

Financial Summary

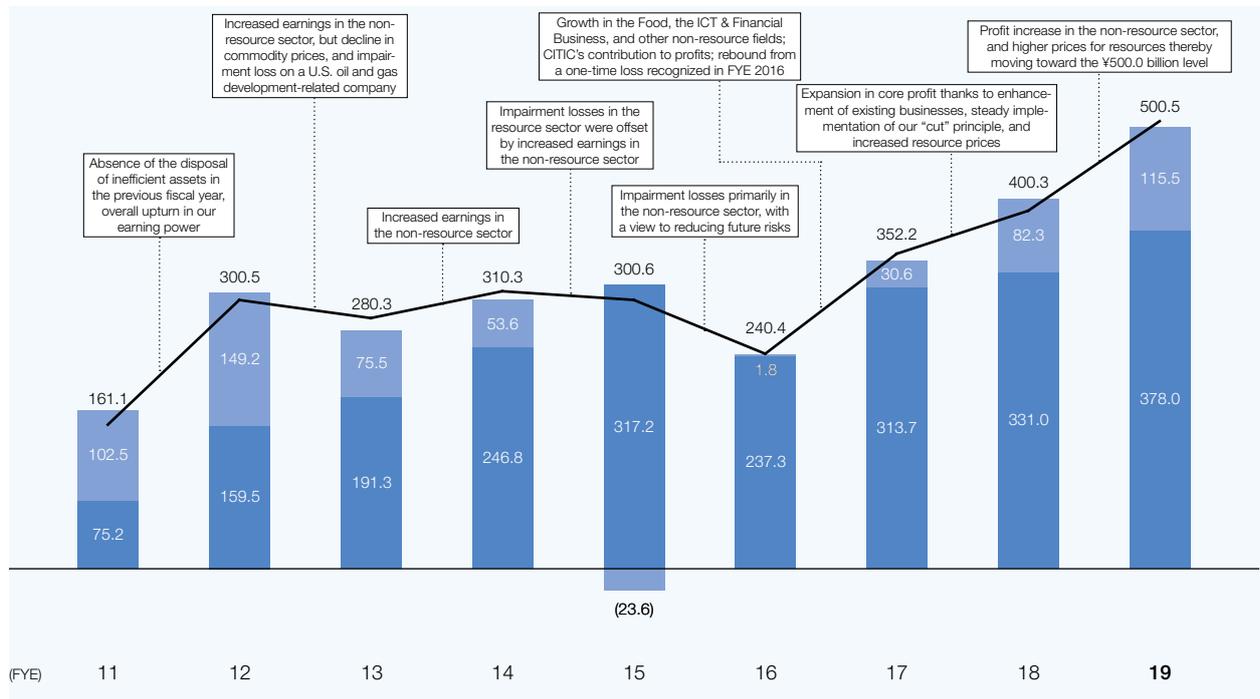
Segment Overview

Percentage of the Total for ITOCHU (3-year average)			
Core profit	Total assets	Core Operating Cash Flows	Number of employees (Consolidated)



Non-Resource	82.1%	89.3%	72.8%	93.7%
Resource	17.9%	10.7%	27.2%	6.3%

Consolidated Net Profit (Loss) (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 (Loss) by Operating Segment (Billions of Yen)



(FYE)	11	12	13	14	15	16	17	18	19
Extraordinary Gains and Losses	(57.5)	20.0	0	0	(5.0)	(75.0)	(18.0)	(16.5)	28.5
Core Profit	218.6	280.5	280.3	310.3	305.6	315.4	370.2	416.8	472.0

■ Textile ■ Machinery ■ Metals & Minerals ■ Energy & Chemicals ■ Food ■ ICT, General Products & Realty (until FYE 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.

Performance Trends by Segment

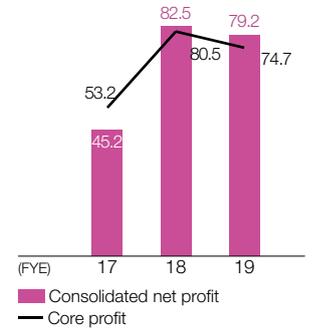
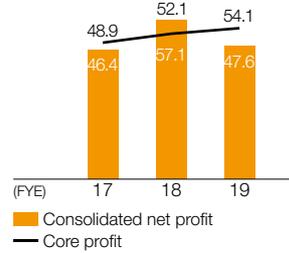
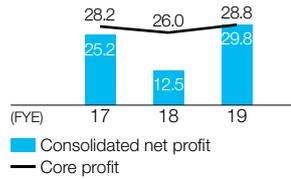
Textile Company

Machinery Company

Metals & Minerals Company

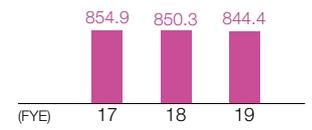
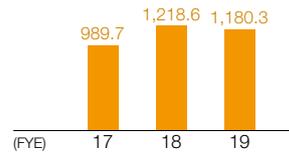
Consolidated Net Profit Core Profit

(Billions of Yen)



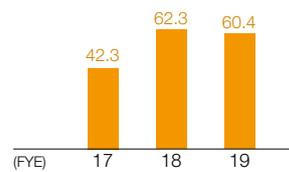
Total Assets

(Billions of Yen)



Core Operating Cash Flows*

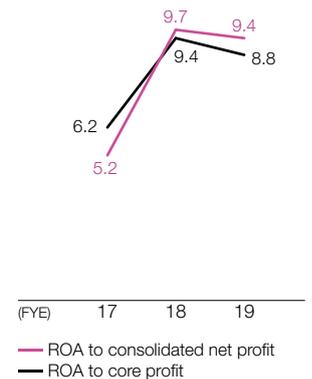
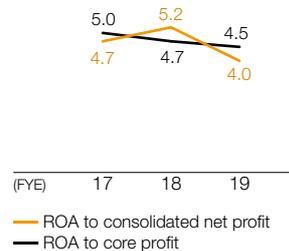
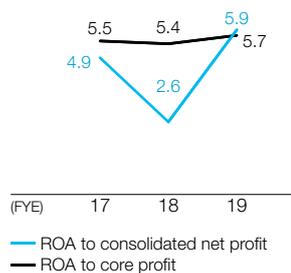
(Billions of Yen)



* "Operating cash flows" minus "changes of working capital"

ROA

(%)

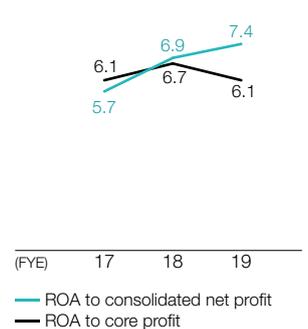
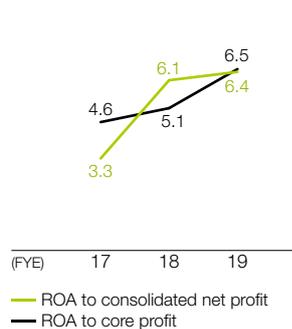
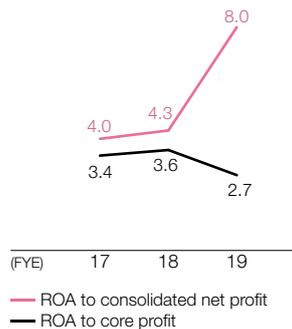
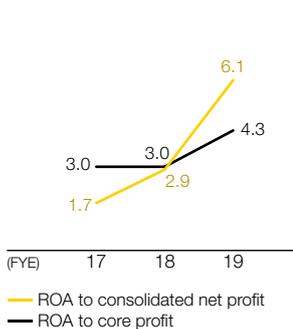
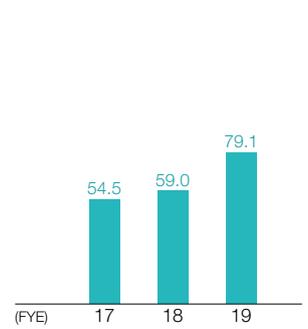
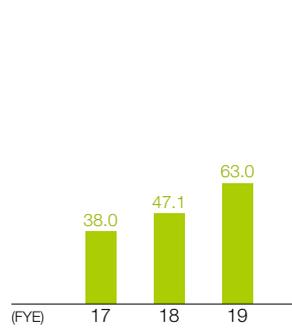
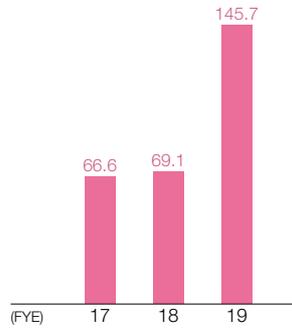
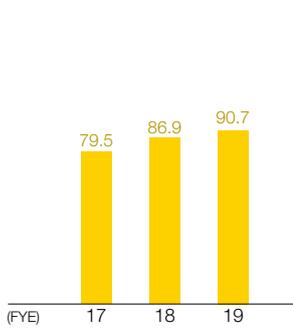
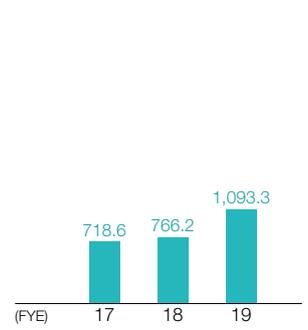
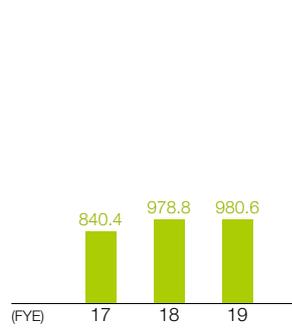
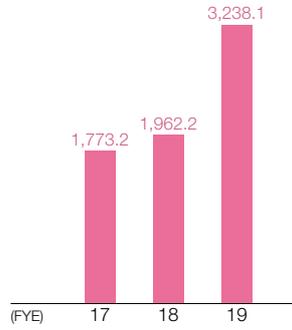
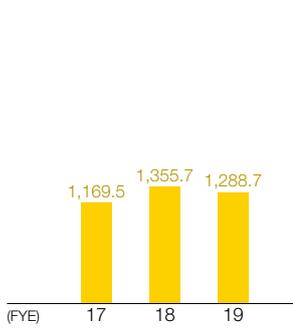
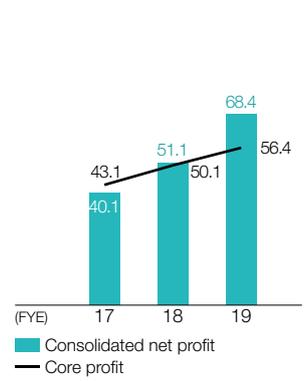
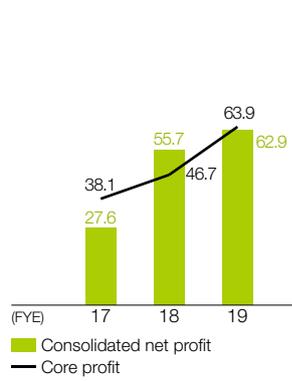
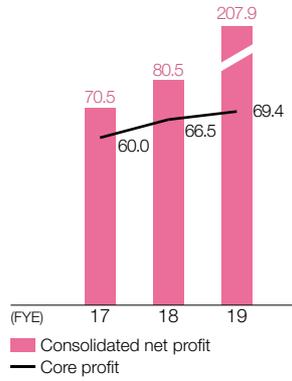
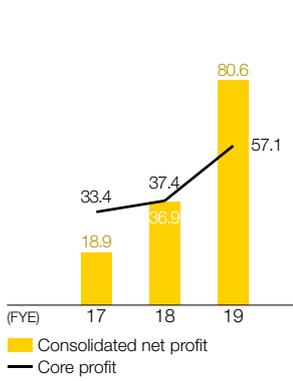


Energy & Chemicals Company

Food Company

General Products & Realty Company

ICT & Financial Business Company



Net Profit (Loss) by Major Group Companies

Textile Company

(Billions of Yen)					
	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
Consolidated Net Profit (Loss)		25.2	12.5	29.8	33.0
Breakdown of Net Profit (Loss) by Major Group Companies					
JOI'X CORPORATION	100.0%	1.4	1.5	1.2	1.4
DESCENTE LTD.	40.0%	1.5	1.4	1.2	2.1
Sankei Co., Ltd.	100.0%	2.0	0.1	1.9	2.1
ITOCHU Textile Prominent (ASIA) Ltd.	100.0%	0.8	0.2	1.1	1.3
ITOCHU TEXTILE (CHINA) CO., LTD.	100.0%	0.9	1.0	1.1	1.1

Machinery Company

(Billions of Yen)					
	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
Consolidated Net Profit (Loss)		46.4	57.1	47.6	61.0
Breakdown of Net Profit (Loss) by Major Group Companies					
Tokyo Century Corporation	25.2%	10.2	12.5	12.6	13.6
I-Power Investment Inc.	100.0%	1.0	5.3	(5.8)	2.1
I-ENVIRONMENT INVESTMENTS LIMITED	100.0%	0.8	1.9	1.0	1.0
JAMCO Corporation	33.4%	0.4	0.6	0.6	0.9
YANASE & CO., LTD.	66.0%	2.7	3.7	1.1	5.6
ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.*	100.0%	0.7	0.6	0.6	0.6
ITOCHU MACHINE-TECHNOS CORPORATION	100.0%	1.1	0.8	1.4	1.3
Century Medical, Inc.	100.0%	0.5	0.5	0.7	0.8

* On July 1, 2019, ITOCHU CONSTRUCTION MACHINERY CO., LTD., changed its name to ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.

Metals & Minerals Company

(Billions of Yen)					
	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
Consolidated Net Profit (Loss)		45.2	82.5	79.2	96.0
Breakdown of Net Profit (Loss) by Major Group Companies					
ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA)	100.0%	42.8	62.3	60.1	70.7
Brazil Japan Iron Ore Corporation (CSN Mineração)	75.7%	(2.9)	3.3	1.7	—
ITOCHU Coal Americas Inc. (Drummond)	100.0%	(2.6)	2.9	2.0	—
Marubeni-Itochu Steel Inc.	50.0%	7.6	9.2	12.1	—
ITOCHU Metals Corporation	100.0%	1.1	1.6	1.6	1.3*3

Energy & Chemicals Company

(Billions of Yen)					
	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
Consolidated Net Profit (Loss)		18.9	36.9	80.6	55.0
Breakdown of Net Profit (Loss) by Major Group Companies					
ITOCHU Oil Exploration (Azerbaijan) Inc. (ACG Project)	100.0%	0.7	2.3	3.3	5.1
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	100.0%	1.8	(1.8)	0.5	0.9
ITOCHU ENEX CO., LTD.	54.0%	5.5	6.0	6.5	6.4
Japan South Sakha Oil Co., Ltd. (Eastern Siberia Project)	25.2%	1.1	4.0	9.1	—
Dividend from LNG Projects (PAT)	—	3.2	4.4	6.2	5.2
ITOCHU CHEMICAL FRONTIER Corporation	100.0%	3.1	3.7	5.2	4.5
ITOCHU PLASTICS INC.	100.0%	4.2	4.0	3.8	2.4*3
C.I. TAKIRON Corporation*	51.2%	5.4	3.0	2.9	6.9

* 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 for FYE 2017 is represented as the sum of consolidated contributions for the two companies.

Food Company

(Billions of Yen)

	Shares ²	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) ^{*1}
Consolidated Net Profit (Loss)		70.5	80.5	207.9	61.0
Breakdown of Net Profit (Loss) by Major Group Companies					
FamilyMart UNY Holdings Co., Ltd.	50.2%	7.4	11.8	17.3	0.0 ^{*3}
Dole International Holdings, Inc.	100.0%	8.3	3.2	7.8	10.0
NIPPON ACCESS, INC.	100.0%	12.2	9.8	11.6	8.1 ^{*3}
FUJI OIL HOLDINGS INC.	34.0%	2.7	4.2	3.0	5.2
Prima Meat Packers, Ltd.	39.8%	3.7	4.1	3.2	3.7
ITOCHU-SHOKUJIN Co., Ltd.	52.2%	1.7	2.2	1.7	2.1
HYLIFE GROUP HOLDINGS LTD.	49.9%	2.7	3.7	2.7	—

General Products & Realty Company

(Billions of Yen)

	Shares ²	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) ^{*1}
Consolidated Net Profit (Loss)		27.6	55.7	62.9	70.0
Breakdown of Net Profit (Loss) by Major Group Companies					
European Tyre Enterprise Limited (Kwik-Fit)	100.0%	(5.2)	5.8	4.2	5.1
ITOCHU FIBRE LIMITED (METSА FIBRE)	100.0%	4.3	9.9	16.1	—
Japan Brazil Paper and Pulp Resources Development Co., Ltd. (CENIBRA)	33.3%	2.9	4.2	7.3	—
ITOCHU KENZAI Corp.	100.0%	2.6	2.7	2.9	2.9
DAIKEN CORPORATION	35.0%	1.8	1.6	1.3	2.1
ITOCHU Property Development, Ltd.	100.0%	2.6	2.4	2.9	2.7
ITOCHU LOGISTICS CORP.	100.0%	2.4	2.7	3.1	2.8 ^{*3}

ICT & Financial Business Company

(Billions of Yen)

	Shares ²	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) ^{*1}
Consolidated Net Profit (Loss)		40.1	51.1	68.4	61.0
Breakdown of Net Profit (Loss) by Major Group Companies					
ITOCHU Techno-Solutions Corporation	58.2%	12.6	13.6	14.2	15.7
BELLSYSTEM24 Holdings, Inc.	40.8%	1.4	1.2	1.2	2.8
CONEXIO Corporation	60.3%	3.9	4.1	4.0	—
ITOCHU Fuji Partners, Inc. (SKY Perfect JSAT Holdings)	63.0%	2.2	(0.2)	1.4	1.6
POCKET CARD CO., LTD.	63.1%	0.6	1.3	3.9	2.1 ^{*3}
Orient Corporation	16.5%	5.0	4.2	4.2	—

The 8th Company

(Billions of Yen)

	Shares ²	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) ^{*1}
Consolidated Net Profit (Loss)		—	—	—	30.0
Breakdown of Net Profit (Loss) by Major Group Companies					
FamilyMart UNY Holdings Co., Ltd.	50.2% ^{*3}	—	—	—	25.1
NIPPON ACCESS, INC.	40.0% ^{*3}	—	—	—	5.4
ITOCHU PLASTICS INC.	40.0% ^{*3}	—	—	—	1.6
POCKET CARD CO., LTD.	30.9% ^{*3}	—	—	—	2.0*
ITOCHU Metals Corporation	30.0% ^{*3}	—	—	—	0.5
ITOCHU LOGISTICS CORP.	5.0% ^{*3}	—	—	—	0.2

* Includes net profit from FamilyMart UNY Holdings Co., Ltd.

^{*1} The "FYE 2020 (Forecast)" was revised on August 2, 2019 to reflect the establishment of The 8th Company.

^{*2} Share percentages indicated are as of March 31, 2019.

^{*3} A portion of net profit was transferred to The 8th Company in tandem with that company's establishment. See the share percentage indicated for The 8th Company for details on the percentage transferred.

Textile Company

Business Fields

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



Masahiro Morofuji

President, Textile Company



From left:

Motonari Shimizu,

Executive Vice President, Textile Company; Chief Operating Officer, Apparel Division

Shoji Miura,

Chief Operating Officer, Brand Marketing Division 1

Yoshihiro Fukushima,

Chief Operating Officer, Brand Marketing Division 2

Masato Sakuragi,

Chief Financial Officer

Noriya Hashimoto,

General Manager, Planning & Administration Department

Business Development

Raw materials, Garment materials, and Apparel

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

Product planning and sales base
for the European market

- Prominent (Europe)

Product planning and sales base
for the North American market

- ITOCHU Prominent U.S.A.

Production bases spreading
throughout China and
other parts of Asia

Product planning, production, and sales
bases for markets in China and other parts
of Asia production base for the Japanese,
European, U.S., and global markets

- ITOCHU TEXTILE (CHINA)
- ITOCHU Textile Prominent (ASIA)

Planning, production, and sales
bases for the Japanese market

- ITOCHU • EDWIN
- UNICO • LEILIAN

Sales of garment materials for
Japanese, Chinese, and other Asian
production bases

- ITOCHU • SANKEI

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

Brand owner

Participation in management /
Trademark rights

Primary brands handled:

CONVERSE, HUNTING WORLD, LANVIN, LeSportsac,
OUTDOOR PRODUCTS, Paul Smith

Exclusive import and distribution rights /
Master license rights

Primary brands handled:

FILA, HEAD, Psycho Bunny, Santoni, Vivienne Westwood

STRENGTHS 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



OPPORTUNITIES Growth Opportunities

Strategies (Specific Measures)

Secure new demand by creating new businesses that adapt to changes in market environment via the supply chain



Promote trade in which we take the initiative by utilizing new technologies, developing environmentally friendly materials, etc.

Respond to changing consumer trends and diversifying sales channels in the domestic market



Strengthen e-commerce and grow new sales channels in our brand and retail-related businesses

Growth of consumer markets in China and other parts of Asia due to rising standards of living



Grow overseas revenues and earnings by cultivating initiatives with leading companies in China and other parts of Asia as well as increasing superior assets

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

Responses

Risks related to securing superior human resources in the textile industry, which has labor-intensive facets



Add value and promote sustainable industrialization by creating IT infrastructures for production

Penetration of the distribution revolution in the apparel industry, which makes existing businesses obsolete



Improve production and marketing efficiency by utilizing AI, expand the use of RFID tags in the apparel industry

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 50 Sustainability)

Taking Advantage of Opportunities for Growth

Building a Value Chain Starting with Raw Materials in which We Take the Initiative

As part of our “reinvention of business” policy, we are working to build a value chain with raw materials as the starting point, centering on environmentally friendly materials. In FYE 2019, we invested in JEPLAN, INC., a company possessing manufacturing technology for recycling polyester, and undertook joint investment with Shandong Ruyi Science and Technology Group in The LYCRA Company, a leading materials manufacturer. Additionally, we announced the establishment of a joint venture plant for environmentally friendly cellulose fibers with Metsa Group. Going forward, we will expand our own raw materials brand, develop original materials, and leverage our manufacturing foundation in China and other parts of Asia. Through these efforts, we will be able to provide the world’s leading retailers with a one-stop service spanning raw materials to product manufacturing. By providing this service, we aim to expand trade in which we can take the initiative in the Textile Business.



The LYCRA Company's collection of materials

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

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

The Japan Fair Trade Commission issued the Company a cease-and-desist order and a surcharge payment order to be complied with by October 2018. The commission cited infringement of Japan's Antimonopoly Act on certain projects related to the supply of corporate uniforms up to FYE 2017. We take the situation quite seriously and will consistently apply the preventive measures* we formulated based on 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

Machinery Company

Business Fields

- Plant and Power projects (water and environmental, infrastructure, renewable energy, petrochemical, 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)



Hiroyuki Tsubai

President, Machinery Company



From left:

Shinichi Aburaya,

Chief Operating Officer, Plant Project, Marine & Aerospace Division

Takanori Morita,

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

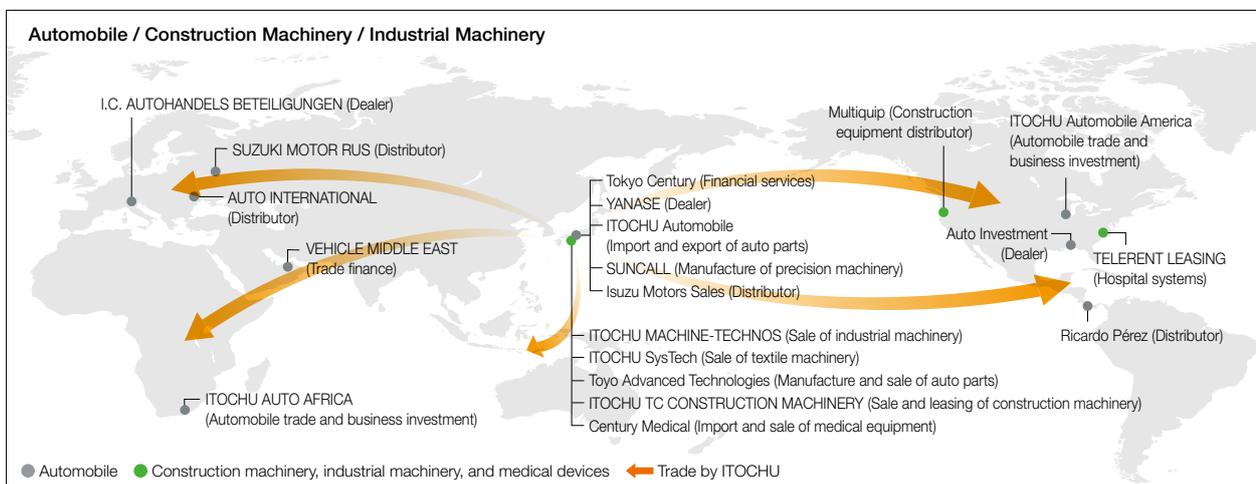
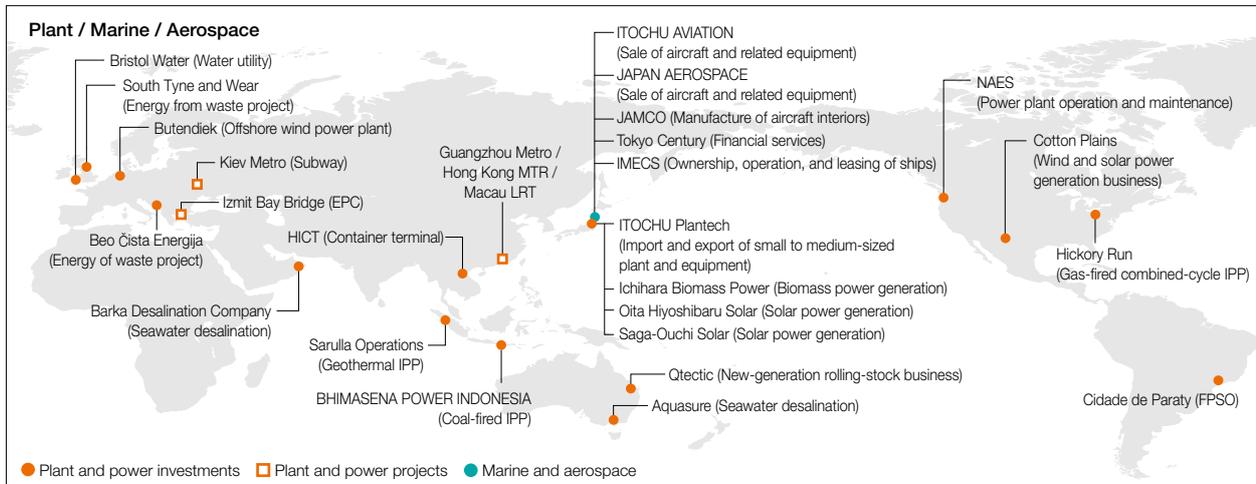
Shuichiro Yamaura,

Chief Financial Officer

Tatsuya Hirano,

General Manager, Planning & Administration Department

Business Development





STRENGTHS 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

OPPORTUNITIES 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 water and environment, IPP, and automobile fields
Technological innovations, changes in people's values and living environments	•••	Transformation of existing value chains with a focus on the automobile industry and evolution 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

RISKS 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 to reduce the environmental impact

(⇒ Page 50 Sustainability)

Taking Advantage of Opportunities for Growth

Barka Seawater Desalination Project in Oman

Barka Desalination Company, of which ITOCHU is the top shareholder, put into commercial operation the Barka Seawater Desalination Plant in June 2018, targeting a stable supply of water. This project is a public-private collaborative project being promoted by the Omani government, and water produced at the plant is supplied via the Oman Power and Water Procurement Company for the next 20 years as water for household use in the capital city, Muscat. It is Oman's largest seawater desalination project. In the Gulf region, including Oman, shortage of water for household use is becoming an issue amid mounting demand due to population growth and urbanization. Going forward, we will continue to make effective use of water resources throughout the world and promote ESG initiatives through our core businesses.



Barka Seawater Desalination Plant in Oman

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

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

Metals & Minerals Company

Business Fields

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



Kenji Seto

President, Metals & Minerals Company;
Chief Operating Officer, Metal & Mineral Resources Division



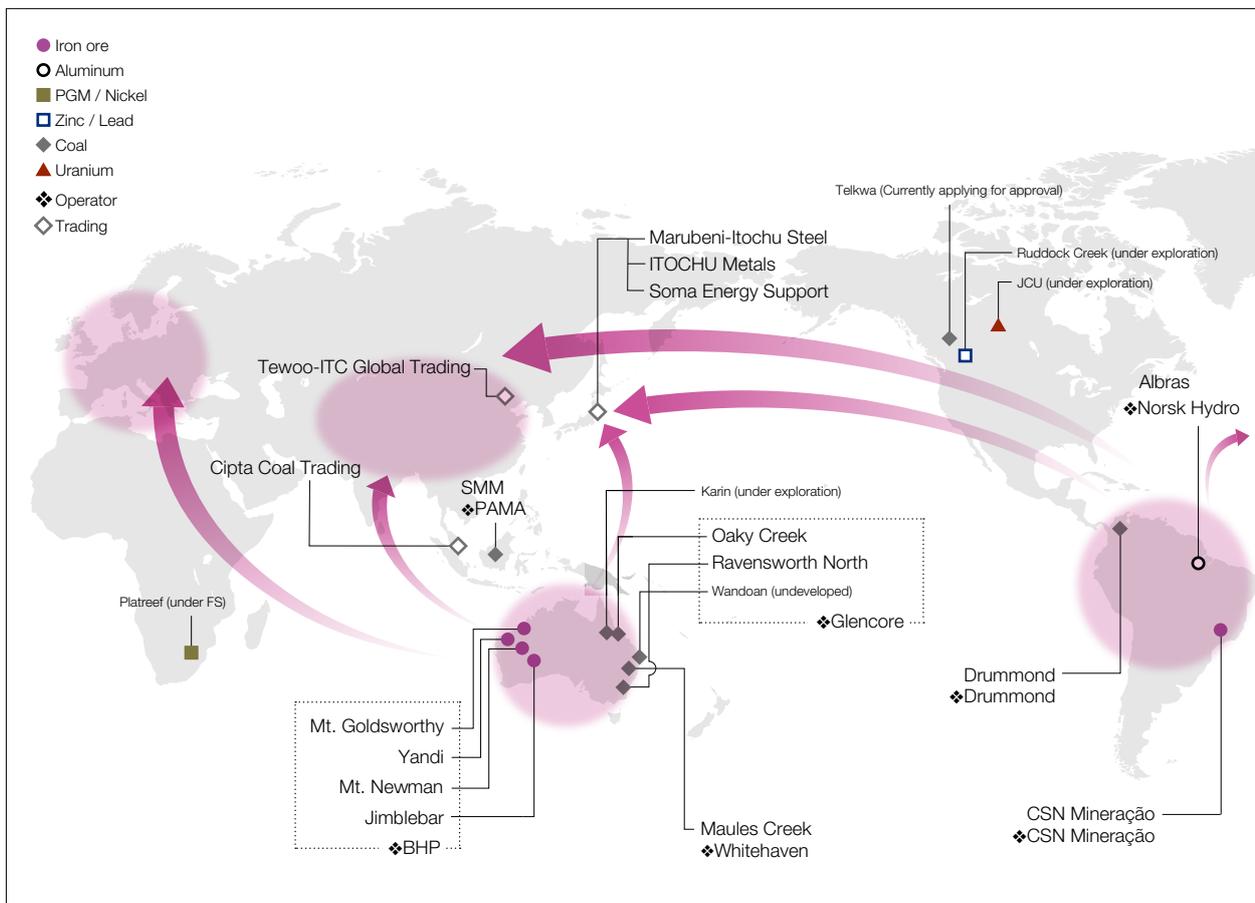
From left:

Ikuya Hirano,
Chief Financial Officer

Yoshihiko Ogura,
General Manager, Planning & Administration Department

Yasuhisa Tashiro,
General Manager, Steel Business Coordination Department

Business Development



STRENGTHS Company Strengths

- Strong relationships with excellent 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 & mineral resources and metal materials) to downstream (steel and non-ferrous products)

Photo courtesy of Emirates Global Aluminium

Photo courtesy of BHP

OPPORTUNITIES Growth Opportunities

Strategies (Specific Measures)

Changes in society's demand with respect to metal & mineral resources and metal materials	•••	Creation of optimal resource portfolios that contribute to next-generation industries by replacing and acquiring superior assets
Expansion of trade in metal & mineral resources, steel and non-ferrous products, as well as recycling business in line with global economic development	•••	Formation of new, high-value-added trading structures by leveraging strong relationships with excellent partners
"Reinvention of business" through building a value chain	•••	Conduct investments and provide financing in industry from upstream to downstream, and enhance business models through the introduction of new technologies

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

Responses

Trends in demand for fossil fuels associated with regulations on greenhouse gas emissions, and changes in industrial materials with a view toward realizing a low-carbon society	•••	Adherence to our coal-related business policy; ongoing contribution to the development of technologies that will help reduce greenhouse gas emissions; enhanced initiatives in businesses (such as aluminum) that will facilitate lighter-weight vehicles and a shift toward EVs
Lower production and sales volumes due to resource depletion and mine closures	•••	Expansion of superior equity investments that provide the foundation for stable supplies of resources and fuels
Consideration for EHS (Environmental, Health, and Occupational safety) and harmony with people in local communities	•••	Operation of EHS Guidelines and thorough employee education; healthcare, education through donations to local communities; contributions to community infrastructure development, etc.

(⇒ Page 50 Sustainability)

Taking Advantage of Opportunities for Growth

ITOCHU to Make Capital Investment to Develop South Flank Project

ITOCHU has approved capital expenditure to develop the South Flank project of its Western Australia Iron Ore Operations ("WAIO"). WAIO is run as a joint venture with leading mining company, BHP. The South Flank project will replace production from the Yandi iron ore mine which is reaching the end of its economic life. Production from the South Flank mine is expected to continue for more than 25 years. First shipment is targeted in the 2021 calendar year. We will further strengthen the partnership with excellent partners, and will continue to seek investments in superior assets with a high level of competitiveness. At the same time, through this business we will continue to develop sustainable projects with careful consideration for EHS, and harmony with people in local communities.



WAIO's Ore Processing Plant (Photo courtesy of BHP)

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

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

Energy & Chemicals Company

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, storage batteries, electronic materials, etc.)



Keita Ishii

President, Energy & Chemicals Company



From left:

Hisato Okubo,

Executive Vice President, Energy & Chemicals Company;
Chief Operating Officer, Energy Division

Masaya Tanaka,

Chief Operating Officer, Chemicals Division

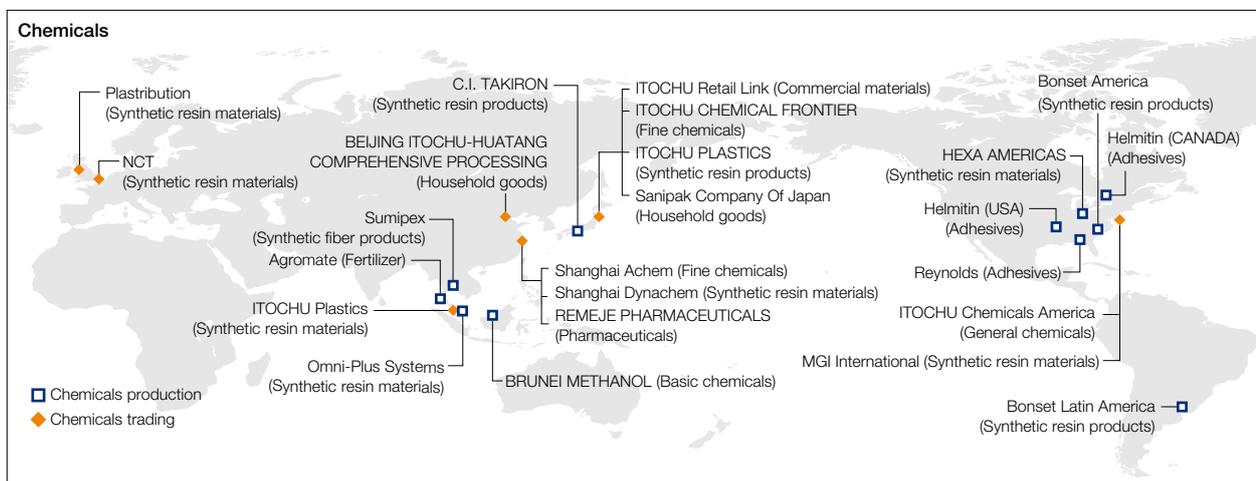
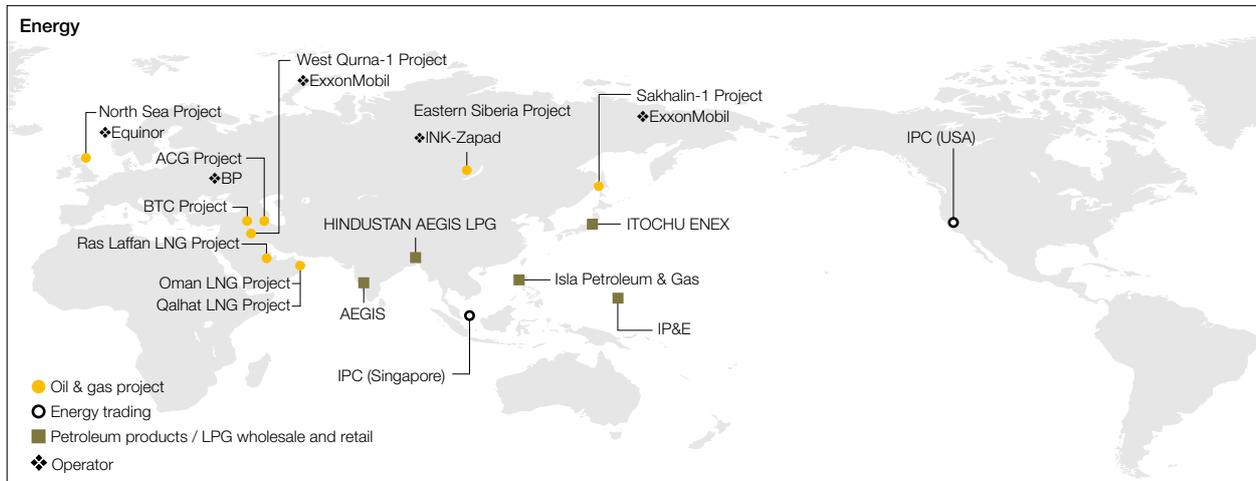
Kenji Takai,

Chief Financial Officer

Isao Nakao,

General Manager, Planning & Administration Department

Business Development



STRENGTHS Company Strengths

- Business portfolio in the energy sector 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

OPPORTUNITIES Growth Opportunities

Strategies (Specific Measures)

Growing awareness for a low-carbon society		Further strengthen the LNG value chain, including consideration of new project acquisitions
Long-term growth in demand for energy resources		Collaborate with reputable partners to maintain a stable, long-term supply of energy resources by increasing efficiency and expanding existing projects; consider new projects as alternatives to existing interests
Demand for environmentally friendly energy, products, and services		Expand initiatives leveraging breadth of the business domain, ranging from energy solutions and renewable energy to optimal charging and discharging services utilizing the energy storage system

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

Responses

Stricter regulation of greenhouse gas emissions and less reliance on fossil fuels		Continuing efforts to minimize greenhouse gas emissions during operation and the pursuit of businesses with lower environmental impact, such as renewable energy and LNG
Transformation of patient needs and growing uncertainty of medical security systems as the population ages		Expansion of portfolio in the healthcare business through promoting leading-edge medical treatments
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
Reduction in demand for synthetic resin materials in line with moving away from plastic and the problem of plastic waste		Handle new environmentally friendly materials such as alternative materials to plastic and promote recycling businesses

(⇔ Page 50 Sustainability)

Taking Advantage of Opportunities for Growth

Initiatives Contributing to Medium- to Long-Term Energy Security

ITOCHU is in the market exploring for opportunities to take part in the new natural gas and LNG projects, cleaner energy sources, the demands of which are growing ever more worldwide. As part of our upstream oil and gas strategy, we have acquired new project interest in Iraqi West Qurna-1, while divesting a subsidiary's holding project interests in the U.K. North Sea. With its unique contract scheme*, the West Qurna-1 project secured more stable revenue stream, enabling us to build a robust asset base that would withstand today's volatile oil market. Through these and other strategic measures taken, we, as the Energy & Chemicals Company, have achieved record-high earnings in FYE 2019. Our aim is to sustain this momentum by maximizing our revenue bases from existing projects, such as the Azerbaijani ACG project, at the same time continuing on with our journey to optimize our asset portfolio, through further acquisitions and divestments where feasible.



LNG tanker NIZWA

* A scheme in which ITOCHU and other companies operate and develop the field on behalf of the Iraqi government, for which they are entitled to receive a certain remuneration fee.

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

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

Food Company

Business Fields

- Resources / Materials
- Product processing (fresh food, provisions)
- Midstream distribution (food wholesaling)
- Retail (CVS)



Hiroyuki Kaizuka

President, Food Company



From left:

Shuichi Miyamoto,
Chief Operating Officer, Provisions Division

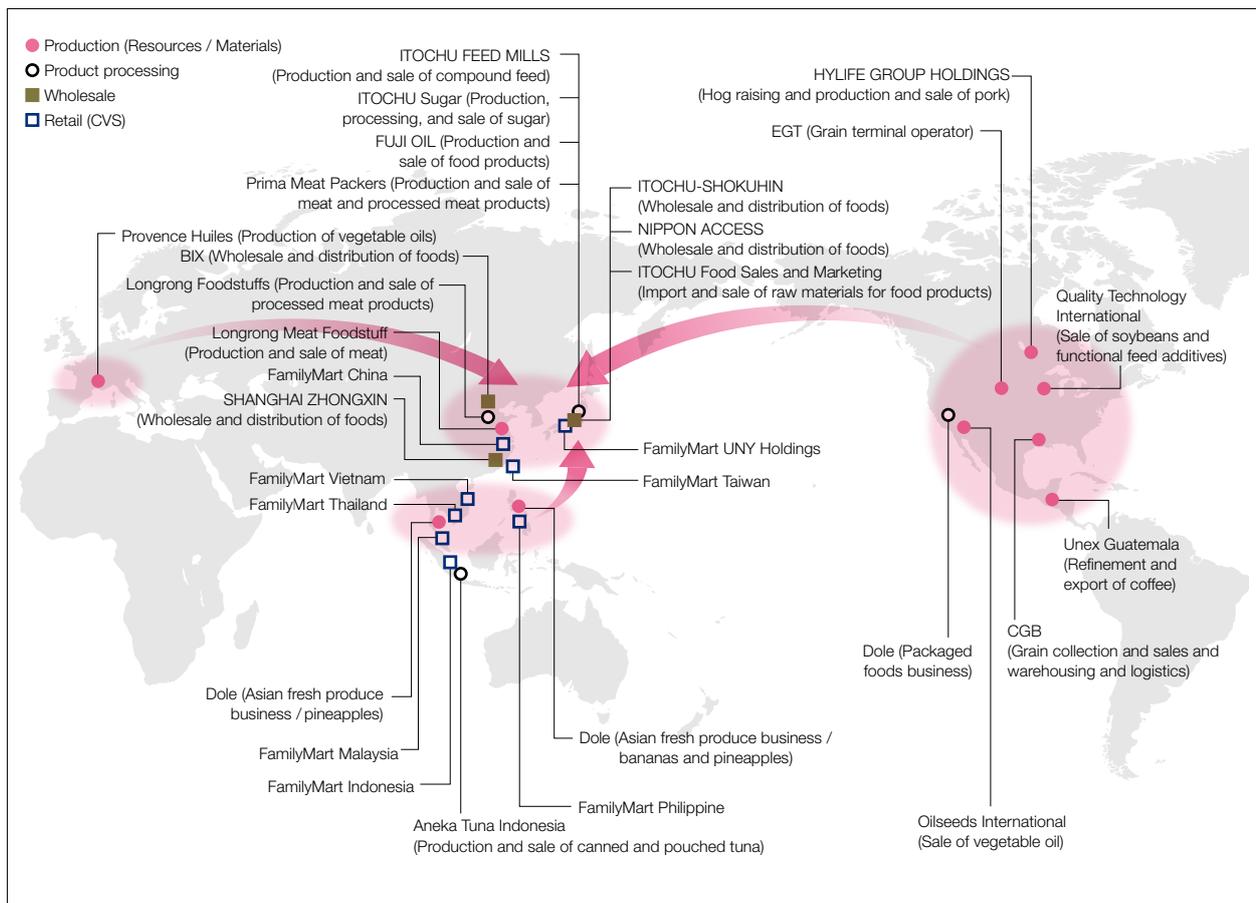
Kenichi Tai,
Chief Operating Officer, Fresh Food Division

Takeshi Hagiwara,
Chief Operating Officer, Food Products Marketing & Distribution Division

Makoto Kyoda,
Chief Financial Officer

Kuniaki Abe,
General Manager, Planning & Administration Department

Business Development



STRENGTHS 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

OPPORTUNITIES 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 products, functions, expertise, and new technologies
More diverse and sophisticated diets around the world	•••	Expansion of business foundations of overseas raw materials operating base and increase of domestic trade, centering on value-added products
Rising consumer awareness of food safety and security	•••	Assurance of safe and secure food supplies and establishment of stable supply chain networks

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

		Responses
Problems with business continuity due to labor shortages caused by a shrinking population	•••	Enhancement of 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	•••	Securement of stable supply of agricultural products through diversification of production regions
Distribution of products containing substances that pose health hazards	•••	Increase in number of employees holding Food Safety Management Systems (FSMS) international certificate

(⇔ Page 50 Sustainability)

Initiatives for Reducing ESG Risks

Biogas Power Generation Using Pineapple Residue

Dole Philippines Inc. (Dolefil) concluded a long-term energy sale and purchase contract with Surallah Biogas Ventures Corp. (SBVC), an affiliate of Metro Pacific Investments Corp. Under this contract, Dolefil will supply pineapple residue generated during the manufacturing process of Dole products to SBVC as a biogas ingredient, and will purchase the generated biogas as electricity from SBVC.

On the island of Mindanao in the Philippines, where Dolefil's pineapple plantation is located, soaring electricity costs pose an issue for management. However, Dolefil will reduce its electricity costs by receiving gas and electricity at a fixed price following the construction of a biogas generation facility that will start operations in 2020. By leveraging renewable energy, we will reduce our environmental impact and help create a recycling society.



Groundbreaking ceremony for the biomass power generation facility

General Products & Realty Company

Business Fields

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



Tomofumi Yoshida

President, General Products & Realty Company



From left:

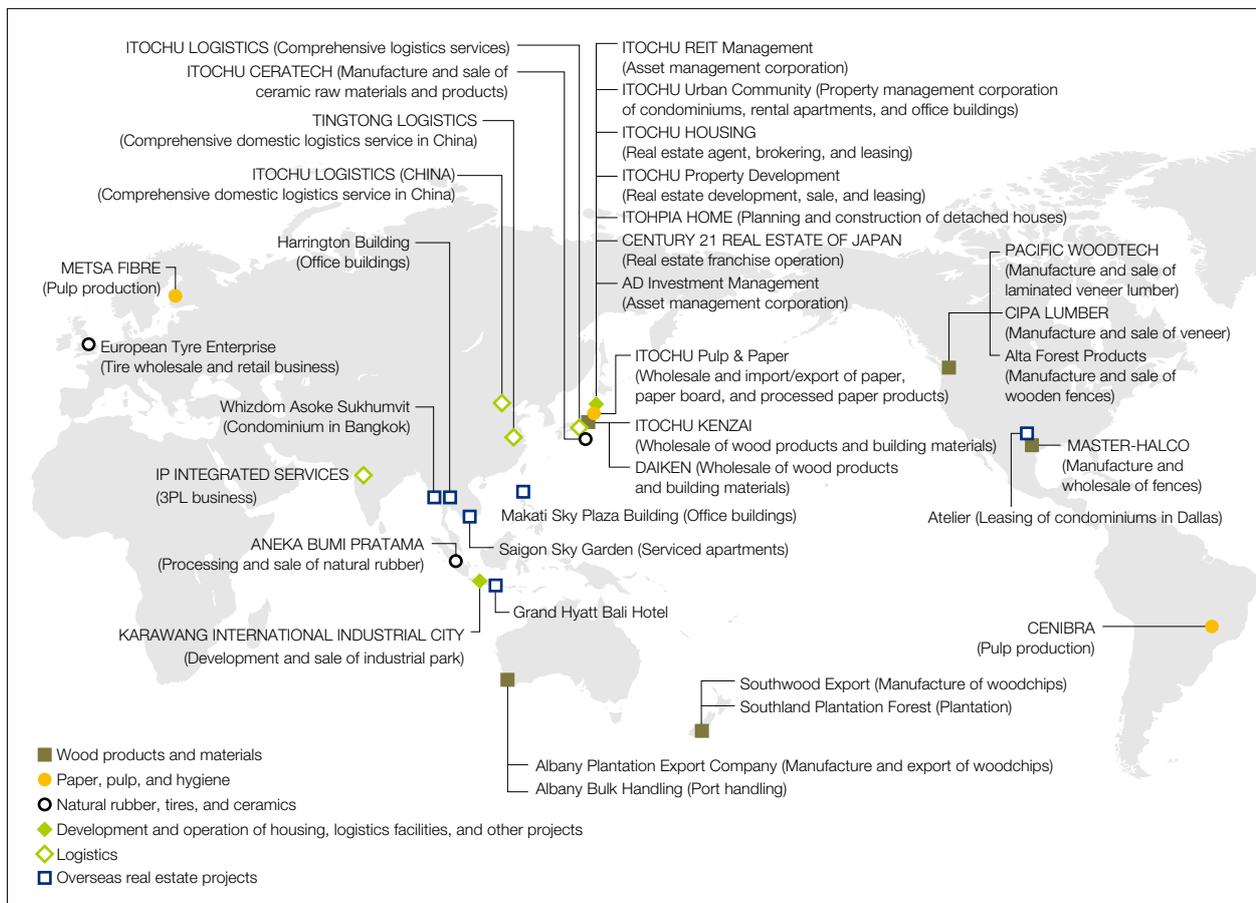
Kenji Murai,
Chief Operating Officer, Forest Products, General Merchandise & Logistics Division

Masatoshi Maki,
Chief Operating Officer, Construction & Real Estate Division

Kazuaki Yamaguchi,
Chief Financial Officer

Tsutomu Yamauchi,
General Manager, Planning & Administration Department

Business Development



STRENGTHS 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

OPPORTUNITIES Growth Opportunities

Strategies (Specific Measures)

Adapt business models in line with rapid progress of next-generation technologies



Further enhance tire, construction materials, real estate, and logistics businesses by employing next-generation technologies

Handle renewable forestry resources



Expand the handling of environment-friendly products that use sustainable forestry resources

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

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

Responses

Stable procurement and supply of resources and raw materials



Promote sustainable afforestation with joint venture partners in Brazil, and strengthen the pulp business in Finland where the stable long-term supply of pulpwood is possible



Create a sustainable and stable business including potential investment of byproduct (slag) which is sustainable and used as a cement alternative



Promotion of sustainable natural rubber that is supplied through a traceability system

(⇔ Page 50 Sustainability)

Initiatives for Reducing ESG Risks

Commencement of Proof of Concept (PoC) for Traceability of Natural Rubber

Natural rubber is an indispensable natural resource in our daily lives. The more awareness of creating a sustainable society, the greater transparency is required in procurement activities. To date, it has been extremely difficult to ascertain the actual conditions of natural rubber producers due to the vastness of the afforestation area and the complexity of distribution channels. Using the supply chain of P.T. ANEKA BUMI PRATAMA, our subsidiary in Indonesia, we have commenced a PoC project that is the world's first application of blockchain technology in the natural rubber industry, and are promoting the realization of traceability. Furthermore, we are aiming to spread sustainable natural rubber through a capital alliance with HeveaConnect Pte Ltd, which operates a marketplace for trading sustainable natural rubber and was established by Halcyon Agri Corporation Limited (headquartered in Singapore and one of the world's top natural rubber companies).



Harvesting sap for natural rubber

ICT & Financial Business Company

Business Fields

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



Tatsushi Shingu

President, ICT & Financial Business Company



From left:

Kiyoshi Imagawa,

Chief Operating Officer, ICT Division

Shuichi Kato,

Chief Operating Officer, Financial & Insurance Business Division

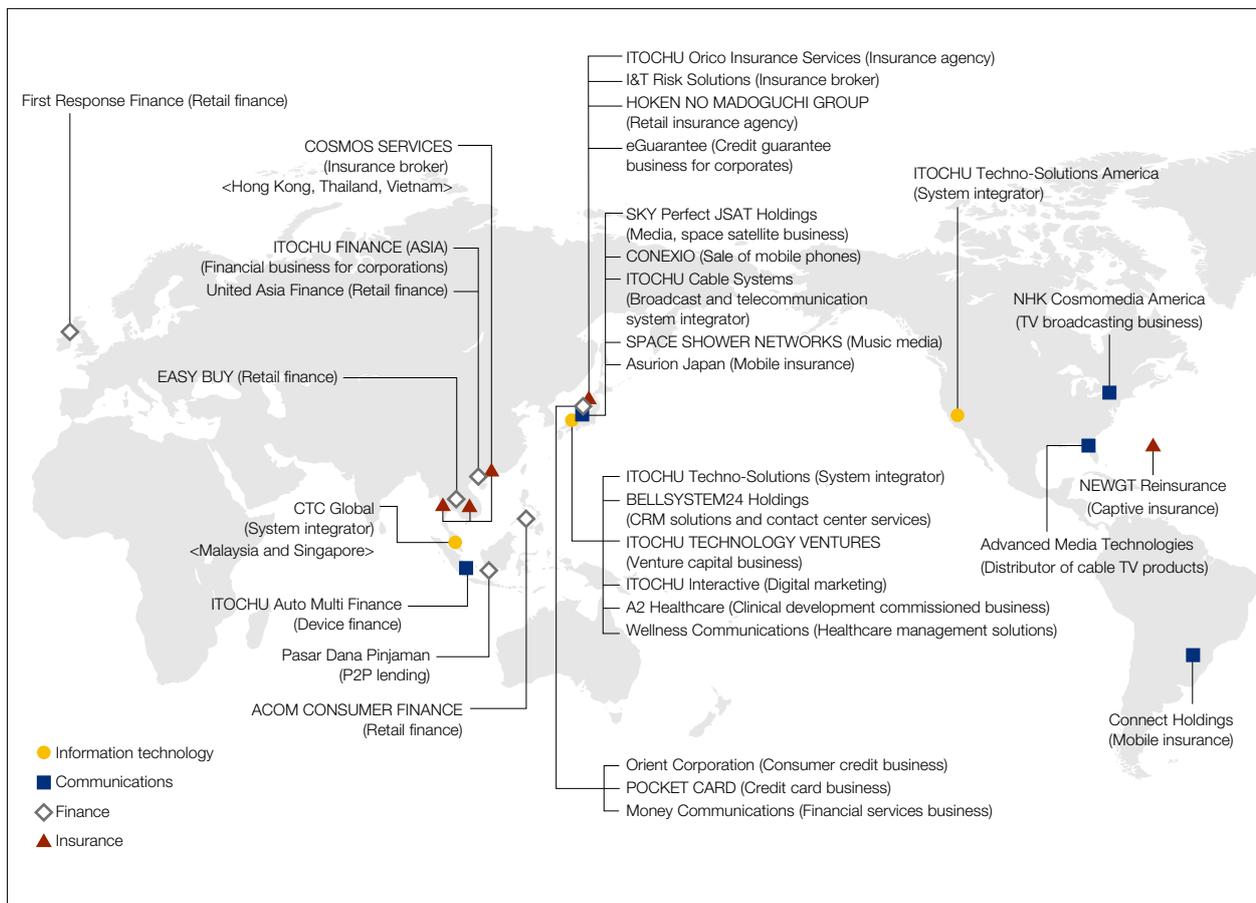
Fumitaka Horiuchi,

Chief Financial Officer

Tadayoshi Yamaguchi,

General Manager, Planning & Administration Department

Business Development



STRENGTHS

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-up companies and other leading-edge companies in Japan and overseas

OPPORTUNITIES

Growth Opportunities

Strategies (Specific Measures)

Evolve business models to adapt to rapid changes in the business environment



Expand overseas business foundation through cross-border e-commerce and new retail finance

Expansion of the infrastructure service business in response to increasingly specialized and sophisticated business processes



Develop new solutions by applying new cutting-edge technologies

Strengthen earning base through restructuring and optimization of existing businesses with partners in Japan and overseas



Discover, form alliances with, and promote business developments with start-up companies

RISKS

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 the increase in the number of customers and the expansion of asset scale in existing businesses

(⇒ Page 50 Sustainability)

Taking Advantage of Opportunities for Growth

Strategic Investment in Paidy Inc.

The ITOCHU Group has leveraged its growth through investing in and providing hands-on support to start-up companies with high growth potential. The support includes dispatching its employees and fostering ties among the Group. One of the achievements of these measures in FYE 2019 was the strategic investment alongside our subsidiary, POCKET CARD CO., LTD, in Paidy Inc. (Paidy), an online post-pay settlement service operator with the intention of making Paidy into an equity-method affiliate.

In addition to promoting the expansion of Paidy's member store network both within and outside the group, we will develop advanced user-friendly next-generation financial services, leveraging Paidy's new technology as typified by its proprietary credit scoring model, as well as POCKET CARD's expertise in the settlement field accumulated over many years. Through these efforts we will aim to further enhance the corporate value of both companies.

(⇒ Page 67 Aiming to Reinvent Our Business)

