

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

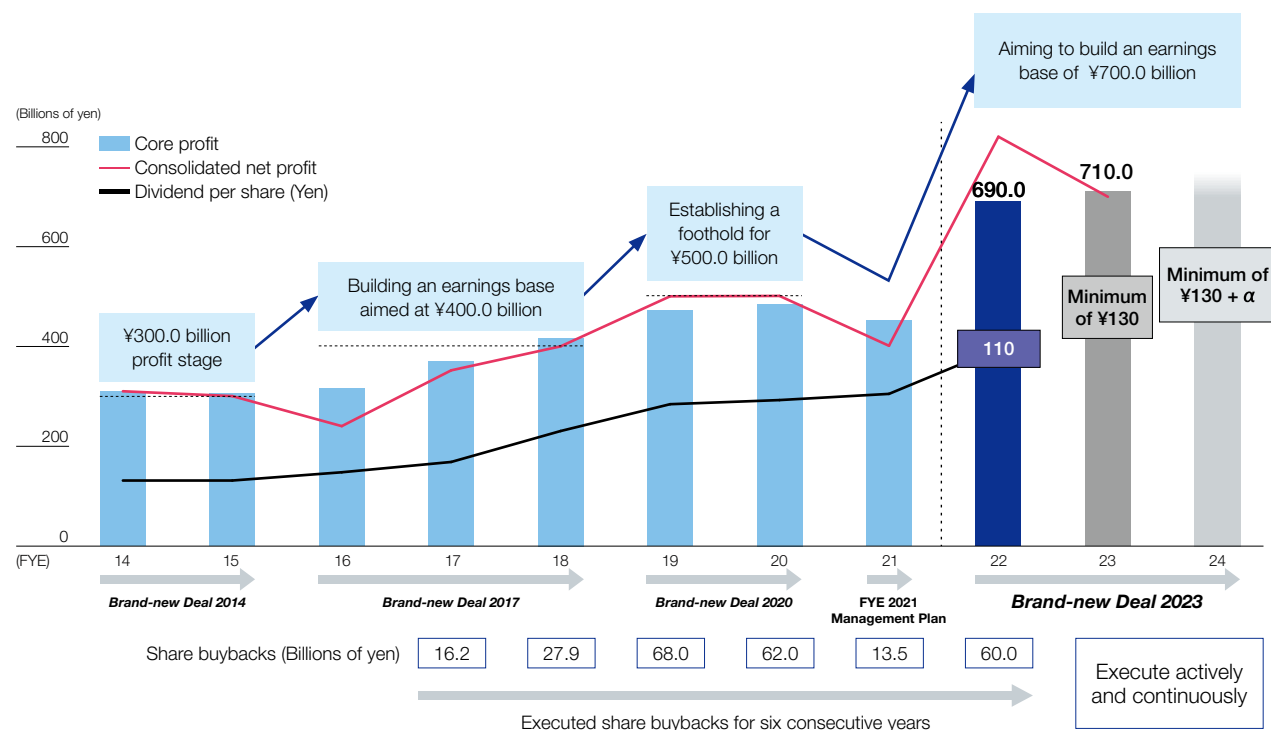
Profit opportunities are shifting downstream

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”

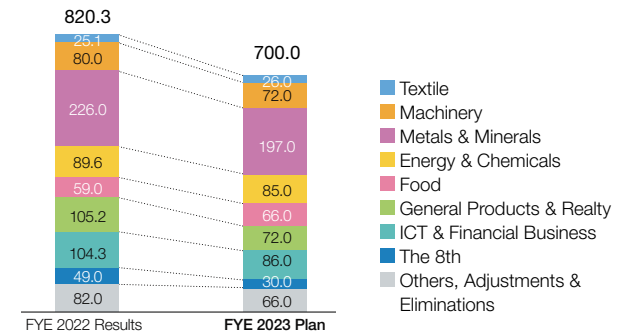
To realize a sustainable society, we embrace an approach to capitalism with greater emphasis on serving all stakeholders. Through our business activities, we will contribute to the achievement of the SDGs in such ways as maintaining the foundations of everyday life and protecting the environment.

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.