Mechanisms and Practices for Value Creation

We have steadily enhanced corporate value while engaging in a wide range of businesses. Underlying this achievement are a variety of management frameworks, including business investment and portfolio management systems that form the foundation for growth, human resource strategies aimed at enhancing labor productivity, sustainability initiatives that enhance sustainability, and the utilization of digital technologies to accelerate business transformation. We explain the mechanisms and practices that contribute to the sustainable enhancement of our corporate value.

Market Capitalization at Fiscal Year-End
(Including treasury stock)

- ¥10.9 trillion (End of March 2025)
- ¥10.2 trillion (End of March 2024)
- ¥5.7 trillion (End of March 2021)
- ¥3.4 trillion (End of March 2018)
- ¥2.2 trillion (End of March 2015)
- ¥1.8 trillion (End of March 2013)

Management Policy— The Brand-new Deal

—Profit Opportunities Are Shifting Downstream—

We aim to achieve sustainable enhancement in corporate value, by having all employees, from the business divisions to the administrative divisions, always enhancing their marketing capabilities, leveraging the assets and expertise of upstream and midstream, which we have been building up for over 160 years since our founding, while developing and evolving downstream businesses that are closer to consumers.

Grow Earnings	No growth without investments
Enhancement of Corporate Brand Value	Enhancement in qualitative aspects
Shareholder Returns	Total payout ratio 40% or more The higher of 30% dividend payout ratio or dividend ¥200 per share

Brand-new Deal 2023
(FYE 2022–2024)

Realizing business transformation by shifting to a market-oriented perspective
Enhancing our contribution to and engagement with the SDGs through business activities

Downstream-driven transformation of the entire value chain with a market-oriented perspective

- Established consolidated net profit stage of ¥800.0 billion
- Upgraded by Moody's, etc.
- Established the Women's Advancement Committee and evolved unique work-style reform measures etc.

Brand-new Deal 2020
(FYE 2019–2020 + FYE 2021)

ITOCHU: INFINITE MISSIONS: INNOVATION
"Evolution to Next-Generation Growth Models" +
"Medium- to Long-Term Shareholder Return Policy (October 2018)"

Reinvention of business
Smart management
No. 1 health management
Thoroughly instilling the "Earn, Cut, Prevent" principles as the core of our business

Achieved Triple Crown
Enhanced value throughout the consumer sector value chain

- Established a foothold for consolidated net profit of ¥500.0 billion
- Established The 8th Company
- Revised the Group corporate mission
- Became the first general trading company to be included in all ESG-related investment indices adopted by the Government Pension Investment Fund (GPIF) etc.

Brand-new Deal 2017
(FYE 2016–2018)

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

Strengthen our financial position
Build solid earnings base to generate ¥400.0 billion level consolidated net profit

Established a robust business foundation in the China and Asia markets

- Built an earnings base for consolidated net profit of ¥400.0 billion
- Received Moody's A rating for the first time in roughly 20 years
- Entrenched work-style reforms and increased the Outside Directors' ratio to at least one-third etc.

Brand-new Deal 2014
(FYE 2014–2015)

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

Boost profitability
Pursue balanced growth
Maintain financial discipline and lean management

No. 1 in the non-resource sector
Enhanced our strengths through strategic investments in the non-resource sector

- Commenced strategic business alliance and capital participation with CITIC and CP Group
- Reformed work styles by introducing the Morning-Focused Working System etc.

Brand-new Deal 2012
(FYE 2012–2013)

"Earn, Cut, Prevent"

Strengthen our front-line capabilities
Proactively seek new opportunities
Expand our scale of operations

No. 1 in the consumer sector
Expanded scale through the accumulation of high-quality assets
Enhanced foundation to harness individual capabilities

- Formulated and implemented the "Earn, Cut, Prevent" principles
- Increased earnings through aggressive new investments
- Strengthened management foundations by reinforcing corporate governance etc.

CFO INTERVIEW

We will continue to drive the sustainable enhancement of our corporate value under our new Management Policy by pursuing globally competitive efficiency and maintaining a consistent financial policy.

Tsuyoshi Hachimura
Member of the Board,
Executive Vice President, CFO

QUESTION 1

One year has passed since the announcement of the Management Policy "The Brand-new Deal." How do you reflect on this past year?

ANSWER 1

Following the disclosure of our business results and management plan in early May 2025, I have had numerous opportunities to engage in dialogue with a wide range of institutional investors and analysts as the head of investor relations, as I do every year. Through these dialogues, I was able to further explain the financial logic behind our Management Policy "The Brand-new Deal," and I feel these dialogues helped deepen their understanding. This Management Policy was developed through repeated discussions among the management team, based on dialogues with shareholders and investors—grounded in my 10 years of experience as CFO. This policy reflects our commitment to highly efficient management, which is one of our strengths, based on our solid track record of realizing steady growth over the long term and an appropriate shareholder return policy. In essence, this represents a roadmap for enhancing corporate value, guided by the "financial matrix" that, starting from a total payout ratio of 40% or more, if we can achieve profit growth of about 10% based on our past track record, we can sustainably deliver a globally competitive ROE of 15% or higher. Many institutional investors, both in Japan and overseas, have commented that this matrix of total payout ratio, ROE, and profit growth rate is simple, clear, and easy to understand. As CFO, I believe it is my mission to provide the market with clear and logical explanations, even when discussing long-term perspectives, supported by quantitative information.

An Image of the Profit Growth Rate Required to Maintain an ROE of 15% or Higher, with a Total Payout Ratio of 40%

		Total Payout Ratio			
		60%	50%	40%	30%
ROE	13%	5%	7%	8%	9%
	14%	6%	7%	8%	10%
	15%	6%	8%	9%	11%
	16%	6%	8%	10%	11%
	17%	7%	9%	10%	12%
	18%	7%	9%	11%	13%

Reflecting on FYE 2025, the first year under the Management Policy "The Brand-new Deal," we achieved record-high consolidated net profit of ¥880.3 billion, which increased by approximately 10% compared to the previous fiscal year, and maintained a high ROE level of approximately 16%. Consequently, we have achieved a 13% CAGR in profit growth since FYE 2011. In terms of growth investments, we decided to execute approximately ¥1 trillion in investments, including projects scheduled for execution in FYE 2026. Specifically, we accumulated high-quality investments that are characteristic of ITOCHU, such as the privatizations of DESCENTE LTD. and C.I. TAKIRON Corporation, as well as the iron ore business in Brazil, which is expected to contribute steady profits. Regarding shareholder returns, we achieved a total payout ratio of approximately 50%, exceeding the level set in our long-term Management Policy. We paid an annual dividend of ¥200 per share (an increase of ¥40) and executed ¥150 billion of share buybacks.

However, challenges remain. As I stated in my own words since announcing the FYE 2025 3rd quarter business results, core profit fell short of market expectations due to the decline in resource prices, delays in the turnaround of certain businesses, and the impact of delays in the timing of profit contributions from new investments. While extraordinary gains, such as the revaluation gain resulting from the conversion of DESCENTE LTD. into a consolidated subsidiary, and steady progress in PMI* at non-resource businesses such as CTC and DAIKEN CORPORATION, enabled us to achieve our initial consolidated net profit plan, it is a fact that core profit fell short of our initial plan. I am aware that this has caused concern among some investors, and management shares a strong sense of urgency regarding this issue. In particular, for the underperforming businesses, we are engaging in more in-depth discussions on what kind of turnaround measures should be implemented, and the extent to which our hands-on management approach, which is our strength, can be effective. I strongly believe that steadily accumulating core profit to achieve profit growth is essential to meet investor expectations.

* PMI: Post-Merger Integration

QUESTION 2

How will you continue to achieve profit growth in the uncertain business environment?

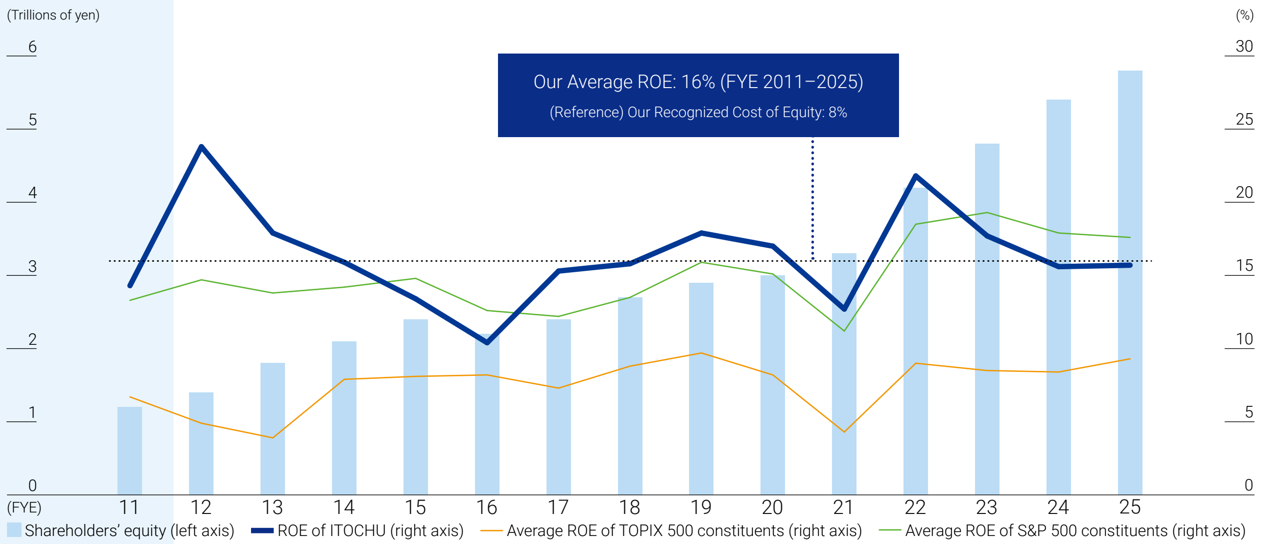
ANSWER 2

I have been busier than usual in preparing the management plan for FYE 2026. We are at a time of significant change in the business environment. Since President Trump's inauguration, the business environment, including tariff policy, has been changing day by day. I recognize that the business environment is highly uncertain, with the World Bank and the Bank of Japan also lowering their economic outlooks. It is precisely in times like these that management must remain calm and rigorously assess the situation. For our management plan for FYE 2026, rather than taking the conventional approach of treating recession risk as a Companywide buffer, we have presented a plan that starts from a solid, achievable level of core profit. From there, we incorporate recession risks by segment and aim to achieve the plan through profit contributions from organic growth and new investments. Regarding the recession risk, we determined that the broader economic slowdown due to the deterioration in sentiment would have a greater impact than the direct impact of tariffs. Based on the fact that core profit in FYE 2021, when economic activity stagnated due to the COVID-19 pandemic, fell 6.8%, and considering that the situation would not be as severe as a global shutdown of economic activity, we incorporated an assumption of approximately 5% impact on core profit.

In this challenging environment, the key question is how we intend to drive growth in core profit—our top priority. The critical point lies in how we evolve our unique strength: hands-on management. By organizing and analyzing data such as profit contribution, ownership, and growth rate for each Group company, we can identify the distinctive characteristics of our Group. In FYE 2025, we had 148 small-scale Group companies with profit contributions of ¥2 billion or less, around 50 medium-sized Group companies contributing ¥2–10 billion, and nine Group companies (including IMEA, FamilyMart, and CTC) contributing over ¥10 billion. Our earnings base, which is highly resilient to economic fluctuations and supports our sustainable growth, is made up of a wide range of Group companies diversified across different areas, rather than relying solely on large-scale Group companies.

For small-scale Group companies with profit contributions of ¥2 billion or less, while their value is not limited to their absolute profit contribution, they play a key role in supporting our extensive domestic network in the consumer sector, such as Textile, Food, and General Products & Realty, and this leads to an advantage in the information we can reach. Even if the profit generated is not large, an increase of ¥100 million for a Group company with net profit of ¥1 billion, or tens of millions for a Group company with net profit of ¥100–200 million, represents a significant growth rate. Accumulating these profit increases across multiple companies is also essential for overall growth. Smaller Group companies, in fact, tend to benefit more visibly from our hands-on

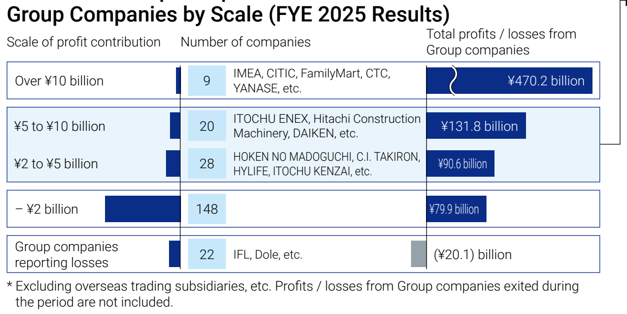
Trend of ROE and Shareholders' Equity



(Made by ITOCHU based on Bloomberg data)

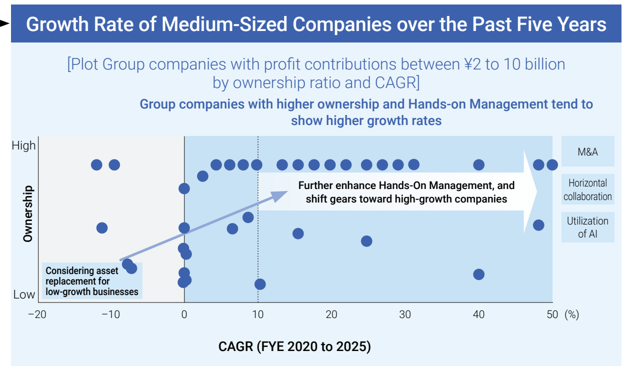
CFO INTERVIEW

Number of Group Companies and Profits / Losses from Group Companies by Scale (FYE 2025 Results)

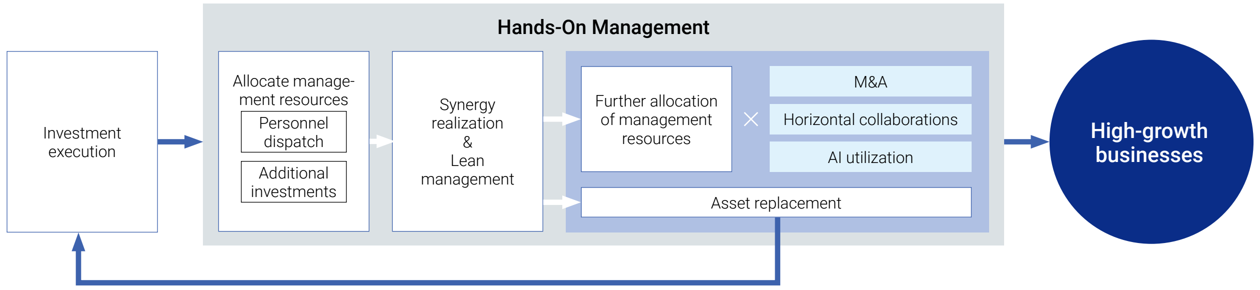


* Excluding overseas trading subsidiaries, etc. Profits / losses from Group companies exited during the period are not included.

Diversified Portfolio across Sectors with a Strong Base of Small and Medium-Sized Group Companies.



Fostering High-Growth Businesses through the Evolution of Hands-On Management



approach. By dispatching our employees and alumni to support them, we aim to drive steady growth through management improvement — focusing especially on the "Cut" and "Prevent" aspects of our "Earn, Cut, Prevent" principles.

I believe the key focus should be on the Group of medium-sized Group companies with profit contributions of ¥2–10 billion. This group is characterized by its breadth and diversity across a wide range of business fields. Analysis of growth rates over the past five years shows that medium-sized Group companies with established business foundations and hands-on management have tended to achieve higher growth. There is no doubt that our growth to date has been supported by our hands-on management, in which we proactively allocate management resources to investees, realize synergies, and implement lean management. Through these efforts, we have nurtured our core businesses and driven sustainable growth. However, it is not simply a matter of increasing our ownership by injecting additional capital or dispatching personnel without careful consideration. It is essential to assess the situation of each Group company and develop the optimal strategy to accelerate their growth, whether that means allocating additional resources through a hands-on approach, maintaining the current level of involvement, or shifting to a hands-off strategy that leverages external capital or business restructuring. It is essential to further evolve our existing hands-on management by strengthening our earning power through combining M&A by Group companies, horizontal collaboration within the Group, the AI utilization, and rapid asset replacement. For example, we view M&A by existing Group companies as one way to pursue relatively low-risk investments aimed at expanding into adjacent domains or fields where we have expertise. In FYE 2025, several Group companies including ITOCHU KENZAI CORPORATION, ITOCHU CHEMICAL FRONTIER Corporation, ITOCHU Retail Link Corporation, and a subsidiary of C.I. TAKIRON Corporation have initiated their own M&As as a means of driving business expansion. While large-scale, inorganic strategic investments are sometimes important, we believe there is still a lot of room for growth in our neighboring domains where risk can be more carefully managed. By combining these initiatives, we will steadily work to further raise our core profit base.

From the perspective of asset efficiency, regardless of company size, we conduct comprehensive quantitative and qualitative periodic reviews of all business investments to determine whether they are generating returns that exceed the cost of capital. For any businesses identified as low-efficiency, irrespective of their scale, we promptly reconsider our holding policy, including the possibility of swift asset replacements. At the ALM Committee*1 which I chair, we receive reports on key management indicator analysis every year, conducted for each Division Company. In addition to our ongoing analysis of asset efficiency and improvement measures, we conducted in-depth analysis and discussions on the theme of "enhancing hands-on management" for this year. I have instructed each Group company to promptly implement the measures discussed at the committee, and I will closely monitor their progress. (☛ Page 36 Portfolio Management)

*1 ALM Committee: Asset Liability Management Committee

QUESTION 3

What are the key points of the FYE 2026 management plan, and what are your thoughts behind this plan?

ANSWER 3

As I explained at the beginning, the Management Policy "The Brand-new Deal" includes a financial strategy that takes into account the matrix of profit growth rate, shareholder returns, and ROE. There is no change in this mindset. Under the Management Policy of "Grow earnings: No growth without investments," we will continue to steadily accumulate high-quality growth investments that contribute to profit growth, aiming for 10% growth from a medium- to long-term perspective. Regarding shareholder returns, we have maintained a total payout ratio of 50% for the second consecutive fiscal year to meet market expectations. Regarding dividends, on which we have received a variety of opinions, the annual dividend per share is initially set at ¥200, which is the same amount as for FYE 2025. We aim to increase dividends at an early stage as profit accumulates going forward. Our approach to shareholder returns remains adaptable, reflecting the ongoing dialogue with the market.

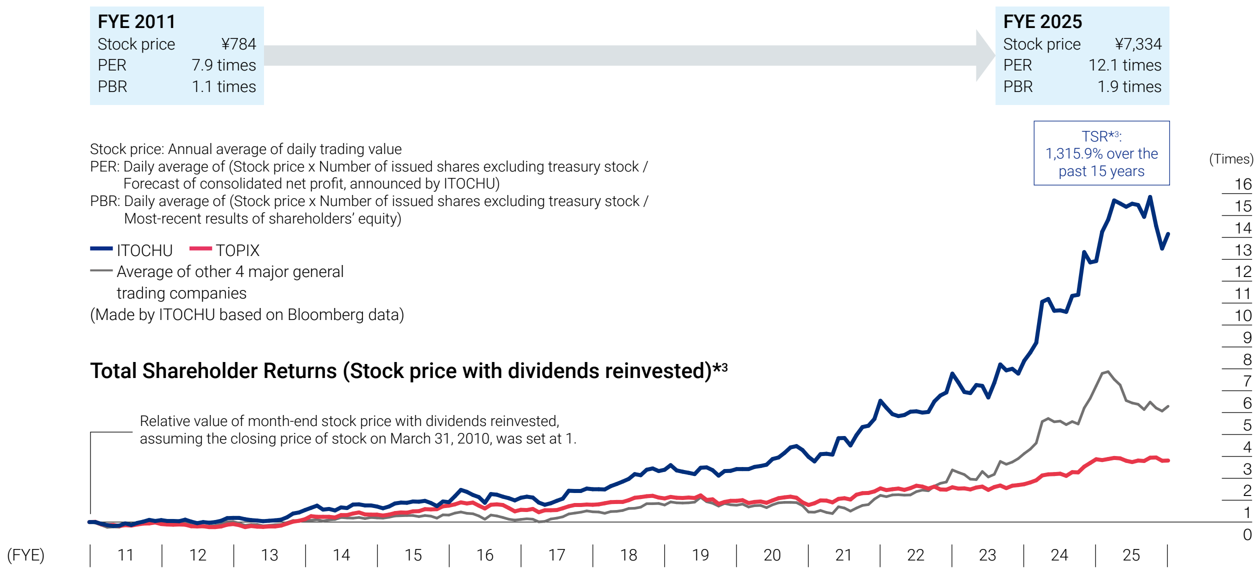
The premise for this cash allocation is our financial policy, in which we aim to maintain a solid financial foundation based on balancing three factors (growth investments, shareholder returns, and interest-bearing debt control) that I am particularly committed to as CFO. For FYE 2026, we are planning ¥1 trillion in growth investments and a 50% total payout ratio, and expect approximately ¥300 billion in cash inflows from asset replacements, including approximately ¥170 billion*2 from the sale of C.P. Pokphand Co. Ltd. in April 2025. We will continue to maintain Net DER at less than 0.6 times. (☛ Page 32 Financial Strategy)

Recently, I held a regular meeting with Mr. Greg Abel, the next CEO of Berkshire Hathaway Inc., one of our major shareholders. Since Berkshire Hathaway Inc.'s investment in the five general trading companies, I am the only member of management who has consistently served as their point of contact. These dialogues with investors, are valuable opportunities to reflect on the importance of meeting market expectations and building strong, unwavering relationships of trust.

We are targeting consolidated net profit of ¥900 billion, a record-high for the second consecutive year in FYE 2026. It is an extremely important year in aiming for a return to the Triple Crown among general trading companies in consolidated net profit, ROE, and market capitalization. I understand market expectations and have incorporated them into our management. I believe I fully understand the expectations now being placed on our Company. I remain committed to fulfilling my responsibilities as CFO, one by one, in order to sustainably enhance our corporate value.

*2 Realized a cash inflow of approximately ¥190 billion in the 1st quarter of FYE 2026. Tax payment of this transaction, totaling approximately ¥20 billion, is expected in FYE 2027.

Trends of Stock Price / PER / PBR / TSR*3



TSR*3 as of March 31, 2025

Ownership Period	1 year	2 years		3 years		4 years		5 years		10 years	
ITOCHU	9.6%	69.2%	(30.1%)	81.9%	(22.1%)	116.4%	(21.3%)	256.1%	(28.9%)	639.8%	(22.2%)
TOPIX	−1.6%	39.2%	(18.0%)	47.2%	(13.8%)	50.1%	(10.7%)	113.7%	(16.4%)	117.4%	(8.1%)
Average of other 4 major general trading companies	−13.8%	53.4%	(23.9%)	48.9%	(14.2%)	123.8%	(22.3%)	237.6%	(27.6%)	281.8%	(14.3%)

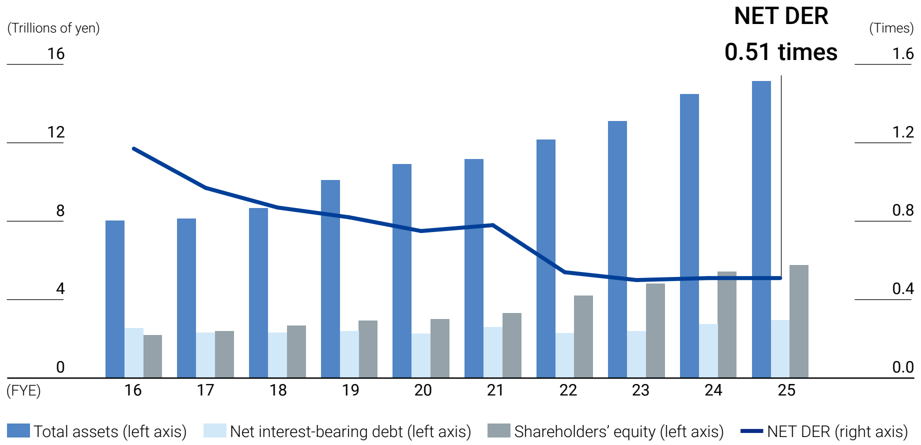
*3 Total Shareholder Returns (TSR): Returns on investment assuming that dividends are reinvested. The chart above shows relative value of month-end stock price with dividends reinvested, assuming the closing price of stock on March 31, 2010, was set at 1. The table above indicates returns on investment during each period of holdings preceding from March 31, 2025. (Figures in brackets are rate of returns converted to the annual average by the geometric mean.)

Financial Strategy

We are maintaining our financial policy based on balancing three factors, achieving both continued high ROE through earnings growth and robust financial foundation.

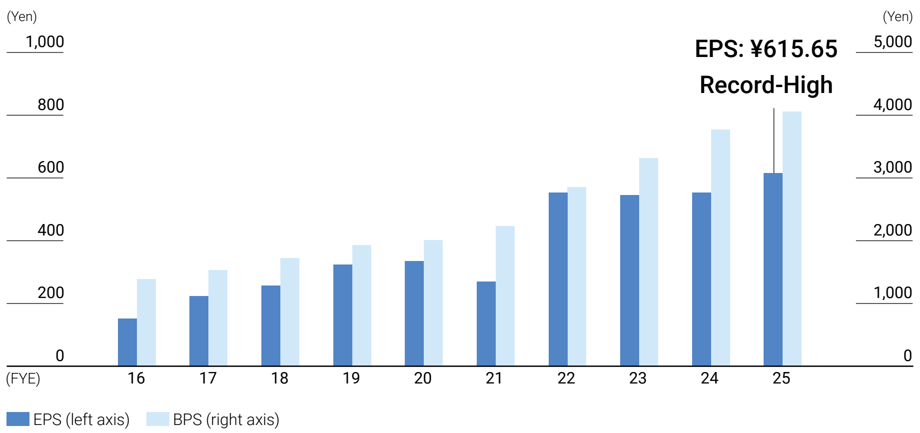
Since FYE 2016, we have consistently maintained a financial policy based on balancing three factors; shareholder returns, growth investments, and interest-bearing debt control.

Financial Position



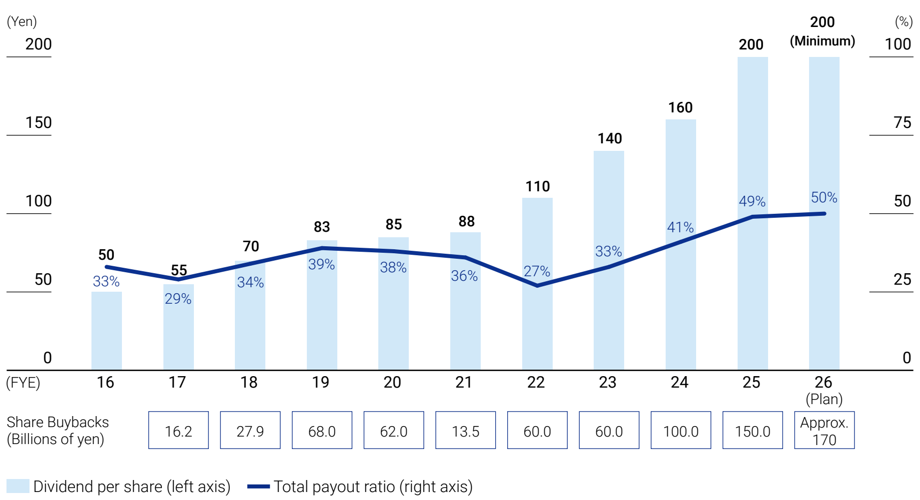
We have continued to accumulate high-quality assets through growth investments while ensuring positive free cash flow after shareholder returns during each previous medium-term management plan period and advancing control of interest-bearing debt. We have strengthened our financial foundation by suppressing increases in net interest-bearing debt, steadily enhancing shareholders' equity, and consistently maintained a financial policy based on balancing three factors.

EPS / BPS



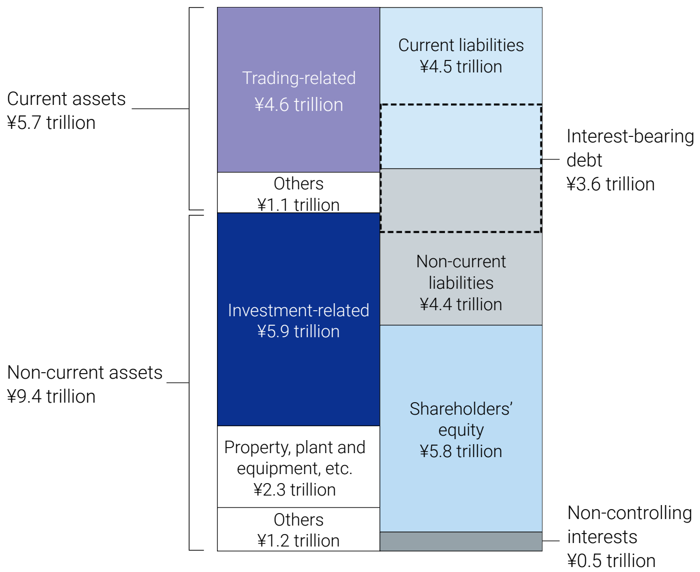
In order to achieve a high ROE, we place emphasis not on minimizing shareholders' equity (the denominator) but on sustained EPS growth through earnings growth as well as steady BPS growth, thereby striving to achieve both capital enhancement and highly efficient management.

Trend of Shareholder Returns



We place priority on the continuous enhancement of shareholder returns. Along with improving core earning power, we have steadily increased dividend payments and, for 10 consecutive years, have flexibly and consistently repurchased shares, to further enhance shareholder returns.

Balance Sheet (End of March 2025)



Trading-related assets (Trade receivables, Inventories, etc.)
Mainly distributed in Food, Energy & Chemicals, etc.

Investment-related assets (Equity-method investments, Other investments, Goodwill and intangible assets)
Mainly distributed in Machinery, Others, The 8th, Metals & Minerals, etc.

Property, plant and equipment, etc.
Present in each Division Company, centering on The 8th.

Interest-bearing debt
Approximately 20% are short term and approximately 80% are long term. Approximately 70% is financed in yen.

Shareholders' equity ratio
38.0% represents a significant improvement from 20.1% at the end of March 2010.

Credit Rating Agency	March 31, 2010		March 31, 2025
JCR	A+ (Stable)	All upgraded	AA+ (Stable)
R&I	A (Stable)		AA (Stable)
Moody's	Baa1 (Stable)		A2 (Stable)
S&P	A− (Stable)		A (Stable)

FYE 2026 Management Plan

Profit Plan

Consolidated Net Profit
¥900 billion

ROE
Approx. 15%

Shareholder Returns

Total Payout Ratio
Aiming at **50%**

Dividends
The higher of **¥200** per share
or **30%** dividend payout ratio

Share Buybacks
Approx. ¥170 billion

Growth Investments

Investment Amount
Max. ¥1 trillion

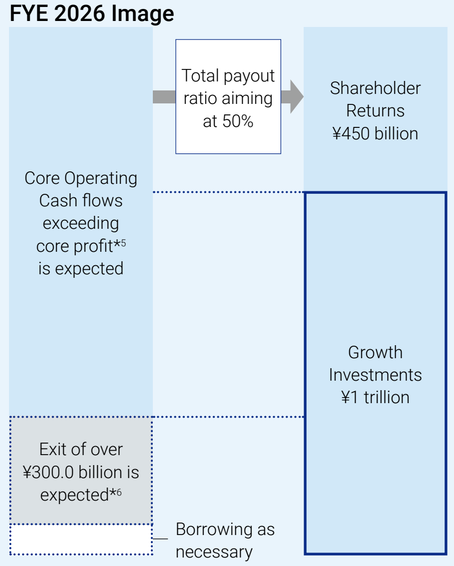
NET DER
Less than 0.6 times

Cash Allocation / NET DER

(Billions of yen)	BND 2020 Total*2	BND 2023 Total	FYE 2025
Core operating cash flows*1	1,691.0	2,484.0	920.0
Net investment cash flows (Proportion)*3	(1,065.0) (63%)	(960.0) (39%)	(576.0) (63%)
Shareholder returns (Proportion)*3	(528.9) (31%)	(818.9) (33%)	(435.4) (47%)
Core free cash flows after deducting shareholder returns	+97.0	+705.0	(91.0)
NET DER (Times)*4	0.78	0.51	0.51

*1 "Cash flows from operating activities" – "Changes in working capital" + "Repayment of lease liabilities, etc."
*2 BND 2020 includes the FYE 2021 management plan.
*3 The proportion of core operating cash flows.
*4 NET DER are the figures of the final fiscal year.
*5 FYE 2026 core profit plan: ¥770–¥850 billion
*6 Including a cash inflow of approximately ¥170 billion due to the sale of C.P. Pokphand shares and dividend. Realized a cash inflow of approximately ¥190 billion in the 1st quarter of FYE 2026. Tax payment of this transaction, totaling approximately ¥20 billion, is expected in FYE 2027.

FYE 2026 Image



In addition to realizing sustainable earnings growth through growth investments, we are refining our investment processes to improve the investment success rates, reduce impairment risks, and strengthen our ability to generate synergies.

Business Investment Process

We do not set predefined investment quotas or limits by sector before executing investments. The planning of business strategies and selection of acquisition targets are carried out by each highly independent Division Company, which is granted significant authority for decision-making at the front lines through a bottom-up approach. However, all investment projects exceeding a certain amount require approval from the headquarters, and Companywide leverage management and asset allocation are centrally controlled. In making investment decisions, we not only assess compliance with our investment criteria but also carefully consider our required levels of ROE and CAGR.

ITOCHU's Investment Criteria

(1) Investment efficiency based on the investee's Net Present Value (NPV)
NPV based on the free cash flow of the investee (Business plans of investment targets are carefully examined for feasibility, with stress testing applied as necessary)

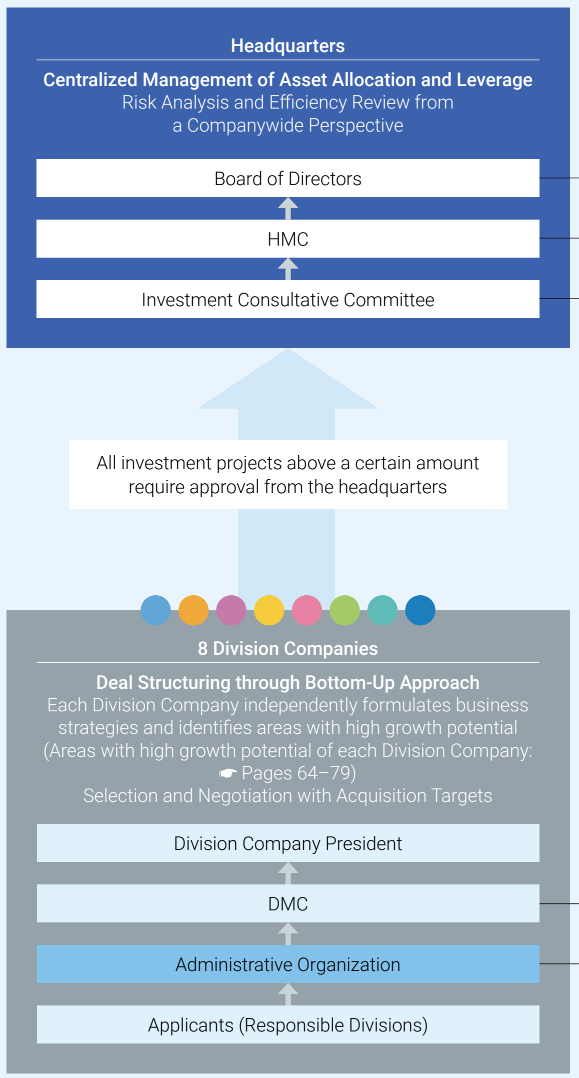
(2) Investment efficiency based on the NPV of cash returns to ITOCHU
NPV of cash inflows to ITOCHU, including dividends received and trading profits

(3) Scale of profits at the investee

Discount rate (hurdle rate) to calculate NPV is **determined by industry (approximately 70 industries) x by country's** cost of equity / WACC*1, *2.
(Our cost of equity (8%) is also taken into consideration.)

*1 WACC: Weighted Average Cost of Capital
*2 Hurdle rate is reviewed annually based on market standards, considering the risk-free rate, market risk premium, and industry beta.

Characteristics of the Investment Execution Process



Board of Directors
Of the projects approved by the HMC, projects of quantitative and qualitative significance must be approved by the Board of Directors.

HMC (Headquarters Management Committee)
Cases that have completed review and screening by the Investment Consultative Committee are further discussed.
The committee considers commercial significance, strategic importance, the need for further negotiations, and other aspects from a business perspective, to decide whether to execute the investment.

Investment Consultative Committee
The Investment Consultative Committee is chaired by the CXO and its core members are the CAO, the CFO, General Managers of the Corporate Planning & Administration, General Accounting Control, Legal, Finance, and Global Risk Management divisions. Meetings are also attended by one full-time Audit & Supervisory Board Member.
Headquarters' Administrative Divisions organize discussion points for each case based on high expertise, decide whether to proceed with the investment, and review contract terms and risk mitigation measures.

DMC (Division Company Management Committee)
In addition to the Applicants and the Division Company's Administrative Organizations, and Legal Division also participate in the review. Business investments below a certain amount and planning matters by the Group companies can be approved at the Division Company level.
A full-time Audit & Supervisory Board Member attends all DMC to monitor Division Companies and guarantee the integrity of decision-making.

Division Company's Administrative Organizations
Each Division Company has Administrative Organizations under the CFO line, such as the Accounting Division and the Risk Management & Administration Division.
The evaluation of employees in these organizations is determined independently from business divisions and finalized by the CFO of the headquarters.
Division Company's Administrative Organizations examine investment projects and provide advice and oversight to business divisions from a Companywide corporate value enhancement perspective, contributing to improving the quality of decision-making.

Structure to Increase Investment Success Rate

To improve the success rate of investments, it is important to proactively avoid unsuccessful investments. Lessons learned from past failure investments are summarized as "The Four Lessons for Investments" and are repeatedly shared in training on investment failure cases and Companywide management meetings to ensure that these lessons are thoroughly considered from the initial stages of investment review at the front lines. We also have accumulated extensive M&A expertise, which the Administrative Divisions independently compile into in-house training materials, and make them available Companywide to improve the success rate of business investments.

The Four Lessons for Investments (To Rigorously Prevent Below)

(1) Overpaying for investments	Make investments at a low price to minimize future risk of impairment loss
(2) Investments aimed at seizing profit from investees	Avoid shortsighted investments that only target current profit contributions
(3) Overdependence on and overconfidence in partners	Do not engage in projects where we must rely on partners or sales from the specific customers
(4) Fields with limited insight	Do not engage in projects where we have limited experience or expertise

Training Programs and Internal Contents Related to Business Investments

Theme	Preparation Department	Training Materials and Contents
(1) M&A Process	Global Risk Management Division	M&A Playbook (Outline and detail of M&A process, screening of business plan, Due Diligence (DD), valuation, contract, PMI*3 etc.)
(2) Case Study	Global Risk Management Division	Training on Investment Failure Cases and PMI Case Studies
(3) Legal	Legal Division	M&A Practice (MOU*4, LOI*5, Legal DD, Explanation of the main points of SPA*6 / SHA*7), Listed Stocks, Legal Regulations
(4) Accounting	Accounting Control Division	Accounting issues on M&A, Accounting discussion points that affect on business investments

*3 PMI: Post-Merger Integration *4 MOU: Memorandum of Understanding *5 LOI: Letter of Intent *6 SPA: Share Purchase Agreement *7 SHA: Shareholders Agreement

Main Items for Consideration at the Investment

Investment purpose Formulation of growth strategies	• Consider the significance of our business strategy, the unique value that our Company can provide, the availability of management resources and networks that can be utilized, and the conditions required to maximize added value, etc. • Formulate PMI plans that include initiatives to create synergies to increase the investee's corporate value, the assignment and roles of seconded employees, and support from the headquarters.
Verification of business plan appropriateness	• In addition to the business divisions, the Division Company's Administrative organizations are deeply involved from the DD phase, and analyze investment targets from multiple perspectives, including finance (including internal control status), tax, legal, HR, and IT. • Thoroughly monitor the likelihood of each premise for the business plan and anticipated synergies of the investment target, and consider the appropriateness of the transaction price and contract terms.
Formulation of risk scenarios Consideration of countermeasures	• Analyze various risks to the achievement of business plans, such as macroenvironment and industry trends, country risk, partner risk, compliance, financing, and securing key personnel, and thoroughly formulate countermeasures and incorporate them into acquisition conditions. • Formulate stress scenarios, conduct sensitivity analysis, and conduct preliminary verifications of impairment risks, and make investment decisions based on the validity of investment plans and maximum risks.
Screening ESG risks	• Assess in advance the environmental and social impact, as well as the corporate governance status of the investment target using an ESG checklist composed of 30 items. • Conduct multifaceted ESG assessments even after making the investments, including on-site surveys, to prevent environmental pollution and other problems among Group companies.
Verification of internal control status	• Review the internal control status of the investment target from the DD stage. Identify in advance areas where improvement is needed or concerns exist, and prepare measures to be taken and improvements to be made during PMI.
Setting exit conditions Ensuring effective exit procedures	• Quantitatively set conditions for exiting the business in principle, if breached. • Secure prior agreement from partners and counterparties regarding effective exit procedures in the event that exit conditions are triggered.

Portfolio Management

Through multifaceted monitoring and ongoing asset replacement, we improve asset efficiency and build a robust, highly profitable portfolio.

Enhancement of Corporate Value ↑ = Expand Created Value ↑ / (Lower Cost of Capital ↓ − Increase Growth Rate ↑)

Monitoring (Analysis of key management indicators, periodic review for business investment)

In order to maintain our characteristic high-efficiency management, it is essential not only to execute highly accurate investments but also to rigorously monitor the portfolio including promoting exits from low-efficiency assets and continuous improvement of asset efficiency.

We conduct periodic review for business investment covering all business investees once a year, in which we reassess our action policies from both qualitative perspectives (such as strategic significance) and quantitative perspectives (such as profit scale and investment efficiency). In this review, we formulate improvement measures for Group companies that are operating at a loss or have issues with dividend cash-in, and we monitor the progress of these measures throughout the year. In parallel, we also conduct analysis of key management indicators by Division Company to evaluate the asset efficiency of each segment and the growth potential of key businesses, and, based on these findings, consider measures for improvement as well as capital policies that take into account Companywide efficiency.

The contents of these monitoring activities are discussed at each Division Company's DMC*[1] and reported to the ALM*[2] Committee, promoting more effective measures. If a Division Company is continuing to hold a low-efficiency business that meets exit criteria, HMC*[3] approval is also required.

*1 DMC: Division Company Management Committee *2 ALM: Asset Liability Management *3 HMC: Headquarters Management Committee

Periodic Review for Business Investment

Exit Criteria for Business Investment

(1) Cumulative deficit for three years

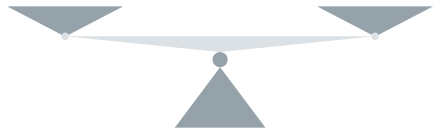
(2) Returns lower than original plans made at the time of investment

(3) Cumulative deficit in added value for three years
[Consolidated contribution*[4] – (Consolidated investment carrying amount x Cost of equity*[5])]

*4 Consolidated contribution: The sum of profit and loss contribution and trade benefits
*5 Cost of equity: Set according to industry (approximately 70) and country

Consolidated Contribution + Trading Merits

Consolidated Investment Carrying Amount × Industry-Specific Cost of Equity



Decision-Making Process

DMC: After verifying the appropriateness of improvement plans for low-efficiency business investments that meet exit criteria for business investment, the significance of holding respective business investments is carefully analyzed in the context of the Division Company's strategies, and a decision on holding policy is made by the Division Company's President.

HMC: HMC approval is required if a Division Company's policy is to continue holding a business investment that meets exit criteria for business investment. In conducting HMC deliberations, the ALM Committee*[6] conducts prior deliberations on the appropriateness of the Division Company's retention policy and the possibility of exit implementation.

*6 ALM Committee: (Chair) CFO, (Core members) General Managers of the Corporate Planning & Administration, General Accounting Control, Finance, and Global Risk Management divisions. One full-time Audit & Supervisory Board Member also attends.

Progress Follow-Up

Business Investments to Be Exited	Business Investments to Be Held Continuously
Monitor the progress of exits and each Division Company reports its progress to the CFO on a monthly basis.	Implement improvement measures, check the progress of the improvement plans at the next fiscal year's periodic review for business investment, and rescreen holding policy.

Analysis of Key Management Indicators:

Main Analysis and Report Contents

- Analysis of asset efficiency (ROA, etc.) by segment according to the characteristics of each Division Company, and analysis of operating cash flow
- Measures in response to changes in the business environment (manifestation of geopolitical risks, rising resource and raw material prices, rising interest rates and prices, etc.)
- Issues and solutions for low-profit trades and inefficient business domains
- Initiatives to improve profitability and growth rates at major Group companies, and measures to enhance asset efficiency (such as ROA and CCC*[7])

*7 CCC: Cash Conversion Cycle

ROA by Segment (FYE 2025 results, ROA on core profit)

High ← → Low

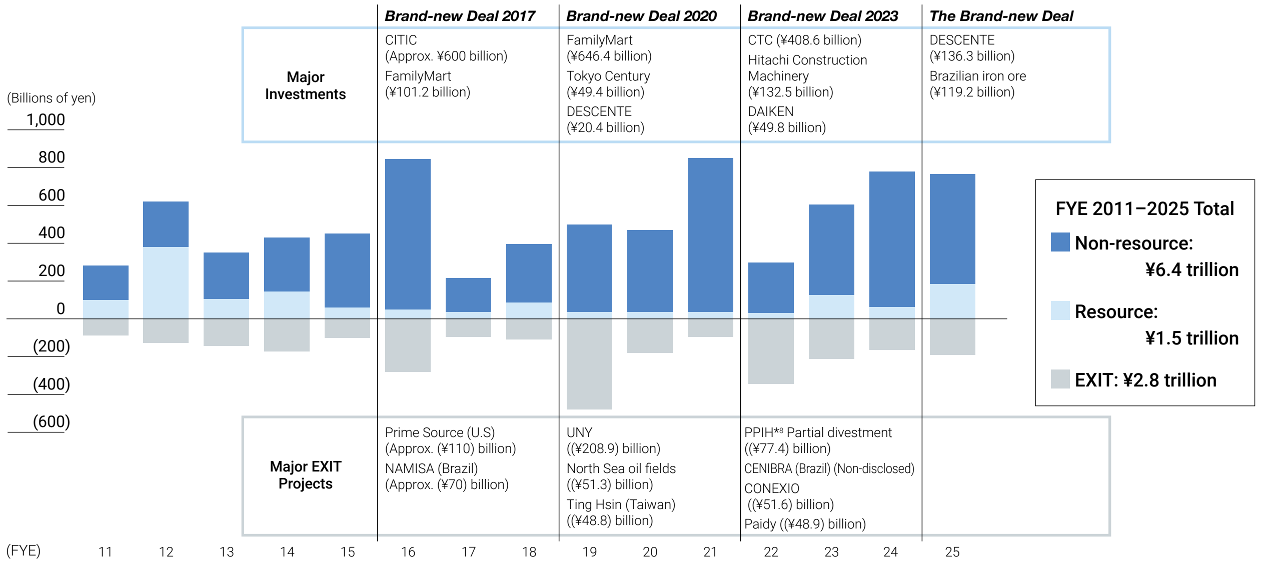
Metals & Minerals	12.3%
Machinery	6.4%
ICT & Financial Business	5.7%
Energy & Chemicals	4.6%
Textile	4.5%
General Products & Realty	3.8%
Food	3.1%
The 8th	1.7%

Asset Allocation Trajectory

We have continuously carried out growth investments and asset replacements based on multifaceted monitoring, thereby transforming our portfolio over the long term while improving asset efficiency. By advancing asset allocation with a focus on non-resource businesses, where we have competitive strengths, and securing a certain level of ROI, we have increased the proportion of non-resource businesses in our portfolio and improved ROA over the long term. In recent years, within the non-resource sector, we have also increased the amount of assets allocated to downstream areas, exemplified by the privatization of FamilyMart. We will continue to adapt to changes in the external environment and customer needs, aiming to build a robust portfolio that is highly resilient to economic fluctuations and supports highly efficient management.

POINT 1 Accelerate investment in non-resource areas and continuously implement asset replacements

Investment and Exit Track Record Since FYE 2011



*8 PPIH: Pan Pacific International Holdings Corporation

POINT 2 ROI track record in non-resource sector

ROI of New Investments in Non-Resource Sector Since FYE 2016 (Excluding CAPEX)

FYE 2025 profits from investees
Approx. ¥200 billion*[9]

÷

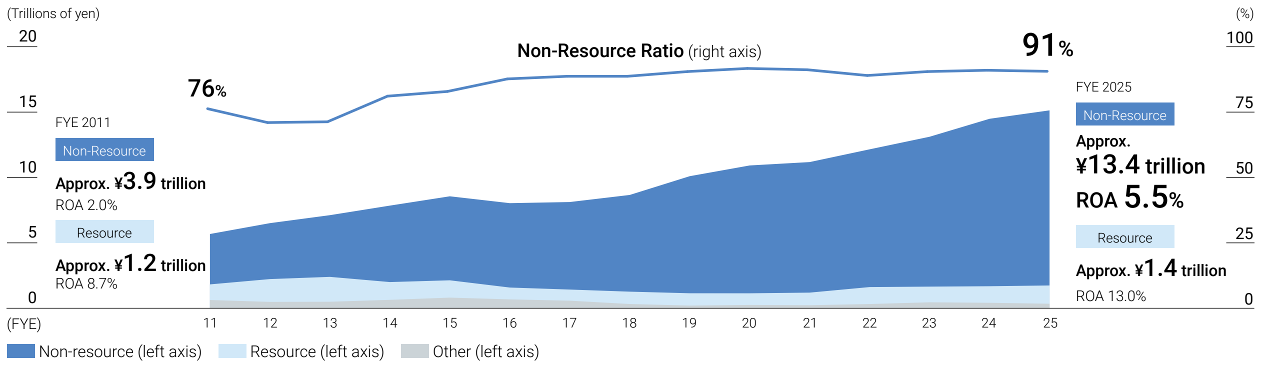
Investment amount in Non-Resource BND 2017–BND 2023 Total
¥2,385 billion*[10]

= **ROI 8.4%**

*9 For additional acquisitions in existing businesses, only the profits corresponding to the additional investment are included.
*10 Aggregated investment projects in the non-resource sector over ¥5.0 billion, excluding CAPEX.

POINT 3 Asset allocation continues to shift toward non-resource sector, with significant improvement in ROA

Total Assets Trend Since FYE 2011



Risk Management

By establishing systems and management methods to prepare for a variety of risks and diversifying our geographic and business portfolios, we are strengthening and stabilizing the management foundation to support sustainable growth.

The ITOCHU Group operates a wide range of businesses and, as a result, faces various risks in the market, such as credit risk and investment risk, as well as other complex risks. These risks include uncertainties that are difficult to predict and could have a significant impact on the Group's financial condition and business performance in the future. Recognizing that risk management is an important management issue, our Group has set basic policies for risk management, established appropriate risk management systems and methods, and takes necessary actions to deal with such risks.

Risk Factors	
(1) Risks Associated with Macroeconomic Factors and Business Model	
(2) Market Risk	
a) Foreign Exchange Rate Risk	
b) Interest Rate Risk	
c) Commodity Price Risk	
d) Stock Price Risk	
(3) Investment Risk	(☛ Pages 34–36)
(4) Risks Associated with Impairment Loss on Fixed Assets	
(5) Credit Risk	

Risk Factors	
(6) Country Risk	
(7) Risks Associated with Fund-raising	(☛ Page 32)
(8) Risks Associated with Taxes	
(9) Risks Associated with Significant Lawsuits	
(10) Risks Associated with Laws and Regulations	
(11) Risks Associated with Human Resources	(☛ Page 44)
(12) Risks Associated with the Environment and Society	(☛ Page 48)
(13) Risks Associated with Natural Disasters	
(14) Risks Associated with Information Systems and Information Security	

(☛ Pages 64–79 Business Portfolio, opportunities and risks based on key macroenvironmental factors)

For details, please refer to the "Business Risks" section of the Financial Information Report.
https://www.itochu.co.jp/en/files/FIR2025E.pdf

For details on our risk management policies, framework, and initiatives, please refer to ITOCHU's website.
https://www.itochu.co.jp/en/csr/governance/risk_management/

Country Risk

The ITOCHU Group is exposed to country risk, which may arise from unexpected events related to the political, economic, or social conditions in the countries and regions where we conduct commodity transactions and business activities. Such risks include, for example, the state expropriation of owned assets or suspension of remittances at our business investees, which can result from changes in various laws and regulations. To address these risks, we take appropriate risk mitigation measures for each individual project. In addition, the Group sets country exposure limits based on internal country ratings and manages our total exposure to each country within limits that are appropriate for the Group's overall financial strength, thereby striving to control country risk.

For major country-specific balances of investments, loans and guarantees as of March 31, 2025, please refer to ITOCHU's website.
https://www.itochu.co.jp/en/ir/financial_statements/2025/

China-Related Business

Status of Exposure to China

As of March 31, 2025, our Group's exposure to China amounted to ¥1,732.3 billion. In addition to investment in CITIC, which is a significant portion of this, our exposure increased in FYE 2025 due to the privatization of DESCENTE LTD., which led to a rise in investment exposure related to its business operations in China.

Major China-Related Businesses (CITIC, Western Australia Iron Ore Business, and Others)

Our Group's profits from China-related businesses are comprised of three main components: contributions from CITIC, iron ore trading to China, and other trading and business investments. Profits from iron ore trading to China have continued since the 1960s and are generated primarily by our iron ore business in Western Australia, which enjoys a significant cost advantage on a global scale. In this business, we closely monitor the Chinese government's economic stimulus measures, the real estate market, consumer spending, and overall economic conditions in China, while carefully managing the supply-demand balance for iron ore, in order to mitigate risks. Other trading and business investments focus primarily on consumer sectors within China, including textiles and chemicals. Excluding the solid profit contributions expected from CITIC and iron ore trading to China, the impact of other China-related businesses on our overall consolidated net profit is limited.


CITIC Tower, standing tall in the center of Beijing

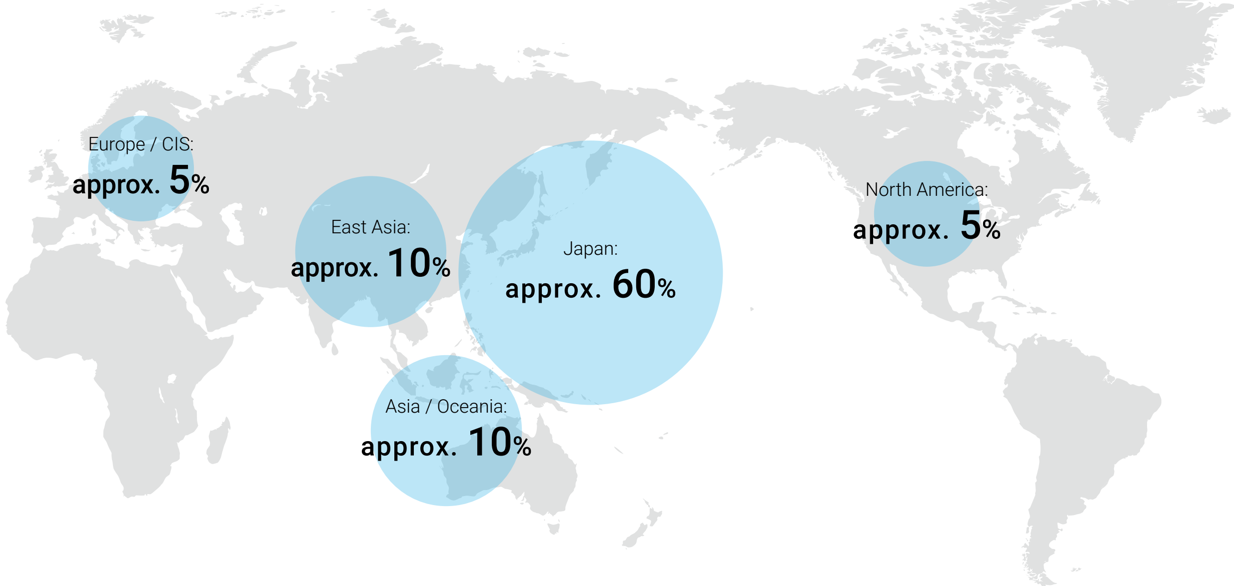
CITIC's Performance

The performance of CITIC, a Chinese state-owned conglomerate, has remained steady, primarily driven by CITIC Bank, under the Chinese government's policy of strengthening state-owned enterprises. The financial services sector, which is CITIC's core business, contributes approximately 90% of CITIC's overall profits. Within this sector, CITIC Bank has been a key contributor, achieving 10 consecutive years of profit growth since our investment in CITIC in FYE 2016. Even amid prolonged downturn in China's real estate market, the non-performing loan ratio has steadily improved, reflecting effective risk management leveraging CITIC's relationship with the Chinese government. In our consolidated financial closing process, we assess the recoverable amount of our investment in CITIC every quarter, considering the stock price level of CITIC, and confirm that it exceeds the book value. When estimating future cash flows, we also consider the profitability based on the growth outlook of the Chinese economy and the impact of regulations on the Chinese financial sector.

Regional Composition of Assets and Profit / Loss

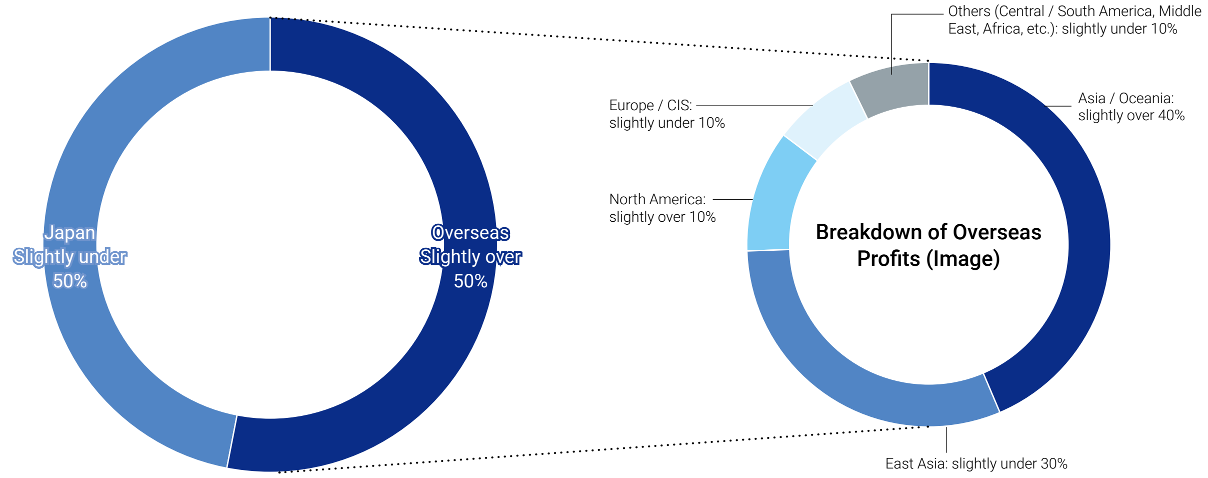
In terms of the regional composition of our Group's assets, approximately 60% are located in Japan, accounting for the majority of our asset base. Our overseas assets are well balanced and diversified across different regions, resulting in a structure that is less susceptible to economic fluctuations in any single country. In Japan, we own many high-quality assets that support our strong business base, especially in the consumer sector, where we have strengths. Overseas, we own several efficient assets, such as our IMEA (Australia) operation in the metals and mineral resources business.

Regional Asset Balances (End of March 2025) *1



*1 Our total assets and the consolidated book value of our subsidiaries and affiliates are calculated based on their actual locations, and the asset balances in major regions are shown in units of 5%. Therefore, the calculation method differs from the disclosed investment, loan and guarantee balance by major country, which is calculated based on the destination country of the investment, loan and guarantee amount, and the trade receivable amount.

Profit and Loss by Region (Core profit, average for the past three years)*2



*2 Profits from China-related businesses listed on page 38 include iron ore transactions for China in Asia and Oceania.

CAO INTERVIEW

Our goal is to be a sustainable company, and the best company in Japan. Our approach is to embody our Company's founding spirit of "*Sampo-yoshi,*" which is now attracting global attention, by accumulating trust and credibility to enhance our corporate brand value.

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

* Chief Administrative Officer

QUESTION 1

One year has passed since the announcement of the Management Policy "The Brand-new Deal." How do you reflect on this past year?

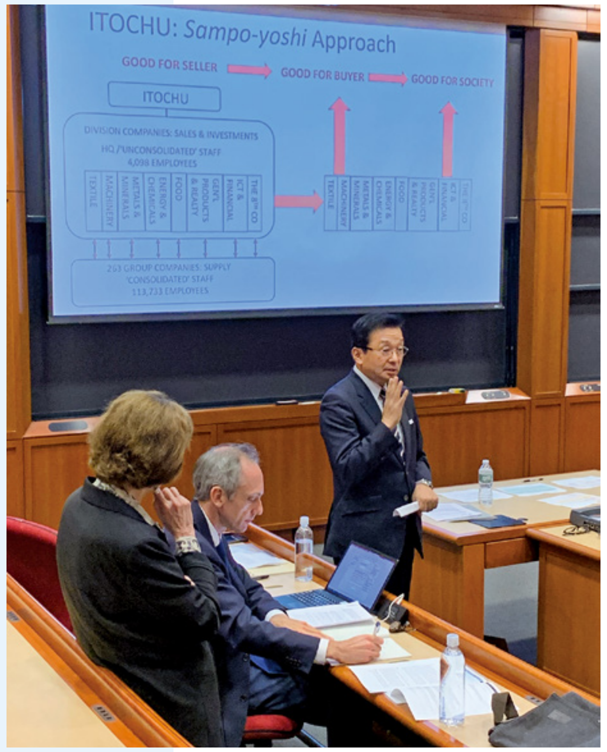
ANSWER 1

In our Integrated Report 2024, I described our goal for ITOCHU to be seen as the best company in Japan by enhancing our corporate brand value through the philosophy of "*Sampo-yoshi*" (good for the seller, good for the buyer, and good for society). Over the past year, we have achieved a major milestone toward this goal. Professor Sandra Sucher, an expert in the research of building trusted corporations at Harvard Business School, took note of our corporate mission, "*Sampo-yoshi*," and its role in achieving trust and sustainability at ITOCHU, selecting it as the subject for a case study. It has now been published as an official Harvard Business School case. This case from one of the world's top business schools provides an academic analysis of the relationship between our initiatives grounded in "*Sampo-yoshi*" and enhanced corporate value and sustainability. Globally, there are many companies with long histories, but around half of the world's companies that are over 100 years old are Japanese. Despite Japan's frequent natural disasters—earthquakes, typhoons, floods—and periods of national devastation, many Japanese companies have managed to sustain their businesses over generations. In an increasingly uncertain economic environment, there is renewed global interest in the longevity and resilience of Japanese companies. I am delighted that our founding spirit of "*Sampo-yoshi*" is gaining international attention in this context. One of the pillars of our Management Policy, enhancing corporate brand value, is not limited to raising our profile in Japan but also aims to strengthen our global presence.

Professor Sucher's focus on our corporate mission of "*Sampo-yoshi*" stemmed from her research into the post-COVID-19 recovery of Japanese companies. During the preparation of the case study, she visited ITOCHU, engaged in dialogue with Chairman & CEO Okafuji, and received firsthand explanations from employees of each Division Company about our business initiatives, which provided a clear picture of how "*Sampo-yoshi*" has shaped our corporate value for more than 160 years. I also had the opportunity to join a session of the Harvard Business School course Building Trusted Organizations to share some insights on the complexities of managing a general trading company and our consistent, trust-building process rooted in "*Sampo-yoshi*." Although there are various theories about the origins of the "*Sampo-yoshi*" phrase, the first documented instance of it being introduced in the context of "good for the seller, good for the buyer, and good for society" was as a description of the business philosophy of our founder, Chubei Itoh I. While "*Sampo-yoshi*" is now our corporate mission, it was only relatively recently formally adopted in April 2020. When we officially established "*Sampo-yoshi*" as our corporate mission, we did not hold any employee briefings or distribute explanatory materials. Rather, we simply formalized a way of thinking that had already been deeply rooted and passed down among our employees. I believe it was accepted naturally throughout our Company. In essence, "*Sampo-yoshi*" functions as the "core operating system (OS)" of ITOCHU, installed at our founding. Initiatives such as our Morning-Focused Working System and other unique work-style reforms are best understood as "business applications" tailored to the needs of each era and situation, fully leveraging the compatibility and effectiveness of our core OS. The growing global spotlight on "*Sampo-yoshi*," as seen in the Harvard Business School case, reinforces my belief that this philosophy is deeply aligned with modern concepts of sustainability. It is true that following the inauguration of President Trump in the United States, there has been some pushback against the emphasis on sustainability and ESG. In fact, there have been reports that outflows from ESG investments have exceeded inflows, and the number of ESG funds is also declining. Regardless of the times, securing short-term profits is of course important for any company. However, companies that focus only on the short-term and disregard mid- to long-term profits, or in other words corporate sustainability, will not survive in the end. It may be a matter of differing views on the appropriate timeframe to consider. As a company with "*Sampo-yoshi*" as its core OS, we will not be simply swayed by changing trends. We will continue to steadily advance our front-line initiatives as outlined in our Sustainability Action Plans, ensuring that sustainability is realized through our core business.
(☛ Page 48 Initiatives to Promote Sustainability)

Aiming to deliver the "*Sampo-yoshi*" philosophy more globally, we produced a collaborative video with Bloomberg.

https://sponsored.bloomberg.com/article/itochu/the-japanese-secret-to-business-longevity



Giving a presentation at Harvard Business School

QUESTION 2

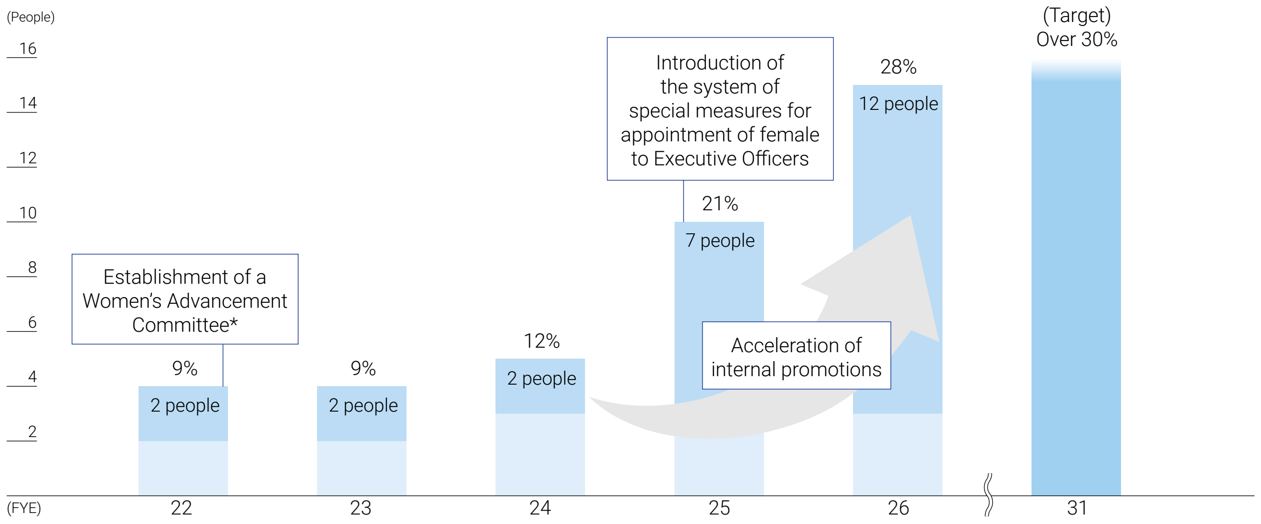
ITOCHU introduced special measures for the appointment of female Executive Officers starting in FYE 2025. What are the background and impact of this initiative?

ANSWER 2

We have set a quantitative target to increase the ratio of female officers (including Executive Officers) to 30% or more by 2030. To achieve this goal, we have introduced special measures to appoint a certain number of female Executive Officers, providing them with special opportunities to gain experience in Companywide management. In FYE 2025, five women were appointed, and another five were appointed in FYE 2026, raising the current ratio of female Executive Officers to 28%. In addition, some of the appointees are junior managers, underscoring the uniqueness of this system both in overall balance at the Company and relative to our industry peers. Since the introduction of this system, we have received a wide range of feedback both internally and externally, including some critical opinions. This system would not have been possible if we had continued to rely solely on the implicit criteria for executive selection that existed in our Company in the past—such as having already achieved certain results as the head of a large organization or having adapted to all types of work environments. However, considering our workforce demographics, many of our female career-track employees are still in their 20s and 30s. If we simply wait for them to gain experience and naturally move up to Executive Officer positions, it could take more than 10 years. Faced with this reality, we felt a strong sense of urgency that we cannot afford to wait that long, and immediate action was required. As a company with a strong consumer-related business and a competitive edge in the consumer sector, the perspective of female leaders is extremely valuable.

CAO INTERVIEW

Number and Ratio of Female Executives among all Executive Officers



* An Advisory Committee of the Board of Directors chaired by an Outside Director

As a means of addressing this issue, we placed a strong emphasis on internal promotions. If our sole objective was to increase the ratio of female officers, external hires would be a simple solution. While the mobility of talent in society is increasing and external hiring is becoming easier, our Women's Advancement Committee, including Outside Directors, has repeatedly debated the pros and cons of external appointments. Yet, within our Company, there are many highly capable female career-track employees in their 20s and 30s who perform at the same level as their male counterparts. Given time, they have the potential to become Executive Officers, regardless of gender. Premature external hiring could demotivate these employees and undermine our ability to continuously develop internal talent. We must avoid this. These special measures are thus meant to bridge the "time lag." The women selected as Executive Officers are individually supported by myself and members of the Women's Advancement Committee, including Outside Directors; however, we do not provide any special management training. By being appointed as Executive Officers, these talented employees naturally gain access to Companywide management information, which expands their perspectives and deepens their insight. If they become aware of knowledge gaps, they can proactively consider what is needed and seek out the training or study required, with the Company providing support as necessary. Through this process, more opportunities are created for female employees, and the presence of women in core management roles helps to instill more diverse perspectives into our corporate culture. I believe this will foster an environment where women can naturally thrive and have a positive impact on the next generation as well. And eventually, the special measures will no longer be necessary. (☛ Page 86 Women's Advancement Committee)

QUESTION 3

What challenges do you perceive in aiming to become the best company in Japan?

ANSWER 3

In our Management Policy, "The Brand-new Deal," announced in April 2024, we committed to enhancing corporate brand value. For our Company, which does not come from the same historical backing as general trading companies associated with the former *zaibatsu* (family-owned financial conglomerates), building and strengthening the ITOCHU brand in society is critically important. We are fortunate to have received increasingly high evaluations from various external stakeholders, and as I mentioned, our founding spirit of "*Sampo-yoshi*" is steadily gaining global recognition. However, no matter how excellent the core OS is or how many diverse business applications we have, it is ultimately up to each individual employee to bring them to life. Therefore, it is critically important that all employees share the same management philosophy and move forward together in the same direction. In recent years, employee engagement has been attracting increasing attention. At our Company as well, we follow up on the results, promptly identify issues, and undertake the necessary response. One thing I am always mindful of is the distance between top management and the front lines. Even amid an uncertain business environment, we have continued to achieve record-high profits, and as we aim for a new milestone of ¥1 trillion in consolidated net profit, our Company is now at a critical stage of management. In addition, the speed of our business development is accelerating, and it is essential for the entire Company to act promptly as one team. It is precisely in times like these that the ability of top management to communicate with front-line employees becomes especially important. Recently, Chairman & CEO Okafuji and our labor union met for the first time in about 10 years at our labor–management meeting, enabling top management to directly hear the voices of employees and in turn enabling top management to communicate its vision to the front lines. As organizations grow, messages can become distorted in transmission, and at those times direct and candid dialogue is necessary. We have fewer employees than other general trading companies, making our organization lean. If employees act with a strong sense of unity and operate even more efficiently and flexibly, it will be a tremendous advantage for us. I will continue to pay close attention to the sentiments of our front-line employees and further enhance communication with top management. (☛ Page 44 Human Resource Strategy)

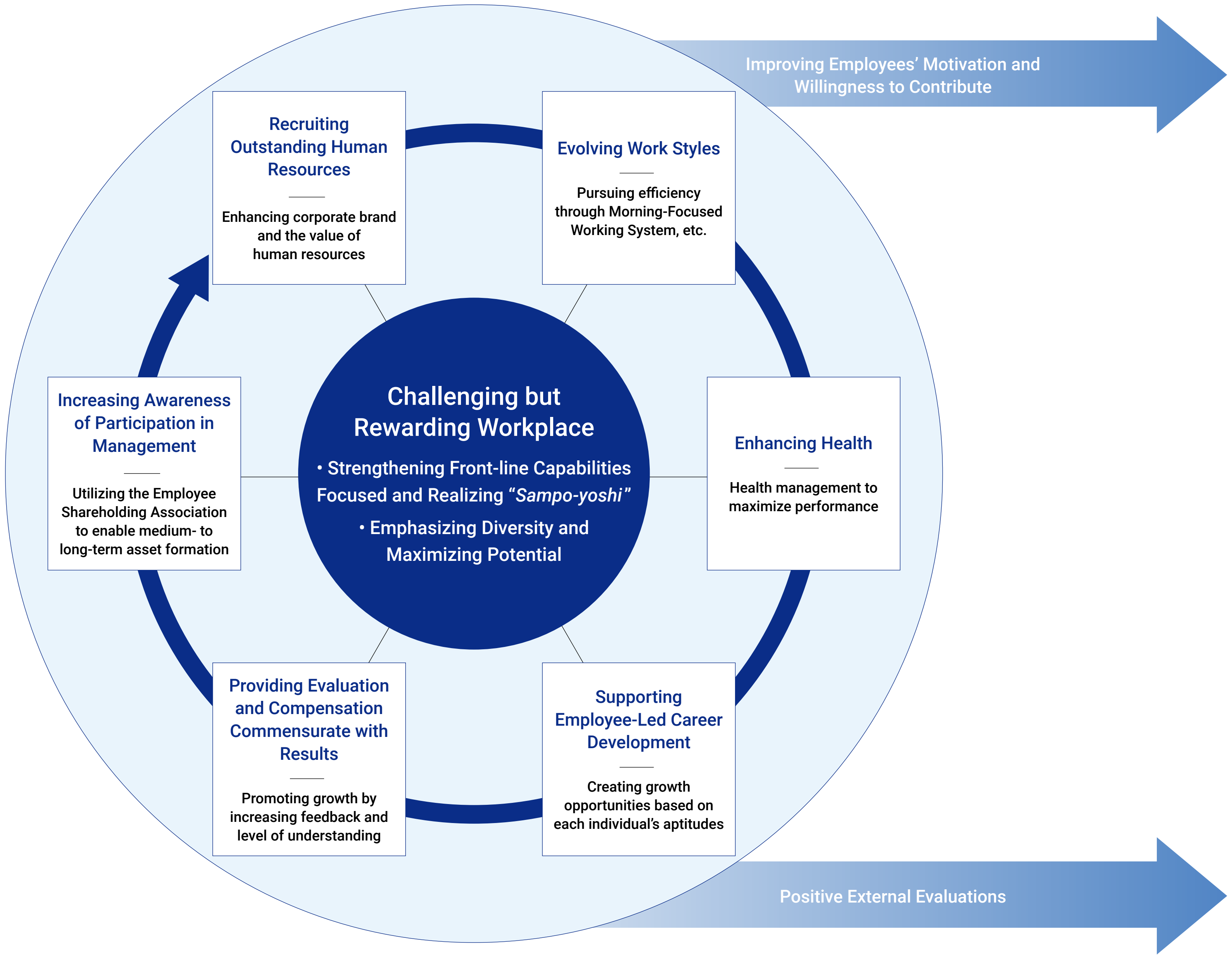
We have a history spanning more than 160 years, and we intend to continue being a company trusted by all stakeholders under the "*Sampo-yoshi*" philosophy. I hope that "*Sampo-yoshi*" will become a globally recognized term, much like TOYOTA's "Kaizen" (continuous improvement). Of course, we are not attempting to proclaim that "*Sampo-yoshi*" is uniquely limited to ITOCHU; rather, we hope that "*Sampo-yoshi*" will naturally spread throughout the world, and that people will come to realize that it actually originated from ITOCHU's founding spirit, raising awareness of ITOCHU as well. According to Shiga University Professor Emeritus Hideki Usami, a scholar who has researched the Ohmi merchants for many years, when looking at the historical lists ranking the merchants of Ohmi, the highest accolades were apparently not necessarily given to merchant families that generated the greatest profits, but rather to those with a long history of business continuity across multiple generations. Merchants who were unable to sustain their businesses over time were not highly regarded. Regardless of changes in trading methods, merchandise handled, or the shape of society, the merchant families whose family mottoes and store rule (*tanaho*) passed down a spirit of "*Sampo-yoshi*," thrift and frugal, and a spirit of building trust across generations were able to develop sustainably in their communities, steadily building on their forebearers' credibility. As ITOCHU, which is close to the consumer sector, social trust is directly linked to our business success. Ultimately, the true value of a merchant lies in sustainability based on trust and credibility. My mission as CAO is to perform careful maintenance on our core OS, "*Sampo-yoshi*," to continuously upgrade our individual business applications to reflect the changing times, and to sustainably increase a sense of unity among employees while aligning with our core OS. By steadily building trust and credibility with society, including our employees, we will continue to embody the spirit of "*Sampo-yoshi*" and seek to be the best company in Japan.

Human Resource Strategy

Through our unique human resource strategies focused on strengthening "people," who are at the core of all our business operations, we aim to achieve the sustainable enhancement of corporate value.

Enhancement of Corporate Value = Expand Created Value / (Lower Cost of Capital − Increase Growth Rate)

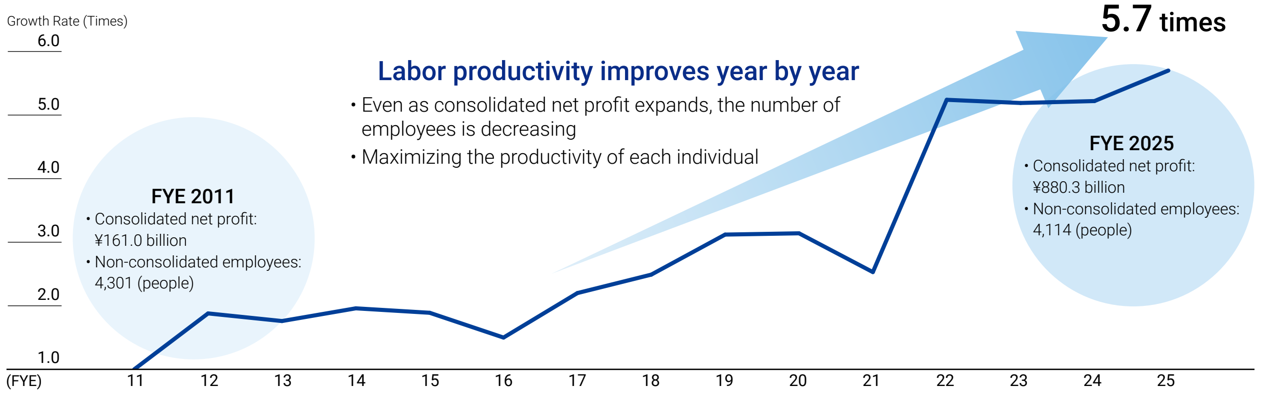
Under our corporate mission of "*Sampo-yoshi*," with a clearly identified human resource strategy as a key component of our management strategy, we aim to become a company that is challenging but rewarding to work for, and to ensure all employees find their work rewarding and fully utilize their abilities. By achieving this, we aim to enhance not only employee motivation and labor productivity but also our social reputation, ultimately enhancing our brand value, thereby further enhancing our corporate value and pursue becoming the best company in Japan. In addition, the enhancement of our brand value creates a virtuous cycle enabling us to recruit outstanding talent, which serves as the source of the Company's strength.



For details on work-style reforms, please refer to ITOCHU's website. We provide an introduction to our unique work-style reforms, including the objectives and outcomes of various initiatives, as well as the stories behind their implementation.

https://www.itochu.co.jp/en/about/work_style/files/itochu_work_style_en.pdf

Enhancement of Corporate Value through Improved Labor Productivity



* Shows the change in labor productivity with 1 as FYE 2011 (consolidated net profit / number of non-consolidated employees)

Pioneering and Unique Initiatives

FYE 2011	• In-house childcare facility "I-Kids" established (January 2010) • Work-style reforms started
FYE 2014	• Morning-Focused Working System introduced
FYE 2017	• ITOCHU Health Charter established • Work from home system introduced for the employees with childcare and nursing care
FYE 2018	• Support for Balancing Cancer Care and Work started
FYE 2022	• Women's Advancement Committee established • Support for employees hoping to return to work early after child birth decided
FYE 2023	• Morning-Focused Flextime System introduced • Work from home system introduced for all employees • Allowance for balancing work and childrearing introduced (the support for early return to work after child birth)
FYE 2024	• Virtual Office officially introduced • Strengthening femtech initiatives (infertility treatments, etc.) • Sleep-related project launched • Workplace after-school program started
FYE 2025	• System of special measures for appointment of women to Executive Officers introduced • Making childcare leave acquisition "mandatory" for male employees

Enhancement of Corporate Brand Value

(1) Positive External Evaluations

Company rankings by jobseekers
"No. 1 in all industries"
in 6 of the 7 major media outlets
"No. 1 in trading companies"
in all 7 major media outlets

Ministry of Economy, Trade and Industry × Tokyo Stock Exchange

2025 健康経営銘柄
共働き共育て Work Style Diversity 2025

Tokyo Women's Empowerment Promotion Award
Business sector
Excellence Award
東京で輝く、自分らしく。

(2) Increasing Attention from Outside the Company

The work-style reforms initiative to improve labor productivity, which we have been promoting since 2010, has attracted significant public attention and we have welcomed visits from many government officials, including those from the Ministry of Economy, Trade and Industry, the Ministry of Health, Labour and Welfare, and the Children and Families Agency.

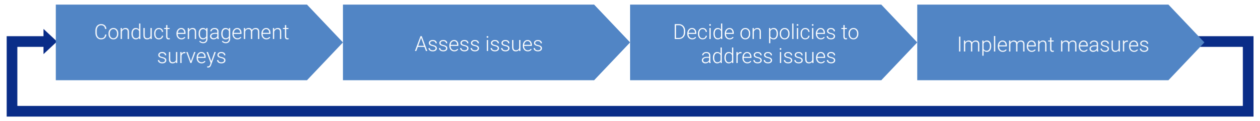
Moreover, our efforts have been recognized not only in Japan but also overseas, with delegations from the Korean and Chinese governments, among others, coming to observe our initiatives.

In particular, in South Korea, where the declining birthrate and aging population have become serious social issues, our example of introducing early morning work hours and subsequently seeing an increase in the birthrate has been dubbed "The Miracle of ITOCHU" and reported widely in the media. In July 2024, government officials from South Korea visited ITOCHU to observe the current state of the morning focused working system. Additionally, in October of the same year, at a forum hosted by JTBC, a media group affiliated with the JoongAng Ilbo, focusing on the issue of declining birthrates and aging society, CAO Kobayashi delivered a keynote address as a representative of overseas companies, which was also covered by Korean media.

We are steadily addressing issues identified through engagement surveys, thereby further strengthening our human capital.

Engagement Surveys and the PDCA Cycle to Further Enhancement of Corporate Value

We conduct an engagement survey every year to promptly identify issues and have established a PDCA cycle for continuous improvement. Recent surveys have highlighted challenges such as fostering job satisfaction among junior and mid-career employees, sharing personnel and ideas beyond the boundaries of organizations, and responding to diverse values. These issues are actively discussed at the Management Meeting, and we continuously implement concrete initiatives to address them. As a result, we have confirmed improvements in the related survey indicators. We will continue to advance initiatives in close collaboration between management and front-line employees to realize a company that is a challenging but rewarding workplace. Our aim is to foster a culture in which employees take pride in working at ITOCHU, are highly motivated to contribute, and proactively deliver results that exceed expectations.
(☛ Page 40 CAO Interview)



Recent Engagement Survey

(FYE)	2023	2024	2025
Engagement Score	67%	68%	68%

- **Issue 1** Fostering job satisfaction among junior and mid-career employees
- **Issue 2** Sharing personnel and ideas beyond the boundaries of organizations
- **Issue 3** Responding to diverse values

Specific Examples of Key Initiatives

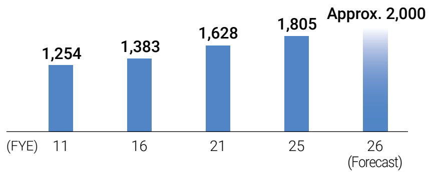
Revised Personnel System for More Effective Evaluation and Compensation (Issue 1 Response)

In FYE 2025, we implemented our first major revision of the human resource system in approximately a decade. This included raising salary levels, particularly for young and mid-career employees, and introducing measures to enable the early appointment of outstanding employees as Executive Officers of Group companies. Furthermore, from FYE 2026, we are enhancing differentiation in compensation by setting annual salary levels of up to ¥35 million for manager-level employees and ¥40 million for general manager-level employees in cases of exceptional performance. We have also revised our stock compensation plan, doubling the standard grant amount and awarding additional shares upon promotion. As a result, these changes are expected to increase employee's annual income by approximately 10% year on year.

Degree of Variation in Annual Salary
Manager Level
(High performance VS. Average)
1.3 times

Recognized issues
- Fostering job satisfaction among junior and mid-career employees
- Seniority-based promotion management reduces the contribution and motivation of young and mid-level employees
- Strengthening competitiveness in recruiting

Increase in average salary (unit: ¥10,000)

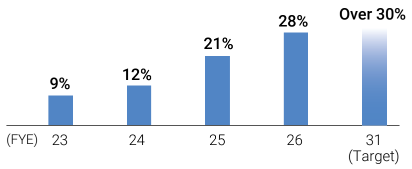


Women's Advancement in the Workforce to Increase Diversity within the Organization (Issue 3 Response)

As a trading company with strengths in the consumer-related business, we aim to capture the diversifying needs of consumers and evolve our business model accordingly. To create an environment where women can continue working without giving up on their careers, we provide detailed individual support to remove barriers to career development, taking into consideration life events, etc. In FYE 2025, we will integrate the women's dormitories, and promote communication across age and departments as a place for internal networking and human resource development. In response to significant changes in the administrative environment driven by DX initiatives and the advancement of internal controls, we have redefined "clerical staff" and renamed them as "Business Experts (BX)." BX are tasked with playing a central role as an Organizational Hub by leveraging advanced expertise.

Recognized issues
- Fostering job satisfaction among junior and mid-career employees
- Responding to diverse values, such as an increase in dual-income households
- Reassessing the uniform career model
- Strengthening competitiveness in recruiting

Female Executive Officer ratio



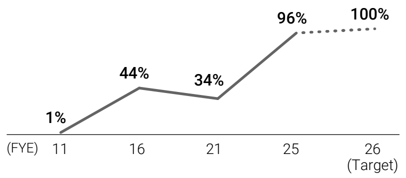
Support for Balancing Work and Childcare (Issue 1 3 Response)

In 2010, we established an in-house childcare facility. In FYE 2023, we began providing childcare and work-life balance allowances*1 to employees, regardless of gender, who return to work from childcare leave within one year as a system to support employees who wish to return to work early after giving birth, regardless of the timing of their child's enrollment in nursery school. In FYE 2024, we started workplace after-school care, and from April 2024, we made it "mandatory" for men to take childcare leave, thereby strengthening our support. In FYE 2025, the rate of male employees taking childcare leave increased to 96%. Furthermore, compared to FYE 2022—prior to the introduction of the support allowance—the number of male employees taking childcare leave for four weeks or more has increased approximately sixfold.

*1 This allowance is provided to cover additional expenses (such as childcare costs) incurred when balancing work and childcare, for employees who take four weeks or more of childcare leave and return to work before their child turns one year old.

Recognized issues
- Fostering job satisfaction among junior and mid-career employees
- Responding to diverse values, such as an increase in dual-income households
- Strengthening competitiveness in recruiting

Childcare leave acquisition rate of male employees



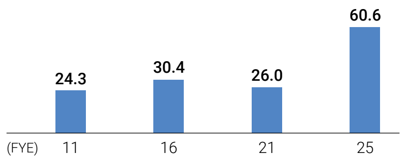
Investing in Human Resource Development to Support Proactive Career Development (Issue 1 Response)

Since FYE 2000, we have positioned human resource development expenses as "human capital investment" for the sustainable improvement of corporate value. To foster "next-generation merchants" who can respond to changes in the social environment and increasingly diverse customer needs, we support employee growth through on-the-job experience and training, based on regular career reviews.

	Content	Investment Amount for FYE 2025
Global management talent development	Recruiting talented overseas employees, dispatching headquarters' employees overseas, various training programs for developing managers, etc.	¥1.6 billion
Passing on The ITOCHU Way	Visit to the founding site / ITOCHU MBA (unique MBA training), etc.	¥0.5 billion
Support for "Continue Learning"	More than 13,000 training options / DX programs for different levels of mastery / Generative AI e-learning, etc.	¥0.3 billion

Recognized issues
- Fostering job satisfaction among junior and mid-career employees
- Responding to diverse values, such as an increase in dual-income households
- Strengthening competitiveness in recruiting

Investment in human resource development per employee (unit: ¥10,000)



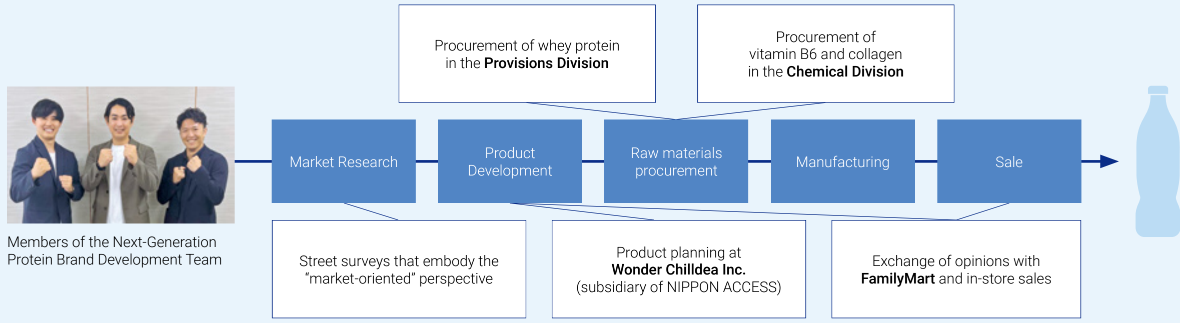
Virtual Office (In-House Dual Jobs System) (Issue 1 2 Response)

In April 2023, we formally introduced Virtual Office, an online platform for cross-organizational collaboration that enables passionate employees to participate in projects they have interest in beyond organizational boundaries, with the aim of further accelerating the promotion of cross-organizational projects and the creation of new businesses. We aim to foster the exchange of insights that break down the industry silos, a common challenge for general trading companies, while stimulating a spirit of challenge and growth ambition among junior and mid-career employees, leading to their revitalization and growth.

Related questions*2 of engagement survey
Average score of Virtual Office participants
14% (Average for each item) **UP**
*2 Sharing resources beyond the boundaries of organizations, etc.

New Products Born from the Virtual Office "Next Generation Protein Brand Development Team"

In FYE 2025, in response to the growing health concern of declining protein intake among the Japanese population, young and mid-career employees from our Food, Energy & Chemicals, and Human Resources & General Affairs divisions initiated this project with the aim of increasing protein consumption and promoting better health. By adopting a market-oriented perspective and conducting interviews with consumers, they identified latent needs. They achieved rapid product development and have fostered cross-organizational value creation and synergy by collaborating across Companies, such as through the provision of raw materials.

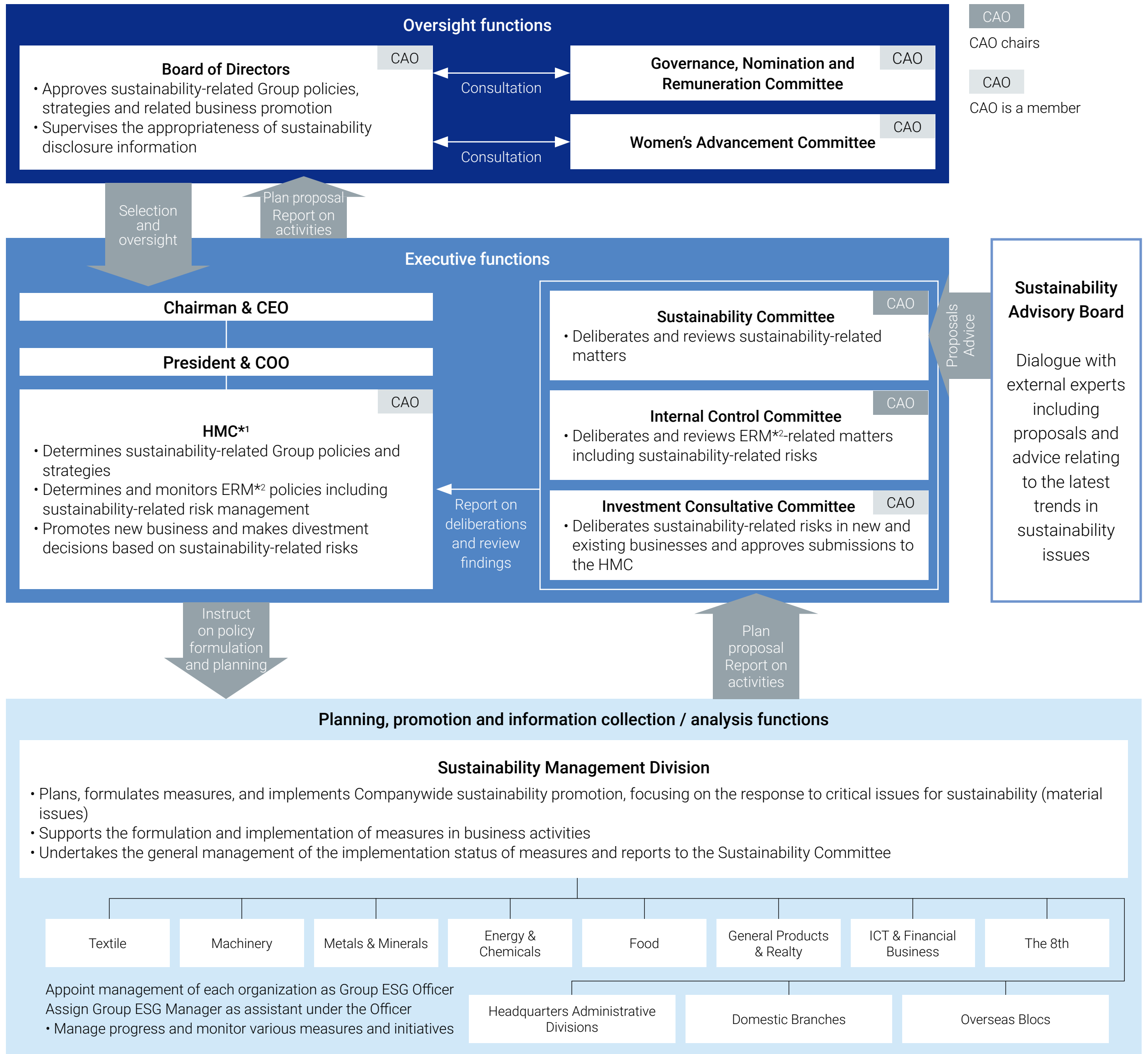


Members of the Next-Generation Protein Brand Development Team

Initiatives to Promote Sustainability

Under our corporate mission, "*Sampo-yoshi*," and our Management Policy, "The Brand-new Deal," enhancing our corporate brand value is a key area in addition to growing earnings and shareholder returns. To enhance our corporate brand value, we specifically focus on promoting the reinforcement of human capital, strengthening dialogue with stakeholders, and enhancing our contribution to and engagement with the Sustainable Development Goals (SDGs) through our core business. Strengthening our contributions to and engagement with the SDGs is a basic policy carried over from the previous medium-term management plan. By addressing the Group's material issues, which are linked to SDGs targets, through our core business, we contribute to achieving the goals of the Paris Agreement and the SDGs.

Sustainability-Related Governance Structural Chart



*1 HMC: Headquarters Management Committee *2 ERM: Enterprise Risk Management

For information related to sustainability, please refer to ITOCHU's website.

Policy & Basic Approach
https://www.itochu.co.jp/en/csr/itochu/policy/index.html#h2_01

Sustainability-related Governance Organization and Systems
https://www.itochu.co.jp/en/csr/itochu/governance/

Sustainability-related Risks and Opportunities
https://www.itochu.co.jp/en/csr/itochu/risk_management/

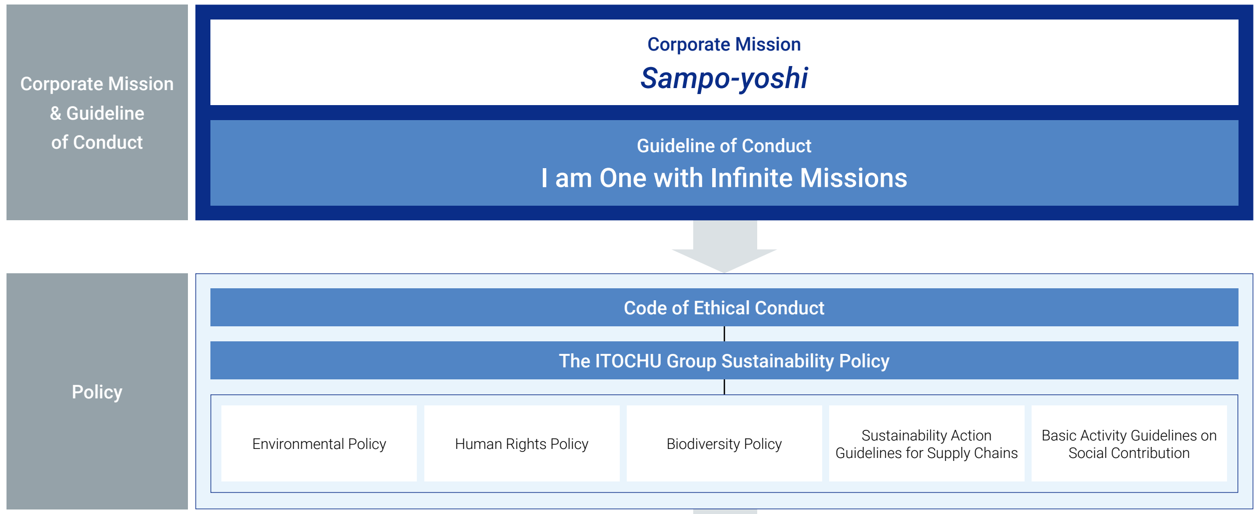
Identification and Review Process for Material Issues
https://www.itochu.co.jp/en/csr/itochu/policy/index.html#h2_03

Risks, Opportunities, and Impacts for Each Material Issue
https://www.itochu.co.jp/en/csr/itochu/strategy/index.html#h2_02

Sustainability Action Plans
https://www.itochu.co.jp/en/csr/itochu/actionplan/

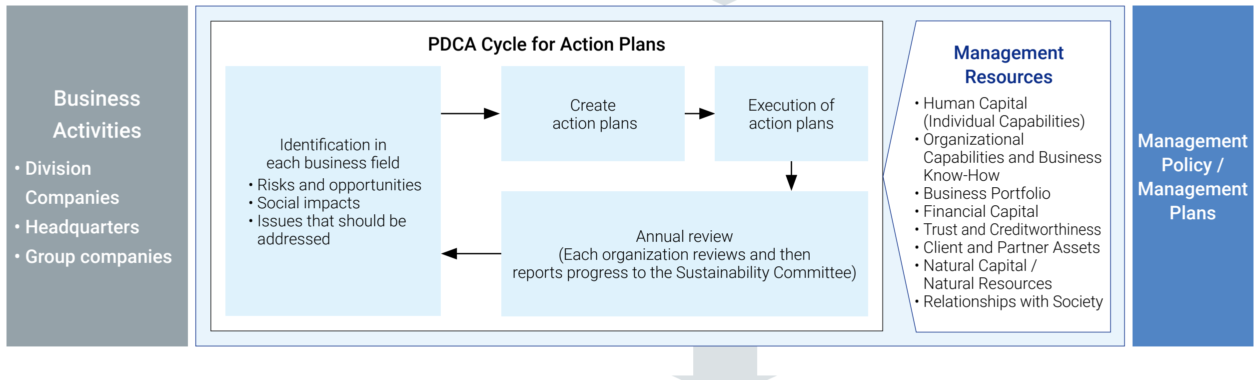
Collaboration with Outside Initiatives
https://www.itochu.co.jp/en/csr/itochu/collaboration/

Flow of Sustainability Promotion



Material Issues	Related SDGs	Number of Action Plans*3
Evolve Businesses through Technological Innovation We are creating new value by proactively exploring new technologies as we adapt to changing industry structures by venturing beyond existing business frameworks.	7, 9, 13	26
Address Climate Change (Contribute to a Decarbonized Society) We are striving to adapt to the impact of climate change on our business activities, while also promoting business activities that contribute to a decarbonized society and seeking to reduce GHG emissions.	6, 7, 12, 13, 15	43
Develop a Rewarding Work Environment We are developing a work environment where all employees feel proud and motivated, and where they can leverage their diversity to demonstrate their abilities to the fullest.	5, 8, 10	27
Respect and Consider Human Rights We are promoting respect and consideration for human rights in our business operations and ensuring stability in our business, while also contributing to the development of local communities.	8, 9, 11, 12, 14, 15	21
Contribute to Healthier and More Affluent Lifestyles We are striving to improve the quality of life for all people and are contributing to the creation of healthier and more affluent lifestyles.	2, 3, 8, 9, 12	14
Ensure Stable Procurement and Supply We are contributing to the creation of a circular economy by giving consideration to bio-diversity and other environmental issues while undertaking the effective utilization of resources as well as their stable procurement and supply, in line with demand in each country.	7, 8, 9, 12, 13, 14, 15	38
Maintain Rigorous Governance Structures We are ensuring appropriate and efficient execution of operations through independent, objective, and effective oversight of management by the Board of Directors and increased transparency in decision-making.	16	8

*3 FYE 2025 results (including those related to multiple material issues)



Solving Sustainability Issues through Business Activities

Initiatives for Steadily Promoting Sustainability

We aim to create value over the medium- to long-term by implementing systems and setting targets to steadily promote sustainability.

Enhancement of Corporate Value ↑ = Expand Created Value ↑ / (Lower Cost of Capital ↓ − Increase Growth Rate ↑)

To steadily promote sustainability, each initiative is deliberated by the Sustainability Committee and determined by the CAO, who chairs the committee, and reported to the Board of Directors. In certain cases, depending on the content, it is deliberated and decided by the Board of Directors. The Sustainability Advisory Board is held every year to engage outside experts in dialogue with our executive management to determine whether the direction we are taking with regard to sustainability is aligned with the needs of society and then to apply the insights to promoting sustainability.

Sustainability Committee

Number of Meetings Held	Main Items for Approval	Main Items for Report
2 times	• Disclosure of sustainability-related information in Annual Securities Report • Revision of Environmental Policy • Expanded notification of revised "Sustainability Action Guidelines for Supply Chains"	• Confirmation of the material issues • Review of Sustainability Action Plans • Results of ITOCHU Group Sustainability Monitoring Reviews • Reports on response status of disclosure for CSRD, ISSB / SSBJ • Reports on progress of GHG emissions and avoided emissions • ISO14001 environmental management reviews • Reports on human rights due diligence and sustainability surveys

Sustainability Advisory Board

Month / Year	Theme	Advisory Board Members
January 2025	Supplier Engagement for GHG Emissions Reduction	(ITOCHU Members) • CAO / Director, Sustainability Promotion Department / General Manager of each Division Company's Corporate Planning Department (External Members) • Mitsuhiro Nishida, Director, GX Investment Promotion Division, GX Policy Group, METI • Naoyuki Yamagishi, Director, Nature Conservation Office, World Wide Fund for Nature Japan • Hidemi Tomita, President, Institute for Sustainability Management Inc.

We introduced the features of our Scope3 and the approach and challenges in collecting Scope3, followed by lectures on the latest trends regarding national green transformation (GX) promotion measures, GHG protocol revision, and GHG data acquisition from suppliers from the experts' different perspectives and advice from the experts.

Additionally, specific examples of reduced Scope3 emissions were introduced by ITOCHU. The ITOCHU Group will continue to promote businesses that contribute to avoided emissions and collaborate with its partners along the value chain to advance environmentally friendly designs in handling products and services, the greening of energy usage, and striving to reduce GHG emissions. We also introduced examples of specific Scope3 reductions.

Medium- to Long-Term Targets for Material Issues

With respect to its seven material issues, ITOCHU has identified four material issues that have a particularly significant impact on the Company. As well as addressing these issues through the Sustainability Action Plans established for each business field, ITOCHU tackles the issues by setting medium- to long-term numerical targets for the entire Company and managing progress toward them.

Material Issues	Medium- to Long-Term Targets	Achievements		
Evolving Businesses through Technological Innovation	The ITOCHU Group creates avoided emissions that exceed its GHG emissions by 2040 and achieves offset zero	Created avoided emissions	FYE 2019 1 million t-CO2e	FYE 2025 9.7 million t-CO2e
Address Climate Change (Contribute to a Decarbonized Society)	The ITOCHU Group achieves a 75% GHG reduction from 2018 levels by 2040 and net zero GHG emissions by 2050	Scope1, 2, and 3 total*1	FYE 2019 4,161 thousand t-CO2e	FYE 2025 4,139 thousand t-CO2e
Develop a Rewarding Work Environment	ITOCHU increases the ratio of female officers (including Executive Officers) to 30% or higher by 2030	Ratio of female officers (including Executive Officers)	As of April 1, 2024 21%	As of April 1, 2025 28%
Respect and Consider Human Rights	ITOCHU conducts Sustainability Surveys of key suppliers every year, with the aim of reducing the number of noncompliant suppliers requiring corrective action to zero	Number of non-compliant suppliers identified through sustainability surveys	FYE 2024 0	FYE 2025 0

*1 Total of Scope1, 2, and 3 emissions disclosed in ESG data

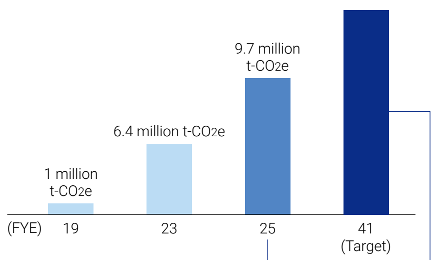
Toward Achieving Climate Change Targets

Individual Targets and Initiatives for the Clean-Tech Business

Clean-Tech Business	Targets and Initiatives
Renewable Energy Business	• Increase the ratio of renewable energy capacity within our power generation portfolio to over 20% by FYE 2031 (Results of FYE 2025: 18.7%) • Invested in renewable energy generation of approximately 2,500 MW in total as of July 2025, such as in Cotton Plains (wind and solar power) and Prairie Switch (wind power), both of which are in the United States, and in Sarulla Operations (geothermal power) in Indonesia • Developing over 40 solar power plants, totaling 6,800 MW as of March 2025, including projects that have been sold. For details on the North American power business, please refer to its presentation materials on ITOCHU's website. **https://www.itochu.co.jp/en/ir/doc/presentation/**
Fuel Ammonia-Related Business	• Establish a value chain of fuel ammonia through integrated development including development, ownership, and operation of ammonia-fueled ships, development of fuel supply bases, and procurement of fuel ammonia • As part of international shipping's 2050 net zero emissions target, promote the spread of ammonia-fueled ships and their social implementation, contributing to the industry's decarbonization
Energy Storage Systems (ESS)-Related Business	• Aim to sell a cumulative capacity of over 2GWh in ESS units by FYE 2031
Water Infrastructure-Related Business	• Expand our achievements in Europe and Australia to other regions; continue to build up high-quality assets
Waste Management Project	• Expand our achievements in Europe to the Middle East and other regions in Asia; continue to build up high-quality assets • Commercial operation of the waste-to-energy plant in Serbia's integrated waste treatment project and the world's largest waste-to-energy plant in Dubai has commenced in 2024

For details on the clean-tech business, please refer to ITOCHU's website.
https://www.itochu.co.jp/en/business/cleantech/

Accumulation of Avoided Emissions



Renewable energy: 9,505 thousand t-CO2e
Energy Storage System: 164 thousand t-CO2e
Renewable fuels: 4 thousand t-CO2e

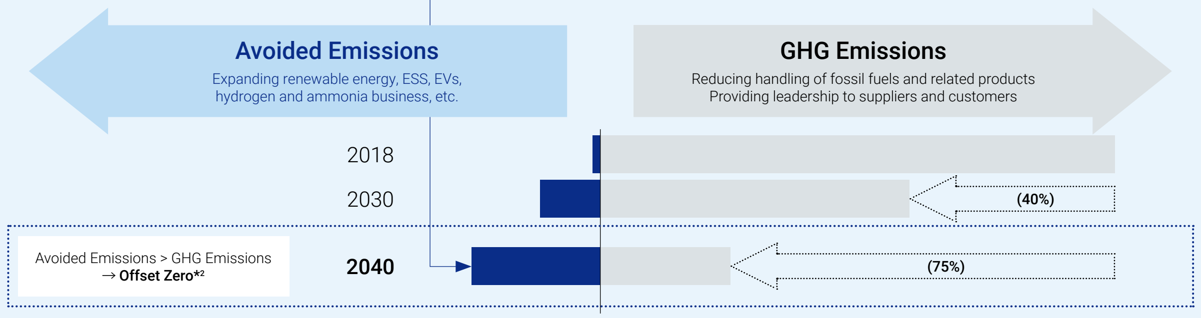
We are engaged in clean-tech businesses that simultaneously pursue economic value as well as environmental and social value by expanding our operations while addressing societal demands and industry challenges. By setting individual targets and working together with our business partners and customers in facing industries to implement grounded measures against climate change, we will steadily accumulate GHG avoided emissions.

Avoided emissions are quantifications of the GHG emissions reductions that can be realized in the value chain by replacing existing (baseline) products and services with new products and services. In FYE 2025, our avoided emissions reached 9.7 million t-CO2e through the expansion of renewable energy businesses centered on the power generation business. We aim to create a volume of avoided emissions that exceeds our GHG emissions by 2040.

Climate Change Metrics and Targets

GHG Avoided Emissions and Offset Targets

- Achieving net zero GHG emissions by 2050
- Reducing emissions 75% by 2040 compared with 2018 level and aiming for offset zero by actively promoting businesses that result in avoided emissions
- Achieving a 40% reduction compared with the 2018 level by 2030



* Scope of GHG emissions: Scope1, 2, and 3 (ITOCHU and subsidiaries) + Fossil fuel businesses and interests (ITOCHU, subsidiaries, affiliates, and general investments)
* For environmental data on GHG emissions and other items, please refer to ☛ Page 94 ESG Data
*2 Offset zero: Situations where avoided emissions exceed the Company's GHG emissions

Initiatives to Promote Sustainability Across the Value Chain

As a general trading company with a long supply chain, we are striving to build sustainable value chains that recognize environmental and social risks as business opportunities. We strive to balance business expansion with meeting societal demands and solving industry challenges, thereby pursuing both economic value and environmental / social value simultaneously.

For details in sustainability within our value chain, please refer to ITOCHU's website.
https://www.itochu.co.jp/en/csr/society/value_chain/

Sustainability Management in the Natural Rubber Value Chain: PROJECT TREE

PROJECT TREE
TRANSPARENT RUBBER ECOSYSTEM FOR EARTH

Centered on PT. Aneka Bumi Pratama (ABP) in Indonesia, which processes and sells natural rubber, we are developing a value chain for natural rubber. PROJECT TREE is an initiative we have been advancing since 2019, aiming to enhance both the productivity and sustainability of the entire value chain of the natural rubber industry. While activities have previously been conducted mainly through ABP, from June 2025, the newly established PT PROJECT TREE INDONESIA has commenced operations, expanding our sustainability initiatives to supply chains beyond ABP and including other natural rubber processors.

Challenges Facing the Natural Rubber Industry

Current situation: Around 85% of global production, particularly in Southeast Asia, relies on smallholders
↓
Challenges: Illegal logging, human rights issues, and underdeveloped agricultural techniques

In Europe, the EUDR*1 has come into effect, requiring proof that the natural rubber and tire products brought into the EU after December 30, 2025, are not linked to deforestation.

*1 European Union Deforestation Regulation

Initiatives Related to Natural Capital and Biodiversity

We analyze our significant dependence and impact on natural capital by referencing the TNFD*2 framework. As our natural rubber business has a particularly high dependency on natural capital among our operations, we conducted a LEAP analysis*3. Assessing the degree of dependence and impact on each of the business processes indicated that procurement (cultivation) and manufacturing (processing) are especially reliant on natural capital. For both processes, we identified risks and opportunities and confirmed that appropriate response measures have already been implemented.

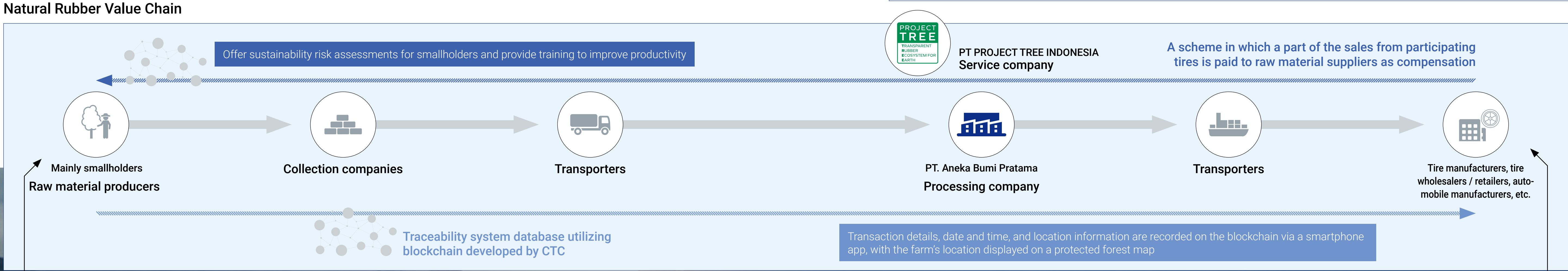
Excerpt from LEAP Analysis for the Natural Rubber Business

Locate	• Using multiple databases, we identified sites associated with ecologically sensitive locations, covering all rural villages and ABP's factories in Indonesia.
Evaluate	• Literature review showed that the cultivation process is highly dependent on biomass provision, genetic material, climate condition, soil quality, and the natural functions of purification and disaster mitigation services. Land-use change and solid waste emissions have significant impacts on nature. • The processing stage is highly dependent on water sources (rivers), and water consumption and pollution of soil are found to have significant impacts on nature.
Assess	• The desktop analysis conducted in the Evaluate phase indicated that, for example, soil pollution has a significant impact on nature. However, the results of the Assess phase showed that the factory we operate has appropriate wastewater treatment and other measures in place, and that the risk is not significant. • We organized and discussed measures to address the risks and opportunities that were rated as highly significant.
Prepare	• In order to mitigate significant risks and create opportunities, it is important to ensure traceability and reduce environmental impacts in collaboration with farmers. • The core global indicators that TNFD recommends for disclosure and our specific collection indicators that we have considered based on the results of our analysis are disclosed.

*2 Taskforce on Nature-related Financial Disclosures
*3 LEAP analysis: A methodology developed by the TNFD, consisting of four steps—Locate, Evaluate, Assess, and Prepare—to clarify nature-related issues in target businesses

For further details on the LEAP analysis for our natural rubber business, please refer to ITOCHU's website:
https://www.itochu.co.jp/en/csr/environment/biodiversity/

Natural Rubber Value Chain



Agricultural Technical Guidance by PT PROJECT TREE INDONESIA

A dedicated staff team visits production sites scattered throughout the country on a daily basis to provide smallholders with assistance in inputting production site data, conducting on-site audits, and offering training activities aimed at enhancing the efficiency of raw material production. During the training, the team uses illustrations to communicate the challenges of the natural rubber industry in an easy-to-understand manner and explains ways of enhancing productivity, such as the height, angle, and frequency of cutting when collecting raw material sap. The content of the training often prompts a lively flurry of questions from participants. By increasing the number of smallholders participating in the project, we aim to realize a sustainable natural rubber industry.


Identification of production sites using GPS

Implementation of Human Rights Due Diligence

In FYE 2024, we conducted human rights due diligence targeting the General Products & Realty Company. With respect to the topics of the survey, there were no items indicating human rights infringements or adverse impacts on human health and safety that had already occurred, or where there is imminent concern that they will occur. However, investigative interviews with management team members and employees, which were held during on-site audits conducted with external experts, discovered companies that had room for improvement in the dissemination of information about occupational safety, health and hygiene in employee living quarters and factories, and the establishment of anonymous grievance mechanisms.

Subsequently, a follow-up report in FYE 2025 confirmed the completion of the anonymous reporting system and that all employees had been informed through compliance training.


Training on productivity improvement

For details on Human Rights Due Diligence, please refer to ITOCHU's website: https://www.itochu.co.jp/en/csr/society/human_rights/

Expansion to All Stakeholders Involved in Natural Rubber

PROJECT TREE aims to extend its reach to all stakeholders involved in natural rubber—including peer processing companies, tire wholesalers and retailers, automobile manufacturers, and consumers—while also seeking the global deployment of rubber products such as participating tires. Recently, there has been growing attention on compliance with European environmental regulations (EUDR), and several major global tire manufacturers are sourcing EUDR-compliant products through PROJECT TREE.

Examples of stakeholder expansion:

- In September 2023, Tokyu Bus became the world's first bus company to participate in PROJECT TREE.
- In April 2024, a contract was concluded with the Sumitomo Rubber Group regarding PROJECT TREE.

Related Material Issues

Respect and Consider Human Rights
Ensure Stable Procurement and Supply

Progress of the Sustainability Action Plan
(based on results from January to December 2024)

- Traceability of the natural rubber raw materials' procurement reported by suppliers reached 100%.
- Traceability of the natural rubber raw materials' procurement using our system reached 24% of the monthly purchasing volume up to the smallholders.
- 11,991 of smallholders implemented sustainability training and education.

For details on action plans related to the natural rubber business, please refer to ITOCHU's website.
https://www.itochu.co.jp/en/csr/itochu/actionplan/index.html#h2_01

We will accelerate our growth by strengthening our business portfolio through steady growth investments and asset replacements with no exceptions, as well as by expanding horizontal collaboration initiated by digital transformation.

Hiroyuki Naka
Member of the Board,
Executive Officer, CXO*;
General Manager, Group CEO Office

* Chief Transformation Officer

QUESTION 1

Many growth investments were conducted in FYE 2025. Could you share the key points you prioritized when making investment decisions as Chairman of the Investment Consultative Committee?

ANSWER 1

I make growth investment decisions based on the required returns and growth potential expected of the Company as a whole.

Under the Management Policy of "No growth without investments," we executed investments of approximately ¥766 billion in FYE 2025. Furthermore, when adding the amount which has already been executed in FYE 2026, we achieved the ¥1 trillion growth investment that was set forth in the Management Policy announcement. However, our investments are not driven by the target amount of ¥1 trillion. A considerable number of projects were rejected or required a reconsideration of their schemes, as we carefully screened each proposal in detail. By maintaining strong collaboration among the management team, we believe we have been able to make meaningful investments totaling ¥1 trillion, selected from a rich pipeline, with a focus on enhancing our future corporate value.

There were two key points on which I placed particular emphasis when making investment decisions.

The first point is whether the investment project can truly contribute to the returns and growth required of the Company as a whole. Our investment criteria include setting hurdle rates by industry. For example, even in sectors such as consumer-related fields, where growth rates tend to be relatively low, or in low-risk, low-return businesses, investments primarily aimed at expanding profit scale may still be pursued if the expected returns are commensurate with the associated business risks. However, in our long-term Management Policy, where we advocate for continuing high growth and highly efficient management, it is important not only to focus on projects that contribute to short-term profits but also to pursue investments that broaden our business base and enhance the Company's overall growth rate in the medium- to long-term. When executing investments, in addition to strictly screening whether each project meets our criteria, we place importance on whether it contributes to fostering market expectations for our growth—taking into account the growth potential and efficiency expected of the Company as a whole, as well as the potential to expand our business through the investment. To firmly secure the enhancement of corporate value through ¥1 trillion growth investments, I instruct each segment not only to actively consider new investment opportunities but also to discuss growth strategies in each area aimed at sustainable growth, and to develop projects with a medium- to long-term growth perspective.

The second point is the further evolvement of investment structuring, which I mentioned last year. Regarding "The Four Lessons for Investments" learned from our past investment failures, we not only promote awareness of the lessons through internal training and front-line engagement but also rigorously embed them into contract terms, securing both the creation of synergies and the rights and means to exercise influence. Relying solely on verbal agreements or strategic concepts often fails to deliver the anticipated results. While maintaining an appropriate distance with negotiation counterparties and making swift decisions are important in M&A, we cannot tolerate compromises resulting from lax negotiations. For certain large-scale investments executed in FYE 2025, we instructed revisions and renegotiations of contract terms, and through persistent and resourceful efforts at the front line, we were able to execute them under more favorable conditions.

We plan to continue making proactive growth investments in FYE 2026. Even amid an uncertain business environment, we will rigorously maintain our focus on the key points described above. At the same time, we will pay close attention to balancing and diversifying our overall portfolio, and we will execute optimal growth investments to achieve the sustainable enhancement of corporate value.

QUESTION 2

As you step up growth investments, will you also accelerate asset replacements?

ANSWER 2

In order to make more effective use of management resources, we will not only divest unprofitable businesses, but also build a more efficient portfolio through asset replacements with no exceptions.

We conduct an annual review of all business investments and reassess our holding policy based on our business exit criteria. As a result, we do not have a significant number of unprofitable businesses in our portfolio. However, it is also true that after investments are executed, some may gradually lose their initial strategic significance or future growth prospects. While they may still contribute to profits to some extent, there are cases where they should be reviewed in order to pursue a more efficient portfolio. The dissolution of strategic investment with the CP Group, announced in April 2025, is an example of asset replacements with no exceptions. 10 years have passed since the initiation of our capital alliance, the transaction amount has increased to five times its initial level at the beginning of the partnership, and relationships are being developed across various areas. Therefore, we concluded that maintaining the mutual capital alliance was no longer necessary. In April 2025, we had fully recovered the cash from the dissolution of the cross-shareholding. Excluding the initial investment of ¥87 billion, the total cash return over the past 10 years amounted to approximately ¥120 billion, which we consider to be a significant quantitative contribution.

Although we have a rich pipeline of growth investments aimed at growing earnings, as a company that operates with a small organization comprising select individuals, we must make effective use of our limited resources. Even with our strength in hands-on management, we do not intend to allocate resources indiscriminately to all investment projects. For example, even for wholly owned subsidiaries, if the returns generated do not meet our expectations relative to management resources allocated, it is important to adopt a more flexible approach, such as inviting partners with different expertise and revise the capital structure to manage the business. In order to build a more efficient, competitive, and robust portfolio, we will execute asset replacements with no exceptions alongside our growth investments.

QUESTION 3

What are the initiatives toward maximizing synergies through horizontal collaboration among Division Companies, and the current status of business transformation utilizing digital technologies?

ANSWER 3

We will accelerate our growth by strengthening horizontal collaboration initiated by digital transformation.

In recent years, many companies have seen their market evaluations improve by utilizing digital technologies as a growth driver. Similarly, we have two major strengths: a broad business base in the information technology and communications sector, and vast amounts of data obtained from our consumer sector. Therefore, compared to other companies, we are confident that we have built a highly advanced foundation for utilizing digital technology to drive growth. While it goes without saying that the utilization of AI and digital transformation has contributed significantly to dramatic cost reduction and increased efficiency, in FYE 2025 we have also begun full-scale development and use of platforms in supply chain management and marketing support. These platforms leverage front-line expertise and accumulated data, leading to new cases where our earning power is evolving, and the pace of growth is accelerating.

The diverse range of businesses handled by a general trading company spans various industries, each with its own business models and commercial practices, making collaboration not always straightforward. However, by leveraging the power of digital technology as a catalyst, we can connect to previously unrelated businesses, and it is precisely in these new connections that the infinite potential of a general trading company lies. Furthermore, the insights gained from digital utilization within our Group are creating a virtuous cycle, as they contribute to building up achievements in our digital business portfolio. In addition, with respect to growth investments, following initiatives with FamilyMart and WECARS Co., Ltd., we are exploring projects that could lead to the development of platforms in which multiple Division Companies bring together their expertise to achieve a higher level of growth. Regardless of the external environment, we will continue to enhance our competitiveness through proactive transformation and sustain steady growth.
(☛ Page 56 Digital Strategy for the Sustainable Enhancement of Corporate Value)

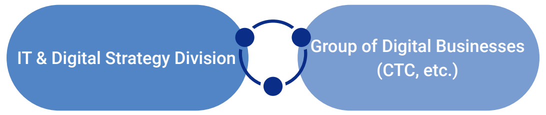
Digital Strategy for the Sustainable Enhancement of Corporate Value

Through the utilizing of digital technologies, we are not only improving efficiency and productivity but also accelerating business transformation by enhancing our earning power.

We recognize that leveraging digital technologies is essential for business growth, and have strengthened the digital management platform that supports our corporate activities through strategic and continuous digital investments.

Under our Management Policy, "The Brand-new Deal," we will maximize the resources within the Group and work to continuously improve our corporate value through digitalization initiatives which contribute to the "Earn, Cut, Prevent" principles.

Strengths of Our Digital Strategy



- Agile digital promotion capabilities
- Accumulation and utilization of extensive data owned by Group companies mainly in the consumer sector

Robust and Scalable Digital Management Platform Supporting Corporate Activities

In 2018, ITOCHU became the first among Japanese general trading companies to complete its migration to the latest version of SAP, our core system supporting consolidated management. Since then, we have continued to upgrade the system, building a stable and scalable digital management platform that is responsive to future business needs.

We have also been involved in cybersecurity measures from an early stage. Given the increasing threat of cyberattacks, we established ITOCHU Cyber & Intelligence Inc. By leveraging some of Japan's leading security experts, we further enhanced our proactive, Groupwide security framework. These initiatives contribute to the "Prevent" aspect of our management principles by preventing security incidents before they occur, while also enhancing our corporate brand value.

2012
Launched a cybersecurity team comprised of highly specialized personnel

2023
Established ITOCHU Cyber & Intelligence Inc.

POINT
- Our advanced security network enables us to protect the entire Group, including more than 400 subsidiaries and sub-subsidiaries.
- ITOCHU Cyber & Intelligence Inc. employs multiple top-tier security analysts, recognized among the leading experts in Japan.
- ITOCHU Cyber & Intelligence Inc.'s employees have received numerous awards for their presentations at leading cybersecurity conferences in Japan, including JSAC*1.
- ITOCHU Cyber & Intelligence Inc. provides technical support and information on cyberattack detection and mitigation to the National Police Agency and the National center of Incident readiness, and Strategy for Cybersecurity (NISC)*2.

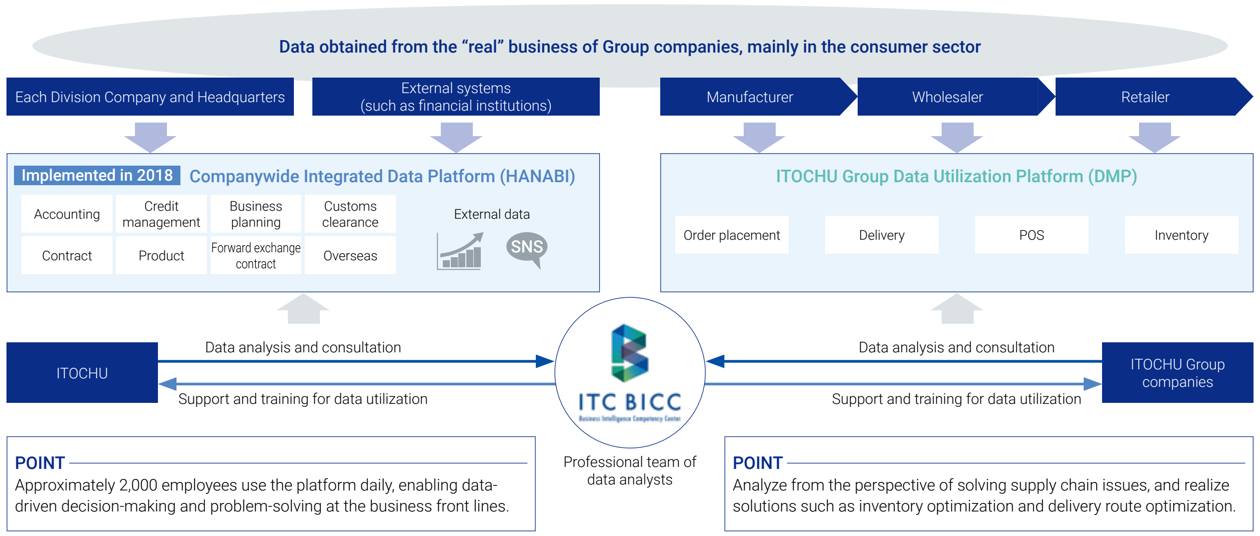
*1 JSAC: A conference event for security researchers and practitioners
*2 The organization was restructured as the National Cybersecurity Office in July 2025.

Unique Data Platforms and Dedicated Expert Organizations Driving Data Utilization

One of the core elements of our digital strategy is to centrally organize, accumulate, and utilize the Group's wide range of "real" data and use it to contribute to profits through problem-solving and business creation. In 2018, we launched the Companywide integrated data platform "HANABI," enabling rapid data visualization in business operations. Additionally, we established BICC*3, an expert organization with data analysts, to promote the widespread and effective use of data. Furthermore, we developed the group data utilization platform "DMP*4" for leveraging supply chain data held by Group companies with strengths in the consumer sector. These data platforms are unique assets of the ITOCHU Group, serving as powerful drivers of sustainable growth.

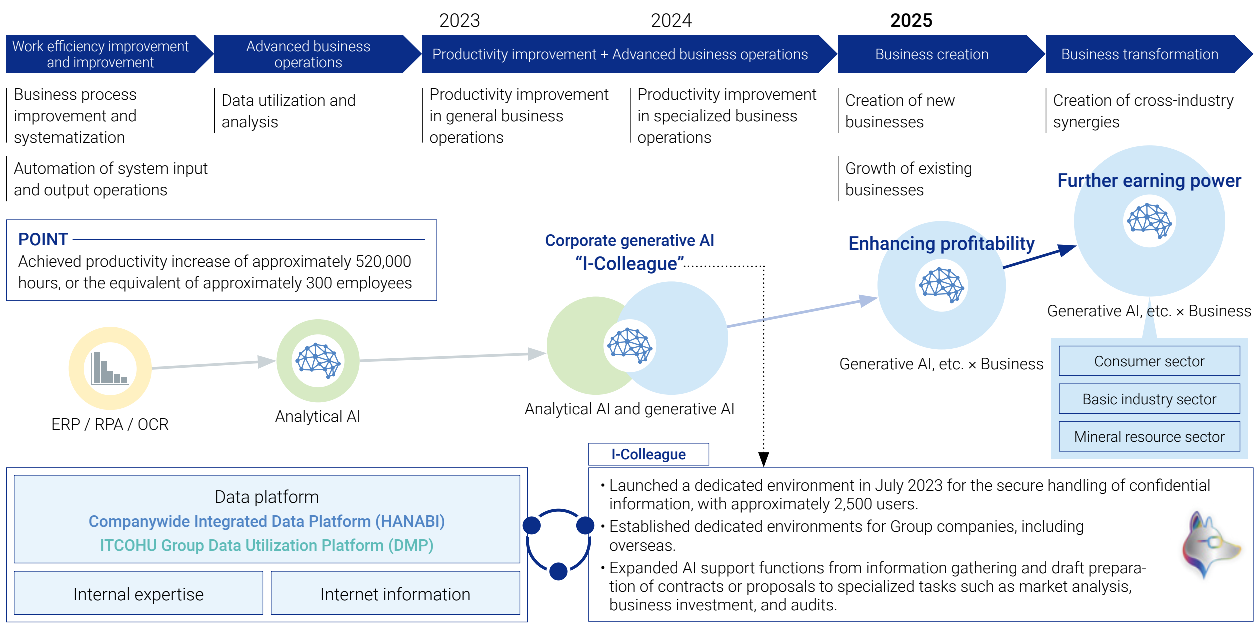
*3 BICC: Business Intelligence Competency Center *4 DMP: Data Management Platform

Building a system to flexibly support on-site data utilization and analysis



From Continuous Business Improvement and Productivity Improvement to the Phase of Business Creation and Business Transformation Using Generative AI

As part of our lean management "Cut" principle, we have been promoting continuous business improvement and efficiency using digital tools, and have already achieved a significant increase in productivity. At this stage, it has started to contribute to "Earn" by creating new businesses and transforming business models in various fields by combining our proprietary generative AI "I-Colleague" with the data platform we have built (HANABI and DMP). Going forward, we will further expand AI utilization, including the introduction of autonomous AI agents, and focus on building and operating robust governance controls to ensure the transparency and safety of AI use.

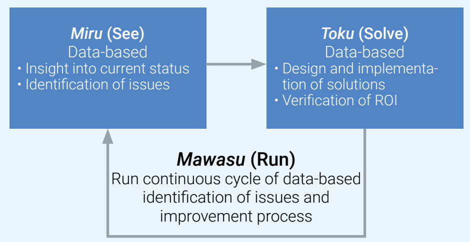


Case Study: "See, Solve, Run" Services that Utilize Problem-Solving Know-How

Contribute to Enhancing "Earn" by Combining Our Business Problem-Solving Capabilities with Data Analysis and Utilization Skills

We have addressed a variety of business challenges, including the development of a traceability system for natural rubber using blockchain technology. To leverage and share our accumulated expertise, we have developed business problem-solving services for Group companies.

One example is the "See, Solve, Run" service targeting supply chain management. This unique solution addresses social challenges such as ongoing 2024 logistics issue of driver shortages—the cap on truck drivers' overtime hours starting from 2024—responding to societal demands for greater efficiency and sustainability. Each Group company faces significant operational challenges, such as how to collect, analyze, and utilize data to drive on-site improvements.

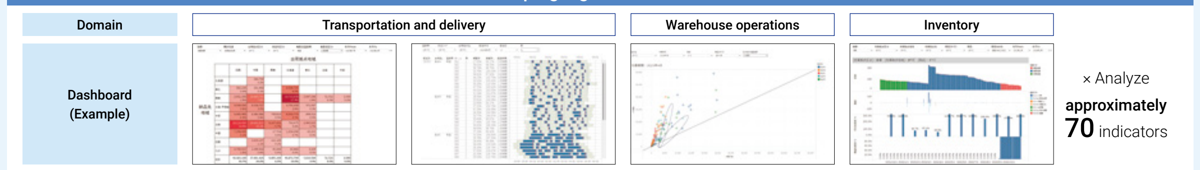


Supporting the "See, Solve, Run" functions in the supply chain domain

Our service is used by ITOCHU Retail Link Corporation and others to support growth investments, hands-on management, and the enhancement of corporate value. Moreover, by offering these services to business partners in the supply chain, we contribute not only to their management improvement but also to the stabilization of existing trading businesses and the strengthening of relationships.

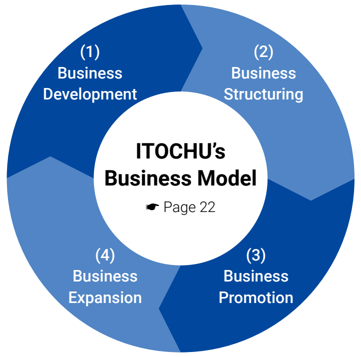
We are further extending our supply chain successes into the marketing domain, directly contributing to the "Earn" aspect. For example, in the consumer sector, including Group companies such as DESCENTE LTD. and YANASE & CO., LTD., we are supporting service improvement proposals and the execution of initiatives for customers. As a new tool for "continuous enhancement of marketing capabilities," we aim to raise the competitive strength of the entire Group.

Developing a generic dashboard



Creating and Expanding Businesses by Utilizing FamilyMart's Business Platform

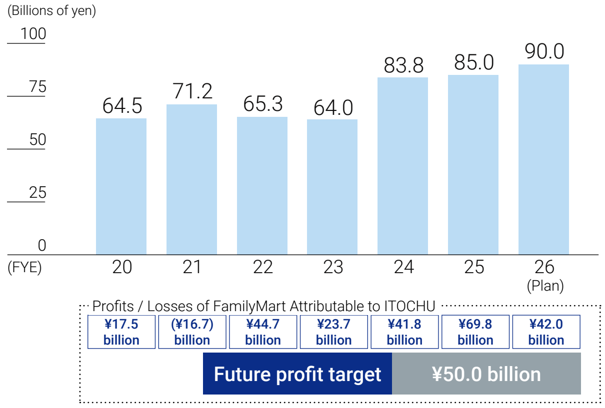
Throughout our long history with FamilyMart, we have maximized the resources of the ITOCHU Group to continuously evolve the value provided as a convenience store (CVS) and drive the growth of the CVS business. In addition to The 8th Company, which oversees FamilyMart, we are also actively working to strengthen the entire value chain in which our Group is involved in various ways. Furthermore, by leveraging FamilyMart's business platform as a consumer contact point, we are creating new business opportunities. We will continue to expand the earnings base of the entire ITOCHU Group, centered on FamilyMart.



History of FamilyMart and ITOCHU

Month / Year	Ownership	Major Events
1981		Establishment of FamilyMart Co., Ltd.
1998	29.7%	Acquired shares from Seiyu Co., Ltd. via Family Corporation Inc. making FamilyMart an equity-method affiliate
Sep. 2009	31.6%	ITOCHU becomes the largest shareholder
Sep. 2016	33.8%	Establishment of FamilyMart UNY Holdings Co., Ltd.
↓	41.5%	Continued to increase shareholding
Aug. 2018	50.1%	Became a consolidated subsidiary
Nov. 2018		Integration completed with Circle K Sunkus
Nov. 2020	94.7%	Privatization of FamilyMart

Trend of FamilyMart's Core Operating Profit*



* A profit indicator for operating profit under Japanese GAAP that is calculated by subtracting the cost of sales and selling, general and administrative expenses from gross operating revenue

FamilyMart Value Chain

Convenience Wear (Textile Company)

Since March 2021, we have launched a nationwide expansion of our private brand products, mainly focusing on apparel and general goods. Previously, apparel products sold at convenience stores were intended to meet only emergency needs. However, by offering high-value-added products that can serve as a "purpose-driven purchase," we aim to contribute to creating new reasons for customers to visit our stores.

In FYE 2025, sales exceeded ¥13 billion, representing more than 130% of the previous fiscal year. The number of socks sold—including the highly popular line socks that sparked the trend—surpassed 24 million pairs as of the end of February 2025. Currently, our lineup has expanded to approximately 100 types of products. Regarding the development of apparel products, since the initial launch, we have leveraged our strong business foundation in the textile sector to support raw materials procurement, production system development, etc.

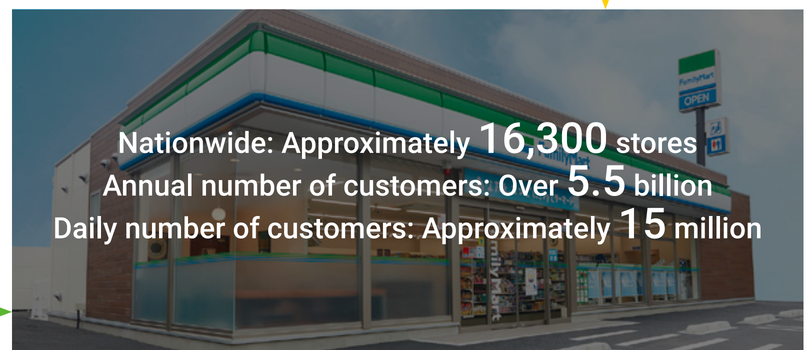
Retail Media Business (Data One, Gate One)

By utilizing digital signage installed in over 10,000 FamilyMart stores, we are building one of the largest retail media networks in Japan.

In addition, we are operating a digital advertising business that leverages more than 42 million IDs accompanied by purchase data, thereby developing one of the largest retail media businesses in Japan.

(☛ Page 79 From Retail Media Front-Runner to Cross-Industry Platform Provider)

Advertising and Media Business



Product Planning and Procurement (Food / Non-Food)

Raw Materials and Ingredients | Product Planning | Manufacturing and Processing

→ **Intermediate Distribution** →

Operational Support | **Service**

ITOCHU Food Sales and Marketing

We handle rice on a nationwide scale for use in bento, rice balls, and sushi. By supporting quality control and process management at rice milling, polishing, and cooking factories, we have established a stable supply system that ensures customers receive bento and rice balls with the same delicious taste everywhere in Japan.

ITOCHU PLASTICS

We leverage our comprehensive strengths in packaging development, quality and supply management, design, and marketing to meet consumer needs for packaging materials and provide FamilyMart with a stable supply. We also participate in FamilyMart's ready-to-eat food development meetings and contribute to the launch of newly planned products.

ITOCHU Pulp & Paper

We supply a wide range of products, from food packaging and containers to in-store materials. By developing high-quality, functional materials and providing new types of food containers and packaging materials that utilize them, we contribute to improving store quality and service while taking quality, cost, and environmental impact into consideration.

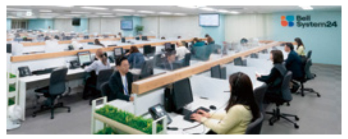
Food Company supplies products such as Famichiki (fried chicken) and counter coffee.

NIPPON ACCESS

We support FamilyMart's logistics with our strength in comprehensive temperature-controlled distribution, covering dry (ambient), chilled, and frozen products. By introducing AI-based automatic ordering systems and utilizing data, we are working to optimize the supply chain through inventory reduction and streamlining of ordering operations.

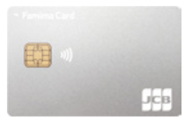
BELLSYSTEM24

Building on know-how cultivated through more than 40 years of diverse experience, we design and construct contact centers that combine the latest technology with human resource development programs, enabling us to provide efficient and high-quality customer support.



POCKET CARD

We are jointly promoting the "Famima T Card" business with FamilyMart. By utilizing FamilyMart locations nationwide, we are expanding the business and providing unique, high-value-added services. Starting September 1, 2025, the card will be renewed to the even more advantageous "Famima Card."



By expanding collaborations with leading domestic companies and generating synergies, we are capturing new growth opportunities through the expansion of our business domains and achieving grow earnings.

Enhancement of Corporate Value ↑ = Expand Created Value ↑ / (Lower Cost of Capital ↓ – Increase Growth Rate ↑)

Expanding Collaboration with Leading Domestic Companies by Leveraging "Trust and Credibility"

Under our Management Policy, "The Brand-new Deal," ITOCHU has adopted the principle of "No growth without investments," striving to enhance performance through proactive growth investments. In addition to expanding investments in areas where we possess expertise, we have also increased cases of expanding our business domains through collaboration with leading domestic companies. Growth investments leveraging the "trust and credibility" we have cultivated over the time have broadened our business potential.

Diverse Collaboration with Domestic Manufacturers Originating from Investment in Hitachi Construction Machinery

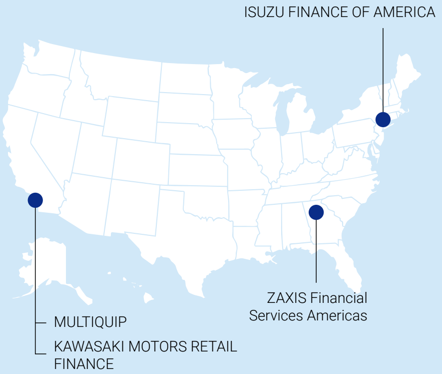
In August 2022, we executed an investment in Hitachi Construction Machinery Co., Ltd. through a special purpose company jointly established with Japan Industrial Partners, Inc. Behind this investment, there were two key developments for Hitachi Construction Machinery Co., Ltd.: one was the independent business development in the North American market following the dissolution of its long-standing alliance with Deere & Company in the U.S. at the end of February 2022; the other was Hitachi, Ltd.'s efforts in response to the dissolution of its parent-subsidiary listing. We have built a relationship of mutual trust with Hitachi Construction Machinery Co., Ltd. as business partners since the 1990s through trade and joint ventures in Indonesia and elsewhere. Furthermore, our expertise gained through finance operations in North America with Isuzu Motors Limited, as well as the sales channels of MULTIQUIP Inc., a U.S. company specializing in compact construction equipment, were highly valued. As a result, we were selected as the optimal partner for a capital alliance with Hitachi Construction Machinery Co., Ltd., particularly in the North American market, where nearly 90% of construction machinery purchasers utilize financing. The presence of a competitive captive finance company is therefore essential to success in this market. Leveraging the know-how we have accumulated over the years in North American construction machinery and finance businesses, we have established a local finance company in collaboration with Hitachi Construction Machinery Co., Ltd. and Tokyo Century Corporation. By providing services that meet local needs, such as prompt credit screening and flexible payment options, the company achieved profitability in its first year of operation in FYE 2024.

These collaborative achievements with Hitachi Construction Machinery Co., Ltd. have served as significant momentum for securing investment opportunities with other leading companies. In April 2025, we acquired shares in Kawasaki Motors, Ltd. through a capital and business alliance, launching and promoting a joint retail finance business in the motorcycle and power sports* sector to further expand Kawasaki Motors, Ltd.'s presence in the North American market. (☛ Page 67 Capital and Business Alliance with Kawasaki Motors, Ltd.) Furthermore, in May 2025, aiming to resolve the parent-subsidiary listing of Toyota Industries Corporation, we acquired shares in AICHI CORPORATION, a leading manufacturer of aerial work platforms. This will enable us to create new revenue opportunities by strengthening our value chain in the domestic market, including financing, after-sales service, and used car sales, as well as to achieve growth by developing overseas markets. In this way, the "chain of trust" cultivated through collaboration with Hitachi Construction Machinery Co., Ltd. continues to drive new investment opportunities and the expansion of the Machinery Company's business domains.

* Power sports vehicles refer to motorcycles, off-road four-wheelers vehicles, jet skis, and other vehicles equipped with engines or motors for outdoor recreational activities.

Accumulation of Knowledge and Chain of Trust in Machinery Company

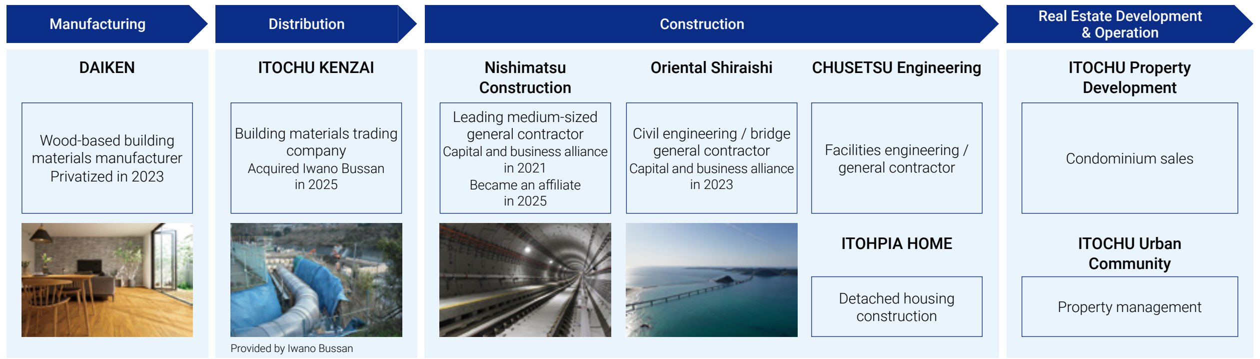
1990s	Started a joint venture with Hitachi Construction Machinery Co., Ltd. in Indonesia
	Began investing in the predecessor company of MULTIQUIP Inc. in the U.S.
2007	Established a finance company with Isuzu Motors Limited in the U.S.
2022	Invested in Hitachi Construction Machinery Co., Ltd.
2023	Established ZAXIS Financial Services Americas, LLC in the U.S., together with Hitachi Construction Machinery Co., Ltd. and Tokyo Century Corporation
2025	Entered into a capital and business alliance with Kawasaki Motors, Ltd. and launched a finance business in North America
	Invested in AICHI CORPORATION



Expanding Infrastructure Business Addressing Social Issues by Enhancing Construction and Building Materials Alliance

We have been strengthening alliances in the construction and building materials sectors in recent years with the aim of reinforcing our value chain and expanding our business into the infrastructure domain. A symbolic example of this strategy is our capital and business alliance with Nishimatsu Construction Co., Ltd. (Nishimatsu Construction), in which we began investing in 2021. At that time, Nishimatsu Construction was seeking to stabilize its management in response to changes in its business environment, including the need to address activist shareholders, and requested our participation as a capital partner. As we aimed to complement and strengthen our entire value chain—from building materials manufacturing and distribution to real estate development, management, and operation—through strategic business investments, we viewed this alliance with Nishimatsu Construction —a leading Japanese contractor with robust execution capabilities and a proven record of joint real estate development with our Company—as an important opportunity to further strengthen and complement our value chain. Since our initial investment, we have realized a variety of synergies, including additional joint real estate development projects, collaboration in the procurement of construction materials and equipment through our Group companies, and cooperation in the renewable energy business. To further accelerate our partnership, we increased our equity share in May 2025, making Nishimatsu Construction an equity-method affiliate.

In addition, our construction and building materials alliances include Oriental Shiraishi Corporation, one of Japan's leading bridge manufacturers, with whom we entered into a capital and business alliance in May 2023, and Iwano Bussan Co., Ltd., a company with a long-standing track record in civil engineering materials trading in eastern Japan, which became a wholly owned subsidiary of our Group company, ITOCHU KENZAI CORPORATION, in April 2025. Through alliances with Oriental Shiraishi Corporation—a pioneer in the infrastructure maintenance market such as expressway renovations— Iwano Bussan Co., Ltd.—with its long history as a civil engineering materials trading company in eastern Japan—and Nishimatsu Construction—with advanced civil engineering capabilities— we are contributing to meeting social needs driven by government policies for national resilience, including the renewal of aging social infrastructure and disaster prevention and mitigation. In addition, in this domain, we expect further synergies through cooperation with PASCO Corporation, in which the ICT & Financial Business Company has invested. By utilizing geospatial information, we aim to advance infrastructure monitoring and the maintenance and management of urban infrastructure through horizontal collaboration. Going forward, we will continue to work closely with a diverse range of partners to address social challenges and further enhance our corporate value.



Supporting Problem-Solving as a Business Model and Expanding Our Business Domains

These initiatives have in common the fact that, at a time when industries and companies are going through periods of major change or facing challenges, ITOCHU is proactively working closely with its partner companies to address their management challenges and stepping in to create multifaceted value, such as by participating in management and launching new businesses.

This strategy is founded on a wealth of experience and know-how accumulated over the years through our business model. For example, in 2003 ITOCHU invested in YANASE & CO., LTD., supporting the company through its management crisis caused by deteriorating business conditions since the bubble economy and worsening terms with major business partners, thereby enabling YANASE & CO., LTD. to grow and for ITOCHU to expand into the automotive distribution domain. Our investment in Prima Meat Packers, Ltd. in the same year was aimed at supporting the Company's business turnaround and further strengthening our partnership, as Prima Meat Packers, Ltd. had entered a period of poor performance despite our longstanding collaborative relationship. With respect to NIPPON ACCESS INC., of which we gradually increased our equity share following a capital and business alliance in 2001, we expanded into the food wholesale network in response to a request from the Snow Brand group, its then parent company. This also contributed to strengthening our food distribution business and further reinforced our robust value chain with FamilyMart.

It could be said that we have been able to balance helping leading companies solve their problems with strategically expanding our own value chain. Going forward, we will continue to work with leading partner companies in each industry to create value, enhance the reproducibility of our approach, and expand our business domains, thereby achieving sustainable growth in corporate value.