Brand-new Deal
Standing as a Merchant, Constantly Evolving as a Merchant

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.
Key Points of ANNUAL REPORT 2022

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 became 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, to organize information logically and to explain driving forces and initiatives to enhance corporate value.

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.

[Diagram of changes in external environment]

- Countermeasures for Business Risks
- Priorities of Our Management Strategy
- Response to Climate Change and Other Issues
- Examples of Ability of Self-Transformation
- Advancement of Women
- Supply chain disruption and spiking in resource prices
- Actualization of geopolitical risks due to the Russian invasion of Ukraine
- Announcement of new GHG emissions reduction targets by the Japanese government
- Publication of revised Corporate Governance Code
The "Merchant" Business Model
— Expansion of Both Economic Value and Environmental / Social Value

Management Messages
— Market-Oriented Perspective, SDG Initiatives, and Management Priorities

CEO Message

COO Message

The "Merchant" Business Model

01
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— Strengths, Non-Financial Capital, and Financial and Capital Strategies

02
Achievement of Short-Term Targets
— Review of Previous Medium-Term Management Plans, Financial Results, and Management Plan

03
Steppingstones to Medium- to Long-Term Value Creation
— Examples of Business Transformation

04
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— Climate Change and Human Rights, Human Resource Strategy, and Governance

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Explanation of the Cover
Beyond the clouds, there is always a clear blue sky.
The cover expresses ITOCHU's commitment as the original company of "Sampo-yan" to continue advancement of business management that performs the role of a "merchant", who consistently supports daily life—both in the current uncertain business environment and in the future.

Forward-Looking Statements

Data and projections contained in this report are based on the information available at the time of publication, and various factors may cause actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not 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.
Tirelessly Continuing Our Efforts

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 run down. The Japanese garden, which neighborized the office of the President of ITOCHU, 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 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.

In the new era, as we relentlessly bolster our superiority in the non-resource sector, ITOCHU will steadily continue building its foundation to unlock the intrinsic value of a market-oriented perspective.

In FYE 2022, ITOCHU shattered previous results, achieving record-high profit. In FYE 2023, we will keep a watchful eye on the incredibly uncertain economic situation and continue to steadily lay a foundation looking to the time when resource prices and exchange rates have returned to normal with the aim of building an earnings base that stably produces ¥700.0 billion based on the policies laid out in Brand-new Deal 2023.

Masahiro Okafuji
Chairman & Chief Executive Officer
Businesses Contributing to “Sampo-yoshi”

This April, Tokyo Stock Exchange, Inc. restructured its market segments. I was invited to attend the ribbon-cutting ceremony as a representative for the Prime Market. To avoid disintermediating 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 surely achieve 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 companies 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 contributed to “sampo-yoshi” and fosters sustainability.

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 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, regrettably 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 16 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 likely highly 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.

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, not disclosing the reasons for resetting 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 dividend payout ratio, it could 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 the progressive dividend policy, we could steadily raise the level of dividend payments every year, even just by a little, investors and shareholders would find it more preferable and feel encouraged to hold our shares over the long term. However, through dialogues with analysts and investors, I came to the realization that there was a gap between our thinking on this and the market’s expectations.

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, we 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 a renewed drive to respond to market expectations to the extent possible going forward. Through extensive discussions, we reached the conclusion that we had already achieved the top ranking among general trading companies for our financial foundation, including shareholders’ equity, and that we had achieved the capability necessary to share more of our profit with investors and shareholders. This led to the announcement in November 2021 of our new dividend policy during the medium-term management plan, comprising incremental increases to the minimum dividend in continuation of the progressive dividend policy as well as a commitment to a payout ratio of 30% by FYE 2024. With the share buyback announcement in January 2022 and its steady execution, we received positive feedback for our proactive shareholder returns, and ITOCHU’s share price overtook record highs during FYE 2022. (Page 36 CPO Interview)
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 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 depended 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 attained overnight. I think this is also clearly proven in the ratio (over 90%) of Group companies reporting profits.

With many high-quality assets that are rich in customer contact points, ITOCHU is working to achieve a transformation from a market-oriented perspective. Within the Group, the FamilyMart convenience store boasts the most customer contact points. Daily sales of our existing stores have recovered a pace better than those of competitors because of the added value we provide through inter-Group collaboration under The 8th Company and improvements in marketing. We are taking steps to raise the efficiency of store operations and enhance profitability through improvements in marketing. We are taking steps to raise the efficiency of store operations and enhance profitability through improvements in marketing.

Another key distinctive feature is the Textile Company, the only one among the general trading companies. Our revenue has grown to 5.6 trillion Yen, a new high. This year, we turned a profit for the first time in 12 years thanks to our strategic initiatives. We are promoting business transformation from a market-oriented perspective, especially in the non-resource sector, while executing investments like these that go beyond conventional boundaries, and we are working on business model improvements and enhancements in profitability. I am confident that we made the right decision. I believe this case illustrates the benefit of continuing to maintain the Textile Company, as this enables various insights to be pooled at the Group-wide level, thereby facilitating better decision-making and enabling the Group to make the right decisions.

With these insights, ITOCHU is carefully monitoring changes to thoroughly understand the impact of changes in the business environment. The uncertain business environment has defied logic, but ITOCHU has continued to thrive. The uncertain business environment has defied logic, but ITOCHU has continued to thrive.

The women studied go to a society 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 the business world, and it is very important as a company to consider the "good for society" aspect of "family-first," as demonstrated by the Tokyo-based FamilyMart. We are working on a new strategy that will enable us to provide added value to existing stores, while also promoting business transformation at a Group-wide level. In doing so, we will be able to achieve the company’s commitment to sustainability.

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. Shaying 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. (Page 22 The “Merchant” Business Model)

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 resuming 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 “comagomerae 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 the 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 resolve bad debt, and the divisions in urgent need of reforming were Machinery, Metals & Minerals, Chemicals, and Real Estate. (These were referred to internally as the “4K divisions,” because the name of each division in Japanese begins with the letter “K.”) In an effort to carefully 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, and cut off some businesses, but we took measures to ensure these businesses would remain viable in some form and would not altogether cease. In the proceeding 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.

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 Okiatji 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 renewable 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 the nation’s major 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 waste, 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 AI 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.

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.

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.
The “Merchant” Business Model

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.

1. Enhancement of Corporate Value
   - **Expand Created Value**
   - **Lower Cost of Capital**
   - **Increase Growth Rate**

2. Short-Term Targets
   - Increase growth rate
   - Steppingstones to Medium-to-Long-Term Value Creation
   - Lower cost of capital

3. Initiatives and Systems Supporting Sustainable Growth

4. Core Strengths: Universal Means
   - Creating Added Value
   - Asset Strategies

**Business Fundamentals**

- **Trust and Commitment**
- **Internal Capital**
  - Human and Organizational Capital
  - Business Know-How
- **External Capital**
  - Client and Partner Assets
  - Natural/Resource Relationships with Society

**Accumulated Corporate Value**

- **Earning Power in the Non-Resource Sector**
- **Ability of Self-Transformation**
- **Experience and Track Record in China and Other Parts of Asia**
- **Individual Capabilities**

**Accumulated Strengths**

- Universal Means
- Business Fundamentals

**Corporate Mission**

Sampo-yoshi

**Supporting Sustainable Growth Initiatives**

- **Earning, Cut, Prevent**
  - **Earning**
    - Conduct trade aligning with changes in the world and customer needs
  - **Cut**
    - Reduce expenses that are not cost effective, reduce unnecessary meetings and documents, etc.
  - **Prevent**
    - Prevent outflows due to losses on receivables and impairment losses

- **Universal Means**
  - Creating Added Value
  - Asset Strategies

- **Maintain Rigorous Governance Structures**
- **Ensure Stable Procurement and Supply**
- **Contribute to Healthier and More Affluent Lifestyles**
- **Address Climate Change**
- **Develop a Rewarding Work Environment**
- **Respect and Consider Human Rights**
- **Contribute to a Decarbonized Society**
- **Evolve Businesses through Technological Innovation**

**Corporate Governance**

- **Lower Cost of Capital**
- **Structure for Promoting Sustainability**

**Material Sustainability Issues**

- 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
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.

<table>
<thead>
<tr>
<th>Issues Recognized through Dialogue</th>
<th>Specific Examples of ITOCHU’s Measures for These Issues</th>
<th>Issues the Company Recognizes It Needs to Address Going Forward</th>
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<tr>
<td>Deliberation and implementation of investment projects that help further strengthen our earnings base</td>
<td>Investments in Hitachi Construction Machinery Co., Ltd. and Nishinaws Construction Co., Ltd., etc.</td>
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<td>Gap between shareholder returns policy, presented when Brand-new Deal 2023 was announced, and market expectations</td>
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<td>Response to country risk amid heightened geopolitical risk</td>
<td>Response to country risk and risks related to Russia- and China-related businesses in results briefings and annual reports, etc.</td>
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<td>Expansion of our disclosure and accumulation of our track record related to climate change, such as GHG emissions reduction results</td>
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<td>Continual discussion and explanation related to ownership and increase in stake</td>
<td></td>
</tr>
</tbody>
</table>

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.
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.

**Comprehensive Strength and Ability of Self-Transformation**

- **Focus Mainly on the Textile Sector**
  Chubei 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.

**Accumulated Strength**

- **Comprehensive Strength and Ability of Self-Transformation**
  We realize sustainable growth by leveraging our comprehensive strength as a general trading company and flexibly transforming ourselves in response to the external environment.

- **Earning Power in the Non-Resource Sector**
  Experience and Track Record in China and Other Parts of Asia

- **Individual Capabilities**

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

- **Comprehensive Strength and Ability of Self-Transformation**

**Compound Annual Growth Rate of Consolidated Net Profit 13.0% (FYE 2011–FYE 2023 Plan)**

We analyze sustainable growth by leveraging our comprehensive strength as a general trading company and flexibly transforming ourselves in response to the external environment.
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 1972” (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.

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.

Experience and Track Record in China and Other Parts of Asia

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Under “Brand-new Deal 2017” (FYE 2016-2018), we sought to enhance corporate value sustanably from a longer-term perspective. We worked with the CP Group to make a joint investment in CITIC, the largest investment in ITOCHU’s history (approximately ¥600.0 billion), and placed a major strategic steppingstone in the world’s largest consumer markets of China and other parts of Asia. CITIC is the largest Chinese state-owned conglomerate, and CP Group is the largest conglomerate in Thailand which has built up various businesses across China. Working with these two reputable partners, we strive to develop businesses which will lead to improving the earning power in our strong non-resource sector.

Accumulated Strengths

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.”

Further Enhancing Earning Power in the Non-Resource Sector

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.

Earning Power in the Non-Resource Sector
Core Profit in the Non-Resource Sector
¥500.3 billion (FYE 2022)

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

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

- **FYE 2012**
  - Harnessing Individual Capabilities
    - No.1 in the Consumer Sector

---

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.

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 boosts “individual capabilities” while enabling the sustained enhancement of all the strengths we have accumulated.

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* 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.

<table>
<thead>
<tr>
<th>Human and Organizational Capital</th>
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<tbody>
<tr>
<td>We increase individual capabilities through our human resource strategies and enhance labor productivity. In addition, our business divisions have powerful backing from our administrative divisions, which have high decision-making systems and high-level expertise, therefore practicing the ‘team, out, prevent’ principles.</td>
</tr>
</tbody>
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<table>
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<tr>
<th>Examples of KPI and Monitoring Indicators</th>
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<td>• Labor productivity of employees</td>
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<td>• Engagement Survey</td>
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<td>• Average training cost per employee</td>
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<tr>
<td>• Number of employees with Chinese-language qualifications</td>
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<tr>
<td>• Monthly average overtime hours</td>
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<tr>
<td>• Annual paid leave acquisition rate</td>
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<td>• Company ranking among job-seekers</td>
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<table>
<thead>
<tr>
<th>Examples of Strengthening Measures</th>
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<tr>
<td>• Realization of ITOCO’s Mission and Guideline of Conduct</td>
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<tr>
<td>• Morning-Focused Handover System and adoption of a work from home system for all employees</td>
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<tr>
<td>• Health management (Support Measures for Balancing Cancer Care and Work, etc.)</td>
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<tr>
<td>• Business support and operational function of administrative divisions</td>
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<td>• Changing work system flexibly during the COVID-19 pandemic</td>
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### Business Creation through Combinations of Capital

#### Business Investment

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<th>Explanation of Each Capital (Importance)</th>
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<td>Internal Capital</td>
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<tr>
<td>Business Know-How</td>
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<tr>
<td>Business Portfolio</td>
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#### Financial Capital

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<th>Client and Partner Assets</th>
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<tbody>
<tr>
<td>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 the midst of the non-resource external 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.</td>
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<table>
<thead>
<tr>
<th>Examples of KPI and Monitoring Indicators</th>
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<tbody>
<tr>
<td>• Profits from initiatives with blue-chip partners</td>
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<tr>
<td>• Expenses reduced and decreases in losses on bad debts</td>
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<tr>
<td>• Revenues from various business operations</td>
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<table>
<thead>
<tr>
<th>Examples of Strengthening Measures</th>
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</thead>
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<tr>
<td>• Pursuit of highly efficient management (rigorously selected investments and continuous asset replacement)</td>
</tr>
<tr>
<td>• Improving profitability of existing businesses (thoroughly instilling the “earn, cut, prevent” principles)</td>
</tr>
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### Human Resources

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<th>Explanation of Each Capital (Importance)</th>
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<tr>
<td>External Capital</td>
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<td>Relationships with Society</td>
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<table>
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<tr>
<th>Examples of KPI and Monitoring Indicators</th>
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<tr>
<td>• Number of engagements with stakeholders</td>
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<tr>
<td>• Number of sustainability surveys conducted</td>
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<tr>
<td>• Number of employees participating in sustainability and compliance-related internal training</td>
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<tr>
<td>• External evaluation by ESG rating agencies, etc., and addition to indices</td>
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<tr>
<td>• Stakeholder returns (dividends and share buybacks) and EITs</td>
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<tr>
<td>• Selection and securing of blue-chip partners</td>
</tr>
<tr>
<td>• Use of cutting-edge technologies and services and business model transformation</td>
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<tr>
<td>• Strengthening of value chains and business investment management based on a sustainability point of view</td>
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#### Examples of Key Combinations of Capital in the Businesses Highlighted in the SPECIAL FEATURE "Merchants Who Continue to Transform"

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<th>Enforcement</th>
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<td>FamilyMart’s Goal of Reinforced Evolution of Value Chains, Starting with FamilyMart</td>
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<td>The Group’s largest customer contact points and Partner and Affiliate</td>
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<th>Examples of Self-Transformation in Anticipation of Changes in the Market of the ICT &amp; Financial Business Company</th>
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<td>Venture investment in new business development capabilities since the 1980s (Business Know-How)</td>
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<tr>
<td>Areas of digital technology businesses that enable support for customers’ DK (Business Know-How)</td>
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<th>Examples of Polishing Business through a Hands-On Management Style (DISCIENTE CO., LTD.)</th>
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<tr>
<td>Our experience and track record in China (Business Know-How)</td>
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<tr>
<td>Increase in sports related demand due to rising health consciousness (Relationships with Society)</td>
</tr>
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<tr>
<th>Examples of New Steppingstones for the Advancement of the Construction Machinery Business (Hitachi Construction Machinery Co., Ltd.)</th>
</tr>
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<tbody>
<tr>
<td>The customer base of YANASE &amp; CO., LTD., mainly consisting the machinery rental companies, etc.</td>
</tr>
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<td>Expansion of renewable energy business by moving away from fossil fuels (Natural Resources)</td>
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<tr>
<th>Examples of Sustainable Growth through Strengthening the Value Chain (Natural Rubber and Tire Business)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stable procurement and supply of natural rubber (Natural Resources)</td>
</tr>
</tbody>
</table>

**Note:** For FEST items affecting each capital, please see Page 138 Data Section - Page 148 Analysis (Macroenvironmental Factors through 2030).
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 maintained our financial and capital foundations, which will underpin our growth strategies going forward.

Since becoming CFO in FYE 2016, I have committed to the “Policy to achieve high ROE while balancing three factors (shareholders’ returns, growth investments, and control of interest-bearing debt)” and continued implementing strategic balance sheet management. Over the last seven years, shareholders’ equity, which is an important indicator of the Company’s resilience to risk, increased by ¥1.8 trillion to ¥2.0 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 visible 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)

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 those investments. At the same time, we are striving to expand shareholder returns.

Under the medium-term management plan “Brand-new Deal 2023,” which was released in May 2021, we announced a policy with a minimum dividend per share (DPS) of ¥34 in FYE 2022 and an aim to reach ¥60 with a progressive dividend policy every fiscal year from the next medium-term management plan. We have announced a share buyback up to ¥70.0 billion, but only executed ¥13.5 billion of them before announcing a reset in June 2021, which created a significant gap between the Company’s shareholder returns policy and market expectations. While, with these announcements, we also laid out our policy to actively and continuously execute share buybacks and dividend increases if and when there is an upward revision to our consolidated net profit plan, which had initially been set conservatively during the pandemic, it is true that this was a policy that was somewhat hard to understand and lacking in strength, looking at it from ITOCHU’s defining and distinctive commitment-based management perspective.

Through dialogue with investors and shareholders, we thoroughly considered market expectations and carefully analyzed the consolidated net profit target during the medium-term management plan. Afterward, swiftly re-announced a “new dividend policy” for the plan at the end of the second quarter of FYE 2022.

Rather than a dividend payout ratio that causes a decrease in dividends if profit declines, we have prioritized, with a strong emphasis, a progressive dividend within actual dividend amounts are guaranteed to increase from the previous fiscal year. We have maintained this focus since FYE 2016. On the other hand, we have heard opinions from the market that if we do not present a dividend payout ratio, which serves as a reference point, it would be difficult for investors to make decisions from a fund/portfolio management standpoint, so the Company presented a new dividend policy which aims to fulfill both: a progressive dividend and enhancement of the dividend payout ratio.

Specifically, we will maintain our progressive dividend policy, setting minimum DPS at ¥110 for FYE 2022, ¥120 for FYE 2023, and ¥130 for FYE 2024, the last year of the plan. We also commit to achieving a dividend payout ratio of 30% by FYE 2024. The reason DPS in FYE 2024 will be higher than FYE 2023 is not solely because of the progressive dividend. Even if persistently high resource prices come back, we would still face risks in our business environment. In that respect, we believe that increasing DPS would be difficult. Also, we aim to achieve a conservative dividend payout ratio of 30% or more in FYE 2023 and FYE 2024. We would like to raise the ratio to 34% in FYE 2025 to 36% in FYE 2026, and 38% in FYE 2027, as set forth in our medium-term management plan.

Achieve High ROE While Balancing Three Factors

Shareholder
Returns
Enhancing shareholders’
equity
Control of Interest-
Bearing Debt
Growth Investments
Shareholders’
equity
NET DER
Positive core cash flows, after deducting shareholder returns
01 Driving Force for Sustainable Value Creation

(continued)
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 outlook remains uncertain. 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 (RI) 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 hikes 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.

A Positive Cycle of Dialogue and Corporate Value Enhancement

Paying attention to your request, I would like to emphasize the following.

1. **Driving Force for Sustainable Value Creation**
   - Balancing three factors: Balancing financial, capital, and risk strategies to achieve sustainable growth.
   - Promoting proactive IR activities: Engaging in open dialogue with stakeholders to enhance corporate value.
   - Sustainably Enhance Corporate Value
     - **Sustainability objectives**
     - **Corporate Governance**
     - **Stakeholder Engagement**
     - **Integrity and Compliance**

2. **ROE and Shareholders’ Equity**
   - Shareholders’ equity (left axis)
   - ROE of ITOCHU (right axis)
   - Average ROE of other 4 major general trading companies (right axis)
Business Investment

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-divisional 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.

Business Investment Process

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. 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.

Points for Making Decisions

- Investment Purpose and Formulation of Growth Strategies
- Verification of Business Plan Appropriateness
- Compliance with Investment Criteria
- Risk Analysis
- Verification of Internal Control Status
- Setting Exit Conditions

Thoroughly Verifying Appropriateness of Business Plan
- Scrutinizing business plans active making new investments (including sensitivity analysis)
- Concrete countermeasures for downward divergence from original plan (including setting of exit measures)

Investment Criteria
- Investment efficiency based on Net Present Value (NPV), calculated from investee’s free cash flows. When calculating NPV, about 10 hurdle rates (by country) are used according to industry.
- Cash inflows into ITOCHU, such as dividends received and earnings from trade activities
- 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 multilateral 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 from the invest-
- Setting exit conditions: Setting quantitative exit conditions that, in principle, call for exiting from the invest-
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Training Based on “Unforgettable” Cases of Investment Failure
We share the lessons learned from reviewing specific past investment failures, thereby improving the success rates of future investments. In FYE 2022, we held a total of 20 training sessions, in which approximately 1,900 employees cumulatively from business divisions and administrative divisions participated. (Page 56 CISO Interview)

Asset Replacement
Promoting replacement of low-return assets that meet exit criteria as well as businesses that have lost strategic significance.

Sharing the Lessons Learned

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

Maximizing Corporate Value

Ongoing Post-Investment Monitoring

Hands-On Management
After executing business investments, we dispatch personnel from our business divisions and administrative divisions to the frontline operations and key positions of investee companies. Through hands-on management that utilizes the individual capabilities of personnel, we enhance the corporate value of investee companies and create synergies that increase our comprehensive strength.
**Business Investment**

**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.

### Periodic Reviews for All Business Investments

<table>
<thead>
<tr>
<th>Division Company</th>
<th>Prior Consultation</th>
<th>Opinion based on exit criteria</th>
</tr>
</thead>
<tbody>
<tr>
<td>DMC</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**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.

**Decision-Making Process**

**Exit Criteria for Business Investment**

<table>
<thead>
<tr>
<th>Exit Criteria</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Cumulative losses for the last three years</td>
<td></td>
</tr>
<tr>
<td>(2) Returns lower than original plans made at the time of investment</td>
<td></td>
</tr>
<tr>
<td>(3) Cumulative losses in added value for the last three years [Consolidated contribution(^1) – (Consolidated investment carrying amount × Cost of capital(^2)]</td>
<td></td>
</tr>
</tbody>
</table>

\(^1\) Consolidated contribution is the total of net profit and trade merit.

\(^2\) Cost of capital: Set according to industry (approximately 70) and country.

### 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

- **Ratio of Group companies reporting profits 90.9%**
- **Steady accumulation of high-quality assets**

### How ITOCHU Differs from a General Private Equity Fund

As we consider business investment to be a powerful tool, our business model is often compared to that of a private equity fund. There are certain similar aspects, such as the goal to contribute proactively to investees’ management and maximize the corporate value of investees. However, the differences are that we focus on generating synergies with existing businesses and enjoy returns centered on trading profits and dividends.

<table>
<thead>
<tr>
<th>General Private Equity Fund</th>
<th>In principle, usually</th>
<th>In principle, minimum value up to 50%</th>
<th>In principle, after exit strategy</th>
<th>Capital gains and dividends</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITOCHU</td>
<td>Either listed or unused</td>
<td>In principle, minimum value up to 50%</td>
<td>Capital gains and dividends</td>
<td>In principle, trading profits and dividends</td>
</tr>
</tbody>
</table>

* The ALM (Asset Liability Management) Committee is chaired by the CFO, and its core members are the General Managers of the Corporate Planning & Administration, General Accounting Control, Finance, and Global Risk Management divisions. Meetings are also attended by one full-time Audit & Supervisory Board Member. (Page 85 Activities of Internal Committees)
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 realize this 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.
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

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

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- Trajectory of Corporate Value Enhancement 48
- Business Results for FYE 2022 50
- FYE 2023 Management Plan 52
Steadily Building Up Corporate Value by Enhancing the Trust and Creditworthiness in the Market

Trajectory of Corporate Value Enhancement

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.

**Brand-new Deal 2013**
(FYE 2022–FYE 2024)

**Basic Policies**
- Thoroughly instilling the “earn, cut, prevent” principles as the core of our business

**Market Capitalization at Fiscal Year-End**
- ¥5.7 trillion

**Results**
- Achieved the “triple crown*2” of general trading companies
- Privatized FamilyMart
- Became the first general trading company to be included in all ESG-related investment indices adopted by the Government Pension Investment Fund (GPIF) etc.

**Steady Achievement of Targets**

<table>
<thead>
<tr>
<th>Year</th>
<th>Initial Plan</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>FYE 2021</td>
<td>¥400.0 billion</td>
<td>¥401.4 billion</td>
</tr>
<tr>
<td>FYE 2022</td>
<td>¥500.0 billion</td>
<td>¥501.3 billion</td>
</tr>
<tr>
<td>FYE 2023</td>
<td>¥600.0 billion</td>
<td>¥600.5 billion</td>
</tr>
</tbody>
</table>

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**Brand-new Deal 2020**
(FYE 2019–2020)

**ITOUCHI: INFINITE MISSIONS: INNOVATION**
“Evolution to Next-Generation Growth Models”
- “Medium-to-Long-Term Shareholder Returns Policy (October 2018)”

**Results**
- Established a foothold for consolidated net profit of ¥280.3 billion
- Made FamilyMart a consolidated subsidiary and established The 8th Company
- Revised the Group corporate mission etc.

<table>
<thead>
<tr>
<th>Year</th>
<th>Initial Plan</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>FYE 2020</td>
<td>¥280.0 billion</td>
<td>¥280.3 billion</td>
</tr>
<tr>
<td>FYE 2021</td>
<td>¥300.0 billion</td>
<td>¥300.6 billion</td>
</tr>
<tr>
<td>FYE 2022</td>
<td>¥320.0 billion</td>
<td>¥320.3 billion</td>
</tr>
</tbody>
</table>

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**Brand-new Deal 2017**
(FYE 2016–2017)

“Challenge”
“Engaging All Employees to Lead a New Era for the Sogo Shosha”
“Infinite Missions Transcending Growth”

**Results**
- Built an earnings base for consolidated net profit of ¥240.4 billion
- Privatized FamilyMart
- Became the first general trading company to be included in all ESG-related investment indices adopted by the Government Pension Investment Fund (GPIF) etc.

<table>
<thead>
<tr>
<th>Year</th>
<th>Initial Plan</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>FYE 2017</td>
<td>¥240.0 billion</td>
<td>¥240.4 billion</td>
</tr>
<tr>
<td>FYE 2018</td>
<td>¥290.0 billion</td>
<td>¥290.3 billion</td>
</tr>
<tr>
<td>FYE 2019</td>
<td>¥320.0 billion</td>
<td>¥320.5 billion</td>
</tr>
</tbody>
</table>

---

**Brand-new Deal 2014**
(FYE 2014–2015)

“Aiming to be the No. 1 Trading Company in the Non-Resource Sector”

**Results**
- Established a foothold for consolidated net profit of ¥240.5 billion
- Made FamilyMart a consolidated subsidiary and established The 8th Company
- Revised the Group corporate mission etc.

<table>
<thead>
<tr>
<th>Year</th>
<th>Initial Plan</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>FYE 2014</td>
<td>¥240.0 billion</td>
<td>¥240.5 billion</td>
</tr>
<tr>
<td>FYE 2015</td>
<td>¥300.0 billion</td>
<td>¥300.6 billion</td>
</tr>
<tr>
<td>FYE 2016</td>
<td>¥330.0 billion</td>
<td>¥330.5 billion</td>
</tr>
</tbody>
</table>

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**Brand-new Deal 2012**
(FYE 2010–2013)

“Earn, Cut, Prevent”

**Results**
- Established a foothold for consolidated net profit of ¥200.0 billion
- Made FamilyMart a consolidated subsidiary and established The 8th Company
- Revised the Group corporate mission etc.

<table>
<thead>
<tr>
<th>Year</th>
<th>Initial Plan</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>FYE 2010</td>
<td>¥200.0 billion</td>
<td>¥200.3 billion</td>
</tr>
<tr>
<td>FYE 2011</td>
<td>¥280.0 billion</td>
<td>¥280.5 billion</td>
</tr>
<tr>
<td>FYE 2012</td>
<td>¥330.0 billion</td>
<td>¥330.5 billion</td>
</tr>
</tbody>
</table>

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*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 ¥820.3 billion, renewed a record high significantly
- Announced “Brand-new Deal 2023 New Dividend Policy” and executed share buybacks. Steadily implementing the shareholder returns policy

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

- Market-oriented perspective
- SDGs
- Human resource strategy
- Others

Other

Financial Position

Billions of yen FYE 2021 Results FYE 2022 Results Increase / Decrease
Total assets 11,178.4 12,153.7 975.3
Net interest-bearing debt 2,607.4 2,783.7 176.3
Total shareholders’ equity 5,316.3 5,199.8 (116.5)
Bond issuance and share buybacks 29.7 34.6 4.9
NET DER 0.78 times 0.64 times (14.3)
ROE 12.7% 11.8% Decreased 0.9%
Core profit 452.5 457.2 4.7
Core profit excluding the impact of COVID-19 508.5 527.0 18.5
Non-resource 109.7 111.3 1.6
Resource revenue 721.7 721.7 Break-even
Non-resource (%) 7.7% 7.9%
Profit / losses of Group companies 359.6 349.2 (10.4)
Ratio of Group companies reporting profits (%) 82.4% 80.3% Increased 2.1%

Core Free Cash Flows

Billions of yen FYE 2021 Results FYE 2022 Results
Core operating cash flows* 574.0 541.8 (32.2)
Net investment cash flows* 756.8 157.0 (599.8)
Core free cash flows 1,321.8 698.8 (623.0)

Cash Flows

Billions of yen FYE 2021 Results FYE 2022 Results
Cash flows from operating activities 865.5 807.2 (58.3)
Cash flows from investing activities 207.0 38.5 (168.5)
Free cash flows 658.5 848.7 190.2
Cash flows from financing activities 728.8 646.7 (82.1)

Consolidated Net Profit by Segment

Billions of yen

Textile 3,316.3
Machinery 2,783.7
Metals & Minerals 2,599.8
Energy & Chemicals 2,499.8
Food 2,499.8
General Products & Realty 810.3
ICT & Financial Business 790.0
The 8th others, Adjustments & Eliminations 837.0

Notes:
1 “Cash flows from operating activities” – “Changes in working capital” + “Payment of lease liabilities, etc.”
2 Payments and collections for substantive investment and capital expenditure “Investment cash flows” + “Equity transactions with non-controlling interests” – “Changes in loan receivables,” etc.
• Record High

Substantially exceeded Brand-new Deal 2023 targets in the 1st fiscal year
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

#### Quantitative Targets

**FYE 2023 profit plan:** Consolidated net profit of ¥700.0 billion
Core profit expected to reach a record high of ¥130.0 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 sinks 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”

#### Core profit expected to reach a record high of ¥130.0 billion due to growth in the non-resource sector.

#### Brand-new Deal 2023 Profit Plan

- **Core profit:** ¥130.0 billion
- **Consolidated net profit:** ¥700.0 billion

---

### 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
- 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. **Exchange rate (yen/US$):** Average
   - FYE 2023: ¥120.0
   - FYE 2024: ¥110.0

2. **Interest rate (10-Year JGB):**
   - FYE 2023: 0.10%
   - FYE 2024: 0.05%

3. **Iron ore (CFR China):**
   - FYE 2023: ¥120.0 billion
   - FYE 2024: ¥100.0 billion

---

*1* FYE 2022 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.

*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

- Corporate Value
- Created Value
- Cost of Capital
- Growth Rate

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13% or more Medium- to long-term ROE target
30% Commitment to a payout ratio by FYE 2024
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 OP 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, to 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 especially 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 are working to ingrain them internally.

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.

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

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 frontline-led DX. From FY 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 Groupwide 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 FY 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, 2023, our exposure to Russia and to Ukraine stood at $42.1 billion and $2.6 billion, respectively. Our FY 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 “backup” 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

Building a Robust Earnings Base through Asset Replacement

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

Action Principals

Forming Domains and Expanding Multifaceted, Linked Businesses through Trade and Business Investment

We utilize our accumulated financial and non-financial capital to develop businesses through trade and business investment. Our goal is to increase our earning power of trade and business investment. To this end, we upgrade business management by instilling the "earn, cut, prevent" principles, while creating multifaceted, linked businesses through trades and synergies.

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.
New perspective: Market-Oriented Perspective (creating businesses from downstream)

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”

1. FamilyMart’s Goal of Renewed Growth
3. Polishing Business through a Hands-On Management Style
4. New Steppingstones for the Advancement of the Construction Machinery Business
5. Business Expansion in Accordance with a Decarbonized Society (Distributed Power System Supply Platform)
6. Sustained Growth through Strengthening the Value Chain (Natural Rubber and Tire Business)
After privatization in FYE 2021, greater management flexibility has allowed FamilyMart's operation to become more customer-centric than ever before, making it possible to nimbly respond to the rapidly changing external environment and customer needs.

FamilyMart marked the 40th anniversary of its founding in FYE 2022. The year 2022 was positioned as a three-year period for achieving renewed growth. In addition, we intend to create a new convenience store concept that is not bound by existing frameworks and to create a new convenience store concept that is not bound by existing frameworks.

This feature explores FamilyMart's goals and current status as it works to strengthen the foundation of its convenience store business and expand new businesses through the medium-term management plan, which commenced in FYE 2023 and designates a three-year period for achieving renewed growth.

**Toward the Next Decade of FamilyMart**

Kensuke Hosomi  
Representative Director  
and President  
FamilyMart Co., Ltd.

FamilyMart marked the 40th anniversary of its founding in FYE 2022. The year 2022 was positioned as a three-year period for achieving renewed growth. Although we are embarking on a voyage in a difficult environment due to rising raw material and energy costs, we will 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 operator, 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.

**New Growth Cycle**

- **Generate Revenues by Turning Stores into Media**
  - Expanded advertising media business
  - Implemented FamilyMart’s unique advertising distribution service linked to the sales floor
  - Created new store value

- **Establish Media Value of the Stores**
  - Creates media scale with installation in all stores possible
  - Monetizes advertising media business (new revenue source)
  - Increase daily sales and profit by attracting customers

- **Strengthen the Digital Customer Base**
  - Increased downloads (over 8 million as of March 31, 2021)
  - Expanded FamilyMart’s payment service and financial business

- **Strengthen the Digital Business Foundation**
  - Improved Product Appeal
    - Strengthening product development through integrated sales, product, and marketing efforts, resulting in a series of hit products (jewelry, breads, etc.)
    - Strong sales of Convenience Wear
    - Launch of new FAMIMARU private brand

- **Strengthen the Digital Media Business**
  - Increased downloads (as of May 31, 2022)
  - Contributing to an increase in repeat user rates
  - Making progress in marketing applications
  - Launched BMNC, "FamiPay Fixed Month Payment" and "FamiPay User" services

- **Well-Grounded Digitalization**
  - Improved efficiency of store operations through the use of digital technology
  - Reduced costs through optimization of product delivery operations to stores

**ANNUAL REPORT 2022**

**UP TO DATE INFORMATION**

**View Details**

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**View Details**
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 businesses, which centers on FamilyMart, we are creating synergies that transcend Division Companies’ boundaries.

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 such as 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 FY2024, with the aim of developing our stores into a third media platform after TVs and the internet.

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

Operational Support*

We support the operational efficiency of approximately 16,600 stores in Japan in many different ways—from supply chain management to the leasing of store fixtures.

Food Product and Peripheral Business*

We coordinate the optimal food value chain from the formulation of raw material procurement schemes to the arrival of items on store shelves, including product planning, manufacturing, processing, and procurement of containers and packaging materials.

Non-Food Product*

We provide daily necessities and supplies needed for daily store operation.

Intermediate Distribution*

We handle logistics to individual stores.
Since FYE 2011, Digital consulting
Evolution of the Value Chain Using DX

Financial & Insurance Business
ICT

In expectation of expanding markets in the telecommunications and mobile sector, as well as growing recycling needs and higher prices for mobile devices, the ICT Division launched a secondhand mobile devices distribution business as it works to expand mobile-related business. In addition, in the information technology sector, we fully entered the DX and BPO* businesses with an eye toward increasingly sophisticated utilization of IT and rising demand for communication with consumers. In the Financial & Insurance Business Division, we focus on the retail business, operate an auto loan business in Europe and a retail finance business in Asia, and invested in HOKEN NO MADOGUCHI GROUP INC.

Since transitioning to our current Business Company structure in FYE 2017, we have continued to steadily expand profit through these efforts. Going forward, with DX, mobile, and retail finance and insurance business as our focus sectors, we aim to achieve growth by providing market-oriented services adapted to the accelerating pace of changes in the business environment and diversifying customer needs.

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

The ICT & Financial Business Company is one of ITOCHU’s unique segments, leading us to differentiate ourselves from industry peers. In recent years, its presence has expanded as one of the earnings pillars in the non-resource sector. As a result of steadily implementing strategies that anticipate market changes and consistently focusing on profit expansion, consolidated net profit in FYE 2022 grew to over ¥100.0 billion. Leveraging our business foundation, which has competitive advantages that cannot be built outright, we aim to achieve further growth centered on the DX, mobile, and retail finance and insurance business. In the DX field in particular, amid increasing digitalization around the world, we will continue striving to expand profit by meeting the DX support needs of corporate customers from a market-oriented perspective.

Self-Transformation through Strategies That Anticipate Market Changes
Since the 1990s, the ICT & Financial Business Company has seized opportunities to access leading-edge technologies and services that drive innovation through investment in venture capital funds in Silicon Valley and other parts of the world. The culture and practice of developing new businesses has taken root. While undergoing a series of integration and reorganization with other segments historically, the earnings base has been rebuilt by steadily implementing strategies that anticipate market changes.

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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 business 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 throughout the value chain by addressing needs through upstream DX and connecting them to the core downstream Group companies such as CTC and BELLSYSTEM24, Inc.
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 the overreliance on South Korea business, DESCENTE shifted to focusing on profit, instead of sales, and implemented a fundamental restructuring aimed at improving profitability in Japanese business. In addition, the China business was reborn through a partnership with the ANTA Group, one of the world’s leading sports companies. The partnership enables a revitalized DESCENTE China to combine the manufacturing power of DESCENTE with the sales power of the ANTA Group, thereby expanding the number of stores and significantly increasing earnings. Moreover, following the end of South Korea’s boycott of Japanese products, 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 capacity. 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 having its own R&D center and factories to conduct manufacturing that fulfills consumer needs and thereby enhances earnings. Amid continuing struggles in the apparel industry during the pandemic, DESCENTE aims to achieve further growth by working to differentiate itself in the sports sector, which is its strength.

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 YANASE became a consolidated subsidiary in 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 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 *

*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.
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 MULTQUIP:
- 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. After ending its alliance with Deere & Company, it urgently needed to select new business partners to work with on vertically establishing a sales and service network encompassing sales, financing, repairs, and more. ITOCHU had a track record of many years supporting sales of Hitachi Construction Machinery products all over the world. In particular, we have worked with them as a business partner for their finance and construction machinery sales businesses in Indonesia. In addition, ITOCHU is already engaged in the construction machinery business in North America, and the Company has 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 MULTQUIP’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 MULTQUIP’s generators and Hitachi Construction Machinery’s hydraulic excavators and by utilizing joint transportation and warehouse operations in North America. Based on a market-oriented perspective, 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 materials business that use generators 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 in North America to other regions around the world and accelerate our business expansion.
In transition to a decarbonized society and growing social demands, the recent surge in prices for electricity and fuel cost has 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 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 "additional," 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 2022, 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 operators in Japan. While ITOCHU, through its undertaking with WPF 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 space for on-site PPA.

*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, from the premise 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.

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.

Going forward, we will continue to contribute further to create a decarbonized society by enhancing the diverse lineup of our decarbonization solutions.

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 hard to garner greater support for the project. For the natural rubber procured by ABP, 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, which has 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 Murratts 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.
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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PEST Analysis
(Macroenvironmental Factors through 2030)
Countermeasures for Business Risks and Other Risks
CAO Interview
Initiatives to Promote Sustainability
Approach to Climate Change and Related Initiatives

Sustainability Management
Human Resource Strategy
Corporate Governance
Women’s Advancement Committee
Members of the Board, Audit & Supervisory Board Members, and Executive Officers
PEST Analysis (Macroeconomic Factors through 2030)

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 macroeconomic 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.

How to understand this page

Example: Change in Investment Environment

Change in Investment Environment

Balance of risks and opportunities between 2019 and 2020

With the actualization of geopolitical risks, policies focus more on ongoing international cooperation as well as the stability of consumer and corporate behavior, etc. We will develop businesses amid increasing scrutiny of companies.
### 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.

#### 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 increases 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 stepping up the rigorous implementation of "cut" measures.

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Risk Description</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>(1)</strong> Risks Associated with Macroeconomic Factors and Business Model</td>
<td><strong>(7)</strong> Risks Associated with Fund-raising</td>
</tr>
<tr>
<td><strong>(2)</strong> Market Risk</td>
<td><strong>(8)</strong> Risks Associated with Taxes</td>
</tr>
<tr>
<td><strong>(3)</strong> Foreign Exchange Rate Risk</td>
<td><strong>(9)</strong> Risks Associated with Significant Liabilities</td>
</tr>
<tr>
<td><strong>(4)</strong> Commodity Price Risk</td>
<td><strong>(10)</strong> Risks Associated with Laws and Regulations</td>
</tr>
<tr>
<td><strong>(5)</strong> Stock Price Risk</td>
<td><strong>(11)</strong> Risks Associated with Human Resources</td>
</tr>
<tr>
<td><strong>(6)</strong> Investment Risk</td>
<td><strong>(12)</strong> Risks Associated with the Environment and Society</td>
</tr>
</tbody>
</table>

#### Risks Associated with Cost Increases in the Consumer Sector

- **Textile**
  - Increase in raw material prices and logistics costs
  - Decreases in consumption and orders
  - Possible acceleration of brand recognition (change in ownership)
- **Food**
  - Increase in procurement costs due to rising raw material prices
  - Increase in indirect costs, such as fuel and secondary materials
  - Change in consumption trends of consumers due to inflation
- **Food distribution**
  - Increase in distribution costs and other indirect costs due to higher fuel prices
  - Change in consumption trends of consumers due to inflation
- **General Products & Realty**
  - Increase in procurement costs due to rising raw material prices
  - Increase in indirect costs, such as labor, fuel, and secondary materials
- **The 8th Convenience stores**
  - Increase in procurement costs due to rising raw material prices
  - Increase in indirect costs, such as utility costs
  - Change in consumption trends of consumers due to inflation

#### Risks Associated with the Outbreak of COVID-19

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.

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

We aim to enhance corporate value and strengthen sustainability by taking various frontline-focused measures to turn words into accomplishments.

How did you ensure employee safety during the pandemic and the Russian invasion of Ukraine?

We gave top priority to ensuring the safety of employees on the front lines, and implemented prompt measures such as workplace vaccinations and evacuation abroad.

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 on a 24/7 basis, 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 posits 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.

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 silos. I feel this is one major reason the committee is vital.

In addition to stimulating vigorous discussion, the committee places great emphasis on reviewing the Sustainability Action Plans, which incorporate identified material issues for specific businesses and initiatives. In each business sector, we identify key sustainability risks and opportunities for each Division Company, make medium- to long-term commitments, establish approaches as well as performance indicators for
achievement, and conduct an annual review of the progress on each action item. This enables every member of the Sustainability Committee to become familiar with the numerous initiatives outside of their own Division Company. Moreover, I think discussing the initiatives from a wide range of perspectives has helped each Division Company expand the scope of its own projects. (Page 84 Initiatives to Promote Sustainability)

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 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 employees to work from home, which became widely practiced during the pandemic, according to their specific work and personal situations. In addition, we realized that many 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 during that consideration process, we ask that they start with implementing what they can of the various work-style reforms ITOCHU has rolled out. To promote such effort, we have openly shared details of our work-style reforms with Group companies. Many Group companies have already introduced the Morning-Focused Working System and health management measures that ITOCHU spearheaded. Those companies have reaped benefits similar to ITOCHU by reducing unnecessary overtime and creating sought-after time for many of their employees, not just for those who face time restrictions due to childcare or nursing care. For example, employees have voiced that the measures, such as in terms of sharing housework and childcare between spouses or enabling self-development, have led to motivation for work. Furthermore, we have heard that better health management has helped foster peace of mind among employees. Since entering the second stage of work-style reforms, the Company is asking its Group companies to again consider evolving their work styles based on the issues identified by ITOCHU.

In addition, from the perspective of enhancing consolidated management, we are providing meticulous support in hiring, training, and labor management in line with each Group company’s situation. For example, regarding training, we are working to expand programs for all Group companies, including joint training for new hires and training for supervisors. For a long time, we have implemented a special program to develop future managers by bringing together national manager candidates of foreign nationalities from Group companies overseas, although for the last few years this program has been temporarily suspended due to the COVID-19 pandemic. In this and other ways, we have rolled out the Group’s human resource strategy in Japan and overseas. To appropriately cope with a rapidly changing labor environment, ITOCHU’s robust support also includes providing information on legal revisions and holding workshops related to labor cases across Group companies. In line with the corporate mission of “Stampo-yoshi,” we will strive to roll out the Company’s work-style reforms and other human resource measures to Group companies as we aim to be a corporate group where every employee works with pride and job satisfaction.
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.

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.

Viewing Climate Change as an Opportunity

In its medium-term management plan, ITOCHU has set a target of offsetting GHG emissions to zero by 2040. For example, by constructing renewable energy power plants, the Company helps its customers reduce their GHG emissions through the use of this renewable energy and strives to reduce global GHG emissions. When building new renewable energy power plants, there is a possibility that the Company’s Scope3 emissions will increase. By accelerating such initiatives, however, ITOCHU intends to reduce its own emissions, including Scope3, and make a greater contribution to reducing GHG emissions overall. I believe this is a rather ambitious target.

At the same time, ITOCHU also aims to achieve net zero GHG emissions by 2050. As a part of this goal, the Company provides training videos to its employees to learn more about how to perform life cycle assessment and calculate Scope3 emissions, for example, and these videos are also used as a marketing tool for customers who are keen to use carbon-free products. In addition to envisioning grand solutions for the future, ITOCHU’s approach starts with reducing emissions in its own businesses, and I believe this is the best attitude to reduce GHG emissions. I think ITOCHU’s efforts are a useful reference for other companies as well. I am strongly encouraged that ITOCHU, which supports the businesses of numerous customers as a general trading company, views efforts to reduce GHG emissions as a business opportunity rather than just a cost burden and is proactively executing initiatives.
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 and Offset 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.

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 (Million tons)</th>
<th>FYE 2022: Sold interests in Ravensworth North thermal coal mine after selling interests in Drummond thermal coal mine</th>
<th>Contribution to reduction</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>40</td>
<td>FYE 2022: Sold interests in Ravensworth North thermal coal mine after selling interests in Drummond thermal coal mine</td>
<td>Contribution to reduction</td>
</tr>
<tr>
<td>2030</td>
<td>20</td>
<td>- Achieved 50% reduction in emissions compared with FYE 2019 level</td>
<td></td>
</tr>
<tr>
<td>2040</td>
<td>10</td>
<td>- Achieved 90% reduction in emissions compared with FYE 2019 level</td>
<td></td>
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</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.

GHG emissions

Reduction of handling of fossil fuels and related products 
Providing leadership to suppliers and customers

GHG emissions

Reducing handling of fossil fuels and related products 
Providing leadership to suppliers and customers

Contribution to reduction

Expanding renewable energy, ESS, EC, hydrogen and ammonia business, etc.
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 businesses that could see considerable changes in 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 policy 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 ITOCU’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/

<table>
<thead>
<tr>
<th>Business</th>
<th>Power generation business</th>
<th>Dole business</th>
<th>pulp business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Temperature rise scenario</td>
<td>2°C scenario</td>
<td>2°C scenario</td>
<td>2°C scenario</td>
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</table>

Approach to Climate Change and Related Initiatives

Climate Change Risk Management
Engaged in global business operations, ITOCU constantly monitors climate change policies in each country, the state 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.

Initiatives to Address Climate Change

**Achieved ahead of schedule target to reduce GHG emissions from fossil fuel businesses and interests by 50%**, compared with FYE 2019 level

2060: Net zero
2040: Reduce by 40%, compared with 2019 level

May 2021: Announced GHG Emissions Reduction and Offset Targets

<table>
<thead>
<tr>
<th>Initiative</th>
<th>FYE 2019</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Renewable Energy</strong></td>
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<tr>
<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>
<td><strong>Fuel Ammonia</strong></td>
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<tr>
<td>• Build a value chain focused on fuel ammonia by owning and operating ammonia-fueled ships and developing bulk supply bases</td>
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<tr>
<td><strong>Energy Storage System-Related Businesses</strong></td>
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<tr>
<td>• Aim for a cumulative capacity of energy storage system units sold of over 5 GWh by FYE 2031</td>
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<tr>
<td><strong>Waste Management Project</strong></td>
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<tr>
<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>
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</table>

2030: Reduce by 50%

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>FYE 2019</td>
<td>Sold our interests in the Drummond thermal coal mine in Colombia</td>
</tr>
<tr>
<td>FYE 2020</td>
<td>Sold our interests in the Reapersworth North thermal coal mine in Australia</td>
</tr>
<tr>
<td>FYE 2021</td>
<td>Announced our policy to fully withdraw from thermal coal interests</td>
</tr>
<tr>
<td>FYE 2022</td>
<td>Announced the Coal-Related Business Policy under the Ministry of the Environment</td>
</tr>
</tbody>
</table>

2040: Reduce by 60%

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 2016</td>
<td>Designated “Address Climate Change” as a revised material issue</td>
</tr>
<tr>
<td>February 2019</td>
<td>Announced the Coal-Related Business Policy under the Ministry of the Environment</td>
</tr>
</tbody>
</table>

2050: Net zero

<table>
<thead>
<tr>
<th>Date</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>May 2019</td>
<td>Announced GHG Emissions Reduction and Offset Targets</td>
</tr>
<tr>
<td>March 2020</td>
<td>Sold our interests in the Drummond thermal coal mine in Colombia</td>
</tr>
</tbody>
</table>

* 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 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, we identified coal, aluminum, iron ore, platinum, nickel, and silicon metal in the Metals & Minerals Company as subjects for human rights due diligence. The Company 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 Company monitors progress at these suppliers through the annual supply chain sustainability surveys. 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

<table>
<thead>
<tr>
<th>Design Company</th>
<th>Product</th>
<th>Target Country or Region</th>
<th>Human Rights Issues Indicated in Survey Targets</th>
<th>No. of Companies in Survey</th>
<th>No. of Companies Subject to Engagement</th>
<th>Issues</th>
</tr>
</thead>
<tbody>
<tr>
<td>Palm oil</td>
<td>Malaysia Indonesia</td>
<td>Child labor, Fair wages, Forced labor, Freedom of association and right to organized negotiations</td>
<td>3 companies</td>
<td>2 companies</td>
<td>Regarding palm oil and coffee beans, including interviews and additional surveys, discusses response measures to be implemented going forward, and requests rectification. Furthermore, the Company monitors progress at these suppliers through the annual supply chain sustainability surveys. 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.</td>
<td></td>
</tr>
<tr>
<td>Coffee beans</td>
<td>Brazil, Guatemala</td>
<td>Child labor, Forced labor, Freedom of association and right to organized negotiations</td>
<td>3 companies</td>
<td>5 companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pineapples</td>
<td>Sierra Leone, Mexico, Colombia, etc.</td>
<td>Child labor, Forced labor, Freedom of association and right to organized negotiations</td>
<td>2 companies</td>
<td>2 companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project (coal, aluminum, iron ore, platinum, nickel)</td>
<td>Southeast Asia (South America, South Africa)</td>
<td>Child labor, Forced labor, Freedom of association and right to organized negotiations</td>
<td>3 companies</td>
<td>4 companies</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Metals &amp; Minerals</td>
<td>Trade (coal, silicon metal, etc.)</td>
<td>Child labor, Forced labor, Freedom of association and right to organized negotiations</td>
<td>2 companies</td>
<td>2 companies</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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 ISO26600 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, if deemed necessary, the Company conducts an on-site inspection of the supplier and provides instructions while supporting their efforts to improve.

By conducting these surveys and reviews, etc., ITOCHU aims to assess the state of affairs and to prevent problems from occurring.

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.

Table: Formulation of Procurement Policies for Individual Product Type

<table>
<thead>
<tr>
<th>Sustainable Procurement Policy on Natural Forests and Forest Resources</th>
<th>Nature/Rubber Procurement Policy</th>
<th>Sustainable Palm Oil Procurement Policy</th>
<th>Cocoa Bean Procurement Policy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sustainable Procurement Policy on Natural Forests and Forest Resources</td>
<td>Nature/Rubber Procurement Policy</td>
<td>Sustainable Palm Oil Procurement Policy</td>
<td>Cocoa Bean Procurement Policy</td>
</tr>
<tr>
<td>Coffee Bean Procurement Policy</td>
<td>Raw Materials Procurement Policy</td>
<td>Commitment of Protecting Forests Through Material Sourcing of MOF</td>
<td></td>
</tr>
</tbody>
</table>

Please see ITOCHU’s website for more information about procurement policies for each product.
**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 frontline-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**

- Next-generation recruiting enabled by virtual reality technology (VR) from FYE 2022
- Encouraging businesses based on market-oriented perspective
- Strengthening Frontline Capabilities
- Focused and Realizing "Sampo-yoshi"* (People) (Billions of yen)

**Increasing Awareness of Participation in Management (Value Alignment with Shareholders)**

- Percentage of Membership in the Employee Shareholding Association

**Providing Evaluation and Compensation Commensurate with Results**

- Compensation highly linked to the Company’s performance
- 45% of bonus amounts based on the Company’s performance

**External Evaluations**

The Company has gained recognition under systems that evaluate the advancement of women as well as health and productivity management. Both systems are jointly implemented by the Ministry of Economy, Trade and Industry and Tokyo Stock Exchange, Inc.

- In FYE 2022, received a Fiscal 2021 Nadeshiko Brand designation, recognizing listed companies implementing outstanding initiatives for the advancement of women
- For the sixth consecutive year since the Company’s first submission in FYE 2017, selected as a Health and Productivity Management Outstanding Organization (White 500) in the large enterprise category, a designation recognizing companies that practice outstanding health and productivity management

**Labor Productivity**

- Enhancing labor productivity

**Enhancing Corporate Value through Improved Career Development**

- Creating growth opportunities based on each individual’s aptitudes
- Enhancing the number of Chinese-speaking employees (from FYE 2022: 1,255 (more than one-third of senior-ranking employees (reskilling support system))

**Supporting Employee-Led Career Development**

- Creating growth opportunities based on each individual’s aptitudes
- Providing support that empowers junior and mid-ranking employees

**Evolution of Work-Style Reforms**

- Providing support that empowers junior and mid-ranking employees (reskilling support system)

**Evolving Work Styles**

- Introducing a work from home system for all employees (from FYE 2023)
- Introducing systems that support dual-income households (from FYE 2023)
- Offering greater options in relation to flexible work styles suited for particular types of work and lifestyles

**Supporting Employee-Led Career Development (Human Resources Development)**

- Supporting employees’ self-starting efforts and enhancing job satisfaction

**Enhancing Health**

- Introducing the Challenge Career System in-house recruitment system
- Providing support that empowers junior and mid-ranking employees

**Evolving Work Styles**

- Introducing Morning-Focused Working System (from FYE 2021)
- Offering greater options in relation to flexible work styles suited for particular types of work and lifestyles

**Supporting the Autonomous Growth of Employees and Their Wellness**

- Providing the autonomous growth of employees and their wellness

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* As of June 30, 2022
1 As of April 1, 2022 (career-track employees, employees in special positions)
Further Enhancement of ITOCHU’s Corporate Governance System

ITOCHU has consistently reformed and strengthened its governance structure through such measures as implementing proposals 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

[A table showing the structure of the Board of Directors is provided, including the roles and responsibilities of various committees.]

Overview of Corporate Governance and Internal Control System

[An overview of the corporate governance and internal control system is depicted, including the roles of the Board of Directors, CEO, CFO, CAO, CSO, and other executives.]

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 glean 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**
  - 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 were established based on those results; and 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 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.

Activities of the Advisory Committees to the Board of Directors

- **Governing and Remuneration Committee**
  - 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 appropriate responses for assets that were sensitive to changes in the business environment, including raising geopolitical risks and inflation, etc. In addition, the committee discusses policies on ownership of strategic shareholdings 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 throughout detailed discussions from their expert perspectives.

Constant Improvement in the Board of Directors

- **For details**
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*CAO = Chief Administrative Officer  CIO = Chief Information Officer  CEO = Chief Executive Officer  CFO = Chief Financial Officer  CSO = Chief Strategy Officer  HMC = Headquarters Management Committee  ALM = Asset Liability Management  ICT & Financial Management  M&A = Merger & Acquisition  R&D = Research & Development*
In FYE 2022, the committee met a total of three times. The committee initially reviewed the various measures implemented by ITOCHU to date, one by one. The committee was able to confirm that the series of work-style reforms regardless of gender implemented since FYE 2011, including the Morning-Focused Working System, have been effective in promoting the advancement of women. In addition to the engagement survey conducted in FYE 2022, a questionnaire was sent to each Division Committee President and to female employees balancing work and childcare to fully analyze the results of the reforms. Furthermore, we listened to the voices of women through roundtable discussions hosted by the three female committee members and through interviews with approximately 150 female employees conducted by Yoshiko Matoba, who heads the Human Resources & General Affairs Division. Based on these, we have organized issues in the advancement of women’s activities and formulated a policy of accelerating training for promotion and evolving to a flexible work style.

In the course of our discussions, we analyzed various data and found that changes are especially visible in the ratio of employees in dual-income households. The percentage of ITOCHU male employees in dual-income households was only about 10% Companywide in FYE 2001, but in FYE 2022, it reached 43% Companywide and 90% for employees in their 20s, a change that really stands out. Especially for the younger generation, it is very important to support both women and men, as not only women but also men often need to balance work and family life as well. The introduction of the Morning-Focused Flextime System and a work from home system for all employees during the second stage of work-style reforms will truly encourage flexible work styles regardless of gender, and we intend to monitor the results.

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.

Advancement of Women's Activities Based on Employee Opinions

Through discussions of the Women's Advancement Committee, it became clear that there are generational differences in employee awareness and the support they need. Through the roundtable discussions with female employees, we came to understand that it is vital to first successfully promote and support the current generation of executives, so that they will serve as role models, motivating the next generation to become all they aspire to be in the future. Within the framework of the Companywide work-style reforms at ITOCHU, what particularly resonated with me is the Company policy to support for balancing work and family life without distinction for both men and women. It will become increasingly important to take a comprehensive approach that includes employees with diverse values, not just measures specific to women employees raising children. Furthermore, we believe that the number of female employees still needs to be increased. It has yet to reach even 30% of the total number of employees, a threshold in which we believe women employees will have the critical mass to continue expanding their influence. As the number grows in the future, we expect women to increase the vitality of ITOCHU in even more ways. 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 measures and delivering solid results.
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.

Results of the FYE 2022 Evaluation of the Board of Directors

With a view to ensuring the Board of Directors to fulfill its functions even further, the issues below were identified as requiring the advancement of substantive initiatives rather than formal initiatives.

**Issue 1**
- Increase and enhance discussions that contribute to the further enhancement of corporate value
  - Ongoing off-site discussions such as the “Independent outside officers’ Meeting” consisting solely of outside officers
  - At 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
  - Established the Women’s Advancement Committee

**Issue 2**
- Strengthen supervision of business execution
  - Appointed two outside officers who have experience in corporate management
  - Continued discussions on reports from such internal committees as the Internal Control Committee

**Issue 3**
- Improve the effectiveness of supervision by appointing two outside officers who have experience in corporate management

**Issue 4**
- 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.

**Issue 5**
- With the introduction of the [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 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.

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>
</tr>
</thead>
<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 management. Only after then, the Company should compose the message 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 views 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. 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, who is a member of the Board of Directors at Tokyo Women’s Medical University Hospital, in addition to possessing extensive experience in hospital management and advanced knowledge of medical therapy, is also responsible as a member of the Board of Directors at ITOCHU in June 2018. He has used his experience to provide many useful proposals and suggestions in the field of health management and the establishment of preventive measures against infectious diseases such as COVID-19. In FYE 2021, he was 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 FY 2022, 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 FY 2022, 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 Committee report forming 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 Companywide strategies, etc. 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.

Regarding Project Discussions at the Board of Directors Meetings

Of all the investment proposals submitted to the Board of Directors in FY 2022, the investment in Hitachi Construction Machinery Co., Ltd. was among the most actively discussed. Despite prior submission to the Investment Consultative 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 making a decision, the 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 resources, such as store assets and know-how in selling products and services 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 independent customers. In cooperation with companies in other industries in the Group.

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 Committees to the Board of Directors</th>
<th>Independent Outside Advisory Committees to the Executive Board</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROKU ENEX CO., LTD</td>
<td>Establishing its side and diverse domestic customer base. TOCHU ENEX CO., LTD. is developing new fuel sales, services to enhance logistics efficiency, and next-generation businesses, etc., in addition to existing energy business and power business.</td>
<td>[3 out of 9 (deciding)]</td>
<td>[3 out of 9 (deciding)]</td>
<td>[3 out of 9 (deciding)]</td>
</tr>
<tr>
<td>C.T. TARON Corporation</td>
<td>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. TARON Corporation utilizes the Group’s extensive domestic and international network for overseas expansion. C.T. TARON Corporation operates the functional film business, stable procurement of competitive raw materials, and expansion of sales of C.T. TARON Corporation’s various products.</td>
<td>[3 out of 7 (deciding)]</td>
<td>[3 out of 7 (deciding)]</td>
<td>[3 out of 7 (deciding)]</td>
</tr>
<tr>
<td>ISHIMATSU</td>
<td>The principal and main business of ITOCHU SHOKUNKI Co., Ltd. is the sale and distribution of alcoholic beverages and processed foods. Based on its presence, TOCHU secures stable contract positions with various domestic retailers, and maximizes profit in the food distribution field by utilizing the sales channels. In addition, by utilizing the Group’s diverse customer bases and knowledge in implementing the growth strategy of ITOCHU SHOKUNKI Co., Ltd., such as “Contribution to customers through creating sales floors which utilize TOCHI,” etc., TOCHI is contributing to the expansion and evolution of the services provided by ITOCHU SHOKUNKI Co., Ltd.</td>
<td>[3 out of 9 (deciding)]</td>
<td>[3 out of 9 (deciding)]</td>
<td>[3 out of 9 (deciding)]</td>
</tr>
<tr>
<td>PRIMA MEAT PACKERS LTD</td>
<td>The principal and main business of Prima Meat Packers, Ltd. is to sell meat and processed livestock products, and assumes an important role of supplying fresh products to ITOCHU’s livestock value chain. Prima Meat Packers, Ltd. utilizes the Group’s extensive domestic and international network to ensure a stable supply of high-quality imported raw materials for its core products and to jointly develop pork brands with overseas partners in the Group.</td>
<td>[3 out of 6 (deciding)]</td>
<td>[3 out of 6 (deciding)]</td>
<td>[3 out of 6 (deciding)]</td>
</tr>
<tr>
<td>CTC</td>
<td>CTC serves as a sole channel for products and services using cutting-edge technology held by the Group’s investors and technology partners, and utilizes the Group’s extensive domestic and international network. In addition, CTC is expanding its businesses through cooperation with ITOCHU, such as joint investments in promoting new business areas and joint proposals.</td>
<td>[3 out of 7 (deciding)]</td>
<td>[3 out of 7 (deciding)]</td>
<td>[3 out of 7 (deciding)]</td>
</tr>
<tr>
<td>CONEXIO Corporation</td>
<td>EXPANDING its business by utilizing the Group’s extensive domestic and international networks. It is expanding its mobile accessory sales business 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.</td>
<td>[3 out of 6 (deciding)]</td>
<td>[3 out of 6 (deciding)]</td>
<td>[3 out of 6 (deciding)]</td>
</tr>
</tbody>
</table>

* Headquartered Management Committee

** Mr. Ishizuka has extensive knowledge of corporate management and the retail industry that was nurtured through his experience as President and CEO of Isetan Mitsukoshi Holdings Ltd. He was appointed to the Board of Directors of TOCHU in June 2021. From FY 2021, he is serving as chair of the Nomination Committee.

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** Mr. Ishizuka has extensive knowledge of corporate management and the retail industry that was nurtured through his experience as President and CEO of Isetan Mitsukoshi Holdings Ltd. He was appointed to the Board of Directors of TOCHU in June 2021. From FY 2021, he is serving as chair of the Nomination Committee.
Corporate Governance

ITOCHU’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, variable remuneration (2) performance-linked bonuses, (3) share price-linked bonuses, and (4) performance-linked stock remuneration, with performance-linked bonuses reflecting short-term performance and share price-linked bonuses and performance-linked stock remuneration reflecting the enhancement of corporate value in the medium- to long-term. Monthly remuneration is decided based on the standard amount by position and the level of contribution to ITOCHU Corporation, including its response to climate change, the SDGs, and ESG. The Company has adopted consolidated net profit as the link indicator for the performance-linked bonus and performance-linked stock remuneration, as it is the source 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>(1) 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>Defined based on consolidated net profit, and each individual amount is determined in relation to the position points for the Director used in calculating the individual performance-linked bonuses.</td>
</tr>
<tr>
<td>(2) Performance-linked bonuses</td>
<td>Calculated based on the increase in ITOCHU’s stock price for two consecutive fiscal years and relative growth rate of ITOCHU’s stock price compared to Tokyo Stock Price Index (TOPIX).</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>
</tr>
<tr>
<td>(3) Share price-linked bonuses</td>
<td>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.</td>
<td>The amounts below are limits for two fiscal years, for Directors and Executive Officers.</td>
</tr>
<tr>
<td>Total amount paid to all Directors</td>
<td>$6 billion per year (as total amount of monthly remuneration including $6.2 billion per year as a portion paid to Outside Directors)</td>
<td>Limit on contribution to trust by ITOCHU: ¥1.5 billion</td>
</tr>
<tr>
<td>Calculation Formulas for (2) Performance-Linked Bonuses and (4) Performance-Linked Stock Remuneration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total amount paid to all Directors</td>
<td>$5.4 billion per year (as total amount of monthly remuneration including $5.6 billion per year as a portion paid to Outside Directors)</td>
<td>Total amount paid shall be the sum of A, B, and C, and which shall be adjusted with due regard to the increase / decrease in the number of eligible Directors, the change in position, and other factors. (Remuneration limits exist on bonuses and stock remuneration.)</td>
</tr>
<tr>
<td>Amount Paid to an Individual Director</td>
<td>Amount paid to an individual Director = Total amount paid to all Directors x Position points = Sum of position points for all the eligible Directors</td>
<td></td>
</tr>
<tr>
<td>Of the amount paid to an individual Director, the portion corresponding to A and B is paid entirely in cash. In regard to the portion corresponding to C, 0.175% is paid as stock remuneration and the balance is paid in cash. Furthermore, 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. Place cash for all of the stocks paid from the trust to be acquired on the stock market, and accordingly there will be no dilution of shares. A Director that is a resident outside Japan is not eligible for performance-linked stock remuneration. As a substitute, such Director is eligible for the equivalent amount of individual stock remuneration. The equivalent amount of individual stock remuneration is calculated in accordance with the formula on the left (except the points assigned to such Director being 15) as if such Director were subject to performance-linked stock remuneration, and the amount will be added or subtracted according to a certain performance achievement rate. The remuneration will be determined and paid separately from the performance-linked bonus based on the formula on the left. In FYE 2023, said special provision is not applied because no Director is a resident outside Japan.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Calculation Formulas for (3) Share Price-Linked Bonuses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amount Paid to an Individual Director</td>
<td>$6.9 billion per year (as total amount of monthly remuneration including $7.1 billion per year as a portion paid to Outside Directors)</td>
<td></td>
</tr>
<tr>
<td>Of the amount paid to an individual Director, the portion corresponding to A and B is paid entirely in cash. In regard to the portion corresponding to C, 0.175% is paid as stock remuneration and the balance is paid in cash. Furthermore, 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. Place cash for all of the stocks paid from the trust to be acquired on the stock market, and accordingly there will be no dilution of shares. A Director that is a resident outside Japan is not eligible for performance-linked stock remuneration. As a substitute, such Director is eligible for the equivalent amount of individual stock remuneration. The equivalent amount of individual stock remuneration is calculated in accordance with the formula on the left (except the points assigned to such Director being 15) as if such Director were subject to performance-linked stock remuneration, and the amount will be added or subtracted according to a certain performance achievement rate. The remuneration will be determined and paid separately from the performance-linked bonus based on the formula on the left. In FYE 2023, said special provision is not applied because no Director is a resident outside Japan.</td>
<td></td>
<td></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>Category</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>Other Remuneration</th>
</tr>
</thead>
</table>
**Members of the Board, Audit & Supervisory Board Members, and Executive Officers**

As of July 1, 2022

**Members of the Board**

- **Chairman & Chief Executive Officer**
  - Makiko Nakamori
- **President & Chief Operating Officer**
  - Keita Ishi
- **Member of the Board**
  - Fumihiko Kobayashi
  - Hiroyuki Naka

**Members of the Board**

- **Member of the Board**
  - Tsuyoshi Hachimura
  - Hiroyuki Tsukai

**Audit & Supervisory Board Members**

- **Audit & Supervisory Board Member**
  - Makoto Kyoda
  - Shingo Majima
- **Audit & Supervisory Board Member**
  - Shingo Majima
  - Kentaro Uryu
  - Masami Kikuchi

**Skills Matrix of Corporate Officers and Structure of Advisory Committees**

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Gender</th>
<th>All Aspects of Management</th>
<th>Global</th>
<th>Marketing &amp; Sales</th>
<th>SDGs &amp; ESG</th>
<th>Health &amp; Medical Care</th>
<th>Finance, Accounting &amp; Risk Management</th>
<th>Human Resources, Compensation &amp; Remuneration</th>
<th>Social Sustainability &amp; ESG</th>
<th>Corporate Governance</th>
<th>Nomination Committee*1</th>
<th>Workforce Advancement Committee*1</th>
<th>Main Role, Career History, Qualifications, etc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Makiko Nakamori</td>
<td>Chairman &amp; CEO</td>
<td>♂</td>
<td>□</td>
<td>□</td>
<td>□</td>
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<td>□</td>
<td>□</td>
<td>ITOCHU's corporate officers, regardless of whether they are inside or outside, bring their knowledge, experience, and high level of insight in their respective fields to management. The areas in which inside Directors have knowledge and experience are indicated by the symbol □. To fully utilize the professional perspectives and high level of insight of each Outside Director and Audit &amp; Supervisory Board Member, the areas in which they are expected to make a particular contribution are indicated by the symbol □, after consultation with each officer.</td>
</tr>
<tr>
<td>Keita Ishi</td>
<td>President &amp; COO</td>
<td>♂</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
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</tr>
<tr>
<td>Shintaro Hachimura</td>
<td>Director</td>
<td>♂</td>
<td>□</td>
<td>□</td>
<td>□</td>
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</tr>
<tr>
<td>Hiroyuki Tsukai</td>
<td>Director</td>
<td>♂</td>
<td>□</td>
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<td>□</td>
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</tr>
<tr>
<td>Hideyuki Nakamori</td>
<td>Director</td>
<td>♂</td>
<td>□</td>
<td>□</td>
<td>□</td>
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</tr>
<tr>
<td>Kohei Michi</td>
<td>Outside Director</td>
<td>♂</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
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</tr>
<tr>
<td>Makoto Kyoda</td>
<td>Full-time Audit &amp; Supervisory Board Member</td>
<td>♂</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
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</tr>
<tr>
<td>Mitsuru Chino</td>
<td>Full-time Audit &amp; Supervisory Board Member</td>
<td>♂</td>
<td>□</td>
<td>□</td>
<td>□</td>
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</tr>
<tr>
<td>Shingo Majima</td>
<td>Outside Audit &amp; Supervisory Board Member</td>
<td>♂</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
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</tr>
<tr>
<td>Kentaro Uryu</td>
<td>Outside Audit &amp; Supervisory Board Member</td>
<td>♂</td>
<td>□</td>
<td>□</td>
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</tr>
<tr>
<td>Masami Kikuchi</td>
<td>Outside Audit &amp; Supervisory Board Member</td>
<td>♂</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
<td>□</td>
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</tr>
</tbody>
</table>

*1 In addition to Full-time Audit & Supervisory Board Member Makoto Kyoda, the General Manager of the Secretariat is an observer of the Nomination Committee. 
*2 Indicates an Outside Director as provided in Article 2, Item 15 of the Companies Act. 
*3 Indicates an Outside Audit & Supervisory Board Member as provided in Article 2, Item 16 of the Companies Act. 
*4 Registered name is Mitsuru Ito.
Members of the Board, Audit & Supervisory Board Members, and Executive Officers

**Executive Officers**

<table>
<thead>
<tr>
<th>Position</th>
<th>Name</th>
<th>Company/Division</th>
<th>Number of shares held</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman &amp; Chief Executive Officer</td>
<td>Masahiro Okafuji</td>
<td>President, Machinery Company</td>
<td>51,155</td>
</tr>
<tr>
<td>President &amp; Chief Operating Officer</td>
<td>Keita Ishii</td>
<td>President, Textile Company</td>
<td>51,568 (25,000*)</td>
</tr>
<tr>
<td>Executive Vice Presidents</td>
<td>Fumihiko Kobayashi</td>
<td>Chief Administrative Officer</td>
<td>94,974 (50,092*)</td>
</tr>
<tr>
<td>Tsuyoshi Hachimura</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Senior Managing Executive Officer</td>
<td>Hiroi Ku Tsubaki</td>
<td>Food Company</td>
<td>85,195 (45,888*)</td>
</tr>
<tr>
<td>Executive Officers</td>
<td>Takanori Morita</td>
<td>Executive for Europe &amp; CSS Bloc, CEO, ITOCHU Europe PLC</td>
<td>Number of shares held: 82,775 (45,888*)</td>
</tr>
<tr>
<td></td>
<td>Masaya Tanaka</td>
<td>President, Energy &amp; Chemicals Company</td>
<td>Number of shares held: 49,830 (25,000*)</td>
</tr>
<tr>
<td></td>
<td>Kenji Seto</td>
<td>President, Metals &amp; Minerals Company</td>
<td>Number of shares held: 48,155 (25,000*)</td>
</tr>
<tr>
<td></td>
<td>Yoshiko Matoba</td>
<td>General Manager, Human Resources &amp; General Affairs Division</td>
<td>Number of shares held: 48,155 (25,000*)</td>
</tr>
<tr>
<td></td>
<td>Hironoysuki Naka</td>
<td>Chief Strategy Officer, Corporate Communications Division</td>
<td>Number of shares held: 48,155 (25,000*)</td>
</tr>
<tr>
<td></td>
<td>Kazuaki Yamaguchi</td>
<td>General Manager, General Accounting Control Division</td>
<td>Number of shares held: 22,793 (11,995*)</td>
</tr>
<tr>
<td></td>
<td>Nobuyuki Tabata</td>
<td>Chief Operating Officer, Chemical Division</td>
<td>Number of shares held: 22,793 (11,995*)</td>
</tr>
<tr>
<td></td>
<td>Tadayoshi Yamaguchi</td>
<td>President &amp; CEO, ITOCHU International Inc</td>
<td>Number of shares held: 22,793 (11,995*)</td>
</tr>
<tr>
<td></td>
<td>Naohiko Yoshikawa</td>
<td>Chief Operating Officer, Plant Project, Marine &amp; Aerospace Division</td>
<td>Number of shares held: 22,793 (11,995*)</td>
</tr>
<tr>
<td></td>
<td>Satoshi Watanabe</td>
<td>General Manager, Finance Division</td>
<td>Number of shares held: 22,793 (11,995*)</td>
</tr>
<tr>
<td></td>
<td>Kotaro Yamamoto</td>
<td>Director, President &amp; CEO, ITOCHU Building Products Holdings Inc</td>
<td>Number of shares held: 22,793 (11,995*)</td>
</tr>
<tr>
<td></td>
<td>Hideto Takeuchi</td>
<td>Chief Operating Officer, Brand Marketing Division</td>
<td>Number of shares held: 22,793 (11,995*)</td>
</tr>
<tr>
<td></td>
<td>Kuniaki Abe</td>
<td>General Manager, Planning &amp; Administration Department, Food Company</td>
<td>Number of shares held: 22,793 (11,995*)</td>
</tr>
</tbody>
</table>

*“Number of shares held” indicates the number of ITOCHU shares.

**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</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>--------------------------------</td>
<td>------</td>
<td>-------------</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>12.2%</td>
</tr>
<tr>
<td>Food Company</td>
<td>2.6%</td>
<td>8.7%</td>
</tr>
<tr>
<td>General Products &amp; Realty Company</td>
<td>4.8%</td>
<td>11.6%</td>
</tr>
<tr>
<td>ICT &amp; Financial Business Company</td>
<td>5.1%</td>
<td>9.4%</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>11.8%</td>
</tr>
</tbody>
</table>

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

---

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

![Graph showing the consolidated net profit (loss) for different company segments.](image)

**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**

![Graph showing the consolidated net profit (loss) by segment.](image)

**KEY POINT**

- Shattering the previous profit record thanks to further growth in the non-resource sector and spiking in resource prices

---

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

---

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

---

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

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*1 In April 2016, the ICT, General Products & Realty Company was reorganized into the General Products & Realty Company and the ICT & Financial Business Company.

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*2 Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.
### 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

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**Brand Business**

<table>
<thead>
<tr>
<th>Brand</th>
<th>Participation in management / Trademark right</th>
<th>Exclusive import and distribution rights</th>
<th>Master license rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>CONVERSE</td>
<td>Lampin</td>
<td>FILA, HEAD, LANVIN, Redwood, Warner Wonderland</td>
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<td>Reebok</td>
<td>Lampin, Head,</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Vans</td>
<td>Lampin</td>
<td></td>
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</tr>
<tr>
<td>Nike</td>
<td>Head</td>
<td></td>
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</tr>
<tr>
<td>adidas</td>
<td>Head</td>
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<tr>
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<td>Nike</td>
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</tr>
<tr>
<td>adidas</td>
<td>Head,</td>
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</tr>
</tbody>
</table>

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### 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. 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.

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**FYE 2022 Review (Specific Accomplishments)**

- **Cost of Capital**
  - Using IRR, IT, and data to enhance the efficiency of production, sales, and logistics operations
  - Respecting human rights throughout supply chains and promoting trade with companies engaged in sustainable practices

**Growth Opportunities (Sustainable Growth)**

- **Cost of Capital**
  - 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)**

- **Cost of Capital**
  - Establishment of a safe and secure product supply system

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### Notes

- Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.
- Risk Responses (Lower Cost of Capital)
  - Ensure Stable Procurement and Supply
  - Increase overseas earnings through enhanced initiatives with leading companies in China and other parts of Asia
  - Details of the action plans are available on our website: [https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/](https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/)

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### General Manager, Planning & Administration Department

Masahiro Morofuji

President, Textile Company

- From left:
  - Hideto Nakayashi
    - Chief Operating Officer
    - Apparel Division
  - Hideto Takeuchi
    - Chief Operating Officer
    - Brand Marketing Division
  - Kazuhito Adachi
    - Chief Financial Officer
  - Ryoma Omuro
    - General Manager, Planning & Administration Department

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### Apparel

- Products: Raw materials, textile fabrics, garment materials, and textile products, etc.
- Production bases spreading throughout China and other parts of Asia
- Product planning and sales base for the North American market
  - ITOCHU Europe
- Product planning and sales base for the European market
  - ITOCHU Prominent U.S.A.
- Product planning, production, and sales bases targeting Japan, China, and other parts of Asia
  - ITOCHU TEXTILE (CHINA)
  - ITOCHU Textile Prominent (ASIA)

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### 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, Europe, and the U.S.
- Production bases spreading throughout China and other parts of Asia
- Spreading the business model established in Japan, China, and other parts of Asia throughout the world

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### Risk Responses (Lower Cost of Capital)

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

- Quantitative information
- Page 136-143
- Percentage of Earnings from Domestic Business (image)

Plant / Marine / Aerospace

- Shinkansen (bullet train and power plant)
- Hi-Vec (wind power generation)
- Sukhoi Super (helicopter)
- HCT (bicycle)
- RENEWABLE ENERGY (energy from waste project)
- HICT (container terminal)

Automobile / Construction Machinery / Industrial Machinery

- ITOCHU Automobile (import and export of automobile parts)
- ITOCHU Construction Machinery (sales and leasing of construction machinery)
- ITOCHU Medical (import of medical equipment)
- ITOCHU ROOZI (power generation business)

Corporate Value

- Respecting and considering human rights
- Addressing climate change
- Promoting sustainable development
- Promoting a circular economy
- Promoting the development of electric vehicles

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
  - ITOCHU 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, ITOCHU 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.

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-based fuels and aim for practical application by leading the establishment of a council comprising 34 companies and organizations, which has been adopted as providing 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.
- Concluded a proof-of-concept test in Japan with the aim of rolling out in overseas markets the business model of Dishangle (DST), 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 demerger-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 as fuel, with the aim of reducing marine GHG emissions.
- Expanding value-add businesses in the water and environment sectors, both geographically and in terms of functions, to spur the achievement of Dubai policy goals with regard to the environment and health.
- Preventing 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 cruising 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.
Metals & Minerals Company

Business Fields
- Development of metal & mineral resource projects (iron ore, coal, non-ferrous metals, rare metals, etc.)
- Trading of raw materials for steelmaking (iron ore, coal, etc.), fuel for power generation (coal, uranium), non-ferrous raw material and products (aluminum, etc.), and recycling business (metal scrap, waste treatment, etc.)
- Decarbonization-related business (hydrogen, ammonia, CO2, emissions trading, etc.)
- Steel-related business (import and export to/from Japan, trading in non-Japanese markets, processing, etc.)

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

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

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 roll-out of the company's technologies in Japan
- To promote decarbonization, diversified 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 wastes

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 infrastructures
- Promoting an increase in efficiency through mine operations and facility management utilizing DX, 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.
Details of the action plans are available on our website: https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/
- Evolve Businesses through Technological Innovation
- Address Climate Change (Contribute to a Decarbonized Society)
- Develop a Rewarding Work Environment
- Respect and Consider Human Rights
- Contribute to Healthier and More Affluent Lifestyles
- Ensure Stable Procurement and Supply
- Maintain RIPM's Governance Structures
Energy & Chemicals Company

Business Fields
- Energy projects and trading (crude oil, petroleum products, LPG, LNG, natural gas, hydrogen and ammonia, renewable fuel, etc.)
- Chemical products business and trading (basic petrochemical products, synthetic resins, household goods, fine chemicals, pharmaceuticals, 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

Masaya Tanaka
President, Energy & Chemicals Company

From left:
Tatsuya Yamada
Chair Operating Officer, Energy Division
Nobuyuki Tabata
Chair Operating Officer, Chemicals Division
Yasuhiro Abe
Chair Operating Officer, Power & Environmental Solution Division
Masamichi Kusunoki
Chief Financial Officer
Haruo Maeda
General Manager, Planning & Administration Department

Business Development

Comprehensive value chain in the next-generation power sector consisting of both business investments and trade businesses

Energy / Power & Environmental Solution

- Ayasaka Solar Renewable energy development
- Aoyama Energy Service Center (TCO
energy)
- M. Biance Technologies
- Soletropic (energy generation ESS)
- CPFJ, Japan (Endurance power power supply projects)
- T/NCS (power system planning and power system security and asset management systems)
- URC SOLUTIONS (Energy management systems)
- Direct Substation Service
- Distributed power supply equipment
- Direct Energy Corporation
- Supplier of clean energy to companies
- LPG (Oxidant wholesale and retail)
- Ras Laffan LNG Project
- ITOCHEM MET (Methanol synthesis)

Chemicals

- Kemira (Feedstock and specialty materials)
- TOYO TONE (Polyethylene, commercial material)
- TOYO KANEKO (Commercial materials)
- TOYO KANEKO (Plastics/Thermoplastic materials)
- TOYO KANEKO (Pharmaceuticals, fine chemicals, and specialty materials)
- TOYO KANEKO (Gases, energy materials)
- TOYO KANEKO (Biochemicals, basic materials)

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.

Renewable diesel made from components such as waste cooking oil and other raw materials

Wataru Tsuda
Petroleum Trading Department

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 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 batteries such as solid-state batteries
- Promoted business for corporate power purchase agreements to supply power from both on-site (rooftops) and off-site locations (building in field) through Group companies and strengthened initiatives for renewable energy that has “additionally”

Growth Opportunities (Sustainable Growth)

- Working with Group companies to build a sustainable fuel value chain, including for hydrogen and ammonia
- Shaping up CO2Us-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
- Rebalancing 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

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 corresponding material issues. Details of the action plans are available on our website: https://www.itochu.co.jp/en/en/itochu/corporate/sustainability/

- Evolve Businesses through Technological Innovation
- Address Climate Change (Contribute to a Decarbonized Society)
- Develop a Rewarding Work Environment (Respect and Consider Human Rights)
- Contribute to Healthier and More Affluent Lifestyles
- Ensure Stable Procurement and Supply (Maintain Responsible Governance Structures)
**Annual Report 2022**

**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**

**Percentage of Earnings from Domestic Business (image):** 70%

**Business Portfolio**

**Food Resources & Ingredients**
- Produce Huiles (Manufacture of vegetable oil)
- CGB (Agribusiness, soybean processing, and logistics)
- O&K (Gardena) (Put and export of coffee)

**Food Production & Processing**
- Full Oil (Manufacture of edible oils)
- CGB (Agribusiness, soybean processing, and logistics)
- O&K (Gardena) (Put and export of coffee)

**Food Marketing & Distribution**
- ITOCHU Food Sales and Marketing (Import and sale of raw materials for food products)
- ITOCHU Shokin Kinen (Wholesale and distribution of foods, etc.)
- Napoleon Access (Wholesale and distribution of foods, etc.)

**Company Strengths**
- Fresh food
- Fresh food

**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. CGB 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 biofuels 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

**FYE 2022 Review (Specific Accomplishments)**

- Advanced the utilization of clean energy (biogas power generation) that uses pineapple residue generated during the manufacturing process by Dole.
- Established a joint venture with FLUI OIL HOLDINGS INC. to cater to changing demand for edible oils and fats in the U.S. and strengthened business foundations with a view to expanding the oil 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
- Supporting development to create employment and improve 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 human rights.
- Reducing our environmental impact by using clean energy in our packaged foods business.
- Increasing the number of employees holding international certifications for inspections under a food safety management system (FMS).
- Creating a procurement system, which complies with third-party verification and our business partners’ own codes of conduct.

**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/csr/itochu/sustainability/actionplan/
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, lumber, fences, wooden structural materials and components, wood fiberboard, etc.)
- Logistics (3PL, domestic logistics, international logistics, logistics systems, etc.)
- Development and operation of real estate (housing, logistics facilities, commercial facilities, etc.)

Company Strengths
- Construction materials-related companies that constitute an excellent value chain in 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

Business Development

Paper / Pulp / Hygiene
- NEWS PAPER
  - Pulp production capacity: Approx. 1.2 million tons per year
- TOCHI Pulp & Paper
  - Wholesale of paper, paperboard, and processed paper products

Natural Rubber / Tires / Ceramics
- European Tires
- Manufacturing of natural rubber, tires, etc.
- TOCHI KAWA
  - Manufacturing of ceramic raw materials and products

Wood Products / Materials
- North American construction materials business
- Development of a robust value chain
- TOCHI Building Products Holdings
  - Masato Ueno (Chairman and Managing Director)
  - Konami Trading (Wholesale of paper, paperboard, and processed paper products)

Development & Operation of Real Estate
- IZU-OHITO DEVELOPMENT (Golf course management)
- ITOCHU Pulp & Paper
  - Pulp production capacity: Approx. 3.2 million tons per year

Logistics
- TOCHI LOGISTICS
  - Direct forwarding, warehousing, logistics, and distribution center

Company Strengths
- 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

Company Strengths
- Development and operation of real estate (housing, logistics facilities, commercial facilities, etc.)

Development & Operation of Real Estate
- Business Fields
- 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

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

Capital and Business Alliance with Nishinomatsu Construction Co., Ltd.
- In December 2021, ITOCHU concluded a capital and business alliance agreement with Nishinomatsu 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.)

Growth Opportunities (Sustainable Growth)
- Enhancing profitability by promoting M&As in the North American construction materials business
- Contributing to the SDGs and strengthening profitability by promoting the recycling of existing products and expanding sales of eco-friendly products that use sustainable forest resources
- 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 M&As 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 (agro) 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

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/csr/itochu/activity/actionplan/](https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/).
**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 content)
- Finance (retail finance and corporate finance)
- Insurance (insurance shop, retail insurance, corporate insurance, risk management, 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 growth businesses 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

**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 requires 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., SIGMAV1Z 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 TNP Medical Co., Ltd., a start-up that provides a platform for emergency medical data

**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
- 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 new mobile devices, by procuring and distributing second-hand 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:** Item 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/csr/itochu/activity/actionplan/](https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/)
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

With the transformation in consumer behavior accompanying the COVID-19 pandemic, adaptation to changes in consumer needs has become vital. While making maximum use of ITOCHU’s diverse business foundations—which are particularly robust in the consumer sector—the 8th Company will develop new services and business models that are enabled by digital technologies and AI based on a market-oriented perspective.

Specific Policies

- 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; and horizontally rolling out these services and technologies in other retail businesses and other business formats
- Increasing data volume and customer contact points through external alliances and finance businesses, etc., to maximize the profits of advertising and finance businesses; reinvesting new profits in the convenience store business to further heighten stores’ ability to attract customers

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 mainstay 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

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.
- Creating value by using the data infrastructure and developing new businesses, such as advertising and financial services that utilize customer data
- Developing new solutions through venture investments, etc.

Risk Responses (Lower Cost of Capital)

- Strengthening of supply chain risk management in response to such factors as fluctuations in new material prices
- Responding to the shortage of workers using digital technologies

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

Environment

<table>
<thead>
<tr>
<th>GHG Emissions (Consolidated)†*1</th>
<th>Renewable Energy Generation (Equity-Interest Basis) / Renewable Energy Ratio</th>
<th>Cumulative Capacity of Energy Storage System Units Sold</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scope 1</strong></td>
<td><strong>Scope 2</strong></td>
<td><strong>Non-consolidated</strong></td>
</tr>
<tr>
<td>GHG emissions (Thousand t-CO2e)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Scope1</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Scope2</td>
<td>836</td>
<td>800</td>
</tr>
</tbody>
</table>

Scope3 disclosure has been limited to certain categories in light of international discussions on appropriate emissions management and disclosure.

From FYE 2021, GHG emissions have increased due to the expansion of the calculation scope of GHG other than CO2 from energy consumption.

Waste recycling rate 94.3% 93.4%

Waste volume (Thousand t)*5 1 0

Water usage (Thousand m3)*5 115 90

Electricity consumption (Thousand kWh) 11 10

Cumulative Capacity of Energy Storage System Units Sold

1) From FYE 2021, GHG emissions have increased due to the expansion of the calculation scope of GHG other than CO2 from energy consumption.

2) Scope2 disclosure is limited to certain categories in light of international discussions on appropriate emissions management and disclosure.

3) GHG emissions and electricity consumption are the totals for domestic bases. Water usage, waste volume, and waste recycling rate are totals for the Tokyo Headquarters.

4) This is the total of non-consolidated Group companies in Japan, overseas offices, and overseas Group companies.

5) For water usage and waste volume, numbers have been partially revised following the publication of Annual Report 2021.

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

<table>
<thead>
<tr>
<th>Renewable energy generation (Equity-Interest basis)</th>
<th>Renewable energy ratio</th>
<th>Renewable energy ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Scope1</td>
<td>836</td>
<td>800</td>
</tr>
<tr>
<td>Scope2</td>
<td>1,203</td>
<td>1,522</td>
</tr>
</tbody>
</table>

Aiming for a renewable energy ratio over 20%.

Aiming to reach a cumulative capacity of new 5GW.

Society

Human Resources Related

<table>
<thead>
<tr>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated employees (people)</td>
<td>128,146</td>
<td>129,944</td>
</tr>
<tr>
<td>Non-consolidated employees (people)</td>
<td>4,261</td>
<td>4,215</td>
</tr>
<tr>
<td>Employees (people)</td>
<td>12,462</td>
<td>3,475</td>
</tr>
<tr>
<td>Female employees (people)</td>
<td>335 (9.7%)</td>
<td>346 (10.1%)</td>
</tr>
<tr>
<td>Male employees (people)</td>
<td>930 (24.4%)</td>
<td>987 (28.9%)</td>
</tr>
<tr>
<td>Female managers (people)</td>
<td>239 (4.0%)</td>
<td>266 (4.0%)</td>
</tr>
<tr>
<td>Male managers (people)</td>
<td>5,923 (24.4%)</td>
<td>5,659 (25.9%)</td>
</tr>
<tr>
<td>Average hours employed (total)</td>
<td>1,773</td>
<td>1,675</td>
</tr>
<tr>
<td>Monthly average overtime hours (hours)</td>
<td>35.4</td>
<td>39.1</td>
</tr>
<tr>
<td>Annual paid leave acquisition rate</td>
<td>85.1%</td>
<td>52.6%</td>
</tr>
<tr>
<td>Employees taking sick leave (people)</td>
<td>168 (98.1%)</td>
<td>139 (97.4%)</td>
</tr>
</tbody>
</table>

Share of disabled employees 2.2% 2.3% 2.4%

Company Ranking among Job-Seekers According to Seven Major Institutions†*2

<table>
<thead>
<tr>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of first place rankings among all industries</td>
<td>3 institutions</td>
<td>4 institutions</td>
</tr>
<tr>
<td>Number of first place rankings among general trading companies</td>
<td>7 institutions</td>
<td>7 institutions</td>
</tr>
</tbody>
</table>

Training Related

<table>
<thead>
<tr>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average training cost per employee (Thousand)</td>
<td>407</td>
<td>260</td>
</tr>
<tr>
<td>Number of training days (participating employees)</td>
<td>269</td>
<td>1,555</td>
</tr>
<tr>
<td>Number of first place rankings among all institutions</td>
<td>7 institutions</td>
<td>4 institutions</td>
</tr>
<tr>
<td>Number of first place rankings among all industries</td>
<td>7 institutions</td>
<td>4 institutions</td>
</tr>
<tr>
<td>Sustainability education participation rate of all employees</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Trained sustainability training participants</td>
<td>617</td>
<td>720</td>
</tr>
</tbody>
</table>

Engagement Survey Results†*1

<table>
<thead>
<tr>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendance rate at Meetings of the Board of Directors</td>
<td>98%</td>
<td>99%</td>
</tr>
<tr>
<td>Attendance rate of outside officers</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Attendance rate of inside officers</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Share of disabled employees</td>
<td>2.2%</td>
<td>2.3%</td>
</tr>
</tbody>
</table>

Company Number of Graduates

<table>
<thead>
<tr>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020 Graduates (full-time)</td>
<td>3,138</td>
<td>2,991</td>
</tr>
<tr>
<td>2021 Graduates (full-time)</td>
<td>3,303</td>
<td>3,084</td>
</tr>
<tr>
<td>2022 Graduates (full-time)</td>
<td>3,216</td>
<td>3,084</td>
</tr>
<tr>
<td>2023 Graduates (full-time)</td>
<td>3,142</td>
<td>3,084</td>
</tr>
</tbody>
</table>

Goverance

Members of the Board and Audit & Supervisory Board Members

<table>
<thead>
<tr>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Members of the Board</td>
<td>10</td>
<td>10</td>
</tr>
<tr>
<td>Outside Directors (share)</td>
<td>4 (60.0%)</td>
<td>4 (40.0%)</td>
</tr>
<tr>
<td>Female Directors (share)</td>
<td>2 (20.0%)</td>
<td>2 (20.0%)</td>
</tr>
<tr>
<td>Average of overseas assignment period of Inside Directors</td>
<td>5.5 years</td>
<td>5.5 years</td>
</tr>
<tr>
<td>Audit &amp; Supervisory Board Members</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Outside Audit &amp; Supervisory Board Members (share)</td>
<td>3 (60.0%)</td>
<td>3 (60.0%)</td>
</tr>
</tbody>
</table>

Attendance Rate at Meetings of the Board of Directors

<table>
<thead>
<tr>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>Attendance rate of Directors</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Attendance rate of all corporate officers</td>
<td>96.0%</td>
<td>99.5%</td>
</tr>
<tr>
<td>Attendance rate of inside officers</td>
<td>100.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Attendance rate of outside directors</td>
<td>96.0%</td>
<td>99.5%</td>
</tr>
</tbody>
</table>

Inclusion in ESG-Related Indices

* MSCI Japan ESG Select Leaders Index*1
* MSCI Japan Empowering Women Index (WFE)*
* FTSE4Good Index Series*2
* FTSE Bloomberg Japan Index*2
* FTSE Bloomberg Japan Sector Relative Index*2
* Dow Jones Sustainability Indices (World / Asia Pacific Index)*2
* S&P/JPX Carbon Efficiency Index*2
* S&P/MSCI Sustainability Index*2

1) The inclusion of ITOCHU in any of the above indices, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute a sponsorship, endorsement or promotion of ITOCHU by MSCI or any of its affiliates. The MSCI indices are the exclusive property of MSCI. MSCI and the MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

2) FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that ITOCHU has been independently assessed according to the FTSE4Good criteria, and that satisfied the requirements to become a constituent of the FTSE4Good Index Series, FTSE Bloomberg Japan Index, and FTSE Bloomberg Japan Sector Relative Index. Created by the global index provider FTSE Russell, these indices are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices, and are used by a wide variety of market participants to create and assess responsible investment funds and other products.

Data Section

*FTSE Russell (the trading name of FTSE International Limited and Frank Russell Company) confirms that ITOCHU has been independently assessed according to the FTSE4Good Index Series, FTSE Bloomberg Japan Index, and FTSE Bloomberg Japan Sector Relative Index. Created by the global index provider FTSE Russell, these indices are designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices, and are used by a wide variety of market participants to create and assess responsible investment funds and other products.*
### Selected Financial Data

#### Income Statements

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenues</strong></td>
<td>¥4,197,525</td>
<td>¥5,790,763</td>
<td>¥5,530,895</td>
<td>¥5,675,526</td>
<td>¥5,941,435</td>
<td>¥5,083,536</td>
<td>¥4,834,868</td>
<td>¥5,510,059</td>
<td>¥11,600,485</td>
<td>¥10,982,068</td>
<td>¥10,362,628</td>
</tr>
<tr>
<td><strong>Gross profit</strong></td>
<td>956,920</td>
<td>915,879</td>
<td>1,028,273</td>
<td>1,045,022</td>
<td>1,099,064</td>
<td>1,069,711</td>
<td>1,093,462</td>
<td>1,210,440</td>
<td>1,637,772</td>
<td>1,727,788</td>
<td>1,780,747</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>300,505</td>
<td>289,297</td>
<td>310,267</td>
<td>245,312</td>
<td>365,069</td>
<td>240,378</td>
<td>522,251</td>
<td>400,339</td>
<td>503,523</td>
<td>501,322</td>
<td>401,493</td>
</tr>
<tr>
<td><strong>Total comprehensive income attributable to ITOCHU</strong></td>
<td>249,893</td>
<td>475,819</td>
<td>446,214</td>
<td>391,901</td>
<td>465,665</td>
<td>(144,777)</td>
<td>303,063</td>
<td>390,022</td>
<td>464,795</td>
<td>278,793</td>
<td>655,259</td>
</tr>
<tr>
<td><strong>Per share (yen and U.S. dollars)</strong></td>
<td>1.9013</td>
<td>1.7735</td>
<td>1.9616</td>
<td>1.5521</td>
<td>1.9135</td>
<td>1.24</td>
<td>2.25</td>
<td>3.04</td>
<td>3.24</td>
<td>3.55</td>
<td>2.69</td>
</tr>
<tr>
<td><strong>Basic earnings attributable to ITOCHU</strong></td>
<td>19.013</td>
<td>17.375</td>
<td>19.616</td>
<td>15.521</td>
<td>19.135</td>
<td>12.4</td>
<td>22.5</td>
<td>30.4</td>
<td>32.4</td>
<td>35.5</td>
<td>26.9</td>
</tr>
<tr>
<td><strong>Cash dividends</strong></td>
<td>44.0</td>
<td>40.4</td>
<td>46.0</td>
<td>46.0</td>
<td>46.0</td>
<td>50.0</td>
<td>50.0</td>
<td>70.0</td>
<td>83.0</td>
<td>85.0</td>
<td>88.0</td>
</tr>
<tr>
<td><strong>Shareholders’ equity per share</strong></td>
<td>862.88</td>
<td>1,117.01</td>
<td>1,358.42</td>
<td>1,296.35</td>
<td>1,539.55</td>
<td>1,380.66</td>
<td>1,532.56</td>
<td>1,722.06</td>
<td>1,900.47</td>
<td>2,010.33</td>
<td>2,232.84</td>
</tr>
</tbody>
</table>

**B/S (As of March 31):**

- **Total assets:** ¥6,507,273
- **Cash and cash equivalents at the end of the year:** ¥7,117,446
- **Net interest-bearing debt:** 84,704
- **Net debt-to-shareholders’ equity ratio (times):** 1.5
- **Ratio of shareholders’ equity to total assets (%):** 78.86
- **ROA (%):** 12.4
- **Net debt-to-shareholders’ equity ratio (times):** 1.0
- **Interest coverage:** 1.2

**Cash flows from operating activities**

- **Gross trading profit:** 450,968
- **Interest coverage:** 1.5
- **Net profit attributable to ITOCHU:** 300,505
- **Total comprehensive income attributable to ITOCHU:** 249,893
- **Per share (yen and U.S. dollars):** 1.9013
- **Basic earnings attributable to ITOCHU:** 19.013
- **Cash dividends:** 44.0
- **Shareholders’ equity per share:** 862.88

**Cash flows from investing activities**

- **Net interest-bearing debt:** 2,033,560
- **Net interest-bearing debt:** 2,014,898
- **Long-term debt (excluding current maturities, including long-term interest-bearing debt and lease liabilities (long-term):** 2,259,717
- **Total shareholders’ equity:** 1,363,797
- **Cash and cash equivalents at the end of the year:** 513,469
- **Net debt-to-shareholders’ equity ratio (times):** 1.5
- **Interest coverage (times):** 13.5

**Cash flows from operating activities**

- **Operating cash flows:** ¥347,598
- **Operating cash flows:** ¥385,604
- **Operating cash flows:** ¥390,602
- **Operating cash flows:** ¥385,881
- **Operating cash flows:** ¥374,176
- **Operating cash flows:** ¥419,735
- **Operating cash flows:** ¥481,054
- **Operating cash flows:** ¥514,269
- **Operating cash flows:** ¥601,812
- **Operating cash flows:** ¥574,319
- **Operating cash flows:** ¥730,159

**Cash flows from investing activities**

- **Net interest-bearing debt:** ¥455,968
- **Net interest-bearing debt:** ¥557,260
- **Net interest-bearing debt:** ¥355,396
- **Net interest-bearing debt:** ¥343,146
- **Net interest-bearing debt:** ¥570,030
- **Net interest-bearing debt:** ¥654,099
- **Net interest-bearing debt:** ¥611,715

**Cash flows from financing activities**

- **Cash dividends:** ¥90,000
- **Cash dividends:** ¥266,692
- **Cash dividends:** ¥270,377
- **Cash dividends:** ¥265,350
- **Cash dividends:** ¥267,786
- **Cash dividends:** ¥266,149
- **Cash dividends:** ¥265,263
- **Cash dividends:** ¥266,693
- **Cash dividends:** ¥236,905
- **Cash dividends:** ¥316,281

**Common stock information**

- **Stock price (yen and U.S. dollars):** ¥870.0
- **Stock price (yen and U.S. dollars):** ¥925.0
- **Stock price (yen and U.S. dollars):** ¥125.0
- **Stock price (yen and U.S. dollars):** ¥225.0
- **Stock price (yen and U.S. dollars):** ¥250.0
- **Stock price (yen and U.S. dollars):** ¥350.0
- **Stock price (yen and U.S. dollars):** ¥450.0
- **Stock price (yen and U.S. dollars):** ¥550.0
- **Stock price (yen and U.S. dollars):** ¥700.0
- **Stock price (yen and U.S. dollars):** ¥1,000.0

**Exchange rates into U.S. currency (Federal Reserve Bank of New York):**

- **For the year:** ¥82.41
- **For the year:** ¥94.16
- **For the year:** ¥102.98
- **For the year:** ¥102.98
- **For the year:** ¥119.96
- **For the year:** ¥121.44
- **For the year:** ¥121.44
- **For the year:** ¥109.66
- **For the year:** ¥107.53
- **For the year:** ¥110.81
- **For the year:** ¥121.44

**Average for the year:** 78.86

**Range:**

- **Low:** 85.26
- **Low:** 96.16
- **Low:** 105.25
- **Low:** 125.58
- **Low:** 112.42
- **Low:** 112.42
- **Low:** 105.25
- **Low:** 112.42
- **Low:** 112.42
- **Low:** 112.42

- **High:** 96.16
- **High:** 105.25
- **High:** 125.58
- **High:** 112.42
- **High:** 112.42
- **High:** 112.42
- **High:** 112.42
- **High:** 112.42
- **High:** 112.42
- **High:** 112.42
<table>
<thead>
<tr>
<th>Assets</th>
<th>As of March 31</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Millions of yen</th>
<th>Millions of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total non-current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td></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></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></td>
<td>2,183,349</td>
<td>2,397,608</td>
<td>2,113,746</td>
<td>2,122,815</td>
<td>2,458,991</td>
<td>20,092</td>
</tr>
<tr>
<td>Other current receivables</td>
<td></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></td>
<td>34,329</td>
<td>43,132</td>
<td>45,515</td>
<td>44,930</td>
<td>101,832</td>
<td>833</td>
</tr>
<tr>
<td>Inventories</td>
<td></td>
<td>870,352</td>
<td>937,183</td>
<td>952,029</td>
<td>890,692</td>
<td>1,077,160</td>
<td>8,601</td>
</tr>
<tr>
<td>Advances to suppliers</td>
<td></td>
<td>179,760</td>
<td>98,081</td>
<td>89,425</td>
<td>80,521</td>
<td>123,582</td>
<td>1,008</td>
</tr>
<tr>
<td>Other current assets</td>
<td></td>
<td>112,370</td>
<td>185,767</td>
<td>135,774</td>
<td>161,256</td>
<td>198,727</td>
<td>1,542</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td></td>
<td>¥3,923,361</td>
<td>¥4,740,576</td>
<td>¥5,690,883</td>
<td>¥6,786,537</td>
<td>¥7,343,702</td>
<td>¥60,003</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 | 2,288,762 | 18,701 |
| Other investments | | 816,510 | 857,261 | 816,518 | 962,374 | 956,218 | 7,829 |
| Non-current receivables | | 617,719 | 618,762 | 660,578 | 658,658 | 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 | 1,938,044 | 15,819 |
| Investment property | | 19,134 | 32,524 | 58,595 | 50,665 | 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 | 78,963 | 75,534 | 617 |
| **Total non-current assets** | | 4,740,576 | 5,690,883 | 6,786,537 | 6,301,121 | 7,343,702 | 60,003 |
| **Total assets** | | ¥8,663,937 | ¥10,086,703 | ¥10,919,598 | ¥11,178,432 | ¥12,153,658 | ¥99,303 |

<table>
<thead>
<tr>
<th>Liabilities and Equity</th>
<th>As of March 31</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
<th>Millions of yen</th>
<th>Millions of U.S. dollars</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td></td>
<td>¥526,867</td>
<td>¥650,909</td>
<td>¥684,406</td>
<td>¥710,213</td>
<td>¥522,448</td>
<td>$4,269</td>
</tr>
<tr>
<td>Lease liabilities (short-term)</td>
<td></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>242,076</td>
<td>238,446</td>
</tr>
<tr>
<td>Trade payables</td>
<td></td>
<td>1,825,859</td>
<td>1,942,037</td>
<td>1,707,472</td>
<td>1,826,766</td>
<td>1,967,117</td>
<td>16,072</td>
</tr>
<tr>
<td>Other current payables</td>
<td></td>
<td>79,200</td>
<td>234,518</td>
<td>215,175</td>
<td>198,757</td>
<td>210,857</td>
<td>1,723</td>
</tr>
<tr>
<td>Other current financial liabilities</td>
<td></td>
<td>26,791</td>
<td>27,073</td>
<td>35,699</td>
<td>40,172</td>
<td>43,724</td>
<td>384</td>
</tr>
<tr>
<td>Current tax liabilities</td>
<td></td>
<td>53,241</td>
<td>48,014</td>
<td>67,074</td>
<td>57,370</td>
<td>74,026</td>
<td>605</td>
</tr>
<tr>
<td>Advances from customers</td>
<td></td>
<td>157,167</td>
<td>88,480</td>
<td>81,799</td>
<td>84,699</td>
<td>132,513</td>
<td>1,083</td>
</tr>
<tr>
<td>Other current liabilities</td>
<td></td>
<td>319,777</td>
<td>350,343</td>
<td>368,163</td>
<td>374,489</td>
<td>424,071</td>
<td>3,465</td>
</tr>
<tr>
<td>Liabilities held for sale</td>
<td></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>225,732</td>
<td>—</td>
</tr>
<tr>
<td><strong>Total current liabilities</strong></td>
<td></td>
<td>2,988,902</td>
<td>3,341,374</td>
<td>3,401,864</td>
<td>3,554,634</td>
<td>3,650,547</td>
<td>29,827</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td></td>
<td>5,679,586</td>
<td>6,408,587</td>
<td>7,078,969</td>
<td>7,306,192</td>
<td>7,389,958</td>
<td>60,381</td>
</tr>
</tbody>
</table>

| Equity | | | | | | |
| Common stock | | 253,448 | 253,448 | 253,448 | 253,448 | 253,448 | 2,071 |
| Capital surplus | | 160,271 | 49,584 | 50,677 | (155,210) | (161,917) | (1,323) |
| Retained earnings | | 2,324,766 | 2,698,243 | 2,948,135 | 3,238,948 | 3,615,991 | 31,146 |
| **Total liabilities and equity** | | ¥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>Total revenues</strong></td>
<td>¥ 5,670,059</td>
<td>¥ 5,802,485</td>
<td>¥ 5,932,026</td>
<td>¥ 5,023,348</td>
<td>¥ 5,105,443</td>
</tr>
<tr>
<td><strong>Cost</strong></td>
<td>(4,299,619)</td>
<td>(10,036,713)</td>
<td>(9,185,180)</td>
<td>(8,581,881)</td>
<td>(9,187,521)</td>
</tr>
<tr>
<td><strong>Other gains (losses)</strong></td>
<td>(93,725)</td>
<td>(11,915)</td>
<td>(12,110)</td>
<td>(14,410)</td>
<td>(8,010)</td>
</tr>
<tr>
<td><strong>Total other gains</strong></td>
<td>(93,725)</td>
<td>(11,915)</td>
<td>(12,110)</td>
<td>(14,410)</td>
<td>(8,010)</td>
</tr>
<tr>
<td><strong>Equity in earnings of associates</strong></td>
<td>(31,387)</td>
<td>(45,166)</td>
<td>57,867</td>
<td>39,450</td>
<td>58,704</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>¥ 537,858</td>
<td>¥ 668,393</td>
<td>¥ 701,443</td>
<td>¥ 512,475</td>
<td>¥ 1,110,029</td>
</tr>
<tr>
<td><strong>Other comprehensive income</strong></td>
<td>(106,138)</td>
<td>(149,694)</td>
<td>(142,321)</td>
<td>(71,592)</td>
<td>(271,056)</td>
</tr>
<tr>
<td><strong>Net profit after tax</strong></td>
<td>¥ 27,528</td>
<td>¥ 34,112</td>
<td>¥ 44,141</td>
<td>¥ 40,041</td>
<td>¥ 72,177</td>
</tr>
<tr>
<td><strong>Earnings in associates</strong></td>
<td>— — — — —</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total financial income</strong></td>
<td>¥ 216,228</td>
<td>¥ 298,052</td>
<td>¥ 329,867</td>
<td>¥ 337,944</td>
<td>¥ 358,704</td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td>¥ 251,575</td>
<td>¥ 362,707</td>
<td>¥ 397,441</td>
<td>¥ 455,067</td>
<td>¥ 514,540</td>
</tr>
<tr>
<td><strong>Income tax expense</strong></td>
<td>(12,247)</td>
<td>(18,303)</td>
<td>(20,208)</td>
<td>(22,349)</td>
<td>(27,067)</td>
</tr>
<tr>
<td><strong>Net profit</strong></td>
<td>¥ 239,328</td>
<td>¥ 344,404</td>
<td>¥ 377,233</td>
<td>¥ 432,718</td>
<td>¥ 487,473</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>¥ 239,328</td>
<td>¥ 344,404</td>
<td>¥ 377,233</td>
<td>¥ 432,718</td>
<td>¥ 487,473</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>¥ 2,669,463</td>
<td>¥ 2,936,908</td>
<td>¥ 3,238,165</td>
<td>¥ 3,328,948</td>
<td>¥ 3,611,091</td>
</tr>
<tr>
<td><strong>Non-controlling interests</strong></td>
<td>¥ 170,109</td>
<td>¥ 141,803</td>
<td>¥ 160,271</td>
<td>¥ 172,628</td>
<td>¥ 206,279</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity attributable to ITOCHU</strong></td>
<td>¥ 2,599,354</td>
<td>¥ 2,795,105</td>
<td>¥ 3,077,487</td>
<td>¥ 3,156,320</td>
<td>¥ 3,404,812</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><strong>Balance at the beginning of the year</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</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>Balance at the end of the year</strong></td>
<td>¥ 102,271</td>
<td>¥ 104,984</td>
<td>¥ 104,984</td>
<td>¥ 104,984</td>
<td>¥ 104,984</td>
</tr>
<tr>
<td><strong>Capital surplus</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Balance at the beginning of the year</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net change in sale (purchase) of subsidiary shares to/from non-controlling interests</strong></td>
<td>—</td>
<td>(1,767)</td>
<td>(8,624)</td>
<td>(1,055)</td>
<td>(19,917)</td>
</tr>
<tr>
<td><strong>Translation adjustments</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Net change in sale (purchase) of subsidiary shares to/from non-controlling interests</strong></td>
<td>—</td>
<td>(142,221)</td>
<td>(142,221)</td>
<td>(142,221)</td>
<td>(142,221)</td>
</tr>
<tr>
<td><strong>Other components of equity</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Balance at the beginning of the year</strong></td>
<td>¥ 88,729</td>
<td>¥ 81,206</td>
<td>¥ 131,234</td>
<td>¥ 160,455</td>
<td>¥ 165,455</td>
</tr>
<tr>
<td><strong>Net change in sale (purchase) of subsidiary shares to/from non-controlling interests</strong></td>
<td>¥ 270,166</td>
<td>¥ 270,166</td>
<td>¥ 270,166</td>
<td>¥ 270,166</td>
<td>¥ 270,166</td>
</tr>
<tr>
<td><strong>Balance at the end of the year</strong></td>
<td>¥ 358,895</td>
<td>¥ 359,412</td>
<td>¥ 361,668</td>
<td>¥ 365,810</td>
<td>¥ 381,865</td>
</tr>
<tr>
<td><strong>Treasury stock</strong></td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td><strong>Balance at the beginning of the year</strong></td>
<td>¥ 2,669,463</td>
<td>¥ 2,936,908</td>
<td>¥ 3,238,165</td>
<td>¥ 3,328,948</td>
<td>¥ 3,611,091</td>
</tr>
<tr>
<td><strong>Net change in sale (purchase) of subsidiary shares to/from non-controlling interests</strong></td>
<td>¥ (155,206)</td>
<td>¥ (155,206)</td>
<td>¥ (155,206)</td>
<td>¥ (155,206)</td>
<td>¥ (155,206)</td>
</tr>
<tr>
<td><strong>Balance at the end of the year</strong></td>
<td>¥ 2,514,257</td>
<td>¥ 2,781,702</td>
<td>¥ 2,882,959</td>
<td>¥ 2,973,742</td>
<td>¥ 3,455,825</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>¥ 3,183,612</td>
<td>¥ 3,258,610</td>
<td>¥ 3,374,124</td>
<td>¥ 3,459,026</td>
<td>¥ 3,747,647</td>
</tr>
<tr>
<td><strong>Non-controlling interests</strong></td>
<td>¥ 170,109</td>
<td>¥ 141,803</td>
<td>¥ 160,271</td>
<td>¥ 172,628</td>
<td>¥ 206,279</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity attributable to ITOCHU</strong></td>
<td>¥ 3,013,503</td>
<td>¥ 3,116,807</td>
<td>¥ 3,303,493</td>
<td>¥ 3,286,404</td>
<td>¥ 3,541,368</td>
</tr>
</tbody>
</table>

**ANNUAL REPORT 2022**

ITOCHU Corporation
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>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td>$431,720</td>
<td>$540,689</td>
<td>$559,209</td>
<td>$440,863</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>678,973</td>
<td>7,182</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjustments to reconcile net profit to net cash provided by operating activities</td>
<td>$114,102</td>
<td>$154,944</td>
<td>$422,624</td>
<td>$424,297</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>404,184</td>
<td>3,302</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Gain)/losses on investments</td>
<td>(7,086)</td>
<td>(203,034)</td>
<td>$57,801</td>
<td>(4,105)</td>
</tr>
<tr>
<td>(Gain)/losses on property, plant, equipment and intangible assets</td>
<td>(211,851)</td>
<td>(1,731)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Financial (income) loss</td>
<td>(27,528)</td>
<td>(54,112)</td>
<td>(44,491)</td>
<td>(30,172)</td>
</tr>
<tr>
<td>Equity in earnings of associates and joint ventures</td>
<td>(216,228)</td>
<td>(98,052)</td>
<td>(205,862)</td>
<td>(229,698)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>(106,138)</td>
<td>149,694</td>
<td>142,212</td>
<td>271,056</td>
</tr>
<tr>
<td>Provision for doubtful accounts and other provisions</td>
<td>12,995</td>
<td>1,394</td>
<td>22,154</td>
<td>30,504</td>
</tr>
<tr>
<td>Changes in assets and liabilities, other-net</td>
<td>(72,842)</td>
<td>(37,738)</td>
<td>58,976</td>
<td>(241,650)</td>
</tr>
<tr>
<td>Proceeds from interest</td>
<td>31,321</td>
<td>37,525</td>
<td>34,460</td>
<td>24,142</td>
</tr>
<tr>
<td>Proceeds from dividends</td>
<td>110,518</td>
<td>140,146</td>
<td>152,862</td>
<td>144,732</td>
</tr>
<tr>
<td>Payments for interest</td>
<td>(38,703)</td>
<td>(56,385)</td>
<td>(82,775)</td>
<td>(59,412)</td>
</tr>
<tr>
<td>Payments for income taxes</td>
<td>(85,652)</td>
<td>(135,421)</td>
<td>(112,726)</td>
<td>(144,459)</td>
</tr>
<tr>
<td>Net cash provided by (used in) operating activities</td>
<td>388,212</td>
<td>476,551</td>
<td>878,133</td>
<td>896,060</td>
</tr>
<tr>
<td>803,163</td>
<td>6,546</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in investments accounted for by the equity method</td>
<td>(125,146)</td>
<td>(106,112)</td>
<td>(50,915)</td>
<td>(20,694)</td>
</tr>
<tr>
<td>Net change in other investments</td>
<td>(56,833)</td>
<td>353,023</td>
<td>(89,382)</td>
<td>(50,915)</td>
</tr>
<tr>
<td>Net change in loans receivable</td>
<td>21,301</td>
<td>27,723</td>
<td>21,411</td>
<td>23,300</td>
</tr>
<tr>
<td>Net change in property, plant, equipment and intangible assets</td>
<td>(87,019)</td>
<td>(65,672)</td>
<td>(147,688)</td>
<td>(152,582)</td>
</tr>
<tr>
<td>Net change in time deposits</td>
<td>(8,650)</td>
<td>21,187</td>
<td>2,182</td>
<td>(8,495)</td>
</tr>
<tr>
<td>Net cash provided by (used in) investing activities</td>
<td>(256,350)</td>
<td>201,149</td>
<td>(248,768)</td>
<td>(207,296)</td>
</tr>
<tr>
<td>36,677</td>
<td>316</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in debentures and loans payable</td>
<td>(180,858)</td>
<td>(345,047)</td>
<td>(79,726)</td>
<td>(251,602)</td>
</tr>
<tr>
<td>Repayments of lease liabilities</td>
<td>(267,196)</td>
<td>(277,493)</td>
<td>(259,910)</td>
<td>(267,974)</td>
</tr>
<tr>
<td>Equity transactions with non-controlling interests</td>
<td>(3,806)</td>
<td>18,947</td>
<td>(6,774)</td>
<td>(5,774)</td>
</tr>
<tr>
<td>Cash dividends to shareholders</td>
<td>(92,845)</td>
<td>(116,437)</td>
<td>(133,537)</td>
<td>(133,537)</td>
</tr>
<tr>
<td>Cash dividends to non-controlling interests</td>
<td>(10,732)</td>
<td>(27,081)</td>
<td>(27,236)</td>
<td>(27,236)</td>
</tr>
<tr>
<td>Net change in equity instruments</td>
<td>(27,909)</td>
<td>(66,703)</td>
<td>(82,018)</td>
<td>(82,018)</td>
</tr>
<tr>
<td>Net cash provided by (used in) financing activities</td>
<td>(296,136)</td>
<td>(383,318)</td>
<td>(375,482)</td>
<td>(372,767)</td>
</tr>
<tr>
<td>846,706</td>
<td>(9,018)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net change in cash and cash equivalents</td>
<td>(164,274)</td>
<td>139,380</td>
<td>53,685</td>
<td>(40,163)</td>
</tr>
<tr>
<td>Cash and cash equivalents at the end of the year</td>
<td>$432,140</td>
<td>$572,030</td>
<td>$611,223</td>
<td>$544,009</td>
</tr>
<tr>
<td>$611,715</td>
<td>$1,698</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

* Repayments of lease liabilities in Cash flows from financing activities is presented independently due to the application of IFRS 16 “Leases” and the amount of “Repayments of lease liabilities” for Fiscal Years ended March 31, 2018 and 2019 are not reclassified.

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>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel expenses</td>
<td>$450,6</td>
<td>$508,4</td>
<td>$566,9</td>
<td>$689,9</td>
</tr>
<tr>
<td>Gross trading profit</td>
<td>2,701,4</td>
<td>2,783,8</td>
<td>2,797,9</td>
<td>2,797,9</td>
</tr>
<tr>
<td>SG&amp;A expenses</td>
<td>1,219,4</td>
<td>1,331,2</td>
<td>1,347,3</td>
<td>1,347,3</td>
</tr>
<tr>
<td>SG&amp;A expenses and provision for doubtful accounts</td>
<td>1,219,4</td>
<td>1,331,2</td>
<td>1,347,3</td>
<td>1,347,3</td>
</tr>
<tr>
<td>Profit after income tax</td>
<td>1,481,0</td>
<td>2,456,6</td>
<td>2,456,6</td>
<td>2,456,6</td>
</tr>
<tr>
<td>Net earnings</td>
<td>1,481,0</td>
<td>2,456,6</td>
<td>2,456,6</td>
<td>2,456,6</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>
</tr>
</thead>
<tbody>
<tr>
<td>Total debt</td>
<td>¥3,690,1</td>
<td>¥3,840,6</td>
<td>¥3,870,2</td>
<td>¥3,870,2</td>
</tr>
<tr>
<td>Shareholders’ equity</td>
<td>¥2,984,4</td>
<td>¥3,690,1</td>
<td>¥3,840,6</td>
<td>¥3,870,2</td>
</tr>
<tr>
<td>Net debt-to-shareholders’ equity ratio</td>
<td>0.87</td>
<td>0.82</td>
<td>0.75</td>
<td>0.78</td>
</tr>
</tbody>
</table>

Profit & 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>
</tr>
</thead>
<tbody>
<tr>
<td>Gross trading profit</td>
<td>¥392,3</td>
<td>¥437,9</td>
<td>¥445,2</td>
<td>¥359,6</td>
</tr>
<tr>
<td>Gross profit ratio</td>
<td>71.9 %</td>
<td>74.7 %</td>
<td>74.3 %</td>
<td>74.3 %</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>
</tr>
</thead>
<tbody>
<tr>
<td>Risk buffer</td>
<td>¥761,2</td>
<td>¥3,690,1</td>
<td>¥3,840,6</td>
<td>¥3,870,2</td>
</tr>
<tr>
<td>Risk assets</td>
<td>¥2,984,4</td>
<td>¥2,669,4</td>
<td>¥2,775,4</td>
<td>¥2,775,4</td>
</tr>
</tbody>
</table>

ANNUAL REPORT 2022

ITOCHU Corporation

Data Section
The results under FYE 2018 and FYE 2019 are presented post reclassification.

ROA to core profit

*On July 1, 2019, ITOCHU established The 8th Company and changed its organizational structure from seven Division Companies to eight Division Companies. The results under FYE 2018 and FYE 2019 are presented post reclassification.
Segment Information by Operating Segment*1

Fiscal Years Ended March 31

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Billions of yen</td>
<td>Billions of U.S. dollars</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>¥ 522.4</td>
<td>¥ 593.6</td>
<td>¥ 537.4</td>
<td>¥ 435.0</td>
</tr>
<tr>
<td></td>
<td>$ 3,694</td>
<td>$ 4,448</td>
<td>$ 3,656</td>
<td>$ 2,564</td>
</tr>
<tr>
<td><strong>Revenues from external customers</strong></td>
<td>¥ 1,376.8</td>
<td>¥ 2,349.4</td>
<td>¥ 2,762.1</td>
<td>¥ 2,552.1</td>
</tr>
<tr>
<td></td>
<td>$ 14,820</td>
<td>$ 23,703</td>
<td>$ 27,506</td>
<td>$ 25,176</td>
</tr>
<tr>
<td><strong>Gross trading profit</strong></td>
<td>¥ 850.3</td>
<td>¥ 1,044.4</td>
<td>¥ 1,133.2</td>
<td>¥ 947.1</td>
</tr>
<tr>
<td></td>
<td>$ 864.1</td>
<td>$ 1,070.3</td>
<td>$ 1,157.1</td>
<td>$ 938.3</td>
</tr>
<tr>
<td><strong>Equity in earnings of associates and joint ventures</strong></td>
<td>¥ 59.3</td>
<td>¥ 53.6</td>
<td>¥ 50.0</td>
<td>¥ 48.1</td>
</tr>
<tr>
<td></td>
<td>$ 0.6</td>
<td>$ 0.6</td>
<td>$ 0.5</td>
<td>$ 0.5</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>¥ 55.4</td>
<td>¥ 62.7</td>
<td>¥ 55.0</td>
<td>¥ 21.3</td>
</tr>
<tr>
<td></td>
<td>$ 0.6</td>
<td>$ 0.7</td>
<td>$ 0.6</td>
<td>$ 0.2</td>
</tr>
<tr>
<td><strong>Gross trading profit</strong></td>
<td>¥ 167.3</td>
<td>¥ 180.7</td>
<td>¥ 175.9</td>
<td>¥ 178.6</td>
</tr>
<tr>
<td></td>
<td>$ 1.7</td>
<td>$ 1.9</td>
<td>$ 1.8</td>
<td>$ 1.9</td>
</tr>
<tr>
<td><strong>Other miscellaneous income</strong></td>
<td>¥ 18.1</td>
<td>¥ 30.9</td>
<td>¥ 5.1</td>
<td>¥ 5.2</td>
</tr>
<tr>
<td></td>
<td>$ 0.2</td>
<td>$ 0.3</td>
<td>$ 0.1</td>
<td>$ 0.1</td>
</tr>
<tr>
<td><strong>Gross trading profit</strong></td>
<td>¥ 185.5</td>
<td>¥ 211.6</td>
<td>¥ 181.0</td>
<td>¥ 183.8</td>
</tr>
<tr>
<td></td>
<td>$ 1.9</td>
<td>$ 2.0</td>
<td>$ 1.7</td>
<td>$ 1.8</td>
</tr>
<tr>
<td><strong>Core operating cash flows</strong></td>
<td>¥ 58.9</td>
<td>¥ 99.5</td>
<td>¥ 99.2</td>
<td>¥ 98.8</td>
</tr>
<tr>
<td></td>
<td>$ 0.6</td>
<td>$ 1.0</td>
<td>$ 1.0</td>
<td>$ 1.0</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>¥ 74.5</td>
<td>¥ 92.3</td>
<td>¥ 80.0</td>
<td>¥ 58.2</td>
</tr>
<tr>
<td></td>
<td>$ 0.8</td>
<td>$ 1.0</td>
<td>$ 0.8</td>
<td>$ 0.6</td>
</tr>
<tr>
<td><strong>Revenues from external customers</strong></td>
<td>¥ 1,376.8</td>
<td>¥ 2,349.4</td>
<td>¥ 2,762.1</td>
<td>¥ 2,552.1</td>
</tr>
<tr>
<td><strong>Gross trading profit</strong></td>
<td>¥ 850.3</td>
<td>¥ 1,044.4</td>
<td>¥ 1,133.2</td>
<td>¥ 947.1</td>
</tr>
<tr>
<td><strong>Equity in earnings of associates and joint ventures</strong></td>
<td>¥ 59.3</td>
<td>¥ 53.6</td>
<td>¥ 50.0</td>
<td>¥ 48.1</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>¥ 55.4</td>
<td>¥ 62.7</td>
<td>¥ 55.0</td>
<td>¥ 21.3</td>
</tr>
<tr>
<td><strong>Gross trading profit</strong></td>
<td>¥ 167.3</td>
<td>¥ 180.7</td>
<td>¥ 175.9</td>
<td>¥ 178.6</td>
</tr>
<tr>
<td><strong>Other miscellaneous income</strong></td>
<td>¥ 18.1</td>
<td>¥ 30.9</td>
<td>¥ 5.1</td>
<td>¥ 5.2</td>
</tr>
<tr>
<td><strong>Gross trading profit</strong></td>
<td>¥ 185.5</td>
<td>¥ 211.6</td>
<td>¥ 181.0</td>
<td>¥ 183.8</td>
</tr>
<tr>
<td><strong>Core operating cash flows</strong></td>
<td>¥ 58.9</td>
<td>¥ 99.5</td>
<td>¥ 99.2</td>
<td>¥ 98.8</td>
</tr>
<tr>
<td><strong>Net profit attributable to ITOCHU</strong></td>
<td>¥ 74.5</td>
<td>¥ 92.3</td>
<td>¥ 80.0</td>
<td>¥ 58.2</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. The results under FYE 2018 and FYE 2019 are presented post reclassification.

*2 Other, Adjustments & Eliminations include 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. Paulphad Co. Ltd. and the profits and losses from them are included in this segment.

Segment Information by Geographical Area

Fiscal Years Ended March 31

<table>
<thead>
<tr>
<th></th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Billions of yen</td>
<td>Billions of U.S. dollars</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Revenue</strong></td>
<td>¥ 5,773.3</td>
<td>¥ 6,860.9</td>
<td>¥ 8,660.0</td>
<td>¥ 8,351.7</td>
</tr>
<tr>
<td></td>
<td>$ 57.7</td>
<td>$ 69.6</td>
<td>$ 88.1</td>
<td>$ 82.5</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td>¥ 327.7</td>
<td>¥ 468.1</td>
<td>¥ 534.2</td>
<td>¥ 406.7</td>
</tr>
<tr>
<td></td>
<td>$ 3.4</td>
<td>$ 5.2</td>
<td>$ 6.1</td>
<td>$ 4.7</td>
</tr>
<tr>
<td><strong>United States</strong></td>
<td>¥ 600.1</td>
<td>¥ 746.0</td>
<td>¥ 588.6</td>
<td>¥ 463.0</td>
</tr>
<tr>
<td></td>
<td>$ 6.5</td>
<td>$ 8.4</td>
<td>$ 6.7</td>
<td>$ 5.4</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>¥ 1,057.4</td>
<td>¥ 852.2</td>
<td>¥ 918.7</td>
<td>¥ 1,108.8</td>
</tr>
<tr>
<td></td>
<td>$ 10.9</td>
<td>$ 9.7</td>
<td>$ 11.0</td>
<td>$ 11.6</td>
</tr>
<tr>
<td><strong>China</strong></td>
<td>¥ 104.3</td>
<td>¥ 852.2</td>
<td>¥ 490.7</td>
<td>¥ 355.0</td>
</tr>
<tr>
<td></td>
<td>$ 1.1</td>
<td>$ 9.7</td>
<td>$ 5.4</td>
<td>$ 3.8</td>
</tr>
</tbody>
</table>

---

*1 Segment information by geographical area above is grouped taking into consideration the actual condition of the transaction and placement of management resource of each subsidiary 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 Year</th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>3rd Quarter</th>
<th>4th Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total revenues</td>
<td>2,198.2</td>
<td>2,096.0</td>
<td>2,016.9</td>
<td>1,978.5</td>
</tr>
<tr>
<td>Other–net</td>
<td>5.0 1.8</td>
<td>5.0 1.8</td>
<td>5.0 1.8</td>
<td>5.0 1.8</td>
</tr>
<tr>
<td>Total financial income</td>
<td>136.9</td>
<td>141.2</td>
<td>145.2</td>
<td>149.2</td>
</tr>
<tr>
<td>Interest expense</td>
<td>22.9</td>
<td>24.5</td>
<td>26.2</td>
<td>28.3</td>
</tr>
<tr>
<td>Dividend income</td>
<td>22.9</td>
<td>24.5</td>
<td>26.2</td>
<td>28.3</td>
</tr>
<tr>
<td>Total financial income</td>
<td>136.9</td>
<td>141.2</td>
<td>145.2</td>
<td>149.2</td>
</tr>
</tbody>
</table>

#### Quarterly Segment Information by Operating Segment^1

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>1st Quarter</th>
<th>2nd Quarter</th>
<th>3rd Quarter</th>
<th>4th Quarter</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sales</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gains (losses) on investments</td>
<td>284.7</td>
<td>300.4</td>
<td>343.3</td>
<td>356.8</td>
</tr>
<tr>
<td>Gains (losses) on property, plant, equipment and intangible assets</td>
<td>284.7</td>
<td>300.4</td>
<td>343.3</td>
<td>356.8</td>
</tr>
<tr>
<td>Total financial income</td>
<td>136.9</td>
<td>141.2</td>
<td>145.2</td>
<td>149.2</td>
</tr>
</tbody>
</table>

#### Footnotes

^1 On July 1, 2019, ITOCHU established The 8th Company and changed its organizational structure from seven Division Companies to eight Division Companies. The results for the terms before July 1, 2019, and the 1st quarter of FY 2020 are presented post reclassification.

^2 "Others, Adjustments & Eliminations" includes gains and losses which do not belong to any operating segment and internal eliminations between operating segments. The investments in CITIC Limited and C.P. Pokphand Co. Ltd. and the profits and losses from them are included in this segment.
Profits / Losses from Major Group Companies

Textile Company

<table>
<thead>
<tr>
<th>Ownership %</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022 (FYE 2023 Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marubeni-Itochu Steel Inc.</td>
<td>50.0%</td>
<td>11.2</td>
<td>8.7</td>
</tr>
<tr>
<td>(CSN Mineração)</td>
<td>77.3%</td>
<td>9.4</td>
<td>5.5</td>
</tr>
<tr>
<td>ITOCHU Corporation</td>
<td>100.0%</td>
<td>1.2</td>
<td>0.8</td>
</tr>
<tr>
<td>I-ENVIRONMENT INVESTMENTS LIMITED</td>
<td>100.0%</td>
<td>1.2</td>
<td>0.6</td>
</tr>
<tr>
<td>NIPPON ACCESS, INC.</td>
<td>100.0%</td>
<td>8.4</td>
<td>4.4</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 (FYE 2023 Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITOCHU Corporation</td>
<td>100.0%</td>
<td>6.9</td>
<td>3.6</td>
</tr>
<tr>
<td>ITOCHU FIBRE LIMITED (METISA 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>1.5</td>
<td>1.2</td>
</tr>
<tr>
<td>ITOCHU CRATECH Corporation</td>
<td>100.0%</td>
<td>0.9</td>
<td>0.5</td>
</tr>
<tr>
<td>ITOCHU LOGISTICS CORP.</td>
<td>96.2%</td>
<td>4.9</td>
<td>4.4</td>
</tr>
<tr>
<td>North American construction materials business</td>
<td>—</td>
<td>7.0</td>
<td>9.8</td>
</tr>
<tr>
<td>ITOCHU KENSA Corporation</td>
<td>100.0%</td>
<td>2.9</td>
<td>2.7</td>
</tr>
<tr>
<td>DAVIC CORPORATION</td>
<td>38.4%</td>
<td>2.6</td>
<td>2.1</td>
</tr>
<tr>
<td>ITOCHU PROPERTY DEVELOPMENT, LTD.</td>
<td>100.0%</td>
<td>2.4</td>
<td>2.1</td>
</tr>
</tbody>
</table>

Machinery Company

<table>
<thead>
<tr>
<th>Ownership %</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022 (FYE 2023 Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Itochu Plantech Inc.</td>
<td>3 60.0%</td>
<td>1.2</td>
<td>0.8</td>
</tr>
<tr>
<td>I-Power Investment Inc.</td>
<td>100.0%</td>
<td>1.8</td>
<td>2.5</td>
</tr>
<tr>
<td>ITOCHU Oil Exploration (Azerbaijan) Inc. (ACG project)</td>
<td>100.0%</td>
<td>4.9</td>
<td>1.8</td>
</tr>
</tbody>
</table>

ICT & Financial Business Company

<table>
<thead>
<tr>
<th>Ownership %</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022 (FYE 2023 Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITOCHU Finance (ASIA) LTD.</td>
<td>100.0%</td>
<td>3.5</td>
<td>4.0</td>
</tr>
<tr>
<td>First Response Finance Ltd.</td>
<td>100.0%</td>
<td>1.4</td>
<td>1.2</td>
</tr>
<tr>
<td>KOKEN NO MADOGUCHI GROUP INC.</td>
<td>76.2%</td>
<td>2.8</td>
<td>2.2</td>
</tr>
<tr>
<td>POCKET CARD CO., LTD.</td>
<td>40.2%</td>
<td>2.1</td>
<td>2.3</td>
</tr>
<tr>
<td>CONEXIO Corporation</td>
<td>60.3%</td>
<td>4.0</td>
<td>4.3</td>
</tr>
<tr>
<td>BELLSYSTEM49 Holdings, Inc.</td>
<td>40.1%</td>
<td>1.8</td>
<td>1.9</td>
</tr>
<tr>
<td>NIPPON ACCESS, INC.</td>
<td>63.0%</td>
<td>4.2</td>
<td>4.3</td>
</tr>
</tbody>
</table>

Metals & Minerals Company

<table>
<thead>
<tr>
<th>Ownership %</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022 (FYE 2023 Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Itochu Plantech Inc.</td>
<td>40.0%</td>
<td>0.8</td>
<td>0.5</td>
</tr>
<tr>
<td>MARUBENI Metal Corporation</td>
<td>30.0%</td>
<td>0.6</td>
<td>0.4</td>
</tr>
<tr>
<td>ITOCHU FINANCE (ASIA) LTD.</td>
<td>100.0%</td>
<td>1.9</td>
<td>2.7</td>
</tr>
<tr>
<td>FIRST RESPONSE Finance Ltd.</td>
<td>100.0%</td>
<td>1.4</td>
<td>1.2</td>
</tr>
</tbody>
</table>

The 8th Company

<table>
<thead>
<tr>
<th>Ownership %</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022 (FYE 2023 Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FamilyMart Co., Ltd.</td>
<td>94.1%</td>
<td>17.6</td>
<td>18.7</td>
</tr>
<tr>
<td>POCKET CARD CO., LTD.</td>
<td>40.0%</td>
<td>2.1</td>
<td>2.2</td>
</tr>
<tr>
<td>POCKET CARD CO., LTD.</td>
<td>40.0%</td>
<td>2.1</td>
<td>2.2</td>
</tr>
<tr>
<td>POCKET CARD CO., LTD.</td>
<td>40.0%</td>
<td>2.1</td>
<td>2.2</td>
</tr>
</tbody>
</table>

Energy & Chemicals Company

<table>
<thead>
<tr>
<th>Ownership %</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022 (FYE 2023 Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ITOCHU Chemical Frontier Corporation</td>
<td>100.0%</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>ITOCHU PLASTICS INC.</td>
<td>90.0%</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>0.3</td>
</tr>
<tr>
<td>ITOCHU LOGISTICS CORP.</td>
<td>4.8</td>
<td>0.1</td>
<td>0.2</td>
</tr>
</tbody>
</table>

Others, Adjustments & Eliminations

<table>
<thead>
<tr>
<th>Ownership %</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022 (FYE 2023 Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>NIPPON ACCESS, INC.</td>
<td>63.0%</td>
<td>4.4</td>
<td>4.7</td>
</tr>
<tr>
<td>NIPPON ACCESS, INC.</td>
<td>63.0%</td>
<td>4.4</td>
<td>4.7</td>
</tr>
</tbody>
</table>

Food Company

<table>
<thead>
<tr>
<th>Ownership %</th>
<th>FYE 2020</th>
<th>FYE 2021</th>
<th>FYE 2022 (FYE 2023 Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>YAMASHIYAMA Foods Co., Ltd.</td>
<td>100.0%</td>
<td>3.7</td>
<td>3.7</td>
</tr>
<tr>
<td>ITOCHU CORPORATION</td>
<td>50.0%</td>
<td>2.1</td>
<td>2.0</td>
</tr>
<tr>
<td>ITOCHU CORPORATION</td>
<td>50.0%</td>
<td>2.1</td>
<td>2.0</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.
*3 Ownership has been partially transferred to The 8th Company. Accordingly ownership percentages and profits / losses are shown for each Division Company.
*4 The figures are the sum of results / forecast of the Group Companies engaged in the North American construction materials business.
*5 The figures are the sum of results / forecast of the Group Companies engaged in mobile-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.
IR Activities

ITOCHU engages in communication with analysts, institutional investors, individual investors, and 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**

<table>
<thead>
<tr>
<th>Activity</th>
<th>FYE 2020 Results</th>
<th>FYE 2021 Results</th>
<th>FYE 2022 Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investor meetings on financial results for analysts and institutional investors</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Meetings on operating segments and projects and site tours for analysts and institutional investors</td>
<td>1</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Overseas IR roadshows</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Conferences sponsored by securities companies</td>
<td>4</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Meetings for individual investors</td>
<td>6</td>
<td>2</td>
<td>3</td>
</tr>
</tbody>
</table>

* To prevent the spread of COVID-19, overseas travel has been suspended since February 2020, and individual meetings have been held online.

**External Evaluations of Our IR Activities**

- **Government Pension Investment Fund (GPF) Outstanding Integrated Report**
- **NIKKEI Integrated Report Award 2021**
  - Gold Award
- **WICI Japan**
- **Morningstar Japan K.K.**
  - 2021 Internet IR Award

**Stock and Shareholder Information**

<table>
<thead>
<tr>
<th>Basic Information about Our Stock</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Stock Setting</strong></td>
</tr>
<tr>
<td><strong>Stock Code</strong></td>
</tr>
<tr>
<td><strong>Minimum number of stocks allowed per trade</strong></td>
</tr>
<tr>
<td><strong>Status of inclusion in indices (excluding ESG indices)</strong></td>
</tr>
</tbody>
</table>
  - Nikkei 225 High Dividend Yield Stock 50 Index
  - Nikkei Stock Index 300 / Nikkei 500 Stock Average
  - Nikkei Stock Average (Nikkei 225)
  - JPX-Nikkei Index 400
  - MSCI Japan High Dividend Yield

<table>
<thead>
<tr>
<th>Breakdown of Shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TSE filings</strong></td>
</tr>
</tbody>
</table>
  - Domestic Corporations: 2.22%
  - Financial Institutions: 5.59%
  - Domestic Institutional Investors: 12.05%
  - Foreign Investors: 38.05%

<table>
<thead>
<tr>
<th>Major Shareholders**</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Name</strong></td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd.</td>
</tr>
<tr>
<td>Cosmos Bank, Ltd.</td>
</tr>
<tr>
<td>TMM PLC</td>
</tr>
<tr>
<td>CP WORLDWIDE INVESTMENT COMPANY LIMITED</td>
</tr>
<tr>
<td>Nippon Life Insurance Company</td>
</tr>
<tr>
<td>MIZUHO BANK, LTD.</td>
</tr>
<tr>
<td>Asahi Mutual Life Insurance Company</td>
</tr>
<tr>
<td>STATE STREET BANK WEST CLIENT - TREATY 552345</td>
</tr>
<tr>
<td>M &amp; M AGISTRTS MUSIRIS TRUST</td>
</tr>
</tbody>
</table>

* The inclusion of ITOCHU in any MSCI index, and the use of MSCI logos, trademarks, service marks, or index names herein, do not constitute a sponsorship, endorsement, or promotion of ITOCHU by MSCI or any of its affiliates. The MSCI indices are the exclusive property of MSCI. The names and logos of MSCI indexes are trademarks or service marks of MSCI or its affiliates.

** The inclusion of ITOCHU on the list of major shareholders. Shareholding ratios show the ratio against the number of shares of common stock issued excluding treasury stock.

For more information about IR, please visit our Investor Relations website.

[https://www.itochu.co.jp/en/i/](https://www.itochu.co.jp/en/i/)

**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 of 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.