Achievement of Short-Term Targets

In this section, we look back on a trajectory of steady enhancement of corporate value realized by implementing the "Brand-new Deal" strategy under a series of management plans that began in FYE 2012. We also explain our record-setting results in FYE 2022 and the FYE 2023 management plan, which covers the second year of the medium-term management plan "Brand-new Deal 2023."

Component of the corporate value calculation formula focused on in this section

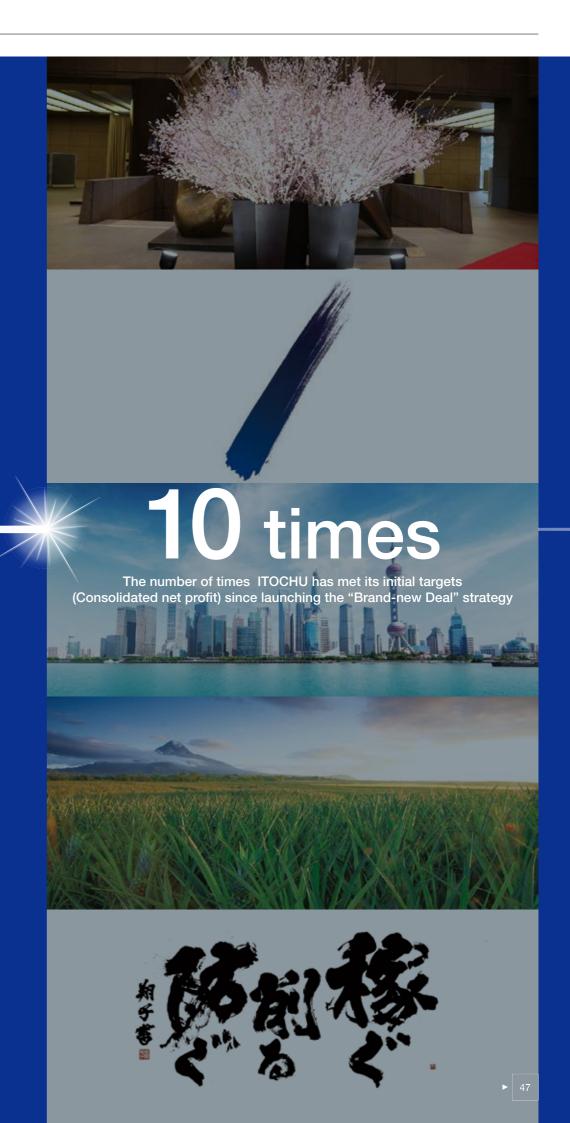
Corporate Value

Cost of Capital

Growth Rate

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Trajectory of Corporate Value Enhancement

We have steadily developed an enviable track record with the strategies of "Brand-new Deal" Steadily Building Up Corporate Value by Enhancing management plans, which began with "Brand-new Deal 2012." Under the plans, we have always remained aware of the "earn, cut, prevent" principles in conducting business activities the Trust and Creditworthiness in the Market and demonstrated resilience to economic volatility by flexibly taking measures to deal with management issues and rapid changes in the external environment. **Business Results for FYE 2022** Page 50 **Brand-new Deal 2023** Management Market Environment (FYE 2022-FYE 2024) Capitalization at **Basic Policies** Fiscal Year-End*1 Results **Steady Achievement of Targets** Setting out growth strategies in anticipation of Achieved the rown*2" of post-COVID-19 society general trad anies Thoroughly instilling the • Privatized Fa FYE 2021 Management Plan • Became the eral trading "earn, cut, prevent" 2021 ¥400.0 billion **¥401.4 billion** ded in all ESGcompany to b Single-year plan reflecting the principles as the core of related invest dices adopted COVID-19 pandemic our business by the Gove Investment Fu Uncertain outlook due to the COVID-19 pandemic Brand-new Deal 2020 • Established a f othold for consoli-**Reinvention of Business** (FYE 2019-2020) dated net profi ¥500.0 billion ¥500.0 billion | **¥501.3 billion** Made FamilyN consolidated **Smart Management** subsidiary and olished The 8th **ITOCHU: INFINITE MISSIONS: INNOVATION** 2019 ¥450.0 billion **¥500.5 billion** Company "Evolution to Next-Generation Growth Models" No. 1 Health Revised the Group corporate Management + "Medium- to Long-Term Shareholder mission Returns Policy (October 2018)" Concerns over obsolescence of existing businesses caused by the Fourth Industrial Revolution Strengthen Our **Brand-new Deal 2017** Built an earnings base for consolidated net profit of ¥400.0 billion
 Received Moody's A rating for the first time in roughly 20 years **Financial Position** ¥400.0 billion **¥400.3 billion** 2018 **Build Solid Earnings** ¥350.0 billion | **¥352.2 billion** "Challenge" Base to Generate Entrenched work-style reforms and increased the Outside Directors' "Engaging All Employees to Lead a ¥330.0 billion ¥240.4 billion ¥400.0 Billion Level New Era for the Sogo Shosha" ratio to at least one-third Consolidated "Infinite Missions Transcending Growth" **Net Profit** Temporary deterioration in financial indicators due to an investment in CITIC Solidified position as the No. 1 non-resource trading company **Boost Profitability** Brand-new Deal 2014 2015 | ¥300.0 billion | **¥300.6 billion** • Commenced strategic business

(FYE 2014–2015)

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

Uncertain outlook due to slumping resource prices

Brand-new Deal 2012

"Earn, Cut, Prevent"

Pursue Balanced ¥2.2 Growth Maintain Financial Discipline and Lean

Management Strengthen Our

Front-Line Capabilities

Proactively Seek New

Opportunities

Expand Our Scale of Operations

¥1.8

• Formulated and implemented the "earn, cut, prevent" principles

alliance and capital participation with CITIC and CP Group

Reformed work styles by introducing a Morning-Focused

Working System

¥280.0 billion ¥280.3 billion

2012 ¥240.0 billion **¥300.5 billion**

¥290.0 billion | **¥310.3 billion**

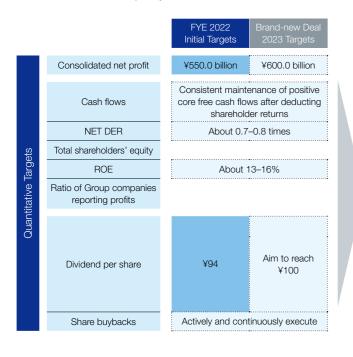
^{*1} Including treasury stock

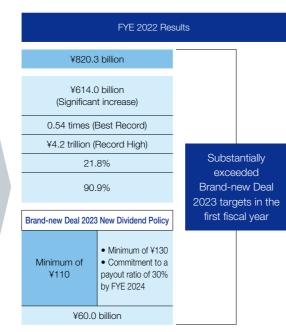
^{*2} Market capitalization, stock price, and consolidated net profit

Business Results for FYE 2022

FYE 2022 General Review (Quantitative Targets)

- Achieved consolidated net profit of ¥820.3 billion, renewed a record high significantly
- Announced "Brand-new Deal 2023 New Dividend Policy" and executed share buybacks. Steadily implementing the shareholder returns policy





FYE 2022 General Review (Qualitative Targets)

- Evolved business models and created growth opportunities from a market-oriented perspective
- Under the policy of "Enhancing our contribution to and engagement with the SDGs through business activities," significantly reduced GHG emissions from fossil fuel businesses and interests

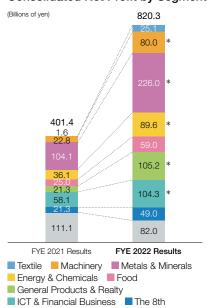
	Market-oriented perspective	 Built up businesses that meet consumer needs, such as through new business development and supply chain optimization in FamilyMart as well as expansion and monetization of retail financial services lineup By collaborating with strong business partners, such as investment in Hitachi Construction Machinery Co., Ltd. and Nishimatsu Construction Co., Ltd., utilizing each other's comprehensive strengths to implement strategic initiatives that will enable further business expansion
Targets	SDGs	 Following the sale of Drummond thermal coal interests, sold Ravensworth North thermal coal interests → Reduced GHG emissions from fossil fuel businesses and interests by 50% ahead of schedule Taking advantage of existing earnings base, steadily promoted the business of energy storage systems, plastic recycling, traceable natural rubber, etc., and more in response to social needs
Qualitative Targets	Human resource strategy	 Established the Women's Advancement Committee as one of the advisory committees to the Board of Directors → Strengthened support for women's career development through monitoring by the Women's Advancement Committee Evolved our Morning-Focused Working System and introduced Morning-Focused Flextime System → Further enhanced labor productivity through these flexible working styles combined with a work from home system
	Others	 Continued to receive high marks for its investor relations activities, including the annual report, and in SDG / ESG evaluations Remained the only major general trading company that has been included in all ESG investment indices adopted by the GPIF

Business Results

(Billions of yen)	FYE 2021 Results	FYE 2022 Results	Increase / Decrease
Consolidated net profit	401.4	* 820.3	+418.8
Extraordinary gains and losses	(51.0)	* 130.0	+181.0
Core profit	Approx. 452.5	*Approx. 690.0	Approx. +237.5
Core profit excluding the impact of COVID-19	Approx. 508.5	Approx. 727.0	Approx. +218.5
Non-resource	292.7	* 610.3	+317.6
Resource	107.9	* 221.6	+113.7
Others	0.9	(11.6)	(12.5)
Non-resource (%)*	73%	73%	Almost no change
Profits / losses of Group companies	359.6	* 708.9	+349.2
Ratio of Group companies reporting profits (%)	82.4%	90.9%	Increased 8.4pt
EPS	¥269.83	* ¥552.86	+¥283.03

^{* %} composition is calculated using the total of non-resource and resource sectors as 100%.

Consolidated Net Profit by Segment



Cash Flows

Cash Flows

Out in ionic	
(Billions of yen)	FYE 2021 Results FYE 2022 Resu
Cash flows from operating activities	895.9 801.
Cash flows from investing activities	(207.3) 38.
Free cash flows	688.6 * 839.
Cash flows from financing activities	(728.8) (846.

Core Free Cash Flows

00101100 00011110110		
(Billions of yen)	FYE 2021 Results FYE 2022 Resul	ts
Core operating cash flows*1	574.0 * 790.0)
Net investment cash flows*2	(755.0) 47.0	D
Core free cash flows	(181.0) * 837.0)

- *1 "Cash flows from operating activities" "Changes in working capital" + "Repayment of lease liabilities, etc."
- *2 Payments and collections for substantive investment and capital expenditure "Investment cash flows" + "Equity transactions with non-controlling interests" - "Changes in Ioan receivables," etc.
- * Record high

Core Free Cash Flows

Others, Adjustments & Eliminations

(Billions of yen)



Core free cash flows ■ Core operating cash flows*¹

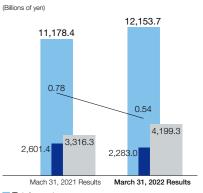
■ Net investment cash flows*2

Financial Position

(Billions of yen)	March 31, 2021	Ма	arch 31, 2022	Increase / Decrease
Total assets	11,178.4	*	12,153.7	+975.2
Net interest-bearing debt	2,601.4		2,283.0	(318.4)
Total shareholders' equity	3,316.3	*	4,199.3	+883.0
Ratio of shareholders' equity to total assets	29.7%	*	34.6%	Increased 4.9pt
NET DER	0.78 times	*	0.54 times	Improved 0.24
ROE	12.7%		21.8%	Increased 9.1pt

^{*} Record high (NET DER: Best record)

Financial Position



Total assets

■ Net interest-bearing debt ■ Total shareholders' equity

- NET DER (Times)

^{*} Record high

FYE 2023 Management Plan

In FYE 2023, the second year of "Brand-new Deal 2023," the business environment remains uncertain amid concerns about downward pressure on the global economy caused by rising geopolitical risks, spiking resource prices, and rising inflation. Nonetheless, we will continue comprehensively enhancing sustainable corporate value by pursuing growth strategies founded on our basic policies, namely, "Realizing business transformation by shifting to a market-oriented perspective" and "Enhancing our contribution to and engagement with the SDGs through business activities," in order to steadily expand our earnings base in our strong non-resource sector.

Quantitative and Qualitative Targets

Quantitative Targets

FYE 2023 profit plan: Consolidated net profit of ¥700.0 billion

Core profit expected to reach a record high of ¥710.0 billion due to growth in the non-resource sector

Brand-new Deal 2023 Basic Policy Qualitative Targets

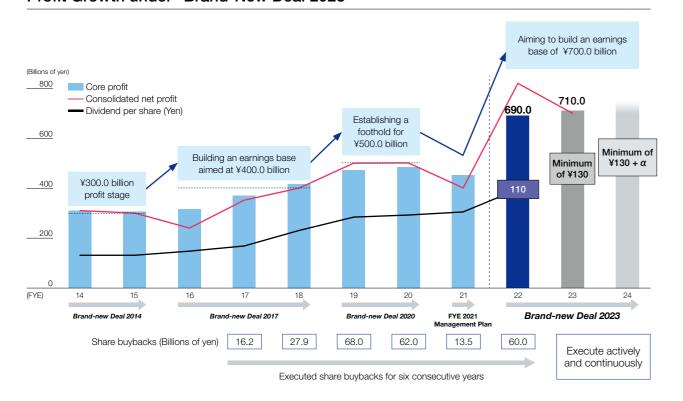
Realizing business transformation by shifting to a market-oriented perspective Profit opportunities are shifting downstream

Profit sources are shifting from upstream to downstream. Breaking down the negative effects caused by silos is an urgent task. We will advance business model evolution and growth opportunity creation.

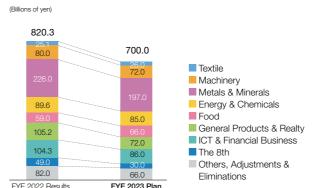
Enhancing our contribution to and engagement with the SDGs through business activities "Sampo-yoshi capitalism"

To realize a sustainable society, we embrace an approach to capitalism with greater emphasis on serving all stakeholders. Through our business activities, we will contribute to the achievement of the SDGs in such ways as maintaining the foundations of everyday life and protecting the environment.

Profit Growth under "Brand-New Deal 2023"



Consolidated Net Profit by Segment



(Billions of yen)		FYE 2022 Results	FYE 2023 Plan
Non-resource	Core profit	500.3	528.0
	Extraordinary gains and losses	110.0	20.0
	Consolidated net profit	610.3	548.0
Resource	Core profit	199.1	190.0
	Extraordinary gains and losses	22.5	0.0
	Consolidated net profit	221.6	190.0
Others		(11.6)	(38.0)*1
Non-resource	Non-resource (%)*2		74%

^{*1} Includes a loss buffer of ¥30.0 billion

Financial Position, Cash Flows, and Ratio Plan

		Brand-new Deal 2023
	FYE 2022 Results	FYE 2023-FYE 2024
Core operating cash flows (Billions of yen)	790.0	Cash allocation based on the consistent maintenance of positive core free cash flows after deducting shareholder returns
Net investment cash flows (Billions of yen)	47.0	Actively promote strategic investments in a timely manner and accelerate
Core free cash flows after deducting shareholder returns (Billions of yen)	614.0	asset replacement through business transformation
NET DER (Times)	0.54	B/S control appropriate for A ratings [NET DER: about 0.7-0.8 times]
Shareholders' equity (Trillions of yen)	4.2	b/3 control appropriate for A ratings [NET DEA. about 0.7-0.6 times]
ROE (%)	21.8	Maintaining high efficiency [ROE: about 13-16%]

Shareholder Returns Policy

Dividend: Brand-new Deal 2023 New Dividend Policy (FYE 2023 Version)

- Continuation of a progressive dividend policy during "Brand-new Deal 2023"
- Implementation of incremental increases to the minimum dividend (Minimum of ¥130 per share in FYE 2023 → Minimum of ¥130 + α per share in FYE 2024)
- Commitment to a payout ratio of 30% by FYE 2024

Share Buybacks

• Active and continuous execution of share buybacks as appropriate in consideration of the cash allocation situation based on market environment

Assumptions			
	FYE 2022 Results	FYE 2023 Plan	(Reference) Sensitivities on consolidated net profit for FYE 2023
Exchange rate (Yen/US\$ Average)	111.54	120	Approx. ¥(3.5) billion (1 yen appreciation against US\$)
Exchange rate (Yen/US\$ Closing)	122.39	120	_
Interest rate (%) TIBOR 3M (¥)	0.06%	0.1%	Approx. ¥(0.4) billion (0.1% increase)
Interest rate (%) LIBOR 3M (US\$)	0.24%	2.5%	Approx. ¥(0.2) billion (0.1% increase)
Crude oil (Brent) (US\$/BBL)	79.92	90	±¥0.4 billion*3
Iron ore (CFR China) (US\$/ton)	154*1	N.A.*2	±¥1.2 billion*3

- *1 FYE 2022 price for iron ore is a price that ITOCHU regards as general transaction prices based on the market.
- *2 The price of iron ore used in the FYE 2023 Plan is an assumption made in consideration of general transaction price based on the market.
- The actual price is not presented, as this is subject to negotiation with individual customers and varies by ore type.
- *3 The above sensitivities vary according to changes in sales volume, foreign exchange rates, production cost, etc.

^{*2 %} composition is calculated using the total of non-resource and resource sectors as 100%.