

# Business Portfolio

In the context of strengths, risks, opportunities, and other factors in each business field, this section outlines the strategies of the Division Companies that comprise ITOCHU's business portfolio. The explanation is given with an awareness of the corporate value calculation formula (with a view to investment decisions) and the bearing these strategies have on material issues.

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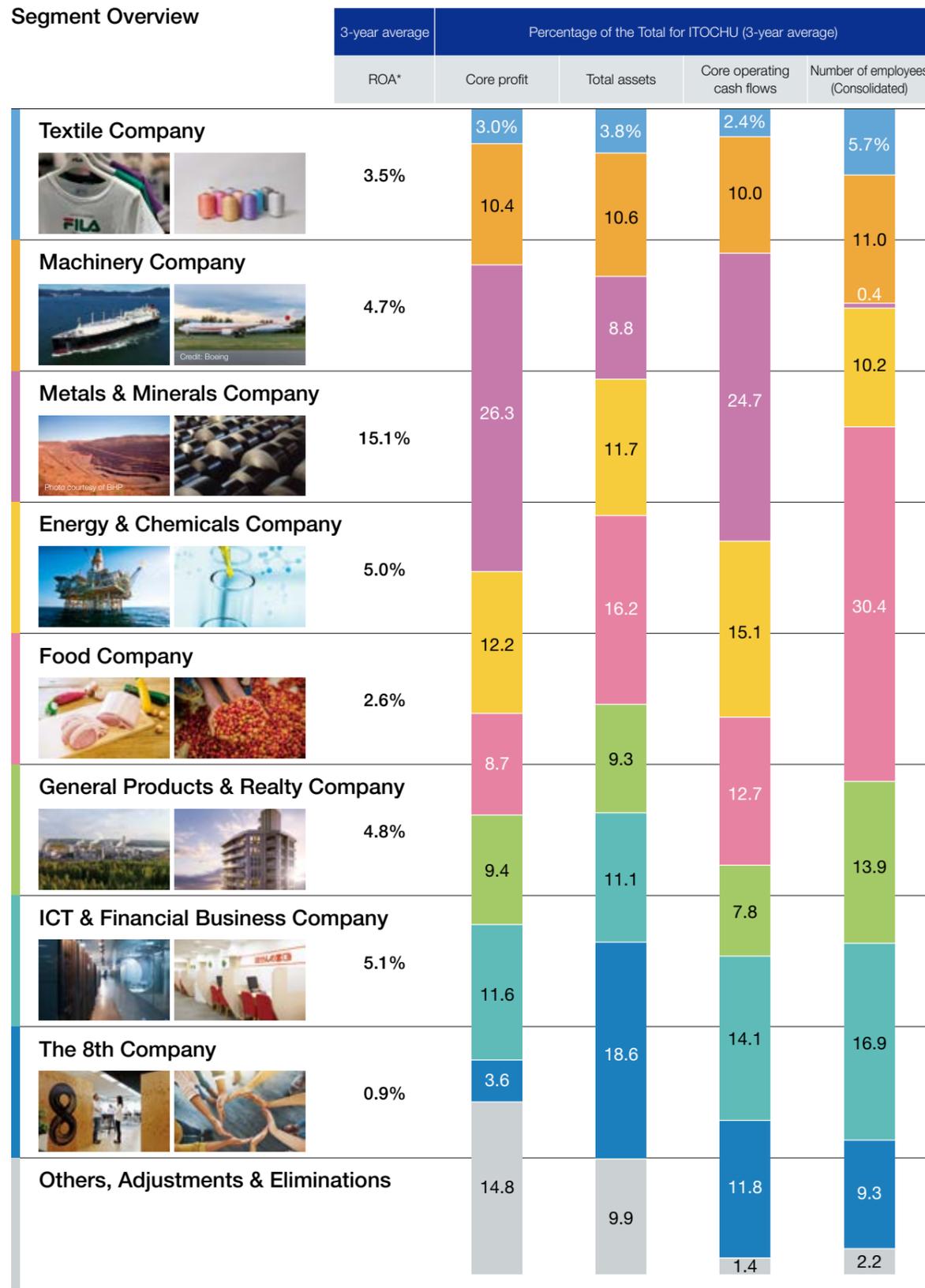
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# Financial Summary

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

## Segment Overview

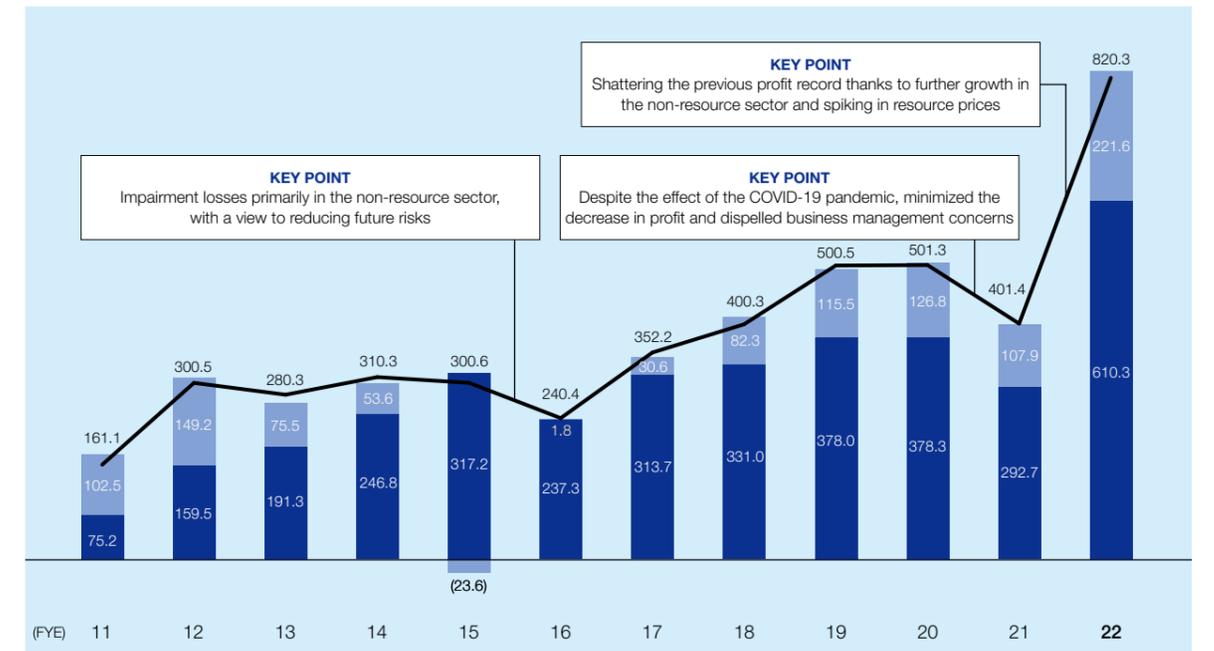


Non-Resource	72.9%	90.6%	71.1%	94.9%
Resource	27.1%	9.4%	28.9%	5.1%

\* In calculating average ROA, core profit has been used.

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

## Consolidated Net Profit (Loss) by Segment

(Billions of yen)



Extraordinary Gains and Losses	(57.5)	20.0	0.0	0.0	(5.0)	(75.0)	(18.0)	(16.5)	28.5	16.0	(51.0)	130.0
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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	452.4	690.3
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■ Textile Company ■ Machinery Company ■ Metals & Minerals Company ■ Energy & Chemicals Company ■ Food Company  
■ ICT, General Products & Realty Company (until FYE 2015) ■ General Products & Realty Company (from FYE 2016)  
■ ICT & Financial Business Company (from FYE 2016) ■ The 8th Company (from FYE 2018) ■ Others, Adjustments & Eliminations

\*1 In April 2016, the ICT, General Products & Realty Company was reorganized into the General Products & Realty Company and the ICT & Financial Business Company.  
\*2 Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.

## Textile Company

### Business Fields

- Brand business (businesses focusing on import and licenses for garments, fashion accessories and lifestyle brands)
- Apparel (raw materials, textile fabrics, garment materials, and textile products, etc.)
- Industrial materials (fiber materials for industrial and manufacturing use and lifestyle-related products, etc.)

### Company Strengths

- Strong position as the unmistakable leader among general trading companies in the textile industry
- Full-spectrum value chain that includes everything from upstream to downstream operations in the textile industry
- Solid business relationships with blue-chip partners in each business area in Japan and overseas



**Masahiro Morofuji**  
President, Textile Company



From left:

<b>Hideo Nakanishi</b>	Chief Operating Officer, Apparel Division
<b>Hideto Takeuchi</b>	Chief Operating Officer, Brand Marketing Division
<b>Katsushi Adachi</b>	Chief Financial Officer
<b>Ryoma Omuro</b>	General Manager, Planning & Administration Department

## Specific Example of Realizing Business Transformation by Shifting to a Market-Oriented Perspective



### Made DOME Corporation, the Exclusive Distributor in Japan of Under Armour, a Subsidiary

ITOCHU has made DOME Corporation, the exclusive distributor in Japan of the U.S. sports brand Under Armour, a subsidiary by acquiring a majority of its outstanding shares. Since its establishment in 1996, Under Armour has pursued a mission of "Under Armour makes you better" and grown into one of the world's top sports brands by marketing highly functional items that maximize athletes' performance.

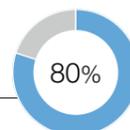
One of the key strategies of the Textile Company is to further expand sports-related businesses, which continue to grow steadily even in a volatile environment. Through expansion of the globally excellent Under Armour brand, ITOCHU will promote business transformation based on a market-oriented perspective and will continue to enhance its earnings base.



**Yoshinori Fujita**  
Apparel Affiliate Management Office

## Business Development Quantitative information Page 136-143

Percentage of Earnings from Domestic Business (image)



### Apparel

Products: Raw materials, textile fabrics, garment materials, and textile products, etc.

**Product planning and sales base for the European market**

- ITOCHU Europe

**Product planning and sales base for the North American market**

- ITOCHU Prominent U.S.A.

**Production bases spreading throughout China and other parts of Asia**

**Product planning, production, and sales bases for markets in China and other parts of Asia / Production base for the Japanese, European, U.S., and global markets**

- ITOCHU TEXTILE (CHINA)
- ITOCHU Textile Prominent (ASIA)

**Product planning, production, and sales bases targeting Japanese, Chinese, Asian, and global markets**

- ITOCHU
- EDWIN
- Sankei
- DESCENTE
- DOME
- UNICO
- LEILIAN
- ROYNE

### Industrial Materials

Products: Fiber materials used for hygiene, automobile interior materials, electronics materials, building and civil engineering materials for industry and manufacturing, and lifestyle-related products, etc.

Establishment of local supply chains that match customer needs and locations (Focus region: China and other parts of Asia)

Spreading the business model established in Japan, China, and other parts of Asia throughout the world

### Brand Business

Brand owner

- Participation in management / Trademark rights
- Exclusive import and distribution rights / Master license rights

Primary brands handled:  
CONVERSE, HUNTING WORLD, LeSportsac, OUTDOOR PRODUCTS, Paul Smith

Primary brands handled:  
FILA, HEAD, LANVIN, Reebok, Vivienne Westwood

## FYE 2022 Review (Specific Accomplishments)



- Advanced data-driven inventory optimization at Group companies and demonstrated benefits in terms of improved efficiency in production, sales, and logistics as well as improved profitability
- Accelerated the global rollout of recycled polyester material "RENU," which is sourced from used clothing and textile waste, and launched "Wear to Fashion," a textile collection service
- Decided to make DOME Corporation, the exclusive distributor in Japan of the U.S. brand Under Armour, a subsidiary

## Growth Opportunities (Sustainable Growth)



- Promote initiatives that help advance sustainability in the textile and fashion industries, such as strengthening a value chain that begins with raw materials and is centered on sustainable materials
- Strengthen the business foundations of brand and retail-related businesses by strengthening e-commerce, growing new sales channels, and embracing lean management
- Increase overseas earnings through enhanced initiatives with leading companies in China and other parts of Asia
- Expand our earnings base even further through transformation based on a market-oriented perspective in the sports-related business
- Supporting overseas business expansion of DESCENTE LTD.

## Risk Responses (Lower Cost of Capital)



- Using RFID, IT, and data to enhance the efficiency of production, sales, and logistics operations
- Respecting human rights throughout supply chains and promoting trade with companies who engage in sustainable practices
- Establishment of a safe and secure product supply system

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 a Decarbonized Society)
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- Contribute to Healthier and More Affluent Lifestyles
- Ensure Stable Procurement and Supply
- Maintain Rigorous Governance Structures

# Machinery Company

## Business Fields

- Urban environment and power infrastructure (water and environmental business, IPP, infrastructure, renewable energy, and petrochemical plants)
- Marine and aerospace (brokerage of new vessels and secondhand vessels, ship ownership, sales of commercial aircraft, aircraft leasing, satellite information services, and drones)
- 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, business investments)

## Company Strengths

- Diverse businesses in developed countries and business development in emerging countries while minimizing country risk
- Solid business relationships with blue-chip partners in the waste treatment / renewable energy areas and advanced project development capabilities
- Broad business portfolio encompassing both trading (in automobile and other areas) as well as business investment in areas such as wholesale, retail, and finance businesses, widely spread in Japan and overseas



**Hiroyuki Tsubai**  
President, Machinery Company



From left:

<b>Naohiko Yoshikawa</b>	Chief Operating Officer, Plant Project, Marine & Aerospace Division
<b>Hiroshi Ushijima</b>	Chief Operating Officer, Automobile, Construction Machinery & Industrial Machinery Division
<b>Masato Sakuragi</b>	Chief Financial Officer
<b>Toshio Okudera</b>	General Manager, Planning & Administration Department

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



Progress of the construction of an energy-from-waste plant in Dubai

### Start of Construction in Dubai on One of the World's Largest Energy-from-Waste Plants

ITOCHU is currently building one of the world's largest Energy-from-Waste plants in Dubai and will operate the facility for 35 years after commencement of commercial operation, which is slated for 2024. Once built, the plant will incinerate roughly 45% (1.9 million tons per year) of all general waste produced in Dubai and generate electricity from the heat that is produced during incineration.

Through this project, ITOCHU will contribute to the achievement of Dubai policy goals with regard to the environment and health, including reducing landfill disposal volume, contributing to sustainable and ecologically friendly waste management, and promoting the development of alternative energy sources not reliant on fossil fuels.



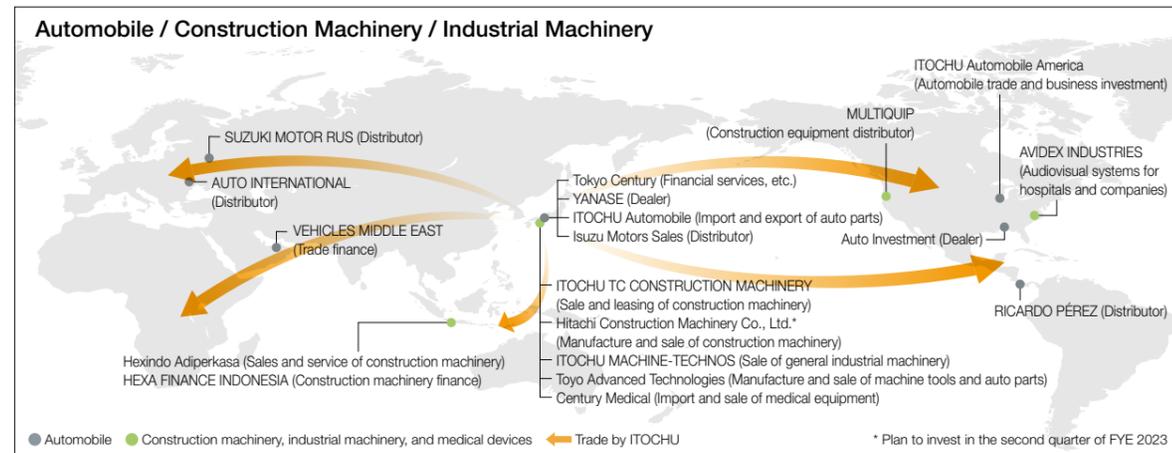
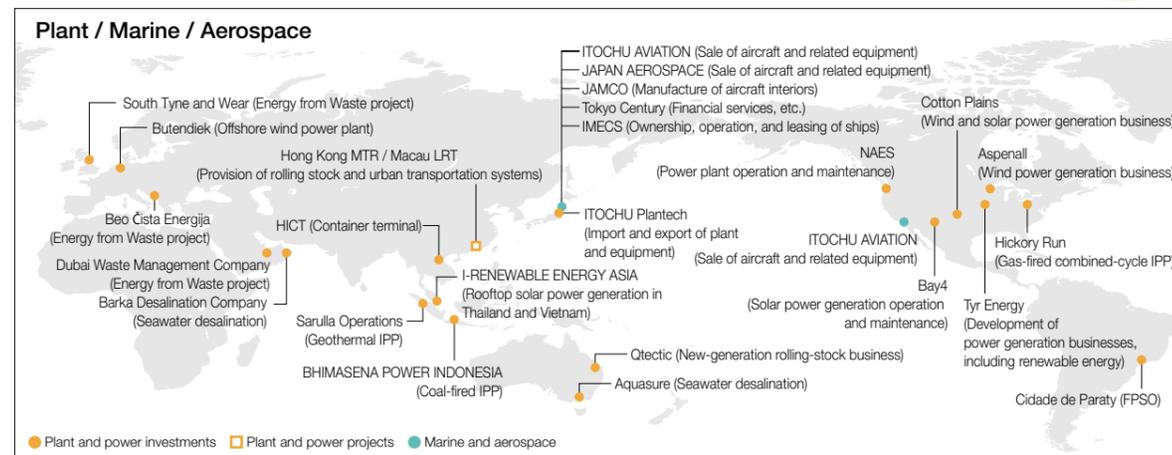
**Belinda Knox**  
Director Investment  
I-ENVIRONMENT INVESTMENTS LIMITED

## Business Development

Quantitative information Page 136-143

Percentage of Earnings from Domestic Business (image)

50%



## FYE 2022 Review (Specific Accomplishments)



- Concluded a capital alliance agreement with Hitachi Construction Machinery Co., Ltd., through a special-purpose corporation jointly established with Japan Industrial Partners, Inc.
- Accelerated renewable energy businesses in North America through such measures as the establishment of a company in the United States that is dedicated to the development of renewable energy
- Sought to develop ammonia-fueled ships and aim for practical application by leading the establishment of a council comprising 34 companies and organizations, which has been adopted as qualifying for support from the Green Innovation Fund of the New Energy and Industrial Technology Development Organization
- Formed a capital and business alliance and concluded a sales partner agreement with drone development and manufacturing company Wingcopter GmbH based in Germany
- Commenced a proof-of-concept test in Japan with the aim of rolling out in overseas markets the business model of Dishangtie (DST), which provides leasing business for commercial EVs for use in logistics networks throughout China

## Growth Opportunities (Sustainable Growth)



- 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 (Lower Cost of Capital)



- Complying with policies related to coal-fired power generation and promoting renewable energy power generation projects accounting for national / regional energy situations
- Reducing environmental impact by expanding mobility services and promoting EVs, autonomous cruising vehicles, and aircraft electrification, etc.
- Conducting due diligence on environmental / social safety for suppliers and business investees, etc., in all 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/>

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# Metals & Minerals Company

## Business Fields

- Development of metal & mineral resource projects (iron ore, coal, non-ferrous metals, rare metals, etc.)
- Trading of raw materials for steelmaking (iron ore, coal, etc.), fuel for power generation (coal, uranium), non-ferrous raw material and products (aluminum, etc.), and recycling business (metal scrap, waste treatment, etc.)
- Decarbonization-related business (hydrogen, ammonia, CCUS, emissions trading, etc.)
- Steel-related business (import and export to / from Japan, trading in non-Japanese markets, processing, etc.)

## Company Strengths

- Strong relationships with blue-chip business partners in each business area
- Ownership of superior natural resource assets, in particular iron ore and coal
- Broad-ranging trade flows that run from upstream (metal & mineral resources and metal materials) to downstream (steel / non-ferrous products)



**Kenji Seto**

President, Metals & Minerals Company



From left:

<b>Jun Inomata</b>	Chief Operating Officer, Metal & Mineral Resources Division
<b>Kazuyoshi Sato</b>	Chief Financial Officer
<b>Osamu Tano</b>	General Manager, Planning & Administration Department
<b>Toru Shinya</b>	General Manager, Steel Business Coordination Department

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



A beneficiation plant at the South Flank iron ore mine



**Nitchu Otsubo**

Deputy Manager, Iron Ore Section No.1, Iron Ore & Steelmaking Resources Department

### Further Strengthening of Iron Ore Interests in Western Australia

With respect to iron ore interests jointly held in Western Australia with BHP Group Limited (BHP) and others, production at the South Flank mine started on schedule in May 2021, following the decision to develop the mine in 2018. Together with the adjacent mine of Mining Area C (MAC), the South Flank mine will form the world's largest iron ore production hub, producing 145 million tons of iron ore per year. The project will also help to significantly stabilize the Western Australian iron ore business.

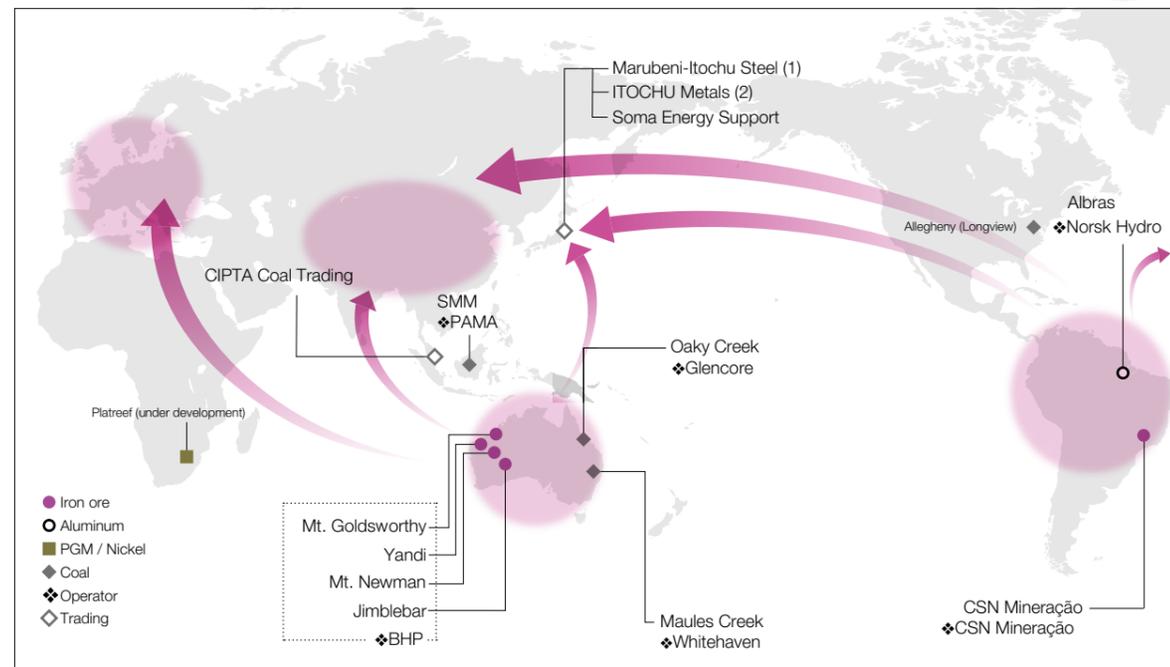
In 2021, we also acquired a partial interest in the Western Ridge iron ore deposits owned by BHP. Western Ridge consists of four vast iron ore deposits where we are able to keep costs low by utilizing existing rail and port infrastructure. We have begun production at an open-pit mine.

The usefulness of iron as a material is unlikely to change given its availability in large quantities; metal properties such as strength, workability, etc.; economic appeal as a material procurable at low cost; and reusability through recycling. We will continue benefiting society by supporting long-term secure and stable supplies of this useful resource.

## Business Development Quantitative information Page 136-143

Percentage of Earnings from Domestic Business (image)

10%



### (1) Marubeni-Itochu Steel

- Trading company that specializes in the steel distribution business and has business foundations in regions worldwide
- Provision of high-value-added services related to steel and other products, including import, export, sale, processing, supply chain management, and investment in steel-related industries



### (2) ITOCHU Metals

- Trading company that specializes in non-ferrous metals and recycling, operates from raw material supply to resource recycling with a worldwide network
- Raw material supply, product distribution, and proactive advancement of a comprehensive recycling business that is helping build a circular economy



## FYE 2022 Review (Specific Accomplishments)



- With the aim of building a natural resource asset portfolio supporting continued future business growth, the Western Australian iron ore business started up operations at the South Flank iron ore mine and acquired new partial interest in the Western Ridge iron ore deposits; in the United States, continued development of Allegheny (Longview) coking coal mine
- Invested in Mineral Carbonation International, based in Australia, which has mineral carbonation technologies, and advanced the roll-out of the company's technologies in Japan
- To promote decarbonization, divested our interest in the Ravensworth North thermal coal mine in Australia
- With the aim of realizing a sustainable society, steadily promoted initiatives for venous industries, such as effectively utilizing resources through recycling and appropriately treating waste

## Growth Opportunities (Sustainable Growth)



- Leveraging our solid relationships with steel manufacturers and power companies to strengthen our initiatives in hydrogen and ammonia projects, which are indispensable to achieving carbon neutrality
- Steadily promoting carbon dioxide capture, utilization, and storage (CCUS) projects and low-carbon raw materials which help realize decarbonization across society
- Further promoting initiatives for venous industries to help build a circular economy, such as recycling and appropriate waste treatment
- Stably supplying materials indispensable to new technologies and social demands, such as EVs and FCVs, energy storage systems, and lighter-weight materials that improve energy efficiency

## Risk Responses (Lower Cost of Capital)



- Pursuing efforts to completely withdraw from thermal coal mine investments and promoting technological development that contributes to GHG emissions reduction
- Promoting businesses that will facilitate the uptake of lighter-weight vehicles and EVs (such as aluminum and rare metals)
- Optimizing the asset portfolio to support stable supply of raw materials and fuels to meet social needs
- Complying with our Environment, Health, and Safety (EHS) Guidelines, continuing employee education on the Guidelines, and contributing to local communities where we do business through the provision of healthcare, education, donations, and assistance in the establishment of regional infrastructure
- Promoting an increase in efficiency through mine operations and facility management utilizing DX, and conversion to the automated operation of mining equipment

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# Energy & Chemicals Company

## Business Fields

- Energy projects and trading (crude oil, petroleum products, LPG, LNG, natural gas, hydrogen and ammonia, renewable fuel, etc.)
- Chemical products business and trading (basic petrochemical products, synthetic resins, household goods, fine chemicals, pharmaceuticals, electronic materials, eco-friendly materials, etc.)
- Power and environmental solutions business and trading (renewable energy power generation, power trading, heat supply, solar panels, energy storage systems (ESS), solid biomass fuel, and other related materials)

## Company Strengths

- Development and trading of eco-friendly energy through collaborations with blue-chip business partners
- Business development capabilities in the chemicals field that leverage robust Group companies and overseas locations
- Comprehensive value chain in the next-generation power sector consisting of both business investments and trade businesses



**Masaya Tanaka**

President, Energy & Chemicals Company



From left:

<b>Tetsuya Yamada</b>	Chief Operating Officer, Energy Division
<b>Nobuyuki Tabata</b>	Chief Operating Officer, Chemicals Division
<b>Yasuhiro Abe</b>	Chief Operating Officer, Power & Environmental Solution Division
<b>Masamichi Kanatomi</b>	Chief Financial Officer
<b>Haruo Maeda</b>	General Manager, Planning & Administration Department

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



Renewable diesel made from components such as waste cooking oil and other raw materials

### Building of Value Chains for Renewable Fuels

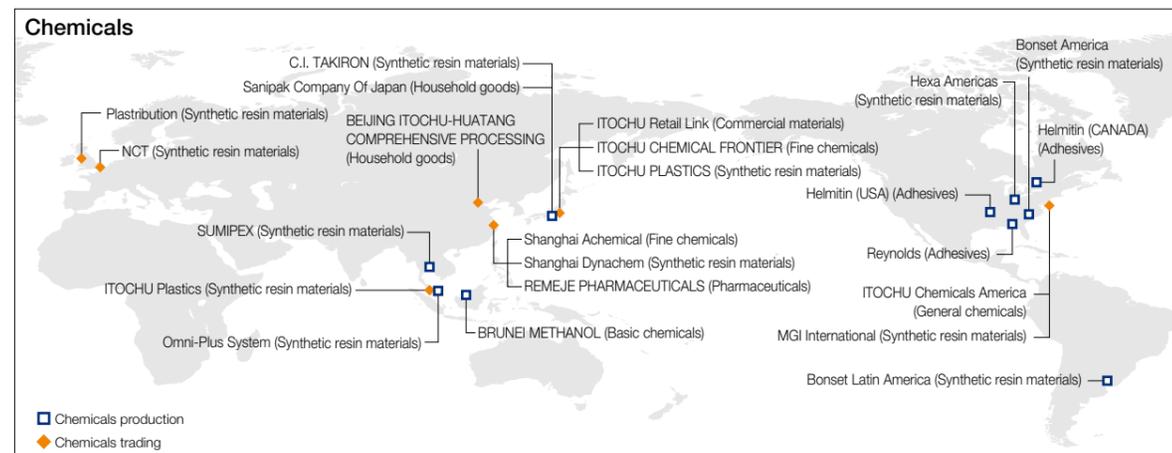
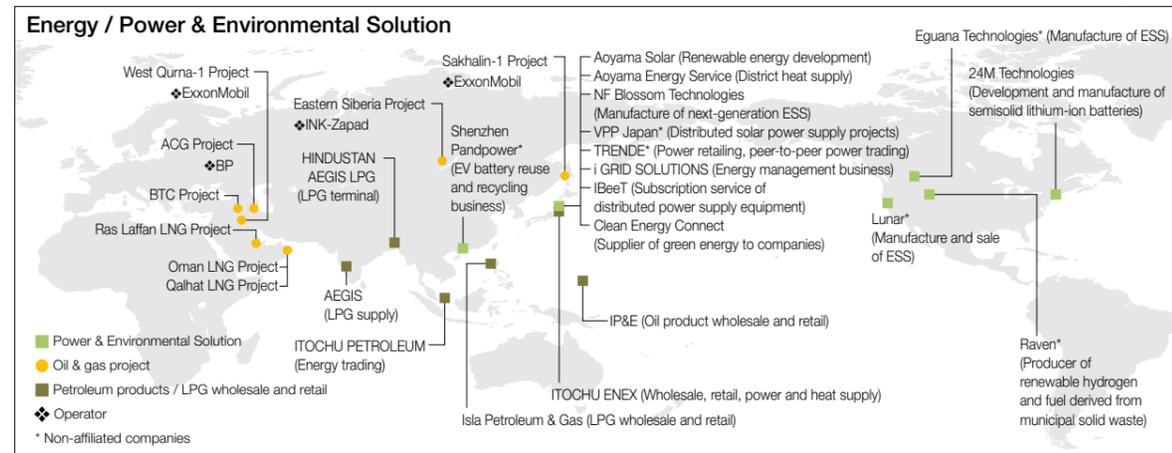
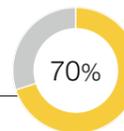
We aim to help realize a decarbonized society by building value chains for renewable fuels, including sustainable aviation fuel (SAF) and renewable diesel (RD). Having concluded an exclusive agreement for the import of sustainable aviation fuel to and its sale in Japan with NESTE OYJ (NESTE) based in Finland, we are increasing sales of the fuel to airlines in Japan. We are also importing and selling renewable diesel produced by NESTE, and we have begun operating Japan's first facility for refueling trucks with renewable diesel. NESTE's renewable fuels are made from materials such as waste cooking oil, etc. Compared to petroleum-based fuels, SAF and RD reduce GHG emissions by up to 80% and roughly 90%, respectively, based on life cycle assessments. ITOCHU will continue leveraging its comprehensive strength to advance renewable fuel-related initiatives, thereby enhancing our contribution to and engagement with SDGs even further.



**Wataru Tsuda**  
Petroleum Trading Department

## Business Development Quantitative information Page 136-143

Percentage of Earnings from Domestic Business (image)



## FYE 2022 Review (Specific Accomplishments)



- Began operating Japan's first facility for refueling commercial trucks with renewable diesel
- Concluded an exclusive agreement for the import of sustainable aviation fuel to and its sale in Japan with NESTE OYJ based in Finland
- Rolled out food containers partly made from biomass plastic and advanced the building of a nylon recycling scheme with Aquafil S.p.A., which owns a regenerated nylon brand, based in Italy
- Developed large-scale industrial and commercial energy storage systems using reused batteries and promoted capital and business alliances with blue-chip partners in businesses for next-generation batteries such as semi-solid batteries
- Promoted business for corporate power purchase agreements to supply power from both on-site (rooftop) and off-site locations (building in field) through Group companies and strengthened initiatives for renewable energy that has "additionality"

## Growth Opportunities (Sustainable Growth)



- Working with Group companies to build a sustainable fuel value chain, including for hydrogen and ammonia
- Stepping up CCUS-related projects by utilizing our expertise and collaborating with leading partners
- Expanding the business model to help resolve social issues, such as through the joint development of eco-friendly materials and the recycling business
- Strengthening initiatives for next-generation battery businesses and recycling businesses through collaborations with blue-chip partners in energy storage system-related businesses
- Realizing the stable supply of renewable energy through the development, possession, and operation of renewable energy power plants; expanding electric power and solid biomass fuel trade in line with the needs of the SDGs
- Participating in the Clean H2 Infra Fund.S.L.P., the world's first investment fund for large-scale hydrogen businesses

## Risk Responses (Lower Cost of Capital)



- Accelerating initiatives for environment-related business, such as sustainable fuel, chemicals recycling businesses, and renewable energy, to contribute to decarbonization across society
- Enhancing activities to further minimize environmental impact in our existing portfolio

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# Food Company

## Business Fields

- Food resources and ingredients (vegetable oils, soybeans, grain, coffee, fresh produce, meats, etc.)
- Food production and processing (feed, sugar, processed agricultural products, processed meat products, industrial chocolate, soybean processing materials, etc.)
- Food marketing and distribution (import and sale of raw materials for food products, wholesale of foods, etc.)

## Company Strengths

- Top-class food distribution and retail network
- Worldwide network of production, distribution, and sales value chains for fresh foods (marine, meat, and agricultural products)
- Global supply chain for food resources



**Hiroyuki Kaizuka**  
President, Food Company



From left:

<b>Shuichi Miyamoto</b>	Chief Operating Officer, Provisions Division
<b>Kenichi Tai</b>	Chief Operating Officer, Fresh Food Division
<b>Hidenari Sato</b>	Chief Operating Officer, Food Products Marketing & Distribution Division
<b>Kenichiro Soma</b>	Chief Financial Officer
<b>Kuniaki Abe</b>	General Manager, Planning & Administration Department

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



A CGB soybean processing plant in Indiana, the United States

### U.S.-Based CGB ENTERPRISES, INC. Decided to Invest in a Soybean Processing Plant

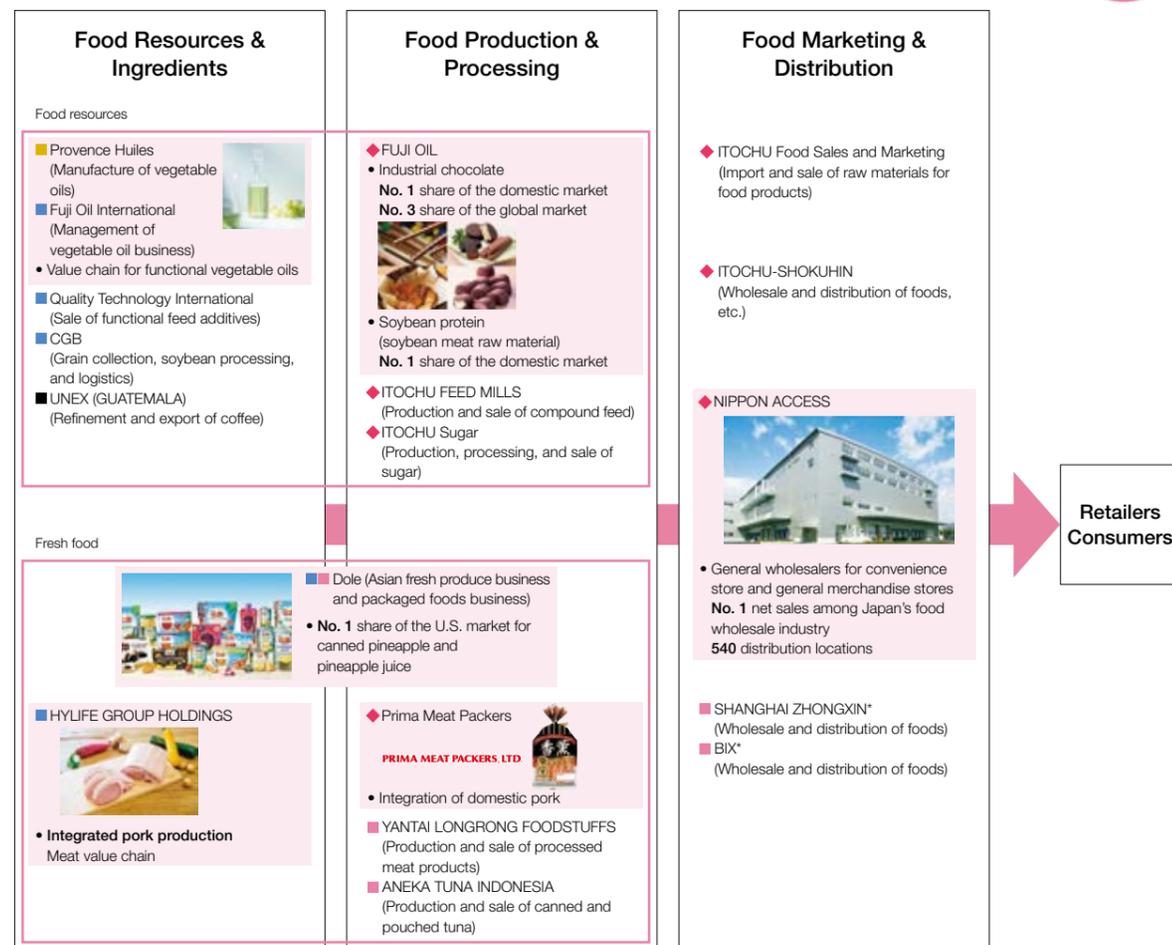
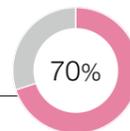
CGB ENTERPRISES, INC. (CGB), an affiliated company of ITOCHU, has decided to build a new soybean processing plant in North Dakota, the U.S. CGB supports stable food supply through the operations of grain collection, soybean processing, and logistics businesses in North America. As well as being used for food, the soybean oil produced by the soybean processing business is used as feedstock for biofuels such as sustainable aviation fuel (SAF), which promises to become a next-generation aviation fuel and demand for which is likely to grow. By expanding its soybean oil production, CGB will better contribute to providing clean energy in the growing energy market in the U.S., as well.



**Kazuya Maeda**  
SENIOR VICE PRESIDENT  
CGB ENTERPRISES, INC.

## Business Development Quantitative information Page 136-143

Percentage of Earnings from Domestic Business (image)



Region legend: ◆ Japan ■ North America ■ Europe ■ China and other Asian countries ■ Other countries \* Non-affiliated companies

## FYE 2022 Review (Specific Accomplishments)



- Advanced the utilization of clean energy (biogas power generation) that uses pineapple residue generated during the manufacturing process by Dole
- Established a joint venture with FUJI OIL HOLDINGS INC. to cater to changing demand for edible oils and fats in the U.S. and strengthened business foundations with a view to expanding the oils and fats business in North America
- Rolled out FOODATA, a new service that helps increase the efficiency and sophistication of development processes for food and beverage products by analyzing and making visible a variety of data, including taste and purchasing information

## Growth Opportunities (Sustainable Growth)



- Broadening production bases, which ensures food safety and security, and developing a stable supply network
- Leveraging the Group's wide range of products, functions, and expertise with new technologies to diversify the value we provide in the food business field
- Expanding our business foundation overseas, centered on high-value-added raw materials and products that meet consumer needs
- Supporting development to create employment and improve living circumstances by nurturing local industry in regions which produce food ingredients and materials
- Expanding functions in food distribution to strengthen the value chain and rationalize logistics operations

## Risk Responses (Lower Cost of Capital)



- Diversifying production regions to ensure stable supplies of fresh foods and avoid risks related to weather and epidemics
- Strengthening our sustainable food resource procurement system, which protects the environment and respects of human rights
- Reducing our environmental impact by using clean energy in our packaged foods business
- Increasing the number of employees holding international certifications for inspections under a food safety management system (FSMS)
- Creating a procurement system, which complies with third-party verification and our business partners' own codes of conduct

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## General Products & Realty Company

### Business Fields

- Paper and pulp (pulp, paper products, hygiene materials, new wood-based materials, wood chips, etc.)
- Goods and materials (natural rubber, tires, used tire collection, cement, slag, ceramics, etc.)
- Wood products and materials (logs, lumber, fences, wooden structural materials and components, wood fiberboard, etc.)
- Logistics (3PL, domestic logistics, international logistics, logistics systems, etc.)
- Development and operation of real estate (housing, logistics facilities, commercial facilities, etc.)

### Company Strengths

- Construction materials-related companies that constitute an excellent value chain in the North American construction materials business
- Competitive pulp manufacturing business and a worldwide network for pulp sales
- Stable real estate development by leveraging the distinctive and diverse networks of a general trading company



**Masatoshi Maki**  
President, General Products & Realty Company



From left:

<b>Tsutomu Yamauchi</b>	Chief Operating Officer, Forest Products, General Merchandise & Logistics Division
<b>Yusuke Takasaka</b>	Chief Operating Officer, Construction & Real Estate Division
<b>Tetsuya Sebe</b>	Chief Financial Officer
<b>Yasuhiro Takahashi</b>	General Manager, Planning & Administration Department

## Specific Example of Realizing Business Transformation by Shifting to a Market-Oriented Perspective



### Capital and Business Alliance with Nishimatsu Construction Co., Ltd.

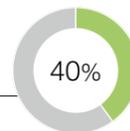
In December 2021, ITOCHU concluded a capital and business alliance agreement with Nishimatsu Construction Co., Ltd. We have already developed a strong partnership with the company through previous businesses engaged in real estate development, construction project orders, and procurement of equipment and materials. Through this capital and business alliance, the companies aim to create new synergies and enhance corporate value by consolidating their management resources and expertise and deepening the partnership even further. In addition, by establishing a value chain that spans upstream construction materials businesses, where construction functions can now be added, through to downstream real estate businesses, we will address such social issues as contributing to the achievement of the SDGs and making Japan's infrastructure more resilient.



**Takafumi Inomata**  
Real Estate Section No. 2,  
Real Estate Department No. 1

## Business Development Quantitative information Page 136-143

Percentage of Earnings from Domestic Business (image)



<h3>Paper / Pulp / Hygiene</h3> <ul style="list-style-type: none"> <li>■ METSA FIBRE</li> <li>• One of the world's largest manufacturers of commercial softwood pulp</li> <li>• Pulp production capacity: Approx. 3.2 million tons per year</li> <li>◆ ITOCHU Pulp &amp; Paper (Wholesale of paper, paper board, and processed paper products)</li> </ul>	<h3>Natural Rubber / Tires / Ceramics</h3> <ul style="list-style-type: none"> <li>■ European Tyre Enterprise</li> <li>• Conducts the operations of Kwik-Fit, the UK's largest tire retailer</li> <li>■ ANEKA BUMI PRATAMA (Processing of natural rubber, Indonesia)</li> <li>◆ ITOCHU CERATECH (Manufacture of ceramic raw materials and products)</li> </ul>	<h3>Wood Products &amp; Materials</h3> <ul style="list-style-type: none"> <li>■ North American construction materials business</li> <li>• Development of a robust value chain</li> <li>■ ITOCHU Building Products Holdings</li> <li>■ MASTER-HALCO (Manufacture and wholesale of fences)</li> <li>■ Alta Forest Products (Manufacture of wooden fences)</li> <li>■ US Premier Tube Mills (Manufacture of pipes for fences)</li> <li>■ CIPA LUMBER (Manufacture of veneer)</li> <li>■ Pacific Woodtech (Manufacture of laminated veneer lumber)</li> <li>◆ ITOCHU KENZA (Wholesale of wood products and building materials)</li> <li>◆ DAIKEN (Manufacture and wholesale of building materials)</li> </ul>
<h3>Development &amp; Operation of Real Estate</h3> <ul style="list-style-type: none"> <li>◆ ITOCHU Property Development</li> <li>• Development of condominiums, rental apartments, and office buildings (CREVIA series)</li> <li>• Development of profit-earning real estate</li> <li>◆ ITOCHU Urban Community (Management of condominiums, rental apartments, and office buildings)</li> <li>◆ ITOCHU HOUSING (Real estate agent and property consultant)</li> <li>◆ ITOCHU REIT Management (Management of REITs and funds)</li> <li>◆ CENTURY 21 REAL ESTATE OF JAPAN (Real estate franchise operation)</li> <li>◆ ITOPIA HOME (Planning and construction of detached houses)</li> <li>◆ CHUSETSU Engineering (Planning and construction of plants, logistics facilities, etc.)</li> <li>◆ IZU-OHITO DEVELOPMENT (Golf course management)</li> <li>◆ Nishimatsu Construction* (Construction business, real estate-related business, etc.)</li> </ul>	<h3>Overseas businesses</h3> <ul style="list-style-type: none"> <li>■ Saigon Sky Garden (Serviced apartments, Vietnam)</li> <li>■ Makati Sky Plaza Building (Office building, the Philippines)</li> <li>■ Harindhorn Building (Office building, Thailand)</li> <li>■ KARAWANG INTERNATIONAL INDUSTRIAL CITY (Indonesia)</li> <li>■ Resort hotel management business (Indonesia)</li> <li>■ Condominium leasing business (U.S.)</li> </ul>	<h3>Logistics</h3> <ul style="list-style-type: none"> <li>◆ ITOCHU LOGISTICS</li> <li>• Comprehensive logistics services (Freight forwarding, warehousing, trucking, and distribution centers)</li> <li>■ ITOCHU LOGISTICS (CHINA) (Comprehensive domestic logistics services in China)</li> <li>■ Dateng Logistics (Shanghai) (Comprehensive domestic logistics services in China)</li> </ul>

Region legend: ◆ Japan ■ North America ■ Europe ■ China and other Asian countries

\* Non-affiliated companies

## FYE 2022 Review (Specific Accomplishments)



Strengthen allocation of management resources to growth areas by strategic divestment of assets (Japan Brazil Paper and Pulp Resources Development Co., Ltd.)
Expand the value chain of the tire wholesale and retail business in the U.K. (European Tyre Enterprise Limited) to include the used tire collection business
Further integrated management through capital restructuring in the North American construction materials business and the logistics business in China
Established alliances related to construction areas by investing in real estate-related companies, such as Nishimatsu Construction Co., Ltd.
Commenced development of logistics warehouses in Japan and expansion of overseas industrial city

## Growth Opportunities (Sustainable Growth)



Enhancing profitability by promoting M&As in the North American construction materials business
Contributing to the SDGs and strengthening profitability by promoting the recycling of existing products and expanding sales of eco-friendly products that use sustainable forest resources
Reinforcing our earnings base by promoting more efficient cross-industry logistics, seizing the logistics crisis as an opportunity
Strengthening and expanding design and construction areas by promoting M&As in businesses peripheral to the construction and construction materials areas
Continuing to move ahead in the North American real estate business through strategic alliances and joint investments with leading U.S. real estate companies

## Risk Responses (Lower Cost of Capital)



Promoting the effective use of sustainable by-products (slag) as a cement alternative and creating sustainable and stable distribution channels
Promoting the production and widespread use of sustainable natural rubber that excludes raw materials produced by illegal logging through the use of a traceability system developed by ITOCHU
Revising Group companies' backbone systems (ERP) to increase analytical / operational efficiency ("cut") and reduce security risk ("prevent")

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 a Decarbonized Society)
- 👥 Develop a Rewarding Work Environment
- 🏠 Respect and Consider Human Rights
- 🍷 Contribute to Healthier and More Affluent Lifestyles
- 🏭 Ensure Stable Procurement and Supply
- ⚖️ Maintain Rigorous Governance Structures

# ICT & Financial Business Company

## Business Fields

- Information technology (IT solutions, BPO, digital marketing, venture capital, and healthcare)
- Communications (mobile devices, related equipment and services, space and satellite, and media and content)
- Finance (retail finance and corporate finance)
- Insurance (insurance shop, retail insurance, corporate insurance brokerage, reinsurance, and credit guarantee)

## Company Strengths

- Earnings base and synergies, driven by Group companies with leading scale and presence in the domestic ICT field
- Development of retail businesses together with market-driving core Group companies in the financial and insurance business
- Network of start-ups and leading-edge companies in Japan and overseas through relationships with top-tier venture capital firms in North America, Europe, and other regions



**Tatsushi Shingu**

President, ICT & Financial Business Company



From left:

<b>Hiroshi Kajiwara</b>	Chief Operating Officer, ICT Division
<b>Yasuhito Kawauchino</b>	Chief Operating Officer, Financial & Insurance Business Division
<b>Shuichiro Yamaura</b>	Chief Financial Officer
<b>Atsushi Hashimoto</b>	General Manager, Planning & Administration Department

## Specific Example of Realizing Business Transformation by Shifting to a Market-Oriented Perspective



### Made Major U.S. Security Company, SilverSky Inc. an Affiliate

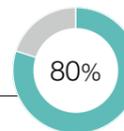
Through ITOCHU International Inc., ITOCHU has made U.S. security-related service provider SilverSky Inc., an affiliate. Based on more than 20 years of experience and knowledge, SilverSky Inc. uses advanced analysis of diverse data to protect customers' networks and terminals from a range of threats. The company has earned the trust of the financial and healthcare industries—which require particularly high levels of regulatory compliance—and has more than 4,000 customers throughout the U.S. Through this investment, we will support the company's expansion in Asia while gaining access to advanced threat intelligence from around the world. Further, ITOCHU and SilverSky Inc. will collaborate with CTC to minimize the concerns of customers about business continuity in the digital age, thereby supporting their sustained growth.



**Nobutaka Kiyohara**  
ICT & Financial Business Division  
ITOCHU International Inc.

## Business Development Quantitative information Page 136–143

Percentage of Earnings from Domestic Business (image)



### Information Technology / Communications

#### IT Services and BPO

- ITOCHU Techno-Solutions
  - Provision of a wide range of IT solutions, from software development to sales, maintenance, and support of computers and network systems
  - A robust customer base of more than 10,000 companies in various industries



- BELLSYSTEM24 (CRM\* solutions and contact center services)
- ITOCHU INTERACTIVE (Digital marketing)
- WingArc1st (Software development and sales)
- SilverSky (Security business)

\* Customer Relationship Management

#### Communication and mobile business

- CONEXIO
  - One of the largest networks of carrier-certified stores in Japan
  - Provision of solutions for corporate clients
- Asurion Japan (Insurance for mobile devices)
- Belong (Online distribution of mobile devices)
- ITC Auto Multi Finance (Mobile device finance in Indonesia)

#### Healthcare business

- A2 Healthcare (Clinical development contract services)
- Wellness Communications (Healthcare management solutions)
- TXP Medical (Medical data platform)

#### Space, satellite, and media-related business

- SKY Perfect JSAT
  - Asia's largest satellite communication operator
  - Media service "SKY PerfectTV!"



Copyright © Boeing  
Photo courtesy of SKY Perfect JSAT

- ITOCHU Cable Systems (System integration for broadcasters and telecommunication companies)
- RIGHTS & BRANDS ASIA (Character / brand licensing in Asia)
- Advanced Media Technologies (Distribution of cable TV products)

#### Venture capital business

- ITOCHU TECHNOLOGY VENTURES
- ITC VENTURES XI

### Finance / Insurance

#### Retail finance business

- Money Communications
  - Salary prepayment service
- Orient Corporation (Consumer credit business)
- POCKET CARD (Credit card business)
- United Asia Finance (Retail finance business in Hong Kong and other parts of China)
- EASY BUY (Retail finance business in Thailand)
- ACOM CONSUMER FINANCE (Retail finance business in the Philippines)
- Pasar Dana Pinjaman (Peer-to-peer finance intermediation business in Indonesia)
- First Response Finance (Pre-owned vehicle finance business in the U.K.)



#### Insurance shop and retail insurance business

- HOKEN NO MADOGUCHI
  - Japan's leading retail insurance distributor
  - Network of over 790 shops in Japan



#### Insurance brokerage business

- ITOCHU Orico Insurance Services (Insurance agency)
- I&T Risk Solutions (Insurance broker)
- COSMOS SERVICES (Insurance broker in Hong Kong)

#### Reinsurance business and credit guarantee business

- Gardia (Credit guarantee for retail businesses)
- NEWGT Reinsurance (Reinsurance business)

Region legend: ♦ Japan ■ North America ■ Europe ■ China and other Asian countries

## FYE 2022 Review (Specific Accomplishments)



- Promoted corporate DX support through collaborations with WingArc1st Inc., SIGMAXYZ Inc., and BrainPad Inc.
- Made U.S. security-related service provider SilverSky Inc., an affiliate
- Invested in Bumper International Limited, which provides buy-now-pay-later services for car repairs and services mainly in the U.K.
- Formed a capital and business alliance with TXP Medical Co. Ltd., a start-up that provides a platform for emergency medical data

## Growth Opportunities (Sustainable Growth)



- Discovering and forming alliances with start-up companies, and leveraging new technologies to create and promote next-generation businesses
- Fostering overseas development of business models cultivated in Japan in the mobile and ICT business sectors
- Establishing an earnings base in the innovative and highly convenient DX business based on a market-oriented perspective
- Expanding our business foundations in Japan and overseas by leveraging new retail finance
- Creating an insurance business value chain in the retail sector

## Risk Responses (Lower Cost of Capital)



- Reducing negative environmental impact caused by the frequent replacement of new mobile devices, by procuring and distributing secondhand mobile devices
- Reducing health-related risks by supporting the development of pharmaceutical products and providing preventive health services
- Enhancing the quality of people's lives through the retail finance business in Japan and overseas
- Reducing the risk of business interruptions by realizing a highly robust ICT environment, backed up by reliable telecommunication infrastructure

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- Maintain Rigorous Governance Structures

# The 8th Company

## Business Fields

- Creating new business and collaborating with the other seven 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

## 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 structure
- An organizational culture that creates businesses flexibly with a market-oriented perspective not bound by product lines



**Shuichi Kato**  
President, The 8th Company



From left:

<b>Nobuhiro Suga</b>	Chief Financial Officer
<b>Tetsuya Mukohata</b>	General Manager, Planning & Administration Section

## Specific Example of Realizing Business Transformation by Shifting to a Market-Oriented Perspective



### Strengthening of Digital Interfaces with Customers through "FamiPay" App

Released in July 2019 by FamilyMart, the "FamiPay" app reached 12.5 million downloads at the end of May 2022 and is the company's second largest point of contact with customers after stores. In existing businesses, the app strengthens customer relationship management by providing unique benefits and convenience, such as coupon distribution that utilizes the digital features of "FamiPay." In new businesses, in addition to initiatives in advertising and media businesses that utilize customer data, we are also leveraging FamilyMart's strength as the only major convenience store with its own payment system to launch new financial services. For example, in September 2021 we launched a service called "FamiPay next-month payment" that allows customers to pay in the following month, if and when their electronic money balance is insufficient. In December 2021, FamilyMart launched a service enabling customers to take on retail finance through "FamiPay."



**Jun Kajitani**  
Deputy General Manager,  
Planning & Administration Section

To meet a wide variety of customer needs, the Group will continue utilizing its technologies and expertise to steadily expand the functionality of "FamiPay."

## Business Development Quantitative information Page 136-143

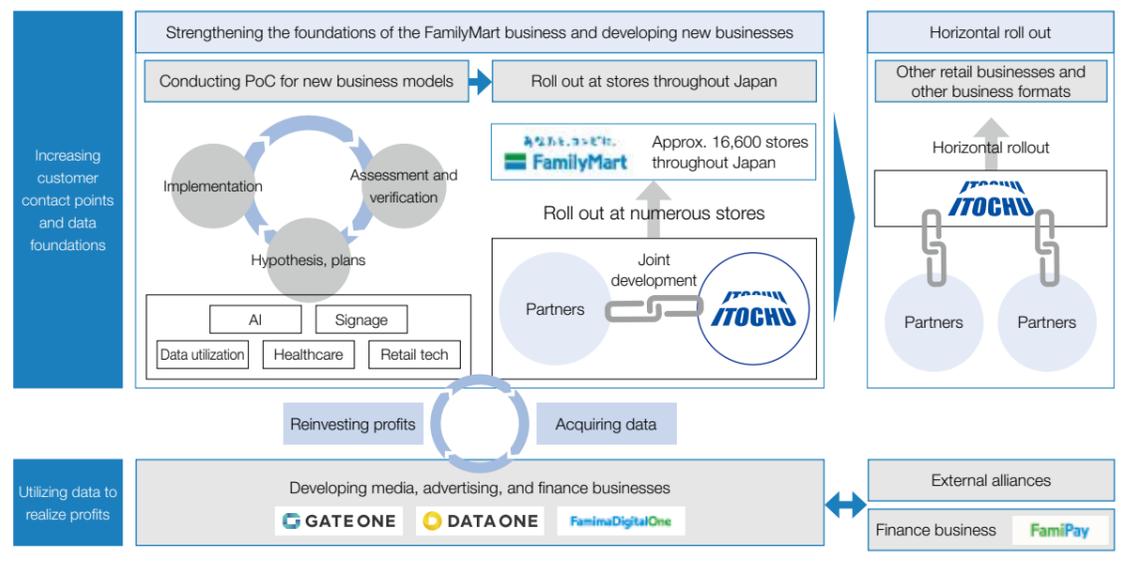
Percentage of Earnings from Domestic Business (image)

100%

With the transformation in consumer behavior accompanying the COVID-19 pandemic, adaptation to changes in consumer needs has become vital. While making maximum use of ITOCHU's diverse business foundations—which are particularly robust in the consumer sector—The 8th Company will develop new services and business models that are enabled by digital technologies and AI based on a market-oriented perspective.

### Specific Policies

- Rigorously strengthening FamilyMart, which is a core business
- Creating new business models that reflect customer needs and which utilize FamilyMart's store network and ability to attract customers; after conducting proof-of-concept tests for these business models, rolling them out at stores throughout Japan; and horizontally rolling out these services and technologies in other retail businesses and other business formats
- Increasing data volume and customer contact points through external alliances and finance businesses, etc., to maximize the profits of advertising and finance businesses; reinvesting new profits in the convenience store business to further heighten stores' ability to attract customers



## FYE 2022 Review (Specific Accomplishments)



- Strengthened the competitiveness of FamilyMart products by developing hit products and enhancing mainstay products and implemented marketing measures, such as a 40th anniversary sales promotion campaign
- Entered into the media business by establishing Gate One Corp.
- Launched "FamiPay" services for retail finance, including a service allowing payment in the following month and a loan service
- Launched various digital technology projects and proceeded with proof-of-concept tests

## Growth Opportunities (Sustainable Growth)



- Expanding FamilyMart's earnings base by thoroughly improving the three basics of the convenience store business (product appeal, convenience, and familiarity) and making the entire supply chain more sophisticated
- Increasing customer contact points and business revenues by turning FamilyMart stores into media, etc.
- Enlarging our data infrastructure and developing new businesses, such as advertising and financial services that utilize customer data
- Developing new solutions through venture investments, etc.

## Risk Responses (Lower Cost of Capital)



- Strengthening of supply chain risk management in response to such factors as fluctuations in raw material prices
- Responding to the shortage of workers using digital technologies

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