

# FYE 2023 Business Results Summary

ITOCHU Corporation  
May 9, 2023



I am One with Infinite Missions

## Forward-Looking Statements

Data and projections contained in these materials are based on the information available at the time of publication, and various factors may cause the actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not place undue reliance on forward-looking statements, and further, that ITOCHU Corporation has no obligation to update any forward-looking statements as a result of new information, future events or other developments.

# Summary of Financial Results for FYE 2023



(Unit : billion yen)

- **“Net profit attributable to ITOCHU”** was **¥800.5 bil.**, achieved over ¥800.0 bil. for 2 consecutive years.
- **“Core profit”** was approximately **¥787.5 bil.**, recorded all-time high, resulting from further growth in non-resource sectors mainly in Machinery, Energy & Chemicals and General Products & Realty Companies, and the depreciation of the yen. [Record High: 2 consecutive years]  
ITOCHU accumulated profit steadily with robust earnings base which was well-diversified and resistant to economic fluctuations.
- **“Core operating cash flows”** was **¥871.0 bil.** [Record High: 2 consecutive years]
- **“ROE”** was **17.8%** and overachieved the initial target (about 13-16%).

	FYE 2022 Results	FYE 2023 Results	Increase/ Decrease	FYE 2023 Forecast (Disclosed on Nov. 4)	Achievement
Net profit attributable to ITOCHU	820.3	800.5	(19.8)	800.0	100%
Extraordinary gains and losses	130.0	13.0	(117.0)	(*) 30.0	
Core profit(*)	690.0	* 787.5	(*)+ 97.5	770.0	102%
Ratio (%) of group companies reporting profits	90.9%	88.6%	Decreased 2.3pt		
Core operating cash flows	790.0	* 871.0	+ 81.0		
NET DER	0.54	* 0.50	Improved 0.05pt	Dividend information (per share)	
ROE	21.8%	17.8%	Decreased 4.1pt	Annual (Planned)	* 140 yen
EPS	552.86 yen	546.10 yen	(6.76 yen)	Interim (Paid)	* 65 yen

(\*) Core profit is shown in round figures.

(\*2) Including Forex Impact : + 80.0

(\*1) Including a loss buffer : (20.0)

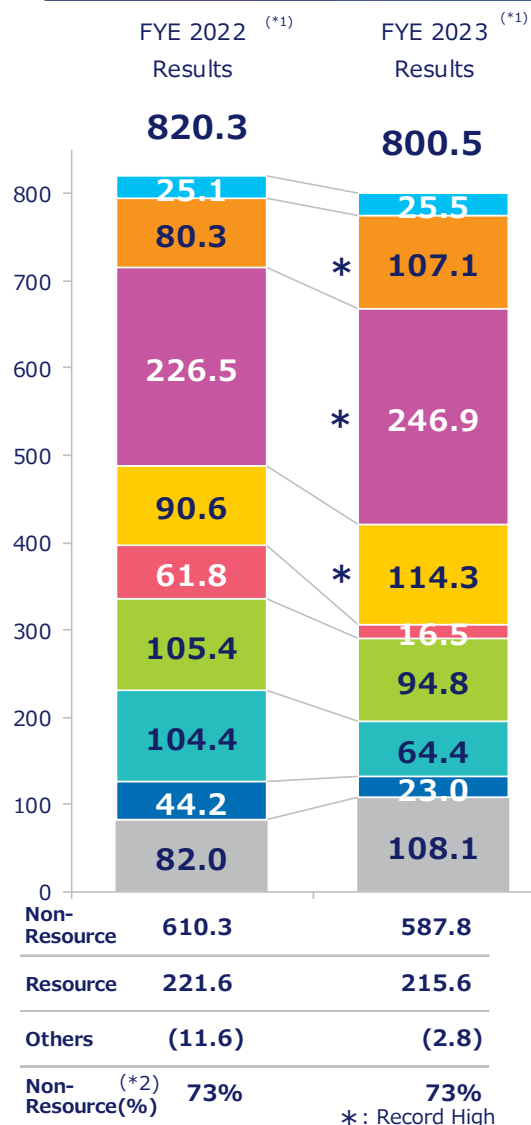
\* : Record High (NET DER: Best Record)



# Net profit attributable to ITOCHU by Segment



(Unit : billion yen)



## Summary of Changes from the Previous Fiscal Year

### Textile [Inc / (Dec) : ¥ 0.3 bil.(incl. Extra. G&L. <sup>(\*)3</sup> : (4.5))]

Increased due to the improvement of apparel-related companies resulting from the alleviation of the impact of COVID-19, partially offset by the decrease in extraordinary gains.

### Machinery [Inc / (Dec) : ¥ 26.8 bil.(incl. Extra. G&L. : (7.0))]

Increased due to favorable performance in automobile-related companies and North American construction machinery companies, the start of equity pick-up of Hitachi Construction Machinery, and the gain on the sale of a North American beverage-equipment-maintenance company, partially offset by the losses on aircrafts leased to Russian airlines in a leasing-related company and the impairment losses in foreign companies.

### Metals & Minerals [Inc / (Dec) : ¥ 20.4 bil.(incl. Extra. G&L. : (22.5))]

Increased due to higher coal prices, the stable performance in North American business in Marubeni-Itochu Steel, and the depreciation of the yen, partially offset by lower iron ore prices and the absence of extraordinary gains in the previous fiscal year.

### Energy & Chemicals [Inc / (Dec) : ¥ 23.6 bil.(incl. Extra. G&L. : 2.5)]

Increased due to the improvement in profitability in energy trading transactions resulting from higher market prices and the stable performance in electricity transactions, partially offset by the decrease in dividends.

### Food [Inc / (Dec) : ¥ (45.3) bil.(incl. Extra. G&L.(22.5))]

Decreased due to the deterioration in profitability in meat-products-related companies, lower sales volume resulting from decline in demand because of inflation, the increase in logistics cost and the impairment loss in Dole, partially offset by the improvement in profitability in provisions-related transactions and the gains on the group reorganization in domestic sugar companies and North American oils and fats companies.

### General Products & Realty [Inc / (Dec) : ¥ (10.6) bil.(incl. Extra. G&L. : (24.0))]

Decreased due to the absence of extraordinary gains in the previous fiscal year, partially offset by the stable performance in real estate business and IFL(European pulp-related company), and revaluation gain resulting from the conversion of a North American engineered wood products company into a consolidated subsidiary.

### ICT & Financial Business [Inc / (Dec) : ¥ (40.0) bil.(incl. Extra. G&L. : (24.0))]

Decreased due to the deterioration of remeasurement gains(losses) for fund held investments, lower earnings in mobile-phone-related business, and the absence of extraordinary gains in the previous fiscal year, partially offset by the gain on the sale of CONEXIO.

### The 8th [Inc / (Dec) : ¥ (21.1) bil.(incl. Extra. G&L. : (27.5))]

Decreased due to the absence of extraordinary gains in the previous fiscal year, whereas the positive impact by the increase in daily sales along with higher number of customers/spend per customer with enhancement of product appeal and sales promotion exceeded the cost increase resulting from changes in external environment, such as franchisee support payments in FamilyMart.

### Others, Adjustments & Eliminations [Inc / (Dec) : ¥ 26.2 bil.(incl. Extra. G&L. : 12.5)]

Increased due to higher earnings in CITIC Limited resulting from the stable performance in comprehensive financial business, revaluation gain on securities business, and the depreciation of the yen, even with the impact of lower iron ore prices and the impairment losses on its group companies, in addition to lower tax expenses, partially offset by the increase in interest expenses resulting from higher U.S. dollar interest rates and the impairment loss on C.P. Pokphand.

(\*)1 As of October 1, 2022, ITOCHU dissolved the mutual-holdings for certain group companies held by The 8th Company as minority and the other Division Company as majority, and shares of such group companies are only held by the other Division Company. These changes are reflected in the FYE 2023 Q3-4 results and the FYE 2023 Q1-2 results are not affected by these changes. According to the above, FYE 2022 Q3-4 results are reclassified in the same manner.

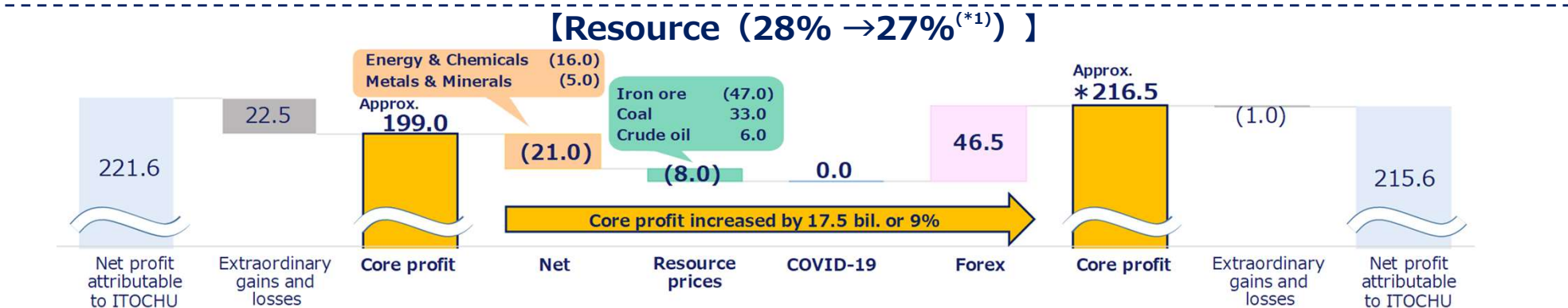
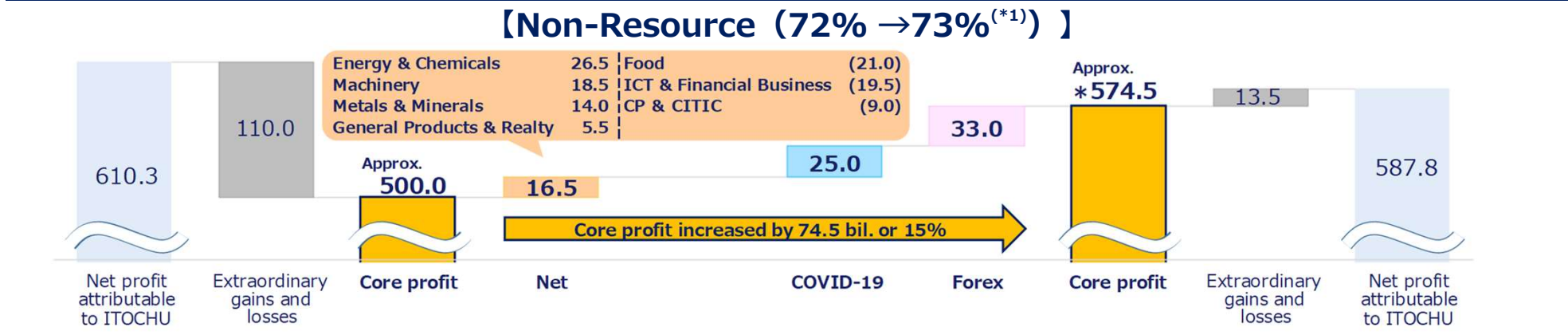
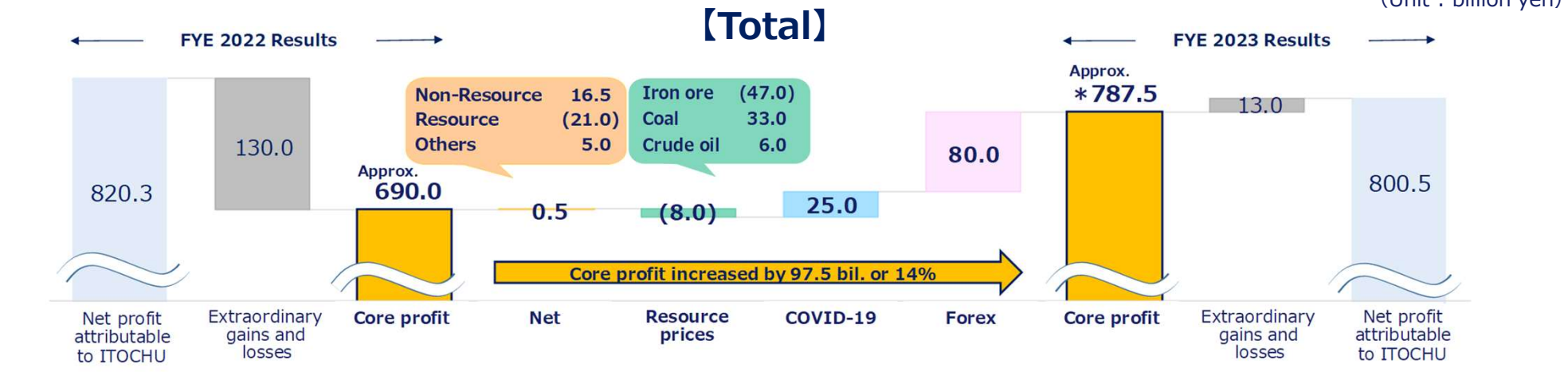
(\*)2 % composition is calculated using the total of Non-Resource and Resource sectors as 100%.

(\*)3 Extra. G&L. means "Extraordinary Gains and Losses".



# Core Profit of FYE 2023 Results/YoY Factor Comparison

(Unit : billion yen)



\* : Record High (\*1) Non-resource/resource ratio of core profit

# Extraordinary Gains and Losses



(Unit : billion yen)

Segments	FYE 2022 Results		Major items	FYE 2023 Results		Major items
		[Q4]			[Q4]	
Textile	7.0	4.0	[Q1]Gain on the sale of fixed assets in EDWIN:1.0 [Q4]Gain on the partial sale of a foreign company:2.5	2.5	0.5	[Q3]Gain on the partial sale of an industrial-material-related company:1.0
Machinery	7.5	-	[Q1]Gain on the sale of a water utility company in IEI:4.0 [Q2]Gain on the conversion of the bond to equity of Spire Global:2.5	0.5	(14.0)	[Q1, Q3]Losses on aircrafts leased to Russian airlines in a leasing-related company:(14.0) [Q1:(8.5), Q3:(5.5)] [Q1, Q3]Gains on a specific overseas project and business:3.5 [Q1:2.5, Q3:1.0] [Q2]Gain on the sale of a North American beverage-equipment-maintenance company:22.0 Gain on the sale of a vehicle-related company:3.0 [Q4]Impairment losses on foreign companies:(14.0)
Metals & Minerals	23.5	1.0	[Q1]Realization of foreign exchange gains due to the de-consolidation of ITOCHU Coal Americas:22.0	1.0	1.0	
Energy & Chemicals	4.5	0.5	[Q3]Gain from change in ownership ratio of a lithium-ion batteries company:2.0 Revaluation gain due to the conversion of mega-solar companies into consolidated subsidiaries in ITOCHU ENEX:1.5	7.0	7.0	[Q4]Reversal of allowance for long-term energy contract:8.5
Food	4.5	3.5	[Q2]Gain on the partial sale of a domestic company:1.0 [Q4]Gain on the sale of packaging box and label printing business in Dole:3.0	(18.0)	(21.5)	[Q1]Gain on the group reorganization in North American oils and fats companies:3.5 [Q4]Impairment loss in Dole:(22.5) Impairment loss in a North American meat-products-related company:(4.5) Impairment losses in Prima Meat Packers:(1.5) Gain on the reorganization in domestic sugar companies:7.0
General Products & Realty	29.5	-	[Q1]Gain on the sale of Japan Brazil Paper & Pulp Resources Development:32.0 Higher tax expenses in ETEL due to U.K. Tax Reform:(1.5)	5.5	(1.0)	[Q1]Impairment loss on sawn timber business in IFL:(1.5) [Q2]Revaluation gain resulting from the conversion of a North American engineered wood products company into a consolidated subsidiary:8.5
ICT & Financial Business	31.0	(2.5)	[Q2]Gain on the de-consolidation of Paidy:30.5 [Q3]Gain on the sale of fixed assets in ITOCHU Techno-Solutions:1.5 [Q4]Impairment losses in ITOCHU Techno-Solutions:(2.0)	7.0	7.0	[Q4]Gain on the sale of CONEXIO:6.5 Gain on the partial sale of a domestic company:2.0 Impairment loss in ITOCHU Techno-Solutions:(1.5)
The 8th	26.0	(3.5)	[Q1]Gain on the partial sale of Taiwan FamilyMart:29.5 [Q4]Impairment losses in FamilyMart:(3.5)	(1.5)	(1.5)	[Q4]Losses related to fixed assets in FamilyMart:(1.5)
Others, Adjustments & Eliminations	(3.5)	(2.0)	[Q4]Impairment loss on CTEI:(1.0)	9.0	(12.5)	[Q1]Revaluation gain on securities business in CITIC Limited:20.5 Reversal of allowance for risk assets:3.0 [Q3]Impairment loss on CTEI:(2.0) [Q4]Impairment losses on group companies of CITIC Limited:(8.5) Impairment loss on C.P. Pokphand:(1.5)
Total	130.0	1.0	[FYE 2022 Results] Non-Resource:110.0, Resource:22.5, Others:(2.5)	13.0	(35.0)	[FYE 2023 Results] Non-Resource:13.5, Resource:(1.0), Others:0.5

(\*) Major items are shown in round figures.

# Cash Flows



(Unit : billion yen)

## ■ Operating Cash Flows and Free Cash Flows:

“Cash flows from operating activities” was a **net cash-inflow of ¥938.1 bil.**, due to the stable performance in operating revenues in Metals & Minerals, The 8th, Energy & Chemicals, and General Products & Realty Companies, partially offset by the increase in working capital due to the growth of operating transactions. [Record High]

“Cash flows from investing activities” was a net cash-outflow of ¥453.8 bil., due to the investment in shares in Hitachi Construction Machinery, the acquisition of a North American engineered wood products business, the investment in iron ore business in Canada, and the purchase of fixed assets by Food, The 8th, Machinery, and Energy & Chemicals Companies, partially offset by the sales of a North American beverage-equipment-maintenance company and CONEXIO.

As a result, “Free cash flows” was a **net cash-inflow of ¥484.3 bil.**

## ■ Core Free Cash Flows:

“Core operating cash flows” after deducting changes in working capital, etc. from cash flows from operating activities was a **net cash-inflow of ¥871.0 bil.** [Record High: 2 consecutive years]

“Core free cash flows” resulted in a **net cash-inflow of ¥478.0 bil.**

### Cash Flows

	FYE 2022 Results		FYE 2023 Results
Cash flows from operating activities	801.2	*	938.1
Cash flows from investing activities	38.6		(453.8)
<i>Free cash flows</i>	839.8		484.3
Cash flows from financing activities	(846.7)		(500.1)

### Core Free Cash Flows

	FYE 2022 Results		FYE 2023 Results
Core operating cash flows <sup>(*1)</sup>	790.0	*	871.0
Net investment cash flows <sup>(*2)</sup>	47.0		(393.0)
Core free cash flows	837.0		478.0

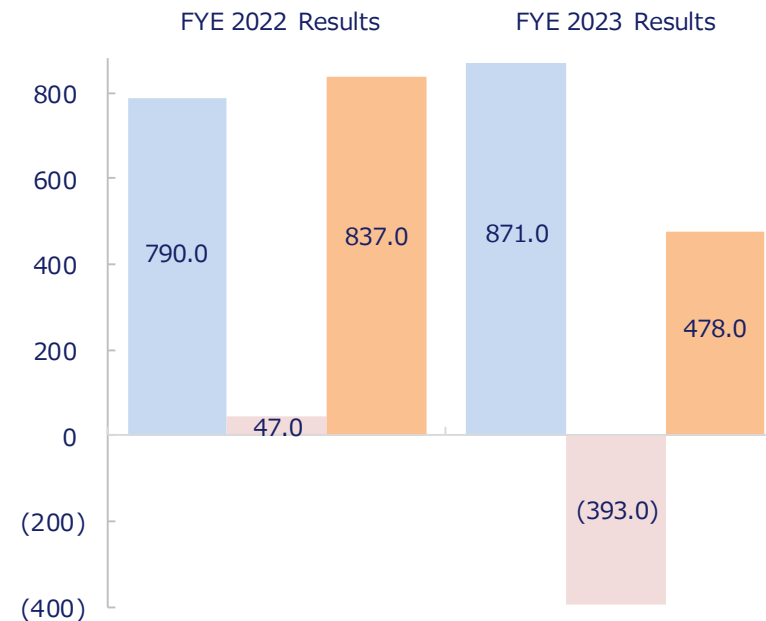
\* : Record High

(\*1) “Operating cash flows” minus “Changes in working capital” plus “Repayments of lease liabilities, etc.”

(\*2) Payments and collections for substantive investment and capital expenditure.

“Investment cash flows” plus “Equity transactions with non-controlling interests” minus “Changes in loan receivables”, etc.

### Core Free Cash Flows



■ Core operating cash flows  
■ Net investment cash flows  
■ Core free cash flows



# Financial Position



(Unit : billion yen)

## ■ Total Assets:

Increased by ¥958.0 bil., compared to March 31, 2022 to **¥13,111.7 bil.**, due to the increase in investments accounted for by the equity method resulting from the investment in shares in Hitachi Construction Machinery, the increase in trade receivables and inventories resulting from the increase of trading transactions and higher market prices, and the depreciation of the yen.

## ■ Net Interest-bearing Debt:

Increased by ¥108.2 bil., compared to March 31, 2022 to **¥2,391.2 bil.**, due to dividend payments and share buybacks, the investment in shares in Hitachi Construction Machinery, and the depreciation of the yen, partially offset by the stable performance in operating revenues.

## ■ Total Shareholders' Equity:

Increased by ¥620.2 bil., compared to March 31, 2022 to **¥4,819.5 bil.**, due to net profit attributable to ITOCHU during this fiscal year and the depreciation of the yen, partially offset by dividend payments and share buybacks.

## ■ Ratio of Shareholders' Equity to Total Assets and NET DER:

**Ratio of shareholders' equity to total assets** increased by 2.2 points compared to March 31, 2022 to **36.8%**.

**NET DER** improved by 0.05 points compared to March 31, 2022 to **0.50 times**.

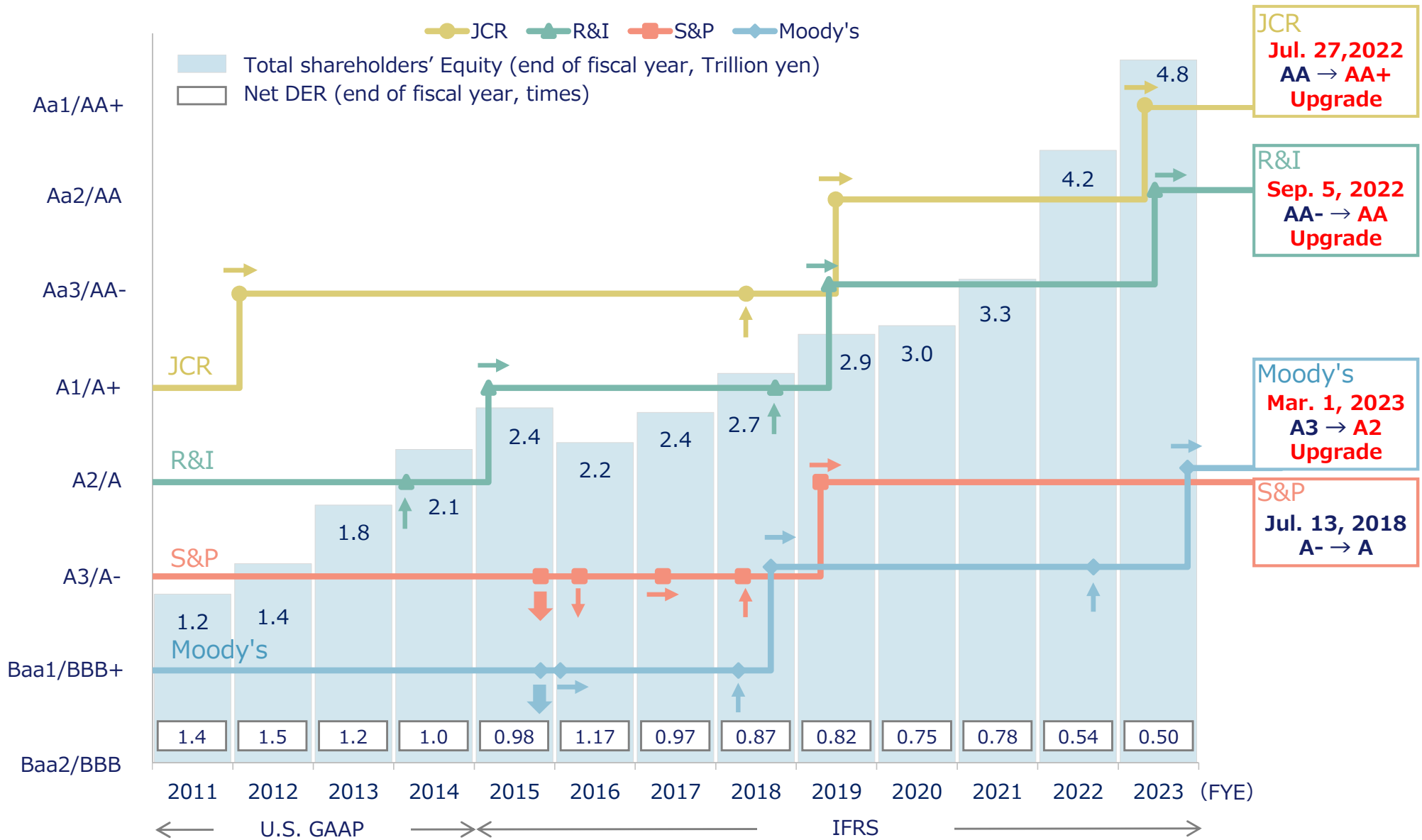


	Mar. 31, 2022	Mar. 31, 2023	Increase/Decrease	Brand-new Deal 2023
Total assets	12,153.7	* 13,111.7	+ 958.0	B/S control appropriate for A ratings
Net interest-bearing debt	2,283.0	2,391.2	+ 108.2	
Total shareholders' equity	4,199.3	* 4,819.5	+ 620.2	
Ratio of shareholders' equity to total assets	34.6%	* 36.8%	Increased 2.2pt	about 0.7-0.8 times
NET DER (times)	0.54	* 0.50	Improved 0.05pt	
ROE	21.8%	17.8%	Decreased 4.1pt	Maintain high efficiency about 13-16%

\* : Record High (NET DER: Best Record)

(Total assets and Total shareholders' equity are record high as fiscal year end)

# Credit Ratings



**JCR**  
**Jul. 27, 2022**  
**AA → AA+**  
**Upgrade**

**R&I**  
**Sep. 5, 2022**  
**AA- → AA**  
**Upgrade**

**Moody's**  
**Mar. 1, 2023**  
**A3 → A2**  
**Upgrade**

**S&P**  
**Jul. 13, 2018**  
**A- → A**

↑↓ Short-term rating outlook (Positive/Negative)  
 ↑↓→ Medium- to long-term rating outlook (Positive/Negative/Stable)



Brand-new Deal 2023

## FYE 2024 Management Plan

ITOCHU Corporation

May 9, 2023



I am One with Infinite Missions

### Forward-Looking Statements

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# FYE 2023 General Review (Quantitative Targets)



- ✓ Achieved consolidated net profit of over ¥800.0 bil. yen for 2 consecutive years and continued "commitment-based management".
- ✓ Expanded shareholder returns by executing the increase in dividends and active share buybacks and maintained strong financial position at record high level.

	FYE 2023 Initial Targets	FYE 2023 Results
Consolidated net profit	¥700.0 bil.	¥800.5 bil.
CF	Consistent maintenance of positive core free cash flows after deducting shareholder returns	Positive of ¥213.0 bil.
NET DER	About 0.7-0.8 times	0.50 times (Best Record)
ROE	About 13-16%	17.8%
Dividend per share	Minimum of ¥130	¥140
Share buybacks	Execute actively and continuously	¥60.0 bil.
		<ul style="list-style-type: none"> <li>• Progressive dividend policy (increase in dividends)</li> <li>• Total payout ratio of 33%</li> </ul>

Overachieved all the initial targets



# FYE 2023 General Review (Qualitative Targets)



- ✓ Evolved business models and created growth opportunities through ascertaining potential needs of market and society, under the basic policy “Realizing business transformation by shifting to a market-oriented perspective” and “Enhancing our contribution to and engagement with the SDGs through business activities” of Medium-Term Management Plan.
- ✓ Strengthened business sustainability and stability by evolvement of measures to support earnings base such as human resources strategy etc.

New Investments	<ul style="list-style-type: none"> <li>■ Accelerated expansion of construction machinery business through the investment in Hitachi Construction Machinery and the launch of North American business.</li> <li>■ Expanded North American construction materials business by the acquisition of engineered wood products company.</li> <li>■ Contributed to decarbonization of steel industry by the investment in high grade iron ore business in Canada.</li> <li>■ Expanded sports-related business through the acquisition of Under Armour business in Japan.</li> </ul>
Existing business polishment	<ul style="list-style-type: none"> <li>■ Strengthened alignment with YANASE and HOKEN NO MADOGUCHI GROUP through capital restructuring.</li> <li>■ Accelerated the expansion of renewable energy business with energy-storage-system-related business as the core, including the sale of renewable electricity to Amazon and other companies.</li> <li>■ Expanded advertising and media business utilizing FamilyMart stores and customer base to establish new image of convenience store.</li> </ul>
Credit Ratings	<ul style="list-style-type: none"> <li>■ Received A2 from Moody's on the long-term rating scale along with the upgrades from R&amp;I and JCR, and obtained the highest credit rating among the trading companies from all major credit rating agencies.</li> </ul>
Human resources strategy	<ul style="list-style-type: none"> <li>■ Pursued further labor productivity through the establishment of “morning flex-time structure” and other measures.</li> <li>■ Revised personnel system to enhance "job satisfaction," including the selection of young employees based on job duties and responsibilities, and support for women's advancement.</li> </ul>
Others	<ul style="list-style-type: none"> <li>■ Newly established a cybersecurity company to strengthen the group's cybersecurity measures.</li> <li>■ Obtained the highest score among all industries in the FTSE ESG assessment.</li> <li>■ Maintained the No.1 ESG investment amount among the trading companies by GPIF.</li> </ul>

# FYE 2024 Quantitative Targets



(Unit : billion yen)

## FYE 2024 Profit Plan: Consolidated net profit of ¥780.0 bil.

	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Total	Non-Resource	Resource	Others
FYE 2022 Results (*1)	25.1	80.6	226.9	92.1	65.2	105.6	104.6	38.2	82.0	820.3	610.3	221.6	(11.6)
FYE 2023 Results (*1)	25.5	107.4	247.4	115.8	20.2	95.1	64.6	16.6	108.1	800.5	587.8	215.6	(2.8)
<b>FYE 2024 Plan</b>	<b>33.0</b>	<b>105.0</b>	<b>237.0</b>	<b>88.0</b>	<b>61.0</b>	<b>90.0</b>	<b>78.0</b>	<b>21.0</b>	<b>67.0<sup>(*2)</sup></b>	<b>780.0</b>	<b>620.0</b>	<b>210.0</b>	<b>(50.0)<sup>(*2)</sup></b>
Increase/Decrease	+7.5	(2.4)	(10.4)	(27.8)	+40.8	(5.1)	+13.4	+4.4	(41.1)	(20.5)	+32.2	(5.6)	(47.2)

(\*1) All results above are reclassified based on the dissolution of mutual-holdings held by The 8th Company and the other Division Company.

(\*2) Including a loss buffer : (50.0)

### B/S, CF

#### & Ratio Plan (FYE)

	Brand-new Deal 2020		FYE 2021 Management Plan
	2019	2020	2021
Core operating CFs	515.0	602.0	574.0
Net investment CFs	(20.0)	(290.0)	(755.0)
Core free CFs after deducting shareholder returns	300.0	123.0	(326.0)
	423.0		
NET DER (times)	0.82	0.75	0.78
Shareholders' equity	2.9 tril.	3.0 tril.	3.3 tril.
ROE(%)	17.9	17.0	12.7



### Brand-new Deal 2023

	2022	2023	
Core operating CFs	790.0	871.0	Cash allocation based on the consistent maintenance of positive core free cash flows after deducting shareholder returns
Net investment CFs	47.0	(393.0)	
Core free CFs after deducting shareholder returns	614.0	213.0	Actively promote strategic investments in a timely manner and accelerate asset replacement through business transformation
NET DER (times)	0.54	0.50	B/S control appropriate for A ratings [NET DER about 0.7 - 0.8 times]
Shareholders' equity	4.2 tril.	4.8 tril.	
ROE(%)	21.8	17.8	Maintaining high efficiency [ROE about 13 - 16%]



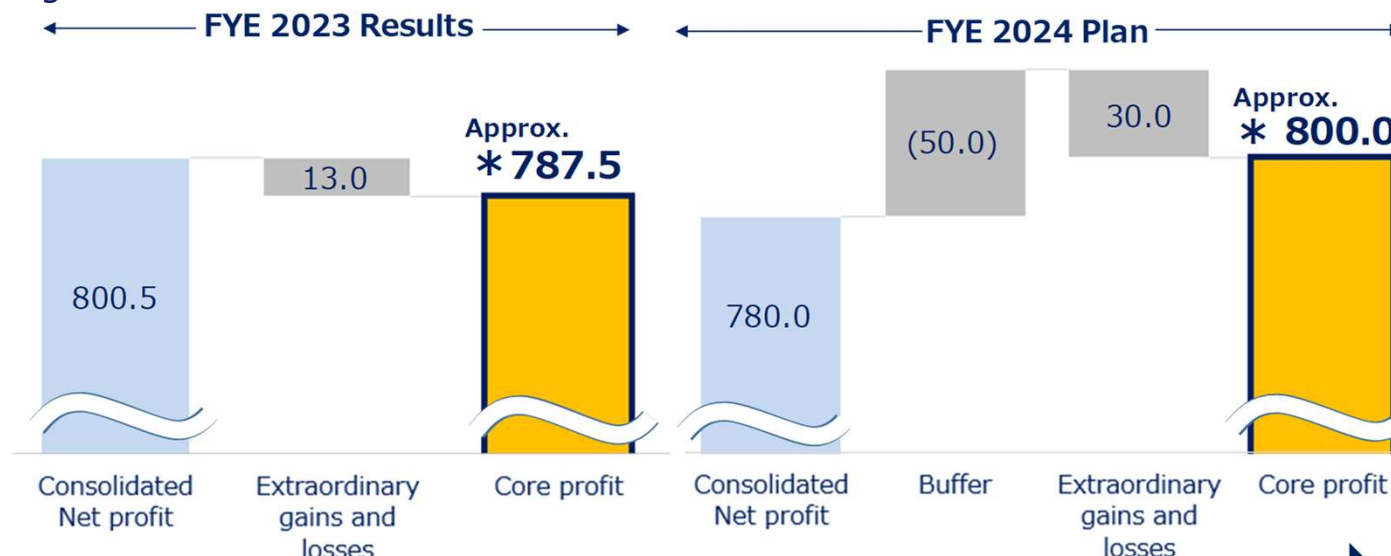
# Core Profit (FYE 2024 Plan)



(Unit : billion yen)

- ✓ Expect core profit for FYE 2024 of ¥800.0 bil., which renews the highest record for 3 consecutive years due to the growth in non-resource sector.

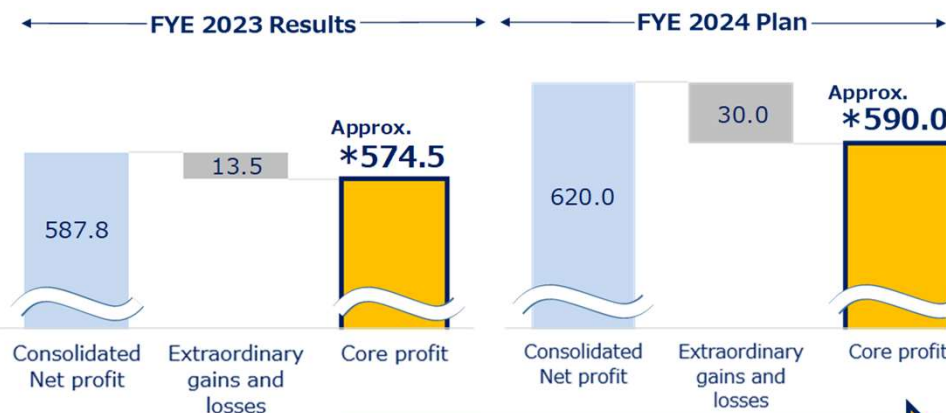
## 【Total】



\* : Record High

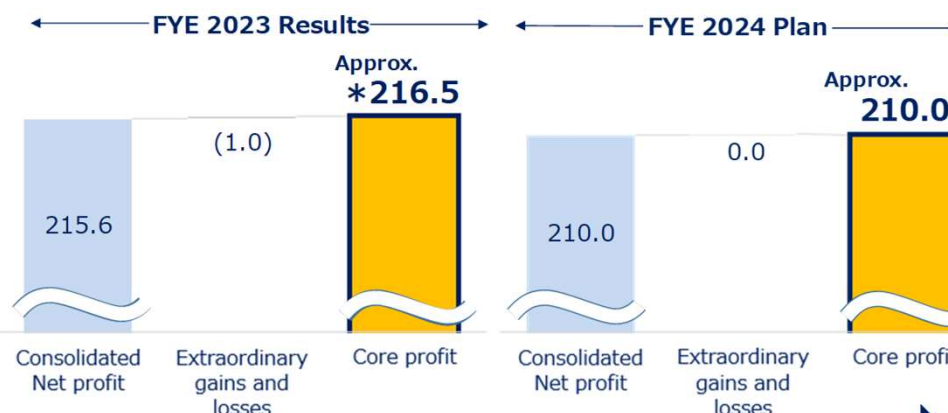
**Core profit increased by ¥12.5 bil. or 2%**

## 【Non-Resource (73%→74%\*\*)]



**Core profit increased by ¥15.5 bil. or 3%**

## 【Resource(27%→26%\*\*)]



**Core profit decreased by ¥(6.5) bil. or (3%)**

\* : Record High  
 \*\* : Non-resource/resource ratio of core profit

# FYE 2024 Shareholder Returns Policy



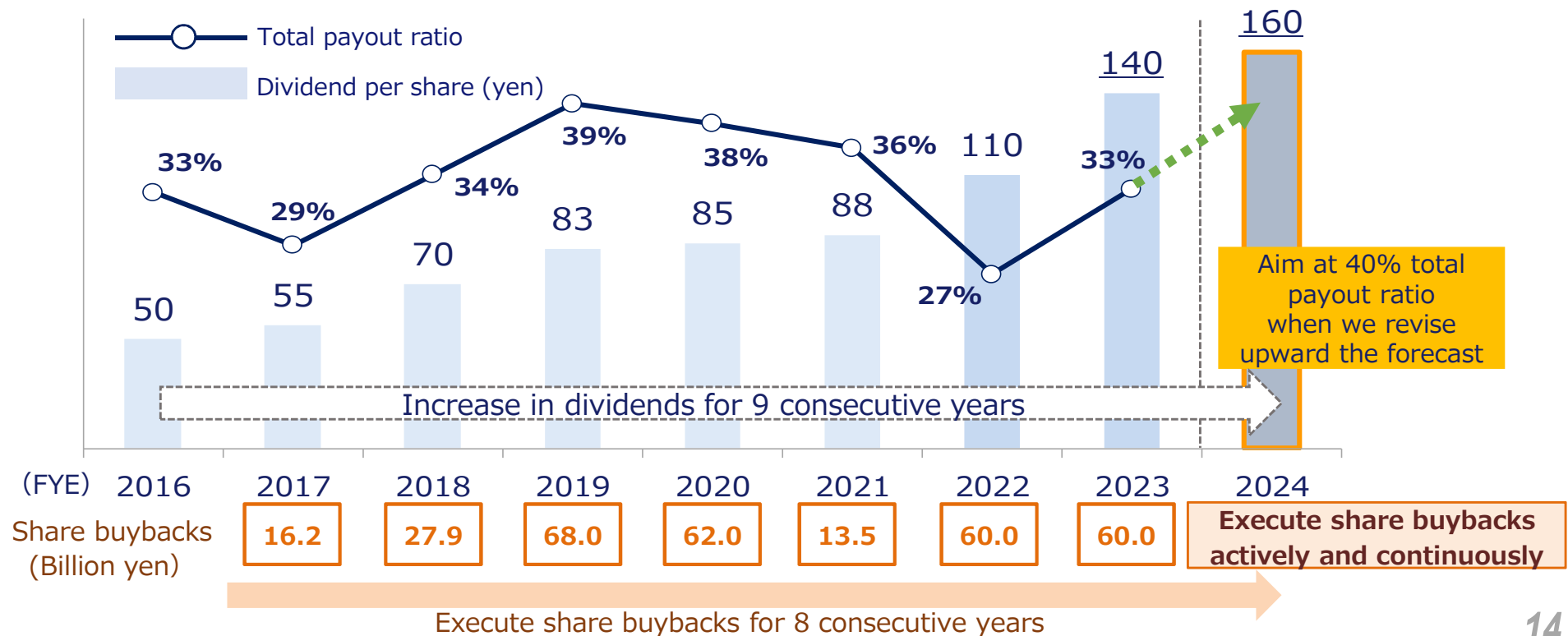
## Dividends

- ✓ Dividend per share is **¥160 per share**, an increase of ¥20 from the previous fiscal year. **Achieving the progressive dividend policy (consecutive increase in dividends) and 30% payout ratio.**

## Share buybacks

- ✓ Actively and continuously execute share buybacks in consideration of the market conditions and situation of cash allocation, **achieving total payout ratio of 33% or more.**

Based on our conservative initial profit plan, we **will execute additional shareholder return, aiming at 40% total payout ratio** when we revise upward the forecast during the fiscal year.



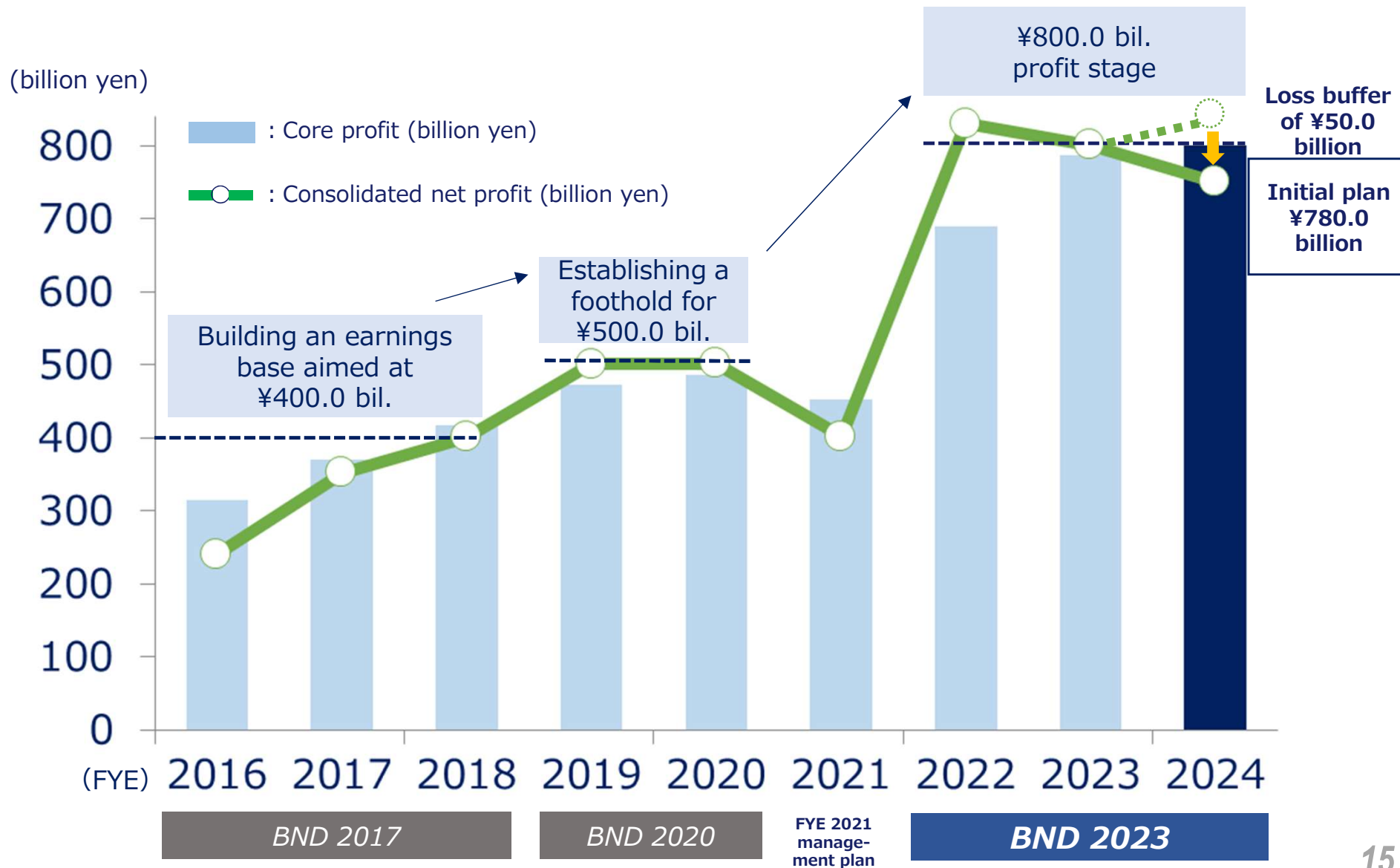


# Establish a profit stage of 800 billion yen



## Consolidated net profit

- ✓ The initial plan is ¥780.0 bil., conservatively including a loss buffer of ¥50.0 bil. in consideration of uncertain economic circumstances.



# Assumptions



		FYE 2022 Results	FYE 2023 Results	FYE 2024 Plan	(Reference) Sensitivities on Consolidated net profit for FYE 2024	
Exchange rate (Yen/US\$)	Average	111.54	134.48	130	1 Yen appreciation against US\$	Approx. ¥(3.3)bil.
	Closing	122.39	133.53	125		—
Interest rate (%)	TIBOR 3M (¥)	0.06%	0.07%	0.1%	0.1% increase	Approx. ¥(0.4)bil.
	LIBOR 3M (US\$) (*1)	0.24%	3.52%	—		—
	SOFR 3M (US\$) (*1)	—	3.29%	5.0%		Approx. ¥(0.3)bil.
Crude oil (Brent) (US\$/BBL)		79.92	95.07	75	±¥0.27 bil. (*4)	
Iron ore (CFR China) (US\$/ton)		154 (*2)	117 (*2)	N.A. (*3)	±¥1.54 bil. (*4)	

(\*1) Due to the cessation of LIBOR publication in June 2023, the US\$ benchmark interest rate will be changed to Term SOFR.

(\*2) FYE 2022 and FYE 2023 prices for iron ore are prices that ITOCHU regards as general transaction prices based on the market.

(\*3) The prices of iron ore used in the FYE 2024 Plan are assumptions made in consideration of general transaction prices based on the market. The actual prices are not presented, as they are subject to negotiation with individual customers and vary by ore type.

(\*4) The above sensitivities vary according to changes in sales volume, foreign exchange rates, production cost, etc.