Investors Meeting for Operating Segments

Power & Environmental Solution Division

ITOCHU Corporation

Wednesday, March 3, 2021

I am One with Infinite Missions

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Overview of Power & Environmental Solution Division

Background for Establishing the New Division

■ In order to become a leading company in the field of electric power, which has undergone great changes in recent years, ITOCHU established the Power & Environmental Solutions Division with the following 3 goals in mind.

1. Integration of downstream contact points
2. Strengthening cooperation with other industries
3. Providing a wide range of power and battery solutions based on a market-oriented perspective

Power and Heat Supply Business
(Energy Division, Energy & Chemicals)

Renewable Energy Project
(Machinery)

Energy Storage Business
(Chemicals Division, Energy & Chemicals)

Power & Environmental Solution Division
(Newly established in April 2020)

Organization and Personnel Structure

President, Energy & Chemicals Company;
Chief Operating Officer,
Power & Environmental Solutions Division
Keita Ishii

- **Energy Division**
  COO: Hisato Okubo
- **Chemicals Division**
  COO: Masaya Tanaka
- **Power & Environmental Solution Division**
  - **Power & Utility Department**
    General Manager: Keiichi Imamura
    - Power & Heat Business Section
  - **Sustainable Energy Business Department**
    General Manager: Hiroaki Murase
    - Renewable Energy Business Section
    - Energy Storage Business Section
- **CFO**
  CFO: Kenji Takai
- **Planning & Administration Department**
  General Manager: Isao Nakao

Okubo Tanaka Takai Nakao

Number of employees (As of February, 2021)

Energy	Chemicals	Power & Environmental Solution	Total
153	224	49	426

Overview of Operations

Power & Utility Department

Power & Heat Business Section

Power and heat supply business centered on power trading

Wholesale of power
Procurement from power generators (2 billion kWh or more)
Wholesale trade and optimization

Retailing of power
Demand aggregation
(3 billion kWh or more)
Green power supply

Local heat supply / Energy service business
Aoyama Energy
Gaien redevelopment, etc.

Sustainable Energy Business Department

Renewable Energy Business Section

Renewable energy business centered on development and operation

Development and operation of FIT power sources
Owned: 190 MW (Solar + biomass)
Developed: 500 MW (Biomass + wind)

Distributed power supply/ Virtual Power Plant (VPP)
VPP Japan (industrial)
Over 100 plants (25 MW)

Procurement of raw and other materials
Global procurement of biomass fuel and solar panels

Energy Storage Business Section

Battery-related business centered on manufacturing and development of proprietary ESS*

Manufacture and sale of ESS
ESS for households (Smart Star L)
Optimization of charge/discharge using AI (GridShare)

ESS supply chain
Raw material procurement, reuse and recycling

Distributed Power Supply / VPP
TRENDE (Residential)
U.S. TPO model**
European VPP business

*: Energy Storage System　**: Third-party ownership model

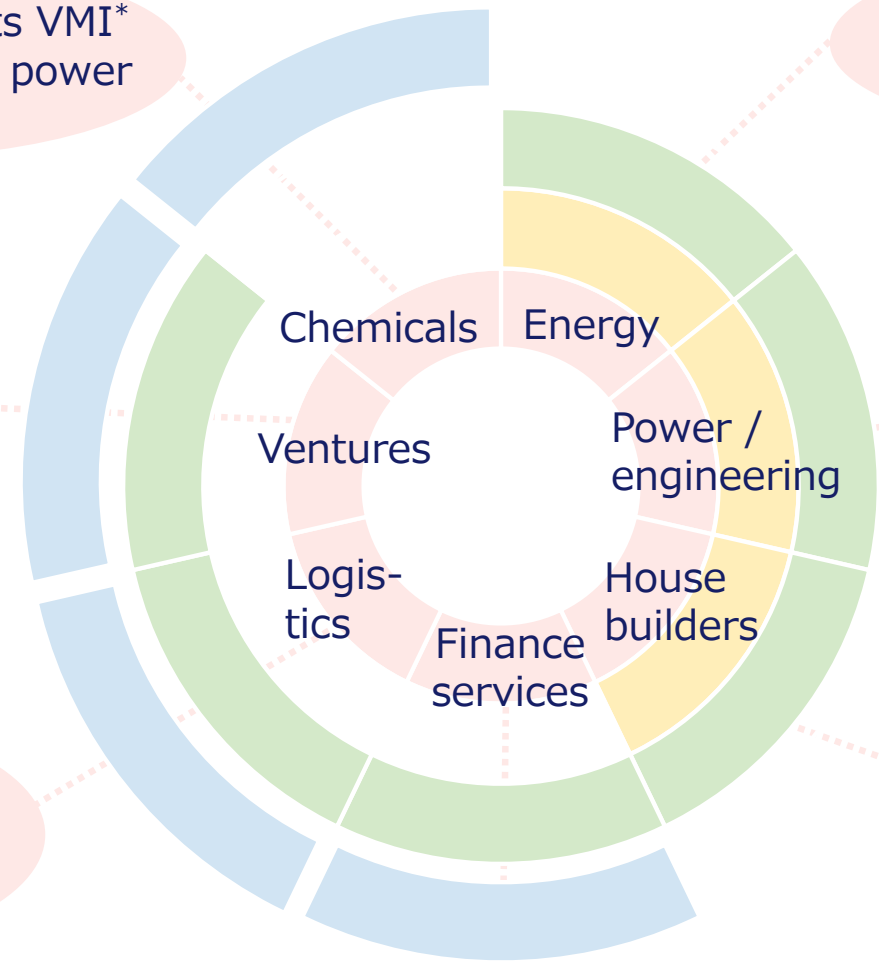
Synergy from Integrating the Division

- The integration of the three sales departments has broken down the silos and made it possible to access a wider range of customers.
- Synergy between the efforts of each unit enabled new next-generation power generation proposals.

Battery components VMI*
Fuel conversion for power generation

Biomass fuel
Wind power generation

Reusing retired EV batteries
EV charging stations
Semisolid batteries
VPP
P2P**



Supply-demand adjustment
Development of renewable energy power sources
Environmental value

ESS sales and distribution network
Solar VPP

Solar power generation systems
Storage systems

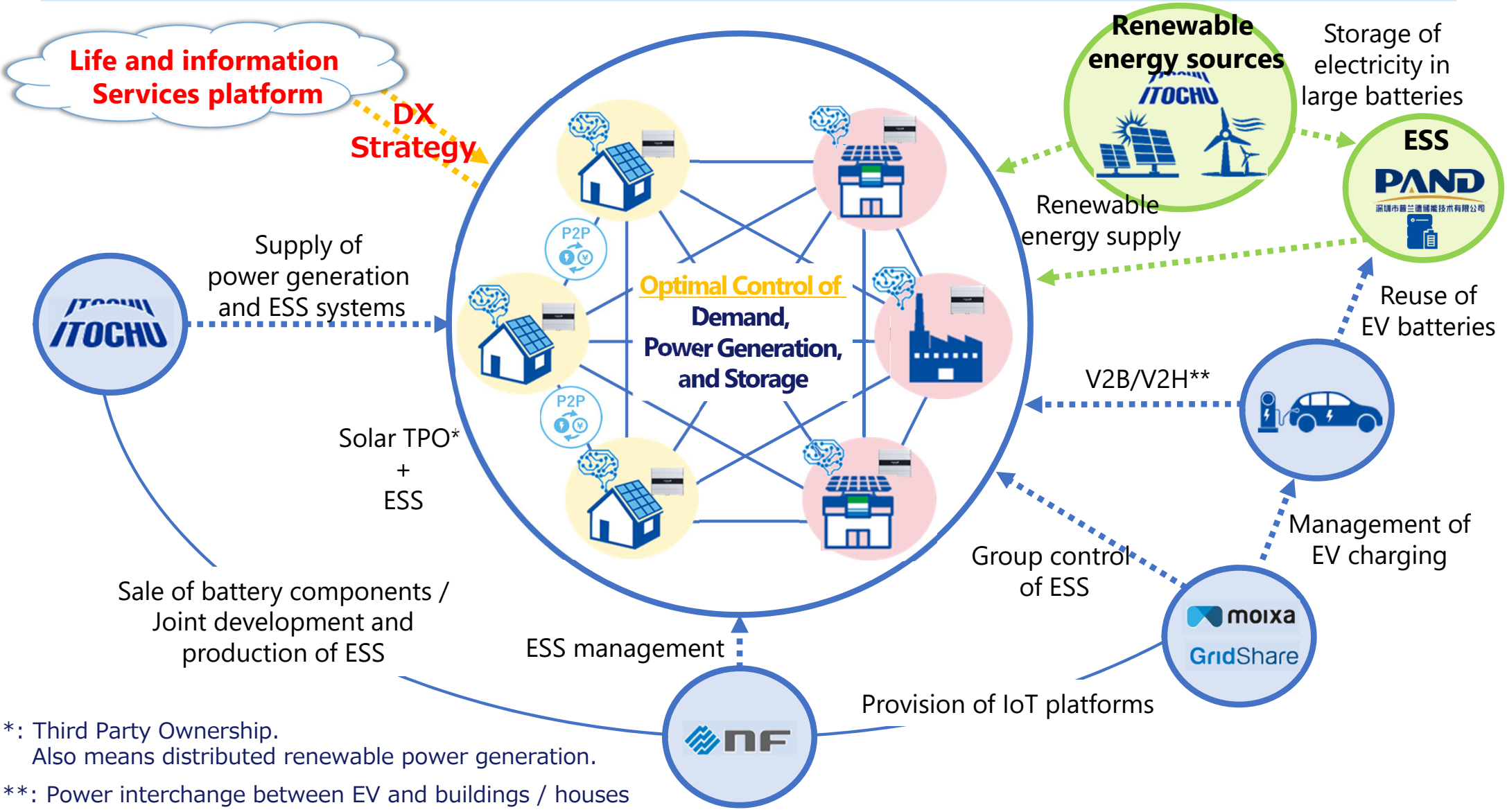
ESS leases
Blockchains

Power & Heat Business Section
Renewable Energy Business Section
Energy Storage Business Section

*: Vendor-Managed Inventory
**: Peer-to-Peer Electricity Trading

Vision for the Future

- The shift to an interoperable power network will expand opportunities to provide power and environmental solutions from a market-oriented perspective.
- Our proprietary AI-powered storage systems will be the core for further growth.



*: Third Party Ownership.
Also means distributed renewable power generation.

**: Power interchange between EV and buildings / houses

<Reference> Basic Policy of FY2022–2024 Medium-Term Management Plan

Realizing business transformation by shifting to a market-oriented perspective

Profit opportunities are shifting downstream

Profit sources are shifting from upstream to downstream. Breaking down the negative effects caused by silos is an urgent task. We will advance business model evolution and growth opportunity creation.

Enhancing our contribution to and engagement with the SDGs through business activities

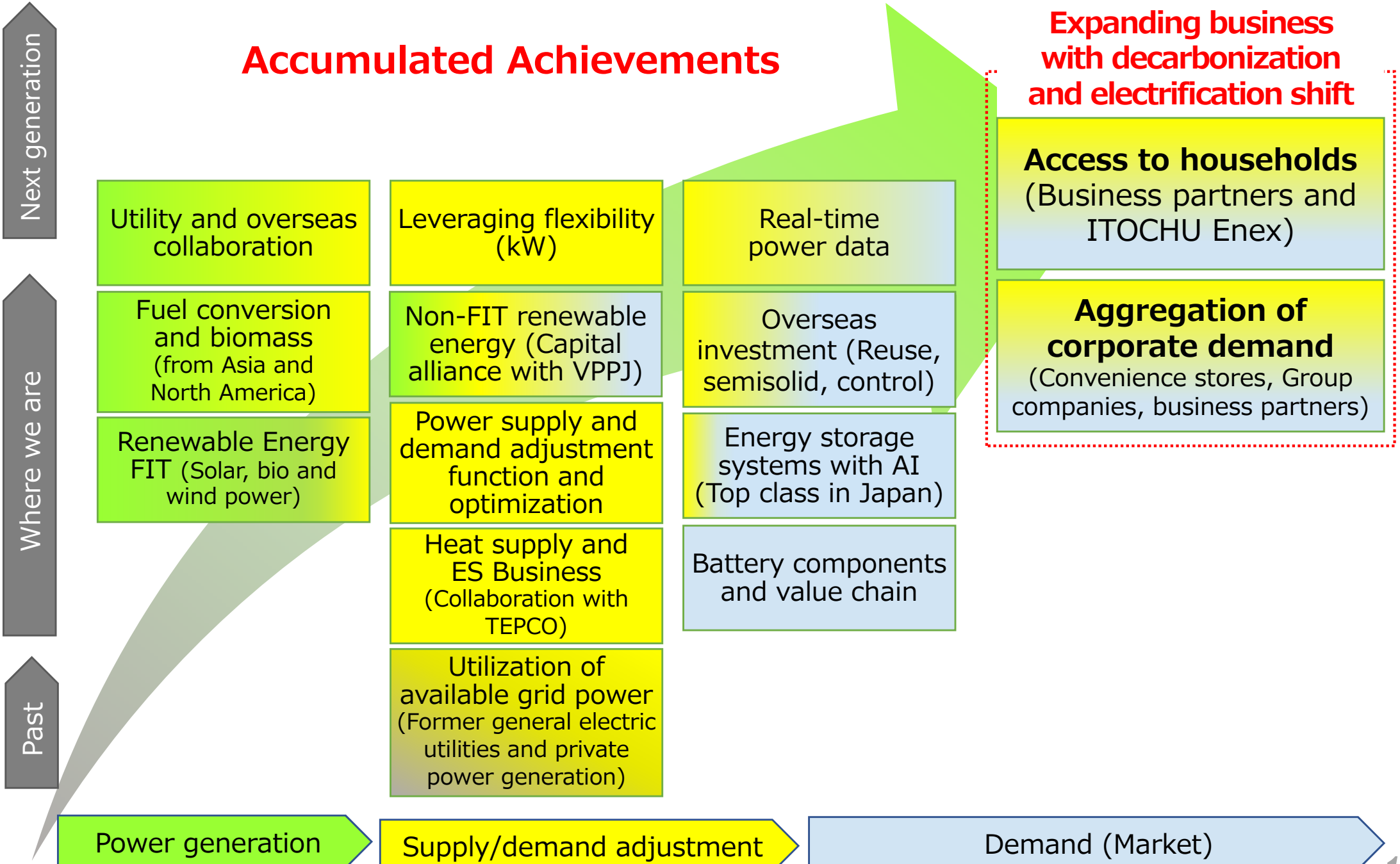
*Sampo-yoshi** capitalism

To realize a sustainable society, we embrace an approach to capitalism with greater emphasis on serving all stakeholders. Through our business activities, we will contribute to the achievement of SDGs in such ways as maintaining the foundations of everyday life and protecting the environment.

* "*Sampo-yoshi*" is our corporate mission and the management philosophy of the merchants of Ohmi (where ITOCHU was founded). This meaningful phrase emphasizes the importance of activities that are "good for the seller, good for the buyer, and good for society." *Sampo-yoshi* can be said to be the roots of today's idea of sustainability.

Future Growth Strategy

Overview of Our Business Strategy



Phase 1: The Network ITOCHU has Built

2023 Target of 80,000 units

2020 Over 40,000 units

2019 Approx. 30,000 units
*Large-scale blackout in Chiba Prefecture caused by Typhoon Faxai in October 2019

2018 Approx. 15,000 units
*Hokkaido Eastern Iburi earthquake in September 2018
Launch of Subscription-model AI control service

2017 Approx. 5,000 units
Start of sales of Smart Star L, ESS for household use

Top in the industry

- ESS for household use: ITOCHU Corporation
- Commercial TPO Model: VPPJ
- Residential TPO Model: TRENDE

Phase 2: Ideal Society and Our Initiatives

Environmental value

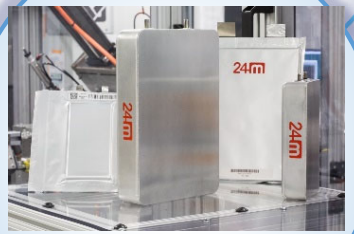
Distributed renewable power generation TPO model

Reuse

Aiming to create an ideal society, energized by
a virtuous cycle between the environment and economy

Household ESS (Smart Star 3)

Peer-to-peer electricity trading (P2P)



Next-generation batteries

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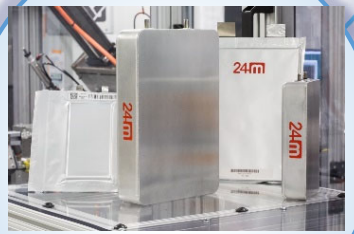

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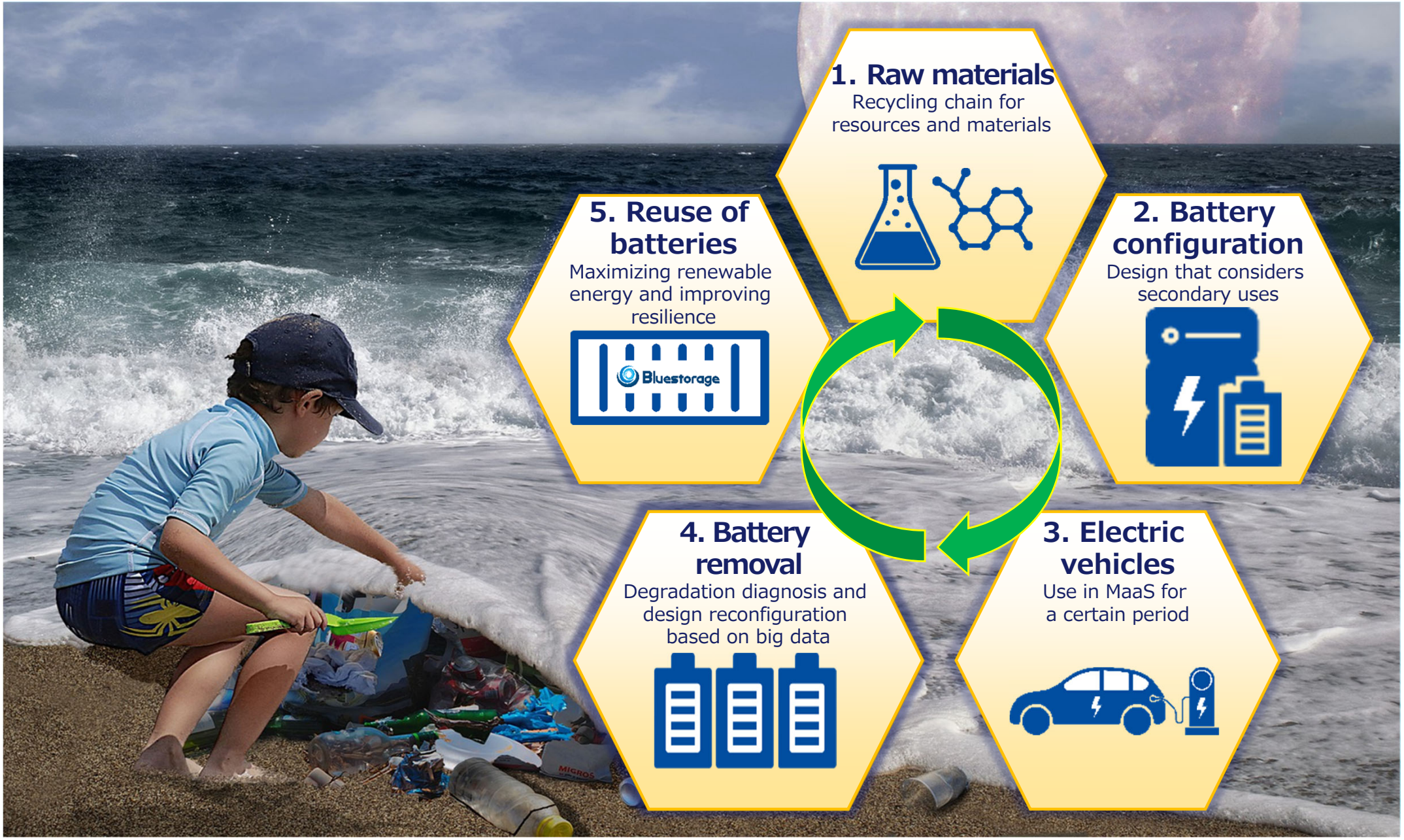
Next-generation batteries

Phase 2: Efforts to Reuse and Recycle Batteries



Phase 2: Large Power Storage System Composed of Reused Batteries

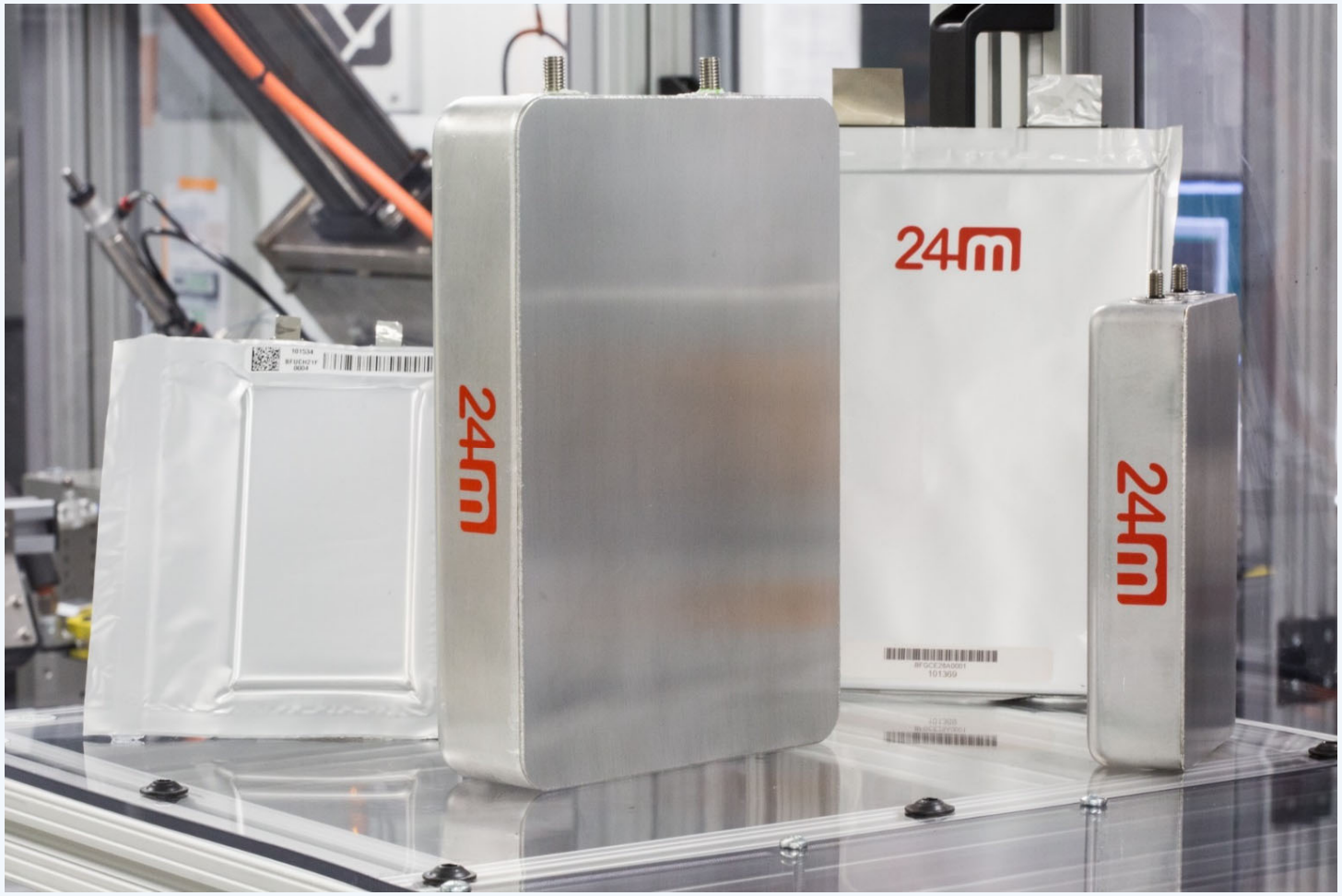
approx. 6.06m

approx. 2.89m

~ Inside the Container ~

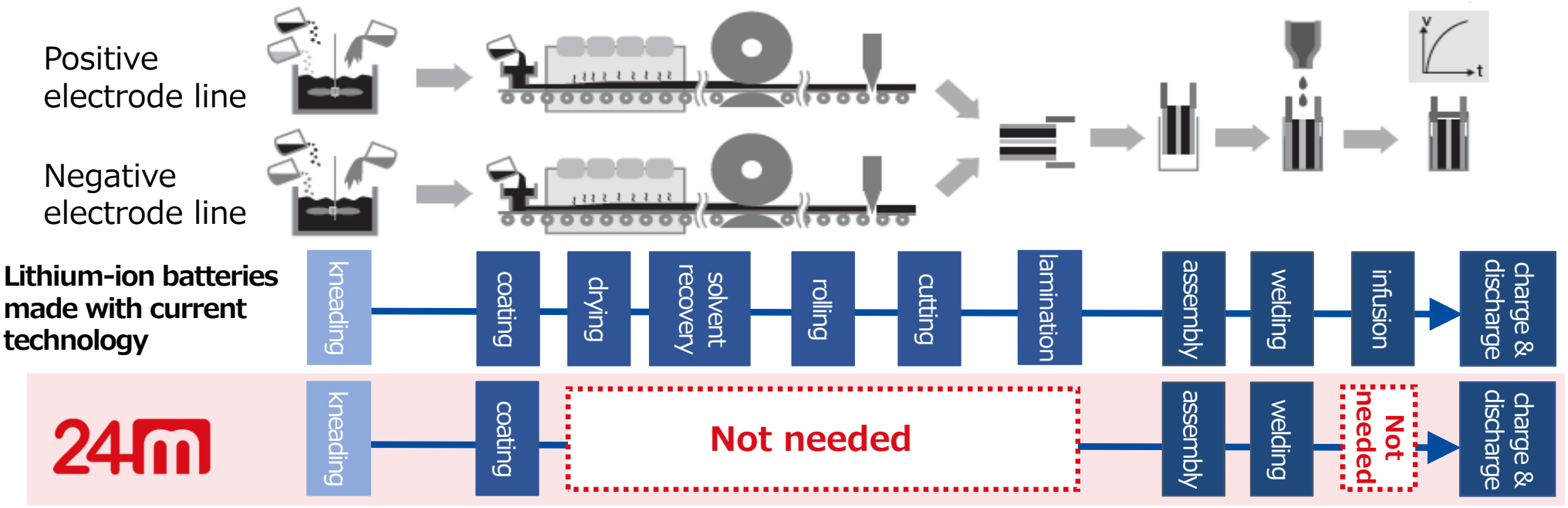
1 container can cover
the power consumption of
100 households for 1 day

Phase 2: Next-Generation Lithium-Ion Batteries



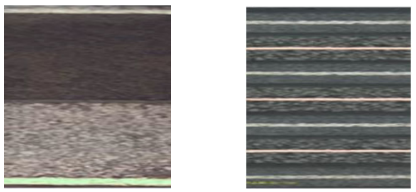
Phase 2: 24M Semisolid Battery – Manufacturing Process

Dramatic simplification of mass production processes
➡ 66% reduction in capital investment compared to current processes



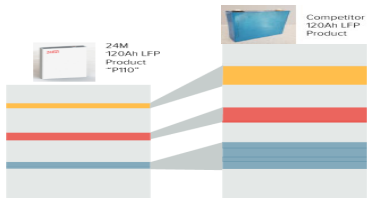
Reducing the number of components
➡ 25% reduction in parts and materials costs compared to current processes

Cost structure



24M

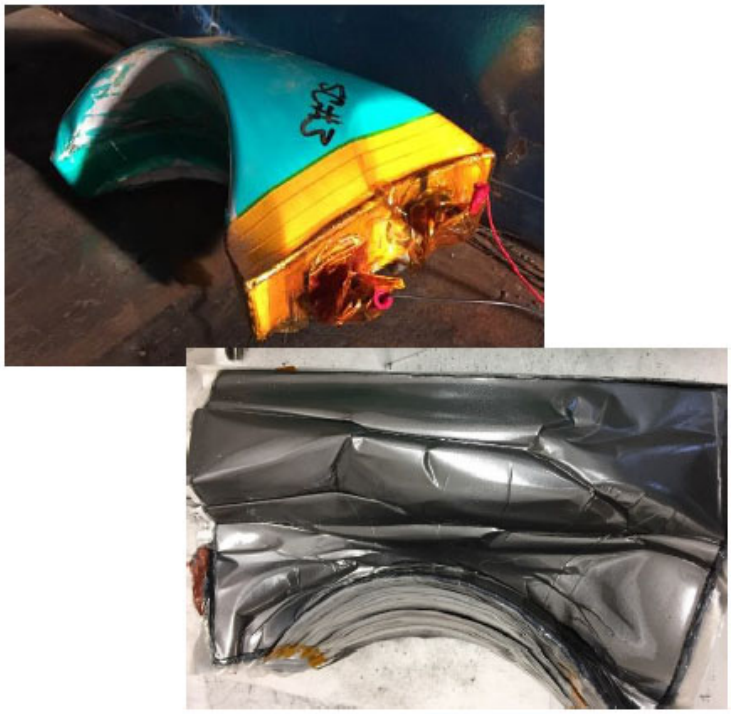
current LiB



24M current LiB

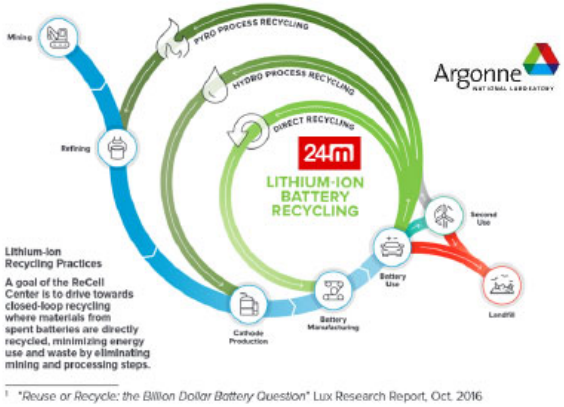
Phase 2: Difference from Current Lithium-Ion Battery Technology

Improved safety



- Characteristic crushing safety performance
- Excellent overcharge performance

Recyclability



[1] "Reuse or Recycle: the Billion Dollar Battery Question" Lux Research Report, Oct. 2016

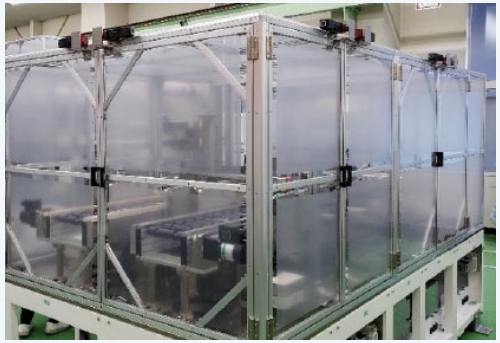
- Recycling during the manufacturing process
- Recycling from final products

Phase 2: Global Deployment of 24M Technology

- Pilot line production began in 2019
- Mass production to be started in 2021

KYOCERA

- Mass production to be started in 2021



GPSC

- Mass production to be started in 2023

FREYR
Clean battery solutions

Phase 2: Ideal Society and Our Initiatives

Environmental value

Distributed renewable power generation TPO model

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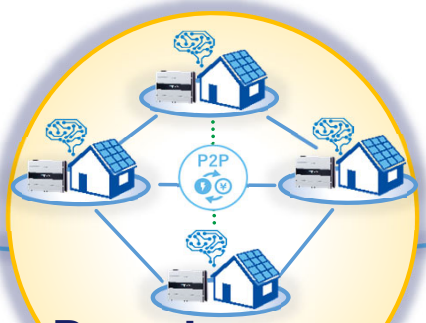
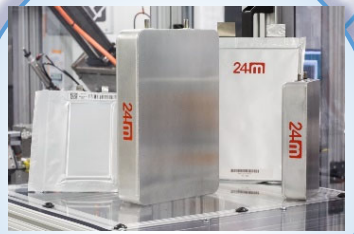
a virtuous cycle between the environment and economy

Household ESS (Smart Star 3)



Peer-to-peer electricity trading (P2P)



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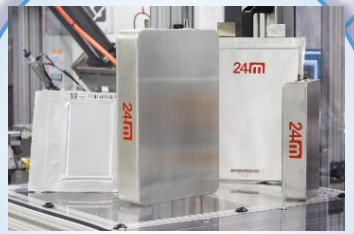


Next-generation batteries

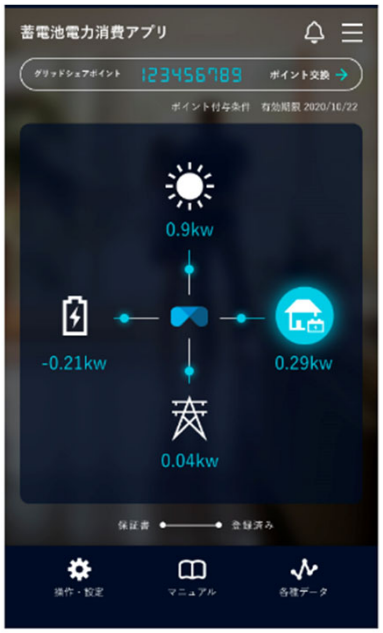
Phase 2: Smart Star 3 - Household ESS

Industry-leading high-capacity / high-output

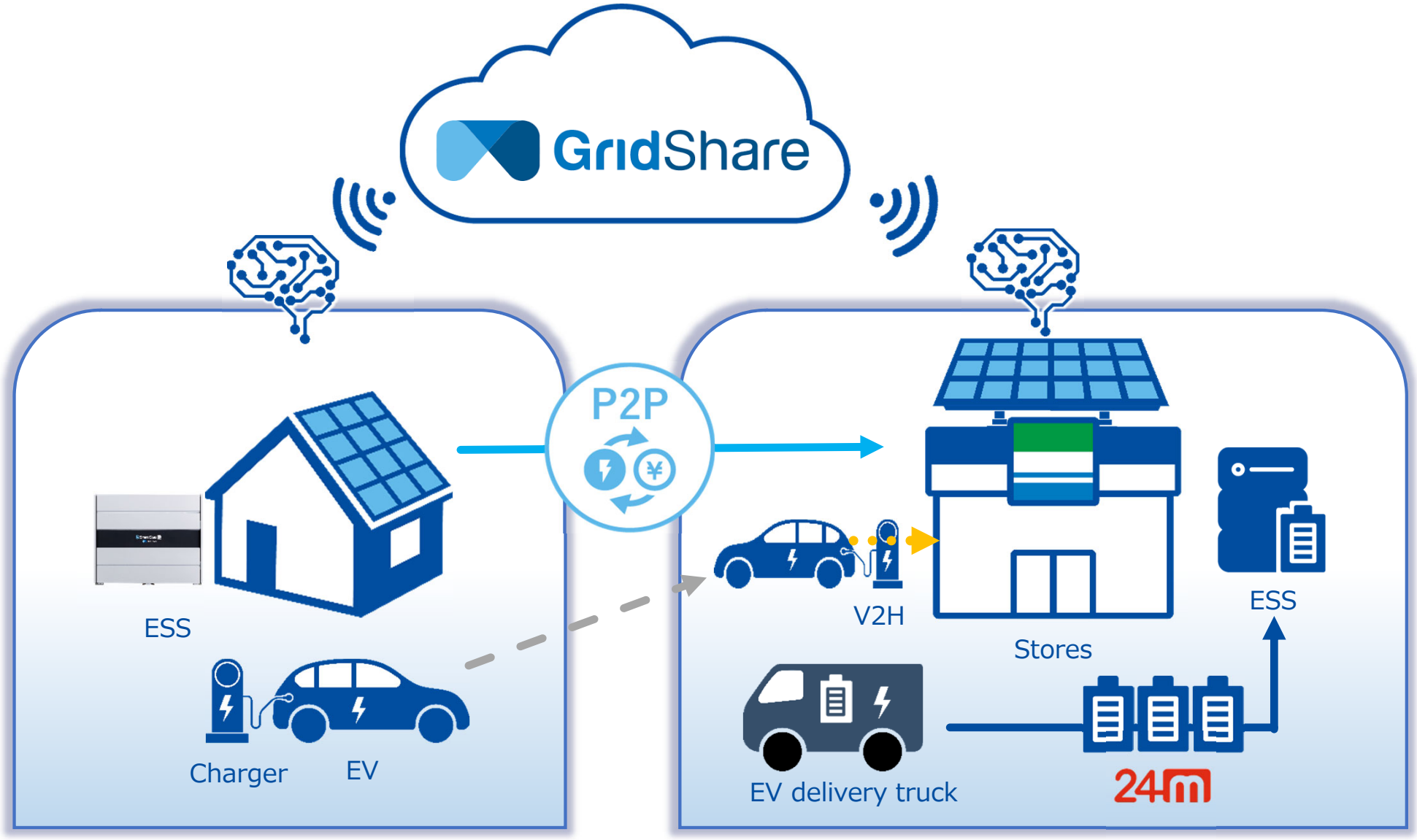
Gridshare (AI)

Environmental value

EV charging

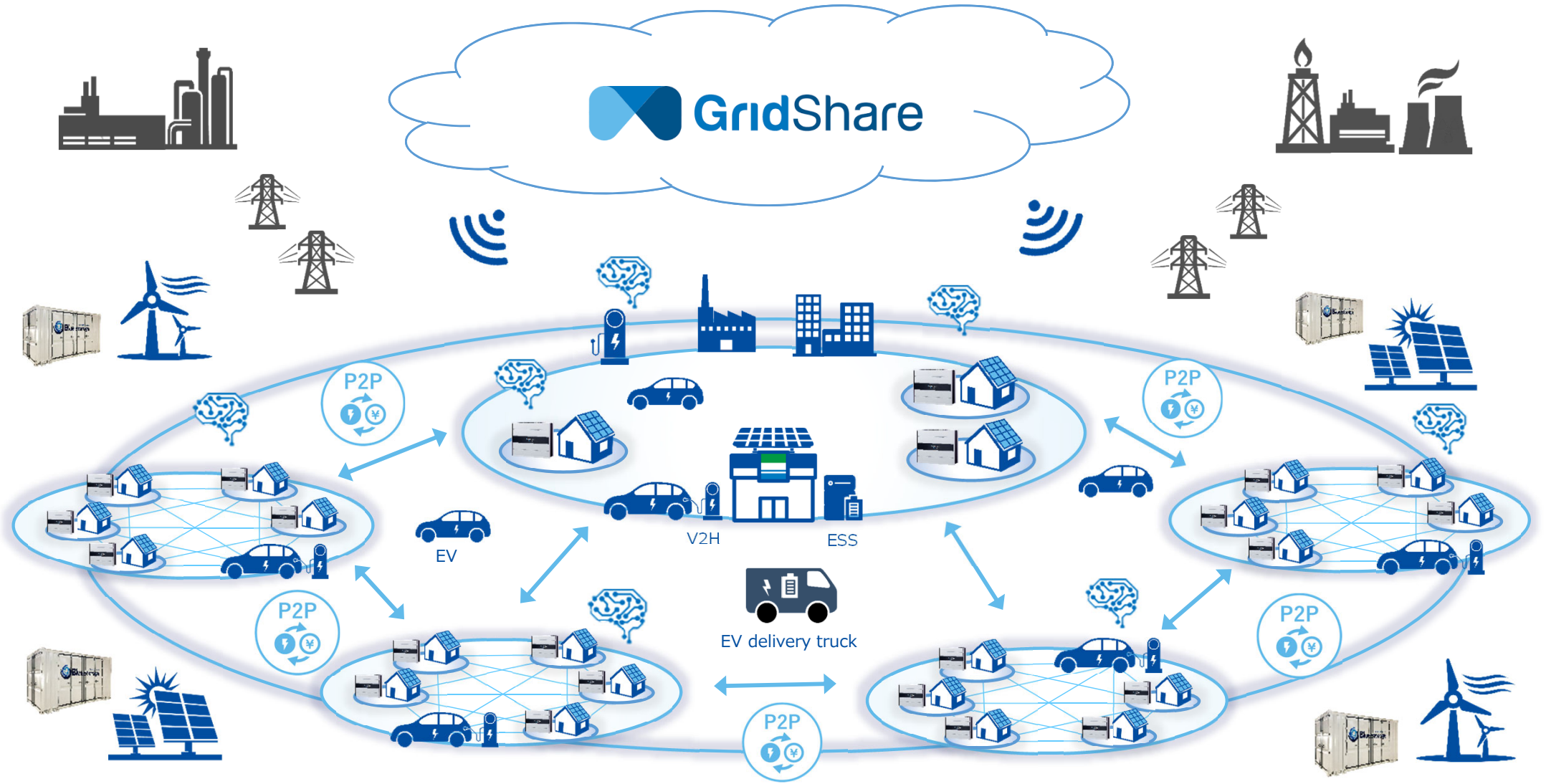


Phase 3: Realization of Distributed Power Systems and Diversification of Business Models



Phase 3: Realization of Distributed Power Systems and Diversification of Business Models

Creation of new economic zones utilizing existing networks



<Reference> Our Partner Companies

株式会社NFブロッサムテクノロジーズ
(NF Blossom Technologies, Inc.)

VPPJAPAN

iGRID SOLUTIONS

TRENDE

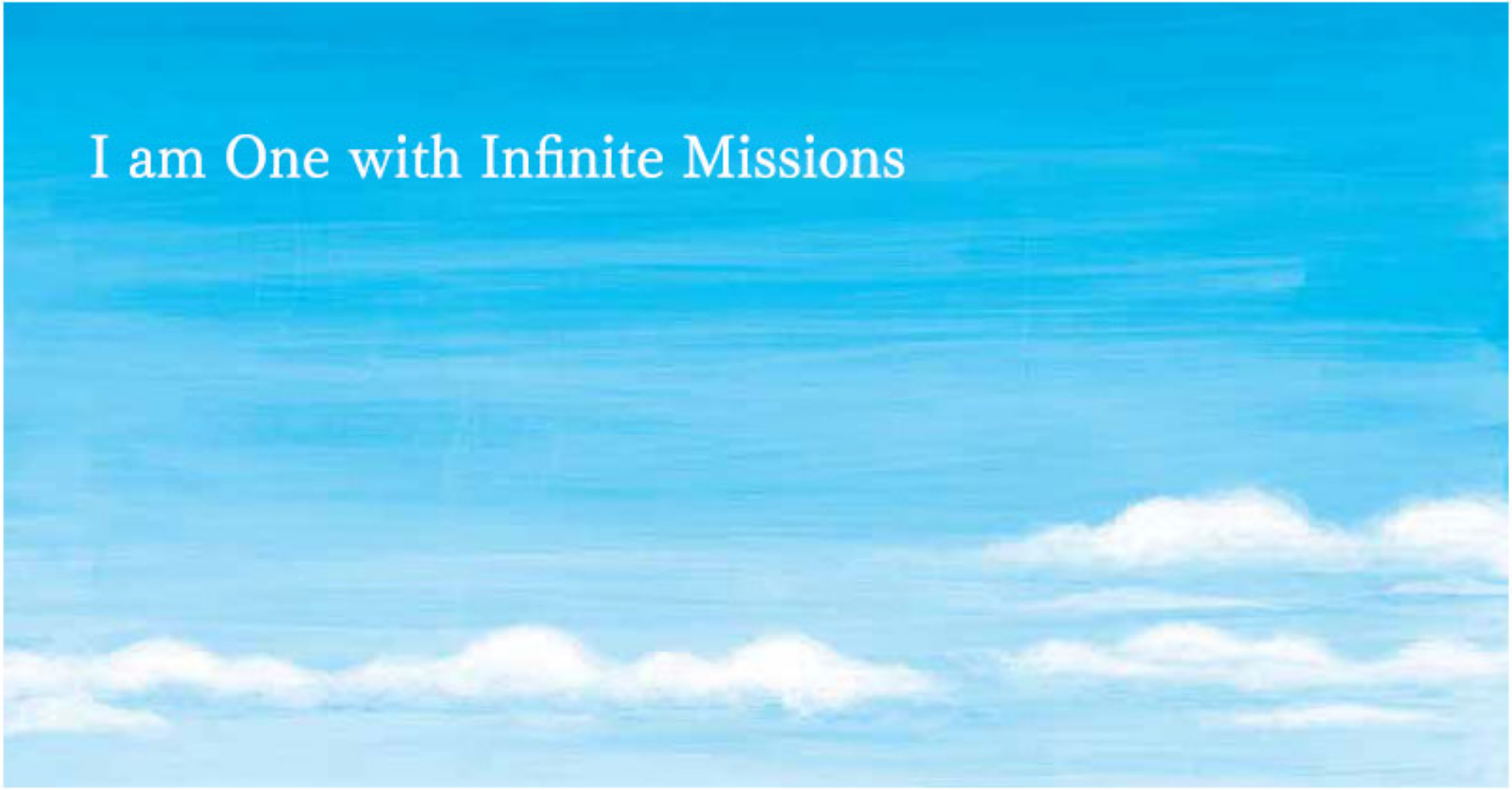
PAND

24m

moixa

sunnova

EGUANA



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