

December 2, 2022

This document is an English translation of a statement written initially in Japanese. The Japanese original should be considered as the primary version.

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**Announcement of Succession of Business through a Company Split of ITOCHU Corporation and of its
Subsidiary (Simplified Absorption-type); and Transfer of Shares (Change in Subsidiary)**

ITOCHU Corporation (hereinafter “ITOCHU”) hereby announces that it has resolved at its Board of Directors’ meeting held today to conclude an absorption-type company split agreement whereby ITOCHU and its wholly owned subsidiary, IP Kanri Co., Ltd. (hereinafter “IPK”) will have Ito Ippeki Management Service Co., Ltd. (hereinafter “Ito Ippeki Management Service”), which was newly established by ITOCHU, succeed to the villa area management business relating to the Ippeki Villa Area (hereinafter the “Business”) through a company split (hereinafter the “Company Split”); and to conclude a share transfer agreement whereby all of the shares of Ito Ippeki Management Service will be transferred to FJ Next Co., Ltd. As the Company Split at ITOCHU and IPK is a simplified absorption-type company split, disclosure items and details are partially omitted in this announcement.

1. Purpose of the Company Split and the Share Transfer

As a part of the “selection and concentration” of the real estate business within ITOCHU group, ITOCHU decided to sell the Business to FJ Next Co., Ltd. which is engaged in real estate development as its principal business in the Tokyo metropolitan area, Yokohama-shi and Kawasaki-shi in Kanagawa, and the Izu area in Shizuoka. The FJ Next group operates a real estate management business and construction business, and also manages Japanese inns in the Izu area; and synergies with the Business are also expected. Therefore, ITOCHU and IPK respectively decided to have Ito Ippeki Management Service succeed to the Business in its entirety through a company split, and ITOCHU will transfer all of the shares of Ito Ippeki Management Service to FJ Next Co., Ltd.

2. Outline of the Company Split

(1) Timeline for the Company Split and share transfer

December 2, 2022	Board of Directors' meeting to approve the absorption-type company split agreement (ITOCHU)
	Board of Directors' meeting to approve the absorption-type company split agreement (IPK)
	Date of conclusion of the absorption-type company split agreement
	Date of conclusion of the share transfer agreement
February 1, 2023	The effective date of the absorption-type company split (tentative)
	Date of the share transfer (tentative)

(Note) ITOCHU and IPK will conduct the Company Split without the shareholders meeting's approval pursuant to Article 784, paragraph 2 of the Companies Act.

(2) Method of the Company Split

The Company Split is an absorption-type company split where ITOCHU and IPK will be respectively the splitting companies, and Ito Ippeki Management Service will be the succeeding company.

(3) Details of allocation related to the Company Split

No shares or other property will be delivered upon the Company Split.

(4) Handling of share options and corporate bonds with share options upon the Company Split

ITOCHU and IPK have not issued any share options and corporate bonds with share options.

(5) Capital to be increased/decreased upon the Company Split

The amount of capital of ITOCHU and IPK will not be increased or decreased due to the Company Split.

(6) Rights and obligations to be succeeded to by the succeeding company

Ito Ippeki Management Service will succeed to the respective assets, liabilities, and other rights and obligations of ITOCHU and IPK related to the Business as of the effective date.

(7) Probability of performing obligations

ITOCHU determines that on and after the effective date of the Company Split, there will be no problem as to the certainty of performing the obligations that should be performed by ITOCHU and IPK, and Ito Ippeki Management Service.

3. Overview of the parties of the Company Split

	Splitting companies		Succeeding company
1) Company name	ITOCHU Corporation	IP Kanri Co., Ltd.	Ito Ippeki Management Service Co., Ltd.
2) Head office	Kita-ku, Osaka-shi, Osaka	Chuo-ku, Tokyo	Ito-shi, Shizuoka
3) Name and title of the representative	Keita Ishii, Representative Director and President and Chief Operating Officer	Nagamasa Hirano, Representative Director and President	Hironori Izumi, Representative Director
4) Description of business	General trading company	Villa area management service, residential area management service, etc.	Villa area management service, etc.
5) Capital stock	253,448 million yen	10 million yen	1 yen
6) Date of incorporation	December 1, 1949	June 30, 1983	November 25, 2022
7) Number of shares issued	1,584,889,504 shares	200 shares	1 share
8) Fiscal year-end	March 31	March 31	March 31
9) Major shareholders and their percentage of shareholdings*	The Master Trust Bank of Japan, Ltd. (trust account) :16.60%	ITOCHU Urban Community Co., Ltd.: 100%	ITOCHU Corporation: 100%
	Custody Bank of Japan, Ltd. (trust account):5.82%		
	EUROCLEAR BANK S.A. /N.V. :5.62%		
10) Relationships between the parties			
Capital	IPK is a wholly-owned subsidiary of ITOCHU Urban Community Co., Ltd. that is a wholly-owned subsidiary of ITOCHU. Ito Ippeki Management Service is a wholly-owned subsidiary of ITOCHU.		
Personnel	Out of the five directors of IPK, one is an employee of ITOCHU, two are directors of ITOCHU Urban Community Co., Ltd., and two are former ITOCHU employees. The director of Ito Ippeki Management Service is an employee of ITOCHU.		
Transactions	ITOCHU conducts the sale of housing units and holds common facilities, and then entrust their operation and management to IPK.		
Status of related parties	IPK is a wholly-owned subsidiary of ITOCHU Urban Community Co., Ltd., a wholly-owned subsidiary of ITOCHU and Ito Ippeki Management Service is also a wholly-owned subsidiary of ITOCHU; therefore, they are related parties.		

(*) Data for ITOCHU and IPK are as of September 30, 2022; data for Ito Ippeki Management Service are as of November 30, 2022.

4. Financial conditions and operating results of the splitting companies for the previous fiscal year (Unit: million yen, unless otherwise noted)

	ITOCHU (splitting company (consolidated))	IPK (splitting company)
Fiscal year-end	Fiscal year ended March 2022	Fiscal year ended March 2022
Total assets	12,153,658	220
Total shareholders' equity	4,199,325	97
Shareholders' equity per share (yen)	2,857.50	486,450.44
Revenues	12,293,348	329
Trading income	582,522	24
Net profit attributable to ITOCHU	820,269	10
Basic earnings per share attributable to ITOCHU (yen)	552.86	49,572.27
Dividend per share (yen)	110	-

(Note) Ito Ippeki Management Service was established on November 25, 2022, and its first fiscal year has not yet ended.

5. Outline of the business to be split

(1) Details of the business to be split

Villa area management business relating to the Ippeki Villa Area

(2) Operating results of the business to be split (Fiscal year ended March 2022)(Unit: million yen)

	ITOCHU (splitting company(non-consolidated))			IPK (splitting company)		
	The Business	All businesses	Percentage	The Business	All businesses	Percentage
Revenues	145	3,317,288	0.004%	134	329	40.9%

(Note) Revenues do not include consolidation adjustments.

(3) Items and amounts of assets and liabilities to be split (Fiscal year ended March 2022) (Unit: million yen)

ITOCHU (splitting company)					
Assets			Liabilities		
Current assets		2,048	Current assets		13
Fixed assets		1	Fixed assets		1,685
Total		2,049	Total		1,698

IPK (splitting company)			
Assets		Liabilities	
Current assets	9	Current assets	25
Fixed assets	9	Fixed assets	6
Total	18	Total	31

(Note) The assets and liabilities to be split will be finalized after any and all changes to the above amounts have been made by the day prior to the day of the split.

6. Status of ITOCHU, IPK, and Ito Ippeki Management Service after the Company Split

There will be no changes in the company name, head office, name and title of the representative, description of business, capital stock, and fiscal year-end of ITOCHU and IPK. There will be no change in the company name, head office, description of business, capital stock, and fiscal year-end of Ito Ippeki Management Service; however, the representative is scheduled to be changed to Tatsumi Yamamoto, President and Representative Director (Executive Officer, Headquarters of Administration Division and General Manager of General Affairs and Accounting Department, FJ Next Holdings Co., Ltd.), as of the same date by resolution of the Board of Directors and the General Meeting of Shareholders to be held on February 1, 2023.

7. Overview of Transfer of Shares

	Transferee of shares (As of October 1, 2022)
1) Company name	FJ Next Co., Ltd.
2) Head office	Shinjuku-ku, Tokyo
3) Name and title of the representative	Yukiharu Hida, President and CEO
4) Description of business	Real estate planning and development, sales, and brokerage
5) Capital stock	100 million yen
6) Date of incorporation	April 1, 2021
7) Number of shares issued	4,000 shares
8) Fiscal year-end	March 31
9) Major shareholders and their percentage of shareholdings	FJ Next Holdings Co., Ltd. :100%
10) Relationship with ITOCHU	There is no relationship in terms of capital, personnel, and transactions. FJ Next Co., Ltd. is not a related party of ITOCHU.

(Note) Due to the confidentiality agreement, the transfer price is not disclosed.

8. Forecast of consolidated operating results for the fiscal year ending March 2023

The impact of this matter on the net profit attributable to ITOCHU for this fiscal year is not significant and the full-year forecast of the net profit attributable to ITOCHU remains unchanged from 800 billion yen for the fiscal year ending March 31, 2023.