Under the initial plan for FYE 2024, we announced that when we revise the forecast upward during the fiscal year, we would execute additional shareholder returns eyeing a total payout ratio of 40%. In order to meet market expectations for the final year of the medium-term management plan, in which we are at the ¥800.0 billion stage, we will first focus on firmly achieving the second quarter numbers, assess the future progress and growth expectations, and consider an upward revision.

What is your policy for growth investments in FYE 2024?

We will continue to consider and promote growth investments that contribute to the interests of all stakeholders.

The current medium-term management plan is the third plan announced since I became CFO. Under "Brand-new Deal 2017 (FYE 2016–2018)," core operating cash flows for the three-year period comprised inflows of ¥1,255.0 billion and net investment cash outflows of ¥970.0 billion, due in part to our investment in CITIC. Core free cash flows after deducting ¥318.0 billion of shareholder returns were close to zero. Over the three years of this medium-term management plan, the ratio of shareholder returns to investments was approximately one for shareholder returns and three for investments. Next, under "Brand-new Deal 2020 and the FYE 2021 Management Plan (FYE 2019–2021)," core operating cash flows for the three years comprised inflows of ¥1,691.0 billion and net investment cash outflows of ¥1,065.0 billion, due in part to privatization of FamilyMart. Core free cash flows after deducting ¥529.0 billion of shareholder returns turned positive at approximately ¥100.0 billion. Over the three years, the ratio of shareholder returns to investments was approximately one for shareholder returns and two for investments. The ratio of shareholder returns was higher than the ratio during "Brand-new Deal 2017." During the six years of these two medium-term management plans, although we invested in major projects that form our current foundation for growth, including the investment in CITIC and privatization of FamilyMart, we have maintained positive core free cash flows after deducting shareholder returns. In addition, consolidated net profit have almost doubled over these six years, expanding from approximately ¥400.0 billion to approximately ¥800.0 billion.

Finally, due in part to the steady accumulation of operating cash flows, core operating cash flows were approximately ¥1,661.0 billion positive during the previous two years (FYE 2022–2023) under "Brand-new Deal 2023." While net investment cash outflows were approximately ¥346.0 billion, due in part to asset replacements and advanced divestments. Core free cash flows after deducting ¥488.0 billion of shareholder returns for the previous two years remained positive at ¥827.0 billion. Although we have not disclosed a forecast for core operating cash flows in FYE 2024, if the level remains similar to that of the past two years, because we have already committed to a dividend payout ratio of 30% and a total payout ratio of 33%, shareholder returns will be approximately ¥260.0 billion, and core free cash flows after deducting shareholder returns will be ¥500.0–¥600.0 billion. Similar to the two previous medium-term management plans, if core free cash flows after deducting shareholder returns are to be zero or just above zero for the three years of the current medium-term management plan, we would add ¥500.0–¥600.0 billion of core free cash flows after deducting shareholder returns in FYE 2024 to the ¥827.0 billion of core free cash flows after deducting shareholder returns generated in the previous two years. The total, excluding the capital expenditure which occurs regularly and additional shareholder returns, would be the investable amounts in FYE 2024.

In FYE 2024, including the tender offer bids (TOB) for CTC and DAIKEN CORPORATION, which were announced in August 2023, we have already built up a highly probable investment pipeline in each sector, and are planning to increase cash allocation to growth investments. We, of course, do not believe we will be able to execute every investments in the pipeline, but will maximize growth investments with the goal of boosting our current profit stage to beyond the ¥800.0 billion level. We will also continue "preparations" to maintain high ROE through sustained profit expansion.

In my ninth year as CFO, I held interviews with investors and shareholders, including members of Berkshire Hathaway Inc., who visited Japan in April 2023. I also represented ITOCHU in discussions with credit rating agencies. With a firm recognition of the significance of these actions, I will fulfill my duties as CFO. As I enter my sixth year as Chair of the Investment Consultative Committee, I promise to consider and promote growth investments that contribute to the interests of all stakeholders, by fully exercising my capabilities, following comprehensive assessments of the current economic situation, the trend toward sustainability, as well as lessons learned from our past investments.

Business Results of Each Medium-Term Management Plan

(Billions of yen)	*Brand-new Deal 2017* (FYE 2016–2018)	*Brand-new Deal 2020* & FYE 2021 Management Plan (FYE 2019–2021)	*Brand-new Deal 2023* Two years results among three years plan (FYE 2022–2023)
Consolidated net profit (average)	Approx. 331.0	Approx. 468.0	Approx. 810.0
Core profit (average)	Approx. 367.0	Approx. 470.0	Approx. 739.0
Core operating cash flows (cumulative)	Approx. 1,255.0	Approx. 1,691.0	Approx. 1,661.0
Net investment amount (cumulative)	Approx. (970.0)*1	Approx. (1,065.0)*2	Approx. (346.0)
Total shareholder returns (cumulative)*3	Approx. (318.0)	Approx. (529.0)	Approx. (488.0)
Core free cash flows after deducting shareholder returns (cumulative)	Approx. (33.0)*1	Approx. 97.0*2	Approx. 827.0
EPS (average)	¥211.3	¥309.8	¥549.5
ROE (average)	13.8%	15.9%	19.8%

*1 Including investment in CITIC (approximately ¥600.0 billion)
*2 Including privatization of FamilyMart (approximately ¥520.0 billion)
*3 Total of interim and year-end dividends and share buybacks

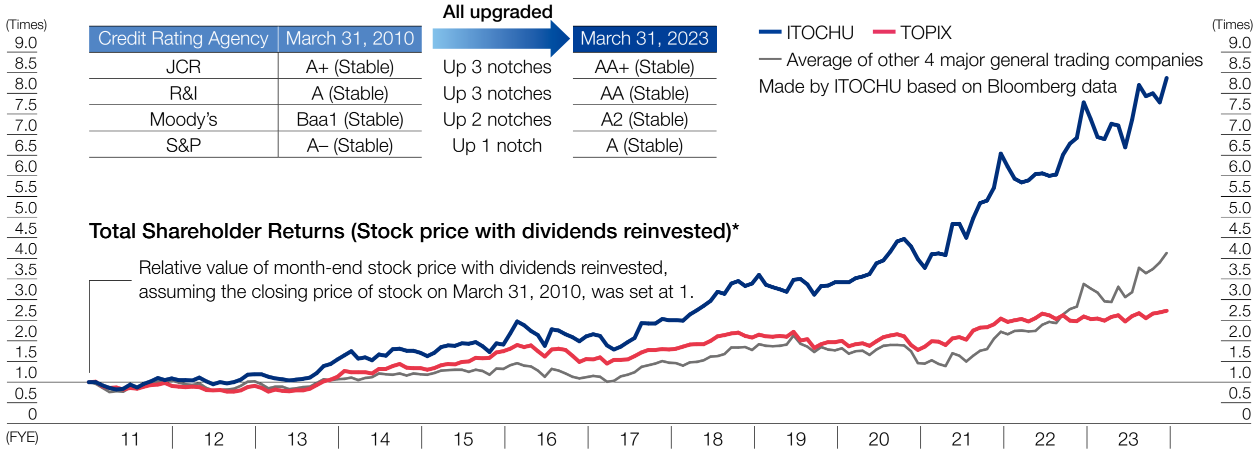
Stock Price / PER / PBR / TSR

Stock price: Annual average of daily trading value
PER: Daily average of (Stock price x Number of issued shares excluding treasury stock ÷ Forecast of consolidated net profit, announced by ITOCHU)
PBR: Daily average of (Stock price x Number of issued shares excluding treasury stock ÷ Most-recent results of shareholders' equity)

FYE 2011
Stock price ¥784
PER 7.9 times
PBR 1.1 times

FYE 2023
Stock price ¥3,954
PER 7.6 times
PBR 1.3 times

Credit Rating Agency	March 31, 2010	All upgraded	March 31, 2023
JCR	A+ (Stable)	Up 3 notches	AA+ (Stable)
R&I	A (Stable)	Up 3 notches	AA (Stable)
Moody's	Baa1 (Stable)	Up 2 notches	A2 (Stable)
S&P	A– (Stable)	Up 1 notch	A (Stable)



Total Shareholder Returns (Stock price with dividends reinvested)*

Relative value of month-end stock price with dividends reinvested, assuming the closing price of stock on March 31, 2010, was set at 1.

TSR* as of March 31, 2023

Ownership Period	1 year	2 years	3 years	4 years	5 years	10 years
ITOCHU	7.5%	27.9% (13.1%)	110.4% (28.1%)	144.5% (25.0%)	146.6% (19.8%)	440.4% (18.4%)
TOPIX	5.6%	7.7% (3.8%)	53.3% (15.3%)	38.7% (8.5%)	31.6% (5.7%)	141.7% (9.2%)
Average of other 4 major general trading companies	18.6%	79.0% (33.8%)	166.3% (38.6%)	120.7% (21.9%)	124.3% (17.5%)	294.2% (14.7%)

* Total Shareholder Returns (TSR): Returns on investment assuming that dividends are reinvested. The chart above shows relative value of month-end stock price with dividends reinvested, assuming the closing price of stock on March 31, 2010, was set at 1. The table above indicates returns on investment during each period of holdings preceding from March 31, 2023. (Figures in brackets are rate of returns converted to the annual average by the geometric mean.)

ROE and Shareholders' Equity