IR DAY 2026 Q&A Summary

<CFO session>

Financial and Capital Strategy for Value Creation

Date：　July 8, 2026 (Wed) 16:55-17:10

Presenter:　Hiroyuki Naka, Chief Financial Officer; Chief Transformation Officer

Moderator:　Kazunori Harada, General Manager, Investor Relations Division

Q: You indicated that ITOCHU intends to accelerate asset replacement more aggressively than before. Could you elaborate on the criteria currently used for asset replacement and explain what changes you intend to make going forward?

A: (Respondent: CFO & CXO Naka) At ITOCHU, we conduct an annual review of all investment projects based on the following three exit criteria:

- Cumulative deficits for three years
- Returns lower than original plans made at the time of investment
- Cumulative deficit in added value for three years [Added value = Consolidated contribution − (Consolidated investment carrying amount × Cost of equity)].

As a general rule, investments that meet any of these criteria are subject to exit consideration. However, if the underperformance is attributable to temporary external factors, and credible corrective measures have been identified with a high probability of success, the business may be approved to be continued by the Headquarters Management Committee following a thorough review. Beyond these formal exit criteria, we also evaluate several factors that cannot be captured through purely quantitative rules. These include declining earnings trends, slowing growth, whether a business has reached its cyclical or structural peak considering market conditions, its strategic importance within our portfolio, and the potential for industry consolidation or strategic alliances. Such matters are reviewed on a case-by-case basis by the ALM Committee. To maintain our commitment to high ROE and deliver sustainable EPS growth, we believe proactive asset replacement is necessary even before a business formally breaches our exit criteria. Waiting until an asset clearly falls into the exit category could diminish its market value and make divestment more difficult. It is worth noting that in FY2025, our ratio of Group Companies Reporting Profits exceeded 93%, while our ROA remained at a comparatively high level among our peers. These results reflect the effectiveness of the measures we have taken in advance, and at present we do not see any assets or businesses that raise significant concerns. As we expand growth investments going forward, we intend to accelerate strategic asset replacement from the perspectives of securing excess cash and of further improving asset efficiency.