

then optimally controls the charging and discharging of storage batteries, allowing electricity storage systems to operate efficiently.

As of March 2020, sales of Smart Star L exceeded 30,000 units. As a result, we have built the largest multifaceted development in Japan through an ESS comprising distributed power sources that can be controlled remotely.

The Possibilities Expanded from a Japan-Leading Multifaceted Development

In addition to trade spanning upstream to downstream, we sought to expand our scope of operation by adding value to products and services at customer contact points. To that end, we have built a foundation for the largest AI-equipped storage battery network in Japan to move into the Virtual Power Plant (VPP) business. In March 2019, we invested in VPP Japan, Inc., which operates in the solar power business under a third-party ownership model. In June 2020, we also invested in TRENDE Inc., a TEPCO Group company that provides electricity retail services. Envisioning after 2021 when the business environment will be ready, we are exploring a host of possibilities beyond the sale of storage batteries and excess electricity, such as the formation of economic zones that link regional populations with electricity.

Based on a successful model we have developed in Japan, we aim to take it overseas. A shift toward distributed energy is taking place around the world. We have the advantage of operating an ESS comprised of nearly 20,000 AI-equipped storage

batteries, providing a favorable environment for attracting new partners. In 2018, we invested in 24M Technologies, Inc., a U.S. company that engages in the research and development of semisolid lithium-ion batteries, and entered a capital and business alliance with Sunnova Energy International Inc., a U.S.-based residential solar and storage service provider. In addition, in October 2019 we acquired an equity stake in Shenzhen Pandpower Co., Ltd., a Chinese company that reuses and recycles vehicle batteries. In March 2020, we invested in Canadian company Eguana Technologies Inc., which sells proprietary ESS. We expect to combine our expertise in the storage battery business we have cultivated in Japan and our work with strong overseas partners into new businesses overseas. We also plan to apply this know-how to enter the VPP business in Japan.

Aiming for Sustainable Business Growth by Leveraging “What Sets ITOCHU Apart”

We have adopted a fully market-oriented perspective and continue to improve our finely tuned ecosystem. Although other companies are likely to enter this market, due to its strong growth potential, we will seek to differentiate ourselves by leveraging the distinctive strengths that have driven our growth to date and continue to anticipate new challenges. At the same time, we will contribute to various partners, households, and help build a better society, realizing sustainable growth as we embody the “*Sampo-yoshi*” philosophy.

Promoting a Business Model that Combines New Technologies and Existing Businesses

