

The 8th Company

Business Fields

- Creating new business and collaborating with the seven existing Division Companies from a market-oriented perspective
- Promoting business that leverages FamilyMart's customer contact points
- Building an information platform that combines the ITOCHU Group's consumer-related data



Kensuke Hosomi

President, The 8th Company

Company Strengths

- FamilyMart's physical store network and a business base of Group companies with its strength in the consumer sector
- Human resources from diverse backgrounds and a highly fluid, ameba-like organizational system
- An organizational culture that creates businesses flexibly with a market-oriented perspective independent of product lines



From left

Toshifumi Iwamura,
Chief Financial Officer

Tetsuya Mukohata,
General Manager,
Planning & Administration Section

Business Development

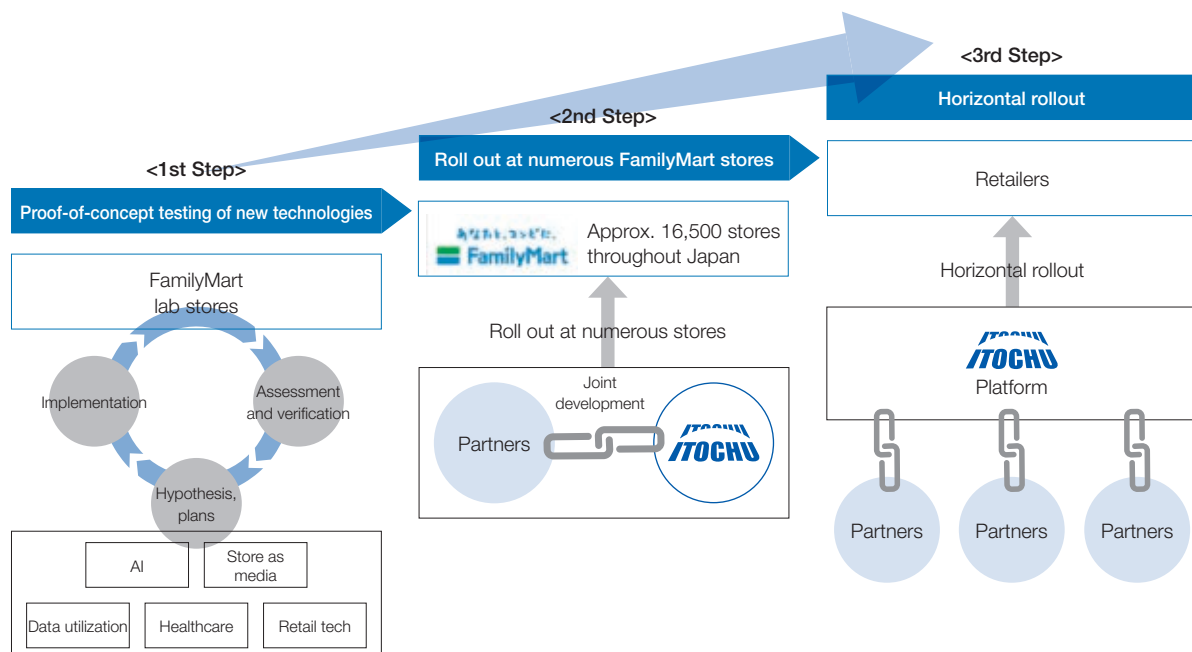
100%

Percentage of Earnings from Domestic Business (image)

The vigorous digital transformation that is occurring as part of the Fourth Industrial Revolution is prompting the emergence of services and business models that ITOCHU will no longer be able to handle via its conventional vertical, product-based organization. To respond with sensitivity to such changes, The 8th Company will adopt a market-oriented perspective. By making full use of ITOCHU's various business foundations, particularly those that are strong in the consumer sector, we aim to cultivate new businesses and customers.

Example of New Business Development <Lab Stores>

- We are using FamilyMart lab stores to run proof-of-concept tests on new technologies and services in a wide variety of fields.
- We are striving for agile improvements and optimization, aiming to expand to many of 16,500 FamilyMart stores around Japan.
- In addition, we are working with strategic partners to roll out these new technologies and services to customers in the retail and other industries in an effort to increase economic and social value.

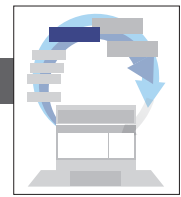




Inbound tourism services provided by RING BELL co.,Ltd.

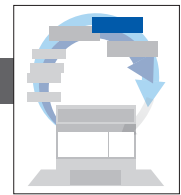
FYE 2020 Review (Achievement of Short-Term Targets)

- Established this new Division Company on July 1, 2019 to cultivate new businesses and customers from a market-oriented perspective
- Promoted a business alliance with RING BELL co.,Ltd. in the inbound tourism business
- Formed a capital and business alliance with Couger Inc. ("Couger"), a start-up in the field of Artificial Intelligence (AI) development
- Introduced the Lab concept by setting up FamilyMart test stores
- Launched an all-in-one app "FamiPay" at FamilyMart



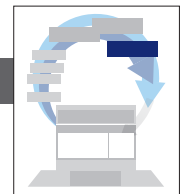
Steppingstones to Medium- to Long-Term Value Creation

- Supporting revisions in the use of FamilyMart stores and overseas business schemes ("earn") and efforts to reduce store and headquarters costs through the introduction of new technologies and make the supply chain more efficient ("cut"), thereby promoting existing business ("enhance")
- Developing new businesses, such as advertising, marketing, and financial services that utilize customer data
- At lab stores, utilizing new technologies and services obtained through ITOCHU's global information networks



Initiatives Supporting Sustainable Growth

- Creating a highly fluid, ameba-like organizational system conforming to a market-oriented perspective
- Introducing a new personnel system to further enhance employee motivation and growth
- Create an office environment that emphasizes productivity and functionality, such as "free address workspace," where employees are free to change desks



➔ 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

Initiatives with Couger, a Start-up in the Field of AI Development

In January 2020, ITOCHU announced a capital and business alliance with Couger. Couger has world-leading technologies in game AI with human-like emotions, technologies that gives AI a reliability by utilizing blockchain, and image-recognition AI that reads and analyzes human expressions and gestures.

Using Virtual Human Agent developed by Couger, we will engage in problem-solving and service development with a market-oriented perspective emphasizing market and consumer needs in a wide range of fields including nursing care, education, and entertainment, as well as in the consumer sector that is ITOCHU's forte.



Virtual Human Agent, which communicates with people via facial expressions and movements

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

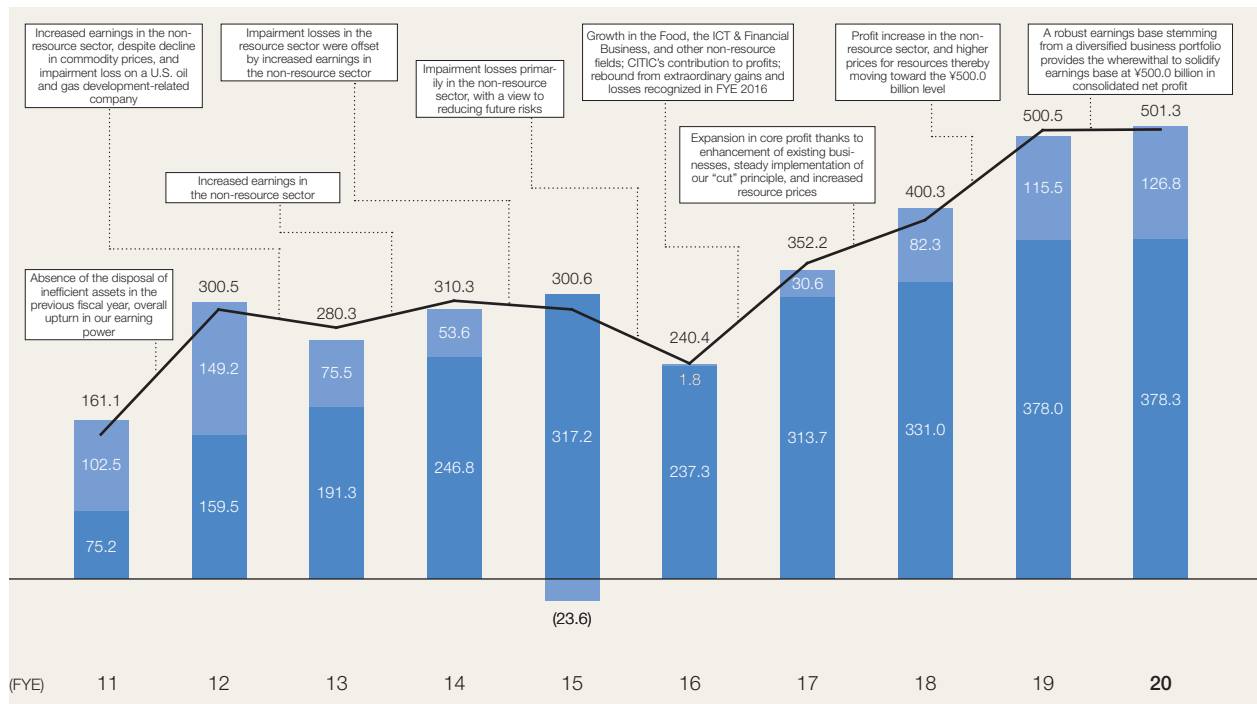
Segment Overview

				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.

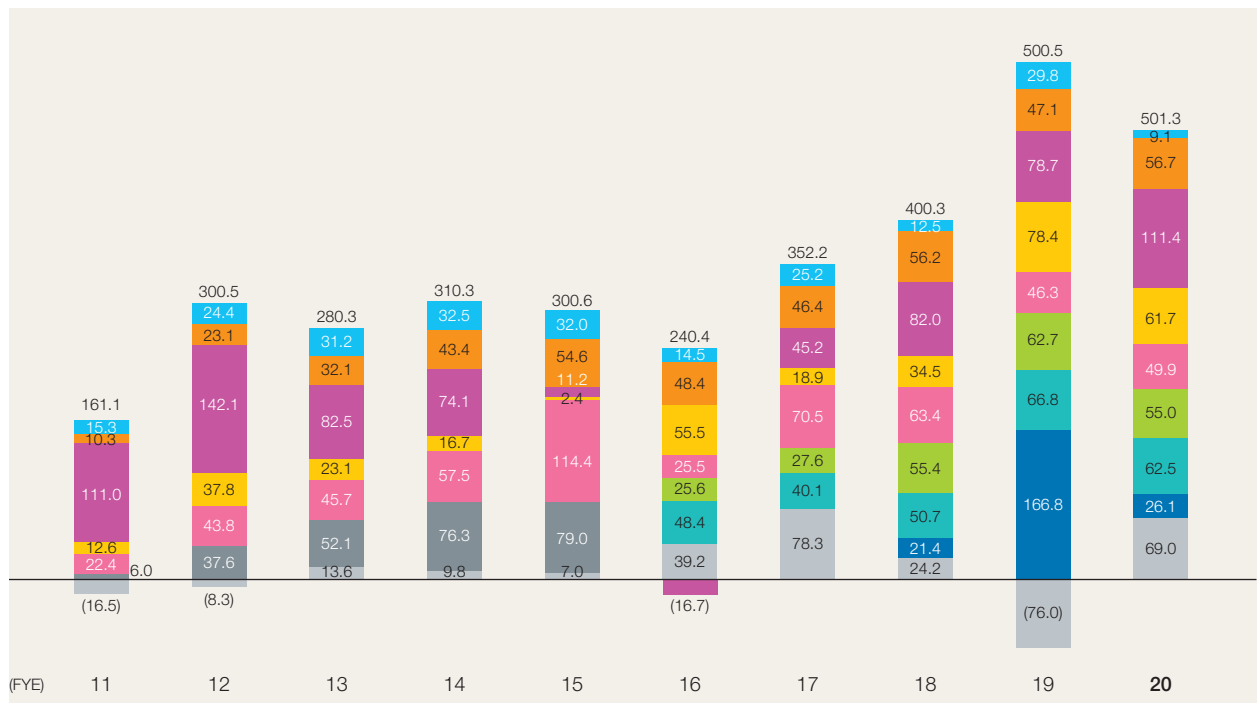
* Based on U.S. GAAP through FYE 2014, IFRS from FYE 2015

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

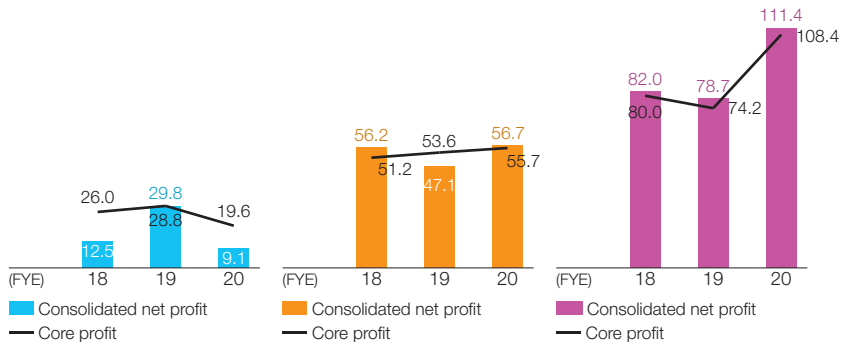
Textile Company

Machinery Company

Metals & Minerals Company

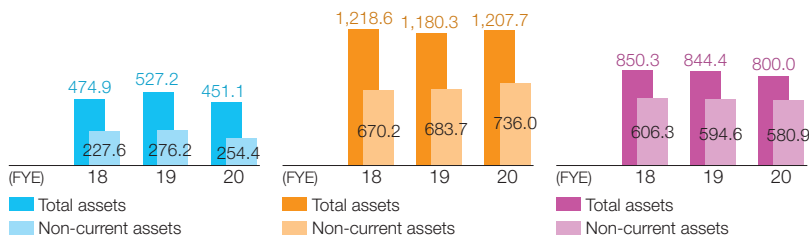
Consolidated Net Profit & Core Profit

(Billions of Yen)



Total Assets

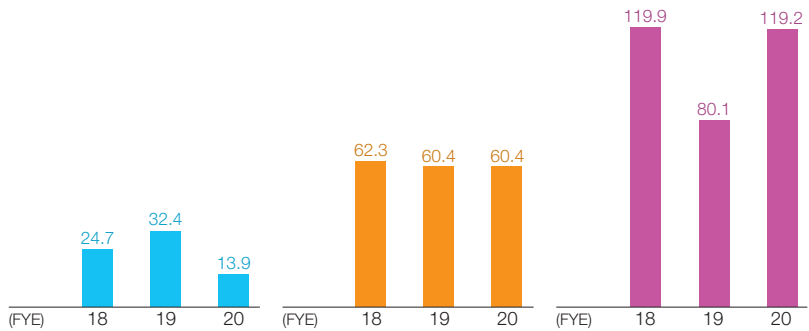
(Billions of Yen)



Core Operating Cash Flows*

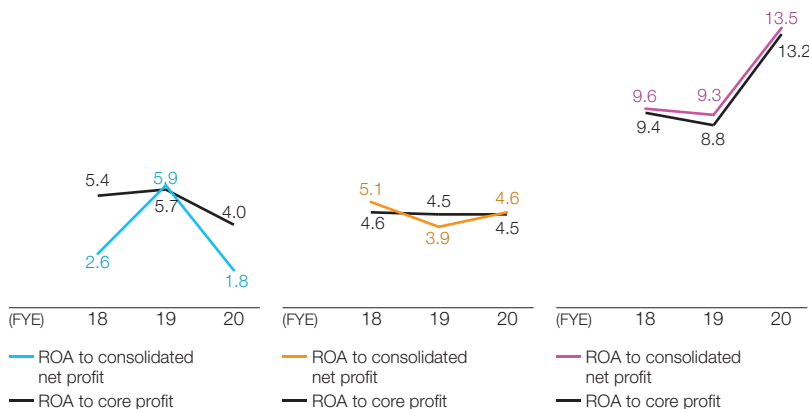
(Billions of Yen)

* "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.

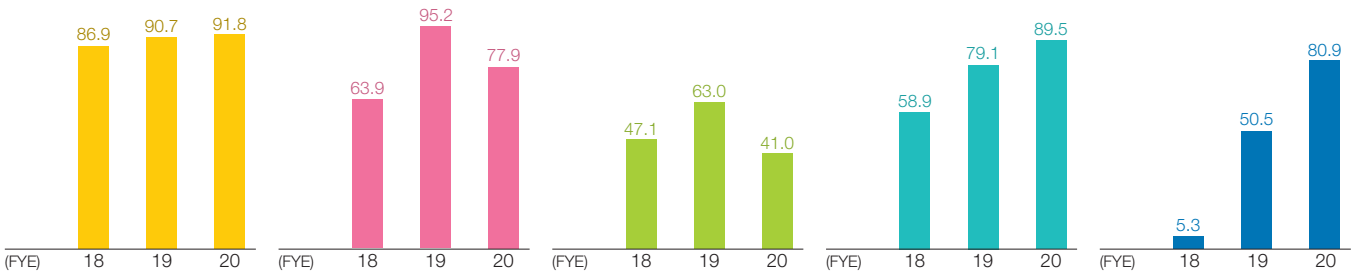
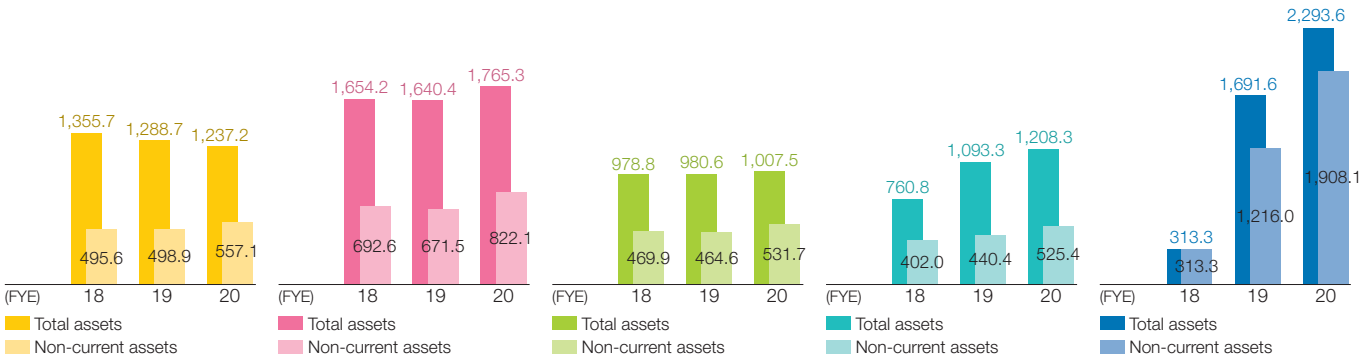
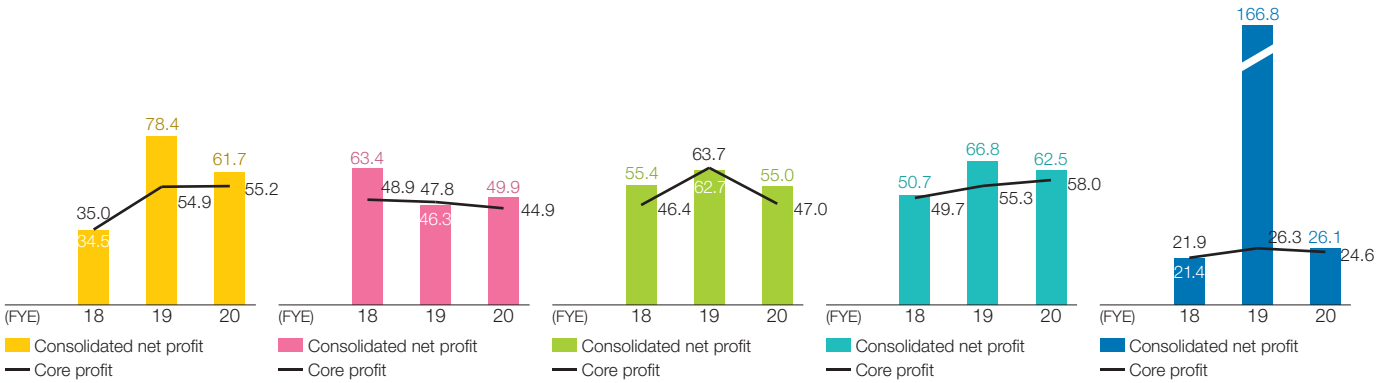
Energy & Chemicals Company

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.

