

government. We took advantage of this opportunity to secure access to what would become a massive market in the future. We continued working to expand our human network and business

strength. As Chubei Itoh I worded in “supplying the needs of the society” and the current Chairman & CEO, Masahiro Okafuji, explained that trading companies “are like water taking the form of the vessel in which it is carried, sometimes round, and sometimes square,” we transform our foundations into a merchant sensitive to the needs of the times.

Comprehensive Strength Accumulated from Constantly Transforming Itself

Passing on the Management Baton While Bringing out True Value of a History of more than 160 Years

General trading companies, which operate in the middle of the value chain, are affected by trends among individual companies. In particular, as manufacturers transitioned toward direct sales, trading companies were concerned that this disintermediation could be resolved in the 20th century. We have faced such existential crises numerous times, with the 1960s marked by “the notion that trading companies were a declining force” and the late 1970s and early 80s labeled as a “period of hardship for trading companies.” We have successfully overcome such adversities by flexibly changing the form of our business. Through these initiatives, we moved upstream to secure supplies of resources and product materials. At the same time, we invested in downstream operations, such as FamilyMart, to expand our customer contact points. In addition to this vertical expansion of the value chain, we shifted toward a business model that pursued added value. One example was our move into the brand business in the Textile Company in the 1970s. By entwining our business investments and creating businesses in a multifaceted and linked manner, we have built up our comprehensive

strength. In the middle 1990s, huge holdings of underperforming assets led to a crisis that threatened our continued existence. In response, President Uichiro Niwa adopted a bold stance, saying “Problems created in the 20th century should be resolved in the 20th century.” Accordingly, in FYE 2000 we processed total losses of ¥400.0 billion, sweeping away unproductive and unprofitable assets. We also introduced a new management method, called Risk Capital Management, and shifted funds to high-efficiency assets.

Strengthening Our Financial Position

March 31, 1999

At the same time, we invested in downstream operations, such as FamilyMart, to expand our customer contact points. In addition to this vertical expansion of the value chain, we shifted toward a business model that pursued added value.

Approximately ¥4.2 trillion

March 31, 2011

NET DER: 1.4 times

NET DER: 13.7 times

Trading Companies

as Water

The current Chairman & CEO, Masahiro Okafuji, explains that ITOCHU has the ability to transform itself, noting that general trading companies “are like water taking the form of the vessel in which it is carried, sometimes round, and sometimes square.”

Inherited Strengths

Individual Capabilities

Consolidated Net Profit per Employee (Non-Consolidated)

¥378.3 billion (FYE 2020)

ITOCHU has not maintained a spirit of creativity and innovation since its founding. With its large number of employees, ITOCHU has cultivated individual capabilities.

Earning Power in the

Non-Resource Sector

Profits from the Non-Resource Sector

¥378.3 billion (FYE 2020)

ITOCHU's business originated with textiles, so we have traditionally been strong in the consumer sector, particularly in areas close to consumer goods.

Comprehensive Strength and

Ability of Self-transformation

Ratio of Group Companies Reporting Profits

88.0% (FYE 2020)

With our diversified business portfolio, we establish a business model that leverages various functions. We have cultivated a trading company as well as by maximizing synergy between businesses.

Experience and Track Record in

China and Other Parts of Asia

Expanding Business into China

ITOCHU's business originated with textiles, so we have traditionally been strong in the consumer sector, particularly in areas close to consumer goods. Masakazu Echigo, President of ITOCHU China, has been committed to cultivating the Chinese market.