

Machinery Company

- Urban environmental and power infrastructure (water and environmental business, IPP, infrastructure, renewable energy, and petrochemical plants)
- Marine and aerospace (new vessels, secondhand vessels, ship ownership, commercial aircraft, aircraft leasing, and satellite information services)
- Automobile (sales of passenger cars and commercial vehicles in the domestic and international markets, and business investments)
- Construction machinery, industrial machinery, and medical devices (sales in domestic and international markets, and business investments)



Hiroyuki Tsubai
President, Machinery Company



- From left: **Naohiko Yoshikawa**, Chief Operating Officer, Plant Project, Marine & Aerospace Division
Hiroshi Ushijima, Chief Operating Officer, Automobile, Construction Machinery & Industrial Machinery Division
Shuichiro Yamaura, Chief Financial Officer
Tatsuya Hirano, General Manager, Planning & Administration Department

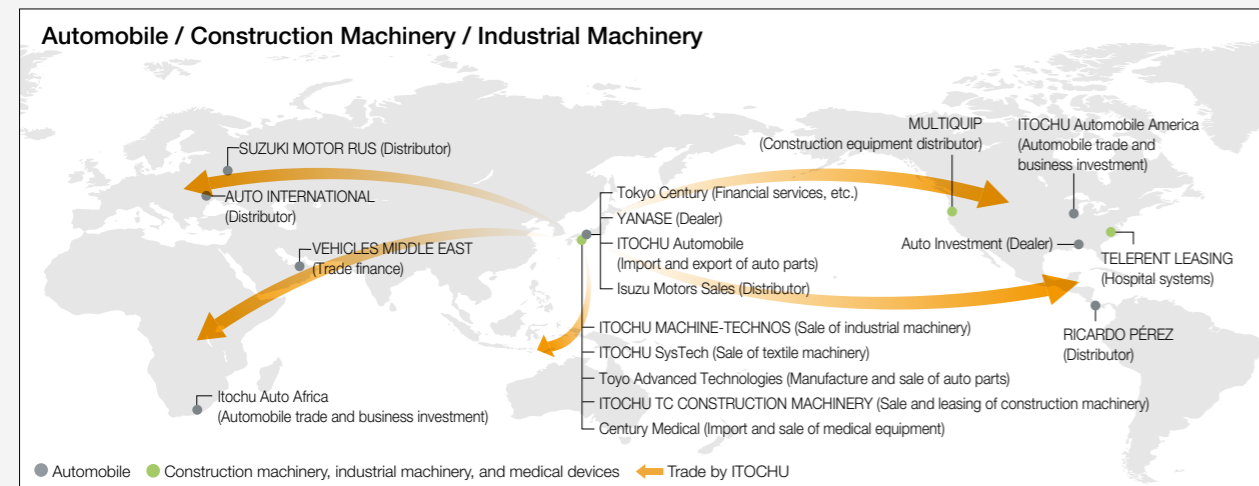
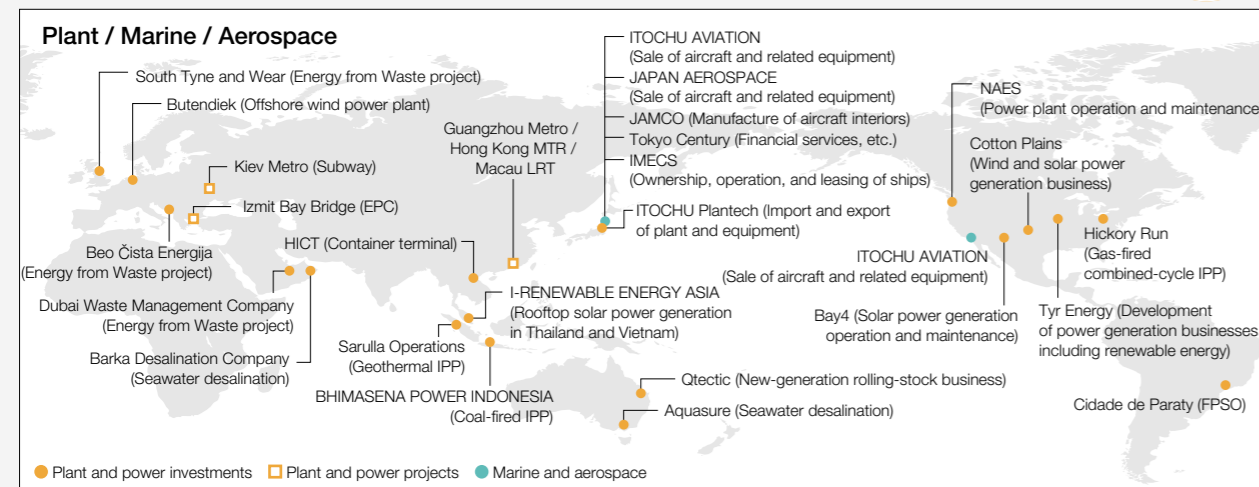
Company Strengths

- Solid business relationships with excellent partners in each business area
- Wide-ranging business development leveraging expertise in investment and trading business
- Diverse businesses in advanced countries and business developments in emerging countries with minimal country risk

Business Development

Percentage of Earnings from Domestic Business (image)

60%



FYE 2021 Review (Specific Accomplishments)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

- Promoted development of the solar power business in the U.S. and Asia as well as expanded and strengthened the renewable energy field of the power plant operation and maintenance business
- Enhanced environmental business, including an Energy from Waste project in Dubai
- Began investing in and joint operations of the start-up SkyDrive Inc., which is developing a flying car
- Started a study on promoting overseas EV fleet solution business with Dishangtie (DST), who provides the same business model throughout China while deepening relations and cooperation
- Extended our value chain into downstream fields by investing in a rental company through ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.

Growth Opportunities (Sustainable Growth)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

- Expanding peripheral functions, such as operations, maintenance, and demand-supply balancing services, in addition to strengthening business development capabilities in the renewable energy field
- Promoting the fuel supply business and developing/owning zero-emission ships, which use ammonia as fuel, with the aim of reducing marine GHG emissions
- Expanding value-added businesses in the water and environment sectors, both geographically and in terms of functions, to spur the transition to a circular economy and meet social needs
- Transforming total value chains in the automobile field
- Providing leading-edge medical devices and advanced medical services to enhance quality of life in the medical field

Risk Responses (Reduction in Cost of Capital)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

- Complying with coal-related business policy and promoting renewable energy projects accounting for national/regional energy differences
- Reducing environmental impact by expanding mobility services and promoting EVs, autonomous cruising vehicles, and aircraft electrification
- Conducting due diligence on environmental/social safety for suppliers and investments in new development projects

Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.

Details of the action plans are available on our website: <https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/>

- Evolve Businesses Through Technological Innovation
- Address Climate Change (Contribute to Realization of a Decarbonized Society)
- Cultivate a Motivating Workplace Environment
- Respect Human Rights
- Contribute to Healthier and More Enriched Lifestyles
- Ensure Stable Procurement and Supply
- Maintain Rigorous Governance Structures

Specific Example of Enhancing Our Contribution to and Engagement with the SDGs



Nazareth Solar Power Facility in Pennsylvania, USA

Expansion of Operation and Maintenance (O&M) Business for Renewable Energy in the U.S.

In December 2020, ITOCHU acquired Bay4 Energy Services, LLC (Bay4), which provides O&M services for solar power plants, through its wholly owned U.S.-based subsidiary NAES Corporation, which is one of the world's largest independent O&M services companies. Bay4 leverages its system that remotely monitors operations and malfunctions to provide O&M services efficiently to approximately 1,400 solar power plants, representing combined generating capacity of 1,600 MW, that are owned by major utilities, institutional investors, and other clients.

In combination with the solar power plant development endeavor of another U.S. subsidiary, Tyr Energy Inc., we are enhancing our contribution to and engagement with the SDGs by providing comprehensive services throughout the solar power generation value chain from development to O&M.



Kento Shibata
Power Infrastructure Section No. 4