

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:

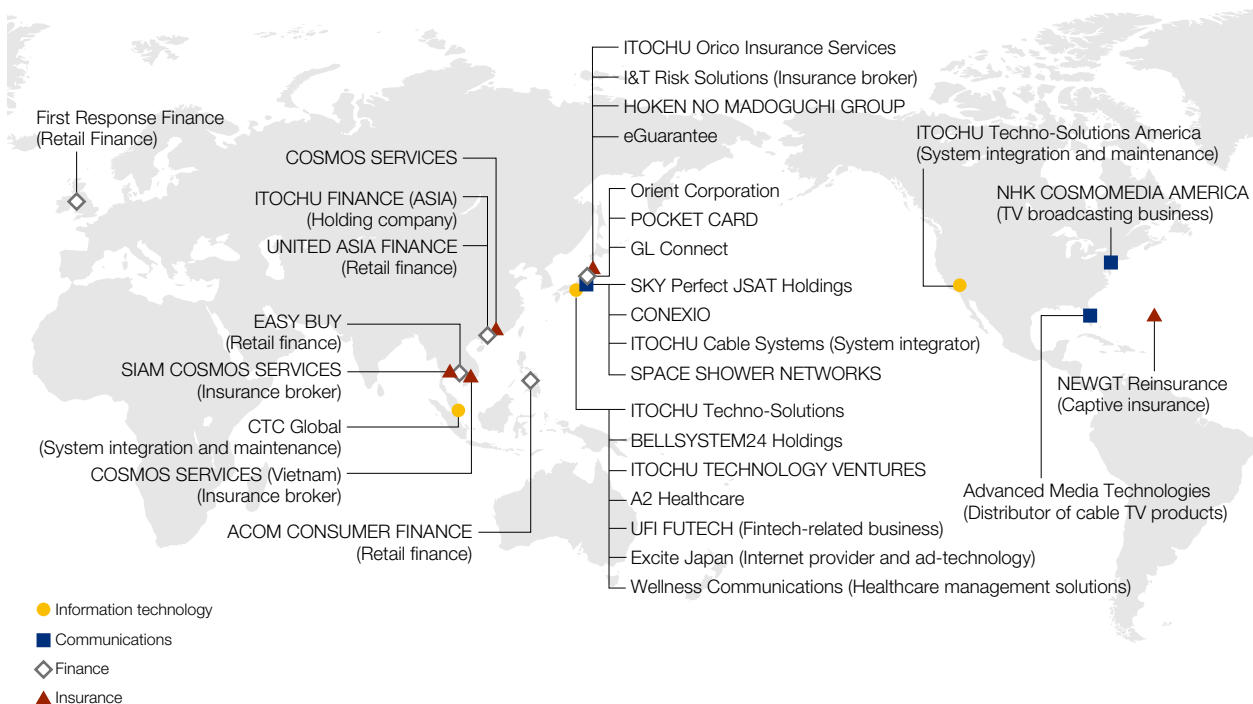
Kiyoshi Imagawa,
Chief Operating Officer, ICT Division

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

Kenichi Kijima,
Chief Financial Officer

Tadayoshi Yamaguchi,
General Manager, Planning & Administration Department

Business Development



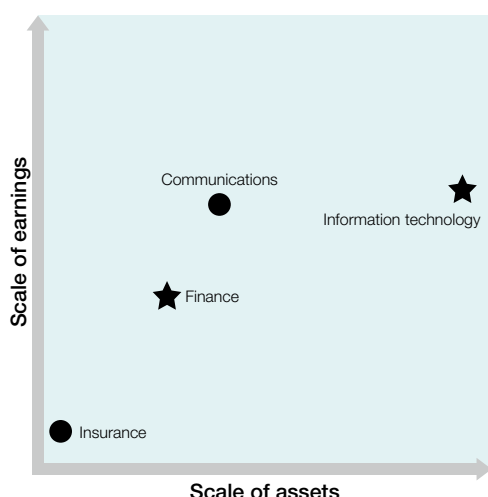
Major Business Developments in the Value Chain

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 Techno-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

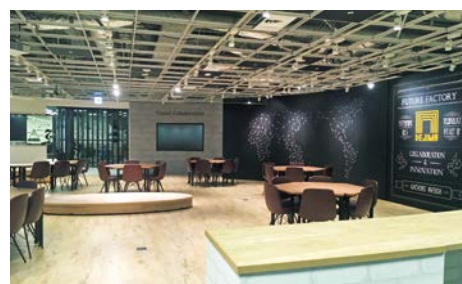
Growth Opportunities		Strategies (Specific Measures)
Improvement of business efficiency and enhancement of productivity through the use of AI and IoT	➔	Discover, form alliances with, and promote business developments with start-up companies
Expansion of the infrastructure services business in response 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

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)

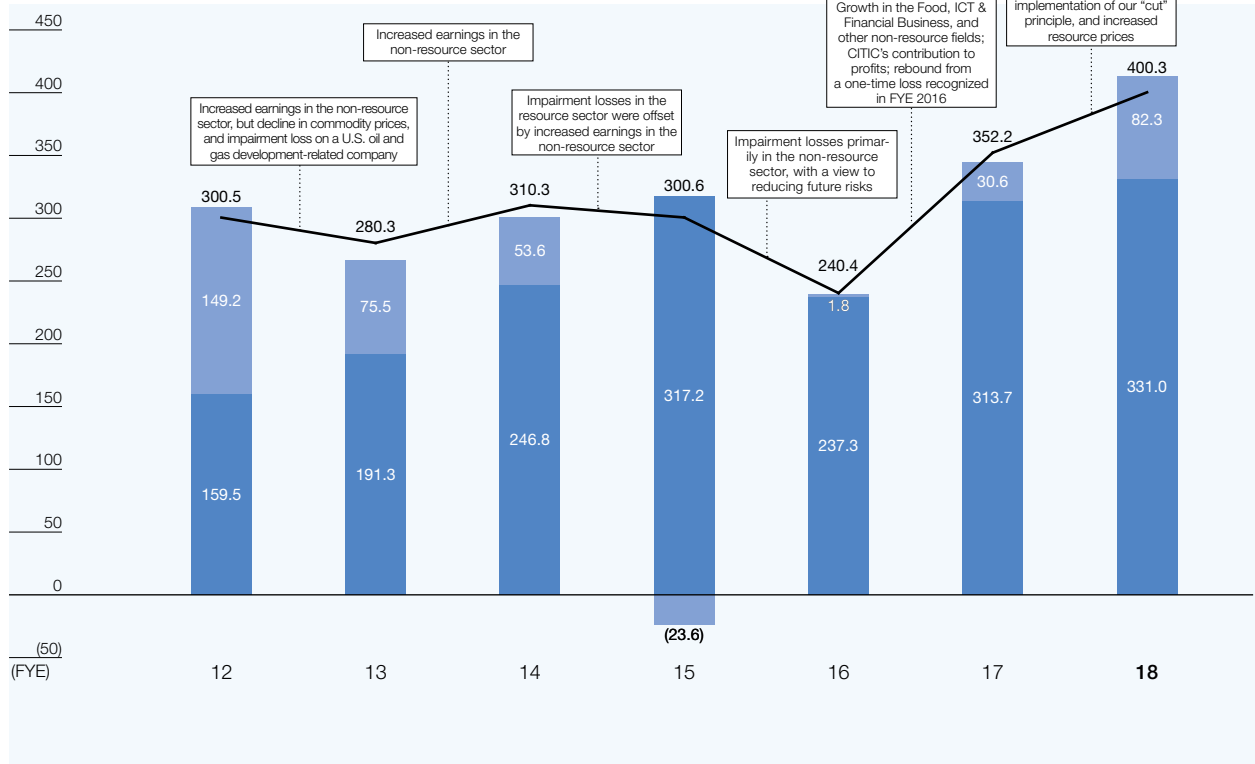


Non-resource	85.8%	88.4%	72.4%	93.3%
Resource	14.2%	11.6%	27.6%	6.7%

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

Consolidated Net Profit (Non-Resource / Resource)

(Billions of Yen)

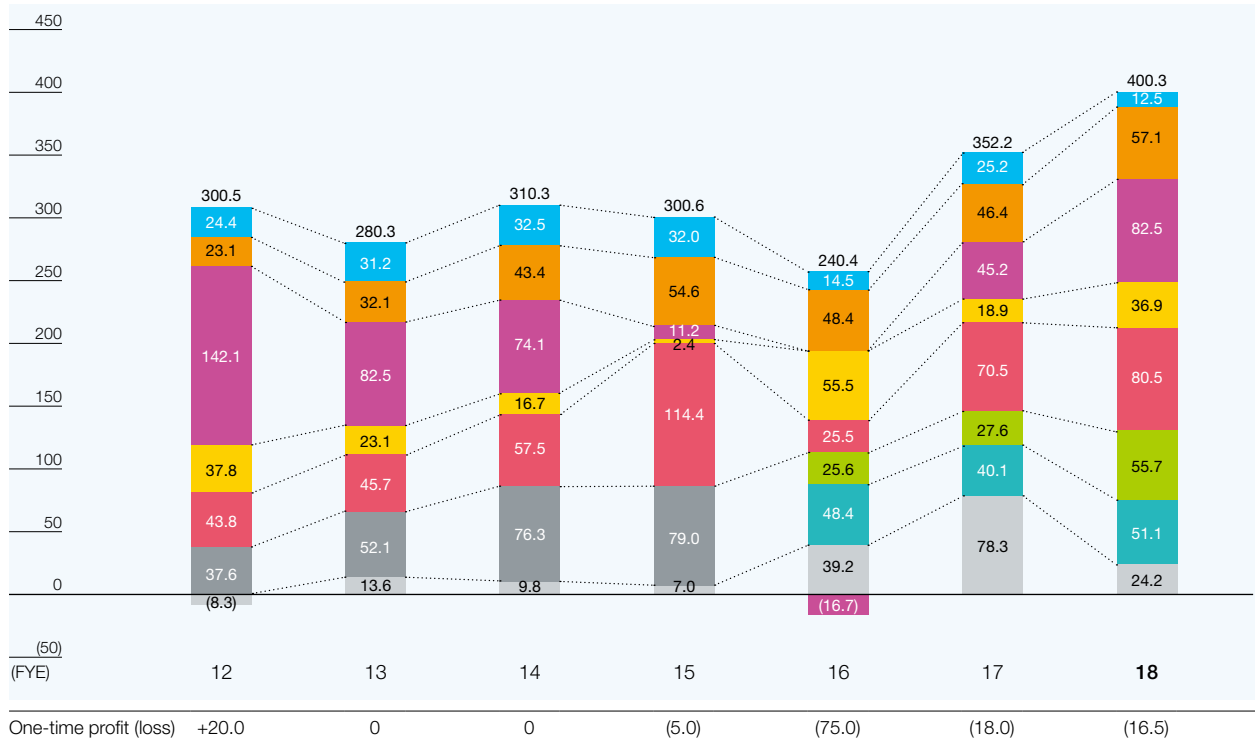


— Consolidated net profit ■ Earnings from the non-resource sector ■ Earnings (loss) from the resource sector

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

Consolidated Net Profit by Operating Segment

(Billions of Yen)



One-time profit (loss) +20.0 0 0 (5.0) (75.0) (18.0) (16.5)

■ 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.