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ITOCHU Corporation

Annual Report 2023

Annual Report 2023
(Integrated Report)

For the Fiscal Year Ended March 31, 2023

Brand-new Deal

ITOCHU Corporation

"Unchanging"

ITOCHU Mission

Sampo-yoshi

Guideline of Conduct

I am One with Infinite Missions

From the Present to the Future

First-mover strategy and commitment-based management

Accumulation of strengths and achievements as a general trading company

From Our Founding to the Present

Evolution of *ITOCHU-ness* in an Era of Change

"Changing"

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 2023 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 future orientation, connectivity, and consistency. Further, as in the past, we have used the "Corporate Value Calculation Formula*" to clearly establish the link between our management strategies and initiatives, and the enhancement of our corporate value. Please review this report as an account of our value creation story, which aims to achieve a balance between our "financial capital" and "non-financial capital" based upon "*Sampo-yoshi*" as our corporate mission, and our business model evolution process in the current uncertain business environment.

Environment Social Governance
Guidance for Collaborative Value Creation

* Corporate Value Calculation Formula

Achievement of Short-Term Targets

Enhancement of Corporate Value ↑ = **Expand Created Value ↑** / (**Lower Cost of Capital ↓** − **Increase Growth Rate ↑**)

- Enhancement of Corporate Value: Driving Force for Sustainable Value Creation (Total capital)
- Expand Created Value: Achievement of Short-Term Targets
- Lower Cost of Capital: Initiatives and Systems Supporting Sustainable Growth
- Increase Growth Rate: Steppingstones to Medium- to Long-Term Value Creation

Reporting Scope and Other Items

Reporting Period: April 1, 2022 to March 31, 2023 (Certain contents include activities occurring in or after April 2023.)

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.

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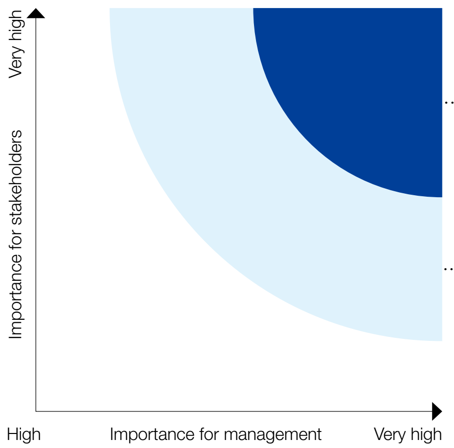
Detailed Financial Information

For detailed financial information for FYE 2023, please refer to the Financial Information Report.
https://www.itochu.co.jp/en/files/FIR2023E.pdf

Information about Sustainability

For more information on sustainability, please refer to ITOCHU's website.
https://www.itochu.co.jp/en/csr/

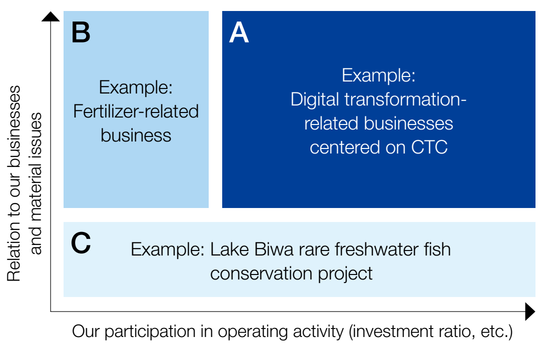
- Top commitment
- Sustainability at the ITOCHU Group
- ESG Report (Environment, Society, Governance)
- Social contribution activities
- GRI standard reference table, etc.



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

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

The ESG Report is available on ITOCHU's 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

Only Included in Sustainability Website / ESG Report

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

Key Points of Annual Report 2023

Key Points of Annual Report 2023

Annual Report 2023 continues to logically arrange information by using the established "Corporate Value Calculation Formula," and the concept that the Chairman & CEO gives an overview of management strategies, while each officer explains the details of strategies focused on their area of responsibility. The report also aims to achieve the balance between "financial capital" and "non-financial capital" to ensure the sustainability of the Company, by featuring and explaining the process of self-transformation (polishing our existing business and new steppingstones for the future) of business models in the non-resource sector, which is the Company's strength, and the human resource strategy that focuses on the most important management resource of general trading companies, "people," particularly in the uncertain business environment including concerns over the economic downturn and geopolitical risks. Furthermore, the Annual Report has been created with the perspective explaining the "*ITOCHU-ness*" that constantly takes preemptive measures by sufficiently distinguishing between "things that should not be changed" and "things to change" in the era of transformation.

- Overview of management strategies ▶Page 6
- Analysis of macroenvironmental factors ▶Page 74 ▶Page 99
- Risk factors / key points for investments ▶Page 42 ▶Page 50
- Financial and capital strategies, and cash allocation ▶Page 54
- Polishing our existing business and new steppingstones for the future ▶Page 65
- Human resource strategy ▶Page 30 ▶Page 36
- Climate change-related issues ▶Page 12 ▶Page 78
- Group CEO Office and Governance ▶Page 43 ▶Page 91

Many factors in the external environment that affect our business management remain uncertain and unpredictable.
Identifying "things that should remain unchanged" and "things that should change" is important.

Changes Anticipated in FYE 2024

- Lifting of COVID-19 pandemic-related restrictions
- Fall in resource prices compared with FYE 2023 (despite high price levels continuing)

Factors That Are Difficult to Predict in FYE 2024

- Geopolitical risks
- Price fluctuations (inflation)
- Fluctuations in commodity prices
- Interest rate and foreign exchange rate levels

Changes in the External Environment in FYE 2023

- Continuation of COVID-19 pandemic-related restrictions
- Prolongation of Russia–Ukraine situation
- Soaring prices of natural resources, etc.
- Acceleration of inflation
- Interest rate hikes centered in the United States and Europe
- Rapid depreciation of the yen

Key Points of Annual Report 2022

Annual Report 2022 used the "Corporate Value Calculation Formula" to logically organize the driving forces behind and initiatives implemented to enhance corporate value. Also, the Chairman & CEO provided an overview of management strategies and priority initiatives, while each officer explained the details of strategies focused on their area of responsibility. Furthermore, by providing examples of business model transformation, and explanations of the countermeasures for country risks and other risks, and our human resource strategy and governance that encompass the advancement of women, we sought to prepare an Annual Report that heightens trust in our management's capabilities to respond to changes in the external environment.

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(Integrated Report)
For the Fiscal Year Ended March 31, 2023

Explanation of the Cover
After the lifting of COVID-19 pandemic-related restrictions, everyday life has returned. While the way we live, work, and socialize have undergone dramatic changes in the past few years, ITOCHU always stands by people and continues to create businesses based upon “*Sampo-yoshi*.” The cover expresses ITOCHU’s unwavering principles as a “merchant.”

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 this era of uncertainty, we need to remain keenly aware of our business fundamentals. As we secure a firm foundation for our business, we will steadily lay the steppingstones for our rise to the next profit stage.

In FYE 2023, we achieved more than ¥800.0 billion in consolidated net profit for the second year in a row, and worked diligently to establish a firm foothold for our target level of ¥800.0 billion in consolidated net profit. FYE 2024 will mark the final year of "Brand-new Deal 2023." With an eye to the eventual normalization of natural resource prices and foreign exchange rates, we will further enhance our superiority as we steadily prepare and implement strategies for the next profit stage.

Masahiro Okafuji
Chairman & Chief Executive Officer

Full Steam Ahead

Speeches by leaders can sometimes be less than inspiring. I believe one reason for this is that people just read the materials prepared by secretariat staff, making it hard to emotionally connect with the audience and so they get bored.

When I communicate with someone, I want them to remember what I say, even if it is just a little bit. Therefore, I do not just ask the secretariat to prepare my speeches, and instead pay special attention and take the time to thoroughly think each story through, while at the same time also listening to the opinions of various people. For example, in order to get people interested during shareholder and investor meetings, or at our General Meeting of Shareholders, and even in this annual report, I prepare throughout the year by writing down comments in my personal journal regarding events and insights that strike me as notable, and carefully review my comments for use in my various communications.

I believe that the words and attitudes of a company's top management can set the tone for the entire company and its overall image. As an example, I carefully turn off the electricity in my office when not needed, and neatly organize chairs in our meeting rooms, not just the one in which I sat. Some people may question the need for a company's CEO to put so much thought and effort into such details. However, I have a growing sense of urgency to fully immerse myself in my management role and pay close attention to details, particularly as ITOCHU expands in scale. And while ITOCHU is not a privately held company, I, as the leader of the Company's management, maintain a mindset that I am responsible for all of the various aspects of our business with a resolution as strong as that of an owner of a privately held company.

In March 2023, ITOCHU's credit rating was upgraded to A2 by Moody's, which is one of the most influential credit rating agencies, thus achieving the highest rating among general trading companies from all agencies. This in itself was of course very positive, but we must not forget our past experience of being downgraded, which caused us to feel like we were tumbling down a hill toward a pit full of uncertainty. In February 1999, our rating from Moody's was downgraded to Ba1, which is below investment grade, and then a step further to Ba2 in October, and then to Ba3 in December. Thus, our rating sank like a stone in the course of less than a year. Furthermore, it took almost 20 years for our rating to recover to A in November 2017. We could in an instant lose the high acclaim and solid business performance we have established over many years if we rest on our laurels. And while I am well aware of my tendency to worry excessively, I am determined to move full steam ahead at all times.

Preparations and Strategies

The final game of the World Baseball Classic tournament held in the United States on March 21, 2023 was a historic match between Japan and the United States. I decided to watch the game with our employees, maintaining the balance with our work, and set up a public viewing space to watch the game. Due in part to the introduction of our "Morning-Focused Working System," over 400 employees packed into the public viewing space by 8:30 a.m. after the game started, and we were able to collectively share the moment of victory. Just like the Japan national baseball team, ITOCHU in FYE 2023 came together as one, and focused on turning our words into results.

Since I became President in FYE 2011, ITOCHU's consolidated net profit has expanded from ¥300.0 billion to ¥400.0 billion, and then on to ¥500.0 billion. Since then, we have continued to achieve significant growth and steadily ramp up the stage of our earnings growth. In FYE 2022, which was the first year of our medium-term management plan "Brand-new Deal 2023," we surpassed the high hurdle for consolidated net profit of ¥800.0 billion and maintained ¥800.0 billion for the second consecutive year in FYE 2023.

As for our business results in FYE 2023, we benefited somewhat from the persistently and historically high natural resource prices despite our smaller exposure to the resource business compared to the general trading companies associated with the former *zaibatsu* industrial groups, and the depreciation of the yen also contributed to our strong performance. However, a point I would like to draw attention to is that while the other general trading companies associated with the *zaibatsu* industrial groups expect profits to fall over 20% on average in FYE 2024, ITOCHU is the only general trading company with expectations of low single-digit declines in profit of only 2.6%. In FYE 2024, which is the last year of "Brand-new Deal 2023," the unclear and unstable business environment is expected to persist, and the situation will remain very difficult to navigate. While keeping an eye on the eventual normalization of natural resource prices and foreign exchange rates, we intend to firmly maintain the ¥800.0 billion consolidated net profit level while steadily preparing and implementing strategies for our next stage of earnings growth. (▶ Page 42 CSO Interview)

However, I would like to emphasize that this does not mean we plan on doing anything special. I think the most important thing is to simply maintain a focus on our business fundamentals, starting with steadfastly practicing our "earn, cut, prevent" principles, and stably conducting management as we have until now. Another important point is to simultaneously implement a management strategy that elevates our entire business to ensure that we make progress toward the next stage of growth.

Consistent Management

I would like to touch on a story of a person I highly respect, the Founder of KYOCERA Corporation (KYOCERA)—the late Kazuo Inamori, who is widely accepted to be "the God of Management." When one CEO visited Founder Inamori, he assumed that the source of KYOCERA's strength must be its special technology and questioned the Founder about this. To this Mr. Inamori responded, "There is not anything special." The visiting CEO thought, "That cannot be true." But when he toured one of KYOCERA's factories, he found that the technology being used there appeared to be quite conventional, like those used at the factories of other companies. Mr. Inamori explained to the bewildered CEO, "If you rely on special technologies, you may fall behind when an even better technology appears. KYOCERA's strength is its front-line capabilities to achieve special results using normal technology." Another person from the business community who heard this story told me that Mr. Inamori's approach aligns with ITOCHU's unique characteristics of not relying on special businesses, such as the resource business, but instead demonstrating the strengths of our front-line capabilities honed through the "earn, cut, prevent" principles, and through the strategy by our market-oriented perspective that helps us achieve special results.

There once was a period of time when ITOCHU also deliberately concentrated management resources into specific fields and, as a result, ended up weakening the businesses outside of our core areas. The Machinery Company was one such business. With its business spanning a wide range of sectors, it was in urgent need of restructuring to ensure it maintained business with major client companies in the heavy industries sector. After becoming President, I issued directions to change our investment criteria so that they are not uniform across the entire Company, but rather are separated into smaller categories aligned with the characteristics of each business, given that the Machinery Company has many businesses that stably accumulate earnings through existing businesses. Positive results have gradually emerged since these changes have been implemented, and by boosting our confidence we have been able to build a strong foundation necessary to grow many profitable businesses. In a little over a decade, consolidated net profit for the Machinery Company, which at the time was around several billion yen, expanded to over ¥100.0 billion in FYE 2023.

I have learned that if we rely too heavily on specific businesses, failure in one of them could lead to vulnerability in our entire Company. In line with this consideration, I have focused on consistent management that elevates our entire business and not just specific Division Companies. The reason I do not casually talk about specific businesses is that I adopt a management strategy that is mindful of all our businesses.

As evidenced by the fact that approximately 90% of our Group companies are profitable, we not only focus on "additions" to steadily build up profits but also on "subtractions" to reduce loss-making companies. Although the Dole business and the North American meat-products-related business went into the red in FYE 2023, we took swift actions including the adoption of provisions for vulnerable assets and implementing changes in management structure, and we expect a recovery in performance in FYE 2024 from these prior losses. The lesson we learned from this is that problems in business are similar to illnesses. In other words, what matters is how early you can detect problems, and how quickly you can begin to treat them. And we have taken steps to ensure that this lesson has been thoroughly shared and understood across the entire Company. We firmly believe that "preparedness" will ensure that we can avoid making similar mistakes, and thereby prevent major losses and further stabilize our business foundation. (▶ Page 12 COO Message)

Understanding Peoples' Emotions and Situations

After watching one of our TV commercials, a viewer sent an email to ITOCHU. The commercial depicted a widower talking to his deceased wife in front of the family's Buddhist altar. The viewer said this situation was exactly the same as his own, and he said he wanted to see the commercial one more time. Unfortunately, the period for airing the commercial had ended, so he was no longer able to see it. To fulfill his wish, we sent him a DVD of the TV commercial, and he was very grateful to us.

Another episode happened around April 2023 when we had a face-to-face meeting with Mr. Warren Buffett of Berkshire Hathaway Inc., who is a world-renowned investor and one of ITOCHU's major shareholders. We figured he and his team must be exhausted from their long flight, so to allow them to relax a bit we skipped the detailed briefing on our business, of which they already had a solid understanding. We instead showed them a video highlighting our non-financial aspects, including scenes depicting our corporate culture.

At first glance, these two stories may seem unrelated. But they are connected by our policy of understanding people's emotions and situations, and providing them with what we believe they desire. This is the essence of the "market-oriented perspective" approach that we practice, and it does not require any stretch of logic.

There is a limit to the added value that upstream resources and materials can generate. Even if a hit product is created, its popularity can be nearly impossible to sustain. On the other hand, profit margins downstream can become quite significant by identifying customers' needs and adding value accordingly. Companies in the raw materials sector may have strengths in advanced technologies, but the companies that sell products with added value using those materials are able to earn a much higher level of profit. In many such instances, it is safe to say that "profit opportunities are shifting downstream." This policy is common among all our businesses, not just the ones that have contact points with consumers. By seizing business opportunities in the downstream, we are able to steadily evolve our business model. Take the aforementioned Machinery Company for instance. YANASE & CO., LTD. leveraged its unique sales network, customer base, and the added value of its after-sales service, thereby serving as a good example of a Group company expanding its business results that simultaneously benefited upstream manufacturers as well. By figuring out what it is that consumers want, and with each business strengthening their own brands, we can steadily create profit generating mechanisms over the long term.

Meeting with Berkshire Hathaway Inc.

General trading companies associated with the former *zaibatsu* industrial groups expanded earnings through wide-ranging businesses, mainly in upstream and midstream industrial sectors during the period of postwar recovery and high economic growth. During that time, ITOCHU accumulated expertise and steadily built up its non-resource businesses, especially in the downstream daily consumables realm that is close to consumers. Currently, our competitors are actively working to shift to non-resource businesses. ITOCHU, of course, has an advantage in this area. The value chain of the ICT & Financial Business Company in particular is one of the main strengths of our businesses, unlike any of the other companies. If the tender offer bid (TOB) for CTC that was recently announced receives the trust of the stock market, it is not an exaggeration to say that this will be an investment that contributes to the further evolution of our business going forward. In particular, there is currently a pressing need to transform business models using digital technologies. Downstream companies are faced with an especially strong need to grow their business by analyzing and leveraging data gained from customer contact points to create new added value. To precisely meet diversifying customer needs in light of these trends, including responses to various SDGs-related issues, if the TOB is successful, we intend to further accelerate the implementation of strategies in the value chain of the ICT & Financial Business Company, and also use this to differentiate ITOCHU from our competitors. (▶ Page 70 Evolution of the Value Chain through Collaboration between CTC and Our Group of Digital Businesses)

Steadfast Non-Financial Initiatives

It has become widely accepted over time that a business focused only upon making money for itself is not sustainable over the long term.

From the Meiji to the Taisho eras, there once was a general trading company called "Suzuki Shoten" that rose to the No. 1 position in Japan. Its rapid rise is often attributed to its monopoly made possible by buying up steel, ships, rice, wheat, and other products that earned them huge profits. However, huge risks inherent with amassing such products emerged in the postwar recession and led to their collapse. Turning to more modern times with inflation creating various problems for global economies, soaring market prices for resources and other products has generated huge profits for some upstream companies. But at the same time, inflation also imposes burdens on downstream companies, consumers, and society as a whole. This is not at all in line with "*Sampo-yoshi*," which is our corporate mission, and also raises doubts about the sustainability of our businesses.

We will work not just with a simple goal of expanding profits, but rather to steadily advance to new stages of growth and further evolve our corporate culture rooted in "*Sampo-yoshi*," which is the source of our sustainable corporate value creation. To this end, we are further enhancing our non-financial initiatives, with human resource strategies at the core of our efforts. In recent years, there has been an increasing interest in human capital management. ITOCHU's corporate culture has long valued employees and, since early in its history, our Company has a tradition of viewing people as capital, and as a source of value creation. More recently, we have spearheaded efforts to improve our work environment and implemented programs that provide employees more flexibility in their work, starting with the "Morning-Focused Working System." As a result, our Company's work-style reforms have been lauded both in Japan and abroad. This evolution of our corporate culture has enabled us to achieve the No. 1 position in company rankings among jobseekers for both general trading companies and for companies in all industries. It also generates a virtuous cycle that allows us to hire outstanding personnel and enhances our human capital. Our Company's human resource strategies are not designed to merely keep up with market trends, nor to mindlessly implement commonly used systems. Instead, we fully consider the effectiveness of our human resource measures and implement them with care. (▶ Page 36 CAO Dialogue)

The suite of our work-style reforms also aims to sustainably enhance labor productivity and the advancement of women based on a similar line of thought. ITOCHU once set a target to hire women for 30% of its career-track employee positions, but numbers alone will not necessarily lead to good results. Because we did not sufficiently optimize job suitability for individual employees and upgrade systems in each organization, many of these women unfortunately resigned. Learning from this lesson, we prioritized upgrading our work environment and making improvements in work–life balance by establishing an in-house daycare center to provide childcare services to employees and the Morning-Focused Working System. Consequently, the birthrate of ITOCHU's female employees is now significantly higher than the rate for Tokyo and Japan as a whole. Even after sufficiently upgrading our work environment through these methods, we further stepped up our efforts and established the Women's Advancement Committee. Throughout this process, former Outside Director Atsuko Muraki, who has a wealth of expertise in promoting the advancement of women, truly gave her all to these efforts. But she has now passed the baton onto Outside Director Makiko Nakamori to further this pursuit. Although Ms. Muraki, who kindly served for an extended period of time, has now resigned as Outside Director, she will continue to grace us with her wisdom as a member of the Advisory Board. (▶ Page 30 Special Feature 1: Human Resource Strategy to Enhance Corporate Value)

In addition, matters related to corporate officers are considered to have real significance and have also been assigned high priority by our management team. For example, our CAO and CFO reached the internal obligatory retirement age in June 2023. However, we have determined through consultations with the Nomination Committee that these individuals are essential to our Company's management and would be difficult to replace, particularly given the current uncertainties in the external environment. This led to our decision to have them stay on for one more year.

Given my desire to get more people to become familiar with general trading companies like ours, ITOCHU is bolstering its corporate advertising program. The Company's non-financial initiatives have garnered high accolades, including receiving the highest rankings in the ESG indices selected by the Government Pension Investment Fund (GPIF) and the ESG evaluation index from S&P, etc. Furthermore, our annual report swept the top spots of all the major evaluation institutions. These various efforts to steadily fortify our corporate branding will help strengthen the trust placed in us by society and the engagement of our employees. Our strengthened branding program will also serve as a driving force to sustainably enhance corporate value. Accordingly, not only do our business divisions pursue numbers, but each administrative division also establishes targets that can be quantified in external evaluations. These efforts are monitored in management meetings. Consequently, we also endeavor to elevate our administrative divisions in a well-balanced manner.

Invigorating Our Entire Industry

ITOCHU's top management owns shares in our Company, and the percentage of membership in the Employee Shareholding Association is nearly 100%. We consider this to be a natural means of aligning the interests of all our employees with our shareholders. Accordingly, we highly value dialogue with shareholders and investors, and reflect their valuable opinions in management policies and measures while keeping an eye on our share price performance. We consider this to be a market-oriented perspective from the viewpoint of the stock market.

Regarding our shares in FYE 2023, we were able to announce both an upward revision to our earnings along with measures to expand shareholder returns in October 2022, based upon our dialogue with the market. Since then, our share price has reached record-high levels three times. Furthermore, we have announced our FYE 2024 initial plan and shareholder returns policy, and with June's additional investment from Berkshire Hathaway Inc. in five general trading companies, our share price continues to set new record highs. The low point in our share price reached in 1999, when it temporarily slipped below ¥200, feels like a totally different world.

We have continued to increase dividends from ¥15 per share in FYE 2010 to ¥160 in FYE 2024. And when I hear words of gratitude from our shareholders, it brings me great joy as CEO of the Company. Going forward, we will announce details of our shareholder returns policy from FYE 2025 onward and we intend to hold thorough discussions internally to ensure that we continue to meet the expectations of the stock market. (▶ Page 54 CFO Interview)

I have often said that compared with profit levels, the share prices of general trading companies are very low. I am grateful that the share prices of general trading companies, not just ITOCHU, are all currently rising. And I hope that we can invigorate the entire industry so that each company engages in healthy competition to become better without growing overconfident, given the current attention being garnered by our industry.

Striving to Become "the Best Company in Japan"

On April 3, 2023, the first-floor lobby of our headquarters was the venue of young people walking one by one down a red carpet surrounded by cherry blossoms in full bloom. This was a special welcome ceremony to commemorate recent graduates becoming employees of ITOCHU, and it was designed to make their first day at our Company unforgettable, as so many of them had been deprived of a normal student life because of the COVID-19 pandemic. Every year, we carefully plan this ceremony with small improvements, and even through these efforts, we would like to show our Company's evolution. This year, we set the scene by acquiring 700 Yoshino flowering cherry boughs from farmers in regions that were affected by the Great East Japan Earthquake. A trio of piano, violin, and cello added even more flair to this special event by showering the lobby and participants with their beautiful music. Furthermore, we made sure that the families of the new recruits were able to view this celebratory occasion online because of my constant desire to make parents of employees proud that their children joined ITOCHU. And just like the young cherry buds on the verge of becoming flowers in full bloom served as a symbol reflecting the youth of the new graduate hires, I anxiously look forward to the day these many young and aspirational recruits gain experience and turn into full-fledged employees who will contribute to our Company's businesses and promote our competitive advantages in the near future.

Welcome ceremony viewed by families online

In spring 2017, I vowed in front of the grave of an employee who died of cancer that I would guide ITOCHU to become the best company in Japan. While I believe we still have some way to go, I feel confident that we are making good progress to realizing this vow. Going forward, I will continue to move full steam ahead with the aim of further elevating our growth stage. So it is my hope that all of you look forward to the further growth and evolution to come for ITOCHU.

COO MESSAGE

We will continue to build a solid foundation for sustainable growth by assessing the drastic changes in the business environment at the front lines, and by breaking down the "Three Walls" to enhance our comprehensive strength.

Taking to heart the words I have long valued when conducting our business —"front lines" and "trust"— I will steadily and swiftly promote growth strategies that will contribute to the fortification of economic value and environmental / social value.

Keita Ishii
President & Chief Operating Officer

Restarting as a "Merchant"

In May 2023, all COVID-19 pandemic-related restrictions were lifted in Japan. Since becoming President & COO over two years ago, I have long awaited the time when I could go out to the front lines of our businesses, be who I am, and work energetically, with no need for masks or partitions. In FYE 2024, which is the last year of "Brand-new Deal 2023," I will strive as a "merchant" to continue to visit our front lines in Japan and overseas to steadily reinforce our businesses with our employees.

The two years of COVID-19 pandemic-related restrictions implemented after I became President & COO allowed me to carefully study our entire business with a broader perspective from the confines of my desk. Furthermore, this experience enhanced my viewpoint as the "Chief Operating Officer" in charge of our overall management strategy. At the same time, I remained firmly attached to the front lines and continued to visit customers as much as possible, while taking every precaution to prevent infection. By meeting with clients directly, we are able to confirm what our customers are thinking and understand their challenges. These strong connections are an important reason why customers choose us as the first choice for their business partner. Also, I consider these strong bonds of trust as one of the most important aspects of cultivating new relationships and expanding business, and I believe they represent the unique strengths of our business as a "merchant" that cannot be replicated by using machines and AI at this moment.

And of course, there are also many overseas customers who are indispensable to general trading companies. In FYE 2023, I took business trips to Thailand, where I had been the president of the overseas office, and to South Korea, which I know well from my time at the Energy & Chemicals Company. I was able to visit customers I had been longing to meet. This year, I also traveled to China and the United States, two places I had wanted to visit as soon as I became President & COO. In China, I was able to meet Chairman Zhu of CITIC for the first time, and we exchanged opinions about mutual growth strategies and possibilities for collaboration. I also learned that we have many common acquaintances among the senior management of Japanese companies, and through our discussions of these acquaintances I felt an even stronger connection with Chairman Zhu. I have been able to expand our business over the years by placing a high value upon our connections with people. Going forward, as a leader on the front lines, I will continue working to swiftly strengthen relationships with domestic and overseas customers, and to discover new business opportunities.

In addition, these overseas business trips were excellent opportunities to better assess the real economic conditions of those countries. With still no end in sight to the effects of inflation, I felt that consumers abroad were really cutting back on their spending, even more than I had expected. I have often talked about the importance and necessity of obtaining vital information from the front lines, but in FYE 2023 there were businesses that unexpectedly underperformed because of misreading changes in the external environment. For example, the profitability of the Dole business had been declining due in part to a rapid rise in logistics costs caused by supply chain disruptions, but we expected an improvement in profitability by our attempts to pass on the higher costs to customers during peak demand periods, such as the Thanksgiving and Christmas holidays. However, in the United States, which is a major region of demand for the Dole business, consumer sentiment was already falling by the end of the year due to the surge in inflation. Consequently, consumers did not accept significant sales price increases at that time. What was the most problematic about this incident was the fact that ITOCHU, who claims to have a "market-oriented perspective" and engage in "hands-on management," left the marketing strategy to be decided by the locally hired manager despite the tough business environment, and was managing the business indirectly and remotely from the distant Singapore headquarters without grasping the local consumption situation nor the pricing of competitors. One of our Company's employees, who has professional knowledge, has already been dispatched to fill the marketing manager position immediately, and is working to turn around the business in their main battlefield of the United States and restore its performance. In July 2023, I also visited the United States and confirmed with my own eyes that the reinforced "hands-on management" approach was making steady progress there. We will renew our commitment to strengthen front-line capabilities to prevent employees from losing awareness of actual conditions on the front lines, supported by the rapid adoption of online tools.

Status of Decarbonization Efforts

Through meetings with domestic and overseas customers, I noticed a change in decarbonization trends. Although there were discussions about the long-term direction of decarbonization at the G7 Summit in Hiroshima in May 2023, a specific roadmap for reducing GHG emissions has not yet been released. With the soaring prices of LNG and other energy sources since the Russian invasion of Ukraine, demand for thermal coal in Europe has surged and restarts of numerous coal-fired power plants, which can generate low-cost electricity, have been announced. Even in Japan, demand for alternative sources of thermal coal to replace Russian-produced coal is rising due to high demand from electric power companies, and is stalling current decarbonization efforts. ITOCHU announced its complete withdrawal from thermal coal interests during the current medium-term management plan period, and from FYE 2019 our Company has sold three of its four thermal coal interests ahead of similar moves by other general trading companies. While there is no change in our plan to sell the remaining thermal coal interest to achieve a complete withdrawal from this business, we seek to achieve an appropriate withdrawal at the right time after fully considering such factors as our responsibility for stable supply as a general trading company and economic rationale, namely what would be a fair sale price for the remaining interest amid the current decline in thermal coal prices. Regarding the progress of this sale going forward, we will provide briefings to stakeholders when appropriate. (▶ Page 78 Approach to Climate Change and Related Initiatives)

ITOCHU's policy is to reduce GHG emissions throughout its main business of trade and business investment. However, to sustainably and steadily reduce GHG emissions, we need to take into account our business profitability that is subject to any GHG emissions reduction activities as part of our overall SDGs-related business that is firmly connected to the "earn" principle, to ensure that we maintain our current earnings generation capability and sustainability of our Company. Since regulations to reduce GHG emissions have been formulated in the aviation industry, demand for sustainable fuels has been growing. ITOCHU is steadily promoting activities for the start of sustainable aviation fuel (SAF) supplies to replace existing jet fuels to aviation companies in Japan and overseas. The supply of SAF does not require large-scale capital expenditure because we can leverage the business know-how we have already built up through our trading business. This is the well-grounded way for us to promote SDGs-related businesses. In addition, ITOCHU serves the steel industry, which is facing pressure to reduce its high levels of GHG emissions and decarbonize. And to help our steel industry customers meet these environmental demands, we invested in high-grade Canadian iron ore interests to supply low-carbon raw materials of direct reduced iron in FYE 2023. Some people may have felt it odd that ITOCHU, which is focusing on the non-resource sector in Japan, invested in this overseas resource sector project. However, our Company was able to purchase this project under preferential terms because it was related to one of our long-time business partners. And without these bonds of trust, we would not have been able to acquire this resource business, which has a high value for its scarcity and excellent cost competitiveness. Not only the contribution for short-term profits, but over the medium- to long-term, we expect further expansion of business opportunities by building a supply chain that can provide low-carbon direct reduced iron, which uses high-grade iron ore as raw material. Thus, in addition to the "earn" principle, we will provide solutions for addressing issues in various industries. In other words, we will simultaneously pursue economic value as well as environmental / social value as we steadily fortify our SDGs-related business. (▶ Page 81 Creating a Supply Chain of the Ferrous Raw Material for Green Ironmaking with Low Carbon Emission)

Breaking Down the "Three Walls"

When conducting business, we need to be alert to the tendency of unconsciously erecting walls based upon differences in organizations to which we belong, generational gaps, career paths we have taken, and other factors that may separate us. I believe breaking down these walls will help further enhance ITOCHU's comprehensive strength. I have noticed "Three Walls" since becoming President & COO.

The first wall is the organizational structure. General trading companies usually build vertical structures in line with each industry and product line. When visiting customers, I envision the functions and expertise our partners require from our Company, and then bring along multiple employees from different Division Companies to be able to respond to as wide a range of their needs as possible. For example, the automotive industry is making a sharp turn toward EVs and electrification. When I visited the president of an automobile manufacturer, I was mindful of promoting cross-industry alliances, including those with IT companies, battery manufacturers, and others to supplement the various functions that automobile manufacturers themselves do not maintain internally. I also brought along Energy & Chemicals Company employees well-versed in energy storage systems, the power business, and other relevant businesses in addition to Machinery Company employees, who have direct expertise in the automotive industry. EVs are more than vehicles for moving people and items. Through their ability to charge and discharge electricity at homes and buildings, they are likely to become an important tool in supporting regional electric power networks. ITOCHU has strengths in fields closely related to EVs, namely the value chain related to energy storage systems and electric power retail. Furthermore, we are leveraging the Company's comprehensive strength to steadily expand the business by utilizing solar power generation for EVs at ITOCHU ENEX CO., LTD., etc., and installing charging equipment at our FamilyMart stores. ITOCHU's concept of EV possibilities and our peripheral businesses are what the

president of the automobile manufacturer needed. After multiple discussions, ITOCHU was chosen as a partner, and an alliance was built to provide various functions needed for the introduction and spread of EVs. General trading companies typically have walls between each of its organizations. But because I am the President & COO, these walls are irrelevant to me. I am not bound by particular industries or products, and I will continue to expand our businesses by breaking down organizational walls together with employees to create businesses rooted in a market-oriented perspective that identifies customer changes and needs.

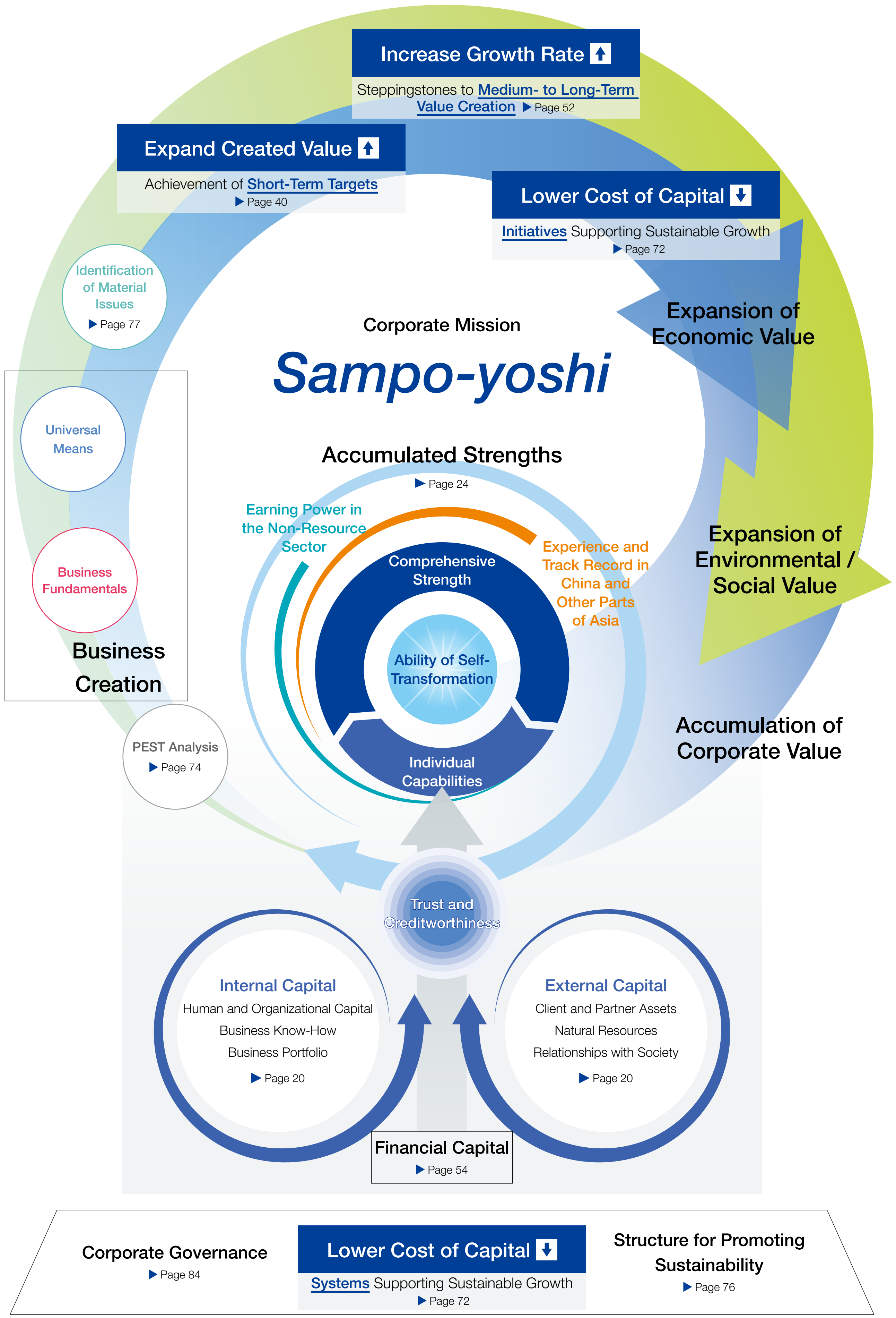
The second wall is communication. After COVID-19 pandemic-related restrictions were lifted, there has been an increase in the number of dinners and drinks among employees. This might be an outdated idea, but for ITOCHU, which considers people to be its greatest management resource, I believe these shared meals and other opportunities to meet socially allow employees to openly discuss business and their passionate ideas about the future help to build bonds of trust internally and facilitate the smooth execution of our businesses. Given the result of the engagement with junior employees, effective work styles are needed now. It is important to deepen relationships and enhance the quality of our internal communications. At the time I joined ITOCHU, we had the luxury of taking time to learn the business by watching the senior employees around us. But today, due to time constraints, I guess many employees are solely focused on the tasks directly in front of them, and do not take the time to converse with others about various topics. I believe that it is important for supervisors to not simply lead their subordinates by example, but to carefully explain expected roles, skills, and future visions, while showing and training them how to solve problems. Once subordinates understand the expectations placed on them by supervisors they can trust, they can go out to the front lines and find a sense of fulfillment in their work. This sense of fulfillment in turn will surely allow them to become absorbed in their work. Over ITOCHU's long history of more than 160 years, the tradition of succession, where people we have trained go on to train the next generation, has become strong. I will continue to tear down communication barriers and work in unison with the entire Company to expand our business.

The third and final wall was within my own self. I had primarily been involved in sales and marketing. Therefore, I was relatively unfamiliar with the realm of IR activities. Consequently, my responses to questions from analysts and investors were simple and not in depth, due in part to my assumption that I needed to deploy specialized terminology, and give official answers as a firm. Against this backdrop, I received advice from an analyst who said, "You should be more yourself, you do not need to focus on small details. I prefer to hear your own ideas and views." I figured the field of IR was a unique and highly specialized realm. However, speaking frankly using my own words is actually just an extension of the sales capacity I had engaged in up until then. By breaking down the wall within my own self and communicating my own ideas, I will continue to strengthen my bonds of trust within the capital markets.

Returning to the Front Lines

We have achieved two consecutive years of consolidated net profit of over ¥800.0 billion since I became President & COO. But honestly speaking, this was partially thanks to yen depreciation and high resource prices. To ensure the ¥800.0 billion profit level becomes a solid foundation, we must not become complacent with our current situation, nor should we stand still. Going forward, we will build a robust earnings base as we recognize FYE 2024 to be an extremely important year for our growth investment strategy, given the unprecedentedly volatile nature of the current business environment. We will maximize synergies through our hands-on management approach, and by leveraging the lessons learned from past mistakes. At the same time, we will continue to pursue our growth investments. Furthermore, I would like to thank all our stakeholders for their support until now, and look forward to your continued support in our future endeavors. (▶ Page 65 Special Feature 2: Polishing Our Existing Business and New Steppingstones)

The “Merchant” Business Model



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

In enhancing corporate value, we must use capital and our 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 continue realizing a virtuous cycle that further reinforces capital and our four strengths, which are the driving forces for sustainable value creation.

Enhancement of Corporate Value ↑ (Driving Force for Sustainable Value Creation (Total capital)) = **Expand Created Value ↑** (Achievement of Short-Term Targets) / [**Lower Cost of Capital ↓** (Initiatives and Systems Supporting Sustainable Growth) − **Increase Growth Rate ↑** (Steppingstones to Medium- to Long-Term Value Creation)]

What is ITOCHU focusing on?

To enhance corporate value, we aim to expand created value, increase growth rate, and lower cost of capital. We are therefore conducting management with a focus on the following points.

Enhancement of Corporate Value ↑

“*Sampo-yoshi*,” “Earn, Cut, Prevent,” and Commitment-Based Management

We will promote our management strategies and policies with speed and flexibility, while always keeping in mind our corporate mission of “*Sampo-yoshi*” and “Earn, Cut, Prevent.” Through our unwavering practice of commitment-based management where we deliver on our promises, we will achieve sustained value creation.

Expand Created Value ↑

Building a Track Record, Enhancing Our Trust and Creditworthiness

We will build a track record by continuously and soundly achieving our short-term goals. We will attain sustained value creation by leveraging our track record to further enhance our trust and creditworthiness.

Increase Growth Rate ↑

Focusing on Fields and Sectors Where We Can Demonstrate Our Strengths

In order to adapt to the volatile business environment and diversifying consumer needs, we will achieve sustained value creation by steadily laying the steppingstones in fields and sectors where we can demonstrate our strengths.

Lower Cost of Capital ↓

Preparations with Foresight

While mitigating future risks early based on the PEST analysis as well as other factors, we will continuously review our structure including for corporate governance, thereby achieving sustained value enhancement.

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.

01

Driving Force for Sustainable Value Creation

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

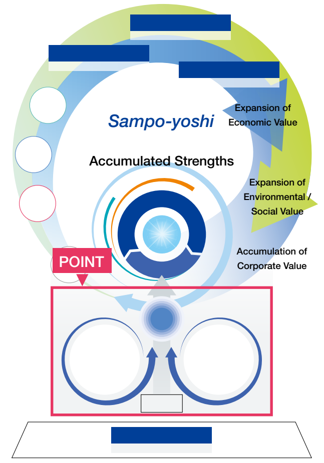
$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

Section Highlights

- ITOCHU's Accumulated Non-Financial Capital
- Examples of Combinations of Non-Financial Capital in ITOCHU's Businesses
- Historical Background and Reasons for the Establishment of Our Strengths
- Special Feature 1: Highly Unique Human Resource Strategy to Enhance Corporate Value

Contents

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 our 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 the symbiosis of internal and external capital, which mutually influence each other. By always remaining conscious of trust and creditworthiness in our management practices, we aim to continuously enhance corporate value through realizing growth 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 strengthen 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 quick decision-making systems and high-level expertise, therefore practicing the "earn, cut, prevent" principles.	• Labor productivity of employees • Company ranking among jobseekers • Monthly average overtime hours • Annual paid leave acquisition rate • Investment in human resource development per employee • Number of employees with Chinese-language qualifications • Engagement survey	• Realization of Mission and Guideline of Conduct • Business support and control function of administrative divisions • Morning-Focused Flextime System and adoption of the work from home system for all employees • Health management (Support for Balancing the Cancer Care and Work, etc.) • Establishment of the Women's Advancement Committee as an advisory committee to the Board of Directors • Periodic reviews and improvements through engagement surveys ▶ Page 30 Special Feature 1: Human Resource Strategy to Enhance Corporate Value
Internal Capital	Business Know-How	With eight Division Companies operating businesses in a diverse range of 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 • Polishing businesses through hands-on management • Promoting comprehensive digital transformation (DX) support businesses ▶ Page 62 Our Business Model, as Seen through Business Development
Internal Capital	Business Portfolio	By leveraging one of our advantages of comprehensive strength and ability of self-transformation, ITOCHU optimizes its highly flexible, wide-ranging, and well-balanced business portfolio. Thereby making it possible 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 implementing the "earn, cut, prevent" principles) • Upholding "the Four Lessons for Investments" • Disclosure and implementation of ITOCHU's Policy on the Governance of Its Listed Subsidiaries ▶ Page 58 Business Investment ▶ Page 96 Policy on the Governance of Listed Subsidiaries
	Financial Capital			
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 secure and safe supply chains
External Capital	Natural Resources	Through our 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 withdrawal • Waste volume	• Withdrawing completely from thermal coal interests • Continuing to review projects based on engagement • Strengthening of value chain and business investment management from a sustainability perspective • Stepping up contribution to and engagement with the SDGs through eco-friendly businesses, etc. ▶ Page 78 Approach to Climate Change and Related Initiatives ▶ Page 82 Sustainability Management
External Capital	Relationships with Society	ITOCHU engages in continuous and constructive communication with its stakeholders, grasping and addressing their expectations and demands toward the Company, thereby making it possible to stably promote business activities in Japan and overseas, and further enhancing 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 inclusions 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

Trust and Creditworthiness

* For PEST items affecting each of the capital items above, please see ▶ Page 74 PEST Analysis (Macroenvironmental Factors through 2030)

▶ Page 116 ESG Data

Examples of Key Combinations of Capital in the Businesses Highlighted in the Special Feature of Annual Report 2023

Polishing Value Chain, Starting with FamilyMart and Steppingstones for Further Growth ▶ Page 66

Value chain evolution utilizing DX (Business Know-How)	Strong value chain through collaboration within the ITOCHU Group (Business Portfolio)	The Group's largest consumer contact points (Client and Partner Assets)

Polishing and Further Expanding the Earnings Base of the North American Construction Materials Business through a Hands-on Management Style ▶ Page 68

Dispatch of management team and seconded personnel with expertise in frontline operations and a plan to develop business managers for the Group companies (Human and Organizational Capital)	Management know-how related to the construction materials business gained through the management reform of MASTER-HALCO, Inc. (Business Know-How)	Excellent customer base of major home improvement retailers, etc. (Client and Partner Assets)

Evolution of the Value Chain through Collaboration between CTC and Our Group of Digital Businesses ▶ Page 70

CTC's one-stop provision of services, from equipment sales to system development as well as maintenance and operations after installation (Business Know-How)	Group of digital businesses that enable support for customers' DX (Business Portfolio)	Initiatives to cater to DX implementation needs as society introduces digital technologies (Relationships with Society)

Business Creation through Combinations of Capital

Asset Replacement That Took Advantage of Changes in the Business Environment (Belong Inc.) ▶ Page 64

Know-how in the used mobile device distribution business, including inspection, repair, storage, delivery, etc. (Business Know-How)	Used mobile device procurement network and sales network for individuals and major companies (Client and Partner Assets)	Increase in demand for used mobile devices due to high prices of new mobile devices, etc. (Relationships with Society)

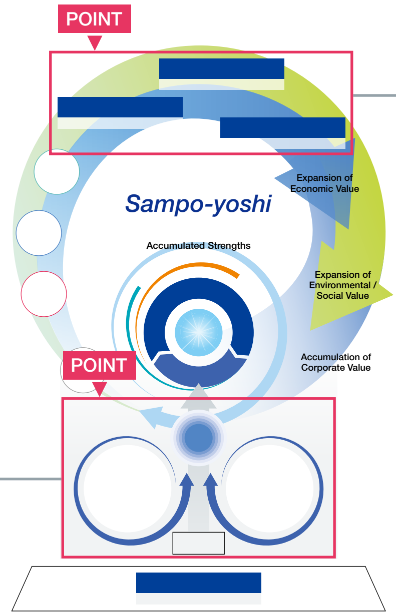
Creating a Supply Chain of the Ferrous Raw Material for Green Ironmaking with Low Carbon Emission ▶ Page 81

More than 50 years of experience in the iron ore business (Business Know-How)	Major partners engaged in production and processing in Japan and overseas (Client and Partner Assets)	Initiatives to decarbonization in the steel industry through procurement of high-grade iron ore (Natural Resources)

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

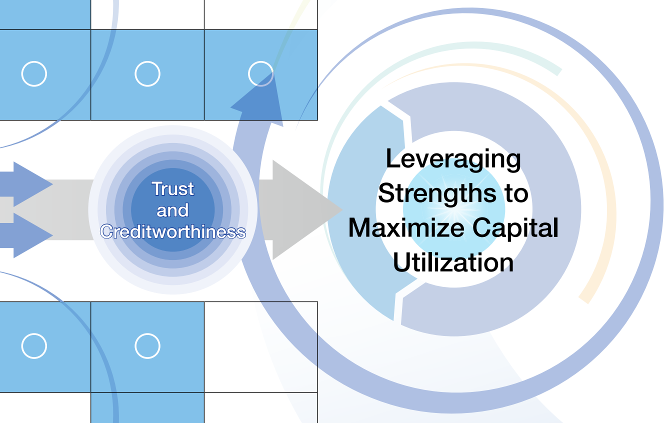
ITOCHU analyzes the magnitude of opportunities to increase its non-financial capital as well as the magnitude of risks with the potential to damage such capital. Based on its findings, the Company identifies as its material issues those social issues that require prioritized and proactive initiatives by the Company. We then set out to resolve 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

Medium-term management plan "Brand-new Deal 2023" establishes further strengthening of our robust earnings base centered on the non-resource sector as a goal and sets a long-term target for reducing GHG emissions. We are steadily advancing initiatives to reach this goal and target. In addition, in FYE 2024, the last year of "Brand-new Deal 2023," the management plan sets short-term targets based on updated quantitative targets. We set a succession of short-term targets to provide milestones 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.

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 2024 profit plan: Consolidated net profit of ¥780.0 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

Basic Policies / Main Measures / Material Issues

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 foundations of everyday 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
- Enhancing health, suiting to diversified values, and establishment of the Women's Advancement Committee
- Building a system of sharply differentiated remuneration for corporate officers

Strengths Accumulated as a Merchant

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 enhance 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 strengths we have accumulated over our history of more than 160 years.

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

Based in the former Ohmi Province (present-day Shiga Prefecture), the merchants of Ohmi transported their wares on shoulder poles, peddling items into neighboring provinces (pursuing business in all parts of Japan from the Kansai region). ITOCHU was started by Chubei Itoh I, who engaged in the linen trade.

Accumulated Strength

Comprehensive Strength and Ability of Self-Transformation

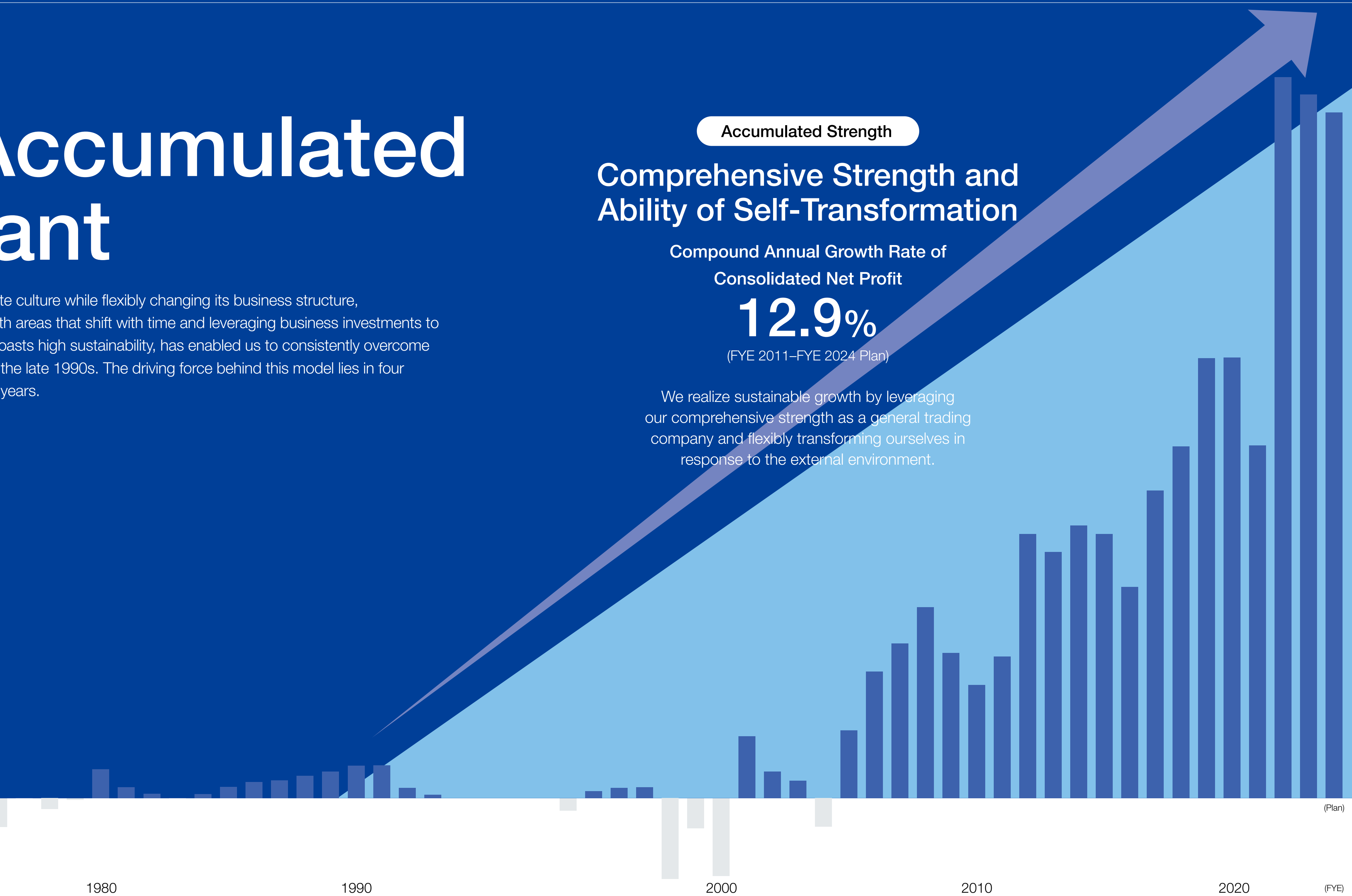
Compound Annual Growth Rate of Consolidated Net Profit

12.9%

(FYE 2011–FYE 2024 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.

Consolidated Net Profit



Founded–

Chubei Itoh I

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.

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.

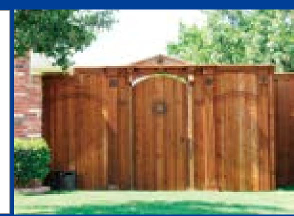
1990s–

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–

中信 CITIC



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 Strength

Earning Power in the Non-Resource Sector

▶ Page 65 Special Feature 2

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.

Core Profit in the Non-Resource Sector

¥574.5 billion

(FYE 2023)

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

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 business results and relationships of trust.

Accumulated Strength

Experience and Track Record in China and Other Parts of Asia

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 the 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.

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

Accumulated Strength

Individual Capabilities

▶ Page 30 Special Feature 1: Human Resource Strategy to Enhance Corporate Value

Strengthening Our Foundation to Harness Individual Capabilities

Since its founding, ITOCHU did not maintain freestanding 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 front-line 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 the Morning-Focused Working System in FYE 2014. As a result, we achieve high labor productivity based on a small organization comprising select individuals. In fact, ITOCHU has the lowest number of employees on a non-consolidated basis among Japan's general trading companies.

Consolidated Net Profit per Employee (Non-Consolidated)

¥0.19 billion

(FYE 2023)

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."

Unwaveringly Continuing Build Up Strengths

FYE 2023
Harnessing Comprehensive Strength and Individual Capabilities through Self-Transformation
Surpassing ¥800.0 billion for the second consecutive year
(Further enhancement of "earn" power)

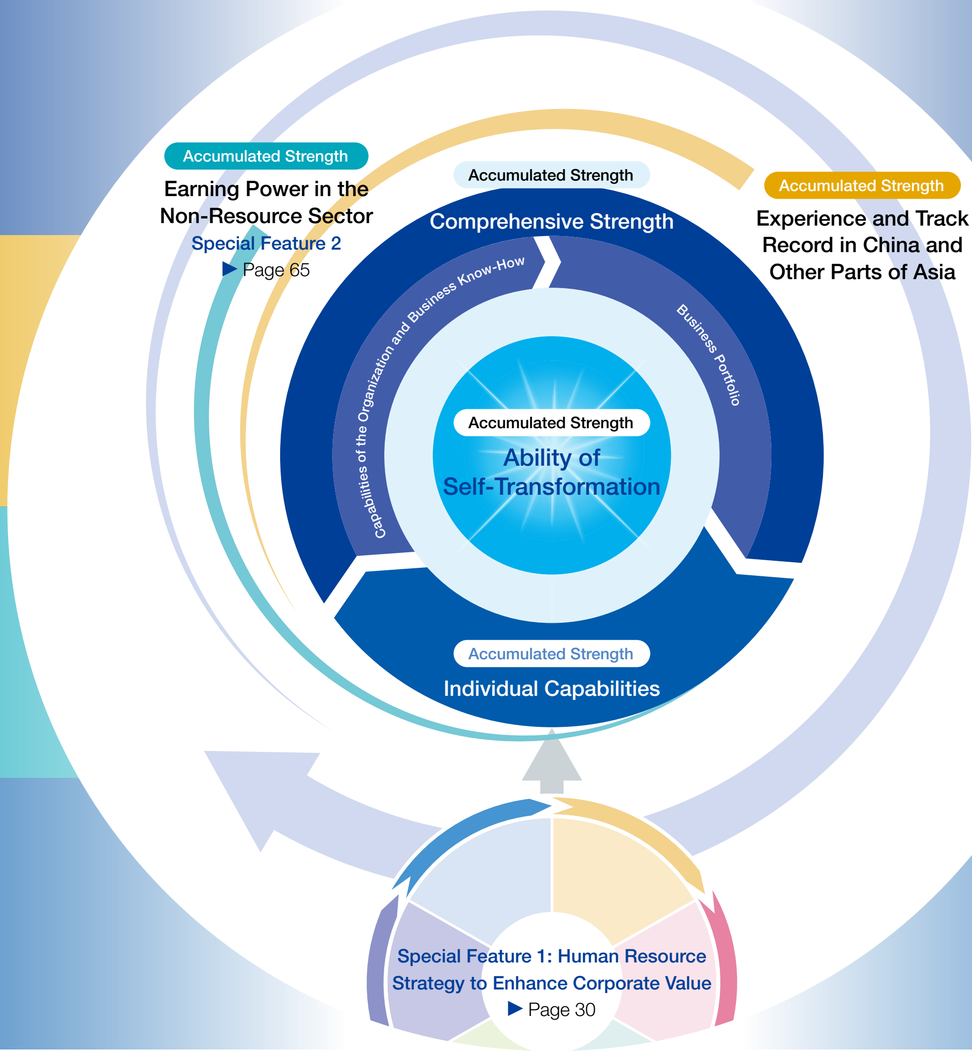
FYE 2016
Steppingstones toward China and Other Parts of Asia
No.1 General Trading Company in Consolidated Net Profit

FYE 2015
Strengthening Earning Power in the Non-Resource Sector
No.1 in the Non-Resource Sector

FYE 2012
Boosting 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 the emerging trends and currents in society.



■ Toward Establishment of a Robust Earnings Base

In FYE 2023, we achieved consolidated net profit of more than ¥800.0 billion for the second consecutive year by further growing our core profit in the non-resource sector through augmentation of existing strengths and the steady stepping up of our performance.

Currently, while COVID-19 pandemic-related restrictions were lifted in Japan, the business environment is becoming increasingly unpredictable due to the continuation of a mix of multiple causes for uncertainty, including geopolitical risks, such as the unresolved Russia–Ukraine situation, concerns about an economic slowdown due to persistently high interest rate levels and further inflation, which are centered on North America and Europe, and foreign exchange rate volatility. Responding flexibly to changes in this business environment by utilizing our accumulated four strengths as the driving forces, we will both envision the next profit stage to the consolidated net profit at the ¥800.0 billion level and seek further dramatic advances by rigorously applying the "earn, cut, prevent" principles again that serve as our business fundamentals and by building a robust earnings base through steadily laying the steppingstones.

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 create 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 20 Accumulation of Non-Financial Capital

Special Feature 1 Human Resource Strategy to Enhance Corporate Value

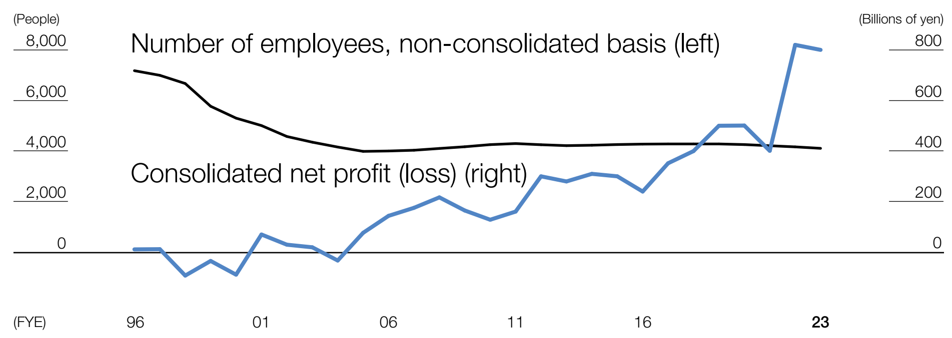
Develop a Rewarding Work Environment

Having clearly identified human resource strategy as a key component of its 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.

ITOCHU disclosed detailed content of its suite of unique work-style reforms, which began from 2010, to pique the interest of society and meet its expectations. We try to connect this action to the benefit of society as described in the Company's corporate mission of "*Sampo-yoshi*."

As well as improving employee motivation and labor productivity, our successful creation of a frontline-focused rewarding workplace environment in which every employees can fully realize their capabilities, while strengthening our front-line capabilities, is creating a virtuous cycle that results in a favorable external reputation enabling us to recruit outstanding human resources.

Enhance Corporate Value through Improved Labor Productivity



Improving Employees' Motivation and Willingness to Contribute

Recruiting Outstanding Human Resources

Enhancing corporate brand and the value of human resources

The number of non-consolidated employees at ITOCHU is the lowest among Japan's general trading companies, and the Company will, as a policy, remain a small select organization of capable individuals. To rack up even more successful accomplishments with a small number of non-consolidated employees, we are focusing our recruitment activities on securing excellent human resources who embrace the corporate mission of "*Sampo-yoshi*."

In recent years, ITOCHU has clinched the top spots in company rankings among jobseekers, which is proof that students regard ITOCHU as a sustainable company worthy of entrusting their own lives to.

Company ranking among jobseekers according to seven major institutions*

"All Industries" - two consecutive years -	"General Trading Companies" - four consecutive years -
No.1 (from four institutions)	No.1 (from seven institutions)

* From 2024 graduates, the Company ranked No.1 among all industries in the survey of four institutions; the Asahi Shimbun, the Yomiuri Shimbun / Toyo Keizai, the Sankei Shimbun, and Shukan Diamond, and ranked No.1 among general trading companies in the survey of four institutions mentioned above as well as seven institutions including the Nippon Keizai Shimbun, Nikkei Business (Rakuten), and Nikkei Business (DISCO).

Evolving Work Styles

Pursuing efficiency through Morning-Focused Working System, etc.

The first measure for our unique work-style reforms was to establish "I-Kids," which is a childcare center for employees, in January 2010. At the time, there were such social problems as rising numbers of children on waiting lists due to a shortage of certified daycare facilities. We decided to open "I-Kids" next to our Tokyo Headquarters, with the aim of removing barriers to continued employment and bolstering employee motivation to keep working after childbirth. After then-President Okafuji became president in April 2010, a suite of work-style reforms was begun in full gear.

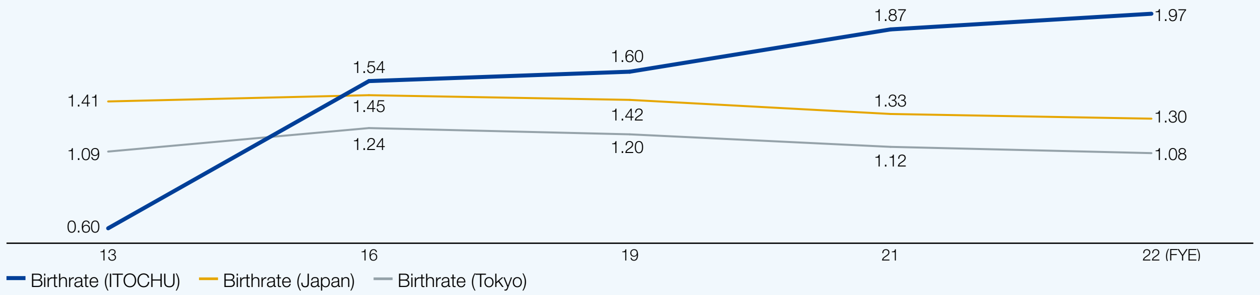
Following the Great East Japan Earthquake in 2011, we also decided to return to work styles focused on the front lines where we would be close to customers, and so we abolished the flextime system. Then, in FYE 2014, we introduced the Morning-Focused Working System. We prohibited overtime work past 8:00 p.m., in principle, and if people had to work overtime, we encouraged them to instead do so early the next morning between 5:00 a.m. and 8:00 a.m. By coming in early, they have enough time to prepare for sales consultations with customers and can work more effectively. We urged employees to change their behavior by providing employees who begin work before 8:00 a.m. with a higher wage rate and free breakfast. In the ensuing decade, the Morning-Focused Working System has become entrenched in the Company. This has not only changed employee mindsets regarding time but also supported the activities of employees who have restrictions on their work hours due to childcare, nursing care, illnesses, or other factors. The system has also helped enhance employee job satisfaction in part by creating time to spend with family and for self-improvement.

Recently, the declining birthrate is becoming a major social issue in entire Japan. Since ITOCHU introduced the Morning-Focused Working System, the birthrate for female employees has risen. In FYE 2022, the rate was 1.97, compared with a national figure of 1.30* and 1.08* in Tokyo. We consider this a major accomplishment of our suite of work-style reforms, especially the Morning-Focused Working System. We will continue striving to further enhance labor productivity through the evolution of work styles in line with the diverse values of employees.

* Total annual fertility rate for 2021 in demographic statistics released by the Ministry of Health, Labour and Welfare

Trend in Birthrates

FYE 2014	FYE 2018	FYE 2022
Morning-Focused Working System introduced	Support for Balancing Cancer Care and Work started	Women's Advancement Committee established



Enhancing Health

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

We consider enhancing health the foundation of strengthening personnel capabilities to achieve the Guideline of Conduct: "I am One with Infinite Missions." Accordingly, we have formulated the ITOCHU Health Charter and promoted many measures related to health and safety, such as Support Measures for Balancing Cancer Care and Work. This measure was introduced in FYE 2018 in an effort to create an environment where employees can work with peace of mind. They include regular special screenings conducted in cooperation with the National Cancer Center Research Institute, support for educational costs to graduate school in the event that there are bereaved children, and work support within the Group for bereaved children and spouses.

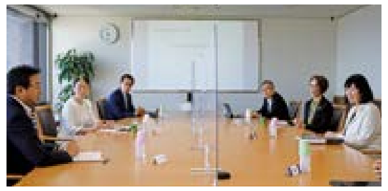
Moreover, the cancer incidence rate is higher for women in their working years. Therefore, we are promoting Support for Balancing Cancer Care and Work, which are also expected to support the advancement of women. To establish a work environment where women can actively work over the long term, we encourage female employees under 34 years old to get cervical cancer tests. These are typically compulsory for women 35 years and older at ITOCHU, but we have been providing a subsidy to cover the test fees since FYE 2021. In FYE 2023, we established a help desk where employees can anonymously consult with external midwives hired by ITOCHU on matters related to women-specific health concerns, as well as issues of balancing work and life.

In recognition of these steadfast efforts, we garnered high praise from society. For example, we received the medical exam category award for FYE 2023, from the Ministry of Health, Labour and Welfare's Cancer Countermeasure Promotion Company Action program, and ITOCHU was selected as a Health & Productivity Management Outstanding Organization (White 500) for the seventh consecutive year since FYE 2017. Going forward, we will continue to prioritize the health of every employee and realize a work environment where employees can work with peace of mind.

Women's Advancement

In October 2021, to further accelerate women's advancement, we established the Women's Advancement Committee as an advisory committee for the Board of Directors. The committee was chaired by Atsuko Muraki*, who was at the time an Outside Director, and half of its members are outside officers. In addition to investigating various measures the Company has taken to date, the committee hears the opinions of employees and the front lines. It also holds regular deliberations on necessary countermeasures, as well as the future direction for policies on accelerating training for managerial promotions and evolving toward flexible workstyles.

Going forward, after meticulously assessing the situation of every female employee, we will continue to steadily encourage female employees as we work to perpetuate the cycle of collaboration with the front lines, discussions at the Women's Advancement Committee, and reporting to the Board of Directors.



Discussion at the Women's Advancement Committee

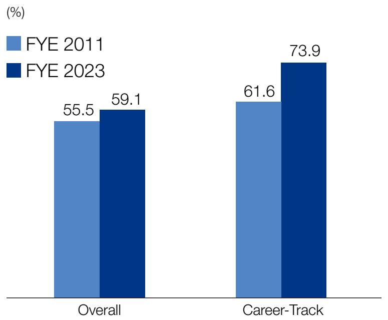
* Atsuko Muraki, former Outside Director of the Company, provides advice on the business management of the Company in her capacity as a member of the Advisory Board, enabling her extensive experience and expertise to be utilized in the business management of the Company.

Gender Pay-Gap

Nearly 80% of career-track female employees, who are assigned core roles of ITOCHU, are still in their 20s and 30s. While the primary factor behind the gender pay-gap is the low percentage of women in managerial positions. There is, however, no gender pay-gap for the same position and duties under the Company's human resource system.

ITOCHU set quantitative targets for the total number of career-track women recruited in the early 2000s. While we succeeded with certain hiring targets, we failed to establish a receptive environment on the front lines, which led to attrition. In light of this situation, we consider it necessary to establish a work environment, rooted in the front lines, that enables career-track women to work actively over the long term. Since 2010, we have promoted a suite of work-style reforms. At present, we are steadily advancing promotions. Career-track female employees who joined the Company since the late 2000s, when recruitment numbers expanded, have built up their careers and they are successfully cultivated. The appointment of female employees to manager positions has been promoted, and for example, a female president was appointed to overseas office in April 2023.

Gender Pay-Gap



Supporting Employee-Led Career Development

Creating growth opportunities based on each individual's aptitudes

ITOCHU provides each employee with opportunities for self-directed study and challenging experiences, and promotes Groupwide career-building support and personnel development suited to diverse capabilities and characteristics. The Company systematically provides locations for diverse experiences beyond the boundaries of the headquarters, such as dispatches to Group companies and overseas experience by the eighth year of joining the Company. Since FYE 2000, we have positioned training costs as human capital investments for the sustainable enhancement of corporate value and invested around ¥1.0 billion every year. We conduct periodic reviews across the Company to help create more effective personnel training measures. In addition, in support of career development, we introduced elective online training programs with roughly 9,500 courses that can be taken freely with no limits on time or location. The programs are also provided overseas, not just for employees stationed overseas, and are utilized every year by around 1,000 employees of overseas offices and branches. In addition, we expanded the Challenge Career System (in-house recruitment system), which enables employees to transfer between organizations, and introduced the Virtual Office (in-house dual jobs system) as a platform for cross-organization collaboration.

Strengthening of its Femtech Initiatives with Virtual Office
https://www.itochu.co.jp/en/news/press/2023/230727.html

Virtual Office

Cross-organization collaboration platform to promote projects across organizations and accelerate the creation of new businesses

In line with the decisions of employees who are highly passionate about projects | Connecting organizations virtually beyond the barriers of departments | Effectively promoting projects in the short term while mutually sharing know-how

Providing Evaluation and Compensation Commensurate with Results

Promoting growth by increasing feedback and level of understanding

ITOCHU introduced a salary structure highly linked to the Company's performance. In line with the steady expansion of the Company's results, average yearly income was ¥17.30 million in FYE 2023, firmly in the top level in Japan. From FYE 2025, to increase employee motivation and competitiveness for recruitment, we will focus on personnel evaluations and rewards based on achievement by revising personnel system.

In addition, from FYE 2014, we introduced the excellent employee award system to honor employees who have made notable quantitative and qualitative contributions. In FYE 2021, we introduced the Infinite Missions Award to honor teams who have made major accomplishments or promoted SDGs initiatives and businesses based on a market-oriented perspective. We have also introduced systems that help enhance the job satisfaction of Group employees, such as the Excellent CEO Club, to honor the presidents of the Group companies who demonstrate excellent management skills, and the "Group Companies Management Awards Program (▶ Page 61)" for the Group companies that helped enhance corporate value of the Group.

Increasing Awareness of Participation in Management

Utilizing the Employee Shareholding Association to enable medium- to long-term asset formation

To raise awareness of participation in management among employees, we provide financial incentives for owning ITOCHU stock through the Employee Shareholding Association. Since FYE 2020, we have provided special financial incentives through this mechanism when the Company's results exceed a certain threshold as ITOCHU introduced a stock compensation scheme that provides a commensurate amount of shares. Through these measures, the participation rate is almost 100%, at the high level rarely seen in Japan. This supports the asset formation of our employees, and successfully links the Company's performance with their own personal assets, ensuring employees stay attuned to changes in share price and management. In this way, individual employees and the Company will work in unison in an ongoing effort to enhance corporate value going forward.

PDCA Cycle for Promoting Human Resource Strategy

(1) Conduct engagement surveys → (2) Assess issues → (3) Decide on policies to address issues → (4) Implement measures

Key Issues Based on the Results of the Engagement Survey

Fostering job satisfaction among junior and mid-career employees

- Providing opportunities for independent career building and further growth
- Remuneration and evaluation based on accomplishments, and feedback that leads to growth

Sharing personnel and ideas beyond the boundaries of organizations

- Promoting the smooth transfer of personnel
- Encouraging employees to take up further challenges

Responding to diverse values

- Reviewing uniform careers
- Offering greater options in relation to flexible work styles suited to diversified values, and types of work and lifestyles

Implementation of measures

Evolution of the Morning-Focused Working System

Respect for the individuals

- Introducing the Morning-Focused Flextime System (Introduced in FYE 2023)
- Applying the work from home system to all employees (introduced in FYE 2023)

Supporting junior and mid-career employees

Opportunity for growth

- Amending the human resource system based on the following (plan to introduce in FYE 2025)
  (1) Providing Evaluation and Compensation Commensurate with Results (such as competitive compensation levels in recruitment)
  (2) Supporting Employee-Led Career Development (A multi-faceted career support for balancing childcare, nursing care, illness, etc., and, continuous re-education and re-skilling)

Supporting the advancement of female employees

Diversity

- Monitoring of and individual support for the promotion and development of female employees
- Support for career continuation in consideration of life events

We regularly conduct engagement surveys to capture employee feedback on the company, organization, systems, etc., in order to utilize it for future personnel measures and beyond. Taking the results into consideration, we review human resource strategies, and decide on countermeasures to issues at the Executive Committee. In fiscal years when we do not conduct engagement surveys, we conduct simplified surveys with carefully selected questions to swiftly and accurately assess progress on these measures, report the identified issues, etc. to the Executive Committee, and decide on new measures and improvements. In this way, we assess issues every year and conduct PDCA cycles to promote human resource strategies and make improvements.

In the engagement survey conducted in FYE 2022, we continued to receive a high level of positive responses. Compared with FYE 2019, however, there was a decrease in the figures in cultivation (engagement). After analyzing the factors, we recognized the need to respond to the diverse values of junior and female employees in particular. Therefore, as the second stage of work-style reforms starting from FYE 2023, we evolved the Morning-Focused Working System and introduced the Morning-Focused Flextime System and the work from home system (available to all employees). Recognizing support for junior and mid-career employees and female employees as an issue, ITOCHU will continue implementing various initiatives, such as support for career continuation in consideration of life events. By adhering these measures, ITOCHU will work to further enhance corporate value.

"Work-style reforms" Evolution (every five years)

2010–

FYE 2011
- In-house childcare facility "I-Kids" established (January 2010)
- "Work-style reforms" Started

FYE 2014
- "Morning-Focused Working System" introduced

2015–

FYE 2017
- "ITOCHU Health Charter" established
- "Work from home system" introduced for the employees with childcare and nursing care

FYE 2018
- "Support for Balancing Cancer Care and Work" started

2020–

FYE 2022
- "Women's Advancement Committee" established
- "Support for employees hoping to return to work early after child birth" decided

2022

FYE 2023
- "Morning-Focused Flextime System" introduced
- "Work from home system" introduced for all employees

Engagement Survey Results

Item of the Engagement Survey	FYE 2011	FYE 2015	FYE 2019	FYE 2022
Job satisfaction and engagement	73%	78%	76%	71%
Environment where employees thrive	62%	67%	64%	67%
Culture of striving for strong accomplishments	86%	91%	91%	93%

* Each item represents important factors for our Company's goal to strive to be a company that is challenging but rewarding to work for. The percentage reflects the rate of positive responses for each item.

Major Indicators on Human Resource Strategy

Human Resource Strategy Issues	Item	FYE 2011	FYE 2016	FYE 2021	FYE 2023
	Labor productivity*1	1.0	1.5	2.5	5.2
Recruiting Outstanding Human Resources	Consolidated employees (People)	62,635	105,800	125,944	110,698
	Non-consolidated employees (People)	4,301	4,279	4,215	4,112
	Career-track employees (People)	3,257	3,387	3,435	3,331
	Female career-track employees (People) (%)	274 (8.4%)	294 (8.7%)	346 (10.1%)	375 (11.3%)
	Female employees as a percentage of new employees*2	45.5%	17.1%	29.9%	33.3%
	Female employees as a percentage of employees	25.5%	23.8%	23.4%	24.3%
Evolving Work Styles	Percentage of employees working in Morning-Focused Working System*3	—	40%	57%	54%
	Monthly average overtime hours (Hours / Monthly)*4	23.4	22.7	25.2	23.0
	Annual paid leave acquisition rate	51.9%	54.7%	52.6%	62.2%
	Childcare leave acquisition rate of male employees	1%	44%	34%*5	52%
	Average childcare leave acquisition days of male employees (Days)	50	2	10	36
Enhancing Health	Investment for health and productivity measures (Millions of yen)*6	723	554	507	570
	Percentage for screening among people targeted for special cancer checkups	—	—	96.2%	93.1%
	Rate of complication medical checkup reexamination	100%	100%	100%	100%
Supporting Employee-Led Career Development	Total investment in human resource development (Billions of yen)	1.05	1.30	1.10	1.63
	Investment in human resource development per employee (Thousands of yen)	243	304	260	396
	Employees with Chinese-language qualifications (People)	196	525	1,231	1,293
	Percentage of career-track employees sent overseas training by the eighth year of joining the Company	91.0%	87.9%	90.9%	89.4%
	Average years employed (Year)	15.8	16.7	17.9	18.3
	Voluntary resignation rate	0.9%	1.1%	1.5%	1.8%
Providing Evaluation and Compensation Commensurate with Results	Average annual salary (Millions of yen)	12.54	13.83	16.28	17.30
	Managers (People)	2,451	2,539	2,588	2,541
	Female managers (People) (%)	82 (3.5%)	136 (5.4%)	209 (8.1%)	219 (8.6%)
Increasing Awareness of Participation in Management	Percentage of membership in the Employee Shareholding Association	55%	52%	Almost 100%	Almost 100%

*1 Shows the change in labor productivity with 1 as FYE 2011 (consolidated net profit / number of non-consolidated employees)
*2 The ratio includes new hires and mid-career recruitments.
*3 Calculated based on the number of people entering at or before 8:00 a.m.
*4 Hours exceeding the legally mandated eight hour workday are counted as overtime.
*5 The percentage of men taking childcare leave temporarily declined in FYE 2021 due to the pandemic, which made it easier for them to provide childcare (without taking childcare leave) while working from home.
*6 Includes the personnel and various other costs associated with conducting healthcare management for employees.

Ken Shibusawa

CEO, Shibusawa and Company, Inc.

After gaining extensive market experience at foreign financial institutions and hedge funds over many years, Ken Shibusawa set out on his own in 2001 to found Shibusawa and Company, Inc., where he assumed the role of CEO. In 2007, he founded Commons, Inc., which was subsequently renamed Commons Asset Management, Inc. in 2008, and took on the position of Chair. In January 2023, he founded &Capital Inc., where he currently is Representative Director & CEO. Furthermore, he is active in a wide variety of roles, including his positions as member of various government panels such as the Council of New Form of Capitalism Realization. He is also the great-great-grandson of Eiichi Shibusawa, who is widely known as “the father of Japanese capitalism.”

Fumihiko Kobayashi

Member of the Board,
Executive Vice President, CAO*

* Chief Administrative Officer

CAO DIALOGUE

“*RONGO (Ethics) and SOROBAN (Economy)*” and “*Sampo-yoshi*”

Mr. Ken Shibusawa and CAO Kobayashi talked about visualizing the “non-visible value” of companies and the way sustainability runs through the past, present, and future.

A Sense of Mission Shared by Entrepreneurs Who Lived in the Same Era

Kobayashi:
ITOCHU is proud of our 165 year history of sustained operations since our founding in 1858, when Chubei Itoh I commenced linen trading operations. Counting from when he opened the first store called “Benchu” in Osaka’s Honmachi area in 1872, 2022 marked the 150th anniversary of our Company. Notably, that was also around the same time that Eiichi Shibusawa, regarded as “the father of Japanese capitalism,” resigned from the Ministry of Finance, entered the business world, and launched his own business. Shibusawa’s book, “*RONGO (Ethics) and SOROBAN (Economy)*,” details a management philosophy that explains how businesses are destined to fail if the balance between profits and morality is not achieved. Chubei Itoh I also adhered to the philosophy that trade is a “compassionate business,” and that a business will fail if it does not equally benefit the seller, the buyer, and society—also commonly known in Japan as the philosophy called “*Sampo-yoshi*.” I think these two men had a lot in common regarding their business policies and philosophies.

Shibusawa:
Yes, indeed. Firstly, the Shibusawas were originally farmers of indigo and silkworms, so they were involved in the textile business and shared that in common with the Itohs. As Japan’s modernization progressed amid the drastic changes of the era, both men broadened their perspectives beyond their family businesses to embrace a common sense of duty to help enrich the world through business. I also believe that they worried about society’s divergence away from the “*bushido*” philosophy and morality, and embracing a philosophy focused solely on putting profits first.

Kobayashi:
Turning now to the modern era, Japanese companies have been adopting concepts and systems based on European and American shareholder capitalism. To date, they mainly undertake management with maximizing shareholder returns as its mission. Now, however, in line with the idea that the pursuit of shareholder profit alone cannot guarantee the sustainability of companies, “stakeholder capitalism” is being increasingly emphasized, starting with Europe and the United States. This revives the spirit and sense of mission that our two founding fathers held close to their hearts, and their mission of enriching the world through business. With a universality transcending both eras and borders, their vision is making a comeback.

Shibusawa:
To avoid simply replicating superficial imitations of European and American concepts, and also to uphold our own traditional Japanese spirit, Eiichi Shibusawa professed that we should value not just the “How,” but also the “Why.” Companies will not exist in perpetuity if they only have good management processes and methods. I believe that the “power of human” is the source of a company’s sustainability. ITOCHU has now grown to become a huge company, despite its humble beginnings as a small startup when it was founded. Over the long course of over 160 years since its founding, I believe ITOCHU has been able to sustain its operations by maintaining a trailblazing spirit throughout each new era, and also by endeavoring to meet the diverse and changing needs.

Sustainability Unique to General Trading Companies

Kobayashi:
In the pursuit of progress with our sustainability going forward, we remain well aware of the need to avoid merely continuing to do the same things as in the past in order to ensure the sustainability of our Company. I would be very grateful if you could offer your advice and guidance related to ITOCHU’s vision and the direction in which our Company should head.

Shibusawa:
When we talk about sustainability, companies and stakeholders need a “common language.” General trading companies operate a wide range of businesses across diverse industries, with varying positions in the business flow process ranging from upstream to downstream. Also, the businesses of trading companies are intricately woven into people’s day-to-day lives. Consequently, there has been an organic increase in the external demands and expectations which general trading companies need to consider. Accordingly, there are many sustainability issues that need to be addressed, and I am sure ITOCHU receives various guidance on them. But I think what ITOCHU needs to avoid is just passively responding to this multitude of issues. Instead, ITOCHU should proactively advocate its core philosophies that have enabled it to establish a strong track record of sustainability reflected in its over 160 years of operations. For example, the differing positions on and status of GHG emissions reductions in each country make it a difficult course to navigate. And while developed countries aim to withdraw from fossil fuel burning activities, emerging and developing countries will still need coal and other inexpensive sources of fuel for their ongoing development. I think it is somewhat unrealistic to expect these countries to avoid the use of any fossil fuels, but I expect ITOCHU to work on resolving issues in various countries by providing new technologies and solutions cultivated from its involvement in a diverse range of businesses.

Kobayashi:
In accordance with our medium-term management plan, ITOCHU has laid out “Enhancing our contribution to and engagement with the SDGs through business activities” as one of our basic policies. Our Company was the only one among the general trading companies to have disclosed information on GHG emissions from all of its related fossil fuel businesses and interests. Moreover, we formulated targets that newly include the concept of “offsets” in the context of GHG emissions reduction. By FYE 2022, we sold three of four thermal coal interests that we held in FYE 2019 as part of our efforts to reduce GHG emissions from fossil fuel businesses and interests. Our Company aims to achieve the Japanese Government’s “2050 Carbon Neutral” goal 10 years ahead of schedule, in 2040, by leveraging business expansion in areas such as renewable energy to help offset and reduce our Company’s own GHG emissions. However, I feel that Scope3 emissions disclosure poses a major challenge for ITOCHU because it operates businesses with a huge number of companies across supply chains in a wide range of business fields. (▶ Page 78 Approach to Climate Change and Related Initiatives)

Shibusawa:
This appears to be an issue that is unique to general trading companies. When I have conversations with overseas experts, it is assumed to disclose estimates; however, people in Japan worry about how accurately they can disclose GHG emissions from the upstream to the downstream. The criteria for Scope3 emissions disclosure is still being discussed overseas as well, so for example by conducting flexible initiatives such as proactively identifying the range of Scope3 emissions to be disclosed based on the characteristics of its businesses and demonstrating the relationship with financial information, I think ITOCHU could become a leading model for companies facing similar issues.

Kobayashi:
Thank you for your sound advice. We have spent considerable time discussing our mission of "achieving the SDGs," including decarbonization, and consider this a crucial social responsibility in which we need to not only deal with immediate issues but also educate and raise awareness among the next generation. In keeping with this responsibility, we established the ITOCHU SDGs STUDIO next to our Tokyo Headquarters as a base to disseminate information about the SDGs. The studio also features a facility where children can learn through play about SDGs concepts and their connections to society. We are happy to be able to report that many people are making use of this facility. (▶ Page 76 New Facilities Opened at the ITOCHU SDGs STUDIO)

Shibusawa:
To contribute to the sustainability of society, educating children, who will be responsible for determining the future, is an important mission for companies.

Human Capital as a Source of "Non-Visible Value"

Kobayashi:
From FYE 2023, it has become mandatory to disclose more extensive human capital-related disclosure in annual securities reports, but at the same time freedom over voluntary disclosure has also increased in certain aspects. ITOCHU's score on the engagement survey conducted in FYE 2022 was high compared to the average Japanese company, but was slightly lower than our score recorded in FYE 2019. In particular, scores of junior employees have been on a downward trend, and our analysis has found certain key issues such as the desire for more flexible work styles, adverse effects of vertical organizational silos, and limitations of existing educational and training programs that require special attention. We disclose the results of our analysis both internally and externally, and we need to develop specific countermeasures to help resolve these key issues. Consequently, we sought first to realize more flexible work styles. In full consideration of the front lines of our work where we interact with our customers, we introduced the Morning-Focused Flextime System, which combines the flextime system with ITOCHU's hallmark Morning-Focused Working System. We also expanded the work from home system to all employees. With regards to the issue of vertical organizational silos, which seems to be a common characteristic of all general trading companies, we are working to steadily eliminate these silos by introducing systems where employees can transfer more flexibly between Division Companies, as well as implementing the new Virtual Office system, which enables employees to hold dual jobs within ITOCHU. Frankly, we were unsure if we should disclose the issues identified in the engagement survey. However, by also disclosing our suite of

countermeasures and clearly showing ITOCHU's commitment to making improvements, we were able to garner acclaim from outside our Company as well as from our employees. In addition, the Company has set labor productivity as an indicator to measure the effectiveness of our human resource investments. And because ITOCHU has fewer employees compared to our competitors, we need to increase the labor productivity of each of our employees, whom collectively comprise our greatest management resource, in order to continue to enhance our corporate value. To this end, we have taken a variety of measures, such as reducing the number of meetings and documents to improve productivity and introducing our Morning-Focused Working System to enhance efficiency. Consequently, labor productivity in FYE 2023 improved by approximately five times when compared with FYE 2011.

Shibusawa:
Five times is astounding! Corporate disclosure can be an effective tool for a dialogue to communicate policies, directions, and other important information to stakeholders. As an investor, we are interested not in what a company is accomplishing today, but rather where it is heading and what challenges the company is taking on, especially demonstrated quantitatively, to become able to do what it cannot do today. Showing ambition toward achieving its goals, together with a concrete roadmap will be a favorable tool for future corporate value creation. I think there is a limit to the "Showa-style" employment structure of lifetime employment, seniority-based promotions, and mass hiring of new graduates. While large companies tend to focus on lowering their voluntary resignation rate, I do not think that is always the right mentality. The "New Form of Capitalism" announced by the current Japanese Government cites the objective of smoothing mobility in the labor market. I believe Japan's labor market can grow significantly by realizing conditions that allow personnel to seamlessly transfer between companies. For example, a virtuous cycle could be created where ITOCHU's corporate value increases further when employees bearing ITOCHU's DNA leave the Company and then either return to the Company later with new skills and knowledge acquired from their time spent outside, or even if they do not return to the Company they instead directly contribute to society using their skills and knowledge acquired as an ITOCHU alumnus. Based on this train of thought, I believe it would be interesting for ITOCHU to establish an indicator using not just the employee resignation rate, but also the re-employment rate. Japanese companies still lack diversity in terms of gender, nationality, and seniority. Many companies are increasing the number of female outside directors, but because ITOCHU has a large number of excellent and talented personnel in-house, the Company should also increase the number of females assigned to executive officer-level positions.

Kobayashi:
As you suggest, using the re-employment rate as an indicator seems to be a novel approach. As you also pointed out, ITOCHU considers the promotion of women's advancement as an important management priority. In FYE 2022, the Company established the Women's Advancement Committee as an advisory committee to the Board of Directors, and it has begun full-scale efforts to develop measures to promote women. However, the majority of career-track female employees are still in their 20s and 30s, which is a little inexperienced to become a manager and not something that can be easily remedied. We are not just setting quantitative targets, but are also steadily promoting measures to support the advancement of women while listening to the opinions of our female employees. Because we enable employees to tap into their full potential, health management is the most important concern for our Company. We established the ITOCHU Health Charter in FYE 2017 and have fostered an environment where employees can work with peace of mind. With regards to our operations related to employee health, we employ a total of around 50 medical professionals, including three full-time doctors. Thanks to this internalized medical function, we provided comprehensive support day and night, 365 days a year during the pandemic, and were able to prevent the outbreak of any cluster infections in the office or severe cases. And in recognition of our medical staffs' efforts throughout the pandemic, we presented special employee awards to the medical personnel just the other day.

Shibusawa:
As you said, I think employees can only create value when they are first able to work without any concerns for their health. Personnel costs, benefits, and other similar expenses can be considered a long-term investment. And yet under current financial accounting, they are ultimately recognized as costs, and positioned as factors that reduce corporate value. Thinking about it another way, the value of people is not quantifiable financially; they have "non-visible value" and can be considered as an expected value that can be realized in the future. Looking at it from a capital markets perspective, a price-to-book ratio (PBR) of 1 time indicates a state where "visible value = market expectations," completely absent of any "non-visible value." The point where PBR exceeds 1 time marks the point at which "non-visible value = people" first appears in this valuation indicator, and reflects future growth expectations. ITOCHU has focused on human capital from early on and has achieved the highest PBR of all the general trading companies. I think this shows how there is a positive correlation between human capital and PBR.

Kobayashi:
Thank you. I am extremely glad that ITOCHU's "non-visible value" is being lauded by the market.

Promoting "*Sampo-yoshi*" around the World and into the Future

Shibusawa:
Let's expand our perspective to include the world of investment, and also consider the "New Form of Capitalism" philosophy put forth by the Japanese Government. In addition to the two conventional dimensions of "risk" and "return," we will continue incorporating the concept of "impact investing" to visualize a third dimension of positive and negative impacts on the environment and society from the perspective of corporate management. ITOCHU's "*Sampo-yoshi*" corporate mission is not just about doing "good," and interesting if you could figure out a way to measure the "good" done. Although I think the value as a seller can be visualized to some extent, if it is somehow possible to visualize the impact of the value to the buyers and society, then it would also be possible to show the impact to society. And this could become a "common language" unlike any other in the world.

Kobayashi:
When vaccines were being provided at workplaces during the COVID-19 pandemic, ITOCHU continually disclosed daily reports of its own vaccination program so that other vaccination centers might benefit from this information. Our Company also discloses all content related to our many unique initiatives and human resource measures. These activities have had a major impact in some cases on a wide segment of Japanese society, and may be referred to as ITOCHU's unique "impact." Just as I have received many clues through today's dialogue with you, I have found a renewed awareness of our ability to enrich the world through our businesses. And we will remain committed to practicing our unwavering philosophy of "*Sampo-yoshi*" and strive to further enhance ITOCHU's sustainability. Thank you for your time today.

02

Achievement of Short-Term Targets

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

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

Section Highlights

- Trajectory of Steady Corporate Value Enhancement through the Strategies of "Brand-new Deal" Management Plans
- FYE 2023 Business Results: Achievement of Consolidated Net Profit Exceeding ¥800.0 Billion for the Second Consecutive Year
- FYE 2024 Management Plan, Which Covers the Final Fiscal Year of the Medium-Term Management Plan "Brand-new Deal 2023," and Our Strategies to Achieve the Plan While Dealing with Business Risks and Other Risks

Contents

Hiroyuki Naka
Member of the Board,
Executive Officer,
CSO;
General Manager, Group CEO Office

CSO INTERVIEW

We view changes in the business environment as opportunities to utilize our strategy of both "offense" and "defense" to maximize expected value of our stakeholders.

Please explain the current business environment surrounding ITOCHU and the initial plan for FYE 2024.

Although we are in a period of a highly uncertain and unpredictable business environment, our plan reflects ITOCHU's stable earnings foundation that is highly resilient to economic volatility.

Looking back on the business environment over the last few years, the COVID-19 pandemic caused chaos in the global economy, and the situation has remained extremely uncertain and unpredictable due to the prolonged Russian invasion of Ukraine. This has been accompanied by breakdowns in supply chains and soaring prices of resources. High raw material costs that were spurred by these soaring resource prices have led to inflation, and in turn interest rate hikes to curb inflation have brought about dramatic yen depreciation, creating a situation where multiple variables have compounded each other. In addition, real GDP growth was negative in 2020 during the COVID-19 pandemic, but made a huge rebound in 2021. Furthermore, developed, emerging, and developing countries maintained a decent level of growth in 2022 as well. In April, just before ITOCHU announced the FYE 2024 Management Plan, the International Monetary Fund (IMF) predicted that economic recovery will be polarized in 2023 among developed countries, especially with the United States and the Eurozone expected to experience significant deceleration, while emerging and developing countries, especially China and India, are expected to see solid economic recoveries. (▶ Page 74 PEST Analysis (Macroenvironmental Factors through 2030))

The outlook for the Japanese economy is expected to gradually strengthen in 2023. In addition to full-scale "revenge spending" expected to follow the lifting of COVID-19 pandemic-related restrictions, there will also be positive effects from robust inbound travel demand, the continuation of monetary easing measures that will support corporate funding and capital expenditure expansion, rising wages, and the inflation control measures of the government.

Amid this business environment, the initial plan for FYE 2024 is based on conservative assumptions for the gradual normalization of resource prices and foreign exchange rates. The plan also incorporates profit growth in the non-resource sector, which is our Company's strength, and a certain level of returns from growth investments. Our initial plan for core profit, which demonstrates our Company's ability to generate profits, is ¥800.0 billion, and if achieved will be a record high for the third consecutive year. Consolidated net profit in the initial plan is ¥780.0 billion, net of extraordinary gains of ¥30.0 billion, a loss buffer of ¥50.0 billion, which is more conservative than usual, and core profit. Amid the gradual stabilization of resource prices, the plan is suitable for a profit level of ¥800.0 billion and it indicates that ITOCHU's stable earnings generating capability is highly resilient to economic volatility. (▶ Page 48 FYE 2024 Management Plan)

Our business performance in FYE 2024 is already off to a very strong start given that earnings from our businesses are weighted more heavily toward the second half of the fiscal year. As CSO, I will work to firmly achieve our initial plan and continuously enhance our corporate value from both the financial and non-financial aspects by implementing preemptive strategies and countermeasures, while at the same time continuing to pay close attention to rapid changes in our business environment.

What are the points you consider important when making growth investments, and what are the FYE 2024 forecasts for CITIC's performance?

For growth investments, we endeavor to uphold "the Four Lessons for Investments," and expect CITIC's performance to be stable.

We position FYE 2024 as a year in which we will shift the focus of our growth investments with an eye to the next stage of growth beyond the ¥800.0 billion profit level. ITOCHU's exposure to the non-resource sector is around 80% to 90%, and we expect to maintain this level of exposure going forward. Stakeholders, especially investors, sometimes point out that we should place more focus on the non-resource sector, which is our strength. However, we believe that amid the aforementioned business environment, a decentralized portfolio leads to lower risk for our overall business. Furthermore, we gain valuable insights from directly conducting the resource sector business which we can leverage in our non-resource sector business. I believe our "comprehensive strength" as a general trading company is a factor contributing to our "conglomerate premium."

When making growth investments, ITOCHU endeavors to uphold "the Four Lessons for Investments" that I explained in detail in my interview last year. These lessons are designed to prevent, 1. Overpaying for investments; 2. Investments aimed at seizing profit from investees; 3. Overdependence on and overconfidence in partners; and 4. Lack of hands-on management. In particular, we always take essential steps to prevent overpaying for acquisitions by conducting careful due diligence and analyses of business plans before investing, securing effective exit strategies, and confirming the management structure of target companies. After making the investment, we make sure to avoid taking a blanket approach to all investments, and manage each investment differently. It is very important that those responsible for the investments visit the front lines of these investments themselves and quickly implement measures to resolve issues in accordance with the real time conditions observed on these front lines. (▶ Page 60 The Four Lessons for Investments)

CITIC's performance remained extremely robust, setting record highs for the eighth consecutive year after ITOCHU invested in it in 2015. CITIC and its subsidiary CITIC Bank have made a solid start in FYE 2024 as well. We need to pay attention to factors such as U.S.–China trade friction, the Taiwan situation, downward pressure on the Chinese economy, financial instability originating from the United States, and low share price valuations. However, the Chinese Government maintains its policy of strengthening state-owned enterprises, and we have determined that CITIC's business foundation is robust. Therefore, we expect it to maintain solid performance in FYE 2024 that is similar to that seen in FYE 2023.

Please explain the background behind newly establishing the Group CEO Office.

We were determined to upgrade the organization in order to be able to quickly and accurately respond to changes in the business environment without being bound by existing frameworks.

The Group CEO Office, which was launched in April 2023, is directly supervised by our Chairman & CEO, and is a virtual organization headed by the CSO, myself. Also, the general managers of the Corporate Planning & Administration, Human Resources & General Affairs, and Global Risk Management divisions, as well as the manager of the CRE Department*, concurrently oversee this organization and invite the officers and employees required for each project to participate in this organization. To further strengthen our Group management, the Group CEO Office selects and trains management personnel, drafts plans to appropriately allocate assets, business expenses, and personnel within our Group, and promotes Groupwide rationalization measures. The Group CEO Office is also in charge of strengthening Group engagement through evaluations and awards. Group companies are essential for us to enhance consolidated management, but the presidents of Group companies are typically individuals who have achieved success at ITOCHU, and tend to be senior to ITOCHU's Division Company Presidents, who in some cases used to be their bosses. Therefore, Division Company Presidents sometimes feel hesitant to reach out to the presidents of Group companies, and Group company presidents may also find it difficult to consult with former subordinates. To prevent these kinds of situations, the Group CEO Office maintains a policy to support both ITOCHU's Division Companies and Group companies based on the Chairman & CEO's direct instructions.

Along with this reorganization, we placed The 8th Company, which was established in July 2019, under the supervision of the Group CEO Office. Although there is no change in the role of The 8th Company, the Chairman & CEO will become more directly than ever involved with guiding and supervising Group companies, and will strengthen relationships between Group companies and resolve issues such as conflicts of interest and unequal treatment. The effective functioning of the huge supply chain is very important for the convenience store business, and I will continue to leverage our comprehensive strength as a general trading company by ensuring our Group companies extend further support to FamilyMart, and by allowing the entire Group to move faster in the same direction.

* CRE Department: A dedicated department for the Jingu Gaien District Urban Redevelopment Project relating to our Tokyo Headquarters.

Trajectory of Corporate Value Enhancement

We have steadily developed an enviable track record accompanied by resilience to economic volatility 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 took measures flexibly and promptly to deal with management issues, etc., and rapid changes in the external environment.

Steadily Continuing to Build Up Results

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 at Fiscal Year-End*1

¥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.

Steady Achievement of Targets

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

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 at Fiscal Year-End*1

¥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 the Morning-Focused Working System

etc.

Steady Achievement of Targets

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

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 at Fiscal Year-End*1

¥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.

Steady Achievement of Targets

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

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 at Fiscal Year-End*1

¥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.

Steady Achievement of Targets

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

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 at Fiscal Year-End*1

¥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.

Steady Achievement of Targets

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

Brand-new Deal 2023

(FYE 2022–FYE 2024)

Establish the "Profit Stage of ¥800.0 Billion"

+

Strengthen Balanced Financial and Non-Financial Capital

Basic Policies

Realizing business transformation by shifting to a market-oriented perspective

Profit opportunities are shifting downstream

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

"*Sampo-yoshi* capitalism"

Results until FYE 2023

- Achieved consolidated net profit of over ¥800.0 billion for the second consecutive year
- Upgraded by Moody's, etc.
- Established the Women's Advancement Committee and evolved unique work-style reforms measures

etc.

Steady Achievement of Targets

FYE	Consolidated Net Profit: Initial Plan	Consolidated Net Profit: Results	Accomplished
2024	¥780.0 billion	In progress	
2023	¥700.0 billion	**¥800.5 billion**	✓
2022	¥550.0 billion	**¥820.3 billion**	✓

External Environment
Management Issues, etc.

Uncertain outlook due to slumping resource prices

Temporary deterioration in financial indicators due to an investment in CITIC

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

Uncertain outlook due to the COVID-19 pandemic

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

Flexibly Adapting to Changes and Issues

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

Business Results for FYE 2023

FYE 2023 General Review (Quantitative Targets)

- Achieved consolidated net profit of over ¥800.0 billion for the second consecutive year and continued "commitment-based management"
- Expanded shareholder returns by executing an increase in dividends and active share buybacks and maintained strong financial position at record high level

		FYE 2023 Initial Targets	FYE 2023 Results		
Quantitative Targets	Consolidated net profit	¥700.0 billion	¥800.5 billion		Overachieved all the initial targets
	Cash flows	Consistent maintenance of positive core free cash flows after deducting shareholder returns	Positive of ¥213.0 billion		
	NET DER	About 0.7–0.8 times	0.50 times (Best record)		
	ROE	About 13–16%	17.8%		
	Dividend per share	Minimum of ¥130	¥140	• Progressive dividend policy (increase in dividends)	
	Share buybacks	Actively and continuously execute	¥60.0 billion	• Total payout ratio of 33%	

FYE 2023 General Review (Qualitative Targets)

- Evolved business models and created growth opportunities through ascertaining potential needs of market and society, under the basic policy "Realizing business transformation by shifting to a market-oriented perspective" and "Enhancing our contribution to and engagement with the SDGs through business activities" of the medium-term management plan
- Strengthened business sustainability and stability by evolvement of measures to support earnings base such as human resource strategy, etc.

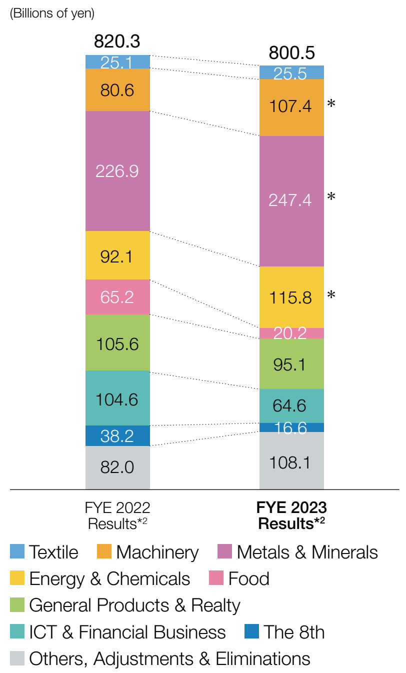
Qualitative Targets	New Investments	• Accelerated expansion of the construction machinery business through the investment in Hitachi Construction Machinery Co., Ltd. and the launch of the North American business • Expanded the North American construction materials business through the acquisition of the engineered wood products company • Contributed to decarbonization of the steel industry by the investment in the high-grade iron ore business in Canada • Expanded the sports-related business through the acquisition of the Under Armour business in Japan
	Existing Business Polishment	• Strengthened alignment with YANASE & CO., LTD. and HOKEN NO MADOGUCHI GROUP INC. through capital restructuring • Accelerated the expansion of the renewable energy business with the energy storage systems-related business as the core, including the sale of renewable electricity to Amazon and other companies • Expanded advertising and media business utilizing FamilyMart stores and customer base to establish new image of convenience store
	Credit Ratings	• Received A2 from Moody's on the long-term rating scale along with the upgrades from Rating & Investment Information (R&I) and Japan Credit Rating Agency (JCR), and obtained the highest credit rating among the trading companies from all major credit rating agencies
	Human Resource Strategy	• Pursued further labor productivity through establishment of the Morning-Focused Flextime System and other measures • Revised personnel system to enhance "job satisfaction," including the selection of junior employees based on job duties and responsibilities, and support for women's advancement
	Others	• Newly established a cybersecurity company to strengthen the Group's cybersecurity measures • Obtained the highest score among all industries in the FTSE ESG assessment. Maintained the No. 1 ESG investment amount among the trading companies by the GPIF

Business Results

(Billions of yen)	FYE 2022 Results	FYE 2023 Results	Increase / Decrease
Consolidated net profit	820.3	800.5	(19.8)
Extraordinary gains and losses	130.0	13.0	(117.0)
Core profit	Approx. 690.0	*Approx. 787.5	Approx. +97.5
Core profit excluding the impact of COVID-19	*(Approx. 727.0)*	*(Approx. 799.5)*	*(Approx. +72.5)*
Non-resource	610.3	587.8	(22.5)
Resource	221.6	215.6	(6.0)
Others	(11.6)	(2.8)	+8.7
Non-resource*1	73%	73%	Almost no change
Profits / losses of Group companies	708.9	693.7	(15.1)
Ratio of Group companies reporting profits	90.9%	88.6%	Decreased 2.3pt
EPS	¥552.86	¥546.10	(¥6.76)

*1 % composition is calculated using the total of non-resource and resource sectors as 100%.
*2 On July 1, 2019, The 8th Company was established, and ITOCHU began mutual holdings in which The 8th Company was the minority shareholder and the other Division Companies were the majority shareholders. On October 1, 2022, ITOCHU dissolved such mutual holdings. Therefore, the results from FYE 2022 to FYE 2023 have been presented based on the dissolution of the mutual holdings.
* Record high

Consolidated Net Profit by Segment



Cash Flows

Cash Flows

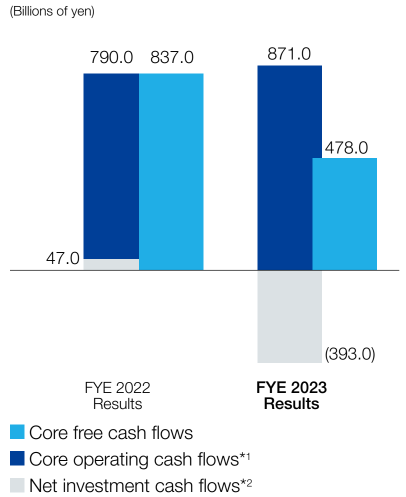
(Billions of yen)	FYE 2022 Results	FYE 2023 Results
Cash flows from operating activities	801.2	* 938.1
Cash flows from investing activities	38.6	(453.8)
Free cash flows	*839.8*	*484.3*
Cash flows from financing activities	(846.7)	(500.1)

Core Free Cash Flows

(Billions of yen)	FYE 2022 Results	FYE 2023 Results
Core operating cash flows*1	790.0	* 871.0
Net investment cash flows*2	47.0	(393.0)
Core free cash flows	837.0	478.0

*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

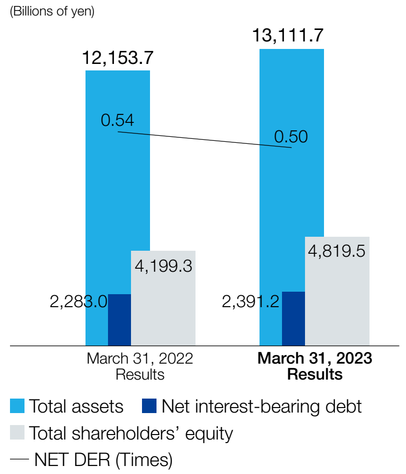


Financial Position

(Billions of yen)	March 31, 2022	March 31, 2023	Increase / Decrease
Total assets	12,153.7	* 13,111.7	+958.0
Net interest-bearing debt	2,283.0	2,391.2	+108.2
Total shareholders' equity	4,199.3	* 4,819.5	+620.2
Ratio of shareholders' equity to total assets	34.6%	* 36.8%	Increased 2.2pt
NET DER	0.54 times	* 0.50 times	Improved 0.05
ROE	21.8%	17.8%	Decreased 4.1pt

* Record high (NET DER : Best record, Total assets and Total shareholders' equity are record high as fiscal year end)

Financial Position



FYE 2024 Management Plan

In FYE 2024, the final year of "Brand-new Deal 2023," Japan's economy is expected to recover to a certain degree due to such factors as continuing low interest rates, wage rises and higher consumer spending, and an increase in demand from visitors to Japan. Overseas, however, the business environment is expected to remain extremely uncertain, with concerns about downward pressure on the global economy being caused by such factors as an economic slowdown due to further inflation and the persistently high interest rate level that is resulting from the monetary tightening policies being pursued mainly by major North American and European central banks, the slow pace of economic recovery in China due to sluggish export growth, etc., and uncertainty over geopolitical risks, including the unresolved Russia–Ukraine situation. In this business environment, ITOCHU will realize sustained enhancement of corporate value by stepping up measures in line with its 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."

Quantitative and Qualitative Targets

Quantitative Targets

FYE 2024 profit plan: Consolidated net profit of ¥780.0 billion

Core profit expected to reach ¥800.0 billion, which renews the highest record for the third consecutive year due to the growth in the non-resource sector.

Brand-new Deal 2023 Basic Policy Qualitative Targets

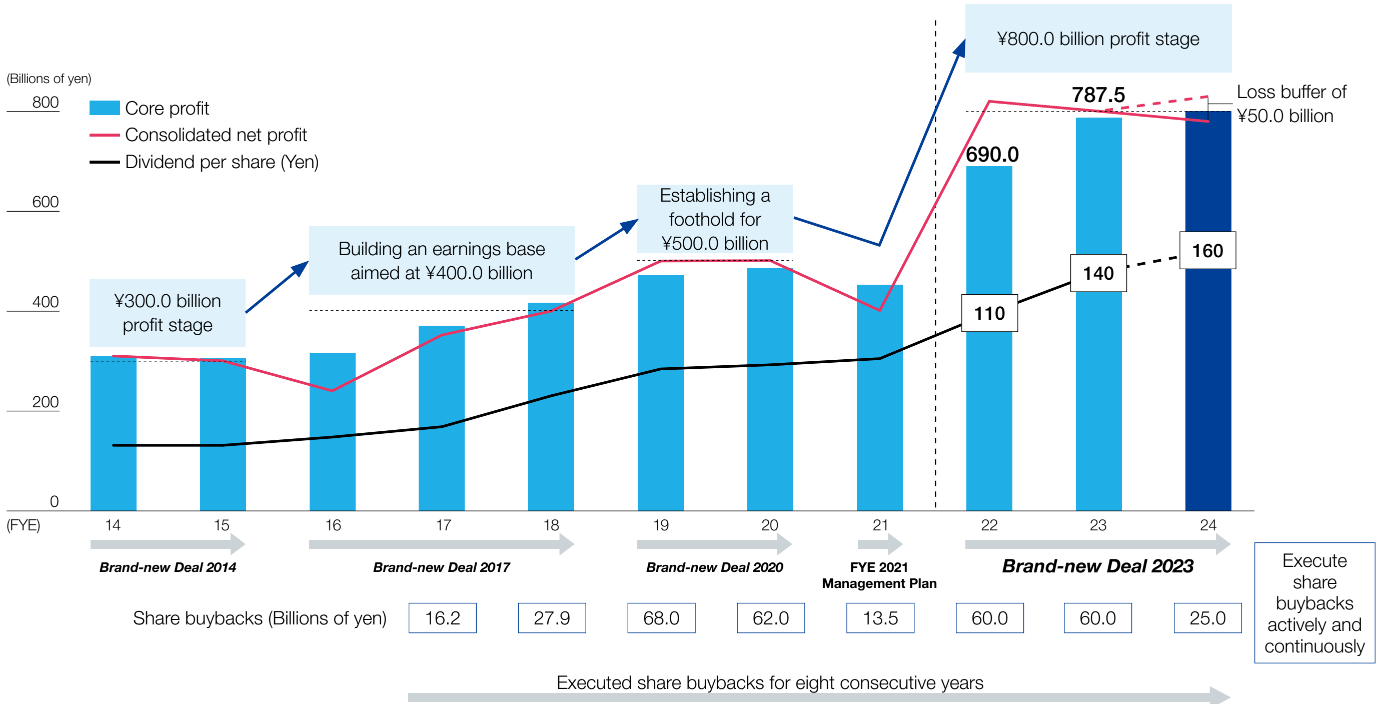
Realizing business transformation by shifting to a market-oriented perspective
Profit opportunities are shifting downstream

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.

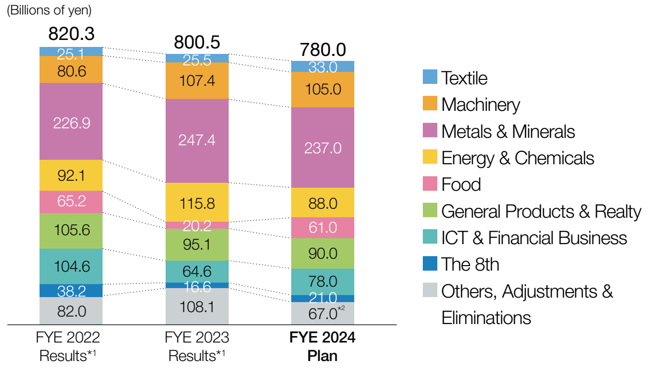
Enhancing our contribution to and engagement with the SDGs through business activities "*Sampo-yoshi* capitalism"

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)		FYE 2022 Results	FYE 2023 Results	FYE 2024 Plan
Non-resource	Core profit	Approx. 500.0	Approx. 574.5	Approx. 590.0
	Extraordinary gains and losses	110.0	13.5	30.0
	Consolidated net profit	610.3	587.8	620.0
Resource	Core profit	Approx. 199.0	Approx. 216.5	Approx. 210.0
	Extraordinary gains and losses	22.5	(1.0)	0.0
	Consolidated net profit	221.6	215.6	210.0
Others	Consolidated net profit	(11.6)	(2.8)	(50.0)*2
Non-resource (%)*3	Core profit	72%	73%	74%

*1 On July 1, 2019, The 8th Company was established, and ITOCHU began mutual holdings in which The 8th Company was the minority shareholder and the other Division Companies were the majority shareholders. On October 1, 2022, ITOCHU dissolved such mutual holdings. Therefore, the results from FYE 2022 to FYE 2023 have been presented based on the dissolution of the mutual holdings.
*2 Includes a loss buffer of ¥50.0 billion
*3 % composition is calculated using the total of non-resource and resource sectors as 100%.

Financial Position, Cash Flows, and Ratio Plan

	Brand-new Deal 2023 FYE 2022	FYE 2023	FYE 2024 Plan
Core operating cash flows (Billions of yen)	790.0	871.0	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	(393.0)	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	213.0	
NET DER (Times)	0.54	0.50	B/S control appropriate for A ratings [NET DER: about 0.7–0.8 times]
Shareholders' equity (Trillions of yen)	4.2	4.8	
ROE (%)	21.8	17.8	Maintaining high-efficiency [ROE: about 13–16%]

Shareholder Returns Policy

Dividends

- Dividend per share is ¥160 per share, an increase of ¥20 from the previous fiscal year. Achieving the progressive dividend policy (consecutive increase in dividends) and 30% payout ratio.

Share Buybacks

- Actively and continuously execute share buybacks in consideration of the market conditions and situation of cash allocation, achieving a total payout ratio of 33% or more.

Based on our conservative initial profit plan, we will execute additional shareholder returns, aiming at 40% total payout ratio when we revise upward the forecast during the fiscal year.

Assumptions

	FYE 2022 Results	FYE 2023 Results	FYE 2024 Plan	(Reference) Sensitivities on consolidated net profit for FYE 2024
Exchange rate (Yen/US$ Average)	111.54	134.48	130	Approx. ¥(3.3) billion (1 yen appreciation against US$)
Exchange rate (Yen/US$ Closing)	122.39	133.53	125	—
Interest rate (%) TIBOR 3M (¥)	0.06%	0.07%	0.1%	Approx. ¥(0.4) billion (0.1% increase)
Interest rate (%) LIBOR 3M (US$)*1	0.24%	3.52%	—	—
Interest rate (%) SOFR 3M (US$)*1	—	3.29%	5.0%	Approx. ¥(0.3) billion (0.1% increase)
Crude oil (Brent) (US$/BBL)	79.92	95.07	75	±¥0.27 billion*4
Iron ore (CFR China) (US$/ton)	154*2	117*2	N.A.*3	±¥1.54 billion*4

*1 Due to the cessation of LIBOR publication in June 2023, the US$ benchmark interest rate has been changed to Term SOFR.
*2 FYE 2022 and FYE 2023 prices for iron ore are prices that ITOCHU regards as general transaction prices based on the market.
*3 The prices of iron ore used in the FYE 2024 Plan are assumptions made in consideration of general transaction prices based on the market. The actual prices are not presented, as they are subject to negotiation with individual customers and vary by ore type.
*4 The above sensitivities vary according to changes in sales volume, foreign exchange rates, production cost, etc.

Countermeasures for Business Risks and Other Risks

Due to the diverse and extensive nature of its businesses, the Group is exposed to a wide range of risks, including complex market-related risk, credit risk, and investment risk. As uncertainties that are highly difficult to predict are inherent with our businesses, 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 74
(2) Market Risk	
a) Foreign Exchange Rate Risk	
b) Interest Rate Risk	
c) Commodity Price Risk	
d) Stock Price Risk	
(3) Investment Risk	▶ Page 58
(4) Risks Associated with Impairment Loss on Fixed Assets	
(5) Credit Risk	
(6) Country Risk	
(7) Risks Associated with Fund-raising	▶ Page 54

Risk Description	
(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 30
(12) Risks Associated with the Environment and Society	▶ Page 76
(13) Risks Associated with Natural Disasters	
(14) Risks Associated with Information Systems and Information Security	

For details, please refer to "Risk Information" in the Financial Information Report.
https://www.itochu.co.jp/en/files/FIR2023E.pdf

RISK 6
Country Risk

The ITOCHU Group is exposed to various country risks, including unforeseen situations arising from the political, economic, and social conditions of the overseas countries and regions in which the Group conducts product transactions and business activities. Country risk also includes the potential for 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 mitigation measures for each project while using in-house country credit ratings to establish Groupwide guidelines on limits for each country, and to maintain overall exposure to each country at a level that is appropriate considering the Group's financial strength.

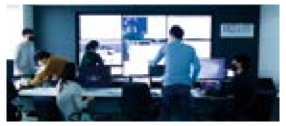
(1) Russia-Related Business

As of March 31, 2023, ITOCHU's exposure to Russia was ¥35.0 billion. ITOCHU swiftly responded to the current Russia–Ukraine situation and quickly implemented "prevent" measures in an effort to reduce future risks, such as conducting reviews of assets owned in Russia. An affiliated company of ITOCHU is involved in aircraft leasing and other businesses in Russia, and had already recognized all relevant losses in FYE 2023 based on then-current situation. From the perspective of stably securing energy sources for Japan, the Company owns an interest in part of the Sakhalin-1 crude oil concession in Russia through a joint venture led by the Japanese Government. However, in light of recent developments, the Company has already implemented conservative provisions for future concerns related to this project. Regarding policies going forward, we will continue to collaborate closely with relevant parties such as the Japanese Government, which is the largest shareholder in the joint venture, and other partners.

(2) China-Related Business

As of March 31, 2023, exposure to China was ¥1,330.1 billion. China's current economic state suggests that consumer activity has returned to normal following the lifting of the zero-COVID policy. However, the recovery in consumer spending and real estate investment has been lower than forecast, due to delayed improvement in employment, income levels and real estate markets. Furthermore, the economy is expected to face the stagnation of exports due to a slowdown in the economies of Europe and the United States.

ITOCHU has three types of China-related businesses: investment to CITIC, iron ore trading to China, and other trade and business investments. Given that it is a Chinese state-owned conglomerate, CITIC is expected to perform steadily thanks in part to the Chinese Government's longstanding policy of strengthening state-owned enterprises. We are working to reduce risks related to iron ore trading to China, such as using price hedging when appropriate while paying close attention to the balance of supply and demand, including trends in the Chinese Government's economic stimulus policies. 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 areas such as advanced technologies, which is currently the subject of 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 strives to establish security rules and enhance its security infrastructure. ITOCHU Group companies have long been required to meet the ITOCHU Group Information Security Minimum Standards as a minimum level of compliance. Furthermore, we have strengthened information security measures by establishing the ITOCHU Computer Emergency Readiness, Response & Recovery Team (ITCCERT). This permanent in-house cybersecurity team is mainly comprised of advanced cybersecurity analysts.

Furthermore, in FYE 2023, in order to further strengthen cybersecurity, we introduced a new framework that can judge the cybersecurity risks of each Group company based on the industry, business model, company size, etc., and determine the effective measures and operation systems based on the results. To support the operations of ITOCHU and each Group company's sustainable and effective cybersecurity structure based on the framework, we established ITOCHU Cyber & Intelligence Inc. in February 2023 and transferred and expanded ITCCERT's functions. This company has a highly specialized cybersecurity team that collects information on the latest threats, analyzes risks, monitors security, and practices drills for simulated attacks on its systems. The company also provides cybersecurity programs that package together operations that require a wide range of advanced expertise. This company has already provided these programs to ITOCHU, seven overseas offices, and about 50 Group companies. We plan to expand the scope of these programs to cover around 200 Group companies by FYE 2026 in an ongoing effort to strengthen the Group's resilience in relation to information security.

Tomoyuki Takada
CDO·CIO*;
Executive Advisory Officer for Corporate Communications Division
* Chief Digital & Information Officer

CDO·CIO COMMENT

Strengthen the Business Foundation through Utilizing Specialized Personnel

I was newly named the CDO·CIO.

The CDO·CIO supervises the IT & Digital Strategy Division, which is responsible for the Group's information security measures and digitalization strategies, and the Research & Business Development Division, which is responsible for creating overseas policies and taking care of diplomatic relations with foreign dignitaries. These are two highly specialized fields that underpin the Company's businesses. Given my career having served for a long time in positions related to corporate communication, I have been engaged in a wide range of fields, such as the Company's business overall, and analysis and research of economic trends, politics, and the latest technologies.

After becoming the CDO·CIO and supervising such tasks as creating information security measures, digitalization strategies, and overseas policies, I have come to understand the true importance of specialized personnel who have a wealth of expertise related to the constantly changing economic trends, political landscape, technologies, and other matters including the knowledge for the Company's businesses overall. In order to be able to hire highly skilled personnel in these specialized fields, ITOCHU adopts special employment conditions for each of companies, such as salary and commuting systems, which are different from ITOCHU. Under the IT & Digital Strategy Division, ITOCHU Cyber & Intelligence Inc. has a team of cybersecurity analysts who understand the Group's diverse business fields support the cybersecurity operations of the Company and Group companies. In addition, the Research & Business Development Division has ITOCHU Research Institute Inc., which is the Group's in-house think tank. Economists specializing in specific regions and industries provide information relating to macroeconomics and politics in Japan and major regions of the world, and analysis of industrial and business trends to support the Group. Going forward, we will proactively train and cultivate the next generation of specialized personnel, for which demand is expected to grow.

Amid this uncertain business environment and in my role as the CDO·CIO, I will continue to accurately assess the rapidly changing social conditions with the support of our highly skilled personnel with expertise in specialized fields, and strengthen the Group's business foundation.

03

Steppingstones to Medium- to Long-Term Value Creation

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

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

Section Highlights

- ☑ **Financial and Capital Strategies**
- ☑ **Business Investment Process and Monitoring after Execution**
- ☑ **Overview of Our Business Model and Business Development**
- ☑ **Special Feature 2: Examples of Initiatives That Create Added Value by Polishing Our Existing Business and New Steppingstones**

Contents





Tsuyoshi Hachimura

Member of the Board,
Executive Vice President, CFO

CFO INTERVIEW

We will continue to enhance "high-quality management," maintaining financial and capital strategies that optimally combine "offense," "defense," and "preparations," without letting our guard down against rapid changes in the business environment.

Please explain your overall assessment of the financial and capital strategies in FYE 2023.

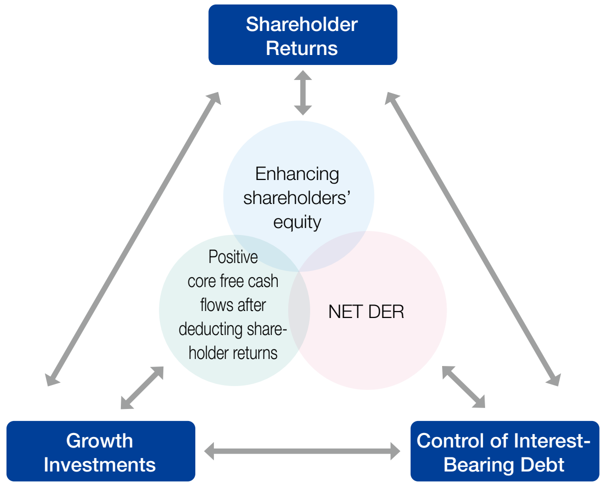
It was a year in which we saw solid results from our consistent financial and capital strategies.

Since becoming CFO in FYE 2016, I have repeatedly stated that it is important to balance three factors (shareholder returns, growth investments, and control of interest-bearing debt) by appropriately assessing the business environment at the time. I have therefore focused on realizing high ROE, achieving positive core free cash flows after deducting shareholder returns, and thoroughly conducting hands-on management. It has been especially important these past few years, with the business environment changing rapidly, that we had to be mindful of both the equity side as well as the credit side, which at times conflict with each other, without tilting too much to either side. I believe executing well-balanced and consistent financial and capital strategies leads to highly efficient "high-quality management," which will ultimately bring sustainability to our corporate value enhancement.

In line with this belief on the equity side, ITOCHU's share price during the period of the medium-term management plan "Brand-new Deal 2023 (FYE 2022–2024)" set 43 record highs as of August 31, 2023. This was driven by a rise in our profit level to the ¥800.0 billion stage, and the consistent shareholder returns policy laid out subsequently, as well as being buoyed in part by yen depreciation and the "Buffett effect." We think that this steady increase in share price shows the high expectations of investors and shareholders, as well as the high evaluation they continue to extend to the Company's management.

We also made progress on the credit side. ITOCHU's credit rating was upgraded in FYE 2023 by the major overseas rating agency Moody's, as well as major Japanese rating agencies Rating & Investment Information (R&I) and Japan Credit Rating Agency (JCR). In particular, the upgrade by Moody's marked the first upgrade in credit rating for Japanese companies with an A rating since FYE 2020. As a result, we have secured the highest rating among general trading companies from every rating agency. Since our rating was last upgraded in FYE 2018, and especially since FYE 2022 when the anticipations of the post-pandemic recovery were heightened, expectations of shareholder returns for general trading companies have been high. To meet the expectations, ITOCHU has steadily enhanced its shareholder returns. However, amid a highly uncertain business environment, I have crafted and implemented consistent financial and capital strategies with the strong belief that

Achieve High ROE While Balancing Three Factors



reinforcing shareholders' equity and improving financial indicators are essential and ultimately ensure stable corporate management and higher corporate value. The fact that ITOCHU refined its highly efficient earnings base and cash generation capability, together with executing financial and capital strategies that create a virtuous cycle leading to the further improvement of our financial indicators and reinforcement of shareholders' equity, which increases risk resilience, led to the upgrades from the credit rating agencies. This enabled more flexible and diverse funding, further widening our options including bond issuances, and is sure to be a significant advantage to ITOCHU as we continue to consider growth investments, especially while the uncertainties lingering ahead.

Numerous IR activities underpin these efforts. In addition to securing its credit rating, the Company focuses on compiling the annual report as its most fair disclosure tool. ITOCHU delivered solid achievements last fiscal year, including receiving the highest evaluation from all three major awards for the annual report, which was the first accomplishment in Japan. We believe this kind of steady enhancement of non-financial capital, coupled with the aforementioned expansion of financial capital, will lead to higher overall corporate value, and ITOCHU will continue to commit to engaging in proactive IR activities.

What is the shareholder returns policy for FYE 2024?

As always, we commit to the steady enhancement of shareholder returns that are not swayed by economic volatility.

The two key points of our basic shareholder returns policy during the period of "Brand-new Deal 2023" are, "implementation of incremental increase to the minimum dividend and achieving a dividend payout ratio of 30% by FYE 2024" and "actively and continuously executing share buybacks." The meaning of "actively and continuously" regarding share buybacks is that, in the event that the dividends based on our progressive dividend policy seem to fall short, we will assess the status of surplus capital at the time and continuously conduct share buybacks in an effort to enhance shareholder returns.

In early October 2022, we announced the "Upward Revision of FYE 2023 Forecast and Additional Shareholder Returns." After revising our FYE 2023 forecast for consolidated net profit upward to ¥800.0 billion, we announced a ¥30 year-on-year increase in dividend per share (DPS) to ¥140, equivalent to a dividend payout ratio of 25.6%, and share buybacks totaling ¥35.0 billion. As ITOCHU aims to achieve a dividend payout ratio of 30% by FYE 2024, the market seemed to feel that this fell somewhat short. To meet market expectations amid this situation, we announced additional share buybacks of ¥25.0 billion in February 2023 for a cumulative total of ¥60.0 billion. By raising the total payout ratio to 33%, we showed our stance to the market that ITOCHU would stand by its commitment of achieving a dividend payout ratio of 30% by FYE 2024, the final year of our medium-term management plan.

In light of this development, for the initial plan for FYE 2024, we announced a ¥20 year-on-year increase in DPS to ¥160, a dividend payout ratio of 30%, along with consolidated net profit of ¥780.0 billion. At the same time, we stated our policy of ensuring the total payout ratio does not fall below 33%, which we reached in FYE 2023.

As for the share buyback announced in August 2023, our intention is to fulfill the commitment made at the beginning of the fiscal year by conducting the ¥25.0 billion as quickly as possible in the first place. Additionally, by extending our track record for share buybacks to eight consecutive years, we demonstrate the continuity of our policies. We will always focus on "actively and continuously," and enhance our shareholder returns in FYE 2024.

A Positive Cycle of Dialogue and Corporate Value Enhancement

Under the initial plan for FYE 2024, we announced that when we revise the forecast upward during the fiscal year, we would execute additional shareholder returns eyeing a total payout ratio of 40%. In order to meet market expectations for the final year of the medium-term management plan, in which we are at the ¥800.0 billion stage, we will first focus on firmly achieving the second quarter numbers, assess the future progress and growth expectations, and consider an upward revision.

What is your policy for growth investments in FYE 2024?

We will continue to consider and promote growth investments that contribute to the interests of all stakeholders.

The current medium-term management plan is the third plan announced since I became CFO. Under "Brand-new Deal 2017 (FYE 2016–2018)," core operating cash flows for the three-year period comprised inflows of ¥1,255.0 billion and net investment cash outflows of ¥970.0 billion, due in part to our investment in CITIC. Core free cash flows after deducting ¥318.0 billion of shareholder returns were close to zero. Over the three years of this medium-term management plan, the ratio of shareholder returns to investments was approximately one for shareholder returns and three for investments. Next, under "Brand-new Deal 2020 and the FYE 2021 Management Plan (FYE 2019–2021)," core operating cash flows for the three years comprised inflows of ¥1,691.0 billion and net investment cash outflows of ¥1,065.0 billion, due in part to privatization of FamilyMart. Core free cash flows after deducting ¥529.0 billion of shareholder returns turned positive at approximately ¥100.0 billion. Over the three years, the ratio of shareholder returns to investments was approximately one for shareholder returns and two for investments. The ratio of shareholder returns was higher than the ratio during "Brand-new Deal 2017." During the six years of these two medium-term management plans, although we invested in major projects that form our current foundation for growth, including the investment in CITIC and privatization of FamilyMart, we have maintained positive core free cash flows after deducting shareholder returns. In addition, consolidated net profit have almost doubled over these six years, expanding from approximately ¥400.0 billion to approximately ¥800.0 billion.

Finally, due in part to the steady accumulation of operating cash flows, core operating cash flows were approximately ¥1,661.0 billion positive during the previous two years (FYE 2022–2023) under "Brand-new Deal 2023." While net investment cash outflows were approximately ¥346.0 billion, due in part to asset replacements and advanced divestments. Core free cash flows after deducting ¥488.0 billion of shareholder returns for the previous two years remained positive at ¥827.0 billion. Although we have not disclosed a forecast for core operating cash flows in FYE 2024, if the level remains similar to that of the past two years, because we have already committed to a dividend payout ratio of 30% and a total payout ratio of 33%, shareholder returns will be approximately ¥260.0 billion, and core free cash flows after deducting shareholder returns will be ¥500.0–¥600.0 billion. Similar to the two previous medium-term management plans, if core free cash flows after deducting shareholder returns are to be zero or just above zero for the three years of the current medium-term management plan, we would add ¥500.0–¥600.0 billion of core free cash flows after deducting shareholder returns in FYE 2024 to the ¥827.0 billion of core free cash flows after deducting shareholder returns generated in the previous two years. The total, excluding the capital expenditure which occurs regularly and additional shareholder returns, would be the investable amounts in FYE 2024.

In FYE 2024, including the tender offer bids (TOB) for CTC and DAIKEN CORPORATION, which were announced in August 2023, we have already built up a highly probable investment pipeline in each sector, and are planning to increase cash allocation to growth investments. We, of course, do not believe we will be able to execute every investment in the pipeline, but will maximize growth investments with the goal of boosting our current profit stage to beyond the ¥800.0 billion level. We will also continue "preparations" to maintain high ROE through sustained profit expansion.

In my ninth year as CFO, I held interviews with investors and shareholders, including members of Berkshire Hathaway Inc., who visited Japan in April 2023. I also represented ITOCHU in discussions with credit rating agencies. With a firm recognition of the significance of these actions, I will fulfill my duties as CFO. As I enter my sixth year as Chair of the Investment Consultative Committee, I promise to consider and promote growth investments that contribute to the interests of all stakeholders, by fully exercising my capabilities, following comprehensive assessments of the current economic situation, the trend toward sustainability, as well as lessons learned from our past investments.

Business Results of Each Medium-Term Management Plan

(Billions of yen)	*Brand-new Deal 2017* (FYE 2016–2018)	*Brand-new Deal 2020* *& FYE 2021 Management Plan* (FYE 2019–2021)	*Brand-new Deal 2023* Two years results among three years plan (FYE 2022–2023)
Consolidated net profit (average)	Approx. 331.0	Approx. 468.0	Approx. 810.0
Core profit (average)	Approx. 367.0	Approx. 470.0	Approx. 739.0
Core operating cash flows (cumulative)	Approx. 1,255.0	Approx. 1,691.0	Approx. 1,661.0
Net investment amount (cumulative)	Approx. (970.0)*1	Approx. (1,065.0)*2	Approx. (346.0)
Total shareholder returns (cumulative)*3	Approx. (318.0)	Approx. (529.0)	Approx. (488.0)
Core free cash flows after deducting shareholder returns (cumulative)	Approx. (33.0)*1	Approx. 97.0*2	Approx. 827.0
EPS (average)	¥211.3	¥309.8	¥549.5
ROE (average)	13.8%	15.9%	19.8%

*1 Including investment in CITIC (approximately ¥600.0 billion)
*2 Including privatization of FamilyMart (approximately ¥520.0 billion)
*3 Total of interim and year-end dividends and share buybacks

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)

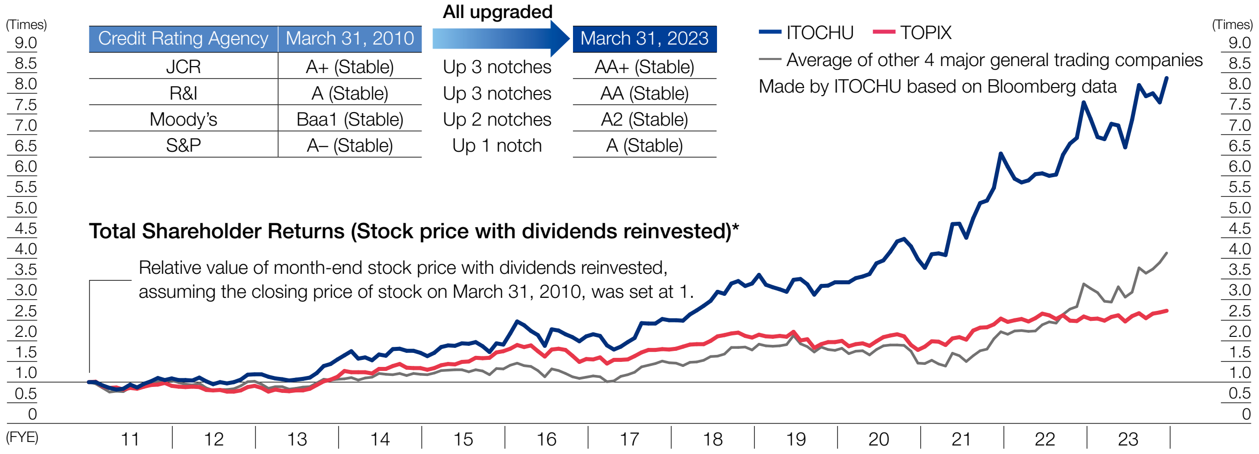
FYE 2011
Stock price ¥784
PER 7.9 times
PBR 1.1 times

FYE 2023
Stock price ¥3,954
PER 7.6 times
PBR 1.3 times

All upgraded

Credit Rating Agency	March 31, 2010		March 31, 2023
JCR	A+ (Stable)	Up 3 notches	AA+ (Stable)
R&I	A (Stable)	Up 3 notches	AA (Stable)
Moody's	Baa1 (Stable)	Up 2 notches	A2 (Stable)
S&P	A– (Stable)	Up 1 notch	A (Stable)

Total Shareholder Returns (Stock price with dividends reinvested)*

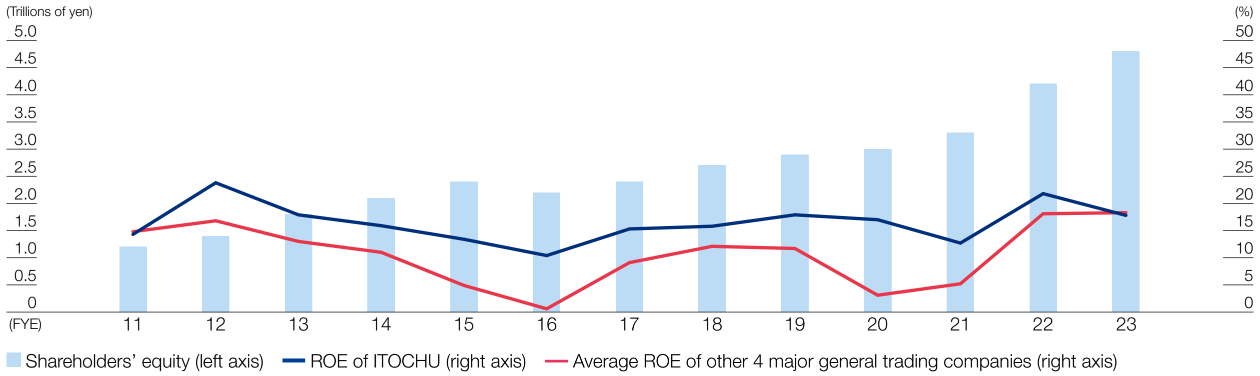


TSR* as of March 31, 2023

Ownership Period	1 year	2 years	3 years	4 years	5 years	10 years
ITOCHU	7.5%	27.9% (13.1%)	110.4% (28.1%)	144.5% (25.0%)	146.6% (19.8%)	440.4% (18.4%)
TOPIX	5.6%	7.7% (3.8%)	53.3% (15.3%)	38.7% (8.5%)	31.6% (5.7%)	141.7% (9.2%)
Average of other 4 major general trading companies	18.6%	79.0% (33.8%)	166.3% (38.6%)	120.7% (21.9%)	124.3% (17.5%)	294.2% (14.7%)

* Total Shareholder Returns (TSR): Returns 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, 2023. (Figures in brackets are rate of returns converted to the annual average by the geometric mean.)

ROE and Shareholders' Equity



03 Steppingstones to Medium- to Long-Term Value Creation

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. As our investments have become larger and our growth investments have accumulated in recent years, we have been identifying various risks and thoroughly scrutinizing the appropriateness of business plans and acquisition prices, while our administrative divisions have been utilizing their expertise and cumulative know-how to conduct even more stringent inspections. 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 and conducting hands-on management. Also, to enhance business earnings and exit quickly from low-efficiency assets, we are further strengthening monitoring procedures centered on instituting more rigorous exit conditions and thoroughly implementing periodic business investment reviews. In addition, through cross-divisional internal training across Division Companies, we share the lessons learned from reviewing 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

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 makes a final decision.

↓

Investment Consultative Committee*

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, its vice-chairperson is the CSO, and its core members are the CAO, the CDO·CIO, 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.

↓

Headquarters Management Committee (HMC)

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

↓

Board of Directors

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, taken into consideration of the Company's cost of capital (8%).
- 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 60 Exit Criteria for Business Investment

Sharing the Lessons Learned

"Unforgettable" Training Based on Cases of Investment Failures
We internally share the lessons learned from analyzing 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 2023, we conducted five training sessions with specific examples, in which a large number of employees from business divisions and administrative divisions participated.
(▶ Page 60 The Four Lessons for Investments)

Asset Replacement

Promoting replacement of low-efficiency assets that meet exit criteria for business investment as well as businesses that have lost strategic significance
(▶ Page 64 Asset Replacement That Took Advantage of Changes in the Business Environment (Belong Inc.))

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

Measures after Investees Met Exit Criteria for Business Investment

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 policies for holding business investments, 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.

	Business Investment to Be Exited	Business Investment to Be Held Continuously
Progress Follow-Up	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 progress of improvement plans is checked, and the holding policy is then carefully reanalyzed.

Decision-Making Process

HMC: HMC approval is required if a Division Company's policy is continuing to hold a business investment that meets exit criteria for business investment. In conducting HMC deliberations, the ALM Committee* conducts prior deliberations on the appropriateness of the Division Company's retention policy and the possibility of exit implementation.

* 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.

DMC: After verifying the appropriateness of improvement plans for low-efficiency business investments that meet exit criteria for business investment, the significance of holding respective business investments is carefully analyzed in the context of the Division Company's strategies, and a decision on holding policy is made by the Division Company's President.

Investees Met Exit Criteria for Business Investment

▶ Page 60

Periodic Monitoring (Including periodic review for business investment)

In addition to conducting a review one year after investment, we conduct periodic review for all business investment annually to review policies from qualitative (strategic significance, etc.) and quantitative (profit scale, investment efficiency, etc.) perspectives. Also, we formulate improvement measures for group companies and affiliates with issues related to deficits or dividend payouts, and we follow up on the progress of such companies throughout the year.

Execution of Investment

Business Divisions / Administrative Divisions

Enhancing corporate value continuously through collaboration between business divisions and administrative divisions

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.
(▶ Page 68 Polishing and Further Expanding the Earnings Base of the North American Construction Materials Business through a Hands-on Management Style)

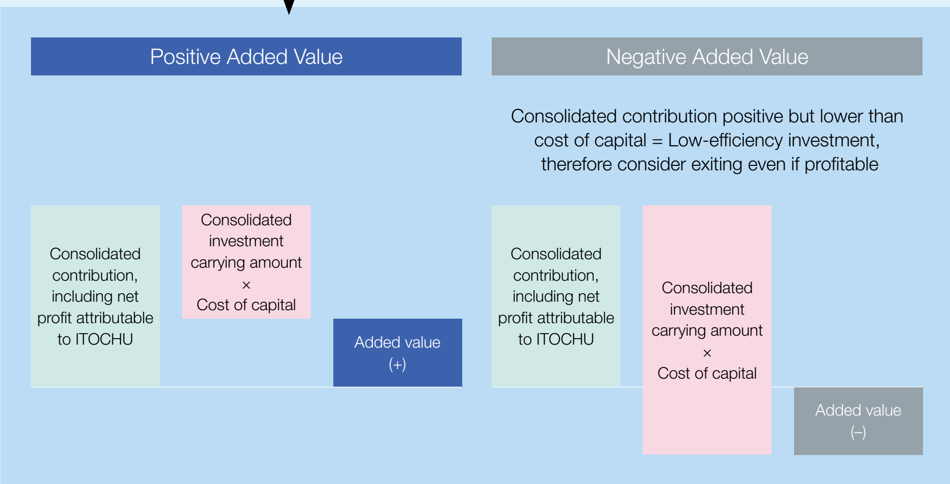
Exit Criteria for Business Investment

(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: The total of net profit and trade merit
*2 Cost of capital: Set according to industry (approximately 70) and country



The Four Lessons for Investments

ITOCHU has compiled the lessons learned from past investment failures as "the Four Lessons for Investments" and repeatedly shares the lesson through training sessions based on cases of investment failures and at various management meetings throughout the whole company. In this way, we ensure that the lessons are kept in mind when investment projects are being considered in frontline operations. "The Four Lessons for Investments" are as follows.

The Four Lessons for Investments (To Rigorously Prevent Below)

(1) Overpaying for investments	• Make investments at a low price to minimize future risk of impairment loss
(2) Investments aimed at seizing profit from investees	• Avoid shortsighted investments in a field or area with limited insight that only target current profit contributions
(3) Overdependence on and overconfidence in partners	• Do not engage in projects where ITOCHU must rely on partners or sales from the specific customers
(4) Lack of hands-on management	• Do not engage in projects where ITOCHU cannot seize management control or take the initiative

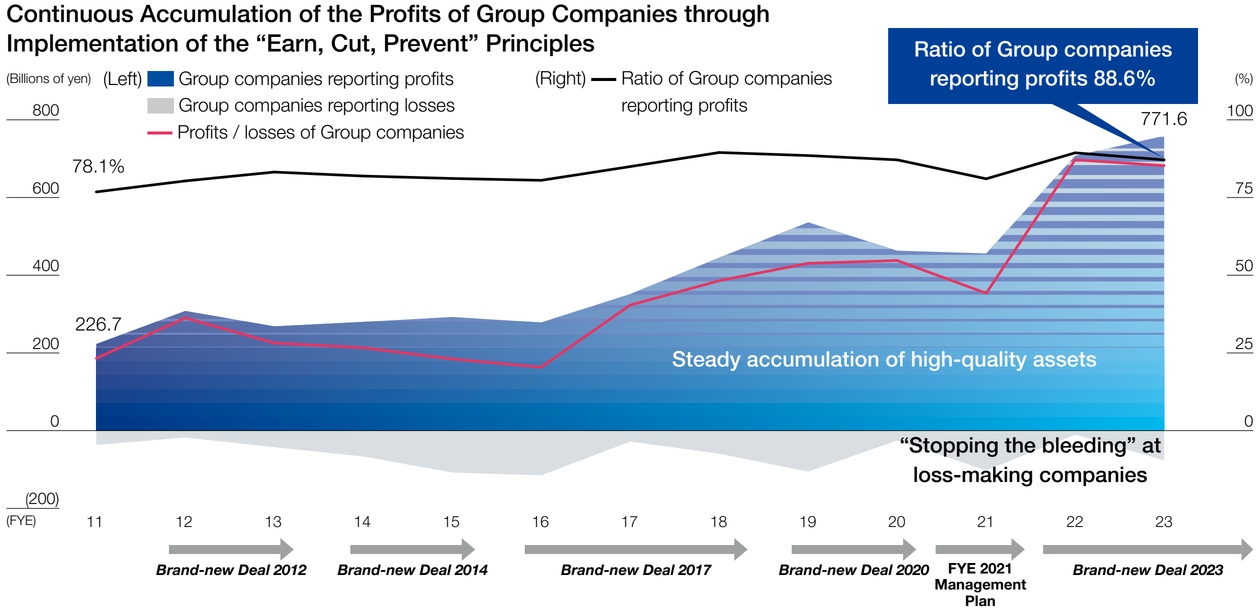
Training sessions based on cases of investment failures aim to understand the essence of past investment failures so that we avoid repeating the mistakes that led to them. The Global Risk Management Division prepares training materials based on interviews with relevant parties regarding the decision-making process at the time of investment and regarding discussions at the DMC*1 and the HMC*2. In FYE 2023, the training sessions included five specific examples, such as points to keep in mind in relation to projects purchased from investment funds or introduced by investment banks and examples of failures in overseas business investment. In the past, only mid-career employees participated in the training sessions. Beginning from FYE 2023, however, the scope was expanded to all employees, and a large number of employees participated in each training session. Through training sessions based on cases of investment failures, we will continue to utilize the lessons learned from the past in investment decisions and monitoring. In this way, we will strengthen and increase the rigor of measures that "prevent" the occurrence of unforeseen impairment losses, thereby heightening the success rate of investments.

*1 Division Company Management Committee
*2 Headquarters Management Committee

Enhancing the Corporate Value of Group Companies

ITOCHU enhances 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. Even in an uncertain business environment, the ratio of Group companies reporting profits remains at the high level of approximately 90%.

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



Group Companies Management Awards Program

ITOCHU has a Group Companies Management Awards Program that is aimed at invigorating the Group's management. The following is an overview of the awards for this program.

Best Management of the Year Award	Group companies (with profit from investees of ¥1.0 billion or more) that have achieved outstanding management results and helped enhance ITOCHU's consolidated financial results and the ITOCHU Group's value
Management Award	Group companies (with profit from investees of ¥0.2 billion or more) that have endeavored to improve management through market development, product or technology development, rationalization, and other measures to strengthen management efficiency
Chairman & CEO Special Award	Group companies that have realized noteworthy qualitative achievements

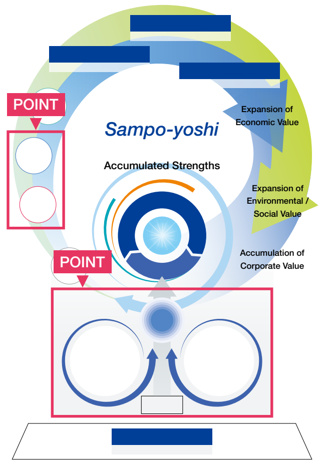
The criteria for selections include quantitative target achievement and year-on-year increase in profit from investees in relation to the "earn" principle as well as year-on-year improvement in the ratio of SG&A expenses to gross trading profit in relation to the "cut" principle, with Group companies required to satisfy multiple criteria.

Each Division Company nominates Group companies that satisfy both qualitative and quantitative criteria, and the final award winners are determined by the HMC. At the awards ceremony, prize money is also granted to the award-winning company to allow executives and employees of the companies to share in their joy and contribute to heighten their motivation.

The 37th Group Companies Management Awards ceremony

Our Business Model, as Seen through Business Development

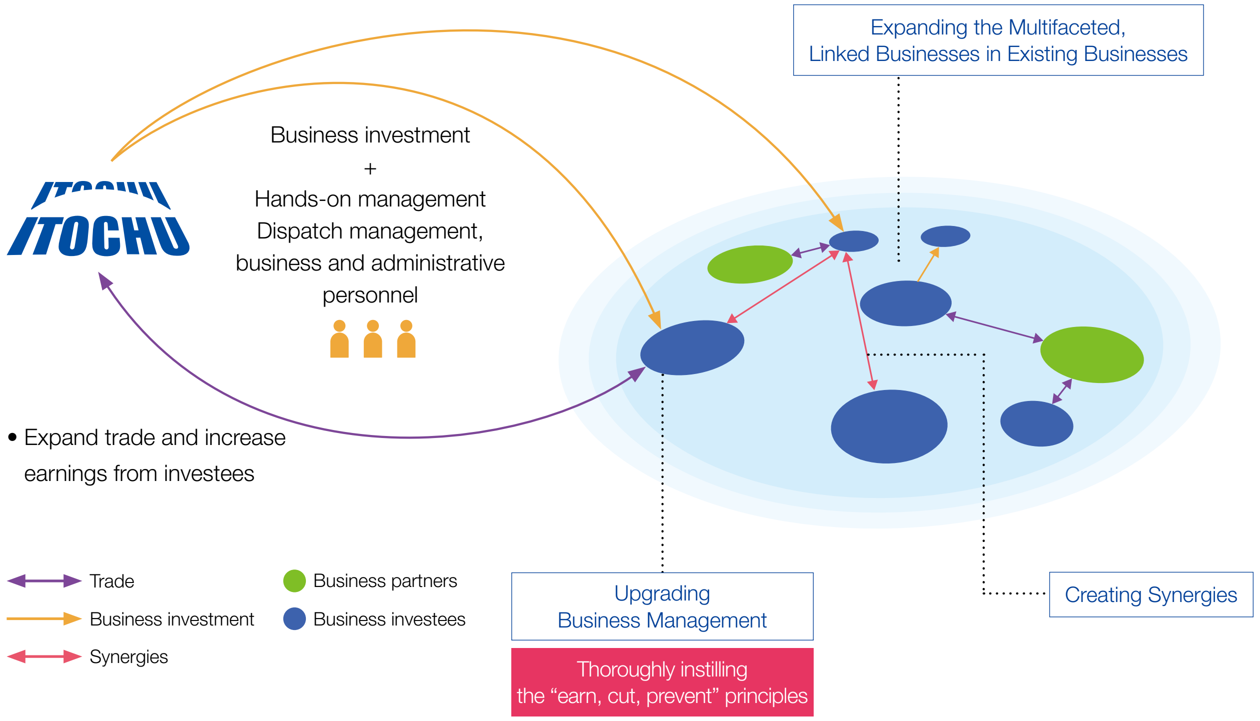
By utilizing financial and non-financial capital, focusing on fields where we can demonstrate strengths, and creating multifaceted, linked businesses, we strive to enhance the earning power of our trade and business investment. By leveraging our business know-how and client and partner assets, we expand 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.



Action Principles

Forming Domains and Expanding Multifaced, Linked Business through Trade and Business Investment

We utilize our accumulated financial and non-financial capital to develop businesses through both 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 and implementing a hands-on management, while creating multifaceted, linked businesses through new trade and creating synergies.



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

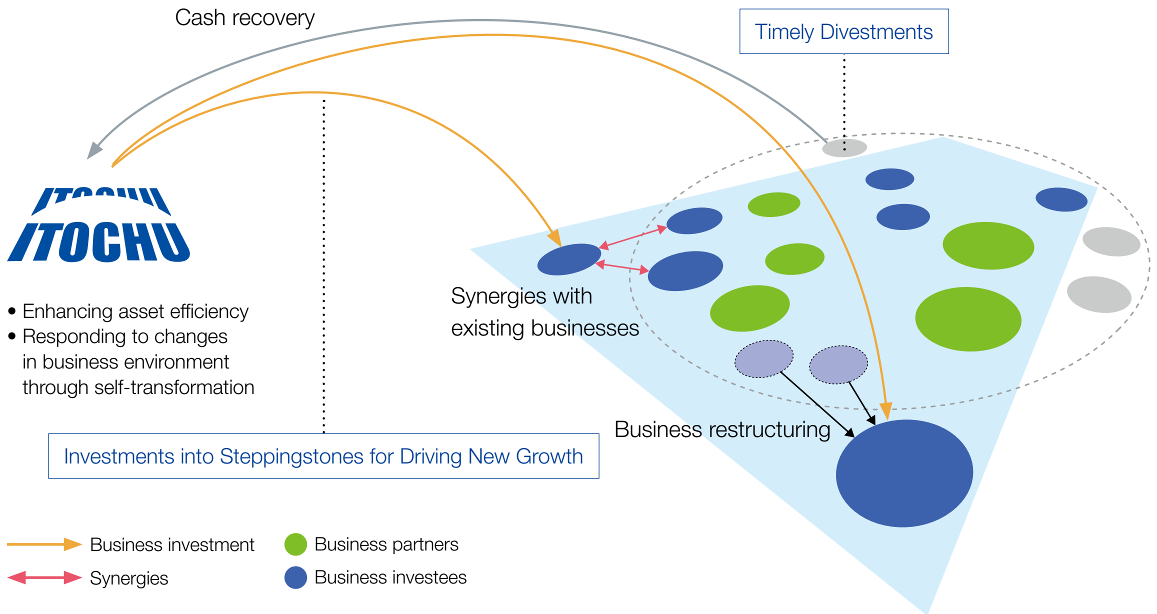
Business Investment
- Concentrating capital in fields and regions where we have expertise
- Securing goods (raw materials and products)
- Acquiring customer contact points

▶ Page 64 Frequently Asked Questions about Our Business Model

Responding to Changes in the Business Environment

Building a Robust Earnings Base through Asset Replacement

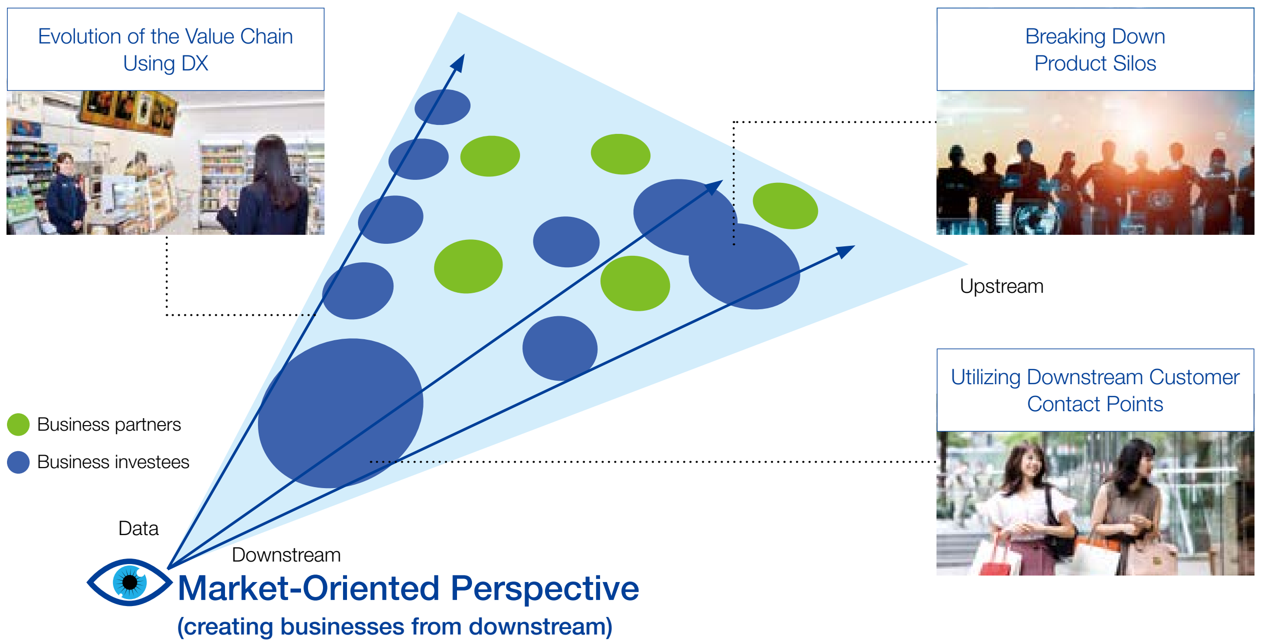
We precisely assess changes in the business environment and execute cash recovery by business restructuring and exiting from assets that have lost strategic significance from the viewpoint of asset efficiency and risk management. By reinvesting the recovered funds into new strategic areas, we are building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



Meeting Consumer and Social Needs

Upgrading Our Business Model from a Market-Oriented Perspective

We will build a business model that caters to consumer and social needs by shifting to a downstream-centered market-oriented perspective and by strengthening collaboration among Division Companies through breaking down product silos. Furthermore, we aim to expand our earnings base and improve asset efficiency through optimization of value chain by fully utilizing our real and digital customer contact points, and new technologies and data.



Frequently Asked Questions about Our Business Model

This section explains the key features of our business model and provides examples of it with the aim of addressing questions that are often asked by investors, shareholders, and other stakeholders.

Q1. What are differences between investment business of ITOCHU and typical 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, we are aware that there are differences in terms of dispatching our personnel, focusing on generating synergies with existing businesses, and enjoying returns centered on trading profits and dividends.

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

Q2. What are differences between trading business of ITOCHU and typical commodity trading companies?

Traditionally, general trading companies' core businesses are engaged in trade. By buying, selling, and brokering products, we build relationships with customers and partners, and form sales channel of all kinds of products and information networks that have global reach. Although there exist similarities in the trading of such resources as crude oil and iron ore, and grains that is handled by ITOCHU and typical commodity trading companies in terms of buying, selling, and brokering products through global networks, we are aware that there are differences in terms of the products handled, nature of trading and volatility, etc.

	Typical Commodity Trading Companies	ITOCHU
Products Handled	In principle, upstream market-sensitive commodities	All types of products, from upstream to downstream
Nature of Trading	Trading for speculative purposes and / or based on actual demand	In principle, trading based on actual demand
Volatility of Returns	High	Low
Personnel Attributes	In principle, expertise in a single product	In addition to expertise in a single product, knowledge of peripheral businesses
Synergies	In principle, none	Creation of synergies through broad value chains

Q3. Could you describe a specific case of asset replacement that took advantage of changes in the business environment?

One example of asset replacement in FYE 2023 was the sale of CONEXIO Corporation (CONEXIO). CONEXIO was a Group company that was originally spun off from ITOCHU's mobile phone agency business, and it had been contributed to the Group's profits over many years. However, as the business environment grew harsher in the mobile phone sales industry, such as declining sales of new devices, ITOCHU determined that accepting a tender offer for CONEXIO disclosed in FYE 2023 would further enhance the corporate value of both CONEXIO and the Company, and so we decided to implement strategic asset replacement. (▶ Page 95 Discussions at Meetings of the Board of Directors Related to an Individual Project)

Operation center at Belong Inc.

On the other hand, to take advantage of the growth in the used mobile phone device market against a backdrop of increasingly expensive new mobile devices and SDGs trends, we founded Belong Inc. in February 2019 as a foundation for building a new profit base. Leveraging the expertise that ITOCHU accumulated through the mobile phone device trade, along with the know-how and supplier network cultivated through mobile phone agency business, Belong Inc. buys back and sells used mobile phones and tablets with its own operation center for inspection, repair, storage, and delivery. In addition, Belong Inc. launched a business to rent out and buy back devices from corporate customers to address their needs for used mobile phones and tablets mainly due to rising prices of new devices. Furthermore, the company is working to diversify its businesses, such as starting an initiative to promote sustainability in food delivery businesses with Uber Eats Japan, Inc., with whom we are collaborating on a project to collect and reuse tablets.

Special Feature 2 Polishing Our Existing Business and New Steppingstones

By focusing on fields where we can demonstrate strengths, and creating multifaceted, linked businesses, we strive to achieve sustainable value creation. In this special feature, we will illustrate examples in which we create new added values by thoroughly polishing existing business and steadily setting new steppingstones.

Polishing Value Chain, Starting with FamilyMart and Steppingstones for Further Growth

Polishing and Further Expanding the Earnings Base of the North American Construction Materials Business through a Hands-on Management Style

Evolution of the Value Chain through Collaboration between CTC and Our Group of Digital Businesses

Polishing Value Chain, Starting with FamilyMart and Steppingstones for Further Growth

In the convenience store business starting with FamilyMart, ITOCHU Group companies are collaborating to build and strengthen value chains that extend from downstream to upstream areas. These collaborative initiatives are not limited to procuring high-value-added food products and their ingredients but also help increase the appeal of a wide range of products. For example, collaborative initiatives are contributing to the rollouts of the new "FAMIMARU" private brand for daily necessities and *Convenience Wear* apparel, which features differentiated designs. In many different fields, ITOCHU is leveraging its business foundations to transcend Division Company boundaries and enhance entire value chains. These efforts include strengthening efficient and stable logistics functions, building systems, and providing construction materials. As for new steppingstones aimed at sustained growth, The 8th Company is actively engaged in collaborative efforts to create new earnings sources, including advertising, media, and finance businesses.

Polishing Existing Business

FamilyMart socks: Launched in March 2021, 14 million pairs have sold, cumulatively

FamilyMartVision digital signage: aiming for introduction to 10,000 stores by 2023

"Famipay" app: Achieved 15 million downloads in March 2023, cumulatively

"Steppingstones" for Further Growth

Expansion of New Businesses by Leveraging Foundations

In new businesses, ITOCHU is accelerating the realization of profits by using stores as media through the installation of digital signage, by creating digital advertising businesses that leverages physical stores, and by strengthening finance businesses that utilize the "Famipay" app. Through the combination of digital media—including digital signage, apps, and digital advertising—as well as the fusion of digital and real, we aim to provide further value to our customers.

Reinforcement of the Foundations of the Convenience Store Business

We will provide superior customer experience value and enhance store profitability by fostering the new "FAMIMARU" private brand, developing more signature products, pursuing brand value enhancement that includes the strengthening of mainstay products, and expanding the customer base through stepped-up marketing approach based on the "Famipay" app and customer data analysis. In addition, by lowering store operating costs through utilizing new technologies such as AI to reduce manpower, we aim to expand and enhance store infrastructure.

Food Product and Peripheral Business

Food Products	
Ready-to-eat products (rice balls, boxed lunches, etc.)	■ Japan Food Supply Co., Ltd. ■ ITOCHU Food Sales and Marketing Co., Ltd. ■ ITOCHU FEED MILLS CO., LTD. ◆ CP Group, etc.
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.
Rooibos tea	■ ITOCHU Food Sales and Marketing 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, etc.

Intermediate Distribution

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.

Advertising and Media Business

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

Non-Food Product

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, etc.

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

Operational Support

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

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

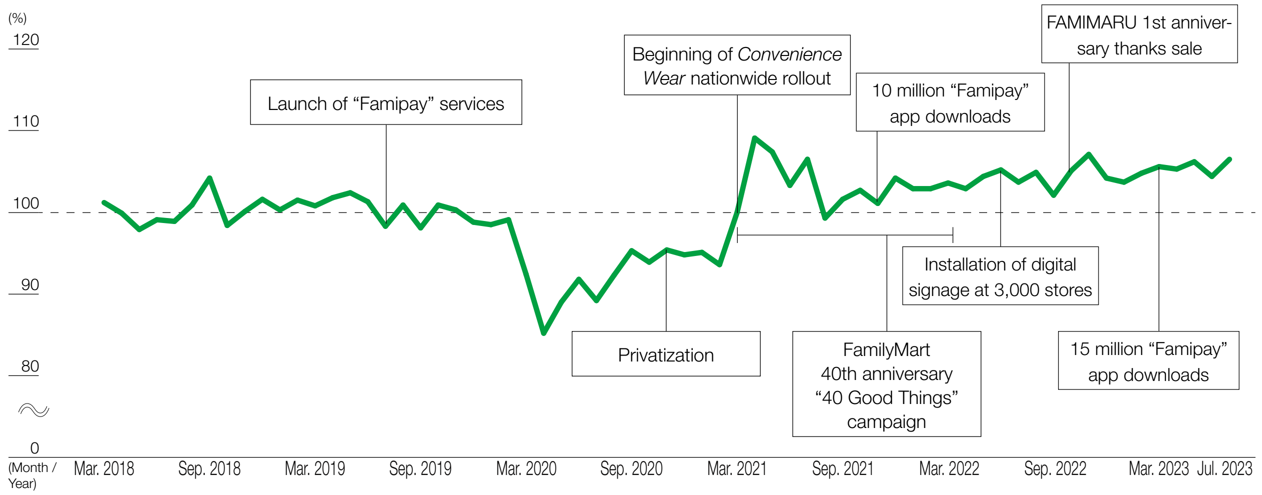
* All of the products and services listed are provided by ITOCHU Group (ITOCHU, subsidiaries, and affiliates) and ITOCHU's business partners.

■ Subsidiary ▲ Affiliated company ◆ Business partner ● ITOCHU

Daily Sales at Existing FamilyMart Stores (year on year)

The FYE 2021 privatization has enabled expedited implementation of product development and marketing measures more speedily than in the past. Thanks to the success of these measures, daily sales have increased year on year for 23 consecutive months.

Closely collaborating sales, product development, and marketing to continue the implementation of consistent measures

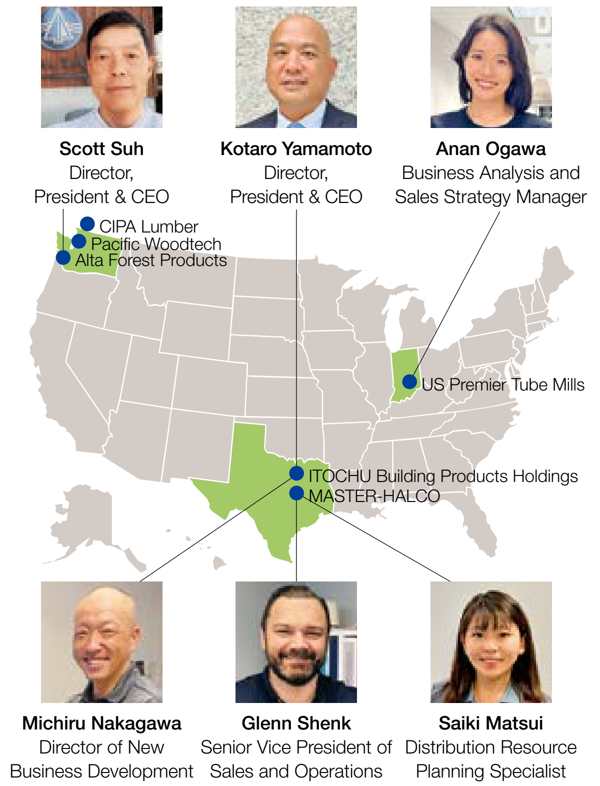


Polishing and Further Expanding the Earnings Base of the North American Construction Materials Business through a Hands-on Management Style

The hands-on management style practiced by ITOCHU is able to carefully refine each business by deploying ITOCHU's management, sales and administrative personnel to key positions and frontline operations at investee companies. Once positioned overseas, our employees become deeply embedded into the local operations as part of our hands-on management style. The Company's employees work closely with local employees to expand their company's business and sustainably enhance its corporate value after learning about the trade customs and cultures of a particular country.

The North American Construction Materials Business: In the Early 2010s

MASTER-HALCO, Inc. (MH) engages in the manufacturing and wholesale of chain link fences at its own manufacturing facilities and through its own sales offices and distribution network covering all of North America. Despite having a network of prime customers including major home improvement retailers, MH continued to see losses in its operations since the global recession of 2008. ITOCHU had considered exiting the business. However, given the robust forecast called for continued strong growth in the North American market, etc., we decided to implement efforts to restructure MH by dispatching personnel well-versed in the North American business, and utilizing its hands-on management style.



Transition of the North American Construction Materials Business

	FYE 2016	FYE 2023
Number of locations	63	**93**
Number of employees	886	**2,160**
Number of seconded employees	11	**26**
Consolidated net income (Billions of yen)	1.4	**21.7**

Refining MH Business through a Hands-On Management Style: After the Late 2010s

Management Reform of MH

The top priority was to urgently eliminate the losses, so ITOCHU dispatched personnel experienced in practicing our "cut" and "prevent" principles to a wide range of positions, including top management and the front lines. In addition to closing unprofitable factories and branches, which had consistently generated losses in the past, we revamped MH's backbone system (ERP) that had not been renewed in about 20 years. We also established a management system capable of making detailed demand forecasts. These efforts succeeded, and we achieved profitability in FYE 2017. And to build an even more robust earnings base, we continued to promote further reforms. Utilizing our know-how gained from the business investment and trade, ITOCHU introduced refined pricing strategies, strict inventory management, and remuneration systems linked to profit rather than sales. In addition to these measures, marketing and sales activities were conducted mainly by local employees with a deep understanding of North American trade practices. As a result, our profit margin steadily improved, and we worked hard to strengthen our earnings base.

Expanding the Multifaceted, Linked Businesses in Existing Businesses

To achieve further profit growth and enhance customer services, multiple investments have been made in order to create synergies related to MH. We did not rely solely on acquisition candidates recommended by external sources, but instead conducted active research on our own to identify potential target companies based on our experiences and knowledge derived from our involvement with frontline operations, including the customers, competitors, and suppliers. Thus, we avoided overpaying and utilized know-how gained from the business reforms implemented at MH to improve its performance and swiftly realize latent synergies. In the North American construction materials business, we pursued multiple strategic acquisitions and swiftly identified market trends and consumer needs by thoroughly conducting hands-on management and strengthening frontline operations. Sharing such information among our relevant group companies has helped us to successfully reform businesses using a market-oriented perspective to rapidly reflect market trends in the management of each company, and to establish a business foundation, capable of implementing effective initiatives throughout the entire supply chain.

Acquisition of Alta Forest Products LLC (ALTA), a leading U.S. Wooden Fence Manufacturer

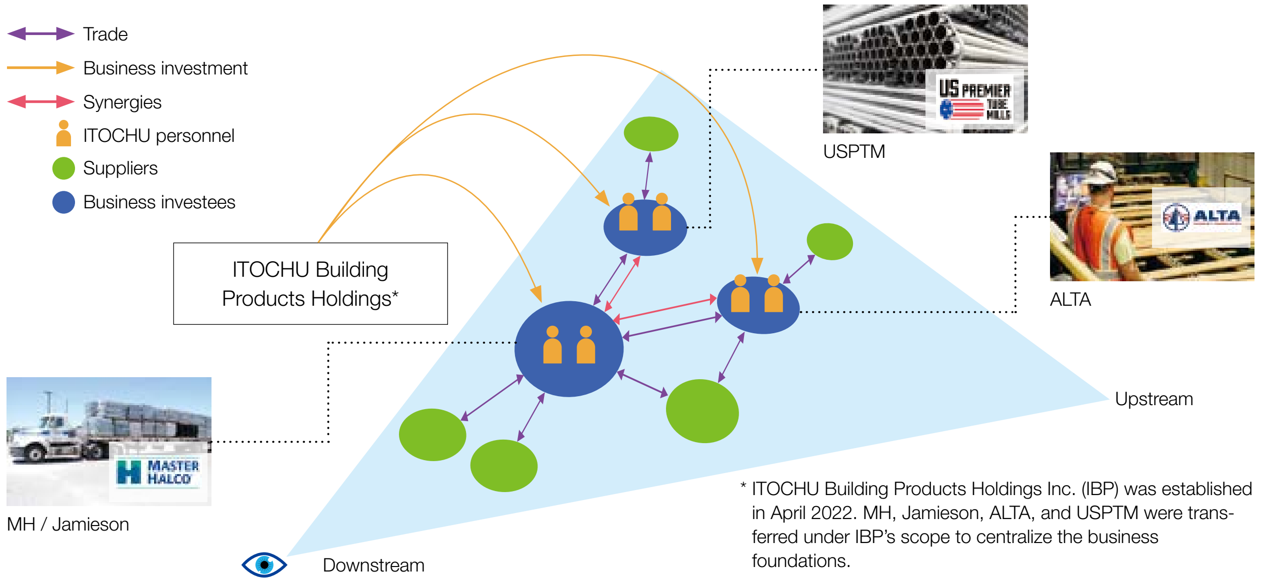
In FYE 2018, ITOCHU and ITOCHU International Inc. acquired a wooden fence manufacturer ALTA. Given that MH's mainstay product was chain link fences for commercial facilities and with an eye to the residential fence market, which was expected to see robust growth due in part to the rising population, we constructed a new pillar of revenue through this acquisition successfully. ALTA commands an overwhelming presence in the production of residential fences made with high-grade western red cedar. This type of wood is considered to be a premium material and is very popular among affluent customers. Moreover, after buying ALTA we succeeded in improving profitability through effective data management, development of attractive products using MH's market data, and strengthened relationships with major home improvement retailers through efforts to improve the product brand awareness. Consequently, these efforts enabled us to expand the earnings base of ALTA.

Acquisition of Jamieson Manufacturing Co. (Jamieson), a U.S. Fence Manufacturer and Wholesaler

In FYE 2020, MH acquired its industry peer Jamieson and quickly went to work to successfully expand its sales channels and cultivate new customers. Subsequently, MH fully integrated Jamieson in FYE 2021, thereby merging their sales strategies and further expanding the earnings base. Furthermore, the number of consumer contact points increased through an expanded network of major home improvement retailers afforded by the integration, and has led to stronger product development that accurately identifies customer needs.

Acquisition of US Premier Tube Mills LLC (USPTM), a U.S. Chain Link Fence Pipe Manufacturer

In FYE 2021, MH acquired USPTM, which was a supplier of pipes for chain link fences. The founder of USPTM had been considering a business transfer due to his age, and he approached MH for a direct sale after recognizing that MH had developed a strong presence in the chain link fence industry after the acquisition of Jamieson. By acquiring USPTM, MH expanded its supply chain and enabled the in-house production of major components for chain link fences.



* ITOCHU Building Products Holdings Inc. (IBP) was established in April 2022. MH, Jamieson, ALTA, and USPTM were transferred under IBP's scope to centralize the business foundations.

Steppingstones for Creating New Added Value

IBP was founded in April 2022, and centralization of group companies, their business administrative functions (such as accounting, human resources, and IT), and infrastructure (such as ERP systems) under IBP was undertaken to raise the earnings generating capabilities of this group of companies. Also, IBP established systems to make various business decisions, including those regarding acquisitions, in a quicker and more effective manner by consolidating information gained from the front lines of relevant group companies.

Going forward, in addition to investing in outdoor residential-related businesses such as decking, which is expected to have synergy with the existing fence business, IBP is considering entering the residential wood business, etc., by combining the product development capabilities and factory operation know-how of DAIKEN CORPORATION [in August 2023, ITOCHU announced a tender offer bid for DAIKEN CORPORATION], a business partner in the housing structural materials business (CIPA Lumber Co. Ltd. and Pacific Woodtech Corporation), with our customer and distribution network and business management know-how. We intend to further expand our product lineup and value chain and strengthen our earnings base. (▶ Page 111 Acquisition of North American Engineered Wood Products (Posts and Beams) Business)

At the same time, we will continue to focus on training managers to fortify their sense of international perspective and hands-on management style, which are necessary for our business expansion. In the North American construction materials business, we have conducted systematic personnel training. We dispatch junior employees to the front lines so that they can gain an understanding of industry practices and the nature of the businesses while accumulating frontline operational experience. We then promote them to management levels within the Group companies. Going forward, we will endeavor to create an optimal structure through methods such as training personnel who can apply ITOCHU's unique hands-on management style to local workplaces. We will continue building a robust management system to fortify the earnings generating capabilities of the North American construction materials business.

Evolution of the Value Chain through Collaboration between CTC and Our Group of Digital Businesses

There has been increasing of needs for transforming companies' business model by using digital technologies to follow changes of social environment accelerated mainly by the COVID-19 pandemic. Promoting digital transformation (DX), which has been essential for business model transformation, in addition to conventionally developing systems to meet customer's demand, it requires high-value-added solution proposal capabilities throughout the value chain, based on a market-oriented perspective, such as consulting and data analysis to clarify frontline issues in accordance with customers' situation.

ITOCHU has capital and business alliances with multiple digital businesses which have a wide range of DX-related capabilities. By accelerating strengthening of the collaboration between CTC and those digital businesses, we are expanding our value chain in digital fields and identifying society's DX needs. Through such initiatives, we will diligently work to further enhance our earnings base.

Polishing CTC and Building a Digital Value Chain

The ICT & Financial Business Company is a segment that has become a distinctive and major strength of ITOCHU. CTC is one of the major system integrators (SI) in Japan, and our Group company which plays a core role in business of the ICT & Financial Business Company. To date, CTC has been polishing its businesses and accumulated advanced technological expertise by system developments using the latest technologies and solutions cultivated through ITOCHU's investments in venture capital funds, including investments in companies operating in Silicon Valley. As a result, CTC has a robust customer base of over 10,000 companies, mainly telecommunication carriers and other major companies. By leveraging its robust customer base, CTC provides a wide range of services encompassing the design and development capabilities for high-level IT infrastructure and systems for customers, as well as the sale and maintenance of IT-related products. Furthermore, CTC also establishes stable earnings base unlike its competitors.

In line with recent structural changes, including rising demand for DX technologies in business strategy areas exceeding conventional internal systems and the shift toward cloud services for IT infrastructure, the functions that customers seek are becoming more diverse and complex, going beyond standard system design and development. When promoting DX technologies that are focused on business model transformation, we first provide consulting to explore issues that customers face, and conduct a cost-benefit analysis of DX. We then propose solutions based on customer data analysis. Next, we begin system development based on our findings. To comprehensively address customers' needs by leveraging CTC's accumulated strengths, ITOCHU will strengthen its organization to be able to provide a wide range of functions from upstream to downstream, in part through our capital and business alliances with our group of digital businesses.

Creating Added Value through Collaborations between CTC and Our Group of Digital Businesses

CTC and our digital businesses are enhancing their collaborations by jointly undertaking DX projects that introduce systems and solve issues faced by ITOCHU and its Group companies. One example of these collaborative efforts is an initiative for AI automated ordering systems at NIPPON ACCESS, INC. (NIPPON ACCESS) which calculates the recommended order volume of 1,500 products destined for FamilyMart using AI technologies to analyze operational data from FamilyMart and NIPPON ACCESS. This system was built through an alliance between CTC and BrainPad Inc., which has strengths in data analysis. Utilizing AI automated ordering systems is expected to reduce food losses, enhance efficiency of ordering operations at distribution centers of NIPPON ACCESS, and optimize inventory control.

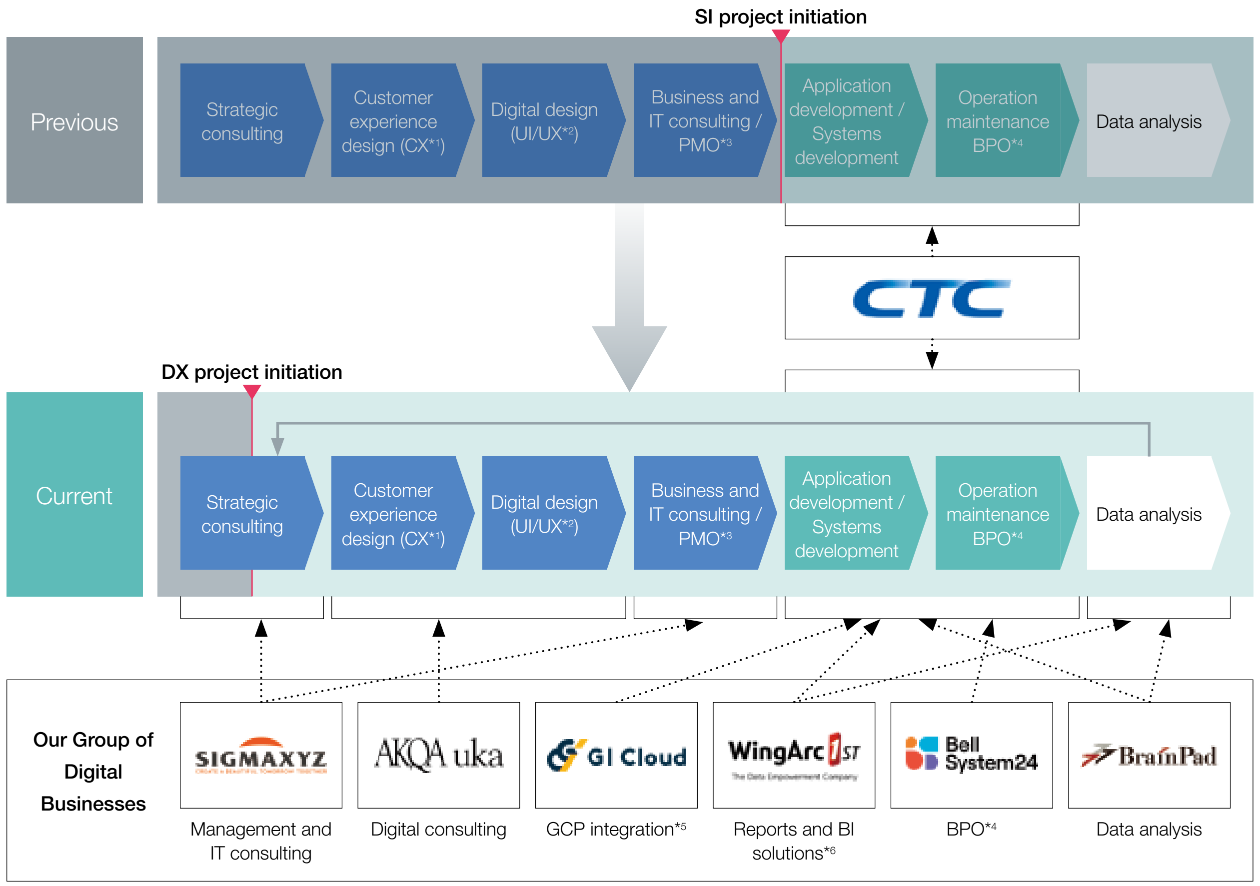
Furthermore, in May 2023, BrainPad Inc., SIGMAXYZ Inc., and CTC jointly launched the "Generative AI Research Lab" project. This initiative harnesses generative AI technologies like ChatGPT to drive corporate process transformation and facilitate the development of innovative business opportunities. In July 2023, we introduced a secure environment allowing our employees to leverage ChatGPT while ensuring data confidentiality. Already, this capability has been adopted by a user base exceeding 1,000 employees. Looking ahead, we have plans to not only integrate this technology with our operational systems and expand its usage within our Group but also to embark on new initiatives utilizing generative AI. These include proposing optimal products and services tailored to customer attributes in the consumer sector. The promotion of DX on the front lines of Group companies in the consumer sector, which is a strength of ITOCHU, has become a rich testing ground for digital businesses, contributed to the accumulation of expertise and know-how, and strengthened alliance with CTC. ITOCHU, CTC, and other participants in our group of digital businesses are promoting collaboration in terms of human resources through the mutual dispatch of about 50 personnel in total, and working to construct a more robust DX promotion system.

Deepening and Evolution of the Digital Value Chain

In the consumer sector, which is a strength of ITOCHU, we urgently need to strengthen our ability to make proposals based on analysis of the massive amount of data gained from customer contact points to uncover latent customer needs, and to be able to provide high-value-added products and services. Recognizing the need for our corporate Group to swiftly and accurately respond to such customer needs, we announced the tender offer bid for CTC in August 2023. CTC and our digital businesses will leverage the expertise and know-how gained within our Group related to DX applications in the consumer sector, and then apply and develop for all customers, thereby further expanding our profits. Moreover, CTC and our digital businesses are not restricted to only the consumer sector. We aim to strengthen our business foundations a step further by leveraging ITOCHU's expansive domestic and international network to cultivate the latent DX needs of our highly diverse range of customers.

CTC's Strengths (As of April 2023)

40 years R&D track record in Silicon Valley	Global partners More than 300 companies	Customers Approx. 10,000 companies	Customer satisfaction 89%	Number of Engineers 7,234



*1 Customer Experience
*2 User Interface / User Experience
*3 Project Management Office
*4 Business Process Outsourcing: Outsourcing of some business processes, from planning and designing to operation
*5 GCP integration: Provide a full range of services from system development to operation and maintenance based on Google Cloud
*6 BI solutions: Problem-solving through the use of Business-Intelligence tools

04

Initiatives and Systems Supporting Sustainable Growth

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

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

Section Highlights

- PEST Analysis on Macroenvironmental Factors
- Approach and Initiatives Relating to Climate Change
  (1.5°C scenario analysis based on TCFD recommendations, etc.)
- Sustainability Management Initiatives including Human Rights Due Diligence
- Corporate Governance Policies and Systems That Underpin Value Creation

Contents

PEST Analysis (Macroenvironmental Factors through 2030)

P	E	S	T
Political/Legal	Economical	Social/Cultural	Technological

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 economic recession risks, 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.

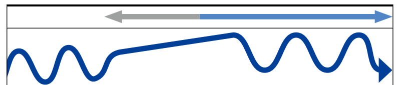
How to understand this page

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 related non-financial capital (NFC).

Balance of risks and opportunities

Long-term trend through 2030

Change in Investment Environment

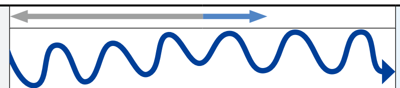


Example: Change in Investment Environment
This represents instances where the effect of opportunity is greater than that of risk, and the degree of effect (investment opportunity) is expected to increase over the near- to medium-term, despite uncertainty. Moreover, this represents instances where the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

P

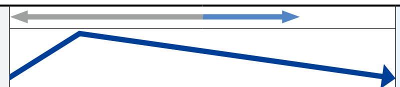
Risks		Opportunities

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



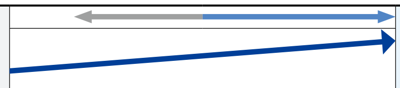
Risks		Opportunities
Unpredictable policy changes and headwinds for the growth of profit	**Retreat of liberalism and democracy (political instability, inequality issues, etc.)**	Increase in business opportunities of consumer-related businesses
Deterioration of the global economy, decline in trade volume, and tightening of export and investment restrictions	**Intensification of conflict between different political systems (democracy vs. authoritarianism)**	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 NFC: 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 NFC: Business Know-How | Business Portfolio | Natural Resources | Relationships with Society



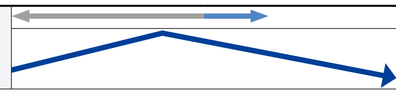
Risks		Opportunities
Disappearance of existing transactions	**Trade talks, agreements, and de-risking (TPP, RCEP, IPEF, etc. economic security)**	Increase in trade volume and generation of new sales channels
Shrinking of fossil fuel markets (coal, crude oil)	**Regulations to curb GHG emissions (Paris 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 the demand for appropriate corporate responses.

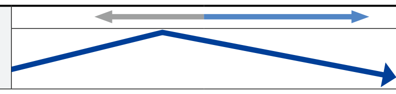
E

Risks		Opportunities

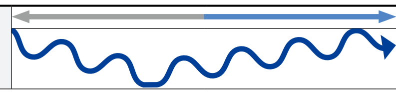
Stagnation of the Global Economy — Related NFC: Business Know-How | Business Portfolio | Client and Partner Assets

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

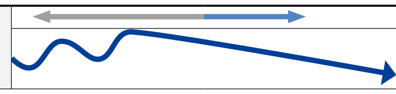
Greater Disparity in Economic Growth among Emerging Countries — Related NFC: Human and Organizational Capital | Business Portfolio | Client and Partner Assets

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

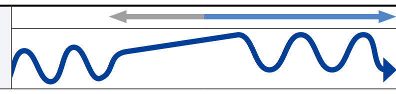
Dollar Appreciation — Related NFC: Business Know-How | Business Portfolio

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 NFC: 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 NFC: Business Know-How | Business Portfolio | Natural Resources

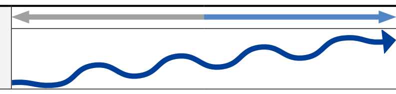
Risks		Opportunities
Excessive swings in project value		Increase in expected returns as growth rebounds; more investment opportunities in fields and regions of strength

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

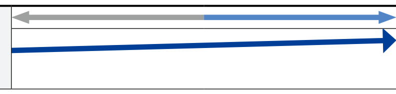
S

Risks		Opportunities

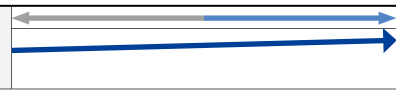
Responding to Climate Change (Decarbonization) — Related NFC: Business Know-How | Business Portfolio | Client and Partner Assets | Natural Resources | Relationships with Society

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 in energy supply chains; potential for acquisition of new customers due to heightening of added value or enhancement of brand value of existing products and services

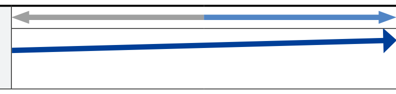
Cultivating a Workplace Environment — Related NFC: Human and Organizational Capital | Business Know-How

Risks		Opportunities
Labor shortages due to low birthrate; 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

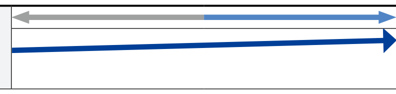
Respecting Human Rights — Related NFC: Client and Partner Assets | Natural Resources | Relationships with Society

Risks		Opportunities
Human rights-related project delays and continuity risks (corporate image deterioration, lawsuits and contract cancellations, boycotts, strikes, etc.)		Business stabilization and recruitment through harmonious coexistence with local communities; enhancement of corporate image through promotion of ethical procurement

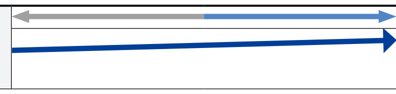
Increasing Awareness on Health and Quality of Life — Related NFC: Human and Organizational Capital | Business Know-How | Business Portfolio | Client and Partner Assets | Relationships with Society

Risks		Opportunities
Decrease in creditworthiness when safety and health issues occur, lower labor productivity, increase in resignation rate, and higher medical expense burden		Enhancement of productivity and brand image and lower medical expense burden; 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

Ensuring Stable Procurement and Supply — Related NFC: 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.; differentiation through construction of systems for stable procurement and supply provision that reflects consideration for environmental burden and economic security

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

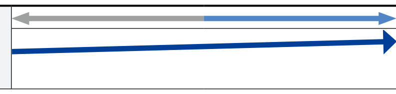
Risks		Opportunities
Decrease in corporate value assessment by investors; withdrawal of invested funds; exclusion from investment targets; decline in stock price		Rise in corporate value assessment by investors; inflow of investment funds; addition to investment targets; increase in stock prices

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

T

Risks		Opportunities

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

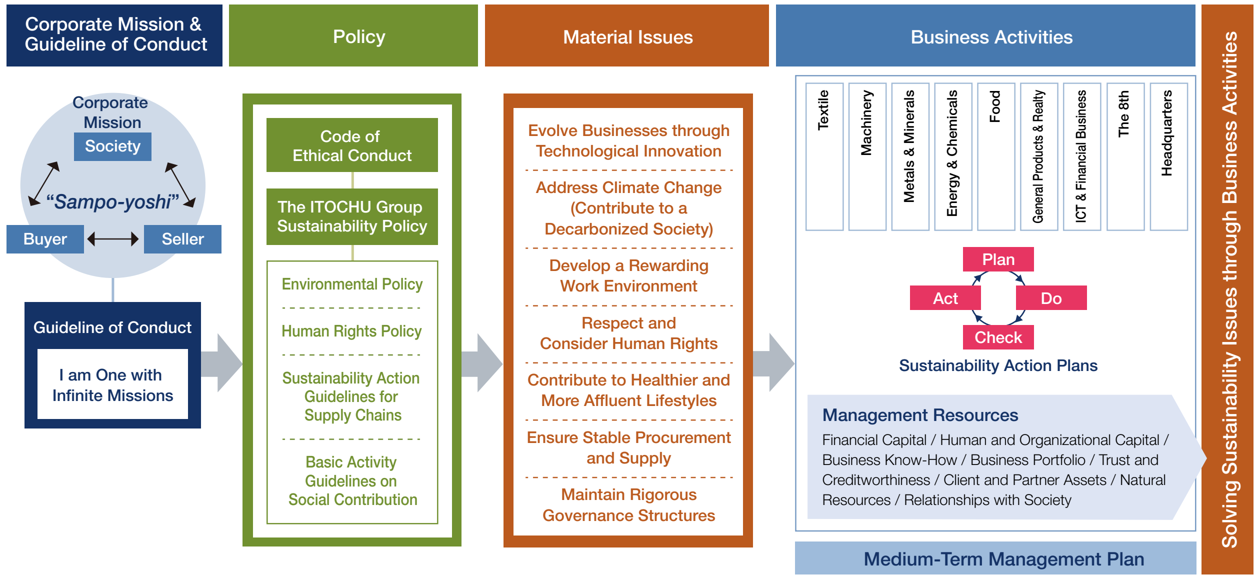
Risks		Opportunities
Obsolescence and extinction of existing business models due to proliferation of new technologies; leaks of internal data due to cyberattacks; confusion due to false information; increase in costs related to digital transformation		Creation and provision of innovative services and 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 and accelerate the self-transformation of business models.

Initiatives to Promote Sustainability

Sustainability Promotion Flow

Under the ITOCHU Group Sustainability Policy, which was established in accordance with ITOCHU's corporate mission and changes in the external environment, the Company 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 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.



New Facilities Opened at the ITOCHU SDGs STUDIO

In July 2022, ITOCHU opened the ITOCHU SDGs STUDIO KIDS PARK. Designed for both parents and children, this facility allows children, who will lead the future, to experience our concept of the SDGs through play. This free facility where kids can safely play is garnering attention as the 300 reservation slots for each day are always filled. As of March 31, 2023, around 50,000 people had visited the facility.

Furthermore, in July 2023, we opened the ITOCHU SDGs STUDIO RESTAURANT Hoshi no Kitchen, a restaurant that provides a "delicious, enjoyable, and sustainable" dining experience. Featuring classic dishes loved by everyone from children to adults made with food ingredients including those which are handled by ITOCHU Group companies such as Dole and FUJI OIL CO., LTD., etc., the restaurant allows visitors to casually experience sustainable food initiatives.

Going forward, at the ITOCHU SDGs STUDIO, by enhancing contact points with children and consumers, we will continue providing opportunities to interact with and learn about various SDGs.

Please refer to ITOCHU's website for detailed information (in Japanese only).

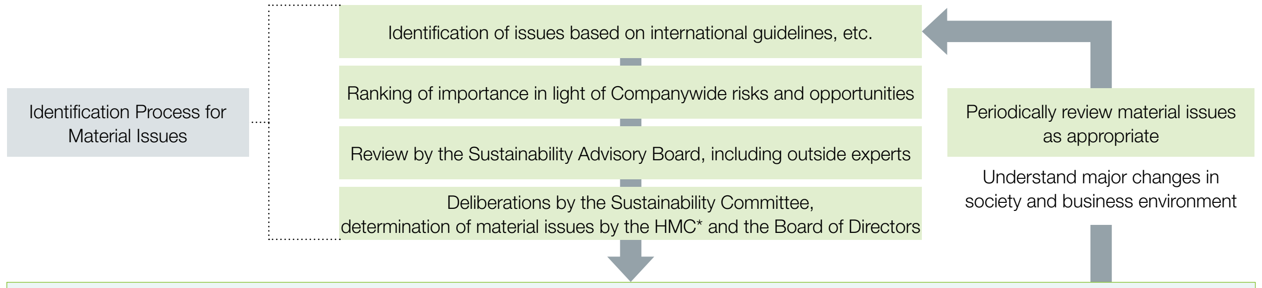
ITOCHU SDGs STUDIO KIDS PARK
https://www.itochu.co.jp/ja/kidspark/

ITOCHU SDGs STUDIO RESTAURANT Hoshi no Kitchen
https://www.itochu.co.jp/ja/hoshinokitchen/

Identification Process for Material Issues and Incorporation into Action Plans

Since ITOCHU first identified its material issues in FYE 2014, the Company has been continuously reviewing them based on trends in the international community and the expectations of stakeholders. In FYE 2019, we revised our material issues by further reflecting ESG perspectives and incorporating elements from health management and the consumer sector, which are our fields of strength. By incorporating material issues into business operations, our revised material issues have become better suited to helping achieve 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.



Material Issues	Related SDGs
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.	9
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.	6, 7, 12, 13
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.	5, 8, 10
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.	5, 6, 8, 11
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.	3, 9, 12
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.	6, 7, 8, 12, 13, 14, 15
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.	16

* Headquarters Management Committee

Approach to Climate Change and Related Initiatives

ITOCHU discloses the GHG emissions of all fossil fuel businesses and interests associated with the Company, and it will fully withdraw from thermal coal interests during the period of the current medium-term management plan. By reducing GHG emissions and proactively advancing business that help reduce emissions, we are contributing to the realization of the Japanese Government's "2050 Carbon Neutral" goal.

Our Company also recognizes the importance of disclosing climate-related financial information and has worked to disclose information based on TCFD* recommendations since expressing support for them in May 2019.

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

Governance for Climate Change

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 Representative Director responsible for climate change-related issues, chairs the Sustainability Committee, and is responsible for presenting and reporting to the Board of Directors the matters duly deliberated and decided at the Sustainability Committee. This allows the Board of Directors to properly supervise the appropriate promotion of business strategies that respond to environmental and social risks and opportunities based on the deliberations and decisions of the Sustainability Committee. The Board of Directors deliberates and decides important matters, such as management plans based on GHG emissions reduction goals and initiatives.

Additionally, we periodically engage in dialogue with external stakeholders, such as the Sustainability Advisory Board, to understand society's expectations and demands, etc., regarding our policies, initiatives, and systems related to climate change and incorporate them into measures addressing climate change.

Climate Change Strategy

ITOCHU sets GHG emissions reduction and offset targets (▶ Page 80), analyzes scenarios based on TCFD recommendations and continuously considers business strategies and asset replacement. As a result of conducting scenario analysis in accordance with TCFD recommendations, we can maintain a strong business foundation by transitioning to environmentally friendly products and services that customers demand and also by reviewing our business portfolio.

Since FYE 2020, we have analyzed and disclosed transition risks such as policy and regulatory risks under scenarios of less than 2°C as well as physical risks such as natural disasters under a 4°C scenario for the "Power Generation Business," "Energy Business," "Coal Business," "Dole Business," and "Pulp Business."

Additionally, for FYE 2023, we newly analyzed and disclosed the "Iron Ore Business," "Automobile Business," "Chemicals Business," and "Feed and Grain Trade Business" under a 1.5°C scenario.

The results of scenario analysis of the "Iron Ore Business," which faces transition risks as the main challenge, and the "Feed and Grain Trade Business," which faces physical risks as the main challenge, are shown on the following page.

Please refer to ITOCHU's website for detailed information about its scenario analysis for the "Iron Ore Business" and the "Feed and Grain Trade Business."

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



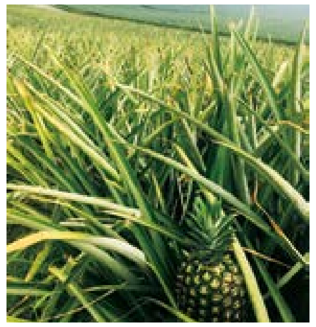
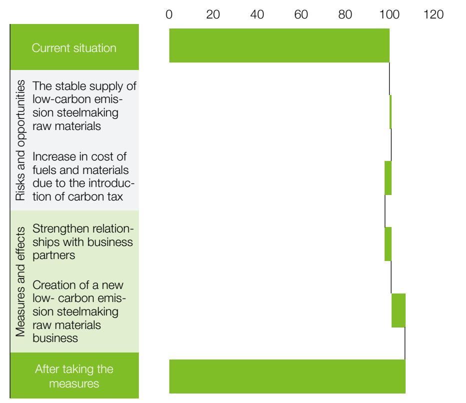
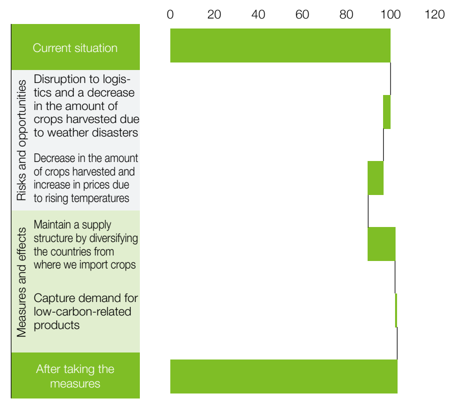



Photo courtesy of BHP

Scenario Analysis

		Businesses for Which Transition Risks Are the Main Issues	Businesses for Which Physical Risks Are the Main Issues
Business		Iron ore business	Feed and grain trade business
Time frame		By 2050	By 2030
Temperature band scenario		1.5°C scenario	4°C scenario
Main risks and opportunities	Transition	**Opportunities** • The stable supply of low-carbon emission steelmaking raw materials • Creation of a new low-carbon emission steelmaking raw materials business **Risk** • Increase in cost of fuels and materials due to the introduction of a carbon tax	**Opportunity** • We may capture demand with feed products and other low-carbon-related products which contribute to reducing GHG
	Physical	**Risks** • Increase in procurement costs due to the increased frequency of severe weather events and worsening water scarcity • Disruption of iron ore supply chain due to frequent weather disasters	**Opportunity** • We may maintain a supply structure by diversifying the countries from where we import crops and capture demand for grain **Risks** • Decrease in the amount of crops harvested and logistics disruption due to large hurricanes, droughts and other abnormal weather in countries from where we import crops • The amount of crops harvested may decrease and transaction prices may increase in countries from where we import crops due to rising temperatures
Business environment under the scenario Business impact assessment		The introduction of a carbon tax is expected to increase the cost of fuel, materials, and other items. Nevertheless, the impact on earnings will be limited due to strengthened relationships with blue-chip business partners and improvement of operational efficiencies. Further growth is expected by focusing on the production of high-grade ore, for which demand is expected to increase due to the acceleration of the shift to decarbonization, and steadily seizing business opportunities in iron ore and related fields, such as creation of businesses related to low-carbon emission steelmaking raw materials. **Analysis According to Consolidated Net Profit** (%)  	The decrease in the amount of crops harvested due to weather disasters and rising temperatures may lead to supply instability and increases in prices. However, we can maintain a supply structure by diversifying the countries from where we import crops and then provide further opportunities for low-carbon-related products. **Analysis According to Gross Trading Profit** (%) 
Adaptation / mitigation measures, policies Business opportunities		• We will closely monitor trends in low-carbon emission steelmaking technologies and promote initiatives to ensure a stable supply of low-carbon emission steelmaking raw materials • Promote initiatives to reduce GHG emissions by strengthening relationships with business partners	• We will diversify the countries from where we import crops to prepare for the acute and chronic impacts from climate change • We will engage in new environment-related business such as feed which leads to a curb on methane emissions

Climate Change Risk Management

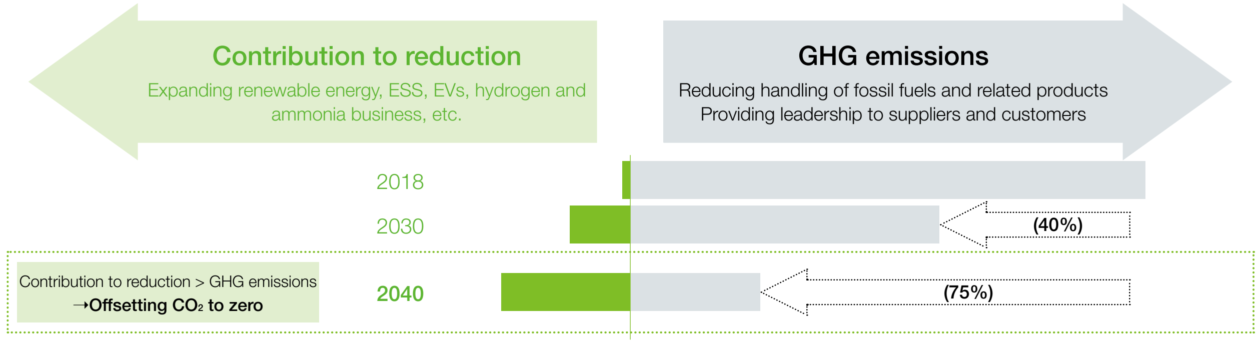
Engaged in global business operations, ITOCHU constantly monitors climate change policies in each country, abnormal weather conditions around the world, or changes in average temperatures. Climate change risks identified from information regarding climate change related regulations and abnormal weather, etc., are managed as one of the major risks, "environmental and social risks," in risk analyses conducted across the entire Group. Additionally, the identified climate change risks are evaluated and examined during the investment decision-making process, and each department in charge of risk management is responsible for constructing a consolidated basis to identify, evaluate, manage, and monitor risks.

Climate Change Metrics and Targets

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 level 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.

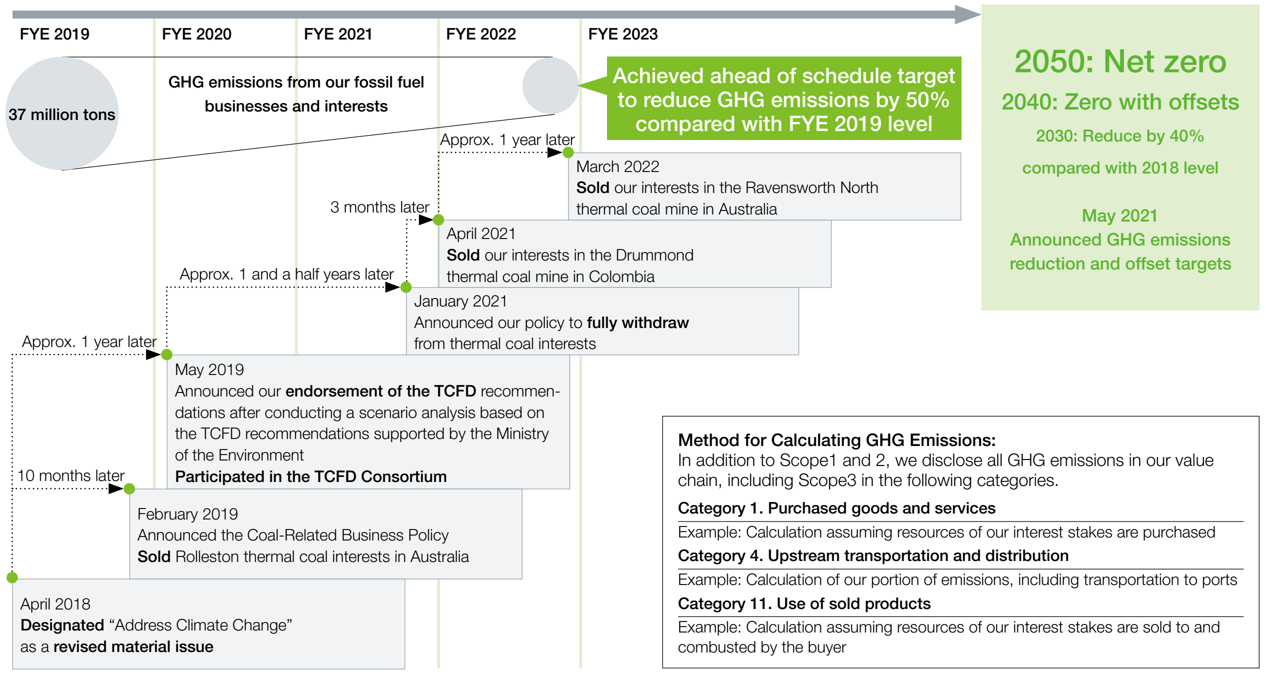
*1 Situations where reduction contributions exceed the Company's GHG emissions
*2 The Japanese government's target of a 46% reduction from the 2013 level by 2030 is a 39% reduction based on the year 2018.



*1 Scope of GHG emissions: Scopes1/2/3 + Fossil fuel businesses and interests (affiliates and general investments)
*2 For environmental data on GHG emissions and other items, please see ▶ Page 116 ESG Data

Efforts to Reduce GHG Emissions from Fossil Fuel Businesses and Interests

After announcing a policy of completely withdrawing from its thermal coal interests during the medium-term management plan, our Company proceeded to sell its Ravensworth North thermal coal interest in Australia following the sale of its Drummond thermal coal interest in Colombia, achieving a **50% reduction** in GHG emissions from fossil fuel businesses and interests* **compared to those of FYE 2019** ahead of schedule. While fulfilling its responsibility for stable supplies of natural resources and energy, we will continue to actively promote efforts to reduce environmental impact.



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

* 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

Business Initiatives to Help Reduce GHG Emissions

Clean-Tech Business Metrics and Targets

We have established "GHG emissions reduction and offset targets," as well as individual targets for clean-tech businesses, and are steadily moving forward with swift and decisive climate change measures.

Individual Targets and Initiatives for the Clean-Tech Business

Clean-Tech Business	Individual Targets and Initiatives
Renewable Energy Business	• Increase the ratio of renewable energy capacity within our power generation portfolio to over 20% by FYE 2031 • Invested in renewable energy generation of approximately 1,600 MW, such as in Cotton Plains (wind and solar power) and Prairie Switch (wind power), both of which are in the United States, and in Sarulla Operations (geothermal power) in Indonesia • Currently newly developing renewable energy business of approximately 2,000 MW to achieve a renewable energy ratio of over 20%
Fuel Ammonia-Related Business	• Establish a value chain of fuel ammonia through integrated development including development, ownership, and operation of ammonia-fueled ships, development of fuel supply bases, and procurement of fuel ammonia • After 2026, contribute to decarbonization of international shipping by promoting the spread of ammonia-fueled ships and their social implementation
Energy Storage Systems (ESS)-Related Businesses	• Aim for a cumulative capacity of ESS units sold of over 5 GWh by FYE 2031
Water Infrastructure-Related Business	• Expand our achievements in Europe and Australia to other regions. Continue to build up excellent assets
Waste Management Project	• Expand our achievements in Europe to the Middle East and other regions in Asia. Continue to build up excellent assets

Please refer to ITOCHU's website for detailed information.
https://www.itochu.co.jp/en/business/cleantech/

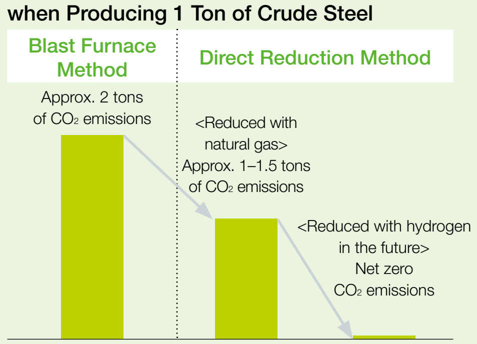
Creating a Supply Chain of the Ferrous Raw Material for Green Ironmaking with Low Carbon Emission

Steel is an irreplaceable material underpinning social infrastructure that is used by a wide range of industries, but reducing CO_2 emissions during its production processes has become an urgent issue in the industry. Compared with the conventional blast furnace method, the direct reduction method, which uses natural gas and high-grade iron ore for reduction, significantly reduces CO_2 emissions in the steelmaking process.

To ensure the stable supply of high-grade iron ore, which is indispensable raw material for the direct reduction method, ITOCHU acquired partial interests in the AMMC iron ore mining business operating in Canada, through ITOCHU Minerals & Energy of Australia Pty Ltd in December 2022. Ahead of this, ITOCHU, together with JFE Steel Corporation, our long-term business partner, agreed to jointly promote detailed commercialization surveys regarding the building of a low-carbon reduced steel supply chain with Emirates Steel Arkan, the largest steel manufacturer in the United Arab Emirates (UAE). In this business, we plan to utilize high-grade iron ore produced by CSN Mineração S.A., a Brazilian iron ore business that ITOCHU has invested in, as well. Conventional blast furnace steel produces approximately 2 tons of CO_2 emissions per ton of crude steel. The direct reduction method using natural gas competitively priced in the UAE, effectively cuts this to about 1 to 1.5 tons of CO_2 emissions. In addition, by processing the CO_2 emitted during the reduction process through carbon dioxide capture, utilization, and storage (CCUS) technologies that inject CO_2 into oil fields, we are able to further reduce CO_2 emissions. In the near future, by realizing reduction through hydrogen, we aim to achieve net zero CO_2 emissions.

Going forward, after conducting a detailed commercialization survey, we plan to begin producing low-carbon reduced iron from 2026 and will work to build a supply chain to serve the Asian market. To resolve various industrial issues, ITOCHU will help build a more robust decarbonized society through collaboration with customers and partners, including blue-chip companies, and the provision of new materials.

Comparison of CO_2 Emissions when Producing 1 Ton of Crude Steel



Low-carbon reduced iron

Exchange of MOU at the UAE Economic Mission

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.

Supply Chain Sustainability Survey

Prior to commencing business with a supplier, ITOCHU notifies all 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 offices 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 Suppliers Surveyed, by Region, in FYE 2023

Europe / CIS	Africa	Middle East	China	Asia (excluding China)	Oceania	Latin America	Japan
8 companies	8 companies	6 companies	78 companies	170 companies	3 companies	23 companies	24 companies

Please refer to ITOCHU's website for more information about the supply chain sustainability survey.
https://www.itochu.co.jp/en/csr/society/value_chain/system/

Grievance Mechanism

We joined the general incorporated association Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), which provides an Engagement and Remedy Platform in compliance with the United Nations "Guiding Principles on Business and Human Rights," from 2022 onwards. JaCER accepts reports on cases that violate international codes of conduct and national codes of conduct brought by all stakeholders in the supply chain, as well as cases of suspected violations, while securing the anonymity of whistleblowers and the confidentiality of reports. By accepting grievances through third-party channels, it ensures fairness and transparency in grievance handling and promotes engagement and remedies, contributing to the fundamental resolution of human rights issues.

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 refer to ITOCHU's website for more information about procurement policies for each product.
https://www.itochu.co.jp/en/csr/society/value_chain/activity/

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. With the cooperation of external experts, we have identified topics that each Division Company should focus on to prevent human rights risks in their business areas and also conducted risk mapping, referring to international guidelines and indicators such as SA8000.

Risk Map by Business Area:
Desk Research Identifying Human Rights Issues That Require Due Diligence in Each Business Area

Issue	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th
Child Labor								
Forced Labor								
Health and Safety								
Freedom of Association and Right to Collective Bargaining								
Discrimination								
Disciplinary Practices								
Working Hours								
Remuneration								
Migrant Workers								
Human Trafficking								
Indigenous Human Rights								
Impact on Local Communities and Residents								
Land Acquisition and Resettlement								
Implementation Status of Human Rights Due Diligence	Implemented in FYE 2023	To be implemented in FYE 2025 or after	Implemented in FYE 2022	To be implemented in FYE 2025 or after	Implemented in FYE 2021	Being implemented in FYE 2024	To be implemented in FYE 2025 or after	To be implemented in FYE 2025 or after

Based on the risk mapping by business area, we are working on human rights due diligence and have identified clothing, textiles, footwear, cotton, carpets, yarns, bags, etc. in the Textile Company as the subject to be investigated for FYE 2023, and have disclosed the results of human rights due diligence. There were no issues identified as human rights issues that have already occurred or are immediately of concern, but regarding the confirmed issues, we engage with suppliers through interviews, additional survey questionnaires, etc., and discuss and request corrective actions regarding future response policies. We also follow up on progress in our supply chain sustainability surveys conducted every year. In FYE 2024, we are conducting human rights due diligence for the General Products & Realty Company and plan to implement this in other business fields in the future.

Human Rights Due Diligence Flow Chart

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

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 refer to ITOCHU's website for more information about human rights due diligence.
https://www.itochu.co.jp/en/csr/society/human_rights/

Overview of Human Rights Due Diligence in the Textile Company (FYE 2023)

Subjects	Details	Issues
Issues Covered by the Survey	Child labor, forced labor, health and safety, freedom of association and right to collective bargaining, discrimination, disciplinary practices, working hours, remuneration, migrant workers, and impact on local communities and residents	As items were discovered that could become human rights issues in the future, including items related to health and safety, discrimination, and a lack of policies and manuals, we will continue conducting follow-ups through such measures as supply chain and sustainability surveys.
Countries Covered	22 countries and regions including India, Thailand, Pakistan, Bangladesh, and China	
Amount Criteria	Purchase amounts of ¥100 million or more (overseas) / Purchase amounts of ¥300 million or more (domestic)	
Surveyed Companies (First Screening)	Primary or secondary suppliers located in the target countries	
Surveyed Companies	112 companies (covering about 70% of all Textile Company suppliers based on purchase amounts)	
Additional Survey Target (Second Screening)	21 companies	
On-Site Visit Targets and Investigative Interview Targets	12 companies	

04 Initiatives and Systems Supporting Sustainable Growth

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. Following the General Meeting of Shareholders convened in June 2023, the Governance and Remuneration Committee and the Nomination Committee were reorganized to form the Governance, Nomination and Remuneration Committee, which is chaired by an Outside Director and has a majority of Outside Directors as members. This reorganization is aimed at invigorating discussions by establishing a system in which the same committee members cohesively deliberate nominations and remuneration, which are connected in many ways, and governance, which provides the overall framework for nominations and remuneration. In addition, with respect to succession plan, which is one of the important items discussed by the Governance, Nomination and Remuneration Committee, the CEO selection process and the policy on training CEO candidate have been disclosed. With a view to enhancing governance even further, ITOCHU will continue to place particular emphasis on the practical aspects of strengthening governance and to expand disclosure in light of trends related to the Corporate Governance Code and market feedback.

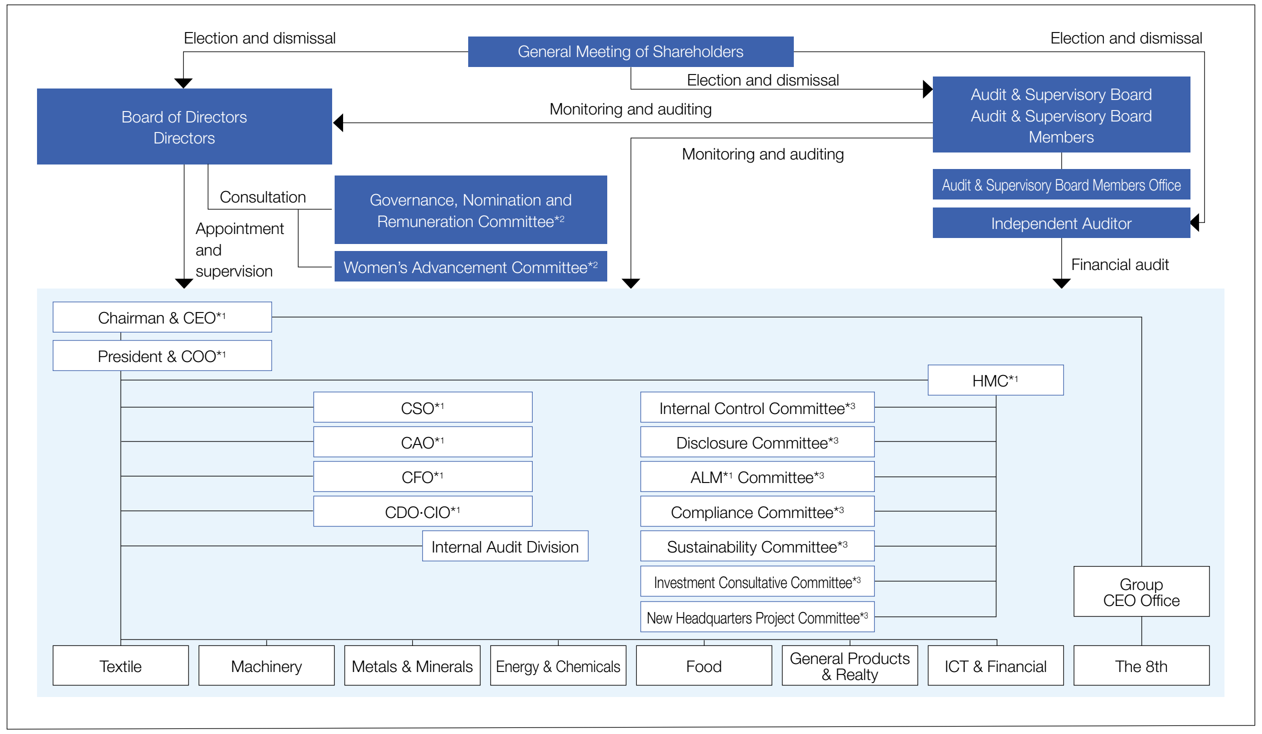
Structure of the Board of Directors

: Male : Female * P: President, Machinery Company

Board of Directors		Audit & Supervisory Board Members		Ratio of Female Officers on the Board of Directors	Ratio of Outside Officers on the Board of Directors	Major Topics Discussed in FYE 2023
Inside Directors*	Outside Directors	Inside Audit & Supervisory Board Members	Outside Audit & Supervisory Board Members			
6 CEO COO CAO CFO P CSO	4	2	3	27% (4 Female Officers)	47% (7 Outside Officers)	(1) Execution of agreement to tender shares in CONEXIO Corporation ▶ Page 95 Discussions at Meetings of the Board of Directors Related to an Individual Project (2) Sustainability-related initiatives (3) Report on cybersecurity readiness (4) Progress of corporate branding strategies ▶ Page 94 Promoting More Active Discussions at Meetings of the Board of Directors

Overview of Corporate Governance and Internal Control System

(As of July 1, 2023)



*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 Chairperson is indicated in parentheses. For the Investment Consultative Committee, Vice-Chairperson is also indicated. Internal Control Committee (CSO): 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, Vice-Chairperson: CSO): Deliberates on issues related to investment and financing. New Headquarters Project Committee (CAO): Deliberates on issues related to new headquarters project.

*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.

Evaluation of the Board of Directors

ITOCHU conducted evaluations on the effectiveness of the Board of Directors for all 10 Members of the Board and all 5 Audit & Supervisory Board Members for FYE 2023. 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, training, and other attributes. The questionnaire responses showed improvement compared with those of FYE 2022, indicating that all areas focused on by the questionnaire are functioning at an advanced level. In addition, many positive comments were received, along with suggestions and remarks for further improvement. It was pointed out that the Group governance is a priority to be addressed in the medium- to long-term in the statements of the evaluation, reflecting expectations that the establishment of the Group CEO Office will strengthen group management.

Procedure for Evaluation of the Board of Directors

Respondents	All 10 Members of the Board and all 5 Audit & Supervisory Board Members in FYE 2023
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 important items

Results of the FYE 2023 Evaluation of the Board of Directors

	Issue 1	Issue 2
Issues Identified in FYE 2022 The Board of Directors has determined that its performance must improve with respect to the issues shown on the right.	• Ensure further diversification of human resources	• Continue discussions on strengthening management foundations
Initiatives and Progress in FYE 2023	• Held lively discussions at the Women's Advancement Committee, which formulated policies on accelerating training for promotion to new positions and evolving flexible work styles, and implemented specific management-led measures • Increased the percentage of female officers on the Board of Directors, thereby heightening diversity and facilitating in-depth discussions	• Held discussions on the establishment of the Group CEO Office with a view to strengthening direction and supervision of the Group by the Chairman & CEO and held discussions on strengthening The 8th Company's cross-divisional functions and on stepping up the development of new businesses • With the aim of further enhancing corporate value, held discussions on not only financial but also non-financial medium- to long-term strategies while considering stakeholder expectations
Directions Going Forward	• Continue monitoring by the Women's Advancement Committee and the Board of Directors of the progress and effectiveness of measures to empower women • Tackle the priority issue of securing diversity in core human resources by empowering women and deepening discussions on policies and measures that help realize junior employees' potential	• Utilize the Group CEO Office to resolve conflicts among Group companies and to coordinate the development of new businesses • Sustain value creation even in an uncertain business environment by continuing to discuss rigorous application of the "prevent" principle, opportunity-focused investment, and contribution to the SDGs

Issues Identified in FYE 2023
The Board of Directors has determined that its performance must improve with respect to the new issues shown on the right.

• Keep implementing measures in relation to the issues identified in FYE 2022—namely, ensure further diversification of human resources and continue discussions on strengthening management foundations—because, while progress is being made, both medium- to long-term issues exist
• Hold ongoing discussions on succession planning for senior management throughout the Group
• Continue strengthening monitoring and supervision systems in light of changes in the external environment

Corporate Governance

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

As of July 1, 2023

From left:
Kumi Kobayashi, Tsutomu Fujita, Akiko Ito, Fumihiko Kobayashi, Masatoshi Kawana, Masahiro Okafuji, Keita Ishii

From left:
Tsuyoshi Hachimura, Hiroyuki Naka, Makiko Nakamori, Hiroyuki Tsubai, Kunio Ishizuka, Kentaro Uryu, Yoshiko Matoba, Makoto Kyoda

Members of the Board

Chairman & Chief Executive Officer
Masahiro Okafuji
1974 Joined ITOCHU Corporation
2018 Chairman & Chief Executive Officer
Number of shares held: 389,728 (217,833*1)

President & Chief Operating Officer
Keita Ishii
1983 Joined ITOCHU Corporation
2021 President & Chief Operating Officer
Number of shares held: 177,963 (111,060*1)

Member of the Board
Fumihiko Kobayashi
Chief Administrative Officer
1980 Joined ITOCHU Corporation
2021 Executive Vice President
Number of shares held: 181,137 (95,957*1)

Member of the Board
Tsuyoshi Hachimura
Chief Financial Officer
1991 Joined ITOCHU Corporation
2021 Executive Vice President
Number of shares held: 181,924 (93,224*1)

Member of the Board
Hiroyuki Tsubai
President, Machinery Company
1982 Joined ITOCHU Corporation
2023 Executive Vice President
Number of shares held: 88,828 (47,973*1)

Member of the Board
Hiroyuki Naka
Chief Strategy Officer;
General Manager, Group CEO Office
1987 Joined ITOCHU Corporation
2022 Executive Officer
Number of shares held: 42,630 (20,901*1)

Member of the Board*2
Masatoshi Kawana
2018 Outside Director, ITOCHU Corporation
Number of shares held: 11,000

Member of the Board *2
Makiko Nakamori
2019 Outside Director, ITOCHU Corporation
Number of shares held: 12,400

Member of the Board*2
Kunio Ishizuka
2021 Outside Director, ITOCHU Corporation
Number of shares held: 3,500

Member of the Board*2
Akiko Ito*3
2023 Outside Director, ITOCHU Corporation
Number of shares held: 0

Audit & Supervisory Board Members

Audit & Supervisory Board Member
Makoto Kyoda
1987 Joined ITOCHU Corporation
2020 Audit & Supervisory Board Member
Number of shares held: 27,110

Audit & Supervisory Board Member
Yoshiko Matoba
1986 Joined ITOCHU Corporation
2023 Audit & Supervisory Board Member
Number of shares held: 48,745

Audit & Supervisory Board Member*4
Kentaro Uryu
2015 Audit & Supervisory Board Member
Number of shares held: 8,500

Audit & Supervisory Board Member*4
Tsutomu Fujita
2023 Audit & Supervisory Board Member
Number of shares held: 0

Audit & Supervisory Board Member*4
Kumi Kobayashi*5
2023 Audit & Supervisory Board Member
Number of shares held: 0

"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 Registered name is Akiko Noda.
*4 Indicates an Outside Audit & Supervisory Board Member as provided in Article 2, Item 16 of the Companies Act.
*5 Registered name is Kumi Nojiri.
*6 Registered name is Mitsuru Ike.

For executives' career profiles, please refer to ITOCHU's website:
https://www.itochu.co.jp/en/about/officer/

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

Hiroyuki Tsubai
President, Machinery Company

Managing Executive Officers
Mitsuru Chino*6
General Manager, Corporate Communications Division
Number of shares held: 33,104

Hiroyuki Kaizuka
President & CEO, ITOCHU International Inc.; Chairman, Director, Dole Asia Holdings Pte. Ltd.
Number of shares held: 64,097

Tomoyuki Takada
Chief Digital & Information Officer; Executive Advisory Officer for Corporate Communications Division
Number of shares held: 73,417 (27,117*1)

Tatsushi Shingu
President, ICT & Financial Business Company
Number of shares held: 91,874 (54,274*1)

Executive Officers
Masaya Tanaka
President, Energy & Chemicals Company
Number of shares held: 61,968 (31,968*1)

Kenji Seto
President, Metals & Minerals Company
Number of shares held: 74,837 (39,487*1)

Hiroyuki Naka
Chief Strategy Officer;
General Manager, Group CEO Office

Shuichi Kato
Chief Executive for Europe & CIS Bloc;
CEO, ITOCHU Europe PLC
Number of shares held: 38,655

Masatoshi Maki
President, General Products & Realty Company
Number of shares held: 45,117 (15,594*1)

Tadayoshi Yamaguchi
Chief Operating Officer, Financial & Insurance Business Division
Number of shares held: 11,212

Hideto Takeuchi
President, Textile Company;
Executive Advisory Officer for Osaka Headquarters
Number of shares held: 27,375 (5,614*1)

Hiroshi Kajiwara
Chief Operating Officer, ICT Division
Number of shares held: 26,222 (3,219*1)

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

Yoshinori Kitajima
Chief Executive Officer, Representative Director, DOME CORPORATION
Number of shares held: 23,630 (1,395*1)

Tomokuni Nishiguchi
General Manager, Secretariat
Number of shares held: 25,348 (1,395*1)

Kazuaki Yamaguchi
General Manager, Finance Division
Number of shares held: 25,098 (1,395*1)

Nobuyuki Tabata
Chief Operating Officer, Chemicals Division
Number of shares held: 24,989 (1,395*1)

Naohiko Yoshikawa
Chief Operating Officer, Plant Project, Marine & Aerospace Division
Number of shares held: 22,419 (1,395*1)

Kotaro Yamamoto
Director, President & CEO, ITOCHU Building Products Holdings Inc.
Number of shares held: 10,587

Kuniaki Abe
Chief Operating Officer, Fresh Food Division
Number of shares held: 22,785 (1,395*1)

Shuichi Miyamoto
President, Food Company
Number of shares held: 23,551 (2,395*1)

Jun Inomata
Chief Operating Officer, Metal & Mineral Resources Division
Number of shares held: 22,836

Tsutomu Yamauchi
Chief Operating Officer, Forest Products, General Merchandise & Logistics Division
Number of shares held: 19,810

Manabu Fukugaki
Chief Operating Officer, Brand Marketing Division
Number of shares held: 21,209

Toshiyuki Kakimi
General Manager, Human Resources & General Affairs Division
Number of shares held: 20,079

Tadashi Ishibashi
Vice President, East Asia Bloc (East China);
Chairman, ITOCHU SHANGHAI LTD.;
Managing Director, ITOCHU SHANGHAI LTD.
Number of shares held: 20,747

Hiroshi Ushijima
Chief Operating Officer, Automobile, Construction Machinery & Industrial Machinery Division
Number of shares held: 22,762

* In FYE 2013, ITOCHU established Guidelines for Share Ownership of ITOCHU Stock for Executive Officers designed to align executives with shareholders and increase their commitment to enhancing the share price of ITOCHU.
Guidelines for Share Ownership of ITOCHU Stock for Executive Officers: The guidelines for stock ownership by executive officers are as follows.
Chairman / President 100,000 shares, Executive Vice President 50,000 shares, Senior Managing Executive Officer 40,000 shares, Managing Executive Officer 30,000 shares, Executive Officer 20,000 shares.

Skills Matrix of Corporate Officers and Structure of Advisory Committees

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 officer and Full-time 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.

*1 In addition to the members shown below, the General Manager of the Human Resources & General Affairs Division is a member of the Women's Advancement Committee.
*2 Harufumi Mochizuki and Atsuko Muraki, both of whom are former Outside Directors 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.

Name	Title	Gender	Principal Specialized Area of Experience / Area in Which Officers Are Expected to Make a Particular Contribution										Governance, Nomination and Remuneration Committee	Women's Advancement Committee*1	Main Role, Career History, Qualifications, etc.
			All Aspects of Management	Global	Marketing / Sales	Self-Transformation / Digital Transformation	SDGs & ESG		Health & Medical Care	Finance, Accounting & Risk Management	Human Resource Strategy	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 Africa Bloc; CEO for Europe 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
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.
Akiko Ito	Outside Director						●		●		●		□		Commissioner, Consumer Affairs Agency
Makoto Kyoda	Full-time Audit & Supervisory Board Member						●			●		●			CFO, Food Company, ITOCHU Corporation
Yoshiko Matoba	Full-time Audit & Supervisory Board Member			●			●				●			□	General Manager of Research & Public Relations Division, General Manager of Human Resources & General Affairs Division, ITOCHU Corporation
Kentaro Uryu	Outside Audit & Supervisory Board Member				●					●		●	※		Managing Partner, URYU & ITOGA; Attorney-At-Law in Japan
Tsutomu Fujita	Outside Audit & Supervisory Board Member		●	●						●				□	Vice Chairman and a board member, Citigroup Global Markets Japan Inc.
Kumi Kobayashi	Outside Audit & Supervisory Board Member					●				●		●		□	Certified Public Accountant in Japan; Certified Public Tax Accountant in Japan

■ Chair □ Member ※ Observer

Reasons for Selection of Principal Specialized Area of Experience / Area in Which Officers Are Expected to Make a Particular Contribution

Area	Reasons for Selection
All Aspects of Management	ITOCHU is a general trading company that operates in diverse business sectors. The oversight of business operations requires knowledge of this area in order to participate in discussions about business plans and strategies that can enhance corporate value based on the spirit of "*Sampo-yoshi*."
Global	Knowledge of this area based on understanding different cultures and geopolitics is required because ITOCHU operates on a global scale as a general trading company.
Marketing / Sales	Knowledge of these areas is required because promotion of "earn" measures is a key element of ITOCHU's operations, which depend on leveraging sales capabilities as a "Merchant," from a market-oriented perspective.
Self-Transformation / Digital Transformation	ITOCHU realizes sustained growth by drawing on comprehensive strengths as a general trading company accompanied by self-transformation in a flexible manner that reflects changes in the external environment. ITOCHU does not make DX itself a target. Instead, by self-transformation, ITOCHU steadily builds up individual projects that are expected to swiftly contribute to profit namely those that optimize supply chains, etc. while leveraging existing business foundations. Knowledge of these areas is required for taking these actions.
SDGs & ESG	ITOCHU aims for sustained growth with a commitment to capitalism with greater emphasis on serving all stakeholders, which is "*Sampo-yoshi* capitalism." ITOCHU sets to solve the seven identified material issues through business operations, including addressing climate change, to contribute to accomplishing the Sustainable Development Goals (SDGs). Consequently, knowledge of these areas is required.
Health & Medical Care	People is the most valued management resource of ITOCHU. Developing capability and enhancing the health is essential for maintaining a powerful workforce that can fulfill our Guideline of Conduct: "I am One with Infinite Missions." Consequently, knowledge of these areas is required.
Finance, Accounting & Risk Management	Sustained growth requires strong financial foundation, accurate financial reports, and the analysis of risks when examining M&A and other projects. A quantitative framework of administrative divisions which support business divisions is also essential. Consequently, knowledge of these areas is required for constantly implementing the "earn, cut, prevent" principles.
Human Resource Strategy	ITOCHU clearly identifies human resources as a key component of management strategy. Knowledge of this area is required in order to effectively implement various initiatives, such as work-style reforms to enhance corporate value.
Internal Control & Legal Affairs / Compliance	ITOCHU maintains an appropriate structure for the monitoring and audit of management in order to ensure appropriate and efficient execution of operation. Knowledge of these areas is required in order to make constant improvements to this structure and implement "prevent" measures.

Akiko Ito

Outside Director

Ms. Ito served as Commissioner of the Consumer Affairs Agency after playing other vital roles. As Director-General of the Housing Bureau, she became the first female Director in the Ministry of Land, Infrastructure, Transport and Tourism. Subsequently, she served as Councillor in the Cabinet Secretariat, as well as Director General in the Secretariat of the Headquarters for Overcoming Population Decline and Vitalizing Local Economy in Japan. She brings extensive knowledge on consumer issues. She assumed her position as a member of the Board of Directors at ITOCHU in June 2023 and was appointed to the Governance, Nomination and Remuneration Committee in FYE 2024.

Demonstrating the Functions of an Outside Officer

ITOCHU's outside officers comprise diverse human resources who can offer effective advice for promoting management strategies based on their wide-ranging experience, including lawyers, accountants, business management experienced professional, doctors, etc. Outside officers fulfill monitoring and supervisory functions, through the eyes of society and general shareholders, while leveraging the strengths gained from their own individual experience. They offer useful advice on highly unique measures directly connected to management strategies, such as health management and the establishment of the Women's Advancement Committee.

I have been engaged in rule-making from the standpoint of public administration, since my time as Commissioner of the Consumer Affairs Agency, with a focus on "protecting" consumers. The main areas I covered were related to people's everyday lives, such as housing administration that is strongly connected people's lives, as well as regional revitalization rooted in the local community. Notably, personal consumption underpins around 50% of Japan's GDP. I believe the outlook for the Japanese economy is directly tied to the expansion of high-quality consumer spending. Starting from the government's commitment to consumer protection, both consumers and companies have worked together on co-creation and the promotion of consumer-oriented management that enhances social value. "*Sampo-yoshi*," which ITOCHU embodies, is similar to the consumer-oriented management I have promoted through listening to the voice of consumers. Going forward, I will leverage the expertise and experience I gained through consumer affairs, etc. to provide useful advice, thereby contributing to the sustainable development of ITOCHU.

Constant Improvement in the Board of Directors

FYE 2024
- Establishment of the Governance, Nomination and Remuneration Committee through reorganization
- Aforementioned committee chaired by an Outside Director and has a majority of Outside Directors as members

FYE 2022–FYE 2023
- Establishment of the Women's Advancement Committee
- Appointment of two outside officers with experience in corporate management

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 after the transition to a monitoring-focused Board of Directors in FYE 2018 and has been adopted and adhered to as a policy.

Activities of the Advisory Committees to the Board of Directors

Governance and Remuneration Committee

In FYE 2023, a total of four meetings were held (two of which were held by paper circulation), with all members in attendance. The main topics included the Board of Directors' effectiveness evaluation, the conclusion of a company indemnification agreement, reorganization of the Governance and Remuneration Committee and the Nomination Committee, and the continuation of share price-linked bonuses with the two fiscal years from FYE 2024 to FYE 2025 as a calculation period. Each member engaged in active deliberations on every topic. In deliberations on the reorganization of the Governance and Remuneration Committee and the Nomination Committee, opinions were expressed to the effect that integration of the committees would promote even livelier discussions and that a committee with a composition reflecting the different roles of Directors and Audit & Supervisory Board Members would enable them to better fulfill their respective roles.

Nomination Committee

In FYE 2023, a total of four meetings were held (one of which was held by paper circulation). One of the in-person meetings was attended only by the Chairman & CEO and the committee members who are outside officers. The other two meetings were attended by all committee members. The committee members deliberated such matters as FYE 2024 personnel matters related to Executive Officers, succession plans, and other items, and held lively discussions on important personnel matters, including the continued appointment of the CAO and CFO and the appointment of Directors, Audit & Supervisory Board Members, and Executive Officers. In addition, future-oriented discussions on succession planning will continue to be held.

Women's Advancement Committee

In FYE 2023, a total of two meetings were held, with all members in attendance. The main topics included the current status of new female appointees to and female candidates for senior management positions, initiatives for the promotion of female employees, and human capital disclosure in the Financial Information Report. Each member engaged in active deliberations on every topic. Regarding new female appointees to senior management positions, the committee received reports stating that, partly thanks to initiatives to date, steady progress is being made in appointing women to important positions, including the appointment of the first female president of an overseas office and the appointment of a first female president of a domestic Group company. Also, opinions were provided to the effect that in achieving further favorable results, it was necessary to share examples of female career-track employees who have successfully assumed important positions, and to understand and support from the front lines in which female employees are actually promoted.

Succession Plan

The Company positions succession plans as a material management issue in an effort to enhance management sustainability and medium- to long-term corporate value. As the CEO leading ITOCHU, a general trading company, it is assumed that the most important skill is to have "business capabilities as a merchant" and business sense, and to be able to practice "*Sampo-yoshi*." The CEO selection process and a policy on training CEO candidates are as follows.

CEO Selection Process

Proposals by the Chairman & CEO

- The Chairman & CEO recommends candidates to the Governance, Nomination and Remuneration Committee based on input from executives because it is not only essential to have knowledge related to the businesses of the entire Company to enhance medium- to long-term corporate value but also to have a deep understanding of the candidates' careers, experience, character, and other factors.

Deliberations at the Governance, Nomination and Remuneration Committee

- The Governance, Nomination and Remuneration Committee is chaired by an Outside Director and has a majority of Outside Directors. Its deliberations reflect the perspectives of outside officers who share viewpoints with general shareholders and society.

Deliberation at Meetings of the Board of Directors

- The Governance, Nomination and Remuneration Committee reports the results of deliberations to the Board of Directors, and the CEO is decided following discussions at Meetings of the Board of Directors.

Policy on Training CEO Candidates

Officers who have "business capabilities as a merchant" are positioned within the organization to enable them to thrive and gain experience. To train multiple candidates in leadership and enable them to learn how to engage with customers, we allow them to gain daily experience in highly challenging frontline operations, regardless of whether they are stationed at headquarters or a Group company, in Japan or overseas.

Kunio Ishizuka

Outside Director

Mr. Ishizuka has extensive knowledge of corporate management and the retail industry, which 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 assumed his position as a member of the Board of Directors at ITOCHU in June 2021. As of FYE 2024, he serves as chair of the Governance, Nomination and Remuneration Committee.

Selecting Management with a Focus on Practicality

As chair of the Governance, Nomination and Remuneration Committee, I emphasize practicality above all else in selecting senior management members. There are aspects of formally setting the CEO's term and retirement age that are easy for stakeholders to comprehend, but amid this uncertain business environment, I do not believe that proceeding with generational replacement in line with just one set of rules will necessarily lead to the sustainable growth and enhancement of corporate value. Corporate management is not conducted by the CEO alone. The presence of a robust management team supporting the CEO is crucial. The Governance, Nomination and Remuneration Committee discusses many important human resource matters, including management supporting the CEO. When selecting management, some aspects of character can be glimpsed from their experience to date and their daily interactions. It is also important, however, to uncover their unwavering resilience and true qualities in line with the trends of the time. General trading companies have expanded business and changed their business structures in tandem with changes in the external environment. In addition to nimble innovation suited to the roles of companies demanded by each era, we need to assess whether they have a consistent core as a merchant and can demonstrate steadfast leadership. ITOCHU has many personnel who have a talent for doing business. As chair of the Governance, Nomination and Remuneration Committee, I will continue leading discussions on important personnel, such as the CEO and other senior management members, while assessing current trends, as well as utilizing my perspective as outside officer and as a former top management in the retail industry.

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, 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, 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 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

Details of the Remuneration Paid to Directors and Audit & Supervisory Board Members of the Company in FYE 2023

(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	Stock Remuneration
Directors	Inside	6	2,964	581	1,825	168	390
	Outside	4	81	81	—	—	—
	Total	10	3,045	662	1,825	168	390
Audit & Supervisory Board Members	Inside	3	111	111	—	—	—
	Outside	3	60	60	—	—	—
	Total	6	172	172	—	—	—

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 2024, the portion up to ¥200.0 billion) x 0.35%
B = (Of consolidated net profit for FYE 2024, the portion exceeding ¥200.0 billion and up to ¥300.0 billion) x 0.525%
C = (Of consolidated net profit for FYE 2024, 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	Senior Managing Executive Officers	Managing Executive Officers	Executive Officers
10	7.5	5	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 a rate determined based on the plan achievement rate of the consolidated net profit of the assigned division / department. 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.

*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)

*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 Among the Company's Directors in FYE 2024, a Director has been assigned the Machinery Company as the division / department whose business performance evaluation is reflected. The plan value for the consolidated net profit of the Machinery Company in FYE 2024 is ¥105.0 billion (announced on May 9, 2023). However, the standard amount for business performance evaluation has been set at ¥110.0 billion to provide an incentive for further enhancement of business performance.

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

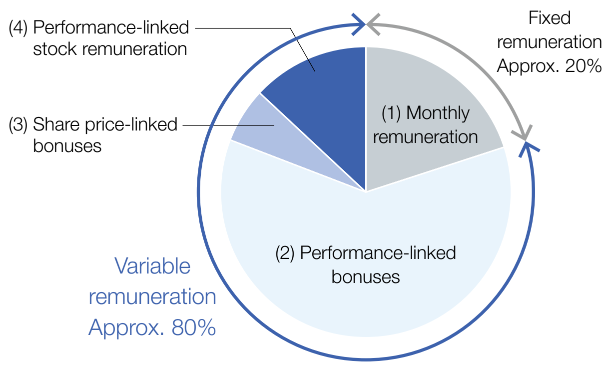
Calculation Formula for (3) Share Price-Linked Bonuses

Amount paid to an individual Director*1 (FYE 2024)
= ((Simple average of daily closing price of ITOCHU stock in FYE 2024) – (Simple average of daily closing price of ITOCHU stock from FYE 2022 to FYE 2023)) × 1,300,000 × (Position points*2 of FYE 2024) / (108.8 points)
× Relative stock price growth rate*3 × 1/2

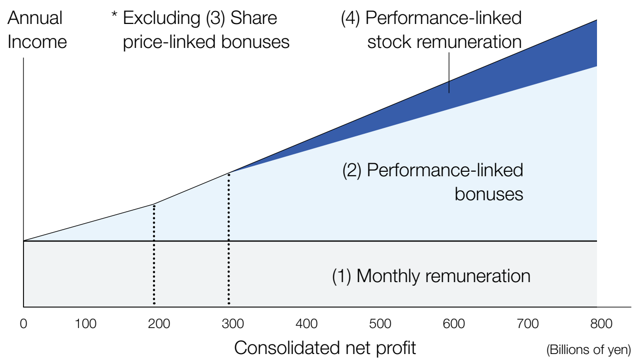
Amount Paid to an Individual Director*1 (FYE 2025)
= ((Simple average of daily closing price of ITOCHU stock from FYE 2024 to FYE 2025) – (Simple average of daily closing price of ITOCHU stock from FYE 2022 to FYE 2023)) × 1,300,000 × (Total position points*2 of FYE 2024 and FYE 2025) / (108.8 points × 2)
× Relative stock price growth rate*4 – Share Price-linked Bonuses of FYE 2024

*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). If the amount calculated based on the calculation formula is negative, the amount paid to an individual Director for the relevant year will be zero.
*2 The position points assigned to each Director are the same as those applied for calculating (2) performance-linked bonuses.
*3 Relative stock price growth rate = (Simple average of daily closing price of ITOCHU stock in FYE 2024 / Simple average of daily closing price of ITOCHU stock from FYE 2022 to FYE 2023) / (Simple average of daily TOPIX in FYE 2024 / Simple average of daily TOPIX from FYE 2022 to FYE 2023)
*4 Relative stock price growth rate = (Simple average of daily closing price of ITOCHU stock from FYE 2024 to FYE 2025 / Simple average of daily closing price of ITOCHU stock from FYE 2022 to FYE 2023) / (Simple average of daily TOPIX from FYE 2024 to FYE 2025 / Simple average of TOPIX from FYE 2022 to FYE 2023)

Composition of Remuneration for Directors (Excluding Outside Directors) (FYE 2023)



Remuneration Image of Directors (Excluding Outside Directors)



Promoting More Active Discussions at Meetings of the Board of Directors

To heighten the effectiveness of the Board of Directors, submission of and reporting on topics to the Board of Directors was continued in FYE 2023. The main topics that were reported on and submitted to the Board included sustainability-related initiatives, a report on cybersecurity readiness, and the progress of corporate branding strategies. Summaries of the Board's discussions on these three topics are as follows.

Topic	Details of Discussions
Sustainability-Related Initiatives	Representatives of the Sustainability Management Division provided an overview of its operations and explained measures for the disclosure of non-financial information in the Financial Information Report, climate change measures, and the acquisition of ESG evaluations, and discussions on these subjects were held. A variety of discussions were held on the Company's current climate change measures. For example, an Outside Director inquired about the prospects of the Company achieving its goal of a 40% reduction in GHG emissions by 2030 compared with those of 2018. A representative of the department replied that it is continuing to prepare a roadmap that takes into account the actual business conditions of each Division Company and the impact of such factors as future technological innovations.
Report on Cybersecurity Readiness	Representatives of the IT & Digital Strategy Division explained the Group's cybersecurity-related initiatives and in-house systems, and discussions on these subjects were held. An Outside Director asked questions regarding the cybersecurity measures of the Group. In addition, an Outside Audit & Supervisory Board Member expressed the opinion that given the use of extremely sophisticated techniques combining cyberattack technologies and ordinary fraud, the Company should conduct case studies on false remittances caused by identity theft and then educate officers and employees of the Company and its Group companies accordingly. An Inside Director explained the measures that are being considered, including the establishment of a separate company to attract and retain cybersecurity experts. The aforementioned discussions will be helpful for the Company's initiatives going forward. ▶ Page 51 Risks Associated with Information Systems and Information Security
Progress of Corporate Branding Strategies	Representatives of the Corporate Brand Initiative (CBI)* explained the social environment-driven evolution of the Company's corporate branding strategies, examinations of the Company's corporate image, and the opening of ITOCHU SDGs STUDIO KIDS PARK, and discussions on these subjects were held. Lively discussions were held on corporate branding strategies. For example, an Outside Director expressed the hope that ITOCHU SDGs STUDIO KIDS PARK, which enables children to play safely and free of charge in Tokyo, would continue because, given the strong public demand for such facilities, the initiative aligns with current social trends. Also it was suggested to analyze the corporate branding strategies of competitors. * Established in January 2020, the CBI promotes corporate branding and reports directly to the CAO.

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 Meetings of the Board of Directors and off-site discussions from the aforementioned medium- to long-term view.

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 his 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 setting preventive measures against in-office infection of COVID-19. As of FYE 2024, he serves on the Governance, Nomination and Remuneration Committee.

Systems to Support and Provide Information to Outside Officers

ITOCHU expands opportunities for on-site observations and briefings ahead of Meetings of the Board of Directors to enhance outside officers' understanding of the issues, and to provide an overview of the wide variety of businesses that general trading companies are engaged in. From FYE 2022, in response to calls from outside officers as well, the Board of Directors has held regular discussions centered on non-financial themes, such as corporate branding and sustainability. These and similar agenda items help enhance medium- to long-term corporate value, further deepening our understanding of ITOCHU's vision. In FYE 2023, we held the internal reporting meeting, in which outside officers also participated, to examine strategies connected to the medium- to long-term enhancement of ITOCHU's corporate value. This meeting focused on how to help achieve growth strategies (through human resource strategies, financial and capital strategies, etc.), in addition to examining actual growth strategies based on the strengths of Division Companies and specific business expansion efforts going forward. Before the internal reporting meeting, Division Companies and administrative divisions held strategy workshops separate from daily operations. Through these focused discussions, they were able to deepen the understanding of outside officers by providing well-developed explanations on the key measures of each division at the reporting meeting. Going forward, ITOCHU will begin to implement the strategies and reach the stage of working to further expand its earnings base. The progress will be monitored by the Board of Directors and other bodies. Side by side, the outside officers will proactively offer advice mainly in fields expected to contribute to progress in order to expand Groupwide business results and enhance corporate value.

Discussions at Meetings of the Board of Directors Related to an Individual Project

Based on the rules of the Board of Directors, investment or financing projects exceeding a certain monetary threshold require approval by the Board of Directors following approval by the HMC*.

In FYE 2023, multiple projects were submitted to the Board of Directors, including "Execution of Agreement to Tender Shares in CONEXIO Corporation" in the ICT & Financial Business Company. CONEXIO's main business is operating sales agencies for mobile phones and, until FYE 2021, it was a strong-performing Group company boasting nine consecutive years of profit growth. Following changes in the mobile phone sales industry, however, profitability began a downward trajectory. Amid this situation, ITOCHU and CONEXIO searched for further Group synergies and simultaneously worked to study all possible options. When the public tender was ultimately determined to be the optimal option to realize higher corporate value for ITOCHU and CONEXIO, we decided to sell.

First, after conducting a briefing related to the project for the Board of Directors, the content of executive discussions from the HMC and the Investment Consultative Committee was reported to the Board. This covered the sales price, the fairness of the premium, the status of negotiations with buyers, synergies expected by the buyers, the probability of the buyer enhancing CONEXIO's corporate value, and the opinions of related administrative organizations. Other points that were raised included reflecting on the business expansion of CONEXIO to date, the need to promote the diversification of businesses that take their own initiative, and CONEXIO's need to identify changes in the business environment surrounding the mobile phone sales industry and engage in business while forecasting potential scenarios. These and other opinions connected to future businesses were provided at the Board meeting.

As a result of discussions at Meetings of the Board of Directors, we realized we need to consider how this sale might impact ITOCHU's relationship with telecommunication carriers. It was difficult to create additional synergies between CONEXIO and the Group, we determined that the proposed sales price was rational and began implementing the sale without letting our guard down during final sales price negotiations. We confirmed the focus on quickly establishing a new earnings base for the ICT & Financial Business Company, and approved the policy of sale through a tender offer bid.

* Headquarters Management Committee

Makiko Nakamori

Outside Director

Ms. Nakamori possesses a high level of expertise in finance and accounting as a Certified Public Accountant in Japan, and has a wealth of experience as a corporate manager. She assumed her 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 2024, she serves as chair of the Women's Advancement Committee, and a member of the Governance, Nomination and Remuneration Committee.

Asset Replacement with No Boundaries

The tender offer for CONEXIO was a major project that included discussions on governance matters related to dissolution of parent–subsidiary listing, as well as business matters centering on large-scale asset replacement. After carefully monitoring the business environment of each Group company, both listed and unlisted, ITOCHU is promoting the replacement of low-efficiency businesses and businesses with diminished strategic significance. In addition, listed subsidiaries are of great concern to investors and other parties as they present corporate governance issues including risks related to conflicts of interests with minority shareholders. ITOCHU announced its policy related to the governance of listed subsidiaries, and, through its Corporate Governance Report and other documents, has explained that it will maintain a structure to avoid potential conflicts of interest. CONEXIO was originally spun off from a sales agency business for mobile phones, which ITOCHU had been involved in. The business contributed to profits for a long time and there were a lot of strong emotions involved within the Company, but we objectively reviewed its strategic significance and considered its standing as a listed subsidiary. As a result, it became subject to asset replacement. I hold the intention to exercise my role as an Outside Director by fulfilling check and supervisory function to ensure that the asset replacement process is conducted with no boundaries, while also considering the parent–subsidiary listing perspective.

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.

ITOCHU periodically reviews the significance of holding listed subsidiaries in light of their position in management strategies and then purchases additional shares or disposes of shares as necessary. In FYE 2021, the Company privatized FamilyMart Co., Ltd., and in FYE 2023 the Company disposed of shares of CONEXIO Corporation. Going forward, the Company will continue to periodically review the significance of holding listed subsidiaries and further improve Group governance systems in light of the Corporate Governance Code. In addition, the Company has investments in multiple listed affiliates. The Company gives due consideration to avoiding conflicts of interest in transactions with such affiliates. Also, taking into consideration the actual situations of each affiliate, including capital relationships and the status of transactions, the Company implements measures in accordance with those implemented for listed subsidiaries as necessary.

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

(As of July 1, 2023)

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	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 the important role of selling final products in the ITOCHU Group'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.	60% (3 out of 5 directors)	• Management Advisory Committee • Sustainability Committee	50% (2 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 • Diversity Committee	50% (2 out of 4 members)

* In August 2023, ITOCHU announced a tender offer bid for CTC aimed at privatizing the company.

Business Portfolio

Section Highlights

- Strategies of the Division Companies Comprising ITOCHU's Business Portfolio
- Strengths and, Risks and Opportunities in Each Business Field and How They Relate to Materiality

Contents

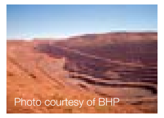
Financial Summary

Segment Overview

	3-year average	Percentage of the Total for ITOCHU (3-year average)			
	ROA*1*2	Core profit*2	Total assets	Core operating cash flows	Number of employees (Consolidated)
Textile Company	3.9%	2.7%	3.6%	2.8%	5.5%
Machinery Company	5.6%	11.4	11.2	11.0	11.4
Metals & Minerals Company	17.2%	29.4	9.5	28.4	0.4
Energy & Chemicals Company	6.0%	13.2	11.9	16.1	10.5
Food Company	2.5%	7.3	16.3	11.2	30.9
General Products & Realty Company	5.9%	10.2	9.3	9.6	14.7
ICT & Financial Business Company	4.9%	9.8	10.7	11.6	16.5
The 8th Company	0.7%	2.1	16.5	9.8	7.8
Others, Adjustments & Eliminations		13.9	11.1	(0.5)	2.3
Non-resource		72.4%	90.2%	69.2%	94.7%
Resource		27.6%	9.8%	30.8%	5.3%



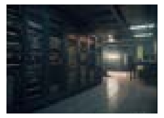










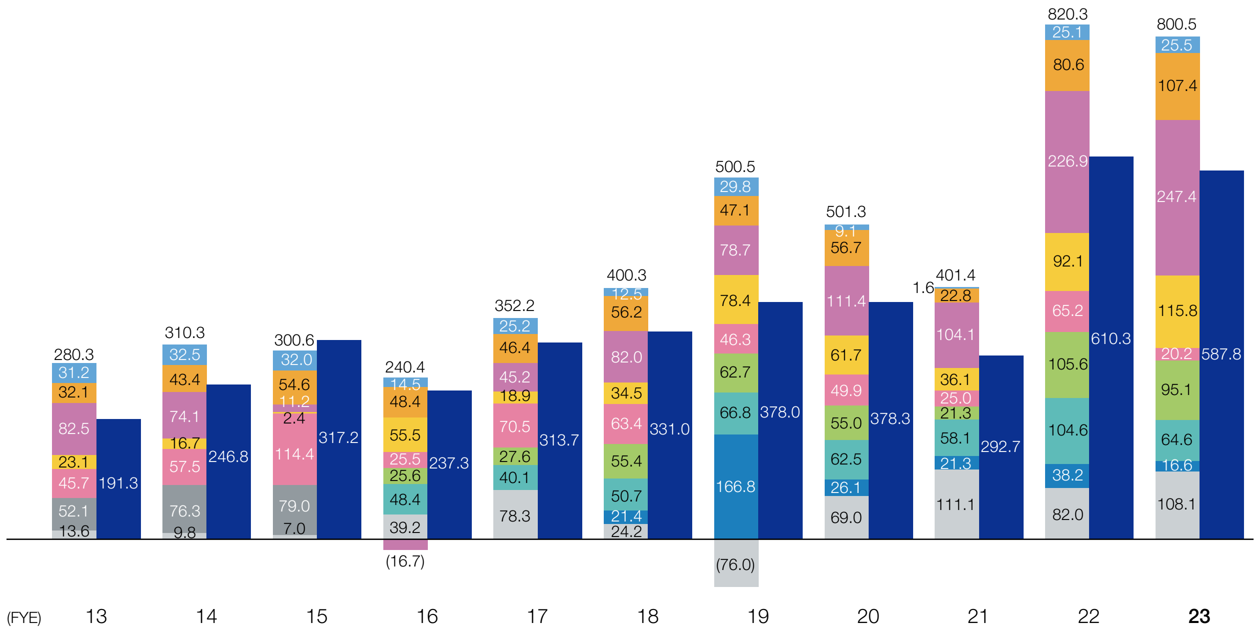




*1 In calculating average ROA, core profit has been used.
*2 On July 1, 2019, The 8th Company was established, and ITOCHU began mutual holdings in which The 8th Company was the minority shareholder and the other Division Companies were the majority shareholders. On October 1, 2022, ITOCHU dissolved such mutual holdings. Therefore, the results from FYE 2022 to FYE 2023 have been calculated based on the dissolution of the mutual holdings.

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

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

(Billions of yen)



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 / Consolidated net profit from the non-resource sector

*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 On July 1, 2019, The 8th Company was established, and ITOCHU began mutual holdings in which The 8th Company was the minority shareholder and the other Division Companies were the majority shareholders. On October 1, 2022, ITOCHU dissolved such mutual holdings. Therefore, the results from FYE 2018 to FYE 2021 have been presented based on the mutual holdings, while the results from FYE 2022 to FYE 2023 have been presented based on the dissolution of the mutual holdings.

Billions of yen

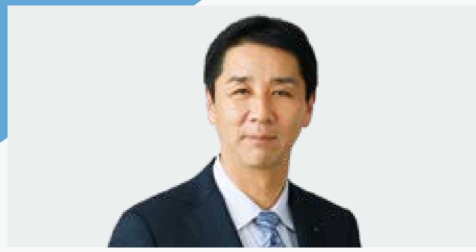
(FYE)	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	**2023**
Consolidated net profit	280.3	310.3	300.6	240.4	352.2	400.3	500.5	501.3	401.4	820.3	**800.5**
Non-resource	191.3	246.8	317.2	237.3	313.7	331.0	378.0	378.3	292.7	610.3	**587.8**
Resource	75.5	53.6	(23.6)	1.8	30.6	82.3	115.5	126.8	107.9	221.6	**215.6**
Core profit	280.3	310.3	305.6	315.4	370.2	416.8	472.0	485.3	452.4	690.3	**787.5**
Extraordinary gains (losses)	0.0	0.0	(5.0)	(75.0)	(18.0)	(16.5)	28.5	16.0	(51.0)	130.0	**13.0**

Macroenvironmental Factors Impacting Division Company Performances in FYE 2024

	Sensitivity		National Macroeconomy			Rebound from decline caused by COVID-19
	Foreign Exchange Rate	Market-Sensitive Commodities	China	North America	Japan	
Textile Company						
Machinery Company	US$					
Metals & Minerals Company	US$ · AU$	Iron ore price, coal price, etc.				
Energy & Chemicals Company	US$	Crude oil price, LNG price, etc.				
Food Company		Pork price, feed price, etc.				
General Products & Realty Company	US$	Pulp price, etc.				
ICT & Financial Business Company						
The 8th Company						
Others, Adjustments & Eliminations	US$	Pork price, etc.				

Impact
High
Low

Business Portfolio



Hideto Takeuchi
President, Textile Company

From left:

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

Textile Company

Business Fields

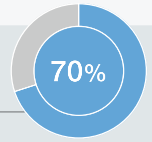
- Brand business (import and licenses for garments, fashion accessories, lifestyle brands, etc.)
- Apparel (raw materials, textile fabrics, garment materials, textile products, etc.)
- Industrial materials (fiber materials for industrial and manufacturing use, lifestyle-related products, etc.)

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

Business Development

Quantitative information ▶ Page 126–133



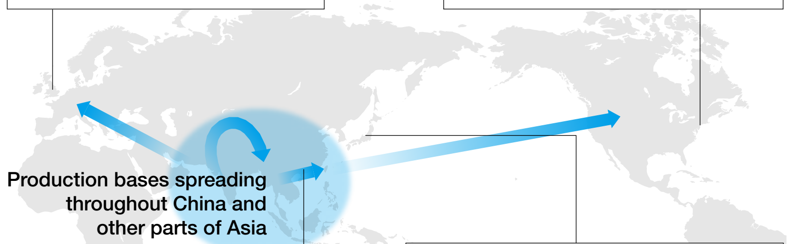
Percentage of Earnings from Domestic Business (image)

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)

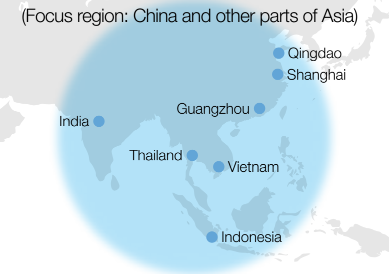
Product planning, production, and sales bases targeting Japanese, Chinese, Asian, and global markets
- ITOCHU
- EDWIN
- Sankei
- DESCENTE
- DOME
- UNICO
- ROYNE

Focusing on the sports-related business

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, Leilian, LeSportsac, OUTDOOR PRODUCTS, Paul Smith

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

The list of major subsidiaries and associated companies is available on ITOCHU's website.
https://www.itochu.co.jp/en/files/ar2023E_12.pdf

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

Acquisition of Marketing Rights and License Rights for Reebok in Japan

ITOCHU has acquired the marketing rights and license rights for Reebok in Japan, a brand that boasts outstanding designs and advanced functions that has earned it strong brand recognition and popularity worldwide. ITOCHU, which has extensive expertise and networks in the brand business, and JADE GROUP, Inc., which offers retail know-how centered on e-commerce, have jointly established RBKJ Corporation, a domestic business management company that began its operations in October 2022. By marketing a broad lineup of merchandise and strengthening promotional activities, we will further enhance the value of the Reebok brand in Japan.

ITOCHU will cater to market and consumer needs through the adoption of a market-oriented perspective to further strengthen the earnings base for business activities in the footwear-related business, which is a key component of the Textile Company.

"Instapump Fury," a signature Reebok shoes

Brand Marketing Section 5, Brand Marketing Department 1
From left:
Megumi Mitsugi (Dispatched), **Rie Mori**, **Keisuke Muraoka** (Right end)

RBKJ Corporation
Third from left:
Yuya Nishikawa (Dispatched)

FYE 2023 Review (Specific Accomplishments)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Acquired marketing rights and licensing rights for Reebok in Japan and jointly established a company managing domestic business operation in collaboration with JADE GROUP, Inc.
- Accelerated efforts in sustainability through investments in ECOMMIT Co., Ltd., which provides textile collection services, and RePEaT Co., Ltd., which licenses chemical recycling technologies for polyester products collected in Japan and overseas
- Expanded the earnings base of the brand business through measures including acquisition of sales rights and master license rights in Japan for the U.S. fast fashion brand "FOREVER 21," and acquisition of exclusive rights to import and sell the British lifestyle brand "Barbour"

Growth Opportunities (Sustainable Growth)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- In addition to further developing a hands-on management at DESCENTE LTD., which is positioned as the core of our sports-related business, and strengthening collaboration through the China business of French sports brand "le coq sportif," etc.
- Expanding business that caters to growing market of the sports-related business by making DOME CORPORATION, which is the exclusive distributor in Japan of the U.S. sports brand "UNDER ARMOUR," a subsidiary
- Expanding cross-divisional initiatives related to production and sales of the footwear-related business, which handles multiple leading brands
- Increasing the number of new commercial products handled such as cosmetics and lifestyle products by leveraging our brand business know-how cultivated over many years
- Expanding the recycled polyester material "RENU" and other products as a means of promoting initiatives that contribute to the sustainability of the textile industry
- Expanding our overseas business foundation in the industrial materials field through collaboration with blue-chip partners

Risk Responses (Lower Cost of Capital)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Using RFID, IT, and data to visualize and optimize value chain, including the production and sales functions
- Respecting human rights throughout supply chains and promoting trade with companies that engage in sustainable practices
- Establishing stable operational infrastructure by updating the backbone systems (ERP) of Group companies, etc.

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 ITOCHU's website: https://www.itochu.co.jp/en/csr/itochu/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

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

Machinery Company

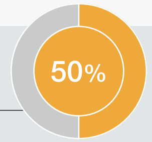
Business Fields

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

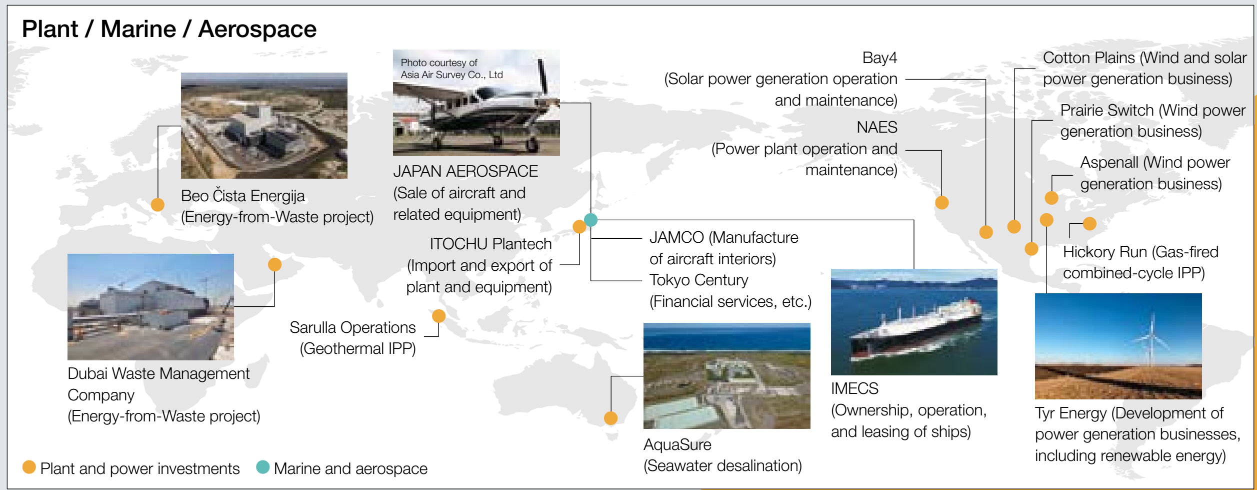
Company Strengths

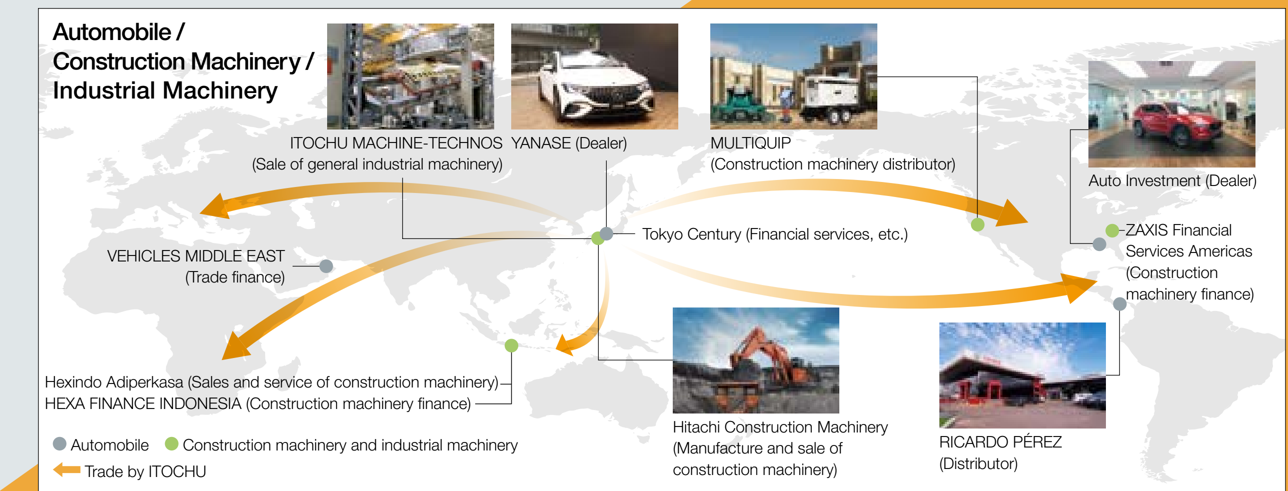
- Diverse businesses in developed countries and business development in emerging countries while minimizing country risk
- Solid business relationships with blue-chip partners in the waste treatment / renewable energy areas and advanced project development capabilities
- Broad business portfolio encompassing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

Business Development Quantitative information Page 126–133



Percentage of Earnings from Domestic Business (image)





The list of major subsidiaries and associated companies is available on ITOCHU's website.
https://www.itochu.co.jp/en/files/ar2023E_12.pdf

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

Solving Complex and Interlinked Environmental, Decarbonization, Waste Management, and Energy Conversion Problems through Business

Beo Čista Energija d.o.o., in which ITOCHU has invested through I-ENVIRONMENT INVESTMENTS LIMITED in the United Kingdom, is engaged in an integrated Energy-from-Waste business in Belgrade, the capital of the Republic of Serbia. The company has already begun providing certain services, including the operation of managed landfill sites and construction demolition waste recycling. Once the Energy-from-Waste facility is completed, the company will begin supplying clean electricity and heat to up to 10% of the households in the metropolitan area of the Republic of Serbia in 2023. The business will make a multifaceted contribution to the achievement of the SDGs. In addition to addressing the country's long-standing environmental and waste problems, the business will help realize energy conversion, decarbonization, and European Union accession, which are high priority national policies. ITOCHU will continue to help address social issues by leveraging its accumulated expertise and competence in the development, design, construction, and operation of businesses to realize high-value-added infrastructure projects.

The Republic of Serbia's first leading-edge integrated Energy-from-Waste business

Left picture
Project Development Section No.3, Urban Environmental & Power Infrastructure Department
From left:
Tsuneharu Hibino, Taisei Hisano

Right picture
Beo Čista Energija d.o.o.
From left:
Vladimir Milovanović, Mitsuaki Harada (Dispatched), Lea Markštajn Stojanović

FYE 2023 Review (Specific Accomplishments)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- In addition to the investment in Hitachi Construction Machinery Co., Ltd., a joint venture finance company for construction machinery was then established in North America by the three companies—Hitachi Construction Machinery Co., Ltd., Tokyo Century Corporation, and ITOCHU—as the first collaboration
- Received certification of carbon credit from Gold Standard, an international certification organization in Switzerland, in the Energy-from-Waste business in the Republic of Serbia
- Concluded an agreement for an investment in a new wind power plant (Prairie Switch) in Texas, the United States, to accelerate the renewable energy business in North America
- Received an approval in principle from Nippon Kaiji Kyokai (ClassNK) for the design of an ammonia-fueled ship, together with partner companies that have been jointly selected by the Green Innovation Fund Projects of the New Energy and Industrial Technology Development Organization (NEDO)
- Established a system that provides charging solutions as well as providing battery leasing services that reflect battery degradation projections as a partner of the "EVision" total solution program for users of electric trucks of Isuzu Motors Limited
- Strengthened the earnings base by hands-on management approach along with an increase in our ownership in YANASE & CO., LTD.

Growth Opportunities (Sustainable Growth)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Expanding peripheral functions, such as the operation and maintenance of plants and the provision of demand and supply balancing services, in addition to strengthening business development capabilities in the renewable energy field
- Developing / owning zero-emission ships, which use ammonia as fuel, and promoting the fuel supply business with the goal of reducing marine GHG emissions
- Expanding value-added businesses in the water and environmental businesses, both in terms of geographies and functions, to meet social needs and spur the transition to a circular economy
- Expanding the value chain to include leasing, rental, after-sales services, used vehicle sales, etc., and promoting the introduction of EVs in the automobile and construction machinery fields
- Expanding the value chain for the construction machinery business through our capital alliance with Hitachi Construction Machinery Co., Ltd.

Risk Responses (Lower Cost of Capital)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Complying with policies related to coal-fired power generation and promoting renewable energy power generation projects in consideration of national and regional energy situations
- Reducing environmental impact by expanding mobility services and promoting EVs, autonomous cruising vehicles, and aircraft electrification, etc.

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 ITOCHU's website: https://www.itochu.co.jp/en/csr/itochu/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

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
Masakatsu Murayama	General Manager, Steel Business Coordination Department

Metals & Minerals Company

Business Fields

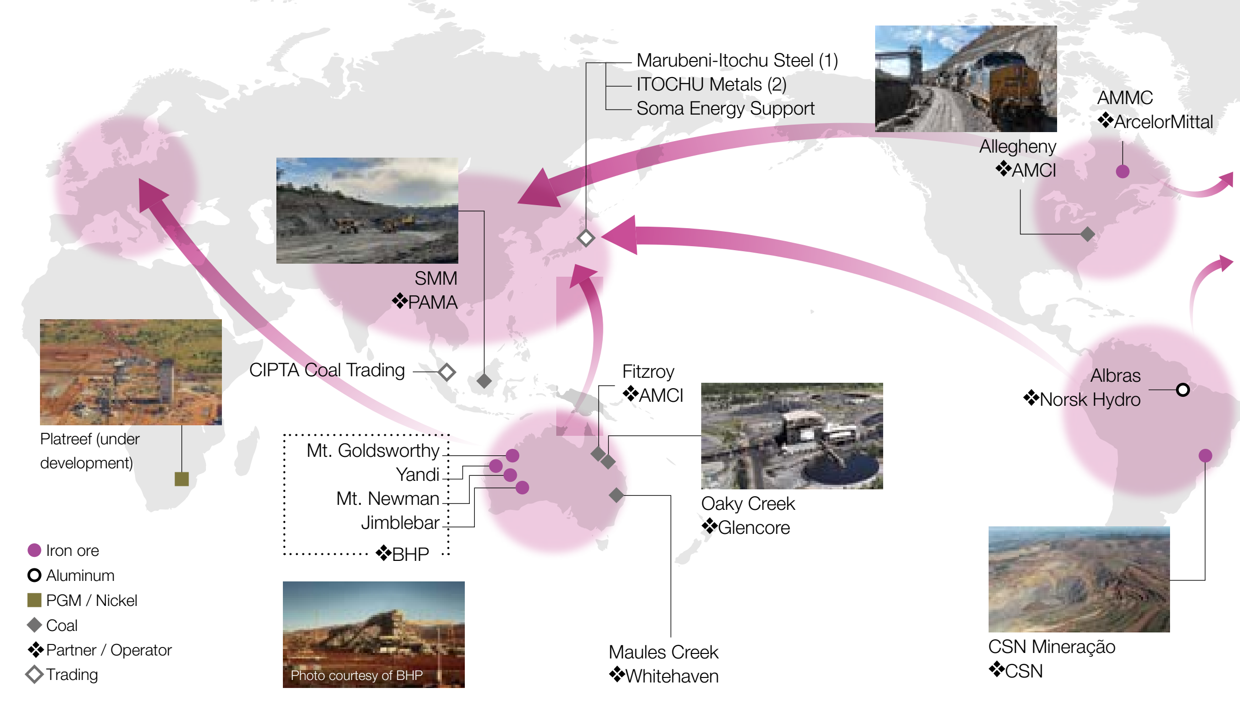
- Development of metal & mineral resource projects (iron ore, coal, non-ferrous metals, rare metals, etc.)
- Trading of raw materials for steelmaking (iron ore, coal, etc.), fuel for power generation (coal and uranium), non-ferrous raw materials and products (aluminum, etc.), and recycling business (metal scrap, waste treatment, etc.)
- Decarbonization-related business (hydrogen; ammonia; carbon dioxide capture, utilization, and storage (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 coking coal
- Broad-ranging trade flows that run from upstream (metal & mineral resources and metal materials) to downstream (steel / non-ferrous products)

Business Development Quantitative information ▶ Page 126–133

10%
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

The list of major subsidiaries and associated companies is available on ITOCHU's website.
https://www.itochu.co.jp/en/files/ar2023E_12.pdf

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

Acquisition of a Partial Interest in an Iron Ore Project in Canada (AMMC)

Through ITOCHU Minerals & Energy of Australia Pty Ltd, ITOCHU has acquired a partial interest in the AMMC iron ore project in Canada, which is operated by the major steel companies ArcelorMittal of Europe, Posco Holdings Inc. of South Korea, and China Steel Corporation of Taiwan.

AMMC has a steady output of 25 million tons of iron ore and pellets annually, and conducts integrated operations through its ownership of mines, railway, a port, and pellet production facilities in eastern Quebec, Canada. The high-grade iron ore produced by AMMC is an essential raw material for direct reduced iron (DRI), which contributes to lower carbon emissions of the steel industry.

In addressing the need to respond to climate change, we have added this interest to our existing portfolio of iron ore businesses to strengthen our ability to provide stable supplies of high-grade iron ore, which is seeing increasing demand worldwide. Together with its partners, ITOCHU will continue to contribute to reducing carbon emissions of the steel industry.

One of the largest open-pit iron ore mines in Canada, which is operated by AMMC
Source: https://northamerica.arcelormittal.com/our-operations/arcelormittal-mines-and-infrastructure-canada

IMEA CANADA INC.
Front row, left:
Hiroshi Akiba (Dispatched)

Iron Ore Section No.2, Iron Ore & Steelmaking Resources Department
Front row, right:
Makoto Oishi
Back row, from left:
Momoko Kunisada, Tetsu Yamanishi, Kouhei Watanabe

FYE 2023 Review (Specific Accomplishments)

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

- Invested in the AMMC iron ore project in Canada to secure stable supply of high-grade iron ore that helps reduce carbon emissions of the steel industry
- Sought to expand our business platform for the next generation by steadily advancing the development of the Allegheny coking coal mine in the United States and concluding an agreement on the acquisition of a partial interest in the Fitzroy coking coal project in Australia
- Became the first company in Japan to procure and sell environment-friendly raw materials for aluminum produced through the use of solar power
- Began the full-scale operation of U.S. company GE Digital's operation and asset management efficiency improvement system, which contributes to the promotion of digitalization, at the iron ore mine of CSN Mineração S.A. in Brazil

Growth Opportunities (Sustainable Growth)

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

- Increasing interests in and realizing stable supplies of metal resources, which underpin the base of economic activities and are indispensable for the transition to a decarbonized society
- Leveraging our solid relationships with steel manufacturers and power companies to strengthen our initiatives related to DRI and other low-carbon raw materials that help realize a decarbonized society, CCUS projects, emissions rights, and hydrogen and ammonia projects
- Steadily promoting initiatives for "venous industries" (industries where wastes are turned into reusable resources) to help build a circular economy, that entails recycling and appropriate waste treatment
- Developing businesses that respond to structural changes in society, such as EVs and FCVs, energy storage systems (ESS), and lighter-weight materials that improve energy efficiency

Risk Responses (Lower Cost of Capital)

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

- Pursuing efforts to completely withdraw from thermal coal mine investments and promoting technological development that contributes to GHG emissions reductions
- Promoting businesses that facilitate weight reduction of vehicles and EVs (including wider use of aluminum, rare metals, and other materials)
- Optimizing our 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 these 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 increases in efficiency through mining operations and facility management utilizing digital transformation, and conversion to 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 ITOCHU's website: https://www.itochu.co.jp/en/csr/itochu/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

Business Portfolio

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
Hajime Sakanashi	General Manager, Planning & Administration Department

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, functional food ingredients, 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, solid biomass fuel, and other related materials)

Company Strengths

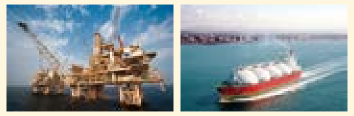
- Development and trading of eco-friendly energy through collaborations with blue-chip business partners
- Business development capabilities in the chemicals field that leverage robust Group companies and overseas locations
- Comprehensive value chain in the next-generation power sector consisting of both business investments and trade businesses

Business Development Quantitative information Page 126–133

Percentage of Earnings from Domestic Business (image)

Energy

Oil & Gas project
- ACG Project (❖BP / Azerbaijan)
- BTC Project (❖BP / Azerbaijan)
- West Qurna-1 Project (❖ExxonMobil / Iraq)
- Eastern Siberia Project (❖INK-Zapad / Russia)
- Sakhalin-1 Project* (Russia)
- Ras Laffan LNG Project* (Qatar)
- Oman LNG Project* (Oman)
- Qalhat LNG Project* (Oman)



❖ Operator

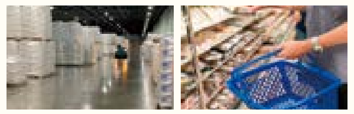
Petroleum / LPG wholesale and retail
- ITOCHU ENEX (Wholesale, retail, power and heat supply)
- ITOCHU PETROLEUM (Energy trading / Singapore)
- Isla Petroleum & Gas (LPG wholesale and retail / Philippines)

Renewable fuel business
- Raven* (Producer of renewable fuel derived from municipal solid waste / the U.S.)
- Chomp* (Manufacturer and distributor of biogas production equipment / the U.S.)

Chemicals

Production
- C.I. TAKIRON (Synthetic resin materials)
- Sanipak Company Of Japan (Household goods)
- BRUNEI METHANOL (Basic chemicals / Brunei)

Retail & Trading
- ITOCHU CHEMICAL FRONTIER (Fine chemicals)
- ITOCHU PLASTICS (Synthetic resin materials)
- MGI International (Synthetic resin materials / the U.S.)
- ITOCHU Retail Link (Commercial materials)
- REMEJE PHARMACEUTICALS (Pharmaceuticals / China)

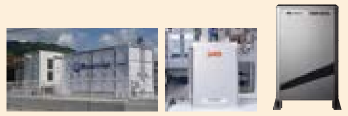


Sustainable business
- Aquafil* (Nylon recycling / Italy)
- TerraCycle* (Recycling / the U.S.)

Power & Environmental Solution

Renewable energy
- Aoyama Solar (Renewable energy development)
- i GRID SOLUTIONS (Distributed renewable energy business)
- Clean Energy Connect* (Supplier of green energy to companies)

Energy storage systems (ESS) / Next-generation business
- GridShare Japan (Battery optimal control AI)
- NF Blossom Technologies (Manufacture of next-generation ESS)
- 24M Technologies* (Development and manufacture of semisolid lithium-ion batteries / the U.S.)



Smart city / Energy solution
- TRENDE (Peer-to-peer power trading)

* Non-affiliated companies

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https://www.itochu.co.jp/en/files/ar2023E_12.pdf

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

Expansion of Renewable Energy-Based Electricity Supply Business

Since beginning capital participation in Clean Energy Connect, Inc. (CEC), in November 2021, ITOCHU has been supporting the rapid promotion and expansion of the renewable energy-based electricity supply business. We have been helping CEC realize its plan to introduce approximately 5,000 locations of solar power generating facilities in Japan with a cumulative total output of 500 MW by FYE 2026, without relying on feed-in tariffs (FIT). As part of these efforts, we have concluded power purchase agreements (PPA) through CEC to supply renewable energy to the Amazon Group, and other companies in Japan on a long-term basis. These agreements are helping the Amazon Group to reach its goal of operating its own business entirely on renewable energy by 2025. Through its initiatives with CEC, ITOCHU seeks to become one of the largest off-site Corporate PPA (Power Sales Contracts for Industries) operators in Japan. With these and other efforts, we will help promote the further introduction of renewable energy.

Off-site solar power generation that uses idle land

Renewable Energy Business Section, Sustainable Energy Business Department
From left:
Kento Tanaka, Takashi Mino, Yoichi Murakami, Hiroka Tsubaki, Shinji Arai

FYE 2023 Review (Specific Accomplishments)

- Began supplying sustainable aviation fuel (SAF) produced by Neste Oyj of Finland to Japan Airlines Co., Ltd. and Etihad Airways PJSC
- Participated in a demonstration project promoted by the Ministry of Land, Infrastructure, Transport and Tourism's Civil Aviation Bureau, became the first Japanese importer of "neat SAF," which has significant GHG emission reduction effect, blended SAF and jet fuel in Japan, and began supplying the blend to commercial airlines in Japan and overseas
- Invested in growth to further strengthen the business foundations of the synthetic resins business and expanded its business network
- Worked with excellent partners to develop applications and products for environment-friendly materials, which included packing materials that use 100% naturally derived, biodegradable resins, and stationery products made from recycled ocean plastic waste
- Partnered with electricity retailers and utilized GridShare Japan Corporation's Energy Storage Systems AI service to begin proof-of-concept tests to make adjustments in the electricity supply–demand balance
- Expanded Corporate PPA business for both on-site (rooftop) and off-site (building in field) location services through Group companies including CEC, and began sales to major companies such as the Amazon Group

Growth Opportunities (Sustainable Growth)

- Building a sustainable fuel value chain for products including hydrogen and ammonia
- Stepping up CCUS-related projects utilizing our expertise in the oil and gas exploration business, and collaboration with leading partners
- Strengthening and expanding the handling of medical packing materials, medical-related goods, generic pharmaceuticals, and other applications, in the healthcare field, as well as increasing the development of supplements and the handling of raw materials in the food science field
- Promoting joint ventures with global suppliers of automotive parts to establish life cycles and ecosystems for automotive batteries and in relation to their use in energy management
- Utilizing advanced and highly economical recycling technologies developed in Europe, which leads the large-scale introduction of solar power generation, and promoting the establishment of a recycling chain for solar panels

Risk Responses (Lower Cost of Capital)

- Accelerating initiatives to strengthen the environment-related businesses, such as sustainable fuels, chemicals recycling services, and renewable energy, which contribute to decarbonization across society
- Enhancing activities to further minimize the environmental impact of our existing business portfolio

Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.
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Shuichi Miyamoto
President, Food Company

From left:

Yoshihiro Tachikawa	Chief Operating Officer, Provisions Division
Kuniaki Abe	Chief Operating Officer, Fresh Food Division
Hiroyuki Nakamura	Chief Operating Officer, Food Products Marketing & Distribution Division
Yuichi Toyoda	Chief Financial Officer
Yoshihiro Kamigaichi	General Manager, Planning & Administration Department

Food Company

Business Fields

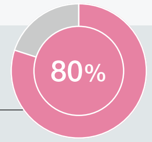
- Food resources and ingredients (vegetable oils, soybeans, grain, coffee, fresh produce, meats, marine products, etc.)
- Food production and processing (feed, sugar, processed agricultural products, processed meat products, processed marine products, industrial chocolate, soybean processing materials, 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 chain for fresh foods (marine, meat, and agricultural products)
- Global supply chain for food resources

Business Development

Quantitative information ▶ Page 126–133



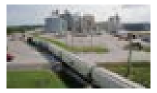
Percentage of Earnings from Domestic Business (image)

Food Resources & Ingredients

Food resources

- PROVENCE HUILES (Manufacturing of vegetable oils)
- Fuji Oil International (Production and sale of vegetable oil)
- Value chain for functional vegetable oils

- CGB (Grain collection, soybean processing, and logistics)



- Quality Technology International (Sale of functional feed additives)
- UNEX (GUATEMALA) (Manufacturing and export of coffee)

Fresh food

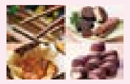
- Dole (Asian fresh produce business and packaged foods business)
- **No. 1** share of the U.S. market for canned pineapple and pineapple juice

- 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



- WELLNEO SUGAR (Production, processing, and sale of sugar)
  - **No. 2** share of the domestic market

- ITOCHU FEED MILLS (Production and sale of compound feed and eggs)
- Prima Meat Packers (Processed foods and meat business)
  - **No. 3** share of the domestic market for ham and sausages

- 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
- **525** distribution locations

- SHANGHAI ZHONGXIN* (Wholesale and distribution of foods)
- BIX* (Wholesale and distribution of foods)

Retailers Consumers

* Non-affiliated companies

Region legend: ◆ Japan ■ North America ■ Europe ■ China and other Asian countries ■ Other countries

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

Building a Rooibos Tea Value Chain

Rooibos tea is attracting attention due in part to its caffeine-free qualities. In response to growing consumer interest in health and beauty, we are importing rooibos tea ingredients, which we process, brand, and sell to beverage manufacturers and convenience stores. Rooibos is a rare plant cultivated only in the Republic of South Africa. Over the past 10 years, exports of this plant to Japan have grown rapidly, and increased approximately sevenfold. Together with ITOCHU Food Sales and Marketing Co., Ltd., ITOCHU functions as an organizer in building the entire value chain and holds an overwhelming share of approximately 50% of rooibos products sold to major Japanese beverage manufacturers.

Based on a market-oriented perspective, we will continue developing high-value-added ingredients and rolling out products that cater to consumer demands.

Made with 100% rooibos tea leaves from the Republic of South Africa

ITOCHU Food Sales and Marketing Co., Ltd.
Beverage Materials Section, Dairy Products and Beverage Materials Department, Food Business Division 2
From left:
Sho Hirose, Risa Tadenuma, Eri Shoji, Kemmei Yamanaka (Dispatched), Kazuhiro Takai, Kaori Sawada, Kanako Hiraguri, Yosuke Ota

FYE 2023 Review (Specific Accomplishments)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Responded to demographic changes and the diversification of sugar demand in Japan by integrating the management of ITOCHU SUGAR Co., Ltd., and Nissin Sugar Co., Ltd., to establish a holding company, WELLNEO SUGAR Co., Ltd.
- Launched the "wellbeans" plant-based food brand, which combines a market-oriented perspective with food technology, uses environment-friendly beans, and emphasizes taste, ingredients, health, and the environment
- Promoted the reduction of food waste and the effective utilization of waste bananas through the "Mottainai Banana Project" of Dole

Growth Opportunities (Sustainable Growth)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Broadening production bases and developing a stable supply network to ensure food safety and security
- Leveraging the Group's wide range of products, functions, and expertise with new technologies to diversify the value we provide in the food business
- Reorganizing and expanding our business foundations 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 industries 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)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Diversifying the geographic distribution of food manufacturers to ensure stable supplies of fresh foods and avoid risks of disruption related to weather and epidemics
- Strengthening our sustainable food resource procurement structure, which protects the environment and respects human rights
- Reducing our environmental burden by using clean energy in our packaged foods business
- Enhancing the capabilities of employees holding international qualifications for inspections under the food safety management system (FSMS)
- Creating a procurement system that complies with third-party certifications and our business partners' own codes of conduct

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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

General Products & Realty Company

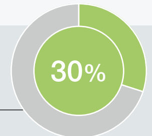
Business Fields

- Paper and pulp (pulp, paper products, hygiene materials, new wood-based materials, wood chips, etc.)
- Goods and materials (natural rubber, tires, 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 North America
- Competitive pulp manufacturing business and a worldwide network for pulp sales
- The No. 1 tire retailer network and brand in the United Kingdom and a vertically integrated logistics network extending from wholesale to post-consumer car tires recycling
- Stable real estate development by leveraging the distinctive and diverse networks of a general trading company

Business Development Quantitative information ▶ Page 126–133



Percentage of Earnings from Domestic Business (image)

Paper / Pulp / Hygiene

METSA FIBRE (Finland)

- **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)
Paraca*
(Business and operational management of parking lots)

Nishimatsu Construction* (Construction business, real estate-related business, etc.)
Oriental Shiraishi* (Maintenance and repair of bridges, etc.)

Overseas businesses
Saigon Sky Garden (Serviced apartments / Vietnam)
KARAWANG INTERNATIONAL INDUSTRIAL CITY (Indonesia)
Resort hotel management business (Indonesia)
Condominium leasing business (the 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)

* Non-affiliated companies
Region legend: ◆ Japan ■ North America ■ The U.K. and Europe ■ China and other Asian countries

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

Acquisition of North American Engineered Wood Products (Posts and Beams) Business

Pacific Woodtech Corporation acquired the engineered wood products (posts and beams) manufacturing business in North America. With the acquisition of the business, three manufacturing plants in California and North Carolina in the United States, and British Columbia in Canada have been added, the company established engineered wood product manufacturing capabilities that cover the whole of North America. With its reinforced manufacturing capabilities, the company is focusing on the decking market, where further market growth is expected, and has begun the development and sales of structural materials for decking in addition to existing applications for engineered wood products. Following on from initiatives in our fence business, we will continue to increase the resilience of the value chain in the engineered wood products business with a view to further strengthening the earnings base of our North American construction materials business.

Engineered wood products made of laminated veneer lumber manufactured by Pacific Woodtech Corporation

Pacific Woodtech Corporation
From left:
Yasuhiro Terashita (Dispatched), **Kotaro Yamamoto** (Dispatched), **Jim Enright, Heather Dillard, Dan Milfred, Shuhei Kawano** (Dispatched)

FYE 2023 Review (Specific Accomplishments)

Created Value
Corporate Value = Cost of Capital — Growth Rate

- Strengthened the value chain of the construction materials business in North America by acquiring an engineered wood products (posts and beams) business in the region
- Implemented capital investment and sales system development with the aim of increasing softwood pulp production at METSA FIBRE OY of Finland
- Unified management through capital restructuring of the construction materials business in North America and the logistics business in China
- Steadily created synergies in real estate development projects and others, with Nishimatsu Construction Co., Ltd., and Paraca Inc.
- Promoted a public–private partnership business by arranging a general gymnasium which functions as a shelter in times of a disaster

Growth Opportunities (Sustainable Growth)

Created Value
Corporate Value = Cost of Capital — Growth Rate

- Enhancing profitability of new business fields such as decking materials 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
- Establishing an earnings base by offering customers solutions that optimize their logistics operations and advancing an M&A to strengthen the logistics functions
- Strengthening and expanding alliances in businesses peripheral to the construction and construction materials realms, including capital and business alliances with Nishimatsu Construction Co., Ltd., and Oriental Shiraishi Corporation, and promoting measures that address societal needs such as road infrastructure
- Expanding operations 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)

Created Value
Corporate 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 improve efficiency in analysis operations ("cut") and reduce security risk ("prevent")

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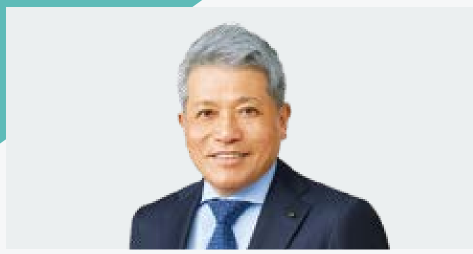


Tatsushi Shingu
President, ICT & Financial Business Company

From left:

Hiroshi Kajiwara	Chief Operating Officer, ICT Division
Tadayoshi Yamaguchi	Chief Operating Officer, Financial & Insurance Business Division
Kenichiro Soma	Chief Financial Officer
Atsushi Hashimoto	General Manager, Planning & Administration Department

ICT & Financial Business Company

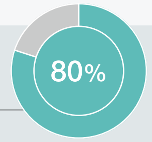
Business Fields

- Information technology (IT solutions, BPO, digital marketing, venture capital, healthcare, etc.)
- Communications (mobile devices, related equipment and services, space and satellite, media and content, etc.)
- Finance (retail finance, corporate finance, etc.)
- Insurance (insurance shop, retail insurance, corporate insurance brokerage, reinsurance, credit guarantee, etc.)

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

Business Development Quantitative information ▶ Page 126–133



Percentage of Earnings from Domestic Business (image)

Information Technology / Communications

IT Services and BPO
- ◆ ITOCHU Techno-Solutions (IT solutions, from software development to sales, maintenance, and support)
- ◆ BELLSYSTEM24 (CRM* solutions and contact center services)
- ◆ ITOCHU INTERACTIVE (Digital marketing)
- ◆ AKQA UKA (Digital consulting)
- ◆ WingArc1st (Software development and sales)

Communication and Mobile Business
- ◆ 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)
- ■ DOCQUITY HOLDINGS (Platform for healthcare professionals)
- ◆ TXP Medical (Medical data platform)

Space, Satellite, and Media-Related Business
- ◆ SKY Perfect JSAT (Media business and space satellite business)
- ◆ 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)

Leading-edge technologies and services that drive innovation

Venture Capital Business (Investment in top-tier venture capital firms in Japan, North America, Europe, and other regions)
◆ ITOCHU TECHNOLOGY VENTURES ■ ITC VENTURES XI

×

Finance / Insurance

Retail Finance & Insurance

Retail Finance Business

Domestic — Diverse retail financial business
- ◆ POCKET CARD (Credit card business)
- ◆ Gaitame.Com (Provider of an FX margin transaction platform)
- ◆ Orient Corporation (Consumer credit business)

Overseas — Industry-leading overseas financial business
- ■ United Asia Finance (Retail finance business in Hong Kong and China)
- ■ EASY BUY (Retail finance business in Thailand)
- ■ First Response Finance (Pre-owned vehicle finance business in the U.K.)

×

Insurance Shop and Retail Insurance Business
Japan's leading retail insurance distributor with approx. 800 retail shops
- ◆ HOKEN NO MADOGUCHI (Retail insurance distributor)

Corporate Insurance
Insurance Brokerage Business, Reinsurance Business, Credit Guarantee Business
Risk solutions business that leverages the strengths of a general trading company
- ◆ ITOCHU Orico Insurance Service (Insurance agency)
- ◆ I&T Risk Solutions (Insurance broker)
- ■ COSMOS SERVICES (Insurance broker in Hong Kong)

Region legend: ◆ Japan ■ North America ■ The U.K. and Europe ■ China and other Asian countries
* Customer Relationship Management

The list of major subsidiaries and associated companies is available on ITOCHU's website.
https://www.itochu.co.jp/en/files/ar2023E_12.pdf

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

Conversion of Major Provider of a Foreign Exchange Margin Transactions (FX) Platform, Gaitame.Com Co., Ltd. into an Affiliate

In September 2022, the major provider of an FX margin transaction platform, Gaitame.Com Co., Ltd. (Gaitame.Com), became an affiliate of ITOCHU. The FX market continues to grow steadily, posting record-high trading volumes in 2022. With its customer-first philosophy, Gaitame.Com's strengths lie in its ability to provide thoroughly customer-centric services that offer one of the lowest fee levels in the industry, savings-type services that allow customers to build their assets over the long term, and high-quality FX-related information. Based on these strengths, Gaitame.com has grown its number of accounts to approximately 590 thousands as of March 2023, and is continuing to expand its number of users.

ITOCHU will support the further expansion of Gaitame.Com's customer base through collaboration with ITOCHU's retail finance business in relation to loans and payments. At the same time, we are developing services in the field of asset management that cater to consumer needs.

Delivering high-quality FX-related information

Financial Business Section No.2, Financial Business Department
From left:
Takuma Fukumitsu, Shunnosuke Yoshihara, Mayu Sato, Kei Harada, Akihiro Suzuki, Rento Suga (Dispatched), **Yuko Usui, Hideaki Sato**

FYE 2023 Review (Specific Accomplishments)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Established AKQA UKA Inc., a joint venture with the United Kingdom's WPP Group, which is one of the world's largest advertising agencies, to develop a consulting business specializing in customer experience
- Made DOCQUITY HOLDINGS PTE. LTD., of Singapore, a company that manages a platform for healthcare professionals in Southeast Asia, an affiliate
- Conversion of major provider of a foreign exchange margin transactions (FX) platform, Gaitame.Com into an affiliate
- Implemented recapitalization through a share consolidation of HOKEN NO MADOGUCHI GROUP INC.

Growth Opportunities (Sustainable Growth)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Finding 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
- Building a digital value chain through the utilization of our group of digital businesses, establishing an earnings base in the innovative and highly convenient digital transformation business based on a market-oriented perspective, and strengthening the establishment of synergies with existing businesses, such as Bellsystem24, Inc., and CTC
- Concluded a comprehensive business alliance between Belong Inc., which is engaged in the used mobile device distribution business, and Uber Eats Japan, Inc., for the development of an initiative to advance the sustainability of the food delivery business
- Expanding our business foundations both inside and outside of Japan by leveraging new retail finance services
- Creating an insurance business value chain in the retail sector

Risk Responses (Lower Cost of Capital)

Corporate Value = Created Value / (Cost of Capital − Growth Rate)

- Reducing negative environmental impact caused by the frequent replacement of new mobile devices, by procuring and distributing used mobile devices
- Reducing health-related risks by supporting the development of pharmaceutical products and distributing and selling advanced medical equipments
- Enhancing the quality of people's lives through the retail finance business in Japan and overseas
- Reducing the risk of business disruptions by realizing a highly robust ICT environment, backed up by reliable telecommunication infrastructure

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 ITOCHU's website: https://www.itochu.co.jp/en/csr/itochu/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

Tatsuo Odani
President, The 8th Company

From left:

Nobuhiro Suga	Chief Financial Officer
Tetsuya Mukohata	General Manager, Planning & Administration Section

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 store network and physical and digital customer contact points
- 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
- Cross-divisional personnel exchanges for the creation and strengthening of synergies and collaborations that transcend Division Company boundaries

Business Development

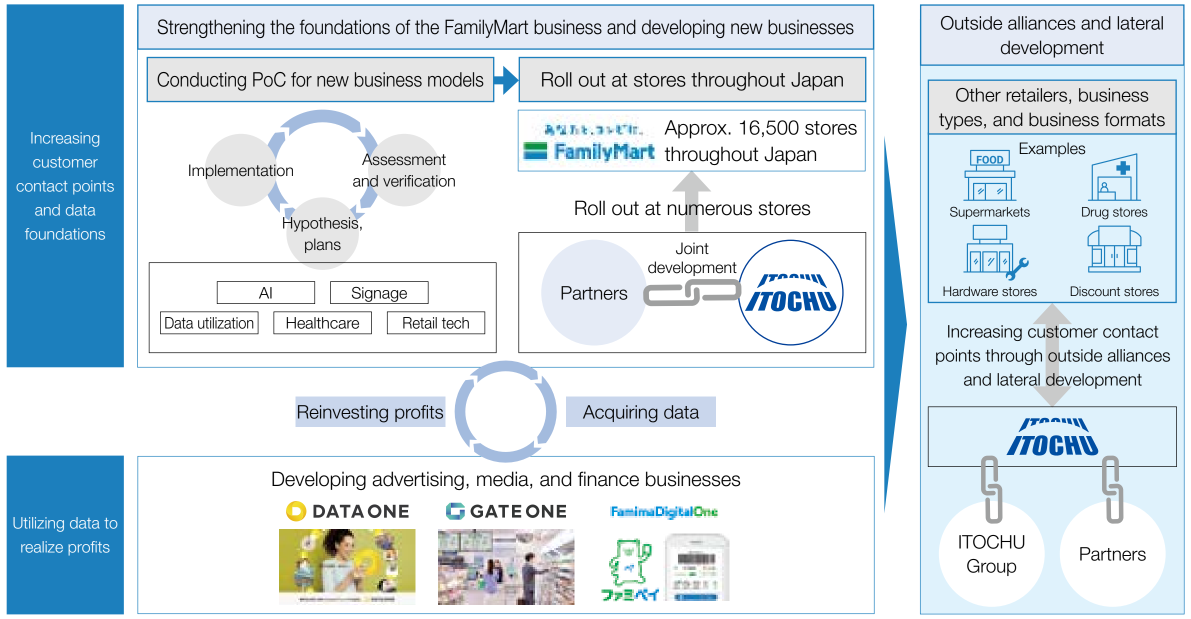
Quantitative information ▶ Page 126–133

100%
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

- 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 (PoC) 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, media, and finance businesses; reinvesting new profits in the convenience store business to heighten stores' ability to attract customers even further



The list of major subsidiaries and associated companies is available on ITOCHU's website.
https://www.itochu.co.jp/en/files/ar2023E_12.pdf

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

Further Development and Expansion of the Digital Advertising Distribution Business

In October 2020, ITOCHU established Data One Corp. with FamilyMart Co., Ltd., NTT DOCOMO, INC., and CyberAgent, Inc. Leveraging the advantages of the purchasing data of FamilyMart together with approximately 29 million licensed advertisement IDs, one of the largest collection of such IDs in Japan, Data One Corp. is developing a unique advertising business that offers end-to-end services from digital advertisement distribution to effectiveness verification.

For example, beginning with the partnership with Pan Pacific International Holdings Corporation started in April 2023, we will increase data collaborations in the retail media field with retailers and other companies. At the same time, we will combine digital advertising with digital signage to be installed at 10,000 FamilyMart stores by 2023, with the aim of integrating physical and digital media and further evolving the advertising business.

We will accelerate growth of the advertising business and improve the customer experience by delivering information that customers want in a timely manner.

Improving customer experience through advertisement distribution based on purchasing data

Media and Advertisement Alliance Team
From left:
Hitomi Kaneko, Shorei Muta, Yuma Kubo, Akiko Enya, Airi Mitsumoto, Yoshimi Oyama

FYE 2023 Review (Specific Accomplishments)

Corporate Value = Cost of Capital — Growth Rate (Created Value)

- Achieved year-on-year growth in daily sales throughout the year by strengthening the competitiveness of FamilyMart merchandise, and successfully implementing the "FAMIMARU" private brand 1st Anniversary thanks sale and various other measures at FamilyMart stores
- Began the full-fledged introduction of humanoid AI assistants to improve management capabilities and reduce manpower requirements at FamilyMart stores
- Gate One Corp. installed "FamilyMartVision" digital signage at approximately 3,000 stores
- Data One Corp. provided a digital advertising distribution platform utilizing purchasing data
- Formed a capital and business alliance with Idein Inc., which has sophisticated technological capabilities including the ability to develop software that executes advanced AI-based analysis while operating on low-cost devices

Growth Opportunities (Sustainable Growth)

Corporate Value = Cost of Capital — Growth Rate (Created Value)

- Expanding FamilyMart's earnings base by strengthening the convenience store business (product sales and services) and increasing the sophistication of the entire supply chain
- Increasing customer contact points and business revenues by adding media center functions to FamilyMart stores
- Enlarging our data infrastructure and developing new businesses, such as advertising, media, and financial services that leverage customer data
- Developing retail solutions through alliances with companies that have advanced technological capabilities
- Expanding our business domains by forming alliances with other retailers, companies in other sectors, and other business formats

Risk Responses (Lower Cost of Capital)

Corporate Value = Cost of Capital — Growth Rate (Created Value)

- Strengthening supply chain risk management in response to such factors as fluctuations in raw material prices
- Responding to the shortage of workers by leveraging 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 ITOCHU's website: https://www.itochu.co.jp/en/csr/itochu/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

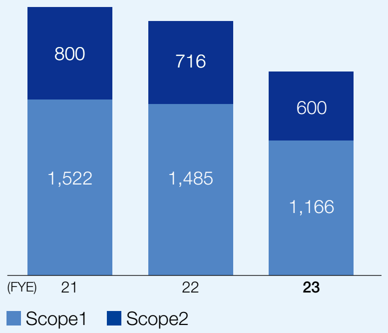
Business Portfolio

ESG Data

E Environment

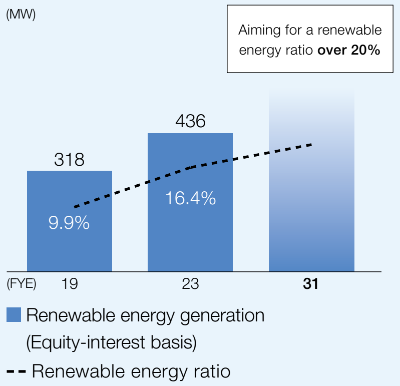
GHG Emissions (Consolidated)

(Thousand t-CO2e)



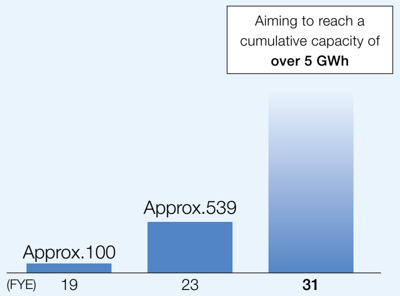
Renewable Energy Generation (Equity-Interest Basis) / Renewable Energy Ratio

(MW)



Cumulative Capacity of Energy Storage System Units Sold

(MWh)



	Non-consolidated*2			Consolidated*3		
	FYE 2021	FYE 2022	**FYE 2023**	FYE 2021	FYE 2022	**FYE 2023**
GHG emissions (Thousand t-CO_2e)						
Scope1	0	0	**0**	1,522	1,485	**1,166**
Scope2	6	6	**6**	800	716	**600**
Scope3*1						
Capital goods	—	—	**—**	660	621	**598**
Fuel & Energy related activities not included in Scope1 and Scope2	—	—	**—**	310	389	**342**
Upstream transportation & distribution	—	—	**—**	12	10	**12**
Waste generated in operations	—	—	**—**	369	350	**298**
Business travel	—	—	**—**	21	25	**44**
Employee commuting	—	—	**—**	25	23	**18**
Franchises	—	—	**—**	1,089	1,048	**1,025**
Electricity consumption (Thousand MWh)	10	10	**9**	1,699	1,639	**1,526**
Water withdrawal (Thousand m³)	90	115	**41**	73,140	58,120	**45,121**
Waste volume (Thousand t)	0	0	**0**	754	649	**640**
Waste recycling rate	93.4%	93.7%	**90.9%**	—	—	**—**

*1 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 refer to ITOCHU's website.
https://www.itochu.co.jp/en/csr/data/

*2 GHG emissions, electricity consumption, and water withdrawal are the totals for domestic bases. Waste volume and waste recycling rate are totals for the Tokyo Headquarters.

*3 This is the total of non-consolidated Group companies in Japan, overseas offices, and overseas Group companies. FYE 2023 figures include 538 companies.

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
- Morningstar Japan ex-REIT Gender Diversity Tilt Index★

★ ESG indices selected by the Government Pension Investment Fund (GPIF)

*1 The use by ITOCHU Corporation of any MSCI ESG Research LLC or its affiliates ("MSCI") data, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement, recommendation, or promotion of ITOCHU Corporation by MSCI. MSCI services and data are the property of MSCI or its information providers, and are provided 'as-is' and without warranty. MSCI names and logos are trademarks or service marks of MSCI. The inclusion of ITOCHU Corporation 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 Corporation 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.

S Society

	FYE 2021	FYE 2022	**FYE 2023**
Consolidated employees (People)	125,944	115,124	**110,698**
Non-consolidated employees (People)	4,215	4,170	**4,112**
Career-track employees (People)	3,435	3,395	**3,331**
Female career-track employees (People) (%)	346 (10.1%)	359 (10.6%)	**375 (11.3%)**
Female employees as a percentage of new employees*1	29.9%	31.9%	**33.3%**
Female employees as a percentage of employees	23.4%	23.7%	**24.3%**
Share of disabled employees	2.32%	2.43%	**2.48%**
Monthly average overtime hours (Hours/Month)*2	25.2	25.2	**23.0**
Annual paid leave acquisition rate	52.6%	58.8%	**62.2%**
Childcare leave acquisition rate of female employees	87%	104%	**100%**
Childcare leave acquisition rate of male employees	34%	34%	**52%**
Average childcare leave acquisition days of male employees (Days)	10	8	**36**
Rate of complication medical checkup reexamination	100%	100%	**100%**
Total investment in human resource development (Billions of yen)	1.10	1.12	**1.63**
Investment in human resource development per employee (Thousands of yen)	260	269	**396**
Average training / development hours per regular employee (Hours)	21.9	27.0	**21.4**
Average years employed (Years)	17.9	18.2	**18.3**
Voluntary resignation rate	1.5%	1.6%	**1.8%**
Average annual salary (Millions of yen)	16.28	15.80	**17.30**
Managers (People)	2,588	2,569	**2,541**
Female managers (People) (%)	209 (8.1%)	210 (8.2%)	**219 (8.6%)**
Percentage of gender pay-gap	—	—	**59.1%**
Number of work related injuries (People)	5	5	**3**
Response rate for Group Compliance Awareness Survey*3	—	99.4%	**—**
Sustainability basic education participation rate of all Group employees	100%	100%	**100%**
Themed sustainability training participants (People)	617	720	**685**

*1 The ratio includes new hires and mid-career recruitments.

*2 The figure adds up the amount of time that exceeds the legal working hours of eight hours per day.

*3 The compliance awareness survey is conducted once every two years. The survey targets 53,163 people of ITOCHU and its subsidiaries' officers and employees (excluding listed subsidiaries conducting surveys independently).

G Governance

Members of the Board and Audit & Supervisory Board Members

(People)	July 2020	July 2021	**July 2022**	July 2023
Members of the Board	10	11	**10**	10
Outside Directors (share)	4 (40.0%)	4 (36.4%)	**4 (40.0%)**	4 (40.0%)
Female Directors (share)	2 (20.0%)	2 (18.2%)	**2 (20.0%)**	2 (20.0%)
Average terms of overseas assignment period of Directors	5.7 years	6.3 years	**5.6 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 2021	FYE 2022	**FYE 2023**
Attendance rate of Directors	100.0%	100.0%	**99.2%**
Attendance rate of all corporate officers	100.0%	99.5%	**99.5%**
Attendance rate of inside officers	100.0%	100.0%	**100.0%**
Attendance rate of outside officers	100.0%	99.0%	**99.0%**

For detailed data regarding (E) Environment, (S) Society, (G) Governance, and third-party assurance, please refer to ITOCHU's website.

ESG Data
https://www.itochu.co.jp/en/csr/data/

Third-party assurance
https://www.itochu.co.jp/en/csr/pdf/independent_assurance_report_e.pdf

Selected Financial Data

* Figures in yen for FYE 2023 have been translated into U.S. dollars solely for the convenience of the reader at the rate of ¥133.53 = US$1, the exchange rate prevailing on March 31, 2023.

For the data since FYE 2010, please refer to ITOCHU's 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	2013	2014	2014	2015	2016	2017	2018	2019	2020	2021	2022	**2023**	**2023**
P/L (For the year):													
Revenues	¥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	**¥13,945,633**	**$104,438**
Gross trading profit	915,879	1,028,273	1,045,022	1,089,064	1,069,711	1,093,462	1,210,440	1,563,772	1,797,788	1,780,747	1,937,165	**2,129,903**	**15,951**
Net profit attributable to ITOCHU	280,297	310,267	245,312	300,569	240,376	352,221	400,333	500,523	501,322	401,433	820,269	**800,519**	**5,995**
Total comprehensive income attributable to ITOCHU	475,819	446,214	391,901	465,605	(144,777)	303,063	390,022	464,785	279,832	655,259	1,086,431	**876,260**	**6,562**
Per share (yen and U.S. dollars):													
Basic earnings attributable to ITOCHU*1	177.35	196.31	155.21	189.13	152.14	223.67	257.94	324.07	335.58	269.83	552.86	**546.10**	**4.09**
Cash dividends	40.0	46.0	46.0	46.0	50.0	55.0	70.0	83.0	85.0	88.0	110.0	**140.0**	**1.05**
Shareholders' equity*1	1,117.01	1,358.42	1,293.35	1,539.55	1,388.66	1,532.56	1,722.06	1,930.47	2,010.33	2,232.84	2,857.50	**3,311.78**	**24.80**
B/S (As of March 31):													
Total assets	¥7,117,446	¥7,848,440	¥7,784,851	¥8,560,701	¥8,036,395	¥8,122,032	¥8,663,937	¥10,098,703	¥10,919,598	¥11,178,432	¥12,153,658	**¥13,111,652**	**$ 98,193**
Short-term interest-bearing debt	482,544	464,992	472,667	543,660	426,820	563,033	526,867	650,909	684,406	710,213	522,448	**659,710**	**4,941**
Long-term interest-bearing debt	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	**2,346,928**	**17,576**
Interest-bearing debt	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	**3,006,638**	**22,517**
Net interest-bearing debt	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	**2,391,169**	**17,908**
Long-term debt (excluding current maturities, including long-term interest-bearing debt and lease liabilities (long-term))	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	**3,169,749**	**23,738**
Total shareholders' equity	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	**4,819,511**	**36,093**
Cash flows (For the year):													
Core operating cash flows*2	¥ 335,604	¥ 389,413	¥ 393,692	¥ 385,881	¥ 374,176	¥ 419,735	¥ 461,054	¥ 514,289	¥ 601,812	¥ 574,319	¥ 790,159	**¥ 871,375**	**$ 6,526**
Cash flows from operating activities	245,661	418,396	428,101	403,629	419,404	389,693	388,212	476,551	878,133	895,900	801,163	**938,058**	**7,025**
Cash flows from investing activities	(199,990)	(266,692)	(270,377)	(276,103)	(557,260)	(81,306)	(256,350)	201,149	(248,766)	(207,296)	38,637	**(453,806)**	**(3,399)**
Cash flows from financing activities	(11,323)	(71,707)	(77,855)	(97,896)	81,770	(335,396)	(296,136)	(538,318)	(575,482)	(728,767)	(846,706)	**(500,081)**	**(3,745)**
Cash and cash equivalents at the end of the year	569,716	653,332	653,739	700,292	632,871	605,589	432,140	572,030	611,223	544,009	611,715	**606,002**	**4,538**
Ratios:													
ROA (%)	4.1	4.1	3.3	3.7	2.9	4.4	4.8	5.3	4.5	3.6	7.0	**6.3**	—
ROE (%)	17.9	15.9	13.0	13.4	10.4	15.3	15.8	17.9	17.0	12.7	21.8	**17.8**	—
Ratio of shareholders' equity to total assets (%)	24.8	27.4	26.3	28.4	27.3	29.6	30.8	29.1	27.4	29.7	34.6	**36.8**	—
Net debt-to-shareholders' equity ratio (times)	1.2	1.0	1.09	0.98	1.17	0.97	0.87	0.82	0.75	0.78	0.54	**0.50**	—
Interest coverage (times)*3	12.4	13.1	12.5	12.7	10.1	11.1	9.3	8.3	8.7	13.2	23.6	**12.3**	—
Return on risk assets:													
RORA (Non-resource) (%) *4	19.8	22.3	—	26.4	17.4	21.6	21.2	20.9	17.9	12.3	23.2	**20.7**	—
Consolidated net profit (loss) (Non-resource, billions of yen)	191.3	246.8	—	317.2	237.3	313.7	331.0	378.0	378.3	292.7	610.3	**587.8**	—
RORA (Resource) (%) *4	21.5	13.9	—	(5.9)	0.5	9.5	27.4	41.1	44.6	37.6	73.4	**64.5**	—
Consolidated net profit (loss) (Resource, billions of yen)	75.5	53.6	—	(23.6)	1.8	30.6	82.3	115.5	126.8	107.9	221.6	**215.6**	—
Common stock information:													
Stock price (yen and U.S. dollars):													
Opening price	¥ 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	**¥4,143.0**	**$31.03**
High	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	**4,414.0**	**33.06**
Low	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	**3,478.0**	**26.05**
Closing price	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	**4,301.0**	**32.21**
Market capitalization (As of March 31, yen and U.S. dollars in billions) *5	1,788	1,906	1,906	2,057	2,189	2,476	3,203	3,046	3,342	5,328	6,090	**6,259**	**46.87**
Trading volume (yearly, million shares)	1,783	1,782	1,782	1,782	1,886	1,604	1,240	1,155	1,129	957	819	**775**	—
Number of shares of common stock issued (As of March 31, thousand shares)	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	**1,584,889**	—
Exchange rates into U.S. currency (Federal Reserve Bank of New York):													
At year-end	¥94.16	¥102.98	¥102.98	¥119.96	¥112.42	¥111.41	¥106.20	¥110.68	¥107.53	¥110.61	¥121.44	**¥132.75**	—
Average for the year	83.26	100.46	100.46	109.75	120.04	108.25	110.80	110.88	108.72	106.09	112.33	**135.45**	—
Range:													
Low	96.16	105.25	105.25	121.50	125.58	118.32	114.25	114.19	112.00	110.61	123.25	**149.82**	—
High	77.41	92.96	92.96	101.26	111.30	100.07	104.83	105.99	102.52	102.70	107.94	**122.60**	—
Number of subsidiaries, associates and joint ventures (As of March 31)	356	354	—	342	326	308	300	291	289	279	274	**271**	—
Number of employees (As of March 31, consolidated)	77,513	102,376	104,310	110,487	105,800	95,944	102,086	119,796	128,146	125,944	115,124	**110,698**	—

*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 = $\dfrac{\text{Gross trading profit + SG\&A expenses + Provision for doubtful accounts + Interest income + Dividends received}}{\text{Interest expense}}$

*4 RORA = Consolidated net profit (loss) ÷ risk assets
*5 Calculated by excluding treasury stock.

Consolidated Financial Statements

Consolidated Statement of Financial Position

Assets As of March 31	2019	2020	2021	2022	Millions of yen 2023	Millions of U.S. dollars 2023
Current assets						
Cash and cash equivalents	¥ 572,030	¥ 611,223	¥ 544,009	¥ 611,715	¥ 606,002	$ 4,538
Time deposits	5,051	8,858	9,945	11,185	9,467	71
Trade receivables	2,397,608	2,113,746	2,122,815	2,458,991	2,533,297	18,972
Other current receivables	168,968	176,691	166,282	236,864	243,043	1,820
Other current financial assets	43,132	45,315	44,930	101,932	73,336	549
Inventories	937,183	952,029	898,692	1,077,160	1,304,942	9,773
Advances to suppliers	98,081	89,425	80,521	123,382	142,862	1,070
Other current assets	185,767	135,774	161,256	188,727	208,419	1,561
Assets held for sale	—	—	248,861	—	—	—
Total current assets	4,407,820	4,133,061	4,277,311	4,809,956	5,121,368	38,354
Non-current assets						
Investments accounted for by the equity method	1,559,280	1,640,286	1,867,777	2,288,762	2,825,102	21,157
Other investments	857,261	816,518	952,374	958,218	943,270	7,064
Non-current receivables	618,762	660,578	658,658	728,965	805,159	6,030
Non-current financial assets other than investments and receivables	270,116	172,417	166,611	172,191	162,768	1,219
Property, plant and equipment	1,077,874	2,137,474	1,939,791	1,936,044	1,998,485	14,967
Investment property	32,524	58,595	50,665	47,742	44,050	330
Goodwill	391,560	403,940	396,869	368,989	366,659	2,746
Intangible assets	736,200	759,167	728,967	712,618	712,594	5,336
Deferred tax assets	65,609	61,051	60,446	54,639	54,478	408
Other non-current assets	81,697	76,511	78,963	75,534	77,719	582
Total non-current assets	5,690,883	6,786,537	6,901,121	7,343,702	7,990,284	59,839
Total assets	¥10,098,703	¥10,919,598	¥11,178,432	¥12,153,658	¥13,111,652	$98,193

Liabilities and Equity As of March 31	2019	2020	2021	2022	Millions of yen 2023	Millions of U.S. dollars 2023
Current liabilities						
Short-term debentures and borrowings	¥ 650,909	¥ 684,406	¥ 710,213	¥ 522,448	¥ 659,710	$ 4,941
Lease liabilities (short-term)	—	242,076	238,446	235,791	238,289	1,785
Trade payables	1,942,037	1,707,472	1,628,766	1,967,117	2,042,608	15,297
Other current payables	234,518	215,175	199,757	210,857	190,014	1,423
Other current financial liabilities	27,073	35,699	40,172	83,724	71,642	537
Current tax liabilities	48,014	67,074	57,370	74,026	118,109	884
Advances from customers	88,480	81,799	84,699	132,513	162,409	1,216
Other current liabilities	350,343	368,163	374,489	424,071	462,044	3,460
Liabilities held for sale	—	—	220,722	—	—	—
Total current liabilities	3,341,374	3,401,864	3,554,634	3,650,547	3,944,825	29,543
Non-current liabilities						
Long-term debentures and borrowings	2,332,928	2,192,557	2,445,099	2,383,455	2,346,928	17,576
Lease liabilities (long-term)	—	937,345	825,170	775,180	766,278	5,739
Other non-current financial liabilities	215,609	68,900	53,483	58,217	56,543	423
Non-current liabilities for employee benefits	124,418	133,138	116,631	103,975	96,942	726
Deferred tax liabilities	251,489	200,912	150,275	250,999	273,123	2,045
Other non-current liabilities	142,769	144,273	162,900	167,585	163,386	1,224
Total non-current liabilities	3,067,213	3,677,125	3,753,558	3,739,411	3,703,200	27,733
Total liabilities	6,408,587	7,078,989	7,308,192	7,389,958	7,648,025	57,276
Equity						
Common stock	253,448	253,448	253,448	253,448	253,448	1,898
Capital surplus	49,584	50,677	(155,210)	(161,917)	(169,322)	(1,268)
Retained earnings	2,608,243	2,948,135	3,238,948	3,811,991	4,427,244	33,155
Other components of equity						
Translation adjustments	81,037	(37,836)	131,612	383,215	458,560	3,434
FVTOCI financial assets	49,764	(31,972)	38,740	146,638	120,681	904
Cash flow hedges	433	(19,163)	(9,897)	7,154	30,840	231
Total other components of equity	131,234	(88,971)	160,455	537,007	610,081	4,569
Treasury stock	(105,601)	(167,338)	(181,360)	(241,204)	(301,940)	(2,261)
Total shareholders' equity	2,936,908	2,995,951	3,316,281	4,199,325	4,819,511	36,093
Non-controlling interests	753,208	844,658	553,959	564,375	644,116	4,824
Total equity	3,690,116	3,840,609	3,870,240	4,763,700	5,463,627	40,917
Total liabilities and equity	¥10,098,703	¥10,919,598	¥11,178,432	¥12,153,658	¥13,111,652	$98,193

Consolidated Statement of Comprehensive Income

Fiscal Years Ended March 31	2019	2020	2021	2022	Millions of yen 2023	Millions of U.S. dollars 2023
Revenues						
Revenues from sale of goods	¥ 10,570,925	¥ 9,738,983	¥ 9,156,193	¥ 11,011,816	**¥ 12,605,631**	**$ 94,403**
Revenues from rendering of services and royalties	1,029,560	1,243,985	1,206,435	1,281,532	**1,340,002**	**10,035**
Total revenues	11,600,485	10,982,968	10,362,628	12,293,348	**13,945,633**	**104,438**
Cost						
Cost of sale of goods	(9,427,881)	(8,575,102)	(7,989,246)	(9,696,532)	**(11,092,435)**	**(83,071)**
Cost of rendering of services and royalties	(608,832)	(610,078)	(592,635)	(659,651)	**(723,295)**	**(5,416)**
Total cost	(10,036,713)	(9,185,180)	(8,581,881)	(10,356,183)	**(11,815,730)**	**(88,487)**
Gross trading profit	1,563,772	1,797,788	1,780,747	1,937,165	**2,129,903**	**15,951**
Other gains (losses)						
Selling, general and administrative expenses	(1,193,301)	(1,380,944)	(1,366,489)	(1,346,720)	**(1,419,121)**	**(10,628)**
Provision for doubtful accounts	(8,979)	(17,406)	(10,844)	(7,923)	**(8,869)**	**(66)**
Gains (losses) on investments	203,034	57,801	4,105	211,851	**67,157**	**503**
Gains (losses) on property, plant, equipment and intangible assets	(12,041)	(4,396)	(157,524)	(17,601)	**(50,118)**	**(376)**
Other–net	10,734	(1,414)	(6,197)	9,645	**15,071**	**113**
Total other-losses	(1,000,553)	(1,346,359)	(1,536,949)	(1,150,748)	**(1,395,880)**	**(10,454)**
Financial income (loss)						
Interest income	40,128	35,267	23,114	20,412	**39,370**	**295**
Dividends received	48,372	66,474	53,145	80,741	**79,667**	**597**
Interest expense	(54,388)	(57,600)	(36,218)	(28,976)	**(66,865)**	**(501)**
Total financial income	34,112	44,141	40,041	72,177	**52,172**	**391**
Equity in earnings of associates and joint ventures	98,052	205,860	228,636	291,435	**320,666**	**2,401**
Profit before tax	695,383	701,430	512,475	1,150,029	**1,106,861**	**8,289**
Income tax expense	(149,694)	(142,221)	(71,592)	(271,056)	**(262,180)**	**(1,963)**
Net profit	545,689	559,209	440,883	878,973	**844,681**	**6,326**
Net profit attributable to ITOCHU	¥ 500,523	¥ 501,322	¥ 401,433	¥ 820,269	**¥ 800,519**	**$ 5,995**
Net profit attributable to non-controlling interests	45,166	57,887	39,450	58,704	**44,162**	**331**
Other comprehensive income, net of tax:						
Items that will not be reclassified to profit or loss						
FVTOCI financial assets	20,040	(67,643)	80,764	(8,927)	**(830)**	**(6)**
Remeasurement of net defined pension liability	(3,174)	(3,835)	12,449	3,897	**(1,666)**	**(12)**
Other comprehensive income in associates and joint ventures	9,143	(7,761)	13,474	(4,932)	**(21,868)**	**(164)**
Items that will be reclassified to profit or loss						
Translation adjustments	(8,803)	(92,645)	114,879	170,109	**111,639**	**836**
Cash flow hedges	(3,641)	(6,074)	3,470	4,519	**(1,145)**	**(9)**
Other comprehensive income in associates and joint ventures	(47,668)	(43,307)	63,660	105,500	**(7,878)**	**(59)**
Total other comprehensive income, net of tax	(34,103)	(221,265)	288,696	270,166	**78,252**	**586**
Total comprehensive income	511,586	337,944	729,579	1,149,139	**922,933**	**6,912**
Total comprehensive income attributable to ITOCHU	¥ 464,785	¥ 279,832	¥ 655,259	¥ 1,086,431	**¥ 876,260**	**$ 6,562**
Total comprehensive income attributable to non-controlling interests	46,801	58,112	74,320	62,708	**46,673**	**350**

Consolidated Statement of Changes in Equity

Fiscal Years Ended March 31	2019	2020	2021	2022	Millions of yen 2023	Millions of U.S. dollars 2023
Common stock						
Balance at the beginning of the year	¥ 253,448	¥ 253,448	¥ 253,448	¥ 253,448	**¥ 253,448**	**$ 1,898**
Issuance of common stock	—	—	—	—	**—**	**—**
Balance at the end of the year	253,448	253,448	253,448	253,448	**253,448**	**1,898**
Capital surplus						
Balance at the beginning of the year	160,271	49,584	50,677	(155,210)	**(161,917)**	**(1,213)**
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests	(6,624)	1,093	(205,887)	(6,707)	**(7,405)**	**(55)**
Cancellation of treasury stock	(104,063)	—	—	—	**—**	**—**
Balance at the end of the year	49,584	50,677	(155,210)	(161,917)	**(169,322)**	**(1,268)**
Retained earnings						
Balance at the beginning of the year	2,324,766	2,608,243	2,948,135	3,238,948	**3,811,991**	**28,548**
Cumulative effects of the application of new accounting standards	(14,097)	(26,501)	—	—	**—**	**—**
Net profit attributable to ITOCHU	500,523	501,322	401,433	820,269	**800,519**	**5,995**
Transfer from other components of equity	(86,512)	(1,392)	18,388	(111,870)	**3,106**	**23**
Cash dividends to shareholders	(116,437)	(133,537)	(129,008)	(135,356)	**(188,372)**	**(1,411)**
Balance at the end of the year	2,608,243	2,948,135	3,238,948	3,811,991	**4,427,244**	**33,155**
Other components of equity						
Balance at the beginning of the year	81,206	131,234	(88,971)	160,455	**537,007**	**4,022**
Other comprehensive income attributable to ITOCHU	(35,738)	(221,490)	253,826	266,162	**75,741**	**567**
Transfer to retained earnings	86,512	1,392	(18,388)	111,870	**(3,106)**	**(23)**
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests	(746)	(107)	13,988	(1,480)	**439**	**3**
Balance at the end of the year	131,234	(88,971)	160,455	537,007	**610,081**	**4,569**
Treasury stock						
Balance at the beginning of the year	(150,208)	(105,601)	(167,338)	(181,360)	**(241,204)**	**(1,806)**
Net change in treasury stock	(59,456)	(61,737)	(14,022)	(59,844)	**(60,736)**	**(455)**
Cancellation of treasury stock	104,063	—	—	—	**—**	**—**
Balance at the end of the year	(105,601)	(167,338)	(181,360)	(241,204)	**(301,940)**	**(2,261)**
Total shareholders' equity	2,936,908	2,995,951	3,316,281	4,199,325	**4,819,511**	**36,093**
Non-controlling interests						
Balance at the beginning of the year	314,868	753,208	844,658	553,959	**564,375**	**4,226**
Cumulative effects of the application of new accounting standards	5	(5,295)	—	—	**—**	**—**
Net profit attributable to non-controlling interests	45,166	57,887	39,450	58,704	**44,162**	**331**
Other comprehensive income attributable to non-controlling interests	1,635	225	34,870	4,004	**2,511**	**19**
Cash dividends to non-controlling interests	(20,829)	(27,295)	(27,832)	(20,897)	**(28,437)**	**(213)**
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests	412,363	65,928	(337,187)	(31,395)	**61,505**	**461**
Balance at the end of the year	753,208	844,658	553,959	564,375	**644,116**	**4,824**
Total equity	¥3,690,116	¥3,840,609	¥3,870,240	¥4,763,700	**¥5,463,627**	**$40,917**

Consolidated Statement of Cash Flows

Fiscal Years Ended March 31	2019	2020	2021	2022	Millions of yen 2023	Millions of U.S. dollars 2023
Cash flows from operating activities						
Net profit	¥ 545,689	¥ 559,209	¥ 440,883	¥ 878,973	¥ 844,681	$ 6,326
Adjustments to reconcile net profit to net cash provided by operating activities						
Depreciation and amortization	154,944	422,624	424,297	404,184	409,962	3,070
(Gains) losses on investments	(203,034)	(57,801)	(4,105)	(211,851)	(67,157)	(503)
(Gains) losses on property, plant, equipment and intangible assets	12,041	4,396	157,524	17,601	50,118	376
Financial (income) loss	(34,112)	(44,141)	(40,041)	(72,177)	(52,172)	(391)
Equity in earnings of associates and joint ventures	(98,052)	(205,860)	(228,636)	(291,435)	(320,666)	(2,401)
Income tax expense	149,694	142,221	71,592	271,056	262,180	1,963
Provision for doubtful accounts and other provisions	1,394	22,154	30,504	(2,836)	(3,338)	(25)
Changes in assets and liabilities, other–net	(37,738)	23,574	58,976	(241,650)	(183,718)	(1,376)
Proceeds from interest	37,525	34,460	24,142	19,706	35,029	262
Proceeds from dividends	140,146	152,862	144,732	201,532	233,884	1,751
Payments for interest	(56,365)	(62,775)	(39,412)	(29,807)	(57,855)	(433)
Payments for income taxes	(135,581)	(112,790)	(144,556)	(142,133)	(212,890)	(1,594)
Net cash provided by (used in) operating activities	476,551	878,133	895,900	801,163	938,058	7,025
Cash flows from investing activities						
Net change in investments accounted for by the equity method	(106,112)	(50,915)	(20,694)	67,043	(294,890)	(2,209)
Net change in other investments	353,023	(69,382)	(50,913)	83,344	22,937	172
Net change in loans receivable	27,723	21,411	23,300	15,672	(20,035)	(150)
Net change in property, plant, equipment and intangible assets	(95,672)	(147,688)	(152,583)	(124,883)	(165,721)	(1,241)
Net change in time deposits	22,187	(2,192)	(6,406)	(2,539)	3,903	29
Net cash provided by (used in) investing activities	201,149	(248,766)	(207,296)	38,637	(453,806)	(3,399)
Cash flows from financing activities						
Net change in debentures and loans payable	(345,047)	(79,726)	251,606	(349,350)	(16,476)	(123)
Repayments of lease liabilities*	—	(267,193)	(277,493)	(266,974)	(261,271)	(1,956)
Equity transactions with non-controlling interests	18,947	(5,774)	(531,774)	(14,093)	54,766	410
Cash dividends to shareholders	(116,437)	(133,537)	(129,008)	(135,356)	(188,372)	(1,411)
Cash dividends to non-controlling interests	(27,081)	(27,236)	(27,832)	(20,897)	(28,547)	(214)
Net change in treasury stock	(68,700)	(62,016)	(14,266)	(60,036)	(60,181)	(451)
Net cash provided by (used in) financing activities	(538,318)	(575,482)	(728,767)	(846,706)	(500,081)	(3,745)
Net change in cash and cash equivalents	139,382	53,885	(40,163)	(6,906)	(15,829)	(119)
Cash and cash equivalents at the beginning of the period (Opening balance on the consolidated statement of financial position)	432,140	572,030	611,223	544,009	611,715	4,581
Reclassification of cash and cash equivalents included in assets held for sale in the opening balance	—	—	—	44,331	—	—
Cash and cash equivalents at the beginning of the year	432,140	572,030	611,223	588,340	611,715	4,581
Effect of exchange rate changes on cash and cash equivalents	508	(14,692)	17,280	30,281	10,116	76
Cash and cash equivalents included in assets held for sale	—	—	(44,331)	—	—	—
Cash and cash equivalents at the end of the year	¥ 572,030	¥ 611,223	¥ 544,009	¥ 611,715	¥ 606,002	$ 4,538

* "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 the Fiscal Year ended March 31, 2019 is not reclassified.

Major Indicators

Selling, General and Administrative (SG&A) Expenses, Provision for Doubtful Accounts, and Expense Ratio

Fiscal Years Ended March 31	2019	2020	2021	2022	Billions of yen 2023	Millions of U.S. dollars 2023
Personnel expenses	¥ 538.4	¥ 586.9	¥ 588.9	¥ 585.5	¥ 615.8	$ 4,612
Other SG&A expenses	654.9	794.0	777.5	761.2	803.3	6,016
Total SG&A expenses (A)	1,193.3	1,380.9	1,366.5	1,346.7	1,419.1	10,628
Provision for doubtful accounts	9.0	17.4	10.8	7.9	8.9	66
SG&A expenses and provision for doubtful accounts	1,202.3	1,398.4	1,377.3	1,354.6	1,428.0	10,694
Gross trading profit	1,563.8	1,797.8	1,780.7	1,937.2	2,129.9	15,951
Net interest expenses	(14.3)	(22.3)	(13.1)	(8.6)	(27.5)	(206)
Dividends received	48.4	66.5	53.1	80.7	79.7	597
Total (B)	1,597.9	1,841.9	1,820.8	2,009.3	2,182.1	16,342
Expense ratio (A) / (B) (%)*	74.7	75.0	75.0	67.0	65.0	—

* 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

As of March 31	2019	2020	2021	2022	Billions of yen 2023	Millions of U.S. dollars 2023
Short-term borrowings	¥ 235.0	¥ 286.4	¥ 282.8	¥ 205.9	¥ 352.8	$ 2,643
Commercial paper	30.5	32.0	15.0	30.0	28.0	210
Current maturities of long-term borrowings	313.6	287.7	302.0	230.3	248.8	1,863
Current maturities of debentures	71.7	78.3	110.3	56.3	30.1	225
Short-term total	650.9	684.4	710.2	522.4	659.7	4,941
Long-term borrowings	2,023.4	1,953.6	2,252.6	2,235.3	2,225.7	16,668
Debentures	309.5	239.0	192.5	148.2	121.3	908
Long-term total	2,332.9	2,192.6	2,445.1	2,383.5	2,346.9	17,576
Total interest-bearing debt (A)	2,983.8	2,877.0	3,155.3	2,905.9	3,006.6	22,517
Cash and cash equivalents, time deposits (B)	577.1	620.1	554.0	622.9	615.5	4,609
Net interest-bearing debt (A)–(B)	2,406.8	2,256.9	2,601.4	2,283.0	2,391.2	17,908
Shareholders' equity	2,936.9	2,996.0	3,316.3	4,199.3	4,819.5	36,093
Net debt-to-shareholders' equity ratio (times)*	0.82	0.75	0.78	0.54	0.50	—

$$\text{* Net debt-to-shareholders' equity ratio} = \frac{\text{Net interest-bearing debt}}{\text{Shareholders' equity}}$$

Profits / Losses of Group Companies

Fiscal Years Ended March 31	2019	2020	2021	2022	Billions of yen 2023	Millions of U.S. dollars 2023
Profits of Group companies	¥ 545.3	¥471.1	¥ 463.8	¥719.5	¥771.6	$5,778.0
Losses of Group companies	(107.4)	(25.9)	(104.2)	(10.6)	(77.9)	(583.0)
Total	437.9	445.2	359.6	708.9	693.7	5,195.0
Ratio of Group companies reporting profits (%)	90.0	88.6	82.4	90.9	88.6	—

Risk Buffer and Risk Assets

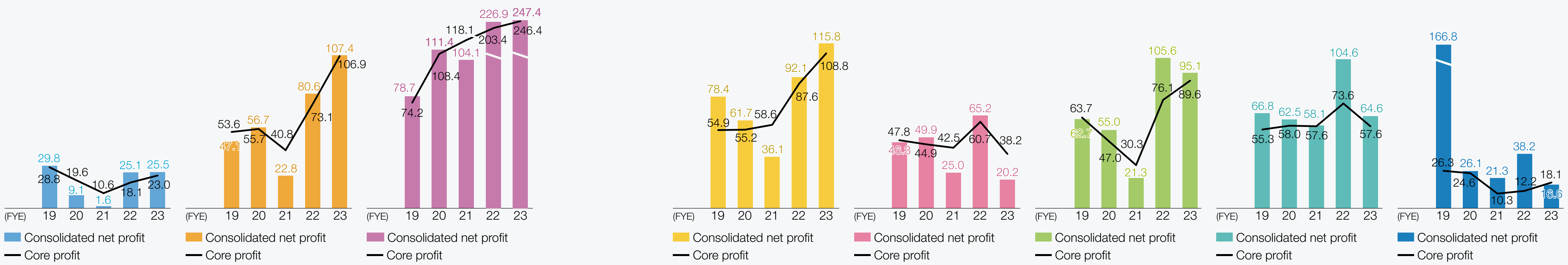
As of March 31	2019	2020	2021	2022	Billions of yen 2023	Millions of U.S. dollars 2023
Risk buffer	¥3,690.1	¥3,840.6	¥3,870.2	¥4,763.7	¥5,463.6	$40,917
Risk assets	2,267.7	2,588.4	2,815.3	3,088.0	3,337.7	24,996

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

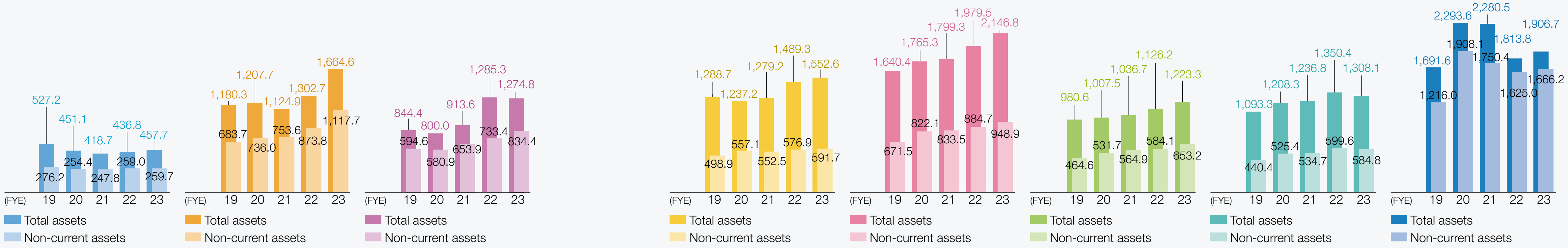
Consolidated Net Profit & Core Profit

(Billions of yen)



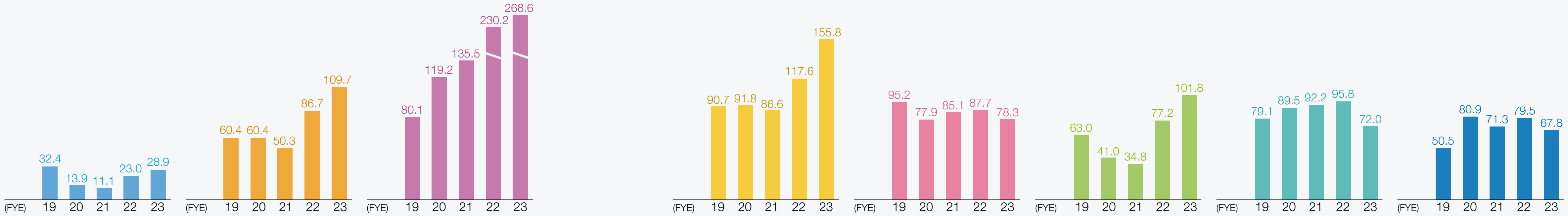
Total Assets

(Billions of yen)



Core Operating Cash Flows*

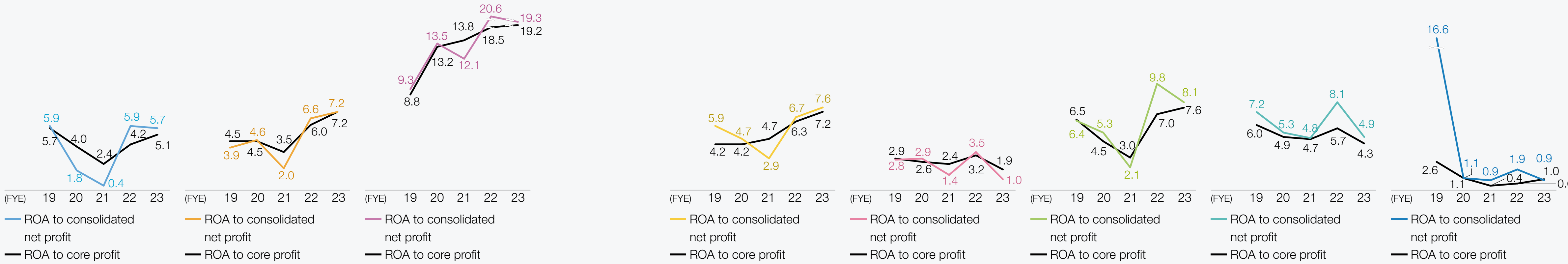
(Billions of yen)



* "Cash flows from operating activities" – "Changes in working capital" + "Repayment of lease liabilities, etc."

ROA

(%)



* On July 1, 2019, The 8th Company was established, and ITOCHU began mutual holdings in which The 8th Company was the minority shareholder and the other Division Companies were the majority shareholders. On October 1, 2022, ITOCHU dissolved such mutual holdings. Therefore, the results from FYE 2019 to FYE 2021 have been presented based on the mutual holdings, while the results from FYE 2022 to FYE 2023 have been presented based on the dissolution of the mutual holdings.

Data Section

Segment Information by Operating Segment*1

Fiscal Years Ended March 31	2019	2020	2021	2022	Billions of yen 2023	Millions of U.S. dollars 2023
Textile						
Revenues from external customers	¥ 593.6	¥ 537.4	¥ 435.0	¥ 444.8	¥ 530.1	$ 3,970
Gross trading profit	118.9	107.5	89.5	96.8	116.5	873
Equity in earnings of associates and joint ventures	8.4	3.7	2.0	4.5	5.4	40
Net profit attributable to ITOCHU	29.8	9.1	1.6	25.1	25.5	191
Core profit	28.8	19.6	10.6	18.1	23.0	172
Core operating cash flows	32.4	13.9	11.1	23.0	28.9	217
Total assets as of March 31	527.2	451.1	418.7	436.8	457.7	3,427
ROA (%)	5.9	1.8	0.4	5.9	5.7	—
Machinery						
Revenues from external customers	1,222.8	1,212.5	1,053.4	1,194.0	1,393.5	10,436
Gross trading profit	193.8	194.9	173.6	205.8	234.8	1,758
Equity in earnings of associates and joint ventures	30.1	30.7	25.6	42.4	44.7	335
Net profit attributable to ITOCHU	47.1	56.7	22.8	80.6	107.4	804
Core profit	53.6	55.7	40.8	73.1	106.9	800
Core operating cash flows	60.4	60.4	50.3	86.7	109.7	821
Total assets as of March 31	1,180.3	1,207.7	1,124.9	1,302.7	1,664.6	12,467
ROA (%)	3.9	4.6	2.0	6.6	7.2	—
Metals & Minerals						
Revenues from external customers	666.1	643.9	657.2	1,043.1	1,268.1	9,496
Gross trading profit	82.8	105.2	110.4	179.0	222.0	1,663
Equity in earnings of associates and joint ventures	20.1	22.3	22.6	47.2	62.0	464
Net profit attributable to ITOCHU	78.7	111.4	104.1	226.9	247.4	1,853
Core profit	74.2	108.4	118.1	203.4	246.4	1,845
Core operating cash flows	80.1	119.2	135.5	230.2	268.6	2,012
Total assets as of March 31	844.4	800.0	913.6	1,285.3	1,274.8	9,547
ROA (%)	9.3	13.5	12.1	20.6	19.3	—
Energy & Chemicals						
Revenues from external customers	3,124.4	2,603.2	2,180.4	2,864.1	3,389.0	25,380
Gross trading profit	216.6	217.9	228.2	253.1	315.4	2,362
Equity in earnings of associates and joint ventures	13.4	11.1	11.0	12.4	8.6	65
Net profit attributable to ITOCHU	78.4	61.7	36.1	92.1	115.8	867
Core profit	54.9	55.2	58.6	87.6	108.8	815
Core operating cash flows	90.7	91.8	86.6	117.6	155.8	1,167
Total assets as of March 31	1,288.7	1,237.2	1,279.2	1,489.3	1,552.6	11,628
ROA (%)	5.9	4.7	2.9	6.7	7.6	—
Food						
Revenues from external customers	3,770.3	3,828.3	3,975.3	4,293.5	4,626.3	34,646
Gross trading profit	278.6	304.0	331.2	320.4	330.9	2,478
Equity in earnings of associates and joint ventures	17.5	15.6	12.3	16.7	4.4	33
Net profit attributable to ITOCHU	46.3	49.9	25.0	65.2	20.2	151
Core profit	47.8	44.9	42.5	60.7	38.2	286
Core operating cash flows	95.2	77.9	85.1	87.7	78.3	586
Total assets as of March 31	1,640.4	1,765.3	1,799.3	1,979.5	2,146.8	16,077
ROA (%)	2.8	2.9	1.4	3.5	1.0	—
General Products & Realty						
Revenues from external customers	890.1	808.1	755.4	1,037.0	1,263.5	9,462
Gross trading profit	164.1	157.0	147.4	190.3	225.0	1,685
Equity in earnings of associates and joint ventures	30.9	5.1	5.2	30.3	38.5	288
Net profit attributable to ITOCHU	62.7	55.0	21.3	105.6	95.1	712
Core profit	63.7	47.0	30.3	76.1	89.6	671
Core operating cash flows	63.0	41.0	34.8	77.2	101.8	762
Total assets as of March 31	980.6	1,007.5	1,036.7	1,126.2	1,223.3	9,161
ROA (%)	6.4	5.3	2.1	9.8	8.1	—
ICT & Financial Business						
Revenues from external customers	728.0	751.1	751.2	864.0	875.1	6,554
Gross trading profit	207.8	249.7	280.6	295.9	286.1	2,143
Equity in earnings of associates and joint ventures	42.1	40.7	39.1	43.5	40.5	303
Net profit attributable to ITOCHU	66.8	62.5	58.1	104.6	64.6	483
Core profit	55.3	58.0	57.6	73.6	57.6	431
Core operating cash flows	79.1	89.5	92.2	95.8	72.0	539
Total assets as of March 31	1,093.3	1,208.3	1,236.8	1,350.4	1,308.1	9,796
ROA (%)	7.2	5.3	4.8	8.1	4.9	—

Fiscal Years Ended March 31	2019	2020	2021	2022	Billions of yen 2023	Millions of U.S. dollars 2023
The 8th						
Revenues from external customers	¥ 496.5	¥ 516.9	¥ 478.8	¥ 457.9	¥ 467.1	$ 3,498
Gross trading profit	305.1	459.9	418.8	387.6	383.8	2,875
Equity in earnings of associates and joint ventures	13.4	1.5	(0.4)	0.8	0.3	2
Net profit attributable to ITOCHU	166.8	26.1	21.3	38.2	16.6	124
Core profit	26.3	24.6	10.3	12.2	18.1	136
Core operating cash flows	50.5	80.9	71.3	79.5	67.8	508
Total assets as of March 31	1,691.6	2,293.6	2,280.5	1,813.8	1,906.7	14,279
ROA (%)	16.6	1.1	0.9	1.9	0.9	—
Others, Adjustments & Eliminations*2						
Revenues from external customers	108.7	81.5	76.0	95.0	133.0	996
Gross trading profit	(4.0)	1.7	1.0	8.3	15.3	114
Equity in earnings of associates and joint ventures	(77.8)	75.2	111.2	93.7	116.3	871
Net profit attributable to ITOCHU	(76.0)	69.0	111.1	82.0	108.1	810
Core profit	67.5	72.0	83.6	85.5	99.1	742
Core operating cash flows	(37.2)	27.1	7.6	(7.6)	(11.5)	(86)
Total assets as of March 31	852.2	948.9	1,088.8	1,369.8	1,577.0	11,811
ROA (%)	—	7.6	10.9	6.7	7.3	—
Consolidated						
Revenues from external customers	11,600.5	10,983.0	10,362.6	12,293.3	13,945.6	104,438
Gross trading profit	1,563.8	1,797.8	1,780.7	1,937.2	2,129.9	15,951
Equity in earnings of associates and joint ventures	98.1	205.9	228.6	291.4	320.7	2,401
Net profit attributable to ITOCHU	500.5	501.3	401.4	820.3	800.5	5,995
Core profit	472.0	485.3	452.4	690.3	787.5	5,898
Core operating cash flows	514.3	601.8	574.3	790.2	871.4	6,526
Total assets as of March 31	10,098.7	10,919.6	11,178.4	12,153.7	13,111.7	98,193
ROA (%)	5.3	4.5	3.6	7.0	6.3	—

*1 On July 1, 2019, The 8th Company was established, and ITOCHU began mutual holdings in which The 8th Company was the minority shareholder and the other Division Companies were the majority shareholders. On October 1, 2022, ITOCHU dissolved such mutual holdings. Therefore, the results from FYE 2019 to FYE 2021 have been presented based on the mutual holdings, while the results from FYE 2022 to FYE 2023 have been presented based on the dissolution of the mutual holdings.

*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

Fiscal Years Ended March 31	2019	2020	2021	2022	Billions of yen 2023	Millions of U.S. dollars 2023
Revenues						
Japan	¥ 8,996.9	¥ 8,686.0	¥ 8,351.7	¥ 9,774.7	¥10,785.3	$ 80,771
Singapore	668.1	534.2	490.7	658.6	854.8	6,401
United States	712.6	588.6	463.0	558.4	820.2	6,142
Australia	196.4	222.4	262.3	378.5	385.5	2,887
China	327.8	287.0	292.7	339.6	351.0	2,629
Others	698.7	664.8	502.1	583.5	748.8	5,608
Consolidated	¥11,600.5	¥10,983.0	¥10,362.6	¥12,293.3	¥13,945.6	$104,438

As of March 31	2019	2020	2021	2022	Billions of yen 2023	Millions of U.S. dollars 2023
Non-current assets*2						
Japan	¥ 1,651.4	¥ 2,700.1	¥ 2,432.5	¥ 2,328.4	¥ 2,322.0	$ 17,389
United States	90.2	104.6	114.8	124.1	190.4	1,426
Australia	163.1	147.5	178.6	184.4	183.2	1,372
United Kingdom	101.6	140.5	152.0	164.6	173.0	1,296
Singapore	127.7	140.1	139.0	148.0	142.9	1,070
Others	180.6	195.5	167.2	179.1	178.1	1,334
Consolidated	¥ 2,314.6	¥ 3,428.3	¥ 3,184.0	¥ 3,128.6	¥ 3,189.6	$ 23,887

*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

Fiscal Years Ended March 31	1st Quarter 2019	2020	2021	2022	2023	2nd Quarter 2019	2020	2021	2022	2023	3rd Quarter 2019	2020	2021	2022	2023	4th Quarter 2019	2020	2021	2022	2023
Revenues:																				
Revenues from sale of goods	¥2,419.4	¥2,428.0	¥2,104.6	¥2,595.9	**¥3,049.7**	¥2,644.3	¥2,450.7	¥2,228.4	¥2,641.6	**¥3,266.5**	¥2,848.9	¥2,463.0	¥2,362.8	¥2,898.6	**¥3,207.8**	¥2,658.4	¥2,397.4	¥2,460.5	¥2,875.8	**¥3,081.6**
Revenues from rendering of services and royalties	193.7	298.7	283.6	320.9	**328.3**	203.6	312.3	301.1	316.3	**347.6**	317.0	307.9	310.7	320.3	**344.2**	315.3	325.0	311.0	323.9	**319.8**
Total revenues	2,613.1	2,726.7	2,388.2	2,916.8	**3,378.0**	2,847.8	2,763.0	2,529.5	2,958.0	**3,614.1**	3,165.9	2,770.9	2,673.4	3,218.9	**3,552.1**	2,973.7	2,722.4	2,771.5	3,199.7	**3,401.4**
Gross trading profit	300.4	433.3	401.5	490.9	**525.0**	319.3	449.7	451.5	477.0	**559.4**	488.5	454.2	456.8	495.3	**550.0**	455.6	460.6	470.9	473.9	**495.5**
Selling, general and administrative expenses	(227.5)	(328.7)	(326.2)	(336.6)	**(339.7)**	(225.1)	(325.4)	(330.5)	(324.7)	**(352.2)**	(378.9)	(353.6)	(341.6)	(332.0)	**(361.8)**	(361.9)	(373.2)	(368.2)	(353.4)	**(365.4)**
Provision for doubtful accounts	(1.2)	(2.2)	(3.2)	(1.1)	**(2.3)**	(1.3)	(4.1)	(2.2)	(1.5)	**(1.7)**	(3.2)	(2.2)	(1.2)	(2.7)	**(2.3)**	(3.3)	(8.9)	(4.3)	(2.7)	**(2.6)**
Gains (losses) on investments	2.8	30.7	19.9	133.6	**8.7**	189.4	4.3	6.3	57.1	**41.6**	23.5	26.1	3.2	14.0	**(3.2)**	(12.7)	(3.3)	(25.3)	7.2	**20.0**
Gains (losses) on property, plant, equipment and intangible assets	0.0	1.8	(3.9)	1.6	**(1.9)**	0.1	0.4	(37.1)	(2.6)	**(5.3)**	0.5	13.8	(30.0)	1.6	**0.1**	(12.7)	(20.4)	(86.5)	(18.2)	**(43.0)**
Other–net	3.2	1.4	2.4	3.0	**(1.9)**	2.2	5.5	7.6	3.9	**1.9**	(0.4)	(0.2)	5.3	3.9	**9.0**	5.7	(8.2)	(21.5)	(1.2)	**6.1**
Total other losses	(222.6)	(297.0)	(311.1)	(199.5)	**(337.1)**	(34.7)	(319.3)	(355.9)	(267.8)	**(315.6)**	(358.5)	(316.1)	(364.2)	(315.3)	**(358.2)**	(384.8)	(413.9)	(505.8)	(368.3)	**(384.9)**
Interest income	9.0	8.9	6.5	4.9	**5.9**	10.7	10.0	6.0	4.9	**7.9**	10.7	8.6	5.8	5.7	**16.2**	9.6	7.8	4.8	4.9	**9.4**
Dividends received	7.0	16.0	8.8	15.9	**23.9**	4.6	11.2	8.4	19.8	**10.2**	6.8	8.5	12.4	15.2	**19.5**	29.9	30.8	23.6	29.8	**26.1**
Interest expense	(11.6)	(16.2)	(10.1)	(7.7)	**(8.6)**	(14.5)	(15.5)	(8.5)	(7.2)	**(14.9)**	(13.9)	(13.6)	(9.7)	(7.1)	**(23.3)**	(14.4)	(12.2)	(8.0)	(6.9)	**(20.1)**
Total financial income	4.4	8.8	5.2	13.1	**21.1**	0.9	5.6	5.9	17.5	**3.2**	3.7	3.4	8.5	13.7	**12.4**	25.1	26.3	20.4	27.8	**15.5**
Equity in earnings of associates and joint ventures	59.0	52.7	43.3	77.4	**95.7**	(68.7)	65.0	50.1	91.1	**90.0**	58.4	49.6	58.4	63.7	**78.8**	49.4	38.5	76.9	59.2	**56.2**
Profit before tax	141.2	197.8	138.9	382.0	**304.7**	216.8	201.0	151.7	317.9	**336.9**	192.1	191.1	159.6	257.4	**283.0**	145.3	111.5	62.3	192.7	**182.3**
Income tax expense	(24.5)	(34.0)	(23.6)	(97.3)	**(63.9)**	(55.6)	(40.5)	3.1	(68.3)	**(73.0)**	(38.5)	(37.1)	(36.6)	(61.4)	**(68.0)**	(31.1)	(30.6)	(14.6)	(44.0)	**(57.3)**
Net profit	116.7	163.8	115.3	284.7	**240.8**	161.2	160.6	154.8	249.6	**263.9**	153.6	154.0	123.0	196.0	**215.0**	114.2	80.9	47.7	148.7	**125.0**
Net profit attributable to ITOCHU	¥ 113.4	¥ 147.3	¥ 104.8	¥ 267.5	**¥ 230.6**	¥ 144.6	¥ 141.8	¥ 147.7	¥ 233.1	**¥ 252.4**	¥ 139.5	¥ 137.6	¥ 111.8	¥ 178.3	**¥ 199.2**	¥ 103.0	¥ 74.6	¥ 37.1	¥ 141.4	**¥ 118.3**
Net profit attributable to non-controlling interests	3.4	16.5	10.6	17.2	**10.1**	16.5	18.8	7.0	16.4	**11.5**	14.1	16.4	11.2	17.8	**15.8**	11.2	6.2	10.6	7.3	**6.7**

Quarterly Segment Information by Operating Segment*1

Billions of yen

Fiscal Years Ended March 31	1st Quarter 2019	2020	2021	2022	2023	2nd Quarter 2019	2020	2021	2022	2023	3rd Quarter 2019	2020	2021	2022	2023	4th Quarter 2019	2020	2021	2022	2023
Textile																				
Gross trading profit	¥27.2	¥ 27.7	¥19.8	¥ 22.1	**¥23.9**	¥ 29.3	¥ 29.9	¥ 26.4	¥22.3	**¥ 29.5**	¥ 32.1	¥ 30.2	¥ 25.1	¥27.1	**¥31.7**	¥ 30.3	¥ 19.7	¥ 18.3	¥25.2	**¥31.4**
Net profit attributable to ITOCHU	7.7	7.0	0.9	5.3	**4.1**	7.9	8.0	7.5	4.7	**7.5**	8.7	6.5	7.5	6.6	**8.0**	5.5	(12.4)	(14.2)	8.5	**5.9**
Machinery																				
Gross trading profit	43.6	46.7	31.9	50.6	**52.4**	48.1	50.1	43.2	50.1	**57.3**	52.0	47.8	48.5	52.4	**61.4**	50.2	50.3	50.0	52.7	**63.7**
Net profit attributable to ITOCHU	11.6	13.5	5.3	26.4	**18.8**	15.3	15.3	11.4	19.5	**52.9**	20.1	15.3	16.1	20.5	**25.7**	0.1	12.6	(9.9)	14.2	**10.0**
Metals & Minerals																				
Gross trading profit	24.6	31.0	26.0	53.5	**69.9**	19.4	25.7	24.6	50.5	**57.5**	20.5	22.0	27.4	36.7	**56.8**	18.4	26.5	32.5	38.2	**37.8**
Net profit attributable to ITOCHU	22.3	33.8	22.8	78.1	**75.6**	16.8	27.5	25.0	57.6	**59.5**	19.1	23.2	25.9	45.3	**63.2**	20.5	26.9	30.4	45.9	**49.0**
Energy & Chemicals																				
Gross trading profit	52.7	54.2	50.4	56.9	**70.0**	56.8	57.5	57.5	54.7	**82.7**	55.7	52.7	54.8	83.5	**86.7**	51.4	53.5	65.4	58.0	**76.0**
Net profit attributable to ITOCHU	10.2	10.5	11.2	15.7	**22.7**	12.3	11.5	12.3	15.6	**27.3**	32.3	17.4	10.8	35.5	**31.3**	23.6	22.3	1.8	25.3	**34.4**
Food																				
Gross trading profit	69.2	67.2	78.0	79.9	**82.5**	71.5	71.0	86.1	81.6	**88.1**	73.0	92.5	88.6	81.8	**87.5**	64.8	73.2	78.5	77.1	**72.8**
Net profit attributable to ITOCHU	14.0	9.9	8.8	17.4	**18.7**	5.7	9.7	15.0	17.6	**12.7**	14.8	21.3	18.9	14.8	**9.1**	11.7	9.0	(17.7)	15.4	**(20.3)**
General Products & Realty																				
Gross trading profit	40.9	41.3	36.0	47.9	**54.1**	47.3	38.0	37.6	46.8	**61.3**	35.1	36.7	36.1	48.5	**58.5**	40.8	41.0	37.6	47.1	**51.1**
Net profit attributable to ITOCHU	16.5	32.8	8.4	51.9	**26.7**	22.4	12.9	9.6	20.7	**36.5**	12.7	12.3	8.3	19.6	**23.3**	11.1	(2.9)	(5.1)	13.3	**8.6**
ICT & Financial Business																				
Gross trading profit	39.2	50.8	60.1	68.0	**65.5**	44.2	57.3	66.2	71.7	**73.4**	54.8	58.8	69.8	71.1	**72.6**	69.7	82.7	84.5	85.1	**74.7**
Net profit attributable to ITOCHU	12.3	16.4	22.4	18.6	**10.7**	24.7	15.6	14.6	48.2	**14.9**	12.3	15.7	14.3	22.0	**13.0**	17.5	14.7	6.7	15.7	**26.0**
The 8th																				
Gross trading profit	—	114.4	99.6	110.3	**94.0**	—	119.3	110.3	98.0	**100.6**	170.3	112.4	106.5	91.5	**97.6**	134.8	113.8	102.4	87.7	**91.6**
Net profit attributable to ITOCHU	7.4	10.7	5.2	37.6	**4.3**	150.9	10.7	24.8	6.9	**8.7**	6.2	4.8	(6.9)	2.4	**6.8**	2.3	(0.1)	(1.9)	(8.7)	**(3.3)**
Others, Adjustments & Eliminations*2																				
Gross trading profit	3.0	(0.1)	(0.4)	1.6	**12.7**	2.7	0.8	(0.3)	1.3	**9.0**	(4.9)	1.0	(0.1)	2.6	**(2.9)**	(4.8)	(0.0)	1.7	2.8	**(3.5)**
Net profit attributable to ITOCHU	11.3	12.6	19.7	16.3	**49.0**	(111.3)	30.7	27.5	42.4	**32.3**	13.4	21.2	17.0	11.6	**18.9**	10.6	4.6	46.9	11.7	**8.0**

*1 On July 1, 2019, The 8th Company was established, and ITOCHU began mutual holdings in which The 8th Company was the minority shareholder and the other Division Companies were the majority shareholders. On October 1, 2022, ITOCHU dissolved such mutual holdings. Therefore, the results from FYE 2019 to FYE 2021 have been presented based on the mutual holdings, while the results from FYE 2022 to FYE 2023 have been presented based on the dissolution of the mutual holdings.

*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 2021	FYE 2022	FYE 2023	FYE 2024 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
JOI'X CORPORATION	100.0%	(0.8)	0.7	**1.1**	1.4
LEILIAN CO., LTD.	100.0%	(2.8)	1.7	**0.7**	1.0
DESCENTE LTD.	41.0%	1.6	2.7	**4.1**	4.4
DOME CORPORATION	69.7%	—	—	**0.5**	0.8
EDWIN CO., LTD.	100.0%	(1.7)	1.6	**0.6**	0.7
Sankei Co., Ltd.	100.0%	(8.2)	0.5	**1.1**	1.1
ITOCHU Textile Prominent (ASIA) Ltd.	100.0%	0.9	2.0	**2.2**	2.0
ITOCHU TEXTILE (CHINA) CO., LTD.	100.0%	1.1	1.7	**2.1**	2.0

Machinery Company

Billions of yen

	Ownership %*1	FYE 2021	FYE 2022	FYE 2023	FYE 2024 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
Tokyo Century Corporation	30.0%	13.5	16.0	**4.1**	21.0
I-Power Investment Inc.	100.0%	2.5	4.1	**4.3**	8.0
I-ENVIRONMENT INVESTMENTS LIMITED	100.0%	0.6	7.5	**3.6**	3.3
ITOCHU Plantech Inc.*3	60.0% / 100.0%	0.8	1.4	**1.9**	1.4
IMECS Co., Ltd.	100.0%	1.1	4.2	**3.3**	4.0
JAMCO Corporation	33.4%	(5.0)	(1.4)	**0.7**	0.8
JAPAN AEROSPACE CORPORATION	100.0%	1.5	1.6	**1.7**	1.8
YANASE & CO., LTD.	82.8%	4.6	9.7	**12.7**	11.8
Auto Investment Inc.	100.0%	1.2	2.7	**3.0**	2.0
Citrus Investment LLC*4	100.0%	—	—	**3.6**	8.7
ITOCHU MACHINE-TECHNOS CORPORATION*5	100.0%	0.5	1.0	**1.4**	1.5
MULTIQUIP INC.	100.0%	2.4	3.7	**6.3**	4.7

Metals & Minerals Company

Billions of yen

	Ownership %*1	FYE 2021	FYE 2022	FYE 2023	FYE 2024 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
ITOCHU Minerals & Energy of Australia Pty Ltd	100.0%	90.6	158.7	**176.3**	166.8
JAPÃO BRASIL MINÉRIO DE FERRO PARTICIPAÇÕES LTDA. (CSN Mineração)	77.3%	5.5	3.7	**8.9**	—
Marubeni-Itochu Steel Inc.	50.0%	8.7	31.3	**47.8**	—
ITOCHU Metals Corporation*3	70.0% / 100.0%	1.0	3.1	**3.0**	3.0

Energy & Chemicals Company

Billions of yen

	Ownership %*1	FYE 2021	FYE 2022	FYE 2023	FYE 2024 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
ITOCHU Oil Exploration (Azerbaijan) Inc. (ACG project)	100.0%	1.8	8.9	**7.1**	4.8
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	100.0%	1.1	1.4	**1.7**	1.6
ITOCHU ENEX CO., LTD.	54.0%	6.6	7.1	**7.5**	7.3
Japan South Sakha Oil Co., Ltd. (Eastern Siberia Project)	25.0%	4.8	4.1	**2.7**	—
Dividends from LNG Projects (PAT)	—	3.4	5.4	**10.2**	7.5
ITOCHU CHEMICAL FRONTIER Corporation	100.0%	4.7	6.4	**7.6**	7.4
ITOCHU PLASTICS INC.*3	60.0% / 100.0%	2.6	4.7	**5.3**	5.4
C. I. TAKIRON Corporation	55.7%	2.8	3.5	**1.4**	2.8

Food Company

Billions of yen

	Ownership %*1	FYE 2021	FYE 2022	FYE 2023	FYE 2024 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
Dole International Holdings, Inc.	100.0%	(3.3)	8.4	**(36.4)**	2.5
NIPPON ACCESS, INC.*3	60.0% / 100.0%	4.4	17.1	**17.5**	18.0
FUJI OIL HOLDINGS INC.	43.9%	2.4	4.5	**3.1**	7.0
WELLNEO SUGAR Co., Ltd.	37.8%	—	—	**0.0**	1.9
ITOCHU FEED MILLS CO., LTD.	100.0%	1.4	2.2	**0.9**	1.1
Prima Meat Packers, Ltd.	47.9%	5.6	4.0	**1.4**	3.6
ITOCHU-SHOKUHIN Co., Ltd.	52.2%	2.0	2.7	**3.3**	2.7
HYLIFE GROUP HOLDINGS LTD.	49.9%	4.5	1.1	**(13.1)**	—

General Products & Realty Company

Billions of yen

	Ownership %*1	FYE 2021	FYE 2022	FYE 2023	FYE 2024 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
European Tyre Enterprise Limited	100.0%	(3.6)	3.5	**4.4**	6.5
ITOCHU FIBRE LIMITED (METSA FIBRE)	100.0%	(1.2)	17.8	**21.7**	—
ITOCHU PULP & PAPER CORPORATION*3	90.0% / 100.0%	1.0	1.8	**2.1**	1.9
ITOCHU CERATECH CORPORATION	100.0%	0.5	0.7	**0.9**	0.8
ITOCHU LOGISTICS CORP.*3	95.2% / 100.0%	2.8	4.6	**6.3**	5.6
North American construction materials business*6	—	9.8	22.6	**21.7**	21.5
ITOCHU KENZAI CORPORATION	100.0%	2.7	6.0	**5.3**	4.0
DAIKEN CORPORATION	36.3%	2.0	2.7	**4.3**	2.2
ITOCHU Property Development, Ltd.	100.0%	3.1	3.0	**3.8**	4.3
ITOCHU Urban Community Ltd.	100.0%	1.4	1.4	**1.5**	1.6

ICT & Financial Business Company

Billions of yen

	Ownership %*1	FYE 2021	FYE 2022	FYE 2023	FYE 2024 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
ITOCHU Techno-Solutions Corporation	61.2%	17.8	20.7	**20.9**	24.5
BELLSYSTEM24 Holdings, Inc.	40.7%	1.9	2.6	**2.8**	3.6
Mobile-phone-related business*7	—	16.7	17.9	**14.8**	12.0
ITOCHU Fuji Partners, Inc. (SKY Perfect JSAT Holdings Inc.)	63.0%	1.9	2.0	**2.2**	2.5
A2 Healthcare Corporation	100.0%	0.6	1.6	**2.0**	2.0
HOKEN NO MADOGUCHI GROUP INC.	92.0%	3.4	2.2	**2.8**	—
POCKET CARD CO., LTD.*3*8	40.2% / 78.2%	1.3	4.0	**4.2**	4.2
Orient Corporation	16.5%	(9.5)	1.9	**3.0**	—
Gaitame.Com Co., Ltd.	40.2%	—	—	**0.5**	—
First Response Finance Ltd.	100.0%	1.5	2.5	**3.1**	2.3
ITOCHU FINANCE (ASIA) LTD.	100.0%	4.0	4.8	**3.8**	2.2
GCT MANAGEMENT (THAILAND) LTD.	100.0%	4.3	4.0	**4.1**	—

The 8th Company

Billions of yen

	Ownership %*1	FYE 2021	FYE 2022	FYE 2023	FYE 2024 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
FamilyMart Co., Ltd.*9	94.7%	(16.7)	44.7	**23.7**	26.0
NIPPON ACCESS, INC.*3	40.0% / 0.0%	2.7	—	**—**	—
POCKET CARD CO., LTD.*3*8	38.0% / 0.0%	1.3	—	**—**	—
ITOCHU PLASTICS INC.*3	40.0% / 0.0%	1.7	—	**—**	—
ITOCHU Plantech Inc.*3	40.0% / 0.0%	0.5	—	**—**	—
ITOCHU Metals Corporation*3	30.0% / 0.0%	0.4	—	**—**	—
ITOCHU LOGISTICS CORP.*3	4.8% / 0.0%	0.1	—	**—**	—
ITOCHU PULP & PAPER CORPORATION*3	10.0% / 0.0%	0.1	—	**—**	—

Others, Adjustments & Eliminations

Billions of yen

	Ownership %*1	FYE 2021	FYE 2022	FYE 2023	FYE 2024 (Plan)*2
Breakdown of Profits / Losses from Major Group Companies					
Orchid Alliance Holdings Limited	100.0%	72.5	96.4	**117.2**	103.3
C.P. Pokphand Co. Ltd.	23.8%	40.2	(2.6)	**(4.3)**	—
Chia Tai Enterprises International Limited	23.8%	(0.2)	(0.5)	**(2.4)**	—

*1 Indicated ownership percentages are as of June 30, 2023.
*2 "FYE 2024 (Plan)" indicates initial plans disclosed on May 9, 2023.
*3 On July 1, 2019, The 8th Company was established, and ITOCHU began mutual holdings in which The 8th Company was the minority shareholder and the other Division Companies were the majority shareholders. On October 1, 2022, ITOCHU dissolved such mutual holdings. Therefore, the results from FYE 2022 to FYE 2023 have been presented based on the dissolution of the mutual holdings.
The ownership on the left side is based on the mutual holdings, while the ownership on the right side is based on the dissolution of the mutual holdings.
*4 The figures include net profit from Hitachi Construction Machinery Co., Ltd., which is the affiliate of the Company. The figures do not include the interest income, etc. resulting from ITOCHU's loan to the partner.
*5 ITOCHU MACHINE-TECHNOS CORPORATION and ITOCHU SysTech Corporation merged and formed ITOCHU MACHINE-TECHNOS CORPORATION on April 1, 2022. The figures for FYE 2022 show the aggregate amounts of both companies.
The figures for FYE 2021 show net profits only from ITOCHU MACHINE-TECHNOS CORPORATION.
*6 The figures are the sum of results / forecast of the Group companies engaged in the North American construction materials business.
*7 The figures are the sum of results / forecast of the Group companies engaged in the mobile-phone-related business.
*8 The figures include net profit through FamilyMart Co., Ltd.
*9 The figures include net profits from POCKET CARD 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 2021 Results	FYE 2022 Results	FYE 2023 Results
Individual meetings with institutional investors	305	337	333
Investor briefings on financial results for analysts and institutional investors	4	4	4
Briefings on operating segments and projects / sustainability briefings / site tours for analysts and institutional investors	1	1	1
Overseas IR roadshows	0*	0*	5
Conferences sponsored by securities companies	6	7	6
Meetings for individual investors	2	3	3

* To prevent the spread of COVID-19, overseas travel had been suspended and individual meetings have been held online in FYE 2021 and FYE 2022.

	FYE 2021 Results	FYE 2022 Results	FYE 2023 Results
Number of shareholders	193,948	207,790	248,736
Number of attendees at General Meeting of Shareholders	97*	267	420
Attendees in online livestream of General Meeting of Shareholders	—	762	660

* To prevent the spread of COVID-19, the scale was reduced in FYE 2021.

Investor briefing on financial results for analysts and institutional investors

General Meeting of Shareholders

Sustainability briefing
(Enhancing corporate value through the evolution of work-style reforms)

External Evaluations of Our IR Activities

Annual Report

Government Pension Investment Fund (GPIF)
Outstanding Integrated Report

WICI Japan
Integrated Report Award 2022
Gold Award

NIKKEI Integrated Report Award 2022
Grand Prize

IR Website

Daiwa Investor Relations Co. Ltd.
2022 Internet IR Award
Grand Prize (1st Place)

Nikko Investor Relations Co., Ltd.
All Japanese Listed Companies' Website Ranking 2022
Overall Ranking: AAA Grade

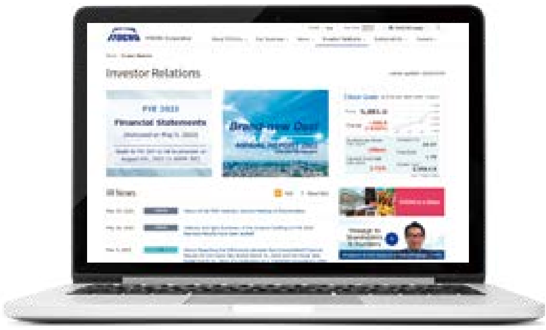
BroadBand Security, Inc.
Gomez IR Site Ranking 2022
Gold Ranking

Credit Ratings (As of July 2023)

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	A2 / Stable	P-1
S&P Global Ratings	A / Stable	A-1

ESG Ratings (As of July 2023)

- MSCI ESG Rating: AAA
- S&P Global ESG Score 2022: Top 1%



For more information about IR, please refer to ITOCHU's 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

Thank you for reading ITOCHU's Annual Report 2023. We hope the report furthers your understanding of how, in all types of business environments, we enhance corporate value by realizing individual capabilities, by rigorously preparing to secure a firm foundation for our business, and by steadily laying the steppingstones for the future. This report has been edited and produced primarily by the Investor Relations Division with the aim of systematically and comprehensively providing an explanation and illustration on ITOCHU's management goals and strategies, as well as the Company's progress in addressing issues that have been identified through daily dialogues. As the division responsible for the report's production, the Investor Relations Division confirms the production process, which includes in-house discussions and interviews with representatives of the senior management team and relevant divisions, and information included in the report, are appropriate. Going forward, we will continue proactively engaging in dialogue with all of our stakeholders, ensuring timely and appropriate disclosure while sincerely advancing investor relations activities aimed at enhancing corporate value even further.

Stock and Shareholder Information (As of March 31, 2023)

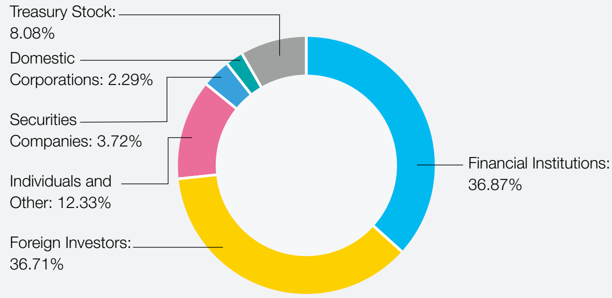
Basic Information about Our Stock

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	248,736
Transfer agent of common stock	Sumitomo Mitsui Trust Bank, Limited

Status of inclusion in indices (excluding ESG indices)
- JPX-Nikkei Index 400
- JPX Prime 150 Index
- TOPIX Core 30 / TOPIX 100 / TOPIX 500 / TOPIX 1000
- Nikkei Stock Average (Nikkei 225)
- Nikkei Stock Index 300 / Nikkei 500 Stock Average
- MSCI Japan Index*
- MSCI Japan High Dividend Yield*

* 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.

Breakdown of Shareholders



Major Shareholders*1

Name	Number of Shares (1,000 shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (trust account)	236,671	16.25
EUROCLEAR BANK S.A. / N.V.	109,510	7.52
Custody Bank of Japan, Ltd. (trust account)	85,717	5.88
CP WORLDWIDE INVESTMENT COMPANY LIMITED*2	63,500	4.36
Nippon Life Insurance Company	34,056	2.34
Mizuho Bank, Ltd.	31,200	2.14
STATE STREET BANK WEST CLIENT - TREATY 505234	23,941	1.64
Asahi Mutual Life Insurance Company	23,400	1.61
SSBTC CLIENT OMNIBUS ACCOUNT	20,330	1.40
JP MORGAN CHASE BANK 385781	17,762	1.22

*1 The Company holds 128,019 thousand shares of treasury stock (8.08% 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 (5.35% of the number of shares of common stock issued excluding treasury stock).