

Non-Resource Ratio of Profit
(FYE 2011 → FYE 2024)
42% ▶ 75%

Profit Scale per Group Company
(FYE 2011 → FYE 2024)
¥0.5 billion ▶ ¥2.8 billion

CAGR
(FYE 2011 → FYE 2024)
13%

Consolidated
Net Profit

11 12 13 14 15 16 17 18 19 20 21 22 23 24 (FYE)

Since FYE 2011, we have achieved high profit growth with a compound annual growth rate of 13%. To sustain medium- to long-term growth moving forward, it is crucial to consistently set the steppingstones. In this section, we highlight the focus points for growth investments, which is key for our Management Policy, and our business development as part of our evolving business model. Additionally, we explain how we create business based on a market-oriented perspective, leveraging our strengths, by providing specific examples.

SECTION 03

INCREASE GROWTH RATE

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Component of the Corporate Value Calculation Formula focused on in this section



What is the role of the newly established CXO position?

My role as Chief Transformation Officer is to forcefully promote the transformation of the ITOCHU Group as a whole, without being bound by existing frameworks.

CXO stands for Chief Transformation Officer. My role is to control business transformation in the Group as a whole, and also encompasses the responsibilities of the previous CDO-CIO* position. I also serve as the head of the Group CEO Office, which was established in 2023 to strengthen Group management. We often encounter the terms digital transformation (DX) and green transformation (GX), but the scope of transformation overseen by the CXO is not limited to any specific field. I am responsible for transforming not only the way we work but also redefining the core mechanisms of all our businesses, as well as the way they are created in the first place. Digital capabilities are undoubtedly the most important tool to transform the way we work. In 2018, ITOCHU launched the Business Intelligence Competency Center (BICC), which specializes in supporting data analysis and utilization. In 2023, we established the Generative AI Research Lab to support the development of new businesses and transform businesses using generative AI, such as ChatGPT. Centered on these organizations, we have continuously focused on operational efficiency and advanced data utilization. We reduced the time spent on general administrative tasks, mainly in the back office, by the equivalent of around 200,000 hours annually, achieving a dramatic enhancement in productivity. However, I believe that the possibility of utilizing digital capabilities, which had significantly contributed to the “cut” principle of the “earn, cut, prevent” principles, is now expanding to the “earn” principle moving forward, especially to sales activities and business investments, which are closer to the front lines of business creation. I have held various positions in the field of corporate

planning, such as CSO and General Manager of Corporate Planning & Administration Division, so I have an advantage in terms of insight on how ITOCHU creates businesses, as well as their mechanisms. By combining these insights with evolved digital capabilities, or, in other words, connecting digital capabilities to the “earn” principle, I intend to drive a transformation unlike any other in our growth trajectory to date.

* CDO-CIO: Chief Digital & Information Officer

You were recently appointed Chair of the Investment Consultative Committee. What is important when accelerating growth investments?

We will shape promising investment opportunities by complementing our functions with partners and bringing together the knowledge and insights of our business and administrative divisions.

We have no intention of loosening our investment discipline. We will continue to thoroughly practice the Four Lessons for Investments learned from past investment failures. These lessons are designed to prevent, 1. Overpaying for investments; 2. Investments aimed at seizing profit from investees; 3. Overdependence on and overconfidence in partners; and 4. Fields with limited insight. However, just as we state “No growth without investments” in the Management Policy, growth investments are indispensable if we are to continuously grow earnings at a high growth rate. The Company has taken on many investments deeply rooted in fields where we have expertise, for example by increasing our stakes in existing investments. Recently, however, there has been an increase in the number of projects where we work with optimal partners to complement each other’s functions, such as investing in Hitachi Construction Machinery Co., Ltd. with Japan Industrial Partners, Inc. and rebuilding of WECARS Co., Ltd. with J-Will Partners Co., Ltd.

Regarding projects that are challenging for us to undertake alone despite expectations of large profit contributions, we will work with a wide range of partners, including suppliers, customers, and investment funds, with the aim of achieving profitability over the medium to long term, and expanding the scope of our investments. In addition, we will take a more proactive approach to projects expected to not only enhance the business results of investees but also expand synergies across the entire Group, including other Group companies. To achieve this, it is necessary for the business divisions and administrative divisions to further unite and drive the projects forward together. In particular, it is important for the administrative divisions to not only perform negative checks to leverage business control function but also enhance their sensitivity to positive checks to further improve and refine projects. We will evolve into a structure in which both divisions work together to brainstorm ideas, such as changing schemes to alter cash flow and increase profit opportunities, thereby shaping promising investment opportunities. Our Management Policy, “The Brand-new Deal—Profit opportunities are shifting downstream,” builds on the foundation of the five consecutive medium-term management plans that started in FYE 2012. The basic policy of Brand-new Deal 2012, which served as the starting point for a series of management plans, advocated to “expand our scale of operations.” We will steadily conduct growth investments to maintain and accelerate our long-term growth trajectory.

What is the intention behind the concepts of “maximizing synergies by horizontal collaboration among Division Companies” and “business transformation and creation through business integration” in the Management Policy?

Horizontal collaboration and business integration

form the genuine growth strategy of general trading companies. We will continue realizing limitless possibilities.

While general trading companies operate businesses in a wide range of fields, breaking down silos has been a long-standing issue. Conducting business solely within the conventional vertically segmented industries limits the data that can be acquired and prevents us from adopting the true market-oriented perspective that our Company strives for. For example, railway companies are not solely engaged in train operations. They have also expanded into real estate, logistics, and retail sectors such as department stores and supermarkets. When engaging with these kinds of customers, proposals from a single Division Company are usually limited to that particular industry. This is the weakness of siloed businesses, but it also means that for general trading companies where vertical silos are deeply ingrained, there are undiscovered business opportunities. The CXO is responsible for connecting multiple Division Companies while involving The 8th Company, which aims to create new businesses through market-oriented perspective. In each Division Company, these on the front lines are deeply engaged in their daily tasks, and it is not easy to change their way of working or thinking overnight. My intention is to promote new innovative initiatives by supporting Merchants who have cultivated know-how on the front lines to advance toward a transformation from a broader perspective. Digital technologies will be key to this. Even in fields where we have yet to acquire expertise, we can use digital capabilities and gain a foothold to become familiar with these fields faster. In particular, the consumer sector where we have strong expertise is a treasure trove of data, and there is infinite room for transformation. Together with approximately 260 Group companies, we will drive transformation across the entire Group, to achieve a higher level of growth.

CXO INTERVIEW

Hiroyuki Naka

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

We aim to drive new growth unique to ITOCHU by accelerating business transformation through the advancement of digital transformation and by strengthening horizontal collaboration and business integration

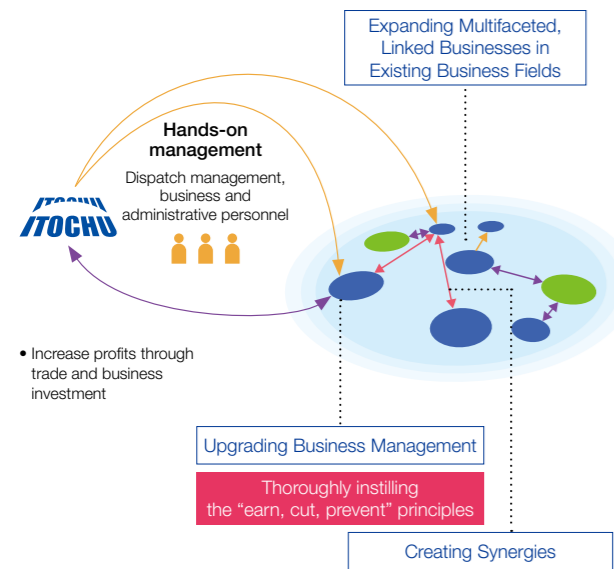


Our Business Model, as Seen through Business Development

ITOCHU leverages the accumulated capital and strengths to expand its business. By utilizing our organizational capabilities, business know-how, and client and partner assets, we drive the expansion of trade through value creation and promote business management based on our expertise. Through the dual approach of trade and business investment, we enhance the overall profitability of the Group. We also strengthen our earnings base by making timely strategic

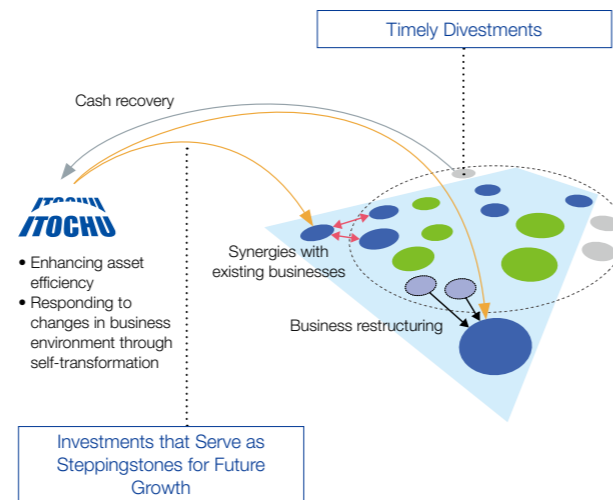
(1) Trade x Business Investment

We drive our business with trade and business investment as dual pillars, leveraging our accumulated financial and non-financial capital. We enhance the Group profitability by creating multifaceted, linked businesses through the acquisition of new trades and the generation of synergies, while simultaneously upgrading business management by thoroughly instilling the “earn, cut, prevent” principles and embracing hands-on management.



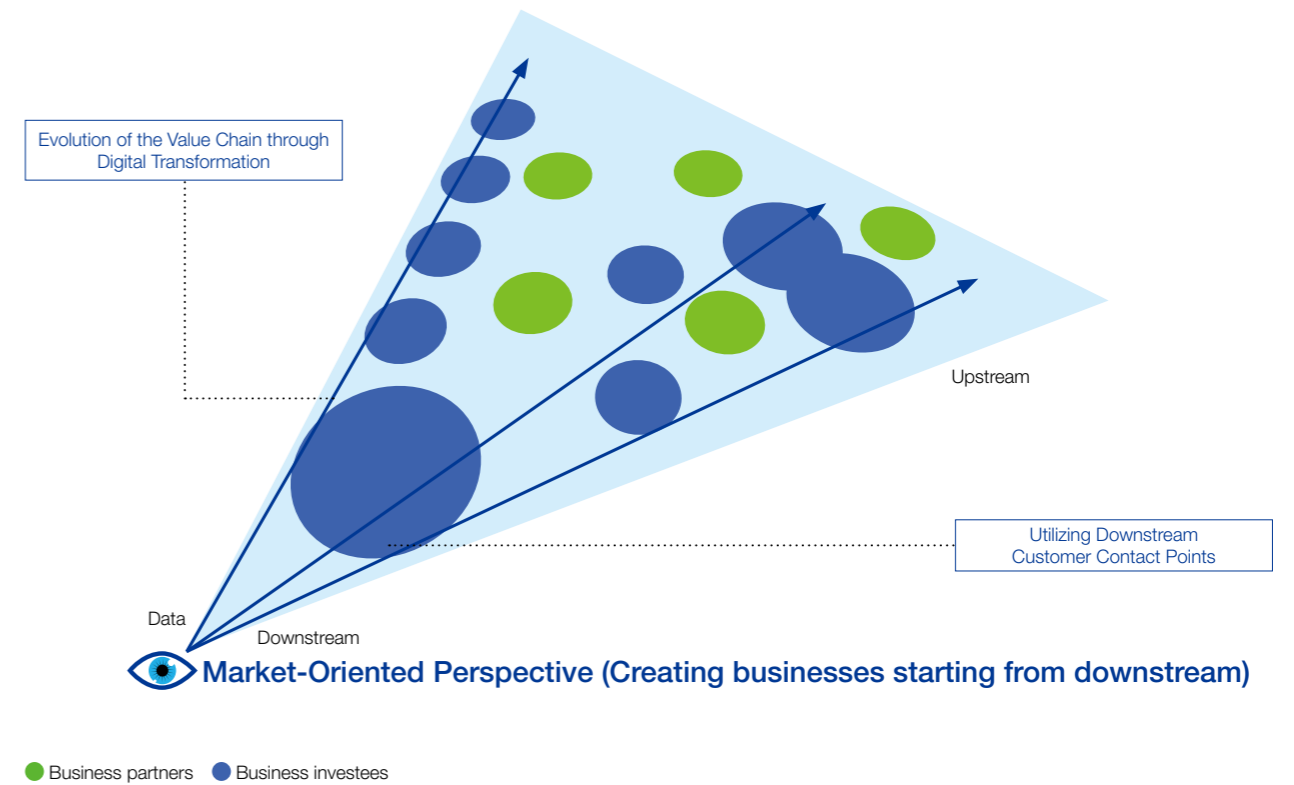
(2) Timely Asset Replacement

We precisely assess changes in the business environment and, from the standpoint of asset efficiency and risk management, we restructure or divest investments whose strategic significance has diminished. The funds recovered through these actions are reinvested into new strategic areas, building a more robust earnings base.

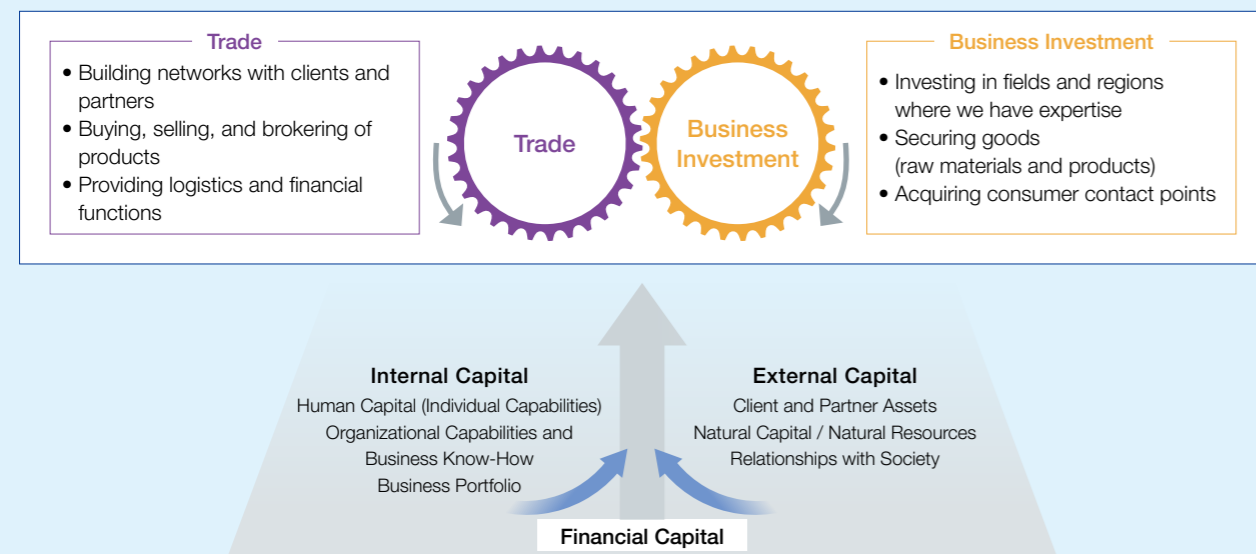


(3) Upgrading Our Business Model from a Market-Oriented Perspective

In all our businesses, we incorporate a market-oriented perspective, building a downstream-driven business model capable of responding to consumer needs and social demands. Furthermore, we aim to expand our earnings base and improve asset efficiency through optimization of the value chain by fully utilizing our real and digital customer contact points, and new technologies and data.



Expansion of Trading and Business Investment by Utilizing Financial and Non-Financial Capital



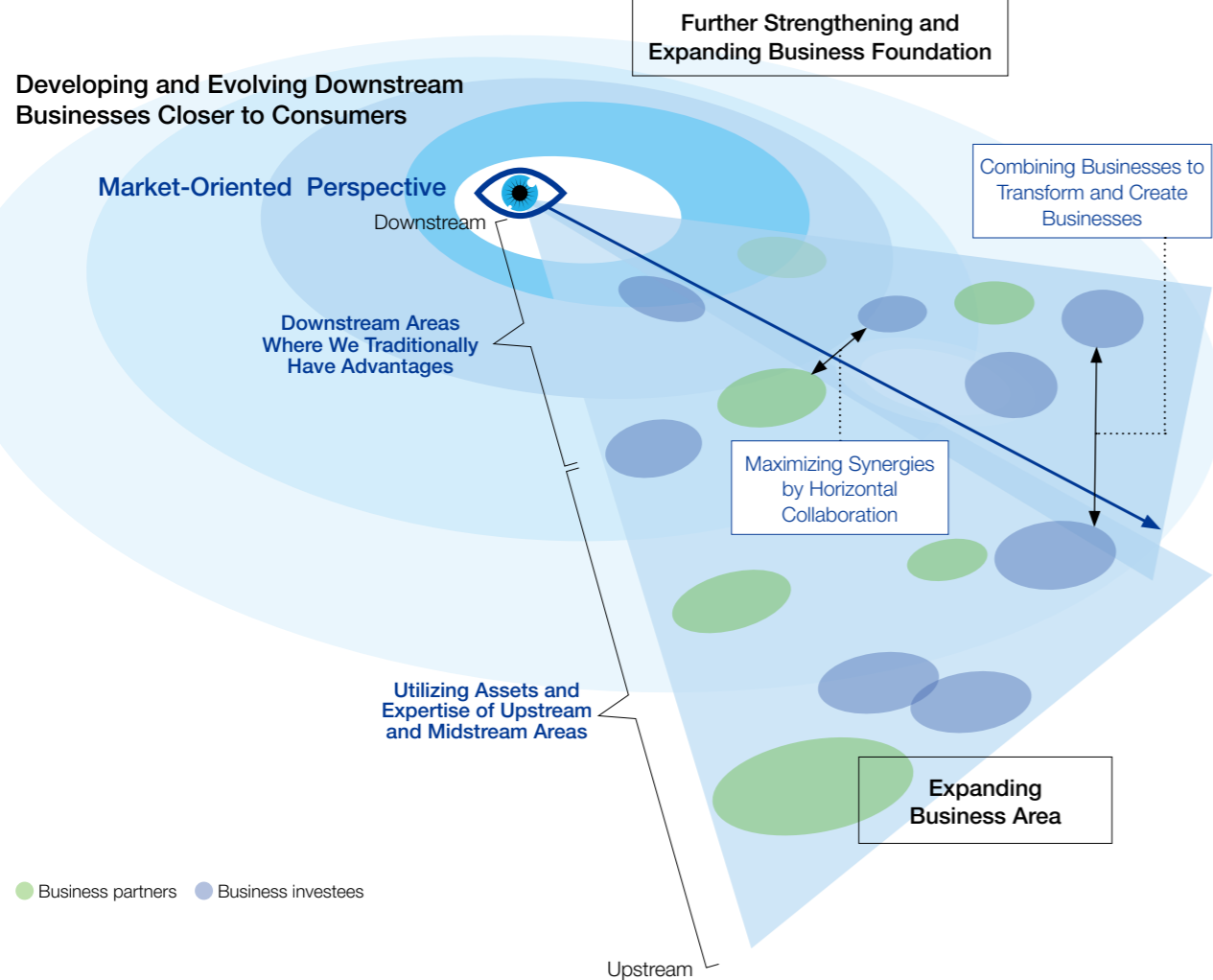
Differences between Typical Private Equity Funds, Typical Commodity Trading Companies, and ITOCHU

	Typical Private Equity Funds	ITOCHU
Investee Liquidity	In principle, unlisted	Either listed or unlisted
Investee Ownership Ratio	In principle, majority stake up to 100%	Decided individually, based on business conditions and market environment
Investee Ownership Period	Around five years with an exit strategy	Buy and hold
Personnel Secondment to Investee	Outside managers dispatched	ITOCHU personnel dispatched to management or frontline operations (Hands-on management style)
Synergies	In principle, none	Create synergies with existing businesses and expand business areas
Returns	Capital gains and dividends	Enhancing Group profitability including trading profits and dividends

	Typical Commodity Trading Companies	ITOCHU
Products Handled	In principle, upstream market-sensitive commodities	All types of products, from upstream to downstream
Nature of Trading	Trading for speculative purposes and / or based on actual demand	In principle, trading based on actual demand
Volatility of Returns	High	Low
Personnel Attributes	In principle, expertise in a single product	In addition to expertise in a single product, knowledge of peripheral businesses
Synergies	In principle, none	Creation of synergies through broad value chains

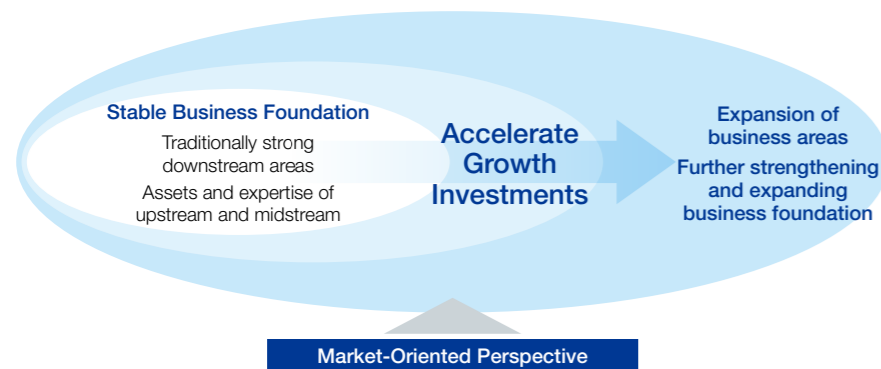
NEW Growth Strategy through Cross-Company Collaboration and Business Integration

To achieve further growth, we will develop and evolve downstream businesses that are closer to consumers, based on a market-oriented perspective. We will not only focus on the downstream areas where we traditionally have advantages but also fully utilize assets and expertise in the upstream and midstream areas. By maximizing synergies through horizontal collaborations among Division Companies and integrating different businesses, we will drive business transformation and creation. With these goals in mind, we aim to accelerate growth investments that contribute to medium- to long-term profit and expand synergies beyond our investment targets. This will enable us to expand our business domains and further strengthen and enhance our business foundation.



From the Management Policy: "No Growth without Investments"

(▶ Page 28 Management Policy)



Our Management Policy emphasizes accelerating growth investments to enhance our earnings base to the next level. We will leverage the capabilities and expertise within our Group, while collaborating with our business partners to explore investments in areas adjacent to our existing businesses. Additionally, we will pursue investments not only in downstream areas but also those that address societal needs, as well as in upstream and midstream areas that foster the growth of our downstream businesses.



Special Feature Creating Businesses by Leveraging Our Strengths – Business Concepts and Means –

ITOCHU has sustained value creation by focusing on fields where it can demonstrate strengths and by creating and expanding multifaceted, linked businesses. In this special feature, we highlight specific examples of how ITOCHU is driving profit growth while strengthening our business foundation. This is achieved by thoroughly implementing the business concepts of a market-oriented perspective and the business means of "earn, cut, prevent," which are fundamental to our business. In particular, we break down our market-oriented perspective into three categories—"From a downstream," "Initiatives," and "Good foresight"—and present the key points of each case through these lenses.

Business Concepts
Market-Oriented Perspective

From a Downstream
Creating business starting from a downstream

Providing high-value-added products, services, and features, being market-conscious

Initiatives
Enhancement of functions in the value chain
Expansion of peripheral business areas

Expanding functionality by leveraging existing strengths and establishing a position in the value chain

Good Foresight
Expansion into areas where strengths can be leveraged

Identifying areas of expertise, growth and broad-based areas, and making investments

Business Means
"Earn, Cut, Prevent"

Hands-on
Strengthening of front-line capabilities
Carefully refine each business

Dispatching highly trained talent to the investee, refining operations, and expanding profit

Lean Management
Secure a firm foundation to be prepared for changes and risks

Without growing overconfident even with good results, thoroughly conducting management while always anticipating the worst-case scenario

The Four Lessons for Investment
Strive management to never repeat the mistakes

Preventing
(1) Overpaying for investments; (2) Investments aimed at seizing profit from investees; (3) Overdependence on and overconfidence in partners; (4) Fields with limited insight

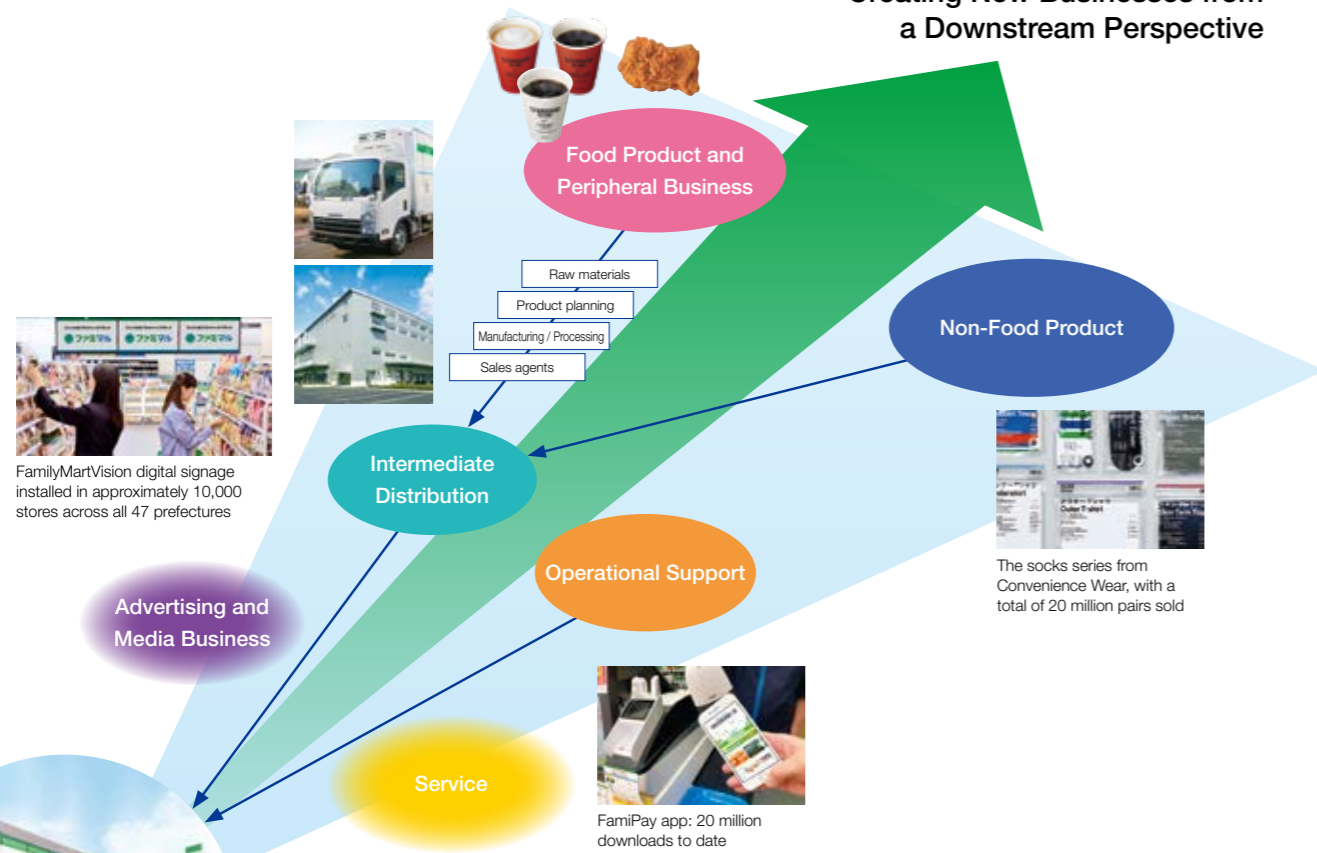
Market-Oriented Perspective



Expanding the Group's Earnings Base by Leveraging Combined Strengths, Centered on FamilyMart

With our strengths in the consumer sector, ITOCHU is enhancing collaboration with Group companies to build a robust value chain from downstream to upstream, centered around FamilyMart, which operates our convenience store business. Leveraging FamilyMart's daily interaction with 15 million consumers, we not only strengthen product procurement and sales but also enhance value and broaden the product range across the entire value chain. Furthermore, by creating new businesses such as advertising and media business using digital signage as well as the FamiPay app and other financial businesses, we aim to expand the earnings base of the entire Group.

Strengthening Product Capabilities and Creating New Businesses from a Downstream Perspective



FamilyMartVision digital signage installed in approximately 10,000 stores across all 47 prefectures

The socks series from Convenience Wear, with a total of 20 million pairs sold

FamiPay app: 20 million downloads to date

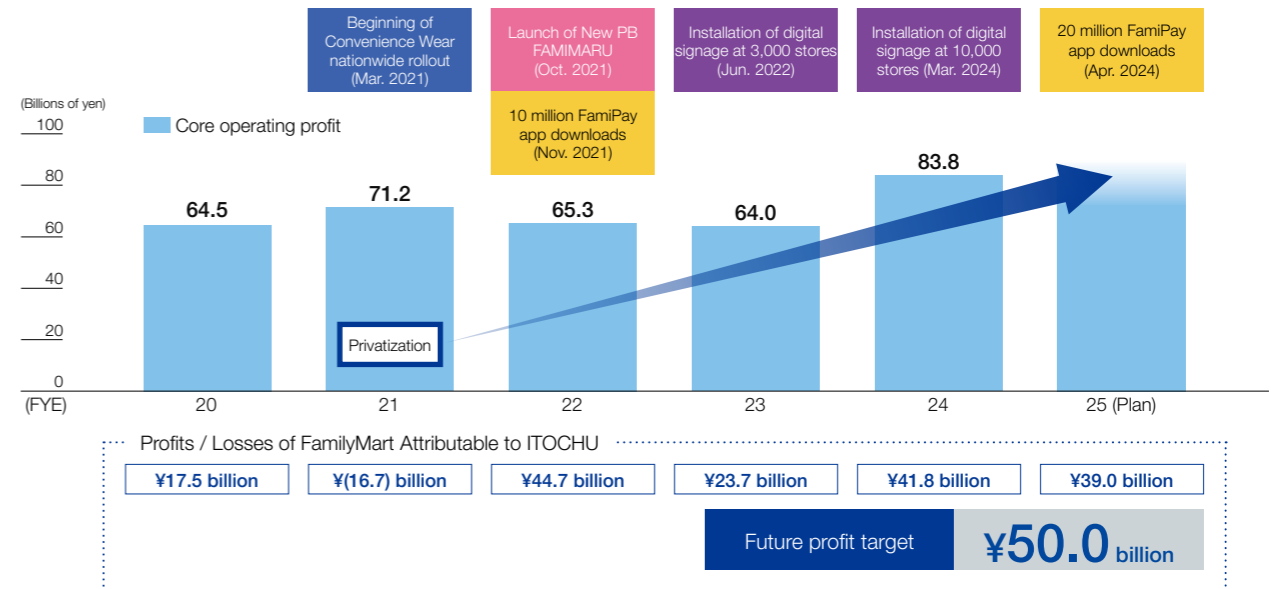
Major Products and Services Provided by ITOCHU Group (ITOCHU, Subsidiaries, and Affiliates) and ITOCHU's Business Partners

Targeting Advertisement Digital Signage ■ Data One Corp. ■ Gate One Corp.	Wholesale and Logistics ■ NIPPON ACCESS, INC. ■ ITOCHU LOGISTICS CORP.	Delivery Vans Fuel (Renewable Diesel) ■ ITOCHU ENEX CO., LTD. ▲ NIPPON CAR SOLUTIONS CO., LTD.	Ready-to-Eat Products (Rice Balls, Boxed Lunches, etc.), FAMICHIKI (Fried Chicken), Coffee, Bananas, Soy Meat and General Raw Materials for Confectioneries, etc. ■ Japan Food Supply Co., Ltd. ■ ITOCHU Food Sales and Marketing Co., Ltd. ■ ITOCHU FEED MILLS CO., LTD. ■ UNEX (GUATEMALA), S.A., etc. ■ Dole ▲ FUJII OIL CO., LTD. ◆ CP Group ● ITOCHU etc.
FamiPay (Payment Function, Pay in Next-Month, Retail Finance), Famima T Cards ■ Famima Digital One Co., Ltd. ■ POCKET CARD CO., LTD.	Systems, Contact Centers, and Electricity Supply ■ CTC ▲ BELLSYSTEM24, Inc. ■ ITOCHU Plantech Inc.	Convenience Wear ● ITOCHU Supplies and Daily Necessities ■ ITOCHU Retail Link Corporation ■ Sanipak Company Of Japan, Ltd.	Wrapping Films and Containers ■ ITOCHU PLASTICS INC.

■ Subsidiary ▲ Affiliated company ◆ Business partner ● ITOCHU

Trends in FamilyMart's Core Operating Profit

Since FamilyMart's privatization in FYE 2021, we have strengthened hands-on management. By implementing product strategies and promotions that meet customer needs through a market-oriented perspective, daily sales have surpassed the previous year's same month for 35 consecutive months as of July 2024. Additionally, core operating profit* reached a record high in FYE 2024, driven by increased daily sales, a higher proportion of PB products, enhanced store efficiency through digitalization, and early development of advertising and media businesses ahead of competitors.



* 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

A New Challenge to Break through the Conventional Expectations of Convenience Stores — Convenience Wear —

From March 2021, we have started the nationwide expansion of our PB products, focusing on clothing and general goods, under the concept of "Good materials, good technologies, good design." With the supervision of global fashion designer Hiromichi Ochiai, we developed products that achieve both comfort and eco-consciousness by using sustainable materials such as recycled polyester, while maintaining high design quality. Our flagship product Line Socks have garnered attention on social media, and since launching in March 2021, the total number of socks sold has surpassed 20 million pairs. We are enhancing our product lineup, as demonstrated by the industry's first fashion show, Fami-Fest, held in November 2023, and the joint development and sales of stationery with KOKUJO Co., Ltd.



Concept image of Convenience Wear



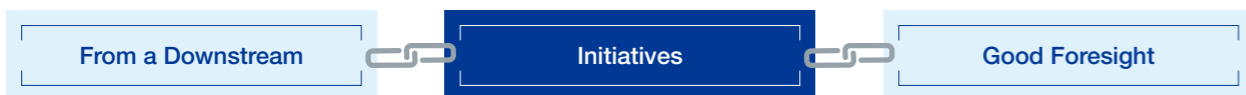
The industry's first fashion show, Fami-Fest

In the development of clothing, we leverage our robust business foundation in textile fields to support raw material procurement and the establishment of production systems. Going forward, we will continue to support various initiatives of FamilyMart, centered around The 8th Company, that challenge the conventional expectations of convenience stores.

Overseas Expansion for Further Growth of FamilyMart

FamilyMart has expanded into six Asian countries and regions (Taiwan, China, Malaysia, Indonesia, Vietnam, and the Philippines) and operates around 8,000 stores outside of Japan. In March 2024, we reached a basic agreement with our Chinese business partner, the Ting Hsin Group, regarding a business restructuring aimed at expanding the FamilyMart business in China. Upon completion of the relevant procedures, the business entities will be divided by region between the Ting Hsin Group and FamilyMart. This will clarify management responsibilities and speed up decision-making. By fully leveraging our Group's extensive expertise and network built over many years in the Chinese market, we aim to accelerate our business expansion in China, the world's largest consumer market.

Market-Oriented Perspective



Accelerating the Growth and Expanding Business of CTC through the Digital Value Chain Strategy

Even after the resolution of the COVID-19 pandemic, demand remains strong for business model transformation driven by digital transformation (DX), and this momentum continues to grow daily. Particularly, the emergence of diverse solutions utilizing generative AI is having a significant impact on business and corporate practices, driving further evolution in DX. Amid this trend, the IT industry is sustaining a high growth rate; however, the competitive environment is intensifying due to the entry of companies from different industries, coupled with an increasingly severe shortage of IT human resources. In this environment, we executed a tender offer for CTC in 2023, taking it private. Together with CTC, we aim to implement growth strategies more agilely, accelerate our digital value chain strategy through collaboration with the group of digital businesses we have built, and further strengthen our earnings base.

Business Expansion Leveraging the True Value of CTC

The ICT & Financial Business Company is a key segment that represents a major strength of ITOCHU, with significant growth potential. At the core of this segment is CTC, a leading system integrator in Japan. CTC has grown by accumulating advanced technological expertise and has played a pioneering role in Japan by introducing cutting-edge technologies and solutions, discovered through ITOCHU's investments in venture capital funds in Silicon Valley and other regions. With a robust customer base of over 10,000 companies, primarily major corporations including telecommunications carriers, CTC excels in building advanced IT infrastructure leveraging a broad portfolio of cutting-edge IT products. This strength is further evidenced by its partnerships with leading IT companies all over the world, as well as the amount of business it handles. There are many products for which CTC handles the largest volume in Japan and the Asia-Pacific region. For example, it achieved the highest transaction volume in Japan for products from NVIDIA Corporation, a leading company in the field of generative AI, in FYE

2024*1 and was awarded "Best NPN of the Year*2." As IT services expand across society and the demand for data centers rises, CTC is steadily accumulating orders for building operational infrastructure for generative AI development. By leveraging its established strengths to meet market needs, CTC is driving significant business expansion. The order backlog at the end of FYE 2024 reached a record high, further heightening expectations for further growth in the future.

*1 The fiscal year of NVIDIA Corporation: From February 2023 to January 2024
 *2 "Best NPN (NVIDIA Partner Network) of the Year": An award given to the partner company that has made the most significant contributions in expanding and promoting AI usage across various industries and in proposing platforms that include NVIDIA products.

Creating Added Value through Collaboration with the Group of Digital Businesses

In recent years, the use of digital technology in business has extended beyond internal systems, significantly impacting companies' business models. As many companies drive DX, the importance of providing comprehensive IT services that deliver end-to-end solutions from upstream to downstream is increasing. Rather than just

focusing on system development, it is crucial to address customer needs for business model transformation by providing consulting services to untangle client challenges, designing user experiences in app development, and delivering integrated services that meet these evolving demands. Additionally, there has been a surge in cases where companies from previously different industries, such as consulting firms with strengths in understanding customer needs in upstream processes, are entering the downstream field of IT system construction. These companies are achieving high profit margins and growth rates, making them formidable competitors.

In addition to long-standing subsidiaries such as CTC and BELLSYSTEM24 Holdings, Inc., we have been making strategic investments since around 2020 in companies with high expertise and technical capabilities in specific areas, such as BrainPad Inc., which excels in data analysis, and AKQA UKA, which has insights into customer experience design. By fostering collaboration among these companies, we are building a group of digital businesses capable of meeting a wide range of customer needs.

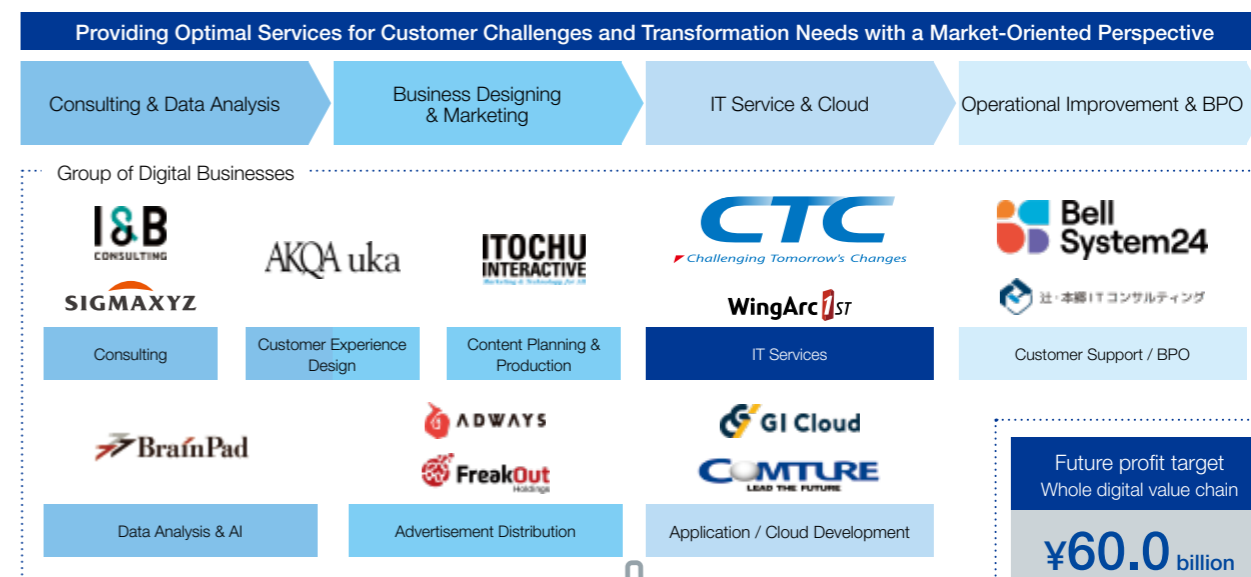
Furthermore, to accelerate the expansion of our value chain and secure resources, we have been continuously pursuing partnerships with consulting firms to enhance our upstream functions, as well as M&As to secure engineering resources, following the privatization of CTC. Through these efforts, we aim to further improve our growth and profitability. (▶ Page 115 Advancing a Joint Venture with Boston Consulting Group, a Leading Management Consulting Firm)

Evolution of the Value Chain through Expertise and Frontline Capabilities

To fully leverage the outcomes of our digital value chain strategy, it is essential to establish effective collaborations that go beyond mere equity relationships with our group of digital businesses, providing optimal solutions to customers with a market-oriented perspective. Our ICT Division has formed the DX Cross-Functional Task Force to expand our digital value chain strategy. This initiative aims to position us as a preferred partner for customers in driving DX by offering them comprehensive services.

The DX Cross-Functional Task Force is a cross-divisional team composed of employees from our ICT Division and IT & Digital Strategy Division, as well as secondees from various companies within our group of digital businesses. Initially launched in 2019 with a few members, the task force has now grown to a team of 50. We hold bi-weekly meetings to share project information and case studies, and we also organize specialized sub-committees focusing on themes such as generative AI. By strengthening collaboration within our group of digital businesses, we have established a structure to make joint proposals to clients, driving the creation of new businesses and the acquisition of DX project mandates. The task force also makes cross-divisional proposals to customers and Group companies of our other Division Companies, and since its inception, it has made over 1,000 proposals, maintaining high levels of order records.

By combining the high expertise of our group of digital businesses with the insights gained from diverse business fields, we are developing practical DX initiatives that create new added value.



- Accelerate DX and business transformation of ITOCHU Group through mutual personnel exchanges between the group of digital businesses and ITOCHU.
- Leverage the expertise accumulated in the DX Cross-Functional Task Force and the advanced technological and IT capabilities of the group of digital businesses to create a grounded DX business that drives business transformation for client companies, particularly in the consumer sector.



Market-Oriented Perspective



Evolving Our Collaboration with Hitachi Construction Machinery: Initiatives in Downstream Business Expansion and Horizontal Alliances

In August 2022, the special purpose company (SPC) that we established jointly with Japan Industrial Partners, Inc. acquired a 26% stake in Hitachi Construction Machinery Co., Ltd. As a new business partner of Hitachi Construction Machinery Co., Ltd., we support the strengthening of its downstream businesses not only through traditional distributor functions but also by providing various functions including finance, logistics and sales channel expansion, and electrification.

Main Collaborative Projects and Growth Strategies

Since the 1990s, ITOCHU and Hitachi Construction Machinery Co., Ltd. have expanded collaboration through trade and joint venture businesses. Hitachi Construction Machinery Co., Ltd. had begun its independent operations in its mainstay North American market after dissolving its alliance with U.S.-based Deere & Company. By leveraging our expertise in the North American construction machinery business and our know-how in the finance business, we aim to accelerate our collaboration with Hitachi Construction Machinery Co., Ltd. and pursue further growth.

In the North American market, around 90% of customers use financing options to purchase construction machinery from dealers, making the presence of a captive finance company that offers rapid financing approvals and competitive financing options extremely important. Following our investment in Hitachi Construction Machinery Co., Ltd., the first step in our collaboration was the establishment of a finance company jointly with Hitachi Construction Machinery Co., Ltd. and Tokyo Century Corporation, thereby accelerating our cooperation in the domain of finance. We are expanding the finance business by leveraging the strengths of Hitachi Construction Machinery Co., Ltd., utilizing operational data of construction machinery and offering financing options, such as reduced payments during the low-activity winter months. Additionally, we aim to secure new sources of profit by retaining ownership of machinery returned at the end of lease terms and then re-leasing, renting, or selling it as used equipment.

Beyond North America, we are leveraging our global network to expand distribution and sales channels, initiating various projects such as introducing potential dealers and approaching clients in the resource sector. We are already making progress, including negotiations for delivering Hitachi Construction Machinery Co., Ltd. products to mines where the Metals & Minerals Company holds a stake.

Initiatives aimed at electrifying construction machinery to contribute to decarbonizing construction sites are advancing first in Europe, where government support such as subsidies is robust. Hitachi Construction Machinery Co., Ltd. has already gained a significant market share by collaborating with European partners to diversify its product lineup. In collaboration with Alfen

N.V., a Netherlands-based mobile charging equipment manufacturer, we will continue to support financing, logistics, and the construction of sales infrastructure for electric construction machinery and charging equipment in Europe. Furthermore, we are expanding our business fields into surrounding areas such as securing green power, as well as recycling and reuse, by collaborating with the energy storage system business of the Energy & Chemicals Company.

Going forward, we will steadily advance these collaborations to drive sustainable growth for our entire Group, including Hitachi Construction Machinery Co., Ltd. This will involve supporting logistics to improve transportation efficiency and reduce costs within the United States, horizontally expanding the North American collaborative model, including finance, and the European electric construction machinery business, to other regions, and evolving our business model through the active utilization of next-generation technologies such as remote control and autonomous driving.

Main Collaborative Projects

Finance

- Expand finance businesses in North America
- Expand into Latin America and other regions

ZAXIS Finance

Logistics & Sales Channel Expansion

- Share MULTIQIP Inc.'s (the U.S.) customer network and service system
- Optimize and reduce the cost of logistics between Japan and North America, and land logistics within the United States

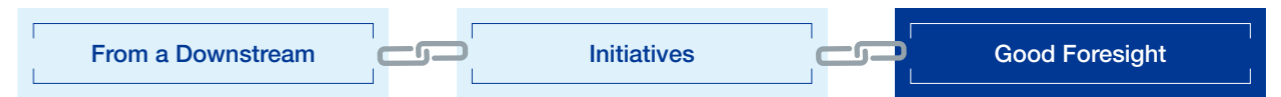


Electrification

- Propose solutions for electrification
- Expand our know-how in the European market into other regions



Market-Oriented Perspective



DAIKEN's Growth Strategies and Business Expansion Combining Technical Expertise and Management Capabilities

In 2023, ITOCHU launched a tender offer to privatize DAIKEN CORPORATION (DAIKEN), one of Japan's leading manufacturers of wooden interior building materials. Currently, we have dispatched personnel, from the senior management level to the operational level, to implement hands-on management, thereby uniformly promoting growth strategies while fully leveraging the Group's resources.

Executing Growth Strategies Tailored to Market Characteristics

DAIKEN's primary markets are categorized as Japan Housing, Japan Non-Housing, and Overseas. In the Japan Housing market, which is their mainstay business and a mature market, further management improvements are necessary due to the decline in housing starts associated with the population decrease. Therefore, among the "earn, cut, prevent" principles, we are particularly focusing on "cut" and "prevent." In the manufacturing and distribution processes, we will continue strengthening the business foundation by promoting supply chain reforms and data-driven management based on supply and demand data, as well as enhancing the efficiency of logistics operations. Furthermore, by leveraging the Group's comprehensive strengths, we will work closely with DAIKEN to enhance various functions.

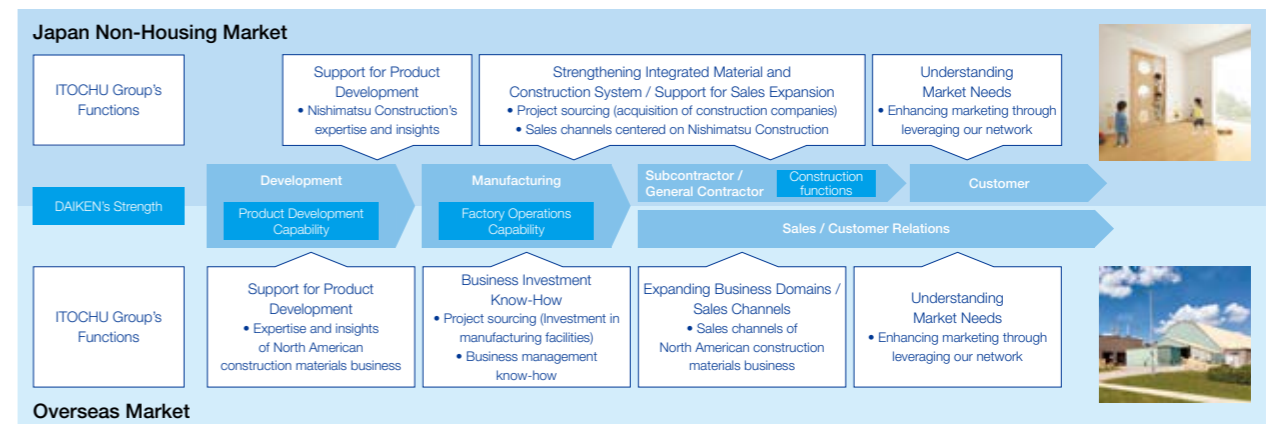
In the Japan Non-Housing market, there is growing demand from general contractors, who are DAIKEN's primary customers, not only for the supply of building materials but also proposals that include both materials and construction services (integrated material and construction solutions). Therefore, by leveraging our network with general contractors, including Nishimatsu Construction Co., Ltd., with whom ITOCHU has partnered, as well as major developers, we aim to expand DAIKEN's product lineup based on customer needs while also advancing roll-ups that strengthen and complement construction functions. For example, DAIKEN made Kiyota Kougyo Co., Ltd. (an air conditioning equipment installation

company) a subsidiary in March 2024, aiming to expand its capabilities. Going forward, we will continue to promote initiatives toward establishing an integrated material and construction solutions system.

In the Overseas market, particularly in North America, where steady growth is anticipated, we are leveraging DAIKEN's robust technical capabilities in the wood board business and the strengths of our North American construction materials business, which has conducted multiple strategic acquisitions, to jointly advance our initiatives. In particular, to meet the rising demand for interior material alternatives driven by increased awareness of tropical rainforest conservation, we are utilizing the sales channels established by our North American construction materials business for marketing activities. In July 2024, we acquired a new factory in Canada. This facility is being set up to handle not only its existing product lineup but also to serve as a production base for new types of wood boards.

In this way, while securing steady profits in the declining Japan Housing market, we aim to achieve medium-to long-term profit growth by identifying new sources of profit in the growing Japan Non-Housing and Overseas markets. By accurately understanding the characteristics of each market and steadily implementing strategies that leverage the Group's resources and management capabilities, we will sustainably enhance the corporate value of not only DAIKEN but also the entire Group, including our North American construction materials business.

Strengths of DAIKEN and ITOCHU in the Value Chain of the Growth Market



Rebuilding WECARS by Leveraging Our Comprehensive Capabilities

In May 2024, ITOCHU succeeded the used car purchase and sales business of the former BIGMOTOR Co., Ltd. and established WECARS Co., Ltd. The former BIGMOTOR Co., Ltd. had been involved in multiple compliance violations, including fraudulent auto insurance claims and the falsification of damage to repair vehicles, which became a major social issue and led to a dramatic decline in its performance. Through the reconstruction of this business, which had been No. 1 in its industry, we aim to address the social issue of restoring trust in the entire industry by making the used car business more transparent, provide safety and security to consumers, and secure employment for staff. Through these efforts, we believe we can realize the Company's corporate mission of "Sampo-yoshi."

Initiatives for Rebuilding the Business

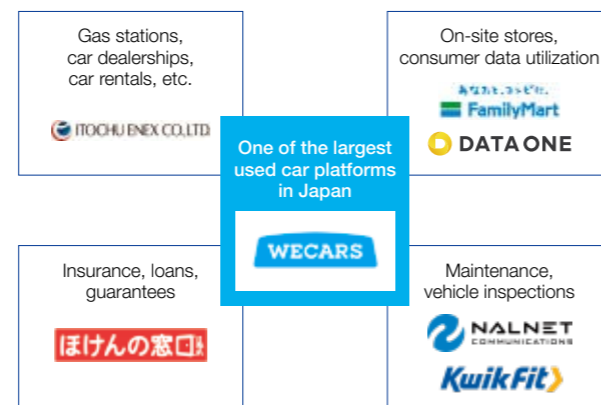
The concepts of the business reconstruction are "breaking from the past" and "putting customers first." From the perspective of breaking from the past, any liabilities related to past fraudulent incidents will be handled by the former BIGMOTOR Co., Ltd., and the newly established WECARS Co., Ltd. will focus on rebuilding the business with a new organizational structure that does not include the former management members. From the customers first perspective, we aim to build a company that sincerely engages with customers and society, earning their trust and being seen as attractive. To achieve this, we are prioritizing reforming the corporate culture, thoroughly educating employees, and establishing an internal control system. We have initiated direct dialogues between management and frontline employees, and we are also taking specific actions such as diligent compliance with laws and regulations, strengthening the internal reporting system, and more.

To rebuild the business, we will promote hands-on management by fully leveraging the know-how accumulated in ITOCHU through various revitalization projects in Japan and abroad, as well as dispatching experienced personnel from management to the front lines. WECARS Co., Ltd.'s strength lies in its extensive network of around 250 stores nationwide, making it one of the largest used car platforms in Japan. Additionally, we will leverage the

frontline capabilities ITOCHU ENEX CO., LTD. has cultivated in the automotive dealer and rental car businesses, and providing highly transparent and convenient insurance services utilizing HOKEN NO MADOGUCHI GROUP INC. By harnessing the comprehensive capabilities of the Group, which excels in downstream fields, we aim to evolve the business with a market-oriented perspective.

While we anticipate that it will take some time to rebuild this business, we will leverage the Group's comprehensive capabilities to tackle the reconstruction diligently and steadily, ultimately aiming to restore our position as the No. 1 player in the used car industry.

Strengths of WECARS and Group Synergies



Toward the Rebuilding of WECARS

In rebuilding WECARS Co., Ltd., the top priorities are reforming the corporate culture and ensuring thorough compliance. I have been involved in numerous turnaround projects, including with Kwik-Fit, a leading tire retailer in the United Kingdom. Although the industries differ, the approach to engaging with a company facing challenges remains the same. I believe that both the strengths and weaknesses of the management are fully reflected on the front lines. It is important to immerse ourselves at the front lines and steadily establish mechanisms for improvement. Employees dispatched from the ITOCHU Group will primarily be responsible for revising the operation flows to ensure compliance on the front lines. At Kwik-Fit, I built a culture that emphasized a customer-first perspective. Similarly, at WECARS Co., Ltd., I will consistently communicate the importance of providing value to customers. We are also considering introducing a new human resource system that incorporates customer satisfaction and other KPIs, rather than focusing solely on sales and other numerical targets. By thoroughly reforming the corporate culture and ensuring strict compliance, we aim to make customers feel that the company has changed and garner their support. If we can achieve this, we believe that sales will naturally return. WECARS Co., Ltd. is starting from a place of lost trust. By actively incorporating customer feedback and employee voices from the front lines, and leveraging the know-how of the ITOCHU Group, the entire organization will drive these reforms forward.



Shinjiro Tanaka
President and Chief Executive Officer,
WECARS Co., Ltd.

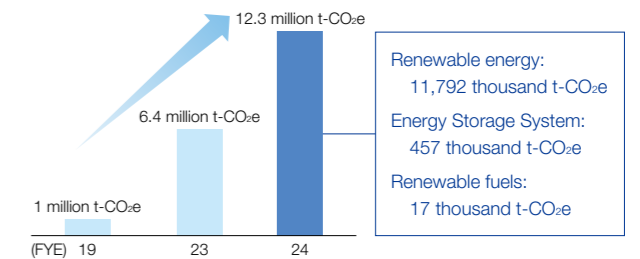
Mr. Tanaka joined ITOCHU in 1985. Since around 2010, he led the turnaround of MATER-HALCO, Inc., the largest fence manufacturer and wholesaler in the United States. From 2019, he served as CEO of European Tyre Enterprise Limited, which operates Kwik-Fit, the largest tire retailer in the United Kingdom. He has held his current position since May 2024.

Clean-Tech Business with Swift and Steady Execution

ITOCHU views climate change and other environmental risks as opportunities. We are engaged in clean-tech businesses that simultaneously pursue economic value as well as environmental and social value by expanding our operations through our "earn" principle while addressing societal demands and industry challenges. By setting individual targets and advancing climate change initiatives with swift and steady execution, 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 2024, our avoided emissions reached 12.3 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.

Accumulation of Avoided Emissions



Individual Targets and Initiatives for the Clean-Tech Business

Clean-Tech Business	Targets and Initiatives
Renewable Energy Business	<ul style="list-style-type: none"> Increase the ratio of renewable energy capacity within our power generation portfolio to over 20% by FYE 2031 Invested in renewable energy generation of approximately 2,100 MW in total as of July 2024, 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 As of July 2024, we have developed and promoted a cumulative total of approximately 5,000 MW of renewable energy projects in the United States, including sold projects
Fuel Ammonia-Related Business	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Aim to sell a cumulative capacity of over 2GWh in ESS units by FYE 2031
Water Infrastructure-Related Business	<ul style="list-style-type: none"> Expand our achievements in Europe and Australia to other regions; continue to build up high-quality assets
Waste Management Project	<ul style="list-style-type: none"> Expand our achievements in Europe to the Middle East and other regions in Asia; continue to build up high-quality assets



For details on the clean-tech business, please visit ITOCHU's website, which describes individual projects including the content outlined above in detail.
<https://www.itochu.co.jp/en/business/cleantech/>



For details on avoided emissions, please visit ITOCHU's website.
<https://www.itochu.co.jp/en/csr/data/>

Expanding the Renewable Energy Business in North America

Our subsidiary, Tyr Energy, Inc. (based in the U.S.) established Tyr Energy Development Renewables, LLC (TED) in 2022, a company dedicated to renewable energy development. As of July 2024, TED and Tyr Energy, Inc. have developed over 30 solar power plants totaling around 5,000 MW (equivalent to five nuclear power plants), including sold projects. TED has built a development platform that completes a series of operations in-house, including land acquisition, obtaining various permits and approvals, power grid connection, negotiating and concluding power purchase agreements, selecting and negotiating with major equipment and construction contractors, and arranging financing. In February 2024, TED completed development of three projects with a total generating capacity of 333 MW (equivalent to around 72,000 standard U.S. households) and an expected annual CO₂ reduction of around 600,000 tons. Moreover, our subsidiary NAES Corporation, also based in the U.S., is one of the world's largest independent power plant operations and maintenance service providers, offering asset management and operations and maintenance services for around 1,400 renewable energy sites, including 2,000 MW of solar power plants and 1,100 MW of wind power plants. Furthermore, in 2023 we launched a fund targeting renewable energy development assets in North America and plan to engage in projects worth up to US\$2 billion through this fund.

By leveraging the know-how cultivated through various power generation projects and expanding the scope of our business by enhancing diversified functions and services, we aim to capture the high growth rate of the North American renewable energy market, while contributing to the realization of a decarbonized and sustainable local society.

