

General Products & Realty Company

Business Fields

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



Tomofumi Yoshida
President, General Products & Realty Company

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

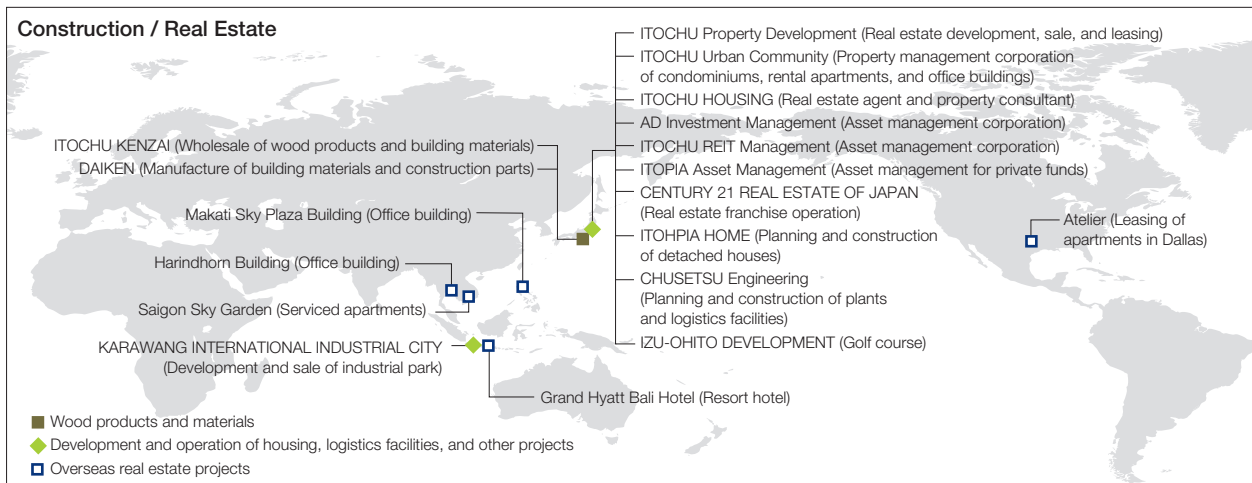
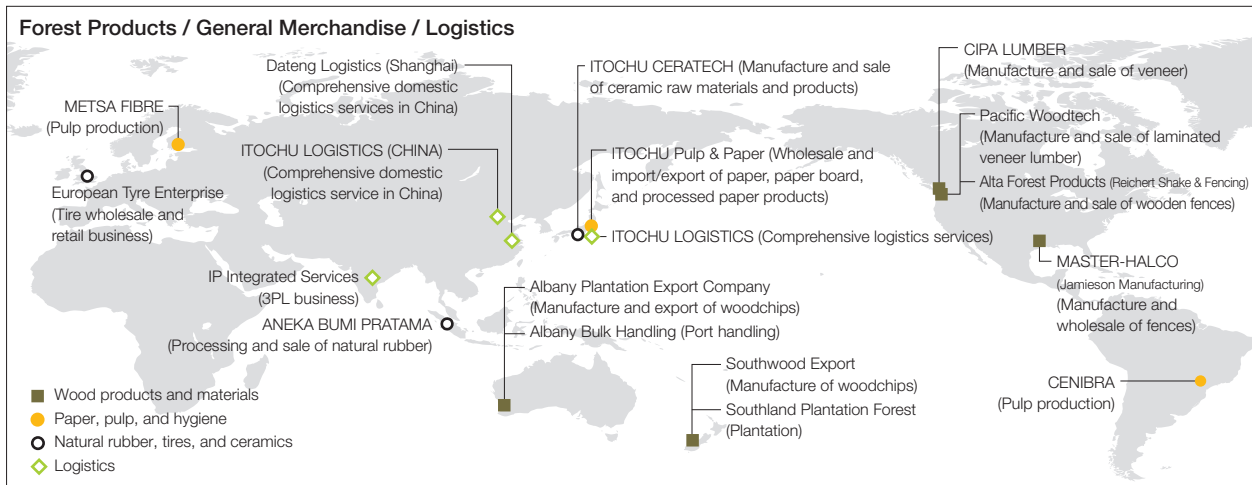


- From left:
- Kenji Murai**, Chief Operating Officer, Forest Products, General Merchandise & Logistics Division
 - Masatoshi Maki**, Chief Operating Officer, Construction & Real Estate Division
 - Kazuaki Yamaguchi**, Chief Financial Officer
 - Tsutomu Yamauchi**, General Manager, Planning & Administration Department

Business Development

40%

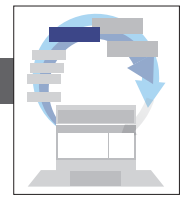
Percentage of Earnings from Domestic Business (image)





FYE 2020 Review (Achievement of Short-Term Targets)

- Steadily expanded construction materials business in North America by acquiring companies involved in fence manufacture and wholesale, as well as the manufacture of wooden fences
- Commenced joint management with DAIKEN CORPORATION (“DAIKEN”) of companies manufacturing veneers and laminated veneer lumber in North America
- Expanded our share of the UK tire market and increased profitability by focusing on leveraging data to enhance customer satisfaction
- Restructured our logistics business in China, reinforcing the management system and earnings base
- In line with the real estate asset replacement model, developed residential assets and logistics warehouses, and expanded REITs AUM



Steppingstones to Medium- to Long-Term Value Creation

- Enhancing profitability by promoting M&As in the North American construction materials business
- Further honing our tire, construction material, real estate, and logistics businesses by applying new technologies
- Expand the handling of environmentally friendly products that use sustainable forestry resources
- Strengthening the real estate asset replacement model for logistics warehouses
- Continuing to move ahead in the North American real estate business through strategic alliances and joint investments with leading U.S. real estate companies



Initiatives Supporting Sustainable Growth

- Strengthening the afforestation business in Brazil with a partner, and enhancing the pulp business in Finland, where a stable long-term supply of raw timber is possible
- Promoting the effective use of sustainable byproducts (slag) as a cement alternative and creating a sustainable and stable distribution
- Creating a natural rubber traceability system that identifies the source of raw material to eradicate illegal logging
- Revising Group companies’ backbone systems (ERP) to increase analytical and operational efficiency (“cut”) and reduce security risk (“prevent”)



➔ 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

Strategies for Boosting Profitability and Enhancing Corporate Value at North American Group Companies Involved in Construction Materials

ITOCHU has restructured its construction materials business in North America, where the steady increase in population and solid economic growth are expected among the major developed countries. In addition to MASTER-HALCO, Inc. (manufacture and wholesale of fences) and Alta Forest Products LLC (manufacture and sale of wooden fences), in FYE 2020 ITOCHU acquired Jamieson Manufacturing Co. (manufacture and wholesale of fences) and Reichert Shake & Fencing, Inc. (manufacture of wooden fences). We also sold part of CIPA LUMBER CO. LTD. (manufacture and sale of veneer) and Pacific Woodtech Corporation (manufacture and sale of laminated veneer lumber) to DAIKEN and commenced joint operation. Following these acquisitions and realignments, we have dispatched more than 20 highly experienced personnel to these Group companies to improve their management and augment their corporate value. In addition to our own expertise cultivated over many years, we will incorporate DAIKEN’s manufacturing know-how, working together to further enhance profitability and corporate value.



Pacific Woodtech Corporation

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

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



Financial Summary

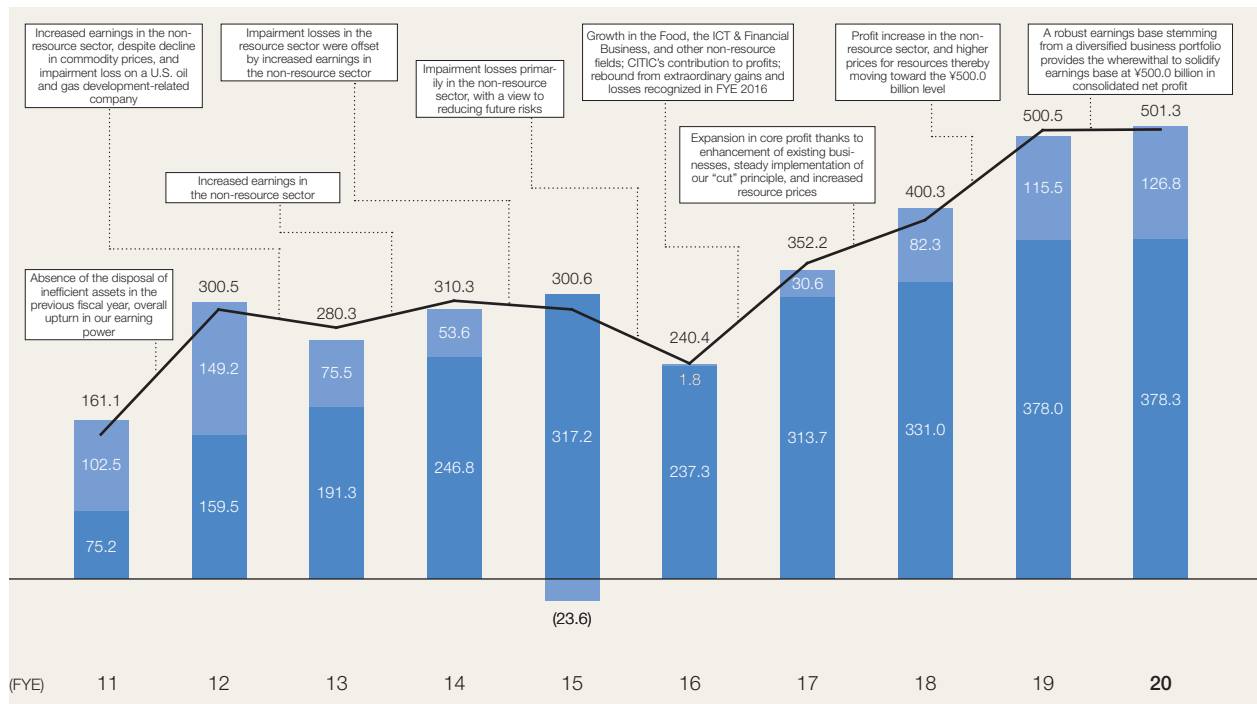
Segment Overview

| | | | | 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.

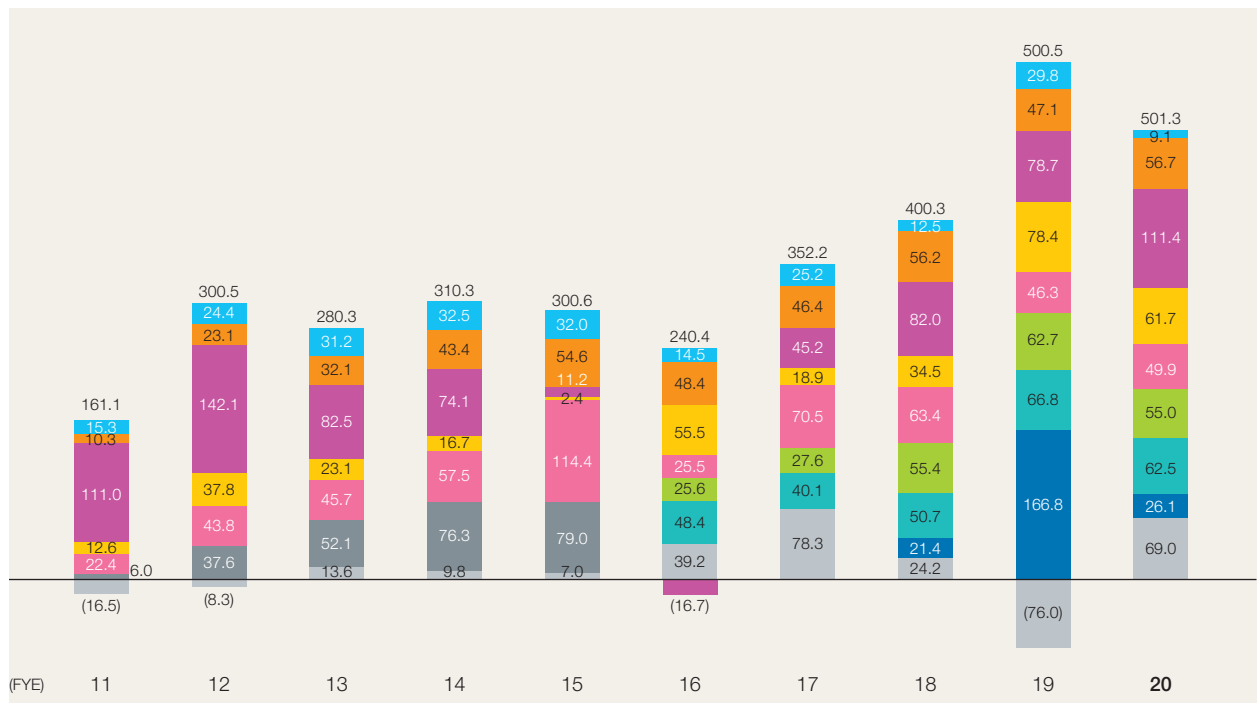
* Based on U.S. GAAP through FYE 2014, IFRS from FYE 2015

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 |
|--------|------|---|---|-------|--------|--------|--------|------|------|

Core Profit

| | | | | | | | | | |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 218.6 | 280.5 | 280.3 | 310.3 | 305.6 | 315.4 | 370.2 | 416.8 | 472.0 | 485.3 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|

■ 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

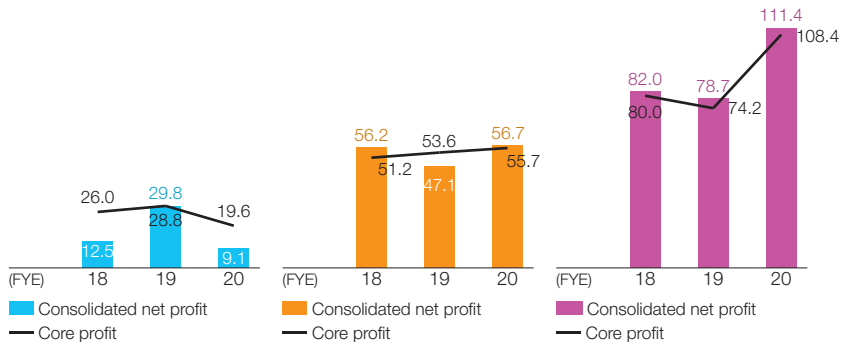
Textile Company

Machinery Company

Metals & Minerals Company

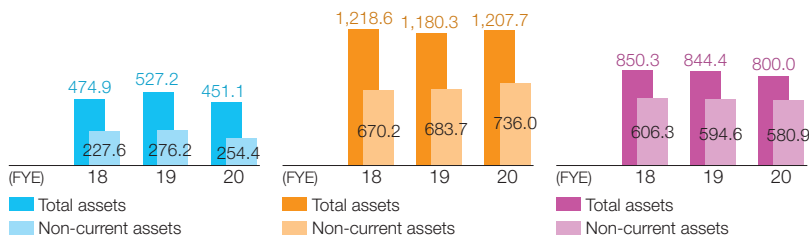
Consolidated Net Profit & Core Profit

(Billions of Yen)



Total Assets

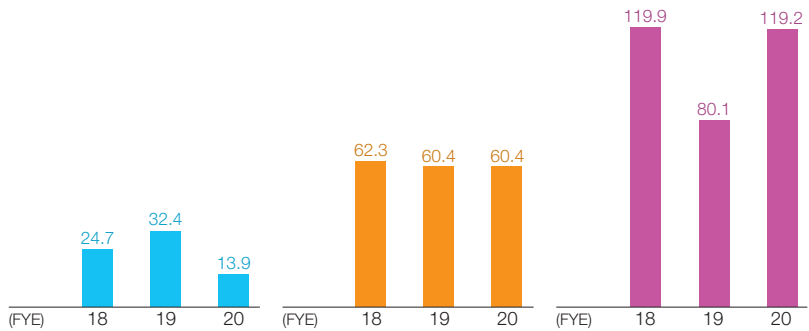
(Billions of Yen)



Core Operating Cash Flows*

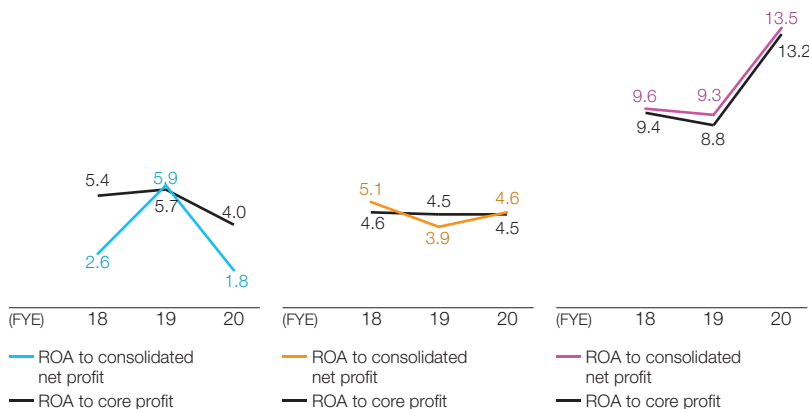
(Billions of Yen)

* "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.

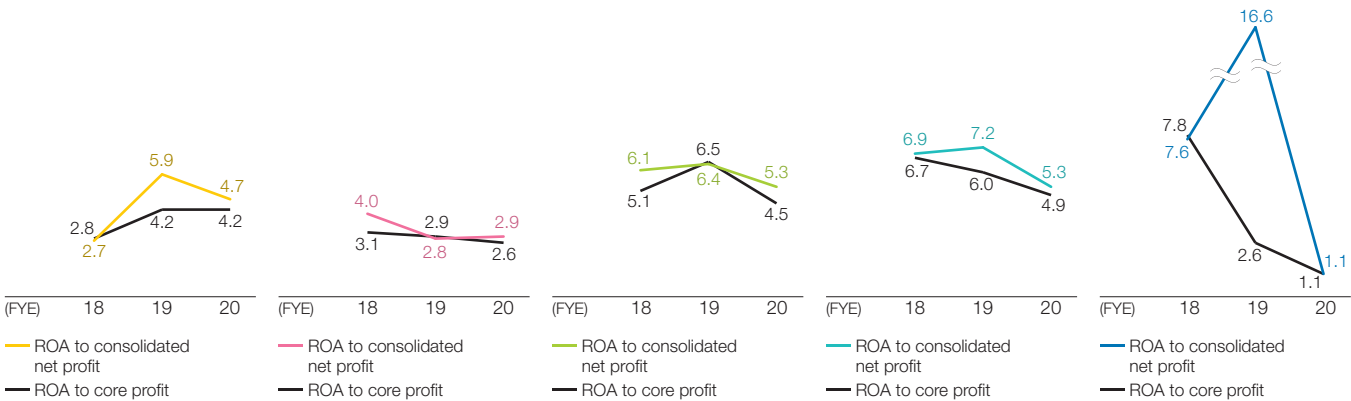
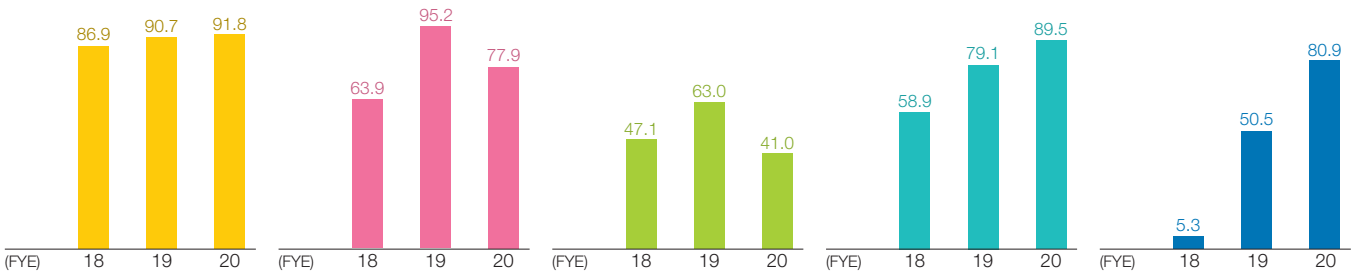
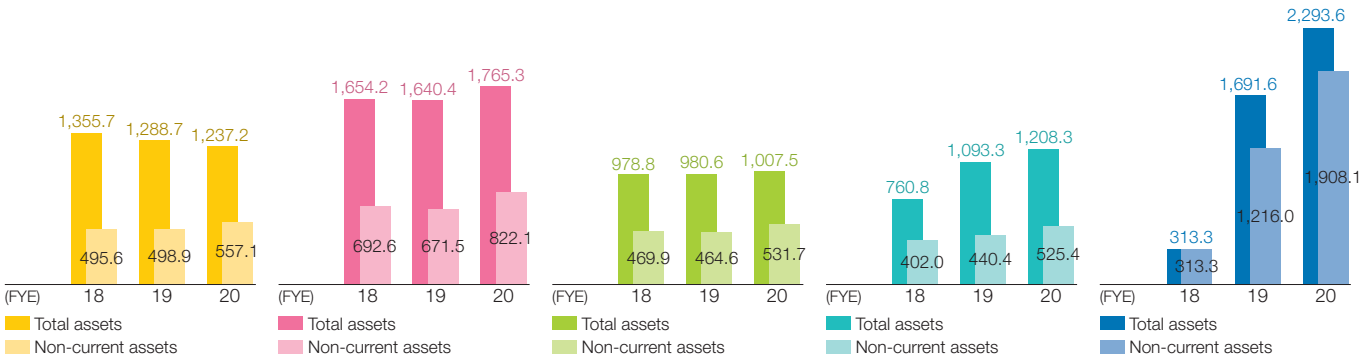
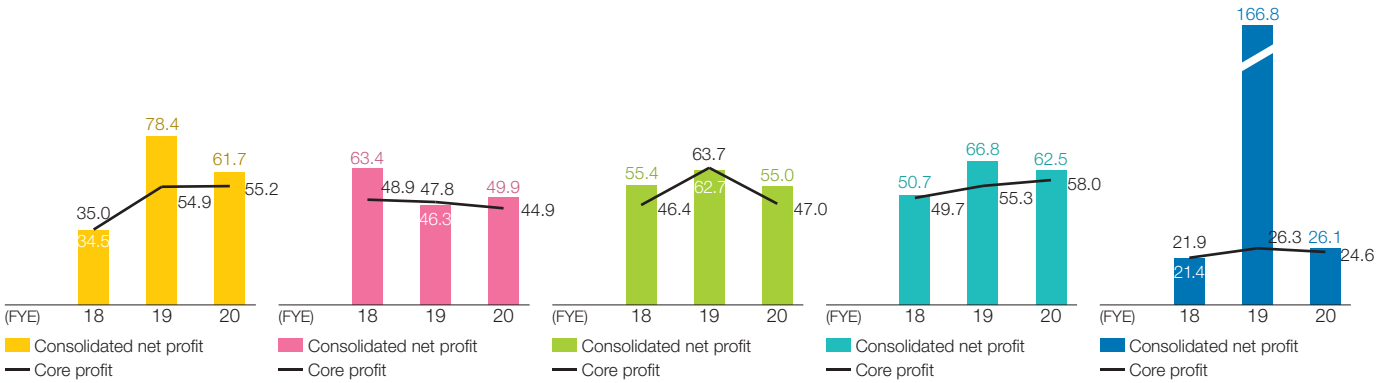
Energy & Chemicals Company

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.

