

//The Brand-new Deal

Investor Briefing Enhancing Corporate Value as CXO

October 17, 2025

ITOCHU Corporation (8001)

Forward-Looking Statements

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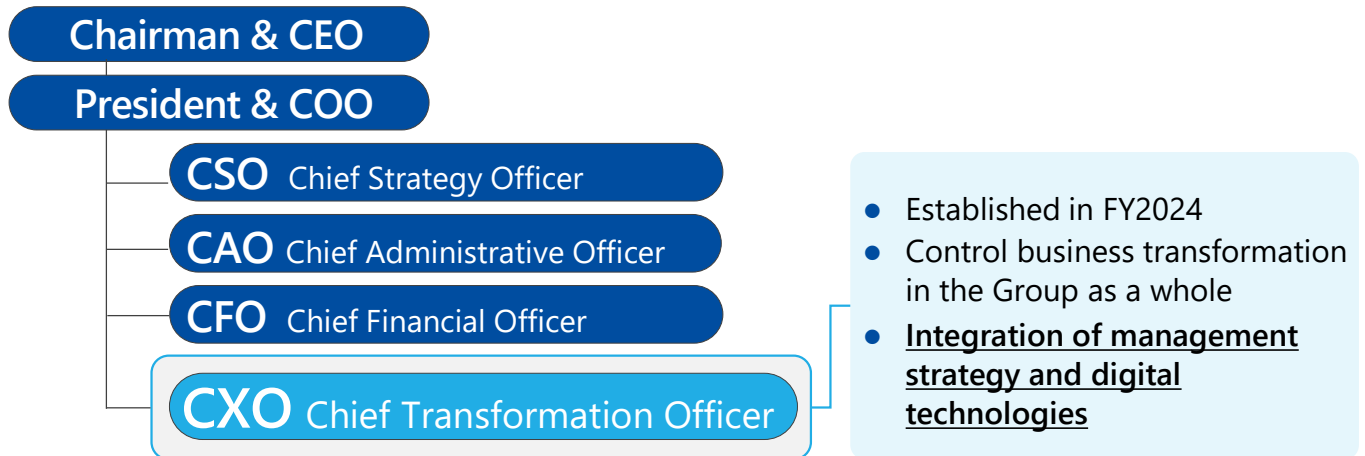
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Hello everyone. My name is Naka, and I am the CXO.

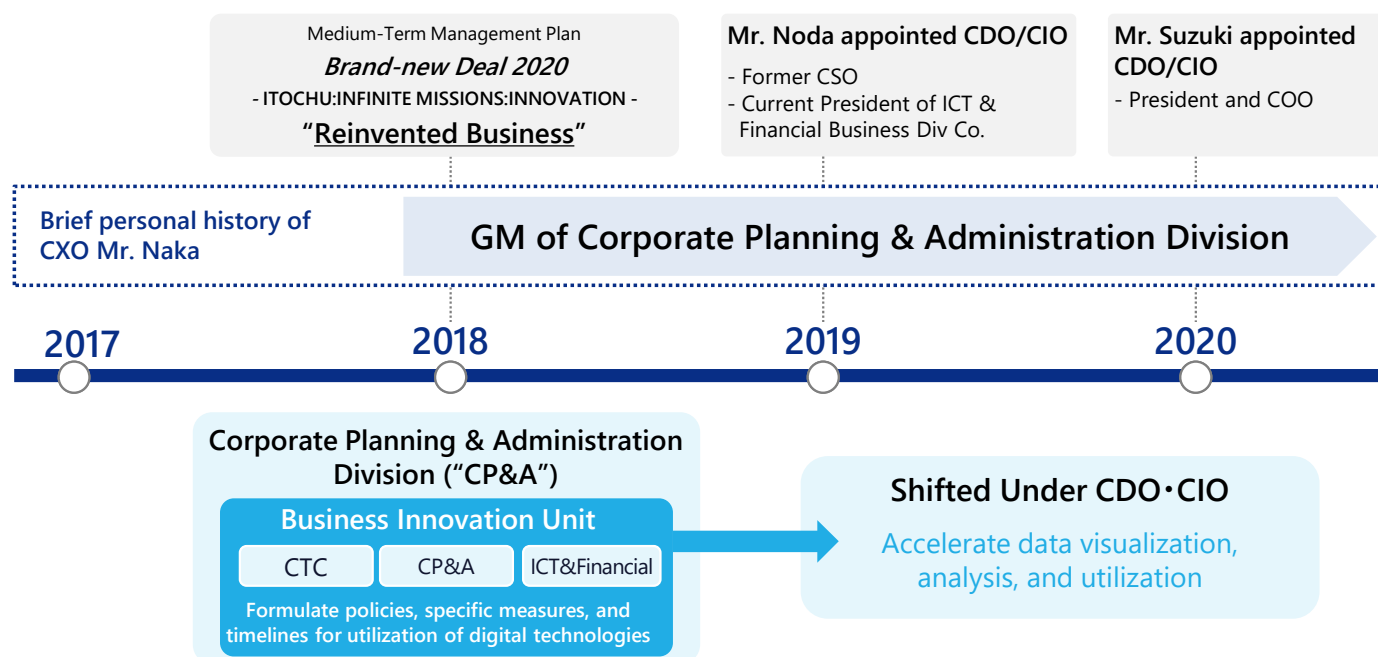
In the first part, I would like to explain the background of the establishment of the CXO role, as well as its function in management. I hope this will help you to better understand ITOCHU's management policies and organizational structure.

CXO = Chief Transformation Officer



The CXO, or Chief Transformation Officer, is a title that you may not often hear at other companies. This position was newly established in FY2024. While the role is responsible for transforming our business scope and business model, I understand it may be difficult to envision this position. Although the CXO has various responsibilities, its most important—and original—purpose is the integration of management strategy and digital technologies.

Background up to establishment of CXO



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Looking back, as a company, we recognized the necessity and importance of integrating management strategy and digital technologies, and began internal discussions in FY2017. Some of you may remember that in the medium-term management plan announced in FY2018, we disclosed the policy of "Reinvented Business." However, this was before METI published the DX Report and before the term "DX" became widely known. More importantly, the plan itself was somewhat abstract and lacked concrete measures. We received criticism from analysts, the market did not accept it, and the stock price declined. This is a bitter memory. Nonetheless, we began taking internal actions from FY2018 onward. First, under the Corporate Planning & Administration Division, we formed the "Business Innovation Unit," gathering elite members from the ICT & Financial Business Division Company and CTC. We then formulated policies, specific measures, and timelines for the utilization of digital technologies. We intentionally placed this unit under the Corporate Planning & Administration Division instead of the IT & Digital Strategy Division, because it needed to be closely aligned with management policies and strategy. The following year, when Mr. Noda—former CSO and current President of ICT & Financial Business Division Company—was appointed CDO/CIO, we moved the Business Innovation Unit under the CDO/CIO and began in earnest with data visualization, analysis, and utilization. As you can see from the fact that after Mr. Noda, former President Mr. Suzuki concurrently served as CDO/CIO, and later I concurrently served as GM of Corporate Planning & Administration Division and CSO, we have consistently advanced the integration of management strategy and digital technologies.

Background up to establishment of CXO



Brief personal history of
CXO Mr. Naka

CDO • CIO Chief Digital & Information Officer

and

GM of Corporate Planning & Administration Division

and

CSO Chief Strategy Officer

2020

2021

2022

2023

- Integration of management strategy and digital technologies
- Development of digital system is an investment, not expense

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At most companies, corporate planning and IT divisions are separated, and systems have been regarded as an indispensable platform for corporate operations—classified as "system expenses," or necessary costs. Today, however, we view digital technologies and IT systems not as expenses but as investments. I believe this is a concept similar to "human capital," which has been widely discussed in recent years.

In fact, we had a benchmark company when advancing these initiatives: FAST RETAILING CO., LTD, which operates UNIQLO. The company has long pursued a thorough integration of business operations and IT systems, establishing departments such as "Business Operating System Division," and Mr. Yanai, Chairman, President and CEO, FAST RETAILING CO., LTD refers to the IT function as the "Digital Business Transformation Services Division." They have embedded digital technologies into all operating workflows and generated apparent results. While our industries and business models differ and we are not simply copying them, we were greatly inspired at a conceptual level.

Background up to establishment of CXO



Brief personal history of
CXO Mr. Naka

CSO Chief Strategy Officer

CXO Chief Transformation Officer

2023

2024

2025

The rise of generative AI
accelerated the pace of change

Sense of urgency over
competitiveness

Action as whole ITOCHU Group
including Group companies

**Integrating management strategy and
digital technologies to drive Group-
wide business model and structural
transformation.**

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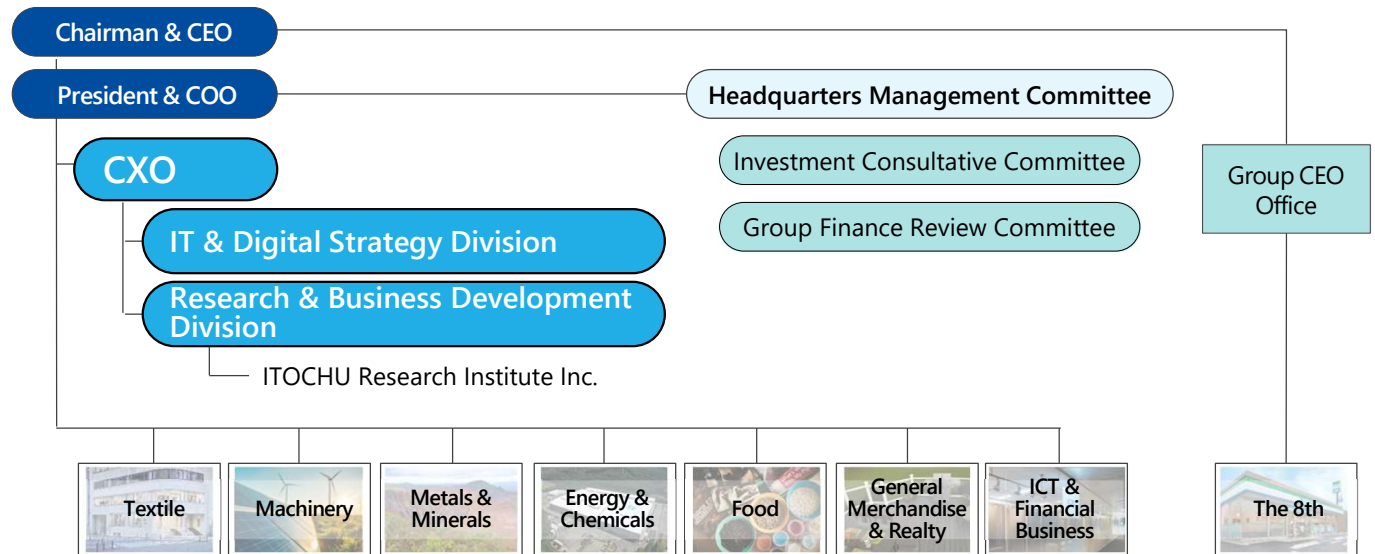
Then, generative AI emerged in 2023, dramatically changing circumstances and accelerating the pace of change. Recognizing that, as the ITOCHU Group—including Group companies—we must respond to these technological innovations or risk losing competitiveness, we determined it was necessary to accelerate transformation through the integration of management strategy and digital technologies with a dedicated structure. Thus, in FY2024, we established the CXO role. Until then, we had the CDO/CIO roles, but as the responsibility is not merely to oversee IT systems, but rather to evolve the business model by integrating them with management strategy, I believe I was appointed due to my extensive experience in corporate planning.

As for what we have done since 2018 in pursuing “integration of management strategy and digital technologies,” what effects and outcomes we have achieved, which stage we are currently at, and what we will do/aim to do going forward—these will be explained in detail in the next part by Mr. Urakami, General Manager of the IT & Digital Strategy Division, so I will omit them here.

Role of CXO



- ▶ In charge of IT & Digital Strategy Division and Research & Business Development Division



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Next, I will explain the overall roles for which the CXO is responsible. Under my purview are the IT & Digital Strategy Division, the Research & Business Development Division, and the in-house think tank, ITOCHU Research Institute Inc., through which I oversee information and IT systems.

Role of CXO (ITOCHU Research Institute Inc. (IRI))



- ▶ Taking wide range roles as in-house thinktank and supporting decision making from the perspective of business front lines.

Management Policy –

/// **The Brand-new Deal**

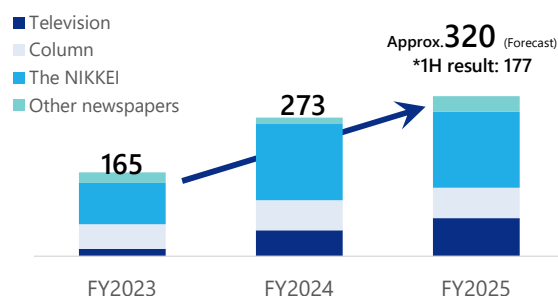
- Grow earnings
- Enhancement of corporate brand value
- Shareholders returns

IRI's website



Please see our media coverage, reports, and columns (Japanese only).

Number of media appearances by IRI economists



Comparison with other general trading companies (FY2024)

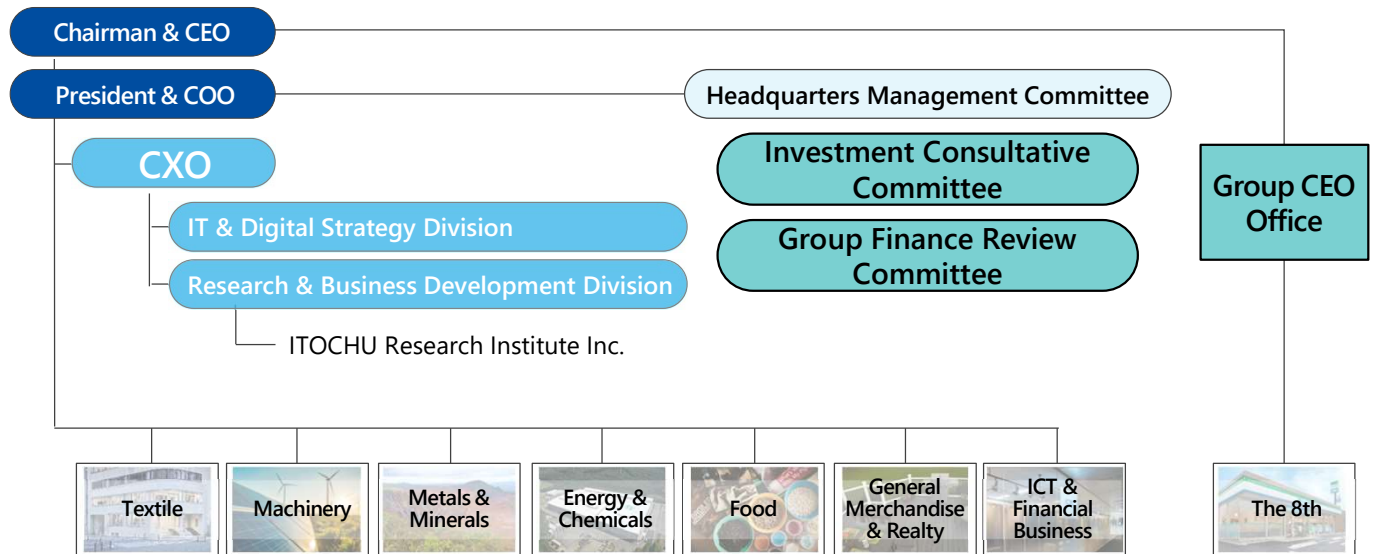
	ITOCHU	Company A	Company B	Company C
Television	51	0	7	23
The NIKKEI	150	13	31	38

As a brief aside, among our corporate value enhancement measures in the Management Policy, "The Brand-new Deal" announced in April 2024, we also listed "Enhancement of corporate brand value." Increasing media appearances—TV, newspapers, magazines—of the economists at the ITOCHU Research Institute is one of those efforts, and as you can see on the screen, it has increased dramatically over the past two years.

Role of CXO



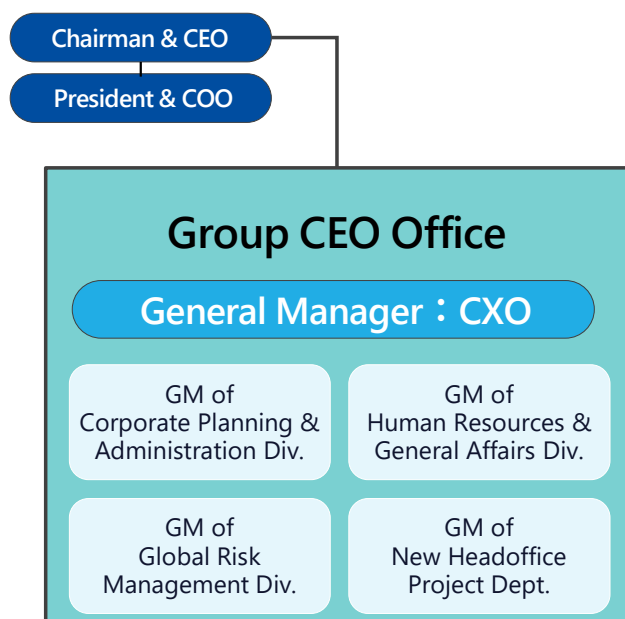
- ▶ Serving concurrently as General Manager of Group CEO Office and the chairperson of Investment Consultative Committee & Group Finance Review Committee.



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In addition, the CXO concurrently serves as “General Manager of the Group CEO Office,” and I serve as Chair of two internal committees: the “Investment Consultative Committee” and the “Group Finance Review Committee.”

Role of Group CEO Office



- Established in FY2023
- Directly supervised by Chairman & CEO
- Support for both Div Co. and Group companies
- Enhancing cross-divisional functions and strengthening relationship among Group companies regarding new business development etc.

Coordination among Group companies
Improvement of fairness in compensation

Demonstration of comprehensive capabilities

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The Group CEO Office is an organization directly under the Chairman & CEO, established in 2023 to further strengthen consolidated management. I have served as General Manager since 2023. In consolidated management, Group companies are extremely important. Group company presidents are often big-name executives who have achieved strong results at ITOCHU; they are frequently older than the Division Company Presidents and sometimes former superiors. This can create hesitation on the part of the Division Company Presidents and make it difficult for Group company presidents to consult with their former subordinates. To prevent such situations, the Chairman & CEO provides direct guidance and oversight, while under his direction the Group CEO Office provides support to both the Division Companies and the Group companies. Traditionally, our organizational structure was strongly vertical by Division Company, but this has led to smoother coordination of interests among operating companies, improved fairness in compensation, and the exertion of greater overall strength. I feel it is functioning extremely well. As for the coordination of interests I mentioned—not much is needed these days, and past cases would be too vivid to recount here—let me introduce two measures implemented by the Group CEO Office.

(1) Remuneration System for Presidents of Group Companies in Japan

Before

- Unclear evaluation criteria with qualitative elements
- Different remuneration levels among Division Companies

Revision of system

After

- Classified group-wide by profit scale
- Clarified quantitative criteria
 - Budget achievement rate
 - Core profit improvement since appointment as president

Improvement of fairness
in compensation

Boosting motivation

As I mentioned “improving fairness in compensation,” our primary aim was to further enhance corporate value at individual companies by providing stronger incentives linked to enhancement of profitability. We revised the remuneration system for presidents of non-listed subsidiaries in Japan. Under the previous system, a certain portion was subject to qualitative evaluation—criteria were unclear—and even with similar levels of profit contribution, remuneration levels differed depending on the Division Company. We addressed this by classifying companies by profit scale under a common company-wide standard, eliminating qualitative evaluation from remuneration, and using only quantitative measures: budget achievement rate and core profit improvement rate since appointment as president. As a result, we have ensured fairness and equality in treatment, established a clear system where results are rewarded, and believe this has linked to boosting motivation across the Group.

(2) Office lease contracts for Group companies

Before

- Individual negotiation and contract in Group companies
- Rent levels, free rent, and unfavorable termination conditions

Cost reduction across the entire Group

Examination of office lease contracts

After

- Centralized management across the Group
- Stronger bargaining power through group-wide negotiations

Contribution for
"Cut" in the
"Earn, Cut, Prevent"
principles

We scrutinize the terms of office lease contracts for major Group companies, and the Group CEO Office gets involved in contract renewals. The catalyst was the relocation associated with the construction of the new headquarters building. We initially planned to relocate in 2021, but due to various circumstances the construction plan was delayed. The planned relocation site was subleased to several Group companies that had issues such as dispersed offices. At that time, we discovered that one candidate Group company had entered an unfavorable lease contract that was practically non-terminable during the contract period. We then examined the lease contracts of other major Group companies and found several cases where rent levels were high compared to the market, where adequate benefits such as free rent were not sufficiently realized, and where terms related to termination were unfavorable. In addition to scrutinizing contract terms, we consolidated negotiations across the Group—rather than having Group companies negotiate individually—and streamlined landlords (developers) to achieve Group-wide cost reductions, thereby contributing to "cut."

I do not do these things by myself. Currently, in addition to myself, the Group CEO Office includes the General Managers of the Corporate Planning & Administration Division, the Human Resources & General Affairs Division, the Global Risk Management Division, and the New Tokyo Headquarters Building Development Office, all of whom serve concurrently. For each measure, teams are formed under their respective organizations to act, and I oversee the whole. Each initiative is small, but most are directed by the Chairman & CEO, which I believe demonstrates that our top management pays attention even to the finer details.



Key assessment points:

- Whether the project can **truly contribute to the returns and growth required of the Company as a whole** and whether it can **broaden our business base**.
- **Further evolvement of investment structuring**
→ Whether rights and mechanisms for creating synergies and exerting influence have been embedded in contractual terms.

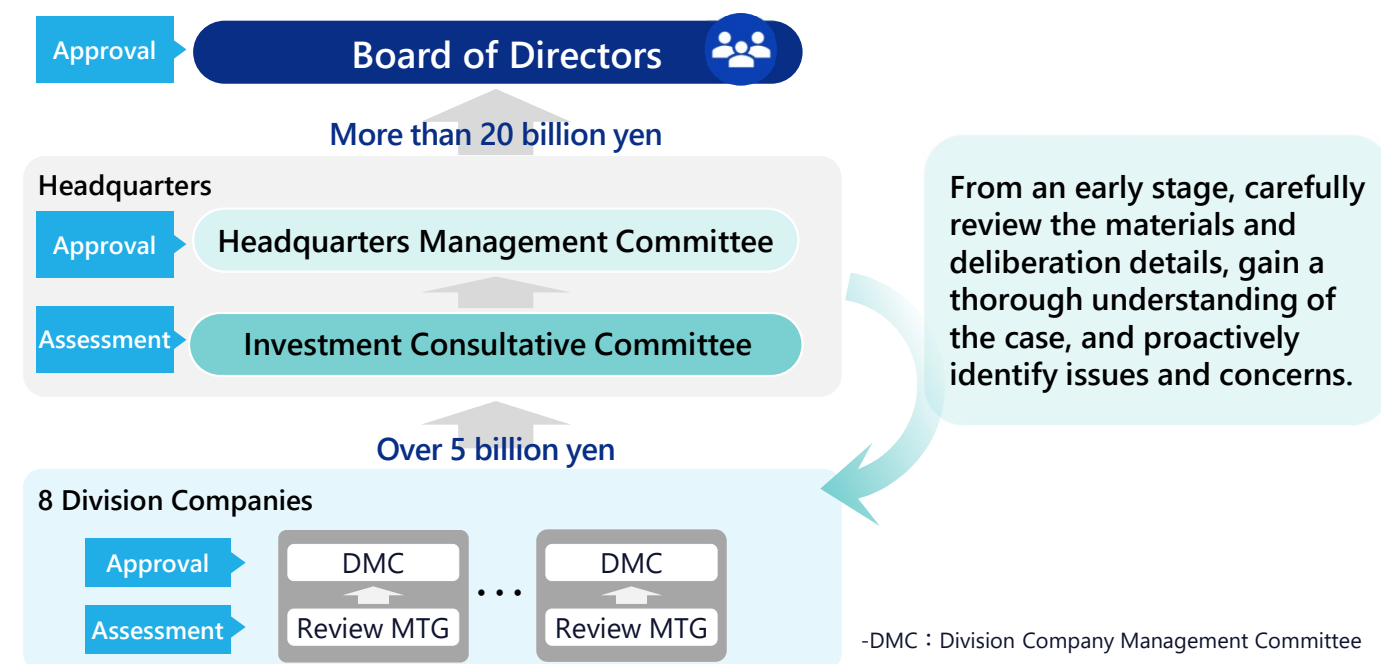
Negative Check
Ensuring control



Positive Check
Shaping promising opportunities

Next, let me explain the internal committees for which I serve as Chair. I have served as Chair since my appointment as CXO in FY2024. My predecessor, CFO Mr. Hachimura, served as Chair for six years. During that period, I also participated as a committee member, so I essentially took over. I continue to collaborate closely with management—centered on the CFO—who also participates as a member, thoroughly assessing and selecting projects from a wide range pipeline. Under the policy “No growth without investments,” we have shifted toward proactive investment, but we have not eased investment discipline. On the contrary, we partially revised investment standards this fiscal year and tightened them. As stated in our Integrated Report, the Investment Consultative Committee focuses on two key points when making investment decisions. The first point is whether the investment project can truly contribute to the returns and growth required for the Company as a whole, and whether it can broaden our business base beyond simply exceeding investment criteria. Second, “the further evolvement of investment structuring”—in other words, whether rights and mechanisms for creating synergies and exerting influence have been embedded in contractual terms. We are careful never to ease our negative checks to ensure control, while consciously raising the sensitivity of our positive checks to structure for even better terms. This fiscal year, decisions on investment projects had a slow start in April and May due to a wait-and-see stance regarding the impact of the ‘Trump tariffs,’ but applications have increased since summer, the pipeline under consideration is plentiful, and we believe we can continue to accumulate beneficial investments that enhance corporate value this year as well.

Investment Consultative Committee



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For your reference, let me outline the internal approval process for investment projects. First, following deliberations at the “Project Review Meeting” conducted by administrative organizations within the Division Company, the project receives presidential approval at the DMC (Division Company Management Committee). Projects of over 5 billion yen undergo screening by the Investment Consultative Committee and then receive approval at the HMC (Headquarters Management Committee), i.e., the Management Meeting. Investment projects of 20 billion yen or more additionally require approval by the Board of Directors. While we do not claim to know all other trading companies’ approval thresholds, our monetary thresholds for submission to the Management Meeting and the Board of Directors are set relatively low, which I believe demonstrates that senior management is deeply involved in decision-making. As Chair of the Investment Consultative Committee, for projects of over 5 billion yen, I examine materials and the content of deliberations from an early stage at the Division Company’s Project Review Meeting to fully understand the project. If there are issues or concerns, I provide comments to the applying department and the President before the DMC. Typically, roughly two to three projects per year are sent back and not permitted to be submitted to the Investment Consultative Committee, even if they have been approved at the DMC. Among those that are submitted to the Investment Consultative Committee after DMC approval, a further two to three projects per year are sent back to the Division Company.



While group finance enables low-cost financing, concerns about looseness in cash management or delays in coping with unprofitable businesses

Key review points:

- Scrutinizing the appropriateness of the loan amounts from a similar perspective of bank lending
- Further strengthened review and control functions regarding loan amounts

Improving cash efficiency of each group company

Improving asset efficiency across the Group

This committee was newly established this fiscal year. While group finance enables low-cost financing on a consolidated basis, the ease with which Group companies can borrow at low cost without effort in fundraising can lead to looseness in cash management and delays in addressing unprofitable businesses. The Finance Division and Global Risk Management Division (Affiliates Administration Division) have long been conducting these checks, but this committee was established to further strengthen the review and control functions regarding loan amounts. To provide an external perspective instead of a bank's, we have two outside members: Outside Director Ms. Nakamori (a Certified Public Accountant) and Outside Audit & Supervisory Board Member Ms. Kobayashi (with extensive practical M&A experience). Using screening criteria closer to bank lending, we scrutinize the appropriateness of loan amounts and strengthen controls to improve the capital efficiency of each group company, thereby improving the asset efficiency of the entire group—ultimately leading to further improvements in ROA.

What is the role of CXO?

Integration of management strategy and digital technologies

Support for Group companies through Group CEO Office

Growth investments through rigorous assessment and structuring of projects

Deepening and expanding horizontal deployment and collaboration

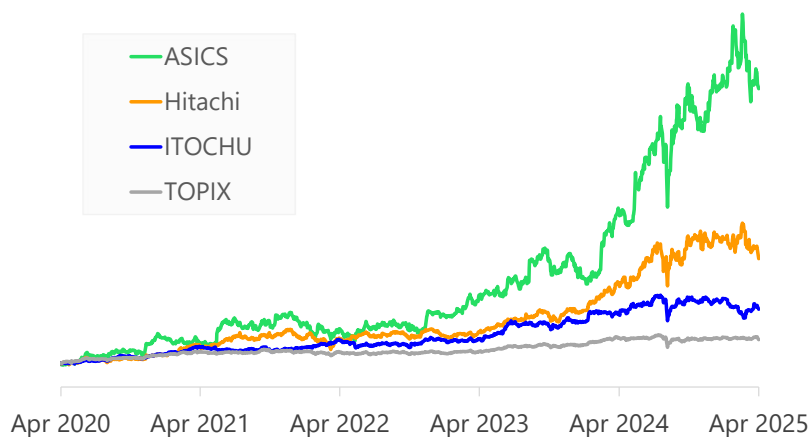


Further
Enhancement of
Corporate Value

As I have outlined, the CXO's role is to drive the integration of management strategy and digital technologies, provide support for Group companies through the Group CEO Office, and promote growth investments through rigorous assessment and structuring of projects, while further deepening and expanding horizontal deployment and collaboration. In particular, we must enhance corporate value by responding group-wide to disruptive changes such as digital technologies and AI, and by transforming and evolving our business model.

Examples of market evaluations uprated by leveraging digital technologies and AI as growth drivers

Movement of Market Capitalization



(unit: times)

As of October 15, 2025	Increase Ratio of stock price	PER
ASICS	14.5	30
Hitachi	6.9	29
ITOCHU	3.9	13
TOPIX	2.4	18

* Indexed with April 1, 2020 as 100

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The PER (Price-to-Earnings Ratio) of the general trading company sector has long trended at low levels and, in fact, remains below the market average. As you are aware, the Nikkei Average PER has now exceeded 18x, whereas our company currently remains at 13x. In recent years, however, many companies have seen their market valuations re-rated by leveraging digital technologies and AI as growth drivers. Hitachi, Ltd. and ASICS Corporation are prime examples. Their current PERs are 29x and 30x, respectively, and we feel these are levels we should aspire to.

$$\text{PBR} = \text{PER} \times \text{ROE}$$

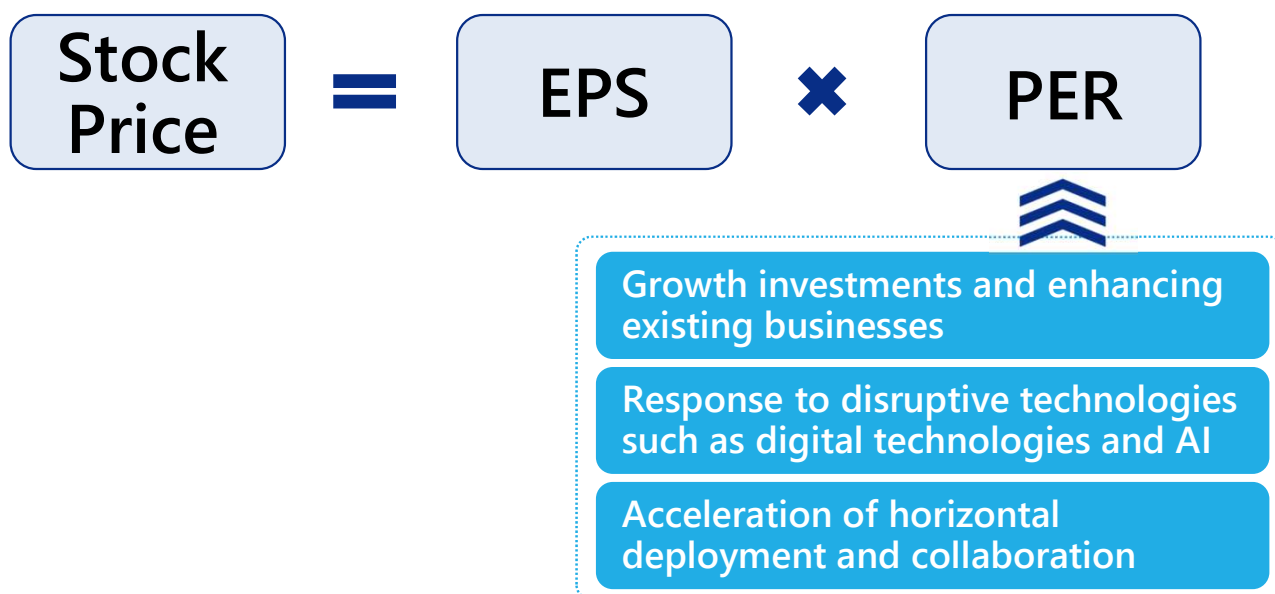
Comparison with other general trading companies

October 15, 2025	ITOCHU	Company A	Company B	Company C	Company D
Stock Price (Yen)	8,388	3,598	3,734	4,464	3,670
PER	13.2	20.2	13.9	9.5	11.9
ROE	15.6%	7.7%	10.1%	12.2%	14.1%
PBR	2.1	1.6	1.4	1.2	1.7
Market capitalization (trillion yen)	13.3	14.5	10.9	5.4	6.1

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We are one of the five major trading companies to exceed a PBR of 2.0x. We understand that this achievement reflects the steady execution of our long-standing, high-efficiency management and our historically consistent high ROE, which are supported by quantitative results. We believe these factors have been duly recognized and valued by investors. So, what is required to further increase corporate value from here?



Needless to say, stock price is calculated by multiplying EPS (Earnings Per Share) by PER (Price-to-Earnings Ratio). A higher PER is achieved through cultivating growth expectations, but above all, it is essential that we first demonstrate steady, visible growth. In addition to growth investments and the continued enhancement of existing businesses, we must significantly evolve our management foundation—centered on consumer-related domains—by responding to disruptive technologies such as digital technologies and AI. Leveraging this strengthened foundation, we must also accelerate horizontal deployment and collaboration to demonstrate further growth. By steadily building a track record of business model transformation and evolution that supports growth, we aim to foster market expectations for growth. Across our Group, there remain many growth opportunities that have yet to surface. By accelerating both our response to disruptive changes such as digital technologies and AI and our horizontal deployment and collaboration, we will find and connect these opportunities, aiming for further growth. We will execute initiatives that realize our Group's conglomerate premium and contribute to further improvement in PER. We would be grateful for your continued support and high expectations.



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