

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:

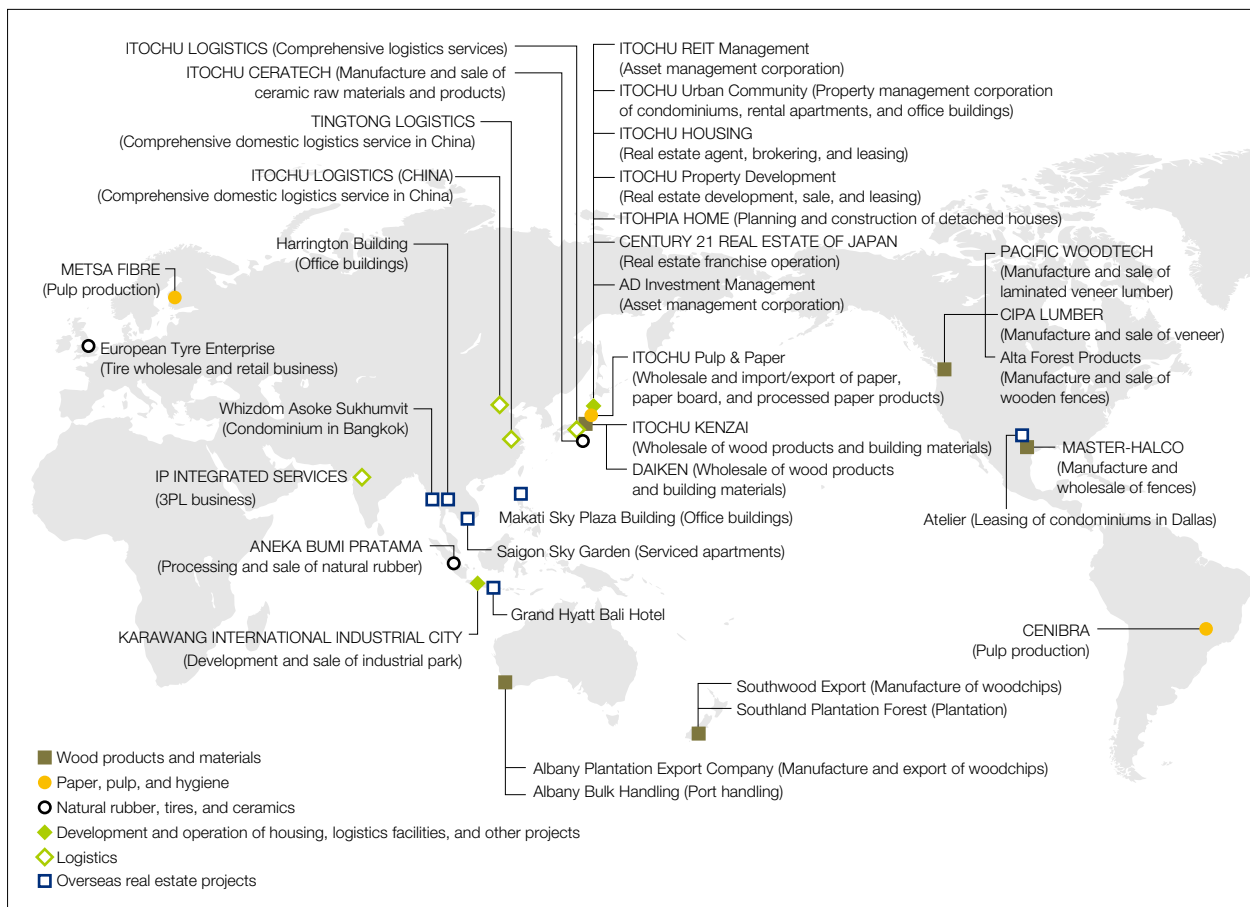
Kenji Murai,
Chief Operating Officer, Forest Products, General Merchandise & Logistics Division

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

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

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

Financial Summary

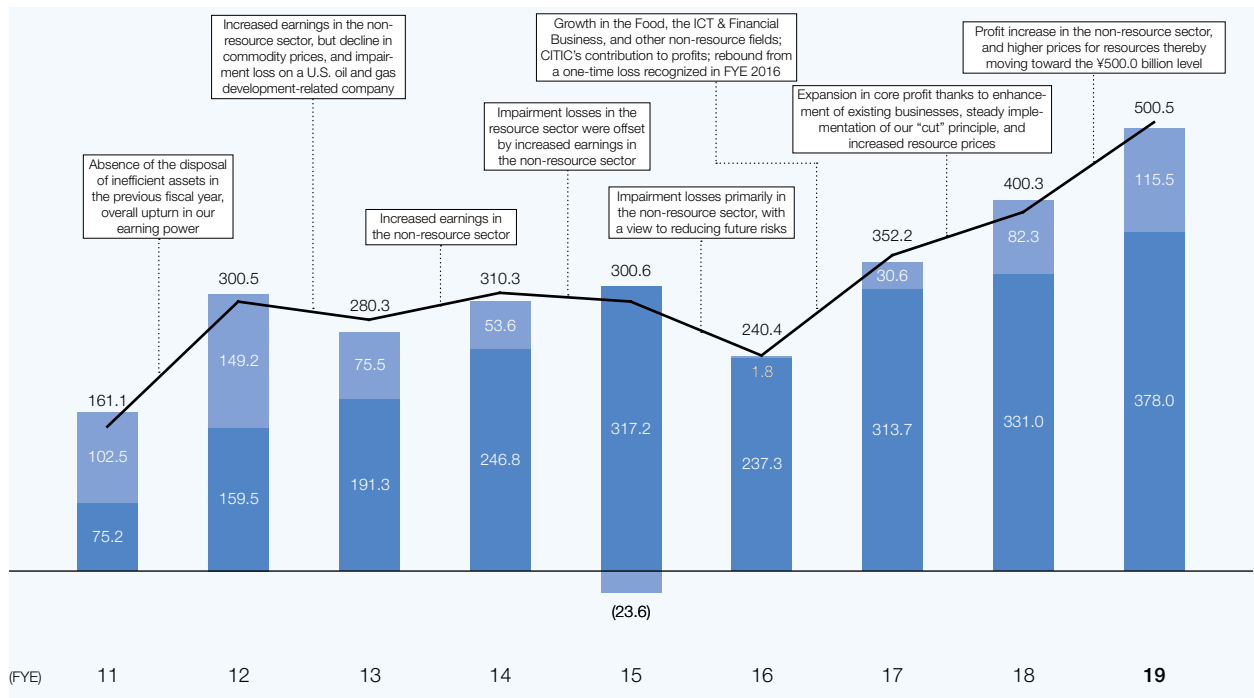
Segment Overview

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)



Extraordinary Gains and Losses	(57.5)	20.0	0	0	(5.0)	(75.0)	(18.0)	(16.5)	28.5
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Core Profit	218.6	280.5	280.3	310.3	305.6	315.4	370.2	416.8	472.0
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■ 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

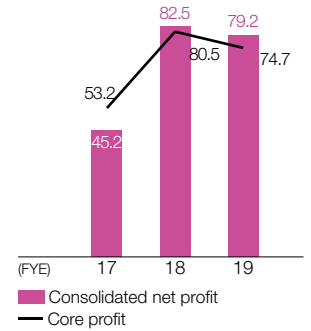
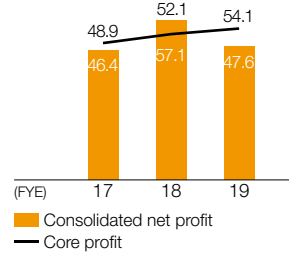
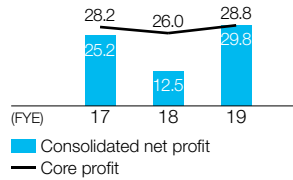
Textile Company

Machinery Company

Metals & Minerals Company

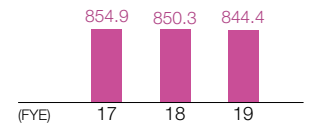
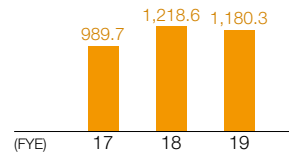
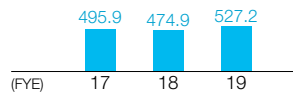
Consolidated Net Profit Core Profit

(Billions of Yen)



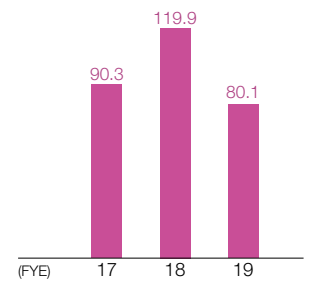
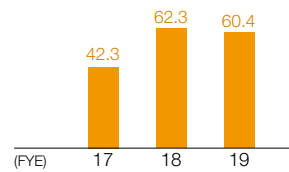
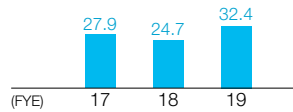
Total Assets

(Billions of Yen)



Core Operating Cash Flows*

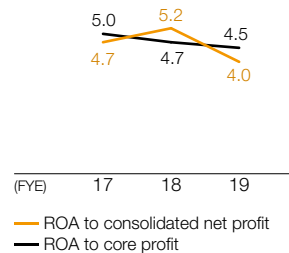
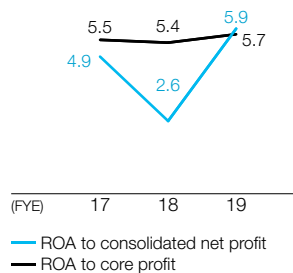
(Billions of Yen)



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

ROA

(%)

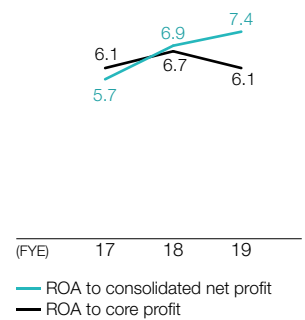
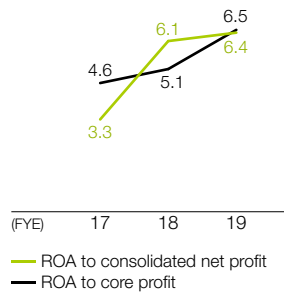
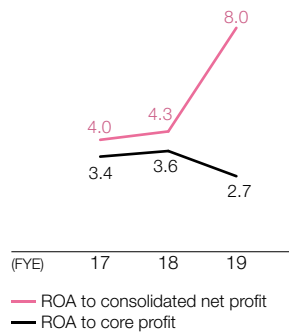
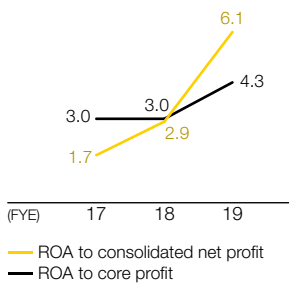
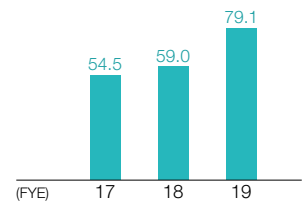
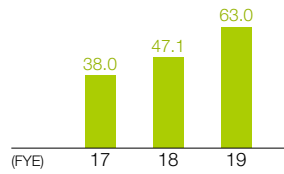
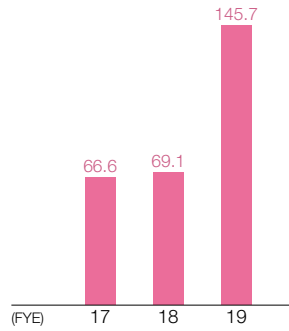
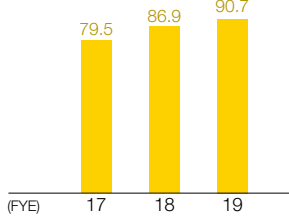
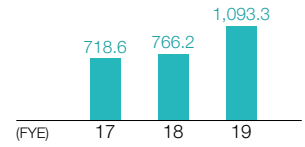
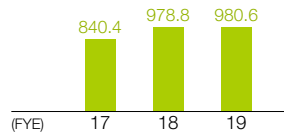
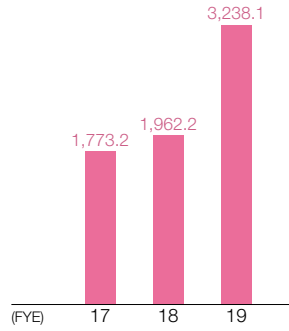
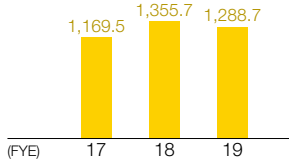
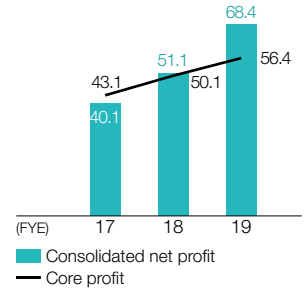
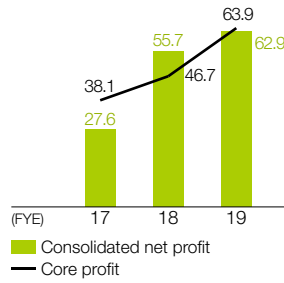
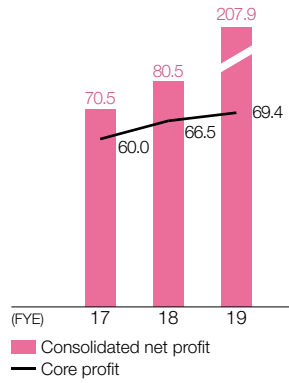
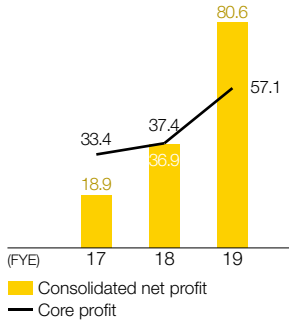


Energy & Chemicals Company

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.