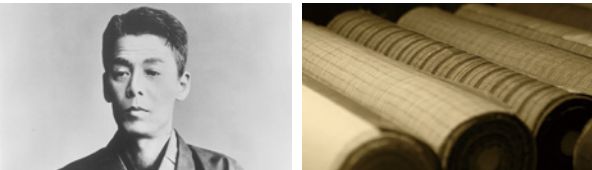


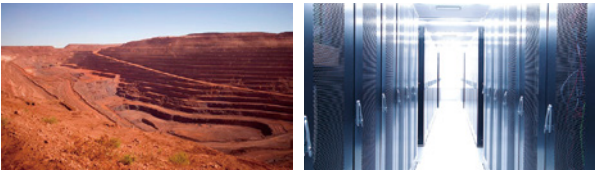
ITOCHU's Trajectory

Unchanging values of “Sampo-yoshi” and management philosophy developed over the years

Consolidated Net Profit Trend



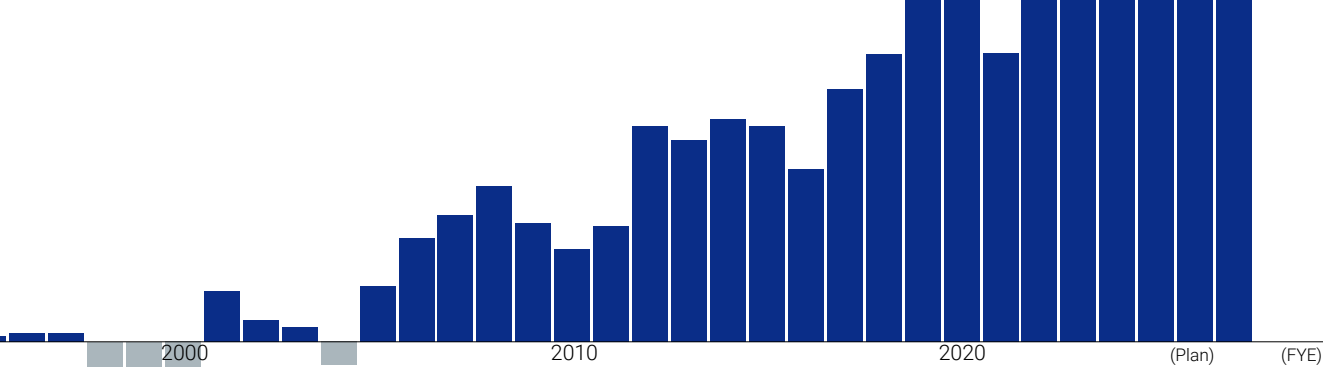
Founded in 1858
Chubei Ito, the Company's founder, began by selling linen cloth from Osaka to the Senshu and Kishu regions. His words “Trade is a compassionate business. It is noble when it accords with the spirit of Buddha by profiting those who sell and those who buy and supplying the needs of society.” reflect his convictions and ideals regarding business, forming the origin of “Sampo-yoshi” (good for the seller, good for the buyer, good for society).



1950–1980s
ITOCHU expanded from its textile origins into non-textile sectors, accelerating its development as a general trading company and promoting internationalization. In 1958, we entered the computer business, the predecessor of CTC, and in 1969 completed the first shipment of iron ore from Western Australia. These and other developments laid the foundation for our current business portfolio. At the same time, we made management decisions such as investing in TOA Oil Co., Ltd. in 1966 and expanding real estate investments in the 1980s, which later resulted in losses.

ITOCHU's Current Position*

Market Capitalization Tokyo Stock Exchange Market Capitalization: 14th Place	Consolidated Net Profit Tokyo Stock Exchange Consolidated Net Profit: 7th Place	ROE Maintain a high, globally competitive ROE of over 15%
¥10.9 trillion	¥880.3 billion	15.7%



* As of March 31, 2025 and FYE 2025 Result. Market capitalization including treasury stocks.



1990–2000s
Following the collapse of Japan's economic bubble, we took decisive action to resolve the negative legacies of real estate investments. Despite facing a temporary risk of bankruptcy, we improved our financial structure through a strategy of selection and concentration. In 1998, during the process of loss disposal, we invested in FamilyMart, thereby securing a crucial business foundation for expansion in the consumer sector.



2010–2020s
By focusing growth investments in areas of expertise and enhancing corporate value through hands-on management, we strengthened our business foundation and steadily secured top positions, such as “No. 1 in the Consumer Sector” and “No. 1 in the Non-Resource Sector.” We have thoroughly implemented our Management Philosophy, grounded in historical lessons, resulting in steady growth and an increase in market capitalization.

Learned from History

Investment in TOA Oil Co., Ltd. and the Oil Shock

Summary 1
Do not formulate long-term management plans based solely on idealism. Avoid philosophy-driven management.
Do not set numerical targets without a backup; place emphasis on commitment-based management.

Expansion into Real Estate During the Bubble Period and Comprehensive Loss Disposal through Selection and Concentration

Summary 2
Avoid management that relies excessively on selection and concentration.
Ensure fairness in initiatives by thoroughly examining potential contradictions or adverse effects.

Summary 3
“The higher the mountain, the deeper the valley.” As the business environment is bound to change, never become overconfident or complacent.
Postponing loss disposal can lead to fatal outcomes; it is crucial to have an accurate understanding of the situation and to make calm decisions.

Management Philosophy as a Merchant, Cultivated and Refined through the Accumulation of Historical Lessons

Lessons learned from past management decisions, such as the investment in TOA Oil Co., Ltd. and the expansion into real estate during Japan's economic bubble, have been repeatedly discussed and reviewed at management meetings. In addition, these words are easy for anyone to follow, and by repeatedly communicating them to our front line, they have been elevated to our Management Philosophy.

Management Philosophy
(Page 6)

Market-Oriented Perspective
“Earn, Cut, Prevent” Principles
Commitment-Based Management
Consistent Management

Unchanging Spirit Since Our Founding

Sampo-yoshi

Management Philosophy as a Merchant, Cultivated and Refined through the Accumulation of Historical Lessons

Business Concepts

Market-Oriented Perspective

“Merchants need to be like water,” adapting to change and creating businesses

The business concept of “market-oriented perspective” is an idea rooted in ITOCHU’s founding spirit. In 1858, our founder, Chubei Itoh I, began selling linen cloth from the former Ohmi Province, not by waiting for customers but by traveling to different regions himself. He listened firsthand to customers on the front lines, directly understanding their needs, thereby opening up new business opportunities. This approach represents the very origin of the “merchant way” that we have refined over many years.

Conversely, a typical example of a “product-out approach” can be seen in our investment in TOA Oil Co., Ltd. Believing the prevailing theory at the time that “oil would be depleted within 30 years,” we made a huge investment without regard for our own financial strength. Unlike the general trading companies associated with the former *zaibatsu* (family-owned financial conglomerates) industrial groups, we lacked deep relationships with major energy and steel companies, and after the oil shock of 1973, losses became apparent. As a result,

cumulative losses exceeded ¥180 billion, resulting in a significant financial impact.

In recent years, consumer needs have become increasingly diverse, and profit opportunities are rapidly shifting downstream in the business value chain. Based on our policy of “Profit Opportunities Are Shifting Downstream,” we do not blindly believe in hypotheses, but instead focus on creating businesses based on customer feedback and needs obtained from the front lines. Regardless of the business area, whether non-resource or resource, downstream or upstream, and not only within business divisions but also within the administrative division, we listen closely to the voices of the people we engage with. In every area of management, just like “Merchants need to be like water,” we consistently apply a market-oriented perspective. With our innovative power, we will provide products and services with higher added value, promote the evolution of our business model, and create growth opportunities.



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



Business Means

The principle of

“Earn, Cut, Prevent”

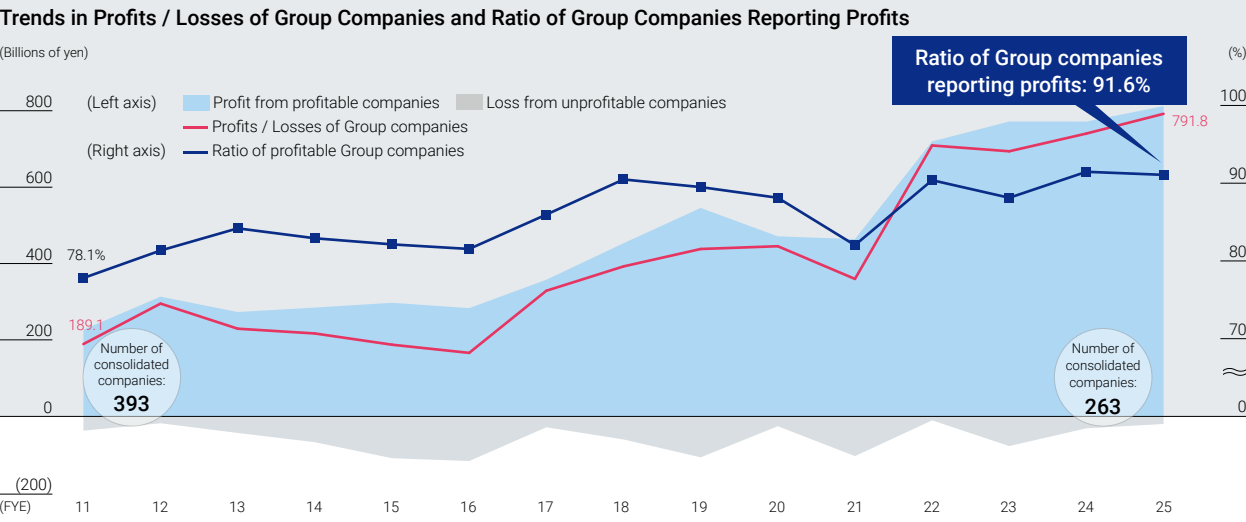
Ensuring lean management and the front-line capability

“Earn, Cut, Prevent” principles were first introduced in 2010 as the starting point of management reforms for ITOCHU, which at the time was mired in a perpetual fourth-place position among general trading companies. Recognizing that our prolonged stagnation was largely due to excessive selling, general and administrative expenses and extraordinary losses, we adopted these principles to rigorously eliminate waste, prevent losses before we materialize, and maximize earning power. Over the past 15 years, this approach has become firmly established as the core of our Group wide management.

Since our founding, we have inherited and passed on the spirit of Ohmi merchants, and the Store Rule (*tanaho*) of 1872 states that “businesses should value frugality and diligence.” Although we focused on the consumer sector, where transactions are small in scale but the number of customers is large, we have expanded our business with a smaller number of employees than our competitors, and this has naturally led to the development of a culture that thoroughly eliminates waste.

However, during the overheated sales competition of the 1980s, we prioritized business expansion over risk control and increased the share of real estate and financial assets, incurring large losses after Japan’s economic bubble collapsed. We were inadequately prepared for changes in the business environment, and as a result, our stock price hit a record low of ¥168 in September 1998. In February 1999, Moody’s downgraded our rating to a level considered “below investment grade.” With NET DER of approximately 14 times, we were on the brink of bankruptcy.

Since 2010, we have steadily evolved our lean management to thoroughly eliminate waste, not only by reducing expenses but also by eliminating unnecessary meetings, reducing documents, and implementing work-style reforms to efficiently carry out business operations. In addition, we strive to prevent unnecessary losses by strengthening front-line capabilities, quickly detecting abnormalities in business, and taking appropriate measures to prepare. Through unwavering implementation of the “Earn, Cut, Prevent” principles, we remain committed to the steady enhancement of corporate value.



Management Philosophy as a Merchant, Cultivated and Refined through the Accumulation of Historical Lessons

Commitment-Based Management

As a merchant valuing credibility, we will thoroughly manage our business in a way that is trusted by stakeholders

We value trust. This was something that the Ohmi merchants placed the utmost importance on, as they had to transport goods to unfamiliar regions and gain the trust of the local people in order to succeed in business. Honoring trade terms, delivery dates, and all other promises, and building trust with our customers, is of utmost importance to us as a company that has expanded primarily through small transactions in the consumer sector.

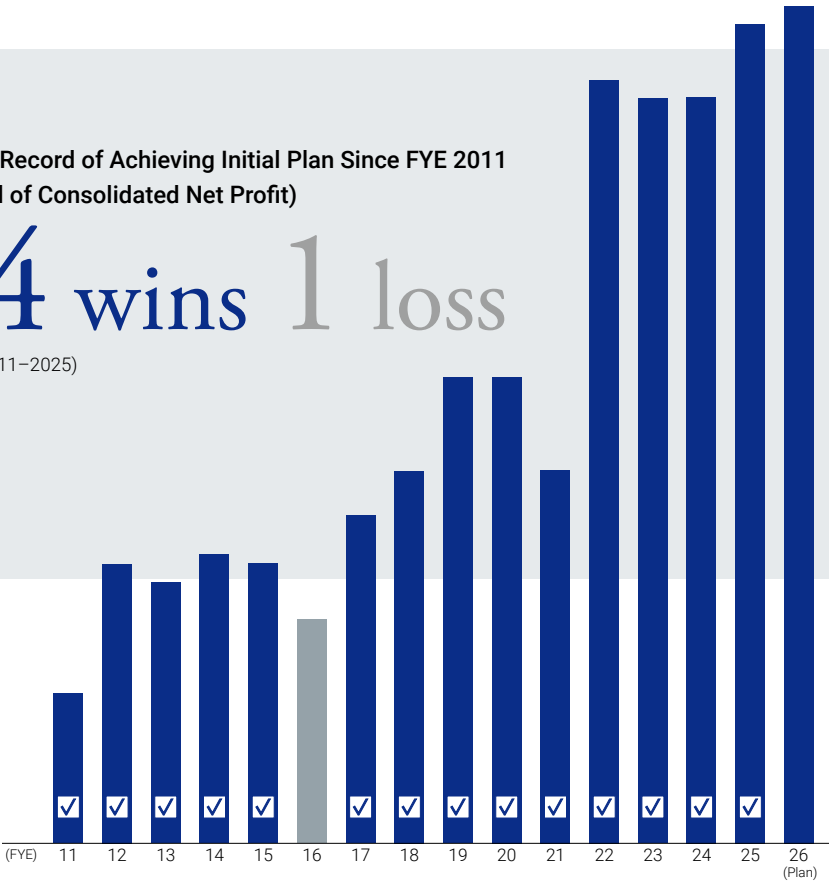
In addition, to maintain credibility as a listed company, it is necessary to achieve the plans we set and steadily following through on our commitments. In the 1990s and 2000s, as we were pushed to resolve bad debt, our plan achievement rate declined. As a result, we lost significant credibility in the market, failed to earn trust in our disclosed plans, and suffered rising cost of capital and a diminished corporate value. Returning to the basics of

merchant management, since FYE 2011 we have rigorously implemented commitment-based management, ensuring the accomplishment of initial annual plans. In FYE 2025, we have abolished medium-term management plans and instead disclose a long-term management policy together with annual management plans in which we can confidently commit. This approach is based on our reflection of the past and our recognition that trust in management, which directly impacts corporate value, must be taken with the utmost seriousness.

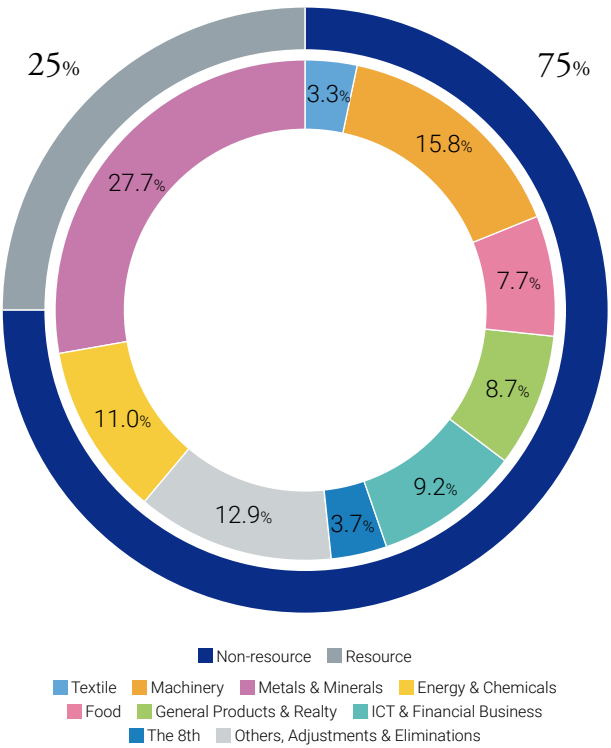
All of our dealings, as well as our corporate trust as a listed company, are built on relationships of trust. To uphold our commitments, we always prepare for unforeseen circumstances and remain steadfast in our commitment-based management going forward.

Track Record of Achieving Initial Plan Since FYE 2011
(Trend of Consolidated Net Profit)

14 wins 1 loss
(FYE 2011–2025)



Segment Breakdown of Core Profit
(Average for FYE 2023–2025)



CAGR*	
* Compound annual growth rate of consolidated net profit for FYE 2011–2025	
Textile	12%
Machinery	20%
Metals & Minerals	3%
Energy & Chemicals	14%
Food	12%
General Products & Realty	12%
ICT & Financial Business	15%
The 8th	22%

Consistent Management

Realizing growth by raising the overall company level without focusing on specific areas and building a portfolio that is highly resistant to economic fluctuations

General trading companies have expanded business domains from trade to business investment, and now have a wide range of business fields. While such diversification is sometimes criticized in the stock markets as conglomerate discount, general trading companies do not require huge capital investment or R&D like manufacturers. Instead, we create added value by leveraging the expertise and networks formed across a wide range of business domains. In recent years, this approach has been increasingly recognized, as evidenced by investment from Berkshire Hathaway Inc.

However, around 2000, when we were dealing with extraordinary losses, we were faced with limited management resources and were forced to select and concentrate on specific areas. This selection and concentration led to a decline in motivation among employees in non-core areas and a loss of trust from related industries, resulting in a weakened management base.

As we have learned from our own experience that excessive reliance on a particular business can weaken overall management, we have made consistent management, which is not dependent on any particular area, a core element of our growth strategy. We have established investment criteria that provide fair growth opportunities to all segments, focusing on strengthening advantages and overcoming weaknesses to uplift the overall company. As a result, we have built a highly balanced portfolio with strong resistance to economic fluctuations. This robust portfolio now serves as the foundation for our sustainable growth, unaffected by external environments.

One notable achievement of consistent management is the growth of the Machinery Company, which, despite its historical limitations in scale and investment compared to peers, has achieved a CAGR of 20% since FYE 2011 and now ranks as the second-largest Division Company in terms of net profit.