

Energy & Chemicals Company

Business Fields

- Energy projects and trading (crude oil, petroleum products, LPG, LNG, natural gas, etc.)
- Chemical products business and trading (basic petrochemical products, synthetic resins, household goods, fine chemicals, pharmaceuticals, electronic materials, and others)
- Power business and trading (IPP, electricity, heat supply, solar panels, storage batteries, biomass fuel, and other related materials)



Company Strengths

- Sets of superior upstream assets, portfolio of downstream assets generating steady demand, and trading businesses leveraging and utilizing those core assets in the energy sector
- Business development capabilities in the chemicals field that leverages robust Group companies and overseas locations
- Comprehensive value chain in the next-generation power sector consists of both investments and trade businesses



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

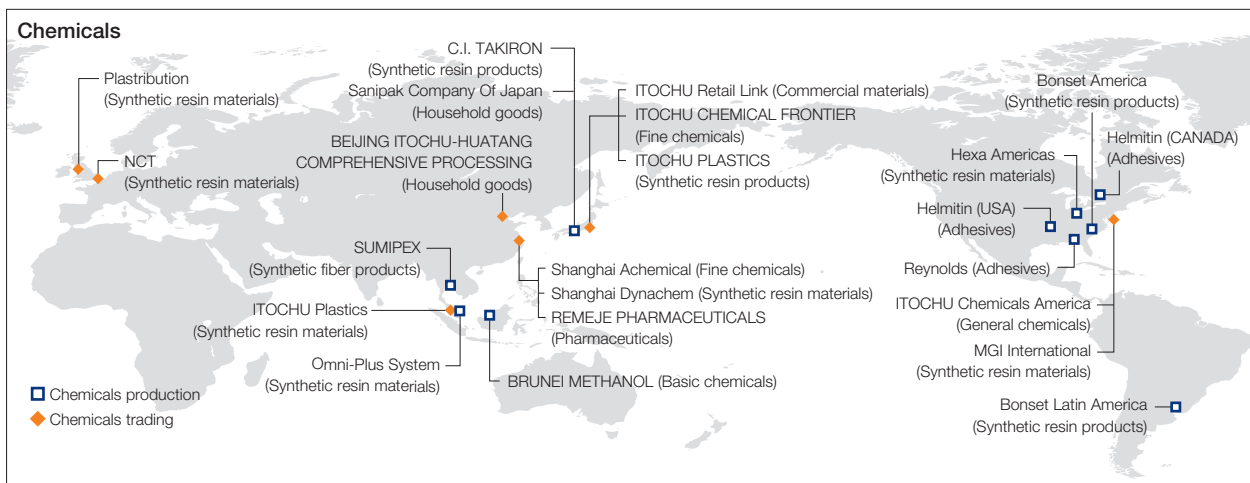
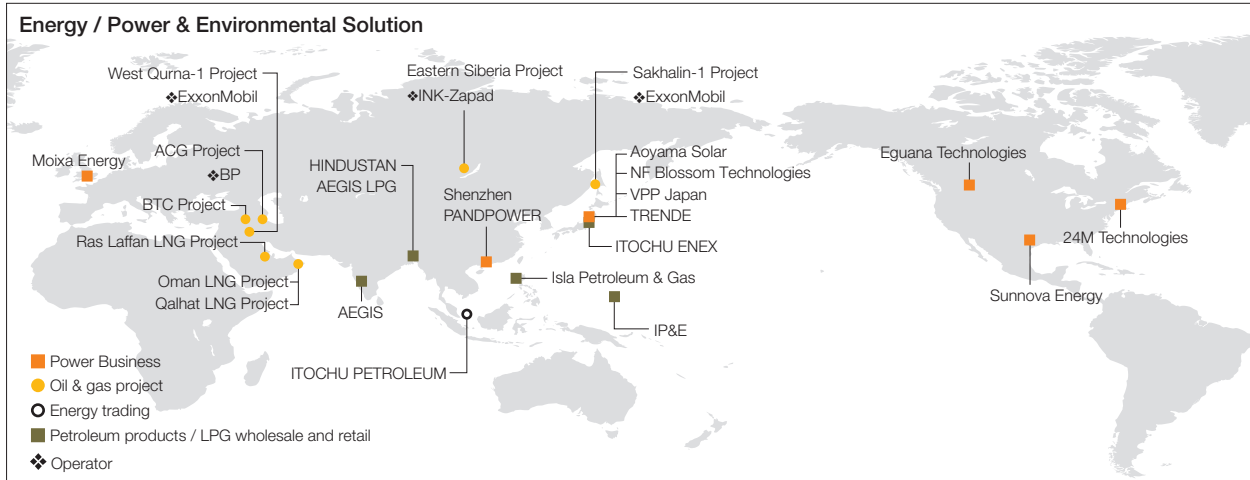
Keita Ishii

President, Energy & Chemicals Company;
Chief Operating Officer,
Power & Environmental Solution Division

Business Development

60%

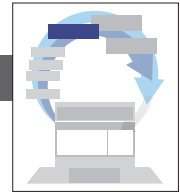
Percentage of Earnings from Domestic Business (image)





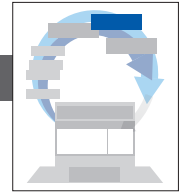
FYE 2020 Review (Achievement of Short-Term Targets)

- Built grounds for us to shift our focus more on our priority fields in the coming years through reviews conducted on our energy trading strategy and pursuits of asset replacements at our Group companies
- Promoted the configuration of a recycling platform with brand owners by participating in the reuse and recycling business in line with the move away from plastic
- Expanded sales channels in the storage battery business, established a joint venture with NF Corporation, and entered capital and business alliances with excellent partners
- As one initiative in the area of renewable energy trading, promoted the handling of CO₂-free electricity by making use of non-fossil certificates



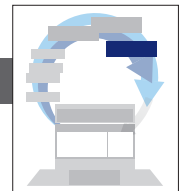
Steppingstones to Medium- to Long-Term Value Creation

- Agile asset replacement measures for better asset utilization efficiencies and acquisitions of new assets to expand the earnings base
- Establishing strong working ties with reputable partners in the upstream sector, along with making continuous investments to secure more efficient operations base and to expand our asset base in the efforts to sustain our access to the competitive and secure energy supply source
- 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



Initiatives Supporting Sustainable Growth

- Efforts made and measures taken in our businesses to reduce GHG emissions and to pursue businesses with low environmental impact, such as renewable energy and hydrogen
- Engaging in pharmaceutical and leading-edge medical businesses in the life science domain and promoting agribusiness initiatives such as trading in methionine (a feed additive)
- Expanding the business model to help resolve social issues, such as through the joint development of eco-friendly materials and the recycling business



➔ Please refer to "Significant Risks to Be Managed on a Consolidated Basis" in the Risk Management section on Page 47.

Specific Example of Steppingstones to Medium- to Long-Term Value Creation

Establishment of the Power & Environmental Solution Division

In FYE 2021, ITOCHU established the Power & Environmental Solution Division.

The power sector has undergone significant change in recent years. On the generation side, renewable energy has made inroads, and the market for distributed power generation has expanded due to solar power generation and storage batteries utilizing household or industrial roofs. Power trading has changed as well. Trading in CO₂-free electricity (through the use of non-fossil certificates) has begun, evincing a rapid shift from the conventional business model driven by electric power producers to one led by customers and consumers. In addition, consumption of electricity is expected to grow in line with proliferation of the fifth-generation mobile telecommunications system (5G). Given this situation, we established the new division to provide broad-ranging power and storage battery solutions in Japan and overseas based on a market-oriented perspective. By stepping up our initiatives in the electric power and storage battery business, we will contribute toward the more stable power supply as well as the realization of a society that utilizes distributed energy resources.



Oita Hiyoshibaru Solar Park, Japan

Please also see the Sustainability Action Plan on our website for initiatives supporting sustainable growth.

<https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/>



Financial Summary

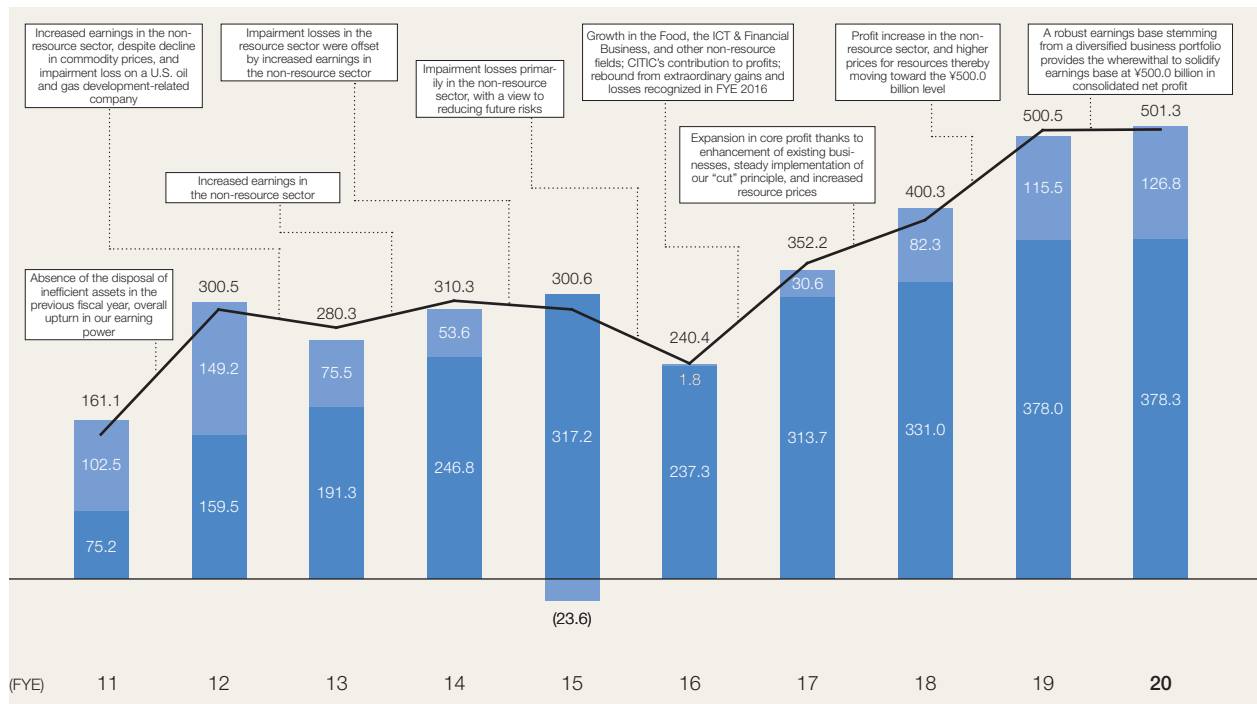
Segment Overview

				Percentage of the Total for ITOCHU (3-year average)			
				Core profit	Total assets	Core Operating Cash Flows	Number of employees (Consolidated)
Textile Company  Page 88 ROA 1.8%	5.4%	4.9%	4.5%	7.8%			
Machinery Company  Page 90 ROA 4.6%	11.7	12.2	11.6	11.9			
Metals & Minerals Company  Page 92 ROA 13.5%	19.1	8.4	20.2	0.4			
Energy & Chemicals Company  Page 94 ROA 4.7%	10.6	13.1	17.1	11.0			
Food Company  Page 96 ROA 2.9%	10.3	17.0	17.1	28.6			
General Products & Realty Company  Page 98 ROA 5.3%	11.4	10.0	15.0	14.7			
ICT & Financial Business Company  Page 100 ROA 5.3%	11.9	10.3	9.6	14.7			
The 8th Company  Page 102 ROA 1.1%	5.3	14.5	14.4	14.9			
Others, Adjustments & Eliminations	14.3	9.6	8.7	8.3			
			(1.1)	2.4			
Non-Resource	78.3%	90.4%	73.8%	94.6%			
Resource	21.7%	9.6%	26.2%	5.4%			

* Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.

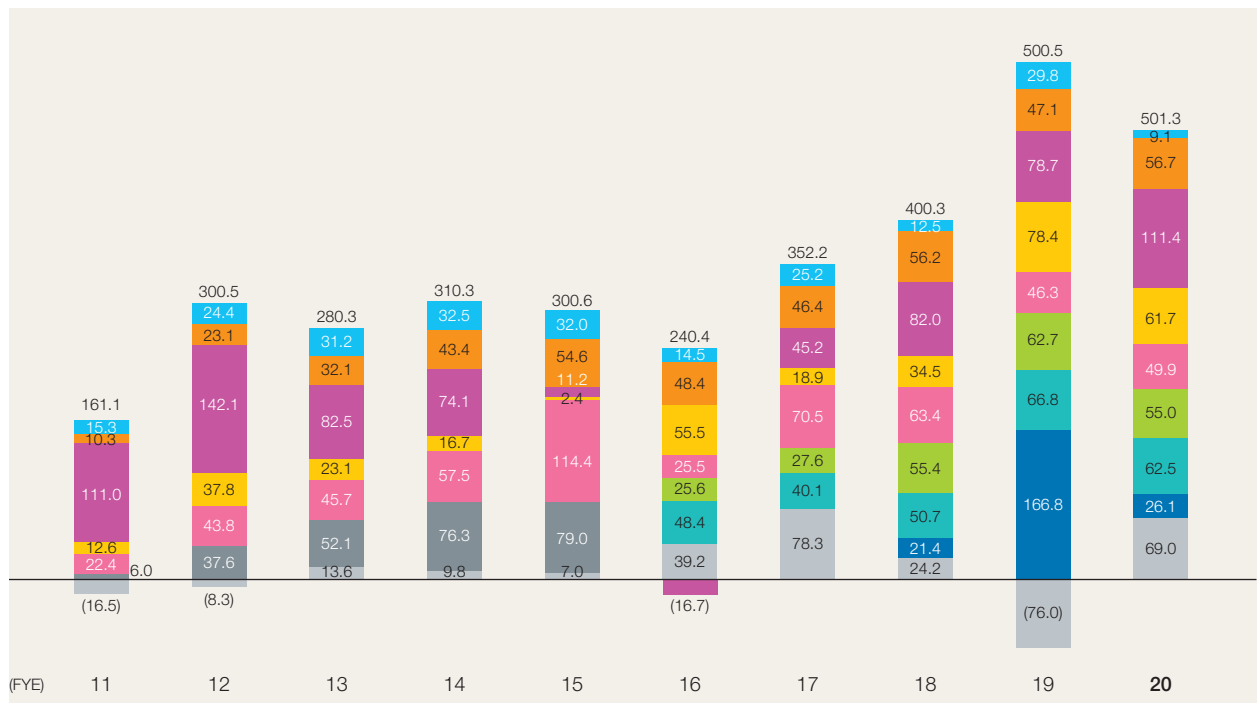
* Based on U.S. GAAP through FYE 2014, IFRS from FYE 2015

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 except for CP & CITIC related profit (loss) is not included in earnings from the non-resource / resource sectors.

Consolidated Net Profit by Segment (Billions of Yen)



Extraordinary Gains and Losses

(57.5)	20.0	0	0	(5.0)	(75.0)	(18.0)	(16.5)	28.5	16.0
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Core Profit

218.6	280.5	280.3	310.3	305.6	315.4	370.2	416.8	472.0	485.3
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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) ■ The 8th (from FYE 2018)
 ■ 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.
 * Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.



Performance Trends by Segment

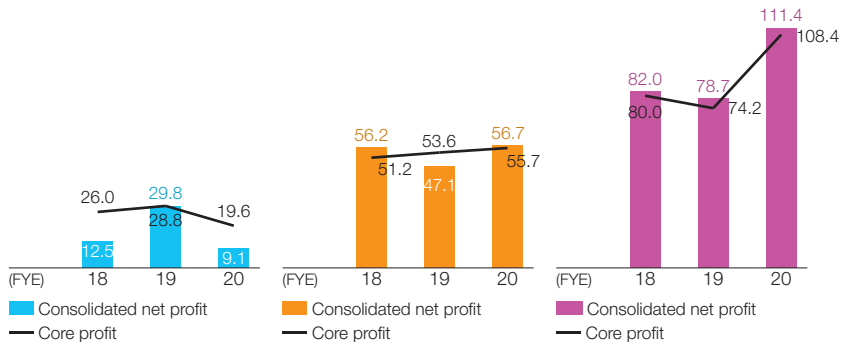
Textile Company

Machinery Company

Metals & Minerals Company

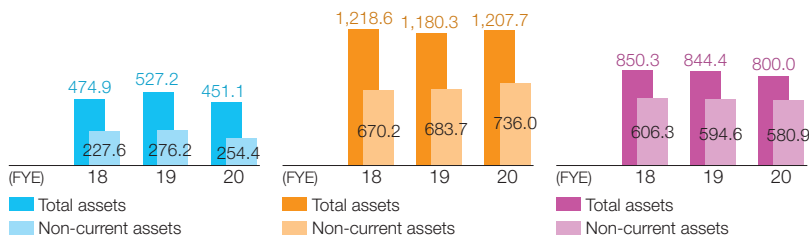
Consolidated Net Profit & Core Profit

(Billions of Yen)



Total Assets

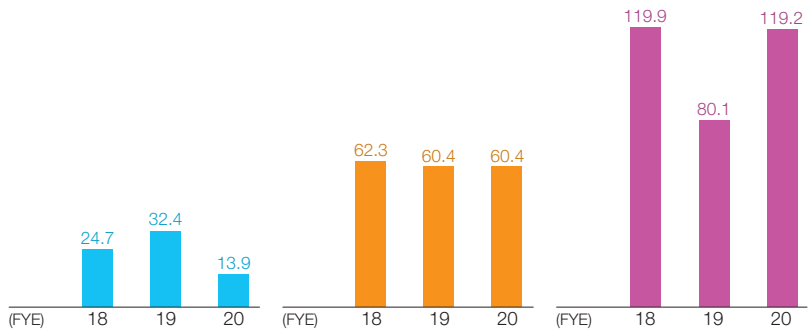
(Billions of Yen)



Core Operating Cash Flows*

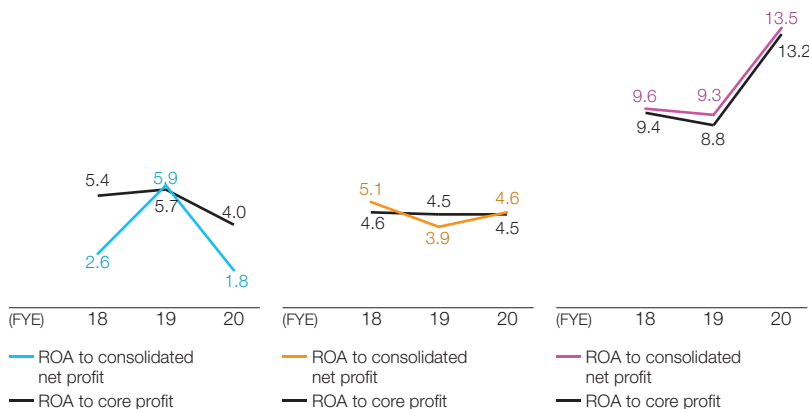
(Billions of Yen)

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



ROA

(%)



* Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.

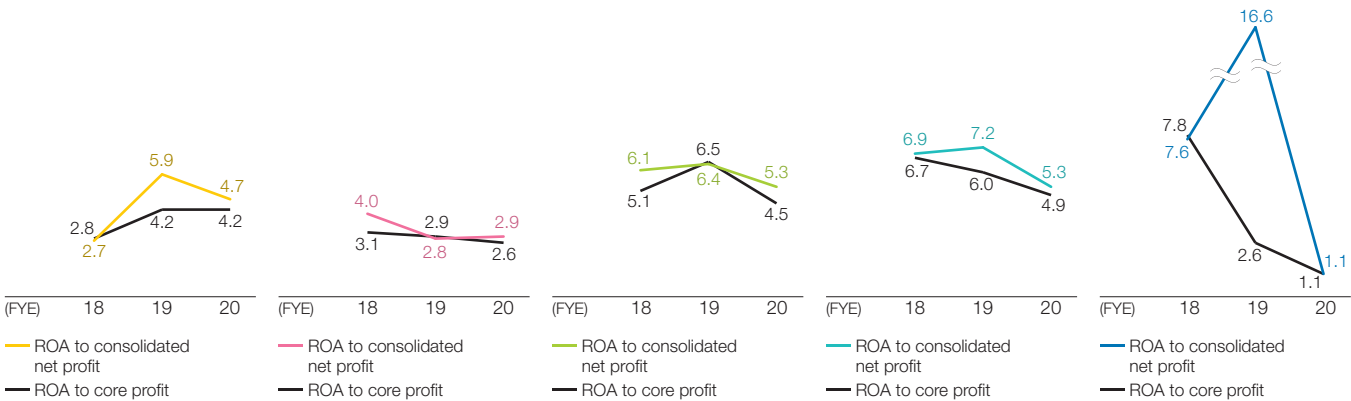
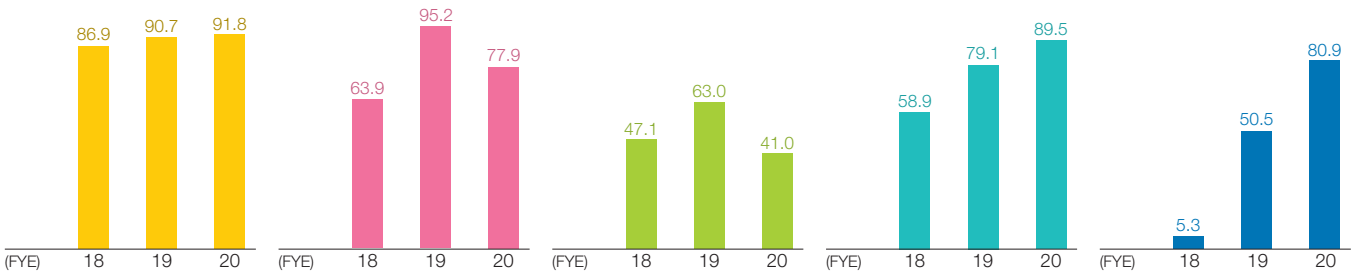
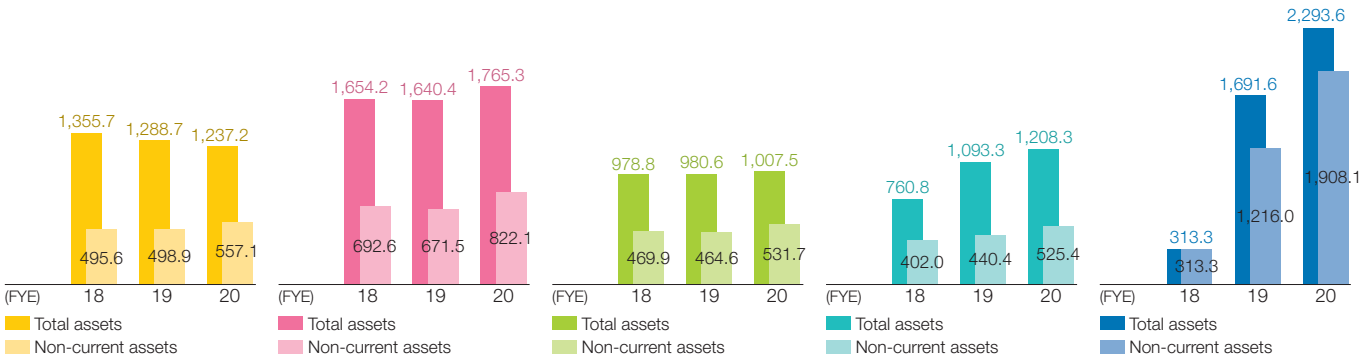
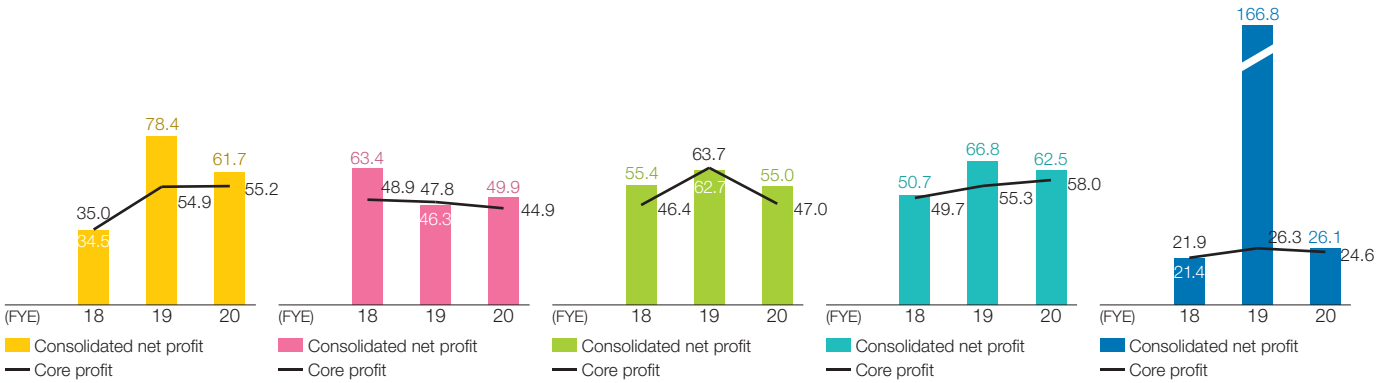
Energy & Chemicals Company

Food Company

General Products & Realty Company

ICT & Financial Business Company

The 8th Company



Business Portfolio



Net Profit by Major Group Companies

Textile Company

(Billions of Yen)

	Shares**1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)**2
Consolidated Net Profit		12.5	29.8	9.1	23.0
Breakdown of Net Profit (Loss) by Major Group Companies					
JOI'X CORPORATION	100.0%	1.5	1.2	0.8	0.3
DESCENTE LTD.	40.0%	1.4	1.2	(1.4)	2.0
Sankei Co., Ltd.	100.0%	0.1	1.9	1.5	1.2
ITOCHU Textile Prominent (ASIA) Ltd.	100.0%	0.2	1.1	0.4	1.0
ITOCHU TEXTILE (CHINA) CO., LTD.	100.0%	1.0	1.1	1.1	1.1

Machinery Company

(Billions of Yen)

	Shares**1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)**2
Consolidated Net Profit		56.2	47.1	56.7	48.0
Breakdown of Net Profit (Loss) by Major Group Companies					
Tokyo Century Corporation	29.2%	12.5	12.6	14.2	13.1
I-Power Investment Inc.	100.0%	5.3	(5.8)	1.8	2.9
I-ENVIRONMENT INVESTMENTS LIMITED	100.0%	1.9	1.0	1.2	1.2
JAMCO Corporation	33.4%	0.6	0.6	0.1	—
YANASE & CO., LTD.	66.0%	3.7	1.1	3.0	3.3
ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.*3	50.0%	0.6	0.6	0.3	0.3
ITOCHU MACHINE-TECHNOS CORPORATION	100.0%	0.8	1.4	1.4	1.0
Century Medical, Inc.	100.0%	0.5	0.7	0.6	0.4
MULTIQUIP INC.	100.0%	2.3	2.8	2.8	1.7

Metals & Minerals Company

(Billions of Yen)

	Shares**1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)**2
Consolidated Net Profit		82.0	78.7	111.4	77.0
Breakdown of Net Profit (Loss) by Major Group Companies					
ITOCHU Minerals & Energy of Australia Pty Ltd	100.0%	62.3	60.1	83.4	71.6
JAPÃO BRASIL MINÉRIO DE FERRO PARTICIPAÇÕES LTDA. (CSN Mineração)	77.3%	3.3	1.7	9.4	—
ITOCHU Coal Americas Inc. (Drummond)	100.0%	2.9	2.0	1.1	—
Marubeni-Itochu Steel Inc.	50.0%	9.2	12.1	11.2	—
ITOCHU Metals Corporation*4	70.0%	1.1	1.1	1.3	1.0

Energy & Chemicals Company

(Billions of Yen)

	Shares**1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)**2
Consolidated Net Profit		34.5	78.4	61.7	34.0
Breakdown of Net Profit (Loss) by Major Group Companies					
ITOCHU Oil Exploration (Azerbaijan) Inc. (ACG Project)	100.0%	2.3	3.3	4.9	(1.1)
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	100.0%	(1.8)	0.5	0.7	0.8
ITOCHU ENEX CO., LTD.	54.0%	6.0	6.5	6.9	5.9
Japan South Sakha Oil Co., Ltd. (Eastern Siberia Project)	25.0%	4.0	9.1	7.7	—
Dividends from LNG Projects (PAT)	—	4.4	6.2	5.5	2.7
ITOCHU CHEMICAL FRONTIER Corporation	100.0%	3.7	5.2	4.4	4.4
ITOCHU PLASTICS INC.*4	60.0%	2.4	2.3	2.5	2.6
C.I. TAKIRON Corporation	52.0%	3.0	2.9	6.4	—

* Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.

Food Company

(Billions of Yen)

	Shares*1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)*2
Consolidated Net Profit		63.4	46.3	49.9	56.0
Breakdown of Net Profit (Loss) by Major Group Companies					
Dole International Holdings, Inc.	100.0%	3.2	7.8	(0.2)	7.4
NIPPON ACCESS, INC.*4	60.0%	5.9	7.0	8.4	8.7
FUJI OIL HOLDINGS INC.	39.0%	4.2	3.0	5.1	4.5
Prima Meat Packers, Ltd.	42.9%	4.1	3.2	3.9	3.8
ITOCHU-SHOKUHIN Co., Ltd.	52.2%	2.2	1.7	2.0	2.1
HYLIFE GROUP HOLDINGS LTD.	49.9%	3.7	2.7	3.0	—

General Products & Realty Company

(Billions of Yen)

	Shares*1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)*2
Consolidated Net Profit		55.4	62.7	55.0	60.0
Breakdown of Net Profit (Loss) by Major Group Companies					
European Tyre Enterprise Limited (Kwik-Fit)	100.0%	5.8	4.2	6.2	—
ITOCHU FIBRE LIMITED (METSА FIBRE)	100.0%	9.9	16.1	1.9	—
Japan Brazil Paper & Pulp Resources Development Co., Ltd. (CENIBRA)	33.3%	4.2	7.3	(7.1)	—
ITOCHU LOGISTICS CORP.*4	95.2%	2.6	2.9	4.9	2.7
ITOCHU KENZAI CORPORATION	100.0%	2.7	2.9	2.9	1.8
DAIKEN CORPORATION	35.6%	1.6	1.3	1.9	—
ITOCHU Property Development, Ltd.	100.0%	2.4	2.9	2.4	2.2

ICT & Financial Business Company

(Billions of Yen)

	Shares*1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)*2
Consolidated Net Profit		50.7	66.8	62.5	63.0
Breakdown of Net Profit (Loss) by Major Group Companies					
ITOCHU Techno-Solutions Corporation	58.2%	13.6	14.2	16.6	17.5
BELLSYSTEM24 Holdings, Inc.	40.8%	1.2	1.2	1.8	2.9
CONEXIO Corporation	60.3%	4.1	4.0	4.0	—
ITOCHU Fuji Partners, Inc. (SKY Perfect JSAT Holdings)	63.0%	(0.2)	1.4	0.2	1.3
POCKET CARD CO., LTD.*4	32.2%	0.9	2.0	2.1	2.3
Orient Corporation	16.5%	4.2	4.2	3.7	—

The 8th Company

(Billions of Yen)

	Shares*1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)*2
Consolidated Net Profit		21.4	166.8	26.1	33.0
Breakdown of Net Profit (Loss) by Major Group Companies					
FamilyMart Co., Ltd.*5	50.2%	11.8	17.3	17.5	30.1
NIPPON ACCESS, INC.*4	40.0%	3.9	4.6	5.5	5.7
POCKET CARD CO., LTD.*4*6	30.9%	0.4	1.9	2.1	2.2
ITOCHU PLASTICS INC.*4	40.0%	1.6	1.5	1.6	1.8
ITOCHU Metals Corporation*4	30.0%	0.5	0.5	0.6	0.4
ITOCHU LOGISTICS CORP.*4	4.8%	0.1	0.2	0.1	0.1

*1 Indicated share percentages are as of June 30, 2020.

*2 "FYE 2021 (Plan)" indicates forecast figures (including revised forecast figures) disclosed up to and including July 31, 2020.

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

*4 Shares have been partially transferred to The 8th Company. Accordingly, share percentages and net profit (loss) are shown for each Division Company.

*5 On September 1, 2019, FamilyMart UNY Holdings Co., Ltd. changed its name to FamilyMart Co., Ltd.

*6 Figures include the net profit (loss) through FamilyMart Co., Ltd.

