ITOCHU Corporation

Brand-new Deal

ANNUAL REPORT 2022
(INTEGRATED REPORT)

For the Fiscal Year Ended March 31, 2022

ITOCHU Corporation

ANNUAL REPORT 2022

ITOCHU Corporation

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INTRODUCTION

Standing as a Merchant, Constantly Evolving as a Merchant

Trade is a compassionate business. It is noble when it accords with the spirit of Buddha by profiting those who sell and those who buy and supplying the needs of the society.

Chubei Itoh I

ITOCHU Mission

Sampo-yoshi

Guideline of Conduct

I am One with Infinite Missions

We will constantly change shape in line with global trends,
as Chubei Itoh I and our predecessors did. Accumulating businesses
one by one, we will work to achieve each of our missions.

Aligning with Consumer Needs

Market-Oriented

Profit Opportunities Are Shifting Downstream

Customer contact points in the consumer sector are one of ITOCHU's recognized strengths. Leveraging these contact points, the Company provides products and services from a market-oriented perspective. This creates new value that grasps the needs of sellers, buyers, and society. We will work to further strengthen our robust earnings base centered on the non-resource sector by constantly reviewing the state of "business" and promoting business transformation and value chain optimization, originating from downstream.

Changing Shape

To meet diversifying consumer needs, data from customer contact points is becoming increasingly important. When general trading companies act in anticipation of future trajectories, it is essential to control the downstream of the value chain and change the shape of businesses with an overview of the entire value chain.

Aligning with Changes in Society

SDGs

Decarbonization as a Business Opportunity

ITOCHU sees opportunities in the trends of the SDGs, which are impacting even basic business structures. Utilizing our existing business base, centered on our strong non-resource sector, we are addressing the needs of society and customers and steadily connecting this to our evolving profit model.

ITOCHU has made no changes to its policies toward the SDGs and will continue steadily reducing GHG emissions from a long-term perspective.

Promoting Sustainability

Decarbonization may temporarily slow down as countries reconsider their energy policies, but the momentum is certain to grow over the long term. Leveraging our comprehensive strength as a general trading company, it is crucial that we promote decarbonized businesses and the sustainability of society as a whole, as well as of the Group.

Staying a True Merchant

The “*Sampo-yoshi* (meaning good for the seller, good for the buyer, and good for society)” spirit has represented our unwavering ideal as a merchant. We remain true to this focus, even as we continue transforming our businesses in line with the changes in the external environment. Not just choosing “a single expedient,” we aim to pursue “all the priorities.” Short-term and medium- to long-term targets, economic value and environmental / social value, and targets for investors and shareholders, for business partners and financial institutions, for society, and for employees and their families. We will steadily build up trust and track record in this way. This is the essence of the Company’s approach that aims to sustainably enhance corporate value.

Share Price

¥819	→	¥4,144
March 31, 2010		March 31, 2022

Market Capitalization

¥1.3 trillion	→	¥6.6 trillion
March 31, 2010		March 31, 2022

* Including treasury stock

Consolidated Net Profit

¥161.1 billion	→	¥820.3 billion
FYE 2011		FYE 2022

Editorial Policy

In compiling this annual report, ITOCHU focuses on three functions in particular: (1) providing an in-depth understanding of its unique business model to a wide range of readers around the world, (2) effectively explaining the processes and potential for ITOCHU to achieve sustainable growth in corporate value over the long term, and (3) clearly communicating the relationship between management strategies and financial and non-financial capital to internal and external stakeholders to foster the virtuous cycle of cultivating mutual understanding through dialogue and achieving a greater level of management sophistication for the Company.

We have prepared ANNUAL REPORT 2022 based on the aforementioned approach and with reference to a disclosure framework for integrated reports. This year's report places particular emphasis on our strategic focus and forward-looking mindset, relationships with stakeholders and connectivity. Moreover, ANNUAL REPORT 2022 was designed according to an information framework distinctive to ITOCHU of "Corporate Value Calculation Formula," which serves as a perspective for investment decision-making.

The resilience of companies is being put to the test by the unprecedented degree of uncertainty in the business environment, which is stemming from an as yet uncontained COVID-19 pandemic, the actualization of geopolitical risks, persistently high commodity prices and inflation, rising interest rates mainly in North America and Europe, yen depreciation, and the restructuring of supply chains. Undeterred by these challenges, we will continuously enhance corporate value by strengthening and expanding our business foundations through steady transformation of business models and work-style reforms. This report is an account of how, with "*Sampo-yoshi*" as its corporate mission, ITOCHU will realize further growth by exploiting accumulated "comprehensive strength and ability of self-transformation."

Reporting Scope and Other Items

Reporting Period: April 1, 2021 to March 31, 2022 (Certain contents include activities occurring in or after April 2022.)

Reporting Scope: ITOCHU Corporation and the ITOCHU Group

Accounting Standards: Unless otherwise noted, this annual report is prepared in accordance with U.S. GAAP through FYE 2014, and with IFRS from FYE 2015.

Terminology: Unless otherwise noted, throughout this report, "consolidated net profit" is used to refer to "net profit attributable to ITOCHU." Moreover, "GHG" is used to refer to "greenhouse gas," FamilyMart refers to both FamilyMart Co., Ltd. and FamilyMart convenience stores, CITIC refers to CITIC Limited, and CTC refers to ITOCHU Techno-Solutions Corporation.

Detailed Financial Information

For detailed financial information for FYE 2022, please see the Financial Information Report.

https://www.itochu.co.jp/en/files/FIR2022E.pdf

Information about Sustainability

For more information on sustainability, please visit our sustainability website.

https://www.itochu.co.jp/en/csr/

- Top commitment
- Sustainability at the ITOCHU Group
- ESG Report (Environment, Society, Governance)
- Social contribution activities
- GRI standard reference table, etc.

Inquiries for Annual Reports

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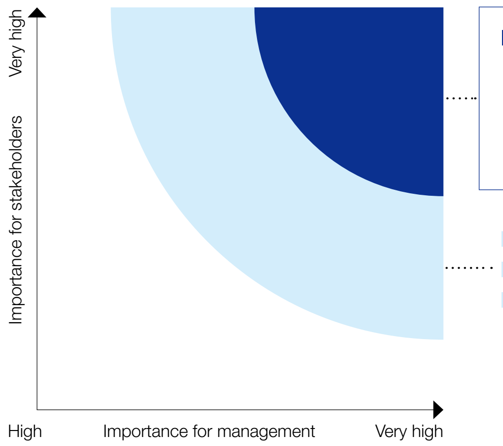
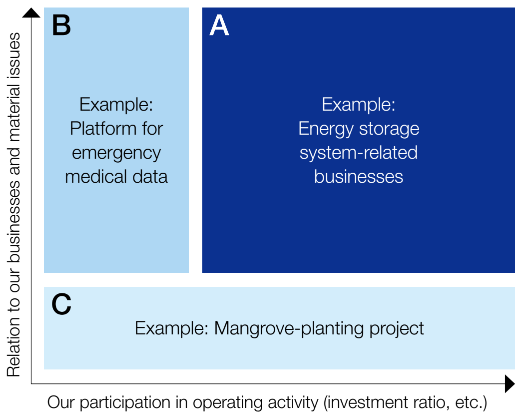


Annual Report (this report)
[Focus points]
- Sustainability and transformation of our business model and strategy
- Relationship with stakeholders
- The overall connectivity of our story

IR Website
Sustainability Website
ESG Report
[Focus point]
Comprehensiveness and timeliness of information

The ESG Report is available on our website.

https://www.itochu.co.jp/en/csr/report/



As the standard for inclusion in our annual report, we have selected environmental, social, and governance (ESG)-related information from an investor's perspective based mainly on its relation to our businesses and material issues.

Contained in Annual Report

A. Operating activities that are highly related to ITOCHU's businesses and material issues and that ITOCHU actively participates

B. Operating activities that are highly related to ITOCHU's businesses and material issues while the participation of ITOCHU is limited

Contained in Sustainability Website / ESG Report

C. Operating activities with little relation to ITOCHU's businesses and material issues

Key Points of ANNUAL REPORT 2022

Key Points of ANNUAL REPORT 2022

In the ANNUAL REPORT 2022, the Chairman & CEO gives an overview of management strategies and priority initiatives, while each officer explains the details of strategies with a focus on their area of responsibility. Further, we continue to use a framework based on the "Corporate Value Calculation Formula," which serves as a perspective for investment decision-making, to organize information logically and to explain driving forces and initiatives to enhance corporate value.

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

Aiming to heighten trust in our management's capabilities to respond to changes in external environment, we have used this latest report as an opportunity to focus on topics that are of particular interest to stakeholders. These topics include management strategy, climate change initiatives, policy on shareholder returns, examples of business model transformation enabled by our "ability of self-transformation," countermeasures for country risks and other risks, and human resource strategies and governance that encompass the advancement of women.

• Priorities of Our Management Strategy	➔ Page 12
• Dialogues on Shareholder Returns	➔ Page 36
• Countermeasures for Business Risks and Other Risks	➔ Page 56 ➔ Page 78
• Response to Climate Change and Other Issues	➔ Page 18 ➔ Page 86
• Examples of Ability of Self-Transformation	➔ Page 58
• Advancement of Women	➔ Page 80 ➔ Page 96

Changes in the External Environment in FYE 2022

In FYE 2022, uncertainty with regard to the global economy increased even further due to such factors as the impact of the COVID-19 pandemic and actualization of geopolitical risk in the form of the Russia–Ukraine situation. In addition, new lifestyles and ways of working became more prevalent in anticipation of the post-COVID-19 era, consumer preferences diversified, and society became even more digitalized. Other developments included a marked increase in concern about the sustainability of society and companies. For example, the Japanese government issued a roadmap for the creation of a decarbonized society, while a revised Corporate Governance Code requires companies to heighten diversity and further strengthen governance.

<Examples of changes in the external environment>

- Supply chain disruption and spiking in resource prices
- Actualization of geopolitical risks due to the Russian invasion of Ukraine
- Announcement of new GHG emissions reduction targets by the Japanese government
- Publication of revised Corporate Governance Code

Key Points of Annual Report 2021

Annual Report 2021 clarifies the important drivers of the Company's business management by including an explanation of overall management strategy from the Chairman & CEO together with broader, in-depth explanations from officers that are focused on their particular areas of responsibility. In addition, we increased the usefulness of the annual report as a tool for promoting dialogue with stakeholders by incorporating and highlighting the unifying concept of the "Corporate Value Calculation Formula," which serves as a perspective for investment decision-making. The aim of the report is to further understanding of the growth scenario set out in the medium-term management plan "Brand-new Deal 2023" as well as the underlying factors supporting solid corporate value built up through consistent implementation of the "Brand-new Deal" strategy over many years.

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01

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

KEY POINTS: Financial capital and non-financial capital are the very essence of corporate value and the driving force for ITOCHU’s virtuous cycle of sustainable enhancement of corporate value. This section explains four strengths accumulated over the Company’s history as well as their relationships with management strategies and material issues.

02

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

KEY POINTS: In enhancing the level of trust with respect to the feasibility of medium- to long-term management strategies, the steady achievement of short-term targets each fiscal year and the continuity of management strategies are important. With this in mind, we highlight our track record of achievements and our commitment to short-term goals, etc.

03

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

KEY POINTS: This section describes our approach and priorities in relation to business transformation, which we are pursuing in accordance with the basic policies of the medium-term management plan “Brand-new Deal 2023” to keep on a trajectory of solid growth over the medium- to long-term. We also provide specific examples of business transformation.

04

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

KEY POINTS: This section outlines initiatives that, in light of PEST analysis of the business environment, ITOCHU is advancing to respond to business risks and promote climate change mitigation, sustainability, human resource strategies, and corporate governance policies, etc. These initiatives are aimed at lowering the cost of capital to enhance the sustainability of value creation.

Explanation of the Cover
Beyond the clouds, there is always a clear blue sky.
The cover expresses ITOCHU’s commitment as the original company of “*Sampo-yoshi*” to continue advancement of business management that performs the role of a “merchant” who consistently supports daily life—both in the current uncertain business environment and in the future.

Forward-Looking Statements
Data and projections contained in this report are based on the information available at the time of publication, and various factors may cause actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not practice undue reliance on forward-looking statements, and further, that ITOCHU Corporation has no obligation to update any forward-looking statements as a result of new information, future events or other developments.

CEO MESSAGE

In the new era, as we relentlessly bolster our superiority in the non-resource sector, ITOCHU will steadily continue building its foundation to unlock the intrinsic value of a market-oriented perspective.

**In FYE 2022, ITOCHU shattered previous results, achieving record-high profit.
In FYE 2023, we will keep a watchful eye on the incredibly uncertain economic situation and continue to steadily lay a foundation looking to the time when resource prices and exchange rates have returned to normal with the aim of building an earnings base that stably produces ¥700.0 billion based on the policies laid out in Brand-new Deal 2023.**

M. Okafuji

Masahiro Okafuji
Chairman & Chief Executive Officer

Tirelessly Continuing Our Efforts

Why is it good things fade, but bad things persist?

Meiji-era author Ichiyo Higuchi lived a life that embodied that conundrum. Graduating from elementary school at the top of her class, she was blocked from pursuing any higher education due to her mother's viewpoint that, "Women do not need any more education than this. They should instead learn needlework and housework at home." Subsequently, her older brother, who stood to inherit everything, died suddenly. Then, her father passed away after racking up massive debts due to his failed business. At just 17 years old, she took on the family's finances and her father's debts. She regularly took out loans and pawned her belongings. The home goods and candy store she started did not do well either. Even amid this poverty, she worked hard as a novelist and put out one history-making story after another, becoming a very popular writer in just over a year. Alas, at just 24 years old, her life was cut short when she suddenly came down with tuberculosis, which was wide-spread at the time. Despite all her hard work, nothing good lasted long. You cannot help but be moved by her hard life.

And then there is the business of running a company. Some people think corporate leaders should be optimistic, but corporate management fails without the requisite effort. Putting in the work alone does not guarantee success. That, however, does not mean we should give up. I try to reflect on ITOCHU's history, persistently strive, stay ahead, and never neglect preparations so that we never forget this mindset.

Lessons Learned from History

In May 2022, when I heard that our old Tokyo Headquarters in Nihonbashi was being demolished, I decided to visit it one last time. We had used it from 1957 to 1980, but the structure had become run down.

The Japanese garden, which neighbored the office of then-President Echigo, remained just as it had for over half a century. Standing there, my mind drifted to the time when ITOCHU was overseen by President Echigo. He had likely gazed upon the same scene. That was an era when ITOCHU was accelerating its transition from a textile trading company to a general trading company. Numerous people at ITOCHU helped achieve the

CEO Message

Company's diversification, enduring repeated hardships to overcome walls thrown up by the general trading companies associated with the former *zaibatsu* industrial groups. I felt a rush of emotions, wondering what these people would have to say if they saw how ITOCHU is currently in the fight for the top spot. On the other hand, I experienced a mix of conflicting feelings when thinking about how it was in this very room that, in a rush to achieve diversification, the decision was made to acquire TOA Oil Co., Ltd., which was a major gamble. At a time when the Company was generating profit in the single billions of yen, the investment eventually ended up with a loss of ¥180.0 billion. Even after this investment, the Company made repeated mistakes rooted in overconfidence and complacency, such as real estate investments amid the bubble economy, and these became major burdens to the management of the Company since then. We absolutely must keep this history in mind when discussing ITOCHU's future.

In my message last year, I wrote about allowing ourselves just "One Day of Celebration" after we achieved the "triple crown" for general trading companies. In FYE 2022, we remained ever vigilant and ended up achieving record-high profit. This is generally when people let their guard down: after good results. By regularly sharing this history internally, I have instilled vigilance in myself and employees against indulging in overconfidence. Even the slightest bit of overconfidence put us at risk of instantly slipping from the top position among general trading companies that took us so long to achieve.

Pondering over ITOCHU's former executives and employees at our old Tokyo Headquarters

Decision Aligning Our Aims with the Market

I consider the Annual Report to be very valuable in communicating management's direction. I have been writing down thoughts I want to convey in this CEO message in a journal regularly, and one of those things is shareholder returns.

In May 2021, we announced the shareholder returns policy during the medium-term management plan period, and in June, announced that we would reset share buybacks for the time being, after which ITOCHU's share price plunged. Although we received positive feedback on our progressive dividend policy, the main reasons for the plunge were our lack of a clear policy on the dividend payout ratio during the medium-term management plan, not disclosing the reasons for resetting share buybacks for the time being, and not providing the schedule to restart buybacks.

Previously, we had thought that no matter how high we set ITOCHU's dividend payout ratio, it could eventually cause disappointment for investors and shareholders, as a drop in profit would result in lower dividend amounts. For this reason, we believed that if, through the progressive dividend policy, we could steadily raise the level of dividend amounts every year, even just by a little, investors and shareholders would find it more preferable and feel encouraged to hold our shares over the long term. However, through dialogues with analysts and investors, I came to the realization that there was a gap between our thinking on this and the market's expectations.

I hope to please investors and shareholders over the medium- to long-term through increases in both dividends and share price. Since becoming President in FYE 2011, I have worked hard to ensure that the share price and dividends steadily rise, and I routinely received gratitude. When meeting with a former executive of a manufacturer that held ITOCHU shares over the long term, he extended his sincere thanks, and I have received many letters from ITOCHU's former executives and employees. These have been the most gratifying moments as a corporate leader, and there have been many such occasions. With the recent drop in our share price, I immediately opened talks with management with a renewed drive to respond to market expectations to the extent possible going forward. Through extensive discussions, we reached the conclusion that we had already achieved the top ranking among general trading companies for our financial foundation, including shareholders' equity, and that we had achieved the capability necessary to share more of our profit with investors and shareholders. This led to the announcement in November 2021 of our new dividend policy during the medium-term management plan, comprising incremental increases to the minimum dividend in continuation of the progressive dividend policy as well as a commitment to a payout ratio of 30% by FYE 2024. With the share buyback announcement in January 2022 and its steady execution, we received positive feedback for our proactive shareholder returns, and ITOCHU's share price set 19 record highs during FYE 2022. (➔ Page 36 CFO Interview)

Businesses Contributing to "*Sampo-yoshi*"

This April, Tokyo Stock Exchange, Inc. restructured its market segments. I was invited to attend the ribbon-cutting ceremony as a representative for the Prime Market. To avoid dishonoring the Prime Market, as one of the representatives, and to ensure that profit is sustainably shared with stakeholders, I intend to single-mindedly practice commitment-based management to surely achieve our stated targets going forward.

ITOCHU was not alone in achieving record-setting results in FYE 2022. Every general trading company did and, with the rapid spike in resource prices, we were left a bit in their dust. The general trading companies associated with the former *zaibatsu* industrial groups have portfolios boosted by a high proportion of resources, but we are not shifting our growth strategy. We will remain focused on ITOCHU's strong suit of the non-resource sector. We also garnered praise from a major overseas investor, saying, "We fully understand ITOCHU's distinctive business model, and it is fantastic that ITOCHU is growing and steadily expanding revenues in the non-resource sector."

General trading companies have raked in huge profits as commodity prices spiked more than ever, including those for energy and metals. As a consequence, downstream companies and consumers have been forced to shoulder the burden. However, as illustrated by history, businesses that do not gain the support of these consumers and broader society will not last for long. Events such as two oil shocks and speculative stocking of rice have taught us a lesson that such businesses not only violate business ethics but also fail. The basic philosophy of business is that even if your own profit is diminished in the short term, by allowing customers to prosper, you and your business will continue to grow as well. It is of the utmost importance that our current business model contributes to "*Sampo-yoshi*" and fosters sustainability.

At present, each general trading company is working to strengthen the non-resource sector. It used to be that the performance of general trading companies would rise and fall in line with resource market cycles, and they lost the trust of the market because they had to record large impairment losses. Amid the recent spike in resource prices, one may find it difficult to forget the benefits from the previous resource cycles. I fear that one could fall into the trap of treading the same path and again lose the trust of the market.

Moreover, we must not forget that the resource business is exposed to not just price volatility but also a wide range of other risks. While the Russia–Ukraine situation has partially affected the Company, if we look at the political landscape, countermeasures related to energy resources are being undertaken as a geopolitical tactic. Major tax hike proposals are being discussed, especially in Australia and South America, to capture and retain more resource benefits through higher taxation on multinational mining companies, reigniting the flames of resource nationalism. Even though it may seem like the pace of the SDGs and decarbonization is slowing, there is no real change in the underlying trend. The diverse risks facing the resource business could grow larger, but we can be certain they will never dissipate. The emergence of these kinds of risks has forced major changes to the business portfolios of general trading companies. This is why ITOCHU is divesting its thermal coal interests, a commitment we are fulfilling faster than any other general trading company. (➔ Page 18 COO Message)

If we stick to the conventional business model of general trading companies as it is would very likely endanger our continuation moving forward, in my view. In all industries, position of power has been shifting from upstream producers to downstream consumers. As downstream companies with customer contact points strive to seize greater profit, opportunities are shifting downstream at an accelerated rate. Accordingly, the "product-oriented" perspective businesses of general trading companies are highly likely to go under. With an eye on the time when resource prices return to normal, we will continue reorganizing our businesses from a market-oriented perspective. This issue will impact all the general trading companies, and whichever makes the shift ahead of the rest will lead the pack in the era to come. Needless to say, ITOCHU is determined to remain at the forefront of these efforts.

Ceremony of Transition to New Market Segments

CEO Message

The Reason We Can Lead a Market-Oriented Perspective

Long ago, when I would attend menswear exhibitions for high-end tailors, I realized that it was wives and daughters who would make the buying decisions. I secured an agreement with Yves Saint Laurent, which was popular among women, to sell imported fabric and achieved success. Paying close attention to the needs of the people you are in business with and to changes, anticipating what is to come, and providing them what they seek is the basic idea behind maintaining a market-oriented perspective. This is also why I highly value and emphasize the front lines of our operations.

People have a wide range of personalities and characteristics that tend not to change. In a similar way, corporate cultures and business styles are incredibly difficult to change in meaningful ways. General trading companies associated with the former *zaibatsu* industrial groups have depended on large clusters of industrial businesses as their main source of power. In contrast, with our roots as a “door-to-door trader,” we have worked in close proximity to consumers to carefully nurture small sales. Though the scale of revenues may seem small, our skills are based on the Company’s day-to-day operations and insights accumulated to date. We know how to carefully nurture time-consuming, customer-centric businesses with a hands-on approach. This is not something easily attained overnight. I think this is also clearly proven in the ratio (over 90%) of Group companies reporting profits.

With many high-quality assets that are rich in customer contact points, ITOCHU is working to achieve a transformation from a market-oriented perspective. Within the Group, the FamilyMart convenience store boasts the most customer contact points. Daily sales of our existing stores have recovered a pace better than those of competitors because of the added value we provide through inter-Group collaboration under The 8th Company and improvements in marketing. We are taking steps to raise the efficiency of store operations and enhance profitability by introducing humanoid AI assistants to support ordering, automatic shelving robots, and even unmanned payment stores. In addition, we are leading the industry with our initiatives, such as advertising and media businesses, that transcend the boundaries of conventional convenience stores.

Japan’s largest imported car dealer, YANASE & CO., LTD., expanded the brand lineup of new and used cars it handles beyond mainstay Mercedes-Benz to meet consumer needs. In the North American construction materials business centered on MASTER-HALCO, Inc., we succeeded in expanding the product lineup of various fence materials and synergies through acquisitions and other activities. ITOCHU’s market-oriented transformation is not only unfolding in Japan but all over the world. As such, our strategy is to take charge of customer contact points, provide added value to expand contact points, and take the initiative in the supply chain.

In addition, the presence of the ICT & Financial Business Company is a distinctive feature of ITOCHU which has been regarded positively. We have steadily accumulated insights related to ICT and are currently analyzing data gained from customer contact points. This will prove a major strength to produce new added value and is leading to greater differentiation from our competitors. ITOCHU does not aim to realize some grandiose concept of building an industry-wide platform. Rather, we are promoting a frontline-centric DX that leads to stronger profitability for each business and transforms our business model. For example, optimizing the supply chain using FamilyMart’s downstream data has already brought about a steady improvement in our profit generation capability.

Another key distinctive feature is the Textile Company, the only one among the general trading companies. Our tender offer bid for DESCENTE LTD. caused a stir at the time, but based on the current transformation of our business model and enhancement in profitability, I am confident that we made the right decision. I believe this case illustrates the benefit of continuing to maintain the Textile Company, as this enables various insights to be pooled into the strength of ITOCHU’s non-resource sector. As such, we are promoting business transformation from a market-oriented perspective, especially in the non-resource sector, while executing investments like these that go beyond conventional boundaries, as we build up our pipeline. (➔ Page 58 SPECIAL FEATURE Merchants Who Continue to Transform)

Even amid the pandemic, we fast-tracked asset divestment and explored the timing of our new asset replacement. Going forward, given equity markets are likely to remain weak, we are likely to be presented with potential investment opportunities. In addition, considering the current level of exchange rates and unstable overseas situations, I think it is more strategic and effective to prioritize domestic investments over overseas ones for the time being. (➔ Page 56 CSO Interview)

On the other hand, while keeping an eye on a potential reversion of exchange rates, we intend to pursue a credit rating upgrade from Moody’s and aim for a more competitive cost of funding overseas than ever before.

We will continue to relentlessly spread seeds for new businesses in the non-resource sector, our strength. When resource prices eventually return to normal, we will fully tap into the intrinsic value of our market-oriented perspective.

Well-Grounded Human Resource Strategies

I think that if companies aim to realize a sustainable society, it only makes sense that they too should be sustainable themselves.

Last year, I expressed my thoughts on climate change and GHG emissions reduction, so this time I would like to explain our work-style reforms.

We have skillfully implemented COVID-19 countermeasures and work-style reforms, namely our Morning-Focused Working System and Support for Balancing Cancer Care and Work. ITOCHU has garnered high praise from external ESG evaluations and many company rankings among job-seekers. Such kinds of external evaluations make me feel grateful and prove that we are widely regarded as a sustainable company. These kinds of initiatives by ITOCHU are connected to the “good for society” aspect of “*Sampo-yoshi*,” as demonstrated by the overarching effects on society as a whole, going beyond just our own company and affecting the public and private sector alike.

In October 2021, we established the Women’s Advancement Committee, through which we are accelerating our support for women’s advancement. Former Vice-Minister of Health, Labour and Welfare and Outside Director Atsuko Muraki serves as chair of the committee, in which half of the members are outside officers and half are women. I believe similar measures are being taken by many other companies. However, our approach is rare in that we have established the committee as an advisory committee to the Board of Directors, which exemplifies the Company’s commitment to this matter. Based on the discussions of this committee and the results of a large-scale engagement survey, ITOCHU moved to the second stage of work-style reforms, building on the reforms undertaken to date.

As previously discussed, ITOCHU’s human resource strategies are essentially its management strategies in and out of themselves. When addressing the sustainability of the Company, we need to ensure that we enhance labor productivity. Moreover, as a company with its competitive advantage in customer contact points, we see an increasing necessity for accelerating development for promoting women. The evolution toward flexible work styles will therefore be indispensable. In the second stage of work-style reforms, we will refrain from getting caught up in novelty or setting unrealistic targets. We intend to instead take thorough, well-grounded measures that will help enhance corporate value. (➔ Page 80 CAO Interview)

Furthermore, we can see the results of the suite of work-style reforms undertaken by the Company. The birthrate of ITOCHU’s female employees was 0.60 in FYE 2013, but later rapidly rose to 1.97 in FYE 2022, compared with a national figure of 1.30 and just 1.08 in Tokyo*. Although there are various options when it comes to personal life events, it is very important as a company that we ensure a culture and systems that enable our employees to raise children while pursuing their careers, and this result backs that up. (➔ Page 96 Women's Advancement Committee)

* Total annual fertility rate for 2021 in population dynamics by the Ministry of Health, Labour and Welfare (estimates)

Tapping into Intrinsic Value in the New Era

Currently, there is growing alarm over deceleration in the global economy due in part to inflation that has accompanied rising geopolitical risks and increasing interest rates, especially in Europe and the United States. This is overshadowing expectations of post-pandemic recovery. The uncertain business environment has defied logic, but ITOCHU is carefully monitoring changes to thoroughly instill the “earn, cut, prevent” principles that serve as our business fundamentals. We will continue to relentlessly spread seeds for new businesses in the non-resource sector, our strength. When resource prices eventually return to normal, we will fully tap into the intrinsic value of our market-oriented perspective.

COO MESSAGE

As the captain of the field, I will observe changes in the business environment from the front lines, leading the charge to firmer positions for further growth.

Guided by “*Sampo-yoshi*,” we will pursue economic value, simultaneously with environmental / social value, as we continue taking the necessary steps to polish ITOCHU’s strengths in the non-resource sector and to brace ourselves for the future.

K. Ishii

Keita Ishii
President & Chief Operating Officer

Tapping into Our Full Potential

It has been one year since I inherited the mantle of President & COO and suddenly had to fulfill greatly expanded duties, broadening my perspective beyond the familiar Energy & Chemicals Company to the entire Company and multiple industries. I was again impressed by the breadth of businesses encompassed by ITOCHU as a general trading company, as well as the staggering amount of requisite information and knowledge. The importance of unceasing effort, day in and day out, was driven home.

My first fiscal year as President & COO happened to be a tumultuous one, requiring swift and appropriate responses to the Russia–Ukraine situation and the unprecedented surge in resource prices, in addition to COVID-19. Although I would not say I enjoy adversity, the truth is that adversity has always animated me, lighting a fire in the belly. My personality is such that I will choose turning around loss-making departments on challenging front lines over sitting back or comfortably reaping easy and quick profits. COVID-19 pandemic-related restrictions on overseas travel have had a major impact on my own personal “business model.” On the other hand, less road time meant more office time, which proved to be significant. I discovered new business opportunities in areas outside the Energy & Chemicals Company. I also met with new personnel in sales and administrative divisions with whom I had not previously had opportunities to interact. This was a foundational year that provided a bird’s-eye view of the entire Company.

Over the last few years, we have reflected on the history of ITOCHU, which all began with Chubei Itoh I balancing wares on a shoulder pole as he set out for trade. Through this practice, we reconfirmed our identity as “merchants” and ingrained this identity among both corporate officers and employees. Staying true to this sense of duty and identity as a merchant, each employee has played their position on the field, striving to protect every interest during the challenging environment posed by the pandemic, with the goal of helping to restore economic activity. This turned out to be a year in which I could palpably feel their eagerness to do so and sense real movement toward further growth going forward. (➔ Page 22 The “Merchant” Business Model)

In FYE 2023, in order to tap into my full potential as the “captain of the field” infused with the power of these individual capabilities, I will head to the front lines and blaze a trail to pass onto employees. After the General Meeting of Shareholders, I made my first overseas business trip since the pandemic began. I was reminded of the limits of online interaction and renewed my appreciation for the importance of directly gathering vital information on the front lines. Over the next few years, amid the extraordinarily uncertain business environment, companies that stand to gain an advantage are those that are able to sufficiently analyze the direction their business is heading and accelerate highly effective measures. In the near future, when the pandemic is over and when resource prices and exchange rates return to normal, that will be the time when our true strengths will be put to the test. To ensure success in such a “moment of truth,” we are polishing the strengths of the non-resource sector, readying ourselves for the future.

The “Comprehensive Strength” of a General Trading Company

With the supply chain disruptions in various industries caused by COVID-19 and the Russia–Ukraine situation, companies are considering reshoring production for key industries back to their home country and rebuilding supply chains themselves. To assess the overall situation for supply chains that straddle multiple industries, we have self-confidence that the perspective of general trading companies will be definitely needed as we have built all manner of businesses around the world in wide-ranging industries. Going forward, expectations from various companies regarding ITOCHU’s know-how and experience will only continue to grow.

The stock market tends to focus on a “conglomerate discount,” but has largely failed to pick up on “comprehensive strength,” the advantage general trading companies bring with their expansive business portfolios. Especially in times of transformation, our comprehensiveness is a strong advantage, which makes the concept of a discount seem a bit odd. Generally speaking, companies have a life span. There is one reason ITOCHU has been able to survive for so long, 164 years to be exact. The Company has harnessed this “comprehensive strength” of a general trading company in line with the business environment and trends from era to era. As the very sustainability of society itself is being tested, it goes without saying that the sustainability of the companies undergirding society is also important.

The second half of the 1990s was marked by the Asian financial crisis, which was preceded by the bursting of Japan’s economic bubble. ITOCHU was also pushed to resolve bad debt, and the divisions in urgent need of reforming were Machinery, Metals & Minerals, Chemicals, and Real Estate. (These were referred to internally as the “4K divisions,” because the name of each division in Japanese begins with the letter “K.”) In an effort to carefully select owned assets and reduce interest-bearing debt, we moved rapidly to suspend unprofitable trades and trades with long payment cycles, pull out of unprofitable businesses, and spin off some businesses, but we took measures to ensure these businesses would remain viable in some form and would not altogether cease. In the proceeding years, the 4K divisions steadily accumulated capabilities and insights during challenging periods for business performance. Similar to how flowering plants bloom spectacularly in spring after surviving a particularly harsh winter, the 4K divisions have resurged wonderfully and are currently driving earnings for the entire Company.

Furthermore, some people have wondered whether ITOCHU, as a general trading company centered on the non-resource sector, should exit all business in the resource sector and specialize exclusively in the non-resource sector. Nevertheless, I do not think that the 4K divisions could have enjoyed this kind of resurgence had we only focused on short-term efficiency and profitability. Besides, it is very challenging to reinvest in businesses that were once halted and to try to expand revenue and build synergy quickly. For example, the significance of ITOCHU owning oil and gas interests goes beyond just the direct revenue contributions. These interests provide us with insights we utilize in trade in the non-resource sector for chemicals and fiber materials that use crude oil as raw material, automobiles, ships, and steel pipes. The competitive advantage of being able to assess the overall status of supply chains that straddle multiple industries, as I mentioned earlier, is closely tied to ITOCHU’s possession of a wide-ranging business portfolio.

Decarbonization Also Starts from Downstream

Regarding ITOCHU’s investment stance, please refer to the message from Chairman & CEO Okafuji on the importance of our market-oriented perspective starting from downstream, while I will explain the Company’s response to the SDGs.

I think our policy of focusing downstream also applies to the SDGs. To be sure, we are also engaged upstream in the next-generation fuel and renewable energy businesses of hydrogen, ammonia, and offshore wind power. Large-scale upstream projects such as these require significant time and investment before going operational and generating profit. Moreover, we need to carefully monitor new technology trends to ensure future competitiveness while being mindful to build a safe and robust supply network and collaborate with highly reliable domestic and overseas partners, all while coexisting in harmony with local communities. Securing safe and secure energy sources is one of Japan’s major issues, including national security, and is an important role that ITOCHU plays as a general trading company. We are carefully undertaking this from a medium- to long-term perspective.

At the same time, the Company is also involved in decarbonization businesses from downstream. A representative example is downstream energy management which uses energy storage systems (ESS). ESS performs a critical role in regulating renewable energy, which experiences volatility in the amount of power generated due to weather and other conditions, and we build systems that efficiently store and utilize generated electric power. Because ESS can utilize generated electric power without waste, while stabilizing electric power usage and reducing transmission loss, these systems directly enhance energy self-sufficiency and reduce GHG emissions. In addition, they provide important stand-alone power sources during emergencies. This kind of control over power consumption on the demand side is a downstream decarbonization measure that can be implemented by 2030 and 2050, the years the Japanese government target for GHG emissions reductions. It is also a field where ITOCHU, which has spearheaded these efforts, can take the initiative in working to expand the ESS business and thereby realize both economic value and environmental / social value as soon as possible. With AI deployed to control power, it is possible to assess power-use patterns and lower peak power. Building a virtual power plant (VPP), which is a distributed power platform, that centrally manages data and conducts optimal control, will enable a more stable and efficient supply of electric power. ITOCHU boasts one of the highest sales figures in the industry for ESS. To construct this kind of distributed power platform, we have been collaborating with electric power companies, developers, and other partners while simultaneously creating synergies with FamilyMart, ITOCHU ENEX CO., LTD., CTC, and other Group companies. As such, we are promoting an expansion of multifaceted businesses which are growing into highly competitive businesses. (➲ Page 72 Business Expansion in Accordance with a Decarbonized Society)

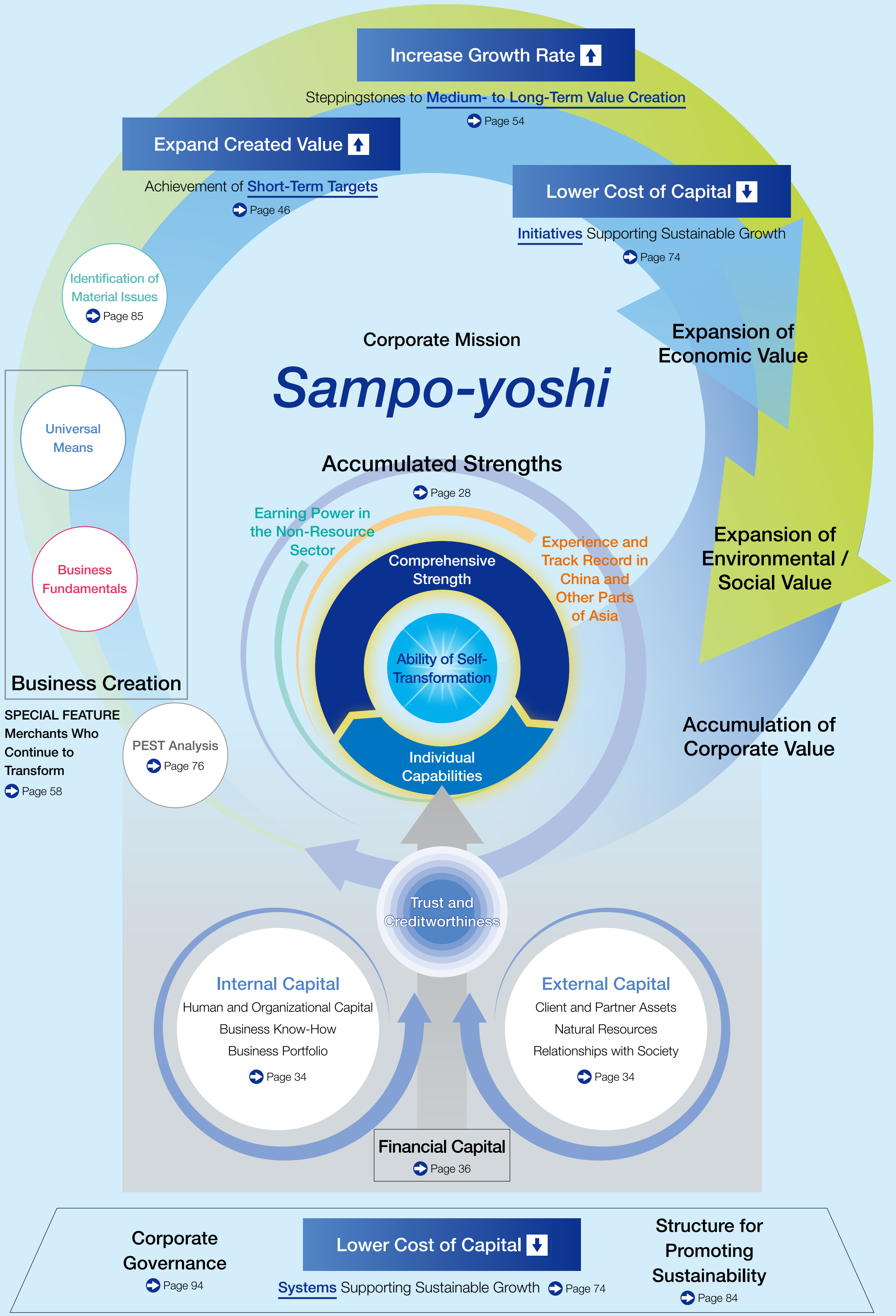
I understand that, now more than ever, what is being demanded is for companies to pick up on the various needs of society and practice well-balanced business and management with a broad overarching perspective.

Under the medium-term management plan, we declared our aim of achieving net zero GHG emissions with offsets by 2040. Although the ESS business contributes to the reduction of GHG emissions, withdrawing from thermal coal interests will directly reduce GHG emissions. In FYE 2022, we divested our thermal coal interests in the Drummond mine in Colombia and the Ravensworth North mine in Australia. This mostly completed our overall divestment in thermal coal mines. As a fuel that can be substituted with alternatives, we positioned thermal coal as a field to withdraw from promptly. Although it is also coal, coking coal, on the other hand, is currently an indispensable raw material for manufacturing high-grade steel. Considering the current status of steel manufacturing technologies and the importance of steel in present-day society, it is not realistic to entirely eliminate coking coal for the sake of GHG emissions. In that same vein, crude oil is a fuel that cannot currently be substituted. It is a raw material for various daily necessities, so we should be thinking about reducing its use rather than eliminating it. Aiming to reduce GHG emissions and achieve net zero emissions with offsets, ITOCHU is realistically monitoring the downstream situation and will continue making efforts to that end, starting with the strengths the Company can leverage immediately. (➲ Page 86 Approach to Climate Change and Related Initiatives)

Racing across the Front Lines with a “*Sampo-yoshi*” Mindset

Among the SDG and ESG trends, stakeholder capitalism is becoming a globally shared value. It does not refute the conventional shareholder capitalism nor diminish the value of investors and shareholders. As I understand it, what is being demanded is for companies to pick up on the various needs of society—just as merchants should be like water, flowing where needed to operate balanced businesses—and practice management with a broad overarching perspective. As the original company practicing “*Sampo-yoshi*,” ITOCHU’s policy is to carefully observe society and then steadily build up businesses that society needs. To do this, I want to race across the front lines together with employees. I would like to thank all our stakeholders for your continued support.

The “Merchant” Business Model



A Value Creation Model Centered on “*Sampo-yoshi*”

In enhancing corporate value, we must use capital and four strengths to drive the growth of our economic value and environmental / social value. Specifically, we are working to expand created value (Achievement of Short-Term Targets), increase the growth rate (Steppingstones to Medium- to Long-Term Value Creation), and lower the cost of capital (Initiatives and Systems Supporting Sustainable Growth). As a result, we will realize a virtuous cycle as we reinforce capital, and four strengths which are driving forces for sustainable value creation.

Achievement of Short-Term Targets
Expand Created Value ↑

Enhancement of Corporate Value ↑ =
Driving Force for Sustainable Value Creation (Total capital)

Lower Cost of Capital ↓ — Increase Growth Rate ↑
Initiatives and Systems Supporting Sustainable Growth
Steppingstones to Medium- to Long-Term Value Creation

Business Fundamentals “Earn, Cut, Prevent”

“Earn”
Conduct trade aligning with changes in the world and customer needs

“Cut”
Reduce expenses that are not cost effective, reduce unnecessary meetings and documents, etc.

“Prevent”
Prevent outflows due to losses on receivables and impairment losses

Universal Means Creating Added Value / Asset Strategies

Creating Added Value
By leveraging our unique ability as a general trading company to act as a coordinator, upgrade business management, and create synergies, we continuously create added value from customers’ point of views, stabilize commercial rights, expand trade, and increase the overall value of businesses, including investees.

Asset Strategies
With the strategic importance of business investment increasing, we are emphasizing investment in our areas of strength while building and steadily implementing asset strategies that entail thorough risk management and the pursuit of asset efficiency.

Identification of Material Issues Material Sustainability Issues

Evolve Businesses through Technological Innovation
We are creating new value by proactively exploring new technologies as we adapt to changing industry structures by venturing beyond existing business frameworks.

Address Climate Change (Contribute to a Decarbonized Society)
We are striving to adapt to the impact of climate change on our business activities, while also promoting business activities that contribute to a decarbonized society and seeking to reduce GHG emissions.

Develop a Rewarding Work Environment
We are developing a work environment where all employees feel proud and motivated, and where they can leverage their diversity to demonstrate their abilities to the fullest.

Respect and Consider Human Rights
We are promoting respect and consideration for human rights in our business operations and ensuring stability in our business, while also contributing to the development of local communities.

Contribute to Healthier and More Affluent Lifestyles
We are striving to improve the quality of life for all people and are contributing to the creation of healthier and more affluent lifestyles.

Ensure Stable Procurement and Supply
We are contributing to the creation of a recycling-oriented society by giving consideration to biodiversity and other environmental issues while undertaking the effective utilization of resources as well as their stable procurement and supply, in line with demand in each country.

Maintain Rigorous Governance Structures
We are ensuring appropriate and efficient execution of operations through independent, objective, and effective oversight of management by the Board of Directors and increased transparency in decision-making.

Minimizing Trade-Offs by Practicing “*Sampo-yoshi*”

ITOCHU has set the unwavering ideal of “*Sampo-yoshi* (meaning good for the seller, good for the buyer, and good for society)” as its corporate mission. Even when something would be considered a trade-off, we will not excessively focus on “a single expedient” and will instead evenly pursue “all the priorities” to steadily build up trust, credit, and our track record. We consider short-term and medium- to long-term targets, economic value and environmental / social value, and the positions of all stakeholders as we promote balanced management strategies. We thereby practice “*Sampo-yoshi* capitalism” and strive to sustainably expand corporate value.

Both Offensive and Defensive

ITOCHU is thoroughly implementing the “earn, cut, prevent” principles as business fundamentals. In addition to strengthening our “earn” power in line with upgrading our existing business and creating new business, we also thoroughly implement the “cut” principle to reduce expenses that are not cost effective, and reduce unnecessary meetings and documents. We also focus on the “prevent” principle, such as quickly accounting for concerns about future loss. Amid an uncertain business environment, we thoroughly pursue “all the priorities” while adapting management’s focus in line with the business environment, such as shifting our axis to “cut” and “prevent” principles. In addition, in financial and capital strategies, we are enhancing our profitability and cash-generating power as well as strengthening our financial position while always balancing three factors (shareholder returns, growth investments, and control of interest-bearing debt).

Pursuing “All the Priorities,” Not Just Choosing “a Single Expedient”

Both Short-Term and Medium- to Long-Term

In Brand-new Deal 2023, ITOCHU is actively promoting medium- to long-term initiatives that support sustainable growth, such as corporate governance and human resource strategies, in addition to setting out long-term targets related to reducing GHG emissions. To enhance the feasibility of management strategies rooted in a medium- to long-term view, we think it is important to steadily achieve short-term targets each fiscal year. ITOCHU practices commitment-based management and, through the Brand-new Deal strategies, has steadily built a track record of turning words into accomplishments each fiscal year. In this way, we strive to enhance our trust and creditworthiness to stakeholders as we progressively expand corporate value.

Both Economic Value and Environmental / Social Value

ITOCHU, which established “*Sampo-yoshi*” as its corporate mission, sets its basic stance as working to expand both economic value and environmental / social value through business. Among social issues, we identify ones that require our prioritized and proactive actions as material sustainability issues which we must solve. We then advance to address these issues based on action plans to achieve these goals. General trading companies provide a wide range of products and services. Fully leveraging this unique characteristic, we work to solve social issues in a way that sustainably enhances corporate value by actively promoting environmental businesses while ensuring steady improvement of profitability.

A Positive Cycle of Dialogue and Corporate Value Enhancement

From the perspective of enhancing medium- to long-term corporate value, ITOCHU focuses on dialogue with stakeholders, including investors and shareholders. We reflect the valuable opinions received through business results briefings, general meetings of shareholders, and individual interviews in our management strategies, as well as financial and capital policies. Such feedback helps to enhance corporate value through the practice of commitment-based management. ITOCHU will continue perpetuating this virtuous cycle and strive to achieve active engagement.

Issues Recognized through Dialogue	Specific Examples of ITOCHU’s Measures for These Issues	Issues the Company Recognizes It Needs to Address Going Forward
Deliberation and implementation of investment projects that help further strengthen our earnings base	Investments in Hitachi Construction Machinery Co., Ltd. and Nishimatsu Construction Co., Ltd., etc. ➔ Page 70 ➔ Page 121	
Gap between shareholder returns policy, presented when Brand-new Deal 2023 was announced, and market expectations	Announcement of “Brand-new Deal 2023 New Dividend Policy” and execution of share buybacks ➔ Page 36	
Response to country risk amid heightened geopolitical risk	Response to country risk and risks related to Russia- and China-related business in results briefings and annual reports, etc. ➔ Page 79	
Expansion of our disclosure and accumulation of our track record related to climate change, such as GHG emissions reduction results	Achievement of reduction of GHG emissions from fossil fuel businesses and interests by 50% compared with FYE 2019 level ahead of schedule ➔ Page 86	Explanation of policies related to Scope3 disclosures
Disclosure of human resource measures that incorporate results of engagement surveys and discussions by the Women’s Advancement Committee	Launch of the second stage of work-style reforms and presentation of Sustainability Briefing ➔ Page 80	
Presentation of specific results related to collaboration with FamilyMart and the CITIC and CP Group	Explanation presented in a briefing on operating segments and sections dedicated to FamilyMart’s strategies and measures in annual reports, etc. ➔ Page 62	Presentation of specific results of long-term initiatives with the CITIC and CP Group
Explanation of our policy and discussion content related to the succession plans of top management		Explanation of our policy and discussion content related to the succession plans of top management
More detailed explanation of the strategic significance of owning and increasing stakes in listed Group companies		Continual discussion and explanation related to ownership and increase in stake

All Stakeholders

ITOCHU established “*Sampo-yoshi* capitalism” under Brand-new Deal 2023. We are working in the same direction as all stakeholders and are committed to continue sharing our accomplishments over the long term. We strive to maintain and build win–win relationships with suppliers and partners in our business activities and focus on dialogue with market participants, namely investors and shareholders. Furthermore, ITOCHU is committed to creating a company that is challenging but rewarding to work for. We are striving to foster an environment where every employee can maintain their health, feel satisfaction, and make full use of their individual capabilities. Through continual and constructive engagement with all stakeholders, we assess their expectations and demands for ITOCHU and present solutions one by one to help enhance corporate value.

01

Driving Force for Sustainable Value Creation

This section describes the historical background of how and why we have built up strengths and non-financial capital and provides examples of the ways in which we combine different types of non-financial capital. Also, we explain financial and capital strategies, including the business investment and post-investment monitoring process, which is one of two pillars that underpin our business development.

Component of the corporate value calculation formula focused on in this section

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

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¥6.6 trillion

Market capitalization* on March 31, 2022

¥1.3 trillion

Market capitalization* on March 31, 2010

* Including treasury stock

Since its founding in 1858, ITOCHU has fostered a unique corporate culture while flexibly changing its business structure, primarily by dynamically allocating management resources to growth areas that shift with time and leveraging business investments to move downstream in the value chain. Our business model, which currently boasts high sustainability, has enabled us to consistently overcome the obstacles we have faced, such as the management reforms in the late 1990s. The driving force behind this model lies in four corporate strengths we have accumulated over our history of more than 160 years.

- Comprehensive Strength and Ability of Self-Transformation
- Individual Capabilities
- Earning Power in the Non-Resource Sector
- Experience and Track Record in China and Other Parts of Asia

Accumulated Strengths

Consolidated Net Profit

Founded–

Focus Mainly on the Textile Sector

Chubei Itoh I commenced linen trading operations via Osaka in Senshu (now the southwestern part of Osaka Prefecture) and Kishu (now Wakayama Prefecture). From a base in Osaka, we expanded business, mainly in the textile sector.

Chubei Itoh I

1950s–

Diversification, Including Automobiles, Petroleum, and Food

We pursued a path of diversification, and as a result non-textile areas accounted for around 40% of trading volume in 1958. In the 1960s, we expanded our business to include energy, machinery, general merchandise projects, and the iron and steel business, becoming a "¥1 trillion trading company." In 1977, we further expanded the iron and steel business through a merger with Ataka & Co., Ltd.

1980s–

Expansion in the ICT Sector

As yen appreciation became a fixture of the economy, we promoted internationalization and globalization. We moved aggressively into the ICT field and entered the satellite business.

Accumulated Strength

Comprehensive Strength and Ability of Self-Transformation

Compound Annual Growth Rate of Consolidated Net Profit 13.0% (FYE 2011–FYE 2023 Plan)

We realize sustainable growth by leveraging our comprehensive strength as a general trading company and flexibly transforming ourselves in response to the external environment.

1990s–

Set the Steppingstones for the Current Business

We took decisive action to dispose of low-efficiency and unprofitable assets to sweep away negative legacy assets from the bubble era. At the same time, we set in place the steppingstones for the future, such as acquiring shares in FamilyMart in 1998.

2010s–

Enhancing Comprehensive Strength by Harnessing Our Ability of Self-Transformation

Ahead of other general trading companies, we began focusing on the non-resource sector. We commenced a strategic business and capital alliance with CITIC and CP Group, strengthened North American construction materials-related businesses, acquired the Dole business, increased stake in major Group companies, and privatized FamilyMart. We have further built up comprehensive strength and promoted self-transformation from a market-oriented perspective in part by entwining our business investments to create multifaceted businesses that connect for synergy, establishing The 8th Company, and developing the value chain of energy storage systems.

Accumulated Strengths

Accumulated Strength

Individual Capabilities

Consolidated Net Profit per Employee (Non-Consolidated)

¥0.20 billion (FYE 2022)

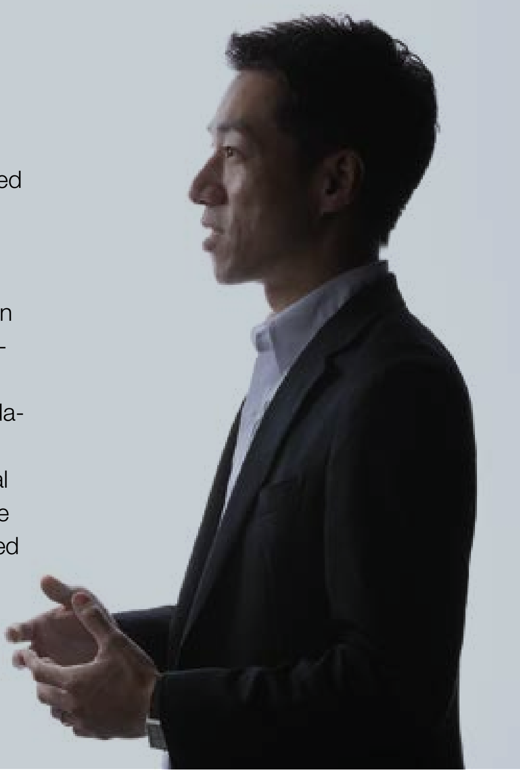
From the Company's founding, merchants developed business by balancing their wares on shoulder poles as they traveled on foot to distant locales. This DNA has been steadily passed down through the eras until the present as "individual capabilities."

(Photo courtesy of Archival Museum for the Faculty of Economics at Shiga University)

Strengthening Our Foundation to Harness Individual Capabilities

Since its founding, ITOCHU did not maintain free-standing stores, but instead cultivated a spirit of creating businesses on its own. Based on this DNA and our core focus on the non-resource sector, which consists of small businesses and a large number of customers, we have cultivated "individual capabilities." The ability of individuals, who are also referred to as "brave warriors," to create business through their own discretion on the front lines is characteristic of the Company and the driving force behind its sustainable value creation.

Under "Brand-new Deal 2012" (FYE 2012–2013), we established our business fundamentals as the strengthening of frontline capabilities and the "earn, cut, prevent" principles, then implemented various internal reforms to draw forth our latent individual capabilities. We subsequently enhanced initiatives for work-style reforms, including the introduction of a Morning-Focused Working System in FYE 2014. As a result, we achieved high labor productivity based on a small select organization of capable individuals. ITOCHU boasts the lowest number of employees (non-consolidated basis) of the general trading companies, but we generate the highest consolidated net profit per employee.



Accumulated Strengths

Accumulated Strength

Earning Power in the Non-Resource Sector

Core Profit in the Non-Resource Sector

¥500.3 billion (FYE 2022)

Although the shape of our business has significantly changed, expanding from linen trading to the development of a value chain that includes SDG-related businesses, the Company's main focus remains on the non-resource sector.

Further Enhancing Earning Power in the Non-Resource Sector

ITOCHU's business originated with textiles. In contrast with the general trading companies associated with the former *zaibatsu* industrial groups, the Company has weaker connections to the national government and companies in heavy industry. We, therefore, inevitably built up strengths in the non-resource sector, centered on clothing, food, and housing, where we have a wealth of expertise.

"Brand-new Deal 2014" (FYE 2014–2015) was subtitled, "Aiming to be the No. 1 Trading Company in the Non-Resource Sector." Under it, ITOCHU did, in fact, become the No. 1 general trading company in the non-resource sector. We attribute this success to our efforts to enhance the returns from major investments completed, improve the profitability of existing businesses, and revise investment criteria directing slightly lower than 80% of new investment to the non-resource sector. Following that, we continued to accumulate strengths in the non-resource sector and strengthen an earnings base that is diversified across many fields and more resilient to economic volatility, thereby enabling the stable generation of cash flows.

Accumulated Strength

Experience and Track Record in China and Other Parts of Asia

Expanding Business into China **1972**

In 1972, then-President Masakazu Echigo headed a mission to China and attempted to make an early start at cultivating the Chinese market. This led to our current valued partnerships.

Laying a Strategic Foundation for the Future in Markets in China and Other Parts of Asia

ITOCHU was the first major general trading company to be accepted to restart trading between Japan and China. This early success in building a bridgehead in China has led to our current strength of "experience and track record in China and other parts of Asia."

Under "Brand-new Deal 2017" (FYE 2016–2018), we sought to enhance corporate value sustainably from a longer-term perspective. We worked with the CP Group to make a joint investment in CITIC, the largest investment in ITOCHU's history (approximately ¥600.0 billion), and placed a major strategic steppingstone in the world's largest consumer markets of China and other parts of Asia. CITIC is the largest Chinese state-owned conglomerate, and CP Group is the largest conglomerate in Thailand which has built up various businesses across China. Working with these two reputable partners, we strive to develop businesses which will lead to improving the earning power in our strong non-resource sector.

Accumulated Strengths

By adding new strengths to proven strengths and steadily advancing its position, ITOCHU dramatically increased its capacity to “earn” and achieved consolidated net profit of ¥820.3 billion in FYE 2022, a significant record-high for the Company.

In FYE 2023, we expect an uncertain business environment characterized by a mix of multiple causes for concern, such as the effect of an as yet uncontained COVID-19 pandemic, geopolitical risks, and supply chain disruption in addition to increases in interest rates, foreign exchange rate fluctuation, and inflation that entails continued high resource prices and hikes in raw material prices and logistics costs. Despite these business conditions, we will unwaveringly build up the four strengths as the driving force to enhance corporate value even further.

Building Up

Unwaveringly Building Up Strengths

FYE 2022

Enhancing Comprehensive Strength through Self-Transformation

Shattering the Previous **Profit Record**
(Enhancing Our “Earn” Power)

FYE 2016

Steppingstones toward China and Other Parts of Asia

No.1 General Trading Company in Consolidated Net Profit

FYE 2015

Strengthening Earning Power in the Non-Resource Sector

No.1 in the Non-Resource Sector

FYE 2012

Harnessing Individual Capabilities

No.1 in the Consumer Sector

Virtuous Cycle That Increases the Sustainability of Strengths

Overcoming numerous adversities during a history spanning more than 160 years, we have built up four strengths, which have become more sustainable by interacting with each other while growing together as part of a virtuous cycle. Going forward, we will augment these four strengths even further and sustainably enhance corporate value through continuous self-transformation in step with emerging trends and currents in society.

Individual Capabilities	Since its founding, ITOCHU has focused on businesses in the non-resource sector, where we have established many customer contact points. As a result, we have developed a strong frontline presence that makes us keenly alert to the constant changes in consumer needs and enhances our individual capabilities.
Comprehensive Strength Capabilities of the Organization and Business Know-How	Supported by a corporate culture that encourages constant awareness of our “*Sampo-yoshi*” corporate mission, business divisions and administrative divisions work as a team to fully realize the “individual capabilities” of employees in the development of businesses, thereby building up both the capabilities of the organization and business know-how.
Comprehensive Strength Business Portfolio	Our individual capabilities that accompany a strong frontline presence, together with the accumulated capabilities of the organization and business know-how, enable the flexible combinations of internal capital in response to social changes and continuous self-transformation.
Earning Power in the Non-Resource Sector Experience and Track Record in China and Other Parts of Asia	Through continuous self-transformation, we avoid the obsolescence of existing businesses and steadily seize new business opportunities. In this way, we increase our strengths, namely, our “earning power in the non-resource sector” and our “experience and track record in China and other parts of Asia.” Increasing these strengths creates further business opportunities and bolsters “individual capabilities” while enabling the sustained enhancement of all the strengths we have accumulated.

* For an explanation of the importance of the internal capital that contains our strengths, please see ➲ Page 34 Accumulation of Non-Financial Capital

Accumulation of Non-Financial Capital

Sustainable Value Creation through Strengthening of Trust and Creditworthiness

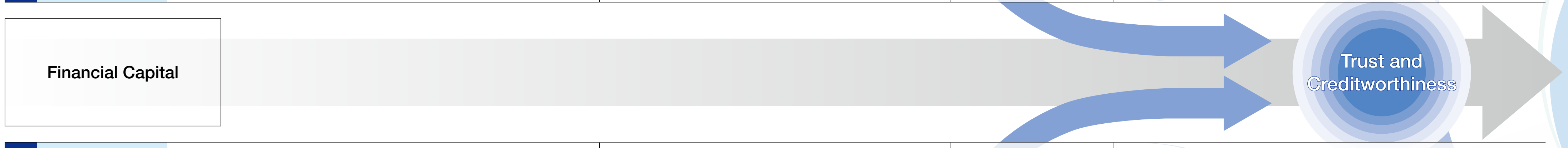
ITOCHU conducts its business through both trade and business investment. In the course of its history over 160 years, we have steadily accumulated internal capital through our business, such as human and organizational capital and business know-how.

We believe that trust and creditworthiness are extremely important for symbiosis of internal and external capital which mutually influence each other. By always remaining cautious of trust and creditworthiness in our management practice, we aim to continuously expand corporate value through realizing increases in both economic value and environmental / social value.

		Explanation of Each Capital (Importance)	Examples of KPI and Monitoring Indicators	Examples of Strengthening Measures
Internal Capital	Human and Organizational Capital	We increase individual capabilities through our human resource strategies and enhance labor productivity. In addition, our business divisions have powerful backing from our administrative divisions, which have rapid decision-making systems and high-level expertise, therefore practicing the "earn, cut, prevent" principles.	• Labor productivity of employees • Engagement Survey • Average training cost per employee • Number of employees with Chinese-language qualifications • Monthly average overtime hours • Annual paid leave acquisition rate • Company ranking among job-seekers	• Realization of ITOCHU Mission and Guideline of Conduct • Morning-Focused Flextime System and adoption of a work from home system for all employees • Health management (Support Measures for Balancing Cancer Care and Work, etc.) • Business support and control function of administrative divisions • Changing work system flexibly during the COVID-19 pandemic ➲ Page 92 Human Resource Strategy
	Business Know-How	With eight Division Companies operating businesses in diverse industries, ITOCHU has accumulated extensive and advanced business know-how. This is a vital intangible asset for creating new businesses and entering into new regions.	• Number of new businesses formed • Number of years of business with existing customers • Number of contact points with consumers and volume of data • Analysis of various data and proof-of-concept data	• Creating synergies and new businesses by utilizing ITOCHU's comprehensive strength • Breaking down product silos and strengthening collaboration among Division Companies • Transforming business models based on a market-oriented perspective • Acquiring new knowledge through venture investments, etc. • Promoting comprehensive DX support businesses
	Business Portfolio	Leveraging comprehensive strength and ability of self-transformation enables ITOCHU to optimize its business portfolio by increasing its flexibility, range, and balance even further. Moreover, these advantages allow us to adapt quickly to a volatile business environment and diversifying consumer needs.	• Ratio of Group companies reporting profits • Management efficiency indicators	• Pursuit of highly efficient management (rigorously selected investments and continuous asset replacement) • Improving profitability of existing businesses (thoroughly instilling the "earn, cut, prevent" principles) • Implementation of ITOCHU's Policy on the Governance of Its Listed Subsidiaries ➲ Page 40 Business Investment ➲ Page 101 Policy on the Governance of Listed Subsidiaries
External Capital	Client and Partner Assets	We maintain win–win relationships with our clients and partners, which include a large number of leading companies. This is vital to our ability to rapidly expand into new domains and constantly capture and expand trade. It is our abundant client and partner assets that enable us to realize sustainable earnings growth.	• Profits from initiatives with blue-chip partners • Number of clients and partners • Expenses reduced and decrease in losses on bad debts	• Selection and securing of blue-chip partners • Use of cutting-edge technologies and services and business model transformation • Complying with Environment, Health, and Safety (EHS) Guidelines • Building of safe and secure supply chains
	Natural Resources	Through business in the non-resource and resource sectors, we meet social demand for stable procurement and supply of natural resources, while capturing new business opportunities in responding to social issues outlined in the SDGs.	• Renewable energy ratio • GHG emissions • Electricity consumption • Water usage • Waste volume	• Withdrawing completely from thermal coal interests • Continuing to review projects based on engagement • Strengthening of value chains and business investment management based on a sustainability point of view • Stepping up contribution to and engagement with the SDGs through eco-friendly businesses, etc. ➲ Page 86 Approach to Climate Change and Related Initiatives ➲ Page 90 Sustainability Management
	Relationships with Society	We practice continuous and constructive communication with our stakeholders, ascertaining their expectations and demands of the Company and solving them. Through this effort, we promote stable business activities in Japan and overseas and realize further enhancement in corporate value.	• Number of engagements with stakeholders • Number of sustainability surveys conducted • Number and percentage of employees participating in sustainability and compliance-related internal training • External evaluation by ESG rating agencies, etc., and additions to indices • Shareholder returns (dividends and share buybacks) and EPS • Number of compliance violation incidents	
		Explanation of Each Capital (Importance)	Examples of KPI and Monitoring Indicators	Examples of Strengthening Measures

* For PEST items affecting each capital above, please see
➲ Page 76 PEST Analysis (Macroenvironmental Factors through 2030)

➲ Page 126 Data Section



Business Creation through Combinations of Capital

Examples of Key Combinations of Capital in the Businesses Highlighted in the SPECIAL FEATURE "Merchants Who Continue to Transform" (➲ Page 58)

TRANSFORMATION 1 FamilyMart's Goal of Renewed Growth Evolution of Value Chains, Starting with FamilyMart

Evolution of value chains using DX (Business Know-How)	Robust value chains through collaboration within the Group (Business Portfolio)	The Group's largest customer contact points (Client and Partner Assets)

TRANSFORMATION 2 Self-Transformation in Anticipation of Changes in the Market of the ICT & Financial Business Company

Venture investment know-how and new business development capabilities cultivated since the 1990s (Business Know-How)	Group of digital technology businesses that enable support for customers' DX (Business Portfolio)	Responses for DX due to digitalization of society (Relationships with Society)

TRANSFORMATION 3 Polishing Business through a Hands-On Management Style (DESCENTE LTD.)

Dispatching of management and seconded personnel with expertise in frontline operations (Human and Organizational Capital)	Our experience and track record in China (Business Know-How)	Increase in sports-related demand due to rising health consciousness (Relationships with Society)

TRANSFORMATION 3 Polishing Business through a Hands-On Management Style (YANASE & CO., LTD.)

Dispatching of management and seconded personnel with expertise in frontline operations (Human and Organizational Capital)	Management know-how of automobile dealers globally (Business Know-How)	The customer base of YANASE & CO., LTD., mainly comprising the wealthy class (Client and Partner Assets)

TRANSFORMATION 4 New Steppingstones for the Advancement of the Construction Machinery Business (Hitachi Construction Machinery Co., Ltd.)

Finance function of Tokyo Century Corporation (Business Know-How)	Technology capabilities of Hitachi Construction Machinery Co., Ltd. (Business Know-How)	The customer base of MULTIQUIP INC., comprising construction machinery rental companies, etc. (Client and Partner Assets)

TRANSFORMATION 5 Business Expansion in Accordance with a Decarbonized Society (Distributed Power System Supply Platform)

Track record of initiatives in energy storage systems businesses stretching back more than 20 years (Business Know-How)	Major partners with advanced technological capabilities (Client and Partner Assets)	Expansion of renewable energy by moving away from fossil fuels (Natural Resources)

TRANSFORMATION 6 Sustained Growth through Strengthening the Value Chain (Natural Rubber and Tire Business)

One of the largest tire value chains in Europe (Business Portfolio)	Stable procurement and supply of natural rubber (Natural Resources)	Respect for the human rights of natural rubber farmers (Relationships with Society)

CFO Interview

Tsuyoshi Hachimura

Member of the Board,
Executive Vice President, CFO

Amid the uncertain business environment, we will continue to further enhance the quality of management and ensure the replicability of highly effective management by firmly maintaining our financial and capital strategies to balance three factors.

What is your overall assessment of the financial and capital strategies in FYE 2022?

We accelerated the expansion of our financial and capital foundations, which will underpin our growth strategies going forward.

Every year, when I write this message, I get the urge to sit up even straighter, in part because this is where I am called to report the results of the commitments I made, whether it was in the previous year's annual report or during dialogue with market participants. This year, though, I feel a sense of relief because we steadfastly achieved our commitments. In FYE 2022, the economy was expected to recover from the COVID-19 pandemic, and a somewhat optimistic mood began circulating in the market. However, we did not actually find a way out of the prolonged pandemic, and, by the end of the fiscal year, geopolitical risks shot to the fore following the Russian invasion of Ukraine. Due mainly to these factors, the fiscal year ended with persistent uncertainty for the future. During the year, we were called on to take more timely and appropriate action on offense and defense while monitoring trends in COVID-19 case numbers and commodity prices. Amid that kind of business environment, I would first like to highlight that I worked hard on consistent financial and capital strategies as the CFO and that we were able to accelerate the expansion of our financial and capital foundations, which will underpin our growth strategies going forward.

Since becoming CFO in FYE 2016, I have committed to the "Policy to achieve high ROE while balancing three factors (shareholder returns, growth investments, and control of interest-bearing debt)" and continued implementing strategic balance sheet management.

Over the last seven years, shareholders' equity, which is an important indicator of the Company's resilience to risk, increased by ¥1.8 trillion to ¥4.2 trillion, and the ratio of shareholders' equity to total assets improved by 6.1 points to 34.6% as of March 31, 2022, with both recording historical highs.

In addition, regarding growth investments, we are working to carefully select projects in regions and fields where we have expertise while being careful to avoid accumulating goodwill that accompanies overly high-priced acquisitions. We promote proactive asset replacement for low-efficiency assets or those that have peaked out. We have managed large-scale investments within the scope of cash flow generated each fiscal year or the span of the each medium-term management plan. Through this kind of control, over the past seven years, total assets have increased by ¥3.6 trillion to ¥12.2 trillion, but net interest-bearing debt has held steady at ¥2.3 trillion (down ¥0.1 trillion). We also set our best record for net debt-to-shareholders' equity ratio (NET DER) with 0.54 times (an improvement of 0.43 points). Taken together with the aforementioned shareholders' equity and the ratio of shareholders' equity to total assets, ITOCHU's financial soundness and stability have drastically improved in a very visible way.

Moreover, from the perspective of cash-generating power, over the past seven years, core operating cash flows more than doubled to approximately ¥790.0 billion (up approximately ¥404.0 billion). We steadily disposed of assets with concerns, while conducting asset replacement, both in the non-resource sector and the resource sector. Our ardent efforts to improve asset quality have borne fruit.

Lastly, regarding ROE, since I first stepped into the CFO role, ITOCHU has outlined a policy of maintaining an ROE level of 13% or more over the medium- to long-term. This level is in line with a global standard and also significantly exceeds ITOCHU's cost of capital of 8%. ROE in FYE 2022 soared to 21.8%, which could be construed as too good, but my overall evaluation is that we have a track record of generally achieving a level exceeding our policy. (➔Page 50 Business Results for FYE 2022)

What led you to the decision on the New Dividend Policy announced in FYE 2022?

The decision was made by incorporating opinions from the market into the Company's strong will on management.

As previously mentioned, the Company is steadily enhancing its cash-generating power. We are always conscious of growth investments moving forward and the level of shareholders' equity as a risk buffer that enables those investments. At the same time, we are striving to expand shareholder returns.

Under the medium-term management plan "Brand-new Deal 2023," which was released in May 2021, we announced a policy with a minimum dividend per share (DPS) of ¥94 in FYE 2022 and an aim to reach ¥100 with a progressive dividend policy every fiscal year during the plan. We had announced a share buyback up to ¥70.0 billion, but only executed ¥13.5 billion of them before announcing a reset in June 2021, which created a significant gap between the Company's shareholder returns policy and market expectations. While, with these announcements, we also laid out our policy to actively and continuously execute share buybacks and dividend increases if and when there is an upward revision to our consolidated net profit plan, which had initially been set conservatively during the pandemic, it is true that this was a policy that was somewhat hard to understand and lacking in strength, looking at it from ITOCHU's defining and distinctive commitment-based management perspective.

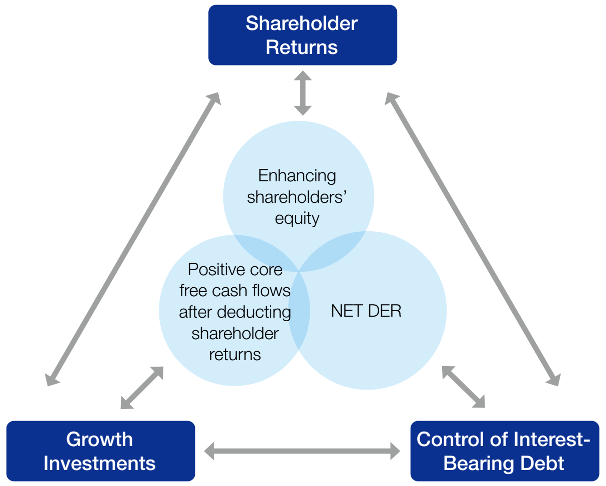
Through dialogue with investors and shareholders, we thoroughly considered market expectations and carefully analyzed the consolidated net profit target during the medium-term management plan. Afterward, we swiftly re-announced a "new dividend policy" for the plan at the end of the second quarter of FYE 2022.

Rather than a dividend payout ratio that causes a decrease in dividends if profit declines, we have prioritized, with a strong emphasis, a progressive dividend wherein actual dividend amounts are guaranteed to increase from the previous fiscal year. We have maintained this focus since FYE 2016. On the other hand, we have heard opinions from the market that if we do not present a dividend payout ratio, which serves as a reference point, it would be difficult for investors to make decisions from a fund / portfolio management standpoint, so the Company presented a new dividend policy which aims to fulfill both: a progressive dividend and enhancement of the dividend payout ratio.

Specifically, we will maintain our progressive dividend policy, setting minimum DPS at ¥110 for FYE 2022, ¥120 for FYE 2023, and ¥130 for FYE 2024, the last year of the plan. We also commit to achieving a dividend payout ratio of 30% by FYE 2024.

The reason DPS in FYE 2024 will be higher than FYE 2023 is not solely because of the progressive dividend. Even if persistently high resource prices come back

Achieve High ROE While Balancing Three Factors



down, leading to a decline in profit in the resource sector, the Company will expand profit in the non-resource sector, which is ITOCHU's strength. I want to emphasize that the Company is confident of achieving an increase in consolidated net profit.

We announced this at the end of the second quarter of FYE 2022 as a "new dividend policy," but not as a "new shareholder returns policy," because we had already assumed the possibility of a share buyback with a maximum limit of ¥60.0 billion, which we did announce a couple months later in January 2022. We never forgot our original promise, although the resumption of buybacks was taken as a positive surprise by market participants. After carefully assessing progress on growth investments in FYE 2022, we determined the timing to be right and successfully completed the share buyback totaling ¥60.0 billion during FYE 2022.

Since presenting this series of shareholder return measures, our share price in FYE 2022 reached record highs 19 times, garnering some acclaim from investors and shareholders.

When announcing the management plan for FYE 2023, the forecast for consolidated net profit increased from assumptions at the end of the second quarter of FYE 2022, and we, therefore, considered again expanding shareholder returns in FYE 2023. We took into consideration our total payout ratio in FYE 2022, commitments for FYE 2024, and other factors, in addition to discussions of whether dividend increases or share buybacks would be more appropriate. We ultimately announced an increase of our planned minimum DPS for FYE 2023 from ¥120 to ¥130, effectively pulling forward the DPS target originally planned for FYE 2024. At the same time, we also announced our plan to maintain the progressive dividend in FYE 2024. Regarding our shareholder returns policy from FYE 2023 onward, we will not change our stance of determining ideal shareholder returns based upon accumulating consolidated net profit, progress on growth investments, the market environment, etc., while remaining attentive to market feedback. (➲Page 52 FYE 2023 Management Plan)

As the CFO, based on the business environment, what do you need to pay attention to in FYE 2023?

It is important to implement consistent financial and capital strategies of "Balancing Three Factors."

There are countless points that need attention when you review the business environment in FYE 2023, but some examples include the chaos-inducing the Russia–Ukraine situation, repeated surges in COVID-19 cases, rising inflation, increasing interest rates (mainly in Europe and the United States), protracted yen depreciation, and volatile share prices. (➲Page 76 PEST Analysis (Macro-environmental Factors through 2030))

After increasing with unusual rapidity, commodity prices are showing signs of moderation for now, but the price outlook remains unclear. As of this moment, it goes without saying that it is virtually impossible to forecast the business environment for the next few years with any accuracy. Thus, being overly biased toward any particular direction will be a risk. Therefore, amid this kind of volatility, it will be important in FYE 2023 to continue "balancing three factors," while continuing financial and capital strategies that maintain highly efficient management (high ROE) and achieve sustainable growth in earnings per share (EPS).

The accomplishments of the Company's financial and capital strategies are evident in assessment of credit rating agencies. Moody's changed its outlook to positive in January 2022. In July, Japan Credit Rating Agency (JCR) announced an upgrade while Rating & Investment Information (R&I) is conducting a review based on the improvement in the Company's underlying financial capabilities (as of July 31). The current trend of interest rate hikes to rein in inflation will ultimately result in a higher cost of funding. For corporate management, this is not necessarily a positive development, but we think that this will provide more stages to demonstrate the effectiveness of the preparations we have been making to improve ratings in consideration of the possibility of future interest rate hikes.

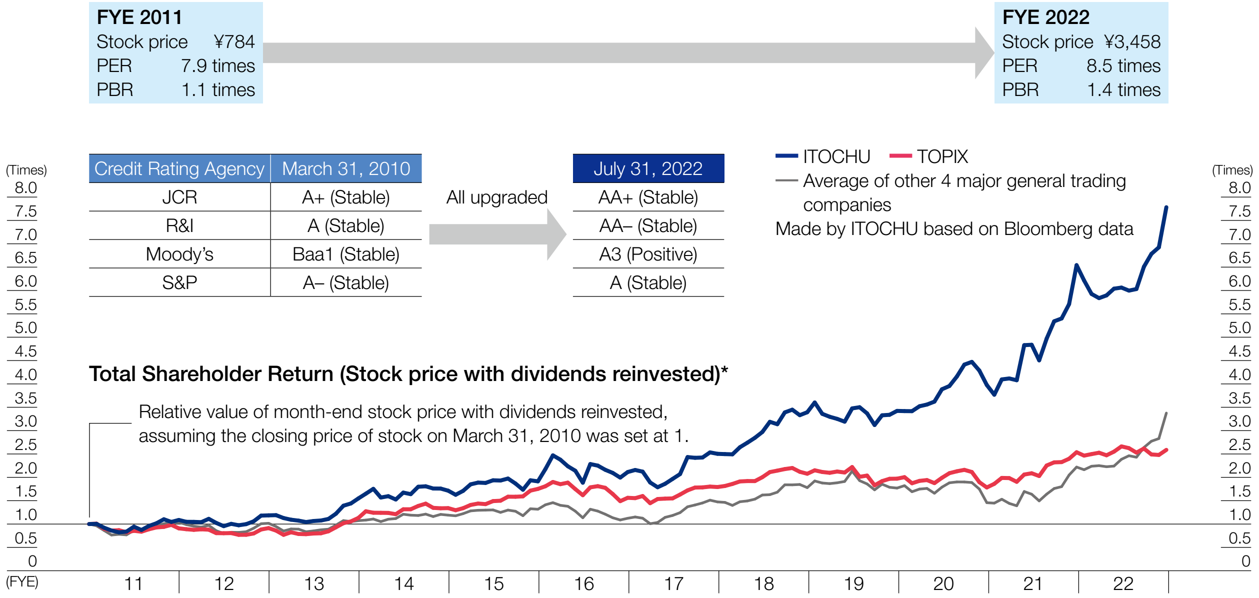
Upon the aforementioned preparations, our discussions for analysis of investment projects focus not only on profitability but also on various angles. This is why it is significant that the CFO has served as chair of the Investment Consultative Committee for five consecutive years. I intend to continue leading effective discussions while taking a bird's-eye view, with an objective and conservative perspective of the business environment.

Lastly, regarding FYE 2023, I would like to "promise" that I will spearhead constructive dialogue and continue promoting proactive IR activities. I am not just listening to opinions from the market. Nor am I merely conveying the ideas of ITOCHU's management. My mission is to hold dialogues that are fruitful for both the market and ITOCHU. By promoting IR activities that the market deems highly trustworthy, I will work to reduce the cost of capital and thereby help enhance corporate value sustainably. (➲Page 25 A Positive Cycle of Dialogue and Corporate Value Enhancement)

A Positive Cycle of Dialogue and Corporate Value Enhancement

Stock Price / PER / PBR / TSR

Stock price: Annual average of daily trading value
PER: Daily average of (Stock price x Number of issued shares excluding treasury stock ÷ Forecast of consolidated net profit, announced by ITOCHU)
PBR: Daily average of (Stock price x Number of issued shares excluding treasury stock ÷ Most-recent results of shareholders' equity)



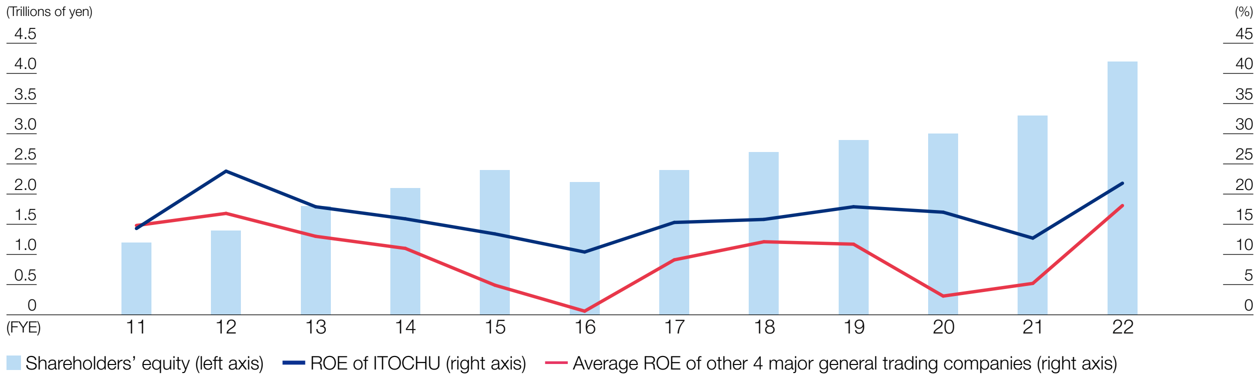
Credit Rating Agency	March 31, 2010	July 31, 2022
JCR	A+ (Stable)	AA+ (Stable)
R&I	A (Stable)	AA– (Stable)
Moody's	Baa1 (Stable)	A3 (Positive)
S&P	A– (Stable)	A (Stable)

TSR* as of March 31, 2022

Ownership Period	1 year	2 years	3 years	4 years	5 years	10 years
ITOCHU	19.0%	95.7% (39.9%)	127.4% (31.5%)	129.3% (23.1%)	210.9% (25.5%)	556.2% (20.7%)
TOPIX	2.0%	45.1% (20.5%)	31.3% (9.5%)	24.6% (5.7%)	44.4% (7.6%)	183.5% (11.0%)
Average of other 4 major general trading companies	50.9%	124.5% (49.8%)	86.1% (23.0%)	89.1% (17.3%)	129.7% (18.1%)	235.6% (12.9%)

* Total Shareholder Return (TSR): Return on investment assuming that dividends are reinvested. The chart above shows relative value of month-end stock price with dividends reinvested, assuming the closing price of stock on March 31, 2010 was set at 1. The table above indicates returns on investment during each period of holdings preceding from March 31, 2022. (Figures in brackets are rate of returns converted to the annual average by the geometric mean.)

ROE and Shareholders' Equity



Business Investment

Business Investment Process

Along with strategic business alliances, business investment is an important means of creating and expanding businesses. To actively promote strategic investments in areas of strength in a timely manner, we choose the optimal structure from a wide range of methods, such as establishing a wholly owned subsidiary, implementing joint investment with partners, and participating in management through M&As or converting to a consolidated subsidiary. In principle, we continuously hold investments. After executing each investment, we work to maximize the investee's corporate value and to expand trading profits and dividends received by fully utilizing our Groupwide capabilities. Given such considerations as increases in larger-scale investments in recent years, we are rigorously screening the validity of the business plan and acquisition price. For existing investments, to increase investment earnings and to exit quickly from low-efficiency assets, we are further strengthening monitoring procedures centered on instituting more rigorous exit conditions and thoroughly implementing periodic investment reviews. In addition, through cross-divisional training across Division Companies, we share the lessons learned from reviewing specific past investment failures, thereby endeavoring to enhance the success rates of future investments.

Investment Decisions

Decision-Making Process

We have established a multilayered decision-making process that achieves quick decision-making by giving a certain level of discretion to the Division Companies while striving to pursue investment return and curb investment risk.

Division Companies

Applicants (responsible divisions)

↓

Administrative divisions

↓ …Opinion based on risk analysis

Division Company Management Committee (DMC) Deliberation

↓

Division Company President Decision

↓

Investment Consultative Committee*

↓

Headquarters Management Committee (HMC)

↓

Board of Directors

Related administrative divisions express their opinions from various specialized perspectives regarding the application made by the applicants. Following careful discussion at the DMC, the Division Company President will make a final decision.

If the project needs further consideration and screening in terms of profitability and strategy, the project is discussed at the Investment Consultative Committee prior to the HMC.

* The Investment Consultative Committee is chaired by the CFO, and its core members are the CAO and the General Managers of the Corporate Planning & Administration, Legal, General Accounting Control, Finance, and Global Risk Management divisions. Meetings are also attended by one full-time Audit & Supervisory Board Member.

Projects that exceed the Division Company President's authority must be approved by the HMC.

Of the projects approved by the HMC, projects of quantitative and qualitative significance must be approved by the Board of Directors.

Points for Making Decisions

Investment Purpose and Formulation of Growth Strategies	Verification of Business Plan Appropriateness	Compliance with Investment Criteria	Risk Analysis	Verification of Internal Control Status	Setting Exit Conditions

Thoroughly Verifying Appropriateness of Business Plan
- Scrutinizing business plans before making a new investment (including sensitivity analysis)
- Concrete countermeasures for downward divergence from original plan (including setting of exit measures)

Investment Criteria
- Investment efficiency based on Net Present Value (NPV) calculated from investee's free cash flows:
  When calculating NPV, about 70 hurdle rates (by country) are used according to industry.
- Cash inflows into ITOCHU, such as dividends received and earnings from trade activities
- Scale of investee's earnings

ESG Risk Evaluation
- Evaluate in advance the impact on the environment, society, etc., as well as the corporate governance status of the investment target using an ESG checklist composed of 28 items
- Conduct multifaceted ESG assessments, including on-site surveys, to prevent environmental pollution and other problems among Group companies even following investment

Setting Exit Conditions
- Setting clear and feasible exit measures before making investment
  Clear exit conditions:
  Setting quantitative exit conditions that, in principle, call for exiting from the investment if conditions are met
  Feasible exit measures:
  Obtaining advance agreement with partners on exit conditions, etc.

➲ Page 42 In-Depth: Monitoring

Sharing the Lessons Learned

Training Based on "Unforgettable" Cases of Investment Failure

We share the lessons learned from reviewing specific past investment failures with the aim of increasing the strength and rigor of our measures to "prevent" unforeseen impairment losses and other negative consequences. In FYE 2022, we held a total of 20 training sessions, in which approximately 1,900 employees cumulatively from business divisions and administrative divisions participated.

(➲ Page 56 CSO Interview)

Asset Replacement

Promoting replacement of low-return assets that meet exit criteria as well as businesses that have lost strategic significance

Control of Cash: Continuously focus on our policy to maintain positive core free cash flows after deducting shareholder returns

Exit Criteria

Monitoring

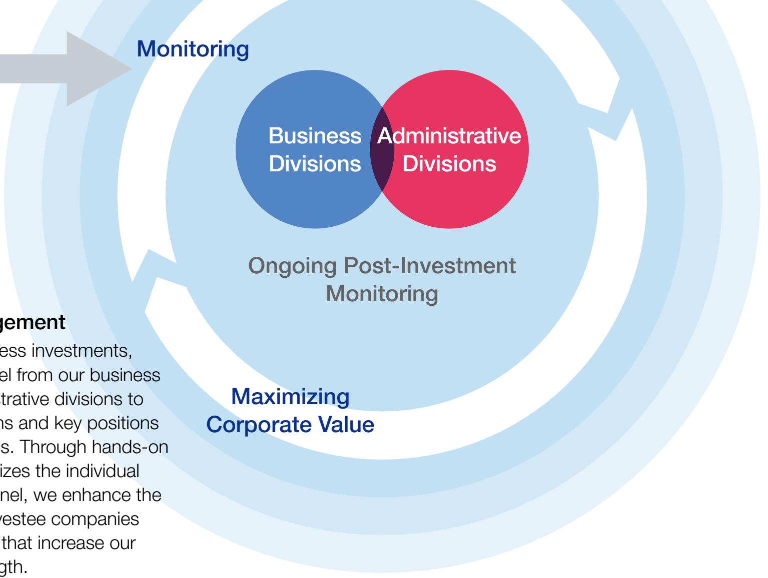
- Implementing review one year after investment
- Implementing periodic review for all business investments annually
- Reevaluating policies from qualitative (strategic significance, etc.) and quantitative (scale of earnings, investment efficiency, etc.) perspectives
- Formulating improvement measures for subsidiaries and affiliates with issues of deficits or dividends payout
- Following up throughout the year on policies and issue-improvement measures formulated in periodic review

For details
➲ Page 42

Enhancing Business Value Continuously through Collaboration

In each business investment process—including monitoring and asset replacement—administrative divisions provide a high degree of expertise that supports business divisions in implementing the Company's "earn, cut, prevent" principles.

Execution of Investment



Hands-On Management

After executing business investments, we dispatch personnel from our business divisions and administrative divisions to the frontline operations and key positions of investee companies. Through hands-on management that utilizes the individual capabilities of personnel, we enhance the corporate value of investee companies and create synergies that increase our comprehensive strength.

Business Investment

In-Depth: Monitoring

We review our policies for holding business investments annually and carefully confirm the significance of holding them based on comprehensive consideration of the individual circumstances of each investment, industry characteristics, and other factors. We then implement asset replacement with respect to businesses that have low-efficiency, exit early from businesses that are significantly below targets set at the time of investment, and reduce / restructure the operations of loss-making companies.

After the review of holding policies, administrative divisions periodically monitor the implementation status of exits as well as improvement measures and provide support to ensure the implementation of measures in accordance with the policies.

Periodic Reviews for All Business Investments

Decision-Making Process

Division Company

Prior Consultation	The validity of improvement plans for low-efficiency business investments that hit exit criteria is examined. For business investments with no prospect of improvement, administrative divisions monitor if business divisions are working toward an early exit.
	...Opinion based on exit criteria
DMC	The significance of holding respective business investments is carefully analyzed in the context of the Division Company's strategies. By taking into account the consultative opinion, the President of Division Company decides on the Division Company's holding policy.
ALM Committee*	Before submission to the HMC, the validity of the Division Company's holding policy and the feasibility of exit are deliberated.
HMC	If a Division Company decides on a policy of continuing to hold a business investment that hits exit criteria, the approval of the HMC is required.

Progress Follow-Up

Business Investment to Be Exited	Business investment to Be Held Continuously
Exit progress is monitored, and each Division Company reports on progress to the CFO monthly.	Improvement measures are advanced. At the periodic review for business investment in the following fiscal year, the achievement of improvement plans is checked, and the holding policy is then carefully reanalyzed.

* The ALM (Asset Liability Management) Committee is chaired by the CFO, and its core members are the General Managers of the Corporate Planning & Administration, General Accounting Control, Finance, and Global Risk Management divisions. Meetings are also attended by one full-time Audit & Supervisory Board Member. (➔ Page 95 Activities of Internal Committees)

How ITOCHU Differs from a General Private Equity Fund

As we consider business investment to be a powerful tool, our business model is often compared to that of a private equity fund. There are certain similar aspects, such as the desire to contribute proactively to investees' management and maximize the corporate value of investees. However, the differences are that we focus on generating synergies with existing businesses and enjoy returns centered on trading profits and dividends.

	Investee Liquidity	Investee Ownership Ratio	Investee Ownership Period	Synergies	Returns
General Private Equity Fund	In principle, unlisted	In principle, majority stake up to 100%	Buy and hold having an exit strategy	In principle, none	Capital gains and dividends
ITOCHU	Either listed or unlisted	Decided individually, based on business conditions and market environment	Buy and hold	Create synergies with existing businesses	In principle, trading profits and dividends

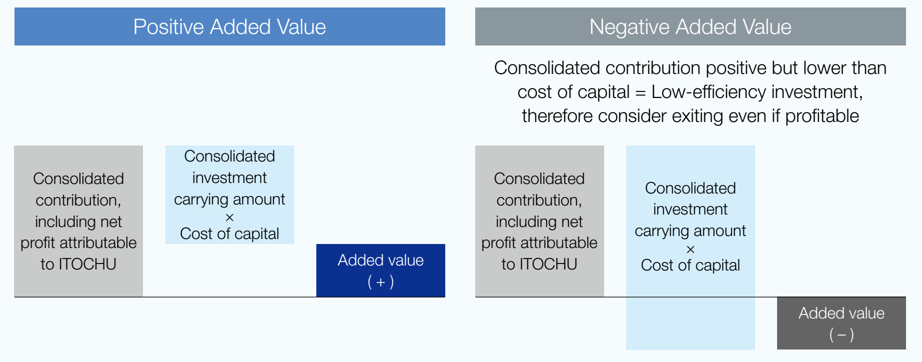
Exit Criteria for Business Investment

(1) Cumulative losses for the last three years

(2) Returns lower than original plans made at the time of investment

(3) Cumulative losses in added value for the last three years
[Consolidated contribution*1 – (Consolidated investment carrying amount x Cost of capital*2)]

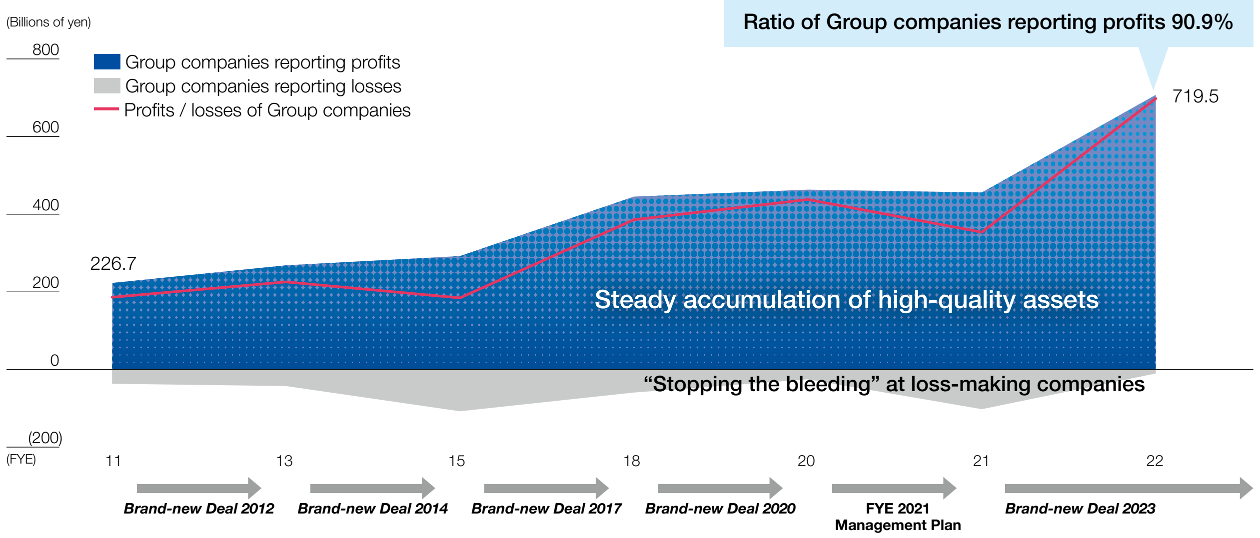
*1 Consolidated contribution is the total of net profit and trade merit.
*2 Cost of capital: Set according to industry (approximately 70) and country



Enhancing the Corporate Value of Group Companies

ITOCHU increases the corporate value of Group companies by rigorously implementing the "earn, cut, prevent" principles and strengthening monitoring, which is based on various types of assessments. For example, we steadily accumulate high-quality assets by conducting qualitative and quantitative verifications that consider synergies in assessing investment efficiency and the strategic significance and earnings scale of business investments. Moreover, in relation to concern over possible future losses, at an early stage, we evaluate investments and take appropriate measures by consistently applying conservative premises both for credit management and evaluations of the recoverability of various types of assets. Thanks to these activities, we have built a robust earnings base that is diversified across a wide range of business areas mainly in the non-resource sector, and which is therefore highly resilient to economic volatility. As a result, in FYE 2022, the ratio of Group companies reporting profits was 90.9%, achieving the same level as FYE 2018, which is the highest.

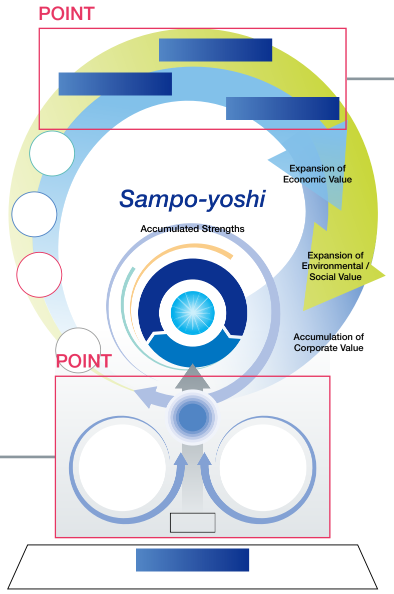
Continuous Accumulation of the Profits of Group Companies through Implementation of the "Earn, Cut, Prevent" Principles



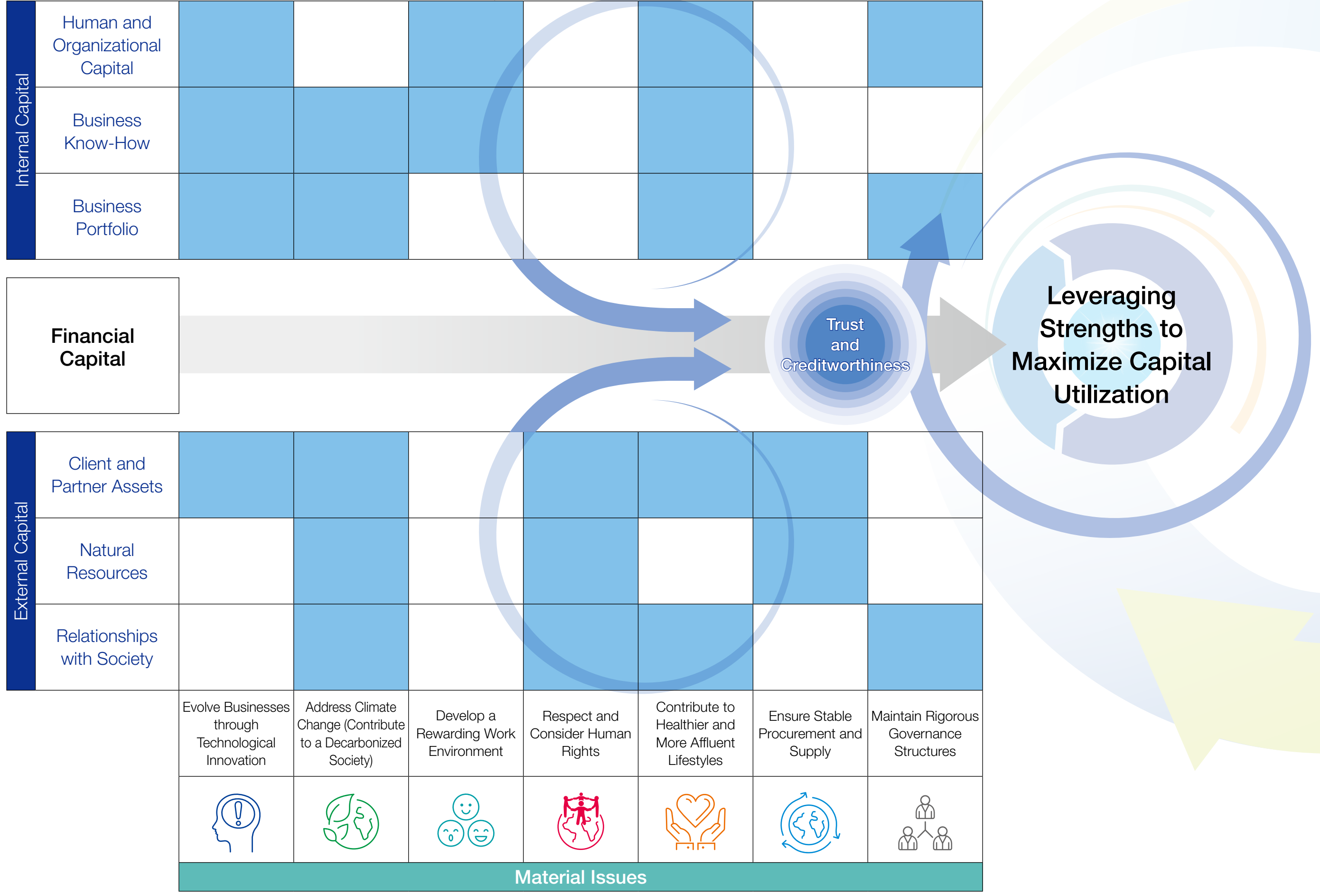
Logic Tree
(Strategic Framework for Growth in Non-Financial Capital and Corporate Value)

Maintaining and Upgrading of Non-Financial Capital and Its Relationship to Material Issues

ITOCHU analyzes the magnitude of opportunities to increase its non-financial capital as well as the magnitude of risks with the potential to damage such capital. Based on its findings, the Company identifies as its material issues those social issues that require prioritized and proactive initiatives by the Company. We then set to solve the identified material issues through business operations. By leveraging trust and creditworthiness garnered over many years, we will maintain and further grow our non-financial capital.



Relationships between Non-Financial Capital and Material Issues



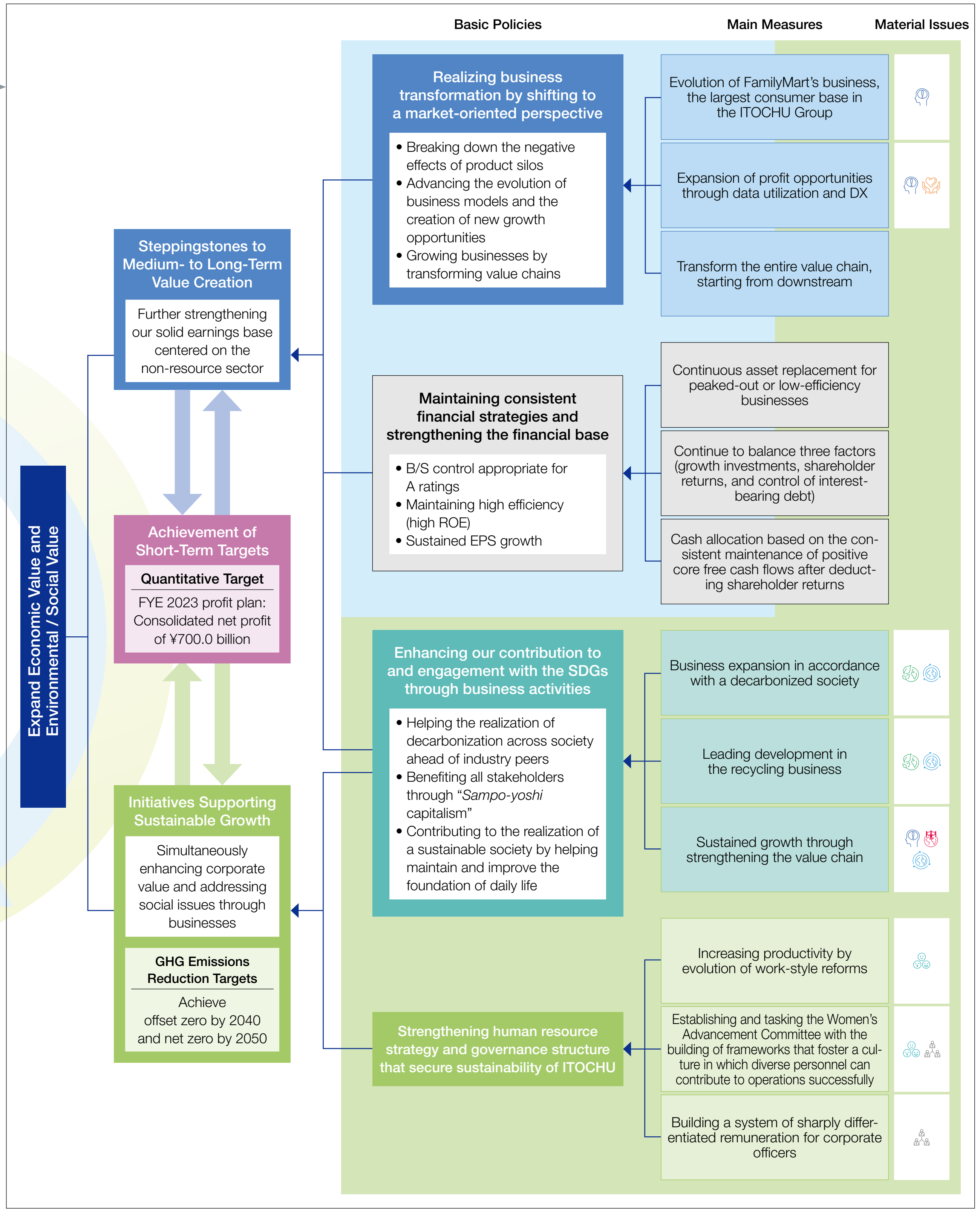
		Evolve Businesses through Technological Innovation	Address Climate Change (Contribute to a Decarbonized Society)	Develop a Rewarding Work Environment	Respect and Consider Human Rights	Contribute to Healthier and More Affluent Lifestyles	Ensure Stable Procurement and Supply	Maintain Rigorous Governance Structures
Internal Capital	Human and Organizational Capital	🟦		🟦		🟦		🟦
	Business Know-How	🟦	🟦	🟦		🟦		
	Business Portfolio	🟦	🟦			🟦		🟦
	Financial Capital							
External Capital	Client and Partner Assets	🟦	🟦		🟦	🟦	🟦	
	Natural Resources		🟦		🟦		🟦	
	Relationships with Society		🟦		🟦	🟦		🟦

Material Issues

🟦 Indicates non-financial capital deemed to have particularly high relevance to material issues.
We also recognize that trust and creditworthiness are strongly related to all of our material issues.

ITOCHU's Logic Tree for Building Up Corporate Value

Our medium-term management plan "Brand-new Deal 2023" sets a long-term target for reducing GHG emissions, and we have already begun initiatives to reach this target. Further, the FYE 2023 management plan sets short-term targets based on updated quantitative targets. We set a succession of short-term targets to provide steps for our climb toward medium- to long-term targets. Through commitment-based management that emphasizes the steady achievement of targets in all time frames, we will realize sustained, sure-footed growth in corporate value.



Basic Policies | Main Measures | Material Issues

Expand Economic Value and Environmental / Social Value

Steppingstones to Medium- to Long-Term Value Creation
Further strengthening our solid earnings base centered on the non-resource sector

Achievement of Short-Term Targets
Quantitative Target
FYE 2023 profit plan: Consolidated net profit of ¥700.0 billion

Initiatives Supporting Sustainable Growth
Simultaneously enhancing corporate value and addressing social issues through businesses

GHG Emissions Reduction Targets
Achieve offset zero by 2040 and net zero by 2050

Realizing business transformation by shifting to a market-oriented perspective
- Breaking down the negative effects of product silos
- Advancing the evolution of business models and the creation of new growth opportunities
- Growing businesses by transforming value chains

Main Measures:
- Evolution of FamilyMart's business, the largest consumer base in the ITOCHU Group
- Expansion of profit opportunities through data utilization and DX
- Transform the entire value chain, starting from downstream

Maintaining consistent financial strategies and strengthening the financial base
- B/S control appropriate for A ratings
- Maintaining high efficiency (high ROE)
- Sustained EPS growth

Main Measures:
- Continuous asset replacement for peaked-out or low-efficiency businesses
- Continue to balance three factors (growth investments, shareholder returns, and control of interest-bearing debt)
- Cash allocation based on the consistent maintenance of positive core free cash flows after deducting shareholder returns

Enhancing our contribution to and engagement with the SDGs through business activities
- Helping the realization of decarbonization across society ahead of industry peers
- Benefiting all stakeholders through "*Sampo-yoshi* capitalism"
- Contributing to the realization of a sustainable society by helping maintain and improve the foundation of daily life

Main Measures:
- Business expansion in accordance with a decarbonized society
- Leading development in the recycling business
- Sustained growth through strengthening the value chain

Strengthening human resource strategy and governance structure that secure sustainability of ITOCHU

Main Measures:
- Increasing productivity by evolution of work-style reforms
- Establishing and tasking the Women's Advancement Committee with the building of frameworks that foster a culture in which diverse personnel can contribute to operations successfully
- Building a system of sharply differentiated remuneration for corporate officers

02

Achievement of Short-Term Targets

In this section, we look back on a trajectory of steady enhancement of corporate value realized by implementing the “Brand-new Deal” strategy under a series of management plans that began in FYE 2012. We also explain our record-setting results in FYE 2022 and the FYE 2023 management plan, which covers the second year of the medium-term management plan “Brand-new Deal 2023.”

Component of the corporate value calculation formula focused on in this section

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

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10 times

The number of times ITOCHU has met its initial targets (Consolidated net profit) since launching the “Brand-new Deal” strategy

Trajectory of Corporate Value Enhancement

We have steadily developed an enviable track record with the strategies of “Brand-new Deal” management plans, which began with “Brand-new Deal 2012.” Under the plans, we have always remained aware of the “earn, cut, prevent” principles in conducting business activities and demonstrated resilience to economic volatility by flexibly taking measures to deal with management issues and rapid changes in the external environment.

Steadily Building Up Corporate Value by Enhancing the Trust and Creditworthiness in the Market

Business Results for FYE 2022
➔ Page 50

Management Environment | **Basic Policies** | **Market Capitalization at Fiscal Year-End*1** | **Results** | **Steady Achievement of Targets**

Setting out growth strategies in anticipation of post-COVID-19 society

Brand-new Deal 2023

(FYE 2022–FYE 2024)

FYE 2021 Management Plan

Single-year plan reflecting the COVID-19 pandemic

Basic Policies: Thoroughly instilling the “earn, cut, prevent” principles as the core of our business

Market Capitalization: ¥5.7 trillion

Results:

- Achieved the “triple crown*2” of general trading companies
- Privatized FamilyMart
- Became the first general trading company to be included in all ESG-related investment indices adopted by the Government Pension Investment Fund (GPIF)

etc.

FYE	Consolidated Net Profit		Accomplished
	Initial Plan	Results	
2021	¥400.0 billion	**¥401.4 billion**	✓

Uncertain outlook due to the COVID-19 pandemic

Brand-new Deal 2020

(FYE 2019–2020)

ITOCHU: INFINITE MISSIONS: INNOVATION
“Evolution to Next-Generation Growth Models”
+ “Medium- to Long-Term Shareholder Returns Policy (October 2018)”

Basic Policies: Reinvention of Business
Smart Management
No. 1 Health Management

Market Capitalization: ¥3.6 trillion

Results:

- Established a foothold for consolidated net profit of ¥500.0 billion
- Made FamilyMart a consolidated subsidiary and established The 8th Company
- Revised the Group corporate mission

etc.

FYE	Consolidated Net Profit		Accomplished
	Initial Plan	Results	
2020	¥500.0 billion	**¥501.3 billion**	✓
2019	¥450.0 billion	**¥500.5 billion**	✓

Concerns over obsolescence of existing businesses caused by the Fourth Industrial Revolution

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Brand-new Deal 2017

(FYE 2016–2018)

“Challenge”
“Engaging All Employees to Lead a New Era for the *Sogo Shosha*”
“Infinite Missions Transcending Growth”

Basic Policies: Strengthen Our Financial Position
Build Solid Earnings Base to Generate ¥400.0 Billion Level Consolidated Net Profit

Market Capitalization: ¥3.4 trillion

Results:

- Built an earnings base for consolidated net profit of ¥400.0 billion
- Received Moody’s A rating for the first time in roughly 20 years
- Entrenched work-style reforms and increased the Outside Directors’ ratio to at least one-third

etc.

FYE	Consolidated Net Profit		Accomplished
	Initial Plan	Results	
2018	¥400.0 billion	**¥400.3 billion**	✓
2017	¥350.0 billion	**¥352.2 billion**	✓
2016	¥330.0 billion	**¥240.4 billion**	

Temporary deterioration in financial indicators due to an investment in CITIC

Brand-new Deal 2014

(FYE 2014–2015)

“Aiming to be the No. 1 Trading Company in the Non-Resource Sector”

Basic Policies: Boost Profitability
Pursue Balanced Growth
Maintain Financial Discipline and Lean Management

Market Capitalization: ¥2.2 trillion

Results:

- Solidified position as the No. 1 non-resource trading company
- Commenced strategic business alliance and capital participation with CITIC and CP Group
- Reformed work styles by introducing a Morning-Focused Working System

etc.

FYE	Consolidated Net Profit		Accomplished
	Initial Plan	Results	
2015	¥300.0 billion	**¥300.6 billion**	✓
2014	¥290.0 billion	**¥310.3 billion**	✓

Uncertain outlook due to slumping resource prices

Brand-new Deal 2012

(FYE 2012–2013)

“Earn, Cut, Prevent”

Basic Policies: Strengthen Our Front-Line Capabilities
Proactively Seek New Opportunities
Expand Our Scale of Operations

Market Capitalization: ¥1.8 trillion

Results:

- Formulated and implemented the “earn, cut, prevent” principles
- Increased earnings through aggressive new investments
- Strengthened management foundations by reinforcing corporate governance

etc.

FYE	Consolidated Net Profit		Accomplished
	Initial Plan	Results	
2013	¥280.0 billion	**¥280.3 billion**	✓
2012	¥240.0 billion	**¥300.5 billion**	✓

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*1 Including treasury stock
*2 Market capitalization, stock price, and consolidated net profit

Business Results for FYE 2022

FYE 2022 General Review (Quantitative Targets)

- Achieved consolidated net profit of ¥820.3 billion, renewed a record high significantly
- Announced “Brand-new Deal 2023 New Dividend Policy” and executed share buybacks. Steadily implementing the shareholder returns policy

Quantitative Targets

	FYE 2022 Initial Targets	Brand-new Deal 2023 Targets	FYE 2022 Results
Consolidated net profit	¥550.0 billion	¥600.0 billion	¥820.3 billion
Cash flows	Consistent maintenance of positive core free cash flows after deducting shareholder returns		¥614.0 billion (Significant increase)
NET DER	About 0.7–0.8 times		0.54 times (Best Record)
Total shareholders’ equity			¥4.2 trillion (Record High)
ROE	About 13–16%		21.8%
Ratio of Group companies reporting profits			90.9%
Dividend per share	¥94	Aim to reach ¥100	Brand-new Deal 2023 New Dividend Policy Minimum of ¥110 • Minimum of ¥130 • Commitment to a payout ratio of 30% by FYE 2024
Share buybacks	Actively and continuously execute		¥60.0 billion

Substantially exceeded Brand-new Deal 2023 targets in the first fiscal year

FYE 2022 General Review (Qualitative Targets)

- Evolved business models and created growth opportunities from a market-oriented perspective
- Under the policy of “Enhancing our contribution to and engagement with the SDGs through business activities,” significantly reduced GHG emissions from fossil fuel businesses and interests

Qualitative Targets

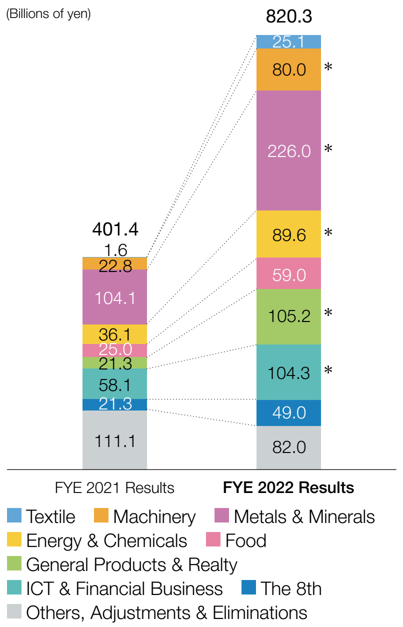
Market-oriented perspective	• Built up businesses that meet consumer needs, such as through new business development and supply chain optimization in FamilyMart as well as expansion and monetization of retail financial services lineup • By collaborating with strong business partners, such as investment in Hitachi Construction Machinery Co., Ltd. and Nishimatsu Construction Co., Ltd., utilizing each other’s comprehensive strengths to implement strategic initiatives that will enable further business expansion
SDGs	• Following the sale of Drummond thermal coal interests, sold Ravensworth North thermal coal interests → Reduced GHG emissions from fossil fuel businesses and interests by 50% ahead of schedule • Taking advantage of existing earnings base, steadily promoted the business of energy storage systems, plastic recycling, traceable natural rubber, etc., and more in response to social needs
Human resource strategy	• Established the Women’s Advancement Committee as one of the advisory committees to the Board of Directors → Strengthened support for women’s career development through monitoring by the Women’s Advancement Committee • Evolved our Morning-Focused Working System and introduced Morning-Focused Flextime System → Further enhanced labor productivity through these flexible working styles combined with a work from home system
Others	• Continued to receive high marks for its investor relations activities, including the annual report, and in SDG / ESG evaluations • Remained the only major general trading company that has been included in all ESG investment indices adopted by the GPIF

Business Results

(Billions of yen)	FYE 2021 Results	**FYE 2022 Results**	Increase / Decrease
Consolidated net profit	401.4	∗ 820.3	+418.8
Extraordinary gains and losses	(51.0)	∗ 130.0	+181.0
Core profit	Approx. 452.5	∗Approx. 690.0	Approx. +237.5
Core profit excluding the impact of COVID-19	*Approx. 508.5*	*Approx. 727.0*	*Approx. +218.5*
Non-resource	292.7	∗ 610.3	+317.6
Resource	107.9	∗ 221.6	+113.7
Others	0.9	(11.6)	(12.5)
Non-resource (%)*	73%	73%	Almost no change
Profits / losses of Group companies	359.6	∗ 708.9	+349.2
Ratio of Group companies reporting profits (%)	82.4%	90.9%	Increased 8.4pt
EPS	¥269.83	∗ ¥552.86	+¥283.03

* % composition is calculated using the total of non-resource and resource sectors as 100%.
∗ Record high

Consolidated Net Profit by Segment



Cash Flows

Cash Flows

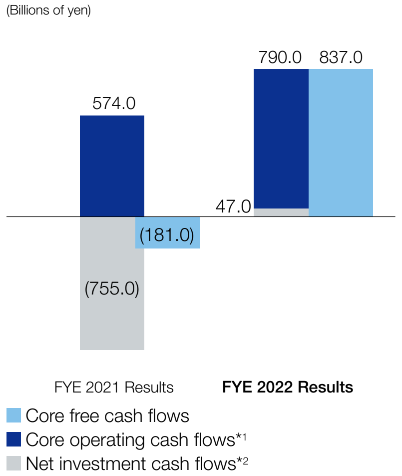
(Billions of yen)	FYE 2021 Results	**FYE 2022 Results**
Cash flows from operating activities	895.9	801.2
Cash flows from investing activities	(207.3)	38.6
Free cash flows	*688.6*	∗ *839.8*
Cash flows from financing activities	(728.8)	(846.7)

Core Free Cash Flows

(Billions of yen)	FYE 2021 Results	**FYE 2022 Results**
Core operating cash flows[*1]	574.0	∗ 790.0
Net investment cash flows[*2]	(755.0)	47.0
Core free cash flows	(181.0)	∗ 837.0

[*1] “Cash flows from operating activities” – “Changes in working capital” + “Repayment of lease liabilities, etc.”
[*2] Payments and collections for substantive investment and capital expenditure
“Investment cash flows” + “Equity transactions with non-controlling interests” – “Changes in loan receivables,” etc.
∗ Record high

Core Free Cash Flows

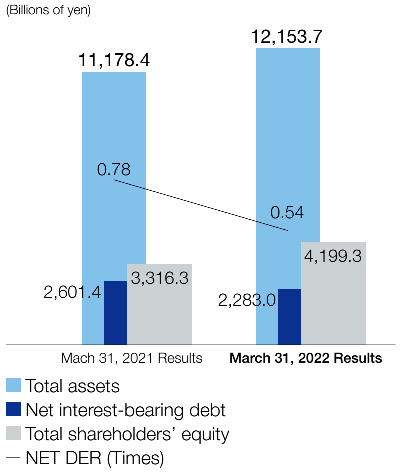


Financial Position

(Billions of yen)	March 31, 2021	**March 31, 2022**	Increase / Decrease
Total assets	11,178.4	∗ 12,153.7	+975.2
Net interest-bearing debt	2,601.4	2,283.0	(318.4)
Total shareholders’ equity	3,316.3	∗ 4,199.3	+883.0
Ratio of shareholders’ equity to total assets	29.7%	∗ 34.6%	Increased 4.9pt
NET DER	0.78 times	∗ 0.54 times	Improved 0.24
ROE	12.7%	21.8%	Increased 9.1pt

∗ Record high (NET DER : Best record)

Financial Position



FYE 2023 Management Plan

In FYE 2023, the second year of "Brand-new Deal 2023," the business environment remains uncertain amid concerns about downward pressure on the global economy caused by rising geopolitical risks, spiking resource prices, and rising inflation. Nonetheless, we will continue comprehensively enhancing sustainable corporate value by pursuing growth strategies founded on our basic policies, namely, "Realizing business transformation by shifting to a market-oriented perspective" and "Enhancing our contribution to and engagement with the SDGs through business activities," in order to steadily expand our earnings base in our strong non-resource sector.

Quantitative and Qualitative Targets

Quantitative Targets

FYE 2023 profit plan: Consolidated net profit of ¥700.0 billion

Core profit expected to reach a record high of ¥710.0 billion due to growth in the non-resource sector

Brand-new Deal 2023 Basic Policy Qualitative Targets

Realizing business transformation by shifting to a market-oriented perspective

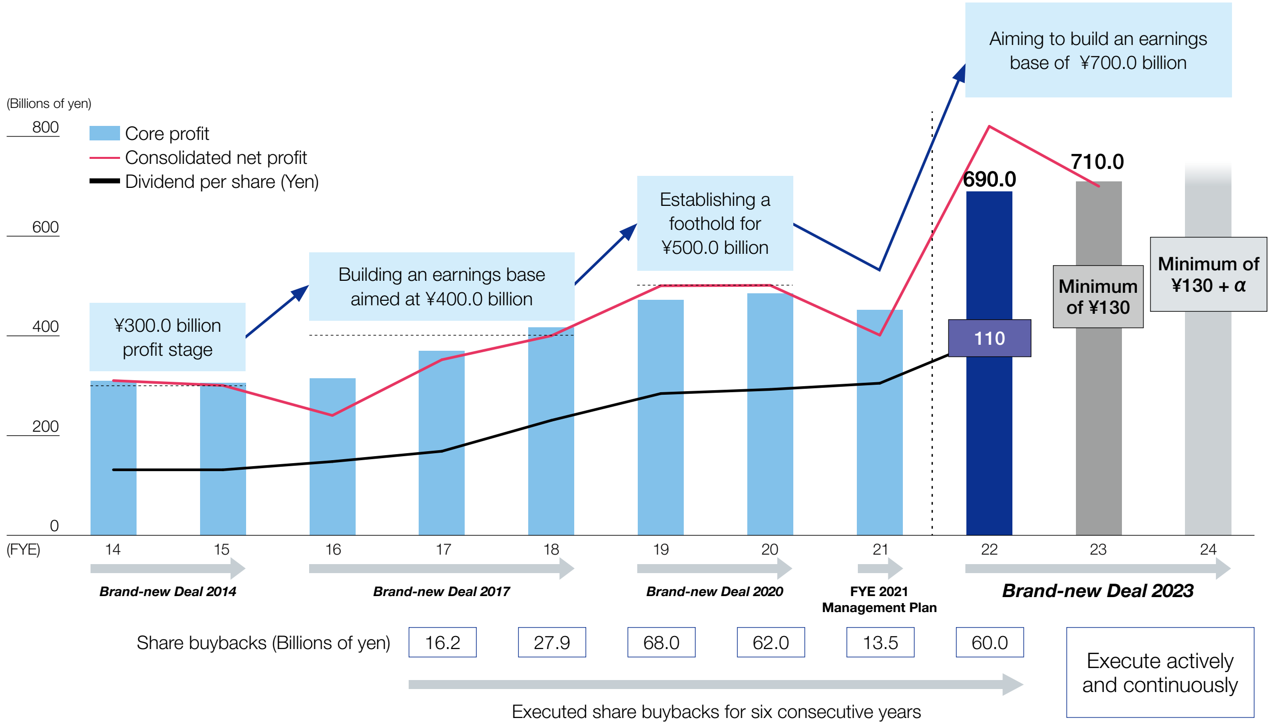
Profit opportunities are shifting downstream

Profit sources are shifting from upstream to downstream. Breaking down the negative effects caused by silos is an urgent task. We will advance business model evolution and growth opportunity creation.

Enhancing our contribution to and engagement with the SDGs through business activities "*Sampo-yoshi* capitalism"

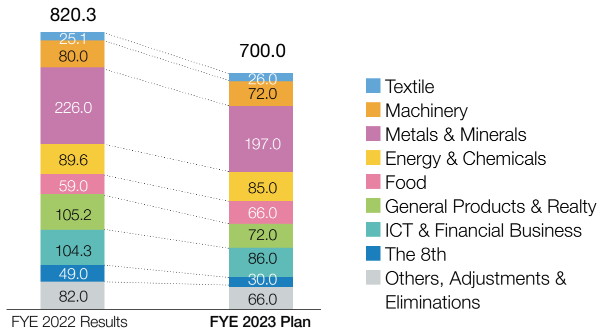
To realize a sustainable society, we embrace an approach to capitalism with greater emphasis on serving all stakeholders. Through our business activities, we will contribute to the achievement of the SDGs in such ways as maintaining the foundations of everyday life and protecting the environment.

Profit Growth under "Brand-New Deal 2023"



Consolidated Net Profit by Segment

(Billions of yen)



(Billions of yen)		FYE 2022 Results	FYE 2023 Plan
Non-resource	Core profit	500.3	528.0
	Extraordinary gains and losses	110.0	20.0
	Consolidated net profit	610.3	548.0
Resource	Core profit	199.1	190.0
	Extraordinary gains and losses	22.5	0.0
	Consolidated net profit	221.6	190.0
Others		(11.6)	(38.0)[1]
Non-resource (%)[2]		73%	74%

[1] Includes a loss buffer of ¥30.0 billion

[2] % composition is calculated using the total of non-resource and resource sectors as 100%.

Financial Position, Cash Flows, and Ratio Plan

	FYE 2022 Results	*Brand-new Deal 2023* FYE 2023–FYE 2024
Core operating cash flows (Billions of yen)	790.0	Cash allocation based on the consistent maintenance of positive core free cash flows after deducting shareholder returns
Net investment cash flows (Billions of yen)	47.0	Actively promote strategic investments in a timely manner and accelerate asset replacement through business transformation
Core free cash flows after deducting shareholder returns (Billions of yen)	614.0	
NET DER (Times)	0.54	B/S control appropriate for A ratings [NET DER: about 0.7–0.8 times]
Shareholders' equity (Trillions of yen)	4.2	
ROE (%)	21.8	Maintaining high efficiency [ROE: about 13–16%]

Shareholder Returns Policy

Dividend: Brand-new Deal 2023 New Dividend Policy (FYE 2023 Version)

- Continuation of a progressive dividend policy during "Brand-new Deal 2023"
- Implementation of incremental increases to the minimum dividend
  (Minimum of ¥130 per share in FYE 2023 ➡ Minimum of ¥130 + α per share in FYE 2024)
- Commitment to a payout ratio of 30% by FYE 2024

Share Buybacks

- Active and continuous execution of share buybacks as appropriate in consideration of the cash allocation situation based on market environment

Assumptions

	FYE 2022 Results	FYE 2023 Plan	(Reference) Sensitivities on consolidated net profit for FYE 2023
Exchange rate (Yen/US$ Average)	111.54	120	Approx. ¥(3.5) billion (1 yen appreciation against US$)
Exchange rate (Yen/US$ Closing)	122.39	120	—
Interest rate (%) TIBOR 3M (¥)	0.06%	0.1%	Approx. ¥(0.4) billion (0.1% increase)
Interest rate (%) LIBOR 3M (US$)	0.24%	2.5%	Approx. ¥(0.2) billion (0.1% increase)
Crude oil (Brent) (US$/BBL)	79.92	90	±¥0.4 billion[3]
Iron ore (CFR China) (US$/ton)	154[1]	N.A.[2]	±¥1.2 billion[3]

[1] FYE 2022 price for iron ore is a price that ITOCHU regards as general transaction prices based on the market.

[2] The price of iron ore used in the FYE 2023 Plan is an assumption made in consideration of general transaction price based on the market. The actual price is not presented, as this is subject to negotiation with individual customers and varies by ore type.

[3] The above sensitivities vary according to changes in sales volume, foreign exchange rates, production cost, etc.

Steppingstones to Medium- to Long-Term Value Creation

Our aim in this section is to give an overview of business transformation and development that begins from frontline operations in accordance with the basic policies of “Realizing business transformation by shifting to a market-oriented perspective” and “Enhancing our contribution to and engagement with the SDGs through business activities,” which are set out in the medium-term management plan “Brand-new Deal 2023.”
Also, a special feature provides numerous specific examples of such initiatives.

Component of the corporate value calculation formula focused on in this section

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

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13% or more
Medium- to long-term ROE target

30%
Commitment to a payout ratio by FYE 2024

CSO Interview

We will steadily promote well-grounded strategies and measures while keeping an eye out for opportunities and risks in the uncertain business environment.

I was named Chief Strategy Officer (CSO) in April.

Joining ITOCHU in 1987, I was assigned to the present-day Textile Company but have since spent around half of my career in jobs related to business planning. Especially in these last 10 years, I have been closely engaged in businesses that now form the core of ITOCHU's business strategies, namely FamilyMart and CP and CITIC, in the Corporate Planning & Administration Division, which promotes Companywide projects connected to formulating business plans and implementing growth strategies, and in the Food Company. Going forward, to leverage the insights I have gained as the Chief Digital & Information Officer (CDO·CIO) and firmly put ITOCHU's business strategies on a growth trajectory, I intend to continue building business models, focusing on the front lines, that transcend conventional frameworks when necessary.

Going forward, what are some key points you will focus on when investing?

We have compiled four lessons and am working to ingrain them internally.

ITOCHU has investment and exit criteria, so we, of course, adhere to these criteria. Another given assumption is that when formulating investment strategies, we pay attention to country risks including current geopolitical risks and foreign exchange rates. Moreover, we need to pay sufficient attention to the validity of business plans and future business potential based on SDG trends, which constitute checklist items for investment criteria. (➔Page 40 Business Investment)

As the lead of ITOCHU, the Corporate Planning & Administration Division compiled the following four lessons learned from past investment failures. By repeatedly sharing them at major Companywide meetings, I strive to ingrain them so we will pay heed to them from the very moment we begin to study a frontline investment opportunity.

The Four Lessons

1. Overpaying for investment
2. Investments aimed at seizing profit from investees
3. Relationships with partners
4. Lack of hands-on management

Regarding the first lesson, investing in projects that assume future synergy creation and increase in value will inevitably generate goodwill, but it is especially important to control the value of investments to minimize future risk of impairment loss. Trade purchases are similar, but when business performance is strong, it is easy to forget the discipline of "buying low," so I am working hard to reinforce this mindset. For example, I warn against immediately jumping at project opportunities introduced by external parties. The second lesson refers to investments that target solely an increase in consolidated profit only through the investment itself, which is something that tends to happen in business divisions that seem unlikely to meet their quantitative targets. Because they are only targeted for current profit contributions, these assets tend to already be at peak profitability or in a field or area with limited insight. At the same time, there is a high possibility that the investment returns of profits and dividends will decline in the near future. We are careful to avoid these kinds of short sighted investments. The third and fourth lessons have similarities. There are investments where ITOCHU cannot seize management control or take the initiative and must instead rely on partners. They especially need attention if the partner has poor business sense or a weak financial foundation. Diligently polishing businesses through hands-on management is a strength of ITOCHU's management and one of its unique characteristics. Therefore, the most important key is first determining whether ITOCHU can seize management control or take the initiative when investing.

Hiroyuki Naka

Member of the Board,
Executive Officer,
CSO; CDO·CIO;
General Manager,
Corporate Planning &
Administration Division

What factors do you pay attention to when promoting DX on the front lines of business?

We will steadily build up individual projects that are expected to swiftly contribute to profit.

ITOCHU's DX is not some grand scheme to build an industry-wide platform. Our DX is well-grounded. We do not make DX itself a target. Instead, we steadily build up individual projects that are expected to swiftly contribute to profit, namely those that optimize supply chains and make operations more efficient while leveraging existing business foundations. We will then work to horizontally roll out these projects inside and outside the Group. As a result, the Group is promoting DX and data organization on the front lines of each business in which it has strengths. We aim to instill this approach.

The existence of the Companywide IT & Digital Strategy Division supports this frontline-led DX. From FYE 2022, we formed the IT & Digital Strategy Division by unifying the headquarters' DX promotion organization of the Business Innovation Department, which cultivates new business fields, and the IT Planning Division, which was responsible for IT systems. We established a system that supports and promotes corporate DX, which is connected to the "cut" and "prevent" principles in ITOCHU, and business DX, which is connected to the "earn" principle that is conscious of the Groupwide market-oriented perspective and customer contact points.

Going forward, the IT & Digital Strategy Division and the ICT & Financial Business Company, which holds one of Japan's largest system integrators, CTC, will play a central role in steadily promoting projects with comprehensive end-to-end process support, including the identification of business issues, proof-of-concept tests, cost-benefit analysis, and practical application.

For example, at distribution centers of NIPPON ACCESS, INC., we are installing AI automated ordering systems for 1,500 items at FamilyMart. By utilizing downstream data, we have already verified a 30% decrease in inventory and around a 50% decrease in order-related workload. We began operating AI systems at all 47 distribution centers. In addition, in FYE 2023, we plan to roll out the insights we gained from this supply chain initiative of FamilyMart to the supermarket industry, etc.

In the near future, our plan is to achieve further profit growth by utilizing digital technologies, including AI and data, at the front lines of each business as a matter of course.

How will you respond to risks related to Russia–Ukraine and what is your policy on initiatives with CITIC?

Our guidance has already taken potential geopolitical risks into account.

In Russia, ITOCHU operates mainly energy-related businesses and an automobile-related business. In Ukraine, we operate an automobile-related business. As of March 31, 2022, our exposure to Russia and to Ukraine stood at ¥42.1 billion and ¥2.6 billion, respectively.

Our FYE 2023 management plan has already factored in all plausible concerns, including Russia- and Ukraine-related losses in affiliates. Even if an additional loss is recorded, we have determined that we have made a sufficient "backstop" by setting a loss buffer of ¥30.0 billion. (➔Page 79 Country Risk)

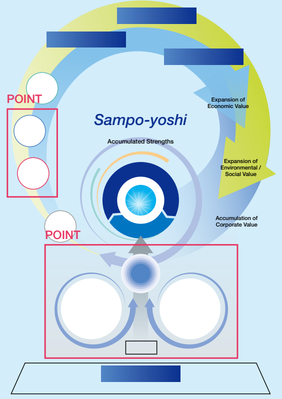
In addition, regarding business in China, although we need to similarly pay attention as other countries and regions, the generally shared understanding is that there are high expectations for the market, which has around 1.4 billion people and is forecast to grow substantially. Since commencing a strategic business and capital alliance with CITIC, our credibility in conducting business in China has been significantly enhanced. From a long-term perspective, there is no change in our view that this will be a benefit. There is no change in our medium- to long-term policies for our engagement. The consolidated net profit of CITIC in FY 2021 was HK$70.2 billion (around ¥1 trillion), up 24% year on year. Furthermore, the dividends ITOCHU received grew to ¥25.3 billion, the sixth consecutive year of increased profit and dividends since commencing this investment in 2015. Although issues remain, such as improvement of the share price, business performance has remained strong, progressing toward its five year plan target of HK$100.0 billion in consolidated net profit in FY 2025.

SPECIAL FEATURE

Merchants Who Continue to Transform

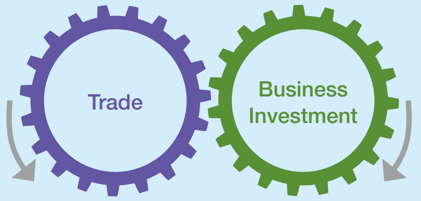
Our Business Model, as Seen through Business Development

By utilizing financial and non-financial capital, focusing on fields where we can demonstrate strengths, and creating multifaceted, linked businesses, we strive to enhance earning power of trade and business investment. By leveraging our business know-how and client and partner assets, we expand trade by creating added value and invest in fields where we have knowledge and can control risk. Amid rapid changes in the business environment, we are also strengthening our earnings base through timely strategic investments and continuous asset replacement for businesses that have passed their peak and/or are low-efficiency. Going forward, we will sustain value creation by maximizing synergies and upgrading our businesses through business transformation that starts from downstream and is driven by market-oriented perspectives, while thoroughly instilling the "earn, cut, prevent" principles.



Trade

- Building networks with clients and partners
- Buying, selling, and brokering of products
- Providing logistics and financial functions



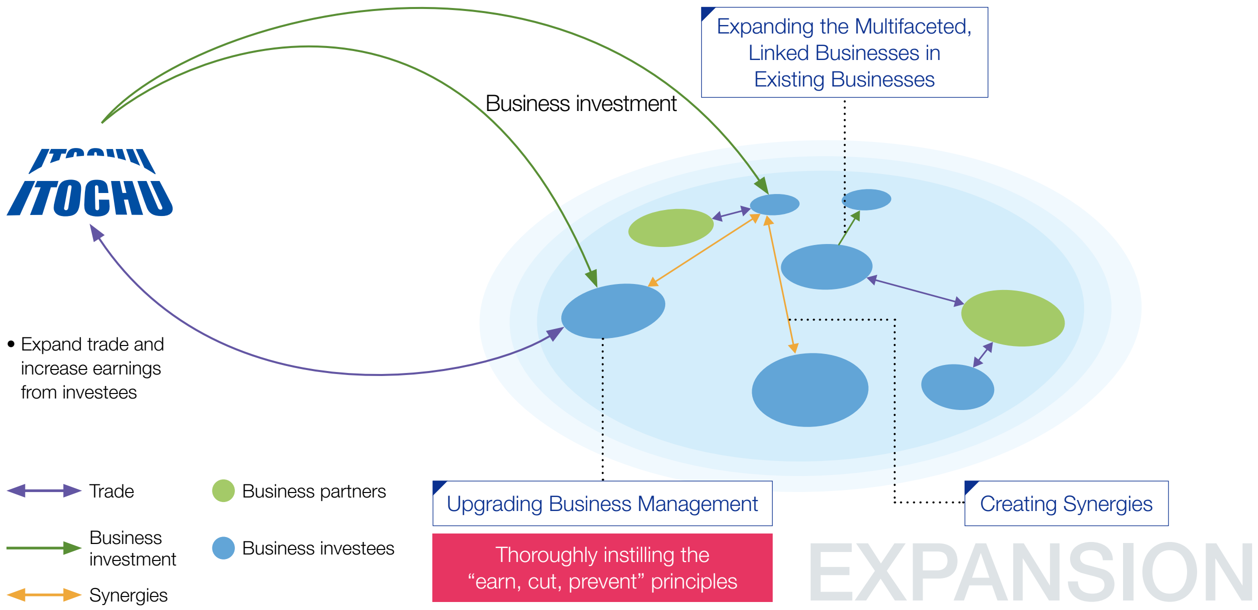
Business Investment

- Concentrating capital in fields and regions where we have expertise
- Securing goods (raw materials and products)
- Acquiring customer contact points

Action Principals

Forming Domains and Expanding Multifaceted, Linked Businesses through Trade and Business Investment

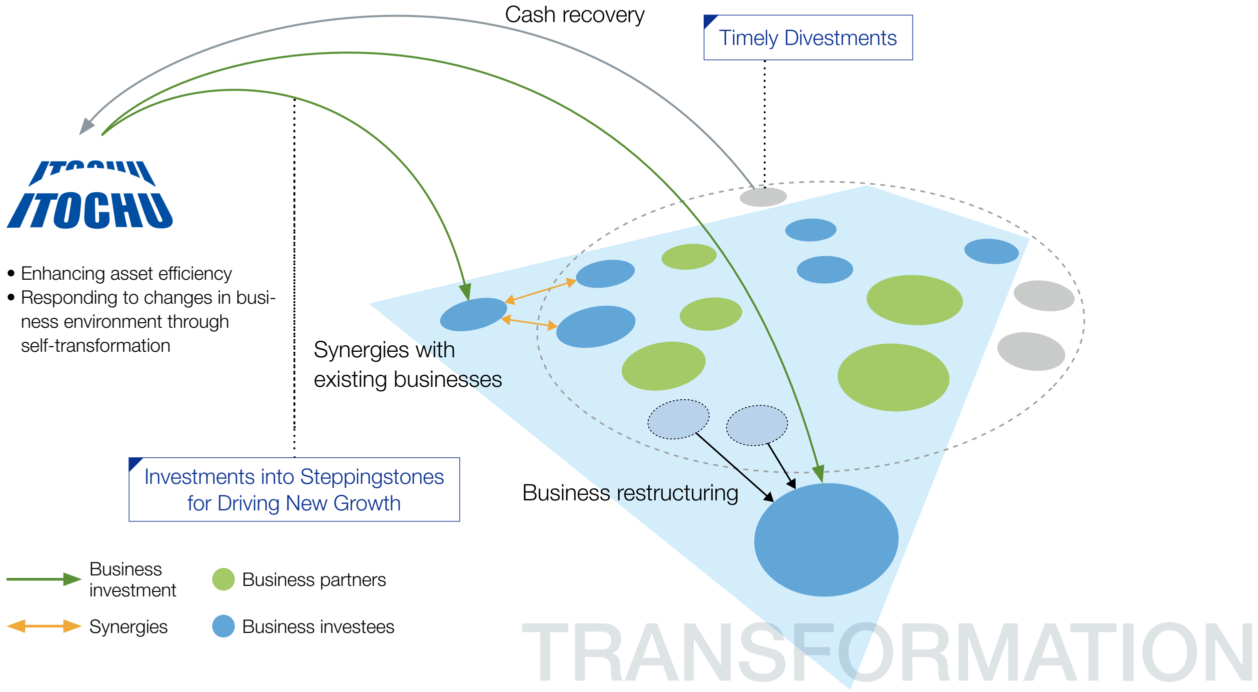
We utilize our accumulated financial and non-financial capital to develop businesses through trade and business investment. Our goal is to increase our earning power of trade and business investment. To this end, we upgrade business management by instilling the "earn, cut, prevent" principles, while creating multifaceted, linked businesses through trades and synergies.



Responding to Changes in the Business Environment

Building a Robust Earnings Base through Asset Replacement

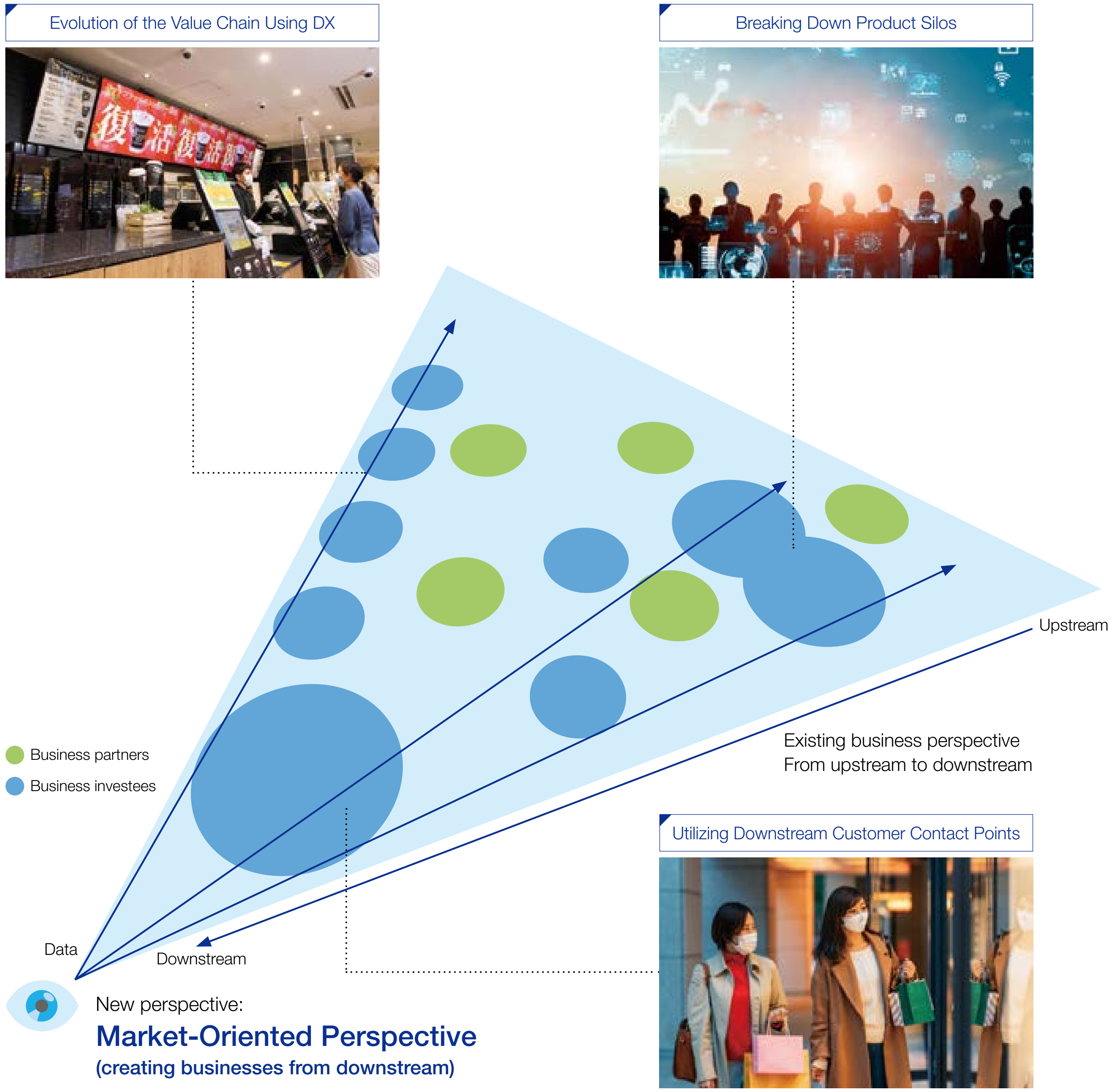
We precisely assess changes in the business environment and execute cash recovery by business restructuring and exiting from assets that have lost strategic significance from the viewpoint of asset efficiency and risk management. By reinvesting the recovered funds into new strategic areas, we are building a more robust earnings base.



Meeting Consumer and Social Needs

Upgrading Our Business Model from a Market-Oriented Perspective

We will upgrade businesses to respond to consumer and social needs by shifting to a downstream-centered market-oriented perspective and by strengthening collaboration among Division Companies to break down product silos. Furthermore, we aim to expand our earnings base by fully utilizing our real and digital customer contact points. We will further improve asset efficiency through optimization of value chains by utilizing data and new technologies and pursuit of greater efficiency of business management.



EVOLUTION

ITOCHU is prompting business transformation based on basic policies of Brand-new Deal 2023: “Realizing business transformation by shifting to a market-oriented perspective” and “Enhancing our contribution to and engagement with the SDGs through business activities.” In this special feature, we will illustrate examples that we continue aiming to sustainably enhance corporate value and expand our earnings base by transformation of business model.

Basic Policies of “Brand-new Deal 2023”

Realizing business transformation by shifting to a market-oriented perspective

TRANSFORMATION 1

FamilyMart’s Goal of Renewed Growth ➔ Page 62
Evolution of Value Chains, Starting with FamilyMart ➔ Page 64

- Utilizing Downstream Customer Contact Points
- Evolution of the Value Chain Using DX
- Breaking Down Product Silos

TRANSFORMATION 2

Self-Transformation in Anticipation of Changes in the Market of the ICT & Financial Business Company ➔ Page 66

- Investments into Steppingstones for Driving New Growth
- Evolution of the Value Chain Using DX

TRANSFORMATION 3

Polishing Business through a Hands-On Management Style ➔ Page 68

- Upgrading Business Management
- Utilizing Downstream Customer Contact Points

TRANSFORMATION 4

New Steppingstones for the Advancement of the Construction Machinery Business ➔ Page 70

- Expanding the Multifaceted, Linked Businesses in Existing Businesses
- Utilizing Downstream Customer Contact Points

Enhancing our contribution to and engagement with the SDGs through business activities

TRANSFORMATION 5

Business Expansion in Accordance with a Decarbonized Society (Distributed Power System Supply Platform) ➔ Page 72

- Expanding the Multifaceted, Linked Businesses in Existing Businesses
- Investments into Steppingstones for Driving New Growth
- Utilizing Downstream Customer Contact Points

TRANSFORMATION 6

Sustained Growth through Strengthening the Value Chain (Natural Rubber and Tire Business) ➔ Page 73

- Expanding the Multifaceted, Linked Businesses in Existing Businesses
- Evolution of the Value Chain Using DX

TRANSFORMATION 1

FamilyMart's Goal of Renewed Growth

Utilizing Downstream Customer Contact Points | Evolution of the Value Chain Using DX | Breaking Down Product Silos

After privatization in FYE 2021, greater management flexibility has allowed FamilyMart's operation to become more customer-centric than ever before, making it possible to nimbly respond to the rapidly changing external environment and customer needs.

This feature explores FamilyMart's goals and current status as it works to strengthen the foundation of its convenience store business and expand new businesses through the medium-term management plan, which commenced in FYE 2023 and designates a three-year period for achieving renewed growth.

Toward the Next Decade of FamilyMart

Kensuke Hosomi
Representative Director
and President
FamilyMart Co., Ltd.

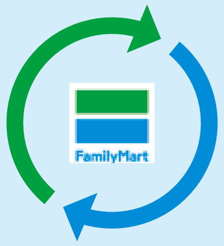
FamilyMart marked the 40th anniversary of its founding in FYE 2022, the year I was appointed president. Utilizing my experience at a general trading company running brand businesses, we are working hard to improve daily sales and profit at stores and to create a new convenience store concept that is not bound by existing frameworks.

We positioned FYE 2022 as a year to put the company on a path to renewed growth and steadily implemented measures to lay the foundation and sow the seeds for the future. A series of new hit products such as *Convenience Wear* and *Butter Biscuit Sandwich* have been introduced. In addition, we have been installing in-store digital signage, with expanding new revenue opportunities such as in the advertising and media business, generating positive feedback.

The medium-term management plan started in FYE 2023 is positioned as a three-year period for achieving renewed growth. Although we are embarking on a voyage in a difficult environment due to rising raw material and energy costs, we will strengthen the earning power of our convenience store business by enhancing product appeal, brand strength, customer base, store infrastructure, and more as we rebuild the supply chain. In addition, we intend to create a new growth cycle by expanding new businesses that leverage our convenience store business base, such as advertising, media, and finance, etc., and by creating synergies. We will also advance the "well-grounded digitalization" that contributes to store operations, such as "FamiPay" app, unmanned payment store operation, and humanoid AI assistants, as well as promoting the SDGs that are unique to FamilyMart. Our corporate message is "FamilyMart, Where You Are One of the Family." We will continue to work together with our franchisees to become the convenience store of choice for our customers.

New Growth Cycle

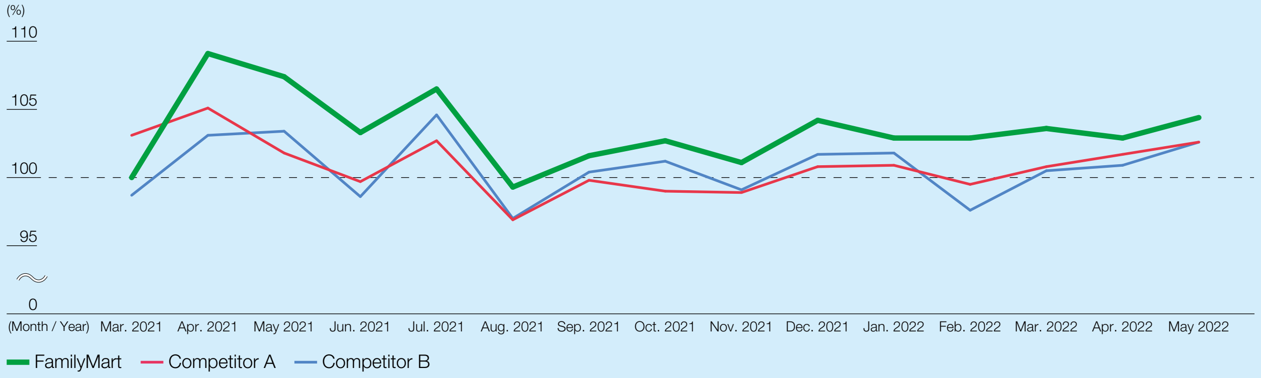
Expand new business by leveraging the foundation



Strengthen the foundation of the convenience store business

Reform cost structures | Optimal use of digital technologies | Unique SDG promotions

Daily Sales at Existing Stores of the 3 Major Convenience Store Operators (year on year)



Progress of Various Measures

Details of Past Measures	Current Status and Future Measures (Newly explained in ANNUAL REPORT 2022)	
Initially Set Goals	Current Status	After Achieving Goals
Strengthen Branding and Business Foundation		
Creation of Signature and Mainstay Products • Developed and cultivated signature products • Strengthened mainstay products • Strengthened private brands	**Improved Product Appeal** • Strengthening product development through integrated sales, product and marketing efforts, resulting in a series of hit products (sweets, breads, etc.) • Strong sales of *Convenience Wear* • Launch of new FAMIMARU private brand	**Gain Chain Brand Strength for Increasing Daily Sales at the Stores** • Enhance product development capabilities to create hit products on an ongoing basis • Grow customer traffic • Establish a chain brand that will be loved by everyone for years to come
Strengthen the Digital Customer Base		
Expanded the Number of App Users to Increase Customer Contact Points • Increased downloads (over 8 million as of March 31, 2021) • Expanded "FamiPay" payment service and financial business	**Reached 12.5 Million App Downloads (as of May 31, 2022)** • Contributing to an increase in repeat user rates • Making progress in marketing applications • Launched BNPL "FamiPay Next-Month Payment" and "FamiPay Loan" services	**Increase the Number of Loyal Customers** • Further increase the frequency of customer visits and increase unit price per purchase • Expand profits of financial services ➲ Page 125 Strengthening of Digital Interfaces with Customers through "FamiPay" App
Progress in Advertising and Media Business		
Generate Revenues by Turning Stores into Media • Expanded advertising media business • Implemented FamilyMart's unique advertising distribution service linked to the sales floor • Created new store value	**Installed Signage in 3,000 Stores (as of June 30, 2022)** • Established Gate One Corp., an advertising media business • Expanding FamilyMart's unique region- and time-based distribution contents • Expanding advertising customer base	**Establish Media Value of the Stores** • Ensure media scale with installation in all stores possible • Monetize advertising media business (new revenue source) • Increase daily sales and profit by attracting customers ➲ Page 64 Development of Advertising and Media business
Well-Grounded Digitalization		
Improve Store Operations through Digitalization and Optimize the Supply Chain • Improved accuracy of sales forecasts • Improved efficiency of store operations through the use of digital technology • Reduced costs through optimization of product delivery operations to stores	**Increasing Efficiency of Store Operations and Supply Chain** • Conducting and expanding pilot tests of AI-based order recommendation functionality and store manager support from humanoid AI assistants • Began reducing manpower by introducing unmanned payment stores and beverage automatic shelving robots • Developing and introducing a constant temperature delivery route simulator	**Improve Store Operations and Further Streamline the Supply Chain** • Reduce opportunity loss at stores and waste loss throughout the supply chain with enhanced sales forecasting • Reinforce efficiency of store operations through labor savings • Further streamline store delivery operations and cost reductions through expanded use of delivery route simulators ➲ Page 64 Evolution of Value Chains with DX

TRANSFORMATION 1 Evolution of Value Chains, Starting with FamilyMart

In its convenience store business, ITOCHU and its Group companies are collaborating to build and strengthen the value chain, stretching from downstream through to upstream operations. To grow the value of the Group's convenience store business, which centers on FamilyMart, we are creating synergies that transcend Division Companies' boundaries. Specifically, while The 8th Company is acting as a hub, we not only strengthen the food value chain but also focus on such diverse areas as daily necessities, financial services, systems development, and construction materials.

Advertising and Media Business★

Development of the Advertising and Media Business

The digital advertising distribution business currently has approximately 24 million advertising IDs, one of the most extensive collections in Japan at present. Using purchase history data, it is possible to distribute advertisements that consumers are likely to be interested in on an ID to ID basis. Additionally, it is possible to analyze the purchases by consumers who saw the advertisements. Our services are highly regarded by advertisers such as manufacturers.

We have finished installing digital signage (large display panels) for advertisements at 3,000 stores as of June 30, 2022. Out of the approximately 16,600 existing stores in Japan, we plan to install signage in every single store possible by FYE 2024, with the aim of developing our stores into a third media platform after TVs and the internet.

Targeting advertising	■ Data One Corp.
Digital signage	■ Gate One Corp.

Intermediate Distribution★

We handle logistics to individual stores.

Wholesale / Logistics	■ NIPPON ACCESS, INC.
Comprehensive logistics services	■ ITOCHU LOGISTICS CORP.
Delivery vans	▲ NIPPON CAR SOLUTIONS Co., Ltd.
Fuel for delivery vans (renewable diesel)	■ ITOCHU ENEX CO., LTD.

Evolution of Value Chains with DX

At distribution centers of NIPPON ACCESS, INC., we are installing AI automated ordering systems for 1,500 items at FamilyMart. By utilizing downstream data, we have already verified a 30% decrease in inventory and around a 50% decrease in order-related workload. We began operating AI systems at all 47 distribution centers. In addition, in FYE 2023, we plan to roll out the insights we gained from this supply chain initiative of FamilyMart to the supermarket industry, etc.

★ All of the products and services listed are provided by ITOCHU Group (ITOCHU, subsidiaries, and affiliates) and ITOCHU's business partners.

Operational Support★

We support the operational efficiency of approximately 16,600 stores in Japan in many different ways—from systems development through to the leasing of store fixtures.

Systems development	■ CTC
Electricity supply	■ ITOCHU Plantech Inc.
Construction materials	■ ITOCHU KENZAI CORPORATION
3Rs+W service*	■ ITOCHU Metals Corporation
Contact centers	▲ BELLSYSTEM24, Inc.
Leasing of store fixtures	▲ Tokyo Century Corporation

* Reduce, Reuse, Recycle, and Waste management

Service★

We provide customers with a broad range of services matching daily needs in fields such as finance and insurance.

Famima T Cards	■ POCKET CARD CO., LTD.
POSA cards	■ CONEXIO Corporation
Motorbike liability insurance, one-day automobile insurance, FamilyMart coupons	● ITOCHU
FamiPay (Payment function, pay in next-month, retail finance)	■ Famima Digital One Co., Ltd.

Food Product and Peripheral Business★

Sales agents — Manufacturing / Processing — Product planning — Raw materials

We coordinate the optimal food value chain from the formulation of raw material procurement schemes to the arrival of items on store shelves, including product planning, manufacturing, processing, and procurement of containers and packaging materials.

Food Product	
Ready-to-eat products (rice balls, boxed lunches)	■ Japan Food Supply Co., Ltd. ■ ITOCHU Food Sales and Marketing Co., Ltd. ■ ITOCHU FEED MILLS CO., LTD., etc.
Spicy Chicken (fried chicken)	◆ CP Group
FAMICHIKI (fried chicken)	● ITOCHU
FAMIMA CAFÉ (over-the-counter coffee)	■ UNEX (GUATEMALA), S.A., etc.
Bananas	■ Dole
Eggs	■ ITOCHU FEED MILLS CO., LTD.
Soy meat and general raw materials for confectioneries, etc.	▲ FUJI OIL CO., LTD.

Containers and Packaging	
Rice ball wrapping films and recycled PET boxed lunch containers, etc.	■ ITOCHU PLASTICS INC.
To-go item containers (coffee cups, etc.)	■ ITOCHU Retail Link Corporation ■ ITOCHU PULP & PAPER CORPORATION

Non-Food Product★

We provide daily necessities and supplies needed for daily store operation.

Supplies (Store items supporting operation, etc.)	
Chopsticks, individual-use hand towels, plastic bags, cleaning supplies	■ ITOCHU Retail Link Corporation
Uniforms	● ITOCHU
Cash register rolls, copy paper, ATM paper	■ ITOCHU Retail Link Corporation ■ ITOCHU PULP & PAPER CORPORATION

Daily Necessities	
FAMIMARU daily necessities	■ ITOCHU Retail Link Corporation ■ Sanipak Company Of Japan, Ltd.
Convenience Wear (basic apparel and lifestyle sundries, etc.)	● ITOCHU

■ Subsidiary ▲ Affiliated company ◆ Business partner ● ITOCHU

Merchants Who Continue to Transform

TRANSFORMATION 2

Self-Transformation in Anticipation of Changes in the Market of the ICT & Financial Business Company

Investments into Steppingstones for Driving New Growth

Evolution of the Value Chain Using DX

The ICT & Financial Business Company is one of ITOCHU's unique segments, leading us to differentiate ourselves from industry peers. In recent years, its presence has expanded as one of the earnings pillars in the non-resource sector. As a result of steadily implementing strategies that anticipate market changes and consistently focusing on profit expansion, consolidated net profit in FYE 2022 grew to over ¥100.0 billion. Leveraging our business foundation, which has competitive advantages that cannot be built overnight, we aim to achieve further growth centered on the DX, mobile, and retail finance and insurance business. In the DX field in particular, amid increasing digitalization around the world, we will continue striving to expand profit by meeting the DX support needs of corporate customers from a market-oriented perspective.

Self-Transformation through Strategies That Anticipate Market Changes

Since the 1990s, the ICT & Financial Business Company has seized opportunities to access leading-edge technologies and services that drive innovation through investment in venture capital funds in Silicon Valley and other parts of the world. The culture and practice of developing new businesses has taken root. While undergoing a series of integration and reorganization with other segments historically, the earnings base has been rebuilt by steadily implementing strategies that anticipate market changes.

In expectation of expanding markets in the telecommunications and mobile sector, as well as growing recycling needs and higher prices for mobile devices, the ICT Division launched a secondhand mobile devices distribution business as it works to expand mobile-related business. In addition, in the information technology sector, we fully entered the DX and BPO* businesses with an eye toward increasingly sophisticated utilization of IT and rising demand for communication with consumers.

In the Financial & Insurance Business Division, we focus on the retail business, operate an auto loan business in Europe and a retail finance business in Asia, and invested in HOKEN NO MADOGUCHI GROUP INC.

Since transitioning to our current Business Company structure in FYE 2017, we have continued to steadily expand profit through these efforts. Going forward, with DX, mobile, and retail finance and insurance business as our focus sectors, we aim to achieve growth by providing market-oriented services adapted to the accelerating pace of change in the business environment and diversifying customer needs.

* Business Process Outsourcing: Outsourcing of some business processes, from planning and designing to operation

Changes

ICT

FYE 1998–2010

- Persistent non-consolidated operating loss
- Limited role played by headquarters

Since FYE 2011

- Establishment of new earnings base (mobile-related business, BPO business, etc.)
- Reduce dependence on CTC
- Non-consolidated operating profit turned to positive

Financial & Insurance Business

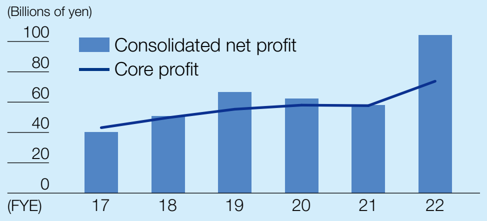
FYE 2009–2012

- Continued deficit trend (FYE 2009–2011)
- Breakup of divisions, to be a part of corporate headquarters (FYE 2012)

Since FYE 2013

- Focus on the retail business
  - Retail finance business
  - Insurance business (HOKEN NO MADOGUCHI)

Business Performance Since Launch of the ICT & Financial Business Company (FYE 2017)



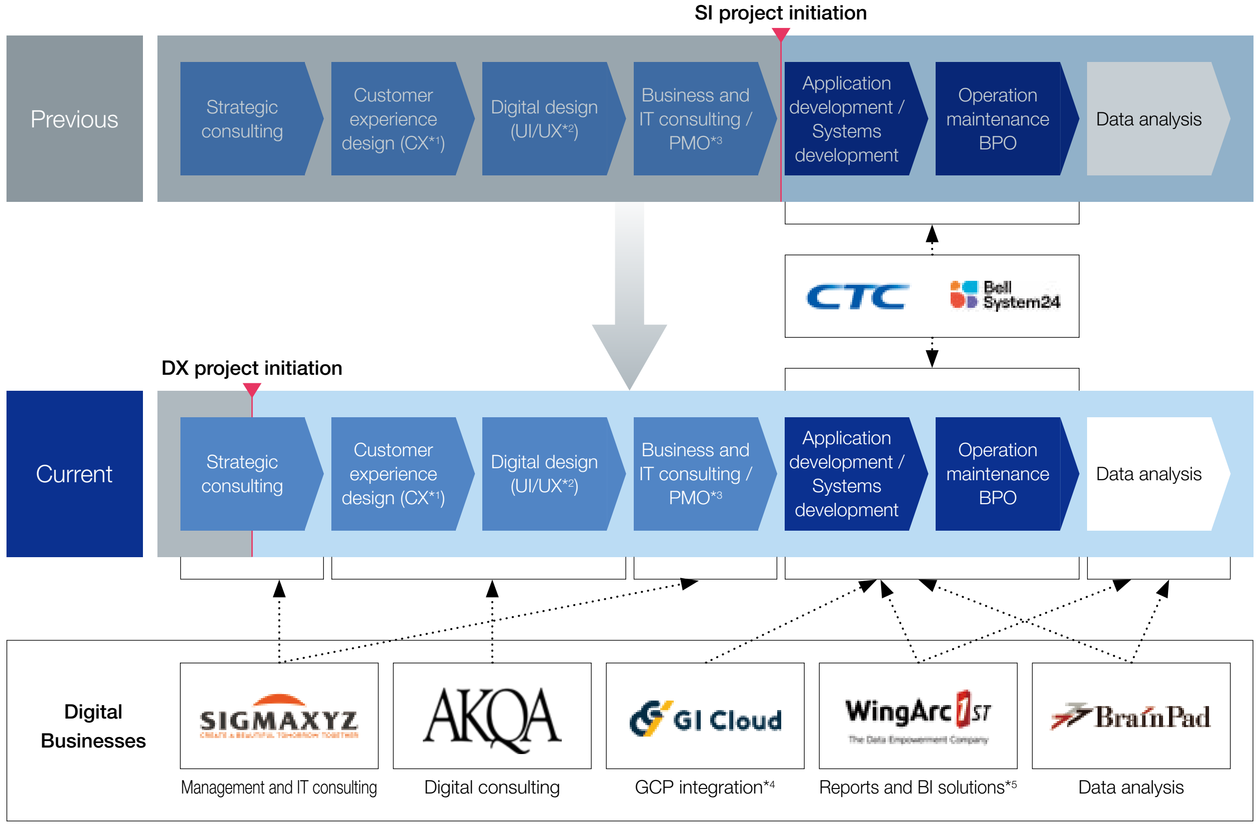
Focus Sectors

Division	Focus Sector	Policies
ICT	DX	Strengthening the DX support businesses by augmenting functions of existing businesses through consultations, data analysis and visualization, and more
	Mobile	Strengthening the value chain for the mobile-related business, including secondhand mobile devices
Financial & Insurance	Retail finance and insurance	Thoroughly implementing a market-oriented perspective Strengthening profitability by expanding new businesses and our customer base

Expanding Profit through the DX Support Business

Recent years have brought rapid changes in the social environment, spurred on by the COVID-19 pandemic. As a result, there are growing needs to transform corporate business models using digital technologies. DX focused on business model transformation cannot be realized simply through products and services recommended by system vendors. We should propose strategies from a market-oriented perspective by gathering and analyzing a vast amount of data generated at customer contact points, and by identifying issues. Previously, the Group's DX support business mainly developed and operated systems and applications as a system integrator (SI). To meet these needs, however, we entered capital and business alliances with data utilization specialist BrainPad Inc., and with SIGMAXYZ Inc., which has its strengths in consulting. As a result, we built a system that enables dynamic DX promotion throughout the value chain, from upstream consulting and design to downstream data analysis, systems development, operations, and BPO. Going forward, we will continue working to expand profit and create synergy throughout the value chain by addressing needs through upstream DX and connecting them to the core downstream Group companies such as CTC and BELLSYSTEM24, Inc.

ITOCHU utilizes digital businesses that provide such DX support for its own Group companies' frontline operations. This has resulted in cost reductions and efficiency gains through activities such as the digitalization of billing as well as optimization of the supply chain by AI automated ordering systems. As a Group with well-established strength in the consumer sector, by first building up its track record for DX support within the Group, the insight and know-how gained in the process can be applied to other sectors, leading to a more robust earnings base.



*1 Customer Experience
*2 User Interface / User Experience
*3 Project Management Office
*4 Google Cloud Platform: Provide a full range of services from system development to operation and maintenance based on Google Cloud
*5 Business Intelligence Solutions: Problem solving through the use of Business Intelligence tools

Merchants Who Continue to Transform

TRANSFORMATION 3

Polishing Business through a Hands-On Management Style

Upgrading Business Management

Utilizing Downstream Customer Contact Points

We are continuously working to polish our existing businesses to achieve stable and sustainable growth. These pages describe the growth trajectories of DESCENTE LTD. (DESCENTE), and YANASE & CO., LTD. (YANASE), which are expanding their business foundations by upgrading their business management and continuing to transform their business models through reinforcement of downstream customer contact points.

Self-Transformation of DESCENTE

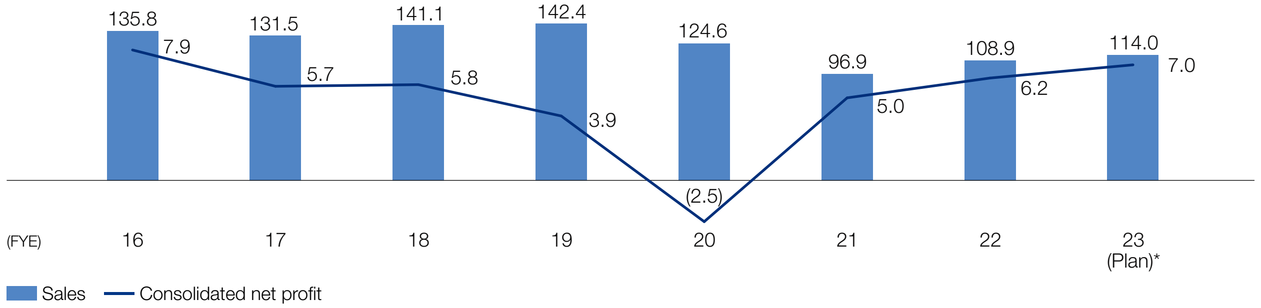
ITOCHU has identified the further expansion of sports-related business in the textile field as one of its key strategies. The core of this is DESCENTE, which manufactures and sells sportswear and related products.

Since FYE 2013, DESCENTE continued to increase its earnings, especially in its South Korea business. However, from FYE 2016 onward, financial results had fallen and had been consistently below initial plans due to deteriorating profitability despite increased sales. As management reforms became a more pressing issue, after ITOCHU made a tender offer bid for DESCENTE, Shuichi Koseki was appointed president in June 2019. Since then, he has confidently undertaken these reforms with an eye on the external environment and strengths of the company. He completed divestment of the long-standing loss-making European and U.S. businesses and adopted a strategy to focus management resources on three markets of Japan, South Korea, and China, which, since then, has steadily borne fruits. To resolve the overreliance on South Korea business, DESCENTE shifted to focusing on profit, instead of sales, and implemented a fundamental restructuring aimed at improving profitability in Japanese business. In addition, the China business was reborn through a partnership with the ANTA Group, one of the world's leading sports companies. The partnership enables a revitalized DESCENTE China to combine the manufacturing power of DESCENTE with the sales power of the ANTA Group, thereby expanding the number of stores and significantly increasing earnings. Moreover, following the end of South Korea's boycott of Japanese products, DESCENTE has currently realized a well-balanced earnings structure underpinned by the three pillars of Japan, South Korea, and China.

In its medium-term management plan "D-Summit 2023," DESCENTE laid out three key items: implementing strategies by regions for Japan, South Korea, and China; improving profitability of the Japanese business; and enhancing its manufacturing capability. In particular, in the Japanese business, the company is transforming its business model from a wholesale-centric to a direct-to-consumer business that sells through the customer contact points of its own directly managed stores and e-commerce. DESCENTE will leverage the strengths of having its own R&D center and factories to conduct manufacturing that fulfills consumer needs and thereby enhances earnings. Amid continuing struggles in the apparel industry during the pandemic, DESCENTE aims to achieve further growth by working to differentiate itself in the sports sector, which is its strength.

DESCENTE, Sales and Consolidated Net Profit

(Billions of yen)



*The initial plan disclosed by DESCENTE on May 12, 2022.

Self-Transformation of YANASE

YANASE is Japan's largest imported car dealer with a sales and service network encompassing around 240 locations and a customer base of over 200,000. YANASE has established strong, long-lasting bonds of trust with customers by offering products and services that meet individual customer needs through its handling of eight automobile brands, sales of new and used cars, after-sales services, and its financial and insurance business.

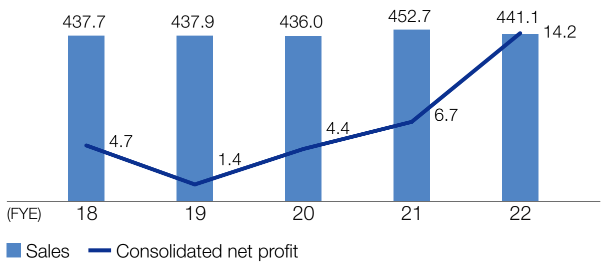
Since YANASE became a consolidated subsidiary in FYE 2018, ITOCHU has accelerated its shift to a hands-on management style and worked to expand its value chain and strengthen its earnings base. YANASE centers on sales of new and used imported cars, especially Mercedes-Benz, its mainstay brand. In addition, YANASE has spun off its used car division into a separate company, which has newly lined up quality, domestically produced used cars to complement the imports. YANASE is actively working to supplement brick-and-mortar sales with online sales. YANASE is also working to establish a new earnings base by expanding customer contact points and meeting diversifying customer needs through the strengthening of its used car business. YANASE is focusing on further strengthening its used car value chain by expanding its used car service network and consolidating its used car auction operating company.

Moreover, YANASE implemented exit criteria and revised its investment criteria with the aim of reorganizing and closing unprofitable stores and handling new brands. In addition to dealing with unprofitable stores based on the new criteria, the company is steadily building up its sales track record. As part of its efforts to strengthen its brand portfolio in luxury imported car sales, YANASE recently added Porsche to its lineup.

In addition to reinforcing after-sales services and retail by expanding its lineup of used cars, to meet diversifying needs going forward, the company will strive to differentiate itself from competitors and forge even stronger relationships with customers. To this end, YANASE offers exceptional experiential events and items exclusively available through a website dedicated to owners.

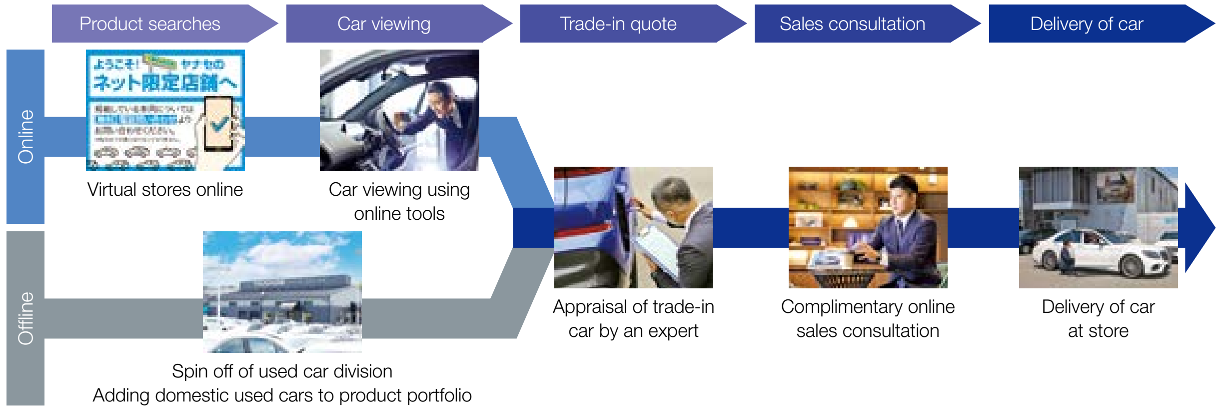
YANASE, Sales and Consolidated Net Profit *

(Billions of yen)

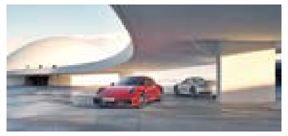


* Although new car sales were affected by factors such as semiconductor shortage and supply chain disruption, YANASE was able to maintain revenue by expanding the value chain and strengthening its earnings base while also improving its profit margins by controlling costs.

Strengthening the Used Car Business



Strengthening Brand Portfolio



Added Porsche to product lineup

Porsche Center Chiba

Used Car Auction Operating Company

- Established an auction site in Tokyo and Osaka
- Handling high-quality used cars, mainly imported cars

Merchants Who Continue to Transform

TRANSFORMATION 4

New Steppingstones for the Advancement of the Construction Machinery Business

Expanding the Multifaceted, Linked Businesses in Existing Businesses

Utilizing Downstream Customer Contact Points

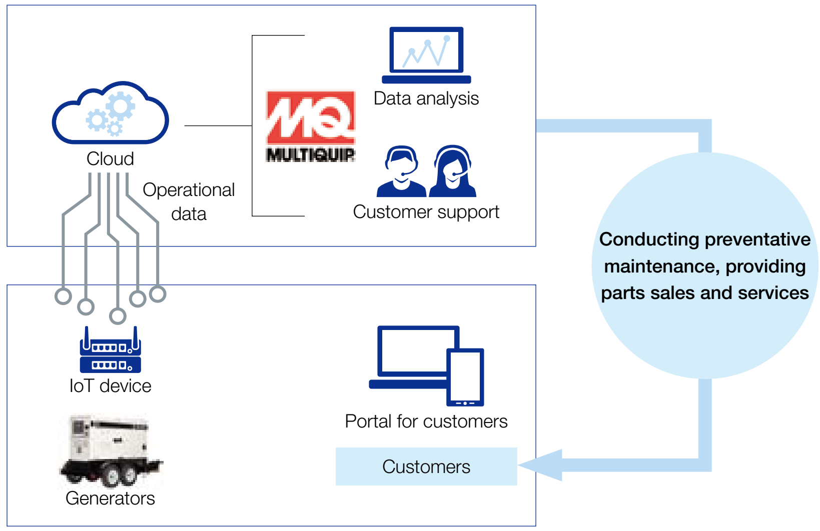
ITOCHU has been active in the construction machinery business since long ago, but is currently transforming its business model in line with changes in the external environment. The Company has set out basic policies for its growth strategy of expanding the value chain into downstream areas and helping customers solve the issues they face on the front lines. We are working to uncover diverse customer needs and expand our earnings base in the construction machinery business by fully leveraging the "comprehensive strength" of the Company. This includes our existing customer base and financing know-how, especially in North America, where demand for construction machinery is strong and steady.

Construction Machinery Life Cycle Strategy

Construction machinery is generally used over a long-term period between 10 and 15 years. Besides simply selling construction machinery, there are also business opportunities in selling parts, providing repair and other services, financing, renting construction machinery, and selling used construction machinery. ITOCHU's construction machinery business began by exporting the products of domestic Japanese construction machinery manufacturers to overseas countries. Later, in line with changes to the kind of functions manufacturers needed, we began engaging in business investment in overseas construction machinery dealers to support the overseas expansion of manufacturers. In this way, we have developed our business through both trade and business investment. Recently, however, manufacturers have started preferring direct transactions with local construction machinery dealers, which bypasses ITOCHU. That business is on a downward trajectory due in part to shrinking trade and the reversion of the dealers' commercial rights. On the other hand, with the rapid push toward digitalization in the construction machinery industry, manufacturers urgently need to transform their businesses in line with diversifying customer needs, such as enhancing uptime ratio through preventative maintenance, enabling the online purchase of construction machinery and parts, selling used construction machinery, and offering rentals.

In light of this situation, the Company has worked to transform its business model since FYE 2020. We crafted our Construction Machinery Life Cycle Strategy with the aim of expanding the value chain of the construction machinery business into other downstream areas besides sales. In line with this strategy, ITOCHU invested in a construction machinery rental company through its domestic subsidiary ITOCHU TC CONSTRUCTION MACHINERY CO., LTD. and also invested in an online construction machinery rental marketplace operator in the United States, thereby steadily expanding its downstream businesses. In addition, MULTIQUIP INC. (MULTIQUIP), which operates the manufacture and sale businesses for light construction equipment and power generators in North America, has equipped its power generators with IoT devices that collect operational data. With this data, the Company strives to more stably expand its earnings base by extending the machinery uptime ratio, which is the most important customer need, and enabling timely parts sales and provision of services.

Preventative Maintenance Services for Generators Using Remote Surveillance



Examples of Support for Customers:

- Providing operational data, such as location data, usage situation, and remaining fuel amounts, etc.
- Providing maintenance management data, such as repair history and preventative maintenance, etc.
- Offering optimal products at customer front lines based on data analysis

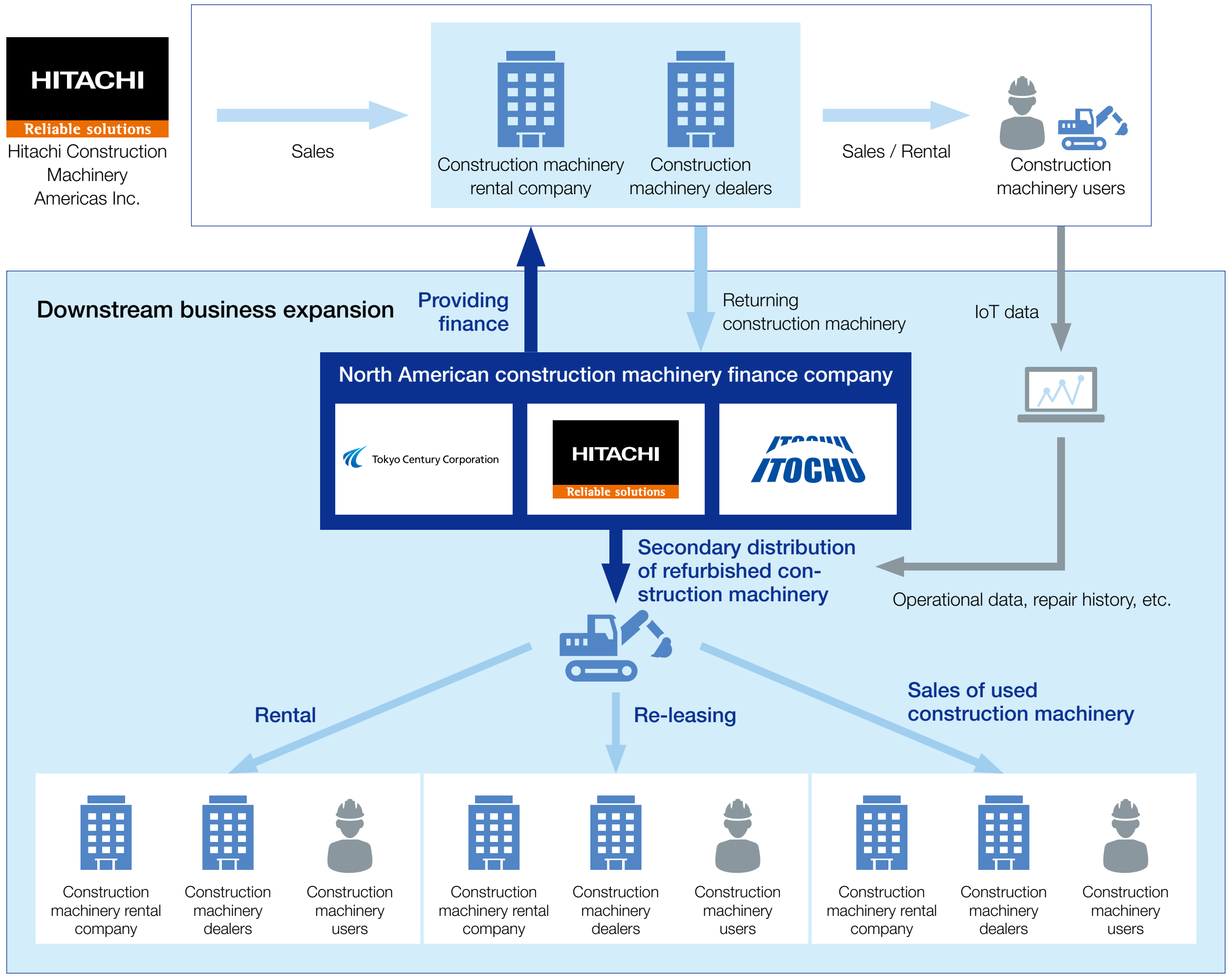
Advantages of MULTIQUIP:

- Enhancing product quality by analyzing customer data
- Optimizing inventory by forecasting demand
- Expanding profits in the parts and services business by conducting preventative maintenance

Investing in Hitachi Construction Machinery Co., Ltd.

We plan to invest in Hitachi Construction Machinery Co., Ltd. (Hitachi Construction Machinery) in the second quarter of FYE 2023. This company had previously partnered with U.S.-based Deere & Company on its construction machinery business. After ending its alliance with Deere & Company, it urgently needed to select new business partners to work with on vertically establishing a sales and service network encompassing sales, financing, repairs, and more. ITOCHU had a track record of many years supporting sales of Hitachi Construction Machinery products all over the world. In particular, we have worked with them as a business partner for their finance and construction machinery sales businesses in Indonesia. In addition, ITOCHU is already engaged in the construction machinery business in North America, and the Company has the Group's land and marine logistics networks between Japan and the United States, as well as the finance business know-how of Tokyo Century Corporation. Moreover, synergies with MULTIQUIP's customer base are expected from its construction machinery rental company. For these and other reasons, we are realizing this capital alliance with Hitachi Construction Machinery. As a first step in this collaboration, ITOCHU is considering establishing a North American construction machinery finance company with Hitachi Construction Machinery and Tokyo Century Corporation. This finance company will work to expand its market share by providing financial functions to Hitachi Construction Machinery's construction machinery dealers and end users in North America. The company will also promote downstream businesses, such as a rental business for used construction machinery and a sales business for premium used construction machinery with visualized operational and repair history. Moreover, the company will promote a maintenance and re-lease business for returned machinery, by assessing operational data and repair history through IoT data.

Going forward, we will expand the construction machinery business by jointly procuring and managing core components used in MULTIQUIP's generators and Hitachi Construction Machinery's hydraulic excavators and by utilizing joint transportation and warehouse operations in North America. Based on a market-oriented perspective, we will continue expanding the earnings base of our North American business while pursuing synergies, such as promoting cross-sell to customers of the North American construction materials business that use generators and mini excavators on construction sites. In addition, in the near future, we will roll out best practices gained from the collaboration with Hitachi Construction Machinery in North America to other regions around the world and accelerate our business expansion.



TRANSFORMATION 5

Business Expansion in Accordance with a Decarbonized Society (Distributed Power System Supply Platform)

Expanding the Multifaceted, Linked Businesses in Existing Businesses

Investments into Steppingstones for Driving New Growth

Utilizing Downstream Customer Contact Points

In addition to the transition toward a decarbonized society and growing social demands, the recent surge in prices for electricity and fuel cost have also led to steadily increasing needs for construction and third-party ownership of power generation assets for self-consumption for downstream users, energy storage systems to regulate supply and demand, and energy management systems to control all the above in an integrated manner. ITOCHU has established a lineup of diverse decarbonization solutions and, going forward, will further enhance this lineup to help create a decarbonized society.

Power Generation

ITOCHU concluded a capital and business alliance agreement with Clean Energy Connect, Inc. (CEC) and subscribed to shares CEC issued through a private placement. CEC, a supplier of clean energy with "additionality*[1]," aggregates green power by developing a number of small-sized solar power plants by making effective use of idle land in Japan and then provides power to environmentally advanced companies such as the NTT Group and The Dai-ichi Life Insurance Company, Limited. that prioritize clean energy procurement. By FYE 2026, we aim to introduce solar power plants in approximately 5,000 locations in Japan with a cumulative total output of 500 MW, aiming to be one of the largest off-site Corporate PPA*[2] operators in Japan. While ITOCHU, through its undertaking with VPP Japan, Inc., has one of the largest cumulative operating capacity in Japan for the rooftop model (on-site PPA), approximately 340 plants with a cumulative 70 MW as of March 31, 2022, the partnership with CEC enables ITOCHU to also provide clean power to customers who do not have adequate rooftop space for an on-site PPA.

Energy Storage

For renewable energy, demand-supply adjustment tends to be unstable and challenging, and the need for energy storage systems is increasing. U.S.-based 24M Technologies, Inc. (24M) is a company that develops and licenses semi-solid lithium-ion cells, which are key component of energy storage systems. The company has re-designed the manufacturing process and enabled the supply of price-competitive products. Furthermore, the company's energy storage systems have excellent recyclability, spurring a transformation in battery manufacturing technologies, which had not changed for several decades. Praise of these technologies has also extended to automotive applications. Germany-based Volkswagen Group announced in December 2021 that it subscribed to shares the company issued and signed a licensing agreement. This demonstrates our foresight to seize on the trends in the rapid adoption of EVs and in SDG business opportunities by leveraging the relationships we built through the energy storage system business. By supplying parts to mass producers globally and cultivating partnerships for licensing 24M, we will continue helping to build a stable supply system for semi-solid lithium-ion batteries.

Strengthening Energy Management

In an effort to enhance energy management functions that comprehensively control power generation and power storage, we strengthened our capital and business alliance by subscribing to shares of i GRID SOLUTIONS, Inc. (i GRID) issued through a private placement. By utilizing the power big data analysis and energy storage management technologies which are i GRID's strengths, ITOCHU now offers next-generation energy platform services that facilitate the local circulation of renewable energy. This is done by controlling solar power, energy storage systems, EV chargers, etc., in an integrated manner and by networking each distributed solar power plant. For example, some supermarket delivery vehicles were switched to EVs, allowing the charging / discharging cycle to be controlled optimally by AI in response to facility power use, the status of solar power systems generation, remaining charges in energy storage system and EVs, and the delivery schedule. We are advancing from a proof-of-concept stage to full implementation for this project.

Going forward, we will continue to contribute further to create a decarbonized society by enhancing the diverse lineup of our decarbonization solutions.

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*[1] Introducing power supply from renewable energy sources without relying on the feed-in tariff program, such as by newly building a power plant exclusively for its own use by a company.

*[2] Developing and installing a solar power plant, exclusively for its own use by a company, in a place away (off-site) from the premises of facilities that use the generated power and signing a long-term contract under which the generated electricity is sent to the facilities using it along with environmental value.

TRANSFORMATION 6

Sustained Growth through Strengthening the Value Chain (Natural Rubber and Tire Business)

Expanding the Multifaceted, Linked Businesses in Existing Businesses

Evolution of the Value Chain Using DX

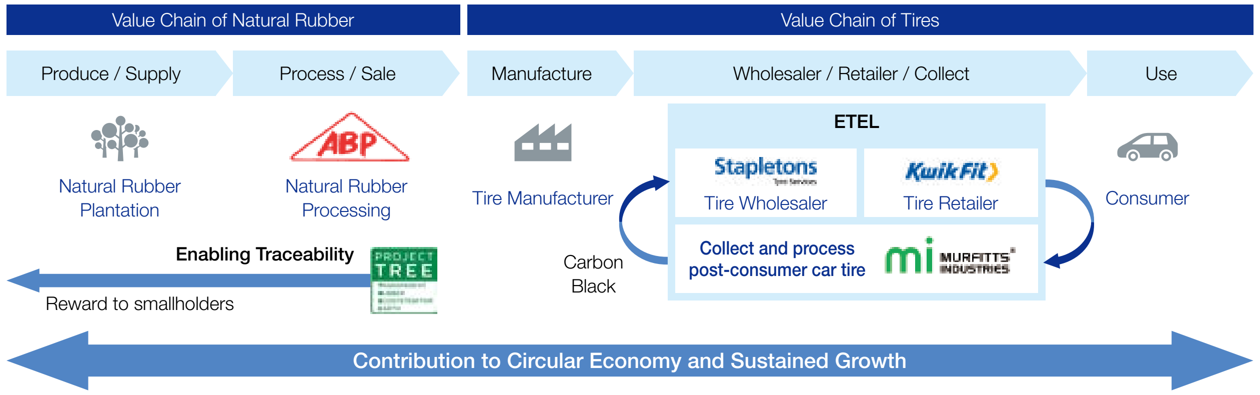
ITOCHU is building a natural rubber and tire value chain that has as its core P.T. ANEKA BUMI PRATAMA (ABP), which is an Indonesian natural rubber processing company located upstream in the value chain, and European Tyre Enterprise Limited (ETEL), which operates the United Kingdom's largest tire retail chain Kwik-Fit and other businesses in the downstream industry. By promoting business transformation both upstream and downstream in the value chain, we continue to sustainably enhance corporate value and contribute to the realization of the SDGs across the entire natural rubber and tire industry.

Around 70% of the natural rubber consumed around the world is used for tires. Going forward, demand for this natural resource is only expected to steadily increase. On the other hand, with approximately 85% of production reliant on smallholders, especially in Southeast Asia, we urgently need to address the social issues of deforestation as well as poverty and human rights violations affecting the farmers. As one measure to solve these issues, ITOCHU launched "PROJECT TREE," which aims to realize the traceability and sustainability of natural rubber and is working hard to garner greater support for the project.

For the natural rubber procured by ABP, we established traceability from production to processing by utilizing blockchain technology to prevent data falsification. Coupled with the unique social contribution activity of "PROJECT TREE," we enabled the construction of a platform that ensures the supplied natural rubber has a low risk of violations, for example, involving illegal logging or human rights. A portion of sales of premium tires, which boast the added value of traceability, will be returned to suppliers such as smallholders of natural rubber. This will, in turn, enhance sustainability throughout the natural rubber industry. This is one specific example of our social contribution activities. Amid the rush and urgency to address social issues, major tire manufacturers are lining up to support this initiative, which is deeply enmeshed in the upstream portion of the supply chain. They have already begun selling tires made from natural rubber procured with this platform. An important role for promoting this initiative is played by ETEL, with its customer contact points as a retailer for tire manufacturers.

ETEL owns the tire retail business Kwik-Fit and operates businesses that serve the consumer needs and society at its approximately 700 stores in the United Kingdom, a nation that leads in environmental awareness. In December 2021, ETEL acquired Murfitts Group Ltd, which is the largest post-consumer car tires recycling business in the United Kingdom. This acquisition expanded ETEL's business field into the recycling of post-consumer car tires. The Group is building a more effective logistics network through collaboration with the existing businesses of ETEL, which boasts a tire logistics network spanning the entire United Kingdom. ITOCHU aims to realize a circular economy by striving to develop and commercialize proprietary cracking technologies for carbon black, which is a raw material for tires, in addition to processing and selling asphalt alternative products made from post-consumer car tires.

By developing a new natural rubber sales platform and working to reinforce the tire business value chain—encompassing wholesale, retail, and collection—we will continue striving to both help realize a circular economy and sustainably enhance corporate value.



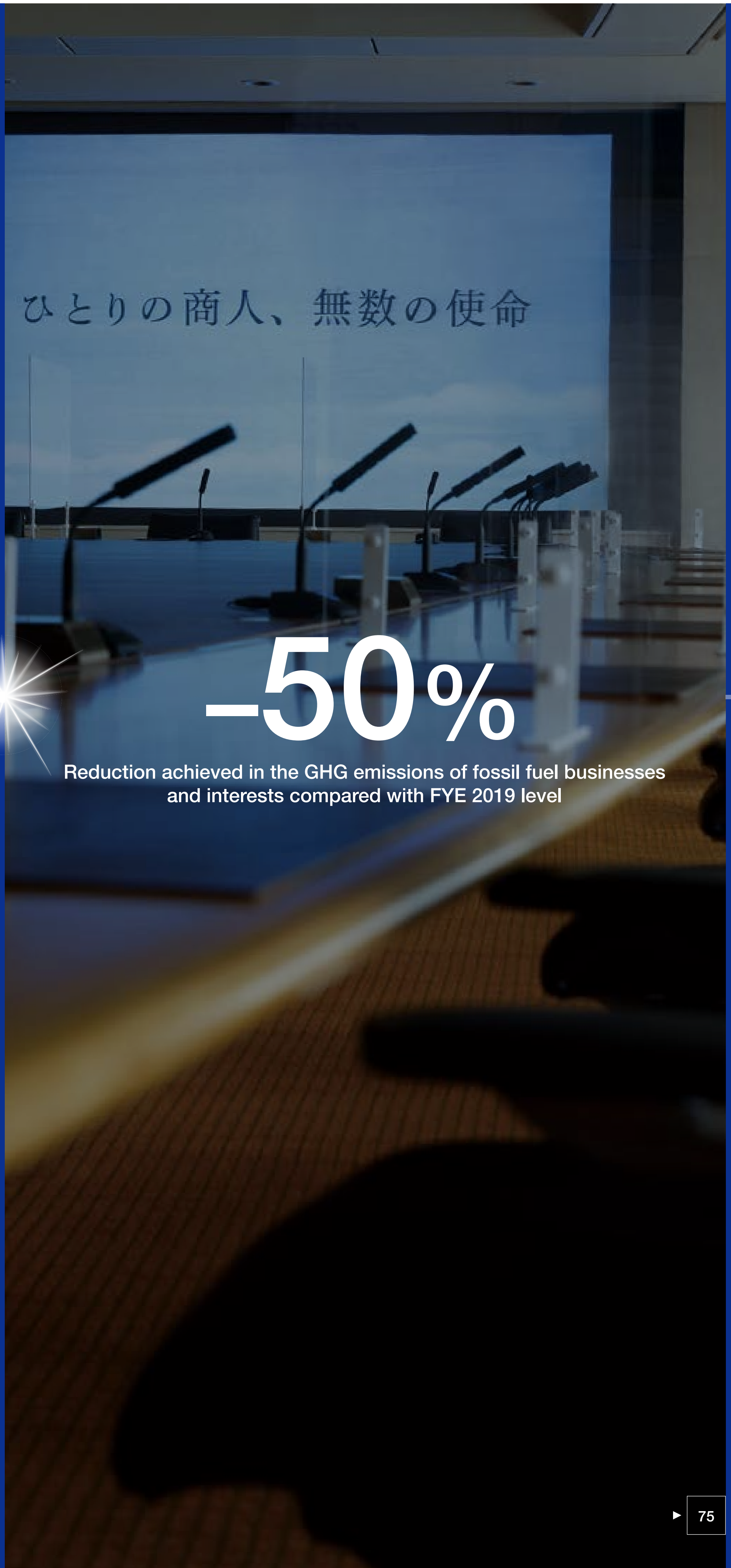
Initiatives and Systems Supporting Sustainable Growth

With an emphasis on the relevance to our businesses, this section focuses on initiatives to promote sustainability and includes a PEST analysis of macroenvironmental factors. In addition, we explain our corporate governance structure and policies with reference to the Women's Advancement Committee, which was established in FYE 2022, as well as the human resource strategy original and distinctive to ITOCHU that supports sustained growth.

Component of the corporate value calculation formula focused on in this section

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

CONTENTS



–50%

Reduction achieved in the GHG emissions of fossil fuel businesses and interests compared with FYE 2019 level

PEST Analysis (Macroenvironmental Factors through 2030)

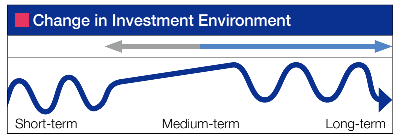
The ITOCHU Group's business environment is changing, and uncertainties are increasing. Through PEST analysis, we fully assess risks and opportunities in the context of macroenvironmental factors—such as the COVID-19 pandemic, geopolitical risks, and responses to the SDGs—and build an even stronger competitive edge by implementing flexible measures and transforming businesses in response to changes in the times and the business environment.

How to understand this page

In the graph for each macroenvironmental factor, the upper part represents our view of the balance between the degrees of impact of risks and opportunities, while the lower part represents our projection of changes in the degrees of impact through 2030. It also identifies the relevant capital.

Balance of risks and opportunities

Long-term trend through 2030

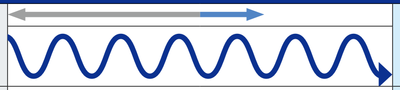


Example: Change in Investment Environment

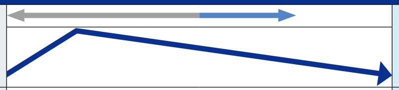
This represents instances where the effect of opportunity is greater than that of risk, and the degree of effect (investment opportunity) is expected to increase over the near- to medium-term, despite uncertainty. Moreover, this represents instances where the long-term outlook is difficult to predict.

P

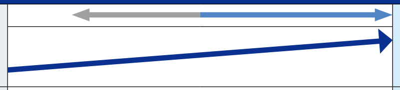
Political Trends — Related Capital: Business Portfolio | Client and Partner Assets | Natural Resources

Risks		Opportunities
		
Unpredictable policy changes and headwinds for the growth of profit	**Stagnation of liberalism and democracy (political instability, inequality issues, etc.)**	Increase in business opportunities of consumer-related businesses
Deterioration of the global economy, decline in trade volume, and tightening of export and investment restrictions	**Intensification of conflict between different political systems (democracies vs. non-democracies, the U.S.–China situation, etc.)**	Reform of supply chains and difficulty in procuring food resources, energy, minerals, and resources
Economic stagnation and financial market turmoil due to terrorism and military conflicts	**Geopolitical risks (Russia, East China Sea, South China Sea, Middle East, North Korea, etc.)**	Increases in prices of related items accompanying decreases in production and supply volumes

Economic Policy Trends — Related Capital: Business Know-How | Business Portfolio | Natural Resources

Risks		Opportunities
		
Slowdown in pace of economic growth	**Focus on sustainability instead of growth**	Stable economic growth
Higher interest rates and increase in tax burden	**Normalization of fiscal and monetary policies**	Accelerated deregulation and society's expectations of the private sector with respect to economic growth, etc.

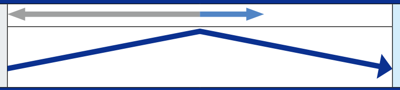
Changes in the Tax Code and Regulations — Related Capital: Business Know-How | Business Portfolio | Natural Resources | Relationships with Society

Risks		Opportunities
		
Disappearance of existing transactions	**Trade talks and agreements (TPP, RCEP, etc.)**	Increase in trade volume and generation of new sales channels
Shrinking of fossil fuel markets (coal, crude oil)	**Regulations to curb GHG emissions (Paris Agreement, etc.)**	Expansion of renewable energy markets (wind, solar, hydrogen, ammonia, etc.)
Shrinking of existing transactions and increase in tax burden	**International tax trends (BEPS countermeasures, environmental taxes, corporate tax rate hikes)**	Generation of new sales channels through introduction of new taxes
Increase in regulatory response costs and reputational decline or damage	**Tighter regulations in the digital technology field (competitive environment, information management, handling of personal data, etc.)**	End of data monopolies held by existing platformers and increase in availability of open data

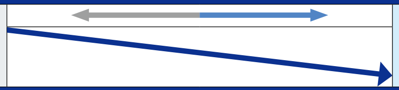
With the actualization of geopolitical risks, policies focus more on ongoing international cooperation as well as the stability of citizens' livelihoods. We will develop businesses amid increasing scrutiny of companies.

E

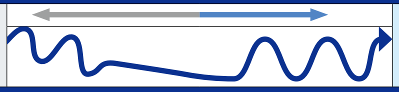
Economic Stagnation in Developed Countries — Related Capital: Business Know-How | Business Portfolio | Client and Partner Assets

Risks		Opportunities
Decrease in business opportunities and trade volume		Emergence of new demand from changes in consumer and corporate behavior

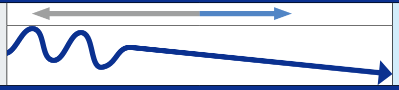
Greater Disparity in Economic Growth among Emerging Countries — Related Capital: Human and Organizational Capital | Business Portfolio | Client and Partner Assets

Risks		Opportunities
Emergence of non-performing assets due to economic and social deterioration		Increase in consumer spending as standard of living improves; increase in demand for infrastructure and food resources as population grows

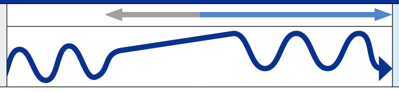
Dollar Appreciation — Related Capital: Business Know-How | Business Portfolio

Risks		Opportunities
Depreciation in currencies of emerging countries; increase in overseas investment costs		Appreciation in value of assets denominated in foreign currencies and expansion of businesses that benefit from yen depreciation

Volatility in Asset (Stocks, Real Estate) and Resource Prices — Related Capital: Business Portfolio | Client and Partner Assets | Natural Resources

Risks		Opportunities
Formation and collapse of asset bubbles in specific fields and products		Growth in earnings from trading and increase in gains on asset disposal through timely disposal

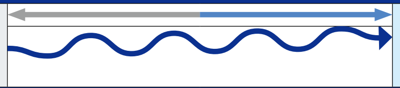
Change in Investment Environment — Related Capital: Business Know-How | Business Portfolio | Natural Resources

Risks		Opportunities
Excessive swings in project value		Increase in expected returns as growth rebounds; more investment opportunities in fields and regions of strength

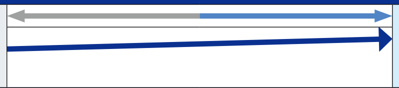
With growth of developed economies slowing as populations level off and the gap in growth potential widening among emerging economies, we will determine the correct balance between growth fields and fields that will peak out.

S

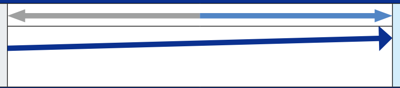
Responding to Climate Change (Decarbonization) — Related Capital: Business Know-How | Business Portfolio | Client and Partner Assets | Natural Resources | Relationships with Society

Risks		Opportunities
Decrease in fossil fuel demand as awareness of the SDGs grows; increase in additional costs arising from decarbonization measures, higher power prices, and a reduction in the competitiveness of companies		Increase in business opportunities accompanying the introduction of clean power sources and electrification, etc.; potential for acquisition of new customers due to heightening of added value or enhancement of brand value of existing products and services

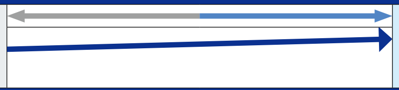
Cultivating a Workplace Environment — Related Capital: Human and Organizational Capital | Business Know-How

Risks		Opportunities
Labor shortages due to low birth rate; outflow of personnel; harassment, mental health, and long working hours; increases in health-related costs		Improvement in labor productivity due to utilization of IT tools and advancement of diversity; increase in flexibility of work systems; improvement in health and motivation; securement of outstanding human resources

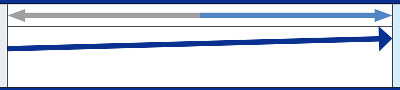
Respecting Human Rights — Related Capital: Client and Partner Assets | Natural Resources | Relationships with Society

Risks		Opportunities
Human rights issue-related project delays and continuity risks; compliance violations; data leaks		Business stabilization and recruitment through harmonious coexistence with local communities; construction of an ethical procurement-based system for continuous supply of products

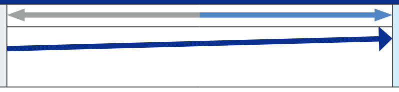
Increasing Awareness on Health and Quality of Life — Related Capital: Human and Organizational Capital | Business Know-How | Business Portfolio | Client and Partner Assets | Relationships with Society

Risks		Opportunities
Decrease in creditworthiness when safety and health issues occur; destabilization of markets and the social security system		Increase in demand for products and services compatible with a non-contact society; increase in demand for health promotion and visualization of food safety and security; expansion of information, financial, and distribution services due to digitalization

Ensuring Stable Procurement and Supply — Related Capital: Business Portfolio | Client and Partner Assets | Natural Resources

Risks		Opportunities
Increase in additional costs arising from efforts to ensure stable procurement and stable supply of food resources, energy, mineral resources, etc.		Increase in demand for rare metals, rare earths, etc.; stable procurement and supply provision that reflects consideration for environmental burden and economic security throughout entire life cycles of products

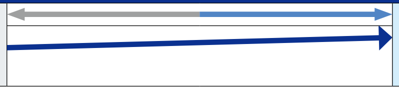
Strengthening Governance Structure — Related Capital: Human and Organizational Capital | Business Portfolio | Relationships with Society

Risks		Opportunities
Decrease in corporate value assessment by investors; withdrawal of invested funds; exclusion from investment targets; decline in stock price		Rise in corporate value assessment by investors; inflow of investment funds; addition to investment targets; increase in stock prices

Based on "*Sampo-yoshi,*" Group corporate mission, we will advance solutions to social issues by providing products and services, creating new businesses, and replacing assets.

T

Changes in Business Models Caused by Technological Innovation — Related Capital: Human and Organizational Capital | Business Know-How | Business Portfolio | Client and Partner Assets | Relationships with Society

Risks		Opportunities
Obsolescence and extinction of existing business models due to proliferation of new technologies; leaks of internal data due to cyberattacks		Creation and provision of innovative services and new business models; improve productivity and optimize overall supply chain through use of new technology

By taking a market-oriented perspective to address rapid technological innovation and changes in consumer behavior, we will advance the self-transformation of business models.

Countermeasures for Business Risks and Other Risks

Due to the diverse and extensive nature of its businesses, the ITOCHU Group is exposed to a range of risks, including complex market-related risk, credit risk, and investment risk. As unpredictable uncertainties are inherent in such risks, they may have significant effects on the Group's future financial position and business performance.

Viewing risk control as an important management task, we have established basic policies, administrative systems, and methods for managing the risks that we face.

Risk Description
(1) Risks Associated with Macroeconomic Factors and Business Model ➔ Page 76
(2) Market Risk
a) Foreign Exchange Rate Risk
b) Interest Rate Risk
c) Commodity Price Risk
d) Stock Price Risk
(3) Investment Risk ➔ Page 40
(4) Risks Associated with Impairment Loss on Fixed Assets
(5) Credit Risk
(6) Country Risk

Risk Description
(7) Risks Associated with Fund-raising ➔ Page 36
(8) Risks Associated with Taxes
(9) Risks Associated with Significant Lawsuits
(10) Risks Associated with Laws and Regulations
(11) Risks Associated with Human Resources ➔ Page 92
(12) Risks Associated with the Environment and Society ➔ Page 84
(13) Risks Associated with Natural Disasters
(14) Risks Associated with Information Systems and Information Security
(15) Risks Associated with the Outbreak of COVID-19

For details, please see "Risk Information" in Financial Information Report 2022.
https://www.itochu.co.jp/en/files/FIR2022E.pdf

RISK 1

Risks Associated with Macroeconomic Factors and Business Model

Risks Associated with Cost Increases in the Consumer Sector

Due to disruptions in supply chains and other factors, some businesses, such as textiles and foods, are expected to be affected by cost increases due to hikes in the prices of raw materials, fuel, and other items. Based on a detailed analysis of the situation specific in each industry, the Company will minimize the impact of cost increases by implementing specific measures, such as passing on cost increases to prices in a timely manner, developing new alternative products and procurement routes, and stepping up the rigorous implementation of "cut" measures.

Division Company	Industries	Possible Scenarios in Target Industries	Countermeasures
Textile	Brands and OEM*	• Increases in raw material prices and logistics costs • Decreases in consumption and orders • Possible acceleration of brand reorganization (changes in ownership)	• Swiftly passing on costs to prices • Acquisition of marketing rights and trademarks in the domestic market in response to a trend toward the reorganization of overseas brands
Food	Fresh foods and raw material processing	• Increase in procurement costs due to rising raw material prices • Increase in indirect costs, such as fuel and secondary materials	• Swiftly passing on costs to prices • Curbing of cost increases through meticulous logistics operations
	Food distribution	• Increases in distribution costs and other indirect costs due to higher fuel prices • Change in consumption trends of consumers due to inflation	• Swiftly passing on costs to prices • Curbing of cost increases through efficiency of logistics
General Products & Realty	Construction and real estate	• Increase in procurement costs due to rising raw material prices • Increase in indirect costs, such as labor, fuel, and secondary materials	• Swiftly passing on costs to prices • Optimization of inventory levels
The 8th	Convenience stores	• Increase in procurement costs due to rising raw material prices • Increase in indirect costs, such as utility costs • Change in consumption trends of consumers due to inflation	• Continue to develop products that provide new value • Meticulous price setting for each product (Partially passing on costs to prices) • Curbing of cost increases through structural reform of manufacturing and logistics

* Original Equipment Manufacturing

RISK 6

Country Risk

The ITOCHU Group is exposed to country risk, including unforeseen situations arising from the political, economic, and social conditions of the countries and overseas regions in which the Group conducts product transactions and business activities. Country risk also includes state expropriation of assets owned by investees' or remittance suspension due to changes in various laws and regulations. To control the aforementioned risks, the Group takes appropriate risk avoidance measures for each project while using in-house country credit ratings to establish Groupwide guidelines on limits for each country and maintaining overall exposure to each country at a level that is appropriate for the Group's financial strength.

(1) Russia-Related Business

As of March 31, 2022, exposure to Russia was ¥42.1 billion. In response to the Russia–Ukraine situation, the Company promptly formulated a credit policy for Russia and rigorously implemented the "prevent" measures, such as acceleration of receivables collection. In addition, through a joint venture led by the Japanese government, the Company owns an interest in part of the Sakhalin-1 crude oil concession in Russia. In light of such factors as the need to secure stable energy resources for Japan, the Company will discuss and consider future measures in close consultation with the Japanese government, which is the largest shareholder in the joint venture; other partners; and other relevant parties.

(2) China-Related Business

As of March 31, 2022, exposure to China was ¥1,269.2 billion. The Company has three types of China-related businesses: businesses related to CITIC, iron ore trading to China, and other trade and business investments. The Chinese government has long pursued a policy of strengthening state-owned enterprises. Given that it is a Chinese state-owned conglomerate, CITIC is expected to perform steadily as it is expected to benefit from public projects and economic stimulus measures by the government. In addition, a significant decline in demand for iron ore trading to China is unlikely as at the moment the Chinese government has made maintaining and expanding the economy a key policy and is expected to further increase investment in infrastructure and other areas. As for other trade and business investments, the Company is mainly engaged in China's domestic consumer sector and is not engaged in businesses related to such areas as advanced technologies, with respect to which there is concern over the effect of trade friction between the United States and China.

RISK 14

Risks Associated with Information Systems and Information Security

The Company strengthens its information security by establishing security rules and enhancing security infrastructure.

ITOCHU Group companies have long been required to meet the ITOCHU Group Information Security Minimum Standards as a minimum level of compliance. In FYE 2022, the Company added 40 articles to these standards with the aim of preventing such threats as information leaks caused by cyberattacks, and the Company is endeavoring to ensure rigorous compliance with the standards.

Further, an in-house cybersecurity team, ITCCERT (ITOCHU Computer Emergency Readiness, Response & Recovery Team), which is led by ITOCHU-dedicated expert advanced cybersecurity analysts, collects the latest information on potential cyberthreats and takes preventive measures. Moreover, if an incident occurs in the Group, the team immediately implements an incident response, which includes investigating the cause, analyzing countermeasures, and restoring services. In addition, ITCCERT has bundled services into the ITOCHU Group Cyber Security Program package, also known as I Series, including a program that checks for latent malware, a program for detecting unauthorized internet communications, and workshops for IT personnel. The package is already in use at 86 overseas offices and overseas branches, etc., and 95 Group companies, and the coverage of the package is being extended. Also, the Group is continuing to strengthen its cybersecurity. In FYE 2023, plans call for expanding and enhancing the services provided by I Series as a measure to strengthen the Group's resilience to cyberattacks even further.

CAO Interview

Fumihiko Kobayashi

Member of the Board,
Executive Vice President, CAO

We aim to enhance corporate value and strengthen sustainability by taking various frontline-focused measures to turn words into accomplishments.

How did you ensure employee safety during the pandemic and the Russian invasion of Ukraine?

We gave top priority to ensuring the safety of employees on the front lines, and implemented prompt measures such as workplace vaccinations and evacuation abroad.

First and foremost, ITOCHU's work style constitutes a commitment to the front lines. Even during the COVID-19 pandemic, many of our customers are constantly operating at the forefront, such as supermarkets striving to keep their shelves full of offerings, convenience stores that are open on a 24/7 basis, and home-delivery service providers committed to delivering goods on time. These endeavors ceaselessly support the daily lives of consumers. Everything depends on those taking care of the front lines, and ITOCHU positions its businesses at the very front of the lines. Mere talk about prioritizing people on the front lines is not enough. We have to always ensure the safety of frontline employees. Right when the COVID-19 pandemic began, ITOCHU set up a robust infection prevention system within the Company and Group companies. Since then, we have flexibly adjusted the working system 24 times (as of July 31, 2022) to meet frontline needs. To prioritize employee safety, when workplace vaccinations were initiated across Japan in June 2021, ITOCHU conducted these at the fastest speed among domestic companies.

When the Russia–Ukraine situation arose in February 2022, ensuring the safety of stationed and local employees was top of mind, and we took swift action. For example, in addition to temporarily evacuating and repatriating stationed employees, we provided emergency relief funds to local employees and, in the event that they and their families needed to flee the country, the staff of ITOCHU offices in neighboring countries arranged shelter for them.

What was the story behind holding the Sustainability Briefing (May 2022)?

We wanted all stakeholders to understand that the Company's string of work-style reforms enhance strengthening the Company's sustainability.

Originally, briefings for analysts and institutional investors primarily focused on matters related to financial information, such as business results, management plans, and growth strategies. The importance of explanations related to financial information remains unchanged, but I noticed a significant uptick in opinions and questions related to non-financial information in the last few years. At various briefings, there has been more interest in certain topics from an ESG perspective, such as GHG emissions reduction, human rights considerations in the supply chain, diversity, and promoting the advancement of women.

A major reason for this briefing was not only to respond to these opinions and questions but also to enhance the understanding of analysts and institutional investors regarding the effect of the Company's string of work-style reforms aimed at creating a challenging but rewarding corporate environment, thereby enhancing labor productivity and corporate value, as well as strengthening the Company's sustainability.

As mentioned at this briefing, now-Chairman & CEO Okafuji took office as President in FYE 2011 and implemented measures in rapid succession, including the Morning-Focused Working System, the formulation of the ITOCHU Health Charter, Support Measures for Balancing Cancer Care and Work, spearheading workplace vaccinations, and introducing a work from home system for all employees and the Morning-Focused Flextime System. In addition, because we continually disclose all these efforts, our measures have become significantly influential on the Japanese society as a whole.

Sustainability Briefing: Enhancing Corporate Value through the Evolution of Work-Style Reforms

Details of the Sustainability Briefing are available on our website:
https://www.itochu.co.jp/en/ir/doc/presentation/

By explaining these various measures along with the stories behind their introduction, I think this briefing has helped analysts, institutional investors, and diverse stakeholders to better understand ITOCHU.

As chair of the Sustainability Committee, what issues do you face and what roles does it perform?

Issues such as climate change are discussed and reviewed from a cross-divisional perspective.

Sustainability and ESG have been growing in importance recently, and social demands are accelerating, as are legal and regulatory obligations. In ITOCHU's case, material sustainability issues, such as GHG emissions reduction and human rights considerations in the supply chain, are not limited to specific departments. Rather, they encompass the entire Company.

The Sustainability Committee is a valuable forum for the General Managers of the Planning & Administration Departments of all eight Division Companies and the General Managers of Headquarters Departments to meet and discuss Companywide issues. At committee meetings, it is essential to share the importance of issues through active debate and, subsequently, for the entire Company to come together to implement measures that ultimately gain the committee's consensus. As chair of the committee, I aim to run the committee to foster this kind of awareness.

In recently held Sustainability Committee meeting, various topics were addressed. Among those, there was particularly active debate around the topic of climate change and specific approaches to achieve the medium- to long-term targets ITOCHU set for reducing GHG emissions. Because every Division Company participates in the committee, we can hold discussions from a cross-divisional perspective, overcoming the boundaries of product silos. I feel this is one major reason the committee is vital.

In addition to stimulating vigorous discussion, the committee places great emphasis on reviewing the Sustainability Action Plans, which incorporate identified material issues for specific businesses and initiatives. In each business sector, we identify key sustainability risks and opportunities for each Division Company, make medium- to long-term commitments, establish approaches as well as performance indicators for achievement, and conduct an annual review of the progress on each action item. This enables every member of the Sustainability Committee to become familiar with the numerous initiatives outside of their own Division Company. Moreover, I think discussing the initiatives from a wide range of perspectives has helped each Division Company expand the scope of its own projects. (➔Page 84 Initiatives to Promote Sustainability)

The second stage of work-style reforms was based on the results of an engagement survey. What are the key points of these reforms?

By introducing more flexible work styles, we will help employees better tap their full potential.

Since FYE 2011, we have rolled out unique measures, including the Morning-Focused Working System, with the rationale that the promotion of work-style reforms contributes to enhancing labor productivity. The results of the engagement survey we conducted in December 2021 showed that our figures remain at the apex of leading companies in Japan. Nevertheless, compared with FYE 2019, there was a drop in positive responses in percentage terms for some topics. Hence, we will strive to improve our figures. From the results of the analysis, including on-site hearings, we concluded that introducing more flexible work styles would help employees better tap their full potential, especially for young employees and female employees. The Morning-Focused Working System had already gained widespread support among employees, and we evolved it even further by introducing the Morning-Focused Flextime System to realize a work style where employees who arrive early leave early. We enabled more flexible work styles by allowing employees to use this system and work from home, which became widely practiced during the pandemic, according to their specific work and personal situations. In addition, we realized that many young employees hope to grow by overcoming a wide range of challenges and building their own careers, so we enhanced the current in-house recruitment system and expanded interviews between employees and superiors regarding their personal career progress. Moreover, we conduct training that emphasizes the front lines, such as dispatching employees overseas as early in their career as possible and allowing them to experience a wide range of duties, as we work to increase the speed of training.

Our aim of realizing a corporate environment that is challenging but rewarding to work for remains unchanged as the basic policy of our human resource measures. By "challenging," we mean that employees need to always be aware that they are expected to achieve results through their work and that those results need to help enhance the Company's sustainable profitability and corporate value. This was also based on our experience and lessons learned when we aimed to become an employee-friendly company. At that time, misconception arose that employees could enjoy benefits even if they did not embrace the challenges of work. Hoping to be a company where anyone, regardless of gender, can thrive at work while staying vigilant to their responsibilities, we will continue working to create a challenging but rewarding corporate environment. (➔Page 92 Human Resource Strategy)

Please tell us tactics for human resource acquisition.

We will continue to hire "merchants" by conducting hiring activities from a student's perspective and carefully communicating the appeal of our Company to students.

The number of non-consolidated employees at ITOCHU is significantly lower than that of other general trading companies associated with the former *zaibatsu* industrial groups, at around 70% in comparison. We will remain a small select organization of capable individuals as a policy. Regarding the hiring of excellent human resources, the pandemic limited opportunities to interact with students face-to-face. Hence, we provided employment information to students using such diverse methods as online visits with senior employees, more frequent online seminars with added topics, and in-person seminars that minimize infection risks. In addition, to enhance understanding of ITOCHU's corporate culture, we conducted hiring activities by putting ourselves in students' shoes, such as promoting branding on social media, beginning hiring activities in the Metaverse in FYE 2022, and creating and utilizing virtual reality (VR) spaces for students. In recent years, ITOCHU has garnered very high praise for clinching the top spots in company rankings among job-seekers. For the most recent class of 2023, we were the No. 1 general trading company in company rankings among job-seekers according to major institutions. For all industries, we ranked No. 1 in four out of seven major institutions. These rankings stand as a tall testament to our appeal and hiring power in Japan. ITOCHU's most valued management resource is, without a doubt, people. We will continue to hire "merchants" who can sensitively perceive changes in the world from a broad and comprehensive perspective as they undertake challenges for the future with nimble, innovative thinking.

Entrance of Tokyo Headquarters in VR space

How do you roll out work-style reforms and other human resource strategies across the Group?

We disclose all measures our Company has implemented to promote and support Group companies' own initiatives.

At Group companies, it is also important to take human resource measures that fully tap each employee's potential. Group companies consider human resource measures that align with their unique characteristics, and, during that consideration process, we ask that they start with implementing what they can of the various work-style reform measures ITOCHU has rolled out. To promote such effort, we have openly shared details of our work-style reforms with Group companies. Many Group companies have already introduced the Morning-Focused Working System and health management measures that ITOCHU spearheaded. Those companies have reaped benefits similar to ITOCHU by reducing unnecessary overtime and creating sought-after time for many of their employees, not just for those who face time restrictions due to childcare or nursing care. For example, employees have voiced that the measures, such as in terms of sharing housework and childcare between spouses or enabling self-development, have led to motivation for work. Furthermore, we have heard that better health management has helped foster peace of mind among employees. Since entering the second stage of work-style reforms, the Company is asking its Group companies to again consider evolving their work styles based on the issues identified by ITOCHU.

In addition, from the perspective of enhancing consolidated management, we are providing meticulous support in hiring, training, and labor management in line with each Group company's situation. For example, regarding training, we are working to expand programs for all Group companies, including joint training for new hires and training for supervisors. For a long time, we have implemented a special program to develop future managers by bringing together national manager candidates of foreign nationalities from Group companies overseas, although for the last few years this program has been temporarily suspended due to the COVID-19 pandemic. In this and other ways, we have rolled out the Group's human resource strategy in Japan and overseas. To appropriately cope with a rapidly changing labor environment, ITOCHU's robust support also includes providing information on legal revisions and holding workshops related to labor cases across Group companies.

In line with the corporate mission of "*Sampo-yoshi*," we will strive to roll out the Company's work-style reforms and other human resource measures to Group companies as we aim to be a corporate group where every employee works with pride and job satisfaction.

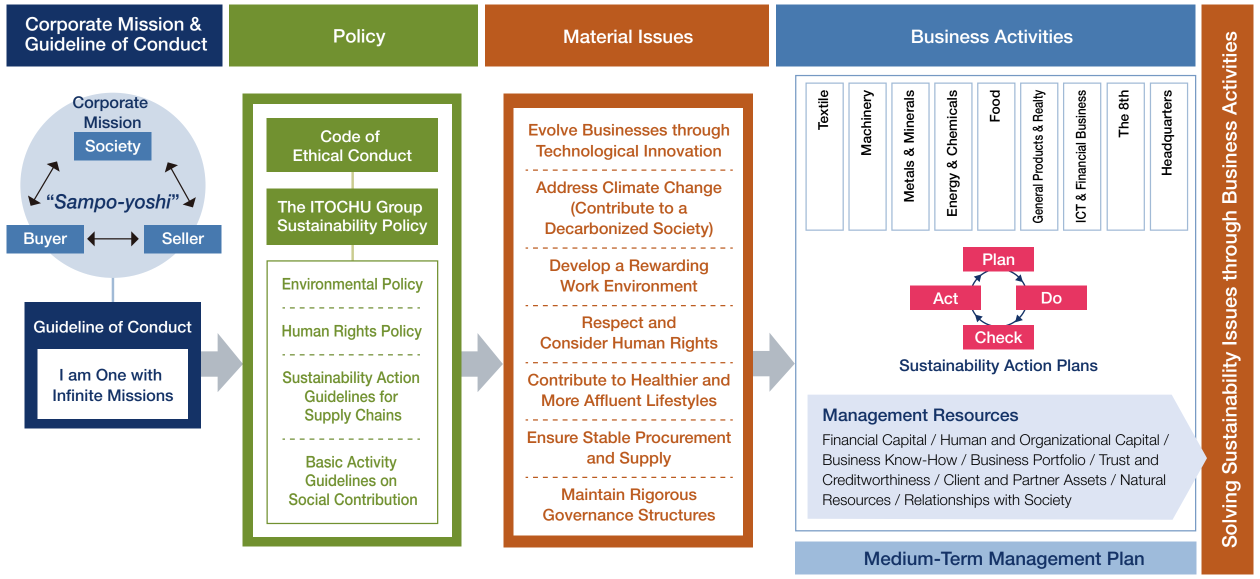
Initiatives to Promote Sustainability

Sustainability Promotion Flow

Under The ITOCHU Group Sustainability Policy in accordance with its corporate mission and changes in the external environment, ITOCHU promotes sustainability initiatives systematically throughout its organization. Of particular note, each Division Company and administrative division incorporates ITOCHU's material issues, which are identified as issues to be addressed with priority, into the Sustainability Action Plans. We will continue to sustainably enhance corporate value and resolve social issues at the same time through our business activities, namely trade and business investment, while ensuring that we maintain and improve profitability.

The Sustainability Management Division plans measures to advance sustainability. After these are decided by the CAO, they are carried out by each organization.

The Sustainability Committee deliberates and makes decisions concerning formulation and revision of basic policies and important matters. Furthermore, through dialogue with external stakeholders such as the Sustainability Advisory Board, we gain an understanding of society's expectations and demands, etc., which we apply in our efforts to promote sustainability.



Expanding Sustainability-Related Disclosure

Each year, ITOCHU publishes an ESG report for the purpose of furthering the understanding of its policies, approaches, targets, systems, and specific initiatives for promoting sustainability among a broad range of stakeholders, including investors, shareholders, and business partners. In the ESG report, the Company mainly discloses ESG performance data and details about initiatives undertaken in the previous fiscal year to contribute to the SDGs.

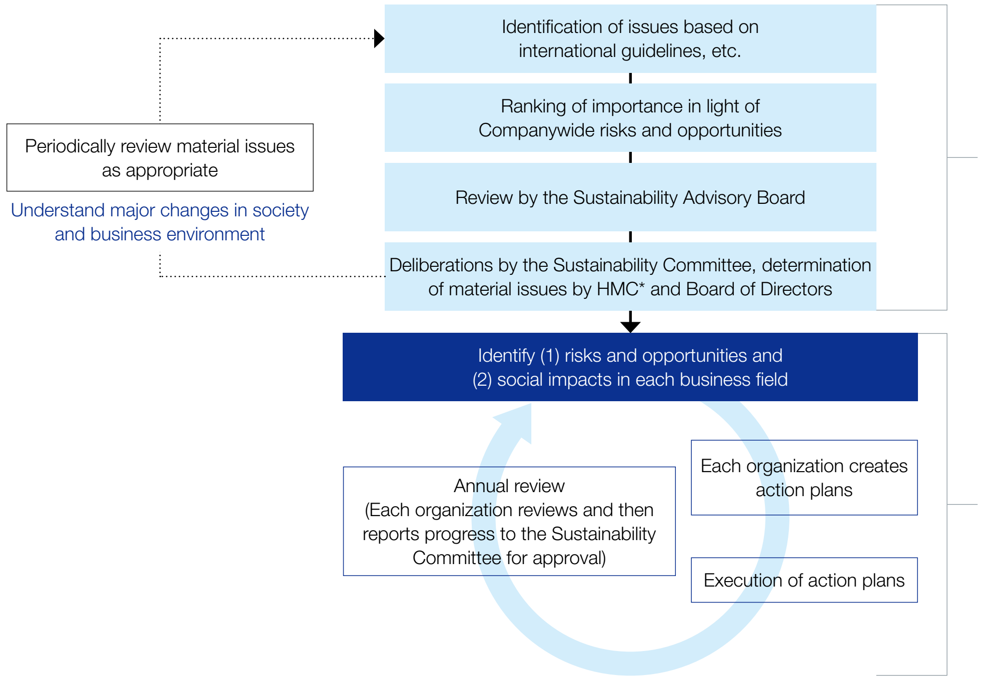
Our proactive attitude toward disclosure has helped improve our sustainability rating. Going forward, we will continue expanding sustainability-related disclosures while emphasizing dialogue with stakeholders.

Please see the ESG report for details.
💻 https://www.itochu.co.jp/en/csr/report/

Identification Process for Material Issues and Incorporation into Action Plans

Since ITOCHU first identified material issues that pertain to sustainability from an ESG perspective in FYE 2014, we have conducted reviews as appropriate based on trends in the international community and the expectations of stakeholders. In FYE 2019, we revised our material issues, incorporating elements from our fields of strength in health management and the consumer sector, and made revisions to content with an eye on contributing to achieving the Paris Agreement and the SDGs adopted by the United Nations.

Furthermore, as a specific initiative, each Division Company and administrative division incorporates the identified material issues into Sustainability Action Plans for each business field. First, each organization identifies risks and opportunities and social impacts in each business field, and then sets medium- to long-term targets, draws up action plans with measures and performance indicators for achieving these targets, reviews progress, and finally reports achievements to the Sustainability Committee, with the intention of making steady progress through a PDCA cycle.



* Headquarters Management Committee

Viewing Climate Change as an Opportunity

In its medium-term management plan, ITOCHU has set a target of offsetting GHG emissions to zero by 2040. For example, by constructing renewable energy power plants, the Company helps its customers reduce their GHG emissions through the use of this renewable energy and strives to reduce global GHG emissions. When building new renewable energy power plants, there is a possibility that the Company's Scope3 emissions will increase. By accelerating such initiatives, however, ITOCHU intends to reduce its own emissions, including Scope3, and make a greater contribution to reducing GHG emissions overall. I believe this is a rather ambitious target.

At the same time, ITOCHU also aims to achieve net zero GHG emissions by 2050. As a part of this goal, the Company provides training videos to its employees to learn more about how to perform life cycle assessment and calculate Scope3 emissions, for example, and these videos are also used as a marketing tool for customers who are keen to use carbon-free products. In addition to envisioning grand solutions for the future, ITOCHU's approach starts with reducing emissions in its own businesses, and I believe this is the best attitude to reduce GHG emissions. I think ITOCHU's efforts are a useful reference for other companies as well. I am strongly encouraged that ITOCHU, which supports the businesses of numerous customers as a general trading company, views efforts to reduce GHG emissions as a business opportunity rather than just a cost burden and is proactively executing initiatives.

Yukari Takamura
Member, Sustainability Advisory Board
(FYE 2022)

Professor of Institute for Future Initiatives, The University of Tokyo.
Ms. Takamura specializes in international law and environmental law. Her main research topics are legal problems with multilateral environmental agreements and climate and energy laws and policies. She chairs the Central Environmental Council of Japan, Tokyo Metropolitan Government's Environmental Council, and Procurement Price Calculation Committee for Feed-in Tariff / Feed-in Premium Scheme for Renewable Energy, while also serving as a member of many other advisory bodies inside and outside Japan.

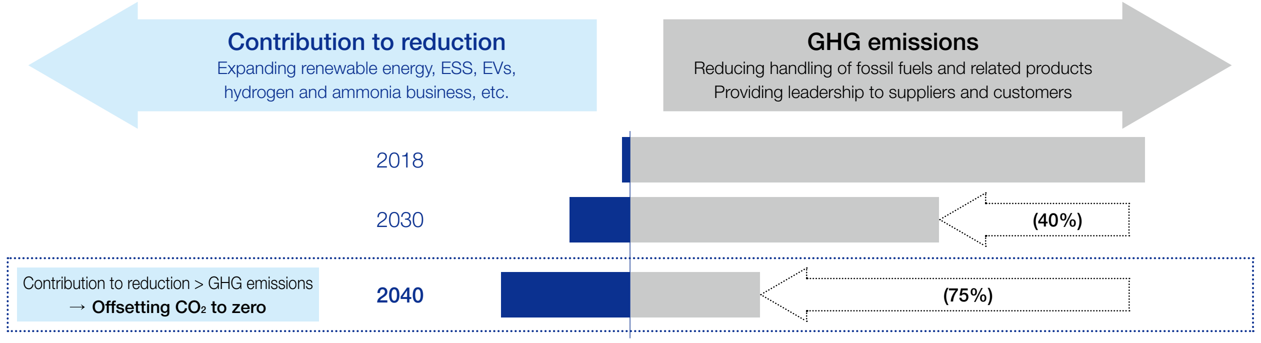
Approach to Climate Change and Related Initiatives

ITOCHU discloses GHG emissions from all of its owned fossil fuel businesses and interests, and intends to completely withdraw from thermal coal interests during the medium-term management plan. By reducing GHG emissions and proactively advancing businesses that help reduce emissions, ITOCHU will contribute to help realize the Japanese government's 2050 Carbon Neutral goal.

GHG Emissions Reduction and Offset Targets

- Achieving net zero GHG emissions by 2050 to comply with the Japanese government's target. In addition, aiming to offset CO_2 to zero*[1] by 2040 by actively promoting businesses that contribute to the reduction of GHG emissions.
- Complying with the Japanese government's interim target*[2] by achieving a 40% reduction from 2018 levels by 2030.
- Based on the understanding that ongoing initiatives to reduce GHG emissions are key, **flexibly and dynamically adjusting "reduction pathways" while paying attention to the unique traits of client industries**, assuming it is possible to expand business while addressing societal demands at the same time.
- **Steadily reducing emissions from a medium- to long-term perspective through initiatives in supply chains**, including reviews of products handled in light of changes in client industries, and transitions to improve fuel economy in logistics networks, centered on the non-resource sector where the Company has strengths.

*1 Offsetting CO_2 to zero by subtracting "contribution to reduction" accompanying the expansion of renewable energy business, etc., from GHG emissions.
*2 The Japanese government's target of a 46% reduction from the 2013 level by 2030 is a 39% reduction based on the year 2018.



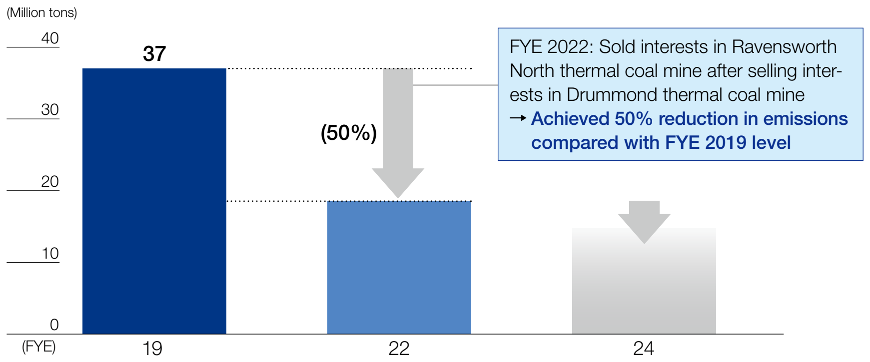
* Scope of GHG emissions: Scopes1/2/3 + Fossil fuel businesses and interests (affiliates and general investments)

Efforts to Reduce GHG Emissions from Fossil Fuel Businesses and Interests

- From early on, we stated our intention to voluntarily discontinue existing operations in fossil fuel businesses and interests*, in which there are strong societal demands, and we have made steady progress in this regard.
- In FYE 2022, after selling our interests in the Drummond thermal coal mine in Colombia, we sold our interests in the Ravensworth North thermal coal mine in Australia. We achieved, ahead of schedule, our target **for reducing GHG emissions from fossil fuel businesses and interests by 50% compared with FYE 2019 level**.
- We will actively promote efforts to reduce environmental impact while fulfilling our responsibility to ensure a stable supply of resources and energy.

* Fossil fuel businesses and interests (consolidated subsidiaries, affiliates, and general investments): (1) Coal interests (thermal and coking coal), (2) Coal-fired power generation, and (3) Oil and gas interests

GHG Emissions from Fossil Fuel Businesses and Interests



FYE 2022: Sold interests in Ravensworth North thermal coal mine after selling interests in Drummond thermal coal mine
→ **Achieved 50% reduction in emissions compared with FYE 2019 level**

Method for Calculating GHG Emissions
In addition to Scope1 and 2, we disclose all GHG emissions in our value chain, including Scope3 in the following categories.

Category 1. Purchased goods and services
Example: Calculation assuming resources of our interest stakes are purchased

Category 4. Upstream transportation and distribution
Example: Calculation of our portion of emissions, including transportation to ports

Category 11. Use of sold products
Example: Calculation assuming resources of our interest stakes are sold to and combusted by the buyer

Climate Change (Information Disclosure Based on TCFD Recommendations)

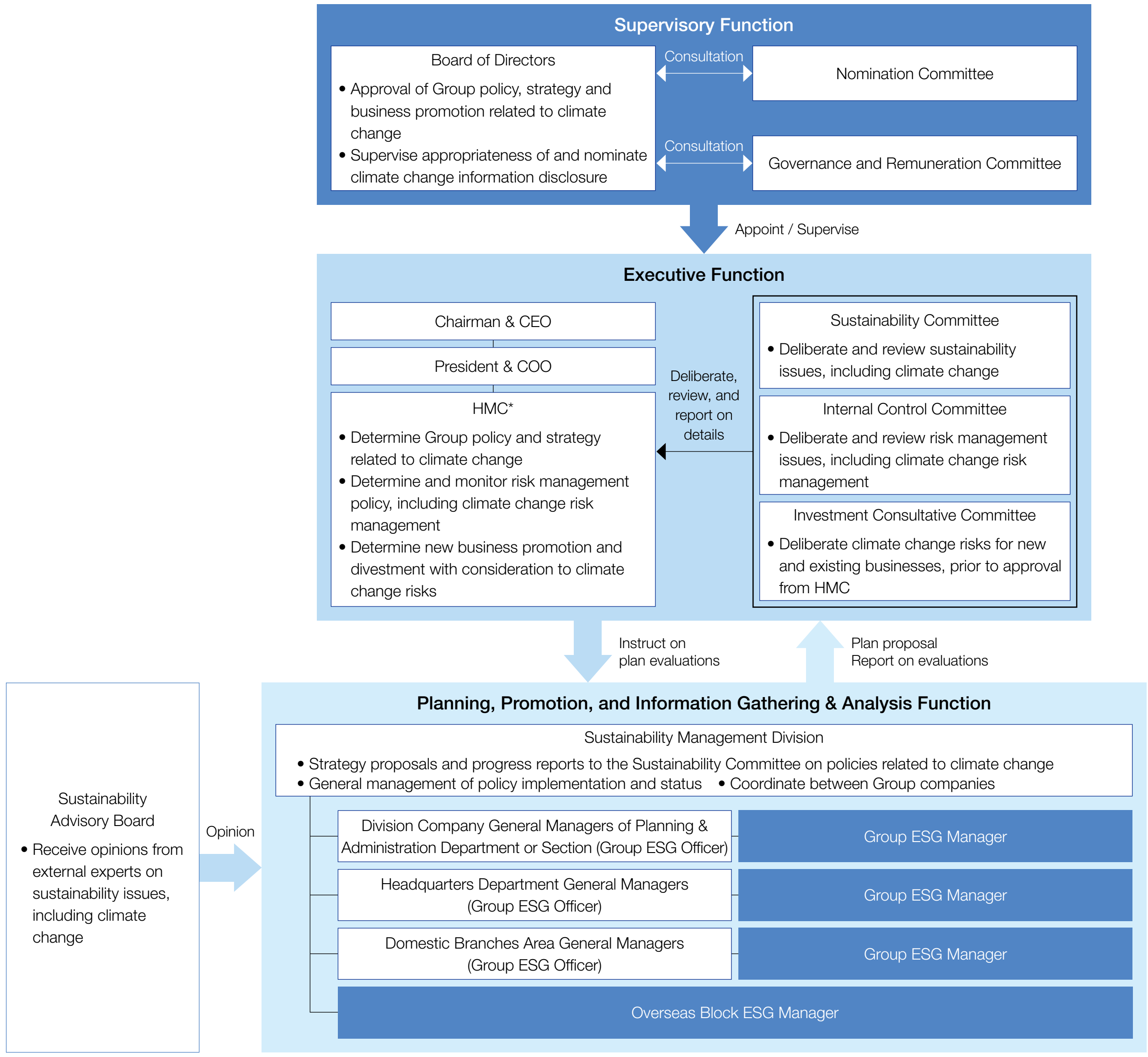
In May 2019, ITOCHU announced its support for the TCFD* recommendations in recognition of the importance of climate-related financial disclosures. Since then, we have endeavored to disclose information based on TCFD recommendations.

* The Task Force on Climate-related Financial Disclosures, established by the Financial Stability Board (FSB)

Climate Change Governance

At ITOCHU, the Sustainability Management Division plans and proposes measures and initiatives to address risks and opportunities related to climate change, and the Sustainability Committee deliberates and decides these measures and initiatives. The CAO, the director responsible for climate-related issues, chairs the Sustainability Committee, and is responsible for presenting and reporting to the Board of Directors the matters duly deliberated and decided upon by the Sustainability Committee. This structure allows the Board of Directors to properly supervise progress on business strategies to address environmental and social risks and opportunities based on the deliberations of and decisions on related matters by the Sustainability Committee. The Board of Directors deliberates and decides important matters, such as management plans, taking into consideration targets and initiatives for reducing GHG emissions.

As for matters regarding climate change policy, initiatives, and systems, ITOCHU aims to engage in dialogue with external stakeholders, such as the Sustainability Advisory Board, on a periodic basis with the intention of better understanding the expectations, demands, etc., of society for the Company, which strives to incorporate this feedback into measures addressing climate change.



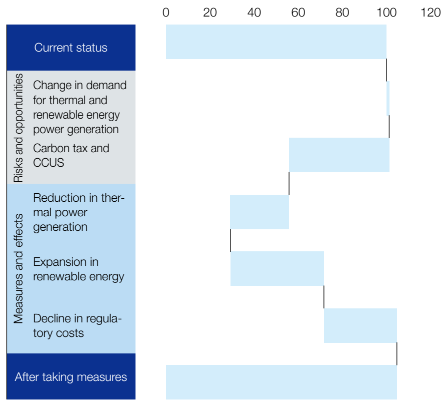
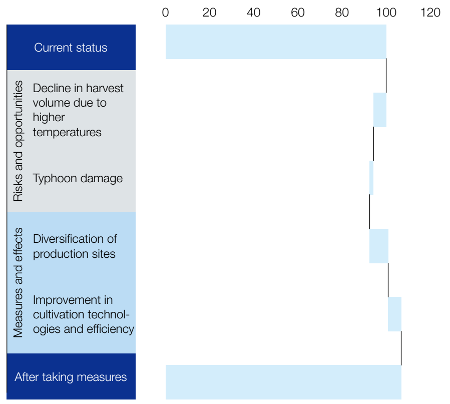
* Headquarters Management Committee

Climate Change Strategy

ITOCHU sets GHG emissions reduction and offset targets (➲ Page 86) and analyzes scenarios based on TCFD recommendations when considering changes in its business strategy and asset replacement. In our scenario analysis, we evaluate businesses that could see considerable changes in business conditions due to climate change. We identified the power generation business, energy business, and coal business as businesses that would be significantly impacted by transition risks such as political and regulatory risks. We then selected the Dole business and the pulp business for inclusion in our scenario analysis as businesses highly susceptible to physical risks related to climate change. The results of our scenario analysis for the power generation business and the Dole business are as follows.

Please see ITOCHU's website for detailed information about its scenario analysis for the energy, coal, and pulp businesses.

https://www.itochu.co.jp/en/csr/environment/climate_change/

		Businesses with Significant Exposure to Transition Risk	Businesses with Significant Exposure to Physical Risk
Business		Power generation business	Dole business
Time frame		through 2040	through 2030
Temperature rise scenario		< 2°C scenario	4°C scenario
Main risks and opportunities	Transition	**Risk** • Thermal power generation costs may increase due to the impact of carbon taxes and mandatory CCUS* technology. **Opportunities** • The competitive advantage of renewable energy may increase owing to technological progress and cost reduction. • More business opportunities from increasing investment in energy storage systems and grids for a significant shift to renewable energy.	**Opportunities** • There might be an expansion in the use of recycled clean energy (biogas power generation and biomass boilers) utilizing our own organic resources (including pineapple, banana, and other food residues, and factory waste liquids) and growth in renewable energy such as solar power generation.
	Physical	**Risk** • Power generation facilities may be damaged by natural disasters (abnormal weather).	**Risk** • There may be a reduction in yields due to abnormal weather (e.g., typhoons and droughts) affecting banana and pineapple plantations in the Philippines.
Business environment in the scenario and business impact assessment		Transition risks might squeeze profit of thermal power generation significantly due to higher carbon taxes and CCUS costs. However, by actively promoting renewable energy projects, earnings should improve on greater sales of renewable energy and lower carbon taxes and CCUS costs. **Analysis Using EBITDA Indicator** (%) 	The decrease in crop harvests attributable to climate change can be supplemented by increasing per-unit crop harvest volume through improvements to production methods. We also started pineapple production in West Africa (Sierra Leone, etc.) as part of production site diversification to prepare for weather risks. The above initiatives will make it possible to increase earnings. **Analysis Using EBITDA Indicator** (%) 
Adaptation / mitigation measures and policies business opportunities		• We will reflect in future initiatives our aim of achieving a renewable energy ratio of over 20% (equity-interest basis) by FYE 2031. • We will not develop any new coal-fired power generation business in order to contribute to the realization of a sustainable society.	• We will diversify production areas in preparation for weather risks (e.g., Sierra Leone in West Africa, etc.) • We will increase per-unit harvest volume by improving production methods, such as by selecting breeds that are viable in high-temperature climates, improving seedling cultivation, and installing irrigation equipment. • We will use drones and ICT (agricultural chemical spraying location identification, yield prediction, and timely and accurate fertilization) to increase productivity. • We will expand renewable energy, such as solar power, to achieve low carbon and protect water resources.

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* Carbon Capture, Usage and Storage

Climate Change Risk Management

Engaged in global business operations, ITOCHU constantly monitors climate change policies in each country, the status of abnormal weather around the world, and the business risks associated with changes in average temperatures. In the analysis of risks for the entire Group, we manage climate change risks identified based on an analysis of information concerning climate change measures, including regulatory information and abnormal weather information, as one of many major Environmental and Social Risks facing our company. Identified climate change risks are also examined and evaluated during our investment decision process. Each department in charge of risk management has established a structure for risk identification, evaluation, information management, and monitoring for the consolidated group.

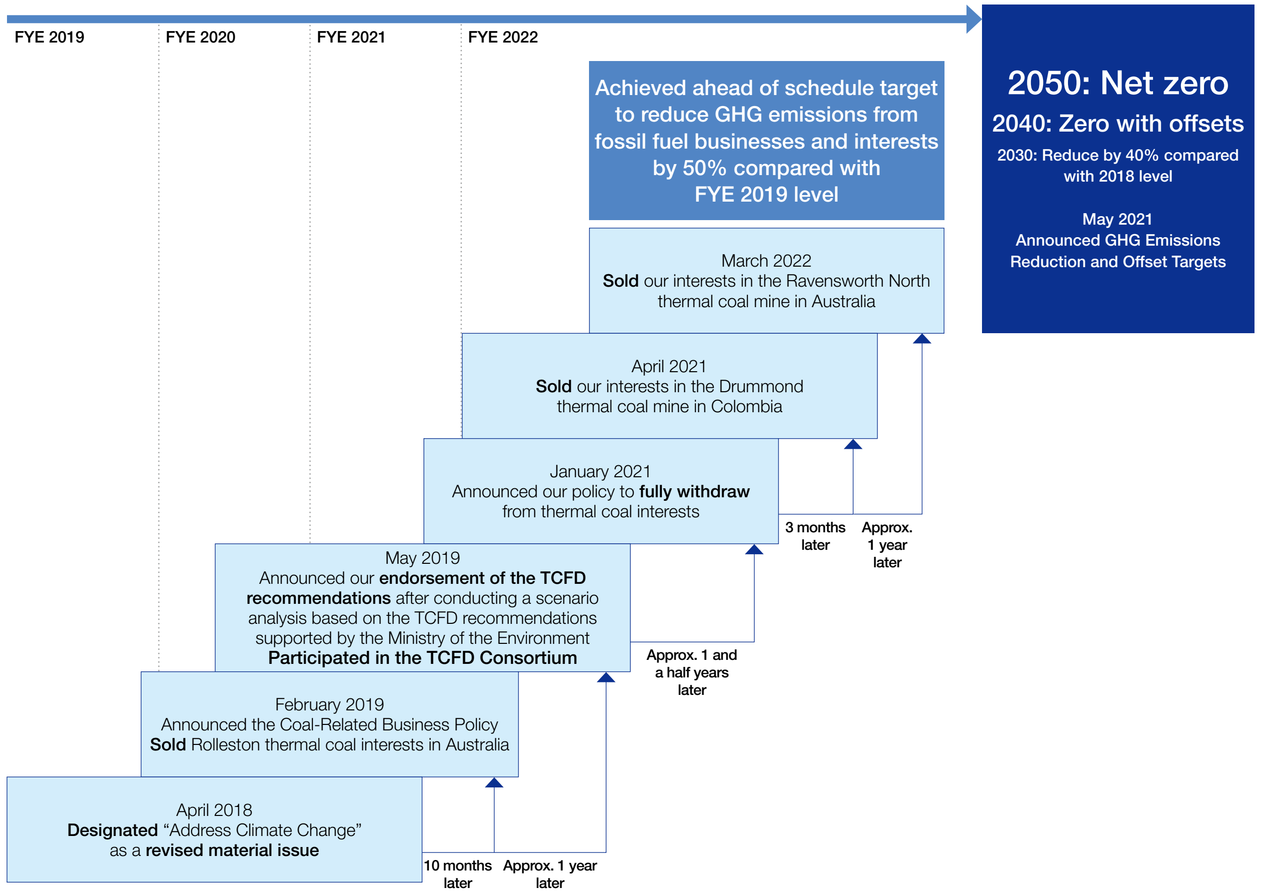
Climate Change Indicators and Targets

ITOCHU sets GHG emissions reduction and offset targets and moves steadily forward to address climate change issues with speed and decisiveness while setting individual targets for the clean-tech business.

Individual Targets and Initiatives for the Clean-Tech Business

Clean-Tech Business	Individual Targets and Initiatives
Renewable Energy	• Raise the renewable energy ratio in the power generating capacity of our equity interests to over 20% by FYE 2031 • Currently participating in a renewable energy business with a total capacity of approximately 1,000 MW, such as in Cotton Plains, Texas in the U.S. (wind and solar power) and in Sarulla Operations in Indonesia (geothermal power) • Currently developing a new renewable energy business with capacity of approximately 2,000 MW to achieve a renewable energy ratio of over 20%
Fuel Ammonia	• Build a value chain focused on fuel ammonia by owning and operating ammonia-fueled ships and developing fuel supply bases • Promote the reduction of GHG emissions from the maritime industry by promoting the spread of ammonia-fueled ships from FYE 2026 onward
Energy Storage System-Related Businesses	• Aim for a cumulative capacity of energy storage system units sold of over 5 GWh by FYE 2031
Waste Management Project	• Expand to the Middle East and other regions in Asia, leveraging our achievements in Europe, and continue to build up high-quality assets

Initiatives to Address Climate Change



FYE 2019

FYE 2020

FYE 2021

FYE 2022

Achieved ahead of schedule target to reduce GHG emissions from fossil fuel businesses and interests by 50% compared with FYE 2019 level

2050: Net zero

2040: Zero with offsets

2030: Reduce by 40% compared with 2018 level

May 2021
Announced GHG Emissions Reduction and Offset Targets

March 2022
Sold our interests in the Ravensworth North thermal coal mine in Australia

April 2021
Sold our interests in the Drummond thermal coal mine in Colombia

January 2021
Announced our policy to **fully withdraw** from thermal coal interests

May 2019
Announced our **endorsement of the TCFD recommendations** after conducting a scenario analysis based on the TCFD recommendations supported by the Ministry of the Environment
Participated in the TCFD Consortium

February 2019
Announced the Coal-Related Business Policy
Sold Rolleston thermal coal interests in Australia

April 2018
Designated "Address Climate Change" as a **revised material issue**

Sustainability Management

Through sustainability management that aligns with its various business activities, ITOCHU makes a concerted effort to address issues related to human rights, labor rights, and the environment in its supply chains and business investments.

Human Rights Due Diligence

The ITOCHU Group is fulfilling its responsibility to respect human rights based on The ITOCHU Group Human Rights Policy established in April 2019. Specifically, we identify and evaluate the negative impact from the corporate activities of the ITOCHU Group on human rights that may affect society. We then work to prevent and mitigate such impact by taking the appropriate steps.

In FYE 2020 and FYE 2021, ITOCHU identified palm oil, coffee beans, and pineapples in the Food Company as products subject to human rights due diligence assessments. In FYE 2022, we identified coal, aluminum, iron ore, platinum, nickel, and silicon metal in the Metals & Minerals Company as subjects for human rights due diligence. The Company discloses information about its progress on and results, etc., of this due diligence process. Regarding issues that come up when conducting human rights due diligence, ITOCHU engages with its suppliers through interviews and additional surveys, discusses response measures to be implemented going forward, and requests rectification. Furthermore, the Company monitors progress at these suppliers through the annual supply chain sustainability surveys, etc. Going forward, upon identifying products that should be assessed with priority, ITOCHU will quickly move to analyze potential risks related to products in all business domains.

Human Rights Due Diligence Flow Chart

Comprehensive human rights risk assessment of business, research based on various literature and interview-based survey of business division

Based on a risk analysis, conduct survey of suppliers (including indirect suppliers) in priority businesses and countries

Conduct supplier engagement with interviews and additional surveys

Gain understanding of human rights issues and discuss policies to address them and request corrective action going forward

Monitor progress with supply chain sustainability surveys

Please see ITOCHU's website for more information about human rights due diligence.

💻 **https://www.itochu.co.jp/en/csr/society/human_rights/**

Division Company	Product	Target Country or Region	Human Rights Issues Indicated as Survey Targets	No. of Companies in Survey	No. of Companies Subject to Engagement	Issues
Food	Palm oil	Malaysia Indonesia	• Child labor • Fair wages • Fair work hours • Workplace discrimination • Forced labor • Freedom of association and right to organized negotiations • Migrant worker rights • Health and safety • Status of establishing and operating a complaint help desk, etc.	First-tier suppliers: 12 companies Second- / third-tier suppliers: 19 companies	2 companies	Regarding palm oil and coffee beans, continue to monitor operations of grievance mechanism at farms, and improvement in ways to spread awareness
	Coffee beans	Brazil Guatemala Mexico Colombia, etc.		First-tier suppliers: 18 companies Second- / third-tier suppliers: 49 companies	5 companies	
	Pineapples	Sierra Leone		Contractors: 3 companies	—	
Metals & Minerals	Project (coal, aluminum, iron ore, platinum, nickel)	Southeast Asia South America South Africa	• Forced labor • Child labor • Discrimination • Freedom of association and right to organized negotiations • Land use • Working hours and wages • Health and safety • Community impact (include infringement of indigenous people right, etc.) • Water and hygiene, etc.	Suppliers: 19 companies	4 companies	Continue to monitor overtime work during busy periods, set up and operation of grievance mechanism for local residents through supply chain sustainability survey
	Trade (coal, silicon metal, etc.)	Asia region				

Supply Chain Sustainability Survey

Prior to commencing business with a supplier, ITOCHU notifies all of its suppliers of its Sustainability Action Guidelines for Supply Chains. After commencement of business, it conducts sustainability surveys every year as a means of enhancing communications about its sustainability policies.

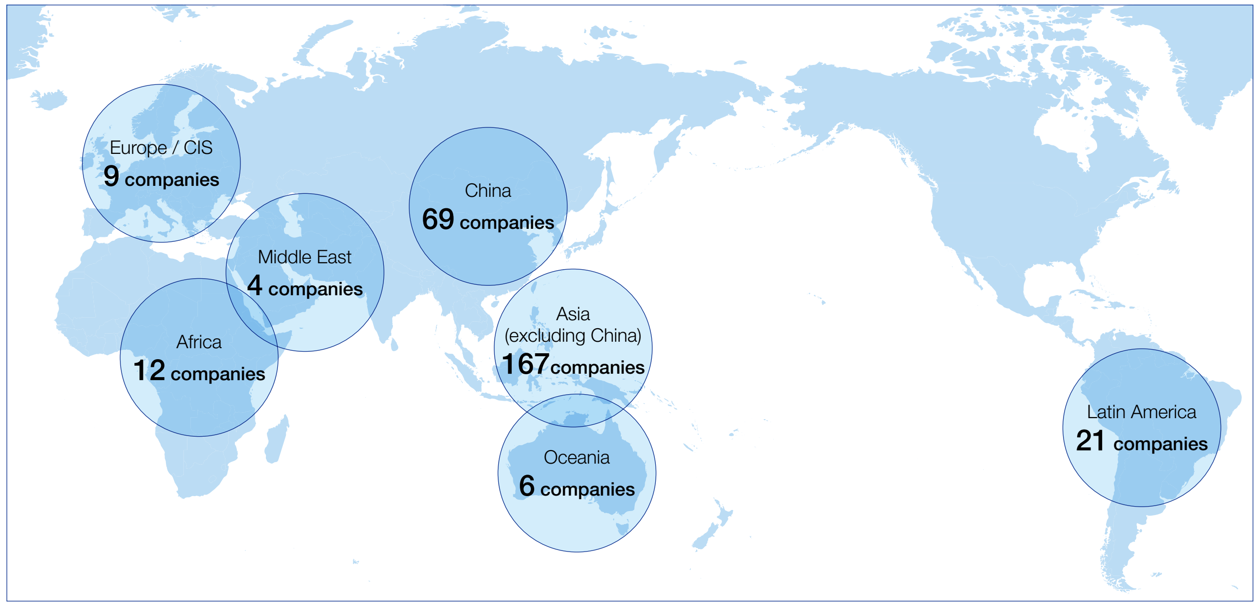
This survey contains questions based on the seven core subjects* of ISO26000 that must be answered. ITOCHU selects important suppliers based on guidelines regarding high-risk countries, handled products, and handled monetary amounts, for example. After obtaining answers to survey questions from these suppliers, sales representatives from each Division Company and sales representatives from overseas affiliates and Group companies meet with suppliers and conduct hearings (approximately 300 suppliers every year) based on their answers to the survey.

Based on the outcomes of these interviews, if violations of the Sustainability Action Guidelines for Supply Chains are discovered and verified, the offending supplier is asked to take corrective action. At the same time, if deemed necessary, the Company conducts an on-site inspection of the supplier and provides instructions while supporting their efforts to improve.

By conducting these surveys and reviews, etc., ITOCHU aims to assess the state of affairs and to prevent problems from occurring.

* Organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development

Number of Surveys Conducted, by Region, in FYE 2022



Please see ITOCHU's website for more information about the supply chain sustainability survey.

💻 **https://www.itochu.co.jp/en/csr/society/value_chain/system/**

Formulation of Procurement Policies for Individual Product Type

Based on The ITOCHU Group Sustainability Policy and Sustainability Action Guidelines for Supply Chains, ITOCHU endeavors to sustainably procure raw materials and products. For the sake of responsible procurement, the Company has formulated the following procurement policies for individual products and engages in activities based on these policies.

Sustainable Procurement Policy on Natural Forests and Forest Resources	Natural Rubber Procurement Policy	Sustainable Palm Oil Procurement Policy	Cocoa Bean Procurement Policy
Coffee Bean Procurement Policy	Raw Material Tuna Procurement Policy	Commitment of Protecting Forests through Material Sourcing of MMCF	

Please see ITOCHU's website for more information about procurement policies for each product.

💻 **https://www.itochu.co.jp/en/csr/society/value_chain/activity/**

Human Resource Strategy

Cultivate a Motivating Workplace Environment

Having clearly identified human resources as a key component of management strategy, ITOCHU's management team is committed to creating a company that is challenging but rewarding to work for, where meeting the demands of work is not only challenging but also rewarding in many different ways. As well as improving employees' motivation and willingness to contribute, our successful creation of a frontline-focused workplace environment in which everyone can fully realize their capabilities is creating a virtuous cycle that results in a favorable external reputation enabling us to recruit outstanding human resources.

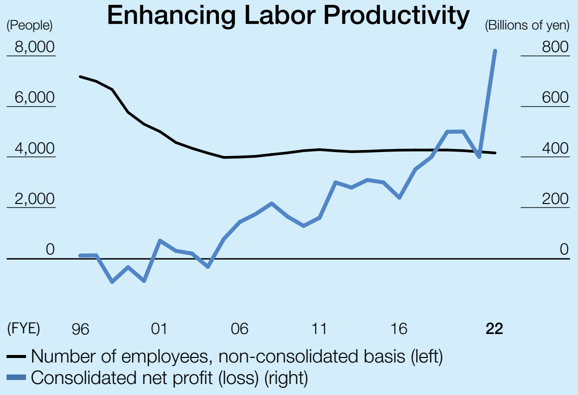
Enhance in Corporate Value through Improved Labor Productivity

External Evaluations

The Company has earned recognition under systems that evaluate the advancement of women as well as health and productivity management. Both systems are jointly implemented by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange, Inc.

- In FYE 2022, received a **Fiscal 2021 Nadeshiko Brand** designation, recognizing listed companies implementing outstanding initiatives for the advancement of women
- For the sixth consecutive year since the Company's first submission in FYE 2017, selected as a **Health and Productivity Management Outstanding Organization (White 500)** in the large enterprise category, a designation recognizing companies that practice outstanding health and productivity management

Enhancing Labor Productivity

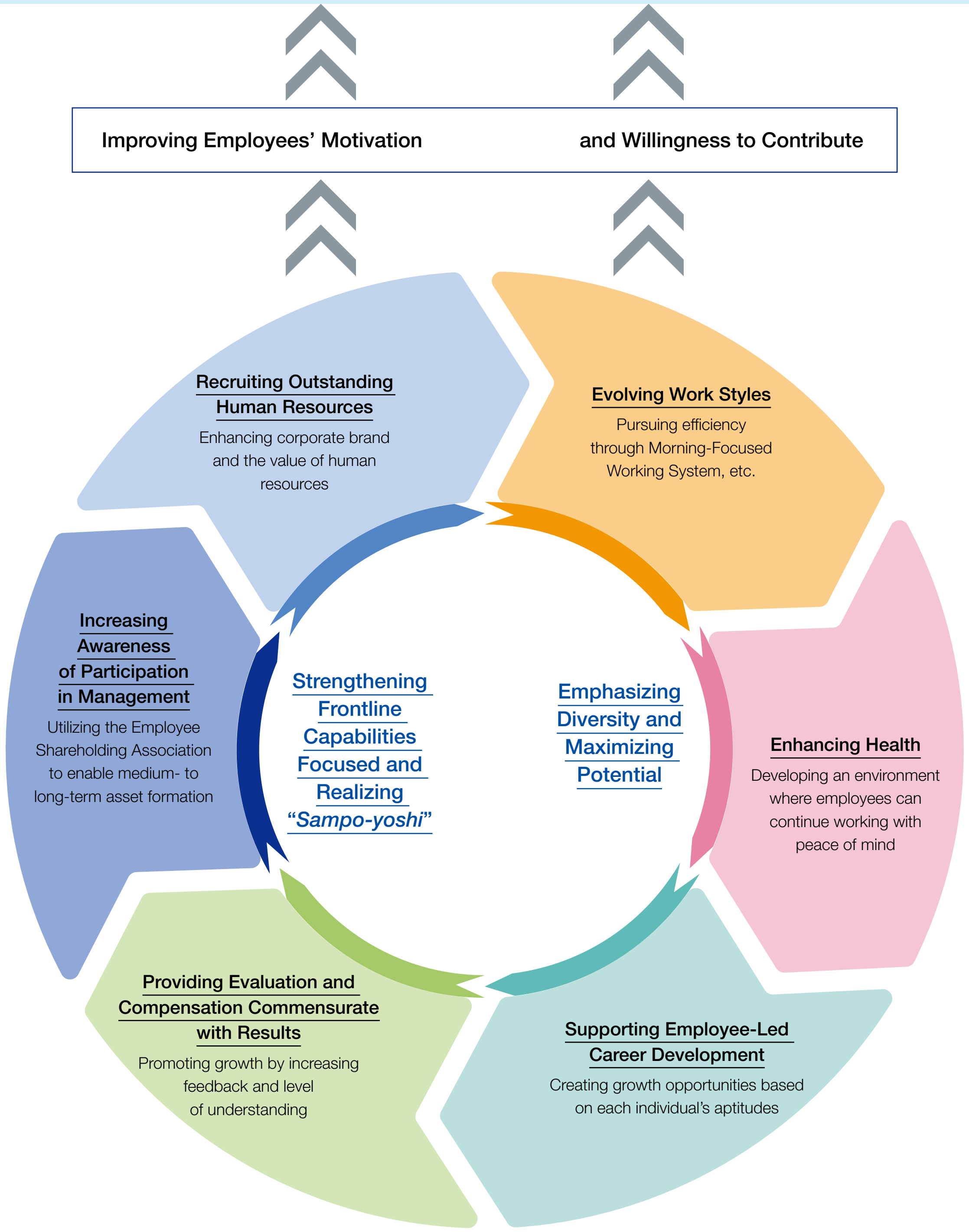


Enhancing Corporate Value through the Evolution of Work-Style Reforms

FYE 2023 has seen the launch of the second stage of work-style reforms. Based on the Engagement Survey Results (➡ Page 127) conducted in FYE 2022, we are introducing measures with a particular emphasis on reflecting the diversification of values among the young employees and female employees.*

We will continue expanding and enhancing measures. At the same time, all measures will form part of a virtuous cycle that steadily improves both labor productivity and enhances corporate value.

* In the tables below, ★ indicates a measure that has been newly introduced as part of the second stage of work-style reforms.



Improving Employees' Motivation and Willingness to Contribute

Recruiting Outstanding Human Resources
Enhancing corporate brand and the value of human resources

Evolving Work Styles
Pursuing efficiency through Morning-Focused Working System, etc.

Increasing Awareness of Participation in Management
Utilizing the Employee Shareholding Association to enable medium- to long-term asset formation

Strengthening Frontline Capabilities Focused and Realizing *"Sampo-yoshi"*

Emphasizing Diversity and Maximizing Potential

Enhancing Health
Developing an environment where employees can continue working with peace of mind

Providing Evaluation and Compensation Commensurate with Results
Promoting growth by increasing feedback and level of understanding

Supporting Employee-Led Career Development
Creating growth opportunities based on each individual's aptitudes

Recruiting Outstanding Human Resources

INPUT	OUTCOME
Next-generation recruiting enabled by virtual reality technology (VR) (from FYE 2022) • VR-enabled recruiting designed by prospective ITOCHU employees and based on a market-oriented perspective	• Increasing the range of job-hunting options for students in the post-COVID-19 era • Fostering a culture that flexibly incorporates diverse values

Company ranking among job-seekers according to 7 major institutions*

[All industries] Ranked No. 1 by 4 institutions

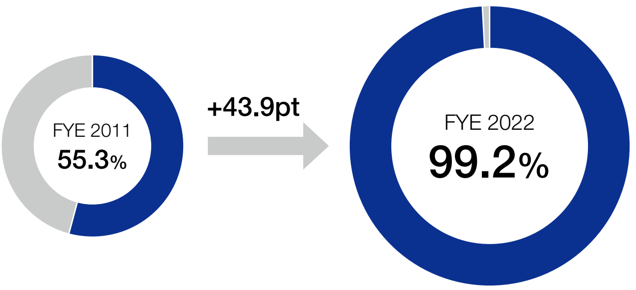
[General trading company] Ranked No. 1 by all institutions

* Based on the responses of students graduating in 2023, the Company ranked No. 1 among all industries from GAKUJO Co., Ltd., DIAMOND HUMAN RESOURCE, INC., Nippon Cultural Broadcasting Inc., and WORKSJAPAN Co., Ltd. Moreover, the Company ranked No. 1 among general trading companies from the four institutions mentioned above as well as all seven institutions including Rakuten Group, Inc., DISCO Inc., and Mynavi Corporation.

Increasing Awareness of Participation in Management
(Value Alignment with Shareholders)

INPUT	OUTCOME
Encouraging participation in the Employee Shareholding Association	• Participation in the Employee Shareholding Association in FYE 2022: 99.2%
Stock compensation scheme (from FYE 2020)	• Raising each employee's sense of participation in business management

Percentage of Membership in the Employee Shareholding Association



Providing Evaluation and Compensation Commensurate with Results

INPUT	OUTCOME
Compensation highly linked to the Company's performance • 40% of bonus amounts based on the Company's performance	• Raising awareness of the Company's performance
Infinite Missions Award (from FYE 2021) • Commending teams that have achieved results based on Guideline of Conduct	• Encouraging businesses based on market-oriented perspectives, SDG initiatives, and digitalization
Introducing one-on-one interviews (from FYE 2023) ★ • Enabling more interviews between superiors and subordinates	• Enhancing understanding of evaluations and compensation

Evolving Work Styles

INPUT	OUTCOME
Morning-Focused Working System (from FYE 2014) • Shift from the tendency to work late night to Morning-Focused Working Style (In principle, prohibit work after 8:00 p.m. and offer free breakfast and provide a higher wage rate to employees who start work before 8:00 a.m.) • Introducing Morning-Focused Flextime System (from FYE 2023) ★ • Introducing a work from home system for all employees (from FYE 2023) ★	• Improve operating efficiency and use time more effectively (Morning Activity Seminars, self-improvement, etc.) • Reduce overtime work to prevent long working hours • Offering greater options in relation to flexible work styles suited for particular types of work and lifestyle
Expanding and improving ICT infrastructure (digitalizing application forms, advancing introduction of robotic process automation, etc.)	• Allocating finite working hours to high-value-added work

Enhancing Health

INPUT	OUTCOME
ITOCHU Health Charter (from FYE 2017) • Investment for health and productivity measures in FYE 2022: Approx. ¥11.0 million	• Increase the capabilities of employees by enhancing health
Support Measures for Balancing Cancer Care and Work (from FYE 2018) • Regular special checkups in cooperation with the National Cancer Center Research Institute • Establish systems individually to encourage balance treatment and work tasks • Provide schooling and work support for bereaved family members	• Create an environment where employees feel a sense of belonging and work with peace of mind • Nearly 100% screening among people targeted for special cancer checkups in FYE 2022 • Reduce anxiety about the future
Helping employees with disease prevention (Participation in a sleep quality improvement project)	• Helping employees to maintain and improve their health and improving labor productivity during daytime hours

Supporting Employee-Led Career Development (Human Resources Development)

INPUT	OUTCOME
Creating growth opportunities based on individuals' aptitudes and careers • Investment in human resource development in FYE 2022: Approx. ¥1.1 billion • Expanding and enhancing the Challenge Career System (in-house recruitment system) ★	• Supporting employees' self-starting efforts and enhancing job satisfaction • Creating growth opportunities based on each individual's aptitudes
Empowering women • Fostering the next generation of managers through systematic provision of work experience • Introducing systems that support dual-income households (allowance to balance engagement in both work and childrearing, infertility treatment leave) (from FYE 2023) ★ ➡ Page 96 Women's Advancement Committee	• Two female Outside Directors, one female Full-time Audit & Supervisory Board Member, and one female Executive Officer[*1] • Percentage of women in management positions: 8.5%[*2] • Offering greater options in relation to flexible work styles suited to diversified values, and types of work and lifestyles
Increasing the number of Chinese-speaking employees (from FYE 2016)	• Employees with Chinese-language qualifications in FYE 2022: 1,255 (more than one-third of all career-track employees)
Providing support that empowers junior and mid-ranking employees • One-on-one interviews (from FYE 2023) ★ and increasing and enhancing career development	• Supporting the autonomous growth of employees and improving their motivation and willingness to contribute
Supporting the reeducation of middle and senior-ranking employees (reskilling support system)	• Supporting employees' self-starting efforts and realizing long-term contributions

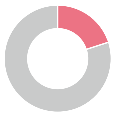
[*1] As of June 30, 2022 [*2] As of April 1, 2022 (career-track employees, employees in special positions)

Corporate Governance

Further Enhancement of ITOCHU's Corporate Governance System

ITOCHU has consistently reformed and strengthened its governance structure through such measures as implementing measures pursuant to the Corporate Governance Code, shifting to a monitoring-focused Board of Directors, and establishing advisory committees to the Board of Directors that are led by a diverse group of outside officers. Expectations have increased significantly with respect to the further enhancement of corporate governance as a consequence of revisions to the Corporate Governance Code, which call for "Enhancing Board Independence" and "Promoting Diversity." In response, in FYE 2022 the Company appointed two outside officers who have abundant experience and expertise in corporate management. Moreover, the Company established the Women's Advancement Committee to accelerate measures in support of the advancement of women. ITOCHU will continue examining methods of further enhancing its governance, with a particular focus on the practical aspects of strengthening governance.

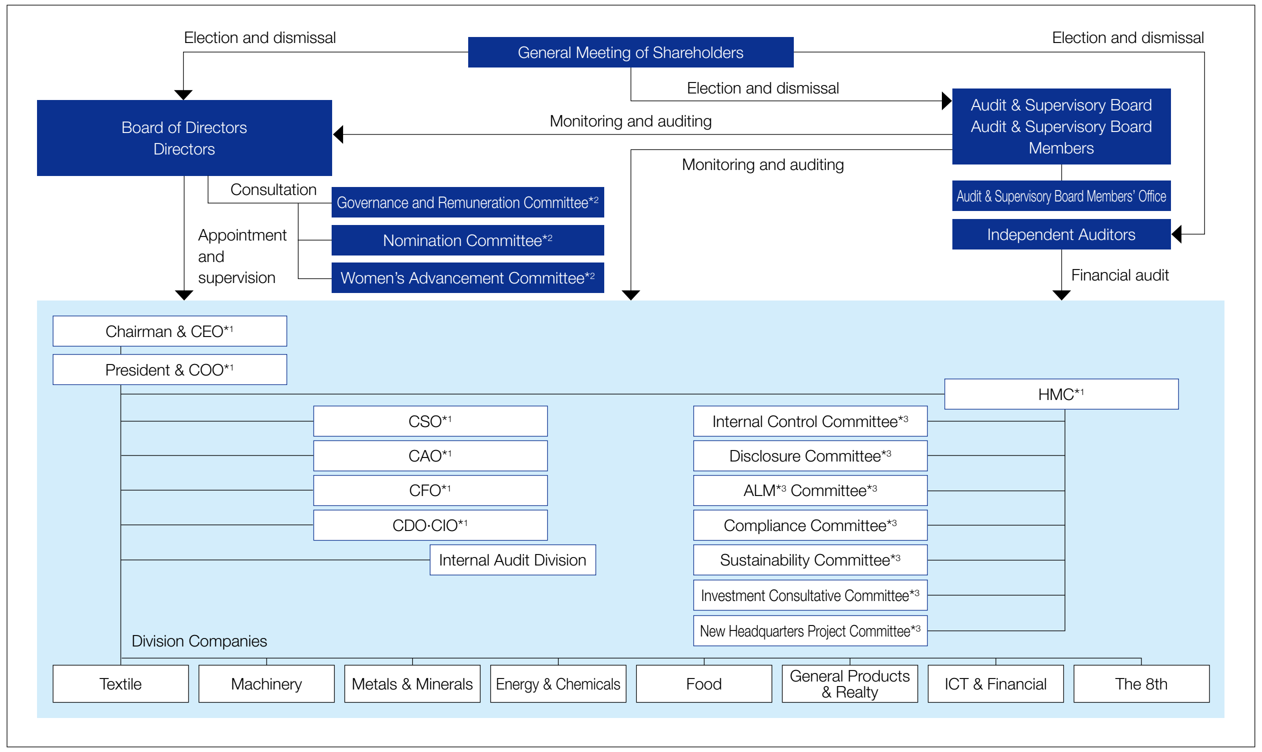
Structure of the Board of Directors

Inside Directors*	Outside Directors	Ratio of Female Directors	Ratio of Outside Directors	Major Topics Discussed in FYE 2022
6 CEO COO CAO CFO P CSO	4 Male Female	20%  (2 Female Directors)	40%  (4 Outside Directors)	(1) Investment in Hitachi Construction Machinery Co., Ltd. ➲Page 100 Discussions at the Board of Directors Meeting Related to Individual Projects (2) Corporate Branding Strategy (3) IR Activity Report (4) SDG and ESG initiatives (2)–(4): ➲Page 99 Promoting More Active Discussions at the Board of Directors Meeting (5) Establishment of the Women's Advancement Committee ➲Page 96 Women's Advancement Committee

* P: President, Machinery Company

Overview of Corporate Governance and Internal Control System

(As of July 1, 2022)



*1 CEO = Chief Executive Officer COO = Chief Operating Officer CSO = Chief Strategy Officer CAO = Chief Administrative Officer CFO = Chief Financial Officer CDO·CIO = Chief Digital & Information Officer HMC = Headquarters Management Committee ALM = Asset Liability Management

*2 Established advisory committees under the Board of Directors to enhance the transparency of the decision-making process and strengthen supervisory functions.

*3 Internal Control Committee (CAO): Deliberates on issues related to the development of internal control systems. Disclosure Committee (CFO): Deliberates on issues related to business activity disclosure and on issues related to the development and operation of internal control systems in the area of financial reporting. ALM Committee (CFO): Deliberates on issues related to risk management systems and balance sheet management. Compliance Committee (CAO): Deliberates on issues related to compliance. Sustainability Committee (CAO): Deliberates on issues related to sustainability, the SDGs, and ESG, excluding governance-related issues. Investment Consultative Committee (CFO): Deliberates on issues related to investment and financing. New Headquarters Project Committee (CAO): Deliberates on issues related to new headquarters project. The chairperson is stated in parentheses.

*4 CAO is the Chief Officer for Compliance. Also, each Division Company has a Division Company President.

*5 Internal control systems and mechanisms have been implemented at every level of ITOCHU. Only the main internal control organization and committees are described herein.

Activities of Internal Committees

ITOCHU's internal committees carefully screen and deliberate management issues in their respective fields. The Internal Control Committee and Compliance Committee glean insights from external experts for use in business execution by management and in decision-making by the Board of Directors. Matters reviewed by the committees are escalated or reported to the HMC and Board of Directors by the CAO and CFO, who serve as chairs, depending on the content of the matter.

Specific Examples of Discussion at Internal Committees

Compliance Committee (Chairman : CAO)	The committee met a total of 2 times in FYE 2022. Reports were submitted related to the results of a compliance awareness survey that was conducted for over 50,000 Group employees, including those overseas; action plans made based on those results; the status of compliance issues; and the results of a survey on compliance with rules related to personal data privacy, etc. The committee holds discussions, in which outside lawyers who serve as external committee members participate, on these topics, thereby helping to improve various measures related to compliance, preventing compliance issues, and thoroughly implementing preventive measures.
ALM Committee (Chairman : CFO)	The committee met a total of 16 times in FYE 2022. In its analysis of key performance indicators for each Division Company, the committee discusses the analysis of asset efficiency and operating cash flows as well as appropriate responses for assets that were sensitive to changes in the business environment, including rising geopolitical risks and inflation, etc. In addition, the committee discusses policies on ownership of strategic shareholding as well as shareholding of Group companies. Regarding risk analyses, policies, and measures formulated by each Division Company, the CFO and core members work to thoroughly implement the "prevent" principle through detailed discussions from their expert perspectives. Main Matters of Deliberation: • Analysis of key performance indicators for each Division Company • Periodic review of general investments (policy on ownership of strategic shareholdings, voting rights guidelines, etc.) • Periodic reviews of all business investments (policy on ownership of Group companies, etc.) ➲Page 42 In-Depth: Monitoring • Establishing total limit guidelines on total exposure to each country based on in-house country credit ratings

Activities of the Advisory Committees to the Board of Directors

Governance and Remuneration Committee

The committee met a total of 5 times (two of which were by held in writing) in FYE 2022, with all members in attendance. The main topics included the Board of Directors' effectiveness evaluation, incorporation of SDG responses into the corporate officer remuneration system, formulation of a skills matrix for corporate officers, revision of the corporate governance report to align with the revised Corporate Governance Code, and establishment of the Women's Advancement Committee. Each member engaged in active deliberations on every topic. In the deliberation regarding the establishment of the Women's Advancement Committee, an opinion was raised that discussions should evolve beyond conceptual policy aspects but more into specific policies and measures based on reviews of internal and frontline issues and that they should be followed by proactive recommendations to the Board of Directors.

Nomination Committee

The committee met 1 time in FYE 2022, with all members in attendance to discuss matters related to corporate officers in FYE 2023 and succession plans. The members engaged in active discussion on such important human resource matters as the retirement of two Executive Vice Presidents and the nomination of two new inside directors. In addition, the committee intends to continue holding future-oriented discussions on succession planning.

Constant Improvement in the Board of Directors

FYE 2022
- Establishment of the Women's Advancement Committee
- Appointment of two outside officers with experience in corporate management

For details
➲Page 96

FYE 2020–FYE 2021
- Maintain the ratio of Outside Directors to more than one-third at any time*
- Formulate ITOCHU's Policy on the Governance of its Listed Subsidiaries

FYE 2018–FYE 2019
- Transition to a Board of Directors with a monitoring-focused structure
- Discontinue consultant and advisor system

FYE 2016–FYE 2017
- Establishment of the Governance and Remuneration Committee and the Nomination Committee
- Increase in the number of Outside Directors (from two to three)

* The ratio of Outside Directors to more than one third had been practiced prior to the transition to a monitoring-focused Board of Directors in FYE 2018 and has been adopted and adhered to as a policy.

Women's Advancement Committee

Establishment of the Women's Advancement Committee

In October 2021, ITOCHU established the Women's Advancement Committee, and I was appointed as its chairperson. To further accelerate the advancement of women, a goal ITOCHU has been promoting since FYE 2004, this committee was established as an advisory committee to the Board of Directors, with a system put in place for management to make determined efforts. The committee is composed of six members with diverse experiences and values, three (half) of whom are outside officers and three of whom are women.

We will foster an internal culture in which diverse employees will contribute to gender equality by "Enhancing Our Contribution to and Engagement with the SDGs through Business Activities," one of the basic policies of the medium-term management plan, and will also enhance corporate value. Furthermore, as a result of the revisions to the Corporate Governance Code and other factors, the promotion of women's advancement in society has received increased demand and attention. While there are many internal committees designed to promote the advancement of women by various companies, we believe that ITOCHU is unique in establishing this as an advisory committee to the Board of Directors.

Atsuko Muraki
Outside Director

Ms. Muraki assumed a position as a member of the Board of Directors at ITOCHU in June 2016, after serving as Vice-Minister of Health, Labour and Welfare. She provides many helpful suggestions concerning internal control, compliance, deploying personnel, and strengthening organizations. As of FYE 2023, she serves as chair of the Women's Advancement Committee and a member of the Nomination Committee.

Discussions at the Women's Advancement Committee

In FYE 2022, the committee met a total of three times. The committee initially reviewed the various measures implemented by ITOCHU to date, one by one. The committee was able to confirm that the series of work-style reforms regardless of gender implemented since FYE 2011, including the Morning-Focused Working System, have been effective in promoting the advancement of women. In addition to the engagement survey conducted in FYE 2022, a questionnaire was sent to each Division Company President and to female employees balancing work and childcare to fully analyze the results of the reforms. Furthermore, we listened to the voices of women through roundtable discussions hosted by the three female committee members and through interviews with approximately 150 female employees conducted by Yoshiko Matoba, who heads the Human Resources & General Affairs Division. Based on these, we have organized issues in the advancement of women's activities and formulated a policy of accelerating training for promotion and evolving to a flexible work style.

In the course of our discussions, we analyzed various data and found that changes are especially visible in the ratio of employees in dual-income households. The percentage of ITOCHU male employees in dual-income households was only about 10% Companywide in FYE 2001, but in FYE 2022, it reached 43% Companywide and 90% for employees in their 20s, a change that really stands out. Especially for the younger generation, it is very important to support both women and men, as not only women but also men often need to balance work and family life as well. The introduction of the Morning-Focused Flextime System and a work from home system for all employees during the second stage of work-style reforms will truly encourage flexible work styles regardless of gender, and we intend to monitor the results.

Human Resource Diversification Measures

Increases and System Expansion

Phase I of the Human Resources Diversification Plan
(FYE 2004–2009)

- Set numerical targets
- Cultivate senior management
- Flexible childcare and nursing care systems
- Raise internal awareness

Support Retention and Ensure Success

Phase II of the Human Resources Diversification Plan
(FYE 2010–2014)

- Continuation of numerical targets
- Ensure understanding, respect, and maximum utilization of skills
- Comfortable workplace environment
- Career development support

Individual Support

Work-Style Reforms
(FYE 2011 to present)

- Challenging but rewarding work place
- Improve labor productivity
- Health management
- Frontline, individual, and integrated reforms to support women

Training for Promotion and Support for Colleagues

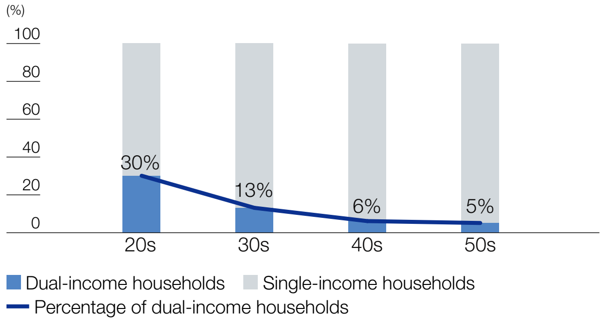
Women's Advancement Committee
(FYE 2022 to present)

- Evolution of work-style reforms
- Training and monitoring for promotion
- Support for those hoping to return to work early
- Support for balancing work and infertility treatment

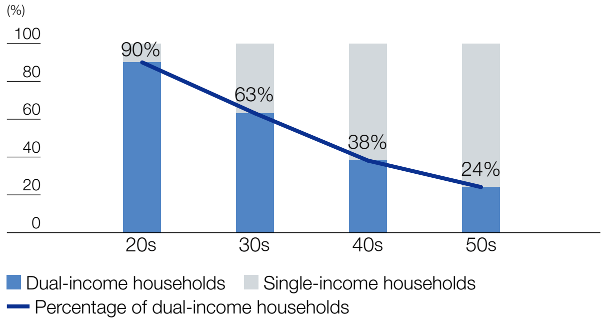
In addition, the number of female employees holding senior managerial positions has increased from 35 as of April 2021 to 46 as of April 2022. ITOCHU's corporate culture of flexible and steady implementation of measures is reflected in the progress of appointments to key positions, including the first female general manager of an overseas office, the first female president of a Group company in Japan, and the second female president of an overseas Group company.

We believe it is important to continue to listen to the voices of employees, discuss matters with frontline employees, hold committee meetings, report to the Board of Directors, and carry out such an implementation cycle throughout the Company. We closely monitor whether women employees are actually in key positions, whether the development of candidates for managerial positions is progressing smoothly, and most importantly, whether management is seriously committed to the project. We believe that the continuous monitoring of the results of ITOCHU's efforts is one of the missions of the Women's Advancement Committee as an advisory committee to the Board of Directors with oversight functions.

FYE 2001
Male employees in dual-income households: 10%



FYE 2022
Male employees in dual-income households: 43%



Issues and Action Policies for Promoting Women's Advancement

Issues

Further promotion to higher positions
- Providing opportunities for promotion
- Raising awareness in the workplace and among employees

Further support for career continuity
- Creating an environment that produces sales managers
- Avoiding gaps in the career after childbirth

Uniform careers and work styles
- Respect for diversity as a competitive advantage
- Understanding of diverse work styles and values

Action Policies

Accelerate training for promotion
- Identification of issues and continuation of individualized support
- Candidate identification and monitoring of training
- Follow-up after promotion

Evolution to flexible work styles
- Introduction of ITOCHU's unique and diverse work styles
- Support for balancing work and infertility treatment
- Support for those hoping to return to work early after child birth

Advancement of Women's Activities Based on Employee Opinions

Through discussions of the Women's Advancement Committee, it became clear that there are generational differences in employee awareness and the support they need. Through the roundtable discussions with female employees, we came to understand that it is vital to first successfully promote and support the current generation of executives, so that they will serve as role models, motivating the next generation to become all they aspire to be in the future.

Within the framework of the Companywide work-style reforms at ITOCHU, what particularly resonated with me is the Company policy to provide support for balancing work and family life without distinction for both men and women. It will become increasingly important to take a comprehensive approach that includes employees with diverse values, not just measures specific to women employees raising children. Furthermore, we believe that the number of female employees still needs to be increased. It has yet to reach even 30% of the total number of employees, a threshold where we believe women employees will have the critical mass to continue expanding their influence. As the number grows in the future, we expect women will increase the vitality of ITOCHU in ever new ways. In FYE 2022, ITOCHU clearly demonstrated its commitment to promoting women's activities through the committee. From FYE 2023 onward, we will continue to fulfill the responsibilities of the committee by regularly reviewing measures and delivering solid results.

Makiko Nakamori
Outside Director

Ms. Nakamori possesses a high level of expertise in finance and accounting as a Certified Public Accountant in Japan and a wealth of experience as a corporate manager. She assumed a position as a member of the Board of Directors at ITOCHU in June 2019. She often provides insightful advice based on her specialized knowledge and unique experience in the fields of internal control, compliance, and DX. As of FYE 2023, she serves as chair of the Governance and Remuneration Committee and a member of the Women's Advancement Committee.

Evaluation of the Board of Directors

ITOCHU conducted evaluations on the effectiveness of the Board of Directors for all 11 Members of the Board and 5 Audit & Supervisory Board Members for FYE 2022.

The results of this evaluation confirmed that the Company's Board of Directors continues to ensure its effectiveness in terms of the structure of the Board of Directors and advisory committees to the Board of Directors, the roles and duties of the Board of Directors, the operation status of the Board of Directors, the information provision to Members of the Board and Audit & Supervisory Board Members and training, etc. Responses to the majority of the items covered by the questionnaire showed improvement in scores. Furthermore, the specific achievements arising from the effectiveness of the Board of Directors were confirmed, which include the enhancement of profitability and corporate value in a volatile environment, efforts to diversify human resources through the establishment of the Women's Advancement Committee, an increase in the liveliness of deliberations accompanying the appointment of two outside officers with experience in corporate management, and discussion on and strengthening of initiatives related to medium- and long-term issues, such as the SDGs and corporate branding.

Procedure for Evaluation of the Board of Directors

Respondents	All 11 Members of the Board and all 5 Audit & Supervisory Board Members in FYE 2022
Implementation and Evaluation Method	Step 1: Enlist external consultants to conduct questionnaires and individual interviews with each member (anonymous responses) Step 2: Have external consultants compile and analyze respondents' answers Step 3: Conduct analysis at the Governance and Remuneration Committee with reference to the compiled answers and analysis of the external consultants Step 4: Conduct analysis and evaluation at the Board of Directors
Items Covered by Questionnaire	• Structure of the Board of Directors • Structure of advisory committees to the Board of Directors, etc. • Role and duties of the Board of Directors • Operation status of the Board of Directors • Information provision and training for Members of the Board and Audit & Supervisory Board Members • Other items

Results of the FYE 2022 Evaluation of the Board of Directors

Issues identified in FYE 2021	Initiatives in FYE 2022	Progress in FYE 2022	Issues identified in FYE 2022
With a view to enabling the Board of Directors to fulfill its functions even further, the issues below were identified as requiring the advancement of substantive initiatives rather than formal initiatives.			With a view to enabling the Board of Directors to fulfill its functions even further, the issues below were newly identified.
Issue 1 • Increase and enhance discussions that contribute to the further enhancement of corporate value	• Ongoing off-site discussions such as the "Independent outside officers' Meeting" consisting solely of outside officers • At meetings of the Board of Directors, held discussions on agenda items focused on facilitating further growth in corporate value over the medium- to long-term • Established the Women's Advancement Committee	• With "Realizing business transformation by shifting to a market-oriented perspective" and "Enhancing our contribution to and engagement with the SDGs through business activities" as basic policies for the medium- to long-term, the Board of Directors carefully discussed individual projects with the aim of realizing a balance between the achievement of these policies and the achievement of short-term goals. These discussions are leading to steady enhancements of both profitability and corporate value	Issues • Ensure further diversification of human resources • Continue discussions on strengthening management foundations
Issue 2 • Strengthen supervision of business execution	• Appointed two outside officers who have experience in corporate management • Continued discussions on reports from such internal committees as the Internal Control Committee	• Improved the effectiveness of supervision by appointing two outside officers who have experience in corporate management • Improved effectiveness of supervision through regular reporting by internal committees • Recognized that functions for the overall management of the Group will become more challenging as the Group companies grow and therefore need to be strengthened	

Promoting More Active Discussions at the Board of Directors Meeting

Based on the results of the FYE 2021 Board of Directors' effectiveness evaluation, in FYE 2022 the Board of Directors was provided with reports on corporate branding strategies, IR activity reports, as well as SDG and ESG initiatives, as summarized below.

Topic	Details of Discussions
Corporate Branding Strategies	Corporate Brand Initiative (CBI)* presented ITOCHU's corporate branding strategy and FYE 2022 branding plan and held discussions. The Outside Directors opined that ITOCHU should first define its vision as a company for the practice of branding. Only after then, the Company should compose the messaging for the wider public, and it is very important to actively incorporate external opinions. In addition, the Outside Audit & Supervisory Board Members held active discussions on questions regarding branding strategies in overseas markets. * Established in January 2020, the CBI promotes corporate branding, reporting directly to the CAO.
IR Activity Reports	The Investor Relations Division presented the Company's annual report formulation policy, dialogue with market participants, responses to credit ratings, and key points and issues for IR activities, and also engaged in discussion. Some Outside Directors voiced the opinion that the presentation of the corporate value calculation formula outlined in the annual report was easy to understand and the corporate value creation story using ITOCHU's unique non-financial capital was clearly explained. Various ideas were discussed, including the potential involvement of outside officers in IR activities going forward.
SDG and ESG Initiatives	The Sustainability Management Division explained the incorporation of the SDGs and ESG into the Company's management, climate change responses, such as GHG emissions reduction targets, responses to human rights and supply chain management, social contribution activities, and SDG-related business and held relevant discussions. Outside Directors presented advice based on independent perspectives through questions related to reducing GHG emissions beyond fossil fuels as well as opinions that the Company should proactively announce its efforts to address human rights issues.

ITOCHU considers it indispensable to fully strengthen the management oversight and supervising functions of outside officers, who bring perspective of the public and shareholders, to invigorate the Board of Directors. As a place for outside officers to deepen their understanding of the Company, we strive to further invigorate the Board of Directors by taking such measures as holding deliberations at the Board of Directors Meetings and off-site discussions from the aforementioned medium- to long-term view.

Helping Enhance Medium- to Long-Term Corporate Value through Outside Officers

To enable outside officers to gain a deeper understanding of the Company, ITOCHU has enhanced opportunities for pre-Board Meeting briefings, direct dialogue with executive officers, and site visits. In addition, in light of "the usefulness of discussions at the Board of Directors Meetings regarding topics that help enhance medium- to long-term corporate value," which was pointed out by outside officers, the Board of Directors in FYE 2022 took up the topics of corporate branding strategies, IR activity reports, and SDG and ESG initiatives. The Board held active discussions from various perspectives on these topics. Regarding IR activity reports, opinions were exchanged on the possibility of dialogue between outside officers and investors. One result of this was that in May 2022, Outside Director Atsuko Muraki took part in the Sustainability Briefing, explaining ITOCHU's work-style reforms from a national macro perspective, drawing on her areas of expertise fields. This event garnered high acclaim from analysts and investors. Going forward, when holding discussions that help enhance corporate value, we will continue striving to contribute to ITOCHU's sustainable development, especially in fields of our expertise, by encouraging each outside officer to proactively offer recommendations that contribute to this endeavor.

Masatoshi Kawana

Outside Director

Mr. Kawana served as Vice-president of Tokyo Women's Medical University Hospital, in addition to other positions, where he gained a high level of experience in hospital management and advanced knowledge of medical care. He assumed a position as a member of the Board of Directors at ITOCHU in June 2018. He uses his expertise to provide many useful proposals and suggestions in the fields of health management and the establishment of preventive measures against in-office infection of COVID-19. In FYE 2023, he is a member of the Governance and Remuneration Committee and the Nomination Committee.

Discussions at the Board of Directors Meeting Related to Individual Projects

Based on the rules of the Board of Directors, to undertake investment and finance projects above a certain threshold, the Company needs the approval of the Board of Directors following a decision by the HMC*. In FYE 2022, multiple projects were presented to the Board of Directors, including an investment in Hitachi Construction Machinery Co., Ltd. As this is an important investment for the Group amid its search for further growth opportunities in the future and is the largest of all investment projects discussed in FYE 2022, the Board of Directors held in-depth discussions on the matter.

First, an explanation related to the project was presented to the Board of Directors, with the content of the Investment Consultative Committee and the HMC's deliberations reported from the executive side. More specifically, the reported deliberations covered investment partnership policies drawn from past reflections and lessons, the validity of acquisition price and business plans, the feasibility of business development and synergy assessments going forward, contract terms and conditions, and medium- to long-term ownership policies. Opinions of related administrative divisions were also reported.

These reports formed the basis for deliberations and, especially, Q&A sessions with members of the Board of Directors. Pre-Board Meeting briefings ensured that outside officers had a sufficient understanding of the investment, key points raised by executives in discussions, and the positioning of the investment in Companywide strategies, etc. Therefore, opinions voiced at the Board of Directors meetings entailed not only the pros and cons of this particular investment but also future business development, such as synergies with Hitachi Construction Machinery Co., Ltd. It was a highly thoroughgoing discussion.

Many opinions were exchanged and issues were identified from various perspectives during the vigorous deliberations of the Board of Directors. Topics included synergy generation that fully taps into the functions of ITOCHU as a business partner, clear communication to market participants about how this investment aligns with the Company's growth strategy, a transformation of the construction machinery business, and establishment of comprehensive systems that focus on the front lines by leveraging the mutual strengths of Hitachi Construction Machinery Co., Ltd. and ITOCHU.

* Headquarters Management Committee

Regarding Project Discussions at the Board of Directors Meetings

Of all the investment proposals submitted to the Board of Directors in FYE 2022, the investment in Hitachi Construction Machinery Co., Ltd. was among the most actively discussed. Despite prior submission to the Investment Consultative Committee, the investment proposal was once sent back and was subject to various opinions from the executive side. Because of the size of this investment, before partaking in a Board of Directors Meeting, we were equipped with a sufficient understanding of the investment, thanks to pre-Board Meeting briefing sessions which informed us of the details and key points of discussions raised by the Investment Consultative Committee.

Historically, businesses undertaken by general trading companies with manufacturers centered on supporting manufacturers' entry into overseas markets through export trade and management of dealer operations, i.e., product distribution. Therefore, there were questions about how this investment would align with a market-oriented business transformation and if it would square up with the expectations of the executive side. However, discussions at the Board of Directors Meeting made it clear that this investment goes beyond conventional distribution / logistics function and into strengthening downstream businesses and meeting various customer needs by utilizing operational data of construction machinery. In this, Hitachi Construction Machinery Co., Ltd. and ITOCHU are expected to act as business partners and leverage their mutual strengths. The investment is imbued with a sense of urgency and crisis for the traditional business model, wherein there are no functions other than the distribution of products. It was also evaluated as being a project that should be undertaken from a market-oriented perspective, and is expected to expand downstream business through collaboration.

Kunio Ishizuka

Outside Director

Mr. Ishizuka has extensive knowledge of corporate management and the retail industry that was earned through his experience as President and Chairman of Isetan Mitsukoshi Holdings Ltd. and as a Vice Chair of Nippon Keidanren (Japan Business Federation). He was appointed to the ITOCHU Board of Directors in June 2021. From FYE 2023, he is serving as chair of the Nomination Committee.

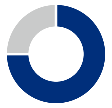
Policy on the Governance of Listed Subsidiaries

ITOCHU respects the autonomy of listed subsidiaries and prohibits any acts that contradict the principle of shareholder equality, in accordance with ITOCHU's Policy on the Governance of Its Listed Subsidiaries, which was announced in October 2019. Each subsidiary and ITOCHU are in a mutually beneficial relationship to enhance corporate value as business partners. With the recognition that there is a potential conflict of interest between ITOCHU and the minority shareholders of these listed subsidiaries, we ensure independent decision-making at listed subsidiaries by encouraging them to establish well-functioning governance structures that effectively utilize independent outside directors. Further, the Company does not conclude governance-related agreements with any listed subsidiary.

As of the convening of their ordinary general meetings of shareholders in 2022, the listed subsidiaries have established and maintained effective governance systems through such measures as further increasing the percentages of outside directors and newly establishing independent advisory committees to Boards of Directors. ITOCHU will continue to encourage listed subsidiaries to further improve their governance structure, taking into account the Corporate Governance Code.

The significance of holding each listed subsidiary from perspectives including the Group's management strategy is as follows:

(As of July 1, 2022)

Company Name	Significance of Holding	Ratio of Independent Outside Directors	Advisory Committees to the Board of Directors	Ratio of Independent Outside Audit & Supervisory Board Members
ITOCHU ENEX CO.,LTD.	Utilizing its wide and diverse domestic customer base, ITOCHU ENEX CO., LTD. is developing new fuel sales, services to enhance logistics efficiency, and next-generation businesses, etc., in addition to existing energy business and power business. It is an important and indispensable presence for the Group in order to build a stable earnings base both in Japan and overseas. In addition, ITOCHU ENEX CO., LTD., with utilizing the Group's extensive domestic and international network, promotes initiatives in the new energy field which contributes to achieve the SDGs, and carries out the fuel supply businesses for the Group companies.	38%  (3 out of 8 directors)	• Governance Committee • Special Committee	50%  (2 out of 4 members)
C.I. TAKIRON	C.I. TAKIRON Corporation is positioned as a core enterprise in the Group's plastic resin business, due to its advanced technological capabilities and large-scale production capacity. C.I. TAKIRON Corporation utilizes the Group's extensive domestic and international network for overseas expansion of C.I. TAKIRON Corporation's functional film business, stable procurement of competitive raw materials, and expansion of sales of C.I. TAKIRON Corporation's various products.	43%  (3 out of 7 directors)	• Nomination / Remuneration Committee • Governance Committee	50%  (2 out of 4 members)
ISC ITOCHU-SHOKUHIN Co.,Ltd.	The principal and main business of ITOCHU-SHOKUHIN Co., Ltd. is the sale and distribution of alcoholic beverages and processed foods. Based on its presence, ITOCHU secures stable contact points with various domestic retailers, and maximizes profit in the food distribution field by utilizing this sales channel. In addition, by utilizing the Group's diverse customer base and knowledge in implementing the growth strategy of ITOCHU-SHOKUHIN Co., Ltd., such as "Contribution to customers through creating sales floors which utilize DX," etc., ITOCHU is contributing to the expansion and evolution of the services provided by ITOCHU-SHOKUHIN Co., Ltd.	33%  (3 out of 9 directors)	• Governance Committee	50%  (2 out of 4 members)
PRIMA MEAT PACKERS, LTD.	The principal and main business of Prima Meat Packers, Ltd. is to sell meat and processed livestock products, and it assumes an important role of supplying final products in ITOCHU's livestock value chain. Prima Meat Packers, Ltd. utilizes the Group's extensive domestic and international network to ensure a stable supply of high-quality imported raw materials for its core products and to jointly develop pork brands with overseas partners in the Group.	50%  (3 out of 6 directors)	• Management Advisory Committee • Sustainability Committee	75%  (3 out of 4 members)
CTC	CTC serves a function as a sales channel for products and services using cutting-edge technology held by the Group's investees and business partners, and utilizes the Group's extensive network. In addition, CTC is expanding its business through cooperation with ITOCHU, such as joint investments in promising new business areas and joint proposals.	57%  (4 out of 7 directors)	• Nomination Committee • Remuneration Committee • Governance Committee	50%  (2 out of 4 members)
CONEXIO	CONEXIO Corporation is expanding its business by utilizing the Group's extensive domestic and international network. It is expanding its mobile accessory sales business to overseas, as well as promoting more effective use of management resources, such as store assets and know-how in selling products and services to individual customers, in cooperation with companies in other industries in the Group.	38%  (3 of 8 directors)	• Nomination / Remuneration Committee • Governance Committee • Special Committee	50%  (2 out of 4 members)

Corporate Officer Remuneration

ITOCHU's remuneration plan for Directors is designed to be an incentive to grow business performance. Variable remuneration ratio is extremely high, even when compared to other companies. The system clarifies management's responsibility, with Director remuneration increasing as performance improves, and significantly decreasing if performance deteriorates. Furthermore, this remuneration plan, including the calculation method, has been previously disclosed publicly, making it highly transparent. More specifically, the remuneration plan consists of fixed remuneration (1) monthly remuneration, and variable remuneration (2) performance-linked bonuses, (3) share price-linked bonuses, and (4) performance-linked stock remuneration, with performance-linked bonuses reflecting short-term performance and share price-linked bonuses and performance-linked stock remuneration reflecting the enhancement of corporate value in the medium- to long-term.

Monthly remuneration is decided based on the standard amount by position and the level of contribution to ITOCHU Corporation, including its response to climate change, the SDGs, and ESG.

The Company has adopted consolidated net profit as the linked indicator for the performance-linked bonus and performance-linked stock remuneration, as it is the source of capital for growth-oriented investment and returns to shareholders, and is of high interest on the stock market. In the unlikely event that consolidated net profit falls into a deficit, there is a strict system whereby no such bonus or remuneration is paid out. Furthermore, the share-price linked bonuses, which are indices linked to ITOCHU's share price, are calculated based on the increase in ITOCHU's stock price for each consecutive two fiscal years and relative evaluation between the growth rate of the average value of ITOCHU's share price and the growth rate of the average value of the Tokyo Stock Price Index (TOPIX).

Overview of Remuneration System and Maximum Remuneration Limit

Fixed / Variable	Overview	Remuneration Limit	Resolution at General Meeting of Shareholders
Fixed remuneration	**(1) Monthly remuneration** Determined based on the standard amount by position and the level of contribution to ITOCHU Corporation, including its response to climate change, the SDGs, and ESG.	¥1.0 billion per year as total amount of monthly remuneration (including ¥0.1 billion per year as a portion paid to Outside Directors)	June 24, 2022
Variable remuneration (Single year)	**(2) Performance-linked bonuses** Determined based on consolidated net profit, and each individual payment amount is determined in relation to the position points for the Director.	¥3.0 billion* per year as total bonuses paid to all Directors * Not paid to Outside Directors	
Variable remuneration (Medium- to long-term)	**(3) Share price-linked bonuses** Calculated based on the increase in ITOCHU's stock price for two consecutive fiscal years and relative growth rate of ITOCHU's stock price compared to Tokyo Stock Price Index (TOPIX).		
	(4) Performance-linked stock remuneration (non-monetary remuneration) Total payment amount is determined based on consolidated net profit, and each individual payment amount is determined in relation to the position points for the Director used in calculating the individual performance-linked bonuses.	The amounts below are limits for two fiscal years, for Directors and Executive Officers • Limit on contribution to trust by ITOCHU: ¥1.5 billion • Total number of points granted to eligible person: 1.3 million points (conversion at 1 point = 1 share) * Not paid to Outside Directors	June 24, 2016

* If a special bonus is paid separately, it is paid from the amount of the remuneration limit for bonuses.

Details of the Remuneration Paid to Directors and Audit & Supervisory Board Members of the Company in FYE 2022

(Rounded to the nearest million yen)

Type		Number of People	Total Amount of Remuneration (Millions of yen)	Details (Millions of yen)				
				Monthly Remuneration	Performance-Linked Remuneration			
					Performance-Linked Bonuses	Share Price-Linked Bonuses	Special Benefits	Stock Remuneration
Directors	Inside	7	3,611	682	2,000	—	576	352
	Outside	5	81	81	—	—	—	—
	Total	12	3,692	763	2,000	—	576	352
Audit & Supervisory Board Members	Inside	2	92	92	—	—	—	—
	Outside	4	60	60	—	—	—	—
	Total	6	152	152	—	—	—	—

* Following deliberation by the Governance and Remuneration Committee, a meeting of the Board of Directors convened on March 17, 2022, resolved to pay a special bonus on the condition that proposal No. 5 (Revision of Remuneration Amount for Directors) was passed at the General Meeting of Shareholders held on June 24, 2022. (Said General Meeting of Shareholders approved and passed said proposal No. 5.) This special bonus has been calculated using the formula of FYE 2022 and paid within the existing remuneration limit amount of ¥2.0 billion per year. (As the performance-linked bonus amount will reach ¥2.0 billion per year, share price-linked bonuses will be zero.) Any amount exceeding said remuneration limit amount shall be paid as a special bonus that is separate from the Director bonus.

Calculation Formulas for (2) Performance-Linked Bonuses and (4) Performance-Linked Stock Remuneration

Total Amount Paid to All Directors

Total amount paid to all Directors
= (A + B + C) x Sum of position points for all the eligible Directors ÷ 55
A = (Of consolidated net profit for FYE 2023, the portion up to ¥200.0 billion) x 0.35%
B = (Of consolidated net profit for FYE 2023, the portion exceeding ¥200.0 billion and up to ¥300.0 billion) x 0.525%
C = (Of consolidated net profit for FYE 2023, the portion exceeding ¥300.0 billion) x 0.525% (of which, 0.175% as stock remuneration)

The total amount paid shall be the sum of A, B, and C, which shall be adjusted with due regard to the increase / decrease in the number of eligible Directors, the change in position, and other factors. (Remuneration limits exist on bonuses and stock remuneration.)

Amount Paid to an Individual Director

Amount paid to an individual Director = Total amount paid to all Directors x Position points ÷ Sum of position points for all the eligible Directors

Amount paid to an individual Director is determined by dividing total amount paid to all Directors based on points assigned by position shown below;

Chairman	President	Executive Vice President (Resident in Japan)	Executive Vice President (Resident outside Japan)	Senior Managing Executive Officers	Managing Executive Officers	Executive Officers
10	7.5	5	4	4	3	2.2

Of the amount paid to an individual Director, the portion corresponding to A and B is paid entirely in cash. In regard to the portion corresponding to C, 0.175% is paid as stock remuneration and the balance is paid in cash. Furthermore, 80%*1 of the amount paid in cash is linked to the plan achievement rate of the consolidated net profit of the assigned division / department and a rate determined based on a comparison with the business performance of the previous fiscal year. In regard to stock remuneration during the term of office, annual points are awarded (1 point = 1 share), and after retirement stock remuneration is paid from the trust in correspondence with accumulated points. Plans call for all of the stocks paid from the trust to be acquired on the stock market, and accordingly there will be no dilution of shares.

A Director that is a resident outside Japan is not eligible for performance-linked stock remuneration. As a substitute, such Director is eligible for the equivalent amount of individual stock remuneration. The equivalent amount of individual stock remuneration is calculated in accordance with the formula on the left (except the points assigned to such Director being 15) as if such Director were subject to performance-linked stock remuneration, and the amount will be added or subtracted according to a certain performance achievement rate. The remuneration will be determined and paid separately from the performance-linked bonus based on the formula on the left. In FYE 2023, said special provision is not applied because no Director is a resident outside Japan.

*1 Formula for 80% of the amount paid in cash to an individual Director:
(Total base amount paid to all Directors x Position Point / Sum of Position points for all the eligible Directors) x 80% x (Rate determined based on plan achievement rate of the consolidated net profit of the assigned division / department*2 x 50% + Rate determined based on a comparison with the consolidated net profit of the previous fiscal year*3 x 50%)

*2 Rate determined based on plan achievement rate of the consolidated net profit of the assigned division / department:
100% + (plan achievement rate of the consolidated net profit of the assigned division / department – 100%) x 2 (if negative, it will be 0%. Maximum will be 200%.)

*3 Rate determined based on a comparison with the consolidated net profit of the previous fiscal year:
100% + (Year-on-year ratio of the consolidated net profit of the assigned division / department – 100%) x 2 (if negative, it will be 0%. Maximum will be 200%.)

*4 The plan achievement rate shall be 100% for the eligible Director for whom no plan achievement rate is measurable.

Calculation Formula for (3) Share Price-Linked Bonuses

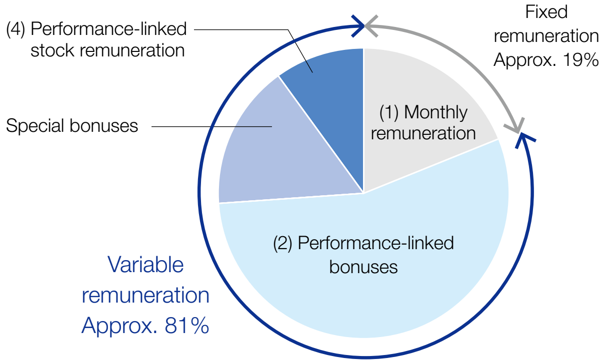
Amount Paid to an Individual Director*1 (FYE 2023)
= ((Simple average of daily closing price of ITOCHU stock from FYE 2022 to FYE 2023) – (Simple average of daily closing price of ITOCHU stock from FYE 2020 to FYE 2021)) × 1,300,000 × (Total position points*2 of FYE 2022 and FYE 2023) / (108.8 points × 2) × Relative stock price growth rate*3
– Share price-linked bonuses of FYE 2022 calculated based on the formula applied in FYE 2022

*1 Share price-linked bonus amounts are determined and paid after the Director retires (after the Executive Officer retires, in the case of taking on the position of Executive Officer after retirement of the Director).

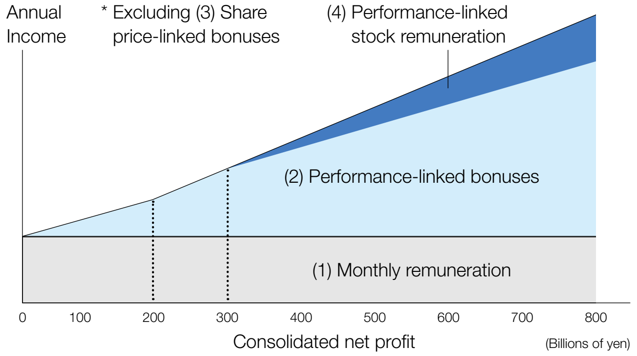
*2 The position points assigned to each Director are the same as those applied for calculating (2) performance-linked bonuses, excluding the 5 points assigned to an Executive Vice President who resides outside of Japan.

*3 Relative stock price growth rate = (simple average of daily closing price of ITOCHU stock from FYE 2022 to FYE 2023 / simple average of daily closing price of ITOCHU stock from FYE 2020 to FYE 2021) / (simple average of daily TOPIX from FYE 2022 to FYE 2023 / simple average of TOPIX from FYE 2020 to FYE 2021)

Composition of Remuneration for Directors (Excluding Outside Directors) (FYE 2022)



Remuneration Image of Directors (Excluding Outside Directors)



Members of the Board, Audit & Supervisory Board Members, and Executive Officers As of July 1, 2022

Members of the Board

Chairman & Chief Executive Officer

Masahiro Okafuji

1974 Joined ITOCHU Corporation
2018 Chairman & Chief Executive Officer
Number of shares held: 345,310 (173,415*1)

President & Chief Operating Officer

Keita Ishii

1983 Joined ITOCHU Corporation
2021 President & Chief Operating Officer
Number of shares held: 144,450 (77,747*1)

Member of the Board

Fumihiko Kobayashi

Chief Administrative Officer
1980 Joined ITOCHU Corporation
2021 Executive Vice President
Number of shares held: 158,328 (73,748*1)

Member of the Board

Tsuyoshi Hachimura

Chief Financial Officer
1991 Joined ITOCHU Corporation
2021 Executive Vice President
Number of shares held: 156,715 (71,015*1)

Member of the Board

Hiroyuki Tsubai

President, Machinery Company
1982 Joined ITOCHU Corporation
2022 Senior Managing Executive Officer
Number of shares held: 69,861 (30,206*1)

Member of the Board

Hiroyuki Naka

Chief Strategy Officer;
Chief Digital & Information Officer;
General Manager,
Corporate Planning & Administration Division
1987 Joined ITOCHU Corporation
2022 Executive Officer
Number of shares held: 32,559 (11,130*1)

Member of the Board *2

Atsuko Muraki

2016 Outside Director,
ITOCHU Corporation
Number of shares held: 3,100

Member of the Board *2

Masatoshi Kawana

2018 Outside Director,
ITOCHU Corporation
Number of shares held: 10,700

Member of the Board *2

Makiko Nakamori

2019 Outside Director,
ITOCHU Corporation
Number of shares held: 11,500

Member of the Board *2

Kunio Ishizuka

2021 Outside Director,
ITOCHU Corporation
Number of shares held: 2,000

Audit & Supervisory Board Members

Audit & Supervisory Board Member

Makoto Kyoda

1987 Joined ITOCHU Corporation
2020 Audit & Supervisory Board Member
Number of shares held: 25,510

Audit & Supervisory Board Member

Mitsuru Chino *4

2000 Joined ITOCHU Corporation
2022 Audit & Supervisory Board Member
Number of shares held: 26,204

Audit & Supervisory Board Member *3

Shingo Majima

2013 Audit & Supervisory Board Member, ITOCHU Corporation
Number of shares held: 200

Audit & Supervisory Board Member *3

Kentaro Uryu

2015 Audit & Supervisory Board Member, ITOCHU Corporation
Number of shares held: 7,900

Audit & Supervisory Board Member *3

Masumi Kikuchi

2021 Audit & Supervisory Board Member, ITOCHU Corporation
Number of shares held: 1,200

"Number of shares held" indicates the number of ITOCHU shares.

*1 Figures indicate the number of shares scheduled to be granted post-retirement based on the stock remuneration plan (figures corresponding to points for rights determined under the performance-linked stock remuneration plan (trust type)). The number of shares held includes these shares.

*2 Indicates an Outside Director as provided in Article 2, Item 15 of the Companies Act.

*3 Indicates an Outside Audit & Supervisory Board Member as provided in Article 2, Item 16 of the Companies Act.

*4 Registered name is Mitsuru Ike.

For executives' career profiles, please see the website:
https://www.itochu.co.jp/en/about/officer/

Skills Matrix of Corporate Officers and Structure of Advisory Committees

Name	Title	Gender	Principle Specialized Area of Experience / Area in Which Officers Are Expected to Make a Particular Contribution									Governance and Remuneration Committee	Nomination Committee*1	Women's Advancement Committee*2	Main Role, Career History, Qualifications, etc.
			All Aspects of Management	Global	Marketing / Sales	SDGs & ESG	Health & Medical Care		Finance, Accounting & Risk Management	Human Resources & Labor	Internal Control & Legal Affairs / Compliance				
Masahiro Okafuji	Chairman & CEO	♂	○	○	○	○	○		○	○	○	☐	☐		President, Textile Company; President & CEO, ITOCHU Corporation
Keita Ishii	President & COO	♂	○	○	○	○	○		○	○	○	☐	☐		President, Energy & Chemicals Company, ITOCHU Corporation
Fumihiko Kobayashi	Director	♂	○	○		○	○		○	○	○	☐	☐	☐	General Manager of Human Resources & General Affairs Division; Chief Administrative Officer, ITOCHU Corporation
Tsuyoshi Hachimura	Director	♂	○	○	○	○			○	○	○				General Manager of Finance Division; Chief Financial Officer, ITOCHU Corporation
Hiroyuki Tsubai	Director	♂	○	○	○	○			○	○	○				CEO for Europe Bloc; CEO for Africa Bloc; President, Machinery Company, ITOCHU Corporation
Hiroyuki Naka	Director	♂	○	○	○	○			○	○	○				General Manager of Corporate Planning & Administration Division; Chief Strategy Officer; Chief Digital & Information Officer, ITOCHU Corporation
Atsuko Muraki	Outside Director	♀				●	●			●			☐	■	Vice-Minister of Health, Labour and Welfare
Masatoshi Kawana	Outside Director	♂	●			●	●					☐	☐		Vice-president of Tokyo Women's Medical University Hospital; Doctor of Medicine
Makiko Nakamori	Outside Director	♀			●				●		●	■		☐	Certified Public Accountant in Japan
Kunio Ishizuka	Outside Director	♂	●		●					●			■		President and CEO / Chairman, Isetan Mitsukoshi Holdings Ltd.
Makoto Kyoda	Full-time Audit & Supervisory Board Member	♂				●			●		●		※	☐	CFO, Food Company, ITOCHU Corporation
Mitsuru Chino	Full-time Audit & Supervisory Board Member	♀	●	●							●	※			General Manager of Legal Division, ITOCHU Corporation; President & CEO, ITOCHU International Inc.; Attorney-At-Law in the U.S. (California)
Shingo Majima	Outside Audit & Supervisory Board Member	♂		●					●		●	☐			Partner, KPMG LLP (U.S.); Certified Public Accountant in Japan and the U.S. (New York)
Kentaro Uryu	Outside Audit & Supervisory Board Member	♂			●				●		●		☐		Managing Partner, URYU & ITOGA; Attorney-At-Law in Japan
Masumi Kikuchi	Outside Audit & Supervisory Board Member	♂	●		●					●		☐		☐	President and Representative Director, Sendai Terminal Building Co., Ltd.; President and Representative Director / Director and Chairman, Atre Co., Ltd.

ITOCHU's corporate officers, regardless of whether they are inside or outside, bring their knowledge, experience, and high level of insight in their respective fields to management. The areas in which Inside Directors have knowledge and experience are indicated by the symbol ○. To fully utilize the professional perspectives and high level of insight of each Outside Director and Audit & Supervisory Board Member, the areas in which they are expected to make a particular contribution are indicated by the symbol ●, after consultation with each officer.

■ Chair ☐ Member ※ Observer

*1 In addition to Full-time Audit & Supervisory Board Member Makoto Kyoda, the General Manager of the Secretariat is an observer of the Nomination Committee.

*2 In addition to the aforementioned members, the General Manager of the Human Resources & General Affairs Division is a member of the Women's Advancement Committee.

*3 Harufumi Mochizuki, former Outside Director of the Company, Kotaro Ohno, former Outside Audit & Supervisory Board Member of the Company and Shotaro Yachi provide advice on the business management of the Company in their capacities as members of the Advisory Board, enabling their extensive experience and expertise to be utilized in the business management of the Company.

Members of the Board, Audit & Supervisory Board Members, and Executive Officers

Executive Officers

Chairman & Chief Executive Officer

Masahiro Okafuji

President & Chief Operating Officer

Keita Ishii

Executive Vice Presidents

Fumihiko Kobayashi

Chief Administrative Officer

Tsuyoshi Hachimura

Chief Financial Officer

Senior Managing Executive Officer

Hiroyuki Tsubai

President, Machinery Company

Managing Executive Officers

Masahiro Morofuji

President, Textile Company;
Executive Advisory Officer for
Osaka Headquarters
Number of shares held: 94,974 (50,092*)

Hiroyuki Kaizuka

President, Food Company
Number of shares held: 85,185 (45,888*)

Tomoyuki Takada

General Manager,
Corporate Communications Division
Number of shares held: 68,630 (22,930*)

Tatsushi Shingu

President,
ICT & Financial Business Company
Number of shares held: 78,149 (40,949*)

Executive Officers

Takanori Morita

Chief Executive for Europe &
CIS Bloc; CEO, ITOCHU Europe PLC
Number of shares held: 31,155

Masaya Tanaka

President, Energy & Chemicals Company
Number of shares held: 51,590 (22,390*)

Kenji Seto

President, Metals & Minerals Company
Number of shares held: 63,759 (29,909*)

Yoshiko Matoba

General Manager, Human Resources &
General Affairs Division
Number of shares held: 48,630 (2,885*)

Hiroyuki Naka

Chief Strategy Officer;
Chief Digital & Information Officer;
General Manager, Corporate Planning &
Administration Division

Shuichi Kato

President, The 8th Company
Number of shares held: 45,451 (14,696*)

Masatoshi Maki

President, General Products & Realty
Company
Number of shares held: 32,039 (6,016*)

Tadayoshi Yamaguchi

President & CEO,
ITOCHU International Inc.
Number of shares held: 5,912

Satoshi Watanabe

General Manager, Finance Division
Number of shares held: 22,799 (1,824*)

Hideto Takeuchi

Chief Operating Officer,
Brand Marketing Division
Number of shares held: 22,785 (1,824*)

Kenichi Tai

Chief Operating Officer,
Fresh Food Division
Number of shares held: 22,157 (1,824*)

Hiroshi Kajiwara

Chief Operating Officer, ICT Division
Number of shares held: 23,327 (1,824*)

Akira Saito

CEO for East Asia Bloc
Number of shares held: 21,499

Yoshinori Kitajima

Representative Director,
Chief Executive Officer,
DOME Corporation
Number of shares held: 21,735

Tomokuni Nishiguchi

General Manager, Secretariat
Number of shares held: 22,753

Kazuaki Yamaguchi

General Manager,
General Accounting Control Division
Number of shares held: 22,703

Nobuyuki Tabata

Chief Operating Officer,
Chemicals Division
Number of shares held: 22,394

Naohiko Yoshikawa

Chief Operating Officer, Plant Project,
Marine & Aerospace Division
Number of shares held: 20,824

Kotaro Yamamoto

Director, President & CEO,
ITOCHU Building Products Holdings Inc.
Number of shares held: 9,463

Kuniaki Abe

General Manager, Planning &
Administration Department,
Food Company
Number of shares held: 21,190

"Number of shares held" indicates the number of ITOCHU shares.
* Figures indicate the number of shares scheduled to be granted post-retirement based on the stock remuneration plan (figures corresponding to points for rights determined under the performance-linked stock remuneration plan (trust type)). The number of shares held includes these shares.

Business Portfolio

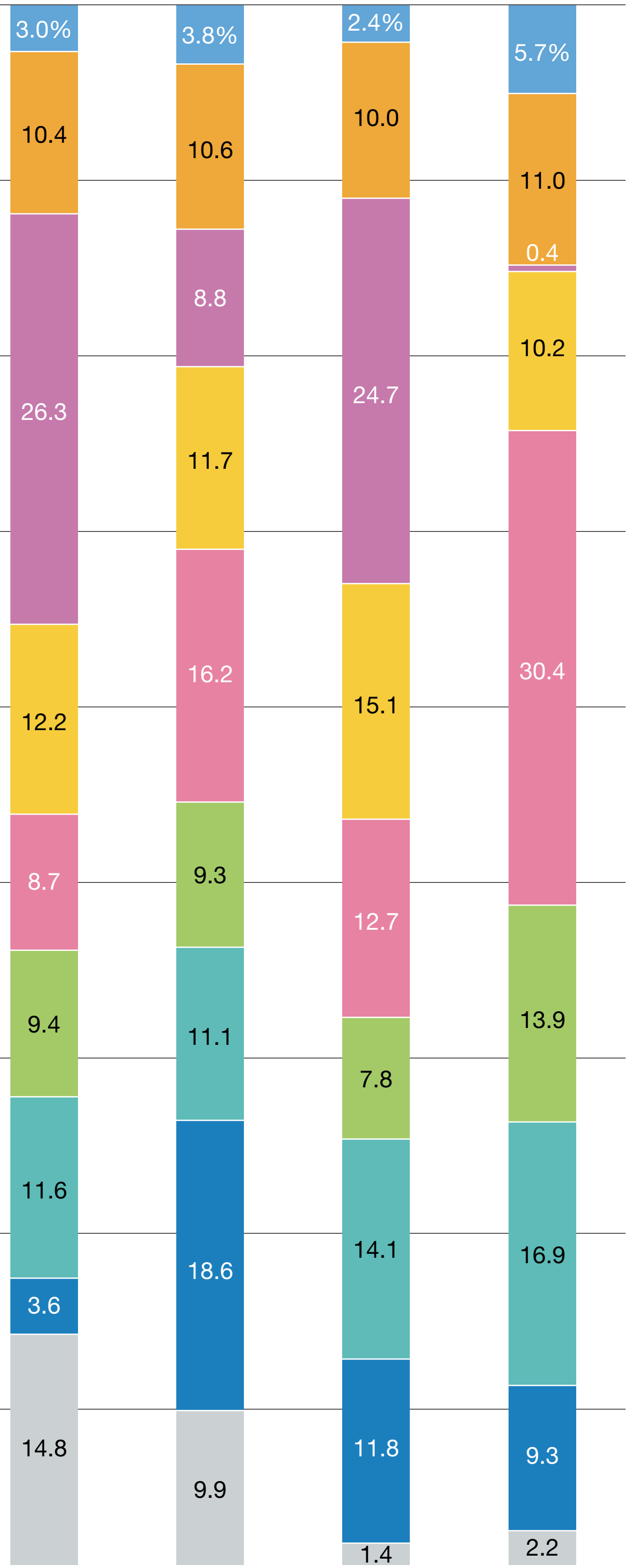
In the context of strengths, risks, opportunities, and other factors in each business field, this section outlines the strategies of the Division Companies that comprise ITOCHU's business portfolio. The explanation is given with an awareness of the corporate value calculation formula (with a view to investment decisions) and the bearing these strategies have on material issues.

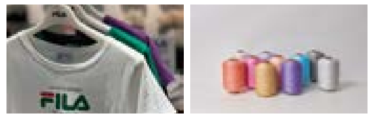
CONTENTS

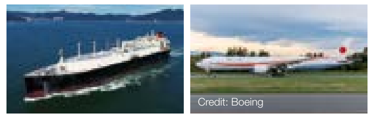
Financial Summary

Segment Overview

	3-year average	Percentage of the Total for ITOCHU (3-year average)			
	ROA*	Core profit	Total assets	Core operating cash flows	Number of employees (Consolidated)
Textile Company	3.5%	3.0%	3.8%	2.4%	5.7%
Machinery Company	4.7%	10.4	10.6	10.0	11.0
Metals & Minerals Company	15.1%	26.3	8.8	24.7	0.4
Energy & Chemicals Company	5.0%	12.2	11.7	15.1	10.2
Food Company	2.6%	8.7	16.2	12.7	30.4
General Products & Realty Company	4.8%	9.4	9.3	7.8	13.9
ICT & Financial Business Company	5.1%	11.6	11.1	14.1	16.9
The 8th Company	0.9%	3.6	18.6	11.8	9.3
Others, Adjustments & Eliminations		14.8	9.9	11.8	1.4
Non-Resource		72.9%	90.6%	71.1%	94.9%
Resource		27.1%	9.4%	28.9%	5.1%






Credit: Boeing

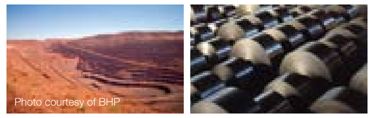
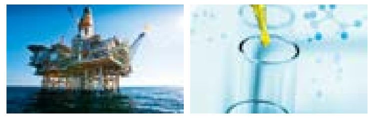
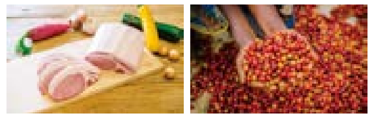
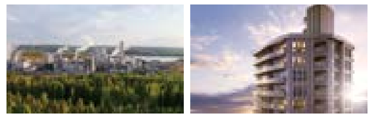
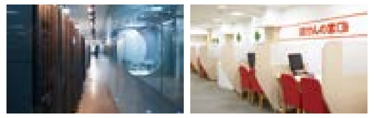


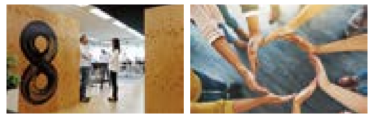
Photo courtesy of BHP









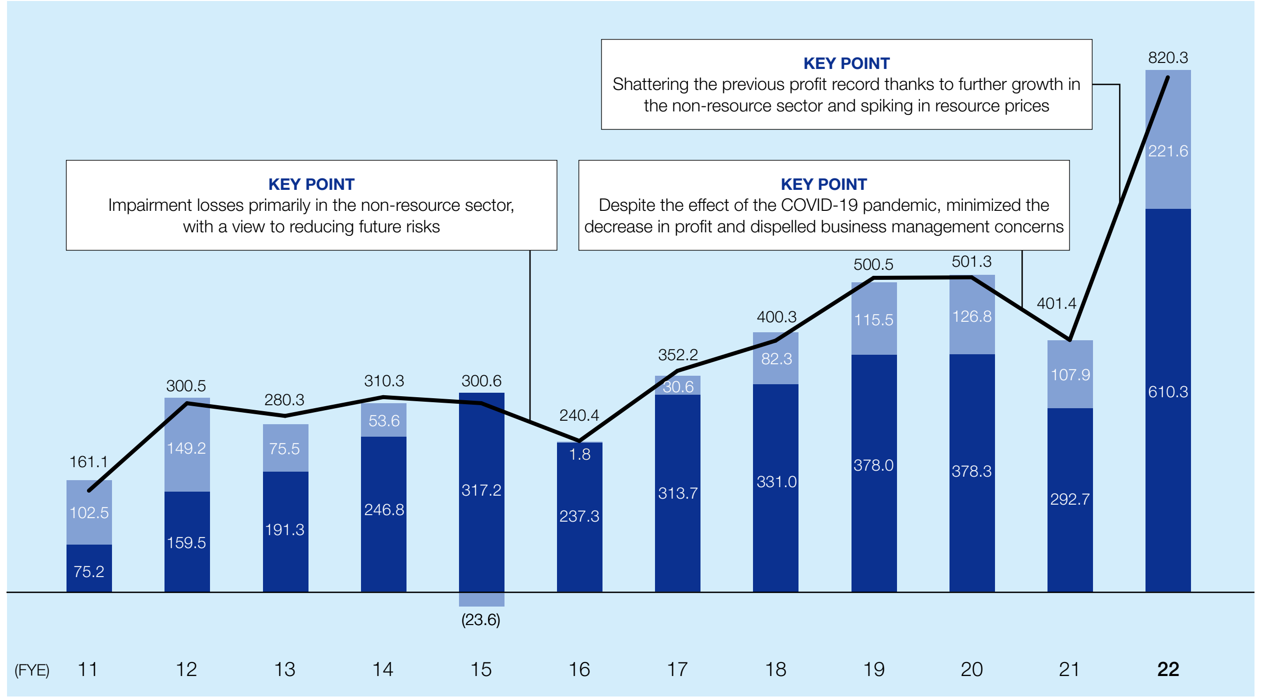


* In calculating average ROA, core profit has been used.

* Based on U.S. GAAP through FYE 2014, IFRS from FYE 2015

Consolidated Net Profit (Loss) (Non-Resource / Resource)

(Billions of yen)



KEY POINT
Impairment losses primarily in the non-resource sector, with a view to reducing future risks

KEY POINT
Despite the effect of the COVID-19 pandemic, minimized the decrease in profit and dispelled business management concerns

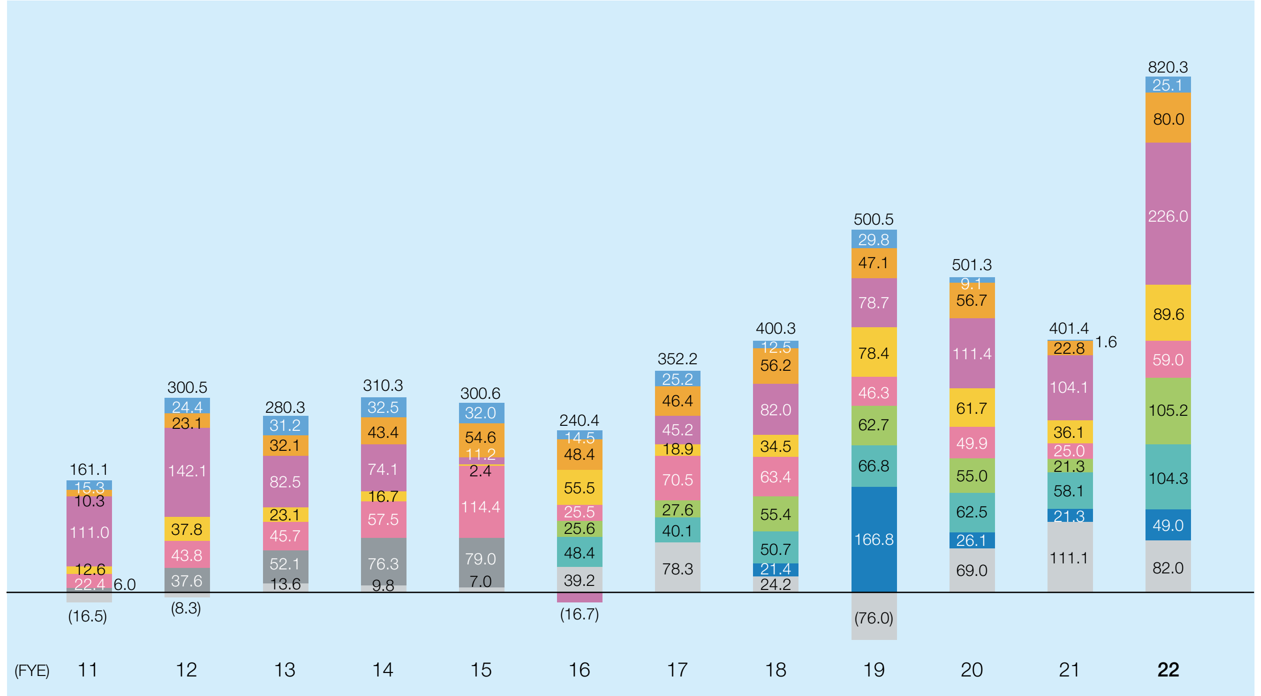
KEY POINT
Shattering the previous profit record thanks to further growth in the non-resource sector and spiking in resource prices

— Consolidated net profit ■ Earnings from the non-resource sector ■ Earnings (loss) from the resource sector

* Others, Adjustments & Eliminations except for CITIC and CP related profit (loss) is not included in earnings from the non-resource / resource sectors.

Consolidated Net Profit (Loss) by Segment

(Billions of yen)



Extraordinary Gains and Losses											
(57.5)	20.0	0.0	0.0	(5.0)	(75.0)	(18.0)	(16.5)	28.5	16.0	(51.0)	130.0
Core Profit											
218.6	280.5	280.3	310.3	305.6	315.4	370.2	416.8	472.0	485.3	452.4	690.3

■ Textile Company ■ Machinery Company ■ Metals & Minerals Company ■ Energy & Chemicals Company ■ Food Company
■ ICT, General Products & Realty Company (until FYE 2015) ■ General Products & Realty Company (from FYE 2016)
■ ICT & Financial Business Company (from FYE 2016) ■ The 8th Company (from FYE 2018) ■ Others, Adjustments & Eliminations

*1 In April 2016, the ICT, General Products & Realty Company was reorganized into the General Products & Realty Company and the ICT & Financial Business Company.

*2 Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.

Textile Company

Business Fields

- Brand business (businesses focusing on import and licenses for garments, fashion accessories and lifestyle brands)
- Apparel (raw materials, textile fabrics, garment materials, and textile products, etc.)
- Industrial materials (fiber materials for industrial and manufacturing use and lifestyle-related products, etc.)

Company Strengths

- Strong position as the unmistakable leader among general trading companies in the textile industry
- Full-spectrum value chain that includes everything from upstream to downstream operations in the textile industry
- Solid business relationships with blue-chip partners in each business area in Japan and overseas

Masahiro Morofuji
President, Textile Company

From left:

Hideo Nakanishi	Chief Operating Officer, Apparel Division
Hideto Takeuchi	Chief Operating Officer, Brand Marketing Division
Katsushi Adachi	Chief Financial Officer
Ryoma Omuro	General Manager, Planning & Administration Department

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

Made DOME Corporation, the Exclusive Distributor in Japan of Under Armour, a Subsidiary

ITOCHU has made DOME Corporation, the exclusive distributor in Japan of the U.S. sports brand Under Armour, a subsidiary by acquiring a majority of its outstanding shares. Since its establishment in 1996, Under Armour has pursued a mission of “Under Armour makes you better” and grown into one of the world’s top sports brands by marketing highly functional items that maximize athletes’ performance.

One of the key strategies of the Textile Company is to further expand sports-related businesses, which continue to grow steadily even in a volatile environment. Through expansion of the globally excellent Under Armour brand, ITOCHU will promote business transformation based on a market-oriented perspective and will continue to enhance its earnings base.

Yoshinori Fujita
Apparel Affiliate Management Office

Business Development

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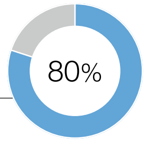
Percentage of Earnings from Domestic Business (image)

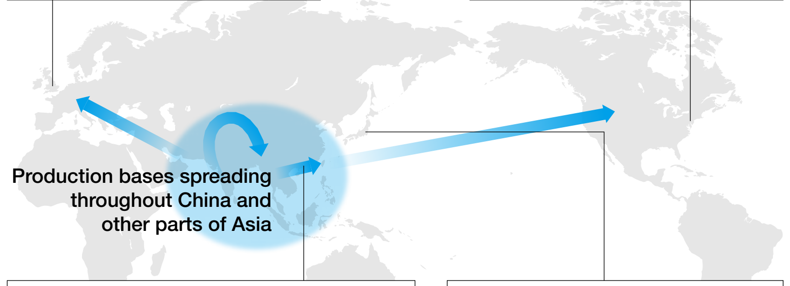


Apparel

Products: Raw materials, textile fabrics, garment materials, and textile products, etc.

Product planning and sales base for the European market
- ITOCHU Europe

Product planning and sales base for the North American market
- ITOCHU Prominent U.S.A.



Production bases spreading throughout China and other parts of Asia

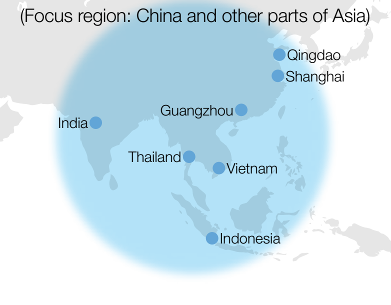
Product planning, production, and sales bases for markets in China and other parts of Asia / Production base for the Japanese, European, U.S., and global markets
- ITOCHU TEXTILE (CHINA)
- ITOCHU Textile Prominent (ASIA)

Product planning, production, and sales bases targeting Japanese, Chinese, Asian, and global markets
- ITOCHU
- EDWIN
- Sankei
- DESCENTE
- DOME
- UNICO
- LEILIAN
- ROYNE

Industrial Materials

Products: Fiber materials used for hygiene, automobile interior materials, electronics materials, building and civil engineering materials for industry and manufacturing, and lifestyle-related products, etc.

Establishment of local supply chains that match customer needs and locations (Focus region: China and other parts of Asia)



Spreading the business model established in Japan, China, and other parts of Asia throughout the world

Brand Business

Brand owner

Participation in management / Trademark rights
Primary brands handled:
CONVERSE, HUNTING WORLD, LeSportsac, OUTDOOR PRODUCTS, Paul Smith

Exclusive import and distribution rights / Master license rights
Primary brands handled:
FILA, HEAD, LANVIN, Reebok, Vivienne Westwood

FYE 2022 Review (Specific Accomplishments)

Corporate Value = Created Value / Cost of Capital — Growth Rate

- Advanced data-driven inventory optimization at Group companies and demonstrated benefits in terms of improved efficiency in production, sales, and logistics as well as improved profitability
- Accelerated the global rollout of recycled polyester material “RENU,” which is sourced from used clothing and textile waste, and launched “Wear to Fashion,” a textile collection service
- Decided to make DOME Corporation, the exclusive distributor in Japan of the U.S. brand Under Armour, a subsidiary

Growth Opportunities (Sustainable Growth)

Corporate Value = Created Value / Cost of Capital — Growth Rate

- Promote initiatives that help advance sustainability in the textile and fashion industries, such as strengthening a value chain that begins with raw materials and is centered on sustainable materials
- Strengthen the business foundations of brand and retail-related businesses by strengthening e-commerce, growing new sales channels, and embracing lean management
- Increase overseas earnings through enhanced initiatives with leading companies in China and other parts of Asia
- Expand our earnings base even further through transformation based on a market-oriented perspective in the sports-related business
- Supporting overseas business expansion of DESCENTE LTD.

Risk Responses (Lower Cost of Capital)

Corporate Value = Created Value / Cost of Capital — Growth Rate

- Using RFID, IT, and data to enhance the efficiency of production, sales, and logistics operations
- Respecting human rights throughout supply chains and promoting trade with companies who engage in sustainable practices
- Establishment of a safe and secure product supply system

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 our website: https://www.itochu.co.jp/en/csr/itochu/activity/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

Machinery Company

Business Fields

- Urban environment and power infrastructure (water and environmental business, IPP, infrastructure, renewable energy, and petrochemical plants)
- Marine and aerospace (brokerage of new vessels and secondhand vessels, ship ownership, sales of commercial aircraft, aircraft leasing, satellite information services, and drones)
- Automobile (sales of passenger cars and commercial vehicles in the domestic and international markets, and business investments)
- Construction machinery, industrial machinery, and medical devices (sales in domestic and international markets, business investments)

Company Strengths

- Diverse businesses in developed countries and business development in emerging countries while minimizing country risk
- Solid business relationships with blue-chip partners in the waste treatment / renewable energy areas and advanced project development capabilities
- Broad business portfolio encompassing both trading (in automobile and other areas) as well as business investment in areas such as wholesale, retail, and finance businesses, widely spread in Japan and overseas

Hiroyuki Tsubai
President, Machinery Company

From left:

Naohiko Yoshikawa	Chief Operating Officer, Plant Project, Marine & Aerospace Division
Hiroshi Ushijima	Chief Operating Officer, Automobile, Construction Machinery & Industrial Machinery Division
Masato Sakuragi	Chief Financial Officer
Toshio Okudera	General Manager, Planning & Administration Department

Specific Example of Enhancing Our Contribution to and Engagement with the SDGs

Progress of the construction of an energy-from-waste plant in Dubai

Start of Construction in Dubai on One of the World's Largest Energy-from-Waste Plants

ITOCHU is currently building one of the world's largest Energy-from-Waste plants in Dubai and will operate the facility for 35 years after commencement of commercial operation, which is slated for 2024. Once built, the plant will incinerate roughly 45% (1.9 million tons per year) of all general waste produced in Dubai and generate electricity from the heat that is produced during incineration.

Through this project, ITOCHU will contribute to the achievement of Dubai policy goals with regard to the environment and health, including reducing landfill disposal volume, contributing to sustainable and ecologically friendly waste management, and promoting the development of alternative energy sources not reliant on fossil fuels.

Belinda Knox
Director Investment
I-ENVIRONMENT INVESTMENTS LIMITED

Business Development

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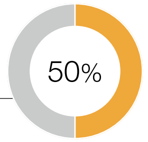
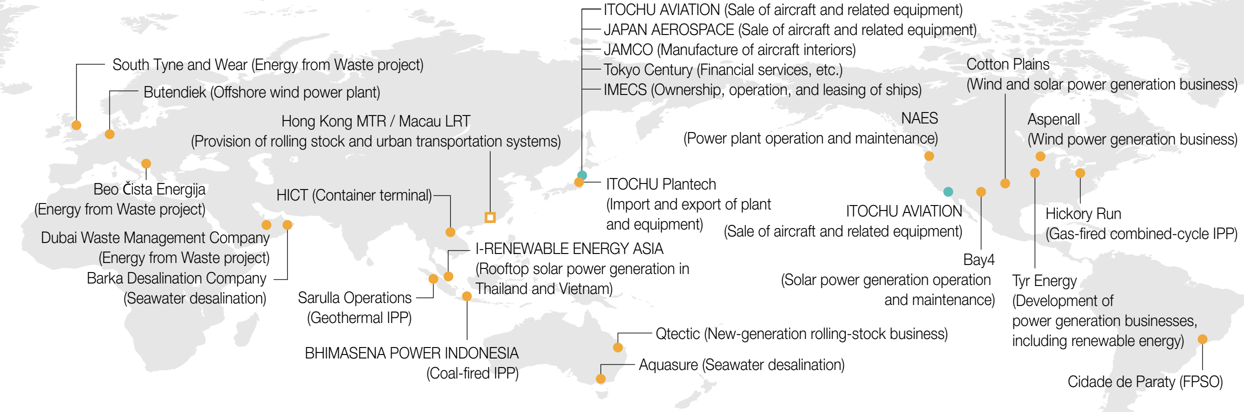
Percentage of Earnings from Domestic Business (image)

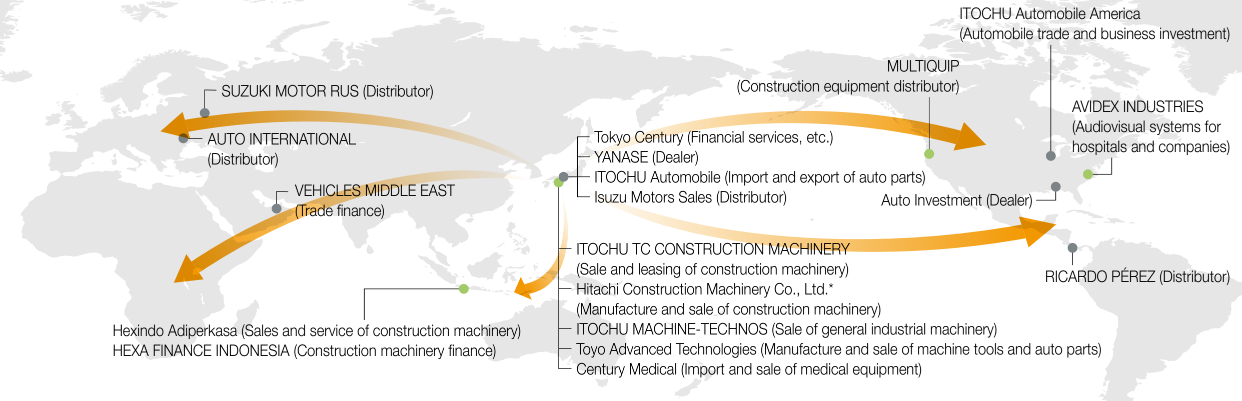


Plant / Marine / Aerospace



● Plant and power investments ☐ Plant and power projects ● Marine and aerospace

Automobile / Construction Machinery / Industrial Machinery



● Automobile ● Construction machinery, industrial machinery, and medical devices ⬅ Trade by ITOCHU

* Plan to invest in the second quarter of FYE 2023

FYE 2022 Review (Specific Accomplishments)

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

	Concluded a capital alliance agreement with Hitachi Construction Machinery Co., Ltd., through a special-purpose corporation jointly established with Japan Industrial Partners, Inc.
🌍	Accelerated renewable energy businesses in North America through such measures as the establishment of a company in the United States that is dedicated to the development of renewable energy
🌍	Sought to develop ammonia–fueled ships and aim for practical application by leading the establishment of a council comprising 34 companies and organizations, which has been adopted as qualifying for support from the Green Innovation Fund of the New Energy and Industrial Technology Development Organization
	Formed a capital and business alliance and concluded a sales partner agreement with drone development and manufacturing company Wingcopter GmbH based in Germany
🌍	Commenced a proof-of-concept test in Japan with the aim of rolling out in overseas markets the business model of Dishangtie (DST), which provides leasing business for commercial EVs for use in logistics networks throughout China

Growth Opportunities (Sustainable Growth)

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

🌍	Expanding peripheral functions, such as operations, maintenance, and demand–supply balancing services, in addition to strengthening business development capabilities in the renewable energy field
🌍	Promoting the fuel supply business and developing / owning zero-emission ships, which use ammonia as fuel, with the aim of reducing marine GHG emissions
🌍	Expanding value-added businesses in the water and environment sectors, both geographically and in terms of functions, to spur the transition to a circular economy and meet social needs
	Transforming total value chains in the automobile field
♡	Providing leading-edge medical devices and advanced medical services to enhance quality of life in the medical field

Risk Responses (Lower Cost of Capital)

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

🌍	Complying with policies related to coal-fired power generation and promoting renewable energy power generation projects accounting for national / regional energy situations
🌍	Reducing environmental impact by expanding mobility services and promoting EVs, autonomous cruising vehicles, and aircraft electrification, etc.
✊	Conducting due diligence on environmental / social safety for suppliers and business investees, etc., in all new development projects

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 our website: 💻 https://www.itochu.co.jp/en/csr/itochu/activity/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

Metals & Minerals Company

Business Fields

- Development of metal & mineral resource projects (iron ore, coal, non-ferrous metals, rare metals, etc.)
- Trading of raw materials for steelmaking (iron ore, coal, etc.), fuel for power generation (coal, uranium), non-ferrous raw material and products (aluminum, etc.), and recycling business (metal scrap, waste treatment, etc.)
- Decarbonization-related business (hydrogen, ammonia, CCUS, emissions trading, etc.)
- Steel-related business (import and export to / from Japan, trading in non-Japanese markets, processing, etc.)

Company Strengths

- Strong relationships with blue-chip business partners in each business area
- Ownership of superior natural resource assets, in particular iron ore and coal
- Broad-ranging trade flows that run from upstream (metal & mineral resources and metal materials) to downstream (steel / non-ferrous products)

Kenji Seto
President, Metals & Minerals Company

From left:

Jun Inomata	Chief Operating Officer, Metal & Mineral Resources Division
Kazuyoshi Sato	Chief Financial Officer
Osamu Tano	General Manager, Planning & Administration Department
Toru Shinya	General Manager, Steel Business Coordination Department

Specific Example of Enhancing Our Contribution to and Engagement with the SDGs

A beneficiation plant at the South Flank iron ore mine

Nitchu Otsubo
Deputy Manager, Iron Ore Section No.1,
Iron Ore & Steelmaking Resources Department

Further Strengthening of Iron Ore Interests in Western Australia

With respect to iron ore interests jointly held in Western Australia with BHP Group Limited (BHP) and others, production at the South Flank mine started on schedule in May 2021, following the decision to develop the mine in 2018. Together with the adjacent mine of Mining Area C (MAC), the South Flank mine will form the world's largest iron ore production hub, producing 145 million tons of iron ore per year. The project will also help to significantly stabilize the Western Australian iron ore business.

In 2021, we also acquired a partial interest in the Western Ridge iron ore deposits owned by BHP. Western Ridge consists of four vast iron ore deposits where we are able to keep costs low by utilizing existing rail and port infrastructure. We have begun production at an open-pit mine.

The usefulness of iron as a material is unlikely to change given its availability in large quantities; metal properties such as strength, workability, etc.; economic appeal as a material procurable at low cost; and reusability through recycling. We will continue benefiting society by supporting long-term secure and stable supplies of this useful resource.

Business Development

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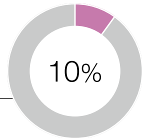
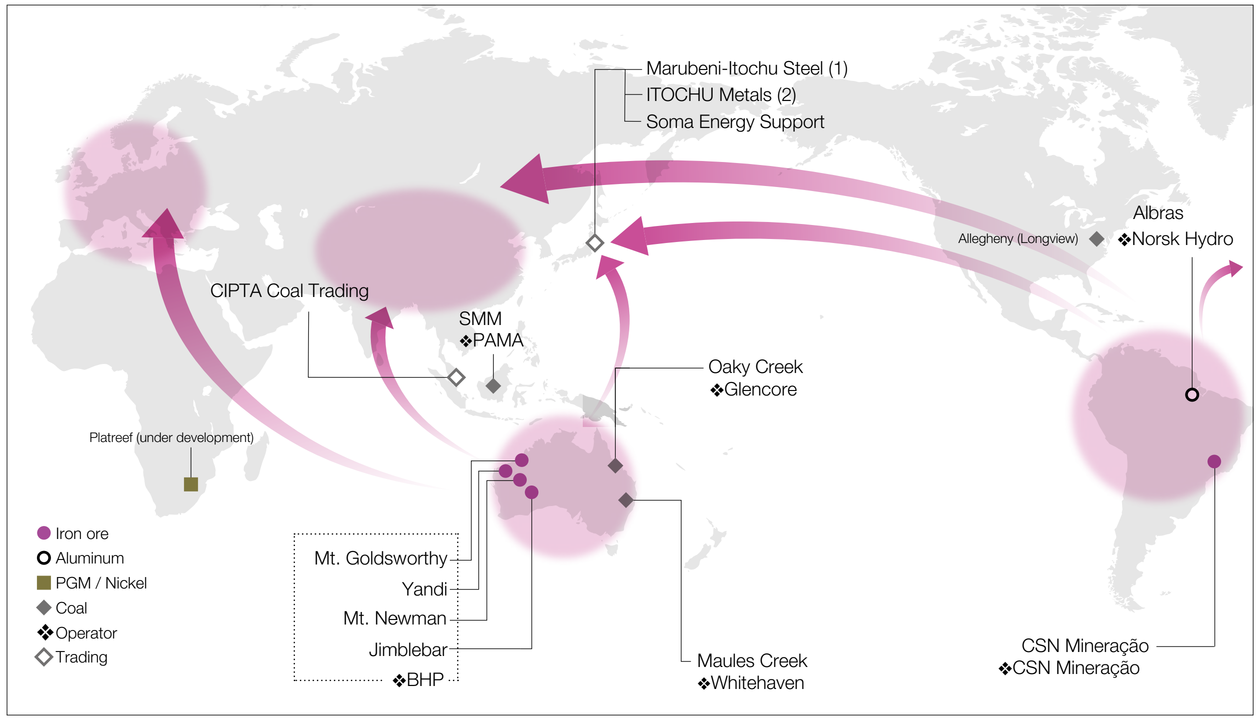
Percentage of Earnings from Domestic Business (image)





(1) Marubeni-Itochu Steel

- Trading company that specializes in the steel distribution business and has business foundations in regions worldwide
- Provision of high-value-added services related to steel and other products, including import, export, sale, processing, supply chain management, and investment in steel-related industries

(2) ITOCHU Metals

- Trading company that specializes in non-ferrous metals and recycling, operates from raw material supply to resource recycling with a worldwide network
- Raw material supply, product distribution, and proactive advancement of a comprehensive recycling business that is helping build a circular economy

FYE 2022 Review (Specific Accomplishments)

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

- With the aim of building a natural resource asset portfolio supporting continued future business growth, the Western Australian iron ore business started up operations at the South Flank iron ore mine and acquired new partial interest in the Western Ridge iron ore deposits; in the United States, continued development of Allegheny (Longview) coking coal mine
- Invested in Mineral Carbonation International, based in Australia, which has mineral carbonation technologies, and advanced the roll-out of the company's technologies in Japan
- To promote decarbonization, divested our interest in the Ravensworth North thermal coal mine in Australia
- With the aim of realizing a sustainable society, steadily promoted initiatives for venous industries, such as effectively utilizing resources through recycling and appropriately treating waste

Growth Opportunities (Sustainable Growth)

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

- Leveraging our solid relationships with steel manufacturers and power companies to strengthen our initiatives in hydrogen and ammonia projects, which are indispensable to achieving carbon neutrality
- Steadily promoting carbon dioxide capture, utilization, and storage (CCUS) projects and low-carbon raw materials which help realize decarbonization across society
- Further promoting initiatives for venous industries to help build a circular economy, such as recycling and appropriate waste treatment
- Stably supplying materials indispensable to new technologies and social demands, such as EVs and FCVs, energy storage systems, and lighter-weight materials that improve energy efficiency

Risk Responses (Lower Cost of Capital)

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

- Pursuing efforts to completely withdraw from thermal coal mine investments and promoting technological development that contributes to GHG emissions reduction
- Promoting businesses that will facilitate the uptake of lighter-weight vehicles and EVs (such as aluminum and rare metals)
- Optimizing the asset portfolio to support stable supply of raw materials and fuels to meet social needs
- Complying with our Environment, Health, and Safety (EHS) Guidelines, continuing employee education on the Guidelines, and contributing to local communities where we do business through the provision of healthcare, education, donations, and assistance in the establishment of regional infrastructure
- Promoting an increase in efficiency through mine operations and facility management utilizing DX, and conversion to the automated operation of mining equipment

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 our website: https://www.itochu.co.jp/en/csr/itochu/activity/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

Energy & Chemicals Company

Business Fields

- Energy projects and trading (crude oil, petroleum products, LPG, LNG, natural gas, hydrogen and ammonia, renewable fuel, etc.)
- Chemical products business and trading (basic petrochemical products, synthetic resins, household goods, fine chemicals, pharmaceuticals, electronic materials, eco-friendly materials, etc.)
- Power and environmental solutions business and trading (renewable energy power generation, power trading, heat supply, solar panels, energy storage systems (ESS), solid biomass fuel, and other related materials)

Company Strengths

- Development and trading of eco-friendly energy through collaborations with blue-chip business partners
- Business development capabilities in the chemicals field that leverage robust Group companies and overseas locations
- Comprehensive value chain in the next-generation power sector consisting of both business investments and trade businesses

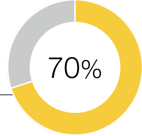
Masaya Tanaka
President, Energy & Chemicals Company

From left:

Tetsuya Yamada	Chief Operating Officer, Energy Division
Nobuyuki Tabata	Chief Operating Officer, Chemicals Division
Yasuhiro Abe	Chief Operating Officer, Power & Environmental Solution Division
Masamichi Kanatomi	Chief Financial Officer
Haruo Maeda	General Manager, Planning & Administration Department

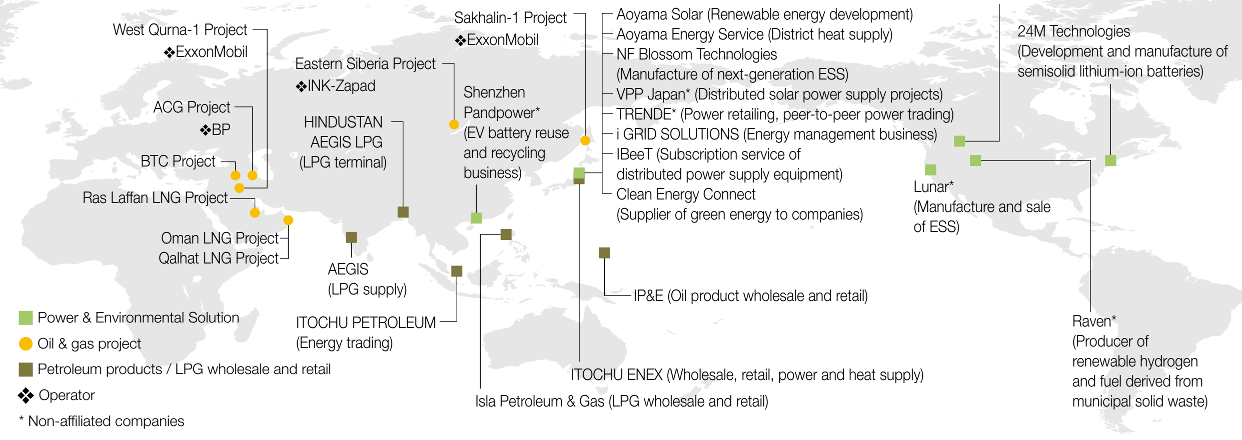
Business Development

Quantitative information ➔ Page 136–143

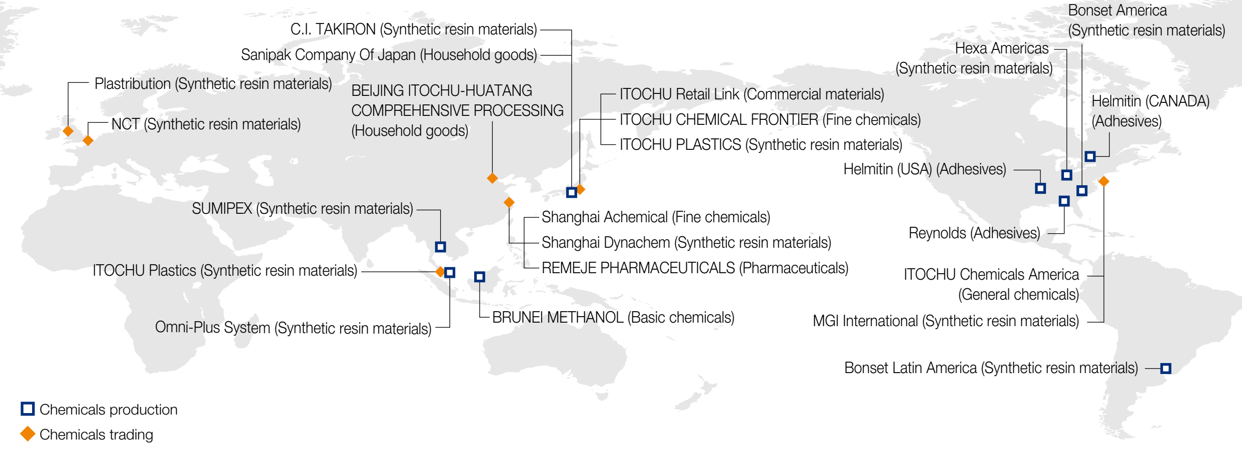


Percentage of Earnings from Domestic Business (image)

Energy / Power & Environmental Solution



Chemicals



Specific Example of Enhancing Our Contribution to and Engagement with the SDGs

Renewable diesel made from components such as waste cooking oil and other raw materials

Building of Value Chains for Renewable Fuels

We aim to help realize a decarbonized society by building value chains for renewable fuels, including sustainable aviation fuel (SAF) and renewable diesel (RD). Having concluded an exclusive agreement for the import of sustainable aviation fuel to and its sale in Japan with NESTE OYJ (NESTE) based in Finland, we are increasing sales of the fuel to airlines in Japan. We are also importing and selling renewable diesel produced by NESTE, and we have begun operating Japan's first facility for refueling trucks with renewable diesel. NESTE's renewable fuels are made from materials such as waste cooking oil, etc. Compared to petroleum-based fuels, SAF and RD reduce GHG emissions by up to 80% and roughly 90%, respectively, based on life cycle assessments. ITOCHU will continue leveraging its comprehensive strength to advance renewable fuel-related initiatives, thereby enhancing our contribution to and engagement with SDGs even further.

Wataru Tsuda
Petroleum Trading Department

FYE 2022 Review (Specific Accomplishments)

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

🌿 🌐	Began operating Japan's first facility for refueling commercial trucks with renewable diesel
🌐	Concluded an exclusive agreement for the import of sustainable aviation fuel to and its sale in Japan with NESTE OYJ based in Finland
🌿 🌐	Rolled out food containers partly made from biomass plastic and advanced the building of a nylon recycling scheme with Aquafil S.p.A., which owns a regenerated nylon brand, based in Italy
🌿	Developed large-scale industrial and commercial energy storage systems using reused batteries and promoted capital and business alliances with blue-chip partners in businesses for next-generation batteries such as semi-solid batteries
🌿	Promoted business for corporate power purchase agreements to supply power from both on-site (rooftop) and off-site locations (building in field) through Group companies and strengthened initiatives for renewable energy that has "additionality"

Growth Opportunities (Sustainable Growth)

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

🌿 🌐	Working with Group companies to build a sustainable fuel value chain, including for hydrogen and ammonia
🌿	Stepping up CCUS-related projects by utilizing our expertise and collaborating with leading partners
🌐	Expanding the business model to help resolve social issues, such as through the joint development of eco-friendly materials and the recycling business
🌿	Strengthening initiatives for next-generation battery businesses and recycling businesses through collaborations with blue-chip partners in energy storage system-related businesses
🌿	Realizing the stable supply of renewable energy through the development, possession, and operation of renewable energy power plants; expanding electric power and solid biomass fuel trade in line with the needs of the SDGs
🌿 🌐	Participating in the Clean H2 Infra Fund.S.L.P., the world's first investment fund for large-scale hydrogen businesses

Risk Responses (Lower Cost of Capital)

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

🌿 🌐	Accelerating initiatives for environment-related business, such as sustainable fuel, chemicals recycling businesses, and renewable energy, to contribute to decarbonization across society
🌿	Enhancing activities to further minimize environmental impact in our existing portfolio

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 our website: 💻 https://www.itochu.co.jp/en/csr/itochu/activity/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

Food Company

Business Fields

- Food resources and ingredients (vegetable oils, soybeans, grain, coffee, fresh produce, meats, etc.)
- Food production and processing (feed, sugar, processed agricultural products, processed meat products, industrial chocolate, soybean processing materials, etc.)
- Food marketing and distribution (import and sale of raw materials for food products, wholesale of foods, etc.)

Company Strengths

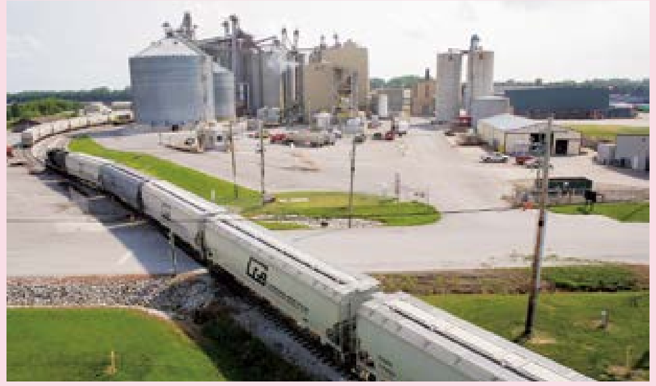
- Top-class food distribution and retail network
- Worldwide network of production, distribution, and sales value chains for fresh foods (marine, meat, and agricultural products)
- Global supply chain for food resources

Hiroyuki Kaizuka
President, Food Company

From left:

Shuichi Miyamoto	Chief Operating Officer, Provisions Division
Kenichi Tai	Chief Operating Officer, Fresh Food Division
Hidenari Sato	Chief Operating Officer, Food Products Marketing & Distribution Division
Kenichiro Soma	Chief Financial Officer
Kuniaki Abe	General Manager, Planning & Administration Department

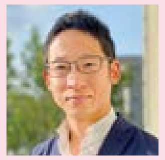
Specific Example of Enhancing Our Contribution to and Engagement with the SDGs



A CGB soybean processing plant in Indiana, the United States

U.S.-Based CGB ENTERPRISES, INC. Decided to Invest in a Soybean Processing Plant

CGB ENTERPRISES, INC. (CGB), an affiliated company of ITOCHU, has decided to build a new soybean processing plant in North Dakota, the U.S. CGB supports stable food supply through the operations of grain collection, soybean processing, and logistics businesses in North America. As well as being used for food, the soybean oil produced by the soybean processing business is used as feedstock for biofuels such as sustainable aviation fuel (SAF), which promises to become a next-generation aviation fuel and demand for which is likely to grow. By expanding its soybean oil production, CGB will better contribute to providing clean energy in the growing energy market in the U.S., as well.



Kazuya Maeda
SENIOR VICE PRESIDENT
CGB ENTERPRISES, INC.

Business Development

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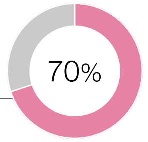
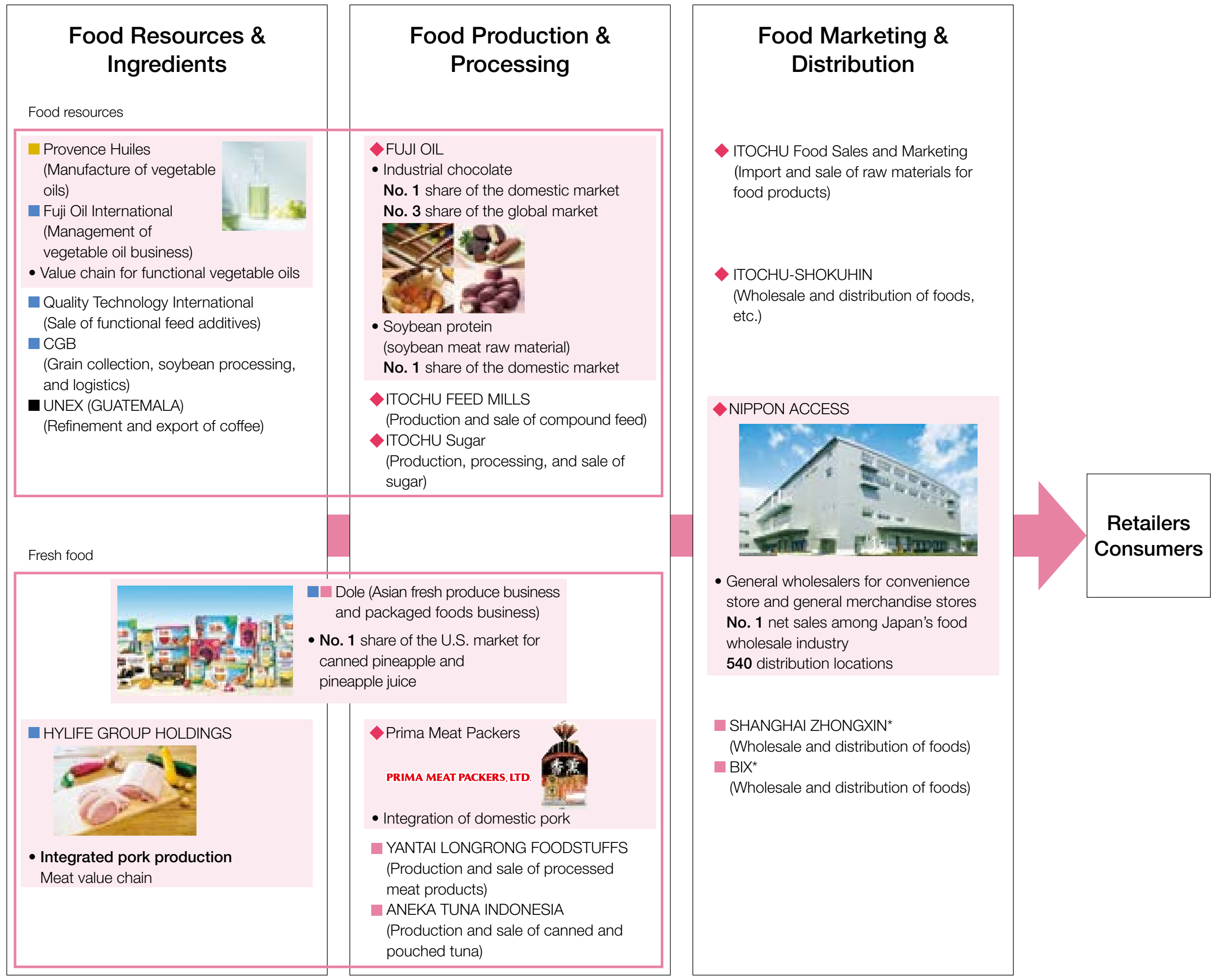
Percentage of Earnings from Domestic Business (image)





Food Resources & Ingredients

Food resources

- 🟨 Provence Huiles (Manufacture of vegetable oils)
- 🟦 Fuji Oil International (Management of vegetable oil business)
- • Value chain for functional vegetable oils
- 🟦 Quality Technology International (Sale of functional feed additives)
- 🟦 CGB (Grain collection, soybean processing, and logistics)
- ■ UNEX (GUATEMALA) (Refinement and export of coffee)

Fresh food

- 🟦🟥 Dole (Asian fresh produce business and packaged foods business)
  - **No. 1** share of the U.S. market for canned pineapple and pineapple juice
- 🟦 HYLIFE GROUP HOLDINGS
  - **Integrated pork production**
    Meat value chain

Food Production & Processing

- ◆ FUJI OIL
  - Industrial chocolate
    No. 1 share of the domestic market
    No. 3 share of the global market
  - Soybean protein (soybean meat raw material)
    No. 1 share of the domestic market
- ◆ ITOCHU FEED MILLS (Production and sale of compound feed)
- ◆ ITOCHU Sugar (Production, processing, and sale of sugar)
- ◆ Prima Meat Packers

  - Integration of domestic pork
- 🟥 YANTAI LONGRONG FOODSTUFFS (Production and sale of processed meat products)
- 🟥 ANEKA TUNA INDONESIA (Production and sale of canned and pouched tuna)

Food Marketing & Distribution

- ◆ ITOCHU Food Sales and Marketing (Import and sale of raw materials for food products)
- ◆ ITOCHU-SHOKUHIN (Wholesale and distribution of foods, etc.)
- ◆ NIPPON ACCESS
  - General wholesalers for convenience store and general merchandise stores
    No. 1 net sales among Japan's food wholesale industry
    540 distribution locations
- 🟥 SHANGHAI ZHONGXIN* (Wholesale and distribution of foods)
- 🟥 BIX* (Wholesale and distribution of foods)

Retailers Consumers

Region legend: ◆ Japan 🟦 North America 🟨 Europe 🟥 China and other Asian countries ■ Other countries * Non-affiliated companies

FYE 2022 Review (Specific Accomplishments)

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

- Advanced the utilization of clean energy (biogas power generation) that uses pineapple residue generated during the manufacturing process by Dole
- Established a joint venture with FUJI OIL HOLDINGS INC. to cater to changing demand for edible oils and fats in the U.S. and strengthened business foundations with a view to expanding the oils and fats business in North America
- Rolled out FOODATA, a new service that helps increase the efficiency and sophistication of development processes for food and beverage products by analyzing and making visible a variety of data, including taste and purchasing information

Growth Opportunities (Sustainable Growth)

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

- Broadening production bases, which ensures food safety and security, and developing a stable supply network
- Leveraging the Group's wide range of products, functions, and expertise with new technologies to diversify the value we provide in the food business field
- Expanding our business foundation overseas, centered on high-value-added raw materials and products that meet consumer needs
- Supporting development to create employment and improve living circumstances by nurturing local industry in regions which produce food ingredients and materials
- Expanding functions in food distribution to strengthen the value chain and rationalize logistics operations

Risk Responses (Lower Cost of Capital)

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

- Diversifying production regions to ensure stable supplies of fresh foods and avoid risks related to weather and epidemics
- Strengthening our sustainable food resource procurement system, which protects the environment and respects of human rights
- Reducing our environmental impact by using clean energy in our packaged foods business
- Increasing the number of employees holding international certifications for inspections under a food safety management system (FSMS)
- Creating a procurement system, which complies with third-party verification and our business partners' own codes of conduct

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Ensure Stable Procurement and Supply · Maintain Rigorous Governance Structures

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, used tire collection, 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 the North American construction materials business
- Competitive pulp manufacturing business and a worldwide network for pulp sales
- Stable real estate development by leveraging the distinctive and diverse networks of a general trading company

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

Business Development

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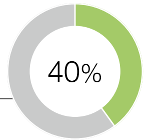
Percentage of Earnings from Domestic Business (image)

Paper / Pulp / Hygiene

■ METSA FIBRE

- **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)

Natural Rubber / Tires / Ceramics

■ 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)

Wood Products & Materials

North American construction materials business

- **Development of a robust value chain**

■ ITOCHU Building Products Holdings
  ■ 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 KENZAI
(Wholesale of wood products and building materials)
◆ DAIKEN
(Manufacture and wholesale of building materials)

Development & Operation of Real Estate

◆ ITOCHU Property Development

- 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)
◆ Nishimatsu Construction*
(Construction business, real estate-related business, etc.)

Overseas businesses

■ Saigon Sky Garden
(Serviced apartments, Vietnam)
■ Makati Sky Plaza Building
(Office building, the Philippines)
■ Harindhorn Building
(Office building, Thailand)
■ KARAWANG INTERNATIONAL INDUSTRIAL CITY
(Indonesia)
■ Resort hotel management business (Indonesia)
■ Condominium leasing business (U.S.)

Logistics

◆ 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)

Region legend: ◆ Japan ■ North America ■ Europe ■ China and other Asian countries

* Non-affiliated companies

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

Capital and Business Alliance with Nishimatsu Construction Co., Ltd.

In December 2021, ITOCHU concluded a capital and business alliance agreement with Nishimatsu Construction Co., Ltd. We have already developed a strong partnership with the company through previous businesses engaged in real estate development, construction project orders, and procurement of equipment and materials. Through this capital and business alliance, the companies aim to create new synergies and enhance corporate value by consolidating their management resources and expertise and deepening the partnership even further. In addition, by establishing a value chain that spans upstream construction materials businesses, where construction functions can now be added, through to downstream real estate businesses, we will address such social issues as contributing to the achievement of the SDGs and making Japan's infrastructure more resilient.

Takafumi Inomata
Real Estate Section No. 2,
Real Estate Department No. 1

FYE 2022 Review (Specific Accomplishments)

Corporate Value = Created Value / (Cost of Capital — Growth Rate)

- Strengthen allocation of management resources to growth areas by strategic divestment of assets (Japan Brazil Paper and Pulp Resources Development Co., Ltd.)
- Expand the value chain of the tire wholesale and retail business in the U.K. (European Tyre Enterprise Limited) to include the used tire collection business
- Further integrated management through capital restructuring in the North American construction materials business and the logistics business in China
- Established alliances related to construction areas by investing in real estate-related companies, such as Nishimatsu Construction Co., Ltd.
- Commenced development of logistics warehouses in Japan and expansion of overseas industrial city

Growth Opportunities (Sustainable Growth)

Corporate Value = Created Value / (Cost of Capital — **Growth Rate**)

- Enhancing profitability 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
- Reinforcing our earnings base by promoting more efficient cross-industry logistics, seizing the logistics crisis as an opportunity
- Strengthening and expanding design and construction areas by promoting M&As in businesses peripheral to the construction and construction materials areas
- Continuing to move ahead 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)

Corporate Value = Created Value / (**Cost of Capital** — 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 increase analytical / operational efficiency ("cut") and reduce security risk ("prevent")

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ICT & Financial Business Company

Business Fields

- Information technology (IT solutions, BPO, digital marketing, venture capital, and healthcare)
- Communications (mobile devices, related equipment and services, space and satellite, and media and content)
- Finance (retail finance and corporate finance)
- Insurance (insurance shop, retail insurance, corporate insurance brokerage, reinsurance, and credit guarantee)

Company Strengths

- Earnings base and synergies, driven by Group companies with leading scale and presence in the domestic ICT field
- Development of retail businesses together with market-driving core Group companies in the financial and insurance business
- Network of start-ups and leading-edge companies in Japan and overseas through relationships with top-tier venture capital firms in North America, Europe, and other regions

Tatsushi Shingu
President, ICT & Financial Business Company

From left:

Hiroshi Kajiwara	Chief Operating Officer, ICT Division
Yasuhito Kawauchino	Chief Operating Officer, Financial & Insurance Business Division
Shuichiro Yamaura	Chief Financial Officer
Atsushi Hashimoto	General Manager, Planning & Administration Department

Business Development

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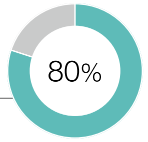
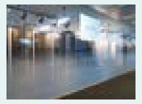


Percentage of Earnings from Domestic Business (image)

Information Technology / Communications

IT Services and BPO

◆ ITOCHU Techno-Solutions
- Provision of a wide range of IT solutions, from software development to sales, maintenance, and support of computers and network systems
- **A robust customer base** of more than 10,000 companies in various industries



◆ BELLSYSTEM24
(CRM* solutions and contact center services)
◆ ITOCHU INTERACTIVE
(Digital marketing)
◆ WingArc1st
(Software development and sales)
🟦 SilverSky (Security business)

Communication and mobile business

◆ CONEXIO
- **One of the largest networks** of carrier-certified stores in Japan
- Provision of solutions for corporate clients

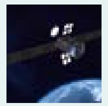
◆ Asurion Japan (Insurance for mobile devices)
◆ Belong (Online distribution of mobile devices)
🟥 ITC Auto Multi Finance (Mobile device finance in Indonesia)

Healthcare business

◆ A2 Healthcare (Clinical development contract services)
◆ Wellness Communications
(Healthcare management solutions)
◆ TXP Medical (Medical data platform)

Space, satellite, and media-related business

◆ SKY Perfect JSAT
- **Asia's largest** satellite communications operator
- Media service "SKY PerfecTV!"



Copyright© Boeing
Photo courtesy of
SKY Perfect JSAT

◆ ITOCHU Cable Systems
(System integration for broadcasters and telecommunication companies)
🟥 RIGHTS & BRANDS ASIA
(Character / brand licensing in Asia)
🟦 Advanced Media Technologies
(Distribution of cable TV products)

Venture capital business

◆ ITOCHU TECHNOLOGY VENTURES
🟦 ITC VENTURES XI

* Customer Relationship Management

×

Finance / Insurance

Retail finance business

◆ Money Communications
- Salary prepayment service

◆ Orient Corporation (Consumer credit business)
◆ POCKET CARD (Credit card business)
🟥 United Asia Finance (Retail finance business in Hong Kong and other parts of China)
🟥 EASY BUY (Retail finance business in Thailand)
🟥 ACOM CONSUMER FINANCE (Retail finance business in the Philippines)
🟥 Pasar Dana Pinjaman (Peer-to-peer finance intermediation business in Indonesia)
🟨 First Response Finance (Pre-owned vehicle finance business in the U.K.)

Corporate finance business

🟥 Tokyo Century Leasing China (Diversified leasing business)

Insurance shop and retail insurance business

◆ HOKEN NO MADOGUCHI
- **Japan's leading retail insurance distributor**
- Network of over **790** shops in Japan

Insurance brokerage business

◆ ITOCHU Orico Insurance Services (Insurance agency)
◆ I&T Risk Solutions (Insurance broker)
🟥 COSMOS SERVICES (Insurance broker in Hong Kong)

Reinsurance business and credit guarantee business

◆ Gardia (Credit guarantee for retail businesses)
🟦 NEWGT Reinsurance (Reinsurance business)

Region legend: ◆ Japan 🟦 North America 🟨 Europe 🟥 China and other Asian countries

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

Made Major U.S. Security Company, SilverSky Inc. an Affiliate

Through ITOCHU International Inc., ITOCHU has made U.S. security-related service provider SilverSky Inc., an affiliate. Based on more than 20 years of experience and knowledge, SilverSky Inc. uses advanced analysis of diverse data to protect customers' networks and terminals from a range of threats. The company has earned the trust of the financial and healthcare industries—which require particularly high levels of regulatory compliance—and has more than 4,000 customers throughout the U.S. Through this investment, we will support the company's expansion in Asia while gaining access to advanced threat intelligence from around the world. Further, ITOCHU and SilverSky Inc. will collaborate with CTC to minimize the concerns of customers about business continuity in the digital age, thereby supporting their sustained growth.

Nobutaka Kiyohara
ICT & Financial Business Division
ITOCHU International Inc.

FYE 2022 Review (Specific Accomplishments)

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

- Promoted corporate DX support through collaborations with WingArc1st Inc., SIGMAXYZ Inc., and BrainPad Inc.
- Made U.S. security-related service provider SilverSky Inc., an affiliate
- Invested in Bumper International Limited, which provides buy-now-pay-later services for car repairs and services mainly in the U.K.
- Formed a capital and business alliance with TXP Medical Co. Ltd., a start-up that provides a platform for emergency medical data

Growth Opportunities (Sustainable Growth)

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

- Discovering and forming alliances with start-up companies, and leveraging new technologies to create and promote next-generation businesses
- Fostering overseas development of business models cultivated in Japan in the mobile and ICT business sectors
- Establishing an earnings base in the innovative and highly convenient DX business based on a market-oriented perspective
- Expanding our business foundations in Japan and overseas by leveraging new retail finance
- Creating an insurance business value chain in the retail sector

Risk Responses (Lower Cost of Capital)

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

- Reducing negative environmental impact caused by the frequent replacement of new mobile devices, by procuring and distributing secondhand mobile devices
- Reducing health-related risks by supporting the development of pharmaceutical products and providing preventive health services
- Enhancing the quality of people's lives through the retail finance business in Japan and overseas
- Reducing the risk of business interruptions by realizing a highly robust ICT environment, backed up by reliable telecommunication infrastructure

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The 8th Company

Business Fields

- Creating new business and collaborating with the other seven Division Companies from a market-oriented perspective
- Promoting business that leverages FamilyMart's customer contact points
- Building an information platform that combines the ITOCHU Group's consumer-related data

Company Strengths

- FamilyMart's physical store network and a business base of Group companies with its strength in the consumer sector
- Human resources from diverse backgrounds and a highly fluid, ameba-like organizational structure
- An organizational culture that creates businesses flexibly with a market-oriented perspective not bound by product lines

Shuichi Kato
President, The 8th Company

From left:

Nobuhiro Suga	Chief Financial Officer
Tetsuya Mukohata	General Manager, Planning & Administration Section

Business Development

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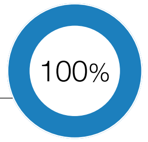
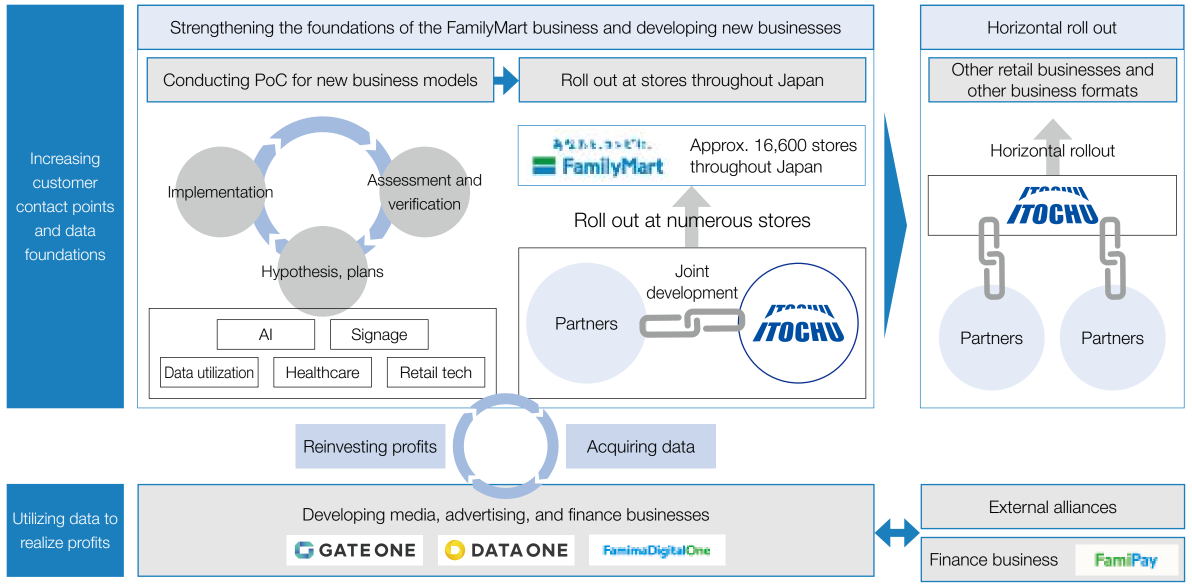


Percentage of Earnings from Domestic Business (image)

With the transformation in consumer behavior accompanying the COVID-19 pandemic, adaptation to changes in consumer needs has become vital. While making maximum use of ITOCHU's diverse business foundations—which are particularly robust in the consumer sector—The 8th Company will develop new services and business models that are enabled by digital technologies and AI based on a market-oriented perspective.

Specific Policies

- Rigorously strengthening FamilyMart, which is a core business
- Creating new business models that reflect customer needs and which utilize FamilyMart's store network and ability to attract customers; after conducting proof-of-concept tests for these business models, rolling them out at stores throughout Japan; and horizontally rolling out these services and technologies in other retail businesses and other business formats
- Increasing data volume and customer contact points through external alliances and finance businesses, etc., to maximize the profits of advertising and finance businesses; reinvesting new profits in the convenience store business to further heighten stores' ability to attract customers



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

Strengthening of Digital Interfaces with Customers through "FamiPay" App

Released in July 2019 by FamilyMart, the "FamiPay" app reached 12.5 million downloads at the end of May 2022 and is the company's second largest point of contact with customers after stores. In existing businesses, the app strengthens customer relationship management by providing unique benefits and convenience, such as coupon distribution that utilizes the digital features of "FamiPay." In new businesses, in addition to initiatives in advertising and media businesses that utilize customer data, we are also leveraging FamilyMart's strength as the only major convenience store with its own payment system to launch new financial services. For example, in September 2021 we launched a service called "FamiPay next-month payment" that allows customers to pay in the following month, if and when their electronic money balance is insufficient. In December 2021, FamilyMart launched a service enabling customers to take on retail finance through "FamiPay."

To meet a wide variety of customer needs, the Group will continue utilizing its technologies and expertise to steadily expand the functionality of "FamiPay."

Jun Kajitani
Deputy General Manager,
Planning & Administration Section

FYE 2022 Review (Specific Accomplishments)

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

❗	Strengthened the competitiveness of FamilyMart products by developing hit products and enhancing mainstay products and implemented marketing measures, such as a 40th anniversary sales promotion campaign
❗	Entered into the media business by establishing Gate One Corp.
❗	Launched "FamiPay" services for retail finance, including a service allowing payment in the following month and a loan service
❗	Launched various digital technology projects and proceeded with proof-of-concept tests

Growth Opportunities (Sustainable Growth)

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

	Expanding FamilyMart's earnings base by thoroughly improving the three basics of the convenience store business (product appeal, convenience, and familiarity) and making the entire supply chain more sophisticated
❗	Increasing customer contact points and business revenues by turning FamilyMart stores into media, etc.
❗	Enlarging our data infrastructure and developing new businesses, such as advertising and financial services that utilize customer data
❗	Developing new solutions through venture investments, etc.

Risk Responses (Lower Cost of Capital)

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

	Strengthening of supply chain risk management in response to such factors as fluctuations in raw material prices
❗	Responding to the shortage of workers using digital technologies

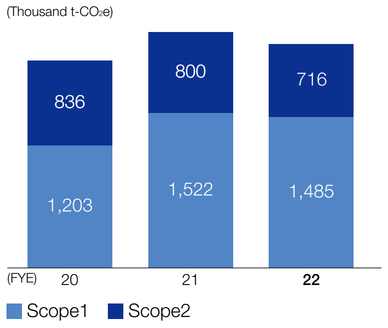
Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.
Details of the action plans are available on our website: 💻 https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/

❗ 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

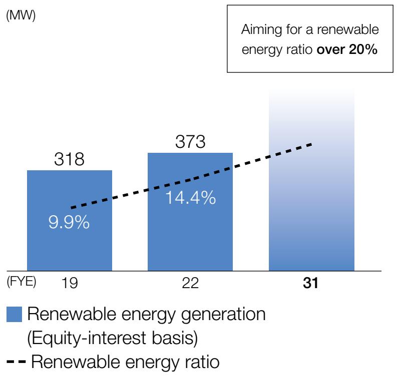
ESG Data

Environment

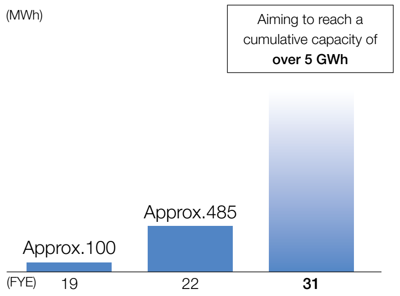
GHG Emissions (Consolidated)*1



Renewable Energy Generation (Equity-Interest Basis) / Renewable Energy Ratio



Cumulative Capacity of Energy Storage System Units Sold



	Non-consolidated*3			Consolidated*4		
	FYE 2020	FYE 2021	**FYE 2022**	FYE 2020	FYE 2021	**FYE 2022**
GHG emissions (Thousand t-CO₂e)*1						
Scope1	0	0	**0**	1,203	1,522	**1,485**
Scope2	7	6	**6**	836	800	**716**
Scope3*2						
Capital goods	—	—	**—**	800	660	**621**
Fuel & Energy related activities not included in Scope1 and Scope2	—	—	**—**	328	310	**389**
Domestic transportation	—	—	**—**	13	12	**10**
Waste generated in operations	—	—	**—**	235	369	**350**
Business travel	—	—	**—**	56	21	**25**
Employee commuting	—	—	**—**	25	25	**23**
Franchises	—	—	**—**	1,152	1,089	**1,048**
Electricity consumption (Thousand kWh)	11	10	**10**	1,665,148	1,699,034	**1,638,874**
Water usage (Thousand m³)*5	115	90	**115**	94,132	73,140	**58,120**
Waste volume (Thousand t)*5	1	0	**0**	613	754	**649**
Waste recycling rate	94.3%	93.4%	**93.7%**	—	—	**—**

[1] From FYE 2021, GHG emissions have increased due to the expansion of the calculation scope of GHG other than CO_2 from energy consumption.

[2] Scope3 disclosure has been limited to certain categories in light of international discussions on appropriate emissions management and disclosure.
For details on the basis of emissions calculation methods used in each category, please visit ITOCHU's website.
💻 **https://www.itochu.co.jp/en/csr/data/**

[3] GHG emissions and electricity consumption are the totals for domestic bases. Water usage, waste volume, and waste recycling rate are totals for the Tokyo Headquarters.

[4] This is the total of non-consolidated Group companies in Japan, overseas offices, and overseas Group companies.
FYE 2022 figures include 548 companies.

[5] For water usage and waste volume, numbers have been partially revised following the publication of Annual Report 2021.

Inclusion in ESG-Related Indices

- MSCI Japan ESG Select Leaders Index★*1
- MSCI Japan Empowering Women Index (WIN)★*1
- FTSE4Good Index Series*2
- FTSE Blossom Japan Index★*2
- FTSE Blossom Japan Sector Relative Index★*2
- Dow Jones Sustainability Indices (World / Asia Pacific Index)
- S&P/JPX Carbon Efficient Index★
- SOMPO Sustainability Index

2022 CONSTITUENT MSCI JAPAN ESG SELECT LEADERS INDEX

2022 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA

FTSE4Good

FTSE Blossom Japan

FTSE Blossom Japan Sector Relative Index

S&P/JPX Carbon Efficient Index

2022 Sompo Sustainability Index

★ ESG indices selected by the Government Pension Investment Fund

[1] The inclusion of ITOCHU in any MSCI Index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of ITOCHU by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

[2] FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that ITOCHU has been independently assessed according to the FTSE4Good criteria, and has satisfied the requirements to become a constituent of the FTSE4Good Index Series, FTSE Blossom Japan Index, and FTSE Blossom Japan Sector Relative Index. Created by the global index provider FTSE Russell, these indices are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices, and are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Society

Human Resources Related

	FYE 2020	FYE 2021	**FYE 2022**
Consolidated employees (people)	128,146	125,944	**115,124**
Non-consolidated employees (people)	4,261	4,215	**4,170**
Career-track employees (people)	3,462	3,435	**3,395**
Female career-track employees (people)	335 (9.7%)	346 (10.1%)	**359 (10.6%)**
Managers (people)	2,566	2,565	**2,544**
Female managers (people)	209 (8.1%)	206 (8.0%)	**206 (8.1%)**
Average years employed (year)	17.8	17.9	**18.2**
Monthly average overtime hours (hours)*1	35.4	39.1	**39.1**
Annual paid leave acquisition rate	65.1%	52.6%	**58.8%**
Employees taking childcare leave (people) (Percentage of employees returning to work)	168 (98.1%)	139 (97.4%)	**143 (100.0%)**
Share of disabled employees	2.2%	2.3%	**2.4%**

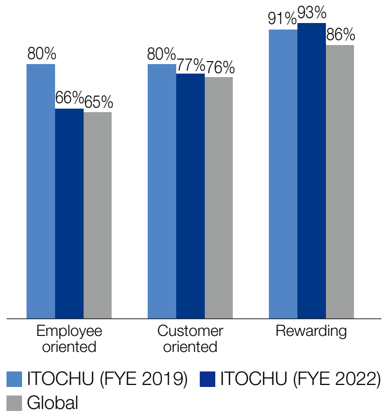
Company Ranking among Job-Seekers According to Seven Major Institutions*2

	2021 Graduates	2022 Graduates	**2023 Graduates**
Number of first-place rankings among all industries	3 institutions	4 institutions	**4 institutions**
Number of first-place rankings among general trading companies	7 institutions	7 institutions	**7 institutions**

Training Related

	FYE 2020	FYE 2021	**FYE 2022**
Average training cost per employee (Thousands of yen)	407	260	**269**
Number of Morning Activity Seminars held (participants)	7 times (3,162)	4 times (1,153)	**5 times (1,555)**
Sustainability basic education participation rate of all Group employees	100.0%	100.0%	**100.0%**
Themed sustainability training participants	—	617	**720**

Engagement Survey Results*3



[1] Hours exceeding the prescribed daily working hours of 7 hours and 15 minutes are counted as overtime hours.

[2] Based on the responses of students graduating in 2023, the Company ranked No. 1 among all industries from GAKUJO Co., Ltd., DIAMOND HUMAN RESOURCE, INC., Nippon Cultural Broadcasting Inc., and WORKSJAPAN Co., Ltd. Moreover, the Company ranked No. 1 among general trading companies from the four institutions mentioned above as well as all seven institutions including Rakuten Group, Inc., DISCO Inc., and Mynavi Corporation.

[3] The results (main items) of engagement surveys conducted in FYE 2019 and FYE 2022. Global results are based on responses from approximately 610 companies and approximately 5.8 million people worldwide between 2018 and 2020. The graph indicates the percentages of affirmative responses to questions concerning whether the Company values and is considerate toward employees (Employee oriented); whether it places emphasis on customers (Customer oriented); and whether it expects the achievement of high results (Rewarding).

Governance

Members of the Board and Audit & Supervisory Board Members

(People)	July 2019	July 2020	**July 2021**	July 2022
Members of the Board	10	10	**11**	10
Outside Directors (share)	4 (40.0%)	4 (40.0%)	**4 (36.4%)**	4 (40.0%)
Female Directors (share)	2 (20.0%)	2 (20.0%)	**2 (18.2%)**	2 (20.0%)
Average terms of overseas assignment period of Inside Directors	5.5 years	5.7 years	**6.3 years**	5.6 years
Audit & Supervisory Board Members	5	5	**5**	5
Outside Audit & Supervisory Board Members (share)	3 (60.0%)	3 (60.0%)	**3 (60.0%)**	3 (60.0%)

Attendance Rate at Meetings of the Board of Directors

	FYE 2020	FYE 2021	**FYE 2022**
Attendance rate of Directors	100.0%	100.0%	**100.0%**
Attendance rate of all corporate officers	99.0%	100.0%	**99.5%**
Attendance rate of inside officers	100.0%	100.0%	**100.0%**
Attendance rate of outside officers	98.0%	100.0%	**99.0%**

Selected Financial Data

* Figures in yen for FYE 2022 have been translated into U.S. dollars solely for the convenience of the reader at the rate of ¥122.39 = US$1, the exchange rate prevailing on March 31, 2022.

For the data since FYE 2010, please see the website:

💻 https://www.itochu.co.jp/en/ir/finance/financial_data/

	U.S. GAAP			IFRS	IFRS								
	Millions of yen			Millions of yen	Millions of yen								Millions of U.S. dollars
Fiscal Years Ended March 31	2012	2013	2014	2014	2015	2016	2017	2018	2019	2020	2021	**2022**	**2022**
P/L (For the year):													
Revenues	¥4,197,525	¥4,579,763	¥5,530,895	¥5,587,526	¥5,591,435	¥5,083,536	¥4,838,464	¥5,510,059	¥11,600,485	¥10,982,968	¥10,362,628	**¥12,293,348**	**$100,444**
Gross trading profit	956,920	915,879	1,028,273	1,045,022	1,089,064	1,069,711	1,093,462	1,210,440	1,563,772	1,797,788	1,780,747	**1,937,165**	**15,828**
Net profit attributable to ITOCHU	300,505	280,297	310,267	245,312	300,569	240,376	352,221	400,333	500,523	501,322	401,433	**820,269**	**6,702**
Total comprehensive income attributable to ITOCHU	249,983	475,819	446,214	391,901	465,605	(144,777)	303,063	390,022	464,785	279,832	655,259	**1,086,431**	**8,877**
Per share (yen and U.S. dollars):													
Basic earnings attributable to ITOCHU[*1]	190.13	177.35	196.31	155.21	189.13	152.14	223.67	257.94	324.07	335.58	269.83	**552.86**	**4.52**
Cash dividends	44.0	40.0	46.0	46.0	46.0	50.0	55.0	70.0	83.0	85.0	88.0	**110.0**	**0.90**
Shareholders' equity[*1]	862.88	1,117.01	1,358.42	1,293.35	1,539.55	1,388.66	1,532.56	1,722.06	1,930.47	2,010.33	2,232.84	**2,857.50**	**23.35**
B/S (As of March 31):													
Total assets	¥6,507,273	¥7,117,446	¥7,848,440	¥7,784,851	¥8,560,701	¥8,036,395	¥8,122,032	¥8,663,937	¥10,098,703	¥10,919,598	¥11,178,432	**¥12,153,658**	**$ 99,303**
Short-term interest-bearing debt	450,968	482,544	464,992	472,667	543,660	426,820	563,033	526,867	650,909	684,406	710,213	**522,448**	**4,269**
Long-term interest-bearing debt	2,082,592	2,279,915	2,420,272	2,420,713	2,548,504	2,769,345	2,381,620	2,252,606	2,332,928	2,192,557	2,445,099	**2,383,455**	**19,474**
Interest-bearing debt	2,533,560	2,762,459	2,885,264	2,893,380	3,092,164	3,196,165	2,944,653	2,779,473	2,983,837	2,876,963	3,155,312	**2,905,903**	**23,743**
Net interest-bearing debt	2,014,898	2,185,623	2,224,279	2,231,988	2,380,504	2,555,644	2,330,683	2,320,418	2,406,756	2,256,882	2,601,358	**2,283,003**	**18,654**
Long-term debt (excluding current maturities, including long-term interest-bearing debt and lease liabilities (long-term))	2,259,717	2,447,868	2,628,937	2,523,992	2,652,323	2,875,067	2,489,953	2,367,233	2,548,537	3,198,802	3,323,752	**3,216,852**	**26,284**
Total shareholders' equity	1,363,797	1,765,435	2,146,963	2,044,120	2,433,202	2,193,677	2,401,893	2,669,483	2,936,908	2,995,951	3,316,281	**4,199,325**	**34,311**
Cash flows (For the year):													
Core operating cash flows[*2]	¥ 347,598	¥ 335,604	¥ 389,413	¥ 393,692	¥ 385,881	¥ 374,176	¥ 419,735	¥ 461,054	¥ 514,289	¥ 601,812	¥ 574,319	**¥ 790,159**	**$ 6,456**
Cash flows from operating activities	212,830	245,661	418,396	428,101	403,629	419,404	389,693	388,212	476,551	878,133	895,900	**801,163**	**6,546**
Cash flows from investing activities	(416,315)	(199,990)	(266,692)	(270,377)	(276,103)	(557,260)	(81,306)	(256,350)	201,149	(248,766)	(207,296)	**38,637**	**316**
Cash flows from financing activities	84,704	(11,323)	(71,707)	(77,855)	(97,896)	81,770	(335,396)	(296,136)	(538,318)	(575,482)	(728,767)	**(846,706)**	**(6,918)**
Cash and cash equivalents at the end of the year	513,489	569,716	653,332	653,739	700,292	632,871	605,589	432,140	572,030	611,223	544,009	**611,715**	**4,998**
Ratios:													
ROA (%)	4.9	4.1	4.1	3.3	3.7	2.9	4.4	4.8	5.3	4.5	3.6	**7.0**	**—**
ROE (%)	23.8	17.9	15.9	13.0	13.4	10.4	15.3	15.8	17.9	17.0	12.7	**21.8**	**—**
Ratio of shareholders' equity to total assets (%)	21.0	24.8	27.4	26.3	28.4	27.3	29.6	30.8	29.1	27.4	29.7	**34.6**	**—**
Net debt-to-shareholders' equity ratio (times)	1.5	1.2	1.0	1.09	0.98	1.17	0.97	0.87	0.82	0.75	0.78	**0.54**	**—**
Interest coverage (times)[*3]	13.5	12.4	13.1	12.5	12.7	10.1	11.1	9.3	8.3	8.7	13.2	**23.6**	**—**
Common stock information:													
Stock price (yen and U.S. dollars):													
Opening price	¥870.0	¥ 925.0	¥1,125.0	¥1,125.0	¥1,222.0	¥1,282.0	¥1,380.0	¥1,577.0	¥2,063.0	¥2,018.5	¥2,220.0	**¥3,656.0**	**$29.87**
High	966.0	1,241.0	1,568.0	1,568.0	1,429.0	1,756.0	1,674.5	2,254.0	2,302.5	2,695.5	3,653.0	**4,249.0**	**34.72**
Low	676.0	755.0	1,033.0	1,033.0	1,118.0	1,170.0	1,135.5	1,478.0	1,740.0	1,873.5	2,000.0	**3,104.0**	**25.36**
Closing price	903.0	1,131.0	1,206.0	1,206.0	1,301.5	1,386.0	1,580.0	2,066.5	2,002.5	2,242.5	3,587.0	**4,144.0**	**33.86**
Market capitalization (As of March 31, yen and U.S. dollars in billions)	1,427	1,788	1,906	1,906	2,057	2,189	2,476	3,203	3,046	3,342	5,328	**6,090**	**49.76**
Trading volume (yearly, million shares)	1,882	1,783	1,782	1,782	1,782	1,886	1,604	1,240	1,155	1,129	957	**819**	**—**
Number of shares of common stock issued (As of March 31, thousand shares)	1,584,889	1,584,889	1,584,889	1,584,889	1,662,889	1,662,889	1,662,889	1,662,889	1,584,889	1,584,889	1,584,889	**1,584,889**	**—**
Exchange rates into U.S. currency (Federal Reserve Bank of New York):													
At year-end	¥82.41	¥94.16	¥102.98	¥102.98	¥119.96	¥112.42	¥111.41	¥106.20	¥110.68	¥107.53	¥110.61	**¥121.44**	**—**
Average for the year	78.86	83.26	100.46	100.46	109.75	120.04	108.25	110.80	110.88	108.72	106.09	**112.33**	**—**
Range:													
Low	85.26	96.16	105.25	105.25	121.50	125.58	118.32	114.25	114.19	112.00	110.61	**123.25**	**—**
High	75.72	77.41	92.96	92.96	101.26	111.30	100.07	104.83	105.99	102.52	102.70	**107.94**	**—**
Number of subsidiaries, associates and joint ventures (As of March 31)	366	356	354	—	342	326	308	300	291	289	279	**274**	**—**
Number of employees (As of March 31, consolidated)	70,639	77,513	102,376	104,310	110,487	105,800	95,944	102,086	119,796	128,146	125,944	**115,124**	**—**

*1 Basic earnings per share attributable to ITOCHU and Shareholders' equity per share are calculated by using the number of shares of common stock issued excluding treasury stock.

*2 "Cash flows from operating activities" – "Changes in working capital" + "Repayment of lease liabilities, etc."

*3 Interest coverage =

$$\frac{\text{Gross trading profit + SG\&A expenses + Provision for doubtful accounts + Interest income + Dividends received}}{\text{Interest expense}}$$

Consolidated Financial Statements

Consolidated Statement of Financial Position

					Millions of yen	Millions of U.S. dollars
Assets As of March 31	2018	2019	2020	2021	**2022**	**2022**
Current assets						
Cash and cash equivalents	¥ 432,140	¥ 572,030	¥ 611,223	¥ 544,009	**¥ 611,715**	**$ 4,998**
Time deposits	26,915	5,051	8,858	9,945	**11,185**	**91**
Trade receivables	2,183,349	2,397,608	2,113,746	2,122,815	**2,458,991**	**20,092**
Other current receivables	84,146	168,968	176,691	166,282	**236,864**	**1,935**
Other current financial assets	34,329	43,132	45,315	44,930	**101,932**	**833**
Inventories	870,352	937,183	952,029	898,692	**1,077,160**	**8,801**
Advances to suppliers	179,760	98,081	89,425	80,521	**123,382**	**1,008**
Other current assets	112,370	185,767	135,774	161,256	**188,727**	**1,542**
Assets held for sale	—	—	—	248,861	**—**	**—**
Total current assets	3,923,361	4,407,820	4,133,061	4,277,311	**4,809,956**	**39,300**
Non-current assets						
Investments accounted for by the equity method	1,844,871	1,559,280	1,640,286	1,867,777	**2,288,762**	**18,701**
Other investments	816,510	857,261	816,518	952,374	**958,218**	**7,829**
Non-current receivables	617,719	618,762	660,578	658,658	**728,965**	**5,956**
Non-current financial assets other than investments and receivables	82,379	270,116	172,417	166,611	**172,191**	**1,407**
Property, plant and equipment	813,294	1,077,874	2,137,474	1,939,791	**1,936,044**	**15,819**
Investment property	19,134	32,524	58,595	50,665	**47,742**	**390**
Goodwill	129,283	391,560	403,940	396,869	**368,989**	**3,015**
Intangible assets	233,288	736,200	759,167	728,967	**712,618**	**5,822**
Deferred tax assets	62,259	65,609	61,051	60,446	**54,639**	**447**
Other non-current assets	121,839	81,697	76,511	78,963	**75,534**	**617**
Total non-current assets	4,740,576	5,690,883	6,786,537	6,901,121	**7,343,702**	**60,003**
Total assets	¥8,663,937	¥10,098,703	¥10,919,598	¥11,178,432	**¥12,153,658**	**$99,303**

					Millions of yen	Millions of U.S. dollars
Liabilities and Equity As of March 31	2018	2019	2020	2021	**2022**	**2022**
Current liabilities						
Short-term debentures and borrowings	¥ 526,867	¥ 650,909	¥ 684,406	¥ 710,213	**¥ 522,448**	**$ 4,269**
Lease liabilities (short-term)	—	—	242,076	238,446	**235,791**	**1,926**
Trade payables	1,825,859	1,942,037	1,707,472	1,628,766	**1,967,117**	**16,072**
Other current payables	79,200	234,518	215,175	199,757	**210,857**	**1,723**
Other current financial liabilities	26,791	27,073	35,699	40,172	**83,724**	**684**
Current tax liabilities	53,241	48,014	67,074	57,370	**74,026**	**605**
Advances from customers	157,167	88,480	81,799	84,699	**132,513**	**1,083**
Other current liabilities	319,777	350,343	368,163	374,489	**424,071**	**3,465**
Liabilities held for sale	—	—	—	220,722	**—**	**—**
Total current liabilities	2,988,902	3,341,374	3,401,864	3,554,634	**3,650,547**	**29,827**
Non-current liabilities						
Long-term debentures and borrowings	2,252,606	2,332,928	2,192,557	2,445,099	**2,383,455**	**19,474**
Lease liabilities (long-term)	—	—	937,345	825,170	**775,180**	**6,334**
Other non-current financial liabilities	114,627	215,609	68,900	53,483	**58,217**	**476**
Non-current liabilities for employee benefits	97,955	124,418	133,138	116,631	**103,975**	**850**
Deferred tax liabilities	129,579	251,489	200,912	150,275	**250,999**	**2,051**
Other non-current liabilities	95,917	142,769	144,273	162,900	**167,585**	**1,369**
Total non-current liabilities	2,690,684	3,067,213	3,677,125	3,753,558	**3,739,411**	**30,554**
Total liabilities	5,679,586	6,408,587	7,078,989	7,308,192	**7,389,958**	**60,381**
Equity						
Common stock	253,448	253,448	253,448	253,448	**253,448**	**2,071**
Capital surplus	160,271	49,584	50,677	(155,210)	**(161,917)**	**(1,323)**
Retained earnings	2,324,766	2,608,243	2,948,135	3,238,948	**3,811,991**	**31,146**
Other components of equity						
Translation adjustments	136,729	81,037	(37,836)	131,612	**383,215**	**3,131**
FVTOCI financial assets	(61,484)	49,764	(31,972)	38,740	**146,638**	**1,198**
Cash flow hedges	5,961	433	(19,163)	(9,897)	**7,154**	**59**
Total other components of equity	81,206	131,234	(88,971)	160,455	**537,007**	**4,388**
Treasury stock	(150,208)	(105,601)	(167,338)	(181,360)	**(241,204)**	**(1,971)**
Total shareholders' equity	2,669,483	2,936,908	2,995,951	3,316,281	**4,199,325**	**34,311**
Non-controlling interests	314,868	753,208	844,658	553,959	**564,375**	**4,611**
Total equity	2,984,351	3,690,116	3,840,609	3,870,240	**4,763,700**	**38,922**
Total liabilities and equity	¥8,663,937	¥10,098,703	¥10,919,598	¥11,178,432	**¥12,153,658**	**$99,303**

Consolidated Statement of Comprehensive Income

					Millions of yen	Millions of U.S. dollars
Fiscal Years Ended March 31	2018	2019	2020	2021	**2022**	**2022**
Revenues						
Revenues from sale of goods	¥ 4,719,460	¥ 10,570,925	¥ 9,738,983	¥ 9,156,193	**¥ 11,011,816**	**$ 89,973**
Revenues from rendering of services and royalties	790,599	1,029,560	1,243,985	1,206,435	**1,281,532**	**10,471**
Total revenues	5,510,059	11,600,485	10,982,968	10,362,628	**12,293,348**	**100,444**
Cost						
Cost of sale of goods	(3,706,873)	(9,427,881)	(8,575,102)	(7,989,246)	**(9,696,532)**	**(79,226)**
Cost of rendering of services and royalties	(592,746)	(608,832)	(610,078)	(592,635)	**(659,651)**	**(5,390)**
Total cost	(4,299,619)	(10,036,713)	(9,185,180)	(8,581,881)	**(10,356,183)**	**(84,616)**
Gross trading profit	1,210,440	1,563,772	1,797,788	1,780,747	**1,937,165**	**15,828**
Other gains (losses)						
Selling, general and administrative expenses	(890,276)	(1,193,301)	(1,380,944)	(1,366,489)	**(1,346,720)**	**(11,004)**
Provision for doubtful accounts	(3,231)	(8,979)	(17,406)	(10,844)	**(7,923)**	**(65)**
Gains on investments	7,080	203,034	57,801	4,105	**211,851**	**1,731**
Losses on property, plant, equipment and intangible assets	(29,629)	(12,041)	(4,396)	(157,524)	**(17,601)**	**(143)**
Other–net	(280)	10,734	(1,414)	(6,197)	**9,645**	**79**
Total other losses	(916,336)	(1,000,553)	(1,346,359)	(1,536,949)	**(1,150,748)**	**(9,402)**
Financial income (loss)						
Interest income	34,702	40,128	35,267	23,114	**20,412**	**167**
Dividends received	34,273	48,372	66,474	53,145	**80,741**	**660**
Interest expense	(41,449)	(54,388)	(57,600)	(36,218)	**(28,976)**	**(237)**
Total financial income	27,526	34,112	44,141	40,041	**72,177**	**590**
Equity in earnings of associates and joint ventures	216,228	98,052	205,860	228,636	**291,435**	**2,381**
Profit before tax	537,858	695,383	701,430	512,475	**1,150,029**	**9,397**
Income tax expense	(106,138)	(149,694)	(142,221)	(71,592)	**(271,056)**	**(2,215)**
Net profit	431,720	545,689	559,209	440,883	**878,973**	**7,182**
Net profit attributable to ITOCHU	¥ 400,333	¥ 500,523	¥ 501,322	¥ 401,433	**¥ 820,269**	**$ 6,702**
Net profit attributable to non-controlling interests	31,387	45,166	57,887	39,450	**58,704**	**480**
Other comprehensive income, net of tax:						
Items that will not be reclassified to profit or loss						
FVTOCI financial assets	(23,100)	20,040	(67,643)	80,764	**(8,927)**	**(73)**
Remeasurement of net defined pension liability	3,252	(3,174)	(3,835)	12,449	**3,897**	**32**
Other comprehensive income in associates and joint ventures	1,333	9,143	(7,761)	13,474	**(4,932)**	**(41)**
Items that will be reclassified to profit or loss						
Translation adjustments	(38,452)	(8,803)	(92,645)	114,879	**170,109**	**1,390**
Cash flow hedges	495	(3,641)	(6,074)	3,470	**4,519**	**37**
Other comprehensive income in associates and joint ventures	40,354	(47,668)	(43,307)	63,660	**105,500**	**862**
Total other comprehensive income, net of tax	(16,118)	(34,103)	(221,265)	288,696	**270,166**	**2,207**
Total comprehensive income	415,602	511,586	337,944	729,579	**1,149,139**	**9,389**
Total comprehensive income attributable to ITOCHU	¥ 390,022	¥ 464,785	¥ 279,832	¥ 655,259	**¥ 1,086,431**	**$ 8,877**
Total comprehensive income attributable to non-controlling interests	25,580	46,801	58,112	74,320	**62,708**	**512**

Consolidated Statement of Changes in Equity

					Millions of yen	Millions of U.S. dollars
Fiscal Years Ended March 31	2018	2019	2020	2021	**2022**	**2022**
Common stock						
Balance at the beginning of the year	¥ 253,448	¥ 253,448	¥ 253,448	¥ 253,448	**¥ 253,448**	**$ 2,071**
Issuance of common stock	—	—	—	—	**—**	**—**
Balance at the end of the year	253,448	253,448	253,448	253,448	**253,448**	**2,071**
Capital surplus						
Balance at the beginning of the year	162,038	160,271	49,584	50,677	**(155,210)**	**(1,268)**
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests	(1,767)	(6,624)	1,093	(205,887)	**(6,707)**	**(55)**
Cancellation of treasury stock	—	(104,063)	—	—	**—**	**—**
Balance at the end of the year	160,271	49,584	50,677	(155,210)	**(161,917)**	**(1,323)**
Retained earnings						
Balance at the beginning of the year	2,020,018	2,324,766	2,608,243	2,948,135	**3,238,948**	**26,464**
Cumulative effects of the application of new accounting standards	—	(14,097)	(26,501)	—	**—**	**—**
Net profit attributable to ITOCHU	400,333	500,523	501,322	401,433	**820,269**	**6,702**
Transfer from other components of equity	(2,740)	(86,512)	(1,392)	18,388	**(111,870)**	**(914)**
Cash dividends to shareholders	(92,845)	(116,437)	(133,537)	(129,008)	**(135,356)**	**(1,106)**
Balance at the end of the year	2,324,766	2,608,243	2,948,135	3,238,948	**3,811,991**	**31,146**
Other components of equity						
Balance at the beginning of the year	88,729	81,206	131,234	(88,971)	**160,455**	**1,311**
Other comprehensive income attributable to ITOCHU	(10,311)	(35,738)	(221,490)	253,826	**266,162**	**2,175**
Transfer to retained earnings	2,740	86,512	1,392	(18,388)	**111,870**	**914**
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests	48	(746)	(107)	13,988	**(1,480)**	**(12)**
Balance at the end of the year	81,206	131,234	(88,971)	160,455	**537,007**	**4,388**
Treasury stock						
Balance at the beginning of the year	(122,340)	(150,208)	(105,601)	(167,338)	**(181,360)**	**(1,482)**
Net change in treasury stock	(27,868)	(59,456)	(61,737)	(14,022)	**(59,844)**	**(489)**
Cancellation of treasury stock	—	104,063	—	—	**—**	**—**
Balance at the end of the year	(150,208)	(105,601)	(167,338)	(181,360)	**(241,204)**	**(1,971)**
Total shareholders' equity	2,669,483	2,936,908	2,995,951	3,316,281	**4,199,325**	**34,311**
Non-controlling interests						
Balance at the beginning of the year	260,918	314,868	753,208	844,658	**553,959**	**4,526**
Cumulative effects of the application of new accounting standards	—	5	(5,295)	—	**—**	**—**
Net profit attributable to non-controlling interests	31,387	45,166	57,887	39,450	**58,704**	**480**
Other comprehensive income attributable to non-controlling interests	(5,807)	1,635	225	34,870	**4,004**	**32**
Cash dividends to non-controlling interests	(10,732)	(20,829)	(27,295)	(27,832)	**(20,897)**	**(171)**
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests	39,102	412,363	65,928	(337,187)	**(31,395)**	**(256)**
Balance at the end of the year	314,868	753,208	844,658	553,959	**564,375**	**4,611**
Total equity	¥2,984,351	¥3,690,116	¥3,840,609	¥3,870,240	**¥4,763,700**	**$38,922**

Consolidated Statement of Cash Flows

					Millions of yen	Millions of U.S. dollars
Fiscal Years Ended March 31	2018	2019	2020	2021	**2022**	**2022**
Cash flows from operating activities						
Net profit	¥ 431,720	¥ 545,689	¥ 559,209	¥ 440,883	**¥ 878,973**	**$ 7,182**
Adjustments to reconcile net profit to net cash provided by operating activities						
Depreciation and amortization	114,102	154,944	422,624	424,297	**404,184**	**3,302**
(Gains) losses on investments	(7,080)	(203,034)	(57,801)	(4,105)	**(211,851)**	**(1,731)**
(Gains) losses on property, plant, equipment and intangible assets	29,629	12,041	4,396	157,524	**17,601**	**143**
Financial (income) loss	(27,526)	(34,112)	(44,141)	(40,041)	**(72,177)**	**(590)**
Equity in earnings of associates and joint ventures	(216,228)	(98,052)	(205,860)	(228,636)	**(291,435)**	**(2,381)**
Income tax expense	106,138	149,694	142,221	71,592	**271,056**	**2,215**
Provision for doubtful accounts and other provisions	12,995	1,394	22,154	30,504	**(2,836)**	**(23)**
Changes in assets and liabilities, other–net	(72,842)	(37,738)	23,574	58,976	**(241,650)**	**(1,974)**
Proceeds from interest	31,321	37,525	34,460	24,142	**19,706**	**161**
Proceeds from dividends	110,518	140,146	152,862	144,732	**201,532**	**1,647**
Payments for interest	(38,703)	(56,365)	(62,775)	(39,412)	**(29,807)**	**(244)**
Payments for income taxes	(85,832)	(135,581)	(112,790)	(144,556)	**(142,133)**	**(1,161)**
Net cash provided by (used in) operating activities	388,212	476,551	878,133	895,900	**801,163**	**6,546**
Cash flows from investing activities						
Net change in investments accounted for by the equity method	(125,146)	(106,112)	(50,915)	(20,694)	**67,043**	**548**
Net change in other investments	(56,833)	353,023	(69,382)	(50,913)	**83,344**	**681**
Net change in loans receivable	21,307	27,723	21,411	23,300	**15,672**	**128**
Net change in property, plant, equipment and intangible assets	(87,019)	(95,672)	(147,688)	(152,583)	**(124,883)**	**(1,020)**
Net change in time deposits	(8,659)	22,187	(2,192)	(6,406)	**(2,539)**	**(21)**
Net cash provided by (used in) investing activities	(256,350)	201,149	(248,766)	(207,296)	**38,637**	**316**
Cash flows from financing activities						
Net change in debentures and loans payable	(160,858)	(345,047)	(79,726)	251,606	**(349,350)**	**(2,854)**
Repayments of lease liabilities*	—	—	(267,193)	(277,493)	**(266,974)**	**(2,181)**
Equity transactions with non-controlling interests	(3,806)	18,947	(5,774)	(531,774)	**(14,093)**	**(115)**
Cash dividends to shareholders	(92,845)	(116,437)	(133,537)	(129,008)	**(135,356)**	**(1,106)**
Cash dividends to non-controlling interests	(10,732)	(27,081)	(27,236)	(27,832)	**(20,897)**	**(171)**
Net change in treasury stock	(27,895)	(68,700)	(62,016)	(14,266)	**(60,036)**	**(491)**
Net cash provided by (used in) financing activities	(296,136)	(538,318)	(575,482)	(728,767)	**(846,706)**	**(6,918)**
Net change in cash and cash equivalents	(164,274)	139,382	53,885	(40,163)	**(6,906)**	**(56)**
Cash and cash equivalents at the beginning of the period (Opening balance on the consolidated statement of financial position)	605,589	432,140	572,030	611,223	**544,009**	**4,445**
Reclassification of cash and cash equivalents included in assets held for sale in the opening balance	—	—	—	—	**44,331**	**362**
Cash and cash equivalents at the beginning of the year	605,589	432,140	572,030	611,223	**588,340**	**4,807**
Effect of exchange rate changes on cash and cash equivalents	(9,175)	508	(14,692)	17,280	**30,281**	**247**
Cash and cash equivalents included in assets held for sale	—	—	—	(44,331)	**—**	**—**
Cash and cash equivalents at the end of the year	¥ 432,140	¥ 572,030	¥ 611,223	¥ 544,009	**¥ 611,715**	**$ 4,998**

* "Repayments of lease liabilities" in Cash flows from financing activities is presented independently due to the application of IFRS 16 "Leases" and the amount of "Repayments of lease liabilities" for Fiscal Years ended March 31, 2018 and 2019 are not reclassified.

Major Indicators

Selling, General and Administrative (SG&A) Expenses, Provision for Doubtful Accounts, and Expense Ratio

					Billions of yen	Millions of U.S. dollars
Fiscal Years Ended March 31	2018	2019	2020	2021	**2022**	**2022**
Personnel expenses	¥ 453.5	¥ 538.4	¥ 586.9	¥ 588.9	**¥ 585.5**	**$ 4,784**
Other SG&A expenses	436.8	654.9	794.0	777.5	**761.2**	**6,220**
Total SG&A expenses (A)	890.3	1,193.3	1,380.9	1,366.5	**1,346.7**	**11,004**
Provision for doubtful accounts	3.2	9.0	17.4	10.8	**7.9**	**65**
SG&A expenses and provision for doubtful accounts	893.5	1,202.3	1,398.4	1,377.3	**1,354.6**	**11,068**
Gross trading profit	1,210.4	1,563.8	1,797.8	1,780.7	**1,937.2**	**15,828**
Net interest expenses	(6.7)	(14.3)	(22.3)	(13.1)	**(8.6)**	**(70)**
Dividends received	34.3	48.4	66.5	53.1	**80.7**	**660**
Total (B)	1,238.0	1,597.9	1,841.9	1,820.8	**2,009.3**	**16,418**
Expense ratio (A) / (B) (%)*	71.9	74.7	75.0	75.0	**67.0**	**—**

* Expense ratio is the ratio of total SG&A expenses to the combined total of gross trading profit, net interest expenses, and dividends received.

Interest-Bearing Debt, Shareholders' Equity, and Net Debt-to-Shareholders' Equity Ratio

					Billions of yen	Millions of U.S. dollars
As of March 31	2018	2019	2020	2021	**2022**	**2022**
Short-term borrowings	¥ 281.3	¥ 235.0	¥ 286.4	¥ 282.8	**¥ 205.9**	**$ 1,682**
Commercial paper	13.1	30.5	32.0	15.0	**30.0**	**245**
Current maturities of long-term borrowings	182.1	313.6	287.7	302.0	**230.3**	**1,882**
Current maturities of debentures	50.4	71.7	78.3	110.3	**56.3**	**460**
Short-term total	526.9	650.9	684.4	710.2	**522.4**	**4,269**
Long-term borrowings	1,949.7	2,023.4	1,953.6	2,252.6	**2,235.3**	**18,264**
Debentures	302.9	309.5	239.0	192.5	**148.2**	**1,211**
Long-term total	2,252.6	2,332.9	2,192.6	2,445.1	**2,383.5**	**19,474**
Total interest-bearing debt (A)	2,779.5	2,983.8	2,877.0	3,155.3	**2,905.9**	**23,743**
Cash and cash equivalents, time deposits (B)	459.1	577.1	620.1	554.0	**622.9**	**5,089**
Net interest-bearing debt (A)–(B)	2,320.4	2,406.8	2,256.9	2,601.4	**2,283.0**	**18,654**
Shareholders' equity	2,669.5	2,936.9	2,996.0	3,316.3	**4,199.3**	**34,311**
Net debt-to-shareholders' equity ratio (times)*	0.87	0.82	0.75	0.78	**0.54**	**—**

* Net debt-to-shareholders' equity ratio = $\frac{\text{Net interest-bearing debt}}{\text{Shareholders' equity}}$

Profits / Losses of Group Companies

					Billions of yen	Millions of U.S. dollars
Fiscal Years Ended March 31	2018	2019	2020	2021	**2022**	**2022**
Profits of Group companies	¥452.9	¥ 545.3	¥471.1	¥ 463.8	**¥719.5**	**$5,879**
Losses of Group companies	(60.6)	(107.4)	(25.9)	(104.2)	**(10.6)**	**(87)**
Total	392.3	437.9	445.2	359.6	**708.9**	**5,792**
Ratio of Group companies reporting profits (%)	91.0	90.0	88.6	82.4	**90.9**	**—**

Risk Buffer and Risk Assets

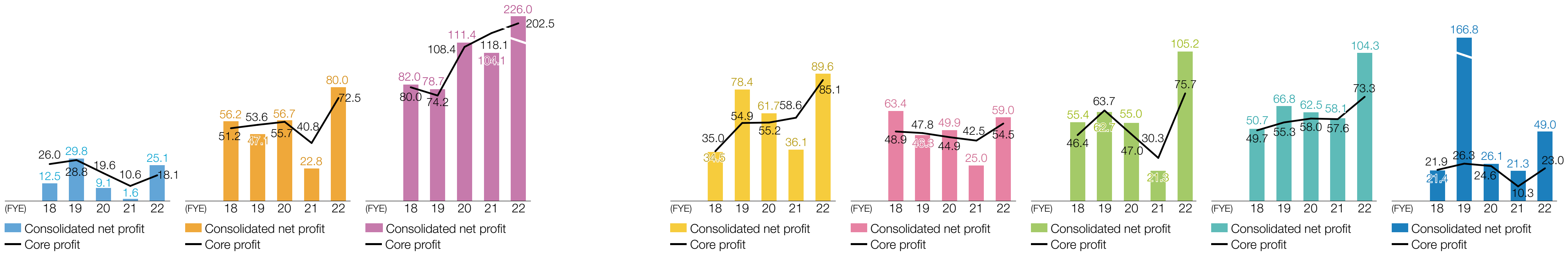
					Billions of yen	Millions of U.S. dollars
As of March 31	2018	2019	2020	2021	**2022**	**2022**
Risk buffer	¥2,984.4	¥3,690.1	¥3,840.6	¥3,870.2	**¥4,763.7**	**$38,922**
Risk assets	1,972.4	2,267.7	2,588.4	2,815.3	**3,088.0**	**25,231**

Performance Trends by Segment

Textile Company | Machinery Company | Metals & Minerals Company | Energy & Chemicals Company | Food Company | General Products & Realty Company | ICT & Financial Business Company | The 8th Company

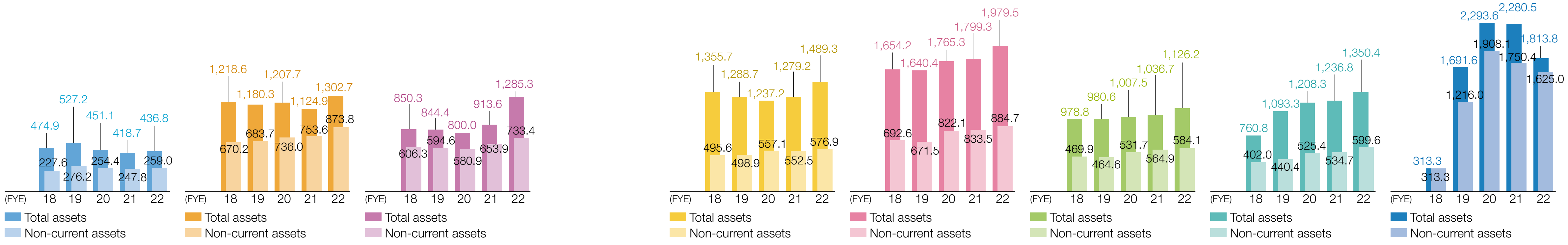
Consolidated Net Profit & Core Profit

(Billions of yen)



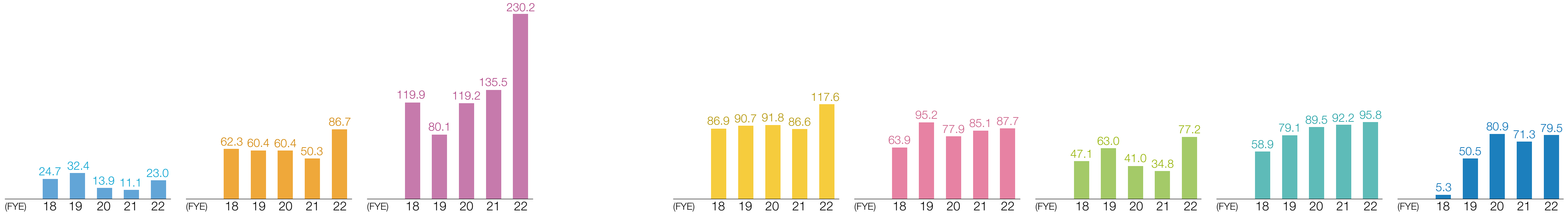
Total Assets

(Billions of yen)



Core Operating Cash Flows*

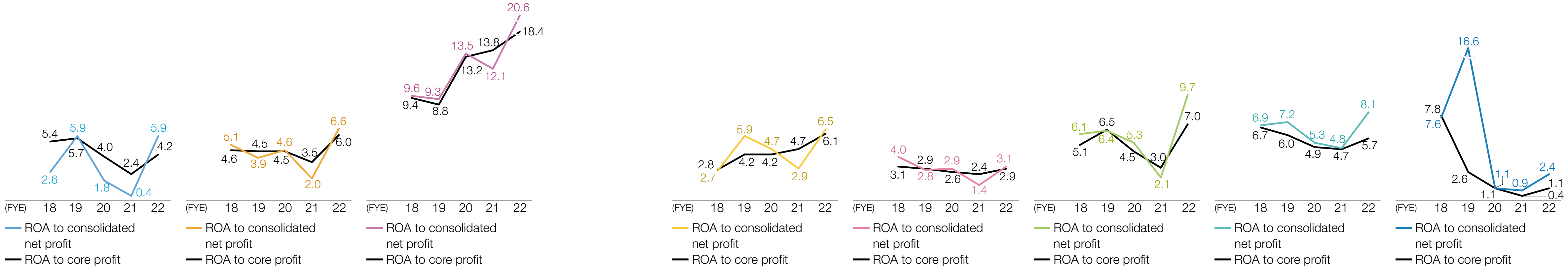
(Billions of yen)



"Cash flows from operating activities" – "Changes in working capital" + "Repayment of lease liabilities, etc."

ROA

(%)



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* On July 1, 2019, ITOCHU established The 8th Company and changed its organizational structure from seven Division Companies to eight Division Companies. The results under FYE 2018 and FYE 2019 are presented post reclassification.

Segment Information by Operating Segment*1

Fiscal Years Ended March 31	2018	2019	2020	2021	Billions of yen **2022**	Millions of U.S. dollars **2022**
Textile						
Revenues from external customers	¥ 522.4	¥ 593.6	¥ 537.4	¥ 435.0	**¥ 444.8**	**$ 3,634**
Gross trading profit	122.0	118.9	107.5	89.5	**96.8**	**791**
Equity in earnings of associates and joint ventures	7.0	8.4	3.7	2.0	**4.5**	**36**
Net profit attributable to ITOCHU	12.5	29.8	9.1	1.6	**25.1**	**205**
Core profit	26.0	28.8	19.6	10.6	**18.1**	**148**
Core operating cash flows	24.7	32.4	13.9	11.1	**23.0**	**188**
Total assets as of March 31	474.9	527.2	451.1	418.7	**436.8**	**3,569**
ROA (%)	2.6	5.9	1.8	0.4	**5.9**	**—**
Machinery						
Revenues from external customers	722.8	1,222.8	1,212.5	1,053.4	**1,194.0**	**9,755**
Gross trading profit	171.9	193.8	194.9	173.6	**205.8**	**1,682**
Equity in earnings of associates and joint ventures	25.1	30.1	30.7	25.6	**42.4**	**347**
Net profit attributable to ITOCHU	56.2	47.1	56.7	22.8	**80.0**	**654**
Core profit	51.2	53.6	55.7	40.8	**72.5**	**593**
Core operating cash flows	62.3	60.4	60.4	50.3	**86.7**	**709**
Total assets as of March 31	1,218.6	1,180.3	1,207.7	1,124.9	**1,302.7**	**10,644**
ROA (%)	5.1	3.9	4.6	2.0	**6.6**	**—**
Metals & Minerals						
Revenues from external customers	229.7	666.1	643.9	657.2	**1,043.1**	**8,523**
Gross trading profit	93.5	82.8	105.2	110.4	**179.0**	**1,462**
Equity in earnings of associates and joint ventures	20.8	20.1	22.3	22.6	**47.2**	**385**
Net profit attributable to ITOCHU	82.0	78.7	111.4	104.1	**226.0**	**1,846**
Core profit	80.0	74.2	108.4	118.1	**202.5**	**1,654**
Core operating cash flows	119.9	80.1	119.2	135.5	**230.2**	**1,881**
Total assets as of March 31	850.3	844.4	800.0	913.6	**1,285.3**	**10,501**
ROA (%)	9.6	9.3	13.5	12.1	**20.6**	**—**
Energy & Chemicals						
Revenues from external customers	1,576.8	3,124.4	2,603.2	2,180.4	**2,864.1**	**23,402**
Gross trading profit	206.8	216.6	217.9	228.2	**253.1**	**2,068**
Equity in earnings of associates and joint ventures	6.2	13.4	11.1	11.0	**12.4**	**102**
Net profit attributable to ITOCHU	34.5	78.4	61.7	36.1	**89.6**	**732**
Core profit	35.0	54.9	55.2	58.6	**85.1**	**696**
Core operating cash flows	86.9	90.7	91.8	86.6	**117.6**	**961**
Total assets as of March 31	1,355.7	1,288.7	1,237.2	1,279.2	**1,489.3**	**12,168**
ROA (%)	2.7	5.9	4.7	2.9	**6.5**	**—**
Food						
Revenues from external customers	1,149.2	3,770.3	3,828.3	3,975.3	**4,293.5**	**35,081**
Gross trading profit	278.3	278.6	304.0	331.2	**320.4**	**2,618**
Equity in earnings of associates and joint ventures	20.6	17.5	15.6	12.3	**16.7**	**136**
Net profit attributable to ITOCHU	63.4	46.3	49.9	25.0	**59.0**	**482**
Core profit	48.9	47.8	44.9	42.5	**54.5**	**445**
Core operating cash flows	63.9	95.2	77.9	85.1	**87.7**	**717**
Total assets as of March 31	1,654.2	1,640.4	1,765.3	1,799.3	**1,979.5**	**16,174**
ROA (%)	4.0	2.8	2.9	1.4	**3.1**	**—**
General Products & Realty						
Revenues from external customers	594.4	890.1	808.1	755.4	**1,037.0**	**8,473**
Gross trading profit	152.4	164.1	157.0	147.4	**190.3**	**1,555**
Equity in earnings of associates and joint ventures	18.1	30.9	5.1	5.2	**30.3**	**248**
Net profit attributable to ITOCHU	55.4	62.7	55.0	21.3	**105.2**	**860**
Core profit	46.4	63.7	47.0	30.3	**75.7**	**619**
Core operating cash flows	47.1	63.0	41.0	34.8	**77.2**	**630**
Total assets as of March 31	978.8	980.6	1,007.5	1,036.7	**1,126.2**	**9,201**
ROA (%)	6.1	6.4	5.3	2.1	**9.7**	**—**
ICT & Financial Business						
Revenues from external customers	697.2	728.0	751.1	751.2	**864.0**	**7,059**
Gross trading profit	178.7	207.8	249.7	280.6	**295.9**	**2,417**
Equity in earnings of associates and joint ventures	37.0	42.1	40.7	39.1	**43.5**	**355**
Net profit attributable to ITOCHU	50.7	66.8	62.5	58.1	**104.3**	**852**
Core profit	49.7	55.3	58.0	57.6	**73.3**	**599**
Core operating cash flows	58.9	79.1	89.5	92.2	**95.8**	**782**
Total assets as of March 31	760.8	1,093.3	1,208.3	1,236.8	**1,350.4**	**11,034**
ROA (%)	6.9	7.2	5.3	4.8	**8.1**	**—**
The 8th						
Revenues from external customers	¥ —	¥ 496.5	¥ 516.9	¥ 478.8	**¥ 457.9**	**$ 3,741**
Gross trading profit	—	305.1	459.9	418.8	**387.6**	**3,167**
Equity in earnings of associates and joint ventures	13.3	13.4	1.5	(0.4)	**0.8**	**7**
Net profit attributable to ITOCHU	21.4	166.8	26.1	21.3	**49.0**	**401**
Core profit	21.9	26.3	24.6	10.3	**23.0**	**188**
Core operating cash flows	5.3	50.5	80.9	71.3	**79.5**	**650**
Total assets as of March 31	313.3	1,691.6	2,293.6	2,280.5	**1,813.8**	**14,820**
ROA (%)	7.6	16.6	1.1	0.9	**2.4**	**—**
Others, Adjustments & Eliminations*2						
Revenues from external customers	17.7	108.7	81.5	76.0	**95.0**	**776**
Gross trading profit	6.9	(4.0)	1.7	1.0	**8.3**	**68**
Equity in earnings of associates and joint ventures	68.1	(77.8)	75.2	111.2	**93.7**	**765**
Net profit attributable to ITOCHU	24.2	(76.0)	69.0	111.1	**82.0**	**670**
Core profit	57.7	67.5	72.0	83.6	**85.5**	**698**
Core operating cash flows	(7.9)	(37.2)	27.1	7.6	**(7.6)**	**(62)**
Total assets as of March 31	1,057.4	852.2	948.9	1,088.8	**1,369.8**	**11,192**
ROA (%)	2.1	—	7.6	10.9	**6.7**	**—**
Consolidated						
Revenues from external customers	5,510.1	11,600.5	10,983.0	10,362.6	**12,293.3**	**100,444**
Gross trading profit	1,210.4	1,563.8	1,797.8	1,780.7	**1,937.2**	**15,828**
Equity in earnings of associates and joint ventures	216.2	98.1	205.9	228.6	**291.4**	**2,381**
Net profit attributable to ITOCHU	400.3	500.5	501.3	401.4	**820.3**	**6,702**
Core profit	416.8	472.0	485.3	452.4	**690.3**	**5,640**
Core operating cash flows	461.1	514.3	601.8	574.3	**790.2**	**6,456**
Total assets as of March 31	8,663.9	10,098.7	10,919.6	11,178.4	**12,153.7**	**99,303**
ROA (%)	4.8	5.3	4.5	3.6	**7.0**	**—**

*1 On July 1, 2019, ITOCHU established The 8th Company and changed its organizational structure from seven Division Companies to eight Division Companies. The results under FYE 2018 and FYE 2019 are presented post reclassification.

*2 "Others, Adjustments & Eliminations" includes gains and losses which do not belong to any operating segment and internal eliminations between operating segments. The investments in CITIC Limited and C.P. Pokphand Co. Ltd. and the profits and losses from them are included in this segment.

Segment Information by Geographical Area*1

Years Ended March 31	2018	2019	2020	2021	Billions of yen **2022**	Millions of U.S. dollars **2022**
Revenue						
Japan	¥3,773.3	¥ 8,996.9	¥ 8,686.0	¥ 8,351.7	**¥ 9,774.7**	**$ 79,865**
Singapore	327.7	668.1	534.2	490.7	**658.6**	**5,381**
United States	693.1	712.6	588.6	463.0	**558.4**	**4,563**
Australia	181.1	196.4	222.4	262.3	**378.5**	**3,093**
China	127.1	327.8	287.0	292.7	**339.6**	**2,775**
Others	407.8	698.7	664.8	502.1	**583.5**	**4,767**
Consolidated	¥5,510.1	¥11,600.5	¥10,983.0	¥10,362.6	**¥12,293.3**	**$100,444**

As of March 31	2018	2019	2020	2021	Billions of yen **2022**	Millions of U.S. dollars **2022**
Non-current assets*2						
Japan	¥ 645.1	¥1,651.4	¥2,700.1	¥2,432.5	**¥2,328.4**	**$19,025**
Australia	167.3	163.1	147.5	178.6	**184.4**	**1,507**
United Kingdom	140.1	101.6	140.5	152.0	**164.6**	**1,344**
Singapore	123.4	127.7	140.1	139.0	**148.0**	**1,209**
United States	89.7	90.2	104.6	114.8	**124.1**	**1,014**
Others	146.6	180.6	195.5	167.2	**179.1**	**1,463**
Consolidated	¥1,312.1	¥2,314.6	¥3,428.3	¥3,184.0	**¥3,128.6**	**$25,562**

*1 Segment information by geographical area above is grouped taking into consideration the actual condition of the transaction and placement of management resource of each business in the Company and its subsidiaries.

*2 Excluding financial instruments, deferred tax assets, post-employment benefit assets, and rights arising from insurance contracts.

Quarterly Information

Quarterly Financial Information

Billions of yen

	1st Quarter					2nd Quarter					3rd Quarter					4th Quarter				
Fiscal Years Ended March 31	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Revenues:																				
Revenues from sale of goods	¥1,029.2	¥2,419.4	¥2,428.0	¥2,104.6	¥2,595.9	¥1,157.4	¥2,644.3	¥2,450.7	¥2,228.4	¥2,641.6	¥1,246.4	¥2,848.9	¥2,463.0	¥2,362.8	¥2,898.6	¥1,286.4	¥2,658.4	¥2,397.4	¥2,460.5	¥2,875.8
Revenues from rendering of services and royalties	189.5	193.7	298.7	283.6	320.9	201.5	203.6	312.3	301.1	316.3	195.7	317.0	307.9	310.7	320.3	203.9	315.3	325.0	311.0	323.9
Total revenues	1,218.8	2,613.1	2,726.7	2,388.2	2,916.8	1,358.9	2,847.8	2,763.0	2,529.5	2,958.0	1,442.1	3,165.9	2,770.9	2,673.4	3,218.9	1,490.3	2,973.7	2,722.4	2,771.5	3,199.7
Gross trading profit	276.3	300.4	433.3	401.5	490.9	302.6	319.3	449.7	451.5	477.0	312.6	488.5	454.2	456.8	495.3	318.8	455.6	460.6	470.9	473.9
Selling, general and administrative expenses	(204.7)	(227.5)	(328.7)	(326.2)	(336.6)	(224.9)	(225.1)	(325.4)	(330.5)	(324.7)	(227.7)	(378.9)	(353.6)	(341.6)	(332.0)	(233.0)	(361.9)	(373.2)	(368.2)	(353.4)
Provision for doubtful accounts	(0.5)	(1.2)	(2.2)	(3.2)	(1.1)	(0.2)	(1.3)	(4.1)	(2.2)	(1.5)	(2.0)	(3.2)	(2.2)	(1.2)	(2.7)	(0.6)	(3.3)	(8.9)	(4.3)	(2.7)
Gains (losses) on investments	6.9	2.8	30.7	19.9	133.6	30.5	189.4	4.3	6.3	57.1	4.7	23.5	26.1	3.2	14.0	(34.9)	(12.7)	(3.3)	(25.3)	7.2
Gains (losses) on property, plant, equipment and intangible assets	0.5	0.0	1.8	(3.9)	1.6	0.4	0.1	0.4	(37.1)	(2.6)	4.1	0.5	13.8	(30.0)	1.6	(34.7)	(12.7)	(20.4)	(86.5)	(18.2)
Other–net	4.7	3.2	1.4	2.4	3.0	4.9	2.2	5.5	7.6	3.9	(10.5)	(0.4)	(0.2)	5.3	3.9	0.7	5.7	(8.2)	(21.5)	(1.2)
Total other losses	(193.1)	(222.6)	(297.0)	(311.1)	(199.5)	(189.3)	(34.7)	(319.3)	(355.9)	(267.8)	(231.4)	(358.5)	(316.1)	(364.2)	(315.3)	(302.5)	(384.8)	(413.9)	(505.8)	(368.3)
Interest income	8.4	9.0	8.9	6.5	4.9	8.1	10.7	10.0	6.0	4.9	9.0	10.7	8.6	5.8	5.7	9.2	9.6	7.8	4.8	4.9
Dividends received	6.5	7.0	16.0	8.8	15.9	3.6	4.6	11.2	8.4	19.8	5.1	6.8	8.5	12.4	15.2	19.1	29.9	30.8	23.6	29.8
Interest expense	(8.9)	(11.6)	(16.2)	(10.1)	(7.7)	(9.7)	(14.5)	(15.5)	(8.5)	(7.2)	(11.0)	(13.9)	(13.6)	(9.7)	(7.1)	(11.9)	(14.4)	(12.2)	(8.0)	(6.9)
Total financial income	6.0	4.4	8.8	5.2	13.1	2.1	0.9	5.6	5.9	17.5	3.1	3.7	3.4	8.5	13.7	16.4	25.1	26.3	20.4	27.8
Equity in earnings of associates and joint ventures	47.7	59.0	52.7	43.3	77.4	61.6	(68.7)	65.0	50.1	91.1	60.9	58.4	49.6	58.4	63.7	46.0	49.4	38.5	76.9	59.2
Profit before tax	136.9	141.2	197.8	138.9	382.0	177.0	216.8	201.0	151.7	317.9	145.2	192.1	191.1	159.6	257.4	78.8	145.3	111.5	62.3	192.7
Income tax expense	(22.9)	(24.5)	(34.0)	(23.6)	(97.3)	(34.2)	(55.6)	(40.5)	3.1	(68.3)	(21.5)	(38.5)	(37.1)	(36.6)	(61.4)	(27.5)	(31.1)	(30.6)	(14.6)	(44.0)
Net profit	113.9	116.7	163.8	115.3	284.7	142.8	161.2	160.6	154.8	249.6	123.7	153.6	154.0	123.0	196.0	51.3	114.2	80.9	47.7	148.7
Net profit attributable to ITOCHU	¥ 108.2	¥ 113.4	¥ 147.3	¥ 104.8	¥ 267.5	¥ 134.3	¥ 144.6	¥ 141.8	¥ 147.7	¥ 233.1	¥ 114.7	¥ 139.5	¥ 137.6	¥ 111.8	¥ 178.3	¥ 43.2	¥ 103.0	¥ 74.6	¥ 37.1	¥ 141.4
Net profit attributable to non-controlling interests	5.7	3.4	16.5	10.6	17.2	8.5	16.5	18.8	7.0	16.4	9.0	14.1	16.4	11.2	17.8	8.1	11.2	6.2	10.6	7.3

Quarterly Segment Information by Operating Segment*1

Billions of yen

	1st Quarter					2nd Quarter					3rd Quarter					4th Quarter				
Fiscal Years Ended March 31	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022
Textile																				
Gross trading profit	¥30.0	¥27.2	¥ 27.7	¥19.8	¥ 22.1	¥31.2	¥ 29.3	¥ 29.9	¥ 26.4	¥22.3	¥34.5	¥ 32.1	¥ 30.2	¥ 25.1	¥27.1	¥ 26.3	¥ 30.3	¥ 19.7	¥ 18.3	¥25.2
Net profit attributable to ITOCHU	6.4	7.7	7.0	0.9	5.3	7.3	7.9	8.0	7.5	4.7	8.3	8.7	6.5	7.5	6.6	(9.5)	5.5	(12.4)	(14.2)	8.5
Machinery																				
Gross trading profit	25.0	43.6	46.7	31.9	50.6	49.9	48.1	50.1	43.2	50.1	47.5	52.0	47.8	48.5	52.4	49.5	50.2	50.3	50.0	52.7
Net profit attributable to ITOCHU	12.2	11.6	13.5	5.3	26.2	14.6	15.3	15.3	11.4	19.3	10.0	20.1	15.3	16.1	20.4	19.5	0.1	12.6	(9.9)	14.1
Metals & Minerals																				
Gross trading profit	24.4	24.6	31.0	26.0	53.5	20.0	19.4	25.7	24.6	50.5	21.7	20.5	22.0	27.4	36.7	27.4	18.4	26.5	32.5	38.2
Net profit attributable to ITOCHU	21.0	22.3	33.8	22.8	77.9	15.9	16.8	27.5	25.0	57.4	19.9	19.1	23.2	25.9	45.0	25.3	20.5	26.9	30.4	45.7
Energy & Chemicals																				
Gross trading profit	51.6	52.7	54.2	50.4	56.9	47.9	56.8	57.5	57.5	54.7	52.2	55.7	52.7	54.8	83.5	55.1	51.4	53.5	65.4	58.0
Net profit attributable to ITOCHU	8.0	10.2	10.5	11.2	15.0	5.7	12.3	11.5	12.3	14.9	8.0	32.3	17.4	10.8	34.8	12.8	23.6	22.3	1.8	25.0
Food																				
Gross trading profit	69.9	69.2	67.2	78.0	79.9	71.7	71.5	71.0	86.1	81.6	74.1	73.0	92.5	88.6	81.8	62.5	64.8	73.2	78.5	77.1
Net profit attributable to ITOCHU	15.4	14.0	9.9	8.8	16.2	27.8	5.7	9.7	15.0	15.3	18.0	14.8	21.3	18.9	13.2	2.3	11.7	9.0	(17.7)	14.2
General Products & Realty																				
Gross trading profit	36.6	40.9	41.3	36.0	47.9	37.5	47.3	38.0	37.6	46.8	36.5	35.1	36.7	36.1	48.5	41.8	40.8	41.0	37.6	47.1
Net profit attributable to ITOCHU	14.3	16.5	32.8	8.4	51.8	14.1	22.4	12.9	9.6	20.6	12.9	12.7	12.3	8.3	19.5	14.2	11.1	(2.9)	(5.1)	13.3
ICT & Financial Business																				
Gross trading profit	37.4	39.2	50.8	60.1	68.0	43.5	44.2	57.3	66.2	71.7	43.6	54.8	58.8	69.8	71.1	54.2	69.7	82.7	84.5	85.1
Net profit attributable to ITOCHU	11.0	12.3	16.4	22.4	18.6	12.2	24.7	15.6	14.6	48.1	12.5	12.3	15.7	14.3	21.9	14.9	17.5	14.7	6.7	15.7
The 8th																				
Gross trading profit	—	—	114.4	99.6	110.3	—	—	119.3	110.3	98.0	—	170.3	112.4	106.5	91.5	—	134.8	113.8	102.4	87.7
Net profit attributable to ITOCHU	5.0	7.4	10.7	5.2	40.0	9.4	150.9	10.7	24.8	10.5	11.9	6.2	4.8	(6.9)	5.3	(4.9)	2.3	(0.1)	(1.9)	(6.8)
Others, Adjustments & Eliminations*2																				
Gross trading profit	1.4	3.0	(0.1)	(0.4)	1.6	1.0	2.7	0.8	(0.3)	1.3	2.5	(4.9)	1.0	(0.1)	2.6	2.1	(4.8)	(0.0)	1.7	2.8
Net profit attributable to ITOCHU	15.0	11.3	12.6	19.7	16.3	27.3	(111.3)	30.7	27.5	42.4	13.2	13.4	21.2	17.0	11.6	(31.3)	10.6	4.6	46.9	11.7

*1 On July 1, 2019, ITOCHU established The 8th Company and changed its organizational structure from seven Division Companies to eight Division Companies. The results under FYE 2018, FYE 2019 and the 1st quarter of FYE 2020 are presented post reclassification.

*2 "Others, Adjustments & Eliminations" includes gains and losses which do not belong to any operating segment and internal eliminations between operating segments. The investments in CITIC Limited and C.P. Pokphand Co. Ltd. and the profits and losses from them are included in this segment.

Profits / Losses from Major Group Companies

Textile Company

Billions of yen

	Ownership %*1	FYE 2020	FYE 2021	FYE 2022	FYE 2023 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
JOI'X CORPORATION	100.0%	0.8	(0.8)	**0.7**	1.2
DESCENTE LTD.	40.0%	(1.4)	1.6	**2.7**	2.8
EDWIN CO., LTD.	98.5%	(1.3)	(1.7)	**1.6**	0.5
Sankei Co., Ltd.	100.0%	1.5	(8.2)	**0.5**	0.6
ITOCHU Textile Prominent (ASIA) Ltd.	100.0%	0.4	0.9	**2.0**	2.2
ITOCHU TEXTILE (CHINA) CO., LTD.	100.0%	1.1	1.1	**1.7**	1.8

Machinery Company

Billions of yen

	Ownership %*1	FYE 2020	FYE 2021	FYE 2022	FYE 2023 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
Tokyo Century Corporation	30.0%	14.2	13.5	**16.0**	6.0
I-Power Investment Inc.	100.0%	1.8	2.5	**4.1**	2.3
I-ENVIRONMENT INVESTMENTS LIMITED	100.0%	1.2	0.6	**7.5**	1.9
ITOCHU Plantech Inc. *3	60.0%	1.2	0.8	**0.8**	0.7
IMECS Co., Ltd.	100.0%	0.8	1.1	**4.2**	2.4
JAMCO Corporation	33.4%	0.1	(5.0)	**(1.4)**	0.3
JAPAN AEROSPACE CORPORATION	100.0%	1.6	1.5	**1.6**	1.5
YANASE & CO., LTD.	66.0%	3.0	4.6	**9.7**	7.5
Auto Investment Inc.	100.0%	0.5	1.2	**2.7**	1.5
ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.	50.0%	0.3	0.2	**0.3**	0.3
ITOCHU MACHINE-TECHNOS CORPORATION	100.0%	1.4	0.5	**0.6**	1.4
Century Medical, Inc.	100.0%	0.6	0.6	**0.6**	0.5
MULTIQUIP INC.	100.0%	2.8	2.4	**3.7**	3.2

Metals & Minerals Company

Billions of yen

	Ownership %*1	FYE 2020	FYE 2021	FYE 2022	FYE 2023 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
ITOCHU Minerals & Energy of Australia Pty Ltd	100.0%	83.4	90.6	**158.7**	148.4
JAPÃO BRASIL MINÉRIO DE FERRO PARTICIPAÇÕES LTDA. (CSN Mineração)	77.3%	9.4	5.5	**3.7**	—
Marubeni-Itochu Steel Inc.	50.0%	11.2	8.7	**31.3**	—
ITOCHU Metals Corporation *3	70.0%	1.3	1.0	**2.1**	2.0

Energy & Chemicals Company

Billions of yen

	Ownership %*1	FYE 2020	FYE 2021	FYE 2022	FYE 2023 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
ITOCHU Oil Exploration (Azerbaijan) Inc. (ACG project)	100.0%	4.9	1.8	**8.9**	5.2
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	100.0%	0.7	1.1	**1.4**	1.2
ITOCHU ENEX CO., LTD.	54.0%	6.9	6.6	**7.1**	7.0
Japan South Sakha Oil Co., Ltd. (Eastern Siberia Project)	25.0%	7.7	4.8	**4.1**	—
Dividends from LNG Projects (PAT)	—	5.5	3.4	**5.4**	7.4
ITOCHU CHEMICAL FRONTIER Corporation	100.0%	4.4	4.7	**6.4**	6.0
ITOCHU PLASTICS INC. *3	60.0%	2.5	2.6	**2.8**	3.1
C. I. TAKIRON Corporation	55.7%	6.4	2.8	**3.5**	3.0

Food Company

Billions of yen

	Ownership %*1	FYE 2020	FYE 2021	FYE 2022	FYE 2023 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
Dole International Holdings, Inc.	100.0%	(0.2)	(3.3)	**8.4**	7.5
NIPPON ACCESS, INC. *3	60.0%	8.4	4.4	**10.7**	10.3
FUJI OIL HOLDINGS INC.	40.8%	5.1	2.4	**4.5**	4.2
Prima Meat Packers, Ltd.	47.9%	3.9	5.6	**4.0**	5.1
ITOCHU-SHOKUHIN Co., Ltd.	52.2%	2.0	2.0	**2.7**	2.5
HYLIFE GROUP HOLDINGS LTD.	49.9%	3.0	4.5	**1.1**	—

General Products & Realty Company

Billions of yen

	Ownership %*1	FYE 2020	FYE 2021	FYE 2022	FYE 2023 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
European Tyre Enterprise Limited (Kwik-Fit)	100.0%	6.2	(3.6)	**3.5**	8.4
ITOCHU FIBRE LIMITED (METSA FIBRE)	100.0%	1.9	(1.2)	**17.8**	—
ITOCHU PULP & PAPER CORPORATION *3	90.0%	1.0	1.0	**1.7**	1.1
ITOCHU CERATECH CORPORATION	100.0%	0.5	0.5	**0.7**	0.8
ITOCHU LOGISTICS CORP. *3	95.2%	4.9	2.8	**4.4**	4.0
North American construction materials business *4	—	7.0	9.8	**22.6**	18.3
ITOCHU KENZAI CORPORATION	100.0%	2.9	2.7	**6.0**	3.5
DAIKEN CORPORATION	36.4%	1.9	2.0	**2.7**	2.1
ITOCHU PROPERTY DEVELOPMENT, LTD.	100.0%	2.4	3.1	**3.0**	3.5

ICT & Financial Business Company

Billions of yen

	Ownership %*1	FYE 2020	FYE 2021	FYE 2022	FYE 2023 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
ITOCHU Techno-Solutions Corporation	61.2%	16.6	17.8	**20.7**	22.6
BELLSYSTEM24 Holdings, Inc.	40.7%	1.8	1.9	**2.6**	3.7
CONEXIO Corporation	60.3%	4.0	4.3	**3.5**	3.4
Mobile-phone-related business *5	—	14.4	16.7	**17.9**	17.7
ITOCHU Fuji Partners, Inc. (SKY Perfect JSAT Holdings)	63.0%	0.2	1.9	**2.0**	2.5
HOKEN NO MADOGUCHI GROUP INC.	76.2%	2.8	3.4	**2.2**	—
POCKET CARD CO., LTD. *3	40.2%	2.1	1.3	**2.1**	2.6
Orient Corporation	16.5%	3.7	(9.5)	**1.9**	—
First Response Finance Ltd.	100.0%	1.4	1.5	**2.5**	3.0
ITOCHU FINANCE (ASIA) LTD.	100.0%	3.5	4.0	**4.8**	5.0

The 8th Company

Billions of yen

	Ownership %*1	FYE 2020	FYE 2021	FYE 2022	FYE 2023 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
FamilyMart Co., Ltd. *6	94.7%	17.5	(16.7)	**44.7**	24.8
NIPPON ACCESS, INC. *3	40.0%	5.5	2.7	**6.4**	6.7
POCKET CARD CO., LTD. *3 *7	38.0%	2.1	1.3	**2.0**	2.4
ITOCHU PLASTICS INC.*3	40.0%	1.6	1.7	**1.9**	2.0
ITOCHU Plantech Inc. *3	40.0%	0.8	0.5	**0.6**	0.5
ITOCHU Metals Corporation *3	30.0%	0.6	0.4	**0.9**	0.8
ITOCHU LOGISTICS CORP. *3	4.8%	0.1	0.1	**0.2**	0.2
ITOCHU PULP & PAPER CORPORATION *3	10.0%	0.1	0.1	**0.2**	0.1

Others, Adjustments & Eliminations*2

Billions of yen

	Ownership %*1	FYE 2020	FYE 2021	FYE 2022	FYE 2023 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
Orchid Alliance Holdings Limited	100.0%	66.4	72.5	**96.4**	97.0
C.P. Pokphand Co. Ltd.	23.8%	7.1	40.2	**(2.6)**	—
Chia Tai Enterprises International Limited	23.8%	0.4	(0.2)	**(0.5)**	—

*1 Indicated ownership percentages are as of June 30, 2022.
*2 "FYE 2023 (Plan)" indicates initial plans disclosed on May 10, 2022.
*3 Ownership has been partially transferred to The 8th Company. Accordingly ownership percentages and profits / losses are shown for each Division Company.
*4 The figures are the sum of results / forecast of the Group Companies engaged in the North American construction materials business.
*5 The figures are the sum of results / forecast of the Group Companies engaged in mobile-phone-related business except for CONEXIO Corporation.
*6 The figures include net profits from POCKET CARD CO., LTD.
*7 The figures include net profits through FamilyMart Co., Ltd.

IR Activities

ITOCHU engages in communication with analysts, institutional investors, individual investors, and all other stakeholders. While explaining our thinking to our stakeholders, we proactively report the valuable opinions received through the communications to the management team in order to facilitate enhancement of corporate value.

Major IR Activities

Activity	FYE 2020 Results	FYE 2021 Results	FYE 2022 Results
Individual meetings with institutional investors	301	305	337
Investor briefings on financial results for analysts and institutional investors	4	4	4
Briefings on operating segments and projects and site tours for analysts and institutional investors	1	1	1
Overseas IR roadshows	5*	0*	0*
Conferences sponsored by securities companies	4	6	7
Meetings for individual investors	6	2	3

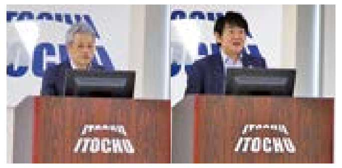
* To prevent the spread of COVID-19, overseas travel has been suspended since February 2020, and individual meetings have been held online.

	FYE 2020 Results	FYE 2021 Results	FYE 2022 Results
Number of shareholders	176,884	193,948	207,790
Number of attendees at General Meeting of Shareholders	7*	97*	267
Attendees in online livestream of General Meeting of Shareholders	—	—	762

* To prevent the spread of COVID-19, the scale has been reduced.

Investor briefing on financial results for analysts and institutional investors

General Meeting of Shareholders



Briefing on operating segments (Digital technology strategies in the ICT & Financial Business Company and The 8th Company)

External Evaluations of Our IR Activities

Annual Report

Government Pension Investment Fund (GPIF)
Outstanding Integrated Report

WICI Japan
Integrated Report Award 2021
Gold Award

NIKKEI Integrated Report Award 2021
Second Prize

IR Website

Daiwa Investor Relations Co. Ltd.
2021 Internet IR Award
Grand Prize (1st Place)

Nikko Investor Relations Co., Ltd.
All Japanese Listed Companies' Website Ranking 2021
Overall Ranking: AAA Grade
By-sector Ranking (Wholesale Trade): AAA Grade

Morningstar Japan K.K.
Gomez IR Site Ranking 2021
Gold Ranking

Credit Ratings

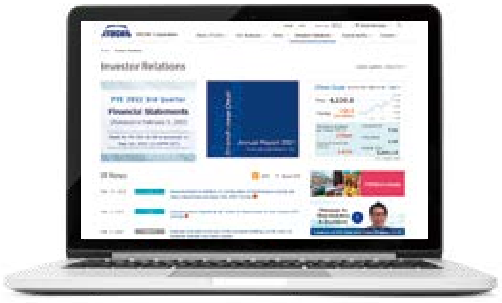
(As of July 2022)

Credit Rating Agency	Long-Term / Outlook	Short-Term
Japan Credit Rating Agency (JCR)	AA+ / Stable	J-1+
Rating & Investment Information (R&I)	AA- / Stable	a-1+
Moody's Investors Service	A3 / Positive	P-2
S&P Global Ratings	A / Stable	A-1

ESG Ratings

(As of July 2022)

- MSCI ESG Rating: **AAA**
- S&P Global Sustainability Awards 2022: **Gold Class**



For more information about IR,
please visit our Investor Relations website.
https://www.itochu.co.jp/en/ir/

- Financial statements
- TSE filings
- ITOCHU at a Glance
- Shareholders and stock information
- Graphs related to operating results and financial position, ESG data, etc.

Message from the Investor Relations Division

We would like to express our gratitude to the readers of ANNUAL REPORT 2022. We hope that it will contribute to understanding of the close relationship between enhancement of ITOCHU's corporate value and the Company's "ability of self-transformation" in response to changes in the business environment. Going forward, we will continue proactively engaging in dialogue with all of our stakeholders, ensuring timely, appropriate disclosure, and sincerely advancing investor relations activities aimed at enhancing corporate value even further.

Stock and Shareholder Information (As of March 31, 2022)

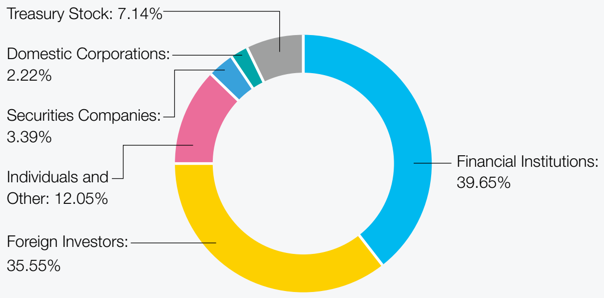
Basic Information about Our Stock

Stock listing	Tokyo
Category	Wholesale, Trade
Stock code	8001
Minimum number of stocks allowed per trade	100
Fiscal year	From April 1 to March 31
Shareholder fixed day for dividend payment	March 31 (Interim: September 30)
Number of common shares issued	1,584,889,504 shares
Number of shareholders	207,790
Transfer agent of common stock	Sumitomo Mitsui Trust Bank, Limited

Status of inclusion in indices (excluding ESG indices)

- JPX-Nikkei Index 400
- TOPIX Core 30 / TOPIX 100 / TOPIX 500 / TOPIX 1000
- Tokyo Stock Exchange Dividend Focus 100 Index
- Nikkei Stock Average (Nikkei 225)
- Nikkei Stock Index 300 / Nikkei 500 Stock Average
- Nikkei 225 High Dividend Yield Stock 50 Index
- MSCI Japan Index*
- MSCI Japan High Dividend Yield*

Breakdown of Shareholders



* The inclusion of ITOCHU in any MSCI index, and the use of MSCI logos, trademarks, service marks, or index names herein, do not constitute a sponsorship, endorsement, or promotion of ITOCHU by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. The names and logos of MSCI indexes are trademarks or service marks of MSCI or its affiliates.

Major Shareholders[*1]

Name	Number of Shares (1,000 shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	260,645	17.71
Custody Bank of Japan, Ltd. (trust account)	81,906	5.57
EUROCLEAR BANK S.A. / N.V.	81,873	5.56
CP WORLDWIDE INVESTMENT COMPANY LIMITED[*2]	63,500	4.31
Nippon Life Insurance Company	34,056	2.31
Mizuho Bank, Ltd.	31,200	2.12
Asahi Mutual Life Insurance Company	23,400	1.59
STATE STREET BANK WEST CLIENT - TREATY 505234	21,671	1.47
SSBTC CLIENT OMNIBUS ACCOUNT	20,176	1.37
BNYM AS AGT/CLTS NON TREATY JASDEC	19,086	1.30

[*1] The Company holds 113,229 thousand shares of treasury stock (7.14% of the number of shares of common stock issued) that are excluded from the above list of the major shareholders. Shareholding ratio shows the ratio against the number of shares of common stock issued excluding treasury stock.

[*2] In addition to the above, we are confirming that CP WORLDWIDE INVESTMENT COMPANY LIMITED owned our company shares under another name (CP WORLDWIDE INVESTMENT COMPANY LIMITED 1008520), and the total number of shares substantially owned by CP WORLDWIDE INVESTMENT COMPANY LIMITED is 78 million shares (5.30% of the number of shares of common stock issued excluding treasury stock).