

Achievement of Short-Term Targets

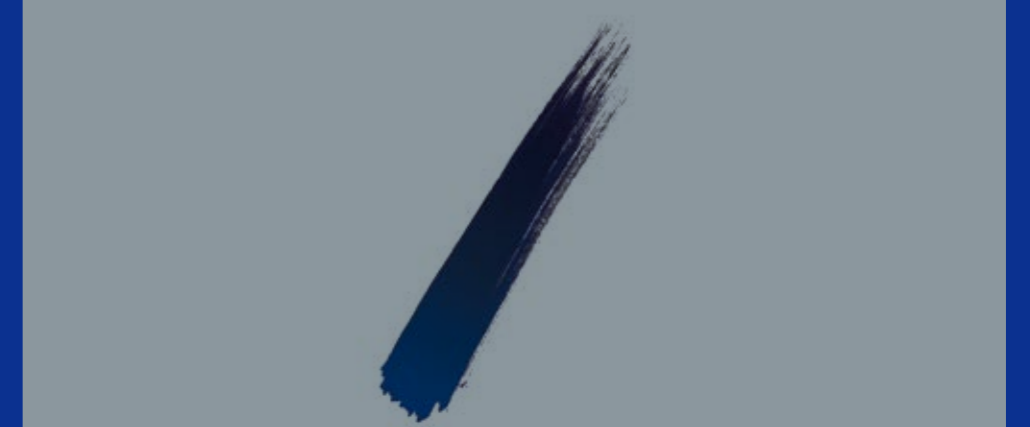
In this section, we look back on a trajectory of steady enhancement of corporate value realized by implementing the “Brand-new Deal” strategy under a series of management plans that began in FYE 2012. We also explain our record-setting results in FYE 2022 and the FYE 2023 management plan, which covers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



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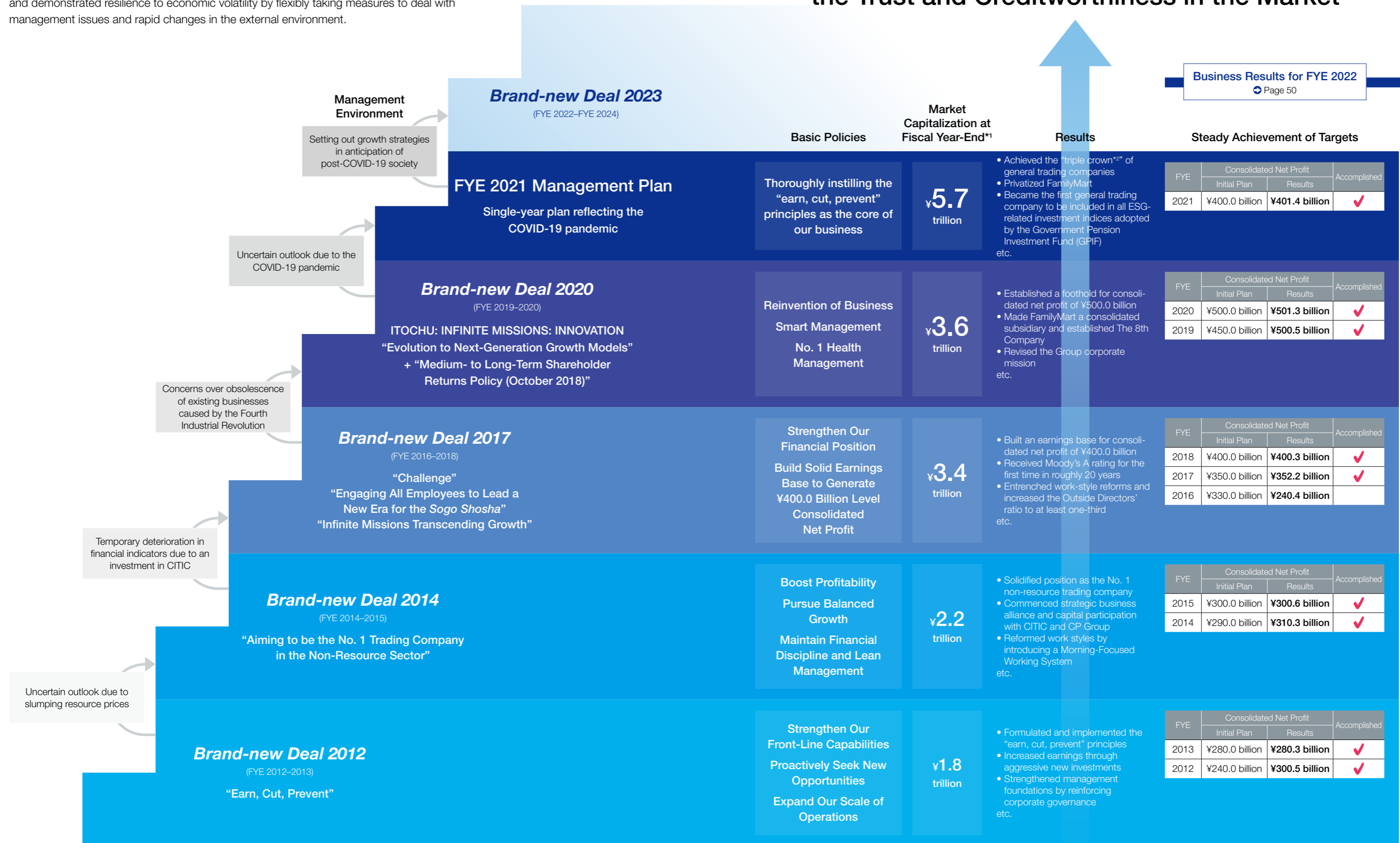
The number of times ITOCHU has met its initial targets (Consolidated net profit) since launching the “Brand-new Deal” strategy



Trajectory of Corporate Value Enhancement

We have steadily developed an enviable track record with the strategies of “Brand-new Deal” 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 and demonstrated resilience to economic volatility by flexibly taking measures to deal with management issues and rapid changes in the external environment.

Steadily Building Up Corporate Value by Enhancing the Trust and Creditworthiness in the Market



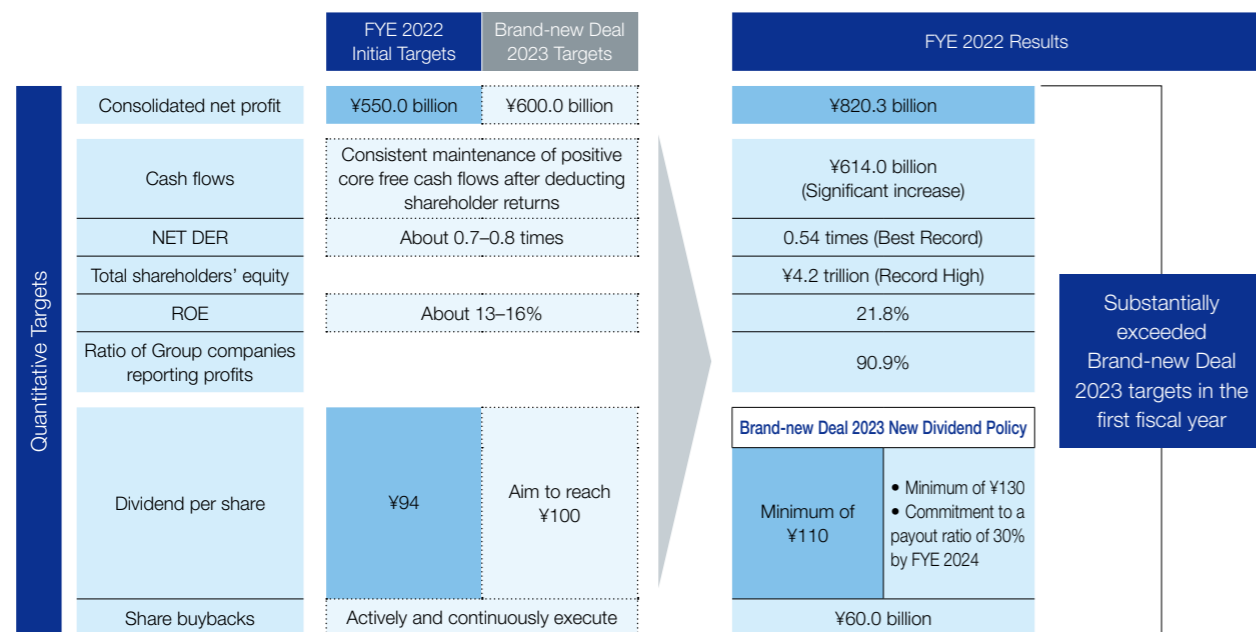
*1 Including treasury stock

*2 Market capitalization, stock price, and consolidated net profit

Business Results for FYE 2022

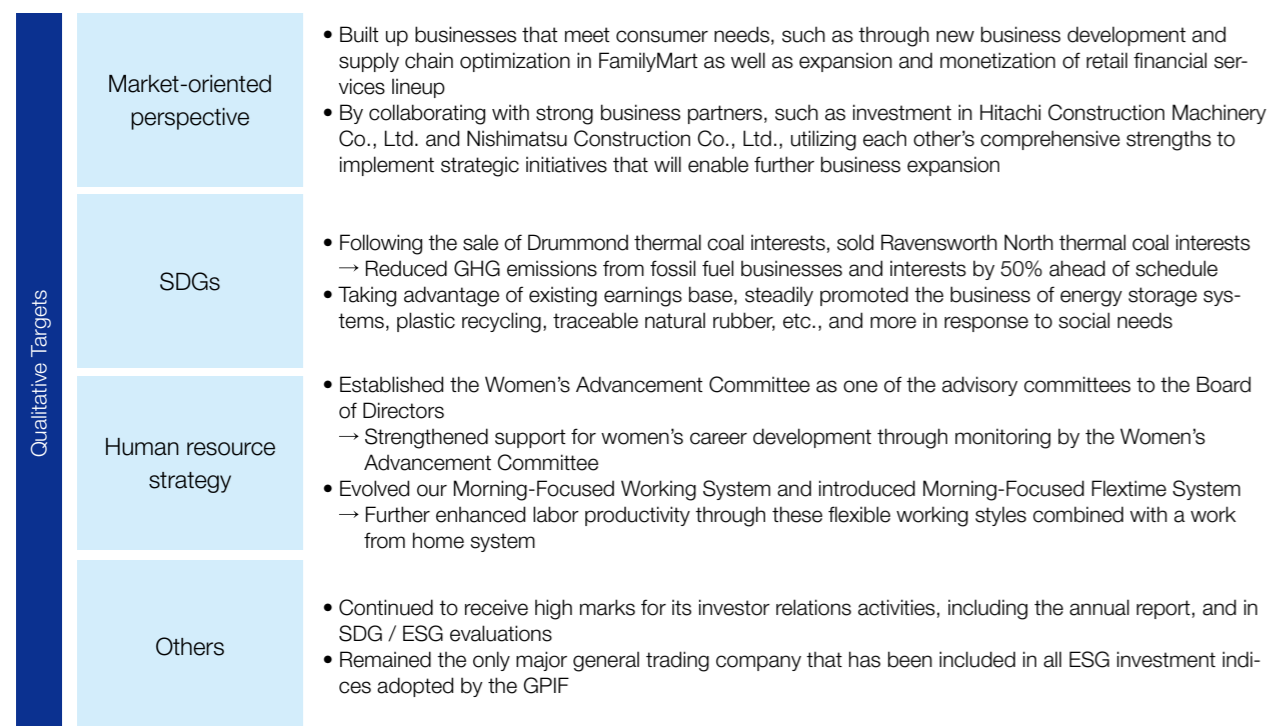
FYE 2022 General Review (Quantitative Targets)

- 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

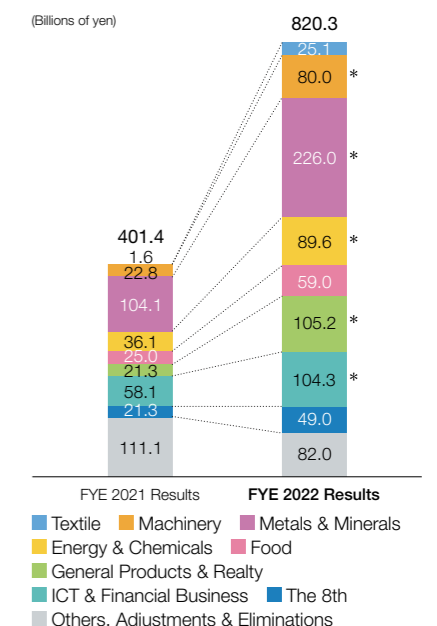


Business Results

(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%.
* Record high

Consolidated Net Profit by Segment



Cash Flows

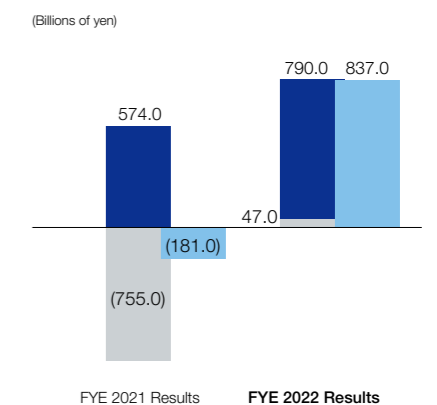
(Billions of yen)	FYE 2021 Results	FYE 2022 Results
Cash flows from operating activities	895.9	801.2
Cash flows from investing activities	(207.3)	38.6
Free cash flows	688.6	* 839.8
Cash flows from financing activities	(728.8)	(846.7)

Core Free Cash Flows

(Billions of yen)	FYE 2021 Results	FYE 2022 Results
Core operating cash flows*1	574.0	* 790.0
Net investment cash flows*2	(755.0)	47.0
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 loan receivables,” etc.
* Record high

Core Free Cash Flows

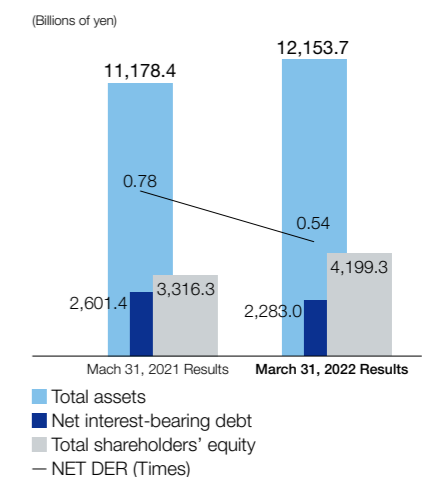


Financial Position

(Billions of yen)	March 31, 2021	March 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



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

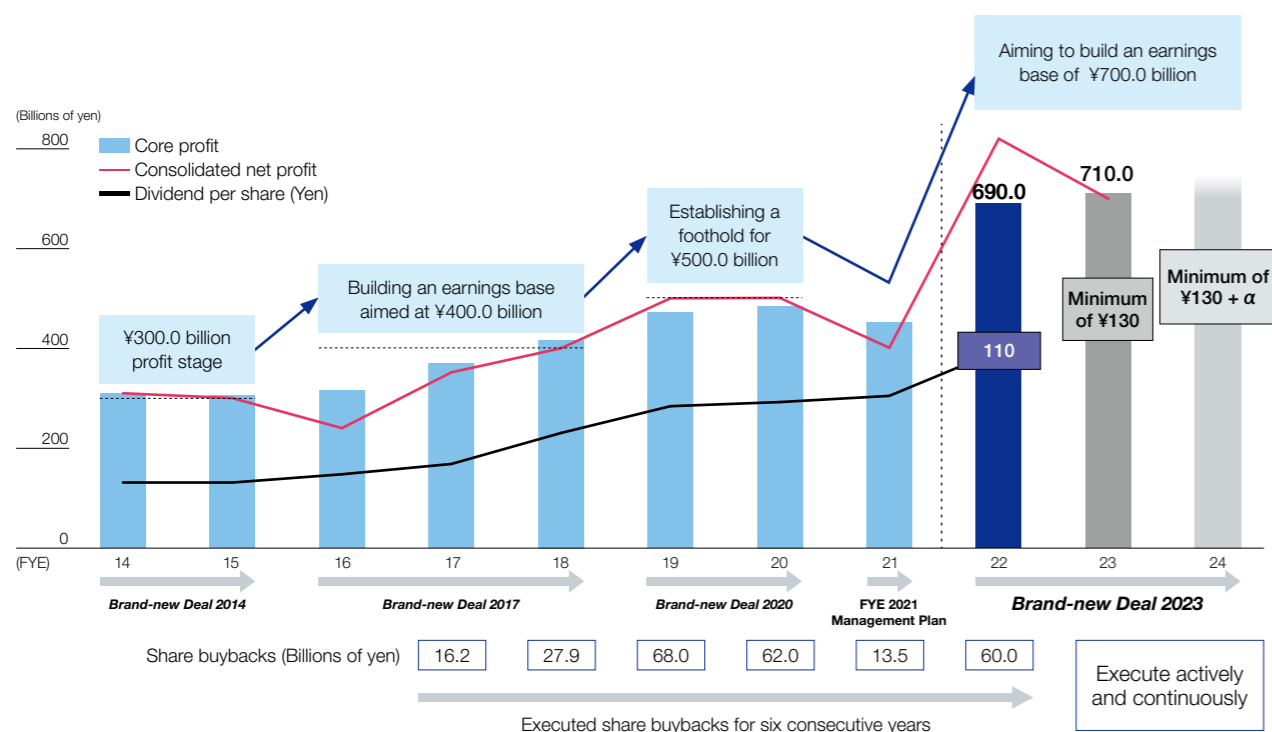
Profit opportunities are shifting downstream

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”

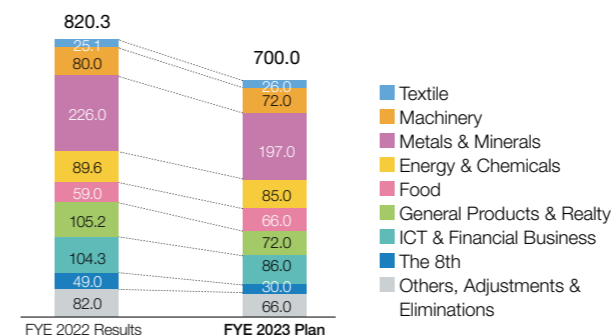
To realize a sustainable society, we embrace an approach to capitalism with greater emphasis on serving all stakeholders. Through our business activities, we will contribute to the achievement of the SDGs in such ways as maintaining the foundations of everyday life and protecting the environment.

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 (%)*2		73%	74%

*1 Includes a loss buffer of ¥30.0 billion

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

Financial Position, Cash Flows, and Ratio Plan

Brand-new Deal 2023

	FYE 2022 Results
Core operating cash flows (Billions of yen)	790.0
Net investment cash flows (Billions of yen)	47.0
Core free cash flows after deducting shareholder returns (Billions of yen)	614.0
NET DER (Times)	0.54
Shareholders' equity (Trillions of yen)	4.2
ROE (%)	21.8

FYE 2023-FYE 2024

Cash allocation based on the consistent maintenance of positive core free cash flows after deducting shareholder returns

Actively promote strategic investments in a timely manner and accelerate asset replacement through business transformation

B/S control appropriate for A ratings [NET DER: about 0.7-0.8 times]

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.