting

(1) Hedge accounting method

In general, the deferral hedge accounting is applied.

Forward exchange contracts, currency swaps, and currency options that fulfill the appropriation requirements are subjected to the appropriation treatment, while interest rate swaps that fulfill the requirement for preferential treatment are subjected to the preferential treatment.

(2) Hedging instruments and hedged items

Forward exchange contracts, currency swap and currency option contracts are used as hedging instruments against exchange rate fluctuation risks involved in transactions in foreign currencies. Interest rate swap, interest rate cap, and interest rate option contracts are used as hedging instruments against interest rate fluctuation risks involved in debts, loans, and interest-bearing bonds. Commodity future and forward are used as hedging instruments against price fluctuation risks of precious metals, grain, petroleum, and others.

(3) Hedge policy

Sojitz enters into derivative contracts for hedging purpose in accordance with Sojitz’s policies and procedures, in order to avoid fluctuation risks in foreign exchange, interest rates, and market value of securities and commodities, which are associated with Sojitz’s operation.

(4) Assessment of hedge effectiveness

Sojitz assesses the hedge effectiveness by comparing the cumulative change in cash-flows or the changes in fair value of hedged items with the corresponding changes of hedging instruments on a quarterly basis.

However, the assessment of hedge effectiveness is omitted for interest rate swaps under the preferential treatment.

6. Other significant basis of presenting the non-consolidated financial statements

(1) Accounting for deferred assets

Bond issuance cost is amortized on a straight-line basis over the period until the bond maturity.

(2) Accounting for consumption tax

The tax-excluded method is used.

(3) Application of consolidated taxation systems

The consolidated taxation system is applied. As for the items subjected to the transition to the group tax sharing system established under the Act for Partial Amendment to the Income Tax Act, etc., (Act No.8 of 2020), as well as to the review of the non-consolidated taxation system in association therewith, the Company has not applied the provisions of Section 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, February 16, 2018), but applied the provisions of the Income Tax Act before the amendment to the amounts of deferred tax assets and deferred tax liabilities, by virtue of Section 3 of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No.39, March 31, 2020).

Non-consolidated Balance Sheets

1. Pledged assets and corresponding liabilities

Assets pledged in lieu of a guarantee deposit, etc.

(Millions of yen)

	As of March 31, 2020
Investment securities (including stocks of subsidiaries and associates)	40,382
Short-term loans receivable	70
Long-term loans receivable	1,435
Total	41,889

2. Accumulated depreciation of property, plant and equipment 7,083 million yen

3. Guarantee Obligation

(Millions of yen)

	As of March 31, 2020
Guarantees for obligations of subsidiaries and associates	190,147
Guarantees for other obligations	3,310
Total	193,458

(Note) The above guarantee obligations mainly consist of Sojitz's guarantees for the borrowings from financial institutions, and include items similar to guarantees in the amount of 11,787 million yen

4. Notes receivable-trade—discounted 18,423 million yen

(Note) Outstanding inter-bank transactions, which represent the balance of export letters of credit yet to be purchased by banks, are included in the discounts on notes receivable-trade because they can be treated as trade note discounts. The amount is 3,031 million yen.

5. Monetary receivables from and payables to subsidiaries and associates

Short-term monetary receivables: 98,094 million yen
Long-term monetary receivables: 68,466 million yen
Short-term monetary payables: 52,584 million yen
Long-term monetary payables: 1,320 million yen

Non-consolidated Statements of Income

Transactions with subsidiaries and associates

Sales to subsidiaries and associates:	172,375 million yen
Purchases from subsidiaries and associates:	217,560 million yen
Non-operating transactions with subsidiaries and associates:	50,155 million yen

Non-consolidated statements of changes in net assets

Class and number of shares of treasury stock as of the end of the current fiscal year

Common stock	30,537,046 shares

(Notes) 1. The 1,667,211 shares held by the BIP trust account are not included in the number of treasury shares because they are not self-owned shares.

2. The Company acquired 30,000,000 treasury stock during the period from November 5, 2019 to March 31, 2020 in accordance with a resolution passed by the Board of Directors on November 1, 2019.

Tax Effect Accounting

Breakdown of major causes of deferred tax assets and deferred tax liabilities:

Deferred tax assets	(Millions of yen)
Excess amount over the limit of taxable allowance for doubtful accounts	21,597
Loss on valuation of investment securities	36,577
Loss from merger	896
Excess amount over the limit of taxable allowance for retirement benefits	3,145
Loss carried forward	21,160
Other	8,866
Subtotal	92,243
Valuation allowance for tax loss carryforwards	(14,031)
Valuation allowance for the sum of deductible temporary difference and others	(54,125)
Total valuation allowance	(68,157)
Total deferred tax assets	24,086
Offset against deferred tax liabilities	(9,649)
Amounts recorded as deferred tax assets	14,436

Deferred tax liabilities	
Gain from merger	(1,927)
Valuation difference on available-for-sale securities	(7,287)
Other	(433)
Total deferred tax liabilities	(9,649)
Offset against deferred tax assets	9,649
Amounts recorded as deferred tax liabilities	—
Net deferred tax assets	14,436

Transactions with related parties

Subsidiaries

(Millions of yen)

Classification	Company name	Ownership including voting right	Relationship		Transactions	Amount of transactions	Account	As of March 31, 2020
			Interlocking executive positions	Business relationship				
Subsidiary	Sojitz Corporation of America	Directly and wholly owned	1 person in interlocking positions	Guarantee of debt	Guarantee on debt (Note 1)	25,514	—	—
					Guarantee fees received (Note 2)	28	—	—
Subsidiary	Sojitz Coal Resources Pty Ltd.	Directly and wholly owned	—	Guarantee of debt	Guarantee on debt (Note 1)	25,043	—	—
					Guarantee fees received (Note 2)	20	—	—
Subsidiary	Sojitz Global Finance Plc	Directly and wholly owned	—	Guarantee of debt	Guarantee on debt (Note 1)	23,217	—	—
Subsidiary	Nissho Electronics Corporation	Directly and wholly owned	—	Depositee of funds	Funds deposited (Note 3)	284	Deposits received	20,450
					Payment of interest (Note 3)	14	—	—

Conditions of transactions and policies for determining the conditions

(Notes) 1. Sojitz guarantees the bank borrowings of the above companies.

2. Sojitz receives the guarantee fee of 0.1% per annum on the outstanding balance of the guarantee.

3. Interest rate is reasonably determined with reference to market interest rates. No collateral is accepted or provided.

Per-share Information

1. Net assets per share: 321.20 yen
2. Net income per share: 25.82 yen

(Note) Sojitz shares held by the Board Incentive Plan (BIP) Trust account are treated as treasury stock on the non-consolidated balance sheet, and they are included as treasury stock in calculating the per-share amounts above.

Subsequent Events

Not applicable.

(Note) In the non-consolidated financial statements, amounts presented in millions of yen have been rounded down to the nearest million.