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Business Portfolio

In the context of strengths, risks, and opportunities in each business field, this section outlines the strategies of the Division Companies that comprise ITOCHU's business portfolio. The explanation is given with an awareness of the corporate value calculation formula (with a view to investment decisions) and the bearing these strategies have on material issues.

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Financial Summary

Segment Overview*1

	3-year average	Percentage of the Total for ITOCHU (3-year average)			
	ROA*2	Core profit	Total assets	Core operating cash flows	Number of employees (Consolidated)
Textile Company	4.0%	10.7	10.9	10.1	6.5%
Machinery Company	4.2%	10.7	7.9	19.8	11.2
Metals & Minerals Company	11.9%	21.3	11.8	19.8	10.2
Energy & Chemicals Company	4.3%	12.0	16.2	15.9	29.0
Food Company	2.6%	9.6	9.4	15.3	10.2
General Products & Realty Company	4.7%	10.0	11.0	8.2	13.8
ICT & Financial Business Company	5.2%	12.1	11.0	15.4	15.4
The 8th Company	1.4%	4.3	19.5	15.4	11.3
Others, Adjustments & Eliminations		15.8	9.0	12.0	2.2
				(0.1)	

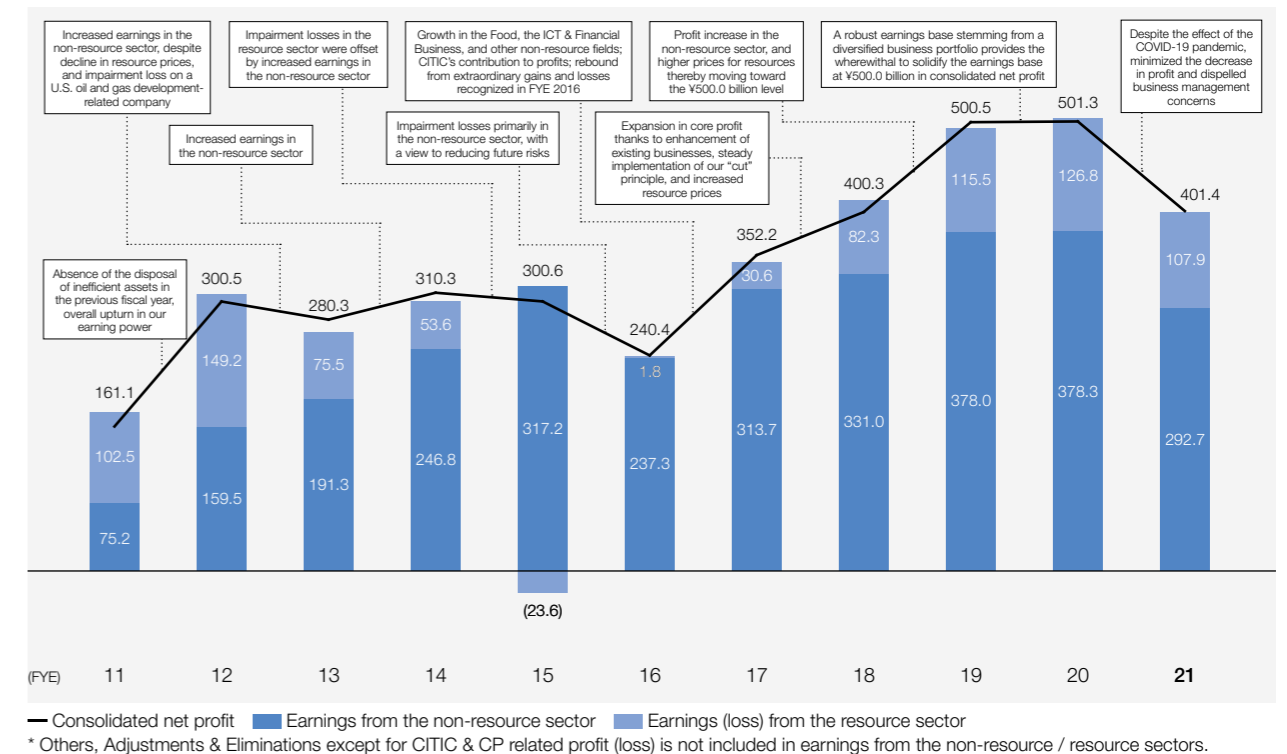
Non-Resource	76.1%	91.1%	75.5%	95.0%
Resource	23.9%	8.9%	24.5%	5.0%

*1 Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2019 have been adjusted retroactively.

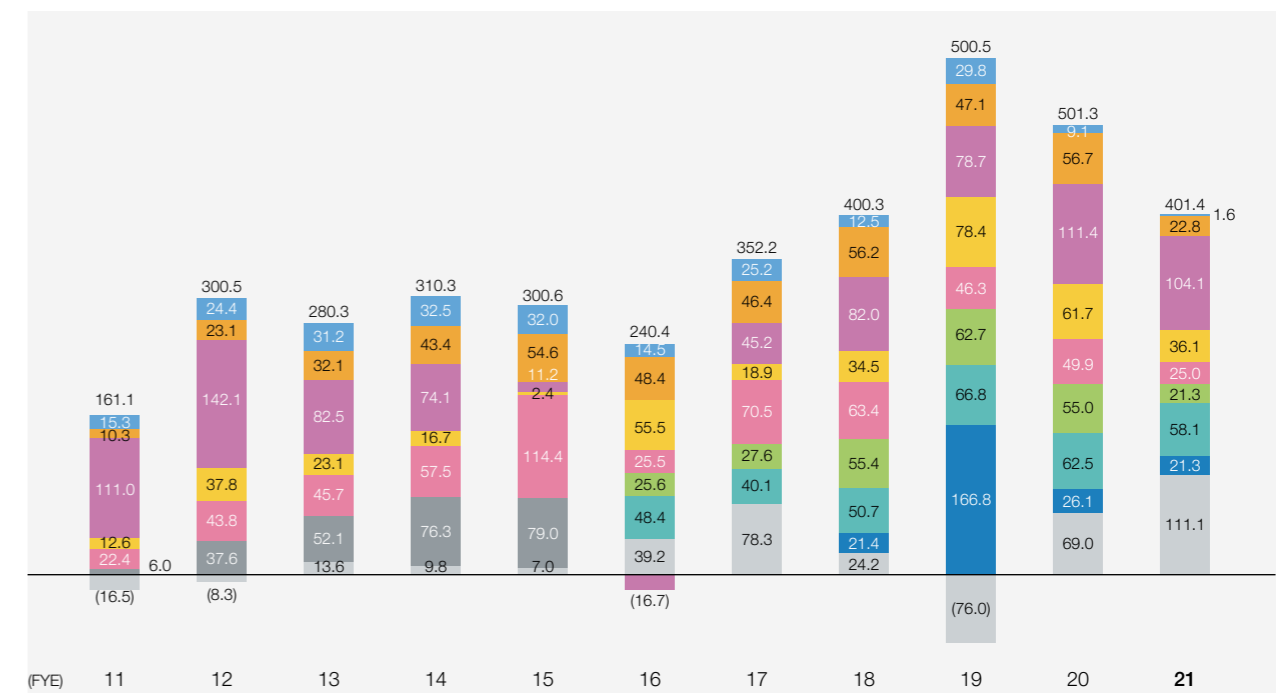
*2 In calculating average ROA, core profit has been used.

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

Consolidated Net Profit (Loss) (Non-Resource / Resource) (Billions of yen)



Consolidated Net Profit (Loss) by Segment (Billions of yen)



Extraordinary Gains and Losses

(57.5)	20.0	0.0	0.0	(5.0)	(75.0)	(18.0)	(16.5)	28.5	16.0	(51.0)
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Core Profit

218.6	280.5	280.3	310.3	305.6	315.4	370.2	416.8	472.0	485.3	452.4
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■ Textile Company ■ Machinery Company ■ Metals & Minerals Company ■ Energy & Chemicals Company ■ Food Company
 ■ ICT, General Products & Realty (until FYE 2015) ■ General Products & Realty (from FYE 2016) ■ ICT & Financial Business (from FYE 2016)
 ■ The 8th (from FYE 2018) ■ Others, Adjustments & Eliminations

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

*2 Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.

Textile Company

- Brand business
- Raw materials, garment materials, and apparel
- Industrial materials



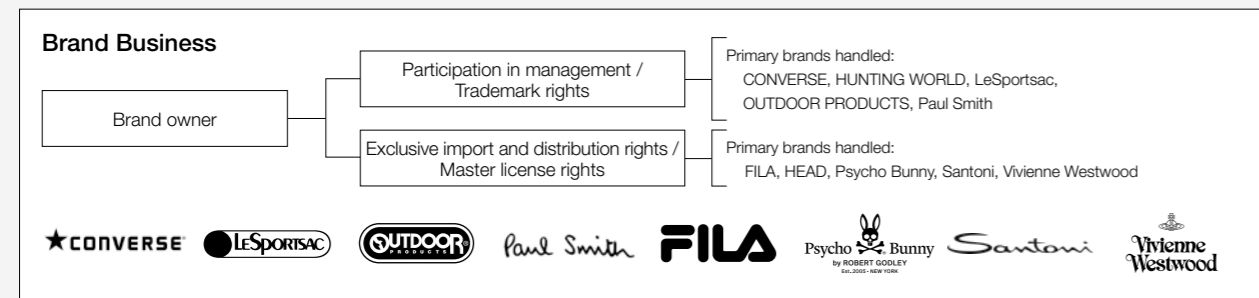
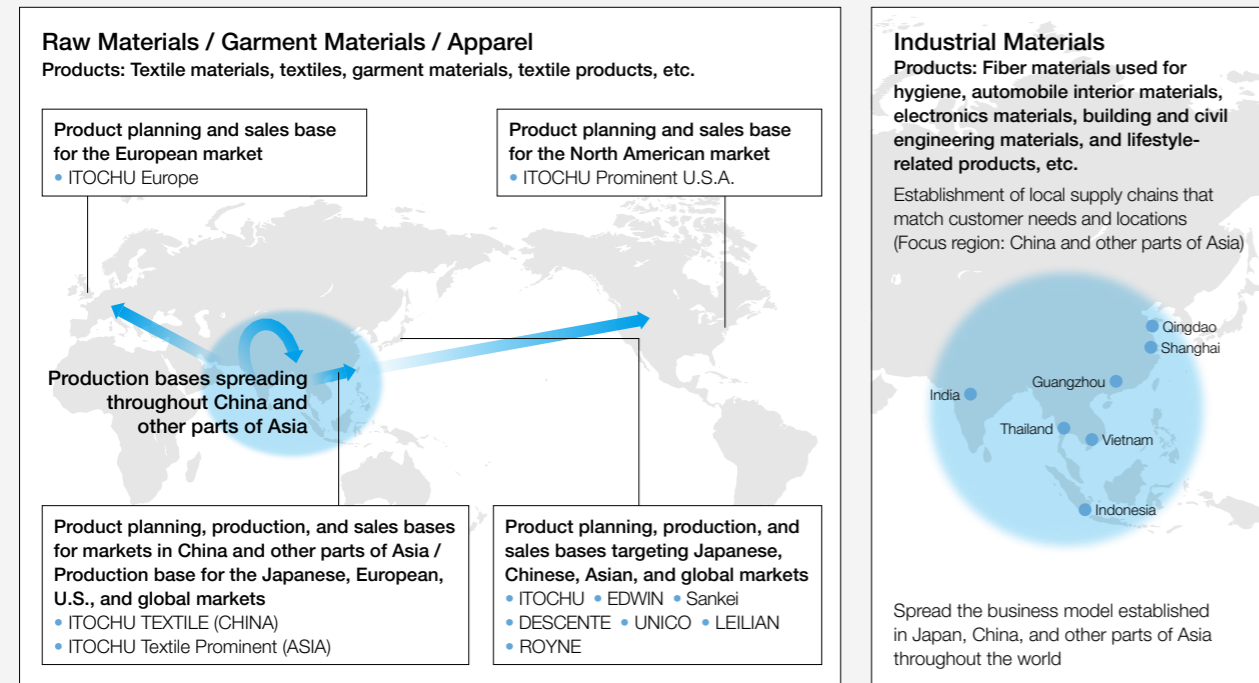
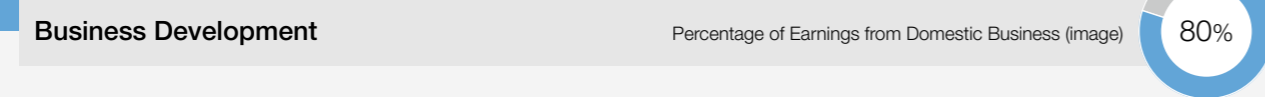
Masahiro Morofuji
President, Textile Company



From left: **Hideo Nakanishi**, Chief Operating Officer, Apparel Division
Yoshinori Kitajima, Chief Operating Officer, Brand Marketing Division 1
Hideto Takeuchi, Chief Operating Officer, Brand Marketing Division 2
Masato Sakuragi, Chief Financial Officer
Noriya Hashimoto, General Manager, Planning & Administration Department

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



FYE 2021 Review (Specific Accomplishments)

	Corporate Value	Created Value
	Cost of Capital	Growth Rate
Established the new Digital Strategy Department in July 2020. In response to changing consumer behavior caused by the COVID-19 pandemic, the department is strengthening e-commerce and promoting digitalization at Group companies		
Implemented a full-scale global rollout of recycled polyester fiber "RENU," which is sourced from old garments and textile		
Began a test rollout of "Kuura," a revolutionary cellulose fiber made through joint development with the Finland-based Metsä Group		

Growth Opportunities (Sustainable Growth)

	Corporate Value	Created Value
	Cost of Capital	Growth Rate
Promoting trade where we take the initiative by utilizing new technologies and developing sustainable materials		
Thoroughly conducting lean management in brand and retail-related businesses and promoting market-oriented business transformation by strengthening e-commerce and growing new sales channels		
Supporting DESCENTE's overseas business expansion and increasing overseas earnings through enhanced initiatives with leading companies in China and other parts of Asia		

Risk Responses (Reduction in Cost of Capital)

	Corporate Value	Created Value
	Cost of Capital	Growth Rate
Using RFID, IT, and data to enhance the efficiency of production, sales, and logistics operations		
Respecting human rights throughout supply chains and promoting trade with companies who engage in environmental management		
Promoting establishment of a safe and reliable product supply system		

Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues. Details of the action plans are available on our website: <https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/>

- Evolve Businesses Through Technological Innovation
- Address Climate Change (Contribute to Realization of a Decarbonized Society)
- Cultivate a Motivating Workplace Environment
- Respect Human Rights
- Contribute to Healthier and More Enriched Lifestyles
- Ensure Stable Procurement and Supply
- Maintain Rigorous Governance Structures

Specific Example of Enhancing Our Contribution to and Engagement with the SDGs



Softwood-derived cellulose fiber "Kuura"

Full-Scale Construction of a Value Chain Centered on Sustainable Materials

We have begun the full-scale construction of a value chain where we take the initiative. This starts with textile raw materials centered on sustainable materials.

The "RENU" project was launched in FYE 2020 with the aim of addressing the issue of excessive waste in the textile industry. Through this project, our textile-derived recycled polyester material has become more widely adopted and used by over 40 brands and companies related to clothing, accessories, and more.

In addition, in March 2021 we began a test rollout of the cellulose fiber "Kuura," which is derived from softwoods. Jointly developed with the Metsä Group, a major forest industry group based in Finland, this revolutionary new material is garnering attention for sustainability, due in part to the established traceability of wood, as well as its reduced environmental burden from using renewable energy at factories and a novel solvent in the manufacturing process.

Going forward, we will continue working to expand trade in sustainable materials while fully leveraging the Company's global supply chain that spans from raw textile materials to finished products.



Yuki Kamagata
Textile Material Section

Machinery Company

- Urban environmental and power infrastructure (water and environmental business, IPP, infrastructure, renewable energy, and petrochemical plants)
- Marine and aerospace (new vessels, secondhand vessels, ship ownership, commercial aircraft, aircraft leasing, and satellite information services)
- 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 in domestic and international markets, and business investments)



Hiroyuki Tsubai
President, Machinery Company



- From left: **Naohiko Yoshikawa**, Chief Operating Officer, Plant Project, Marine & Aerospace Division
Hiroshi Ushijima, Chief Operating Officer, Automobile, Construction Machinery & Industrial Machinery Division
Shuichiro Yamaura, Chief Financial Officer
Tatsuya Hirano, General Manager, Planning & Administration Department

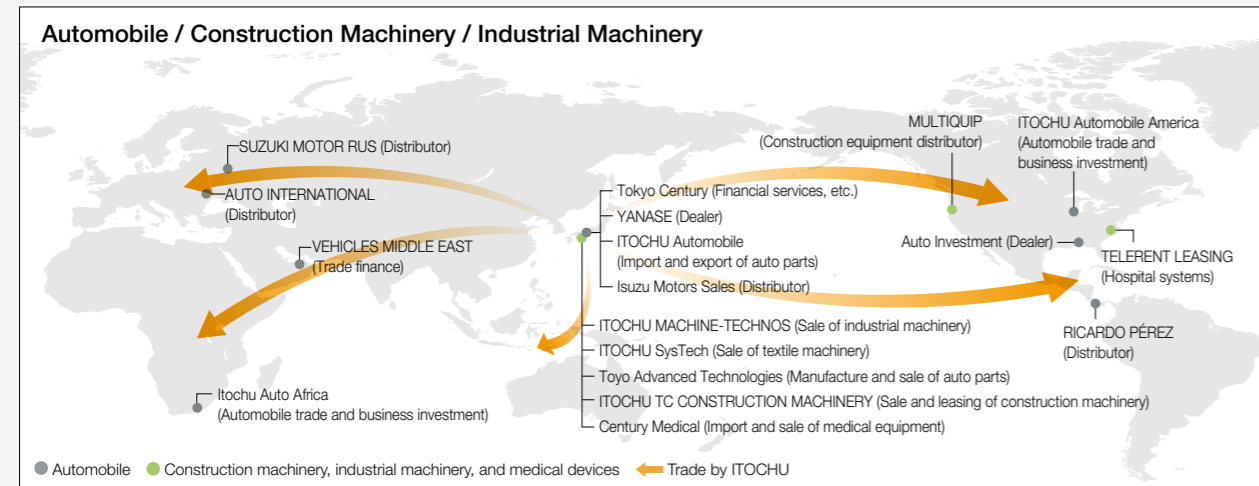
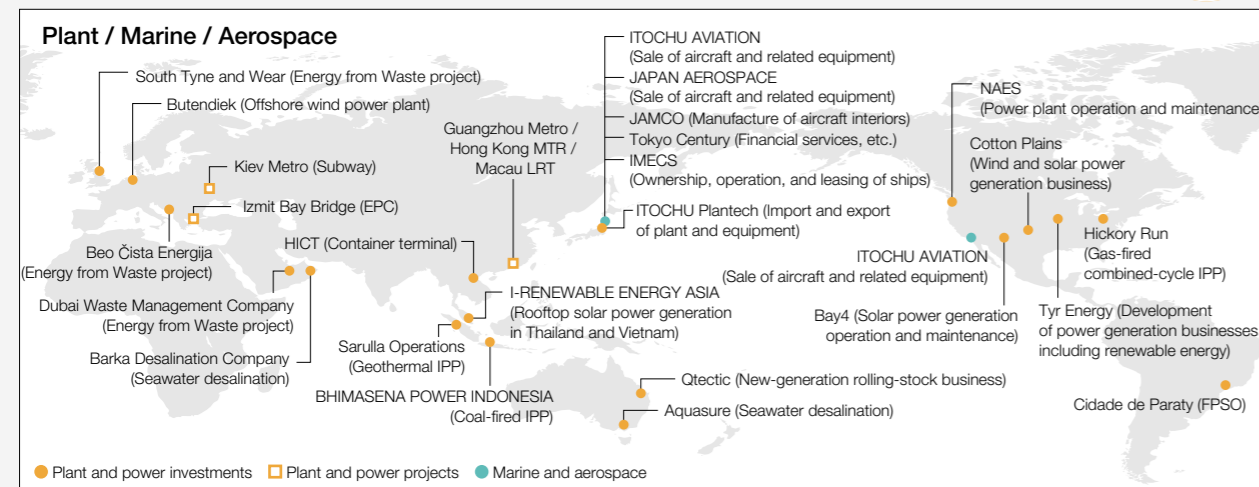
Company Strengths

- Solid business relationships with excellent partners in each business area
- 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

Business Development

Percentage of Earnings from Domestic Business (image)

60%



FYE 2021 Review (Specific Accomplishments)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

- Promoted development of the solar power business in the U.S. and Asia as well as expanded and strengthened the renewable energy field of the power plant operation and maintenance business
- Enhanced environmental business, including an Energy from Waste project in Dubai
- Began investing in and joint operations of the start-up SkyDrive Inc., which is developing a flying car
- Started a study on promoting overseas EV fleet solution business with Dishangtie (DST), who provides the same business model throughout China while deepening relations and cooperation
- Extended our value chain into downstream fields by investing in a rental company through ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.

Growth Opportunities (Sustainable Growth)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

- Expanding peripheral functions, such as operations, maintenance, and demand-supply balancing services, in addition to strengthening business development capabilities in the renewable energy field
- Promoting the fuel supply business and developing/owning zero-emission ships, which use ammonia as fuel, with the aim of reducing marine GHG emissions
- Expanding value-added businesses in the water and environment sectors, both geographically and in terms of functions, to spur the transition to a circular economy and meet social needs
- Transforming total value chains in the automobile field
- Providing leading-edge medical devices and advanced medical services to enhance quality of life in the medical field

Risk Responses (Reduction in Cost of Capital)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

- Complying with coal-related business policy and promoting renewable energy projects accounting for national/regional energy differences
- Reducing environmental impact by expanding mobility services and promoting EVs, autonomous cruising vehicles, and aircraft electrification
- Conducting due diligence on environmental/social safety for suppliers and investments in new development projects

Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.

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Specific Example of Enhancing Our Contribution to and Engagement with the SDGs



Nazareth Solar Power Facility in Pennsylvania, USA

Expansion of Operation and Maintenance (O&M) Business for Renewable Energy in the U.S.

In December 2020, ITOCHU acquired Bay4 Energy Services, LLC (Bay4), which provides O&M services for solar power plants, through its wholly owned U.S.-based subsidiary NAES Corporation, which is one of the world's largest independent O&M services companies. Bay4 leverages its system that remotely monitors operations and malfunctions to provide O&M services efficiently to approximately 1,400 solar power plants, representing combined generating capacity of 1,600 MW, that are owned by major utilities, institutional investors, and other clients.

In combination with the solar power plant development endeavor of another U.S. subsidiary, Tyr Energy Inc., we are enhancing our contribution to and engagement with the SDGs by providing comprehensive services throughout the solar power generation value chain from development to O&M.



Kento Shibata
Power Infrastructure Section No. 4

Metals & Minerals Company

- Development of metal & mineral resource projects (iron ore, coal, non-ferrous metals, rare metals, etc.)
- Trading of raw materials for steel-making (iron ore, coal, etc.), fuel for power generation (coal, uranium), non-ferrous raw material and products (aluminum, etc.), and recycling business (metal scrap, waste treatment, etc.)
- Decarbonization-related business (hydrogen, ammonia, CCUS, emissions trading, etc.)
- Steel business (import and export to / from Japan, trading in non-Japanese markets, processing, etc.)



Kenji Seto
President, Metals & Minerals Company



From left: **Jun Inomata**,
Chief Operating Officer, Metal & Mineral Resources Division
Kazuyoshi Sato,
Chief Financial Officer
Osamu Tano,
General Manager, Planning & Administration Department
Toru Shinya,
General Manager, Steel Business Coordination Department

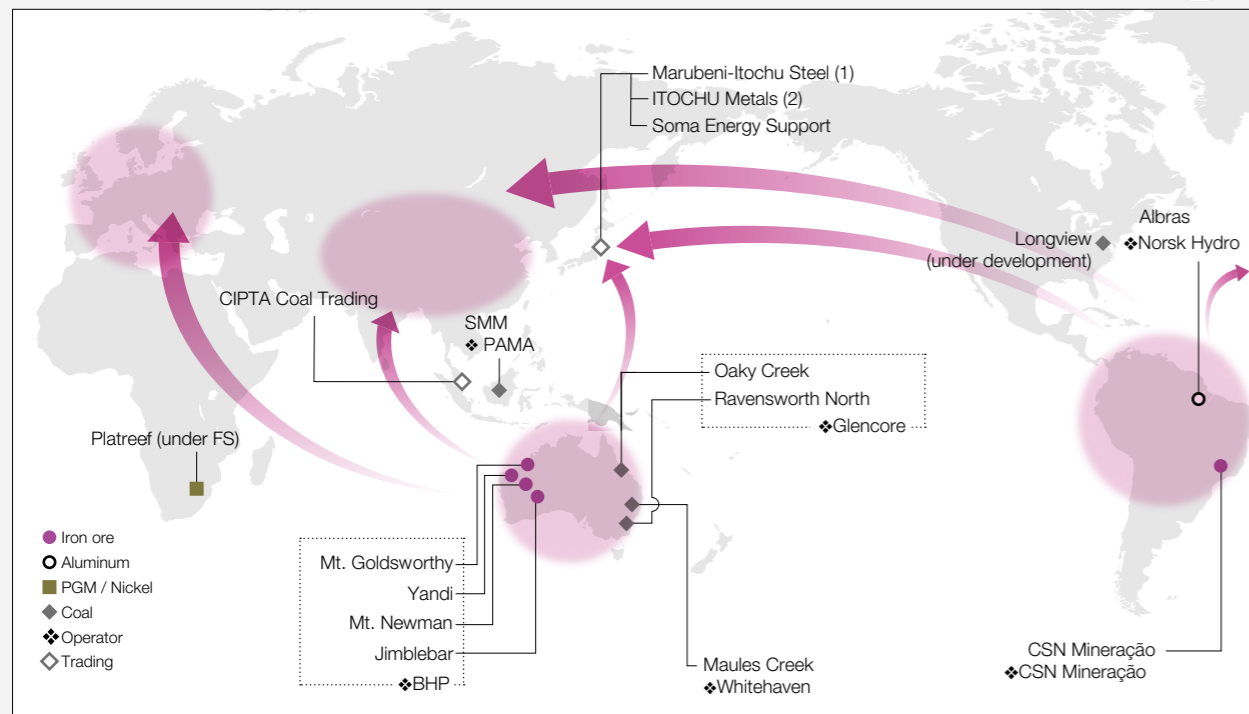
Company Strengths

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

Business Development

Percentage of Earnings from Domestic Business (image)

10%



(1) Marubeni-Itochu Steel

- Trading company that specializes in the steel distribution business and has business foundations in regions worldwide
- Provision of high-value-added services related to steel and other products, including import, export, sale, processing, supply chain management, and investment in steel-related industries



(2) ITOCHU Metals

- Trading company that specializes in non-ferrous metals and recycling, operates from raw material supply to resource recycling worldwide
- Raw material supply, product distribution, and proactive advancement of a comprehensive recycling business that is helping build a circular economy



FYE 2021 Review (Specific Accomplishments)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} \times \text{Growth Rate}}$$

- Promoted development of South Flank iron ore mine in Australia and Longview coking coal mine in the U.S. with the aim of building a natural-resource asset portfolio supporting continued future business growth
- To make hydrogen a practical fuel option for society, started to collaborate with NIPPON COKE & ENGINEERING CO., LTD. and Compagnie Maritime Belge B.V. in Belgium to promote a “local production for local consumption” model for hydrogen in northern Kyushu
- To promote decarbonization, divested our interest in the Drummond thermal coal mine
- With the aim of realizing a sustainable society, steadily promoted initiatives for venous industries, such as effectively utilizing resources through recycling and appropriately disposing of waste

Growth Opportunities (Sustainable Growth)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} \times \text{Growth Rate}}$$

- Leveraging our solid relationships with steel manufacturers and power companies to strengthen our initiatives in hydrogen and ammonia projects, which are indispensable to achieving carbon neutrality
- Steadily promoting carbon dioxide capture, utilization, and storage (CCUS) projects that help realize decarbonization across society
- Further promoting initiatives for venous industries to help build a circular economy, such as recycling and appropriate waste treatment
- Stably supplying materials indispensable to new technologies and social demands, such as EVs and FCVs, storage batteries, and lighter-weight materials that improve energy efficiency

Risk Responses (Reduction in Cost of Capital)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} \times \text{Growth Rate}}$$

- Pursuing efforts to completely withdraw from thermal coal mine investments and promoting technological development that contributes to GHG emissions reductions
- Promoting businesses that will facilitate the uptake of lighter-weight vehicles and EVs (such as aluminum and rare metals)
- Optimizing the asset portfolio to support stable supply of raw materials and fuels to meet social needs
- Complying with our Environment, Health, and Safety (EHS) Guidelines and continuing employee education on the Guidelines
- Contributing to local communities where we do business through the provision of healthcare, education, donations, and assistance to the establishment of regional infrastructure
- Promoting an increase in efficiency through mine operations and facility management utilizing DX, and conversion to the automated operation of mining equipment

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Specific Example of Enhancing Our Contribution to and Engagement with the SDGs



CMB's hydrogen mixed fuel engine

Constructing a “Local Production for Local Consumption” Hydrogen Business in Northern Kyushu

ITOCHU is promoting cross-division initiatives related to hydrogen as a key technology for carbon neutrality.

The Metals & Minerals Company is conducting a joint operationalization research related to a “local production for local consumption” hydrogen business in northern Kyushu with ITOCHU's major customer NIPPON COKE & ENGINEERING CO., LTD. and Belgium's largest general maritime shipping company Compagnie Maritime Belge B.V. (CMB), which has a long-standing business relationship with ITOCHU in building new ships.

The aim of the project is to generate demand (underpinned by CMB's hydrogen engine), provide supply (underpinned by by-product hydrogen from the coke business), and both construct and launch a “local production for local consumption” model by FYE 2024. Furthermore, we will strengthen initiatives to contribute to the SDGs by making hydrogen a practical fuel option on a global scale through a proactive rollout of the project to other regions.



Sho Kusuda
Carbon Neutral
Management Section

Energy & Chemicals Company

- Energy projects and trading (crude oil, petroleum products, LPG, LNG, natural gas, hydrogen and ammonia, renewable fuel, etc.)
- Chemical products business and trading (basic petrochemical products, synthetic resins, household goods, fine chemicals, pharmaceuticals, electronic materials, eco-friendly materials, etc.)
- Power business and trading (renewable energy power generation, power trading, heat supply, solar panels, energy storage systems (ESS), biomass fuel, and other related materials)



Masaya Tanaka
President, Energy & Chemicals Company;
Chief Operating Officer,
Power & Environmental Solution Division



From left: **Hisato Okubo**,
Executive Vice President, Energy & Chemicals Company;
Chief Operating Officer, Energy Division
Nobuyuki Tabata,
Chief Operating Officer, Chemicals Division
Kenji Takai,
Chief Financial Officer
Isao Nakao,
General Manager, Planning & Administration Department

Company Strengths

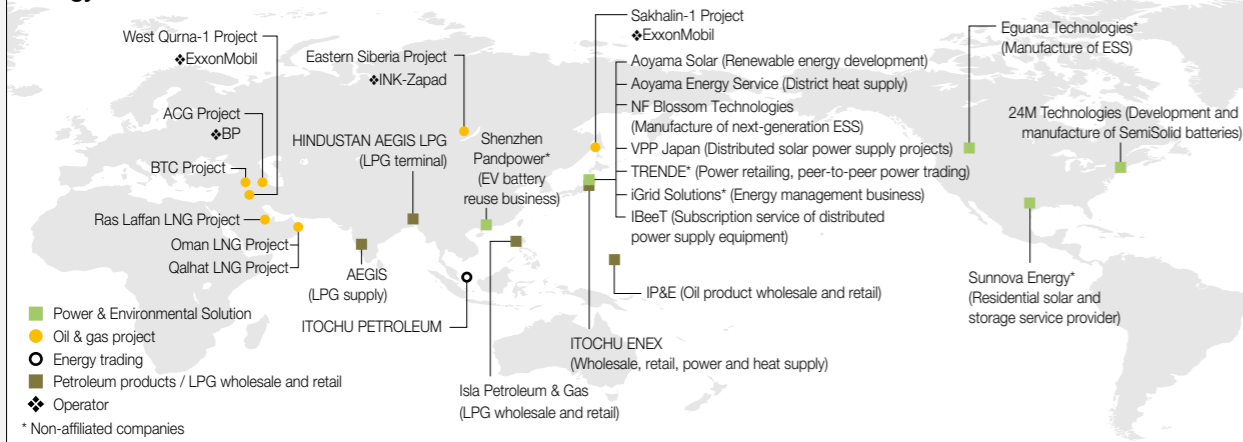
- Development and trading of eco-friendly energy
- Business development capabilities in the chemicals field that leverage robust Group companies and overseas locations
- Comprehensive value chain in the next-generation power sector consists of both investments and trade businesses

Business Development

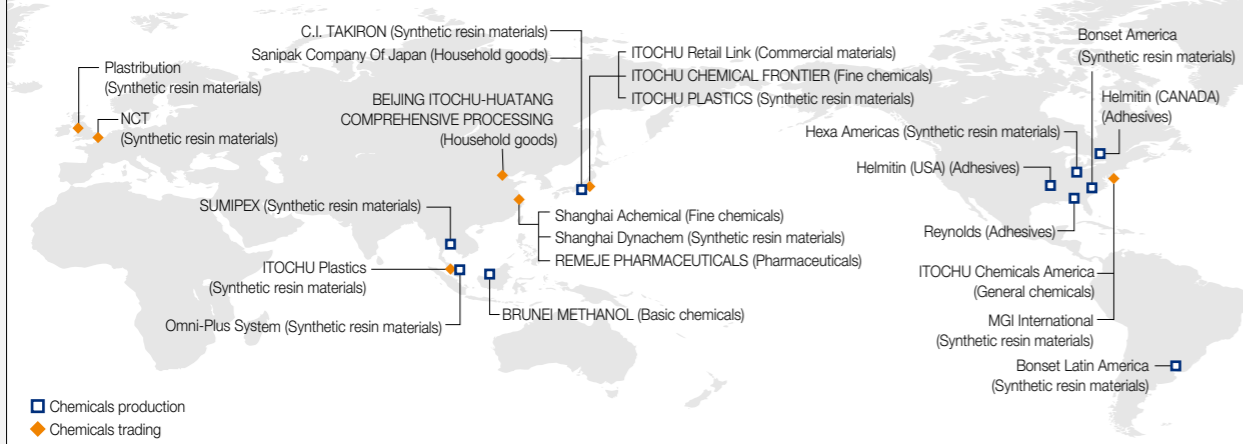
Percentage of Earnings from Domestic Business (image)

60%

Energy / Power & Environmental Solution



Chemicals



FYE 2021 Review (Specific Accomplishments)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

- Supplied sustainable aviation fuel on commercial flight scale for the first time Japan
- Promoted the joint development and branding of products using eco-friendly materials with brand owners
- Started development of a hydrogen value chain through strategic joint venture with Air Liquide Japan G.K.
- Strengthened capital and business alliance with reputable partners in ESS businesses and launched new products which contribute its users to utilize environmental value
- Promoted commercialization of large-scale renewable energy projects, such as starting operations at biomass power plants and inviting reputable partners for wind power generation, and development of solar distributed power sources

Growth Opportunities (Sustainable Growth)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

- Working with Group companies to build a sustainable fuel value chain, including for hydrogen and ammonia
- Expanding the business model to help resolve social issues, such as through the joint development of eco-friendly materials and the recycling business
- Developing new products using reused EV batteries for industry and business, and promoting next-generation battery business including SemiSolid batteries
- Realizing the stable supply of renewable energy through the development, possession, and operation of renewable energy power plants; expanding electric power and biomass fuel trade in line with the needs of the SDGs
- Promoting CCUS-related projects by utilizing our expertise and collaborating with global leading companies

Risk Responses (Reduction in Cost of Capital)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

- Accelerating initiatives for environment-related business, such as sustainable fuel and renewable energy, to contribute to decarbonization across society
- Enhancing activities to further minimize environmental burden in our existing portfolio

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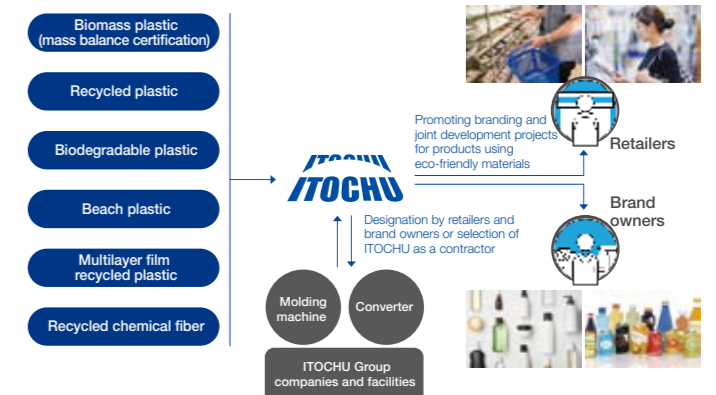
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Specific Example of Realizing Business Transformation by Shifting to a Market-Oriented Perspective

Promoting a Market-Oriented Environmental Business

ITOCHU is proactively addressing environmental problems. We are working with U.S.-based TerraCycle, Inc. to develop recycled plastic derived from marine waste and build a recycle-reuse model, and also working with European companies to introduce eco-friendly materials, such as biomass plastic and recycled nylon. We are currently promoting branding and joint development projects for products using eco-friendly materials with retailers and brand owners. By leveraging our global sales network and top-tier synthetic resin sales in the industry, we will contribute to realizing a sustainable society by promoting environment-related businesses from a market-oriented perspective, in order to build a new supply chain based on "Sampo-yoshi" from downstream to upstream.

A New Supply Chain Based on "Sampo-yoshi" from Downstream to Upstream



Takuya Kobayashi
Chemical Projects
Development Team

Food Company

- Food resources and ingredients
- Food production and processing
- Food marketing & distribution



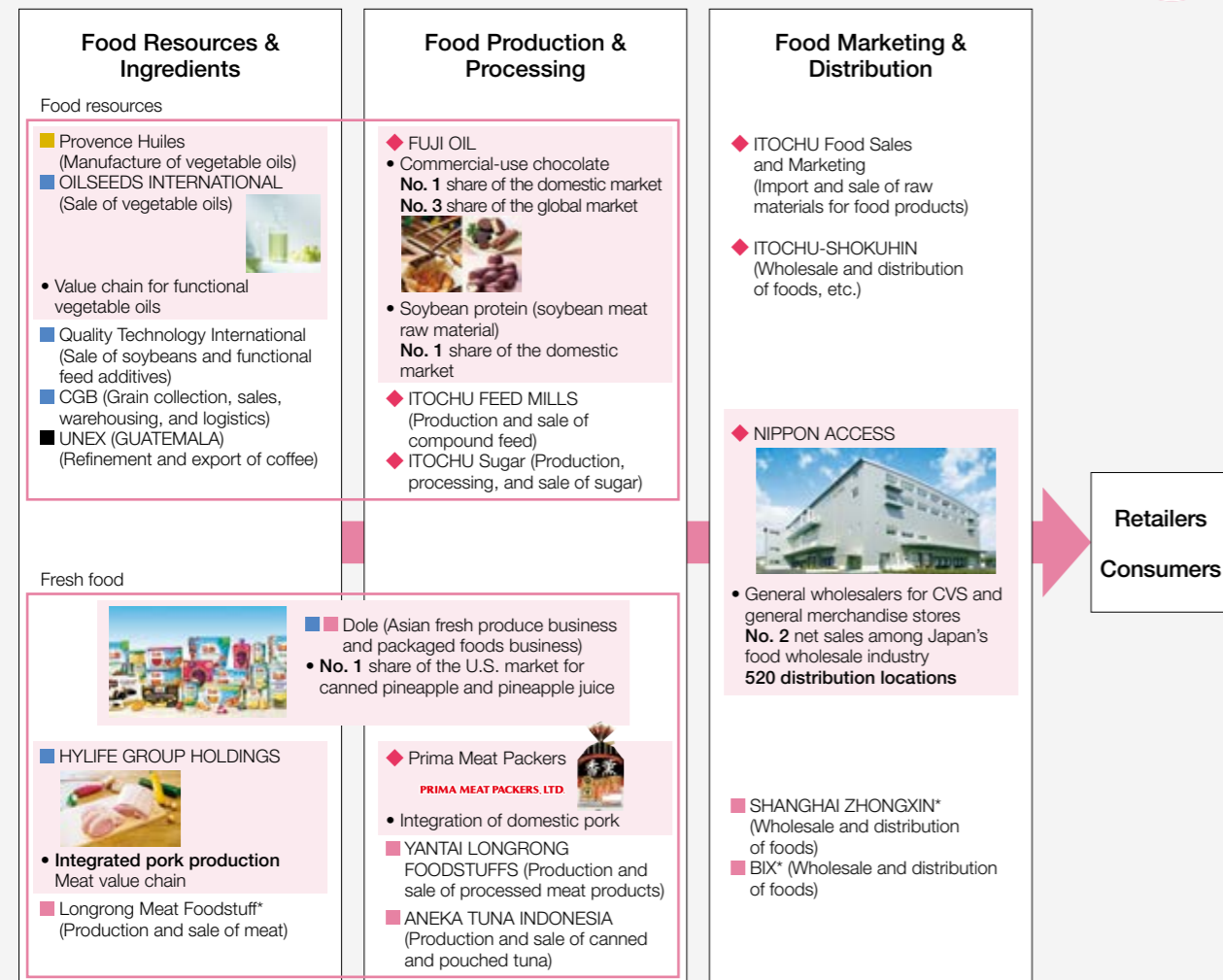
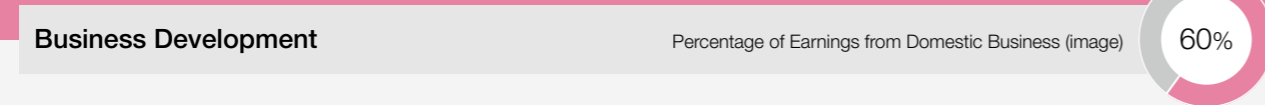
Hiroyuki Kaizuka
President, Food Company



From left: **Shuichi Miyamoto**, Chief Operating Officer, Provisions Division
Kenichi Tai, Chief Operating Officer, Fresh Food Division
Hidenari Sato, Chief Operating Officer, Food Products Marketing & Distribution Division
Kenichiro Soma, Chief Financial Officer
Kuniaki Abe, General Manager, Planning & Administration Department

Company Strengths

- Top-class food distribution and retail network
- Worldwide network of production, distribution, and sales value chains for fresh foods (marine, meat, and agricultural products)
- Global supply chain for food resources



Region legend: ♦ Japan ■ North America ■ Europe ■ China and other Asian countries ■ Other countries * Non-affiliated companies

FYE 2021 Review (Specific Accomplishments)

- Expanded our integrated pork production base in the North American region by acquiring Prime Pork, LLC, a hog farming operation of ProVista group, through HYLIFE GROUP HOLDINGS LTD.
- Expanded digital services supporting DX of retail operations through the Group's wholesale operations and promoted optimization of the food supply chain
- Invested in Farmer Connect SA, a traceability platform for coffee that supports sustainable production by farmers

Growth Opportunities (Sustainable Growth)

- Broadening production bases, which ensures food safety and security, and developing a stable supply network
- Leveraging the Group's wide range of products, functions, and expertise with new technologies to diversify the value we provide in the food business field
- Expanding our business foundation overseas, centered on high-value-added raw materials and products that meet consumer needs
- Supporting development to create employment and improve living circumstances by nurturing local industry in regions which produce food ingredients and materials
- Expanding functions in food distribution to strengthen the value chain and rationalize logistics operations

Risk Responses (Reduction in Cost of Capital)

- Diversifying production regions to ensure stable supplies of fresh foods and avoid risks related to weather and epidemics
- Strengthening our sustainable food resource procurement system, which protects the environment and respects human rights
- Reducing our environmental impact by using green energy in our packaged foods business
- Increasing the number of employees holding international certifications for inspections under a food safety management system (FSMS)
- Creating a procurement system, which complies with third-party verification and our business partners' own codes of conduct

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Specific Example of Realizing Business Transformation by Shifting to a Market-Oriented Perspective



Grapeseed oil produced by Provence Huiles which meets the SDGs

France-Based Provence Huiles Made a Wholly Owned Subsidiary

ITOCHU made Provence Huiles S.A.S. (PH), which conducts vegetable oil manufacturing and sales mainly in Europe, a wholly owned subsidiary. PH handles highly functional vegetable oils, such as grapeseed oil and high oleic sunflower oil, and also focuses on sustainable products, such as organic oils that require strict management. PH is one of the largest grapeseed oil producers in the world by volume.

Since its capital participation in September 2015, ITOCHU combined its marketing capabilities in North America and Asia with PH and has actively worked to strengthen the value chain for functional vegetable oils. Now that PH has been made a wholly owned subsidiary, we will continue building a product supply system to more adeptly meet diversifying consumer needs and growing health consciousness.



Yosuke Yasuda
Oils & Fats Section

General Products & Realty Company

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



Tomofumi Yoshida
President,
General Products & Realty Company



From left: **Kenji Murai**,
Chief Operating Officer, Forest Products, General Merchandise & Logistics Division
Masatoshi Maki,
Chief Operating Officer, Construction & Real Estate Division
Tetsuya Sebe,
Chief Financial Officer
Tsutomu Yamauchi,
General Manager, Planning & Administration Department

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

Business Development

Percentage of Earnings from Domestic Business (image)

40%

Paper / Pulp / Hygiene

METSA FIBRE



- One of the world's largest manufacturers of commercial softwood pulp
- Production capacity: Approx. 3.2 million tonnes per year
- ◆ ITOCHU Pulp & Paper (Wholesale of paper, paper board, and processed paper products)

Natural Rubber / Tires / Ceramics

European Tyre Enterprise



- Conducts the operations of Kwik-Fit, the UK's largest tire retailer
- ANEKA BUMI PRATAMA (Processing of natural rubber)
- ◆ ITOCHU CERATECH (Manufacture of ceramic raw materials and products)

Wood Products & Materials

North American construction materials business

Development of a robust value chain

- MASTER-HALCO (Manufacture and wholesale of fences)
- Alta Forest Products (Manufacture of wooden fences)
- CIPA LUMBER (Manufacture of veneer)
- Pacific Woodtech (Manufacture of laminated veneer lumber)



- ◆ ITOCHU KENZAI (Wholesale of wood products and building materials)
- ◆ DAIKEN (Manufacture and wholesale of building materials)

Development & Operation of Real Estate

- ◆ ITOCHU Property Development
- Development of condominiums (CREVIA series)
- Development of profit-earning real estate
- ◆ ITOCHU Urban Community (Management of condominiums, rental apartments, and office buildings)
- ◆ ITOCHU HOUSING (Real estate agent and property consultant)
- ◆ CENTURY 21 REAL ESTATE OF JAPAN (Real estate franchise operation)
- ◆ ITOHPIA HOME (Planning and construction of detached houses)
- ◆ CHUSETSU Engineering (Planning and construction of plants, logistics facilities, etc.)
- ◆ IZU-OHITO DEVELOPMENT (Golf course management)

- ##### REITs and funds
- ◆ AD Investment Management
 - ◆ ITOPIA Asset Management
 - ◆ ITOCHU REIT Management

Overseas businesses

- Saigon Sky Garden (Serviced apartments, Vietnam)
- Makati Sky Plaza Building (Office building, the Philippines)
- Harindhorn Building (Office building, Thailand)
- KARAWANG INTERNATIONAL INDUSTRIAL CITY (Indonesia)
- Resort hotel management business (Indonesia)
- Data center development business (China)
- Condominium leasing business (U.S.A.)

Logistics

◆ ITOCHU LOGISTICS



- Comprehensive logistics services (Freight forwarding, warehousing, trucking, and distribution centers)
- ITOCHU LOGISTICS (CHINA) (Comprehensive domestic logistics services in China)
- Dateng Logistics (Shanghai) (Comprehensive domestic logistics services in China)

Region legend: ◆ Japan ■ North America ■ Europe ■ China and other Asian countries

FYE 2021 Review (Specific Accomplishments)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

- Steadily expanded the North American construction materials business by acquiring a fence component manufacturer
- Strengthened the allocation of management resources in growth fields by reviewing owned assets in the pulp business
- Reinforced the value chain, from the manufacture and distribution of construction materials to real estate development, through Group synergy
- Undertook large-scale logistics center development projects using our business partner network
- Began development of an experiential entertainment facility by enticing a major overseas media company to Japan

Growth Opportunities (Sustainable Growth)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

- Enhancing profitability by promoting M&As in the North American construction materials business
- Contributing to the SDGs and strengthening profitability by promoting the recycling of existing products and expanding sales of eco-friendly products that use sustainable forest resources
- Reinforcing our earnings base by promoting more efficient cross-industry logistics, seizing the logistics crisis caused by a driver shortage as an opportunity
- Strengthening and expanding construction functions by promoting M&As in the construction materials distribution business
- Continuing to move ahead in the North American real estate business through strategic alliances and joint investments with leading U.S. real estate companies

Risk Responses (Reduction in Cost of Capital)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

- Promoting the effective use of sustainable by-products (slag) as a cement alternative and creating a sustainable and stable distribution system
- Promoting the production and widespread use of sustainable natural rubber that excludes raw materials produced by illegal logging through the use of a traceability system developed by ITOCHU
- Revising Group companies' backbone systems (ERP) to increase analytical/operational efficiency ("cut") and reduce security risk ("prevent")

Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.

Details of the action plans are available on our website: <https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/>

- ④ Evolve Businesses Through Technological Innovation
- ③ Address Climate Change (Contribute to Realization of a Decarbonized Society)
- ⑤ Cultivate a Motivating Workplace Environment
- ① Respect Human Rights
- ② Contribute to Healthier and More Enriched Lifestyles
- ⑥ Ensure Stable Procurement and Supply
- ⑦ Maintain Rigorous Governance Structures

Specific Example of Enhancing Our Contribution to and Engagement with the SDGs



Aiming to ensure the widespread use of sustainable natural rubber by making procurement transparent

Procuring Natural Rubber from Sustainable Natural Resources

In the natural rubber business, human rights infringements against local people and illegal logging have become issues. Companies are being called on to procure environmentally and socially conscious products. Using a traceability system ITOCHU developed on its own, it is now possible to trace each step of the procurement process for natural rubber, enabling us to differentiate sustainable natural rubber as better for the environment and society. ITOCHU's Indonesia-based subsidiary P.T. ANEKA BUMI PRATAMA began manufacturing traceable natural rubber using this system and plans to market it as a high-value-added product aligned with the SDGs. By returning a portion of sales revenue to farmers and promoting the use of this system, we will continue to support the production and widespread use of sustainable natural rubber, as well as rein in illegal logging.



Hideyuki Karasawa
Logistics & Material Distribution Department

ICT & Financial Business Company

- Information technology (IT services, BPO, and healthcare)
- Communications (mobile, media, and space and satellite)
- Finance (retail finance business)
- Insurance (retail, brokerage, and underwriting)



Tatsushi Shingu
President,
ICT & Financial Business Company



From left: **Hiroshi Kajiwara**,
Chief Operating Officer, ICT Division
Yasuhito Kawauchino,
Chief Operating Officer, Financial & Insurance Business Division
Fumitaka Horiuchi,
Chief Financial Officer
Atsushi Hashimoto,
General Manager, Planning & Administration Department

Company Strengths

- Profitable revenue structure made possible by the core Group companies in the ICT field and the generation of synergies through various alliances between businesses
- Business development in the retail financial services and insurance fields in Japan and overseas
- Network including start-up companies and other leading-edge companies in Japan and overseas

Business Development

Percentage of Earnings from Domestic Business (image)

80%

Information Technology / Communications

IT services and BPO

- ITOCHU Techno-Solutions
 - Provision of a wide range of IT solutions, from software development to sales, maintenance and support of computers and network systems
 - A robust client base of more than 10,000 companies in various industries
- BELLSYSTEM24 (Customer relationship management solutions and contact center services)
- ITOCHU INTERACTIVE (Digital marketing)
- WingArc1st (Software development and sales)
- DENTSU RETAIL MARKETING (Data analysis and sales promotion / marketing support services for retailers)



Communication and mobile business

- CONEXIO
 - One of the largest networks of carrier-certified stores in Japan
 - Provision of solutions for corporate clients
- Asurion Japan (Insurance for mobile devices)
- Belong (Online distribution of mobile devices)
- ITC Auto Multi Finance (Mobile device finance)

Healthcare business

- A2 Healthcare (Clinical development services)
- Wellness Communications (Healthcare management solutions)

Space, satellite, and media related business

- SKY Perfect JSAT
 - Asia's largest satellite communications operator
 - Media service "SKY PerfectTV!"
- SPACE SHOWER NETWORKS (Music media)
- ITOCHU Cable Systems (System integration for broadcasters and telecommunication companies)
- Advanced Media Technologies (Distribution of cable TV products)
- Venture capital business
 - ITOCHU TECHNOLOGY VENTURES



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Photo courtesy of SKY Perfect JSAT

Finance / Insurance

Retail finance business

- Money Communications
 - Salary prepayment service
- Orient Corporation (Consumer credit business)
- POCKET CARD (Credit card business)
- Paidy (Buy Now Pay Later service)
- United Asia Finance (Retail finance business in Hong Kong and other parts of China)
- EASY BUY (Retail finance business in Thailand)
- ACOM CONSUMER FINANCE (Retail finance business in the Philippines)
- Pasar Dana Pinjaman (Peer-to-peer finance intermediation business in Indonesia)
- First Response Finance (Pre-owned vehicle finance business in the U.K.)



Insurance shop and retail insurance business

- HOKEN NO MADOGUCHI
 - Japan's leading retail insurance distributor
 - Network of more than 790 shops in Japan



Insurance brokerage business

- ITOCHU Orico Insurance Services (Insurance agency)
- I&T Risk Solutions (Insurance broker)
- COSMOS SERVICES (Insurance broker)

Reinsurance business and credit guarantee business

- Gardia (Credit guarantee for retail businesses)
- NEWGT Reinsurance (Reinsurance business)

Region legend: ♦ Japan ■ North America ■ Europe ■ China and other Asian countries

FYE 2021 Review (Specific Accomplishments)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} \times \text{Growth Rate}}$$

- Strengthened our DX support capabilities through a capital alliance with BrainPad Inc. and partnering with its team
- Entered the online distribution business for mobile devices rooted in customer- and market-oriented perspectives
- Through Money Communications Inc., accelerated the development of the salary prepayment business
- Concluded a business alliance related to providing unified financial services with GMO Aozora Net Bank, Ltd.

Growth Opportunities (Sustainable Growth)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} \times \text{Growth Rate}}$$

- Discovering and forming alliances with start-up companies, and leveraging new technologies to create and promote next-generation businesses
- Fostering overseas development of business models cultivated in Japan in the mobile and ICT business sectors
- Establishing an earnings base in the innovative and highly convenient DX business based on a market-oriented perspective
- Expanding our overseas business foundation by leveraging new retail finance
- Creating an insurance business value chain in the retail sector

Risk Responses (Reduction in Cost of Capital)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} \times \text{Growth Rate}}$$

- Reducing negative environmental impact caused by the high demand of new mobile handsets, by distributing secondary phones
- Reducing health-related risks by supporting the development of pharmaceuticals and providing health preventive services
- Enhancing the quality of people's lives through the retail finance business in Japan and overseas
- Reducing the risk of business suspension by realizing a highly robust ICT environment, backed up by reliable telecommunication infrastructure

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Specific Example of Realizing Business Transformation by Shifting to a Market-Oriented Perspective



BrainPad Inc.
—Supporting the DX of companies through data utilization

Capital and Business Alliance with Data Utilization Specialist Group BrainPad Inc.

ITOCHU concluded a capital and business alliance agreement related to DX promotion with BrainPad Inc. (BrainPad), which is a leading company using data to support DX. This capital and business alliance will accelerate the Group's DX promotion and will realize new market-oriented customer experiences, services, and products by connecting the Group's business know-how in various industries with BrainPad's data analysis and utilization know-how. We will continue contributing to the sustainable growth of customer companies in digital society by supporting unified DX promotion in various industries with multiple collaborators, including BrainPad.



Naoto Tazumi
IT Business Section No. 1

The 8th Company

- Creating new business and collaborating with the seven existing Division Companies from a market-oriented perspective
- Promoting business that leverages FamilyMart's customer contact points
- Building an information platform that combines the ITOCHU Group's consumer-related data



Shuichi Kato
President, The 8th Company



From left: **Toshifumi Iwamura**,
Chief Financial Officer
Tetsuya Mukohata,
General Manager, Planning & Administration Section

Company Strengths

- FamilyMart's physical store network and a business base of Group companies with its strength in the consumer sector
- Human resources from diverse backgrounds and a highly fluid, ameba-like organizational system
- An organizational culture that creates businesses flexibly with a market-oriented perspective independent of product lines

Business Development

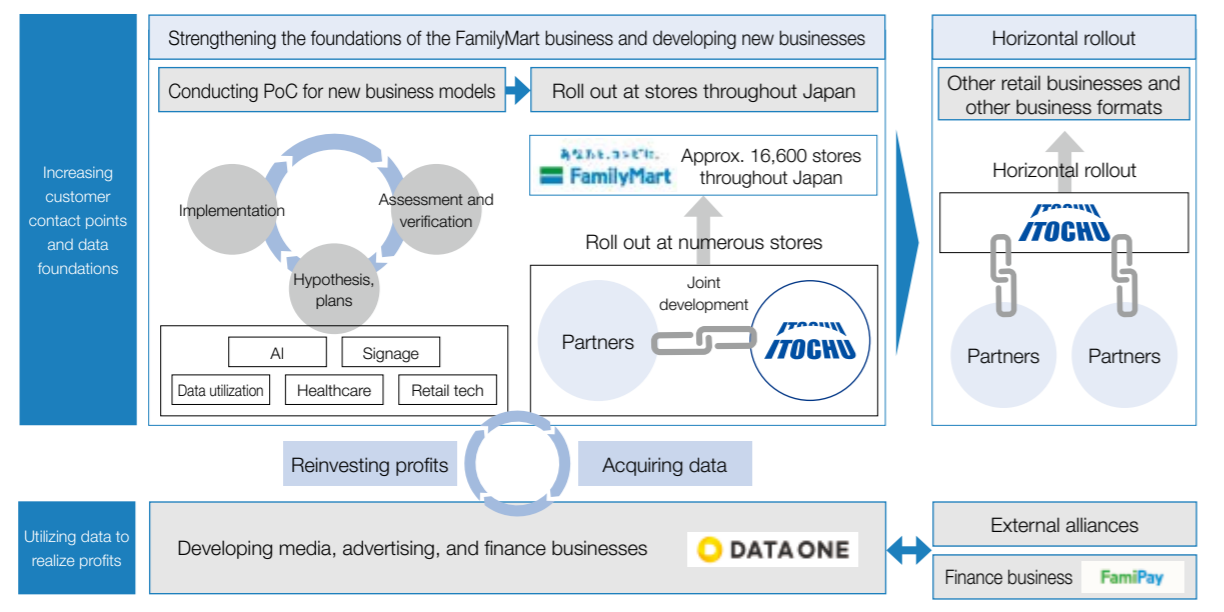
Percentage of Earnings from Domestic Business (image)

100%

With the transformation in consumer behavior accompanying the COVID-19 pandemic, adaptation to change has become vital. While making maximum use of ITOCHU's diverse business foundations—which are particularly robust in the consumer sector—The 8th Company will develop new services and business models that are enabled by digital technologies and AI based on a market-oriented perspective.

Specific Policies

- Rigorously strengthening FamilyMart, which is a core business. (→ Page 115 Growth Opportunities)
- Creating new business models that reflect customer needs and which utilize FamilyMart's store network and ability to attract customers; after conducting proof-of-concept testing for these business models, rolling them out at stores throughout Japan; and horizontally rolling out these services and technologies in other retail businesses and other business formats.
- Increasing data volume and customer contact points through external alliances and finance businesses, etc. to maximize the profits of advertising and finance businesses; reinvesting new profits in the convenience store business to further heighten stores' ability to attract customers.



FYE 2021 Review (Specific Accomplishments)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} \times \text{Growth Rate}}$$

- Privatized FamilyMart to quickly shift its business model and swiftly respond to changes
- Entered the digital advertising distribution business by establishing Data One Corp.
- Began use of "FamiPay" (barcode payments) at stores besides FamilyMart
- Promoted the establishment and proof-of-concept tests of various projects

Growth Opportunities (Sustainable Growth)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} \times \text{Growth Rate}}$$

- Expanding FamilyMart's earnings base by thoroughly improving the three basics of the convenience store business (product appeal, convenience, and familiarity) and making the entire supply chain more sophisticated
- Increasing customer contact points and business revenues by turning FamilyMart stores into media, etc.
- Enlarging our data infrastructure and developing new businesses, such as advertising and financial services that utilize customer data
- Developing and introducing demand prediction and procurement improvement tools using AI

Risk Responses (Reduction in Cost of Capital)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} \times \text{Growth Rate}}$$

- Responding to the shortage of workers using digital technologies
- Flexibly responding to changes in consumer behavior caused by the COVID-19 pandemic, such as creating FamilyMart stores that are beloved by local people, developing store formats that meet local needs, and enhancing convenience through the development of new services

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- ⚖️ Maintain Rigorous Governance Structures

Specific Example of Realizing Business Transformation by Shifting to a Market-Oriented Perspective



FamilyMart celebrates its 40th founding anniversary this year



Mariko Fukao
Deputy General Manager,
Planning & Administration Section

Accelerating the Business Model Shift by Privatizing FamilyMart

ITOCHU conducted a public tender from July 9, 2020 with the aim of privatizing FamilyMart. A share consolidation was approved at FamilyMart's extraordinary general meeting of shareholders held on October 22, and the company was delisted on November 12. ITOCHU Group's ownership increased to 94.7% by March 31, 2021.

FamilyMart is ITOCHU's core business in the consumer sector. Going forward, we will first thoroughly strengthen the basics of the convenience store business: product appeal, convenience, and familiarity. We will simultaneously make distribution more efficient using Group companies' technologies and know-how, and create new businesses such as advertising and financial services. Through privatization, ITOCHU and FamilyMart become unified in name and in reality, and we will vigorously and quickly promote strategies rooted in a market-oriented perspective.