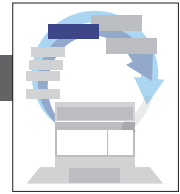




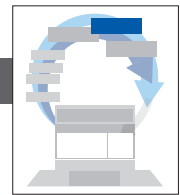
FYE 2020 Review (Achievement of Short-Term Targets)

- Steadily expanded construction materials business in North America by acquiring companies involved in fence manufacture and wholesale, as well as the manufacture of wooden fences
- Commenced joint management with DAIKEN CORPORATION ("DAIKEN") of companies manufacturing veneers and laminated veneer lumber in North America
- Expanded our share of the UK tire market and increased profitability by focusing on leveraging data to enhance customer satisfaction
- Restructured our logistics business in China, reinforcing the management system and earnings base
- In line with the real estate asset replacement model, developed residential assets and logistics warehouses, and expanded REITs AUM



Steppingstones to Medium- to Long-Term Value Creation

- Enhancing profitability by promoting M&As in the North American construction materials business
- Further honing our tire, construction material, real estate, and logistics businesses by applying new technologies
- Expand the handling of environmentally friendly products that use sustainable forestry resources
- Strengthening the real estate asset replacement model for logistics warehouses
- Continuing to move ahead in the North American real estate business through strategic alliances and joint investments with leading U.S. real estate companies



Initiatives Supporting Sustainable Growth

- Strengthening the afforestation business in Brazil with a partner, and enhancing the pulp business in Finland, where a stable long-term supply of raw timber is possible
- Promoting the effective use of sustainable byproducts (slag) as a cement alternative and creating a sustainable and stable distribution
- Creating a natural rubber traceability system that identifies the source of raw material to eradicate illegal logging
- Revising Group companies' backbone systems (ERP) to increase analytical and operational efficiency ("cut") and reduce security risk ("prevent")



➡ Please refer to "Significant Risks to Be Managed on a Consolidated Basis" in the Risk Management section on Page 47.

Specific Example of Steppingstones to Medium- to Long-Term Value Creation

Strategies for Boosting Profitability and Enhancing Corporate Value at North American Group Companies Involved in Construction Materials

ITOCHU has restructured its construction materials business in North America, where the steady increase in population and solid economic growth are expected among the major developed countries. In addition to MASTER-HALCO, Inc. (manufacture and wholesale of fences) and Alta Forest Products LLC (manufacture and sale of wooden fences), in FYE 2020 ITOCHU acquired Jamieson Manufacturing Co. (manufacture and whole-sale of fences) and Reichert Shake & Fencing, Inc. (manufacture of wooden fences). We also sold part of CIPA LUMBER CO. LTD. (manufacture and sale of veneer) and Pacific Woodtech Corporation (manufacture and sale of laminated veneer lumber) to DAIKEN and commenced joint operation. Following these acquisitions and realignments, we have dispatched more than 20 highly experienced personnel to these Group companies to improve their management and augment their corporate value. In addition to our own expertise cultivated over many years, we will incorporate DAIKEN's manufacturing know-how, working together to further enhance profitability and corporate value.



Pacific Woodtech Corporation

Please also see the Sustainability Action Plan on our website for initiatives underpinning sustainable growth.

<https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/>

