

/// The Brand-new Deal

The Digest of Integrated Report 2025

August 29, 2025

ITOCHU Corporation (8001)



The Digest of Integrated Report Contents

▶ About Digest of Integrated Report 2025	...	3	▶ SPECIAL FEATURE	
▶ Theme and Structure of Integrated Report 2025	...	4	— Examples of Areas with High Growth Potential(1)	...19
▶ Management Philosophy as a Merchant, Cultivated and Refined through the Accumulation of Historical Lessons	...	5	— Examples of Areas with High Growth Potential(2)	...20
▶ CEO Message	...	6	▶ Business Portfolio	
▶ COO Message	...	7	(1) Percentage of the Total for ITOCHU/KPI	...21
▶ The Merchant Value Creation Cycle/Business Model	...	8	(2) Each Division Companies' areas with high growth potential	...22
▶ CFO Interview	...	9	(3) PEST analysis/Linkage to corporate value calculation formulas	...23
▶ Financial Strategy – Balance Sheet–	...	10	▶ Corporate Governance	
▶ Business Investment・Monitoring Structure	...	11	(1) – Board of Directors with high effectiveness–	...24
▶ Asset Allocation Trajectory	...	12	(2) – Activities of Outside Directors/Succession Plan –	...25
▶ Regional Composition of Assets and Profit / Loss	...	13	(3) – Corporate Officer Remuneration/Policy on the Governance of Listed Subsidiaries and Affiliates–	...26
▶ CAO Interview	...	14	▶ Performance Trends of Major Group Companies	...27
▶ Human Resource Strategy —Work-style reforms・Engagement Surveys—	...	15	▶ Dialogue with Stakeholders	...28
▶ Initiatives to Promote Sustainability Across the Value Chain	...	16		
▶ CXO Interview	...	17		
▶ Digital Strategy	...	18		

About Digest of Integrated Report 2025

- ▶ The Integrated Report 2025 has been prepared with an even greater emphasis on readability—both in booklet and PDF formats—as well as on meeting the diverse needs of our readers.

Emphasizing the Readability of Booklet/PDF, and Addressing Diverse Needs of Readers	
① Reduction of Page Count	Reflecting feedback from meetings with investors and Integrated Report briefings, we have extracted the essence of each item and summarized the content in a more concise manner.
② Introduction of Interactive PDF format	Enhancing usability by utilizing internal links within the booklet and index on the right edge of the pages.
③ Creation of a Digest	As a first-time initiative, released a digest of the PDF, allowing readers to quickly confirm the key points.



We have thoughtfully compiled this digest to provide a concise overview while retaining all the key elements required for an integrated report. This digest is designed to help you efficiently understand the essence of ITOCHU’s sustainable value creation story. At the bottom of each slide, you will find links to important keywords and related topics, which are discussed in greater detail in the full integrated report. Should you wish to learn more about our initiatives and strategies, we invite you to explore the complete integrated report for a more in-depth perspective.

Theme and Structure of Integrated Report 2025

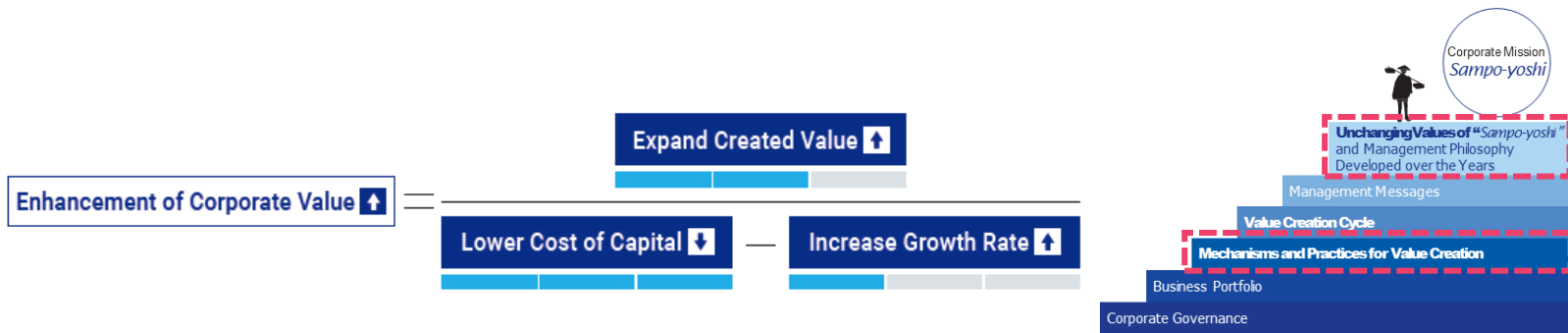
Theme	The management philosophy developed over the year and the framework and practice of value creation
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The source of our competitive advantage lies in our unwavering values, embodied by the “*Sampo-yoshi*” philosophy, as well as our management principles developed over the year.

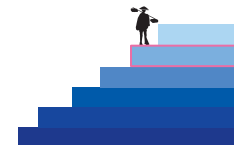
We believe that the essence of ITOCHU Corporation’s story of sustainable value creation lies in how our management philosophy was formed, how it is structured, and how it is put into practice at the frontline of our business.

Accordingly, we have structured this booklet in a way that allows us to communicate these core elements directly to our readers.

Furthermore, instead of the corporate valuation formula that we used in previous years to structure the booklet, we have adopted a barometer-style approach on each page. This visually illustrates how the content presented on each page contributes to enhancing corporate value from multiple perspectives, enabling readers to instantly grasp the areas where our initiatives have the greatest impact.



ITOCHU's Trajectory—Unchanging Values of “Sampo-yoshi” and Management Philosophy Developed over the Years—	4
Management Messages	10
CEO Message	10
COO Message	16
Value Creation Cycle	20
The Merchant Value Creation Cycle	20
ITOCHU's Business Model	22
ITOCHU's Capital (Financial and Non-Financial)	24
Mechanisms and Practices for Value Creation	26
CFO Interview	28
Financial Strategy	32
Business Investment	34
Portfolio Management	36
Risk Management	38
CAO Interview	40
Human Resource Strategy	44
Initiatives to Promote Sustainability (Initiatives for Steadily Promoting Sustainability, Initiatives to Promote Sustainability Across the Value Chain)	48
CXO Interview	54
Digital Strategy for the Sustainable Enhancement of Corporate Value	56
SPECIAL FEATURE – Examples of Areas with High Growth Potential – Creating and Expanding Businesses by Utilizing FamilyMart's Business Platform	58
Expanding Collaboration with Leading Domestic Companies by Leveraging “Trust and Credibility”	60
Business Portfolio	62
Portfolio Overview	63
Business Strategies of Each Division Company	64
Corporate Governance	80
Data Section	92
Dialogue with Stakeholders	96



Sustainable enhancement of corporate value is the mission of management.

Drawing on our history and staying true to the merchant philosophy we have developed over the years, we will continue to strive for new heights.

The Japanese Dream

Enhancing our corporate value ultimately contributes to the well-being and satisfaction of all those who hold shares in our company.

The Essence of Lean Management

“Cut” is a basic management skill with very high reproducibility if the right mindset and methods are acquired.

The Sensitivity of a Market-Oriented Perspective

Merchants need to be like water: the core of a merchant is to change shape like water to fit the vessel of customer needs.

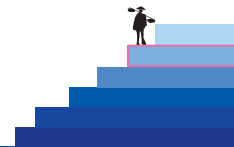
The True Meaning of Corporate Brand Value

Once a brand is established, its value can be maintained and enhanced through ongoing refinement, no matter the circumstances.

Expanding Investment Opportunities through Trust

we are simultaneously enhancing corporate brand value and expanding new investment opportunities.





By honing our front-line capability and ability to make timely corrections through “cultivating human power and sensitivity,” we will carve out the future of ITOCHU.

Demonstrating the Ability to Make Timely Corrections

Live information obtained from closed front-line networks derived from information networks based on relationships of trust with customers is essential for proactive crisis response. In other words, for demonstrating the ability to make timely corrections, which makes the difference in crucial situations.

Creating New Businesses by Breaking Down Product Silos

One of the key roles expected of a general trading company is to take the lead in combining strengths across different industries and fields, pioneering and creating new value and markets that did not exist before.

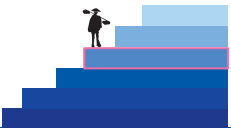
As for our challenges, I recognize the need to further strengthen our overseas expansion and the utilization of digital technology and AI.

ITOCHU Group’s Underlying Strength

The messages that we have consistently communicated over time have gradually permeated the front lines, eventually becoming firmly rooted as part of our Group’s management philosophy.

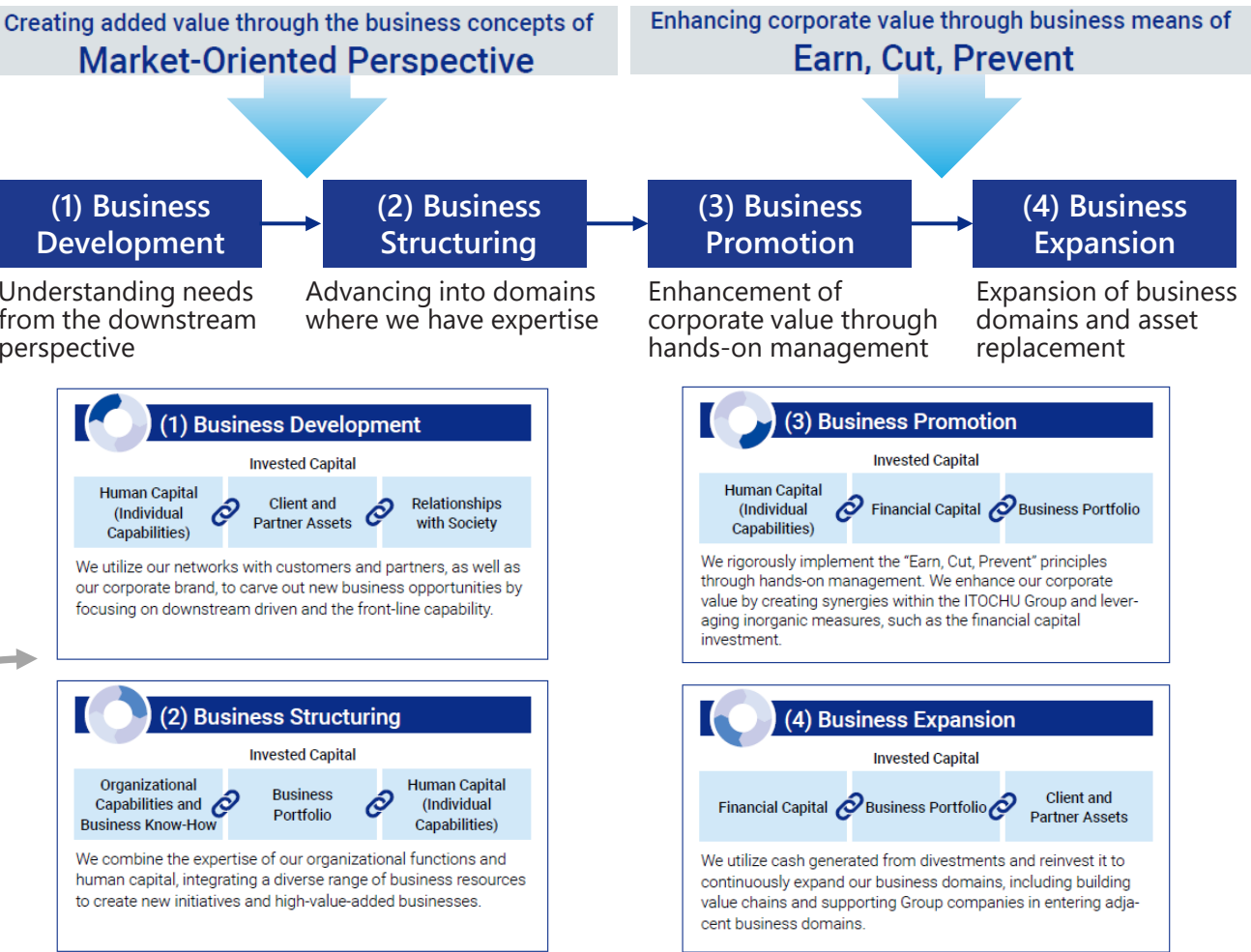
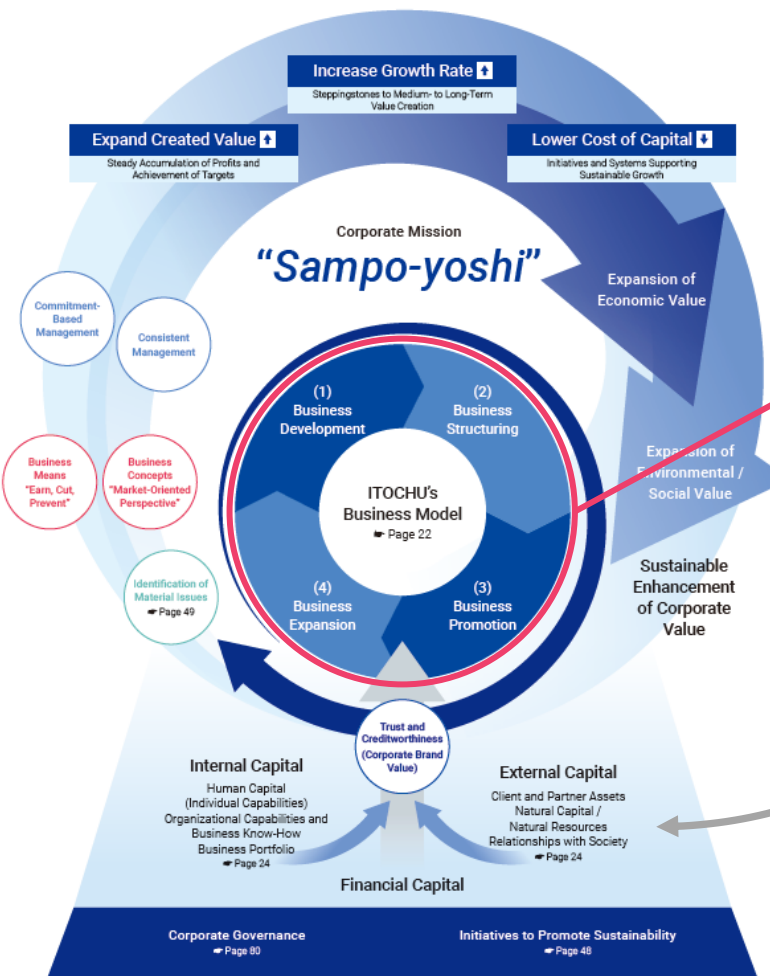


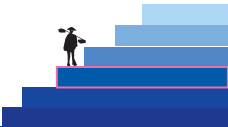
The Merchant Value Creation Cycle / Business Model



POINT We have newly integrated a “business model” into our value creation cycle.

POINT We have clarified how our management philosophy and capital resources are leveraged within our business model.





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.

Steadily accumulating core profit

Analysis of the scale of profit contribution, ownership ratio, and growth rate reveals that medium-sized Group companies with an established business foundation and hands-on management tend to achieve higher growth rates. The key point is how we can further evolve our “hands-on management,” which is one of our core strengths.

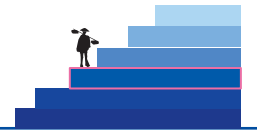
Our commitment to highly efficient management remains unchanged

We have charted a roadmap for enhancing corporate value, guided by our “financial matrix”—that is, starting from a total payout ratio of over 40% and achieving profit growth of around 10% based on our track record, we can consistently maintain a globally competitive ROE of 15% or higher.

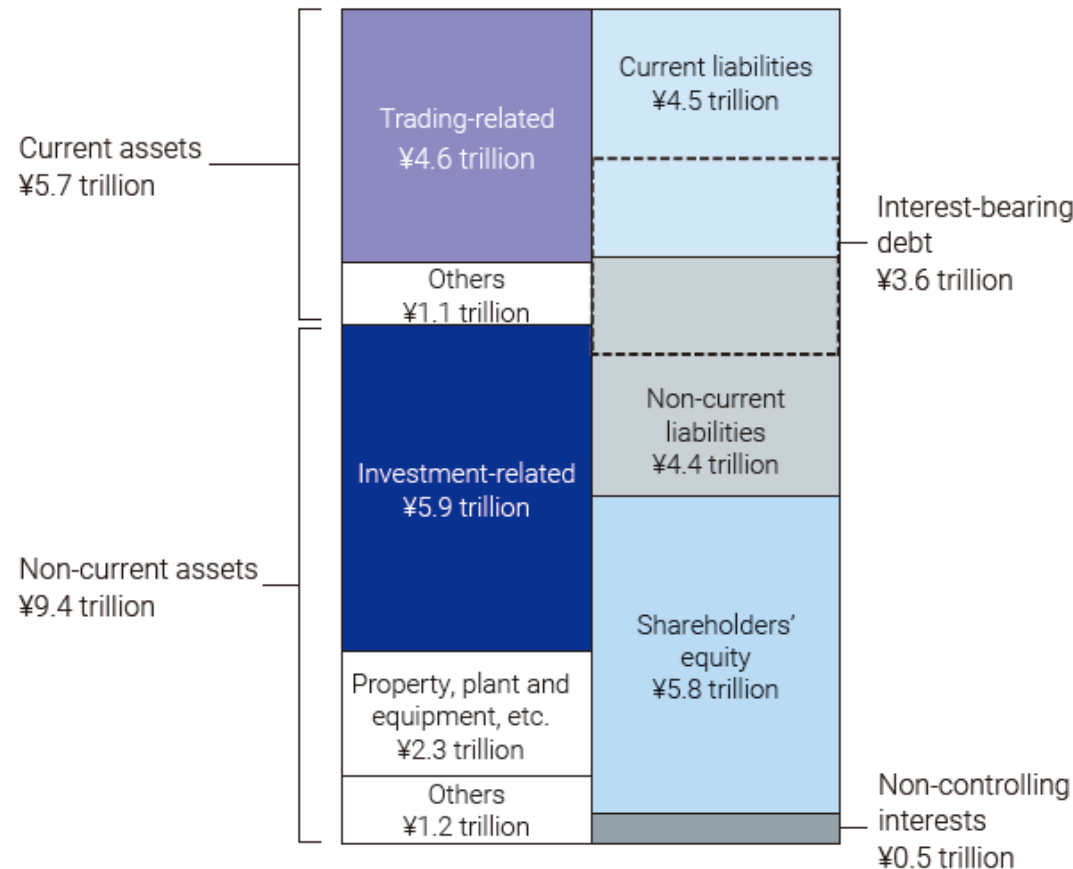


		Total Payout Ratio			
		60%	50%	40%	30%
ROE	13%	5%	7%	8%	9%
	14%	6%	7%	8%	10%
	15%	6%	8%	9%	11%
	16%	6%	8%	10%	11%
	17%	7%	9%	10%	12%
	18%	7%	9%	11%	13%

Financial Strategy – Balance Sheet–



POINT By consistently maintained a financial policy based on balancing three factors, we are able to achieve both growth investments and shareholder returns while strengthening our shareholders' equity—thereby enhancing our credit rating. Our asset portfolio maintains a balanced composition between investment-related assets and trade-related assets. We also maintain an equity ratio of around 40%, ensuring an appropriate risk buffer.



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.

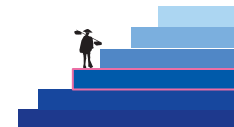
Property, plant and equipment, etc.
Present in each Division Company, centering on The 8th.

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.

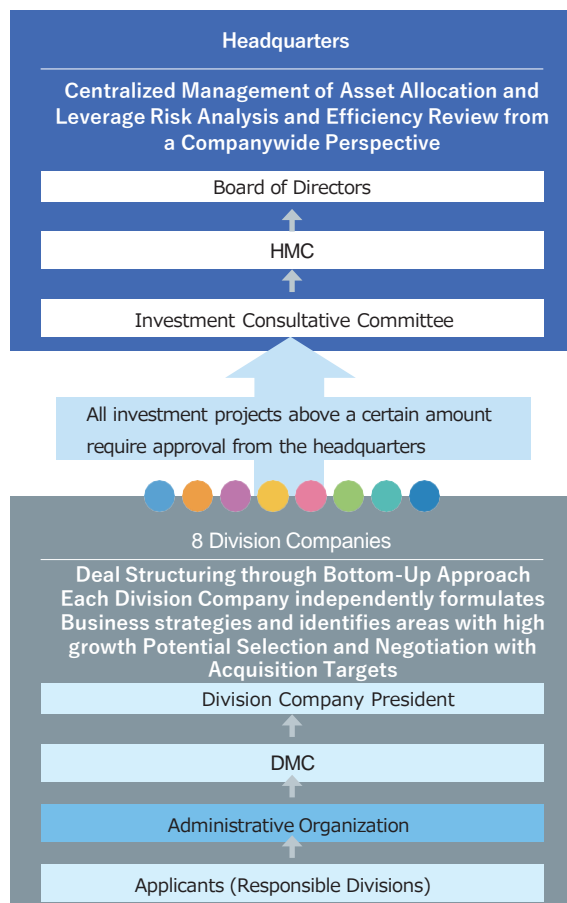
Credit Rating Agency	March 31, 2010		March 31, 2025
JCR	A+ (Stable)	All upgraded	AA+ (Stable)
R&I	A (Stable)		AA (Stable)
Moody's	Baa1 (Stable)		A2 (Stable)
S&P	A- (Stable)		A (Stable)

Business Investment・Monitoring Structure

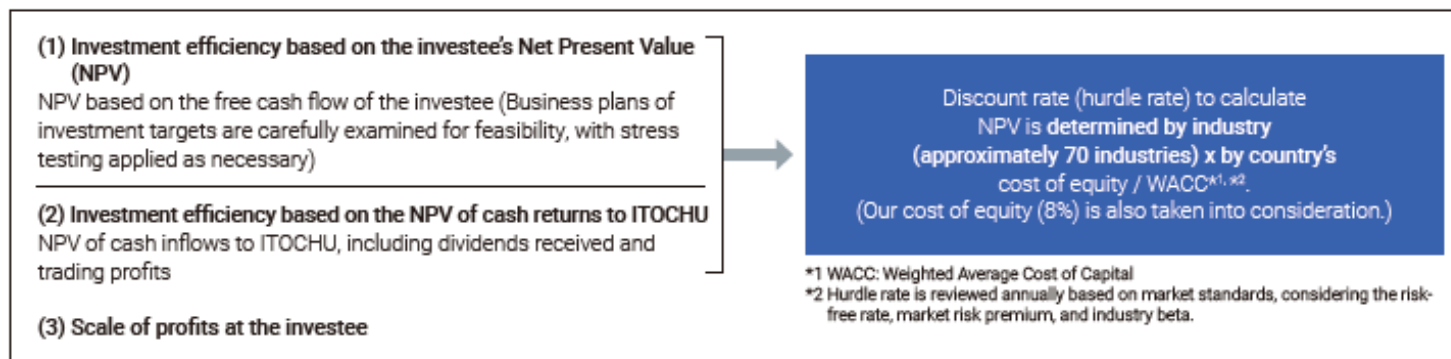


POINT Our investment execution process is characterized by a bottom-up approach to deal origination and centralized asset allocation management at our headquarters. Our investment and exit criteria take into account the cost of equity by industry and by country.

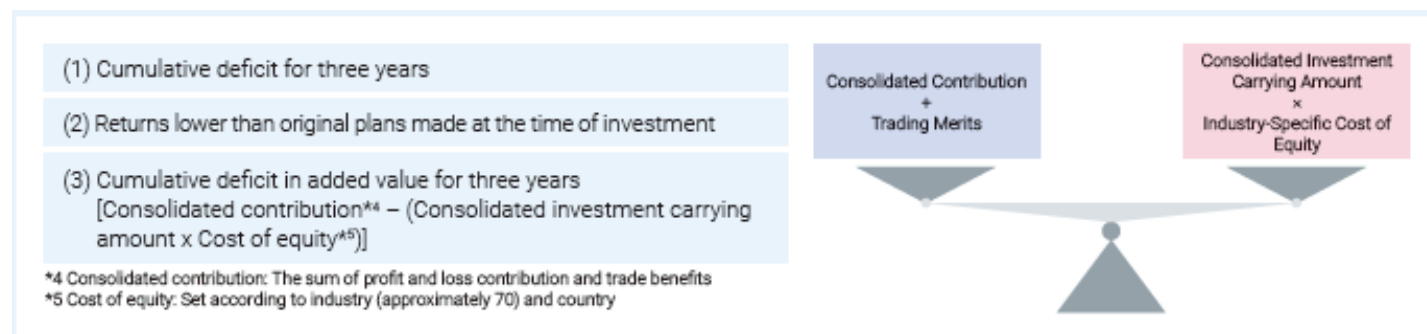
Characteristics of the Investment Execution Process



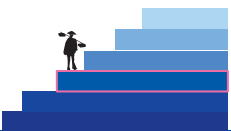
ITOCHU's Investment Criteria



Exit Criteria for Business Investment



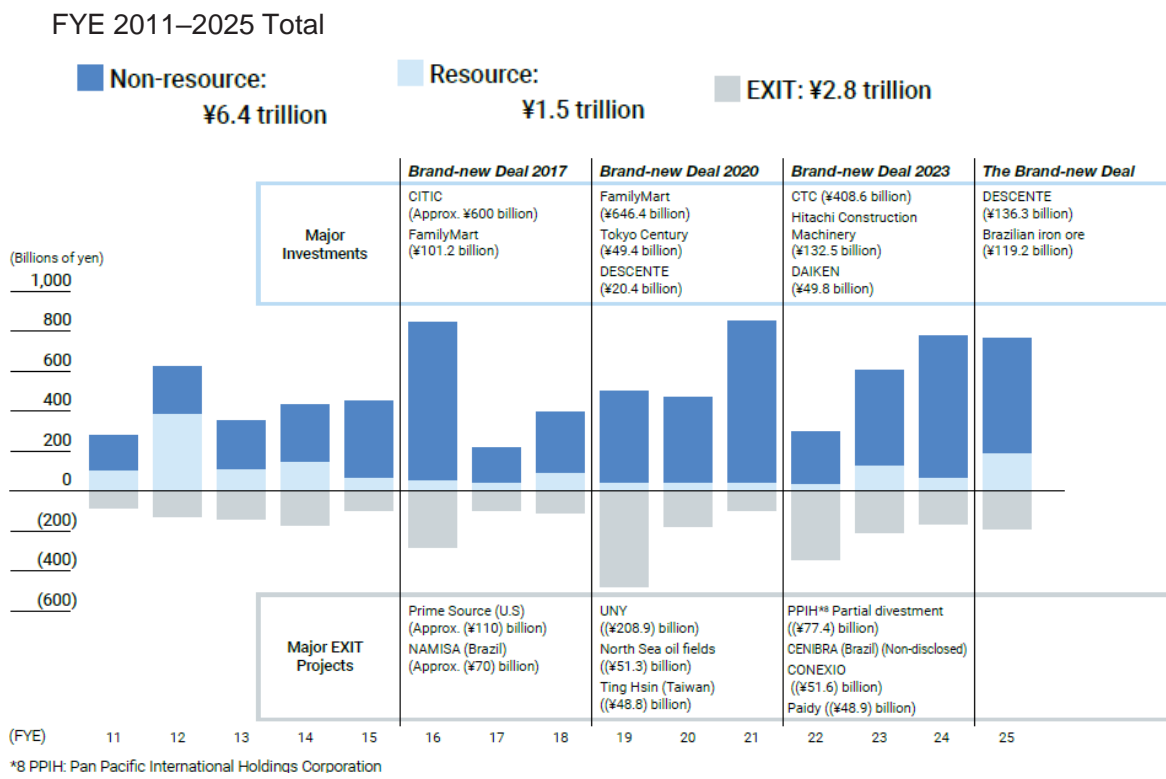
Asset Allocation Trajectory



POINT Through growth investments focused primarily on non-resource sectors and strategic asset allocation achieved by past asset replacements, we have been able to continuously improve our ROA.

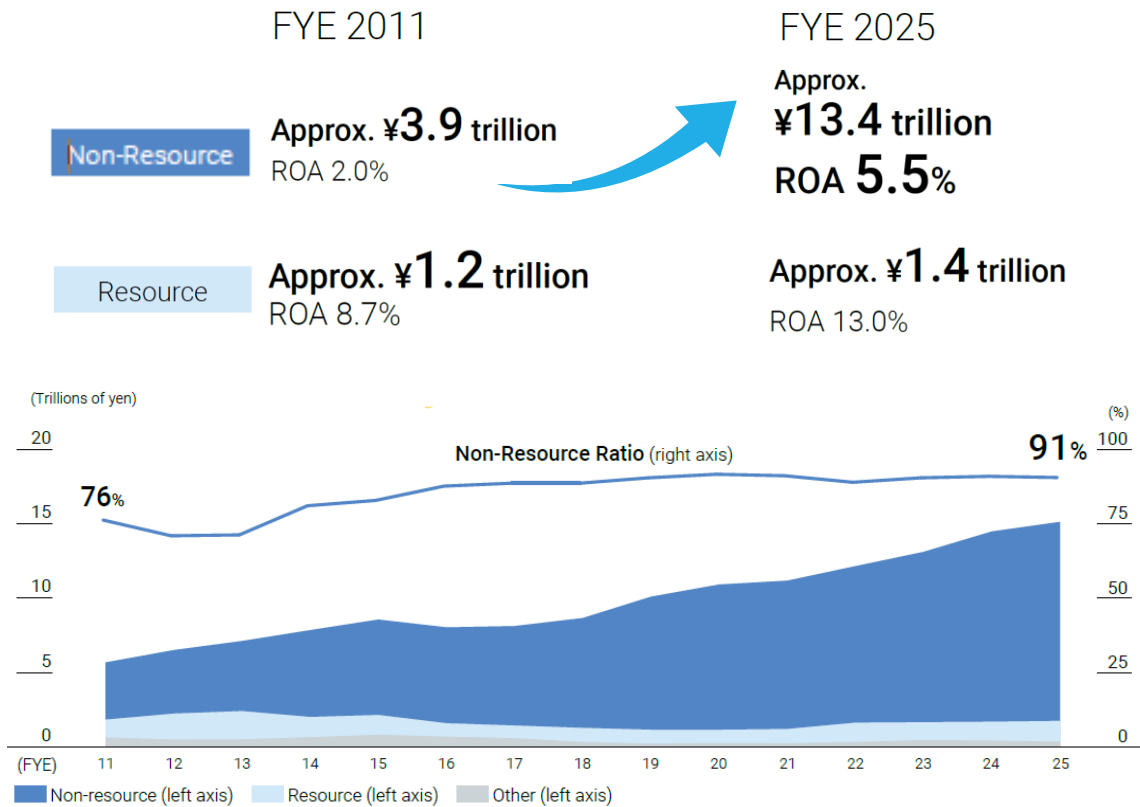
Investment and Exit Track Record Since FYE 2011

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

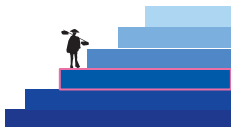


Total Assets Trend Since FYE 2011

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

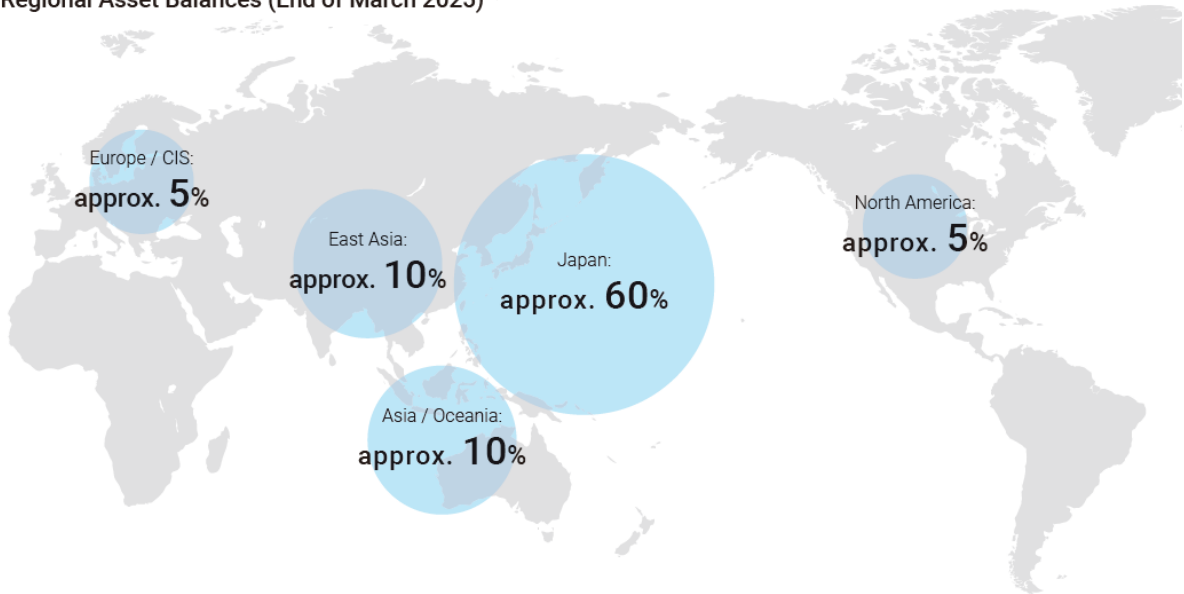


Regional Composition of Assets and Profit / Loss

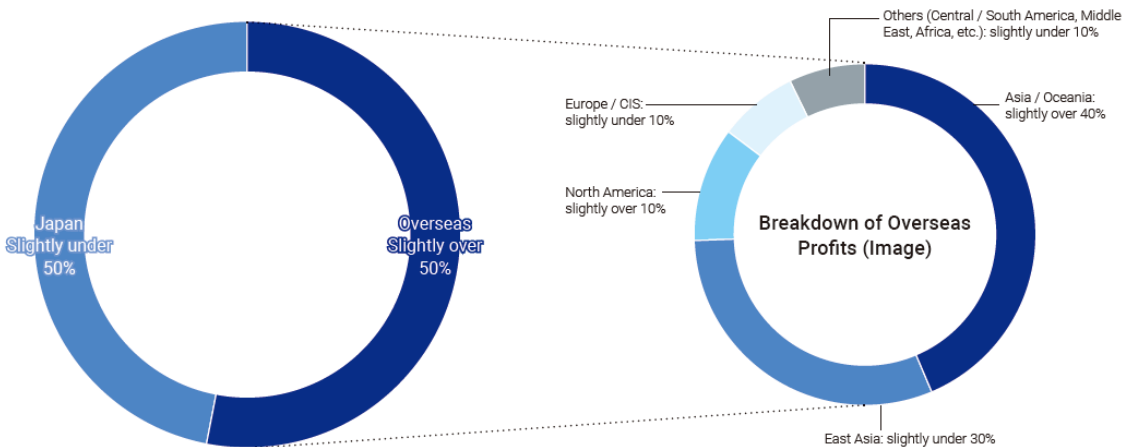


POINT Our regional portfolio is well-balanced, with a strong focus on Japan, where we have a solid business foundation.

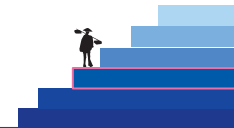
Regional Asset Balances (End of March 2025) *1



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



*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.



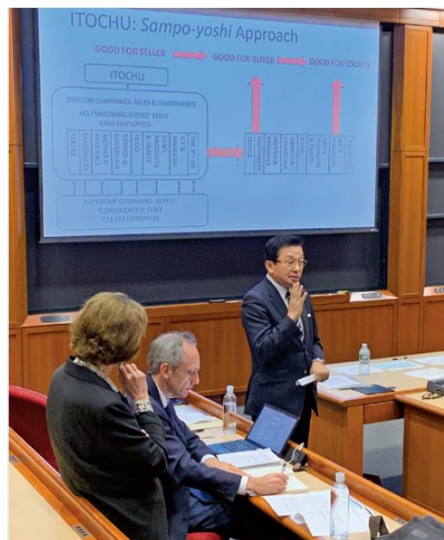
Our goal is to be a sustainable company, and the best company in Japan.

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.



"*Sampo-yoshi*" as ITOCHU's core operating system

Harvard Business School has provided an academic explanation of the relationship between our initiatives based on the "*Sampo-yoshi*" philosophy and the enhancement of corporate value and sustainability. "*Sampo-yoshi*" is now attracting global attention.



Giving a presentation at Harvard Business School

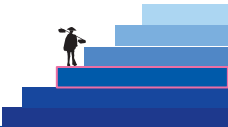
Background and Impact of the Special Measure for Female Executive Officers

Special measures designed to bridge the "time lag," with consideration for the positive impact on the next generation of women.

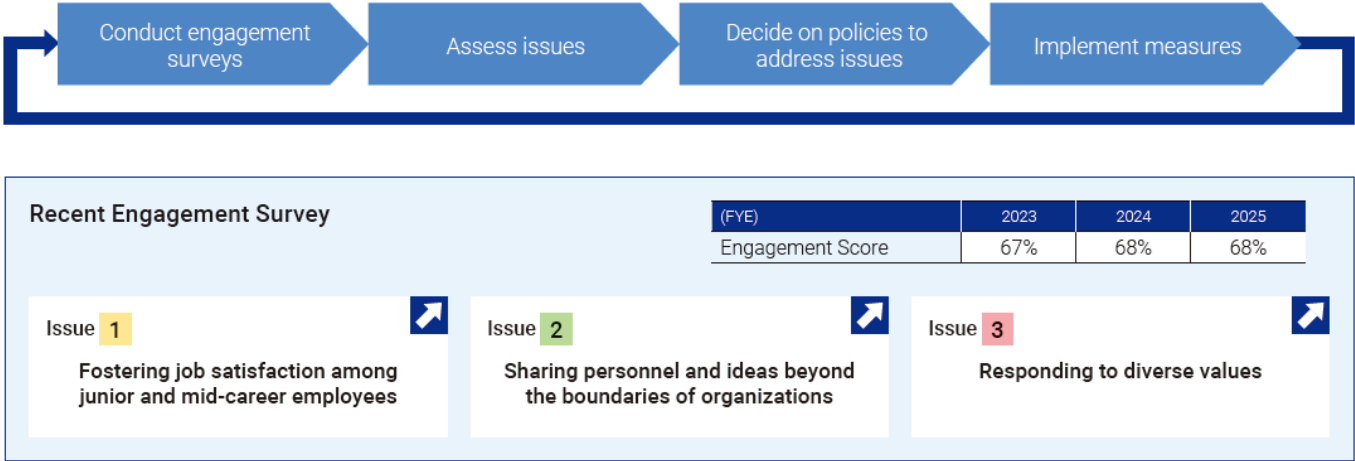
Challenges in Pursuing Our Goal to become the best company in Japan

By maintaining close attention to each employee on the front lines and fostering a sense of unity between top management and employees, we believe that the true value of a merchant lies in sustainability—that is, the ability to build long-term trust and credibility. By steadily accumulating trust not only from employees but also from society at large, we aim to embody the spirit of "*Sampo-yoshi*" and become the best company in Japan.

Human Resource Strategy—Work-style reforms•Engagement Surveys—



POINT Upholding our commitment to being a challenging but rewarding to work, we continue to pursue pioneering and unique initiatives. We continuously identify and address issues through engagement surveys, steadily measure KPIs, and implement specific initiatives to drive the PDCA cycle.

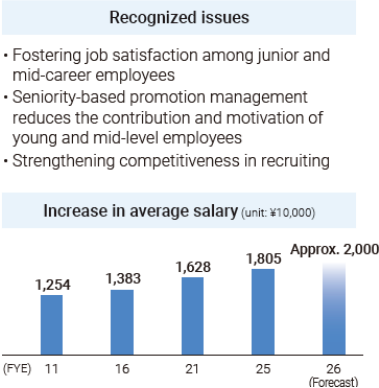


(Specific examples of initiatives)

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

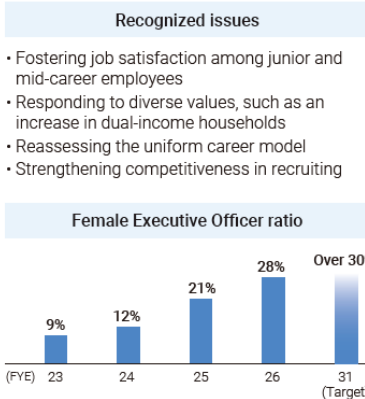
In FYE 2025, we implemented our first major revision of the human resource system in approximately a decade. This included raising salary levels, particularly for young and mid-career employees, and introducing measures to enable the early appointment of outstanding employees as Executive Officers of 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

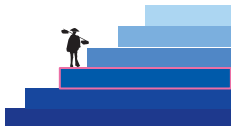


Women's Advancement in the Workforce to Increase Diversity within the Organization Issue 3 Response

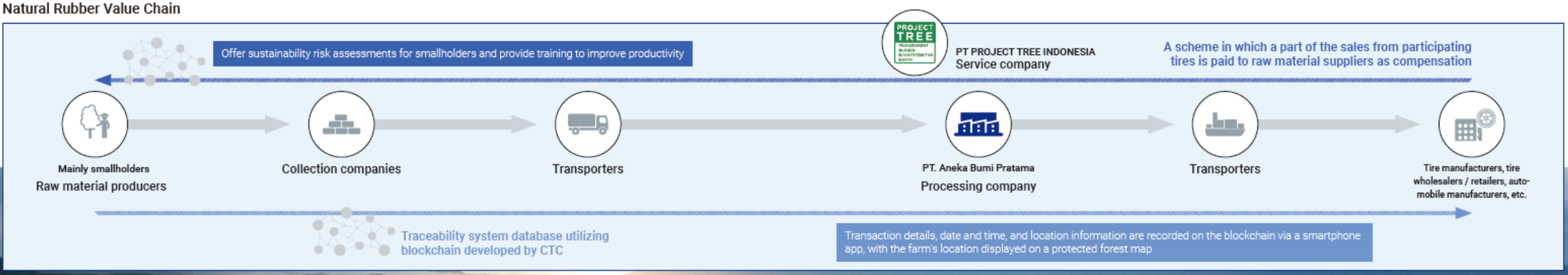
As a trading company with strengths in the consumer-related business, we aim to capture the diversifying needs of consumers and evolve our business model accordingly. To create an environment where women can continue working without giving up on their careers, we provide detailed individual support to 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.



Initiatives to Promote Sustainability Across the Value Chain



POINT As a general trading company, we conduct detailed monitoring and implement improvements regarding environmental and social Risks —such as human rights and natural capital—at each stage of the value chain. Contributing to the promotion of sustainability through our core business activities.



Agricultural Technical Guidance by PT PROJECT TREE INDONESIA Implementation of Human Rights Due Diligence



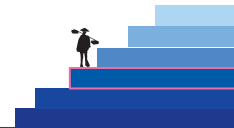
Identification of production sites using GPS



Training on productivity improvement

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.



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.

Further Evolving Investment Structuring

Careful assessment of whether an investment project can truly contribute to the returns and growth required of the Company as a whole

Ensuring “The Four Lessons for Investments” are thoroughly embedded by incorporating them into contract terms and securing the rights and means to generate synergies and exercise influence

Asset Replacements with No Exceptions

To build a more efficient, competitive, and resilient portfolio and make effective use of our limited resources, we are executing asset replacements with no exceptions in parallel with our growth investments.

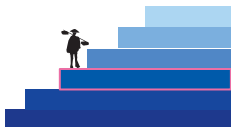
Expanding Horizontal Collaboration Initiated by Digital Transformation

Leveraging our two major strengths—a broad business base in the information technology and communications sector, and vast amounts of data derived from our consumer-related businesses—we use the power of digital technology to connect businesses that were previously unrelated. These new connections are precisely where the infinite potential of a general trading company lies.



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

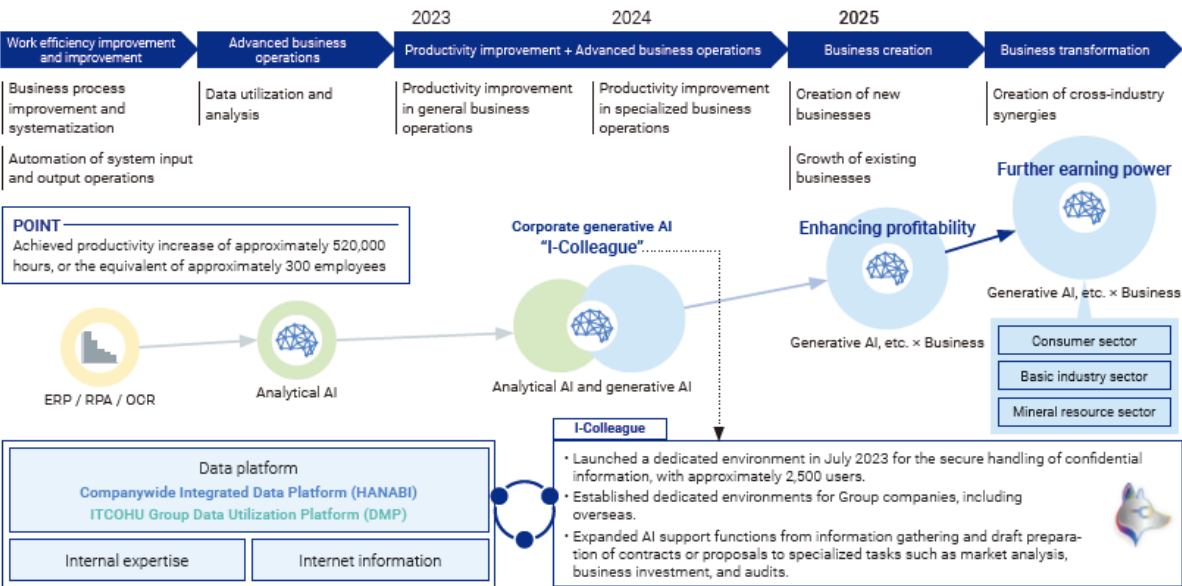


POINT

We support business creation by combining the diverse data resources of a general trading company with the capabilities of generative AI.

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.



POINT

By standardizing digital transformation approaches, we are enhancing the competitiveness of our Group companies in the consumer sector.

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

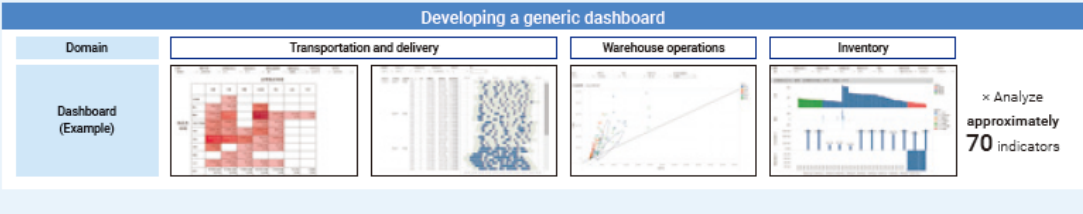
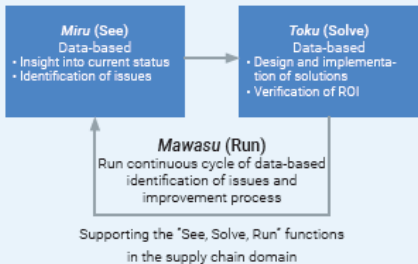
Contribute to Enhancing “Earn” by Combining Our Business Problem-Solving Capabilities with Data Analysis and Utilization Skills

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.

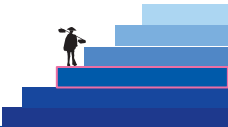
One example is the “See, Solve, Run” service targeting supply chain management. This unique solution addresses social challenges such as ongoing 2024 logistics issue of driver shortages—the cap on truck drivers’ overtime hours starting from 2024—responding to societal demands for greater efficiency and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

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.



SPECIAL FEATURE — Examples of Areas with High Growth Potential (1) —



POINT Leveraging our wide range of business domains as a general trading company, we are promoting the development of a robust value chain related to FamilyMart and driving the creation of new businesses.

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 the point where customers can coordinate an entire outfit, and we now offer 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

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.



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.



Operational Support

BELLSYSTEM24

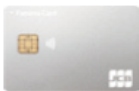
Building on know-how cultivated through more than 40 years of diverse experience, we design and construct contact centers that combine the latest technology with human resource development programs, enabling us to provide efficient and high-quality customer support.



Service

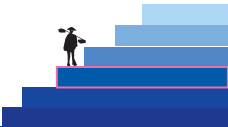
POCKET CARD

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."



Nationwide: Approximately 16,300 stores
Annual number of customers: Over 5.5 billion
Daily number of customers: Approximately 15 million

SPECIAL FEATURE — Examples of Areas with High Growth Potential (2) —



POINT By leveraging our ability to create added value to help leading companies solve their challenges, we are able to expand both investment and trading profits while generating synergies. This approach enables us to continuously broaden our business domains.

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

Our investment in Hitachi Construction Machinery was made possible by many years of collaboration and our expertise in finance in the U.S. The accumulation of tangible achievements through these partnerships—such as the profitability of ZAXIS Financial Services Americas—has created a “chain of trust” that has led to further investment opportunities, including shares in Kawasaki Motors and AICHI CORPORATION..

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



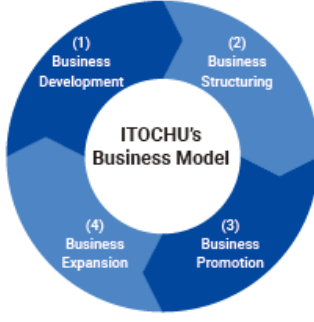
Expanding Infrastructure Business Addressing Social Issues by Enhancing Construction and Building Materials Alliance

After participating as a capital partner to help stabilize the management of Nishimatsu Construction which was facing changes in its business environment such as activist shareholder pressure, we steadily realized collaboration through joint initiatives. This track record led to an increased equity stake and its transition to an equity-method affiliate. In addition, by leveraging M&A with existing Group companies, we are actively expanding into new areas that address emerging social needs.



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

Balancing support for addressing the challenges faced by leading domestic companies with the strategic expansion of our own value chain has been made possible by leveraging the wealth of experience and know-how accumulated over many years through our business model. For example, our investments in NIPPON ACCESS, YANASE, and Prima Meat Packers were carried out in response to requests for support from each company and their shareholders. By providing such support and creating added value, we have been able to realize growth together with our partners.



Business Portfolio (1) Percentage of the Total for ITOCHU／KPI

Percentage of the Total for ITOCHU (3-year average)



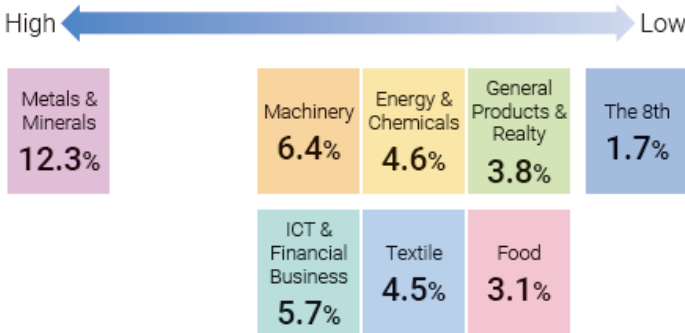
CAGR by Division Company

Compound annual growth rate of consolidated net profit for FYE 2011–2025

Textile	12%	Food	12%
Machinery	20%	General Products & Realty	12%
Metals & Minerals	3%	ICT & Financial Business	15%
Energy & Chemicals	14%	The 8th	22%

ROA by Division Company

(FYE 2025 results, ROA on core profit)



Business Portfolio (2) Areas with high growth potential by segment



POINT Based on our “Consistent Management” approach, each Division Company identifies its own high-potential growth areas and Undertakes initiatives to achieve steady growth.

► Textile Company

- Expanding sports business centered around DESCENTE LTD., and strengthening the value chain of the footwear business
- Enhancing core brands and improving profitability through the strengthening of directly managed stores



Flagship store of DESCENTE LTD., which became a wholly owned subsidiary in FYE 2025



Footwear from the Italian sports brand FILA

► Machinery Company

- Broadening our earnings base by expanding the North American power business and enhancing our functions in the marine and aerospace sectors
- Strengthening the value chain by overseas partnerships with Japanese manufacturers in the automobile and construction machinery areas



Wind and solar power plants



Mining machinery of Hitachi Construction Machinery Co., Ltd.

► Metals & Minerals Company

- Adding high-quality assets in iron ore and coking coal, etc.
- Engaging in projects that contribute to the realization of a decarbonized society (direct reduced iron, aluminum, hydrogen, ammonia, etc.)



Photo courtesy of BHP



Various green aluminum products which ITOCHU trade

► Energy & Chemicals Company

- Expanding business in core Group companies such as ITOCHU CHEMICAL FRONTIER Corporation and C.I. TAKIRON Corporation
- Investment in utility scale energy storage and expansion of business in peripheral areas



C.I. TAKIRON Corporation Ibogawa Plant



Grid-scale battery storage

► Food Company

- Strengthening functions and competitiveness in the food distribution field by leveraging Group capabilities
- Improving profitability by expanding transactions of high-value-added raw materials



Digital transformation (DX) support services in the food product planning and development domain (FOODATA)



High-value-added raw materials (premix)

► General Products & Realty Company

- Expanding functions and strengthening profitability in the North American construction-materials business with DAIKEN CORPORATION and acquisitions of competitors
- Strengthening and expanding public-private partnership projects
- Rebuilding of WECARS Co., Ltd.



New entry into the outdoor living business



The newly renovated WECARS Co., Ltd. store

► ICT & Financial Business Company

- Strengthening the digital value chain centered around CTC
- Expanding overseas business in the retail finance and insurance areas
- Expanding the business foundation in growth areas such as space and satellite, healthcare, circular economy-related business, etc.



Promotion of digital transformation (DX) support by accurately capturing IT demand



Investment in ThaiVivat Insurance PCL, a non-life insurance company in Thailand

► The 8th Company

- Enhancing FamilyMart's convenience store business while creating and expanding new businesses by leveraging FamilyMart's business foundation
- Creating new consumer-related businesses



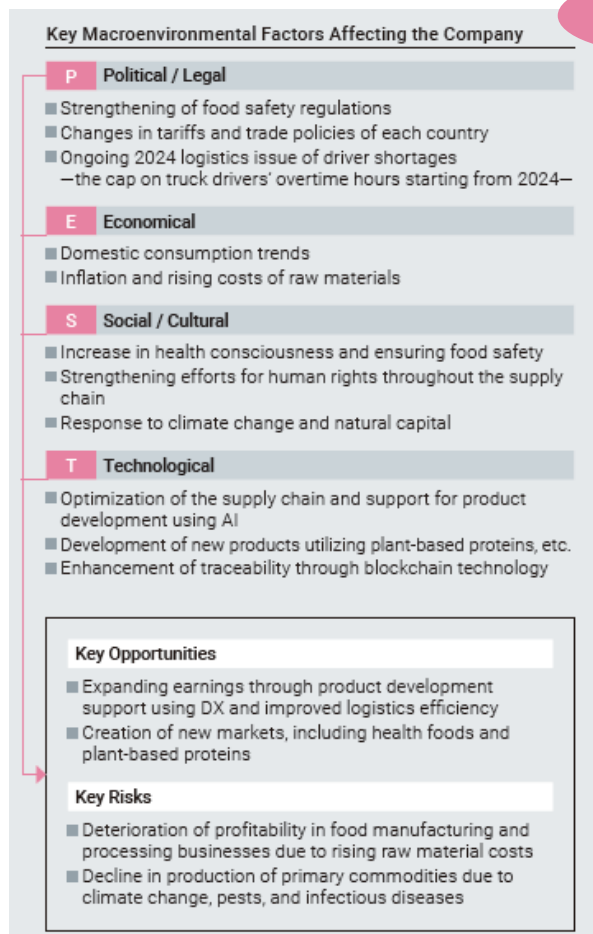
FamilyMart store



FamiPay

Business Portfolio (3) PEST analysis/Linkage to corporate value calculation formulas

POINT Each Division Company identifies the impacts, opportunities, and risks arising from its respective external environment and drives its business forward through various approaches, all with the aim of enhancing corporate value.



Food

By analyzing opportunities and risks through a focus on more direct impacts and specific themes related to each Division Company's business—compared to a Division Company-wide PEST analysis—we are able to provide a more detailed and nuanced understanding of how each Division Company's business is connected to its external environment.

Examples:
Issues such as the 2024 logistics problem and inflation themes like the utilization of AI
→ In the food distribution sector, leveraging digital transformation to improve logistics efficiency leads to increased profitability.

Connection to the Corporate Value Calculation Formula

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

Expand Created Value

Through strengthening product competitiveness and marketing capabilities at FamilyMart, achieved record-high business profit. These product enhancements are the result of Companywide collaboration, including stable rice supply from ITOCHU Food Sales and Marketing Co., Ltd. and the development of Convenience Wear leveraging expertise from the Textile Company.

Increase Growth Rate

The retail media business, utilizing FamilyMartVision digital signage installed in over 10,000 stores and one of the largest advertising IDs in Japan, has grown into a large-scale media platform with an average daily audience of approximately 15 million. We are expanding new business areas in the domestic advertising market as a front-runner.

Lower Cost of Capital

At FamilyMart, sustainability promotion is positioned as a core marketing strategy, and new initiatives have started. By changing the design of markdown stickers for near-expiry food products to "teary-eyed stickers," the purchase rate of discounted items has increased, and annual food loss at stores is expected to be reduced by approximately 3,000 tons per year. In addition, leveraging the expertise of ITOCHU PLASTICS INC., we provide packaging that balances consumer convenience with reduced environmental impact.

The 8th

Among the various initiatives undertaken by each Division Company, we provide an explanation of those measures that are expected to have the greatest impact on the individual components of our corporate valuation formula.

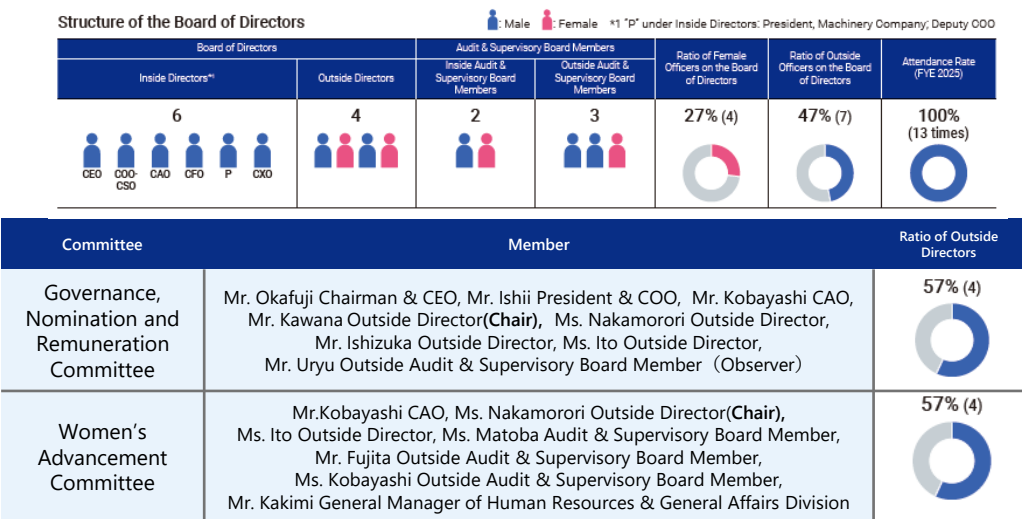
From the perspective of growth rate, we focus on transformative efforts such as the retail media business, which go beyond traditional business models.

From the perspective of capital cost, we present examples of how we strive to enhance business sustainability by balancing economic value with environmental and social value through our core businesses.

Corporate Governance (1) – Board of Directors with high effectiveness –



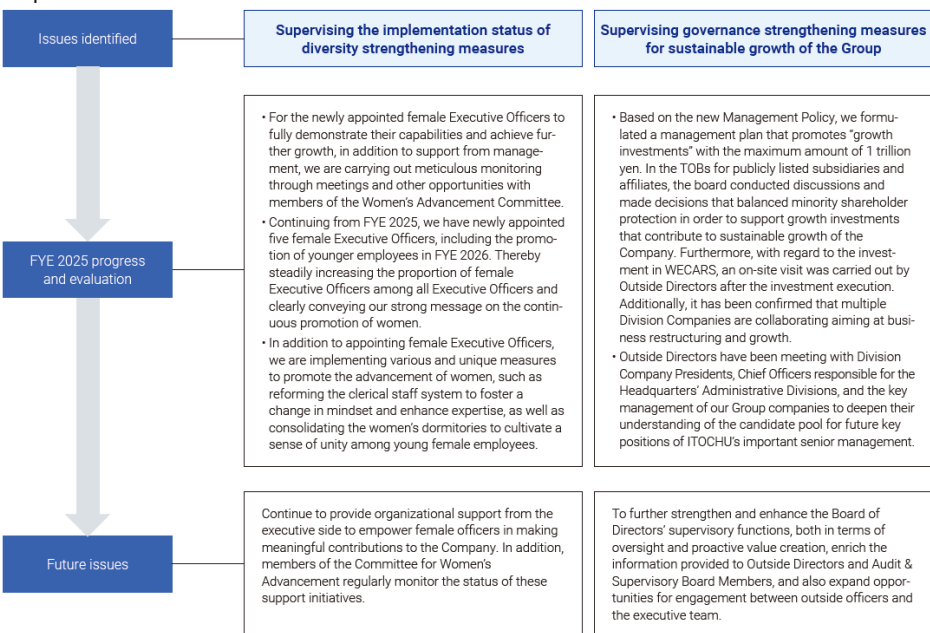
POINT As general trading companies with wide range of business domains, establishment of system and appointment of directors focused on substantive effectiveness. Decision-making for important projects is conducted referring diverse views.



Procedure for Evaluation of the Board of Directors

Respondents	All 11 Members of the Board and all 5 Audit & Supervisory Board Members in FYE 2025	
Implementation and Evaluation Method	Step 1: Enlist external consultants to conduct questionnaires and individual interviews with each member (anonymous responses) Step 2: Have external consultants compile and analyze respondents' answers Step 3: Conduct analysis at the Governance, Nomination and Remuneration Committee with reference to the compiled answers and analysis of the external consultants Step 4: Conduct analysis and evaluation at the Board of Directors	
Items Covered by Questionnaire	<ul style="list-style-type: none">• Structure of the Board of Directors• Role and duties of the Board of Directors• Information provision and training for Members of the Board and Audit & Supervisory Board Members• Structure of advisory committees to the Board of Directors, etc.• Operation status of the Board of Directors• Other important themes	

Response in FYE 2025 to Issues Identified in the FYE 2024 Evaluation



Discussion of Individual Cases: Example of the Privatization of DESCENTE LTD.

In FYE 2025, we executed a tender offer (TOB) with the aim of taking DESCENTE LTD. private. Our objective is to accelerate the company's growth by leveraging our expertise to strengthen brand management and production collaboration, enhance and expand its overseas business, and create new business opportunities. In advancing this initiative, the following two proposals were formally submitted to the Board of Directors: a policy proposal to commence negotiations, and an execution proposal requesting approval of a TOB price of ¥4,350 per share (total purchase amount: ¥182.6 billion) after a total of eight proposal submissions and related negotiations. Numerous questions and opinions were expressed by outside officers, leading to active and constructive discussions.

Main Opinions from Outside Directors	<ul style="list-style-type: none">• The need to build a DX foundation by learning from industry peers with strong market valuations• Importance of promoting initiatives to realize synergies and ensure the appropriateness of investment variance
Main Opinions from Outside Audit & Supervisory Board Member	<ul style="list-style-type: none">• Importance of realizing synergies with consideration for impairment risk• Importance of PMI• Importance of examining backup plans in case of deviations from synergy plans• Importance of negotiations that appropriately take into account capital market evaluations

Corporate Governance (2) – Activities of Outside Directors/Succession Plan –



POINT Through interviews with either officers and employees or various activities, deepening understanding of business, ensuring oversight of business execution, and providing practical recommendations aimed at further growth.

These activities also contribute succession plan, and foundation for discussion about organizational management etc.

Major Activities of Outside Directors (FYE 2025)

Details of Activities	
Board of Directors	13 times
Participate in Pre-briefings for the Board of Directors	10 times
Advisory Committee	7 times
Interviews with Executive Officers (Division Company Presidents, Officers in charge of Headquarters' Administrative Divisions, Senior Operating Officers, Executive Officers)	19 times (total 24 persons)
Meeting with the presidents of the Group companies	10 times
Meeting with analysts and institutional investors	2 times
Site visits to global operations and the Group companies	3 times

< Excerpts from Comments on Succession Plan >

- In FYE 2025, conducting interviews with over 20 Executive Officers and Group company presidents to gain a multifaceted understanding of management candidates-their abilities, achievements on the front lines, and their reputations among peers.
- Among all outside directors, sharing an image of the future management team that considers not only professional backgrounds and performance but also character, mental resilience etc. through dialogues.
- With numerous Group companies, ITOCHU provides opportunities for employees to gain management experience from a young age.
- More than 90% of approximately 260 Group companies are profitable, which is a distinctive strength, and demonstrates that our future management talent pool, grounded in the “merchant” spirit, can deliver results even in rapidly changing environments.



Outside Director, Ms. Ito

Diverse activities serving “foundation” for decision-making and organizational management



Outside Director, Mr. Kawana

Suggestions for improvement based on diversity of perspectives, or mindful of public scrutiny, and importance of utilization of digital technology.



Outside Director, Ms. Nakamori

Maximizing labor productivity and enhancing corporate value through the promotion of women’s advancement.



Outside Director, Mr. Ishizuka

Various activities supporting identification of management talent for succession plan.

Corporate Governance (3)

– Corporate Officer Remuneration/Policy on the Governance of Listed Subsidiaries and Affiliates–



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Enhancement of corporate value increase through remuneration system closely linked to business performance and stock price.

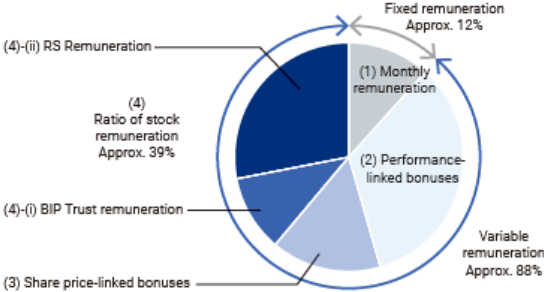
Q. What is the ratio of fixed to variable remuneration?

A. We have adopted a corporate officer remuneration system where the proportion of variable compensation, closely linked to the business performance and share price, is extremely high. In FYE 2025, variable remuneration (the total of performance-linked bonuses, share price-linked bonuses, and performance-linked stock remuneration) accounted for approximately 88% of remuneration for Internal Directors, with fixed remuneration held to around 12%. This structure ensures a stronger alignment between management and shareholder profits.

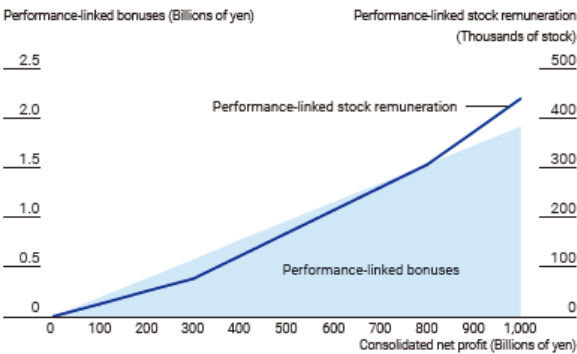
Q. How is remuneration linked to performance?

A. If consolidated net profit falls into a deficit, no variable remuneration (performance-linked bonuses or performance-linked stock remuneration) is paid under our strict system. (2) Performance-linked bonuses increase in proportion to net profit, and (4) performance-linked stock remuneration increases stepwise with profit levels. As a result, differences in compensation amounts due to business performance fluctuations are clearly linked to executive incentives.

Composition Image of Remuneration for Directors (Excluding Outside Directors) (FYE 2025)



Approach of Performance-Linked Remuneration... (2), (4)

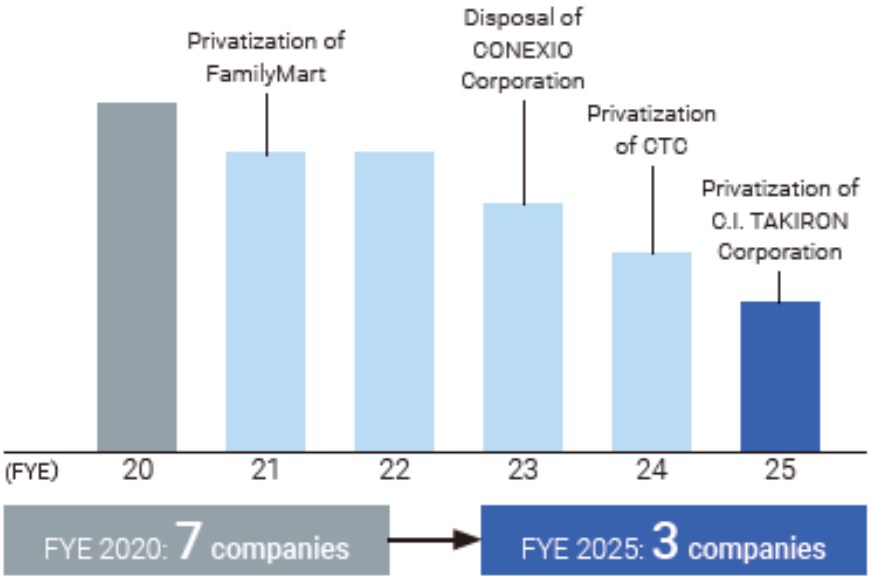


* Indicates the total amount of bonuses and the number of stock compensation shares granted to internal Directors, based on the composition of internal Directors for FYE 2026.

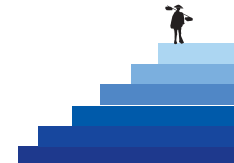
POINT

Rigorously reviewing the significance of holding listed subsidiaries and affiliated companies and establishing well-functioning governance. Regarding cross-shareholdings, utilizing them to expand business fields while limiting holding to those where investment return such as synergies are anticipated and strategic significance of holding has been verified.

Listed Subsidiaries Numbers



Performance Trends of Major Group Companies



POINT Alongside business expertise built upon our long history, each of our Group companies—particularly in non-resource sectors—has achieved remarkable growth, which has contributed to the formation of our current portfolio.

(Billions of yen)	Ownership (As of the end of March 2025)	Relationship with our Company	BND 2012	BND 2014	BND 2017	BND 2020	BND 2023	The Brand-new Deal
			FYE2011	FYE2015	FYE2018	FYE2021	FYE2024	FYE2025
DESCENTE LTD.	100.0%	We started our investment in 1971. The company became an equity-method affiliate in 2008. In 2019, we strengthened our management involvement through a TOB. The company was privatized in 2025 through another TOB in 2024.	Non-disclosed	Non-disclosed	1.4	1.6	5.3	7.0
Tokyo Century Corporation	30.0%	We were involved in the establishment of Century Leasing System Inc. in 1969. The company was listed in 2003 and integrated with Tokyo Leasing Co., Ltd.*1 in 2009. The company changed its name in 2016.	4.0	9.1	12.5	13.5	23.4	23.1
YANASE & CO., LTD.	90.5%	We started our investment in 2003. The company became an equity-method affiliate in 2008 and was converted to a subsidiary in 2017. Since then, we have gradually increased our share.	Non-disclosed	Non-disclosed	3.7	4.6	12.8	13.1
ITOCHU Minerals & Energy of Australia Pty Ltd	100.0%	We have been involved in the Western Australia iron ore business with BHP since the development of the Mt Whaleback mine in 1967, achieving the first shipment in 1969. The company was established in 2004 through the integration of resource development businesses, including iron ore and coal.*2	80.1	42.3	62.3	90.6	166.9	127.3
Marubeni-Itochu Steel Inc.	50.0%	The company was established in 2001 through the spin-off and merger of the respective steel divisions of Marubeni Corporation and ITOCHU.	6.8	12.8	9.2	8.7	40.1	25.7
ITOCHU ENEX CO., LTD.	55.6%	The company was established in 1961 as Itochu Fuel Corporation to market products from the Mizushima Refinery of Nippon Mining Co., Ltd. The company was listed in 1978 and changed its company name to current name in 2001.	2.2	2.8	6.0	6.6	7.4	9.4
ITOCHU CHEMICAL FRONTIER Corporation	100.0%	ITOCHU Techno-Chemical Inc.*3 was established in 1971. In 1979, the Fine Chemical Department of ITOCHU was spun off and established as ITOCHU Fine Chemical Corporation. The two companies were merged in 2005 to form the current entity.	2.0	3.1	3.7	4.7	8.2	9.1
NIPPON ACCESS, INC.	100.0%	We acquired shares of Yukijirushi Access Co., Ltd. from Snow Brand Milk Products Co., Ltd. and entered a capital and business alliance in 2001. In 2002, through additional share acquisitions, the company became an equity-method affiliate. The company changed name to its current name in 2004. Converted to a subsidiary in 2006, making it a wholly owned subsidiary in 2019.	6.5	8.6	9.8	7.1	21.0	23.8
FUJI OIL CO., LTD.*4	43.9%	We established in 1950 through the spin-off of the Osaka mill of Fuji Sanshi as an oil extraction business using palm oil. Listed in 1961.	2.5	2.4	4.2	2.4	0.7	(1.9)
ITOCHU LOGISTICS CORP.	100.0%	We transferred a textile warehouse in Naniwa-ku, Osaka, and established C. ITOH WAREHOUSE & TRANSPORT CO., LTD. in 1961. Listed in 1994. The company was privatized through TOB in 2009.	0.7	1.9	2.7	3.0	6.1	5.6
DAIKEN CORPORATION	100.0%	The forestry department of Daiken Sangyo Co., Ltd.*5 was spun off and established as DAIKEN Wood Industry Co., Ltd. in 1945. The company was listed in 1949 and changed company name in 1967*6. The company was privatized through TOB in 2023.	0.2	0.7	1.6	2.0	5.2	6.6
ITOCHU Techno-Solutions Corporation	99.95%	C. ITOH Data Systems Co., Ltd.*7, established in 1972, and Tokyo Electronic Computing Service Co., Ltd.*8, established in 1958, were merged in 2006. The company was privatized through a TOB in 2023.	6.3	10.2	13.6	17.8	37.6	50.5
FamilyMart Co., Ltd.	94.7%	We started our investing in 1998 (as an equity-method affiliate). Converted to a subsidiary in 2018. The company was privatized through TOB in 2020.*9	4.0	8.1	11.8	(16.7)	41.8	69.8
Orchid Alliance Holdings Limited	100.0%	We established in 2015 jointly with the CP Group for the purpose of investing in CITIC.	—	—	67.9	72.5	98.3	114.1

*1 The company's name at the time of its integration was Century Tokyo Leasing Corporation. *2 The company's name at the time of its establishment was CI Minerals Australia Pty. Ltd.

*3 Originally established as Ando Kaseihin KK. *4 The company changed its name from FUJI OIL HOLDINGS INC. as of April 1, 2025.

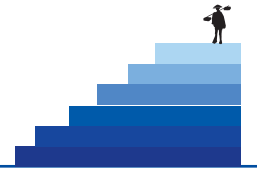
*5 The company was established in 1944 through the integration of Marubeni Corporation, ITOCHU, and other companies under wartime controls. In 1949, it was split again into separate companies, including ITOCHU.

*6 The company changed its name after merging with DAIKEN Wallboard Industry Co., Ltd., in which we also had share.

*7 After established by ITOCHU, integrated with ITOCHU Techno-Science Corporation in 1989 and listed in 1999.

*8 We were involved in its establishment, and after several name changes, listed in 2000. In 2001, the company changed its name to CRC Solutions Corp.

Dialogue with Stakeholders



POINT In our IR activities, we actively address key themes and implement the PDCA cycle.

We are continuously strengthening our dialogue and disclosure efforts to enhance corporate value through effective IR activities.

IR Activities Themes for FYE 2025

(1) Strengthening dialogue with overseas investors	<ul style="list-style-type: none">• Significantly increased the number of individual meetings with overseas institutional investors, and achieved a record high of 605 meetings• Significantly increased the proportion of overseas active institutional investors
(2) Renewal of financial disclosure materials (Enhanced disclosure)	<ul style="list-style-type: none">• Redesigned the format of financial disclosure materials• Expanded quarterly disclosure content based on investor feedback
(3) Expansion of IR events	<ul style="list-style-type: none">• Created new opportunities for dialogue between Outside Directors and analysts and institutional investors• Increased the frequency of business briefings (North American power business, DESCENTE)• Held the integrated report briefing (5th) in a large meeting format

Trend of numbers of meetings

	FYE 2023	FYE 2024	FYE 2025
Individual meetings with analysts and institutional investors	333 times	426 times	605 times
–Overseas	107 times	201 times	339 times
–Domestic	226 times	225 times	266 times