

# 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

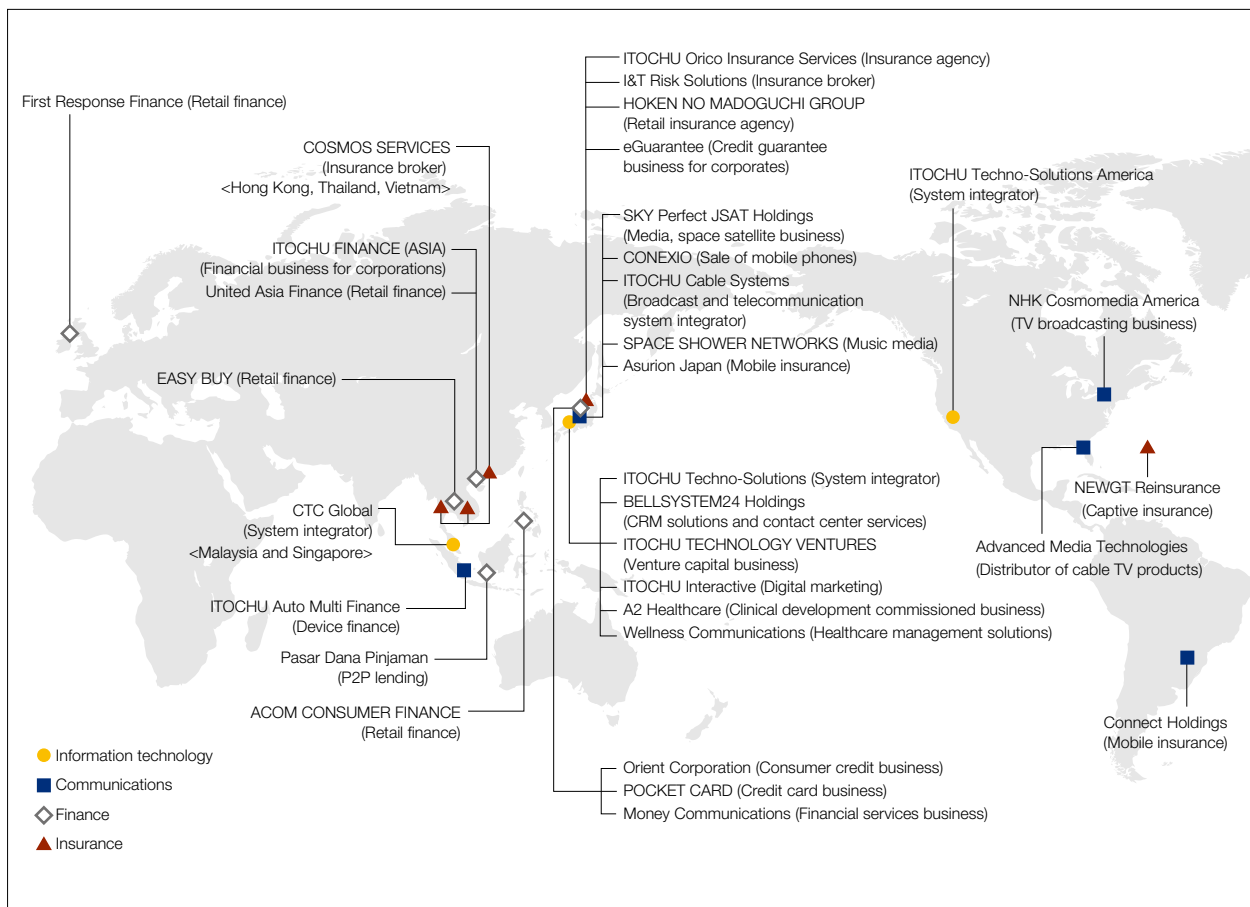
**Fumitaka Horiuchi,**

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)



# Financial Summary

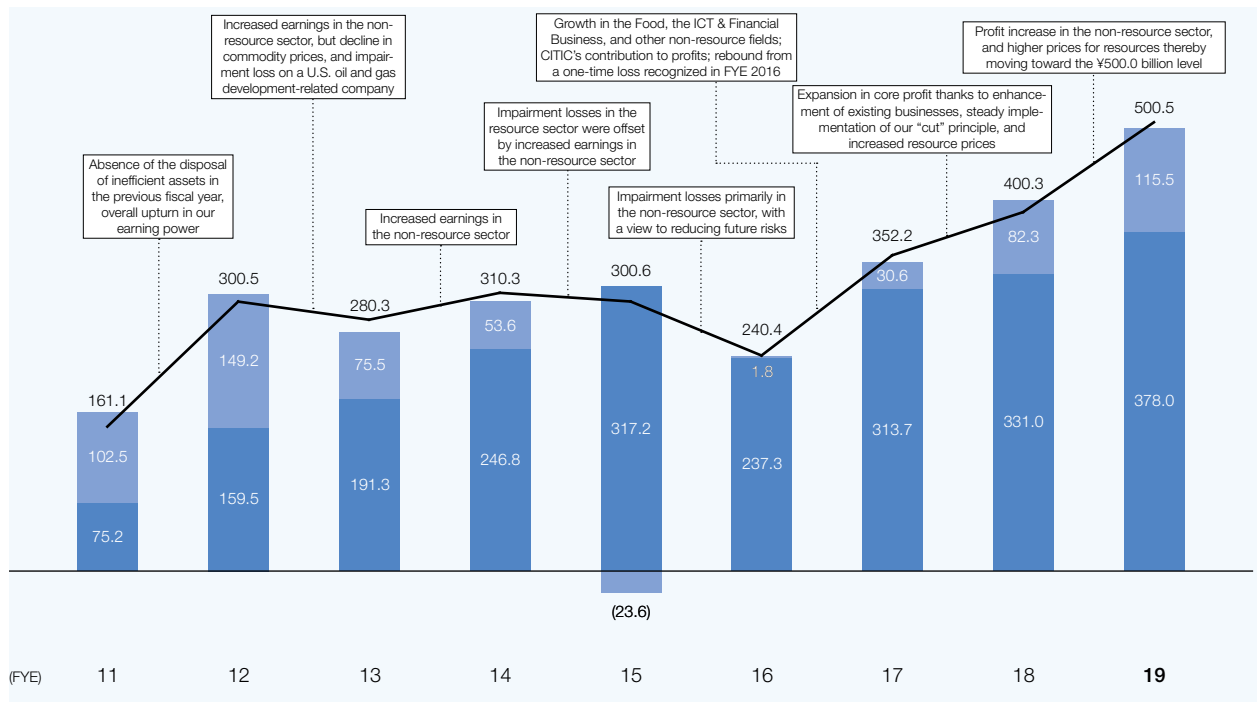
## Segment Overview

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



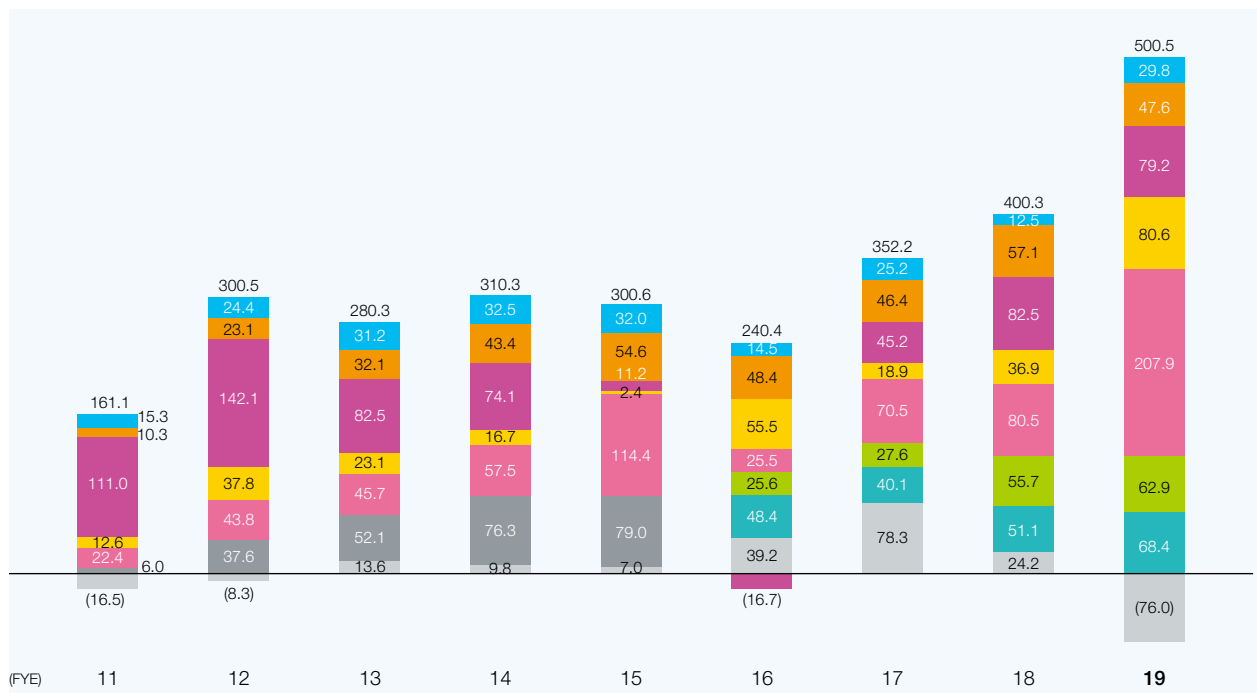
Non-Resource	82.1%	89.3%	72.8%	93.7%
Resource	17.9%	10.7%	27.2%	6.3%

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

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.

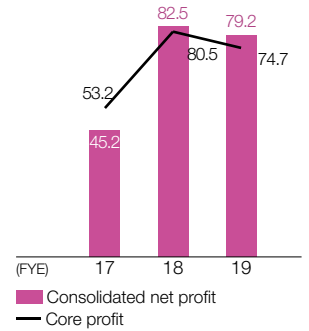
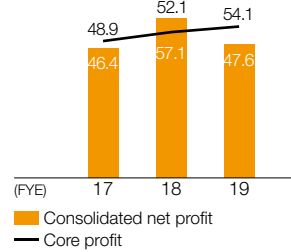
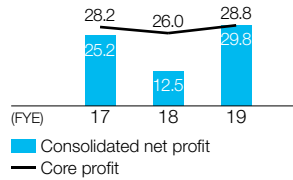
# Performance Trends by Segment

## Textile Company

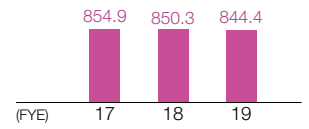
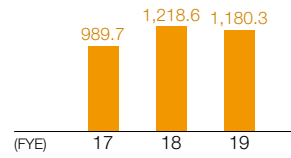
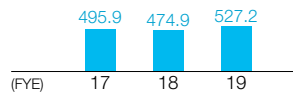
## Machinery Company

## Metals & Minerals Company

### Consolidated Net Profit Core Profit (Billions of Yen)

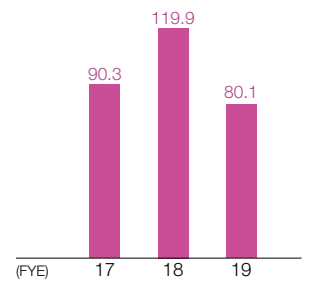
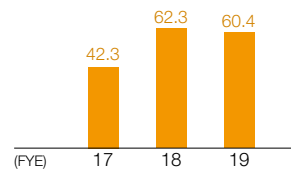
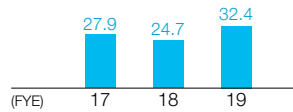


### Total Assets (Billions of Yen)

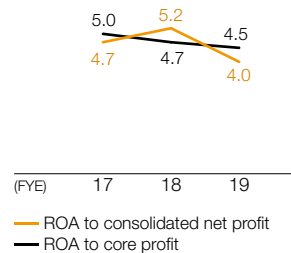
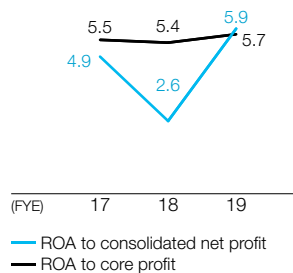


### Core Operating Cash Flows\* (Billions of Yen)

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



### ROA (%)

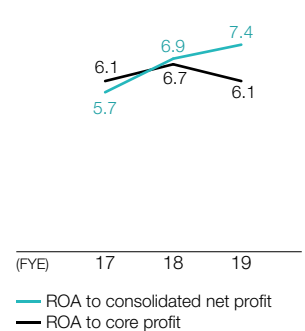
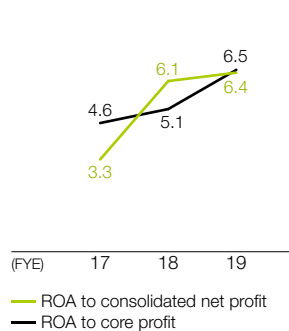
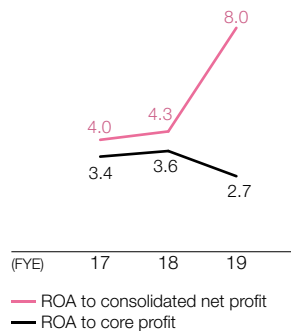
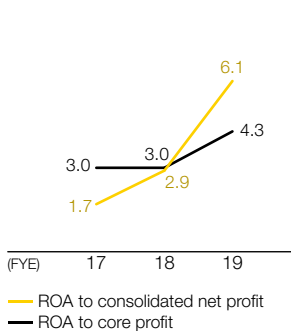
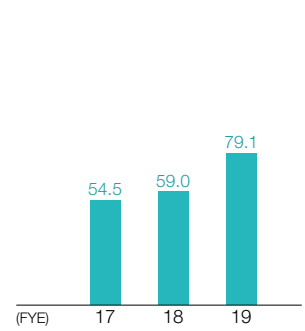
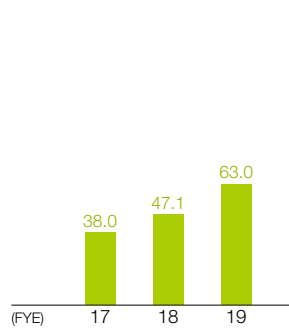
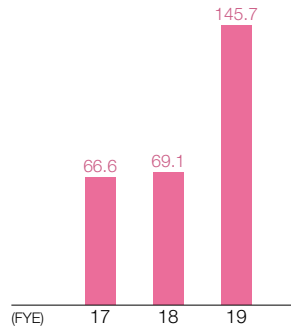
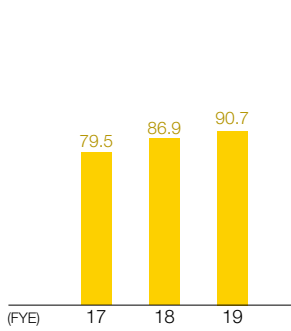
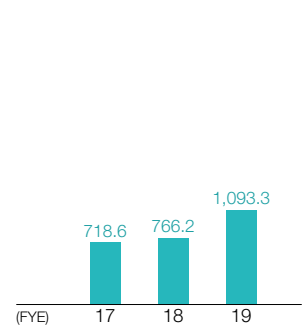
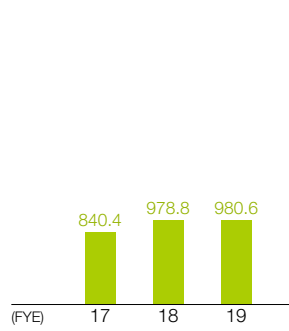
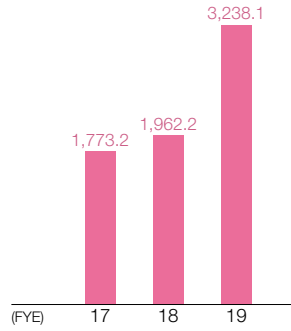
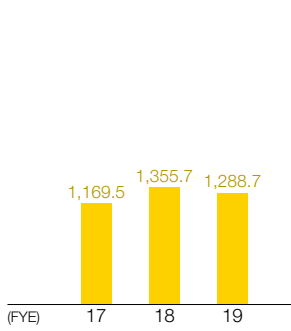
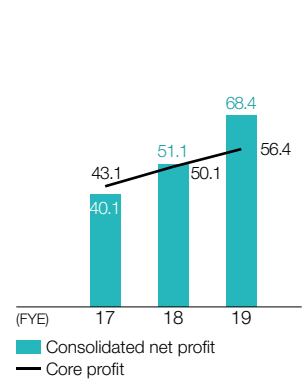
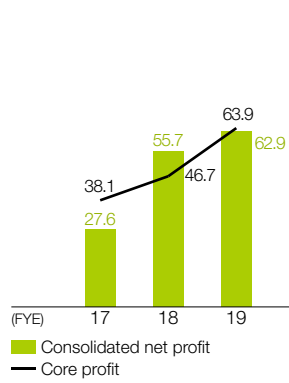
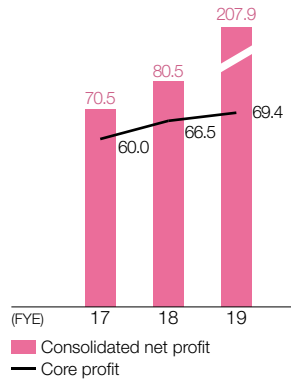
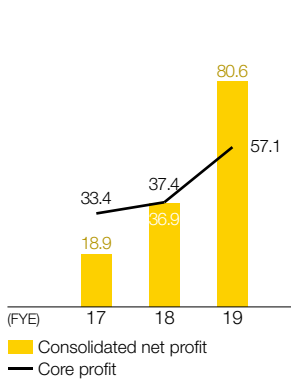


Energy & Chemicals Company

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
<b>Consolidated Net Profit (Loss)</b>		25.2	12.5	<b>29.8</b>	33.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
JOI'X CORPORATION	100.0%	1.4	1.5	<b>1.2</b>	1.4
DESCENTE LTD.	40.0%	1.5	1.4	<b>1.2</b>	2.1
Sankei Co., Ltd.	100.0%	2.0	0.1	<b>1.9</b>	2.1
ITOCHU Textile Prominent (ASIA) Ltd.	100.0%	0.8	0.2	<b>1.1</b>	1.3
ITOCHU TEXTILE (CHINA) CO., LTD.	100.0%	0.9	1.0	<b>1.1</b>	1.1

### Machinery Company

(Billions of Yen)					
	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
<b>Consolidated Net Profit (Loss)</b>		46.4	57.1	<b>47.6</b>	61.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
Tokyo Century Corporation	25.2%	10.2	12.5	<b>12.6</b>	13.6
I-Power Investment Inc.	100.0%	1.0	5.3	<b>(5.8)</b>	2.1
I-ENVIRONMENT INVESTMENTS LIMITED	100.0%	0.8	1.9	<b>1.0</b>	1.0
JAMCO Corporation	33.4%	0.4	0.6	<b>0.6</b>	0.9
YANASE & CO., LTD.	66.0%	2.7	3.7	<b>1.1</b>	5.6
ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.*	100.0%	0.7	0.6	<b>0.6</b>	0.6
ITOCHU MACHINE-TECHNOS CORPORATION	100.0%	1.1	0.8	<b>1.4</b>	1.3
Century Medical, Inc.	100.0%	0.5	0.5	<b>0.7</b>	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
<b>Consolidated Net Profit (Loss)</b>		45.2	82.5	<b>79.2</b>	96.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA)	100.0%	42.8	62.3	<b>60.1</b>	70.7
Brazil Japan Iron Ore Corporation (CSN Mineração)	75.7%	(2.9)	3.3	<b>1.7</b>	—
ITOCHU Coal Americas Inc. (Drummond)	100.0%	(2.6)	2.9	<b>2.0</b>	—
Marubeni-Itochu Steel Inc.	50.0%	7.6	9.2	<b>12.1</b>	—
ITOCHU Metals Corporation	100.0%	1.1	1.6	<b>1.6</b>	1.3*3

### Energy & Chemicals Company

(Billions of Yen)					
	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
<b>Consolidated Net Profit (Loss)</b>		18.9	36.9	<b>80.6</b>	55.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
ITOCHU Oil Exploration (Azerbaijan) Inc. (ACG Project)	100.0%	0.7	2.3	<b>3.3</b>	5.1
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	100.0%	1.8	(1.8)	<b>0.5</b>	0.9
ITOCHU ENEX CO., LTD.	54.0%	5.5	6.0	<b>6.5</b>	6.4
Japan South Sakha Oil Co., Ltd. (Eastern Siberia Project)	25.2%	1.1	4.0	<b>9.1</b>	—
Dividend from LNG Projects (PAT)	—	3.2	4.4	<b>6.2</b>	5.2
ITOCHU CHEMICAL FRONTIER Corporation	100.0%	3.1	3.7	<b>5.2</b>	4.5
ITOCHU PLASTICS INC.	100.0%	4.2	4.0	<b>3.8</b>	2.4*3
C.I. TAKIRON Corporation*	51.2%	5.4	3.0	<b>2.9</b>	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 <sup>2</sup>	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) <sup>1*</sup>
<b>Consolidated Net Profit (Loss)</b>		70.5	80.5	207.9	61.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
FamilyMart UNY Holdings Co., Ltd.	50.2%	7.4	11.8	17.3	0.0 <sup>*3</sup>
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 <sup>*3</sup>
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 <sup>2</sup>	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) <sup>1*</sup>
<b>Consolidated Net Profit (Loss)</b>		27.6	55.7	62.9	70.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
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 <sup>*3</sup>

## ICT & Financial Business Company

(Billions of Yen)

	Shares <sup>2</sup>	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) <sup>1*</sup>
<b>Consolidated Net Profit (Loss)</b>		40.1	51.1	68.4	61.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
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 <sup>*3</sup>
Orient Corporation	16.5%	5.0	4.2	4.2	—

## The 8th Company

(Billions of Yen)

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

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

<sup>1</sup> The "FYE 2020 (Forecast)" was revised on August 2, 2019 to reflect the establishment of The 8th Company.

<sup>2</sup> Share percentages indicated are as of March 31, 2019.

<sup>3</sup> 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.