

# Trajectory of Corporate Value Enhancement (Review of Previous Medium-Term Management Plans)

ITOCHU has steadily elevated itself by achieving the goals set forth in the series of “Brand-new Deal” strategies (management plans) that began with Brand-new Deal 2012, aiming to achieve a competitive edge over other general trading companies. Through these progressive steps, we have established a robust and diversified earnings base resilient to economic fluctuations, and a management style that meticulously refines each business through hands-on management, thereby enhancing the Group’s earning power.

As we enter a new stage of management, we will further accelerate growth with a market-oriented perspective. By steadily accumulating profits in our unique way, we aim to achieve sustainable enhancement of corporate value.

**Toward a New Stage  
Aiming for Sustainable Enhancement of  
Corporate Value**



Brand-new Deal 2012 (FYE 2012–2013)	Brand-new Deal 2014 (FYE 2014–2015)	Brand-new Deal 2017 (FYE 2016–2018)	Brand-new Deal 2020 (FYE 2019–2020)	FYE 2021 Management Plan (FYE 2021)	Brand-new Deal 2023 (FYE 2022–2024)
<p><b>“Earn, Cut, Prevent”</b></p> <p>Basic Policies</p> <ul style="list-style-type: none"> <li>Strengthen Our Front-Line Capabilities</li> <li>Proactively Seek New Opportunities</li> <li>Expand Our Scale of Operations</li> </ul>	<p><b>“Aiming to be the No. 1 Trading Company in the Non-Resource Sector”</b></p> <p>Basic Policies</p> <ul style="list-style-type: none"> <li>Boost Profitability</li> <li>Pursue Balanced Growth</li> <li>Maintain Financial Discipline and Lean Management</li> </ul>	<p><b>“Challenge”</b></p> <p><b>“Engaging All Employees to Lead a New Era for the Sogo Shosha”</b></p> <p><b>“Infinite Missions Transcending Growth”</b></p> <p>Basic Policies</p> <ul style="list-style-type: none"> <li>Strengthen Our Financial Position</li> <li>Build Solid Earnings Base to Generate ¥400.0 Billion Level Consolidated Net Profit</li> </ul>	<p><b>Brand-new Deal 2020</b> (FYE 2019–2020)</p> <p>ITOCHU: INFINITE MISSIONS: INNOVATION “Evolution to Next-Generation Growth Models”</p> <p>+</p> <p>“Medium- to Long-Term Shareholder Return Policy (October 2018)”</p> <p>Basic Policies</p> <ul style="list-style-type: none"> <li>Reinvention of Business</li> <li>Smart Management</li> <li>No. 1 Health Management</li> </ul>	<p><b>FYE 2021 Management Plan</b> (FYE 2021)</p> <p>Single-year plan reflecting the COVID-19 pandemic</p> <p>Basic Policies</p> <ul style="list-style-type: none"> <li>Thoroughly instilling the “earn, cut, prevent” principles as the core of our business</li> </ul>	<p>Basic Policies</p> <ul style="list-style-type: none"> <li>Realizing business transformation by shifting to a market-oriented perspective</li> <li>Enhancing our contribution to and engagement with the SDGs through business activities</li> </ul>
<p><b>No. 1 in the Consumer Sector</b></p> <p>Expanded scale through the accumulation of high-quality assets</p> <p>Enhanced foundation to harness individual capabilities</p> <ul style="list-style-type: none"> <li>Formulated and implemented the “earn, cut, prevent” principles</li> <li>Increased earnings through aggressive new investments</li> <li>Strengthened management foundations by reinforcing corporate governance etc.</li> </ul> <p>Major Investments</p> <ul style="list-style-type: none"> <li>Kwik-Fit (Tire retailer in the U.K.)</li> <li>Metsä Fibre (Pulp business in Finland)</li> </ul> <p>Total New Investments*: Approx. ¥970 billion</p> <p>Total EXIT: Approx. ¥270 billion</p>	<p><b>No. 1 in the Non-Resource Sector</b></p> <p>Enhanced our strengths through strategic investments in the non-resource sector</p> <ul style="list-style-type: none"> <li>Commenced strategic business alliance and capital participation with CITIC and CP Group</li> <li>Reformed work styles by introducing the Morning-Focused Working System etc.</li> </ul> <p>Major Investments</p> <ul style="list-style-type: none"> <li>Dole</li> <li>Jimblebar (Iron ore project in western Australia)</li> <li>C.P. Pokphand Co. Ltd.</li> </ul> <p>Total New Investments*: Approx. ¥880 billion</p> <p>Total EXIT: Approx. ¥270 billion</p>	<p><b>Established a Robust Business Foundation in the China and Asia Markets</b></p> <ul style="list-style-type: none"> <li>Built an earnings base for consolidated net profit of ¥400.0 billion</li> <li>Received Moody’s A rating for the first time in roughly 20 years</li> <li>Entrenched work-style reforms and increased the Outside Directors’ ratio to at least one-third etc.</li> </ul> <p>Major Investments</p> <ul style="list-style-type: none"> <li>CITIC</li> </ul> <p>Total New Investments*: Approx. ¥1,455 billion</p> <p>Total EXIT: Approx. ¥485 billion</p>	<p><b>Achieved Triple Crown</b></p> <p>Enhanced value throughout the consumer-related value chain</p> <ul style="list-style-type: none"> <li>Established a foothold for consolidated net profit of ¥500.0 billion</li> <li>Established The 8th Company</li> <li>Revised the Group corporate mission</li> <li>Became the first general trading company to be included in all ESG-related investment indices adopted by the Government Pension Investment Fund (GPIF) etc.</li> </ul> <p>Major Investments</p> <ul style="list-style-type: none"> <li>FamilyMart conversion into consolidated subsidiary, followed by privatization</li> <li>DESCENTE LTD. additional acquisition</li> </ul> <p>Total New Investments*: Approx. ¥1,820 billion</p> <p>Total EXIT: Approx. ¥755 billion</p>	<p><b>Downstream-driven transformation of the entire value chain with a market-oriented perspective</b></p> <ul style="list-style-type: none"> <li>Established consolidated net profit stage of ¥800.0 billion</li> <li>Upgraded by Moody’s, etc.</li> <li>Established the Women’s Advancement Committee and evolved unique work-style reform measures etc.</li> </ul> <p>Major Investments</p> <ul style="list-style-type: none"> <li>Hitachi Construction Machinery Co., Ltd.</li> <li>AMMC (Iron ore project in Canada)</li> <li>CTC privatization</li> <li>DAIKEN CORPORATION privatization</li> </ul> <p>Total New Investments*: Approx. ¥1,679 billion</p> <p>Total EXIT: Approx. ¥719 billion</p>	

External Environment Management Issues, etc.

Uncertain outlook due to slumping resource prices

Temporary deterioration in financial indicators due to an investment in CITIC

Concerns over obsolescence of existing businesses with the advancement of technology

COVID-19 pandemic

Uncertainty due to geopolitical risks and the diversification of consumer needs

\*1 Including treasury stock \*2 Payments and collections for substantive investment and capital expenditure \*3 Market capitalization, stock price, and consolidated net profit