



Masatoshi Maki
President, General Products & Realty Company



From left:	
Tsutomu Yamauchi	Chief Operating Officer, Forest Products, General Merchandise & Logistics Division
Yusuke Takasaka	Chief Operating Officer, Construction & Real Estate Division
Tetsuya Sebe	Chief Financial Officer
Yasuhiro Takahashi	General Manager, Planning & Administration Department

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, 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 North America
- Competitive pulp manufacturing business and a worldwide network for pulp sales
- The No. 1 tire retailer network and brand in the United Kingdom and a vertically integrated logistics network extending from wholesale to post-consumer car tires recycling
- Stable real estate development by leveraging the distinctive and diverse networks of a general trading company

Business Development Quantitative information ▶ Page 126–133

Percentage of Earnings from Domestic Business (image)

30%

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

* Non-affiliated companies
Region legend: ◆ Japan ■ North America ■ The U.K. and Europe
■ China and other Asian countries

The list of major subsidiaries and associated companies is available on ITOCHU's website.
https://www.itochu.co.jp/en/files/ar2023E_12.pdf



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

Acquisition of North American Engineered Wood Products (Posts and Beams) Business

Pacific Woodtech Corporation acquired the engineered wood products (posts and beams) manufacturing business in North America. With the acquisition of the business, three manufacturing plants in California and North Carolina in the United States, and British Columbia in Canada have been added, the company established engineered wood product manufacturing capabilities that cover the whole of North America. With its reinforced manufacturing capabilities, the company is focusing on the decking market, where further market growth is expected, and has begun the development and sales of structural materials for decking in addition to existing applications for engineered wood products. Following on from initiatives in our fence business, we will continue to increase the resilience of the value chain in the engineered wood products business with a view to further strengthening the earnings base of our North American construction materials business.



Engineered wood products made of laminated veneer lumber manufactured by Pacific Woodtech Corporation



Pacific Woodtech Corporation
From left:
Yasuhiro Terashita (Dispatched),
Kotaro Yamamoto (Dispatched),
Jim Enright, Heather Dillard,
Dan Milfred, Shuhei Kawano
(Dispatched)

FYE 2023 Review (Specific Accomplishments)

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

- Strengthened the value chain of the construction materials business in North America by acquiring an engineered wood products (posts and beams) business in the region
- Implemented capital investment and sales system development with the aim of increasing softwood pulp production at METSA FIBRE OY of Finland
- Unified management through capital restructuring of the construction materials business in North America and the logistics business in China
- Steadily created synergies in real estate development projects and others, with Nishimatsu Construction Co., Ltd., and Paraca Inc.
- Promoted a public-private partnership business by arranging a general gymnasium which functions as a shelter in times of a disaster

Growth Opportunities (Sustainable Growth)

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

- Enhancing profitability of new business fields such as decking materials 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
- Establishing an earnings base by offering customers solutions that optimize their logistics operations and advancing an M&A to strengthen the logistics functions
- Strengthening and expanding alliances in businesses peripheral to the construction and construction materials realms, including capital and business alliances with Nishimatsu Construction Co., Ltd., and Oriental Shiraishi Corporation, and promoting measures that address societal needs such as road infrastructure
- Expanding operations 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)

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

- 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 improve efficiency in analysis operations ("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 ITOCHU's website: <https://www.itochu.co.jp/en/csr/itochu/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