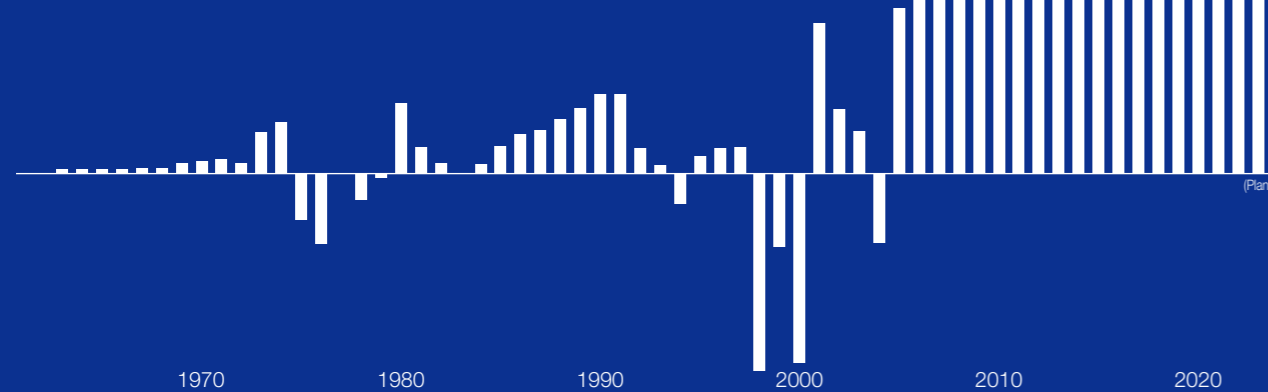


Since its founding in 1858, ITOCHU has fostered a unique corporate culture while flexibly changing its business structure, primarily by dynamically allocating management resources to growth areas that shift with time and leveraging business investments to move downstream in the value chain. Our business 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.



Accumulated Strengths

Consolidated Net Profit



— Founded —

Focus Mainly on the Textile Sector

Chubei Itoh I 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.



Chubei Itoh I

— 1950s —

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.



— 1980s —

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

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

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

— 1990s —

Set the Steppingstones for the Current Business

We took decisive action to dispose of low-efficiency and unprofitable assets to sweep away negative legacy assets from the bubble era. At the same time, we set in place the steppingstones for the future, such as acquiring shares in FamilyMart in 1998.



— 2010s —

Enhancing Comprehensive Strength by Harnessing Our Ability of Self-Transformation

Ahead of other general trading companies, we began focusing on the non-resource sector. We commenced a strategic business and capital alliance with CITIC and CP Group, strengthened North American construction materials-related businesses, acquired the Dole business, increased stake in major Group companies, and privatized FamilyMart. We have further built up comprehensive strength and promoted self-transformation from a market-oriented perspective in part by entwining our business investments to create multifaceted businesses that connect for synergy, establishing The 8th Company, and developing the value chain of energy storage systems.



Accumulated Strengths



Accumulated Strength

Individual Capabilities

Consolidated Net Profit per Employee (Non-Consolidated)

¥0.20 billion (FYE 2022)

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

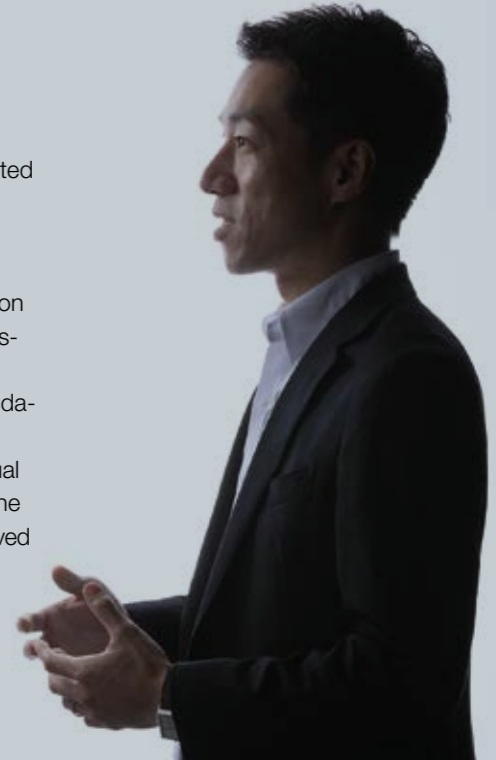


(Photo courtesy of Archival Museum for the Faculty of Economics at Shiga University)

Strengthening Our Foundation to Harness Individual Capabilities

Since its founding, ITOCHU did not maintain free-standing stores, but instead cultivated a spirit of creating businesses on its own. Based on this DNA and our core focus on the non-resource sector, which consists of small businesses and a large number of customers, we have cultivated "individual capabilities." The ability of individuals, who are also referred to as "brave warriors," to create business through their own discretion on the front lines is characteristic of the Company and the driving force behind its sustainable value creation.

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



Accumulated Strengths

Accumulated Strength

Earning Power in the Non-Resource Sector

Core Profit in the Non-Resource Sector

¥500.3 billion (FYE 2022)

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

Further Enhancing Earning Power in the Non-Resource Sector

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

"Brand-new Deal 2014" (FYE 2014–2015) was subtitled, "Aiming to be the No. 1 Trading Company in the Non-Resource Sector." Under it, ITOCHU did, in fact, become the No. 1 general trading company in the non-resource sector. We attribute this success to our efforts to enhance the returns from major investments completed, improve the profitability of existing businesses, and revise investment criteria directing slightly lower than 80% of new investment to the non-resource sector. Following that, we continued to accumulate strengths in the non-resource sector and strengthen an earnings base that is diversified across many fields and more resilient to economic volatility, thereby enabling the stable generation of cash flows.



Accumulated Strength

Experience and Track Record in China and Other Parts of Asia

Expanding Business into China **1972**

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

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

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

Under "Brand-new Deal 2017" (FYE 2016–2018), we sought to enhance corporate value sustainably 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

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.

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

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.



Individual Capabilities	Since its founding, ITOCHU has focused on businesses in the non-resource sector, where we have established many customer contact points. As a result, we have developed a strong frontline presence that makes us keenly alert to the constant changes in consumer needs and enhances our individual capabilities.
Comprehensive Strength Capabilities of the Organization and Business Know-How	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.
Comprehensive Strength Business Portfolio	Our individual capabilities that accompany a strong frontline presence, together with the accumulated capabilities of the organization and business know-how, enable the flexible combinations of internal capital in response to social changes and continuous self-transformation.
Earning Power in the Non-Resource Sector	Through continuous self-transformation, we avoid the obsolescence of existing businesses and steadily seize new business opportunities. In this way, we increase our strengths, namely, our “earning power in the non-resource sector” and our “experience and track record in China and other parts of Asia.” Increasing these strengths creates further business opportunities and bolsters “individual capabilities” while enabling the sustained enhancement of all the strengths we have accumulated.
Experience and Track Record in China and Other Parts of Asia	

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