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

Chubei Itoh I
Changing Shape

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

Aligning with Consumer Needs

Market-Oriented

Profit Opportunities Are Shifting Downstream

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

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

Aligning with Changes in Society

SDGs

Decarbonization as a Business Opportunity

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

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

The “Sampo-yoshi” (meaning good for the seller, good for the buyer, and good for society) spirit has represented our unwavering ideal as a merchant. We remain true to this focus, even as we continue transforming our businesses in line with the changes in the external environment. Not just choosing “a single expedient,” we aim to pursue “all the priorities.” Short-term and medium- to long-term targets, economic value and environmental / social value, and targets for investors and shareholders, for business partners and financial institutions, for society, and for employees and their families. We will steadily build up trust and track record in this way. This is the essence of the Company’s approach that aims to sustainably enhance corporate value.
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 sustaining mutual understanding through dialogue and achieving a greater level of management sophistication for the Company. We have prepared ANNUAL REPORT 2022 based on the aforementioned approach and with reference to a disclosure framework for integrated reports. This year’s report places particular emphasis on our strategic focus and forward-looking mindset, relationships with stakeholders and connectivity. Moreover, ANNUAL REPORT 2022 was designed according to an information framework distinctive to ITOCHU of “Corporate Value Calculation Formula,” which serves as a perspective for investment decision-making.

Key Points of ANNUAL REPORT 2022

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

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

Changes in the External Environment in FYE 2022

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

Key Points of Annual Report 2021

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

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Corporate Value = Created Value
Cost of Capital Growth Rate

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

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

Lessons Learned from History

In May 2022, when I heard that our old Tokyo Headquarters in Nihonbashi was being demolished, I decided to visit it one last time. We had used it from 1957 to 1980, but the structure had become rundown. The Japanese garden, which neighbored the office of then-President Echigo, remained just as it had for over half a century. Standing there, my mind drifted to the time when ITOCHU was overseen by President Echigo. He had likely gazed upon the same scene. That was an era when ITOCHU was accelerating its transition from a textile trading company to a general trading company. Numerous people at ITOCHU helped achieve the
Company’s diversification, enduring repeated hardships to overcome walls thrown up by the general trading companies associated with the former zaibatsu industrial groups. I felt a rush of emotions, wondering what these people would have to say if they saw how ITOCHU is currently in the fight for the top spot. On the other hand, I experienced a mix of conflicting feelings when thinking about how it was in this very room that, in a rush to achieve diversification, the decision was made to acquire TOA Oil Co., Ltd., which was a major gamble. At a time when the Company was generating profit in the single billions of yen, the investment eventually ended up with a loss of ¥180.0 billion. Even after this investment, the Company made repeated mistakes rooted in overconfidence and complacency, such as real estate investments amid the bubble economy, and these became major burdens to the management of the Company since then. We absolutely must keep this history in mind when discussing ITOCHU’s future.

In my message last year, I wrote about allowing ourselves just “One Day of Celebration” after we achieved ITOCHU’s future. In FYE 2021, we announced the shareholder returns message in a journal regularly, and one of those things is the Annual Report to be very valuable in medium- to long-term through increases in both dividends and share price. Since becoming President in FYE 2011, I have worked hard to ensure that the share price and dividends steadily rise, and I routinely received gratitude. When meeting with a former executive of a manufacturer that held ITOCHU shares over the long term, he extended his sincere thanks, and I have received many letters from ITOCHU’s former executives and employees. These have been the most gratifying moments as a corporate leader, and there have been many such occasions. With the recent drop in our share price, I immediately opened talks with management with the aim of restarting share buybacks for the time being, and not providing the schedule to restart buybacks. Previously, we had thought that no matter how high we set ITOCHU’s share price, it would eventually cause disappointment for investors and shareholders, as a drop in profit would result in lower dividend amounts.

For this reason, we believed that if, through our progressive dividend policy, the main reasons for the plunge were our lack of a clear policy on the dividend payout ratio during the medium-term management plan period, not disclosing the reasons for resetting share buybacks for the time being, and not providing the schedule to restart buybacks.

Decision Aligning Our Aims with the Market

I consider the Annual Report to be very valuable in communicating management’s direction. I have been writing down thoughts I want to convey in this CEO message in a journal regularly, and one of those things is shareholder returns. In May 2021, we announced the shareholder returns policy during the medium-term management plan period, and in June, announced that we would reset share buybacks for the time being, after which ITOCHU’s share price plunged. Although we received positive feedback on our progressive dividend policy, the main reasons for the plunge were our lack of a clear policy on the dividend payout ratio during the medium-term management plan period, not disclosing the reasons for resetting share buybacks for the time being, and not providing the schedule to restart buybacks.

I hope to please investors and shareholders over the medium- to long-term through increases in both dividends and share price. Since becoming President in FYE 2011, I have worked hard to ensure that the share price and dividends steadily rise, and I routinely received gratitude. When meeting with a former executive of a manufacturer that held ITOCHU shares over the long term, he extended his sincere thanks, and I have received many letters from ITOCHU’s former executives and employees. These have been the most gratifying moments as a corporate leader, and there have been many such occasions. With the recent drop in our share price, I immediately opened talks with management with the aim of restarting share buybacks for the time being, and not providing the schedule to restart buybacks.

Previously, we had thought that no matter how high we set ITOCHU’s share price, it would eventually cause disappointment for investors and shareholders, as a drop in profit would result in lower dividend amounts.

For this reason, we believed that if, through our progressive dividend policy, we could steadily raise the level of dividend amounts every year, even just by a little, investors and shareholders would find it more preferable and your business will continue to grow as well. It is of utmost importance that our current business model contributes to “Sampo-yoshi” and fosters sustainability.

Fundraising over ITOCHU’s former executives and employees at our old Tokyo Headquarters

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

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

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

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

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

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

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

People have a wide range of personalities and characteristics that tend not to change. In a similar way, corporate cultures and business styles are incredibly difficult to change in meaningful ways. General trading companies associated with the former zaibatsu industrial groups have been dependent on large clusters of industrial businesses as their main source of power. In contrast, with our roots as a "door-to-door trader," we have worked in close proximity to consumers to carefully nurture small sales. Though the scale of revenues may seem small, our skills are based on the Company’s day-to-day operations and insights accumulated to date. We know how to carefully nurture time-consuming, customer-centric businesses with a hands-on approach. This is not something easily nurtured, as it takes time and customer-centric businesses require a high level of know-how in terms of customer relations and sales techniques.

The textile industry is one of the few sectors that go beyond conventional boundaries, as we build up our pipeline. (Page 58 SPECIAL FEATURE Merchants Who Continue to Transform)

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

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

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

Well-Grounded Human Resource Strategies

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

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

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

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

As previously discussed, ITOCHU’s human resource strategies are essentially its management strategies in and out of themselves. When addressing the sustainability of the Company, we need to ensure that we enhance labor productivity. Moreover, as a company with its competitive advantage in customer contact points, we see an increasing necessity for accelerating development for promoting women. The evolution toward flexible work styles will therefore be indispensable. In the second stage of work-style reforms, we will refrain from getting caught up in novelty or setting unrealistic targets. We intend to instead take thorough, well-grounded measures that will help enhance corporate value. (Page 90 CAO Interview)

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

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

Tapping into Intrinsic Value in the New Era

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

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

Keita Ishii
President & Chief Operating Officer

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

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

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

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

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

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

The second half of the 1990s was marked by the Asian financial crisis, which was preceded by the bursting of Japan’s economic bubble. ITOCHU was also pushed to reassess its role in the global market and establish new business strategies. This has been the pattern ever since. ITOCHU’s business model, “comprehensive strength,” because the name of each division in ITOCHU starts with the letter “K.” It is evident that ITOCHU is working on its own to care fully select owned assets and reduce interest-bearing debt, we moved rapidly to suspend unprofitable trades and trades with long payment cycles, pull out of unprofitable businesses centered on coal and some businesses, but we took measures to ensure these businesses would remain viable in some form and would not altogether cease. In the preceding years, the 4K divisions steadily accumulated capabilities and insights during challenging periods for business performance. Similar to how flowering plants bloom spectacularly in spring after surviving a particularly harsh winter, the 4K divisions have resurged wonderfully and are currently driving earnings for the entire Company. Furthermore, some people have wondered whether ITOCHU, as a general trading company centered on the non-resource sector, should exit all business in the resource sector and specialize exclusively in the non-resource sector. Nevertheless, I do not think that the 4K divisions could have enjoyed this kind of resurgence had we only focused on short-term efficiency and profitability. Besides, it is very challenging to reinvest in businesses that were once halted and to try to expand revenue and build synergy quickly. For example, the significance of ITOCHU owning oil and gas interests goes beyond just the direct revenue contributions. These interests provide us with insights we utilize in trade in the non-resource sector for chemicals and fiber materials that use crude oil as raw material, automobiles, ships, and steel pipes. The competitive advantage of being able to assess the overall status of supply chains that straddle multiple industries, as I mentioned earlier, is closely tied to ITOCHU’s possession of a wide-ranging business portfolio.

Decarbonization Also Starts from Downstream

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

I think our policy of focusing downstream also applies to the SDGs. To be sure, we are also engaged upstream in the next-generation fuel and renewable energy businesses of hydrogen, ammonia, and offshore wind power. Large-scale projects such as these require significant time and investment before going operational and generating profit. Moreover, we need to carefully monitor new technology trends to ensure future competitiveness while being mindful to build a safe and robust supply network and collaborate with highly reliable domestic and overseas partners, all while coexisting in harmony with local communities. Securing safe and secure energy sources is one of Japan’s major issues, including national security, and is an important role that ITOCHU plays as a general trading company. We are carefully undertaking this from a medium- to long-term perspective. At the same time, the Company is also involved in decarbonization businesses from downstream. A representative example is downstream energy management which uses energy storage systems (ESS). ESS performs a critical role in regulating renewable energy, which experiences volatility in the amount of power generated due to weather and other conditions, and we build systems that efficiently store and utilize generated electric power. Because ESS can utilize generated electric power without wasting, while stabilizing electric power usage and reducing transmission loss, these systems directly enhance energy self-sufficiency and reduce GHG emissions. In addition, they provide important stand-alone power sources during emergencies. This kind of control over power consumption on the demand side is a downstream decarbonization measure that can be implemented by 2030 and 2050, the years the Japanese government target for GHG emissions reductions. It is also a field where ITOCHU, which has spearheaded these efforts, can take the initiative in working to expand the ESS business and thereby realize both economic value and environmental/social value as soon as possible.

With ITT deployed to control power, it is possible to assess power-use patterns and lower peak power. Building a virtual power plant (VPP), which is a distributed power platform, that centrally manages data and conducts optimal control, will enable a more stable and efficient supply of electric power. ITOCHU boasts one of the highest sales figures in the industry for ESS. To construct this kind of distributed power platform, we have been collaborating with electric power companies, developers, and other partners while simultaneously creating synergies with FamilyMart, ITOCHU ENEX CO., LTD., CTC, and other Group companies. As such, we are promoting an expansion of multifaceted businesses which are growing into highly competitive businesses. (Page 72 Business Expansion in Accordance with a Decarbonized Society)

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

Decarbonization: A Mindset

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

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

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

**Corporate Mission**

**Sampo-yoshi**

**Accumulated Strengths**

**Accumulation of Corporate Value**

**Expansion of Economic Value**

**Expansion of Environmental / Social Value**

**Universal Means**

**Business Fundamentals**

**Internal Capital**
- Human and Organizational Capital
- Business Know-How
- Business Portfolio

**External Capital**
- Client and Partner Assets
- Natural Resource Relationships with Society

**Financial Capital**

**Trust and Confidence**

**Creating Added Value / Asset Strategies**

**Business Strategies**
- "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

**Material Sustainability Issues**

**Expand Created Value**

**Lower Cost of Capital**

**Increase Growth Rate**

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

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

**Enhancement of Corporate Value**

"Earn, Cut, Prevent"

**Business Strategies**

- Evolve Businesses through Technological Innovation
- Address Climate Change
- 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

**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.

**Supporting Sustainable Growth**

- Initiatives Supporting Sustainable Growth
- Systems Supporting Sustainable Growth

**Identification of Material Issues**

- Universal Means
- Creating Added Value / Asset Strategies

**Achievement of Short-Term Targets**

- Increase Growth Rate
- Lower Cost of Capital
- Steppingstones to Medium- to Long-Term Value Creation

**Steppingstones to Medium- to Long-Term Value Creation**

- Increase Growth Rate
- Lower Cost of Capital
- Expand Created Value
Minimizing Trade-Offs by Practicing “Sampo-yoshi”

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

Both Offensive and Defensive

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

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

Both Short-Term and Medium- to Long-Term

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

Both Economic Value and Environmental / Social Value

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

A Positive Cycle of Dialogue and Corporate Value Enhancement

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

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All Stakeholders

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

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

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

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

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

Focus Mainly on the Textile Sector

Chubu Itoh 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.

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.

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.

Consolidated Net Profit

13.0% (FYE 2011–FYE 2023 Plan)

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

Driving Force for Sustainable Value Creation

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

Accumulated Strength
Accumulated Strengths

**Accumulated Strength**

**Individual Capabilities**

*Consolidated Net Profit per Employee (Non-Consolidated)*

¥0.20 billion (FYE 2022)

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

**Accumulated Strength**

**Earning Power in the Non-Resource Sector**

*Core Profit in the Non-Resource Sector*

¥500.3 billion (FYE 2022)

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

**Further Enhancing Earning Power in the Non-Resource Sector**

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

“Brand-new Deal 2014” (FYE 2014–2015) was subtitled, “Aiming to be the No. 1 Trading Company in the Non-Resource Sector.” Under it, ITOCHU did, in fact, become the No. 1 general trading company in the non-resource sector. We attribute this success to our efforts to enhance the returns from major investments completed, improve the profitability of existing businesses, and revise investment criteria directing slightly lower than 80% of new investment to the non-resource sector.

Following that, we continued to accumulate strengths in the non-resource sector and strengthen an earnings base that is diversified across many fields and more resilient to economic volatility, thereby enabling the stable generation of cash flows.

**Accumulated Strength**

**Experience and Track Record in China and Other Parts of Asia**

**Expanding Business into China 1972**

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

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

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

Under “Brand-new Deal 2012” (FYE 2012–2013), we established our business fundamentals as the strengthening of frontline capabilities and the “earn, cut, prevent” principles, then implemented various internal reforms to draw forth our latent individual capabilities. We subsequently enhanced initiatives for work-style reforms, including the introduction of a Morning-Focused Working System in FYE 2014. As a result, we achieved high labor productivity based on a small select organization of capable individuals. ITOCHU boasts the lowest number of employees (non-consolidated basis) of the general trading companies, but we generate the highest consolidated net profit per employee.
By adding new strengths to proven strengths and steadily advancing its position, ITOCHU dramatically increased its capacity to "earn" and achieved consolidated net profit of ¥820.3 billion in FYE 2022, a significant record-high for the Company.

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

**Virtuous Cycle That Increases the Sustainability of Strengths**

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

**Building Up**

Unwaveringly Building Up Strengths

**FYE 2022**
Enhancing Comprehensive Strength through Self-Transformation

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

**FYE 2015**
Steppingstones toward China and Other Parts of Asia

**No.1** General Trading Company in Consolidated Net Profit

**FYE 2016**
Strengthening Earning Power in the Non-Resource Sector

**No.1** in the Non-Resource Sector

**FYE 2012**
Harnessing Individual Capabilities

**No.1** in the Consumer Sector

Accumulated Strength

Earning Power in the Non-Resource Sector

Comprehensive Strength

Ability of Self-Transformation

Accumulated Strength

Experience and Track Record in China and Other Parts of Asia

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.

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.

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.

Through continuous self-transformation, we avoid the obsolescence of existing businesses and steadily seize new business opportunities. In this way, we increase our strengths, namely, our "earning power in the non-resource sector" and our "experience and track record in China and other parts of Asia." Increasing these strengths creates further business opportunities and bolsters "individual capabilities" while enabling the sustained enhancement of all the strengths we have accumulated.

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

Sustainable Value Creation through Strengthening of Trust and Creditworthiness

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

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

Financial 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 in a diversified and expanding range of businesses by utilizing our business and management know-how.

- Profits from initiatives with blue-chip partners
- Expenses reduced and decrease in losses on bad debts
- Increase in sports-related revenues (Esports)
- Increase in compliance violation incidents (Code of Conduct)
- Shareholder returns (dividends and share buybacks)

Natural Resources

- Through business in the non-resource and resource sectors, we meet social demand for stable procurement and supply of natural resources, while capturing new business opportunities in responding to social issues outlined in the SDGs.

- Renewable energy ratio
- GHG emissions
- Water usage
- Waste volume

External Capital

Relationships with Society

- We practice continuous and constructive communication with our stakeholders, accentuating their expectations and demands of the Company and solving them. Through this effort, we promote stable business activities and realize further enhancement in corporate value.

- Number of engagements with stakeholders
- Number of sustainability surveys conducted
- Number of ESG-related meetings attended
- Number of compliance violations reduced
- Number of shareholder returns (dividends and share buybacks)

Trust and Creditworthiness

Business Creation through Combinations of Capital

Examples of Key Combinations of Capital in the Businesses Highighted in the SPECIAL FEATURE “Merchants Who Continue to Transform”

- Increase in sports-related revenues (Esports)
- Increase in compliance violation incidents (Code of Conduct)
- Shareholder returns (dividends and share buybacks)

- Realization of TOC: Mission and Guidelines of Conduct
- Ceremony of the President’s Award (Sustainable Development Awards)
- Positive change in public opinion based on a sustainability point of view

- Integration of value chains using CIK (Business Know-How)
- Polishing business management through a hands-on management style (YANASE & CO., LTD.)
- The customer base of YANASE & CO., LTD., mainly comprising the human rights of natural rubber farmers
CFO Interview

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

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

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

Every year, when I write this message, I get the urge to sit up even straighter, in part because this is where I am called to report the results of the commitments I made, whether it was in the previous year’s annual report or during dialogue with market participants. This year, though, I feel a sense of relief because we steadfastly during dialogue with market participants. This year, whether it was in the previous year’s annual report or

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

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

As previously mentioned, the Company is steadily enhancing its cash-generating power. We are always conscious of growth investments moving forward and the level of shareholders’ equity as a risk buffer that enables the Company’s strong will on management.

Achieve High ROE While Balancing Three Factors

Accumulating goodwill that accompanies overly high-priced acquisitions. We promote proactive asset replacement for low-efficiency assets or those that have peaked out. We have managed large-scale investments within the scope of cash flow generated each fiscal year or the span of the each medium-term management plan. Through this kind of control, over the past seven years, total assets have increased by ¥3.6 trillion to ¥12.2 trillion, but net interest-bearing debt has held steady at ¥2.9 trillion (down ¥0.1 trillion). We also set our best record for net debt-to-shareholders’ equity ratio (NET DER) with 0.54 times (an improvement of 0.43 points). Taken together with the aforementioned shareholders’ equity and the ratio of shareholders’ equity to total assets, ITOCHU’s financial soundness and stability have drastically improved in a very wise way.

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

Lastly, regarding ROE, since I first stepped into the CFO role, ITOCHU has outlined a policy of maintaining an ROE level of 13% or more over the medium- to long-term. This level is in line with a global standard and also significantly exceeds ITOCHU’s cost of capital of 8%. ROE in FYE 2022 soared to 21.8%, which could be construed as too good, but my overall evaluation is that we have a track record of generally achieving a level exceeding our policy. (Page 50 Business Results for FYE 2022)
There are countless points that need attention when you review the business environment in FYE 2023, but some examples include the chaos-inducing the Russia-Ukraine situation, repeated surges in COVID-19 cases, rising inflation, increasing interest rates (mainly in Europe and the United States), protracted yen depreciation, and volatile share prices. (Page 76 PEST Analysis (Macro-environmental Factors through 2030))

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

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

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

Lastly, regarding FYE 2023, I would like to “promise” that I will spearhead constructive dialogue and continue promoting proactive IR activities. I am not just listening to opinions from the market. Nor am I merely conveying the ideas of ITOCHU’s management. My mission is to hold dialogues that are fruitful for both the market and ITOCHU. By promoting IR activities that the market deems highly trustworthy, I will work to reduce the cost of capital and thereby help enhance corporate value sustainably. (Page 25 A Positive Cycle of Dialogue and Corporate Value Enhancement)
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 joint venture, implementing joint investment with partners, and participating in management through M&As or converting to a consolidated subsidiary. In principle, we continuously hold investments. After executing each investment, we work to maximize the investee’s corporate value and to expand trading profits and dividends received by fully utilizing our Groupwide capabilities. Given such considerations as increases in larger-scale investments in recent years, we are rigorously screening the validity of the business plan and acquisition price. For existing investments, to increase investment earnings and to exit quickly from low-efficiency assets, we are further strengthening monitoring procedures centered on instituting more rigorous exit conditions and thoroughly implementing periodic investment reviews. In addition, through cross-departmental training across Division Companies, we share the lessons learned from reviewing specific past investment failures, thereby endeavoring to enhance the success rates of future investments.

**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. 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.

- **Applicants (responsible divisions)**
- **Administrative divisions**
- **Division Company Management Committee (DMC)**
- **Division Company President**
- **Investment Consultative Committee**
- **Headquarters Management Committee (HMC)**
- **Board of Directors**

**Investment Criteria**

- Investment efficiency based on NPV (Present Value) calculated from investor’s free cash flows. When calculating NPV, about 10% hurdle rates for businesses carried out by our company are used according to industry.
- Cash inflows into the DCM, such as dividends received and earnings from traded assets.
- Scale of investor’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 multilayered 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 conditions before making investment.
- Clear exit conditions: Setting quantitative exit conditions that, in principle, call for exiting the investment if conditions are met.
- Feasible exit measures: Obtaining advance agreement with partners on exit conditions, etc.

**Exit Criteria**

- Promoting replacement of low-return assets that meet exit criteria as well as businesses that have lost strategic significance.
- Training Based on “Unforgettable” Cases of Investment Failure
  - We share the lessons learned from reviewing specific past investment failures with the aim of increasing the strength and rigor of our measures to “prevent” unforeseen impairment losses and other negative consequences.
  - In FYE 2022, we held a total of 20 training sessions, in which approximately 1,301 employees cumulatively from business divisions and administrative divisions participated.

**For details**

Page 42 In-Depth: Monitoring

Page 43 On-going Post-Investment Monitoring

Page 44 Maximize Corporate Value

Page 45 Ongoing Post-Investment Monitoring

Page 46 For details
**Enhancing the Corporate Value of Group Companies**

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

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

In-depth: Monitoring

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

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

**Decision-Making Process**

- **ALM Committee**
  - Before submission to the HMC, the validity of the Division Company's holding policy and the feasibility of exit are deliberated.

- **HMC**
  - If a Division Company decides on a policy of continuing to hold a business investment that hits exit criteria, the approval of the HMC is required.

**Periodic Reviews for All Business Investments**

- **DMC**
  - The significance of holding respective business investments is carefully analyzed in the context of the Division Company's strategies. By taking into account the consultative opinion, the President of Division Company decides on the Division Company's holding policy.

- **Division Company**
  - The validity of improvement plans for low-efficiency business investments that hit exit criteria is examined. For business investments with no prospect of improvement, administrative divisions monitor if business divisions are working toward an early exit.

- **Exit progress**
  - Exit progress is monitored, and each Division Company reports on progress to the CFO monthly.

**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

**Note**

*1 Consolidated contribution is the total of net profit and trade margin.
*2 Cost of capital: Set according to industry (approximately 7%) and country.
Logic Tree  
(Strategic Framework for Growth in Non-Financial Capital and Corporate Value)

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

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

ITOCHU’s Logic Tree for Building Up Corporate Value

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

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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.
Achievement of Short-Term Targets

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

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

\[
\text{Corporate Value} = \text{Created Value} \times \frac{\text{Cost of Capital}}{\text{Growth Rate}}
\]

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- FYE 2023 Management Plan 52
We have steadily developed an enviable track record with the strategies of "Brand-new Deal" management plans, which began with "Brand-new Deal 2012." Under the plans, we have always remained aware of the "earn, cut, prevent" principles in conducting business activities and demonstrated resilience to economic volatility by flexibly taking measures to deal with management issues and rapid changes in the external environment.

**Trajectory of Corporate Value Enhancement**

- **Brand-new Deal 2012**
  - "Earn, Cut, Prevent"

- **Brand-new Deal 2014**
  - "Aiming to be the No. 1 Trading Company in the Non-Resource Sector"

- **Brand-new Deal 2017**
  - "Challenge"
    - "Engaging All Employees to Lead a New Era for the Sogo Shosha"
    - "Infinite Missions Transcending Growth"

- **Brand-new Deal 2020**
  - ITOCHU: INFINITE MISSIONS: INNOVATION
    - "Evolution to Next-Generation Growth Models"

- **Brand-new Deal 2023**
  - Thoroughly instilling the "earn, cut, prevent" principles as the core of our business

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Initial Plan</th>
<th>FYE</th>
<th>Results</th>
<th>Completed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>¥240.0 billion</td>
<td>¥300.5 billion</td>
<td>✔️</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>¥280.0 billion</td>
<td>¥280.3 billion</td>
<td>✔️</td>
<td></td>
</tr>
</tbody>
</table>

*1 Including treasury stock

*2 Market capitalization, stock price, and consolidated net profit
Business Results for FYE 2022

**FYE 2022 General Review (Quantitative Targets)**

- Achieved consolidated net profit of ¥203.3 billion, renewed a record high significantly
- Announced "Brand-new Deal 2023 New Dividend Policy" and executed share buybacks. Steadily implementing the shareholder returns policy

<table>
<thead>
<tr>
<th>Quantitative Targets</th>
<th>FYE 2022 Initial Targets</th>
<th>Brand-new Deal 2023 Targets</th>
<th>FYE 2022 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated net profit</td>
<td>¥520.0 billion</td>
<td>¥100.0 billion</td>
<td>¥203.0 billion</td>
</tr>
<tr>
<td>Cash flows</td>
<td>¥14.0 billion (Significant increase)</td>
<td>About 0.7–0.8 times</td>
<td>¥4.2 billion (Record High)</td>
</tr>
<tr>
<td>NET DER</td>
<td>21.8%</td>
<td>Approx. 30%</td>
<td>90.3%</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>About 13–16%</td>
<td>Minimum of ¥110</td>
<td>Minimum of ¥130</td>
</tr>
<tr>
<td>Ratio of Group companies reporting profits</td>
<td>V4.0</td>
<td>V4.0</td>
<td>Minimum of ¥130</td>
</tr>
<tr>
<td>Dividend per share</td>
<td>¥4.0</td>
<td>¥120</td>
<td>¥6.0</td>
</tr>
<tr>
<td>Share buybacks</td>
<td>Actively and continuously execute</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**FYE 2022 General Review (Qualitative Targets)**

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

- Built up businesses that meet consumer needs, such as through new business development and supply chain optimization in FamilyMart as well as expansion and monetization of retail financial services lineup
- By collaborating with strong business partners, such as investment in Hitachi Construction Machinery Co., Ltd. and Nishimatsu Construction Co., Ltd., utilizing each other’s comprehensive strengths to build up businesses that meet consumer needs, such as through new business development and services lineup
- Established the Women’s Advancement Committee as one of the advisory committees to the Board of Directors
- Strengthened support for women’s career development through monitoring by the Women’s Advancement Committee
- Evolved our Morning-Focused Working System and introduced Morning-Focused Flextime System
- Taking advantage of existing earnings base, steadily promoted the business of energy storage systems, plastic recycling, traceable natural rubber, etc., and more in response to social needs
- Continued to receive high marks for its investor relations activities, including the annual report, and in ESG / ESG evaluations
- Remained the only major general trading company that has been included in all ESG investment indices adopted by the GPIF

**Business Results**

- Bills of yen
- FYE 2021 Results
- FYE 2022 Results
- Increase / Decrease

**Consolidated Net Profit by Segment**

<table>
<thead>
<tr>
<th>Segment</th>
<th>FYE 2021 Results</th>
<th>FYE 2022 Results</th>
<th>Increase / Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core profit</td>
<td>Approx. 452.6</td>
<td>Approx. 472.1</td>
<td>+19.5</td>
</tr>
<tr>
<td>Core profit excluding the impact of COVID-19</td>
<td>Approx. 506.5</td>
<td>Approx. 526.0</td>
<td>+19.5</td>
</tr>
<tr>
<td>Non-resource profit</td>
<td>256.7</td>
<td>276.6</td>
<td>+20.0</td>
</tr>
<tr>
<td>Resource profit</td>
<td>170.7</td>
<td>195.5</td>
<td>+24.8</td>
</tr>
<tr>
<td>Others</td>
<td>8.9</td>
<td>11.1</td>
<td>+2.2</td>
</tr>
<tr>
<td>ROE</td>
<td>12.7%</td>
<td>21.8%</td>
<td>+9.1pt</td>
</tr>
</tbody>
</table>

**Financial Position**

<table>
<thead>
<tr>
<th>Bills of yen</th>
<th>March 31, 2021</th>
<th>March 31, 2022</th>
<th>Increase / Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total assets</td>
<td>11,178.4</td>
<td>12,153.7</td>
<td>+975.3</td>
</tr>
<tr>
<td>Net interest-bearing debt</td>
<td>2,601.4</td>
<td>2,731.0</td>
<td>+129.6</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>3,176.5</td>
<td>3,996.5</td>
<td>+820.0</td>
</tr>
<tr>
<td>Ratio of shareholders’ equity to total assets</td>
<td>29.7%</td>
<td>44.6%</td>
<td>Increased 14.9pt</td>
</tr>
<tr>
<td>NET DER</td>
<td>0.78 times</td>
<td>0.94 times</td>
<td>Improved 24.4%</td>
</tr>
<tr>
<td>P/E</td>
<td>12.7</td>
<td>21.8</td>
<td>Increased 9.1pt</td>
</tr>
</tbody>
</table>

**Cash Flows**

<table>
<thead>
<tr>
<th>Bills of yen</th>
<th>FYE 2021 Results</th>
<th>FYE 2022 Results</th>
<th>Increase / Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>837.0</td>
<td>830.7</td>
<td>-6.3</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td>47.0</td>
<td>38.5</td>
<td>-8.5</td>
</tr>
<tr>
<td>Free cash flows</td>
<td>885.0</td>
<td>869.2</td>
<td>-15.8</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>728.4</td>
<td>646.7</td>
<td>-81.7</td>
</tr>
</tbody>
</table>

**Core Free Cash Flows**

<table>
<thead>
<tr>
<th>Bills of yen</th>
<th>FYE 2021 Results</th>
<th>FYE 2022 Results</th>
<th>Increase / Decrease</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core operating cash flows</td>
<td>¥574.0</td>
<td>¥614.0</td>
<td>+40.0</td>
</tr>
<tr>
<td>Net investment cash flows</td>
<td>¥756.6</td>
<td>975.0</td>
<td>+218.4</td>
</tr>
<tr>
<td>Core free cash flows</td>
<td>¥1,381.0</td>
<td>¥1,727.5</td>
<td>+346.50</td>
</tr>
</tbody>
</table>

**Note**

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
3. Core free cash flows excluding “Investment cash flows” + “Equity transactions with non-controlling interests” – “Changes in loan receivables, etc.”

**Consolidated Net Profit by Segment**

- Textile
- Machinery
- Metals & Minerals
- Energy & Chemicals
- Food
- General Products & Realty
- ICT & Financial Business
- The 8th
- Others: Adjustments & Eliminations

**Core Free Cash Flows**

- Core free cash flows
- Core operating cash flows
- Net investment cash flows

**Financial Position**

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

Quantitative and Qualitative Targets

FYE 2023 profit plan: Consolidated net profit of ¥700.0 billion
Core profit expected to reach a record high of ¥10.0 billion due to growth in the non-resource sector

Brand-new Deal 2023 Basic Policy Qualitative Targets

Realizing business transformation by shifting to a market-oriented perspective
Profit opportunities are shifting downstream
Profit sources are shifting from upstream to downstream. Breaking down the negative effects caused by silos is an urgent task. We will advance business model evolution and growth opportunity creation.

Enhancing our contribution to and engagement with the SDGs through business activities
“Sampo-yoshi capitalism”
To realize a sustainable society, we embrace an approach to capitalism with greater emphasis on serving all stakeholders.

Profit Growth under “Brand-New Deal 2023”

Consolidated Net Profit by Segment

Financial Position, Cash Flows, and Ratio Plan

Shareholder Returns Policy

Dividend: Brand-new Deal 2023 New Dividend Policy (FYE 2023 Version)
- Continuation of a progressive dividend policy during “Brand-new Deal 2023”
- Implementation of incremental increases to the minimum dividend
  (Minimum of ¥130 per share in FYE 2023 ➔ Minimum of ¥130 + a per share in FYE 2024)
- Commitment to a payout ratio of 30% by FYE 2024

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

Assumptions

1. FYE 2023 price for iron ore is a price that ITOCHU regards as general transaction prices based on the market.
2. The price of iron ore used in the FYE 2023 Plan is an assumption made in consideration of general transaction price based on the market.
   The actual price is not presented, as it is subject to negotiation with individual customers and varies by ore type.
3. The above sensitivities vary according to changes in sales volume, foreign exchange rates, production cost, etc.
Steppingstones to Medium- to Long-Term Value Creation

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

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

\[
\text{Corporate Value} = \text{Created Value} - \text{Cost of Capital} + \text{Growth Rate}
\]

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13% or more

Medium- to long-term ROE target

30%

Commitment to a payout ratio by FYE 2024
CSO Interview

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

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

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

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

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

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

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

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

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

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

Going forward, the IT & Digital Strategy Division and the ICT & Financial Business Company, which holds one of Japan’s largest system integrators, CTC, will play a central role in steadily promoting projects with comprehensive end-to-end process support, including the identification of business issues, proof-of-concept tests, cost-benefit analysis, and practical application. For example, at distribution centers of NIPPON ACCESS, INC., we are installing AI automated ordering systems for 1,500 items at FamilyMart. By utilizing downstream data, we have already verified a 30% decrease in inventory and around a 50% decrease in order-related workload. We began operating AI systems at all 47 distribution centers. In addition, in FYE 2023, we plan to roll out the insights we gained from this supply chain initiative of FamilyMart to the supermarket industry, etc.

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

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

Our guidance has already taken potential geopolitical risks into account.

In Russia, ITOCHU operates mainly energy-related businesses and an automobile-related business. In Ukraine, we operate an automobile-related business. As of March 31, 2022, our exposure to Russia and to Ukraine stood at ¥42.1 billion and ¥2.6 billion, respectively. Our FYE 2023 management plan has already factored in all plausible concerns, including Russia- and Ukraine-related losses in affiliates. Even if an additional loss is recorded, we have determined that we have made a sufficient “backstop” by setting a loss buffer of ¥30.0 billion.

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

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.

Our Business Model, as Seen through Business Development

By utilizing financial and non-financial capital, focusing on fields where we can demonstrate strengths, and creating multifaceted, linked businesses, we strive to enhance earning power of trade and business investment. By leveraging our business know-how and client and partner assets, we expand trade by creating added value and invest in fields where we have knowledge and can control risk. Amid rapid changes in the business environment, we are also strengthening our earnings base through timely strategic investments and continuous asset replacement for businesses that have passed their peak and/or are low-efficiency.

Going forward, we will sustain value creation by maximizing synergies and upgrading our businesses through business transformation that starts from downstream and is driven by market-oriented perspectives, while thoroughly instilling the “earn, cut, prevent” principles.

SPECIAL FEATURE

Merchants Who Continue to Transform

Our Business Model, as Seen through Business Development

By utilizing financial and non-financial capital, focusing on fields where we can demonstrate strengths, and creating multifaceted, linked businesses, we strive to enhance earning power of trade and business investment. By leveraging our business know-how and client and partner assets, we expand trade by creating added value and invest in fields where we have knowledge and can control risk. Amid rapid changes in the business environment, we are also strengthening our earnings base through timely strategic investments and continuous asset replacement for businesses that have passed their peak and/or are low-efficiency.

Going forward, we will sustain value creation by maximizing synergies and upgrading our businesses through business transformation that starts from downstream and is driven by market-oriented perspectives, while thoroughly instilling the “earn, cut, prevent” principles.
Meeting Consumer and Social Needs

Upgrading Our Business Model from a Market-Oriented Perspective

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

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

Basic Policies of “Brand-new Deal 2023”

Realizing business transformation by shifting to a market-oriented perspective

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

   Investments into Steppingstones for Driving New Growth

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

4. New Steppingstones for the Advancement of the Construction Machinery Business  ➔ Page 70
   Expanding the Multifaceted, Linked Businesses in Existing Businesses

5. Business Expansion in Accordance with a Decarbonized Society (Distributed Power System Supply Platform)  ➔ Page 72
   Investments into Steppingstones for Driving New Growth

6. Sustained Growth through Strengthening the Value Chain (Natural Rubber and Tire Business)  ➔ Page 73
   Evolution of the Value Chain Using DX

Merchants Who Continue to Transform
**FamilyMart’s Goal of Renewed Growth**

Toward the Next Decade of FamilyMart

FamilyMart marked the 40th anniversary of its founding in FYE 2023, the year I was appointed president. Utilizing my experience at a general trading company running brand businesses, we are working hard to improve daily sales and profit at stores and to create a new convenience store concept that is not bound by existing frameworks. We positioned FYE 2022 as a year to put the company on a foundation by existing frameworks.

**New Growth Cycle**

- Expand new business by leveraging the foundation
- Strengthen the foundation of the convenience store business

FamilyMart’s Goal of Renewed Growth

**Environment**

- Collecting raw material and energy costs.

- To strengthen the earning power of our convenience store business by enhancing product appeal, brand strength, customer base, store infrastructure, and more as we rebuid the supply chain. In addition, we intend to create a new growth cycle by expanding new businesses that leverage our convenience store business base, such as advertising, media, and finance, etc., and by creating synergies. We will also advance the "well-grounded digitalization" that contributes to store operations, such as "FamiPay" app, unmanned payment store operation, and humanoid AI assistants, as well as promoting the SDGs that are unique to FamilyMart. Our corporate message is "FamilyMart, Where You Are One of the Family." We will continue to work together with our franchisees to become the convenience store of choice for our customers.

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**Well-Grounded Digitalization**

- Improve Store Operations through Digitalization and Optimize the Supply Chain
- Conducting and expanding beta tests of AI-based order recommendation functionality and store manager support from humanoid AI assistants
- Beginning driving maneuvers by introducing unmanned payment stores and beverage automatic shelving robots
- Developing and introducing a constant temperature delivery route simulator

**Progress in Advertising and Media Business**

- Installed Signage in 3,000 Stores
- Downloads (as of May 31, 2022)
- Downloads (as of June 30, 2022)
- Downloads (as of August 31, 2022)
- Downloads (as of October 31, 2022)
- Downloads (as of December 31, 2022)

- Expanded advertising media business
- Established Data One Corp., an advertising media business
- Expanding FamilyMart’s unique region- and time-based distribution contents
- Expanding advertising customer base

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- Increase the number of loyal customers
- Further increase the frequency of customer visits and increase unit price per purchase
- Expanding advertising customer base
- Expand profits of financial services

**Steppingstones to Medium- to Long-Term Value Creation**

- Developing and introducing a constant temperature delivery route simulator
- Establishing a chain brand that will be loved by everyone for years to come

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Evolution of Value Chains, Starting with FamilyMart

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

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

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

Development of the Advertising and Media Business

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

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

Expanding Profit through the DX Support Business

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

**Focus Sectors**

<table>
<thead>
<tr>
<th>Sectors</th>
<th>Focus Sector</th>
<th>Focus Sector</th>
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<tbody>
<tr>
<td>ICT</td>
<td>DX</td>
<td>Digital design</td>
<td>Development</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(UI/UX*2)</td>
<td>Application</td>
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<tr>
<td></td>
<td></td>
<td>Strategic design</td>
<td>Maintenance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Strategic design</td>
<td>Operation</td>
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<td></td>
<td></td>
<td>BPO</td>
<td>Data analysis</td>
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<td></td>
<td></td>
<td>Consulting</td>
<td>BPO</td>
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<tr>
<td></td>
<td></td>
<td>Customer experience design (CX*)</td>
<td>Maintenance</td>
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<tr>
<td></td>
<td></td>
<td>Digital design</td>
<td>Operation</td>
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<tr>
<td></td>
<td></td>
<td>Business and IT consulting / PMO</td>
<td>Operation</td>
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<tr>
<td></td>
<td></td>
<td>Application development / Systems development</td>
<td>Maintenance</td>
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<td></td>
<td></td>
<td>Management and IT consulting</td>
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<td>GCP integration</td>
<td>Maintenance</td>
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<td></td>
<td></td>
<td>Reports and BI solutions</td>
<td>Data analysis</td>
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<td></td>
<td></td>
<td>Data analysis</td>
<td>Data analysis</td>
</tr>
</tbody>
</table>

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

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

<table>
<thead>
<tr>
<th>Year</th>
<th>Core profit</th>
<th>Consolidated net profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>50,000 yen</td>
<td>60,000 yen</td>
</tr>
<tr>
<td>2018</td>
<td>60,000 yen</td>
<td>70,000 yen</td>
</tr>
<tr>
<td>2019</td>
<td>70,000 yen</td>
<td>80,000 yen</td>
</tr>
<tr>
<td>2020</td>
<td>80,000 yen</td>
<td>90,000 yen</td>
</tr>
<tr>
<td>2021</td>
<td>90,000 yen</td>
<td>100,000 yen</td>
</tr>
<tr>
<td>2022</td>
<td>100,000 yen</td>
<td>110,000 yen</td>
</tr>
</tbody>
</table>

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**EXPANDING PROFIT THROUGH THE DX SUPPORT BUSINESS**

- **Customers**: Focus on the retail business, operate an auto loan business, and establish strength in the consumer sector, by first addressing needs through upstream DX and connecting them to the core downstream Group companies such as CTC and BELLSYSTEM24, Inc.

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**DX project initiation**

- **Current**: Strategy consulting, Customer experience design (CX*), Digital design, Business and IT consulting / PMO, Application development / Systems development, Operation maintenance BPO, Data analysis

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**Digital Businesses**

- **Management and IT consulting**: Digital consulting, GCP integration*, Reports and BI solutions*, Data analysis

---

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

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

Self-Transformation of DESCENTE

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

Since FYE 2013, DESCENTE continued to increase its earnings, especially in its South Korea business. However, from FYE 2016 onward, financial results had fallen and had been consistently below initial plans due to deteriorating profitability despite increased sales. As management reforms became a more pressing issue, after ITOCHU made a tender offer bid for DESCENTE, Shuichi Koseki was appointed president in June 2019. Since then, he has confidently undertaken these reforms with an eye on the external environment and strengths of the company. He completed divestment of the long-standing loss-making European and U.S. businesses and adopted a strategy to focus management resources on three markets of Japan, South Korea, and China, which, since then, has steadily borne fruits. To resolve deteriorating profitability despite increased sales, DESCENTE has currently realized a well-balanced earnings structure underpinned by the three pillars of Japan, South Korea, and China.

In its medium-term management plan “D-Summit 2023,” DESCENTE laid out three key items: implementing strategies by regions for Japan, South Korea, and China; improving profitability of the Japanese business; and enhancing its manufacturing capability. In particular, in the Japanese business, the company is transforming its business model from a wholesale-centric to a direct-to-consumer business that sells through the customer contact points of its own directly managed stores and e-commerce. DESCENTE will leverage the strengths of its business model from a wholesale-centric to a direct-to-consumer business that sells through the customer contact points of its own directly managed stores and e-commerce. DESCENTE will leverage the strengths of its business model from a wholesale-centric to a direct-to-consumer business that sells through the customer contact points of its own directly managed stores and e-commerce. DESCENTE will leverage the strengths of its business model from a wholesale-centric to a direct-to-consumer business that sells through the customer contact points of its own directly managed stores and e-commerce.

Self-Transformation of YANASE

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

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

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

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

YANASE, Sales and Consolidated Net Profit *

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales ( ¥ billion)</th>
<th>Consolidated net profit ( ¥ billion)</th>
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</thead>
<tbody>
<tr>
<td>2016</td>
<td>437.7</td>
<td>4.7</td>
</tr>
<tr>
<td>2017</td>
<td>437.9</td>
<td>1.4</td>
</tr>
<tr>
<td>2018</td>
<td>438.0</td>
<td>6.4</td>
</tr>
<tr>
<td>2019</td>
<td>452.7</td>
<td>14.2</td>
</tr>
</tbody>
</table>

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

Recently added Porsche to product lineup

<table>
<thead>
<tr>
<th>Added Porsche to product lineup</th>
<th>Porsche Center Chiba</th>
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<tr>
<td>Established an auction site in</td>
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Manufacturers urgently need to transform their businesses toward digitalization in the construction machinery industry, as a way to address shrinking trade and the reversion of dealers’ business investments in overseas construction machinery. In this way, we have developed our business through dealers to support the overseas expansion of manufacturers, enabling the online purchase of construction machinery and parts, selling used construction machinery, and offering rentals.

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

Preventative Maintenance Services for Generators Using Remote Surveillance

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

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

Investing in Hitachi Construction Machinery Co., Ltd.
We plan to invest in Hitachi Construction Machinery Co., Ltd. (Hitachi Construction Machinery) in the second quarter of FYE 2023. This company had previously partnered with U.S.-based Deere & Company on its construction machinery business by fully leveraging the “comprehensive strength” of the Company. This includes our existing customer base and financing know-how, especially in North America, where demand for construction machinery is strong and steady.

Construciton Machinery Life Cycle Strategy
Construction machinery is generally used over a long-term period between 10 and 15 years. Besides simply selling construction machinery, there are also business opportunities in selling parts, providing repair and other services, financing, renting construction machinery, and selling used construction machinery. ITOCHU’s construction machinery business began by exporting the products of domestic Japanese construction machinery manufacturers to overseas countries. Later, in line with changes to the kind of functions manufacturers needed, we began engaging in business investment in overseas construction machinery dealers to support the overseas expansion of manufacturers. In this way, we have developed our business through both trade and business investment. Recently, however, manufacturers have started prefering direct transactions with local construction machinery dealers, which bypasses ITOCHU. That business is on a downward trajectory due in part to shrinking trade and the reversion of the dealers’ commercial rights. On the other hand, with the rapid push to shrinking trade and the reversion of the dealers’ business investments in overseas construction machinery, ITOCHU has been active in the construction machinery business since long ago, but is currently transforming its business model in line with changes in the external environment. The Company has set out basic policies for its growth strategy of expanding the value chain into downstream areas and helping customers solve the issues they face on the front lines. We are working to uncover diverse customer needs and expand our earnings base in the construction machinery business by fully leveraging the “comprehensive strength” of the Company. This includes our existing customer base and financing know-how, especially in North America, where demand for construction machinery is strong and steady.

By working with the Group’s land and marine logistics networks between Japan and the United States, as well as the finance business know-how of Tokyo Century Corporation, moreover, synergies with MULTIQUP’s customer base are expected from its construction machinery rental company. For these and other reasons, we are realizing this capital alliance with Hitachi Construction Machinery. As a first step in this collaboration, ITOCHU is considering establishing a North American construction machinery finance company with Hitachi Construction Machinery and Tokyo Century Corporation. This finance company will work to expand its market share by providing financial functions to Hitachi Construction Machinery’s construction machinery dealers and end users in North America. The company will also promote downstream businesses, such as a rental business for used construction machinery and a sales business for premium used construction machinery with visualized operational and repair history. Moreover, the company will promote a maintenance and re-lease business for returned machinery, by assessing operational data and repair history through IoT data.

Going forward, we will expand the construction machinery business by jointly procuring and managing core components used in MULTIQUP’s generators and Hitachi Construction Machinery’s hydraulic excavators. For these reasons, we will continue expanding the earnings base of our North American business while pursuing synergies, such as promoting cross-sell to customers of the North American construction machinery rental company and mini excavators on construction sites. In addition, in the near future, we will roll out best practices gained from the collaboration with Hitachi Construction Machinery North America to other regions around the world and accelerate our business expansion. 

New Steppingstones for the Advancement of the Construction Machinery Business

Expanding the Multifaceted, Linked Businesses in Existing Businesses

Utilizing Downstream Customer Contact Points

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Evolution of the Value Chain Using DX

Manufacture

Value Chain of Tires

SPECIAL FEATURE

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

Power Generation

ITOCHU concluded a capital and business alliance agreement with Clean Energy Connect, Inc. (CEC) and subscribed to shares CEC issued through a private placement. CEC, a supplier of clean energy with “additionally”, aggregates green power by developing a number of small-sized solar power plants by making effective use of idle land in Japan and then provides power to environmentally advanced companies such as the NTT Group and The Dai-ichi Life Insurance Company, Limited, that prioritize clean energy procurement. By FYE 2026, we aim to introduce solar power plants in approximately 5,000 locations in Japan with a cumulative total output of 500 MW, aiming to be one of the largest off-site Corporate PPA*1 operators in Japan. While ITOCHU, through its undertaking with WPP Japan, Inc., has one of the largest cumulative operating capacity in Japan for the rooftop model on-site PPA, approximately 340 plants with a cumulative 70 MW as of March 31, 2022, the partnership with CEC enables ITOCHU to also provide clean power to customers who do not have adequate rooftop models semi-solid lithium-ion cells, which are key components of energy storage systems. ITOCHU has established a lineup of diverse decarbonization solutions and, going forward, will further enhance this lineup to help create a decarbonized society.

Energy Storage

For renewable energy, demand-supply adjustment tends to be unstable and challenging, and the need for energy storage systems is increasing. U.S.-based 24M Technologies, Inc. (24M) is a company that develops and licenses semi-solid lithium-ion cells, which are key components of energy storage systems. The company has re-designed the manufacturing process and enabled the supply of price-competitive products. Furthermore, the company’s energy storage systems have excellent recyclability, spurring a transformation in battery manufacturing technologies, which had not changed for several decades. Praise of these technologies has also extended to automotive applications. Germany-based Volkswagen Group announced in December 2021 that it subscribed to shares of i GRID SOLUTIONS, Inc. (i GRID) issued through a private placement. By utilizing the power big data analysis and energy storage management technologies which are i GRID’s strengths, ITOCHU now offers next-generation energy platform services that facilitate the local circulation of renewable energy. This is done by controlling solar power, energy storage systems, EV chargers, etc., in an integrated manner and by networking each distributed solar power plant. For example, some supermarket delivery vehicles were switched to EVs, allowing the charging / discharging cycle to be controlled optimally by AI in response to facility power use, the status of solar power systems generation, remaining charges in energy storage systems and EVs, and the delivery schedule. We are advancing from a proof-of-concept stage to full implementation for this project.

Around 70% of the natural rubber consumed around the world is used for tires. Going forward, demand for this natural resource is only expected to steadily increase. On the other hand, with approximately 85% of production reliant on smallholders, especially in Southeast Asia, we urgently need to address the social issues of deforestation as well as poverty and human rights violations affecting the farmers. As one measure to solve these issues, ITOCHU launched “PROJECT TREE,” which aims to realize the traceability and sustainability of natural rubber and is working harder to garner greater support for the project. For the natural rubber procured by ABB, we established traceability from production to processing by utilizing blockchain technology to prevent data falsification. Coupled with the unique social contribution activity of “PROJECT TREE,” we enabled the construction of a platform that ensures the supplied natural rubber has a low risk of violations, for example, involving illegal logging or human rights. A portion of sales of premium tires, which boast the added value of traceability, will be returned to suppliers such as smallholders of natural rubber. This will, in turn, enhance sustainability throughout the natural rubber industry. This is one specific example of our social contribution activities. Amid the rush and urgency to address social issues, major tire manufacturers are lining up to support this initiative, which is deeply enmeshed in the upstream portion of the supply chain. They have already begun selling tires made from natural rubber procured with this platform. An important role for promoting this initiative is played by ETEL, with its customer contact points as a retailer for tire manufacturers.

ETEL owns the tire retail business Kwik-Fit and operates businesses that serve the consumer needs and society at its approximately 700 stores in the United Kingdom, a nation that leads in environmental awareness. In December 2021, ETEL acquired Murfitts Group Ltd, which is the largest post-consumer car tires recycling business in the United Kingdom. This acquisition expanded ETEL’s business field into the recycling of post-consumer car tires. The Group is building a more effective logistics network through collaboration with the existing businesses of ETEL, which boasts a tire logistics network spanning the entire United Kingdom. ITOCHU aims to realize a circular economy by striving to develop and commercialize proprietary cracking technologies for carbon black, which is a raw material for tires, in addition to processing and selling asphalt alternative products made from post-consumer car tires. By developing a new natural rubber sales platform and working to reinforce the tire business value chain—encompassing wholesale, retail, and collection—we will continue striving to both help realize a circular economy and sustainably enhance corporate value.

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

*2 Developing and installing a solar power plant, exclusively for its own use, by a company, is referred to as the ownership of the premises of facilities that use the generated power and signing a long-term contract under which the generated electricity is sent to the facilities using it along with environmental value.

Enabling Traceability

Using downstream customer contact points, ITOCHU has connected its sales network spanning the entire United Kingdom. ITOCHU’s contribution activities. Amid the rush and urgency to address social issues, major tire manufacturers are lining up to support this initiative, which is deeply enmeshed in the upstream portion of the supply chain. They have...
Initiatives and Systems Supporting Sustainable Growth

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

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

Corporate Value = Created Value

Cost of Capital — Growth Rate

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Members of the Board, Audit & Supervisory Board Members, and Executive Officers 104
The ITOCHU Group’s business environment is changing, and uncertainties are increasing. Through PEST analysis, we fully assess risks and opportunities in the context of macroenvironmental factors such as the COVID-19 pandemic, geopolitical risks, and responses to the SDGs—and build an even stronger competitive edge by implementing flexible measures and transforming businesses in response to changes in the times and the business environment.

### Political/Legal

- **International tax trends (BEPS countermeasures, and tightening of export and investment restrictions**
- **Higher interest rates and increase in tax burden**
- **Shrinking of fossil fuel markets (coal, crude oil)**
- **Regulations to curb GHG emissions**

### Economic

- **Increased regulatory response costs and disappearance of existing transactions**
- **Trade talks and agreements**
- **Unpredictable policy changes and headwinds for the growth of profit**
- **Reputational decline or damage**

### Social/Cultural

- **Greater disparity in economic growth among Emerging Countries**
- **Economic stagnation in Developed Countries**
- **End of data monopolies held by existing platformers and continuity risks;**
- **Obsolescence and extinction of existing business models**

### Technological

- **End of data monopolies held by existing platformers and continuity risks;**
- **New business models; improve productivity and gains on asset disposal through timely disposal**
- **Tight regulations in the digital technology field**
- **Data leaks due to cyberattacks**

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

### 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 degree of impact through 2030. It also identifies the relevant capital.
Countermeasures for Business Risks and Other Risks

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

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

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Risks Associated with Macroeconomic Factors and Business Model</td>
<td>Page 76</td>
</tr>
<tr>
<td>(2) Market Risk</td>
<td>Page 39</td>
</tr>
<tr>
<td>(3) Foreign Exchange Rate Risk</td>
<td>Page 40</td>
</tr>
<tr>
<td>(4) Commodities Risk</td>
<td>Page 41</td>
</tr>
<tr>
<td>(5) Stock Price Risk</td>
<td>Page 41</td>
</tr>
<tr>
<td>(6) Investment Risk</td>
<td>Page 40</td>
</tr>
<tr>
<td>(7) Risks Associated with Impairment Loss on Food Assets</td>
<td>Page 39</td>
</tr>
<tr>
<td>(8) Credit Risk</td>
<td>Page 40</td>
</tr>
<tr>
<td>(9) Industry Risk</td>
<td>Page 40</td>
</tr>
<tr>
<td>(10) Risks Associated with the Outbreak of COVID-19</td>
<td>Page 40</td>
</tr>
</tbody>
</table>

For details, please see “Risk Information” in Financial Information Report 2022.

Risks Associated with Cost Increases in the Consumer Sector

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

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Russia-Related Business</td>
<td>Page 40</td>
</tr>
<tr>
<td>(2) China-Related Business</td>
<td>Page 40</td>
</tr>
</tbody>
</table>

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

(1) Russia-Related Business

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

(2) China-Related Business

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

CAO Interview

Fumihiko Kobayashi
Member of the Board, Executive Vice President, CAO

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

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

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

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

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

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

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

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

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

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

In recently held Sustainability Committee meetings, various topics were addressed. Among those, there was particularly active debate around the topic of climate change and specific approaches to achieve the medium- to long-term targets ITOCHU set for reducing GHG emissions. Because every Division Company participates in the committee, we can hold discussions from a cross-divisional perspective, overcoming the boundaries of product divisions. In ITOCHU’s case, particular considerations include legal and regulatory obligations. In ITOCHU’s case, material sustainability issues, such as GHG emissions reduction and human rights considerations in the supply chain, are not limited to specific departments. Rather, they encompass the entire Company.

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

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

When the Russia-Ukraine situation arose in February 2022, ensuring the safety of stationed and local employees was top of mind, and we took swift action. For example, in addition to temporarily evacuating and repatriating stationed employees, we provided emergency relief funds to local employees and, in the event that they and their families needed to flee the country, the staff of ITOCHU offices in neighboring countries arranged shelter for them.
The second stage of work-style reforms was based on the results of an engagement survey. What are the key points of these reforms?

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

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

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

Please tell us tactics for human resource acquisition.

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

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

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

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

At Group companies, it is also important to take human resource measures that fully tap each employee’s potential. Group companies consider human resource measures that align with their unique characteristics, and...
Initiatives to Promote Sustainability

Sustainability Promotion Flow

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

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

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

Expanding Sustainability-Related Disclosure

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

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

Please see the ESG report for details. 

Identification Process for Material Issues and Incorporation into Action Plans

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

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

Medium-Term Management Plan

- SDGs
- Social Contribution
- Environmental Protection
- Risk Management
- Corporate Governance
- Renewable Energy

- Climate Change
- Water Risk
- Resource Efficiency
- Innovation
- Diversity & Inclusion
- Human Rights

- Corporate Mission & Guideline of Conduct
- Policy
- Material Issues
- Business Activities

- Expanding Sustainability-Related Disclosure
- Identification Process for Material Issues
- Initiatives and Systems Supporting Sustainable Growth
- Viewing Climate Change as an Opportunity

Yukita Takamura
Member, Sustainability Advisory Board (FYE 2020)
Professor of Institute for Future Initiatives, The University of Tokyo.
Ms. Takamura specializes in international law and environmental law. Her main research topics are legal problems with multilateral environmental agreements and climate and energy laws and policies.
She chairs the Central Environmental Council of Japan, Tokyo Metropolitan Government’s Environmental Council, and Procurement Price Calculation Committee for Feed-in Tariff.
She is also serving as a member of many other advisory bodies inside and outside Japan.
Approach to Climate Change and Related Initiatives

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

GHG Emissions Reduction andOffset Targets

- Achieving net zero GHG emissions by 2050 to comply with the Japanese government’s target. In addition, aiming to offset CO2 to zero* by 2040 by actively promoting businesses that contribute to the reduction of GHG emissions.
- Complying with the Japanese government’s interim target** by achieving a 40% reduction from 2018 levels by 2030.
- Based on the understanding that ongoing initiatives to reduce GHG emissions are key, flexibly and dynamically adjusting “reduction pathways” while paying attention to the unique traits of client industries, assuming it is possible to expand business while addressing societal demands at the same time.
- Steadily reducing emissions from a medium- to long-term perspective through initiatives in supply chains, including reviews of products handled in light of changes in client industries, and transitions to improve fuel economy in logistics networks, centered on the non-resource sector where the Company has strengths.

GHG emissions Reduction and Offset Targets

<table>
<thead>
<tr>
<th>Year</th>
<th>GHG Emissions Reduction %</th>
<th>Offset CO2 to Zero</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>20%</td>
<td>10%</td>
</tr>
<tr>
<td>2030</td>
<td>50%</td>
<td>40%</td>
</tr>
<tr>
<td>2040</td>
<td>70%</td>
<td>60%</td>
</tr>
</tbody>
</table>

* Scope of GHG emissions: Scopes 1 to 3 + fossil fuel businesses and interests (affiliates and general investments)

Efforts to Reduce GHG Emissions from Fossil Fuel Businesses and Interests

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

GHG Emissions from Fossil Fuel Businesses and Interests

<table>
<thead>
<tr>
<th>Year</th>
<th>GHG Emissions</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>50</td>
</tr>
<tr>
<td>2020</td>
<td>45</td>
</tr>
<tr>
<td>2021</td>
<td>40</td>
</tr>
</tbody>
</table>

* 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.

Climate Change (Information Disclosure Based on TCFD Recommendations)

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

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

Climate Change Governance

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

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

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

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

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

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

Individual Targets and Initiatives for the Clean-Tech Business

Initiatives to Address Climate Change

<table>
<thead>
<tr>
<th>Initiative</th>
<th>FYE 2019</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Renewable Energy</td>
<td>• Raise the renewable energy ratio in the power generating capacity of our equity interests to over 20% by FYE 2031.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Currently participating in a renewable energy business with a total capacity of approximately 1,000 MW, such as in Cotton Plains, Texas in the U.S. (wind and solar power) and in Sarulla Operations in Indonesia (geothermal power).</td>
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<td></td>
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<tr>
<td></td>
<td>• Currently developing a new renewable energy business with a capacity of approximately 2,000 MW to achieve a renewable energy ratio of over 20%</td>
<td></td>
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</tr>
<tr>
<td>Fuel Ammonia</td>
<td>• Build a value chain focused on fuel ammonia by owning and operating ammonia-fueled ships and developing bulk supply bases.</td>
<td></td>
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<tr>
<td></td>
<td>• Promote the reduction of GHG emissions from the maritime industry by promoting the spread of ammonia-fueled ships from FYE 2026 onward</td>
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</tr>
<tr>
<td>Energy Storage System-Related Businesses</td>
<td>• Aim for a cumulative capacity of energy storage system units sold of over 5 GW by FYE 2031</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Waste Management Project</td>
<td>• Expand to the Middle East and other regions in Asia, leveraging our achievements in Europe, and continue to build up high-quality assets</td>
<td></td>
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</tbody>
</table>

2050: Net zero 2040: Zero with offsets 2030: Reduce by 40%, compared with 2018 level

Initiatives and Systems Supporting Sustainable Growth

<table>
<thead>
<tr>
<th>Initiative</th>
<th>FYE 2019</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2023</th>
</tr>
</thead>
<tbody>
<tr>
<td>Carbon Capture, Usage and Storage</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Business with Significant Exposure to Transition Risk</td>
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<tr>
<td>Businesses with Significant Exposure to Physical Risk</td>
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<td></td>
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<tr>
<td>Risk</td>
<td></td>
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</tbody>
</table>

Analysis Using EBITDA Indicator (%)

Business environment in the scenario and business impact assessment

Adaptation / mitigation measures and policies business opportunities

* Carbon Capture, Usage and Storage
Sustainability Management

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

Human Rights Due Diligence

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

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

Human Rights Due Diligence Flow Chart


Supply Chain Sustainability Survey

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

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

Based on the outcomes of these interviews, if violations of the Sustainability Action Guidelines for Supply Chains are discovered and verified, the offending supplier is asked to take corrective action. At the same time, it 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 efforts

Number of Surveys Conducted, by Region, in FYE 2022

Please see ITOCHU’s website for more information about the supply chain sustainability survey. [https://www.itochu.co.jp/en/csr/society/value_chain/system/](https://www.itochu.co.jp/en/csr/society/value_chain/system/)

Formulation of Procurement Policies for Individual Product Type

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

Please see ITOCHU’s website for more information about procurement policies for each product. [https://www.itochu.co.jp/en/csr/society/value_chain/activity/](https://www.itochu.co.jp/en/csr/society/value_chain/activity/)
**Human Resource Strategy**

**Cultivate a Motivating Workplace Environment**

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

**Recruiting Outstanding Human Resources**

- • Encouraging businesses based on market-oriented perspectives, SDGs, and digitalization
- • Supporting the reeducation of middle and senior-ranking employees (reskilling support system)
- • Empowering women (from FYE 2016)
- • Offering greater options in relation to flexible work styles suited for particular types of work and lifestyle

<table>
<thead>
<tr>
<th>INPUT</th>
<th>OUTCOME</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increasing participation in the Employee Shareholding Association</td>
<td>Participation in the Employee Shareholding Association (in FYE 2022: 98.2%)</td>
</tr>
<tr>
<td>Stack compensation scheme (from FYE 2020)</td>
<td>Rating each employee’s seniority in business management</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Percentage of Membership in the Employee Shareholding Association</th>
</tr>
</thead>
<tbody>
<tr>
<td>FYE 2021: 99.2%</td>
</tr>
</tbody>
</table>

**Improving Employees’ Motivation and Willingness to Contribute**

- • Providing support that empowers junior and mid-ranking employees (from FYE 2020)
- • Providing leadership development programs (Supporting the development of middle and senior-ranking employees) (from FYE 2020)
- • Promoting growth by increasing feedback and level of understanding
- • Providing support that empowers senior and mid-ranking employees (from FYE 2020)
- • Creating growth opportunities based on individual aptitudes

**Providing Evaluation and Compensation Commensurate with Results**

- • Evaluating understanding of evaluations and compensation
- • Evaluating awareness of the Company’s performance
- • Encouraging businesses based on market-oriented perspectives, SDGs, innovation, and digitization

**Enhancing Corporate Value through Improved Performance**

- • Evaluating the growing demand for options for patients in the post-COVID-19 era
- • Fostering a culture that flexibly incorporates diverse values

**Labor Productivity**

- • Number of employees, non-consolidated basis (left)
- • Consolidated net profit (loss) (right)

**Evolution of Work-Style Reforms**

- • Increasing the number of Chinese-speaking employees (from FYE 2020)
- • Providing support that empowers senior and mid-ranking employees (from FYE 2020)
- • Increasing the number of Chinese-speaking employees (from FYE 2016)

**Supporting Employee-Led Career Development**

- • Providing support that empowers junior and mid-ranking employees (from FYE 2020)
- • Enhancing Health (Human Resources Development)
- • Providing support that empowers junior and mid-ranking employees (from FYE 2020)

**Enhancing Corporate Value through the Evolution of Work-Style Reforms**

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

- • Will continue expanding and enhancing measuring. At the same time, all measures will form part of a virtuous cycle that steadily improves both labor productivity and enhances corporate value.
- • In the tables below, indicates a measure that has been newly introduced as part of the second stage of work-style reforms.
Corporate Governance

Further Enhancement of ITOCHU’s Corporate Governance System

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

Structure of the Board of Directors

<table>
<thead>
<tr>
<th>Inside Directors</th>
<th>Outside Directors</th>
<th>Ratio of Female Directors</th>
<th>Ratio of Outside Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>4</td>
<td>20%</td>
<td>40%</td>
</tr>
</tbody>
</table>

1. P: President, Machinery Company

Overview of Corporate Governance and Internal Control System

[Diagram showing the structure and flow of governance and internal control system]

Activities of the Advisory Committees to the Board of Directors

Goverance and Remuneration Committee

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

Nomination Committee

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

Constant Improvement in the Board of Directors

[Diagram showing the process of governance and management improvement]

*1 CEO = Chief Executive Officer CDO = Chief Digital & Information Officer CFO = Chief Financial Officer CIO = Chief Information Officer CNO = Chief Nuclear Officer

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

*3 Internal Control Committees: (CASS) = Deliberates on issues related to the development of internal control systems. Discourse Committee (CFO): Deliberates on issues related to the development 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 (CFO): Deliberates on issues related to compliance. Sustainability Committee (CFO): Deliberates on issues related to sustainability. SDSG, and ESG, excluding governance-related issues. Investment Consultative Committee (CFO): Deliberates on issues related to investment and financing. New Headquarters Project Committee (CAO): Deliberates on issues related to the new headquarters project. The chairperson is stated in parentheses.

*4 CAO = Chief Administrative Officer. Also, each Division Company has a Division Company President.

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

Activities of Internal Committees

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

Specific Examples of Discussion at Internal Committees

Compliance Committee (Chairman: CAO)

The committee met a total of 2 times in FYE 2022. Reports were submitted related to the results of a compliance awareness survey that was conducted for over 50,000 Group employees, including those overseas; action plans based on those results; the status of compliance issues; and the results of a survey on compliance with rules related to personal data privacy, etc. The committee holds discussions, in which outside lawyers who serve as external committee members participate, on these topics, thereby helping to improve various measures related to compliance, preventing compliance issues, and thoroughly implementing preventive measures.

ALM Committee (Chairman: CFO)

The committee met a total of 16 times in FYE 2022. In its analysis of key performance indicators for each Division Company, the committee discusses the analysis of asset efficiency and operating cash flows as well as appropriateness of assets that are sensitive to changes in the business environment, including rising geopolitical risks and inflation, etc. In addition, the committee discusses policies on ownership of strategic shareholding as well as shareholding of Group companies. Regarding risk analyses, policies, and measures formulated by each Division Company, the CFO and core members work to thoroughly implement the “present” principle through detailed discussions from their expert perspectives.

Main Matters of deliberation:

- Analysis of key performance indicators for each Division Company
- Periodic review of general investments (policy on ownership of strategic shareholdings, voting rights, guidelines, etc.)
- Periodic reviews of all business investments (policy on ownership of Group companies, etc.)
- Page 42: In-Depth: Monitoring
- Establishing total limit guidelines on total exposure to each country based on in-house country credit ratings
In October 2021, ITOCHU established the Women’s Advancement Committee, and I was appointed as its chairperson. To further accelerate the advancement of women, a goal ITOCHU has been promoting since FYE 2011, including the Morning-Focused Working System, one of the measures and delivering solid results.

In FYE 2022, ITOCHU clearly demonstrated its commitment to promoting women’s activities through the committee. From FYE 2023 onward, we will continue to fulfill the responsibilities of the committee by regularly reviewing results and improving the effectiveness of our efforts to support women.

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

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

In FYE 2001, women employed in dual-income households comprised 10% of the total number of employees. By FYE 2022, it had reached 43%. We believe it is important to continue to listen to the voices of employees, discuss matters with front-line employees, hold committee meetings, report to the Board of Directors, and carry out such an implementation cycle throughout the Company. We closely monitor whether women employees are actually in key positions, whether the development of candidates for managerial positions is progressing smoothly, and most importantly, whether management is seriously committed to the project. We believe that the continuous monitoring of the results of ITOCHU’s efforts is one of the missions of the Women’s Advancement Committee as an advisory committee to the Board of Directors with oversight functions.

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Evaluation of the Board of Directors

ITOCHU conducted evaluations on the effectiveness of the Board of Directors for all 11 Members of the Board and 5 Audit & Supervisory Board Members for FYE 2022. The results of this evaluation confirmed that the Company’s Board of Directors continues to ensure its effectiveness in terms of the structure of the Board of Directors and advisory committees to the Board of Directors, the roles and duties of the Board of Directors, the operation status of the Board of Directors, the information provision to Members of the Board and Audit & Supervisory Board Members and training, etc. Responses to the majority of the items covered by the questionnaire showed improvement in scores. Furthermore, the specific achievement arising from the effectiveness of the Board of Directors were confirmed, which include the enhancement of profitability and corporate value in a volatile environment, efforts to diversify human resources through the establishment of the Women’s Advancement Committee, an increase in the liveliness of deliberations accompanying the appointment of two outside officers with experience in corporate management, and discussion on and strengthening of initiatives related to medium- and long-term issues, such as the SDGs and corporate branding.

Procedure for Evaluation of the Board of Directors

Respondents
All 11 Members of the Board and all 5 Audit & Supervisory Board Members in FYE 2022

Implementation and Evaluation Method
Step 1: Enlist external consultants to conduct questionnaires and individual interviews with each member (anonymous responses)
Step 2: Have external consultants compile and analyze respondents’ answers
Step 3: Conduct analysis at the Governance and Remuneration Committee with reference to the compiled answers and analysis of the external consultants
Step 4: Conduct analysis and evaluation at the Board of Directors

Items Covered by Questionnaires

• Structure of the Board of Directors
• Structure of advisory committees to the Board of Directors, etc.
• Role and duties of the Board of Directors
• Operation status of the Board of Directors
• Information provision and training for Members of the Board and Audit & Supervisory Board Members
• Other items

Results of the FYE 2022 Evaluation of the Board of Directors

<table>
<thead>
<tr>
<th>Issues identified in FYE 2021</th>
<th>Initiatives in FYE 2022</th>
<th>Progress in FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Ongoing off-site discussions such as the “Independent outside officers’ Meeting” consisting solely of outside officers</td>
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<tr>
<td>• Annual meetings of the Board of Directors: held discussions on agenda items focused on facilitating further growth in corporate value over the medium- to long-term</td>
<td>Established the Women’s Advancement Committee</td>
<td></td>
</tr>
<tr>
<td>• With “Realizing business transformation by shifting to a market-oriented perspective” and “Enhancing our contribution to and engagement with the SDGs through business activities” as basic policies for the medium- to long-term, the Board of Directors carefully discussed individual projects with the aim of realizing a balance between the achievement of these policies and the achievement of short-term goals. These discussions are leading to steady advancements of both profitability and corporate value</td>
<td></td>
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<tr>
<td>• Appointed two outside officers who have experience in corporate management</td>
<td>Appointed two outside officers who have experience in corporate management</td>
<td></td>
</tr>
<tr>
<td>• Conducted discussions on reports from such internal committees as the Internal Control Committee</td>
<td>Conducted discussions on strengthening management foundations</td>
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<tr>
<td>• Improved the effectiveness of supervision by appointing two outside officers who have experience in corporate management</td>
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<tr>
<td>• Improved effectiveness of supervision through regular reporting by internal committees</td>
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<tr>
<td>• Appointed a new chairman for the overall management of the Group and accomplished challenging within Group companies grow and therefore need to be strengthened</td>
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</table>

Promoting More Active Discussions at the Board of Directors Meeting

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

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

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

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

Masatoshi Kawana
Outside Director
Mr. Kawana serves as Vice-president of Sophia Women’s Medical University Hospital, in addition to having gained a high level of experience in hospital management and advanced knowledge of medical care. He also assumed a position as a member of the Board of Directors at TOCHU in June 2018. He uses his expertise to proactively offer proposals and suggestions in the fields of health management and the establishment of preventive measures against infectious diseases like COVID-19. In FYE 2022, he is a member of the Governance and Remuneration Committee and the Nomination Committee.
Discussions at the Board of Directors Meeting Related to Individual Projects

Based on the rules of the Board of Directors, to undertake investment and finance projects above a certain threshold, the Company needs the approval of the Board of Directors following a decision by the HMC.* In FY22, multiple projects were presented to the Board of Directors, including an investment in Hitachi Construction Machinery Co., Ltd. As this is an important investment for the Group amid its search for further growth opportunities in the future and is the largest of all investment projects discussed in FY22, the Board of Directors held in-depth discussions on the matter.

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

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

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

* Headquarters Management Committee

Regarding Project Discussions at the Board of Directors Meetings

Of all the investment proposals submitted to the Board of Directors in FY22, the investment in Hitachi Construction Machinery Co., Ltd. was among the most actively discussed. Despite prior submission to the Investment Committee, the investment proposal was once sent back and was subject to various opinions from the executive side. Because of the size of the investment, before partaking in a Board of Directors Meeting, we were equipped with a sufficient understanding of the investment, thanks to pre-Board Meeting briefing sessions which informed us of the details and key points of discussions raised by the Investment Committee.

Historically, businesses undertaken by general trading companies with manufacturers centered on supporting manufacturers’ entry into overseas markets through export trade and management of dealer operations, i.e., product distribution. Therefore, there were questions about how this investment would align with a market-oriented business transformation and if it would square up with the expectations of the executive side. However, discussions at this Board of Directors Meeting made it clear that this investment goes beyond conventional distribution/logistics function and into strengthening downstream businesses and meeting various customer needs by utilizing operational data of construction machinery.

In this, Hitachi Construction Machinery Co., Ltd. and TOCHU are expected to act as business partners and leverage their mutual strengths. The investment is imbued with a sense of urgency and crisis for the traditional business model, wherein there are no functions other than the distribution of products. It was also evaluated as being a project that should be undertaken from a market-oriented perspective, and is expected to expand downstream business through collaboration.

Policy on the Governance of Listed Subsidiaries

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

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

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

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Significance of Holding</th>
<th>Ratio of Independent Outside Directors</th>
<th>Advisory Committee in the Board of Directors</th>
<th>Advisory Committee in the Subsidiary Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROSUMI CORP</td>
<td>Developing its side and diverse dominant customer base, TOCHU FUNDIX 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, TOCHU FUNDIX CO., LTD., utilizing the Group’s extensive domestic and international networks, promotes initiatives in the new energy field which contributes to achieve the SDGs, and carries out the fuel supply businesses for the Group’s customers.</td>
<td>38% (out of 9 directors)</td>
<td>Governance Committee</td>
<td>50% (out of 16 members)</td>
</tr>
<tr>
<td>C.T. TAKIRON Corporation</td>
<td>C.T. TAKIRON Corporation is positioned as a core enterprise in the Group’s plastic sheet business, due to its advanced technological capabilities and large-scale production capacity. C.T. TAKIRON Corporation utilizes the Group’s extensive domestic and international network for overseas expansion of C.T. TAKIRON Corporation’s functional film business, stable procurement of competitive raw materials, and expansion of sales of C.T. TAKIRON Corporation’s various products.</td>
<td>43% (out of 7 directors)</td>
<td>Governance Committee</td>
<td>50% (out of 4 members)</td>
</tr>
</tbody>
</table>
| ISC Corporation | The principal and main business of ISC, together with its affiliated companies, is the sale and distribution of alcoholic beverages and processed foods. Based on its presence, TOCHU secures stable contract points with various domestic retailers, and manages profit in the food distribution field by utilizing the sales channel. In addition, by utilizing the Group’s diverse customer base and knowledge in implementing the growth strategy of ISC, TOCHU secures stable contract points with various domestic retailers, and manages profit in the food distribution field by utilizing the sales channel. In addition, by utilizing the Group’s diverse customer base and knowledge in implementing the growth strategy of ISC, TOCHU secures stable contract points with various domestic retailers, and manages profit in the food distribution field by utilizing the sales channel. In addition, by utilizing the Group’s diverse customer base and knowledge in implementing the growth strategy of ISC, TOCHU secures stable contract points with various domestic retailers, and manages profit in the food distribution field by utilizing the sales channel. In addition, by utilizing the Group’s diverse customer base and knowledge in implementing the growth strategy of ISC, TOCHU secures stable contract points with various domestic retailers, and manages profit in the food distribution field by utilizing the sales channel. In addition, by utilizing the Group’s diverse customer base and knowledge in implementing the growth strategy of ISC, TOCHU secures stable contract points with various domestic retailers, and manages profit in the food distribution field by utilizing the sales channel. In addition, by utilizing the Group’s diverse customer base and knowledge in implementing the growth strategy of ISC, TOCHU secures stable contract points with various domestic retailers, and manages profit in the food distribution field by utilizing the sales channel. In addition, by utilizing the Group’s diverse customer base and knowledge in implementing the growth strategy of ISC, TOCHU secures stable contract points with various domestic retailers, and manages profit in the food distribution field by utilizing the sales channel.
| 0.54 | Governance Committee | 50% (out of 4 members) |
| PRIMA MEAT PACKERS LTD | The principal and main business of PRIMA MEAT PACKERS LTD. is to sell and process livestock products, and aims to diversify its product lineup by launching new products in the livestock value chain. Moreover, TOCHU cooperates with PRIMA MEAT PACKERS LTD. in expanding sales channels for high-quality imported raw materials for its core products and to jointly develop pork and chilled product businesses with overseas partners in the Group. | 50% (out of 4 members) | Governance Committee | 75% (out of 3 members) |
| C.T.C. | C.T.C. serves 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 domestic and international network. Moreover, TOCHU cooperates with C.T.C. in expanding its business through cooperation with C.T.C., such as joint investments in promoting new business areas and joint proposals. | 50% (out of 2 members) | Governance Committee | 50% (out of 2 members) |
| CONEXIO Corporation | CONEXIO Corporation is expanding its business by utilizing the Group’s extensive domestic and international networks. It is expanding its mobile accessory sales business to overseas, as well as promoting more effective use of management resources, such as store assets and know-how in selling products and services to individual customers. In cooperation with companies in other industries in the Group. | 38% (out of 3 members) | Governance Committee | 50% (out of 2 members) |
Corporate Officer Remuneration

ITOCHU Corporation's remuneration plan for Directors is designed to be an incentive to grow business performance. Variable remuneration can be 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, (2) performance-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 based on the standard amount by position and the level of contribution to ITOCHU Corporation, including its response to climate change, the SDGs, and ESG. The Company has adopted consolidated net profit as the linked indicator for the performance-linked bonus and performance-linked stock remuneration, as it is the source of capital for growth-oriented investment and returns to shareholders, and is of high interest on the stock market. In the unlikely event that consolidated net profit falls into a deficit, there is a strict system whereby no such bonus or remuneration is paid out. Furthermore, the share-price linked bonuses, which are indices linked to ITOCHU's share price, are calculated based on the increase in ITOCHU's stock price in 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

<table>
<thead>
<tr>
<th>Fixed remuneration</th>
<th>Variable remuneration (Single year)</th>
<th>Variable remuneration (Medium- to long-term)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly remuneration</td>
<td>Determined based on the standard amount by position and the level of contribution to ITOCHU Corporation, including its response to climate change, the SDGs, and ESG.</td>
<td>$1.0 billion per year as total amount of monthly remuneration (including ¥1.1 billion per year as a portion paid to Outside Directors)</td>
</tr>
<tr>
<td>Performance-linked bonuses</td>
<td>Determined based on consolidated net profit, and each individual's pay amount is determined in relation to the position points for the Director.</td>
<td>$5.0 billion* per year as total bonuses paid to all Directors &quot;Not paid to Outside Directors&quot;</td>
</tr>
<tr>
<td>Share price-linked bonuses</td>
<td>Calculated based on the increase in ITOCHU's share price for future two consecutive fiscal years and relative growth rate of ITOCHU's stock price compared to Tokyo Stock Price Index (TOPIX).</td>
<td>“Not paid to Outside Directors&quot;</td>
</tr>
<tr>
<td>Performance-linked stock remuneration (medium- to long-term)</td>
<td>Total payment amount is determined based on consolidated net profit, and each individual's payment amount is determined in relation to the position points for the Director used in calculating the individual performance-linked bonuses.</td>
<td>The amounts below are limits for two fiscal years, for Directors and Executive Officers.</td>
</tr>
<tr>
<td></td>
<td>• Limit on contribution to trust by ITOCHU: ¥13.5 billion</td>
<td>$5.0 billion x 0.525% x (Total position points of FYE 2022 and FYE 2023)/ (108.8 points × 2) x Relative stock price growth rate*3</td>
</tr>
<tr>
<td></td>
<td>• Total number of points granted to eligible person: 1.3 million points (conversion: 1 point = 1 share)</td>
<td>June 24, 2022</td>
</tr>
</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Type</th>
<th>Number of Persons</th>
<th>Total Amount of Remuneration (Billions of yen)</th>
<th>Monthly Remuneration</th>
<th>Performance-linked bonuses</th>
<th>Share price-linked bonuses</th>
<th>Special Benefits</th>
<th>Stock Remuneration</th>
<th>Total Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors</td>
<td>Inside</td>
<td>7</td>
<td>¥2,581</td>
<td>¥352</td>
<td>¥2,000</td>
<td>¥376</td>
<td>¥324</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Outside</td>
<td>8</td>
<td>¥200</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>Inside</td>
<td>5</td>
<td>¥3,652</td>
<td>¥743</td>
<td>¥2,000</td>
<td>¥376</td>
<td>¥324</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Outside</td>
<td>12</td>
<td>¥4,000</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>17</td>
<td>¥7,652</td>
<td>¥816</td>
<td>¥2,000</td>
<td>¥376</td>
<td>¥324</td>
<td></td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members</td>
<td>Inside</td>
<td>7</td>
<td>¥362</td>
<td>¥70</td>
<td>¥376</td>
<td>¥324</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Outside</td>
<td>8</td>
<td>¥352</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>Inside</td>
<td>3</td>
<td>¥714</td>
<td>¥140</td>
<td>¥376</td>
<td>¥324</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Outside</td>
<td>4</td>
<td>¥352</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>7</td>
<td>¥1,066</td>
<td>¥280</td>
<td>¥376</td>
<td>¥324</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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

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

Amount Paid to All Directors

- Total amount paid to all Directors = $A + $B + $C x Sum of position points for all the eligible Directors
- $A = (IF consolidated net profit of FYE 2023, the portion up to ¥200.0 billion) x 0.35%
- $B = (IF consolidated net profit not for FYE 2023, the portion exceeding ¥200.0 billion and up to ¥300.0 billion) x 0.525% (if which, 0.175% as stock remuneration)
- $C = (IF consolidated net profit for FYE 2023, the portion exceeding ¥300.0 billion) x 0.525% (if which, 0.175% as 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:

<table>
<thead>
<tr>
<th>Title</th>
<th>Position points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chair</td>
<td>33</td>
</tr>
<tr>
<td>Resident Director</td>
<td>23</td>
</tr>
<tr>
<td>Nonresident Director</td>
<td>13</td>
</tr>
<tr>
<td>Outside Director</td>
<td>5</td>
</tr>
<tr>
<td>Executive Officer</td>
<td>2</td>
</tr>
</tbody>
</table>

Of the amount paid to an individual Director, the portion corresponding to A and B is paid entirely in cash. In regard to the proportion corresponding to C, 0.175% is paid as stock remuneration and the balance is paid in cash. Furthermore, 86% of the amount paid in cash is linked to the plan achievement rate of the consolidated net profit of the assigned division / department and a rate determined based on a comparison with the business performance of the previous fiscal year. In regard to stock remuneration during the term of office, annual points are awarded (1 point = 1 share), and after retirement stock remuneration is paid from the trust in correspondence with accumulated points. Note: if all or some of cash payments are not made because of stock price change, the SDGs, and ESG.

Calculation Formula for (3) Share Price-Linked Bonuses

Amount Paid to an Individual Director

- $D = (Simple average of daily closing price of ITOCHU stock from FYE 2023 to FYE 2024) x $E = 1,300,000 x (Total position points*2 of FYE 2022 and FYE 2023) / (108.8 points × 2) x Relative stock price growth rate*3

* Share price-linked bonus of FYE 2022 calculated based on the formula applied in FYE 2022

Calculation Formula for (4) Performance-Linked Stock Remuneration

- $F = (Simple average of daily closing price of ITOCHU stock from FYE 2022 to FYE 2023) x $G = 1,300,000 x (Total position points*2 of FYE 2022 and FYE 2023) / (108.8 points × 2) x Relative stock price growth rate*3

* Share price-linked bonus of FYE 2022 calculated based on the formula applied in FYE 2022

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

<table>
<thead>
<tr>
<th>Computation</th>
<th>Fixed Remuneration</th>
<th>Stock Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Monthly remuneration</td>
<td>$A x 10%</td>
<td>$B x 90%</td>
</tr>
<tr>
<td>(2) Performance-linked bonuses</td>
<td>$C</td>
<td>$F</td>
</tr>
</tbody>
</table>

Remuneration Image of Directors (Excluding Outside Directors)

<table>
<thead>
<tr>
<th>Remuneration Image of Directors</th>
<th>Inside</th>
<th>Outside</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Remuneration</td>
<td>¥1,066</td>
<td>¥352</td>
</tr>
<tr>
<td>Stock Remuneration</td>
<td>¥280</td>
<td>—</td>
</tr>
<tr>
<td>Total Remuneration</td>
<td>¥1,346</td>
<td>¥352</td>
</tr>
</tbody>
</table>

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

*1 For bonus to all Directors’ Position Points / Sum of position points for all the eligible Directors of 85% = (Rate determined based on plan achievement rate of the consolidated net profit of the assigned division / department) x 50% = Rate determined based on a comparison with the consolidated net profit of the previous fiscal year) x 100%

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

*3 Rate determined based on a comparison with the consolidated net profit of the previous fiscal year: 100% x (Net income of the assigned division / department – 100%) / (average of the net income of the assigned division / department for FYE 2022 and FYE 2023).
Members of the Board, Audit & Supervisory Board Members, and Executive Officers
As of July 1, 2022

Skills Matrix of Corporate Officers and Structure of Advisory Committees

Name | Title | Career | All Aspects of Management | Global | Marketing / Sales | SDGs & ESG | Health & Medical Care | Finance, Accounting & Administration | Human Resources & Management | Internal Control & Legal Compliance | Other | Nomination Committee*1 | Women's Advancement Committee*2 | Main Role, Career History, Qualifications, etc.
--- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | ---
Masahiro Okafuji | Chairman & Chief Executive Officer | 1949 | | | | | | | | | | | | Chairman & Chief Executive Officer
Keita Ishi | President & Chief Operating Officer | 1963 | | | | | | | | | | | | President & Chief Operating Officer
Fumihiko Kobayashi | General Manager of Finance Division | 1957 | | | | | | | | | | | | General Manager of Finance Division
Hiroyuki Naka | Chief Digital & Information Officer; Chief Strategy Officer; President, Machinery Company, ITOCHU Corporation | 1961 | | | | | | | | | | | | Chief Digital & Information Officer; Chief Strategy Officer; President, Machinery Company, ITOCHU Corporation
Hiroyuki Tsuabai | Chief Strategy Officer; President, Machinery Company, ITOCHU Corporation | 1962 | | | | | | | | | | | | Chief Strategy Officer; President, Machinery Company, ITOCHU Corporation
Makiko Nakamura | Senior Managing Director | 1950 | | | | | | | | | | | | Senior Managing Director
Mitsuru Chino | Full-time Audit & Supervisory Board Member | 1948 | | | | | | | | | | | | Full-time Audit & Supervisory Board Member
Makoto Kyoda | Full-time Audit & Supervisory Board Member | 1957 | | | | | | | | | | | | Full-time Audit & Supervisory Board Member
Makoto Kyoda | Full-time Audit & Supervisory Board Member | 1957 | | | | | | | | | | | | Full-time Audit & Supervisory Board Member
Mitsuru Chino | Full-time Audit & Supervisory Board Member | 1948 | | | | | | | | | | | | Full-time Audit & Supervisory Board Member
Makoto Kyoda | Full-time Audit & Supervisory Board Member | 1957 | | | | | | | | | | | | Full-time Audit & Supervisory Board Member
Makoto Kyoda | Full-time Audit & Supervisory Board Member | 1957 | | | | | | | | | | | | Full-time Audit & Supervisory Board Member
Mitsuru Chino | Full-time Audit & Supervisory Board Member | 1948 | | | | | | | | | | | | Full-time Audit & Supervisory Board Member
Makoto Kyoda | Full-time Audit & Supervisory Board Member | 1957 | | | | | | | | | | | | Full-time Audit & Supervisory Board Member
Makoto Kyoda | Full-time Audit & Supervisory Board Member | 1957 | | | | | | | | | | | | Full-time Audit & Supervisory Board Member

*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 Company Act.

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

*4 Registered name is Makoto Izu.
Business Portfolio

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

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Machinery Company  112
Metals & Minerals Company  114
Energy & Chemicals Company  116
Food Company  118
General Products & Realty Company  120
ICT & Financial Business Company  122
The 8th Company  124

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

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

Segment Overview

<table>
<thead>
<tr>
<th>Segment Description</th>
<th>3-year average</th>
<th>Percentage of the Total for ITOCHU (3-year average)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>ROA*</td>
<td>Core profit</td>
</tr>
<tr>
<td>Textile Company</td>
<td>3.5%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Machinery Company</td>
<td>4.7%</td>
<td>10.4%</td>
</tr>
<tr>
<td>Metals &amp; Minerals Company</td>
<td>15.1%</td>
<td>26.3%</td>
</tr>
<tr>
<td>Energy &amp; Chemicals Company</td>
<td>5.0%</td>
<td>8.7%</td>
</tr>
<tr>
<td>Food Company</td>
<td>2.6%</td>
<td>11.6%</td>
</tr>
<tr>
<td>General Products &amp; Realty Company</td>
<td>4.8%</td>
<td>22.8%</td>
</tr>
<tr>
<td>ICT &amp; Financial Business Company</td>
<td>5.1%</td>
<td>331.7%</td>
</tr>
<tr>
<td>The 8th Company</td>
<td>0.9%</td>
<td>3.6%</td>
</tr>
<tr>
<td>Others, Adjustments &amp; Eliminations</td>
<td>14.8%</td>
<td>9.9%</td>
</tr>
</tbody>
</table>

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

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

**KEY POINT**
- Impairment losses primarily in the non-resource sector, with a view to reducing future risks.
- Despite the effect of the COVID-19 pandemic, minimized the decrease in profit and dispelled business management concerns.

Consolidated Net Profit (Loss) by Segment

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

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

Consolidated Net Profit (Loss) (Billions of yen)

<table>
<thead>
<tr>
<th>Segment Description</th>
<th>(Billions of yen)</th>
<th>(Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textile Company</td>
<td>218.8</td>
<td>280.3</td>
</tr>
<tr>
<td>Machinery Company</td>
<td>320.5</td>
<td>257.8</td>
</tr>
<tr>
<td>Metals &amp; Minerals Company</td>
<td>310.3</td>
<td>310.3</td>
</tr>
<tr>
<td>Energy &amp; Chemicals Company</td>
<td>305.6</td>
<td>315.4</td>
</tr>
<tr>
<td>Food Company</td>
<td>370.2</td>
<td>370.2</td>
</tr>
<tr>
<td>General Products &amp; Realty Company</td>
<td>400.3</td>
<td>400.3</td>
</tr>
<tr>
<td>ICT &amp; Financial Business Company</td>
<td>311.4</td>
<td>370.2</td>
</tr>
<tr>
<td>The 8th Company</td>
<td>416.8</td>
<td>174.0</td>
</tr>
<tr>
<td>Other, Adjustments &amp; Eliminations</td>
<td>472.0</td>
<td>801.3</td>
</tr>
</tbody>
</table>

Consolidated Net Profit (Loss) (Billions of yen)

<table>
<thead>
<tr>
<th>Segment Description</th>
<th>(Billions of yen)</th>
<th>(Billions of yen)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extraordinary Gains and Losses</td>
<td>531.3</td>
<td>801.3</td>
</tr>
<tr>
<td>Core Profit</td>
<td>218.8</td>
<td>280.3</td>
</tr>
</tbody>
</table>
Textile Company

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

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

Brand Business

Brand owner
- Participation in management / Trademark rights
- Exclusive import and distribution rights

Primary brands handled:
- CONVERSE, HUNTING WORLD, Li-ning, Reebok, Paul Smith, DESCENTE, LANVIN, Reebok, Warner Webwood

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 regions: China and other parts of Asia

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 targeting Japan, China, and other parts of Asia
  - ITOCHU / EDWIN / Sankei
  - DESCENTE / DOMÉ / UNICO
  - LANVIN / ROYNE

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

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

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

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

FYE 2022 Review (Specific Accomplishments)

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

Growth Opportunities (Sustainable Growth)

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

Risk Responses (Lower Cost of Capital)

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

Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.
Machinery Company

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

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

Business Development

**Quantitative Information**

**Percentage of Earnings from Domestic Business (image)**

50%

**Business Portfolio**

<table>
<thead>
<tr>
<th>Created Value</th>
<th>Growth Rate</th>
<th>Cost of Capital</th>
<th>Value</th>
<th>Capital</th>
<th>Value</th>
<th>Capital</th>
</tr>
</thead>
<tbody>
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</tr>
</tbody>
</table>

**Notes:** Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.

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

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

ITOHU is currently building one of the world’s largest Energy-from-Waste plants in Dubai and will operate the facility for 35 years after commencement of commercial operation, which is slated for 2024. Once built, the plant will incinerate roughly 45% (1.9 million tons per year) of all general waste produced in Dubai and generate electricity from the heat that is produced during incineration. Through this project, ITOHU will contribute to the achievement of Dubai policy goals with regard to the environment and health, including reducing landfill disposal volumes, contributing to sustainable and ecologically friendly waste management, and promoting the development of alternative energy sources not reliant on fossil fuels.

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

Belinda Knox
Director Investment
I ENVIRONMENT INVESTMENTS LIMITED

**FYE 2022 Review (Specific Accomplishments)**

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

**Growth Opportunities (Sustainable Growth)**

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

**Risk Responses (Lower Cost of Capital)**

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

**Notes:** Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.

Details of the action plans are available on our website: https://www.itohu.co.jp/en/csr/sustainability/
 Metals & Minerals Company

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

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

**Business Development**

**Quantitative information**

| Percentage of Earnings from Domestic Business (image) | 10% |

**FYE 2022 Review (Specific Accomplishments)**

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

**Growth Opportunities (Sustainable Growth)**

- Leveraging our solid relationships with steel manufacturers and power companies to strengthen our initiatives in hydrogen and ammonia projects, which are indispensable to achieving carbon neutrality.
- Steadily promoting carbon dioxide capture, utilization, and storage (CCUS) projects and low-carbon raw materials which help realize decarbonization across society.
- Further promoting initiatives for various industries to help build a circular economy, such as recycling and appropriate waste treatment.
--Stably supplying materials indispensable to new technologies and social demands, such as EVs and FCVs, energy storage systems, and lighter-weight materials that improve energy efficiency.

**Risk Responses (Lower Cost of Capital)**

- Pursuing efforts to completely withdraw from thermal coal mine investments and promoting technological development that contributes to GHG emissions reduction.
- Promoting businesses that will facilitate the uptake of lighter-weight vehicles and EVs (such as aluminum and rare metals).
- Optimizing the asset portfolio to support stable supply of raw materials and fuels to meet social needs.
- Complying with our Environment, Health, and Safety (EHS) Guidelines, continuing employee education on the Guidelines, and contributing to local communities where we do business through the provision of healthcare, education, donations, and assistance in the establishment of regional infrastructure.
- Promoting an increase in efficiency through mine operations and facility management utilizing UR, and conversion to the automated operation of mining equipment.

Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.
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 petrochemicals, synthetic resins, household goods, fine chemicals, pharmaceuticals, electronic materials, eco-friendly materials, etc.)
- Power and environmental solutions business and trading (renewable energy power generation, power trading, heat supply, solar panels, energy storage systems (ESS), solid biomass fuel, and other related materials)

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

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**Business Development**

**Percentage of Earnings from Domestic Business (image)**

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**Energy / Power & Environmental Solution**

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

Building of Value Chains for Renewable Fuels

We aim to help realize a decarbonized society by building value chains for renewable fuels, including sustainable aviation fuel (SAF) and renewable diesel (RD). Having concluded an exclusive agreement for the import of sustainable aviation fuel to and its sale in Japan with NESTE OYJ (NESTE) based in Finland, we are increasing sales of the fuel to airlines in Japan. We are also importing and selling renewable diesel produced by NESTE, and we have begun operating Japan’s first facility for refueling trucks with renewable diesel. NESTE’s renewable fuels are made from materials such as waste cooking oil, etc. Compared to petroleum-based fuels, SAF and RD reduce GHG emissions by up to 80% and roughly 90%, respectively, based on life cycle assessments. ITOCHU will continue leveraging its comprehensive strength to advance renewable fuel-related initiatives, thereby enhancing our contribution to and engagement with SDGs even further.

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**FYE 2022 Review (Specific Accomplishments)**

- Began operating Japan’s first facility for refueling commercial trucks with renewable diesel
- Concluded an exclusive agreement for the import of sustainable aviation fuel to and its sale in Japan with NESTE OYJ (NESTE) based in Finland
- Rolled out food containers partly made from biomass plastic and advanced the building of a nylon recycling scheme with Aquafil S.p.A., which owns a regenerated nylon brand, based in Italy
- Developed large-scale industrial and commercial energy storage systems using reused batteries and promoted capital and business alliances with blue-chip partners in businesses for next-generation battery such as solid-state batteries
- Promoted business for corporate power purchase agreements to supply power from both on-site (rooftop) and off-site locations (building-in-field) through Group companies and strengthened initiatives for renewable energy that has “additionally”

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**Growth Opportunities (Sustainable Growth)**

Working with Group companies to build a sustainable fuel value chain, including for hydrogen and ammonia

- Shaping up CCS-related projects by utilizing our expertise and collaborating with leading partners
- Expanding the business model to help resolve social issues, such as through the joint development of eco-friendly materials and the recycling business
- Strengthening initiatives for next-generation battery businesses and recycling businesses through collaborations with blue-chip partners in energy storage system-related businesses
- Rebuilding the stable supply of renewable energy through the development, possession, and operation of renewable energy power plants, expanding electric power and solid biomass fuel trade in line with the needs of the SDGs
- Participating in the Clean H2 Infra Fund S.L.P., the world’s first investment fund for large-scale hydrogen businesses

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**Risk Responses (Lower Cost of Capital)**

Accelerating initiatives for environment-related business, such as sustainable fuel, chemicals recycling businesses, and renewable energy, to contribute to decarbonization across society

- Enhancing activities to further minimize environmental impact in our existing portfolio

Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.


- 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
- Enhance Stable Procurement and Supply
- Maintain Responsible Governance Structures
Food Company

Business Fields

- Food resources and ingredients (vegetable oils, soybeans, grain, coffee, fresh produce, meats, etc.)
- Food production and processing (feed, sugar, processed agricultural products, processed meat products, industrial chocolate, soybean processing materials, etc.)
- Food marketing and distribution (import and sale of raw materials for food products, wholesale of foods, etc.)

Company Strengths

- Top-class food distribution and retail network
- Worldwide network of production, distribution, and sales value chains for fresh foods (marine, meat, and agricultural products)
- Global supply chain for food resources

Business Development

Quantitative information Page 136–143

Food Resources & Ingredients

- Soybean Oil
- Vegetable Oils
- Animal Oils
- Sugar
- Coffee
- Marine Products
- Fresh Produce

Food Production & Processing

- Soybean Oil Refining, Sugar Refining
- Chocolate
- Coffee
- Marine Products
- Fresh Produce

Food Marketing & Distribution

- ITOCHU Food Sales and Marketing
- ITOCHU Shokuhin (Wholesale and distribution of foods, beverages)
- NIRPO ACCESS

Corporate Value

- Utilizing the Group’s wide range of products, functions, and expertise with new technologies to diversify the value we provide in the food business field
- Expanding business foundation overseas, centered on high-value-added raw materials and products that meet consumer needs
- Supportive development to create employment and improving living circumstances by nurturing local industry in regions which produce food ingredients and materials
- Expanding functions in food distribution to strengthen the value chain and rationalize logistics operations

Risk Responses (Lower Cost of Capital)

- Diversifying production regions to ensure stable supplies of fresh foods and avoid risks related to weather and epidemics
- Strengthening our sustainable food resource procurement system, which protects the environment and respects of human rights
- Reducing our environmental impact by using clean energy in our packaged foods business
- Creating a procurement system, which complies with third-party verification and our business partners’ own codes of conduct

U.S.-Based CGB ENTERPRISES, INC. Decided to Invest in a Soybean Processing Plant

CGB ENTERPRISES, INC. (CGB), an affiliated company of ITOCHU, has decided to build a new soybean processing plant in North Dakota, the U.S. ITOCHU supports stable food supply through the operations of grain collection, soybean processing, and logistics businesses in North America. As well as being used for food, the soybean oil produced by the soybean processing business is used as feedstock for fats such as sustainable aviation fuel (SAF), which promises to become a next-generation aviation fuel and demand for which is likely to grow. By expanding its soybean oil production, CGB will better contribute to providing clean energy in the growing energy market in the U.S., as well.

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

A CGB soybean processing plant in Indiana, the United States

Kenji Matsu
Senior Vice President
CGB Enterprises, Inc.

FYE 2022 Review (Specific Accomplishments)

- Advanced the utilization of clean energy (biogas power generation) that uses pineapple residue generated during the manufacturing process by CGB
- Established a joint venture with FUJI OIL HOLDINGS INC. to cater to changing demand for edible oils and fats in the U.S. and established business foundations with a view to expanding the oils and fats business in North America
- Rolled out FOODATA, a new service that helps increase the efficiency and sophistication of development processes for food and beverage products by analyzing and making visible a variety of data, including taste and purchasing information

Growth Opportunities (Sustainable Growth)

- Broadening production bases, which ensures food safety and security, and developing a stable supply network
- Leveraging the Group’s wide range of products, functions, and expertise with new technologies to diversify the value we provide in the food business field
- Expanding our business foundation overseas, centered on high-value-added raw materials and products that meet consumer needs
- Supportive development to create employment and improving living circumstances by nurturing local industry in regions which produce food ingredients and materials
- Expanding functions in food distribution to strengthen the value chain and rationalize logistics operations

Created Value

- Rolling out FOODATA, a new service that helps increase the efficiency and sophistication of development processes for food and beverage products by analyzing and making visible a variety of data, including taste and purchasing information
- Establishing a joint venture with FUJI OIL HOLDINGS INC. to cater to changing demand for edible oils and fats in the U.S. and established business foundations with a view to expanding the oils and fats business in North America

Growth Rate

- Created Value
- Cost of Capital
- Growth Rate

Growth Rate

- Created Value
- Cost of Capital
- Growth Rate

Notes:
- Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues
- Details of the action plans are available on our website: https://www.itochu.co.jp/en/sustainability/itochu/actions/
- Eco-technologies through Technology Innovation
- Address Climate Change (Contribute to a Decarbonized Society)
- Develop a Rewarding Workplace Environment (Respect and Consider Human Rights)
- Ensure Stable Procurement and Supply
- Maintain Robust Governance Structure

President, CGB ENTERPRISES, INC.

From left:

Shizuki Miyamoto
President, ITOCHU Corporation

Kenichi Tai
President, ITOCHU Food Company

Kenichiro Soma
Chief Financial Officer

Kuniki Abe
General Manager, Planning & Administration Department

Kenichi Tai
President, ITOCHU Food Company

Hiroyuki Katsuki
President, Food Company

Shuichi Miyamoto
President, ITOCHU Food Distribution

Hidenari Sato
President, ITOCHU Food Resources & Ingredients

Kenichiro Soma
Chief Financial Officer

Kuniki Abe
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, used tire collection, cement, slag, ceramics, etc.)
- Wood products and materials (logs, lumbers, fences, wooden structural materials and components, wood fiberboard, etc.)
- Logistics (3PL, domestic logistics, international logistics, logistics systems, etc.)
- Development and operation of real estate (housing, logistics facilities, commercial facilities, etc.)

Company Strengths
- Construction materials-related companies that constitute an excellent value chain in the North American construction materials business
- Competitive pulp manufacturing business and a worldwide network for pulp sales
- Stable real estate development by leveraging the distinctive and diverse networks of a general trading company

Masatoshi Maki
President, General Products & Realty Company

From left:
- Tsutomu Yamauchi: Chief Operating Officer, Forest Products, General Merchandise & Logistics Division
- Yasueke Takahata: Chief Operating Officer, Construction & Real Estate Division
- Tatsuya Sako: Chief Financial Officer
- Yasuhito Takahashi: General Manager, Planning & Administration Department

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

Capital and Business Alliance with Nishinatsu Construction Co., Ltd.
In December 2021, ITOCHU concluded a capital and business alliance agreement with Nishinatsu Construction Co., Ltd. We have already developed a strong partnership with the company through previous businesses in real estate development, construction project orders, and procurement of equipment and materials. Through this capital and business alliance, the companies aim to create new synergies and enhance corporate value by consolidating their management resources and expertise and deepening the partnership even further. In addition, by establishing a value chain that spans upstream construction materials businesses, where construction functions can now be added, through to downstream real estate businesses, we will address such social issues as contributing to the achievement of the SDGs and making Japan’s infrastructure more resilient.

FYE 2022 Review (Specific Accomplishments)

Strengthen allocation of management resources to growth areas by strategic divestment of assets (Japan Brazil Paper and Pulp Resources Development Co., Ltd.)
Expand the value chain of the tire wholesale and retail business in the U.K. (European Tyre Enterprise Limited) to include the tire collection business
Further integrated management through capital restructuring in the North American construction materials business and the logistics business in China
Established alliances related to construction areas by investing in real estate-related companies, such as Nishinatsu Construction Co., Ltd.
Commenced development of logistics warehouses in Japan and expansion of overseas industrial city

Growth Opportunities (Sustainable Growth)

Enhancing profitability by promoting MIAs in the North American construction materials business
Contributing to the SDGs and strengthening profitability by promoting the recycling of existing products and expanding sales of eco-friendly products that use sustainable forest resources
Reinforcing our earnings base by promoting more efficient cross-industry logistics, seizing the logistics crisis as an opportunity
Strengthening and expanding design and construction areas by promoting MIAs in businesses peripheral to the construction and construction materials areas
Continuing to move ahead in the North American real estate business through strategic alliances and joint investments with leading U.S. real estate companies

Risk Responses (Lower Cost of Capital)

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
Revaluing Group companies’ backbones (S/R) to increase analytical / operational efficiency (“cut”) and reduce security risk (“prevent”)

Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.
Details of the action plans are available on our website https://www.itochu.co.jp/en/environ/strategic_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 Health and More Affluent Lifestyles
Maintain Rigorous Governance Structures
ICT & Financial Business Company

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

Company Strengths
- Earnings base and synergies, driven by Group companies with leading scale and presence in the domestic ICT field
- Development of global business alliances 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

Information Technology / Communications
- Communication and mobile business
  - CONDOR
  - One of the largest networks of car rental firms in Japan
  - Provision of solutions for corporate clients
  - Assensoft Japan (Insurance for mobile devices)
  - Selling (China distribution of mobile devices)
  - TOCIT Auto Multi Finance (Mobile device finance in Indonesia)

Healthcare business
- AllHealthcare (Clinical development contract services)
- Wellness Communications
- 360 Healthcare Management Solutions
- TSP Medical (Medical data platform)

Space, satellites, and media-related business
- SKY Perfect JSAT
- Asia’s largest satellite communications operator
- Mobile service “SKY Perfect”

Venture capital business
- TOCIT TECHNOLOGY VENTURES
- ICT VENTURES

Finance / Insurance
- Money Communications
- Salary payment service

Insurance shop and retail insurance business
- KYOCERA MACHIGUCHI
- Japan’s leading retail insurance distributor
- Network of over 800 shops in Japan

Insurance brokerage business
- TOCIT Orico Insurance Services (Insurance broker)
- IIT Risk Solutions (Insurance broker)
- COSMOS SERVICES (Insurance broker in Hong Kong)

Reinsurance business and credit guarantee business
- Garda (Credit guarantee for retail businesses)
- NESET Reinsurance (Reinsurance business)

Retail finance business
- Money Communications
- Salary payment service

Orient Corporation (Consumer credit business)
- POKET CARD (Credit card business)
- United Asia Finance (Retail finance business in Hong Kong and other parts of China)

EASY BUY (Retail finance business in Thailand)
- AOCON CONS MESH FINANCE (Retail finance business in the Philippines)
- First Data Philippines (Pre-to-post finance intermediary business in Indonesia)
- First Response Finance (Pre-owned vehicle finance business in the UK)

Asian Commercial Bank
- Tokyo Century Leasing China (Exports leasing business)

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

Made Major U.S. Security Company, SilverSky Inc. an Affiliate

Through ITOCHU International Inc., ITOCHU has made U.S. security-related service provider SilverSky Inc., an affiliate. Based on more than 20 years of experience and knowledge, SilverSky Inc. uses advanced analysis of diverse data to protect customers’ networks and terminals from a range of threats. The company has earned the trust of the financial and healthcare industries—which require particularly high levels of regulatory compliance—and has more than 4,000 customers throughout the U.S. Through this investment, we will support the company’s expansion in Asia while gaining access to advanced threat intelligence from around the world. Further, ITOCHU and SilverSky Inc. will collaborate with CTC to minimize the concerns of customers about business continuity in the digital age, thereby supporting their sustained growth.

FYE 2022 Review (Specific Accomplishments)

- Promoted corporate DX support through collaborations with WingArc1st Inc., SIGMAVIZ Inc., and BrainPad Inc.
- Made U.S. security-related service provider SilverSky Inc., an affiliate
- Invested in Bumper International Limited, which provides buy-now-pay-later services for car repairs and services mainly in the U.K.
- Formed a capital and business alliance with TSP Medical Co., Ltd., a start-up that provides a platform for emergency medical data services.

Growth Opportunities (Sustainable Growth)

- Discovering and forming alliances with start-up companies, and leveraging new technologies to create and promote next-generation businesses
- Fostering overseas development of business models cultivated in Japan in the mobile and ICT business sectors
- Establishing an earnings base in the innovative and highly convenient DX business based on a market-oriented perspective
- Expanding our business foundations in Japan and overseas by leveraging new retail finance businesses
- Creating an insurance business value chain in the retail sector

Risk Responses (Lower Cost of Capital)

- Reducing negative environmental impact caused by the frequent replacement of mobile devices, by procuring and distributing secondhand mobile devices
- Reducing health-related risks by supporting the development of pharmaceutical products and providing preventive health services
- Enhancing the quality of people’s lives through the retail finance business in Japan and overseas
- Reducing the risk of business interruptions by realizing a highly robust ICT environment, backed up by reliable telecommunication infrastructure

Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issue. Details of the action plans are available on our website: https://www.itochu.co.jp/en/itochu/lifecycle/actplan/

Evolve Businesses through Technological Innovation
Adress 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
The 8th Company

Business Fields
- Creating new business and collaborating with the other seven Division Companies from a market-oriented perspective
- Promoting business that leverages FamilyMart’s customer contact points
- Building an information platform that combines the ITOCHU Group’s consumer-related data

Company Strengths
- FamilyMart’s physical store network and a business base of Group companies with its strength in the consumer sector
- Human resources from diverse backgrounds and a highly fluid, ameba-like organizational structure
- An organizational culture that creates businesses flexibly with a market-oriented perspective not bound by product lines

Specific Policies
- Rigorously strengthening FamilyMart, which is a core business
- Creating new business models that reflect customer needs and which utilize FamilyMart’s store network and ability to attract customers; after conducting proof-of-concept tests for these business models, rolling them out at stores throughout Japan
- Increasing data volume and customer contact points through external alliances and finance businesses, etc., to maximize the profits of advertising and finance businesses; reinvesting new profits in the convenience store business to further heighten stores’ ability to attract customers

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

Shuichi Kato
President, The 8th Company

From left:
Nobuhiro Suga
Chief Financial Officer
Tetsuya Mukohata
Planning & Administration Section

FYE 2022 Review (Specific Accomplishments)

- Strengthened the competitiveness of FamilyMart products by developing hit products and enhancing mainstream products and implemented marketing measures, such as a 40th anniversary sales promotion campaign
- Entered into the media business by establishing Gate One Corp.
- Launched “FamiPay” services for retail finance, including a service allowing payment in the following month and a loan service
- Launched various digital technology projects and proceeded with proof-of-concept tests

Risk Responses (Lower Cost of Capital)

- Strengthening of digital interfaces with customers through “FamiPay” App

Released in July 2019 by FamilyMart, the “FamiPay” app reached 12.5 million downloads at the end of May 2022 and is the company’s second largest source of contact with customers after stores. In existing businesses, the app strengthens customer relationship management by providing unique benefits and conveniences, such as coupon distribution that utilizes the digital features of “FamiPay.” In new businesses, in addition to initiatives in advertising and media businesses that utilize customer data, we are also leveraging FamilyMart’s strength as the only major convenience store with its own payment system to launch new financial services. For example, in September 2021 we launched a service called “FamiPay next-month payment” that allows customers to pay in the following month, and when their electronic money balance is insufficient. In December 2021, FamilyMart launched a service enabling customers to take on retail finance through “FamiPay.” To meet a wide variety of customer needs, the Group will continue utilizing its technologies and expertise to steadily expand the functionality of “FamiPay.”

Growth Opportunities (Sustainable Growth)

- Expanding FamilyMart’s earnings base by thoroughly improving the three basics of the convenience store business (product appeal, convenience, and familiarity) and making the entire supply chain more sophisticated
- Increasing customer contact points and business revenues by turning FamilyMart stores into media, etc.
- Enlarging our data infrastructure and developing new businesses, such as advertising and financial services that utilize customer data
- Developing new solutions through venture investments, etc.

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

Shuichi Kato
President, The 8th Company

From left:
Nobuhiro Suga
Chief Financial Officer
Tetsuya Mukohata
Planning & Administration Section

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- Strengthened the competitiveness of FamilyMart products by developing hit products and enhancing mainstream products and implemented marketing measures, such as a 40th anniversary sales promotion campaign
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Risk Responses (Lower Cost of Capital)

- Strengthening of digital interfaces with customers through “FamiPay” App

Released in July 2019 by FamilyMart, the “FamiPay” app reached 12.5 million downloads at the end of May 2022 and is the company’s second largest source of contact with customers after stores. In existing businesses, the app strengthens customer relationship management by providing unique benefits and conveniences, such as coupon distribution that utilizes the digital features of “FamiPay.” In new businesses, in addition to initiatives in advertising and media businesses that utilize customer data, we are also leveraging FamilyMart’s strength as the only major convenience store with its own payment system to launch new financial services. For example, in September 2021 we launched a service called “FamiPay next-month payment” that allows customers to pay in the following month, and when their electronic money balance is insufficient. In December 2021, FamilyMart launched a service enabling customers to take on retail finance through “FamiPay.” To meet a wide variety of customer needs, the Group will continue utilizing its technologies and expertise to steadily expand the functionality of “FamiPay.”

Growth Opportunities (Sustainable Growth)

- Expanding FamilyMart’s earnings base by thoroughly improving the three basics of the convenience store business (product appeal, convenience, and familiarity) and making the entire supply chain more sophisticated
- Increasing customer contact points and business revenues by turning FamilyMart stores into media, etc.
- Enlarging our data infrastructure and developing new businesses, such as advertising and financial services that utilize customer data
- Developing new solutions through venture investments, etc.

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

Shuichi Kato
President, The 8th Company

From left:
Nobuhiro Suga
Chief Financial Officer
Tetsuya Mukohata
Planning & Administration Section

FYE 2022 Review (Specific Accomplishments)

- Strengthened the competitiveness of FamilyMart products by developing hit products and enhancing mainstream products and implemented marketing measures, such as a 40th anniversary sales promotion campaign
- Entered into the media business by establishing Gate One Corp.
- Launched “FamiPay” services for retail finance, including a service allowing payment in the following month and a loan service
- Launched various digital technology projects and proceeded with proof-of-concept tests

Risk Responses (Lower Cost of Capital)

- Strengthening of digital interfaces with customers through “FamiPay” App

Released in July 2019 by FamilyMart, the “FamiPay” app reached 12.5 million downloads at the end of May 2022 and is the company’s second largest source of contact with customers after stores. In existing businesses, the app strengthens customer relationship management by providing unique benefits and conveniences, such as coupon distribution that utilizes the digital features of “FamiPay.” In new businesses, in addition to initiatives in advertising and media businesses that utilize customer data, we are also leveraging FamilyMart’s strength as the only major convenience store with its own payment system to launch new financial services. For example, in September 2021 we launched a service called “FamiPay next-month payment” that allows customers to pay in the following month, and when their electronic money balance is insufficient. In December 2021, FamilyMart launched a service enabling customers to take on retail finance through “FamiPay.” To meet a wide variety of customer needs, the Group will continue utilizing its technologies and expertise to steadily expand the functionality of “FamiPay.”

Growth Opportunities (Sustainable Growth)

- Expanding FamilyMart’s earnings base by thoroughly improving the three basics of the convenience store business (product appeal, convenience, and familiarity) and making the entire supply chain more sophisticated
- Increasing customer contact points and business revenues by turning FamilyMart stores into media, etc.
- Enlarging our data infrastructure and developing new businesses, such as advertising and financial services that utilize customer data
- Developing new solutions through venture investments, etc.
**ESG Data**

**Environment**

- **GHG Emissions (Consolidated)**
  - Scope 1: 836,680 MWh
  - Scope 2: 886,860 MWh

- **Renewable Energy Generation (Equity-Interest Basis) / Renewable Energy Ratio**
  - Renewable energy generation: 373 MWh
  - Renewable energy ratio: 8.3%

- **Cumulative Capacity of Energy Storage System Units Sold**
  - FYE 2021: 373 MW
  - FYE 2022: 375 MW

- **Society**
  - **Human Resources Related**
    - Consolidated employees (people): 128,146
    - Non-consolidated employees (people): 4,261
    - Domestic transport (people): 3,462
    - Female transport (people): 335 (9.7%)
    - Manpower (people): 2,566
    - Female managers (people): 209 (8.1%)
    - Average days employed (days): 17.4
    - Monthly average overtime hours: 35.4
    - Annual paid leave acquisition rate: 65.1%
    - Employees taking paid leave (people): 168 (98.1%)
    - Share of disabled employees: 2.2%

- **Company Ranking among Job-Seekers According to Seven Major Institutions**
  - Number of first-place rankings among all industries: 3 institutions
  - Number of first-place rankings among general trading companies: 7 institutions

- **Training Related**
  - Average training cost per employee (Thousands of Yen): 407
  - Number of Morning Activity Seminars held (participants): 7 times
  - Sustainability basic education participation rate of all Group employees: 100.0%
  - Trained sustainability training participants: 617

- **Engagement Survey Results**
  - **Society**
    - Attendance rate of Directors: 100.0%
    - Attendance rate of inside officers: 100.0%
    - Female Directors (share): 2 (20.0%)
    - Outside Audit & Supervisory Board Members: 3 (60.0%)
    - Outside Directors (share): 4 (40.0%)
  - **Global**
    - Female Directors (share): 2 (20.0%)
    - Outside Audit & Supervisory Board Members: 3 (60.0%)
    - Outside Directors (share): 4 (40.0%)

- **Government**
  - **Members of the Board and Audit & Supervisory Board Members**
    - People: July 2021
    - Outside Directors: 4
    - Female Directors: 2
    - Average terms of overseas assignment period of Inside Directors: 5.5 years
  - **Outside Audit & Supervisory Board Members**
    - People: July 2021
    - Outside Directors: 3
  - **Attendance Rate at Meetings of the Board of Directors**
    - Attendance rate of Directors: 100.0%
    - Attendance rate of corporate officers: 99.0%
    - Attendance rate of inside officers: 100.0%
    - Attendance rate of outside officers: 100.0%

**Inclusion in ESG-Related Indices**

- MSCI Japan ESG Select Leaders Index
- MSCI Japan Empowering Women Index
- FTSE Russell Global Index Series
- FTSE Russell Japan Index
- Dow Jones Sustainability Indices
- S&P/JPX Carbon Efficient Index
- FTSE4Good Index Series
- MSCI Japan Empowering Women Index (WIN)

**Engagement Survey Results**

- **Society**
  - Attendance rate of Directors: 100.0%
  - Attendance rate of inside officers: 100.0%
  - Attendance rate of outside officers: 100.0%

- **Global**
  - Attendance rate of Directors: 100.0%
  - Attendance rate of corporate officers: 99.0%
  - Attendance rate of inside officers: 100.0%
  - Attendance rate of outside officers: 100.0%
Selected Financial Data

*Figures in yen for FYE 2022 have been translated into U.S. dollars solely for the convenience of the reader at the rate of ¥132.39 = US$1, the exchange rate prevailing on March 31, 2022.

### U.S. GAAP

<table>
<thead>
<tr>
<th>Fiscal Years Ended March 31</th>
<th>Millions of yen</th>
<th>Millions of yen</th>
<th>Millions of yen</th>
<th>Millions of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td>2022</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td>¥14,177,525</td>
<td>¥5,530,895</td>
<td>¥6,587,526</td>
<td>$100,444</td>
</tr>
<tr>
<td>Gross trading profit</td>
<td>¥956,200</td>
<td>¥1,028,273</td>
<td>¥1,046,022</td>
<td>$15,828</td>
</tr>
<tr>
<td>Profit attributable to ITOCHU</td>
<td>300,505</td>
<td>240,376</td>
<td>245,312</td>
<td>$5,733</td>
</tr>
<tr>
<td>Total comprehensive income attributable to ITOCHU</td>
<td>249,835</td>
<td>475,819</td>
<td>464,214</td>
<td>$8,033</td>
</tr>
<tr>
<td>Per share (yen and U.S. dollars)</td>
<td>190.13</td>
<td>177.35</td>
<td>196.11</td>
<td>$52.86</td>
</tr>
<tr>
<td>Basic earnings attributable to ITOCHU*1</td>
<td>44.01</td>
<td>40.40</td>
<td>46.00</td>
<td>$1.20</td>
</tr>
<tr>
<td>Shareholders' equity per share*1</td>
<td>862.88</td>
<td>1,117.01</td>
<td>1,296.35</td>
<td>$26.57</td>
</tr>
<tr>
<td>B/S (As of March 31):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total assets</td>
<td>¥9,507,273</td>
<td>¥7,848,440</td>
<td>¥7,784,851</td>
<td>$99,303</td>
</tr>
<tr>
<td>Short-term interest-bearing debt</td>
<td>450,968</td>
<td>10,000</td>
<td>1,029,400</td>
<td>$79,303</td>
</tr>
<tr>
<td>Long-term interest-bearing debt</td>
<td>2,035,569</td>
<td>2,040,600</td>
<td>2,041,795</td>
<td>$150,445</td>
</tr>
<tr>
<td>Net interest-bearing debt</td>
<td>2,014,898</td>
<td>2,185,623</td>
<td>2,224,988</td>
<td>$158,083</td>
</tr>
<tr>
<td>Net interest-bearing debt (excluding current maturities, including long-term interest-bearing debt and lease liabilities (long-term))</td>
<td>2,259,717</td>
<td>2,447,868</td>
<td>2,628,937</td>
<td>$26,284</td>
</tr>
<tr>
<td>Total shareholders’ equity</td>
<td>1,363,797</td>
<td>1,765,435</td>
<td>2,146,963</td>
<td>$268,493</td>
</tr>
<tr>
<td>Cash flows (For the year):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Core operating cash flows*2</td>
<td>¥347,598</td>
<td>¥355,604</td>
<td>¥369,413</td>
<td>$29,645</td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td>403,695</td>
<td>419,604</td>
<td>398,693</td>
<td>$349,133</td>
</tr>
<tr>
<td>Cash flows from investing activities*3</td>
<td>(416,135)</td>
<td>(296,692)</td>
<td>(270,377)</td>
<td>($47,130)</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td>84,704</td>
<td>(71,707)</td>
<td>(77,855)</td>
<td>($95,260)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>513,469</td>
<td>669,716</td>
<td>653,332</td>
<td>$54,009</td>
</tr>
<tr>
<td>Ratios:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROA (%)</td>
<td>4.9</td>
<td>4.1</td>
<td>4.1</td>
<td>3.3</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>25.8</td>
<td>17.9</td>
<td>15.9</td>
<td>13.0</td>
</tr>
<tr>
<td>Ratio of shareholders’ equity to total assets (%)</td>
<td>21.0</td>
<td>24.8</td>
<td>27.4</td>
<td>26.3</td>
</tr>
<tr>
<td>Net debt-to-shareholders’ equity ratio (times)</td>
<td>1.5</td>
<td>1.2</td>
<td>1.2</td>
<td>1.09</td>
</tr>
<tr>
<td>Interest coverage (times)**</td>
<td>13.5</td>
<td>12.4</td>
<td>13.1</td>
<td>12.5</td>
</tr>
<tr>
<td>Common stock information:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stock price (yen and U.S. dollars):</td>
<td>¥870.0</td>
<td>¥925.0</td>
<td>¥1,125.0</td>
<td>$134.8</td>
</tr>
<tr>
<td>Opening price</td>
<td>¥1,222.0</td>
<td>¥1,282.0</td>
<td>¥1,386.0</td>
<td>$177.0</td>
</tr>
<tr>
<td>High</td>
<td>¥1,249.0</td>
<td>¥1,756.0</td>
<td>¥1,874.5</td>
<td>$254.0</td>
</tr>
<tr>
<td>Low</td>
<td>¥767.0</td>
<td>¥1,033.0</td>
<td>¥1,103.0</td>
<td>$147.0</td>
</tr>
<tr>
<td>Closing price</td>
<td>¥1,301.5</td>
<td>¥1,980.0</td>
<td>¥2,065.0</td>
<td>$2,242.5</td>
</tr>
<tr>
<td>Market capitalization (As of March 31, yen and U.S. dollars in billions)</td>
<td>1,427</td>
<td>1,788</td>
<td>1,906</td>
<td>$59,303</td>
</tr>
<tr>
<td>Trading volume (in million shares)</td>
<td>1,783</td>
<td>1,792</td>
<td>1,792</td>
<td>$59,303</td>
</tr>
<tr>
<td>Number of shares of common stock issued (As of March 31, thousand shares)</td>
<td>1,584,889</td>
<td>1,584,899</td>
<td>1,584,899</td>
<td>$59,303</td>
</tr>
<tr>
<td>Exchange rates into U.S. currency (Federal Reserve Bank of New York):</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>At year-end</td>
<td>¥82.41</td>
<td>¥94.16</td>
<td>¥102.98</td>
<td>$121.44</td>
</tr>
<tr>
<td>Average for the year</td>
<td>78.86</td>
<td>83.26</td>
<td>105.46</td>
<td>$121.44</td>
</tr>
<tr>
<td>Ranges:</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low</td>
<td>85.26</td>
<td>96.16</td>
<td>105.25</td>
<td>$121.44</td>
</tr>
<tr>
<td>High</td>
<td>75.72</td>
<td>77.41</td>
<td>92.06</td>
<td>$121.44</td>
</tr>
<tr>
<td>Number of subsidiaries, associates and joint ventures (As of March 31)</td>
<td>366</td>
<td>365</td>
<td>354</td>
<td>$819</td>
</tr>
<tr>
<td>Number of employees (As of March 31, consolidated)</td>
<td>70,659</td>
<td>77,213</td>
<td>102,376</td>
<td>$115,124</td>
</tr>
</tbody>
</table>

* Core operating cash flows*2, Cash flows from operating activities*3, Cash flows from investing activities*3, Cash flows from financing activities*3, Cash and cash equivalents at the end of the year, ROA (%), ROE (%), Ratio of shareholders’ equity to total assets (%), Net debt-to-shareholders’ equity ratio (times), Interest coverage (times)**

** Core operating cash flows*2, Changes in working capital, Repayment of lease liabilities, etc.

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: Gross trading profit + SG&A expenses + Provision for doubtful accounts + Interest income + Dividends received

## Consolidated Statements of Financial Position

### As of March 31

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>¥432,140</td>
<td>¥572,030</td>
<td>¥611,223</td>
<td>¥544,009</td>
<td>¥611,715</td>
<td>$4,998</td>
</tr>
<tr>
<td>Time deposits</td>
<td>26,915</td>
<td>5,051</td>
<td>8,858</td>
<td>9,945</td>
<td>11,185</td>
<td>91</td>
</tr>
<tr>
<td>Trade receivables</td>
<td>2,189,349</td>
<td>2,397,608</td>
<td>2,213,746</td>
<td>2,122,815</td>
<td>2,458,991</td>
<td>20,092</td>
</tr>
<tr>
<td>Other current receivables</td>
<td>84,146</td>
<td>166,969</td>
<td>176,691</td>
<td>166,282</td>
<td>236,864</td>
<td>1,936</td>
</tr>
<tr>
<td>Other current financial assets</td>
<td>34,329</td>
<td>43,132</td>
<td>45,315</td>
<td>44,930</td>
<td>101,832</td>
<td>833</td>
</tr>
<tr>
<td>Inventories</td>
<td>870,352</td>
<td>937,183</td>
<td>952,029</td>
<td>896,692</td>
<td>1,077,160</td>
<td>8,601</td>
</tr>
<tr>
<td>Advances to suppliers</td>
<td>179,760</td>
<td>96,061</td>
<td>89,425</td>
<td>86,521</td>
<td>123,582</td>
<td>1,008</td>
</tr>
<tr>
<td>Other current assets</td>
<td>112,370</td>
<td>185,767</td>
<td>135,774</td>
<td>161,256</td>
<td>188,727</td>
<td>1,542</td>
</tr>
<tr>
<td>Assets held for sale</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>248,861</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>3,003,361</td>
<td>4,407,820</td>
<td>4,133,061</td>
<td>4,277,311</td>
<td>4,809,956</td>
<td>39,350</td>
</tr>
</tbody>
</table>

### Non-current assets

| Investments accounted for by the equity method | 1,844,871 | 1,559,280 | 1,640,286 | 1,867,777 | 2,286,762 | 18,701        |
| Other investments           | 816,510 | 857,261 | 816,518 | 922,374 | 956,218 | 7,629        |
| **Non-current assets**      | 617,719 | 616,762 | 660,578 | 668,658 | 728,965 | 5,956        |
| **Non-current financial assets other than investments and receivables** | 82,379 | 270,116 | 172,417 | 166,611 | 172,191 | 1,407        |
| Property, plant and equipment | 813,204 | 1,077,874 | 2,137,474 | 1,939,791 | 1,936,044 | 15,189 |
| Investment property         | 19,134 | 32,524 | 58,595 | 56,665 | 47,742 | 390          |
| Goodwill                    | 129,283 | 391,560 | 403,940 | 396,869 | 368,989 | 3,015        |
| Intangible assets           | 233,288 | 736,200 | 759,167 | 728,967 | 712,618 | 5,822        |
| Deferred tax assets         | 62,259 | 65,609 | 61,051 | 60,446 | 54,839 | 447          |
| Other non-current assets    | 121,839 | 81,697 | 76,511 | 78,063 | 75,534 | 617          |
| **Total non-current assets** | 4,740,576 | 5,690,883 | 6,786,637 | 6,301,121 | 7,243,702 | 65,003 |

**Total assets** | ¥8,663,937 | ¥10,086,703 | ¥10,919,598 | ¥11,178,432 | ¥12,153,658 | ¥99,303 |
## Consolidated Financial Statements

### Consolidated Statement of Comprehensive Income

<table>
<thead>
<tr>
<th>Fiscal Years Ended March 31</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from sales of goods</td>
<td>¥ 4,719,460</td>
<td>¥ 10,570,925</td>
<td>¥ 9,738,983</td>
<td>¥ 9,166,913</td>
<td>¥ 11,011,816</td>
</tr>
<tr>
<td>Less: Provision for doubtful accounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>$ 429,694</td>
<td>$ 2,305,050</td>
<td>$ 2,494,768</td>
<td>$ 2,556,264</td>
<td>$ 2,832,348</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales of goods</td>
<td>(3,706,873)</td>
<td>(9,427,881)</td>
<td>(8,575,102)</td>
<td>(7,985,248)</td>
<td>(8,606,552)</td>
</tr>
<tr>
<td>Less: Provision for doubtful accounts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total cost</td>
<td>(5,472,778)</td>
<td>(10,002,963)</td>
<td>(9,180,838)</td>
<td>(8,766,131)</td>
<td>(9,353,901)</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>$ 1,944</td>
<td>$ 457,084</td>
<td>$ 75,344</td>
<td>$ 77,307</td>
<td>$ 49,045</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>$ 431,720</td>
<td>$ 545,689</td>
<td>$ 559,209</td>
<td>$ 440,883</td>
<td>$ 285,976</td>
</tr>
<tr>
<td><strong>Net profit attributable to non-controlling interests</strong></td>
<td>(29,629)</td>
<td>(12,041)</td>
<td>(4,396)</td>
<td>(157,524)</td>
<td>(160,821)</td>
</tr>
<tr>
<td><strong>Total other income</strong></td>
<td>(27,307)</td>
<td>(24,013)</td>
<td>(15,619)</td>
<td>(16,669)</td>
<td>(16,952)</td>
</tr>
<tr>
<td><strong>Total other expenses</strong></td>
<td>(129,303)</td>
<td>(186,803)</td>
<td>(113,838)</td>
<td>(133,879)</td>
<td>(130,641)</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>(359,910)</td>
<td>(321,428)</td>
<td>(229,457)</td>
<td>(250,548)</td>
<td>(248,767)</td>
</tr>
<tr>
<td><strong>Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests</strong></td>
<td>(814,909)</td>
<td>(1,150,367)</td>
<td>(1,381,737)</td>
<td>(1,215,320)</td>
<td>(1,341,314)</td>
</tr>
<tr>
<td><strong>Retained earnings</strong></td>
<td>(1,602,018)</td>
<td>$ 2,324,766</td>
<td>$ 2,608,243</td>
<td>$ 2,948,135</td>
<td>$ 3,238,948</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>$ 400,333</td>
<td>$ 500,523</td>
<td>$ 501,322</td>
<td>$ 401,433</td>
<td>$ 420,269</td>
</tr>
<tr>
<td><strong>Net profit attributable to non-controlling interests</strong></td>
<td>(30,082)</td>
<td>(12,404)</td>
<td>(4,283)</td>
<td>(107,644)</td>
<td>(108,668)</td>
</tr>
<tr>
<td><strong>Total comprehensive income attributable to ITOCHU</strong></td>
<td>$ 370,251</td>
<td>$ 488,119</td>
<td>$ 497,039</td>
<td>$ 393,789</td>
<td>$ 311,591</td>
</tr>
<tr>
<td><strong>Total comprehensive income attributable to non-controlling interests</strong></td>
<td>(9,620)</td>
<td>(9,591)</td>
<td>(2,843)</td>
<td>(8,254)</td>
<td>(8,276)</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>$ 360,631</td>
<td>$ 478,528</td>
<td>$ 494,196</td>
<td>$ 385,535</td>
<td>$ 303,315</td>
</tr>
</tbody>
</table>

### Consolidated Statement of Changes in Equity

<table>
<thead>
<tr>
<th>Fiscal Years Ended March 31</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Common stock</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the beginning of the year</td>
<td>¥ 820,269</td>
<td>¥ 1,101,116</td>
<td>¥ 846,809</td>
<td>¥ 897,240</td>
<td>¥ 947,700</td>
</tr>
<tr>
<td><strong>Issuance of common stock</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Retirement of common stock</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at the end of the year</td>
<td>¥ 820,269</td>
<td>¥ 1,101,116</td>
<td>¥ 846,809</td>
<td>¥ 897,240</td>
<td>¥ 947,700</td>
</tr>
<tr>
<td><strong>Other comprehensive income attributable to ITOCHU</strong></td>
<td>$ 151,210</td>
<td>$ 26,501</td>
<td>$ 6,702</td>
<td>$ 6,702</td>
<td>$ 6,702</td>
</tr>
<tr>
<td><strong>Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests</strong></td>
<td>(155,842)</td>
<td>(210,899)</td>
<td>(210,899)</td>
<td>(210,899)</td>
<td>(210,899)</td>
</tr>
<tr>
<td><strong>Retained earnings</strong></td>
<td>(2,743)</td>
<td>(89,512)</td>
<td>(1,123,868)</td>
<td>(1,123,868)</td>
<td>(1,123,868)</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>$ 400,333</td>
<td>$ 500,523</td>
<td>$ 501,322</td>
<td>$ 401,433</td>
<td>$ 420,269</td>
</tr>
<tr>
<td><strong>Net profit attributable to non-controlling interests</strong></td>
<td>(30,082)</td>
<td>(12,404)</td>
<td>(4,283)</td>
<td>(107,644)</td>
<td>(108,668)</td>
</tr>
<tr>
<td><strong>Total comprehensive income attributable to ITOCHU</strong></td>
<td>$ 370,251</td>
<td>$ 488,119</td>
<td>$ 497,039</td>
<td>$ 393,789</td>
<td>$ 311,591</td>
</tr>
<tr>
<td><strong>Total comprehensive income attributable to non-controlling interests</strong></td>
<td>(9,620)</td>
<td>(9,591)</td>
<td>(2,843)</td>
<td>(8,254)</td>
<td>(8,276)</td>
</tr>
<tr>
<td><strong>Total comprehensive income</strong></td>
<td>$ 360,631</td>
<td>$ 478,528</td>
<td>$ 494,196</td>
<td>$ 385,535</td>
<td>$ 303,315</td>
</tr>
</tbody>
</table>

### Non-controlling interests

- **Balance at the beginning of the year**: ¥ 253,448
- **Balance at the end of the year**: ¥ 253,448

### Shareholders' equity

- **Balance at the beginning of the year**: ¥ 2,689,483
- **Balance at the end of the year**: ¥ 2,915,206

### Additional information

- **Revenues from non-controlling interests**: ¥ 1,115,086
- **Cost of sales of goods**: ¥ 3,368,303
- **Provision for doubtful accounts**: ¥ 11,011,816
- **Total revenues**: $ 3,238,948
- **Total costs**: $ 2,948,135
- **Total comprehensive income**: $ 2,832,348

---

**Note:** The above table contains financial information in both yen and U.S. dollars.
### Consolidated Financial Statements

#### Consolidated Statement of Cash Flows

<table>
<thead>
<tr>
<th>Fiscal Years Ended March 31</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Billions of yen</th>
<th>Millions of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash flows from operating activities</strong></td>
<td><strong>¥-3,477,581</strong></td>
<td><strong>¥-3,714,624</strong></td>
<td><strong>¥-3,246,271</strong></td>
<td><strong>¥-3,482,171</strong></td>
<td><strong>872,620</strong></td>
<td><strong>7,719</strong></td>
</tr>
<tr>
<td><strong>Proceeds from interest and dividends</strong></td>
<td><strong>¥1,197,220</strong></td>
<td><strong>¥1,186,544</strong></td>
<td><strong>¥1,263,400</strong></td>
<td><strong>¥1,180,300</strong></td>
<td><strong>381,780</strong></td>
<td><strong>3,488</strong></td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td><strong>¥620,200</strong></td>
<td><strong>¥677,700</strong></td>
<td><strong>¥707,400</strong></td>
<td><strong>¥748,600</strong></td>
<td><strong>236,030</strong></td>
<td><strong>2,141</strong></td>
</tr>
<tr>
<td><strong>Equity in earnings of associates and joint ventures</strong></td>
<td><strong>(1,647)</strong></td>
<td><strong>(1,395)</strong></td>
<td><strong>(2,154)</strong></td>
<td><strong>(3,950)</strong></td>
<td><strong>(626)</strong></td>
<td><strong>(6)</strong></td>
</tr>
<tr>
<td><strong>Changes in assets and liabilities, other-net</strong></td>
<td><strong>(83,342)</strong></td>
<td><strong>(102,753)</strong></td>
<td><strong>(96,853)</strong></td>
<td><strong>(103,403)</strong></td>
<td><strong>(31,073)</strong></td>
<td><strong>(284)</strong></td>
</tr>
<tr>
<td><strong>Proceeds from interest</strong></td>
<td><strong>31,321</strong></td>
<td><strong>37,525</strong></td>
<td><strong>34,460</strong></td>
<td><strong>24,142</strong></td>
<td><strong>110,518</strong></td>
<td><strong>1,064</strong></td>
</tr>
<tr>
<td><strong>Proceeds from dividends</strong></td>
<td><strong>38,637</strong></td>
<td><strong>316</strong></td>
<td><strong>23,187</strong></td>
<td><strong>2,798</strong></td>
<td><strong>9,598</strong></td>
<td><strong>92</strong></td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td><strong>605,589</strong></td>
<td><strong>432,140</strong></td>
<td><strong>572,030</strong></td>
<td><strong>611,223</strong></td>
<td><strong>544,009</strong></td>
<td><strong>5,098</strong></td>
</tr>
</tbody>
</table>

### Major Indicators

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

<table>
<thead>
<tr>
<th>Fiscal Years Ended March 31</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Billions of yen</th>
<th>Millions of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>SG&amp;A expenses</strong></td>
<td><strong>¥1,895,180</strong></td>
<td><strong>¥2,047,870</strong></td>
<td><strong>¥2,020,540</strong></td>
<td><strong>¥2,051,330</strong></td>
<td><strong>860,657</strong></td>
<td><strong>7,358</strong></td>
</tr>
<tr>
<td><strong>SG&amp;A expenses and provision</strong></td>
<td><strong>¥1,890,877</strong></td>
<td><strong>¥2,040,746</strong></td>
<td><strong>¥2,013,537</strong></td>
<td><strong>¥2,042,627</strong></td>
<td><strong>863,181</strong></td>
<td><strong>7,381</strong></td>
</tr>
</tbody>
</table>

#### Interest-Bearing Debt, Shareholders’ Equity, and Net Debt-to-Shareholders’ Equity Ratio

<table>
<thead>
<tr>
<th>Fiscal Years Ended March 31</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Billions of yen</th>
<th>Millions of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Interest-bearing debt</strong></td>
<td><strong>¥4,763,700</strong></td>
<td><strong>¥5,075,800</strong></td>
<td><strong>¥5,155,900</strong></td>
<td><strong>¥5,304,600</strong></td>
<td><strong>4,689,467</strong></td>
<td><strong>39,866</strong></td>
</tr>
<tr>
<td><strong>Shareholders’ equity</strong></td>
<td><strong>¥2,009,300</strong></td>
<td><strong>¥2,109,400</strong></td>
<td><strong>¥2,382,300</strong></td>
<td><strong>¥2,231,600</strong></td>
<td><strong>1,746,481</strong></td>
<td><strong>15,023</strong></td>
</tr>
<tr>
<td><strong>Net debt-to-shareholders’ equity ratio</strong></td>
<td><strong>0.64</strong></td>
<td><strong>0.61</strong></td>
<td><strong>0.55</strong></td>
<td><strong>0.51</strong></td>
<td><strong>0.82</strong></td>
<td><strong>0.14</strong></td>
</tr>
</tbody>
</table>

#### Profits / Losses of Group Companies

<table>
<thead>
<tr>
<th>Fiscal Years Ended March 31</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Billions of yen</th>
<th>Millions of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Profit</strong></td>
<td><strong>¥1,004,000</strong></td>
<td><strong>¥1,043,900</strong></td>
<td><strong>¥1,192,200</strong></td>
<td><strong>¥1,192,200</strong></td>
<td><strong>835,580</strong></td>
<td><strong>7,223</strong></td>
</tr>
<tr>
<td><strong>Losses of Group companies</strong></td>
<td><strong>(60.6)</strong></td>
<td><strong>(107.4)</strong></td>
<td><strong>(25.9)</strong></td>
<td><strong>(104.2)</strong></td>
<td><strong>(10.6)</strong></td>
<td><strong>(0.1)</strong></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>¥1,003,399</strong></td>
<td><strong>¥1,042,823</strong></td>
<td><strong>¥1,186,975</strong></td>
<td><strong>¥1,181,856</strong></td>
<td><strong>835,470</strong></td>
<td><strong>7,113</strong></td>
</tr>
</tbody>
</table>

#### Risk Buffer and Risk Assets

<table>
<thead>
<tr>
<th>Fiscal Years Ended March 31</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Billions of yen</th>
<th>Millions of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Risk buffer</strong></td>
<td><strong>¥3,088,000</strong></td>
<td><strong>¥3,651,800</strong></td>
<td><strong>¥4,117,000</strong></td>
<td><strong>¥4,117,000</strong></td>
<td><strong>3,472,067</strong></td>
<td><strong>29,622</strong></td>
</tr>
<tr>
<td><strong>Risk assets</strong></td>
<td><strong>¥2,984,400</strong></td>
<td><strong>¥3,690,100</strong></td>
<td><strong>¥4,006,800</strong></td>
<td><strong>¥4,006,800</strong></td>
<td><strong>3,137,965</strong></td>
<td><strong>26,723</strong></td>
</tr>
</tbody>
</table>
On July 1, 2019, ITOCHU established The 8th Company and changed its organizational structure from seven Division Companies to eight Division Companies.

**Performance Trends by Segment**

*ROA to core profit*
## Segment Information by Operating Segment*1

<table>
<thead>
<tr>
<th>Fiscal Years Ended March 31</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Textile</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from external customers</td>
<td>722.8</td>
<td>1,022.6</td>
<td>1,212.5</td>
<td>1,053.4</td>
</tr>
<tr>
<td>Gross trading profit</td>
<td>217.9</td>
<td>139.8</td>
<td>174.9</td>
<td>172.6</td>
</tr>
<tr>
<td>Equity in earnings of associates and joint ventures</td>
<td>30.1</td>
<td>30.7</td>
<td>25.6</td>
<td>24.4</td>
</tr>
<tr>
<td>Net profit attributable to ITOCHU</td>
<td>58.2</td>
<td>47.1</td>
<td>56.7</td>
<td>22.8</td>
</tr>
<tr>
<td><strong>Machinery</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from external customers</td>
<td>1,149.2</td>
<td>3,770.3</td>
<td>3,828.3</td>
<td>3,975.3</td>
</tr>
<tr>
<td>Gross trading profit</td>
<td>13.8</td>
<td>43.9</td>
<td>45.9</td>
<td>41.8</td>
</tr>
<tr>
<td>Equity in earnings of associates and joint ventures</td>
<td>30.1</td>
<td>30.7</td>
<td>25.6</td>
<td>24.4</td>
</tr>
<tr>
<td>Net profit attributable to ITOCHU</td>
<td>12.9</td>
<td>13.4</td>
<td>1.5</td>
<td>(0.4)</td>
</tr>
<tr>
<td><strong>Energy &amp; Chemicals</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from external customers</td>
<td>1,576.8</td>
<td>3,124.4</td>
<td>2,603.2</td>
<td>2,180.4</td>
</tr>
<tr>
<td>Gross trading profit</td>
<td>33.8</td>
<td>220.5</td>
<td>112.9</td>
<td>147.4</td>
</tr>
<tr>
<td>Equity in earnings of associates and joint ventures</td>
<td>30.1</td>
<td>30.7</td>
<td>25.6</td>
<td>24.4</td>
</tr>
<tr>
<td>Net profit attributable to ITOCHU</td>
<td>3.0</td>
<td>10.5</td>
<td>11.1</td>
<td>13.3</td>
</tr>
<tr>
<td><strong>Metals &amp; Minerals</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from external customers</td>
<td>840.3</td>
<td>844.4</td>
<td>800.0</td>
<td>716.8</td>
</tr>
<tr>
<td>Gross trading profit</td>
<td>3.0</td>
<td>8.9</td>
<td>11.1</td>
<td>12.0</td>
</tr>
<tr>
<td>Equity in earnings of associates and joint ventures</td>
<td>30.1</td>
<td>30.7</td>
<td>25.6</td>
<td>24.4</td>
</tr>
<tr>
<td>Net profit attributable to ITOCHU</td>
<td>96.0</td>
<td>93.5</td>
<td>95.9</td>
<td>95.9</td>
</tr>
<tr>
<td><strong>Chemical</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from external customers</td>
<td>1,218.6</td>
<td>1,180.3</td>
<td>1,207.7</td>
<td>1,124.9</td>
</tr>
<tr>
<td>Gross trading profit</td>
<td>1,576.8</td>
<td>3,124.4</td>
<td>2,603.2</td>
<td>2,180.4</td>
</tr>
<tr>
<td>Equity in earnings of associates and joint ventures</td>
<td>30.1</td>
<td>30.7</td>
<td>25.6</td>
<td>24.4</td>
</tr>
<tr>
<td>Net profit attributable to ITOCHU</td>
<td>12.9</td>
<td>13.4</td>
<td>1.5</td>
<td>(0.4)</td>
</tr>
<tr>
<td><strong>Food</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from external customers</td>
<td>327.7</td>
<td>658.6</td>
<td>5,381</td>
<td>4,050</td>
</tr>
<tr>
<td>Gross trading profit</td>
<td>124.1</td>
<td>1,014</td>
<td>1,078</td>
<td>1,028</td>
</tr>
<tr>
<td>Equity in earnings of associates and joint ventures</td>
<td>30.1</td>
<td>30.7</td>
<td>25.6</td>
<td>24.4</td>
</tr>
<tr>
<td>Net profit attributable to ITOCHU</td>
<td>4.0</td>
<td>2.2</td>
<td>2.2</td>
<td>1.4</td>
</tr>
<tr>
<td><strong>General Products &amp; Realty</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from external customers</td>
<td>394.0</td>
<td>802.5</td>
<td>808.1</td>
<td>755.4</td>
</tr>
<tr>
<td>Gross trading profit</td>
<td>55.4</td>
<td>62.7</td>
<td>55.0</td>
<td>21.3</td>
</tr>
<tr>
<td>Equity in earnings of associates and joint ventures</td>
<td>30.1</td>
<td>30.7</td>
<td>25.6</td>
<td>24.4</td>
</tr>
<tr>
<td>Net profit attributable to ITOCHU</td>
<td>46.4</td>
<td>63.1</td>
<td>37.0</td>
<td>33.3</td>
</tr>
<tr>
<td><strong>ICT &amp; Financial Business</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from external customers</td>
<td>697.2</td>
<td>728.0</td>
<td>751.1</td>
<td>751.2</td>
</tr>
<tr>
<td>Gross trading profit</td>
<td>178.7</td>
<td>207.8</td>
<td>249.7</td>
<td>286.3</td>
</tr>
<tr>
<td>Equity in earnings of associates and joint ventures</td>
<td>37.0</td>
<td>42.1</td>
<td>40.7</td>
<td>39.1</td>
</tr>
<tr>
<td>Net profit attributable to ITOCHU</td>
<td>70.6</td>
<td>103.9</td>
<td>104.3</td>
<td>100.3</td>
</tr>
<tr>
<td><strong>Others, Adjustments &amp; Eliminations*2</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues from external customers</td>
<td>2,778.0</td>
<td>5,510.1</td>
<td>11,600.5</td>
<td>10,983.0</td>
</tr>
<tr>
<td>Gross trading profit</td>
<td>1,210.4</td>
<td>1,563.8</td>
<td>1,707.8</td>
<td>1,785.7</td>
</tr>
<tr>
<td>Equity in earnings of associates and joint ventures</td>
<td>216.2</td>
<td>98.1</td>
<td>205.9</td>
<td>228.6</td>
</tr>
<tr>
<td>Net profit attributable to ITOCHU</td>
<td>400.3</td>
<td>500.5</td>
<td>501.3</td>
<td>401.4</td>
</tr>
<tr>
<td><strong>Total assets as of March 31</strong></td>
<td>12,153.7</td>
<td>11,034.0</td>
<td>11,034.0</td>
<td>11,034.0</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>3.0</td>
<td>8.9</td>
<td>11.1</td>
<td>13.3</td>
</tr>
<tr>
<td><strong>Gross trading profit</strong></td>
<td>7.0</td>
<td>8.9</td>
<td>9.9</td>
<td>9.9</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>30.1</td>
<td>30.7</td>
<td>25.6</td>
<td>24.4</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>12.9</td>
<td>13.4</td>
<td>1.5</td>
<td>(0.4)</td>
</tr>
<tr>
<td><strong>Gross trading profit</strong></td>
<td>178.7</td>
<td>207.8</td>
<td>249.7</td>
<td>286.3</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>46.4</td>
<td>63.1</td>
<td>37.0</td>
<td>33.3</td>
</tr>
<tr>
<td><strong>Gross trading profit</strong></td>
<td>70.6</td>
<td>103.9</td>
<td>104.3</td>
<td>100.3</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>3.0</td>
<td>8.9</td>
<td>11.1</td>
<td>13.3</td>
</tr>
<tr>
<td><strong>Gross trading profit</strong></td>
<td>697.2</td>
<td>728.0</td>
<td>751.1</td>
<td>751.2</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>2,778.0</td>
<td>5,510.1</td>
<td>11,600.5</td>
<td>10,983.0</td>
</tr>
<tr>
<td><strong>Gross trading profit</strong></td>
<td>1,210.4</td>
<td>1,563.8</td>
<td>1,707.8</td>
<td>1,785.7</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>400.3</td>
<td>500.5</td>
<td>501.3</td>
<td>401.4</td>
</tr>
</tbody>
</table>

---

*1 Segment reporting basis is determined in consideration of the economic resources 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 Financial Information

### Fiscal Years Ended March 31

<table>
<thead>
<tr>
<th>Fiscal Years Ended March 31</th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>3rd Quarter</th>
<th>4th Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>¥1,029.2</td>
<td>¥2,419.4</td>
<td>¥2,428.0</td>
<td>¥2,104.6</td>
</tr>
<tr>
<td>2019</td>
<td>¥1,157.4</td>
<td>¥2,644.3</td>
<td>¥2,450.7</td>
<td>¥2,224.6</td>
</tr>
<tr>
<td>2020</td>
<td>¥2,419.4</td>
<td>¥2,428.0</td>
<td>¥2,104.6</td>
<td>¥1,581.5</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td>¥1,157.4</td>
<td>¥2,644.3</td>
<td>¥2,450.7</td>
<td>¥1,581.5</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>¥1,029.2</td>
<td>¥2,419.4</td>
<td>¥2,428.0</td>
<td>¥2,104.6</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>¥1,157.4</td>
<td>¥2,644.3</td>
<td>¥2,450.7</td>
<td>¥1,581.5</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>¥2,419.4</td>
<td>¥2,428.0</td>
<td>¥2,104.6</td>
<td>¥1,581.5</td>
</tr>
<tr>
<td><strong>Equity in earnings of associates and joint ventures</strong></td>
<td>¥1,029.2</td>
<td>¥2,419.4</td>
<td>¥2,428.0</td>
<td>¥2,104.6</td>
</tr>
<tr>
<td><strong>Total other losses</strong></td>
<td>¥2,419.4</td>
<td>¥2,428.0</td>
<td>¥2,104.6</td>
<td>¥1,581.5</td>
</tr>
<tr>
<td><strong>Other–net</strong></td>
<td>¥1,029.2</td>
<td>¥2,419.4</td>
<td>¥2,428.0</td>
<td>¥2,104.6</td>
</tr>
<tr>
<td><strong>Gains (losses) on property, plant, equipment and intangible assets</strong></td>
<td>¥1,029.2</td>
<td>¥2,419.4</td>
<td>¥2,428.0</td>
<td>¥2,104.6</td>
</tr>
<tr>
<td><strong>Gains (losses) on investments</strong></td>
<td>¥1,029.2</td>
<td>¥2,419.4</td>
<td>¥2,428.0</td>
<td>¥2,104.6</td>
</tr>
<tr>
<td><strong>Total financial income</strong></td>
<td>¥1,029.2</td>
<td>¥2,419.4</td>
<td>¥2,428.0</td>
<td>¥2,104.6</td>
</tr>
</tbody>
</table>

*1 On July 1, 2019, ITOCHU established The 8th Company and changed its organizational structure from seven Division Companies to eight Division Companies.

### Quarterly Segment Information by Operating Segment

<table>
<thead>
<tr>
<th>Fiscal Years Ended March 31</th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>3rd Quarter</th>
<th>4th Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>¥30.0</td>
<td>¥27.7</td>
<td>¥19.8</td>
<td>¥22.1</td>
</tr>
<tr>
<td>2019</td>
<td>¥23.2</td>
<td>¥29.3</td>
<td>¥31.5</td>
<td>¥34.5</td>
</tr>
<tr>
<td>2020</td>
<td>¥29.3</td>
<td>¥31.5</td>
<td>¥34.5</td>
<td>¥36.7</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>¥23.2</td>
<td>¥29.3</td>
<td>¥31.5</td>
<td>¥34.5</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>¥23.2</td>
<td>¥29.3</td>
<td>¥31.5</td>
<td>¥34.5</td>
</tr>
</tbody>
</table>

*1 In the first quarter of FY 2020, ITOCHU reported net profit attributable to ITOCHU of ¥23.2 billion, which is included in "Net profit attributable to ITOCHU" of the entire group and the "Net profit attributable to ITOCHU" of the 8th Company. The net profit attributable to ITOCHU of the entire group includes the results of the 8th Company.

*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. Polyphenol Co., Ltd. and the profits and losses from them are included in this segment.
## Profits / Losses from Major Group Companies

### Textile Company

<table>
<thead>
<tr>
<th>Ownership %</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>JOX Corporation</td>
<td>100.0%</td>
<td>0.9</td>
<td>0.8</td>
</tr>
<tr>
<td>DESOTNE LTD.</td>
<td>40.0%</td>
<td>(1.6)</td>
<td>1.6</td>
</tr>
<tr>
<td>EDWIN CO., LTD.</td>
<td>98.0%</td>
<td>(1.3)</td>
<td>1.7</td>
</tr>
<tr>
<td>Sansa Co., Ltd.</td>
<td>100.0%</td>
<td>1.1</td>
<td>0.8</td>
</tr>
<tr>
<td>ITOCHU Textile Prominent (ASIA) Ltd.</td>
<td>100.0%</td>
<td>0.4</td>
<td>0.9</td>
</tr>
<tr>
<td>ITOCHU Textile (KINJAL) CO., LTD.</td>
<td>100.0%</td>
<td>1.1</td>
<td>1.1</td>
</tr>
</tbody>
</table>

### Machinery Company

<table>
<thead>
<tr>
<th>Ownership %*1</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo Century Corporation</td>
<td>30.0%</td>
<td>14.2</td>
<td>15.3</td>
</tr>
<tr>
<td>i-Flex Investment Inc.</td>
<td>100.0%</td>
<td>1.8</td>
<td>2.5</td>
</tr>
<tr>
<td>ENVIRONMENT INVESTMENTS LIMITED</td>
<td>100.0%</td>
<td>1.2</td>
<td>0.8</td>
</tr>
<tr>
<td>ITOCHU Plantech Inc.</td>
<td>60.0%</td>
<td>1.2</td>
<td>0.8</td>
</tr>
<tr>
<td>IMCS Co., Ltd.</td>
<td>100.0%</td>
<td>0.8</td>
<td>1.1</td>
</tr>
<tr>
<td>JAMCO Corporation</td>
<td>33.4%</td>
<td>0.1</td>
<td>0.6</td>
</tr>
<tr>
<td>JAPAN AEROSPACE CORPORATION</td>
<td>100.0%</td>
<td>1.6</td>
<td>1.5</td>
</tr>
<tr>
<td>YASHIK &amp; Co.</td>
<td>66.0%</td>
<td>3.0</td>
<td>4.6</td>
</tr>
<tr>
<td>Auto Investment Inc.</td>
<td>100.0%</td>
<td>0.1</td>
<td>1.2</td>
</tr>
<tr>
<td>ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.</td>
<td>50.0%</td>
<td>0.3</td>
<td>0.2</td>
</tr>
<tr>
<td>ITOCHU MACHINE-TECHNICS Corporation</td>
<td>100.0%</td>
<td>1.4</td>
<td>0.5</td>
</tr>
<tr>
<td>Century Medical, Inc.</td>
<td>100.0%</td>
<td>0.6</td>
<td>0.6</td>
</tr>
<tr>
<td>MHTOIP INC.</td>
<td>110.0%</td>
<td>2.8</td>
<td>2.4</td>
</tr>
</tbody>
</table>

### Metals & Minerals Company

<table>
<thead>
<tr>
<th>Ownership %*1</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITOCHU Metals &amp; Energy of Australia Pty Ltd</td>
<td>100.0%</td>
<td>63.4</td>
<td>90.6</td>
</tr>
<tr>
<td>JAPAN BRAZIL MINERIO DE FERRO PARTICIPAES LTDA</td>
<td>77.3%</td>
<td>9.4</td>
<td>5.5</td>
</tr>
<tr>
<td>Marubeni-Hocho Steel Inc.</td>
<td>50.0%</td>
<td>11.2</td>
<td>8.7</td>
</tr>
<tr>
<td>ITOCHU Metals Corporation</td>
<td>70.0%</td>
<td>1.3</td>
<td>1.0</td>
</tr>
</tbody>
</table>

### Energy & Chemicals Company

<table>
<thead>
<tr>
<th>Ownership %</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITOCHU Oil Exploration (Azerbaijan) Inc. (ACG project)</td>
<td>100.0%</td>
<td>4.9</td>
<td>1.8</td>
</tr>
<tr>
<td>ITOCHU PETROLEUM CO., SINGAPORE PTE. LTD.</td>
<td>100.0%</td>
<td>0.7</td>
<td>1.1</td>
</tr>
<tr>
<td>ITOCHU ENEX CO., LTD.</td>
<td>54.0%</td>
<td>6.8</td>
<td>6.6</td>
</tr>
<tr>
<td>Japan South Sahara Oil Co., Ltd. (eastern Sahara Project)</td>
<td>25.0%</td>
<td>7.7</td>
<td>4.8</td>
</tr>
<tr>
<td>Dividends from LNG Projects (PIL)</td>
<td>0.0%</td>
<td>0.3</td>
<td>0.4</td>
</tr>
<tr>
<td>ITOCHU CHEMICAL FRONTIER Corporation</td>
<td>100.0%</td>
<td>4.4</td>
<td>4.7</td>
</tr>
<tr>
<td>ITOCHU PLASTICS INC.</td>
<td>60.0%</td>
<td>2.5</td>
<td>2.6</td>
</tr>
<tr>
<td>C.I. TEXCORP Inc.</td>
<td>55.7%</td>
<td>6.4</td>
<td>2.8</td>
</tr>
</tbody>
</table>

### Food Company

<table>
<thead>
<tr>
<th>Ownership %</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Itochu International Holdings, Inc.</td>
<td>100.0%</td>
<td>0.25</td>
<td>0.3</td>
</tr>
<tr>
<td>NIPPON ACCESS, INC.</td>
<td>60.0%</td>
<td>8.4</td>
<td>4.4</td>
</tr>
<tr>
<td>FUJI OIL HOLDINGS Inc.</td>
<td>40.8%</td>
<td>5.1</td>
<td>2.4</td>
</tr>
<tr>
<td>PentaMarkets, Ltd.</td>
<td>47.4%</td>
<td>5.8</td>
<td>6.6</td>
</tr>
<tr>
<td>ITOCHU SHOKIN Co., Ltd.</td>
<td>52.5%</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>HYLIFE GROUP HOLDINGS LTD.</td>
<td>49.9%</td>
<td>3.0</td>
<td>4.5</td>
</tr>
</tbody>
</table>

### General Products & Realty Company

<table>
<thead>
<tr>
<th>Ownership %</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe (Tybo Enterprise Limited (Huck P))</td>
<td>100.0%</td>
<td>0.9</td>
<td>0.6</td>
</tr>
<tr>
<td>ITOCHU FIBRE LIMITED (METSA FIBRE)</td>
<td>100.0%</td>
<td>1.9</td>
<td>1.2</td>
</tr>
<tr>
<td>ITOCHU PULP &amp; PAPER CORPORATION</td>
<td>90.0%</td>
<td>1.0</td>
<td>1.0</td>
</tr>
<tr>
<td>ITOCHU CREATACH CORPORATION</td>
<td>100.0%</td>
<td>0.9</td>
<td>0.5</td>
</tr>
<tr>
<td>ITOCHU LOGISTICS CORP.</td>
<td>95.2%</td>
<td>4.9</td>
<td>2.8</td>
</tr>
<tr>
<td>North American construction materials business</td>
<td>80.0%</td>
<td>7.0</td>
<td>9.8</td>
</tr>
<tr>
<td>ITOCHU KENZAI CORPORATION</td>
<td>100.0%</td>
<td>2.9</td>
<td>2.7</td>
</tr>
<tr>
<td>DAIKIN CORPORATION</td>
<td>86.4%</td>
<td>1.9</td>
<td>2.0</td>
</tr>
<tr>
<td>ITOCHU PROPERTY DEVELOPMENT, LTD.</td>
<td>100.0%</td>
<td>2.4</td>
<td>2.1</td>
</tr>
</tbody>
</table>

### ICT & Financial Business Company

<table>
<thead>
<tr>
<th>Ownership %*5</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITOCHU Techno-Solutions Corporation</td>
<td>61.3%</td>
<td>18.6</td>
<td>17.8</td>
</tr>
<tr>
<td>BELLSYSTEM4 Holdings, Inc.</td>
<td>40.1%</td>
<td>1.8</td>
<td>1.9</td>
</tr>
<tr>
<td>COBENO Corporation</td>
<td>60.3%</td>
<td>4.0</td>
<td>4.3</td>
</tr>
<tr>
<td>Mobile phone-related business</td>
<td>33.4%</td>
<td>14.4</td>
<td>16.7</td>
</tr>
<tr>
<td>ITOCHU Fuji Partners, Inc. (SKY Perfect (SAT) Holdings)</td>
<td>63.0%</td>
<td>0.2</td>
<td>1.9</td>
</tr>
<tr>
<td>HOKEN KO-MAOQCH Group INC.</td>
<td>76.2%</td>
<td>2.8</td>
<td>3.4</td>
</tr>
<tr>
<td>POCKET CARD CO., LTD.</td>
<td>40.2%</td>
<td>2.1</td>
<td>1.3</td>
</tr>
<tr>
<td>Dentsu Corporation</td>
<td>16.0%</td>
<td>3.7</td>
<td>9.0</td>
</tr>
<tr>
<td>First Response Finance Ltd.</td>
<td>100.0%</td>
<td>1.4</td>
<td>1.5</td>
</tr>
<tr>
<td>ITOCHU FINANCE (ASIA) LTD.</td>
<td>100.0%</td>
<td>3.9</td>
<td>4.0</td>
</tr>
</tbody>
</table>

### The 8th Company

<table>
<thead>
<tr>
<th>Ownership %</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>FamilyMart Co., Ltd.</td>
<td>94.1%</td>
<td>17.0</td>
<td>18.7</td>
</tr>
<tr>
<td>NIPPON ACCESS, INC.</td>
<td>40.6%</td>
<td>5.5</td>
<td>2.7</td>
</tr>
<tr>
<td>POCKET CARD CO., LTD.</td>
<td>39.8%</td>
<td>2.1</td>
<td>1.7</td>
</tr>
<tr>
<td>ITOCHU PLASTICS INC.</td>
<td>40.0%</td>
<td>1.6</td>
<td>1.7</td>
</tr>
<tr>
<td>ITOCHU Plantech Inc.</td>
<td>40.8%</td>
<td>0.8</td>
<td>0.5</td>
</tr>
<tr>
<td>ITOCHU Metals Corporation</td>
<td>30.0%</td>
<td>0.6</td>
<td>0.4</td>
</tr>
<tr>
<td>ITOCHU LOGISTICS CORP.</td>
<td>48.0%</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>ITOCHU PULP &amp; PAPER CORPORATION</td>
<td>10.0%</td>
<td>0.1</td>
<td>0.1</td>
</tr>
</tbody>
</table>

### Others, Adjustments & Eliminations

<table>
<thead>
<tr>
<th>Ownership %</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Doshisha Alliance Holdings Limited</td>
<td>100.0%</td>
<td>86.4</td>
<td>72.5</td>
</tr>
<tr>
<td>C.F. Pheugno Co., Ltd.</td>
<td>23.8%</td>
<td>7.7</td>
<td>40.2</td>
</tr>
<tr>
<td>Chis Tei Enterprise International Limited</td>
<td>23.8%</td>
<td>0.4</td>
<td>0.2</td>
</tr>
</tbody>
</table>

---

*1 Indicated ownership percentages are as of June 30, 2022.
*2 "FYE 2023 (Plan)" indicates initial plans disclosed on May 10, 2022.
*4 Ownership has been partially transferred to The 8th Company. Accordingly, ownership percentages and profits / losses are shown for each Delion Company.
*5 The figures are the sum of results / forecast of the Group Companies engaged in mobile-phone-related business except for CONEXIO Corporation.
*6 The figures include net profits from POCKET CARD CO., LTD.
*7 The figures include net profits through FamilyMart Co., Ltd.
*8 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

- Evaluations of External Major IR Activities
  - Stakeholders. While explaining our thinking to our stakeholders, we proactively report the valuable opinions received from analysts, institutional investors, individual investors, and all other stakeholders.

- ANNUAL REPORT 2022
  - ITOCHU Corporation
  - Rating & Investment Information (R&I) AA- / Stable a-1+
  - Government Pension Investment Fund (GPIF)
  - WICI Japan
  - Overall Ranking: AAA Grade
  - By-sector Ranking (Wholesale Trade): AAA Grade
  - Overall Ranking: AAA Grade
  - MSCI Japan Index: 109.81
  - MSCI Japan High Dividend Yield: 109.81

For more information about IR, please visit our Investor Relations website: https://www.itochu.co.jp/en/

- Financial statements
- TSE Filing
- ITOCHU at a Glance
- Shareholders and stock information
- Graphs related to operating results and financial position, ESG data, etc.

Stock and Shareholder Information

- Basic Information about Our Stock
  - Stock Listing: Tokyo
  - Category: Wholesale, Trade
  - Fiscal year: From April 1 to March 31
  - Stock Code: 8001
  - Number of common shares issued: 1,584,889,504 shares
  - Shareholder fixed day for dividend payment: March 31
  - Number of shareholders: 207,790

- Breakdown of Shareholders
  - Financial Institutions: 36.45%
  - Foreign Investors: 10.85%
  - Individuals and Others: 12.05%
  - Domestic Corporations: 2.22%
  - Domestic Financial Companies: 3.99%

Message from the Investor Relations Division

We would like to express our gratitude to the readers of ANNUAL REPORT 2022. We hope that it will contribute to understanding the close relationship between enhancement of ITOCHU’s corporate value and the Company’s “ability of self-transformation” in response to changes in the business environment. Going forward, we will continue proactively engaging in dialogue with all of our stakeholders, ensuring timely, appropriate disclosure, and sincerely advancing investor relations activities aimed at enhancing corporate value even further.

IR Website

- Daiwa Investor Relations Co., Ltd.
  - 2021 Internet IR Award Grand Prize (1st Place)
  - Nikko Investor Relations Co., Ltd.
    - All Japanese Listed Companies’ Website Ranking 2021
    - Overall Ranking: AAA Grade
    - Monex Japan K.K.
      - Gormiz IR Site Ranking 2021
      - Gold Ranking

Credit Ratings

- Rating & Investment Information (R&I)
- Moody’s Investors Service
- S&P Global Ratings

- ESG Ratings

- MSCI ESG Ratings
- S&P Global Sustainability Awards 2022: Gold Class

Sustainability Award

- Gold Class 2023
- S&P Global

Stock and Shareholder Information

- As of March 31, 2022

External Evaluations of Our IR Activities

- Annual Report
  - Government Pension Investment Fund (GPIF)
  - Outstanding Integrated Report

- WICI Japan
  - Integrated Report Award 2021
  - Gold Award
  - NIKKEI Integrated Report Award 2021
  - Second Prize

- IR Website

- Stock and Shareholder Information

- Breakdown of Shareholders

- Major Shareholders

- ESG Ratings

- S&P Global Sustainability Awards 2022: Gold Class

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