

Motivational messages to employees from the Chairman on display alongside flowers on the first basement level. 12–June 12, as teleworking expands)

A small sampling of the messages

“It is in times like these we need to remember to smile.”

“Spring is just around the corner.”

“Thanks for all the important work you do.”

“Starting today, it’s full speed ahead.”

Seasonal flowers welcome guests to the ground-floor lobby (June 1–26)

its businesses. A huge gap stood between our capabilities and, we can compete sufficiently even if each the general trading companies associated with the former transaction is small. We diligently and routinely zaibatsu industrial groups. To overcome this, we took this business that pleases our customers, paying close gambles; we acquired shares of TOA Oil Co., Ltd. and invested any subtle changes in order to fine-tune our in state-of-the-art refineries, and concluded long-term oil purchases. The FYE 2020 results proved the true value of charter contracts with oil tankers. These actions were making mindset, an approach unique to ITOCHU. based on the observation that oil was almost 100% (Page 52 Business Results for FYE 2020)

imported and the hypothesis that since reserves were predicted to be in gradual decline, quickly acquiring them would present a major business opportunity. However, the 1970s were visited by two oil shocks. The hypothesis was ruthlessly shattered when we fixed our buying prices high and the selling price plummeted, leading to huge losses. At the time, our judgment of resources was no baser than as those of other general trading companies associated with the former zaibatsu industrial groups. We relied only on a hypothesis, and only secured “products” without securing stable buyers in heavy industry. It was solely based on a “product-oriented perspective,” which went into effect as of that day. Six months similar to real estate investments during Japan’s bubble where people rode the bandwagon based on the hypothesis that prices could “only go up.” With the collapse of the bubble, losses cascaded. Even now, I can recall that time. ITOCHU was pushed to the edge by the disposal of out of favor resources.

I believe it is extremely dangerous to make large investments relying on the hypothetical alone. This applies to the “Fourth Industrial Revolution” also, where Artificial Intelligence (AI) and other digital technologies are developing rapidly. A revolution does not guarantee that related business will steadily grow. We must avoid reckless investments.

We have to conduct business with the realization that we are merchants. To achieve the same level as general trading companies associated with the former zaibatsu industrial groups, which have prime assets in the resource sector, we naturally decided to compete in fields where we have an advantage, namely the non-resource sector, which is centered on consumer-related businesses. We do not have a “large chunk” of resource businesses that generate hundreds of billions of yen in profit, but we practice “spear-like” management and hit key points.

utilities and, we can compete sufficiently even if each business transaction is small. We diligently and routinely took this business that pleases our customers, paying close attention to any subtle changes in order to fine-tune our oil purchases. The FYE 2020 results proved the true value of making mindset, an approach unique to ITOCHU. (Page 52 Business Results for FYE 2020)

Keeping Our Promises

Years after the global financial crisis, the global economy had continued to expand. This left me worried that a sharp downturn could not be too far off. During the summer of last year, I decided to advance the semi-annual business strategy meeting which is usually held in early October by one month, holding it in early September. Without meeting, we enacted countermeasures for worst-case scenarios, focusing on the “prevent” and “cut” principles, which went into effect as of that day. Six months later, the heat materialized as the totally unforeseen COVID-19 pandemic. Still, ITOCHU was unshaken. In FYE 2020, consolidated net profit exceeded ¥500.0 billion for the second consecutive year, and we achieved record-high profits for the fourth year in a row. Although it is unfortunate we did not seize back the top spot, we were able to maintain our position as a general trading company in terms of core profitability. ROE was an industry-leading 17.0%, and our net debt-to-shareholders’ equity ratio (V/E DER) decreased to its best level ever. The price of ITOCHU’s shares set 22 record highs during the year (Page 50 CFO Interview)

Amid this harsh environment, other general trading companies had revised their forecasts downward and recorded losses for the first time. ITOCHU stood alone in achieving our initial target for the year by leveraging our robust earnings and resources strategically positioned across different fields where we build up profits, enabling us to pay the record dividend we promised in the beginning of the year. This reassures me as a leader. To each and every Group employee, I would like to extend my sincerest thanks for their unparalleled effort.

I strongly believe that “we should always stand firmly