

# FYE 2024 Management Plan

In FYE 2024, the final year of “Brand-new Deal 2023,” Japan’s economy is expected to recover to a certain degree due to such factors as continuing low interest rates, wage rises and higher consumer spending, and an increase in demand from visitors to Japan. Overseas, however, the business environment is expected to remain extremely uncertain, with concerns about downward pressure on the global economy being caused by such factors as an economic slowdown due to further inflation and the persistently high interest rate level that is resulting from the monetary tightening policies being pursued mainly by major North American and European central banks, the slow pace of economic recovery in China due to sluggish export growth, etc., and uncertainty over geopolitical risks, including the unresolved Russia–Ukraine situation. In this business environment, ITOCHU will realize sustained enhancement of corporate value by stepping up measures in line with its basic policies of “Realizing business transformation by shifting to a market-oriented perspective” and “Enhancing our contribution to and engagement with the SDGs through business activities.”

## Quantitative and Qualitative Targets

### Quantitative Targets

#### FYE 2024 profit plan: Consolidated net profit of ¥780.0 billion

Core profit expected to reach ¥800.0 billion, which renews the highest record for the third consecutive year due to the growth in the non-resource sector.

### Brand-new Deal 2023 Basic Policy Qualitative Targets

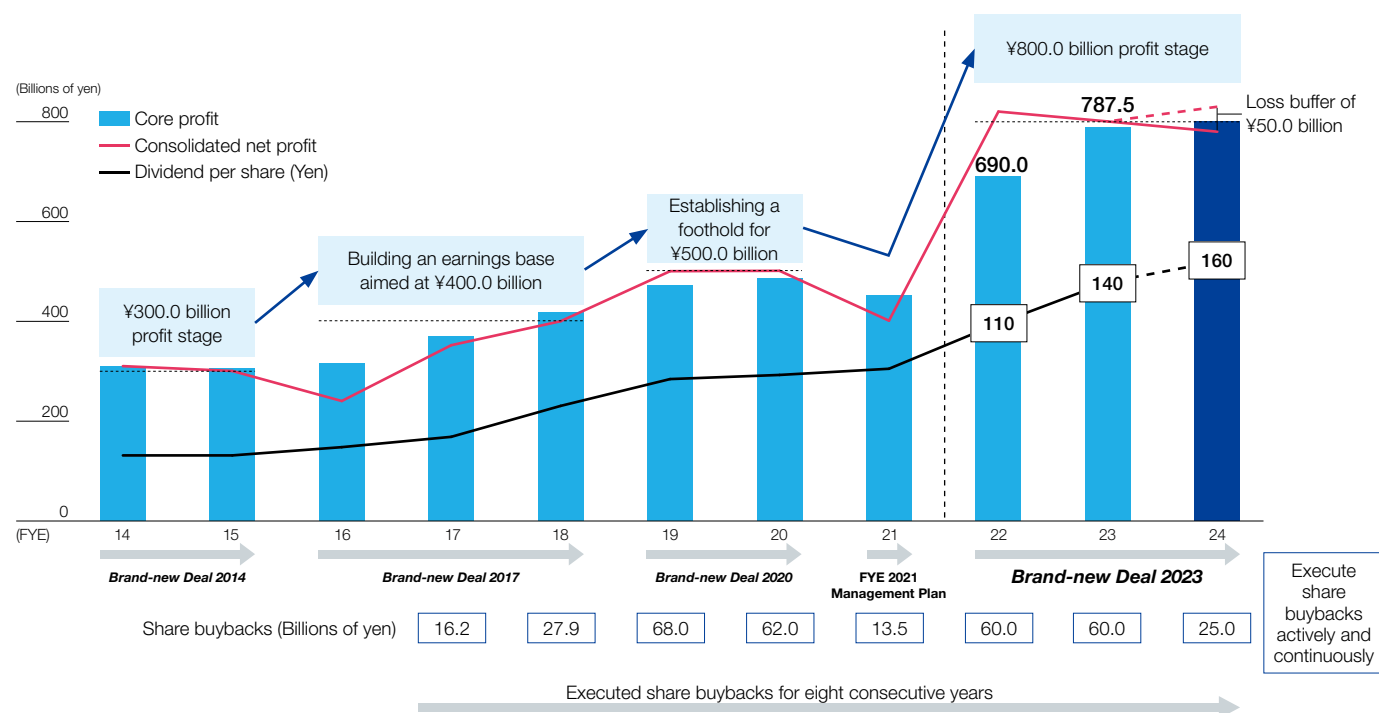
#### Realizing business transformation by shifting to a market-oriented perspective Profit opportunities are shifting downstream

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.

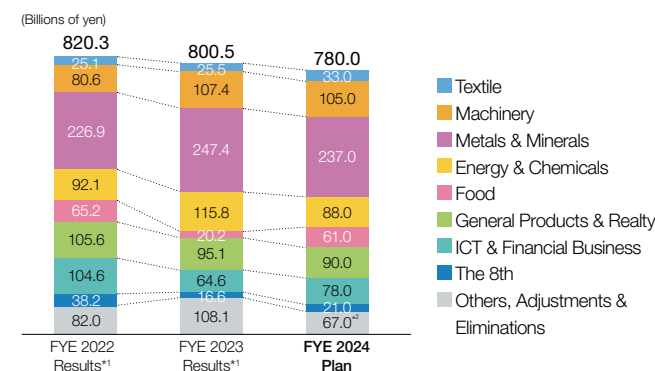
#### Enhancing our contribution to and engagement with the SDGs through business activities “Sampo-yoshi capitalism”

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



		FYE 2022 Results	FYE 2023 Results	FYE 2024 Plan
Non-resource	Core profit	Approx. 500.0	Approx. 574.5	Approx. 590.0
	Extraordinary gains and losses	110.0	13.5	30.0
	Consolidated net profit	610.3	587.8	620.0
Resource	Core profit	Approx. 199.0	Approx. 216.5	Approx. 210.0
	Extraordinary gains and losses	22.5	(1.0)	0.0
	Consolidated net profit	221.6	215.6	210.0
Others	Consolidated net profit	(11.6)	(2.8)	(50.0)**
Non-resource (%)** Core profit		72%	73%	74%

\*1 On July 1, 2019, The 8th Company was established, and ITOCHU began mutual holdings in which The 8th Company was the minority shareholder and the other Division Companies were the majority shareholders. On October 1, 2022, ITOCHU dissolved such mutual holdings. Therefore, the results from FYE 2022 to FYE 2023 have been presented based on the dissolution of the mutual holdings.

\*\*2 Includes a loss buffer of ¥50.0 billion

\*\*3 % composition is calculated using the total of non-resource and resource sectors as 100%.

## Financial Position, Cash Flows, and Ratio Plan

	FYE 2022	FYE 2023	FYE 2024 Plan
Core operating cash flows (Billions of yen)	790.0	871.0	
Net investment cash flows (Billions of yen)	47.0	(393.0)	
Core free cash flows after deducting shareholder returns (Billions of yen)	614.0	213.0	
NET DER (Times)	0.54	0.50	
Shareholders' equity (Trillions of yen)	4.2	4.8	
ROE (%)	21.8	17.8	

**Brand-new Deal 2023**

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

### 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 a total payout ratio of 33% or more.

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

### 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	Approx. ¥(3.3) billion (1 yen appreciation against US\$)
Exchange rate (Yen/US\$ Closing)	122.39	133.53	125	—
Interest rate (%) TIBOR 3M (¥)	0.06%	0.07%	0.1%	Approx. ¥(0.4) billion (0.1% increase)
Interest rate (%) LIBOR 3M (US\$)**1	0.24%	3.52%	—	—
Interest rate (%) SOFR 3M (US\$)**1	—	3.29%	5.0%	Approx. ¥(0.3) billion (0.1% increase)
Crude oil (Brent) (US\$/BBL)	79.92	95.07	75	±¥0.27 billion**4
Iron ore (CFR China) (US\$/ton)	154**2	117**2	N.A.**3	±¥1.54 billion**4

\*\*1 Due to the cessation of LIBOR publication in June 2023, the US\$ benchmark interest rate has been 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.