

Business Portfolio and Financial Summary

Segment Overview

Percentage of the Total for ITOCHU (3-year average)			
Core profit	Total assets	Core operating cash flows	Number of employees (Consolidated)

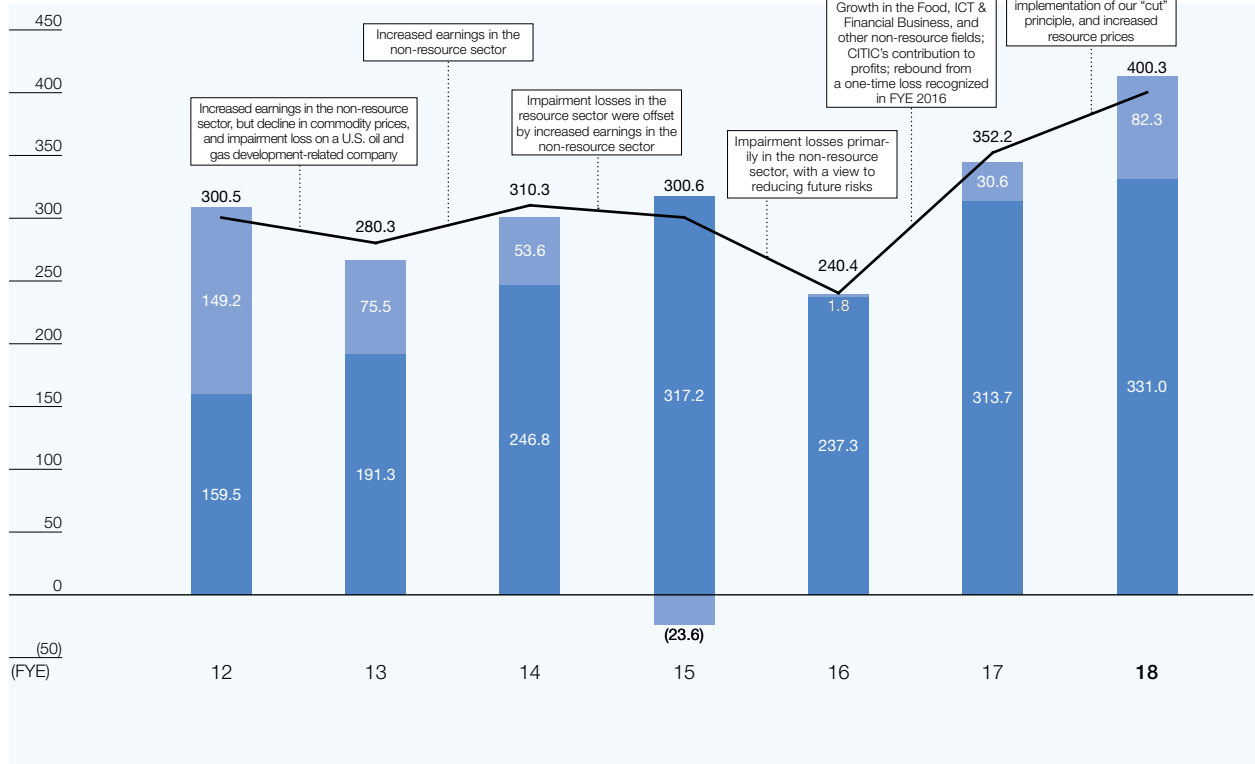


Non-resource	85.8%	88.4%	72.4%	93.3%
Resource	14.2%	11.6%	27.6%	6.7%

* Based on U.S. GAAP through FYE 2014, IFRS from FYE 2015

Consolidated Net Profit (Non-Resource / Resource)

(Billions of Yen)

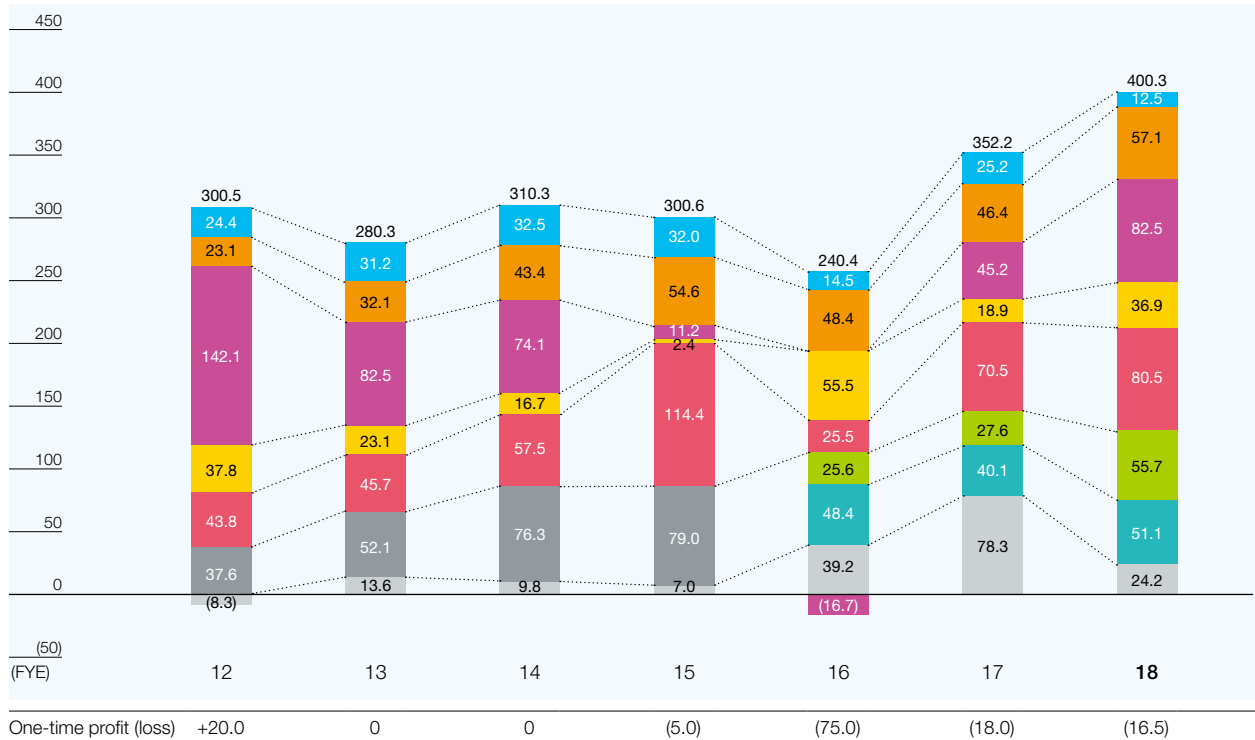


— Consolidated net profit ■ Earnings from the non-resource sector ■ Earnings (loss) from the resource sector

* Others, Adjustments & Eliminations is not included in earnings from the non-resource / resource sectors.

Consolidated Net Profit by Operating Segment

(Billions of Yen)



■ Textile ■ Machinery ■ Metals & Minerals ■ Energy & Chemicals ■ Food ■ ICT, General Products & Realty (FYE 2012–2015)
 ■ General Products & Realty (from FYE 2016) ■ ICT & Financial Business (from FYE 2016) ■ Others, Adjustments & Eliminations

* In April 2016, the ICT, General Products & Realty Company was reorganized into the General Products & Realty Company and the ICT & Financial Business Company.

Textile Company

We will target further earnings growth by enhancing existing business, accumulating superior assets, and reinventing business.

Business Fields

- Brand business
- Raw materials, Garment materials, and Apparel
- Industrial materials



President, Textile Company

Shuichi Koseki

Company Strengths

- Strong position as the unmistakable leader among general trading companies in the textile industry
- Full-spectrum value chain that includes everything from upstream to downstream operations in the textile industry
- Highly efficient business foundation and a balanced asset portfolio



From left:

Motonari Shimizu,
Chief Operating Officer, Apparel Division

Masahiro Morofuji,
Executive Vice President, Textile Company;
Chief Operating Officer, Brand Marketing Division 1

Yoshihiro Fukushima,
Chief Operating Officer, Brand Marketing Division 2

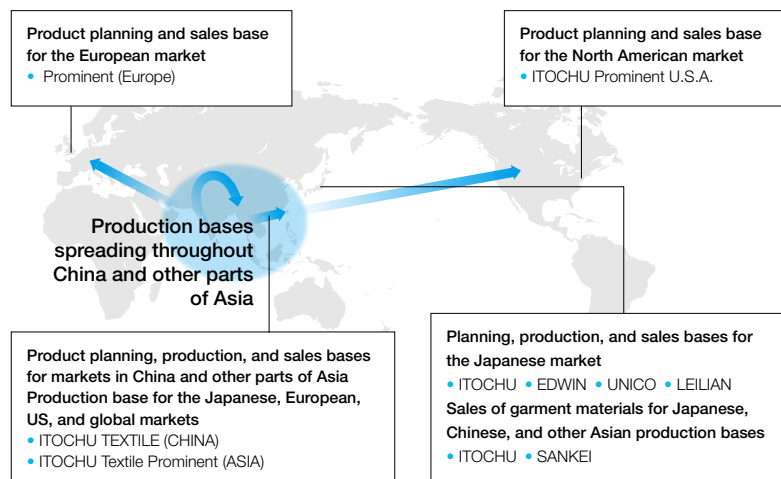
Tatsuya Izumi,
Chief Financial Officer

Shoji Miura,
General Manager, Planning & Administration Department

Business Development

Raw materials, Garment materials, Apparel

Products: Textile materials, textiles, garment materials, textile products, etc.



Industrial materials

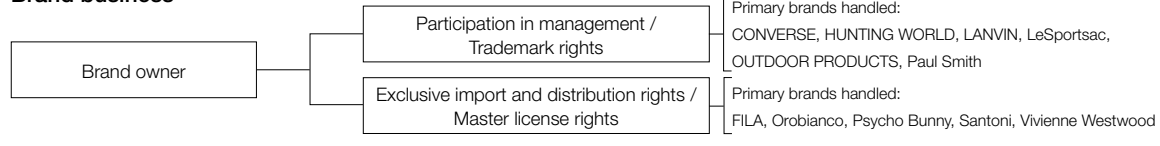
Products: Fiber materials used for hygiene, automobile interior materials, electronics materials, building materials, etc.

Establishment of local supply chains that match customer needs and locations (Focus region: China and other parts of Asia)



Spread the business model established in Japan, China, and other parts of Asia throughout the world

Brand business



Major Business Developments in the Value Chain

Note: For more information on official company names that are abbreviated, please refer to the "Performance Trends" section and the marginal notes.

		Trading (raw materials) / Manufacturing (products)	Wholesale / Trading (finished products)	Retail	E-commerce
Brand business	Participation in management / Trademark rights	ITOCHU / IPU* ¹ / EUPAL* ²			ITOCHU / IPU* ¹ / EUPAL* ²
		CONVERSE JAPAN / CONVERSE FOOTWEAR / HUNTING WORLD JAPAN			
Raw materials, garment materials, and apparel (including own brands)	Exclusive import and distribution rights / Master license rights	ITOCHU / 3 IPA / 4 ITS / IPU* ¹ / EUPAL* ²			ITOCHU / MAGASeek*
		EDWIN / CORONET / 1 JOI'X CORPORATION / SCABAL JAPAN / LEILIAN / DESCENTE* / Bosideng**			
Industrial materials		ITOCHU / 3 IPA / 4 ITS			
		TERAOKA SEISAKUSHO*			
		WATAKYU SEIMO A*			

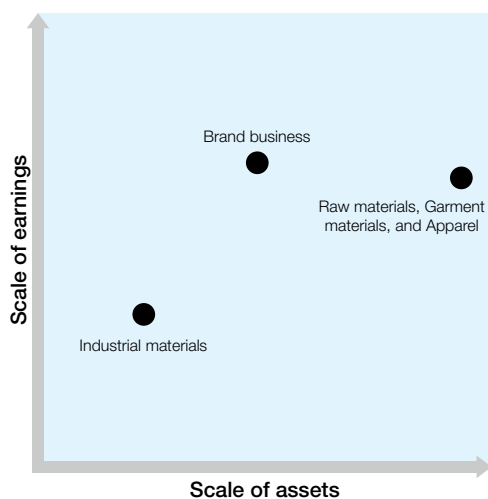
*1 IPU: ITOCHU Prominent U.S.A. LLC

*2 EUPAL: Prominent (Europe) Limited

*Equity-method associated companies

**Non-affiliated companies

Asset Portfolio and Efficiency



Note: We are aiming to reinvent business in all fields.



Performance Trends and Breakdown of Net Profit (Loss) by Major Group Companies

(Billions of Yen)

	2015	2016	2017	2018	2019 (Plan)* ²
Consolidated Net Profit (Loss)*¹	32.0	14.5	25.2	12.5	32.0

Breakdown of Net Profit (Loss) by Major Group Companies

1 JOI'X CORPORATION	1.3	1.1	1.4	1.5	1.3
2 SANKEI CO., LTD.	2.6	1.0	2.0	0.1	1.8
3 ITOCHU Textile Prominent (ASIA) Ltd.	1.4	0.9	0.8	0.2	1.1
4 ITOCHU TEXTILE (CHINA) CO., LTD.	1.2	0.9	0.9	1.0	1.0
Total Assets	555.8	524.5	495.9	474.9	—
ROA (%)	6.2	2.7	4.9	2.6	—
Core Profit	—	28.0	28.2	26.0	—

*1 Share of trade earnings from ITOCHU (non-consolidated) is 30%

*2 "2019 (Plan)" indicates figures announced on May 2, 2018.



Review of “Brand-new Deal 2017”

Throughout the period of “Brand-new Deal 2017,” we have enhanced initiatives with leading companies in promising countries and regions such as China and other parts of Asia.

We expanded and improved our synergy with existing capital and business alliance partners Shanshan Group Co., Ltd., and Shandong Ruyi Science & Technology Group Co., Ltd. Additionally, through initiatives to accumulate superior assets and expand our value chain in China and other parts of Asia, we formed capital and business alliance agreements with the Hong Kong Bosideng Group and Honma Golf Limited; established DESCENTE China with the DESCENTE Group and the Anta Group; and acquired additional shares in the

Vietnam National Textile and Garment Group (VINATEX), becoming the largest shareholder of private-sector companies.

On the other hand, apparel sales for physical retail stores continued to face extremely unfavorable conditions while jump in sales through Internet and rapid change in consumer market.

In this environment, we have built a business structure that can withstand the increasingly intense environmental changes that will occur moving forward, by enhancing existing business, creating synergy within the Group, and developing new business in the e-commerce and IT-related fields, while promoting management efficiency at operating companies and conducting asset replacements.

Important Steps under “Brand-new Deal 2017”

“Reinvented Business” through Technological Innovation

In April 2017, we composed a task force to promote and find investment opportunities in e-commerce and IT-related business. While unearthing new investment opportunities, we developed an AI prediction engine to strengthen our planning and proposal capability in the apparel business and conducted system development geared toward creating omnichannels of LEILIAN CO., LTD., and JOI'X CORPORATION.

Going forward, we will keep move toward to shift our business model which we can demonstrate our initiative by solidifying our brand business marketing, raising our rate of transition to e-commerce, developing environment-friendly materials in our apparel business, and creating new businesses in the wearable field.



Strategic Direction

Growth Opportunities		Strategies (Specific Measures)
Secure new demand by creating new businesses that adapt to changes in market environment via the supply chain	➔	Take the initiative in promoting trade by utilizing new technologies, developing sustainable materials, etc.
Respond to changing consumer trends and diversifying sales channels in the domestic market	➔	Improve brand value and strengthen in-house e-commerce through solidifying our brand and retail-related business marketing
Growth of consumer markets in China and other parts of Asia due to rising standards of living	➔	Grow overseas revenues and earnings through cultivating initiatives with leading companies in China and other parts of Asia and increasing superior assets
Obstacles to Medium- to Long-Term Growth from an ESG Perspective		Responses
Risk related to securing superior human resources in the textile industry, which has labor-intensive facets	➔	Add value and promote sustainable industrialization by creating production IT infrastructures
Increasing share of e-commerce in the apparel industry	➔	Improve production and marketing efficiency with AI, expand the use of RFID tags in the apparel industry
Respond to environmental and human rights risks at production bases that arise from decreasing product prices	➔	Promote establishment of a safe and reliable product supply system

(⇔ Page 64 Sustainability)

Initiatives for Reducing ESG Risks

Strengthen Branding of Natural and Environment-Friendly Materials

We have differentiated ourselves from competitors in our original raw materials business by branding, commercializing, and proposing natural materials like Peruvian Pima, Hamilton Lambs Wool, and One Cotton.

As the transitional momentum toward sustainable materials in the global apparel market increases, we will strive to upgrade and expand our original materials and develop environment-friendly materials in the near future.

Please also see the sustainability pages of ITOCHU's website.

<https://www.itochu.co.jp/en/csr/activities/textile/>



Our own raw material brands: One Cotton and Hamilton Lambs Wool

We cooperated fully with the Japan Fair Trade Commission on its series of investigations into sales of corporate uniforms before FYE 2017. However, the commission issued the Company a cease-and-desist order citing infringement of Japan's Antimonopoly Act on certain projects.

We take the situation quite seriously and will consistently apply the preventive measures* we formulated based on internal investigation results and external advisors' opinions to secure and solidify compliance with all laws and ordinances, including the Antimonopoly Act.

* These measures include: (1) Adjusting our internal rules related to compliance with the Antimonopoly Act, (2) Promoting voluntary reporting of violations, and (3) Strengthening and enhancing education on compliance with the Antimonopoly Act

Key Financial (Ubiquitous) Risks

1	Compliance Risks	10	Foreign Exchange Rate Risks
2	Legal Risks (Excluding Compliance Risks)	11	Interest Rate Risks
3	Risks Associated with Trade Security Policy Management	12	Financing Risks
4	Risks Associated with Customs	13	Information System Risks
5	Country Risks	14	Information Security Risks
6	Commodity Price Risks (Specific, Important Product)	15	Labor Management Risks
7	Credit Risks	16	Human Resources Risks
8	Investment Risks	17	Risks Associated with the Appropriateness of Financial Reporting
9	Stock Price Risks	18	Risks Associated with Internal Control

Machinery Company

We will enhance our business and deliver the best value to our stakeholders with a focus on strategic investment, continuous improvement, and innovation in the existing business value chain.

Business Fields

- Plant and Power projects (water and environmental, infrastructure, renewable energy, petro-chemical, and IPP)
- Marine and Aerospace (new vessels, secondhand vessels, ship ownership, commercial aircraft, and aircraft leasing)
- Automobile (sales of passenger cars and commercial vehicles in the domestic and international markets, and business investments)
- Construction machinery, Industrial machinery, and Medical devices (sales and business investments in domestic and international markets)



President, Machinery Company

Masahiro Imai

Company Strengths

- Solid business relationships with excellent partners in each field of operations
- Wide-ranging business development leveraging expertise in investment and trading business
- Diverse businesses in advanced countries and business developments in emerging countries with minimal country risk



From left:

Hiroshi Sato,

Chief Operating Officer, Plant Project, Marine & Aerospace Division

Masato Osugi,

Chief Operating Officer, Automobile, Construction Machinery & Industrial Machinery Division

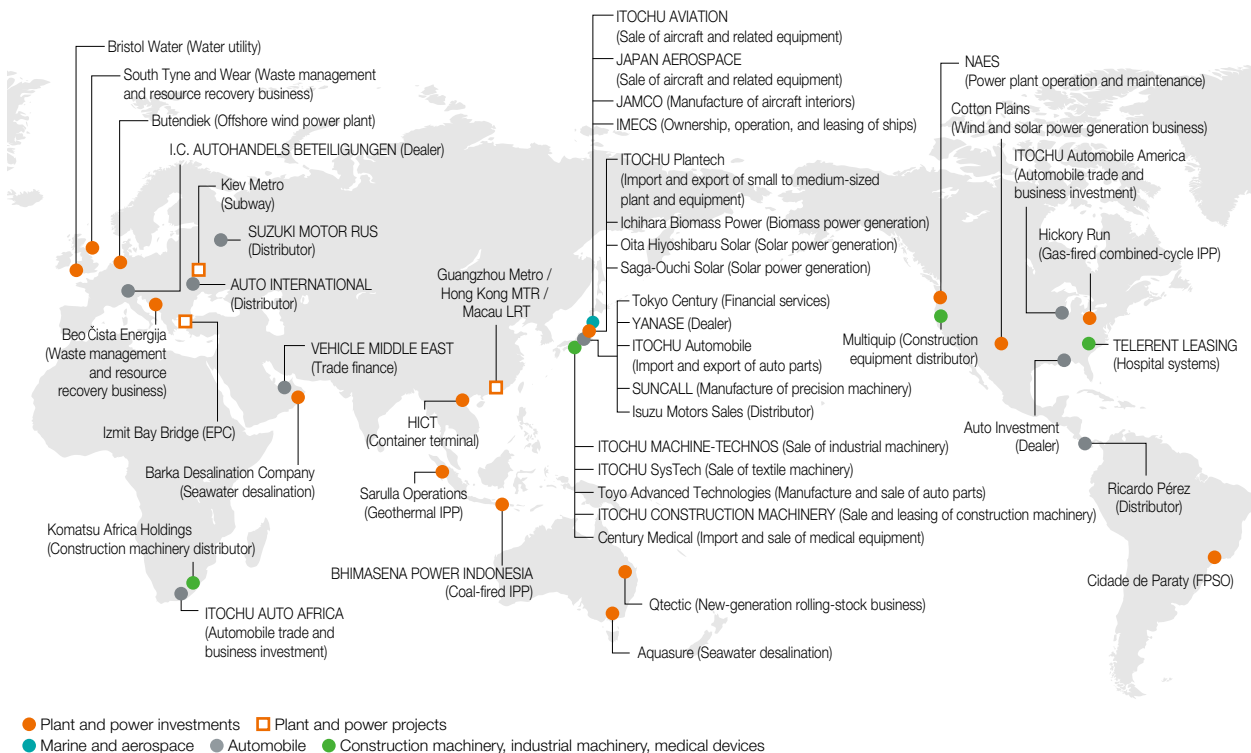
Satoshi Watanabe,

Chief Financial Officer

Hiroshi Ushijima,

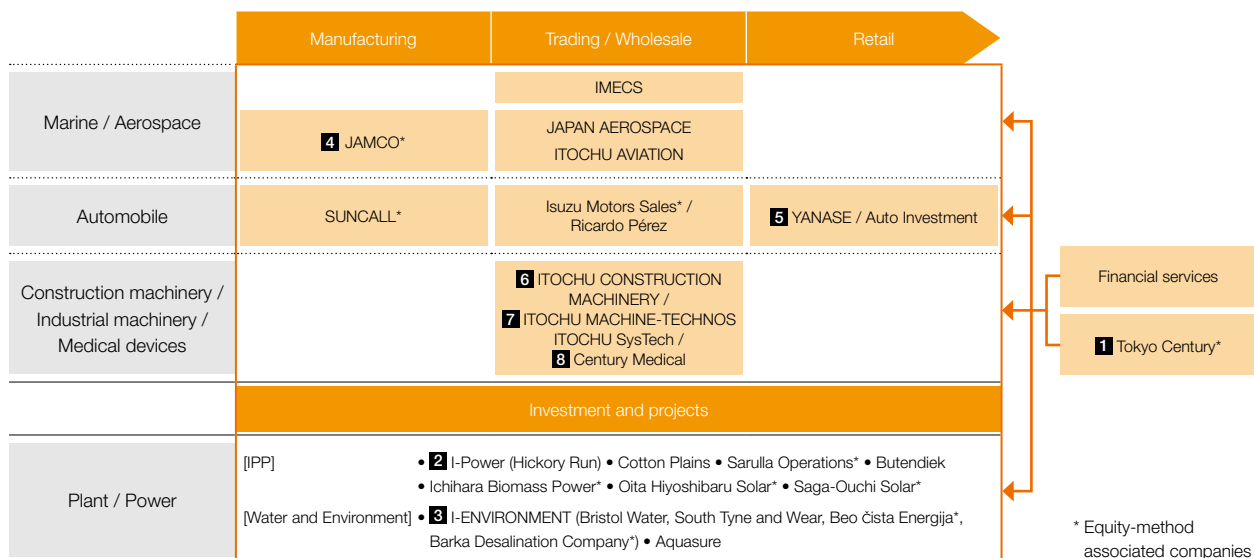
General Manager, Planning & Administration Department

Business Development

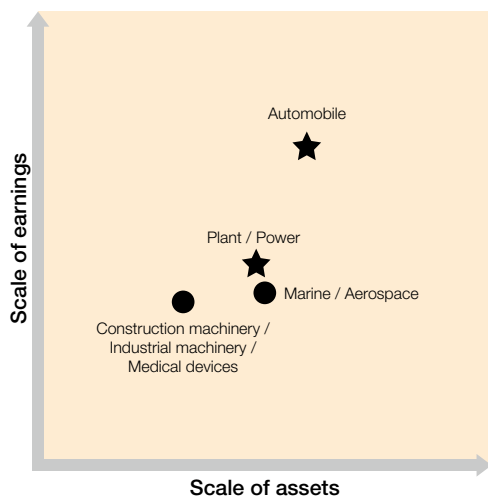


Major Business Developments in the Value Chain

Note: For more information on official company names that are abbreviated, please refer to the "Performance Trends" section.



Asset Portfolio and Efficiency



Credit: Boeing

Performance Trends and Breakdown of Net Profit (Loss) by Major Group Companies

(Billions of Yen)

	2015	2016	2017	2018	2019 (Plan)*1
Consolidated Net Profit (Loss)	54.6	48.4	46.4	57.1	63.0

Breakdown of Net Profit (Loss) by Major Group Companies

1 Tokyo Century Corporation*	9.1	9.6	10.2	12.5	13.0
2 I-Power Investment Inc.	2.1	2.1	1.0	5.3	1.9
3 I-ENVIRONMENT INVESTMENTS LIMITED	0.9	1.1	0.8	1.9	0.9
4 JAMCO Corporation*	1.7	1.5	0.4	0.6	0.6
5 YANASE & CO., LTD.	4.8	1.8	2.7	3.7	4.7
6 ITOCHU CONSTRUCTION MACHINERY CO., LTD.	0.9	0.8	0.7	0.6	0.6
7 ITOCHU MACHINE-TECHNOS CORPORATION	0.5	0.7	1.1	0.8	1.1
8 Century Medical, Inc.	1.0	0.3	0.5	0.5	0.6

Total Assets	1,083.6	978.1	989.7	1,218.6	—
ROA (%)	5.4	4.7	4.7	5.2	—
Core Profit	—	55.4	48.9	52.1	—

*1 "2019 (Plan)" indicates figures announced on May 2, 2018.

*2 Asterisks indicate equity-method associated companies



Review of “Brand-new Deal 2017”

In the IPP field, we increased assets in developed countries, including investment in a wind and solar development project in Texas, US. We also promoted development projects in emerging countries such as Indonesia, where the Sarulla Geothermal IPP project began commercial operations.

In the water and environment fields, we proceeded with ESG investments, participating in the largest seawater desalination project in Oman and taking part in a waste management and resource recovery project in the Republic of Serbia, the nation’s first major public–private partnership (PPP).

Aiming to expand advantageous trade and strengthen our value chain business in the automobile field, we acquired additional shares in YANASE & CO., LTD. to convert it into a

consolidated subsidiary and also participated in Toyota and Lexus distribution and dealership in Panama.

We also reached an agreement with CITIC Pacific, a wholly owned subsidiary of CITIC Limited, as a strategic business partner to facilitate the renewable energy business. Including the acquisition of equity interest in Germany’s Butendiek offshore wind power plant, we conducted joint investments and expanded trade business in collaboration with the CITIC Group and the CP Group.

In FYE 2018, the final fiscal year of “Brand-new Deal 2017,” we achieved record-high profit as a result of investment returns and trading earnings growth in domestic and overseas trading.

Important Steps under “Brand-new Deal 2017”

Participation in Sales of Toyota and Lexus in Panama

We acquired 70% of the shares and effective control of Ricardo Pérez, S.A., an exclusive distributor for Toyota and Lexus in Panama. Established in 1956, Ricardo Pérez has maintained the top position for many years in the Panamanian market for new cars. We will leverage our experience in automobile dealer management in countries around the world to further expand Ricardo Pérez’s share and raise its corporate value in Panama.

As the automobile industry enters a period of enormous structural shift, we aim to support both development of the country and the evolution of its automobile industry not only managing and expanding the activities of existing distributors but also creating new business models focused on the next-generation mobility business domain, as well as contributing to society and the environment.



Lexus showroom (outside)



Lexus showroom (inside)

RICARDO PEREZ, S.A.

Strategic Direction

Growth Opportunities		Strategies (Specific Measures)
Growing demand for global infrastructure driven by population increase and economic growth in emerging countries	➔	Enhancement and replacement of existing assets and new investments mainly in the water and environment, IPP, and automobile fields
Innovations, changes in people's values and living environments	➔	Transformation of existing value chains with a focus on the automobile industry and evolve toward a next-generation mobility business model
Increase in global economic interdependence and growing complexity of business models	➔	Pursuit of synergies and cooperation with strategic partners
Obstacles to Medium- to Long-Term Growth from an ESG Perspective		Responses
Stricter regulation and decrease in demand for coal-fired power generation business due to greenhouse gas emissions	➔	Pursue investment opportunities in renewable energy generation, taking into account the energy situations in individual countries and regions
Tighter regulations regarding the sale of automobiles with internal combustion engines due to CO ₂ and NO _x emissions	➔	Increase electric vehicles (EVs), hybrid vehicles (HVs), and environment-friendly vehicles businesses
Poor crop yields caused by water shortage, spread of disease, and harmful effects on ecosystem and human health due to declining water quality and inappropriate waste disposal	➔	Expand water and environment projects to promote the appropriate use and treatment of water and the effective utilization of resources, and reduce the environmental impact

(⇒ Page 64 Sustainability)

Initiatives for Reducing ESG Risks

Signed a Waste Management Contract with the City of Belgrade

Together with France-based SUEZ, we signed the public-private partnership (PPP) contract with the city of Belgrade, the Republic of Serbia, for a 25-year waste management and resource recovery project. The project involves building and operating an energy-from-waste facility to treat 340,000 tons of municipal waste annually, equivalent to around 70% of the total municipal waste generated in Belgrade, and generate renewable heat and electricity. The project scope also includes the closure and remediation of the existing landfill, as well as construction and operation of a new leachate-controlled landfill site.

We will contribute to Serbia's environmental conservation by reducing waste volume landfilled and greenhouse gas emissions with the introduction of a proper waste treatment facility.

Please also see the sustainability pages of ITOCHU's website.

<https://www.itochu.co.jp/en/csr/activities/machinery/>



Rendering of Energy-from-Waste facility

Key Financial (Ubiquitous) Risks

1	Compliance Risks	10	Foreign Exchange Rate Risks
2	Legal Risks (Excluding Compliance Risks)	11	Interest Rate Risks
3	Risks Associated with Trade Security Policy Management	12	Financing Risks
4	Risks Associated with Customs	13	Information System Risks
5	Country Risks	14	Information Security Risks
6	Commodity Price Risks (Specific, Important Product)	15	Labor Management Risks
7	Credit Risks	16	Human Resources Risks
8	Investment Risks	17	Risks Associated with the Appropriateness of Financial Reporting
9	Stock Price Risks	18	Risks Associated with Internal Control

Metals & Minerals Company

We will engage in innovation initiatives, both in investment and trade, to contribute to new generation industries within a value chain covering a broad range of activities from the development of metal and mineral resources to the trading of steel and non-ferrous products.

Business Fields

- Development of metal & mineral resources (iron ore, coal, alumina, etc.)
- Trade in materials, fuel, and products (iron ore, coal, aluminum, uranium, non-ferrous products), recycling businesses (steel scrap, etc.)
- Steel business (process and trade of steel products, and investment in related industries)



President, Metals & Minerals Company

Shigetoshi Imai

Company Strengths

- Strong relationships with excellent business partners in each business area
- Ownership of superior natural resource assets, centering on iron ore and coal
- Broad-ranging trade flows that run from upstream (metal and mineral resources) to downstream (steel and non-ferrous products)



From left:

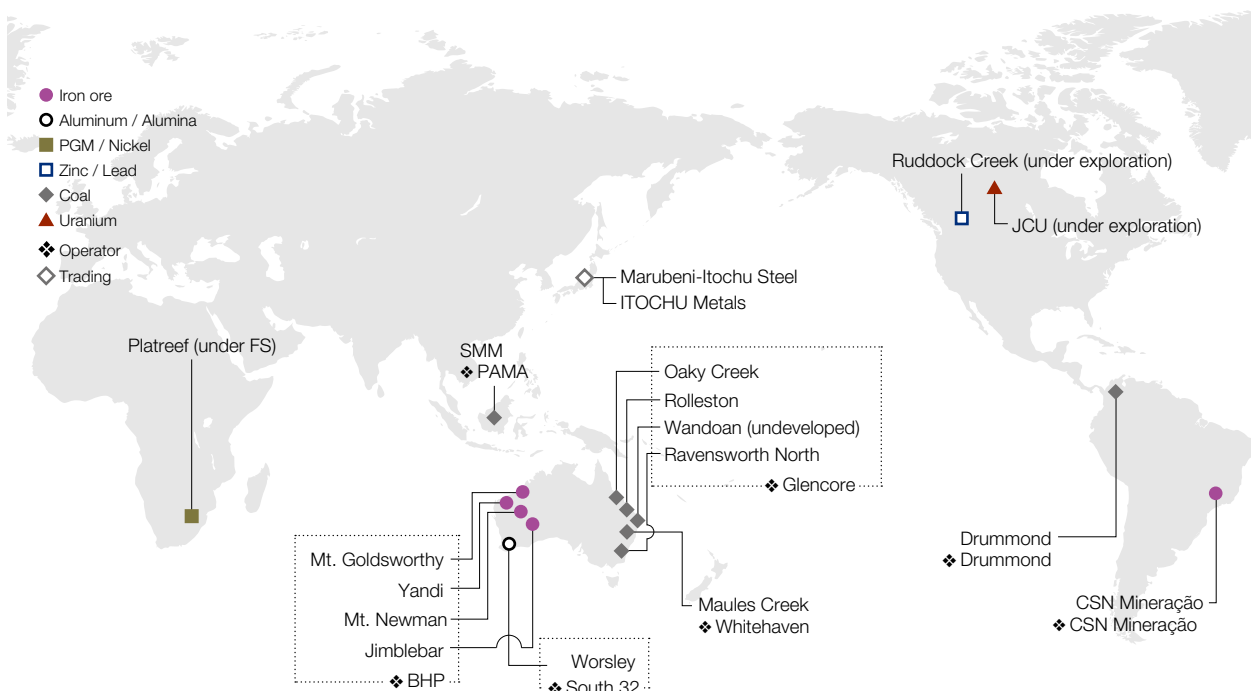
Kenji Seto,
Chief Operating Officer, Metal & Mineral Resources Division

Ikuya Hirano,
Chief Financial Officer

Yoshihiko Ogura,
General Manager, Planning & Administration Department

Takashi Nakano,
General Manager, Steel Business Coordination Department

Business Development



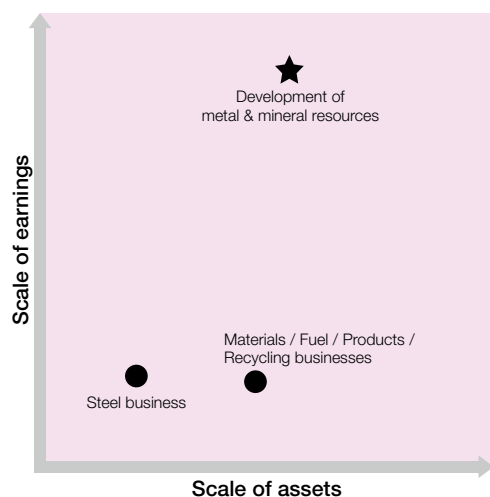
Major Business Developments in the Value Chain

Note: For more information on official company names that are abbreviated, please refer to the "Performance Trends" section.

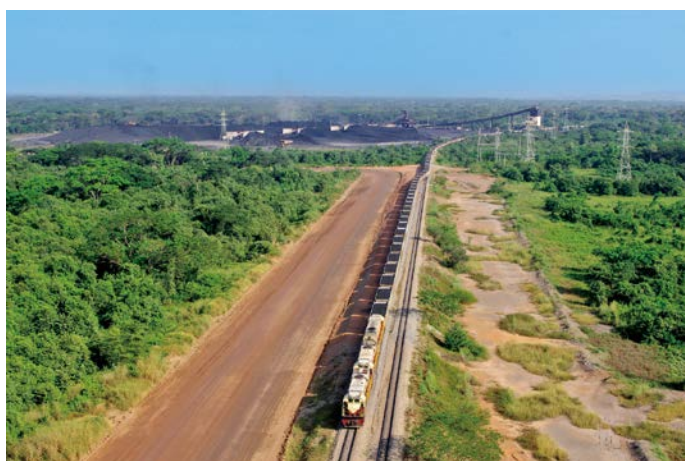
	Exploration / Development / Production	Processing	Trading / Sales (finished products)
Metal & mineral resources	1 IMEA (iron ore, coal, etc.) / 3 ICA (coal) / 2 CSN Mineração (iron ore)		ITOCHU
Steel business		4 Marubeni-Itochu Steel*	
Materials / Fuel / Products / Recycling businesses			ITOCHU / 5 ITOCHU Metals

* Equity-method associated companies

Asset Portfolio and Efficiency



Note: ★ indicates focused business areas.



Performance Trends and Breakdown of Net Profit (Loss) by Major Group Companies

(Billions of Yen)

	2015	2016	2017	2018	2019 (Plan)*1
Consolidated Net Profit (Loss)	11.2	(16.7)	45.2	82.5	60.0

Breakdown of Net Profit (Loss) by Major Group Companies

1 ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA)	42.3	(22.6)	42.8	62.3	42.7
2 Brazil Japan Iron Ore Corporation (CSN Mineração**)	(44.8)	(0.9)	(2.9)	3.3	—
3 ITOCHU Coal Americas Inc. (ICA) (Drummond**)	0.1	(2.3)	(2.6)	2.9	—
4 Marubeni-Itochu Steel Inc.*	12.8	6.6	7.6	9.2	—
5 ITOCHU Metals Corporation	0.2	2.0	1.1	1.6	1.3
Total Assets	1,261.8	876.4	854.9	850.3	—
ROA (%)	0.9	(1.6)	5.2	9.7	—
Core Profit	—	21.3	53.2	80.5	—

*1 "2019 (Plan)" indicates figures announced on May 2, 2018.

*2 Single asterisks indicate equity-method associated companies, and double asterisks indicate investees of non-affiliated investments.



Photo courtesy of BHP



Copyright© Emirates Global Aluminium

Review of “Brand-new Deal 2017”

Through a selection and integration process during the period of “Brand-new Deal 2017,” we have executed asset restructuring by selling coal mine interests, as well as consolidating and recovering capital from the Brazilian iron ore business. At the same time, we have enhanced our business model to achieve a balance between investment and trade to maintain growth that is not dependent on resource prices.

In investments, we enhanced cost competitiveness on projects in which we hold interests and pursued exploration projects and other initiatives for the next generation. In trade, we established new business projects with excellent

partners, which enabled us to add further value to value chains extending from raw materials to finished products. As a result, from FYE 2017 to FYE 2018 we were able to take advantage of the global recovery in demand for metal & mineral resources and metal materials, resulting in a steady growth in earnings.

Amid rising global concern and toward the realization of a low-carbon society, we focused our future investment and trade policy on the social responsibility and the mission of ensuring a stable supply of high-quality resources and fuels that reduce environmental impact.

Important Steps under “Brand-new Deal 2017”

Providing a Stable Supply of Resources and Contributing to Local Communities through Long-Term, Ongoing Investment in Superior Assets

The Mt. Whaleback iron ore mine, which is the core project for the Western Australia iron ore business of ITOCHU, celebrated its first 50 years of operation in 2017. In September, we invited major customers from Japan, China, South Korea, and other countries to a commemoration ceremony.

Since the start of production in 1969, the mine has met iron ore demand in Japan, China, and elsewhere in Asia as the world’s largest open-pit iron ore mine. Enabling the extraction of high-quality ore over a long period of time, this mine has contributed to the stable supply of raw materials to the Asian steel industry, as well as economic development in Western Australia, and the local community.

Going forward we will continue to invest in superior assets that connect producers, local communities, and customers.



Mt. Whaleback (Photo courtesy of BHP)

Strategic Direction

Growth Opportunities

Changes in society's demands with respect to metal & mineral resources and metal materials	➔
Expansion of trade in metal & mineral resources, steel and non-ferrous products, as well as the recycling business in line with robust global economic development	➔

Strategies (Specific Measures)

Creation of optimal resource portfolios that contribute to next-generation industries by replacing and acquiring superior assets
Formation of new, high-value-added trading structures by leveraging strong relationships with excellent partners

Obstacles to Medium- to Long-Term Growth from an ESG Perspective

Uncertainty in demand for fossil fuels due to regulations on greenhouse gas emissions, and changes in industrial materials with a view toward realizing a low-carbon society	➔
Lower production and sales volumes due to resource depletion and mine closures	➔
Consideration for the environment, health, labor safety (EHS) and harmony with people in local communities	➔

Responses

Ongoing contribution to the development of technologies that will help reduce greenhouse gas emissions, and enhanced initiatives in businesses (such as aluminum) that will facilitate lighter-weight vehicles and a shift toward EVs
Expansion of superior equity investments that provide the foundation for stable supplies of resources and fuel
Operation of EHS guidelines; thorough employee education; healthcare, education, and donations to local communities; contributions to community infrastructure development, etc.

(⇒ Page 64 Sustainability)

Taking Advantage of Opportunities for Growth

Promoting ESG Initiatives That Will Contribute to the Stable Supply of Future-Generation Resources

Ensuring a stable supply of industrial resources and materials for the future generations is the Metals & Minerals Company's social mission and responsibility, and we are engaging in ESG-related initiatives to this end.

We are promoting the material business such as aluminum and other metals that will be necessary for lightweight automobiles and EVs. We are also supporting the development of technologies to reduce greenhouse gas emissions. Through such efforts, we are making a proactive effort to realize a low-carbon society. We are also thoroughly implementing our own EHS guidelines, contributing to local communities on an ongoing basis, and ensuring sustainable resource development.

ITOCHU Metals Corporation handles various types of recyclable materials. The company is expanding its recycling business by undertaking the appropriate processing of industrial waste on a contract basis and recovering chlorofluorocarbon gases, thereby helping to create a resource circulation society.

Please also see the sustainability pages of ITOCHU's website.

<https://www.itochu.co.jp/en/csr/activities/metal/>



Support activities for an elementary school in the area near our Colombian coal operations

Key Financial (Ubiquitous) Risks

1	Compliance Risks	10	Foreign Exchange Rate Risks
2	Legal Risks (Excluding Compliance Risks)	11	Interest Rate Risks
3	Risks Associated with Trade Security Policy Management	12	Financing Risks
4	Risks Associated with Customs	13	Information System Risks
5	Country Risks	14	Information Security Risks
6	Commodity Price Risks (Specific, Important Product)	15	Labor Management Risks
7	Credit Risks	16	Human Resources Risks
8	Investment Risks	17	Risks Associated with the Appropriateness of Financial Reporting
9	Stock Price Risks	18	Risks Associated with Internal Control

Energy & Chemicals Company

By accumulating superior assets and further enhancing existing businesses, we aim to create an efficient and robust management foundation. We will also leverage new technologies and AI to promote next-generation businesses.

Business Fields

- Energy projects and trading (crude oil, petroleum products, LPG, LNG, natural gas, electricity, etc.)
- Chemical projects and trading (general range of basic petrochemical products, sulfur, fertilizer, pharmaceuticals, synthetic resin, household goods, fine chemicals, electronic materials, etc.)



President, Energy & Chemicals Company
Keita Ishii

Company Strengths

- Business portfolio in the energy field ranging from upstream to downstream
- Worldwide sales network of chemicals trading
- The ability to develop businesses across a broad range, spanning raw materials to end products in the chemicals field



From left:

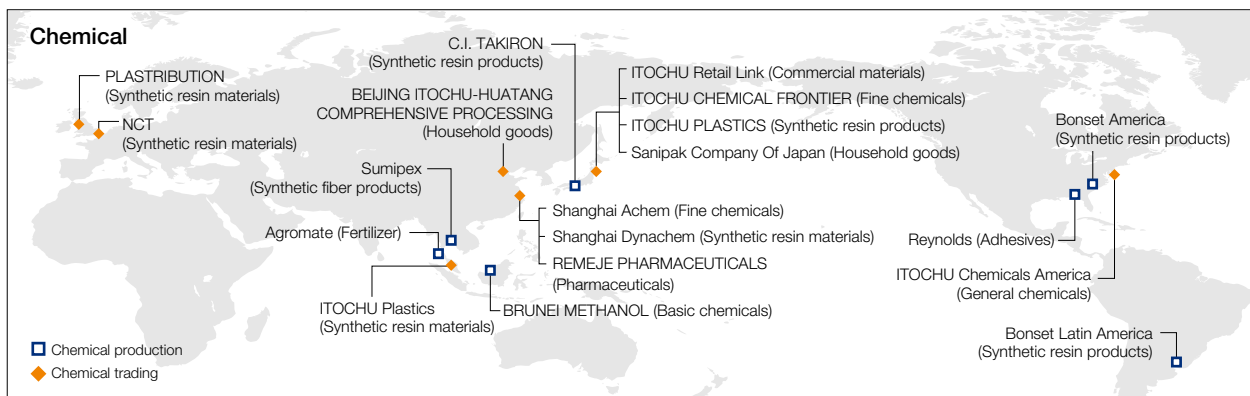
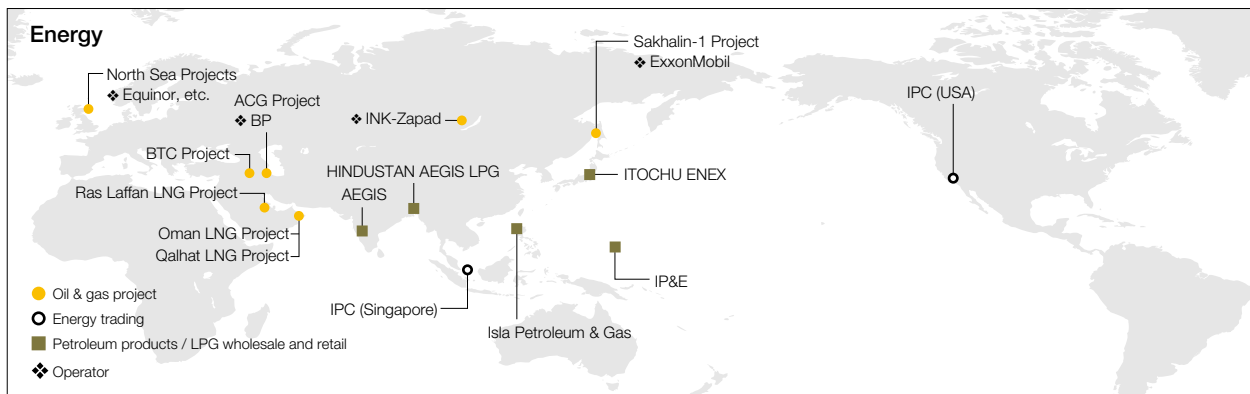
Hisato Okubo,
Chief Operating Officer, Energy Division

Masaya Tanaka,
Chief Operating Officer, Chemicals Division

Satoshi Nakajima,
Chief Financial Officer

Isao Nakao,
General Manager, Planning & Administration Department

Business Development



Major Business Developments in the Value Chain

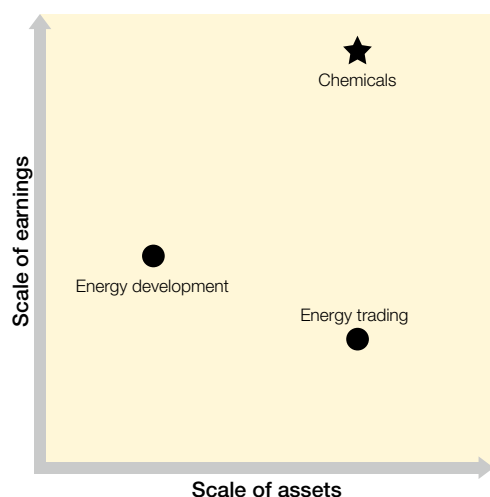
Note: For more information on official company names that are abbreviated, please refer to the "Performance Trends" section.

	Exploration & Production	Trading	Retail
Energy	1 ACG Project (Oil and gas development) / Sakhalin-1** (Oil and gas development) / 4 Ras Laffan**, Oman**, Qalhat** (LNG development)	ITOCHU / 2 IPC (Singapore) / IPC (USA)	3 ITOCHU ENEX
Chemical	BRUNEI METHANOL* / Argomate*	ITOCHU 5 ITOCHU CHEMICAL FRONTIER / 6 ITOCHU PLASTICS	7 C.I. TAKIRON / Sanipak Company Of Japan / ITOCHU Retail Link

*Equity-method associated companies

**Non-affiliated companies

Asset Portfolio and Efficiency



Note: ★ indicates focused business areas.



Performance Trends and Breakdown of Net Profit (Loss) by Major Group Companies

(Billions of Yen)

	2015	2016	2017	2018	2019 (Plan) **
Consolidated Net Profit (Loss)	2.4	55.5	18.9	36.9	54.0

Breakdown of Net Profit (Loss) by Major Group Companies

1 ITOCHU Oil Exploration (Azerbaijan) Inc. (ACG Project)	6.9	5.0	0.7	2.3	1.9
2 ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	1.0	2.3	1.8	(1.8)	0.6
3 ITOCHU ENEX CO., LTD.	2.8	4.1	5.5	6.0	6.1
4 Dividend from LNG Projects (PAT)	8.3	4.8	3.2	4.4	4.3
5 ITOCHU CHEMICAL FRONTIER Corporation	3.1	3.1	3.1	3.7	3.6
6 ITOCHU PLASTICS INC.	3.5	3.5	4.2	4.0	4.0
7 C.I. TAKIRON Corporation**	1.8	2.1	5.4	3.0	3.1

Total Assets	1,329.5	1,077.1	1,169.5	1,355.7	—
ROA (%)	0.2	4.6	1.7	2.9	—
Core Profit	—	37.5	33.4	37.4	—

*1 "2019 (Plan)" indicates figures announced on May 2, 2018.

** On April 1, 2017, TAKIRON Co., Ltd. and C.I. Kasei Co., Ltd. merged to form C.I. TAKIRON Corporation. Accordingly, C.I. TAKIRON's consolidated contribution from FYE 2015 to 2017 is represented as the sum of consolidated contributions for the two companies.



Review of “Brand-new Deal 2017”

Throughout the period of “Brand-new Deal 2017,” we enhanced existing businesses to increase core profit and entered into new businesses and new fields on a worldwide basis.

In the energy field, we reached an agreement with the State Oil Company of the Azerbaijan Republic to extend the production sharing agreement in the ACG field in Azerbaijan from 2024 to 2049. In Eastern Siberia, part of a project in which we are participating alongside Japan Oil, Gas and Metals National Corporation and INPEX CORPORATION has moved to the production stage, and crude oil production has commenced at a project we are pursuing in the U.K. North Sea. In energy trading, we have joined an LPG distribution

and LPG receiving terminal business in India, where consumption is slated to increase, focusing on strengthening and expanding our ability to sell and distribute LPG.

In the chemical business, in addition to expanding existing businesses we are pursuing management efficiency through Group companies including C.I. TAKIRON Corporation, which was formed through a merger. By steadily reinforcing our earnings base, we have achieved record-high profits for three consecutive fiscal years. Meanwhile, we are cultivating synergies within the Group. For example, ITOCHU PLASTICS INC. and ITOCHU Retail Link Corporation are providing packaging materials, supplies, and other items to FamilyMart Co., Ltd.

Important Steps under “Brand-new Deal 2017”

Access to Superior Resource Projects

In the energy field, we obtained an equity interest in Iraq’s West Qurna 1 oil field, thereby accessing one of the world’s largest reserves, of more than 20 billion barrels. The project scheme calls for ITOCHU, ExxonMobil, and other companies to operate and develop the field on behalf of the Iraqi government, for which they are entitled to receive recovery for the cost spent as well as a certain remuneration fee based on the production levels. We expect this project, which should be relatively unaffected by fluctuations in the oil price, to contribute to stable earnings over the medium to long term.

To counter our exposure to the risk of investing in this project, we have obtained approval of the Japan Oil, Gas and Metals National Corporation for 40% equity financing.

Expanding Our Portfolio by Taking on the Life Science Business

In the chemical field, we entered a sales alliance with Sumitomo Chemical Company, Limited involving the sale of methionine, a feed additive. Used widely to increase meat and egg productivity in chickens, methionine is expected to continue experiencing steady demand growth worldwide.

Meanwhile, in the pharmaceutical and healthcare business we are collaborating with ITOCHU CHEMICAL FRONTIER Corporation to promote capital and business alliances with superior partners in Japan and overseas. We are also creating a pharmaceutical business value chain by developing the biopharmaceutical and new drug sublicensing business.



Strategic Direction

Growth Opportunities		Strategies (Specific Measures)
Long-term growth in demand for energy resources	➔	Collaborate with superior partners to maintain a stable, long-term supply of energy resources by increasing efficiency and expanding existing projects; and consider new projects as alternatives to existing interests
Growing demand toward a low-carbon society	➔	Further strengthen the LNG value chain, including consideration of new project acquisitions
Rising demand for food in tandem with global population increases	➔	Evolve existing businesses related to conventional fertilizer, agrochemicals, and agricultural materials; and contribute to the stable supply of food through proposing to transition to smart agriculture and expanding feed additives (methionine) worldwide
Demand for environment-friendly energy and products	➔	Expand initiatives leveraging breadth of the business domain, ranging from energy solutions and renewable energy initiatives to the provision of environment-friendly materials and electricity storage services
Obstacles to Medium- to Long-Term Growth from an ESG Perspective		Responses
Stricter regulation of greenhouse gas emissions and falling needs for fossil fuels	➔	Continuing efforts to minimize greenhouse gas emissions and the pursuit of renewable energy and businesses that have lower environmental impact, such as LNG
Rising prevalence of lifestyle diseases as society ages, and growing uncertainty of medical security systems	➔	Helping to reduce physical and economic burdens on patients by supporting new pharmaceutical development and growing sales of generic pharmaceuticals
Stricter regulations on development, claims for damages resulting from environmental degradation, and deteriorating relations with local communities	➔	Promotion of businesses that exceed the environmental management standards of governments in which we undertake projects, as well as of international administrative bodies

(⇔ Page 64 Sustainability)

Taking Advantage of Opportunities for Growth

Using AI Technologies in Services to Optimize Electricity Storage

We signed a business and capital tie-up with Moixa Energy Holdings Ltd., a UK company developing a platform business that applies AI technologies to storage batteries and acquired exclusive marketing rights in Japan for its Gridshare Client platform technology software. Gridshare Client is used with storage batteries to perform optimal control of energy for various categories of customers, including general consumers, power producers, power transmission, and distribution utilities.

Going forward, we will include this service as standard in our own Smart Star storage battery system. We aim to acquire a leading share of the Japanese market for storage battery systems as a “reinvented business” and contribute toward the realization of a society that utilizes dispersed energy sources.

Please also see the sustainability pages of ITOCHU's website.

🌐 <https://www.itochu.co.jp/en/csr/activities/chemical/>



Overview of Moixa

Key Financial (Ubiquitous) Risks

1	Compliance Risks	10	Foreign Exchange Rate Risks
2	Legal Risks (Excluding Compliance Risks)	11	Interest Rate Risks
3	Risks Associated with Trade Security Policy Management	12	Financing Risks
4	Risks Associated with Customs	13	Information System Risks
5	Country Risks	14	Information Security Risks
6	Commodity Price Risks (Specific, Important Product)	15	Labor Management Risks
7	Credit Risks	16	Human Resources Risks
8	Investment Risks	17	Risks Associated with the Appropriateness of Financial Reporting
9	Stock Price Risks	18	Risks Associated with Internal Control

Food Company

Commerce is not just about selling products. Rather, it requires constant vigilance about why products are sold. By giving thoughtful consideration to downstream operations, we are further strengthening our value chain spanning upstream to downstream activities as we work to augment corporate value throughout the ITOCHU Group.

Business Fields

- Resources / Material
- Product processing (flesh food, provisions)
- Midstream distribution (food wholesaling)
- Retail (CVS, GHS)



President, Food Company

Yozo Kubo

Company Strengths

- An industry-leading midstream distribution and retail network
- Possession of a worldwide production, distribution, and sales value chain for fresh foods (marine, meat, and agricultural products)
- Ownership of a global supply chain for food resources



From left:

Hiroyuki Kaizuka,
Chief Operating Officer, Provisions Division

Yutaka Yamamura,
Vice President, Food Company;
Chief Operating Officer, Fresh Food Division

Kensuke Hosomi,
Chief Operating Officer, Food Products Marketing & Distribution Division

Makoto Kyoda,
Chief Financial Officer

Takeshi Inoue,
General Manager, Planning & Administration Department

A Distinctive Group of Companies

Size

FamilyMart UNY Holdings Co., Ltd.



Second-highest
number of convenience
stores in Japan

17,232 stores in Japan
(as of February 28, 2018)
15 million store visits per day
(as of February 28, 2018)

NIPPON ACCESS, INC.



Second-largest
food wholesaler in Japan

Sales of ¥2.1 trillion
(FYE 2018)
550 distribution locations
(FYE 2018)

Size + Brand

Dole International Holdings, Inc.



Global leader in fresh produce
Largest share of canned pineapple
and pineapple juice in the United States

Niche and Differentiation

FUJI OIL HOLDINGS INC.



In fats and oils for chocolate,
50% share of the Japanese market
30% share of the global market

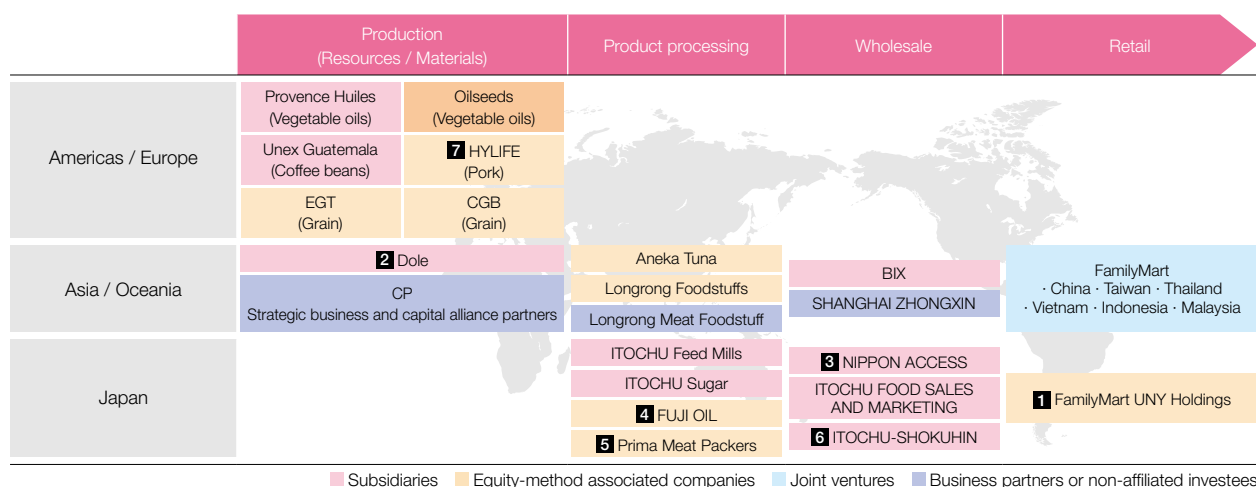
HYLIFE GROUP HOLDINGS LTD.



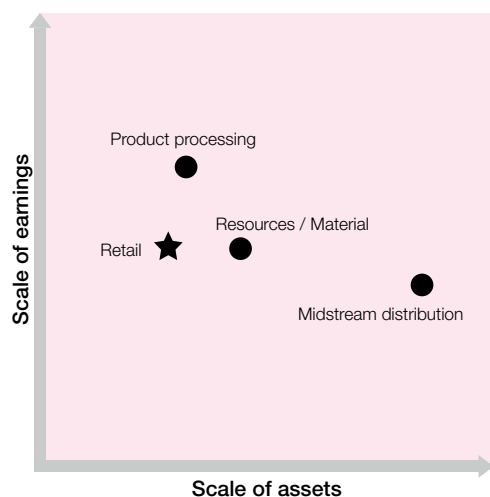
Differentiation through
integrated pork production

Major Business Developments in the Value Chain

Note: For more information on official company names that are abbreviated, please refer to the "Performance Trends" section.



Asset Portfolio and Efficiency



Note: ★ indicates focused business areas.



Performance Trends and Breakdown of Net Profit (Loss) by Major Group Companies

(Billions of Yen)

	2015	2016	2017	2018	2019 (Plan) *2
Consolidated Net Profit (Loss)*1	114.4	25.5	70.5	80.5	80.0

Breakdown of Net Profit (Loss) by Major Group Companies

1 FamilyMart UNY Holdings Co., Ltd.*	8.1	6.1	7.4	11.8	16.4
2 Dole International Holdings, Inc.	4.8	(16.9)	8.3	3.2	10.5
3 NIPPON ACCESS, INC.	8.6	8.9	12.2	9.8	12.9
4 FUJI OIL HOLDINGS INC.*	2.4	2.4	2.7	4.2	4.8
5 Prima Meat Packers, Ltd.*	2.7	2.6	3.7	4.1	4.4
6 ITOCHU-SHOKUHIN Co., Ltd.	1.3	1.5	1.7	2.2	1.9
7 HYLIFE GROUP HOLDINGS LTD.*	2.1	2.6	2.7	3.7	—
Total Assets	1,772.2	1,723.1	1,773.2	1,962.2	—
ROA (%)	6.9	1.5	4.0	4.3	—
Core Profit	—	45.0	60.0	66.5	—

*1 Share of trade earnings from ITOCHU (non-consolidated) is 15%.

*2 "2019 (Plan)" indicates figures announced on May 2, 2018.

*3 Asterisks indicate equity-method associated companies.



Review of “Brand-new Deal 2017”

To further enhance the Food Company’s superiority and business strength, we increased core profit by the expansion of existing businesses, the accumulation of superior assets, and engaging proactively in asset replacement.

We hold a 49.9% stake in HYLIFE GROUP HOLDINGS LTD., a leading Canadian hog farmer and producer of pork products. HYLIFE expanded its production facilities and increased production capacity. In the Dole business, we acquired an additional stake in Master Fruits D.O.O. Beograd, which is based in the Republic of Serbia, to increase the transaction volume of individual quick-frozen products (frozen fruit) destined for Europe and drive further

expansion and developments of the Dole packaged foods business.

We also enhanced our relationships with major Group companies FamilyMart UNY Holdings Co., Ltd. and FUJI OIL HOLDINGS INC. by acquiring additional shares. In this way, we further strengthened the value chain, spanning upstream to downstream operations.

In addition, to further enhance management efficiency we are pursuing asset replacement, such as assets that have already achieved strategic purpose, to consistently maintain an optimal asset portfolio.

Important Steps under “Brand-new Deal 2017”

Emergence of a Giant Retail Group to Support the Value Chain

Formed through the merger of FamilyMart Co., Ltd. and UNY Group Holdings Co., Ltd., FamilyMart UNY Holdings Co., Ltd. (UFHD) was launched in September. The new company represents a giant retail group, with total sales of nearly ¥4 trillion and one of the most important Group companies, which supports the ITOCHU Group value chain from downstream.

Following the launch of UFHD, in August 2017, we welcomed another good partner, Don Quijote Holdings Co., Ltd., through a business and capital alliance. Driven by management collaboration between these two companies, MEGA DON QUIJOTE UNY stores have been delivering favorable performance and demonstrating the steady successes of this alliance.

In April 2018, we announced plans for a tender offer to convert UFHD to a subsidiary. Going forward, to further enhance the ITOCHU Group value, UFHD will be the cornerstone of “reinvented business.”



MEGA DON QUIJOTE UNY store opened in February 2018

Strategic Direction

Growth Opportunities		Strategies (Specific Measures)
Revolution in distribution which makes existing business model obsolete	➔	Promotion of a retail business that combines the Group's wide range of product groups, functions, expertise, and new technologies
More diverse and sophisticated diets around the world	➔	Expansion of overseas raw materials business base and domestic trade by augmenting the foundation of business centering on value-added products
Rising consumer awareness of food safety and security	➔	Ensure safe and secure food supplies and build stable supply chain networks
Obstacles to Medium- to Long-Term Growth from an ESG Perspective		Responses
Problems with business continuity due to labor shortage caused by a shrinking population	➔	Maintaining convenience to society through the introduction and use of new technologies in the retail and surrounding fields, where labor shortages are growing particularly acute
Supply risk stemming from damage to agricultural production and food production plants due to droughts, flooding, typhoons, hurricanes, and other extreme weather events	➔	Ensure stable supply of agricultural products through diversification of production regions
Distribution of products containing substances that pose health hazards	➔	Increase number of employees holding Food Safety Systems (FSMS) international certificate

(⇨ Page 64 Sustainability)

Taking Advantage of Opportunities for Growth

Establishing a Stable Production System by Integration

HYLIFE's vertically integrated system enables management of the entire supply chain independently. The supply chain includes compound feed production, hog raising, and pork processing.

As a result, the integrated strategy ensures a stable supply of safe, secure, and high-quality products with a business model resilient to market price fluctuations. Aiming to further leverage these strengths over the medium to long term, the company has expanded its facilities, introducing technologies to partially automate pork processing to increase production system efficiency and stability.



Processing line

Please also see the sustainability pages of ITOCHU's website.

<https://www.itochu.co.jp/en/csr/activities/food/>

Key Financial (Ubiquitous) Risks

1	Compliance Risks	10	Foreign Exchange Rate Risks
2	Legal Risks (Excluding Compliance Risks)	11	Interest Rate Risks
3	Risks Associated with Trade Security Policy Management	12	Financing Risks
4	Risks Associated with Customs	13	Information System Risks
5	Country Risks	14	Information Security Risks
6	Commodity Price Risks (Specific, Important Product)	15	Labor Management Risks
7	Credit Risks	16	Human Resources Risks
8	Investment Risks	17	Risks Associated with the Appropriateness of Financial Reporting
9	Stock Price Risks	18	Risks Associated with Internal Control

General Products & Realty Company

We will strengthen our earnings base in core businesses, aggressively replace assets, and take on the challenge of seizing further growth opportunities.

Business Fields

- Wood products and materials (production, wholesaling)
- Paper, pulp, and hygiene (production, wholesaling)
- Natural rubber and tire (processing, wholesaling, and retail)
- Development and operation of housing, logistics facilities, and other projects
- Logistics (3PL, international transport, etc.)



President, General Products & Realty Company
Tomofumi Yoshida

Company Strengths

- Well-established position and value chains in each business area
- Creation of synergy through collaboration between businesses
- Strengthening of the management foundation through the aggressive replacement of our asset portfolio



From left:

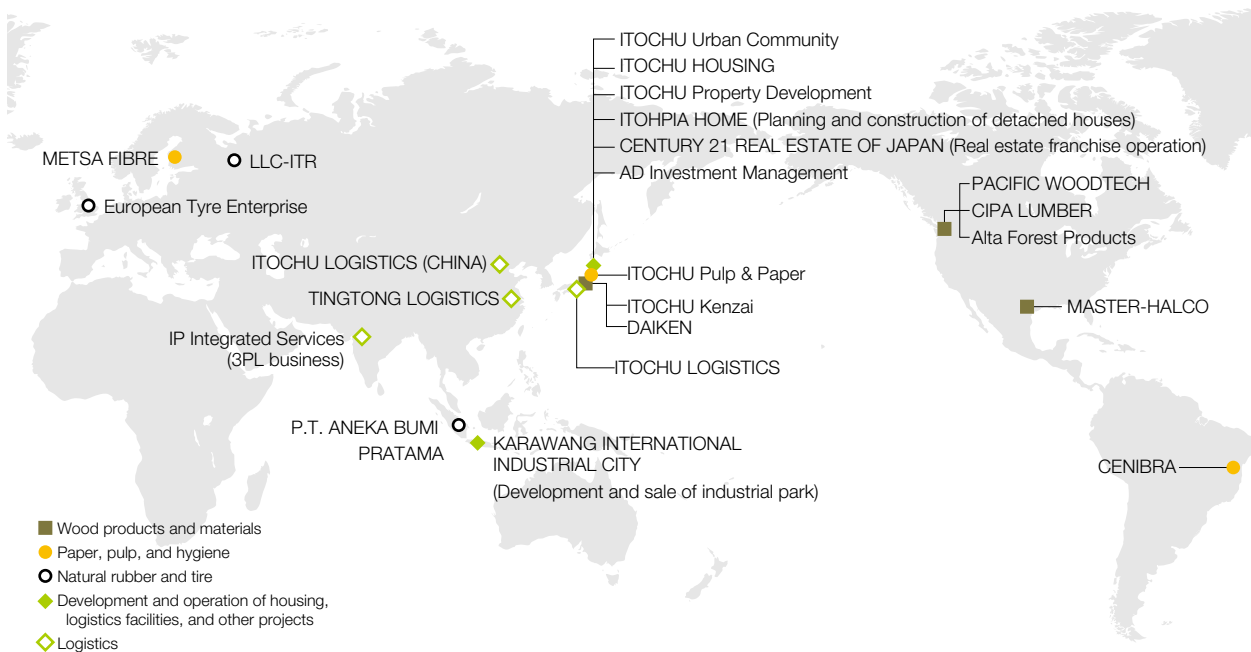
Kenji Murai,
Chief Operating Officer, Forest Products & General Merchandise Division

Masatoshi Maki,
Chief Operating Officer, Construction, Realty & Logistics Division

Kazuaki Yamaguchi,
Chief Financial Officer

Tsutomu Yamauchi,
General Manager, Planning & Administration Department

Business Development



Major Business Developments in the Value Chain

Note: For more information on official company names that are abbreviated, please refer to the "Performance Trends" section.

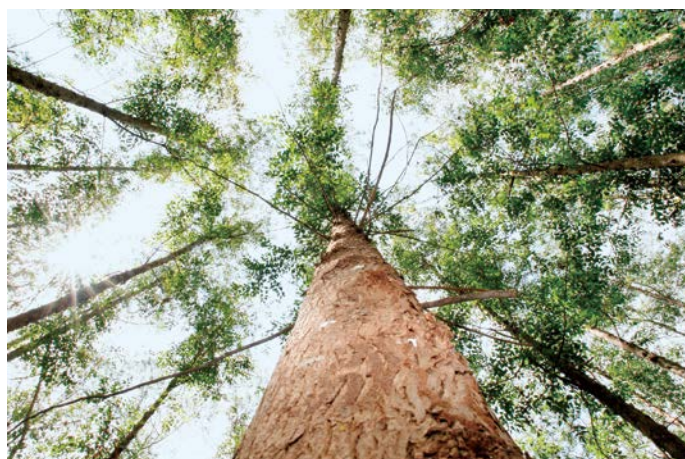
	Manufacturing / Processing	Distribution	Retail
Paper / Pulp / Hygiene	2 ITOCHU FIBRE / 3 Japan Brazil Paper and Pulp Resources Development	ITOCHU Pulp & Paper	
Natural rubber / Tire	P.T. ANEKA BUMI PRATAMA	LLC-ITR	1 European Tyre Enterprise
Wood products / Materials	PACIFIC WOODTECH / CIPA LUMBER / Alta Forest Products / DAIKEN*	4 ITOCHU Kenzai / MASTER-HALCO	
	Development	Administration / Sales	REITs / Funds
Realty	5 ITOCHU Property Development	ITOCHU Urban Community / ITOCHU HOUSING	AD Investment Management
Logistics	6 ITOCHU LOGISTICS / ITOCHU LOGISTICS (CHINA) / TINGTONG LOGISTICS*		

*Equity-method associated companies

Asset Portfolio and Efficiency



Note: ★ indicates focused business areas.



Performance Trends and Breakdown of Net Profit (Loss) by Major Group Companies

(Billions of Yen)

	2015	2016	2017	2018	2019 (Plan) *1
Consolidated Net Profit (Loss)	35.9	25.6	27.6	55.7	70.0

Breakdown of Net Profit (Loss) by Major Group Companies

1 European Tyre Enterprise Limited (Kwik-Fit)	4.7	(29.9)	(5.2)	5.8	6.2
2 ITOCHU FIBRE LIMITED (METSÄ FIBRE*)	5.9	6.9	4.3	9.9	—
3 Japan Brazil Paper and Pulp Resources Development Co., Ltd.* (CENIBRA)	1.4	3.7	2.9	4.2	—
4 ITOCHU Kenzai Corp.	2.8	1.7	2.6	2.7	2.6
5 ITOCHU Property Development, Ltd.	2.4	2.8	2.6	2.4	2.3
6 ITOCHU LOGISTICS CORP.	1.9	2.1	2.4	2.7	2.6
Total Assets	954.0	810.8	840.4	978.8	—
ROA (%)	3.8	2.9	3.3	6.1	—
Core Profit	—	43.1	38.1	46.7	—

*1 "2019 (Plan)" indicates figures announced on May 2, 2018.

*2 Asterisks indicate equity-method associated companies.



Review of “Brand-new Deal 2017”

European Tyre Enterprise Limited (ETEL), which retails and wholesales tires in Europe, succeeded in various initiatives to bolster sales and profits. Also, ETEL is steadily augmenting its earning power by enhancing services which earned high marks from customers and third parties.

In the pulp business, METSA FIBRE Oy a Finnish softwood pulp manufacturer, increased production thanks to the completion of construction at a new plant in August 2017. As a result, METSA FIBRE became the world’s largest manufacturer of commercial softwood pulp for making paper. We are selling the majority of the increased 800,000 tons of

production in China and other parts of Asia. This rise in trading volume, plus favorable pulp prices have contributed to record-high net profits. Going forward, we will further solidify our position as a global pulp trader.

In the Chinese logistics business, we are building the largest logistics network for Japanese logistics companies operating in China mainly via ITOCHU LOGISTICS (CHINA) CO., LTD., positioning itself as the leader in terms of handling volume. We aim to further expand earnings in the Chinese logistics business through get involved in fast-growing e-commerce-related businesses.

Important Steps under “Brand-new Deal 2017”

Strengthening Our Earnings Base in the North America Fencing Business

ITOCHU Group company MASTER-HALCO, INC., which manufactures and sells fences in North America, has established a position as the largest wholesaler of fences in the United States through operations spanning five chainlink fence factories and 53 sales locations across North America. To further expand our North American fencing business, in January 2018 we acquired Alta Forest Products, LLC. (Alta), North America’s largest manufacturer of wooden fences.

Alta has four sawmills in the northwestern United States, where it produces an annual 360 million board-feet (approximately 850,000 m³) of wooden fencing material. Alta holds a 75% share of the market for fencing made out of western red cedar, which is a scarce and precious wood. Highly resistant to deterioration and aromatic, this attractive and high-end fencing material is particularly sought after in North America.

We plan to leverage sales network synergies between the newly acquired Alta and Master-Halco as well as further strengthen the North American fencing business through the two companies.



Alta fence

Strategic Direction

Growth Opportunities		Strategies (Specific Measures)
Adapt business models in line with rapid technological change	➔	Further enhance the tire, construction materials, real estate, and logistics businesses by employing new technologies
Create earning opportunities in the Japanese and overseas construction materials business	➔	Strengthen earning power in the North American construction materials business and promote asset replacement
Market expansion due to growing demand for specialized and sophisticated logistics infrastructure services, as well as rise in living standards in China and the ASEAN region	➔	Augment the asset turnover model by building a value chain for logistics facilities, and expand the logistics business in China by reinforcing corporate foundations
Obstacles to Medium- to Long-Term Growth from an ESG Perspective		Responses
Opposition from local communities and consumers due to the handling of forestry resources without adequate consideration to biodiversity and local communities	➔	Continue asking uncertified suppliers to obtain certification and conduct sustainability surveys and visits to suppliers
Continuation of the cement business, which generates substantial greenhouse gas emissions during production	➔	Create a sustainable and stable flow of business between suppliers such as steel mills and users of slag and other byproducts as cement alternatives
Unbuilt social infrastructure and opposition from local communities in developing or emerging countries	➔	Building of infrastructure that takes environmental safety security and environment into consideration, such as the construction of electricity supply facilities, building of industrial water or wastewater plant facilities, and the establishment of security systems

(⇔ Page 64 Sustainability)

Initiatives for Reducing ESG Risks

Becoming the World's No. 1 Trader in Blast Furnace Slag, a Cement Alternative

Blast furnace slag, a byproduct of the steelmaking process, can be mixed into and used as a cement alternative. The use of slag helps to conserve limestone, a natural resource used in cement, and provides the environmental benefit of lowering CO₂ emissions by around 40%* compared with concrete made entirely from cement.

Blast furnace slag is also highly resistant to seawater and, being resistant to long-term corrosion, is widely used in large civil engineering structures at ports.

Beginning some 20 years ago, we now sell blast furnace slag produced in Japan and overseas in around 10 countries, making us the world's leading trader in slag, by handling volume. Going forward, we will build a sustainable and stable flow of operations in the slag business and are considering further investment and participation.

* Calculated at a 55 : 45 ratio for cement : blast furnace slag

Please also see the sustainability pages of ITOCHU's website.

<https://www.itochu.co.jp/en/csr/activities/general/>



Structure employing blast furnace slag

Key Financial (Ubiquitous) Risks

1	Compliance Risks	10	Foreign Exchange Rate Risks
2	Legal Risks (Excluding Compliance Risks)	11	Interest Rate Risks
3	Risks Associated with Trade Security Policy Management	12	Financing Risks
4	Risks Associated with Customs	13	Information System Risks
5	Country Risks	14	Information Security Risks
6	Commodity Price Risks (Specific, Important Product)	15	Labor Management Risks
7	Credit Risks	16	Human Resources Risks
8	Investment Risks	17	Risks Associated with the Appropriateness of Financial Reporting
9	Stock Price Risks	18	Risks Associated with Internal Control

ICT & Financial Business Company

We intend to take the lead in the ICT and financial business, an area characterized by rapid change and where intelligence and speed are the keys, as we take up the challenge of creating new businesses.

Business Fields

- Information technology (ICT, BPO, and healthcare)
- Communications (mobile, media, and communication & satellite businesses)
- Finance (retail, corporate)
- Insurance (brokerage, underwriting)



President, ICT & Financial Business Company

Tatsushi Shingu

Company Strengths

- Solid position of strong Group companies in the ICT field and the generation of synergies through alliances between businesses
- Business development in the retail financial services and insurance fields in Japan and overseas
- Network including start-ups and other leading-edge companies in Japan and overseas



From left:

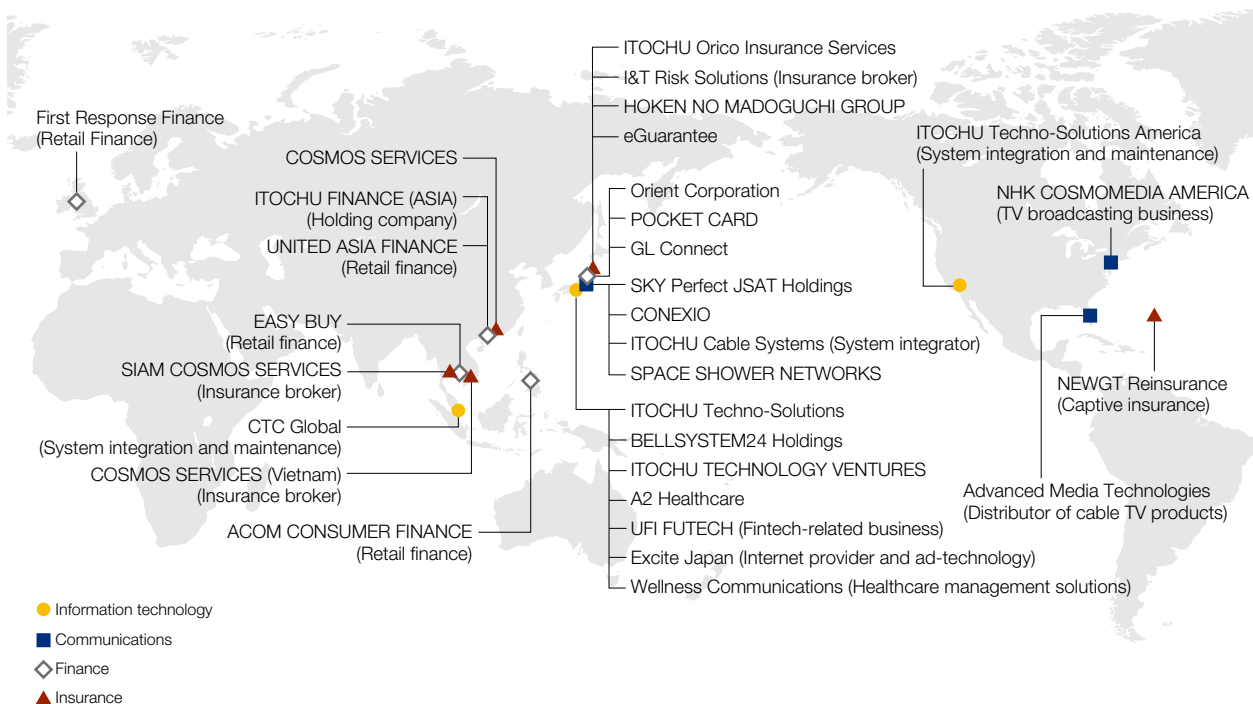
Kiyoshi Imagawa,
Chief Operating Officer, ICT Division

Shuichi Kato,
Chief Operating Officer, Financial & Insurance Business Division

Kenichi Kijima,
Chief Financial Officer

Tadayoshi Yamaguchi,
General Manager, Planning & Administration Department

Business Development



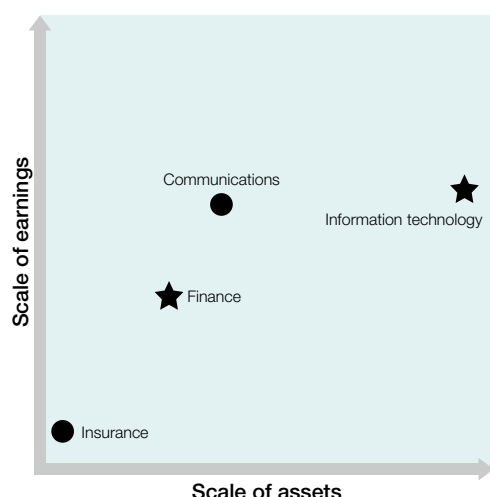
Major Business Developments in the Value Chain

Note: For more information on official company names that are abbreviated, please refer to the "Performance Trends" section.

	Corporate services	Retail services
Information technology	1 ITOCHU Techo-Solutions / 2 BELLSYSTEM24 Holdings (BPO)* / ITOCHU TECHNOLOGY VENTURES / A2 Healthcare	
Communications	3 CONEXIO (mobile) / 4 SKY Perfect JSAT Holdings* (media, satellite businesses) / SPACE SHOWER NETWORKS* (media)	
Finance	GL Connect*	5 POKET CARD* / 6 Orient Corporation* / Overseas retail finance
Insurance	ITOCHU Orico Insurance Services / COSMOS SERVICES	
	eGuarantee*	HOKEN NO MADOGUCHI GROUP*

*Equity-method associated companies

Asset Portfolio and Efficiency



Note: ★ indicates focused business areas.



Performance Trends and Breakdown of Net Profit (Loss) by Major Group Companies

(Billions of Yen)

	2015	2016	2017	2018	2019 (Plan) *1
Consolidated Net Profit (Loss)	43.1	48.4	40.1	51.1	65.0

Breakdown of Net Profit (Loss) by Major Group Companies

1 ITOCHU Techno-Solutions Corporation	10.2	10.4	12.6	13.6	14.0
2 BELLSYSTEM24 Holdings, Inc.*	1.7	3.4	1.4	1.2	2.5
3 CONEXIO Corporation	2.9	3.7	3.9	4.1	4.1
4 ITOCHU Fuji Partners, Inc.* (SKY Perfect JSAT Holdings*)	0.4	2.3	2.2	(0.2)	1.9
5 POKET CARD CO., LTD.*2, *	0.6	0.6	0.6	1.3	2.6
6 Orient Corporation*	3.0	2.6	5.0	4.2	—
Total Assets	668.3	684.8	718.6	766.2	—
ROA (%)	6.9	7.2	5.7	6.9	—
Core Profit	—	36.4	43.1	50.1	—

*1 "2019 (Plan)" indicates figures announced on May 2, 2018.

*2 The company was delisted on February 1, 2018.

*3 Asterisks indicate equity-method associated companies.



Review of “Brand-new Deal 2017”

In addition to achieving an increase in core profit driven by the growth of Group companies, we are steadily building a foundation to create new businesses through start-up and business investments.

In the ICT field, we achieved robust expansion in our earnings base through core companies ITOCHU Techno-Solutions Corporation and CONEXIO Corporation. We also promoted alliances with BELLSYSTEM24 Holdings, Inc. by leveraging the ITOCHU Group capabilities. We also took on challenges in new fields such as a full-fledged entry into the cross-border e-commerce business targeting China through investment in Inagora, Inc.

In the finance and insurance fields, we are achieving steady growth in existing retail finance in Japan and overseas. In addition, we are working to reinforce our foundations in the retail finance business in Southeast Asia, such as participation in the launch of a new retail finance business in the Philippines. Further promoting our alliance with FamilyMart UNY Holdings, we jointly established UFI FUTECH Co., Ltd. and raised our stake in POCKET CARD CO., LTD. to increase our share. Collaborating with UFI FUTECH we are putting in place the steppingstones to strengthen financial businesses peripheral to FamilyMart’s operations, centering on card settlement and fintech-related businesses.

Important Steps under “Brand-new Deal 2017”

Strengthening and Expanding Initiatives with FamilyMart UNY Holdings

In September 2017, ITOCHU and FamilyMart UNY Holdings Co., Ltd. (UFHD) jointly established UFI FUTECH Co., Ltd.

In addition, in November 2017 ITOCHU and FamilyMart Co., Ltd. made a tender offer, increasing their stakes in POCKET CARD CO., LTD., which handles the Famima T Card.

Ongoing growth for the market scale of credit card business is expected by expanding the scope of settlement and growth in e-commerce. However, companies in other industries with expertise in the fintech and ICT fields are rapidly moving into these areas.

While further enhancing the existing credit card business, we will engage in new data-driven service business such as the finance business and digital marketing using the original customer base of UFHD.



Strategic Direction

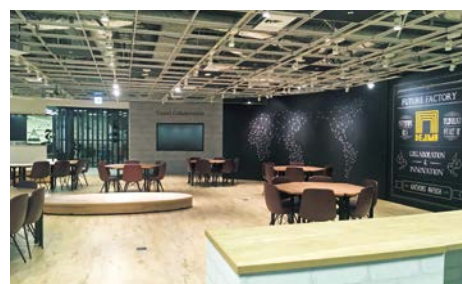
Growth Opportunities		Strategies (Specific Measures)
Improvement of business efficiency and enhancement of productivity through the use of AI and IoT	➔	Discover, form alliances with, and promote business developments with start-up companies
Expansion of the infrastructure services business in response to increasingly specialized and sophisticated business processes	➔	Develop new solutions, applying new cutting-edge technologies
Cultivation and support for business expansion of excellent companies located in rural regions of Japan	➔	Promote regional development by applying corporate finance and cross-border e-commerce
Obstacles to Medium- to Long-Term Growth from an ESG Perspective		Responses
Concerns about major security breaches that lead to privacy violations in healthcare businesses that utilize ICT	➔	Appropriate storage of health data obtained via medical checkups, wearable devices, and body composition monitors
System failure due to cyberattacks and other factors that have a major impact on overall society	➔	Provision of high-value-added ICT solutions by demonstrating sourcing (cultivation and procurement) functionality for new products and services
Shrinking retail finance market due to changes in global financial markets and the introduction of regulations in various countries	➔	The creation of new retail finance markets through new technologies, as well as increases in the number of customers and expanded scale of assets in existing businesses

(➔ Page 64 Sustainability)

Taking Advantage of Opportunities for Growth

Start-Up Investments to Develop New Technologies and Service Models

The rapid adoption of AI, IoT, and other new technologies is presenting to rebuild conventional business models and respond to digitalization as an important management issue for companies. By investing in start-up companies, the ITOCHU Group is endeavoring to promote the rapid utilization of new technologies and services at investees. Furthermore, by promoting open innovation and creating next-generation business models, we are supporting digitalization efforts at client companies. We are fostering stronger ties between start-up investees and ITOCHU Group companies by increasing share and dispatching employees. As a result, we aim to internalize some of the growth potential of those start-up companies into the ITOCHU Group and cultivate new ITOCHU Group companies.



ITOCHU Techno-Solutions' innovation space, "DEJIMA"

Please also see the sustainability pages of ITOCHU's website.

<https://www.itochu.co.jp/en/csr/activities/ict/>

Key Financial (Ubiquitous) Risks

1	Compliance Risks	10	Foreign Exchange Rate Risks
2	Legal Risks (Excluding Compliance Risks)	11	Interest Rate Risks
3	Risks Associated with Trade Security Policy Management	12	Financing Risks
4	Risks Associated with Customs	13	Information System Risks
5	Country Risks	14	Information Security Risks
6	Commodity Price Risks (Specific, Important Product)	15	Labor Management Risks
7	Credit Risks	16	Human Resources Risks
8	Investment Risks	17	Risks Associated with the Appropriateness of Financial Reporting
9	Stock Price Risks	18	Risks Associated with Internal Control