02

Evolving value chains across foundational industries

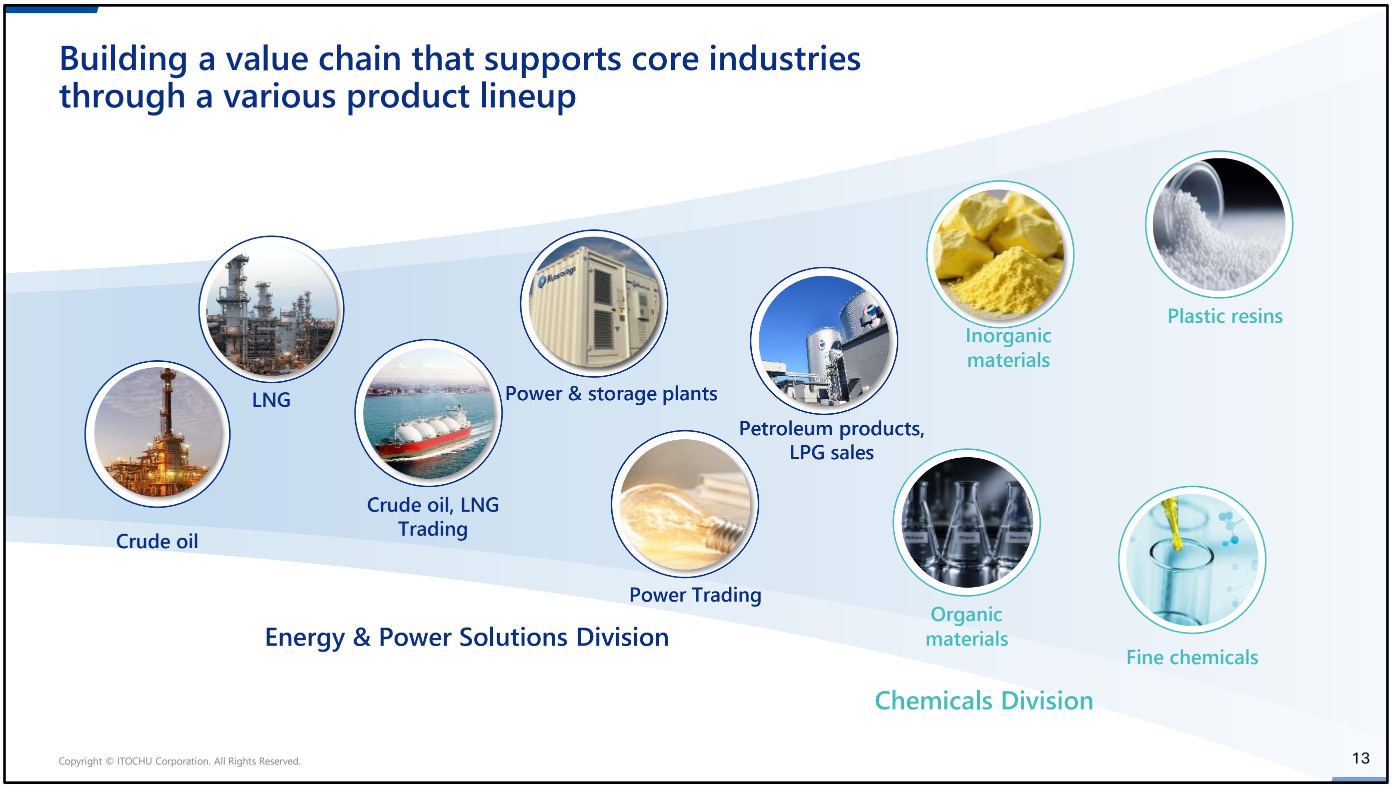
Energy & Chemicals Company

Tsutomu Miyazaki

Managing Executive Officer
President, Energy & Chemicals Company (Since 2026)

- Joined ITOCHU in 1983; has worked in the chemicals business throughout his career
- Five and a half years of overseas experience in Taiwan
- Served as President of ITOCHU Chemical Frontier Corporation from FY2015 to FY2025; achieved record-high profits for six consecutive fiscal years most recently

Our strength lies in building value chains that connect upstream resources and raw materials with downstream customers and support foundational industries. Today, I would like to explain how we create value through these value chains and the initiatives we are undertaking for future growth.

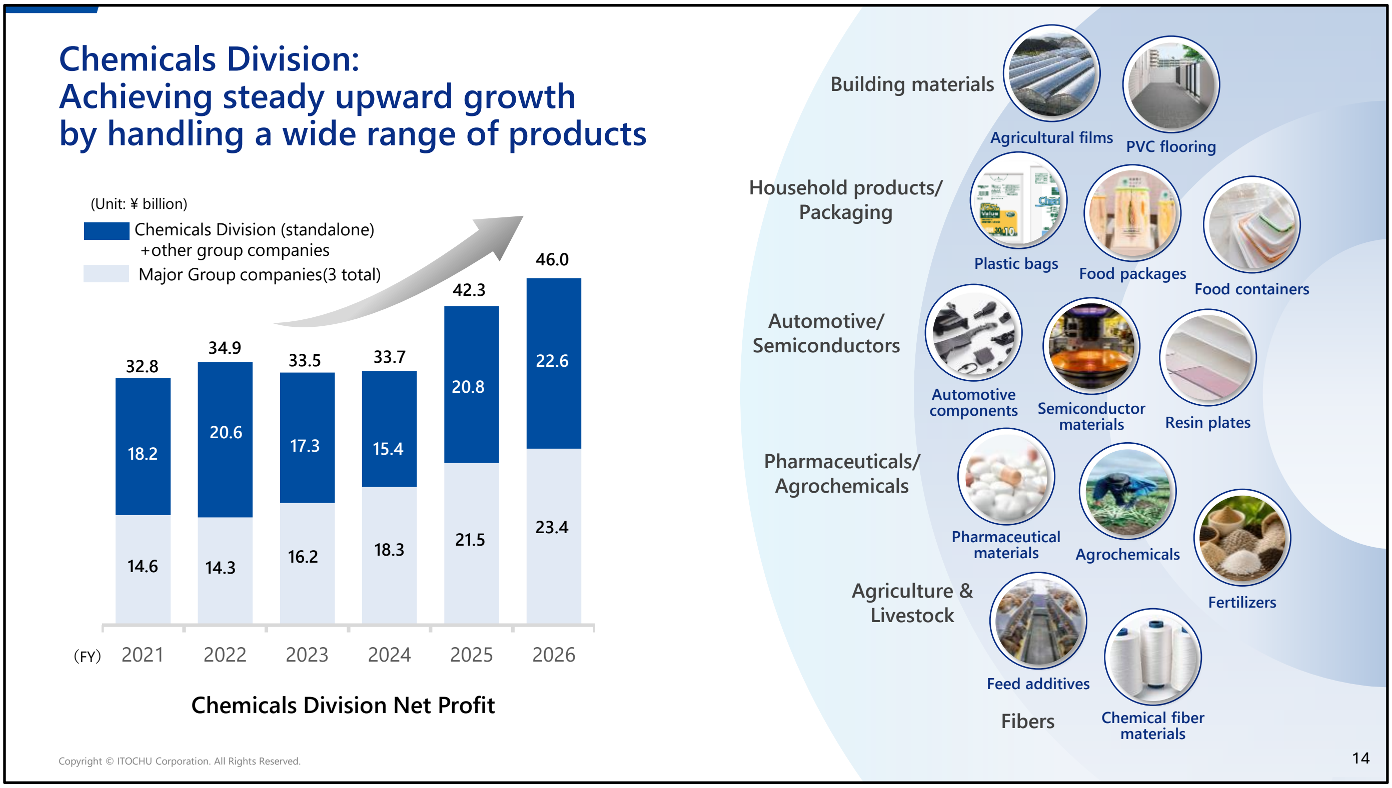


Our segment consists of two divisions: the Energy & Power Solutions Division and the Chemicals Division.

In the energy field, we operate across the full value chain, from upstream interests to oil and LNG trading, power and renewable energy plants, battery storage facilities, power trading, and the sale of petroleum products and LP gas through ITOCHU ENEX.

In the chemicals field as well, we handle a broad range of products, including mineral resources, inorganic raw materials, plastic resins, and organic industrial chemicals.

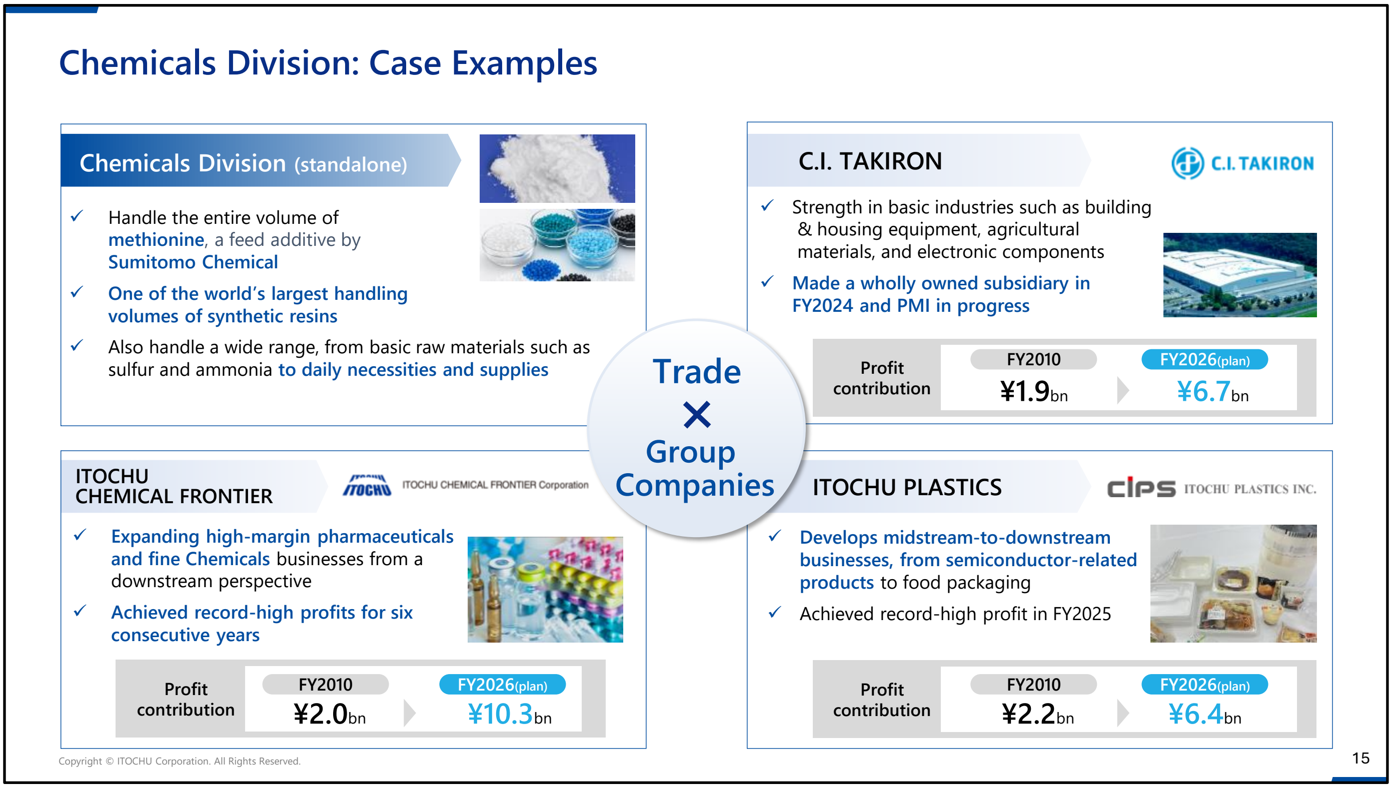
By connecting resources and raw materials, trading functions, group companies, and downstream customers, we have built a strong value chain that supports foundational industries. Importantly, our presence at every stage of the value chain enables us to build close relationships with customers, respond accurately to changes in industrial structures and on-the-ground needs, and convert those insights into new commercial flows and business opportunities.



This strength is clearly reflected in the steady earnings growth of the Chemicals Division. Its net profit increased from ¥32.8 billion in FY2021 to a planned ¥46.0 billion in FY2026, which would be a new record high.

This growth has been driven by both the strong performance of our three key group companies, ITOCHU Chemical Frontier, C.I. TAKIRON, and ITOCHU Plastics, and the standalone trading business of Chemicals division, which also achieved a record-high profit last fiscal year. In other words, growth is being generated by both standalone trading and group companies.

Importantly, this growth is not dependent on any single product or temporary market conditions. Rather, it is supported by our ability to capture market changes and expand our business domains through a broad product portfolio and extensive customer base, including semiconductor-related materials, construction materials, packaging containers for FamilyMart, and raw materials for generic pharmaceuticals. Looking ahead, we will continue to leverage frontline insights to further enhance our trading capabilities, strengthen the earnings power of our group companies, and pursue new investments, thereby achieving further growth.



Let me share a few specific examples from the Chemicals Division.

Methionine, which is expected to see solid growth driven by global food demand, is one example. We handle the entire volume of methionine produced by Sumitomo Chemical and sell it worldwide. We are also among the global leaders in synthetic resin trading volume, and our product coverage extends broadly from basic chemical feedstocks such as sulfur and ammonia to daily necessities and supplies.

Profits of our three major group companies have also grown significantly.
ITOCHU Chemical Frontier has expanded its pharmaceutical and fine chemicals businesses and has achieved record-high profit for six consecutive years. C.I. TAKIRON has strengths in construction materials and semiconductor-related materials. ITOCHU Plastics handles packaging containers and electronic materials, and achieved a record-high profit in FY2025.

Across the Chemicals Division, we are involved at every stage of the value chain—from raw material supply to processing and manufacturing, and on to sales. Guided by ITOCHU's spirit of "Merchants Need To Be Adaptable Like Water," we stay close to our customers and business partners in the field, enabling us to capture emerging issues, needs, and market changes in a timely manner.

Our strength lies in this deep involvement across the entire value chain, driven by both our trading business and group companies, and in our ability to convert frontline information into new sources of value creation.

Lastly, one of our key future growth drivers is the expansion of our semiconductor-related business. In addition to resin plates for semiconductor manufacturing equipment at C.I. TAKIRON and photoresists at ITOCHU Plastics, we are expanding into new areas such as investment in manufacturers of high-purity chemical solutions and securing upstream mineral resources. Through these expansions, we aim to create synergies with our existing businesses while building a new earnings base.

Here again, our focus is not simply on building up individual businesses one by one. Rather, we are looking at the entire value chain from raw materials and components to manufacturing processes and end demand while leveraging the customer relationship and business platforms we have built over time to create new business and investment opportunities. By doing so, we will drive the next stage of growth for our segment.

Going forward, we will continue to deepen our presence on the front lines of foundational industries, further evolve and expand our value chains, and achieve a higher level of growth through a “gear shift.”

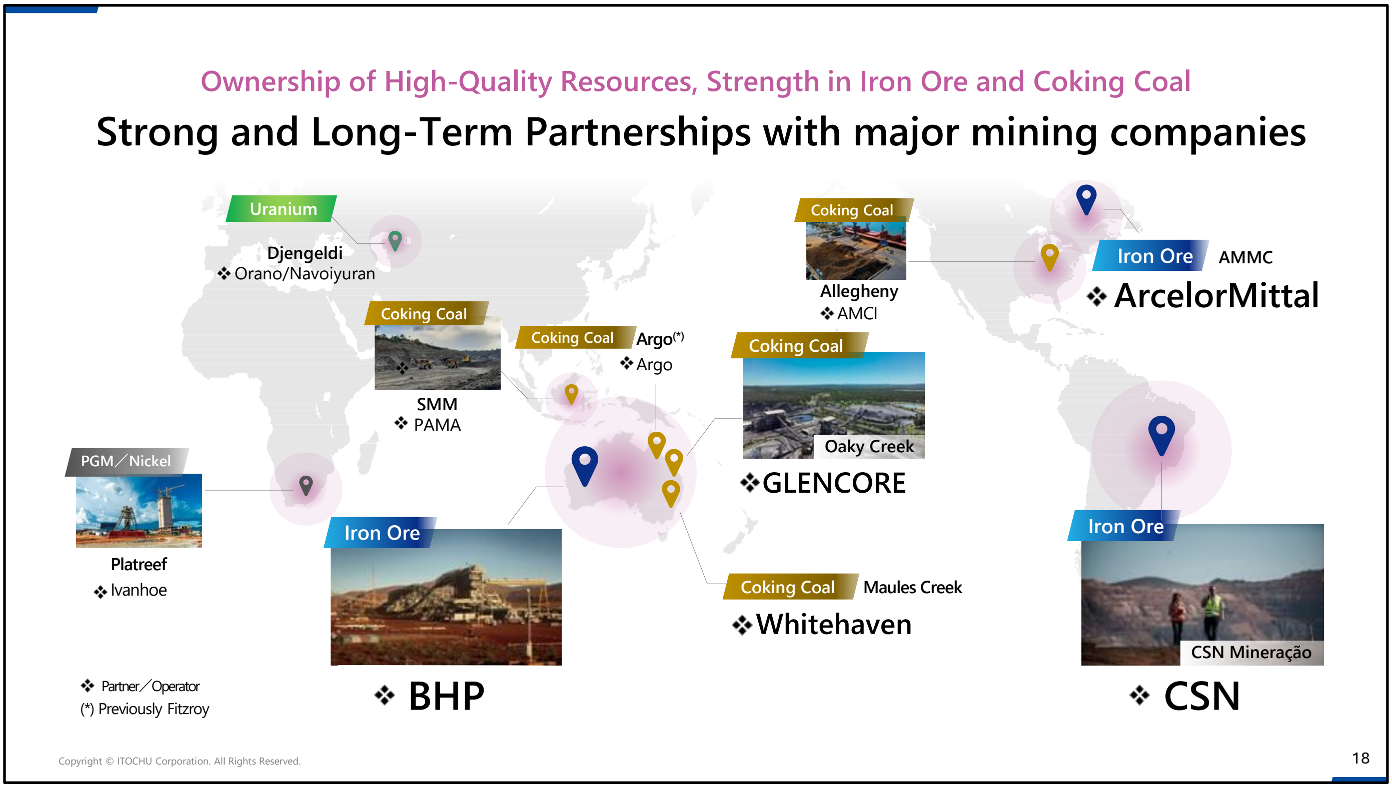
Metals & Minerals Company

Masaya Tanaka

Senior Executive Officer
President, Metals & Minerals Company (Since 2026)

- Joined ITOCHU in 1987; has worked in the chemicals business throughout his career
- Has served as President of Energy & Chemicals Company, and has experience working in Korea
- Has promoted business while valuing connections with local business partners
- Also has experience working as a staff in the planning department, and places great importance on teamwork and listens to the opinions of those around him

The key strength of the Metals & Minerals Company, which engages in resource business, lies in the strong and long-term partnerships we have built with top tier partners including major mining companies, through our ownership of high-quality resource interests centered on iron ore and coking coal.



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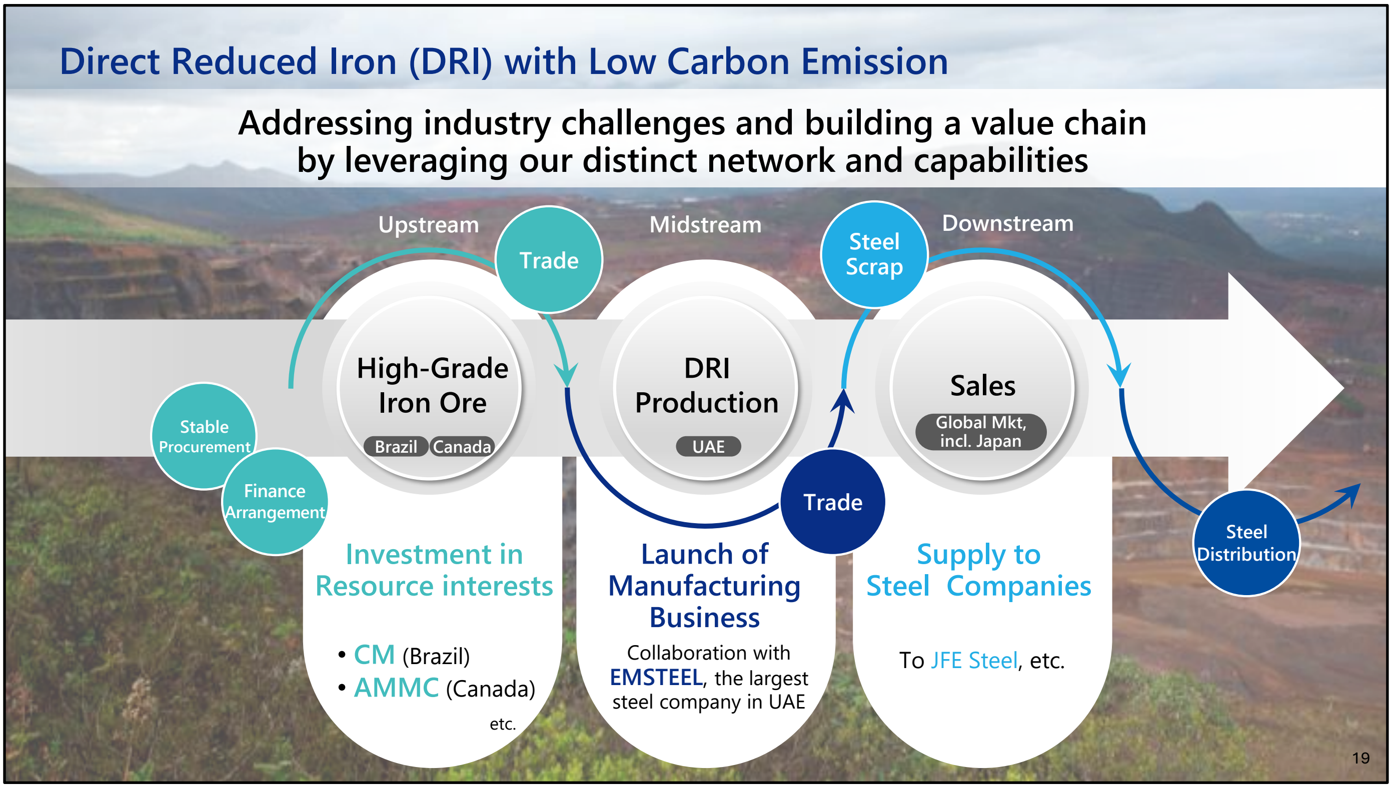
In iron ore, we have built strong relationships with partners such as BHP in Australia, CSN Mineração (referred to as CM) in Brazil, and ArcelorMittal in Canada.
In coking coal, we are advancing projects in Australia together with partners such as Glencore and Whitehaven.

Together with our partners, we will continue not only to further enhance our existing iron ore and coking coal interests and drive organic growth, but also leverage our long-term partnerships with them, other major resource companies, and tier 1 industry players, together with ITOCHU's own capabilities, to build a new pipeline of upstream interests and pursue participation in those opportunities. The Metals & Minerals Company "Must Do Resources," thus I hope you look forward to what we will be achieving.

Our additional investment in CM executed in FY2024 was intended not only to increase our stake, but also to build and develop our low-carbon direct reduced iron supply chain that I will explain going forwards, strengthen our collaborative relationship with CM, and further deepen our hands-on management. We consider this initiative to be unique and typical of ITOCHU.



Now, I would like to explain about our low-carbon direct reduced iron value chain.
In the steel industry, the largest emitter of CO_2 within the manufacturing sector, the transition to lower-carbon production methods is a significant challenge. Steel products are essential basic materials for a wide range of industries, including automobiles and construction. Therefore, decarbonization of the steel production process is not an issue for the steel industry alone. The GX Acceleration Declaration and its associated government incentive support and public procurement by the government are contributing to the expansion of initiatives and demand for the adoption of green steel among end users.

Low-carbon direct reduced iron enables steelmaking with lower CO_2 emissions by using natural gas to reduce iron ore, compared with the conventional blast furnace process which uses coke to reduce iron ore. Looking ahead, the introduction of hydrogen-based reduction is also expected to achieve net-zero CO_2 emissions. To contribute to reducing CO_2 emissions across industries, we are participating in this project as a core member together with JFE Steel and EMSTEEL of the UAE.

Within this value chain, we will put forth our capabilities across the entire chain, from upstream to downstream. On the upstream side, our role is to realize stable production and supply of high-grade iron ore at CM in Brazil, in which we invest, as such ore is indispensable to produce low-carbon direct reduced iron. We are also arranging JBIC financing premised on securing resources for Japan, providing digital transformation support for the project together with GE in the United States, and providing various technical support for the production of high-grade iron ore.

From the midstream to the downstream, in addition to our role in trading the high-grade iron ore produced, we will work with EMSTEEL on the low-carbon direct reduced iron manufacturing business. The low-carbon direct reduced iron produced there will then be supplied to steelmakers. Our roles are not only to serve JFE Steel, but also to develop additional offtake customers, which is an important function in ensuring the overall economics of the project. Furthermore, the entire ITOCHU Group is involved in this initiative, including the supply of iron scrap by ITOCHU Metals to steelmakers as an important source of ferrous material, and securing sales channels for steel products through Marubeni-Itochu Steel.

In this way, we believe this project is a great example of how a value chain can be built by linking downstream needs with high-quality upstream interests, where ITOCHU as a core member can contribute with its capabilities across the chain.

Going forwards, we will continue to pursue investments not only in upstream interests but also investments that lead to the creation of value chains capturing industry needs that are unique to and typical of ITOCHU.

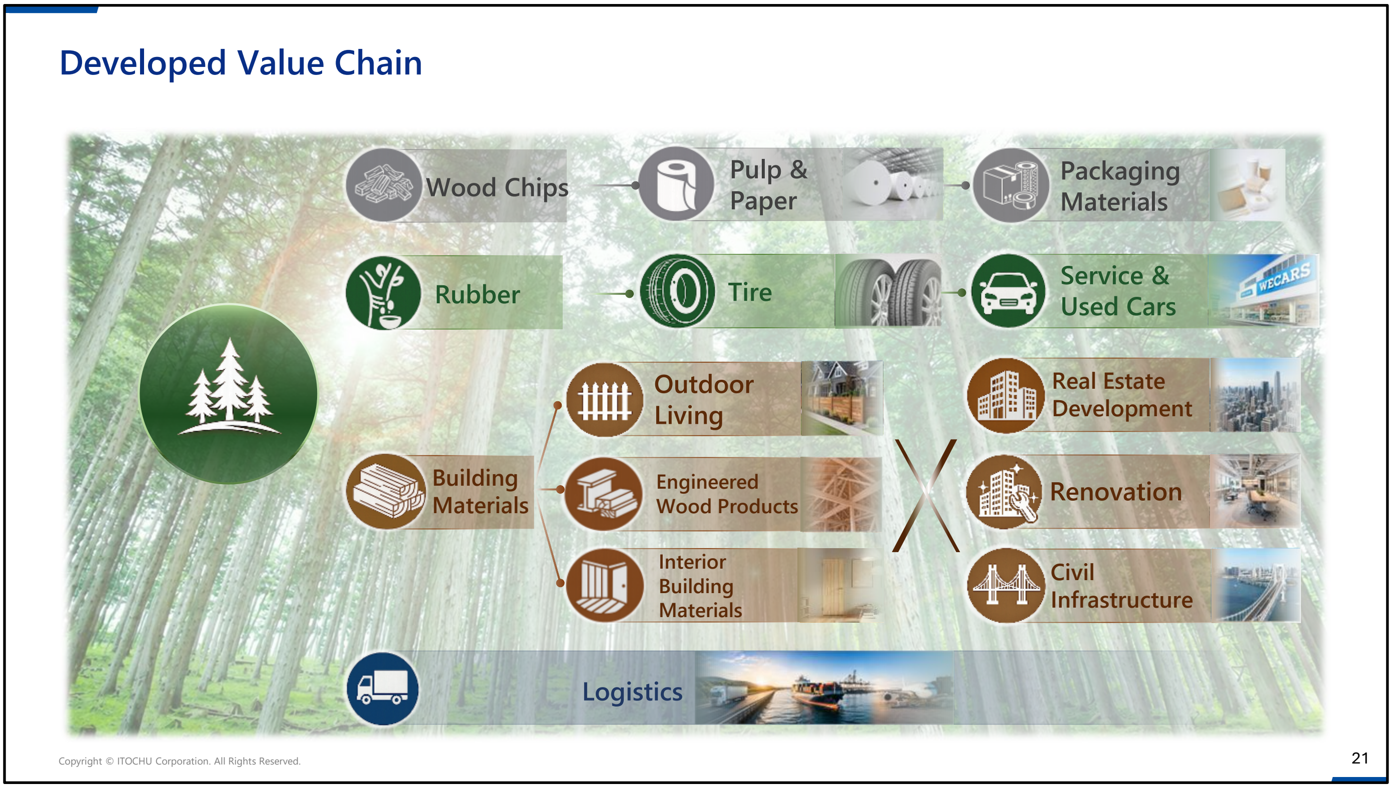
General Products & Realty Company

Masatoshi Maki

Senior Executive Officer
President, General Products & Realty Company
(Since 2022)

- Joined ITOCHU in 1987; has worked in the construction and real estate industries throughout his career
- Through outstanding leadership, he has won the trust of partners and expanded real estate operations both domestically and overseas
- During his posting in China, overseeing the entire General Products & Realty area
- Promoting strategies from a global perspective while leveraging his extensive practical experience

Today, I would like to explain the unique value chain we have built with “wood” at its core, together with our strategy for future growth.



Our defining strength lies in the fact that we have expanded our value chain starting from raw materials such as woodchips and rubber, all with "wood" at their core, and have consciously focused on adding value and deepening our business.

We have evolved from woodchips into paper, pulp, packaging materials, and molded products. From the rubber and tire business, we have expanded further into the automotive aftermarket, including maintenance service, as well as the used car business. In terms of expanding our business domains from upstream to downstream, our building materials business covers a wide range of outdoor living, engineered wood products, and interior building materials. Furthermore, guided by the Market-in approach, we have expanded into downstream areas such as real estate development, civil infrastructure, and real estate renovation as aftermarket business areas.

While other trading companies may treat real estate as a financial business, we have evolved the value chain as a housing-related business originating from "wood."
Another distinctive strength is our logistics capabilities, which support our business from upstream to downstream. By evolving materials such as wood, which have been used since ancient times, we have established the No.1 position among trading companies in this field.

As an industry leader, we remain conscious of our role at the forefront, and, with an eye on industry realignment, we intend to continue driving the industry forward.

Let me explain the four key focus areas in the construction and real estate business.

The first is domestic development. We have announced the integration of the real estate business between the JR East Group and ITOCHU Property Development, and we aim to proceed with the development of high-quality assets at speed. With construction costs rising and the real estate market remaining at high-price levels, by partnering with the JR East Group, which possesses many low cost assets, we hope to achieve accelerated growth. In addition, we see the public-private partnership projects and data center business as areas for significant expansion.

The second is the real estate aftermarket. Through our capital and business alliance with Sun Frontier Fudousan, we have made a full-scale entry into the real estate aftermarket business. There are approximately 5,500 target aged office buildings in the 23 wards of Tokyo alone. Amid persistently high new construction costs, we are promoting a new initiative in the real estate market by renovating and renewing properties through renovation works. We also intend to leverage our asset management and property management functions to further strengthen our activities in the real estate aftermarket business.

The third is civil infrastructure. This is a field where long-term stable growth is expected, given social issues such as national resilience and aging infrastructure. Centered on collaboration with Nishimatsu Construction and Oriental Shiraishi, we are working to solve social challenges through renewal projects, infrastructure development, and regional revitalization, thereby strengthening our social foundation and long-term stable earnings base.

The fourth is North American real estate. Last year, we entered into a capital and business alliance with Wood Partners, one of the top residential developers in the United States. Wood Partners operates in 17 locations across North America, identifying high-quality projects in a housing market with medium- to long-term growth potential. In addition to our investment in Wood Partners, we also aim to serve as a gatekeeper for domestic and international investors considering real estate investment in North America.

In North America, we operate a broad range of businesses, from the manufacture of outdoor living, engineered wood products, and interior building materials to distribution and sales, primarily through Master Halco, the No.1 distributor and wholesaler in the United States.
With more than 85 locations across the country, we have established a wide-reaching business network, and we intend to steadily expand both our areas and business domains going forward.

Our collaboration with Wood Partners will further enhance our value chain in North America, aiming for continued business growth and expansion.

As I have explained, we will continue to evolve our unique value chain built with “wood.” Through collaboration across our business areas and the synergies, we will pursue ongoing earnings growth and improved capital efficiency.

By strengthening our real estate and infrastructure businesses in an integrated manner, we are committed to achieving sustainable growth in corporate value.

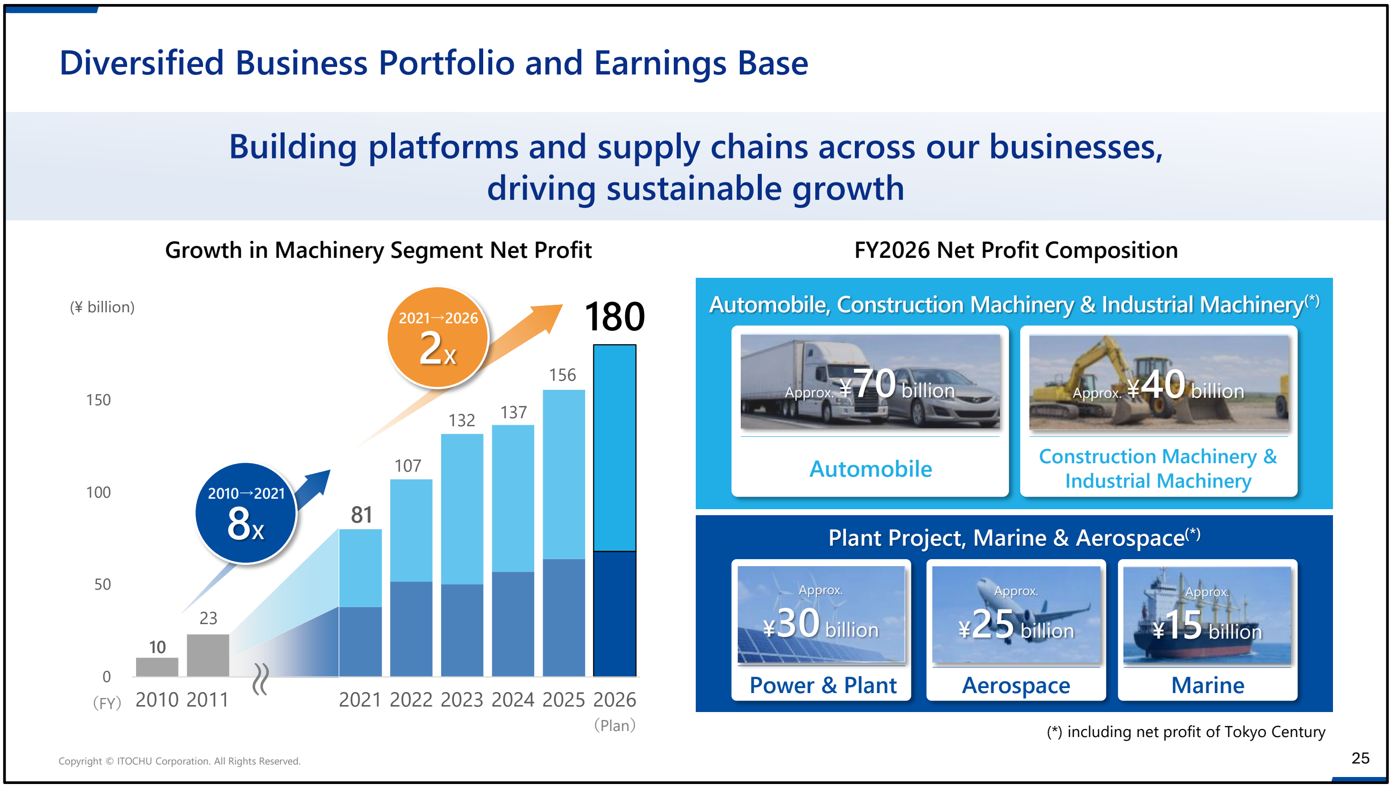
Machinery Company

Hiroyuki Tsubai

Member of the Board,
Executive Vice President
President, Machinery Company; (Since 2019)
Deputy COO

- Joined ITOCHU in 1982; Has mainly been involved in overseas plant construction projects and has contributed to the expansion of ITOCHU's global business, particularly in Nigeria, Thailand, and the Middle East.
- Served as CEO for three overseas blocs—the Middle East, Africa, and Europe—and has demonstrated outstanding management as the ITOCHU Group's regional representative worldwide.

If I were to describe the Machinery Company's defining characteristic in a single phrase, it would be the exceptionally broad range of our Business Portfolio. One distinguishing feature of the Machinery Company is that businesses which would typically be managed across several different divisions at other trading companies are housed within a single company at ITOCHU.



I have served as President of the Machinery Company since 2019, and this year marks my eighth year in the role. Net profit was ¥56.7 billion in FY2019, when I assumed this position, and, as shown in the materials, increased to ¥80.6 billion in FY2021. It then reached ¥155.6 billion in FY2025, and we are targeting ¥180.0 billion in FY2026. Today, I would like to highlight four factors behind this profit growth.

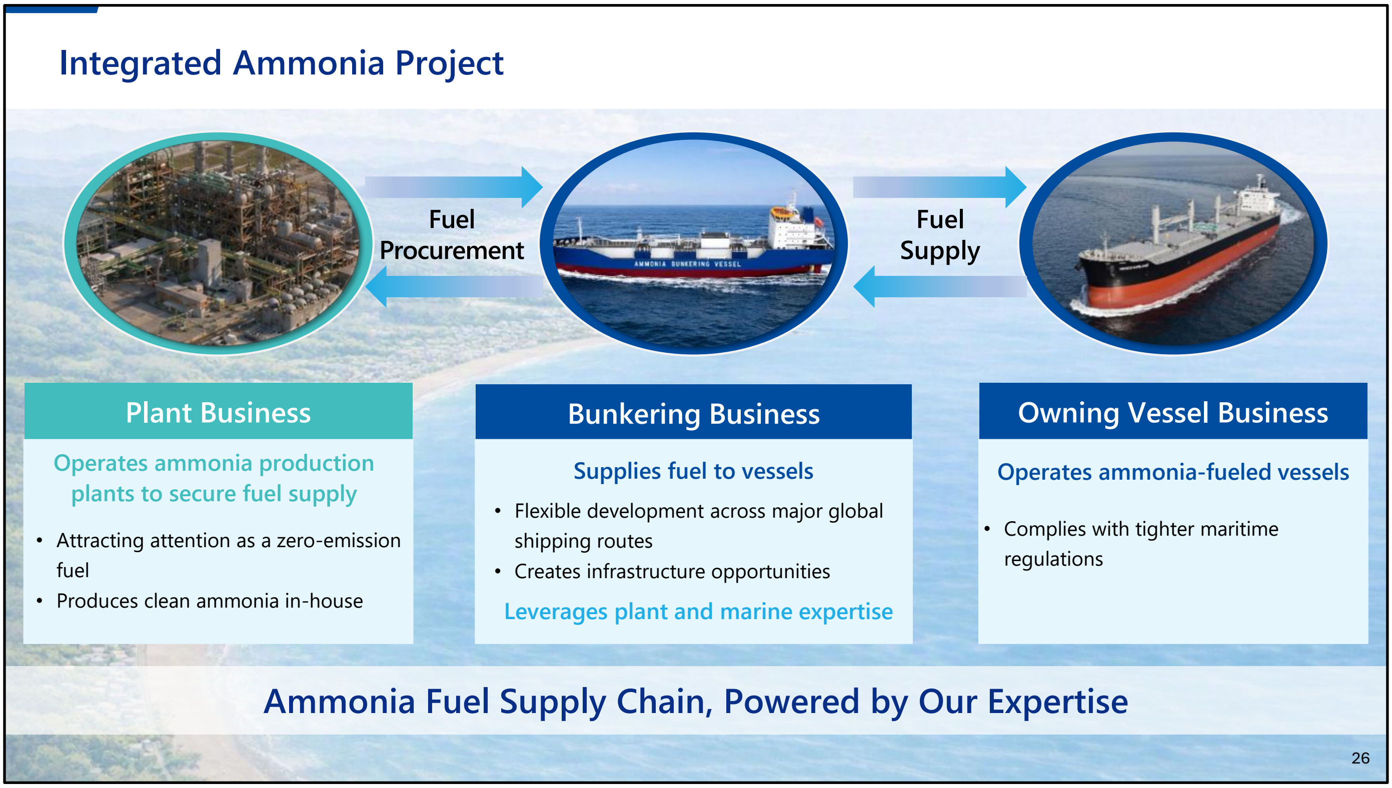
The first is profit growth in our existing businesses driven by what we call "Earn, Cut, Prevent." One example is Yanase. In FY2019, when I assumed this role, our profit contribution from Yanase was ¥3.0 billion. Since then, we have increased our share and, through hands-on management, thoroughly pursued what we call "Cut" and "Prevent." As a result, profits have expanded significantly, and Yanase is targeting ¥15.0 billion in FY2026.

The second factor is strategic investments aimed at expanding the value chain. In the Automobile, Construction Machinery, and Industrial Machinery sectors, trading had historically been our core business. However, we have executed investments based on the idea of extending and deepening the value chain. To give a few examples, in our collaboration with Isuzu, we shifted our investment focus from sales companies to companies engaged in maintenance leasing, used vehicle sales, and auctions. This is one example of moving further downstream in the value chain. On the upstream side, we have formed capital alliances with Japanese OEMs such as Hitachi Construction Machinery, AICHI CORPORATION, and Kawasaki Motors.

In the Plant Project sector, we also invested this fiscal year in a Singapore-based company engaged in plant maintenance and repair. Rather than simply building plants and handing them over, we are expanding our business domain into the maintenance of plant facilities and major equipment. In the Aerospace sector, aircraft leasing to airlines had long been our core business, but in FY2024 we invested in an aftermarket company on the downstream of the aircraft business that dismantles aging aircraft and sells the parts. In this way, we have executed a range of strategic investments across a wide variety of fields.

The third factor is the benefit of yen depreciation. The Machinery Company has a high proportion of profit contributions from overseas trading and overseas group companies, and the recent depreciation of the yen has also contributed to our profit growth.

The fourth factor is businesses positioned to benefit from structural market trends. One example is our North American Power business. In the United States, the Inflation Reduction Act, enacted in 2022 under the Biden administration, created a policy environment that supports renewable power generation. Anticipating these market trends, we moved early to establish a platform focused on the development and sale of renewable energy generation assets, positioning ourselves to capture business opportunities in the market. This business not only offers quantitative benefits in terms of high asset efficiency and profit contributions but also contributes to the expansion of renewable energy in North America.



The Machinery Company operates a wide range of businesses, and today I would also like to introduce a new business. Although the project is still in the pre-commercialization phase, we are working on an Integrated Ammonia Project. Ammonia is gaining attention as a next-generation decarbonized fuel that does not emit carbon dioxide when combusted. Among its many potential applications, we see it as a leading candidate for marine fuel to help decarbonize international shipping, and we have already been working on this project for six years. A key feature of this project is that ITOCHU is involved across the entire supply chain in an integrated manner, from the upstream production of clean ammonia to the downstream ownership and operation of ammonia-fueled vessels. Most important of all is the midstream segment, namely fuel supply hubs and bunkering. Because ammonia is toxic and difficult to handle, we plan to conduct demonstration and pilot bunkering operations in Singapore in the second half of 2027. This project encompasses the production of decarbonized fuel as an energy resource, the supply of that fuel, the operation and management of decarbonized-fuel vessels, and the realization of a broader social mission.

Although ammonia plants, bunkering operations, and fuel-vessel operations each fall into different business domains, all are areas where the Machinery Company can leverage the expertise it has built up in the Plant and Marine sectors. By leveraging the comprehensive capabilities of the Machinery Company, this initiative seeks to create an entirely new supply chain from the ground up, something only ITOCHU is uniquely positioned to achieve. We aim to develop this business into a new pillar of earnings and a key growth driver over the medium to long term.