

**Consolidated Financial Results for the First Half
of the Fiscal Year Ending March 31, 2023**

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-Unaudited-**Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2023**

[Prepared in conformity with International Financial Reporting Standards]

Company name: ITOCHU Corporation

Stock exchange code: 8001

<https://www.itochu.co.jp/en/ir/>

President and Chief Operating Officer: Keita Ishii

General Manager, Investor Relations Division: Suguru Amano

TEL: 81 - 3 - 3497 - 7295

The date of payout of dividend:

December 2, 2022 (Planned)

1. Consolidated operating results for the first half of the FYE 2023 (from April 1, 2022 to September 30, 2022)**(1) Consolidated operating results (Summary)**

(%: Changes from the same period of the previous fiscal year)

	Revenues		Trading income (*4)		Profit before tax		Net profit		Net profit attributable to ITOCHU		Total comprehensive income attributable to ITOCHU	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
For the first half of												
FYE 2023	6,992,164	19.0	388,533	27.8	641,580	(8.3)	504,644	(5.5)	483,031	(3.5)	769,283	49.2
FYE 2022	5,874,770	19.5	304,128	59.3	699,887	140.9	534,282	97.8	500,612	98.3	515,729	63.3

	Basic earnings per share attributable to ITOCHU		Diluted earnings per share attributable to ITOCHU	
	yen		yen	
For the first half of				
FYE 2023	328.74		-	
FYE 2022	337.05		-	

Equity in earnings of associates and joint ventures (millions of yen) 1st half of FYE 2023: 185,615 [10.1%] 1st half of FYE 2022: 168,532 [80.5%]

Total comprehensive income (millions of yen) 1st half of FYE 2023: 796,644 [45.7%] 1st half of FYE 2022: 546,779 [57.0%]

(2) Consolidated financial position

	Total assets	Total equity	Total shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
	millions of yen	millions of yen	millions of yen	%	yen
September 30, 2022	13,608,666	5,536,085	4,867,076	35.8	3,312.50
March 31, 2022	12,153,658	4,763,700	4,199,325	34.6	2,857.50

(3) Consolidated cash flows information

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents
	millions of yen	millions of yen	millions of yen	millions of yen
For the first half of				
FYE 2023	469,136	(306,815)	(175,996)	622,467
FYE 2022	413,990	60,570	(555,607)	507,001

2. Dividend distribution

	Dividend distribution per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	yen	yen	yen	yen	yen
FYE 2022	-	47.00	-	63.00	110.00
FYE 2023	-	65.00	-	-	-
FYE 2023 (Planned)	-	-	-	75.00	140.00

(Note) Revisions to the plan of dividend distribution announced most recently: None

3. Outlook of consolidated operating results for the FYE 2023 (from April 1, 2022 to March 31, 2023)

(%: Changes from the previous fiscal year)

	Net profit attributable to ITOCHU		Basic earnings per share attributable to ITOCHU	
	millions of yen	%	yen	
FYE 2023	800,000	(2.5)	545.59	

(Note) Revisions to the outlook of consolidated operating results announced most recently: None

(Note) For more details, please refer to page 11, "3. Qualitative Information of Outlook for the Fiscal Year Ending March 31, 2023".

4. Other information

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the consolidation scope) : Yes

New company : 2 (Citrus Investment LLC HCJI Holdings Co., Ltd.)

Note: For more details, please refer to page 10, "2. (1) Changes in significant subsidiaries during the period".

(2) Changes in accounting policies and accounting estimates

(a) Changes in accounting policies required by IFRS : None

(b) Other changes : None

(c) Changes in accounting estimates : None

(3) Number of common shares issued

(a) Number of common shares outstanding: (including the number of treasury stock)	1st half of FYE 2023	1,584,889,504	FYE 2022	1,584,889,504
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(b) Number of treasury stock:	1st half of FYE 2023	115,583,768	FYE 2022	115,310,164
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(c) Average number of common shares outstanding:	1st half of FYE 2023	1,469,343,245	1st half of FYE 2022	1,485,276,645
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[Note]

*1. This document is an English translation of a statement initially written in Japanese. The original Japanese document should be considered as the primary version.

*2. This document is unaudited by certified public accountants or audit firms.

*3. Data and projections contained in these materials are based on the information available at the time of publication, and various factors may cause the actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not place undue reliance on forward-looking statements, and further, that ITOCHU Corporation has no obligation to update any forward-looking statements as a result of new information, future events or other developments.

*4. "Trading income" is presented in accordance with Japanese accounting practices.

"Trading income" = "Gross trading profit" + "Selling, general and administrative expenses" + "Provision for doubtful accounts"

*5. The consolidated financial statements are expressed in Japanese yen and, solely for the convenience of the reader, have been translated into U.S. dollars at the rate of 144.81 yen = 1 U.S. dollar, the exchange rate prevailing on September 30, 2022.

The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.

*6. "ITOCHU" referred to in the consolidated financial statements represents ITOCHU Corporation.

1. Qualitative Information

(1) Qualitative Information of the Consolidated Operating Results

[For the six-month period ended September 30, 2022]

(a) General Economic Situation

For the six-month period ended September 30, 2022, in the global economy, the U.S. and European economies slowed amid rising prices mainly due to the worsening Russia-Ukraine situation and interest rate increases by major central banks. Although the Chinese economy showed signs of recovery from the summer onward due to the effect of government stimulus measures, overall the economy remained stagnant due to continuing strict prevention measures against COVID-19 and other factors. The WTI crude oil price rose from the US\$101 per barrel range at the beginning of the fiscal year to the US\$123 per barrel range in the middle of June, primarily due to the economic sanctions imposed on Russia by various countries and uncertainty over the resulting impact on supply. However, it subsequently fell due to the slowdown of the global economy, to close in the US\$79 per barrel range at the end of September.

The Japanese economy saw a pick-up primarily driven by the service sector, due to a resumption in consumer activity as restrictions on activity under COVID-19 were eased. However, the recovery in both domestic and foreign demand was limited and ended up in a moderate increase due to the resurgence of COVID-19 in the summer, rising prices, and the slowdown in the global economy. The U.S. dollar-yen exchange rate started at approximately ¥122 per dollar at the beginning of the fiscal year, subsequently depreciating of the yen to approximately ¥145 per dollar at one point by the end of September due to a rise in the U.S. long-term interest rates. Although the Nikkei Stock Average temporarily rose from the ¥27,000 level at the beginning of the fiscal year to the ¥29,000 level due to the weaker yen and recovery in the domestic economy, as a general trend, it continued to decline in tandem with the U.S. stock prices amid growing concerns of global economic stagnation, closing at approximately ¥26,000 at the end of September. The yield on 10-year Japanese government bonds rose from 0.23% at the beginning of the fiscal year to above the 0.25% limit set by the Bank of Japan in the first half of June along with a rise in the U.S. long-term interest rates. The yield subsequently dropped temporarily to 0.17% in early August as the Bank of Japan increased purchases of Japanese government bonds and the U.S. long-term interest rates declined. However, it rose again from middle of August onward in line with the rise in the U.S. long-term interest rates, reaching 0.28% at the end of September.

(b) Consolidated Operating Results

	Billions of Yen				Millions of U.S. Dollars
	Apr.-Sep. 2022	Apr.-Sep. 2021	Increase (Decrease)	%	Apr.-Sep. 2022
Revenues	6,992.2	5,874.8	1,117.4	19.0%	48,285
Gross trading profit	1,084.4	968.0	116.5	12.0%	7,488
Selling, general and administrative expenses	(691.9)	(661.3)	(30.6)	4.6%	(4,778)
Gains (losses) on investments.....	50.3	190.7	(140.3)	(73.6%)	347
Equity in earnings of associates and joint ventures	185.6	168.5	17.1	10.1%	1,282
Income tax expense.....	(136.9)	(165.6)	28.7	(17.3%)	(945)
Net profit.....	504.6	534.3	(29.6)	(5.5%)	3,485
Net profit attributable to ITOCHU.....	483.0	500.6	(17.6)	(3.5%)	3,336
(Reference) Trading income.....	388.5	304.1	84.4	27.8%	2,683

(i) Revenues (from external customers)

Increased by 19.0%, or 1,117.4 billion yen, compared to the same period of the previous fiscal year to 6,992.2 billion yen (48,285 million U.S. dollars).

• Energy & Chemicals Company:

Increased by 468.0 billion yen compared to the same period of the previous fiscal year to 1,720.7 billion yen (11,882 million U.S. dollars), due to higher market prices in energy trading transactions, chemical-related transactions and energy-related companies.

• Metals & Minerals Company:

Increased by 188.5 billion yen compared to the same period of the previous fiscal year to 691.9 billion yen (4,778 million U.S. dollars), due to higher coal prices and the depreciation of the yen, partially offset by lower iron ore prices.

• Food Company:

Increased by 158.8 billion yen compared to the same period of the previous fiscal year to 2,296.6 billion yen (15,860 million U.S. dollars), due to higher market prices in provisions-related transactions and higher transaction volume in NIPPON ACCESS.

• General Products & Realty Company:

Increased by 148.1 billion yen compared to the same period of the previous fiscal year to 637.9 billion yen (4,405 million U.S. dollars), due to higher market prices in construction materials business and the conversion of a North American engineered wood products company into a consolidated subsidiary.

(ii) Gross trading profit

Increased by 12.0%, or 116.5 billion yen, compared to the same period of the previous fiscal year to 1,084.4 billion yen (7,488 million U.S. dollars).

- Energy & Chemicals Company:

Increased by 41.2 billion yen compared to the same period of the previous fiscal year to 152.8 billion yen (1,055 million U.S. dollars), due to the improvement in profitability in energy trading transactions and CIECO Azer (Crude oil exploration and production company) resulting from higher market prices.

- Metals & Minerals Company:

Increased by 23.4 billion yen compared to the same period of the previous fiscal year to 127.4 billion yen (880 million U.S. dollars), due to higher coal prices and the depreciation of the yen, partially offset by lower iron ore prices.

- General Products & Realty Company:

Increased by 20.6 billion yen compared to the same period of the previous fiscal year to 115.4 billion yen (797 million U.S. dollars), due to the stable performance in construction materials business and domestic real estate companies and the conversion of a North American engineered wood products company into a consolidated subsidiary.

- The 8th Company

Decreased by 13.7 billion yen compared to the same period of the previous fiscal year to 194.7 billion yen (1,344 million U.S. dollars), due to the increase of franchisee support payments resulting from changes in external environment and the conversion of Taiwan FamilyMart into an investment accounted for by the equity method from a consolidated subsidiary at the end of the first quarter of the previous fiscal year, partially offset by the increase in daily sales resulting from enhancement of product appeal and sales promotion in FamilyMart.

(iii) Selling, general and administrative expenses

Increased by 4.6%, or 30.6 billion yen, compared to the same period of the previous fiscal year to 691.9 billion yen (4,778 million U.S. dollars), due to the increase in expenses resulting from the stable growth in revenue and the depreciation of the yen, partially offset by the decrease because of the conversion of Taiwan FamilyMart into an investment accounted for by the equity method from a consolidated subsidiary at the end of the first quarter of previous fiscal year.

(iv) Gains (losses) on investments

Decreased by 73.6%, or 140.3 billion yen, compared to the same period of the previous fiscal year to a gain of 50.3 billion yen (347 million U.S. dollars), due to the absence of gains on the partial sale of Taiwan FamilyMart, the de-consolidation of Paidy, and the sale of Japan Brazil Paper & Pulp Resources Development, in addition to the realization of foreign exchange gains due to the de-consolidation of ITOCHU Coal Americas in the same period of the previous fiscal year, partially offset by the gain on the sale of a North American beverage-equipment-maintenance company.

(v) Equity in earnings of associates and joint ventures

Increased by 10.1%, or 17.1 billion yen, compared to the same period of the previous fiscal year to 185.6 billion yen (1,282 million U.S. dollars).

• Others, Adjustments & Eliminations: (*)

Increased by 13.1 billion yen compared to the same period of the previous fiscal year to 76.5 billion yen (529 million U.S. dollars), due to higher earnings in CITIC Limited resulting from the stable performance especially in comprehensive financial business and revaluation gain on securities business even with the impact of lower iron ore prices, partially offset by lower earnings in C.P. Pokphand because of lower pork prices.

• General Products & Realty Company:

Increased by 8.1 billion yen compared to the same period of the previous fiscal year to 24.4 billion yen (168 million U.S. dollars), due to the gain on sales of properties in overseas real estate business and higher earnings in IFL (European pulp-related company) resulting from higher pulp prices.

• Metals & Minerals Company:

Increased by 7.1 billion yen compared to the same period of the previous fiscal year to 31.7 billion yen (219 million U.S. dollars), due to higher earnings in Marubeni-Itochu Steel resulting from the stable performance in North American business, and the depreciation of the yen, partially offset by lower earnings in iron ore companies resulting from lower prices.

• Food Company:

Decreased by 4.6 billion yen compared to the same period of the previous fiscal year to 3.1 billion yen (21 million U.S. dollars), due to lower earnings in meat-products-related companies resulting from lower sales prices in China and the increase in production cost caused by higher grain prices, partially offset by the stable performance in North American grain-related companies.

(*) “Others, Adjustments & Eliminations” includes gains and losses, which do not belong to any operating segment and internal eliminations between operating segments. For more details, please refer to page 19, “4. (5) Operating Segment Information”.

(vi) Income tax expense

Decreased by 17.3%, or 28.7 billion yen, compared to the same period of the previous fiscal year to 136.9 billion yen (945 million U.S. dollars), due to lower profit before tax.

(vii) Net profit attributable to ITOCHU

Consequently, net profit attributable to ITOCHU decreased by 3.5%, or 17.6 billion yen, compared to the same period of the previous fiscal year to 483.0 billion yen (3,336 million U.S. dollars).

(Reference) Trading income

“Trading income” in accordance with Japanese accounting practices (“Trading income” = “Gross trading profit” + “Selling, general and administrative expenses” + “Provision for doubtful accounts”) increased by 27.8%, or 84.4 billion yen, compared to the same period of the previous fiscal year to 388.5 billion yen (2,683 million U.S. dollars).

- Energy & Chemicals Company:
Increased by 37.3 billion yen compared to the same period of the previous fiscal year to 74.1 billion yen (512 million U.S. dollars), due to the improvement in profitability in energy trading transactions and CIECO Azer resulting from higher market prices.
- Metals & Minerals Company:
Increased by 21.8 billion yen compared to the same period of the previous fiscal year to 117.8 billion yen (813 million U.S. dollars), due to higher coal prices and the depreciation of the yen, partially offset by lower iron ore prices.
- General Products & Realty Company:
Increased by 11.5 billion yen compared to the same period of the previous fiscal year to 46.7 billion yen (323 million U.S. dollars), due to the stable performance in construction materials business and domestic real estate companies and the conversion of a North American engineered wood products company into a consolidated subsidiary.
- ICT & Financial Business Company:
Decreased by 6.6 billion yen compared to the same period of the previous fiscal year to 25.5 billion yen (176 million U.S. dollars), due to lower sales volume in CONEXIO and the temporary increase in expenses, partially offset by the stable transactions in ITOCHU Techno-Solutions.

(2) Qualitative Information of the Consolidated Financial Position

(a) Consolidated Financial Position

	Billions of Yen				Millions of U.S. Dollars
	Sep. 2022	Mar. 2022	Increase (Decrease)	%	Sep. 2022
Total assets	13,608.7	12,153.7	1,455.0	12.0%	93,976
Interest-bearing debt	3,081.1	2,905.9	175.2	6.0%	21,277
Net interest-bearing debt	2,447.7	2,283.0	164.7	7.2%	16,902
Total shareholders' equity.....	4,867.1	4,199.3	667.8	15.9%	33,610
Ratio of shareholders' equity to total assets	35.8%	34.6%	Increased 1.2pt		
NET DER (times)	0.50	0.54	Improved 0.04pt		

(i) Total assets

Increased by 12.0%, or 1,455.0 billion yen, compared to March 31, 2022 to 13,608.7 billion yen (93,976 million U.S. dollars), due to the increase in trade receivables and inventories resulting from the increase of trading transactions and higher market prices, the increase in investments accounted for by the equity method resulting from the investment in shares in Hitachi Construction Machinery, and the depreciation of the yen.

(ii) Net interest-bearing debt (interest-bearing debt after deducting cash and cash equivalents and time deposits)

Increased by 7.2%, or 164.7 billion yen, compared to March 31, 2022 to 2,447.7 billion yen (16,902 million U.S. dollars), due to the investment in shares in Hitachi Construction Machinery, dividend payments, and the depreciation of the yen, partially offset by the stable performance in operating revenues.

Interest-bearing debt increased by 6.0%, or 175.2 billion yen, compared to March 31, 2022 to 3,081.1 billion yen (21,277 million U.S. dollars).

(iii) Total shareholders' equity

Increased by 15.9%, or 667.8 billion yen, compared to March 31, 2022 to 4,867.1 billion yen (33,610 million U.S. dollars), due to net profit attributable to ITOCHU during this fiscal year and the depreciation of the yen, partially offset by dividend payments.

(iv) Ratio of shareholders' equity to total assets and NET DER

Ratio of shareholders' equity to total assets increased by 1.2 points compared to March 31, 2022 to 35.8%.

NET DER (net debt-to-shareholders' equity ratio) improved by 0.04 points compared to March 31, 2022 to 0.50 times.

(b) Consolidated Cash Flows

	Billions of Yen		Millions of
	Apr.-Sep. 2022	Apr.-Sep. 2021	U.S. Dollars Apr.-Sep. 2022
Cash flows from operating activities	<u>469.1</u>	<u>414.0</u>	<u>3,240</u>
Cash flows from investing activities	<u>(306.8)</u>	<u>60.6</u>	<u>(2,119)</u>
<i>Free cash flows</i>	<u>162.3</u>	<u>474.6</u>	<u>1,121</u>
Cash flows from financing activities	<u>(176.0)</u>	<u>(555.6)</u>	<u>(1,215)</u>

(i) Cash flows from operating activities

Recorded a net cash-inflow of 469.1 billion yen (3,240 million U.S. dollars), due to the stable performance in operating revenues in Metals & Minerals, The 8th, Energy & Chemicals and Machinery Companies.

(ii) Cash flows from investing activities

Recorded a net cash-outflow of 306.8 billion yen (2,119 million U.S. dollars), due to the investment in shares in Hitachi Construction Machinery by Machinery Company, the acquisition of a North American engineered wood products business by General Products & Realty Company and the purchase of fixed assets by Food, The 8th, Machinery and Energy & Chemicals Companies.

(iii) Cash flows from financing activities

Recorded a net cash-outflow of 176.0 billion yen (1,215 million U.S. dollars), due to repayments of lease liabilities and dividend payments.

As a result of cash flows above and the depreciation of the yen, “Cash and cash equivalents” as of September 30, 2022 increased by 10.8 billion yen compared to March 31, 2022 to 622.5 billion yen (4,299 million U.S. dollars).

2. Summary Information (Notes)

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the consolidation scope) :

HCJI Holdings Co., Ltd. (hereinafter referred to as the “Joint Venture”), which is jointly held by Citrus Investment LLC (hereinafter referred to as the “Investment Company”), a subsidiary of ITOCHU and HCJ Holdings Ltd., a special purpose company of Japan Industrial Partners, Inc. acquired the common shares of Hitachi Construction Machinery Co., Ltd. The Investment Company and the Joint Venture became specified subsidiaries of ITOCHU as a result of ITOCHU’s additional contribution through the Investment Company in the Joint Venture for the purpose of the acquisition.

(2) Changes in accounting policies and accounting estimates

- | | |
|---|------|
| (a) Changes in accounting policies required by IFRS | None |
| (b) Other changes | None |
| (c) Changes in accounting estimates | None |

With regards to the impacts from the Russia-Ukraine situation and COVID-19, there are no significant changes from the description in the Annual Financial Statements for the year ended March 31, 2022.

3. Qualitative Information of Outlook for the Fiscal Year Ending March 31, 2023

Regarding the future business outlook, there are concerns of a further slowdown in the global economy, particularly in the U.S. and Europe, as prices and interest rates continue to rise in various countries. Although an upturn in the Chinese economy is expected due to the effects of economic stimulus measures, the prolonged continuation of strict COVID-19 prevention measures and a weak real estate market are likely to constrain the recovery. In Japanese economy, despite the expectations for increase in domestic demand and demand from inbound travelers, the economy is expected to continue its gradual recovery in the near future due to the sluggish exports.

Amid such conditions, the U.S. dollar-yen exchange rate is expected to be limited for further depreciation of the yen due to a pause in the rise in the U.S. long-term interest rates. Crude oil prices are expected to remain high in the near future as concerns remain due to major oil-producing countries limiting their supply, despite the slowdown in the global economy.

In addition, the high level of uncertainty on the Russia-Ukraine situation and the possibility of a resurgence of COVID-19 in Japan and overseas remain as risk factors with the potential to limit our business activities. As such, we will continue to monitor these factors.

Although we recognize that future business environment is subject to a variety of uncertain factors and accordingly require to maintain conservative business outlook, as announced on October 4, 2022, we revised upward its forecast of “Net profit attributable to ITOCHU” to 800.0 billion yen for the fiscal year ending March 31, 2023, in accordance with the steady growth of core profit in this first half.

(Unit: billion yen)				<i>Precondition</i>			
	Results 1st half of FYE 2023	Forecast	Initial Forecast (Disclosed on May 10)	<i>Major Indicators</i>	<u>Results 1st half of FYE 2023</u>	<u>Forecast</u>	<u>Initial Forecast (Disclosed on May 10)</u>
Gross trading profit	1,084.4	2,140.0	2,020.0	Foreign exchange rate (Yen/US\$)	130.45	135	120
Selling, general and administrative expenses	(691.9)	(1,431.0)	(1,421.0)	Interest(JPY 3M TIBOR) (%)	0.07	0.1	0.1
Provision for doubtful accounts	(4.0)	(9.0)	(9.0)	Interest(US\$ 3M LIBOR) (%)	2.29	3.5	2.5
Trading income	388.5	700.0	590.0	Crude oil (Brent) (US\$/BBL)	104.63	95	90
Net interest expenses	(9.8)	(29.0)	(21.0)	Iron ore (CFR China) (US\$/ton)	123 ^(Note1)	N.A. ^(Note2)	N.A. ^(Note2)
Dividends received	34.1	86.0	94.0				
Equity in earnings of associates and joint ventures	185.6	300.0	300.0				
Others	43.1	43.0	27.0				
Profit before tax	641.6	1,100.0	990.0				
Income tax expense	(136.9)	(240.0)	(220.0)				
Net profit	504.6	860.0	770.0				
Net profit attributable to non-controlling interests	(21.6)	(60.0)	(70.0)				
Net profit attributable to ITOCHU	483.0	800.0	700.0				

(Note1) FYE 2023 1st half prices for iron ore are prices that ITOCHU regards as general transaction prices based on the market.

(Note2) The prices of iron ore used in “Forecast” are assumptions 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 vary by ore type.

These plans are forward-looking statements that are based on management’s assumptions and beliefs based on information currently available. Thus, the actual results could be substantially different from the above statements due to such factors including, but not limited to, global economic and market conditions, and currency exchange rate fluctuations.

Distribution of the current fiscal year's profit

For the interim dividend of the current fiscal year, we have decided to pay 65 yen per share. At present, as announced on October 4, 2022, we intend to pay a minimum dividend per share of 140 yen for FYE 2023, including the interim dividend, an increase of 10 yen compared to the initial forecast of 130 yen.

4. Quarterly Consolidated Financial Statements [Condensed]**(1) Consolidated Statement of Comprehensive Income [Condensed]**

ITOCHU Corporation and its Subsidiaries

For the six-month periods ended September 30, 2022 and 2021

	Millions of Yen		Millions of U.S. Dollars
	Apr.-Sep. 2022	Apr.-Sep. 2021	Apr.-Sep. 2022
Revenues:			
Revenues from sale of goods.....	¥ 6,316,257	¥ 5,237,513	\$ 43,618
Revenues from rendering of services and royalties.....	675,907	637,257	4,667
Total revenues.....	6,992,164	5,874,770	48,285
Cost:			
Cost of sale of goods.....	(5,546,868)	(4,588,895)	(38,305)
Cost of rendering of services and royalties.....	(360,883)	(317,922)	(2,492)
Total cost.....	(5,907,751)	(4,906,817)	(40,797)
Gross trading profit.....	1,084,413	967,953	7,488
Other gains (losses):			
Selling, general and administrative expenses.....	(691,920)	(661,297)	(4,778)
Provision for doubtful accounts.....	(3,960)	(2,528)	(27)
Gains (losses) on investments.....	50,306	190,654	347
Gains (losses) on property, plant, equipment and intangible assets.....	(7,217)	(1,005)	(50)
Other-net.....	23	6,960	0
Total other-losses.....	(652,768)	(467,216)	(4,508)
Financial income (loss):			
Interest income.....	13,753	9,797	95
Dividends received.....	34,087	35,720	235
Interest expense.....	(23,520)	(14,899)	(162)
Total financial income.....	24,320	30,618	168
Equity in earnings of associates and joint ventures.....	185,615	168,532	1,282
Profit before tax.....	641,580	699,887	4,430
Income tax expense.....	(136,936)	(165,605)	(945)
Net profit.....	504,644	534,282	3,485
Net profit attributable to ITOCHU.....	483,031	500,612	3,336
Net profit attributable to non-controlling interests.....	21,613	33,670	149

	Millions of Yen		Millions of U.S. Dollars
	Apr.-Sep. 2022	Apr.-Sep. 2021	Apr.-Sep. 2022
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss			
FVTOCI financial assets.....	¥ (24,899)	¥ 16,563	\$ (172)
Remeasurement of net defined pension liability.....	(1,003)	(726)	(7)
Other comprehensive income in associates and joint ventures.....	(10,821)	(6,284)	(75)
Items that will be reclassified to profit or loss			
Translation adjustments.....	243,036	(22,033)	1,678
Cash flow hedges.....	(3,796)	(4,316)	(26)
Other comprehensive income in associates and joint ventures.....	89,483	29,293	618
Total other comprehensive income, net of tax.....	292,000	12,497	2,016
Total comprehensive income.....	796,644	546,779	5,501
Total comprehensive income attributable to ITOCHU.....	769,283	515,729	5,312
Total comprehensive income attributable to non-controlling interests.....	27,361	31,050	189

Note 1 : The gains and losses on disposal and remeasurement of equity financial instruments, of which the changes in fair value are recorded in “Other comprehensive income”, are recognized in “FVTOCI financial assets”.

Note 2 : “Trading income” is presented in accordance with Japanese accounting practices.

“Trading income” = “Gross trading profit” + “Selling, general and administrative expenses”
+ “Provision for doubtful accounts”

Trading income for the six-month periods ended September 30, 2022 and 2021 were 388,533 million yen (2,683 million U.S. dollars) and 304,128 million yen, respectively.

(2) Consolidated Statement of Financial Position [Condensed]

ITOCHU Corporation and its Subsidiaries

As of September 30, 2022 and March 31, 2022

Assets	Millions of Yen		Millions of U.S. Dollars
	Sep. 2022	Mar. 2022	Sep. 2022
Current assets:			
Cash and cash equivalents.....	¥ 622,467	¥ 611,715	\$ 4,299
Time deposits.....	10,996	11,185	76
Trade receivables.....	2,612,641	2,458,991	18,042
Other current receivables.....	244,509	236,864	1,688
Other current financial assets.....	155,776	101,932	1,076
Inventories.....	1,387,955	1,077,160	9,585
Advances to suppliers.....	155,714	123,382	1,075
Other current assets.....	246,623	188,727	1,703
Total current assets.....	<u>5,436,681</u>	<u>4,809,956</u>	<u>37,544</u>
Non-current assets:			
Investments accounted for by the equity method.....	2,815,689	2,288,762	19,444
Other investments.....	937,011	958,218	6,470
Non-current receivables.....	862,319	728,965	5,955
Non-current financial assets other than investments and receivables.....	184,240	172,191	1,272
Property, plant and equipment.....	2,054,802	1,936,044	14,190
Investment property.....	45,147	47,742	312
Goodwill and intangible assets.....	1,125,642	1,081,607	7,773
Deferred tax assets.....	52,592	54,639	363
Other non-current assets.....	94,543	75,534	653
Total non-current assets.....	<u>8,171,985</u>	<u>7,343,702</u>	<u>56,432</u>
Total assets.....	<u>¥ 13,608,666</u>	<u>¥12,153,658</u>	<u>\$ 93,976</u>

Liabilities and Equity	Millions of Yen		Millions of
			U.S. Dollars
	Sep. 2022	Mar. 2022	Sep. 2022
Current liabilities:			
Short-term debentures and borrowings.....	¥ 680,393	¥ 522,448	\$ 4,698
Lease liabilities (short-term).....	243,283	235,791	1,680
Trade payables.....	2,207,697	1,967,117	15,245
Other current payables.....	193,888	210,857	1,339
Other current financial liabilities.....	112,175	83,724	775
Current tax liabilities.....	81,266	74,026	561
Advances from customers.....	197,628	132,513	1,365
Other current liabilities.....	512,865	424,071	3,542
Total current liabilities	4,229,195	3,650,547	29,205
Non-current liabilities:			
Long-term debentures and borrowings.....	2,400,741	2,383,455	16,579
Lease liabilities (long-term).....	788,415	775,180	5,444
Other non-current financial liabilities.....	82,863	58,217	572
Non-current liabilities for employee benefits.....	105,647	103,975	730
Deferred tax liabilities.....	283,526	250,999	1,958
Other non-current liabilities.....	182,194	167,585	1,258
Total non-current liabilities	3,843,386	3,739,411	26,541
Total liabilities	8,072,581	7,389,958	55,746
Equity:			
Common stock:			
Authorized: 3,000,000,000 shares;			
issued: 1,584,889,504 shares.....	253,448	253,448	1,750
Capital surplus.....	(169,815)	(161,917)	(1,173)
Retained earnings.....	4,203,677	3,811,991	29,029
Other components of equity:			
Translation adjustments.....	675,539	383,215	4,665
FVTOCI financial assets.....	116,135	146,638	802
Cash flow hedges.....	30,552	7,154	211
Total other components of equity.....	822,226	537,007	5,678
Treasury stock.....	(242,460)	(241,204)	(1,674)
Total shareholders' equity.....	4,867,076	4,199,325	33,610
Non-controlling interests.....	669,009	564,375	4,620
Total equity.....	5,536,085	4,763,700	38,230
Total liabilities and equity.....	¥13,608,666	¥12,153,658	\$ 93,976

-Unaudited-

(3) Consolidated Statement of Changes in Equity [Condensed]

ITOCHU Corporation and its Subsidiaries

For the six-month periods ended September 30, 2022 and 2021

(Unit: Millions of Yen)

	Shareholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total shareholders' equity		
Balance on Apr. 1, 2022	¥ 253,448	¥ (161,917)	¥ 3,811,991	¥ 537,007	¥ (241,204)	¥ 4,199,325	¥ 564,375	¥ 4,763,700
Net profit			483,031			483,031	21,613	504,644
Other comprehensive income				286,252		286,252	5,748	292,000
Total comprehensive income			483,031	286,252		769,283	27,361	796,644
Cash dividends to shareholders			(92,715)			(92,715)		(92,715)
Cash dividends to non-controlling interests						-	(18,739)	(18,739)
Net change in acquisition (disposition) of treasury stock					(1,256)	(1,256)		(1,256)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		(7,898)		337		(7,561)	96,012	88,451
Transfer to Retained earnings			1,370	(1,370)		-		-
Balance on Sep. 30, 2022	253,448	(169,815)	4,203,677	822,226	(242,460)	4,867,076	669,009	5,536,085

(Unit: Millions of Yen)

	Shareholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total shareholders' equity		
Balance on Apr. 1, 2021	¥ 253,448	¥ (155,210)	¥ 3,238,948	¥ 160,455	¥ (181,360)	¥ 3,316,281	¥ 553,959	¥ 3,870,240
Net profit			500,612			500,612	33,670	534,282
Other comprehensive income				15,117		15,117	(2,620)	12,497
Total comprehensive income			500,612	15,117		515,729	31,050	546,779
Cash dividends to shareholders			(65,447)			(65,447)		(65,447)
Cash dividends to non-controlling interests						-	(12,856)	(12,856)
Net change in acquisition (disposition) of treasury stock					136	136		136
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		(2,490)		(1,624)		(4,114)	(28,171)	(32,285)
Transfer to Retained earnings			(118,929)	118,929		-		-
Balance on Sep. 30, 2021	253,448	(157,700)	3,555,184	292,877	(181,224)	3,762,585	543,982	4,306,567

(Unit: Millions of U.S. Dollars)

	Shareholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total shareholders' equity		
Balance on Apr. 1, 2022	\$ 1,750	\$ (1,118)	\$ 26,324	\$ 3,708	\$ (1,665)	\$ 28,999	\$ 3,897	\$ 32,896
Net profit			3,336			3,336	149	3,485
Other comprehensive income				1,976		1,976	40	2,016
Total comprehensive income			3,336	1,976		5,312	189	5,501
Cash dividends to shareholders			(640)			(640)		(640)
Cash dividends to non-controlling interests						-	(129)	(129)
Net change in acquisition (disposition) of treasury stock					(9)	(9)		(9)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		(55)		3		(52)	663	611
Transfer to Retained earnings			9	(9)		-		-
Balance on Sep. 30, 2022	1,750	(1,173)	29,029	5,678	(1,674)	33,610	4,620	38,230

(4) Consolidated Statement of Cash Flows [Condensed]

ITOCHU Corporation and its Subsidiaries

For the six-month periods ended September 30, 2022 and 2021

	Millions of Yen		Millions of
	Apr.-Sep. 2022	Apr.-Sep. 2021	U.S. Dollars
Cash flows from operating activities:			
Net profit.....	¥ 504,644	¥ 534,282	\$ 3,485
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization.....	200,952	203,184	1,388
(Gains) losses on investments.....	(50,306)	(190,654)	(347)
(Gains) losses on property, plant, equipment and intangible assets.....	7,217	1,005	50
Financial (income) loss.....	(24,320)	(30,618)	(168)
Equity in earnings of associates and joint ventures.....	(185,615)	(168,532)	(1,282)
Income tax expense.....	136,936	165,605	945
Provision for doubtful accounts and other provisions.....	(851)	(431)	(6)
Changes in assets and liabilities, other-net.....	(122,863)	(115,269)	(849)
Proceeds from interest.....	12,585	9,871	87
Proceeds from dividends.....	129,873	104,130	897
Payments for interest.....	(19,030)	(15,543)	(131)
Payments for income taxes.....	(120,086)	(83,040)	(829)
Net cash provided by (used in) operating activities.....	<u>469,136</u>	<u>413,990</u>	<u>3,240</u>
Cash flows from investing activities:			
Net change in investments accounted for by the equity method.....	(214,302)	77,333	(1,480)
Net change in other investments.....	17,677	50,755	122
Net change in loans receivable.....	(25,430)	6,307	(176)
Net change in property, plant, equipment and intangible assets.....	(87,943)	(74,179)	(607)
Net change in time deposits.....	3,183	354	22
Net cash provided by (used in) investing activities.....	<u>(306,815)</u>	<u>60,570</u>	<u>(2,119)</u>
Cash flows from financing activities:			
Net change in debentures and loans payable.....	(8,549)	(335,592)	(59)
Repayments of lease liabilities.....	(131,117)	(135,989)	(905)
Cash dividends.....	(92,715)	(65,447)	(640)
Net change in treasury stock.....	(1,735)	(20)	(12)
Other.....	58,120	(18,559)	401
Net cash provided by (used in) financing activities.....	<u>(175,996)</u>	<u>(555,607)</u>	<u>(1,215)</u>
Net change in cash and cash equivalents.....	(13,675)	(81,047)	(94)
Cash and cash equivalents at the beginning of the period (Opening balance on the consolidated statement of financial position).....	611,715	544,009	4,224
Reclassification of cash and cash equivalents included in assets held for sale in the opening balance.....	-	44,331	-
Cash and cash equivalents at the beginning of the period.....	611,715	588,340	4,224
Effect of exchange rate changes on cash and cash equivalents.....	24,427	(292)	169
Cash and cash equivalents at the end of the period.....	¥ 622,467	¥ 507,001	\$ 4,299

(5) Operating Segment Information

ITOCHU Corporation and its Subsidiaries

For the six-month periods ended September 30, 2022 and 2021

Information concerning operations in different operating segments for the six-month periods ended September 30, 2022 and 2021 is as follows:

For the six-month period ended September 30, 2022 (April 1, 2022 -September 30, 2022)										Millions of Yen	
Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Consolidated total		
Revenues:											
Revenues from external customers...	¥ 254,070	¥ 667,316	¥ 691,940	¥ 1,720,685	¥ 2,296,636	¥ 637,936	¥ 422,462	¥ 234,381	¥ 66,738	¥ 6,992,164	
Intersegment revenues.....	2,831	57	-	21,154	6,970	9,416	6,731	2,009	(49,168)	-	
Total revenues.....	256,901	667,373	691,940	1,741,839	2,303,606	647,352	429,193	236,390	17,570	6,992,164	
Gross trading profit.....	53,415	109,656	127,427	152,752	170,548	115,379	138,880	194,674	21,682	1,084,413	
Trading income.....	8,717	33,659	117,785	74,123	40,843	46,721	25,500	29,793	11,392	388,533	
Net profit attributable to ITOCHU.... [Equity in earnings of associates and joint ventures].....	11,582 [2,834]	71,408 [19,787]	134,651 [31,680]	48,513 [5,568]	27,686 [3,112]	62,971 [24,365]	25,416 [21,670]	19,528 [63]	81,276 [76,536]	483,031 [185,615]	
Total assets on Sep. 30, 2022.....	499,785	1,651,865	1,479,356	1,641,595	2,232,468	1,263,440	1,370,819	1,939,698	1,529,640	13,608,666	
For the six-month period ended September 30, 2021 (April 1, 2021 -September 30, 2021)											Millions of Yen
Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Consolidated total		
Revenues:											
Revenues from external customers...	¥ 209,565	¥ 598,184	¥ 503,477	¥ 1,252,669	¥ 2,137,830	¥ 489,834	¥ 393,805	¥ 244,303	¥ 45,103	¥ 5,874,770	
Intersegment revenues.....	2	40	-	19,646	5,936	9,823	6,161	991	(42,599)	-	
Total revenues.....	209,567	598,224	503,477	1,272,315	2,143,766	499,657	399,966	245,294	2,504	5,874,770	
Gross trading profit.....	44,396	100,741	103,992	111,558	161,533	94,749	139,680	208,366	2,938	967,953	
Trading income.....	4,382	29,141	95,980	36,862	41,288	35,232	32,064	34,240	(5,061)	304,128	
Net profit attributable to ITOCHU.... [Equity in earnings of associates and joint ventures].....	10,023 [2,016]	45,540 [24,272]	135,249 [24,578]	29,900 [7,003]	31,563 [7,753]	72,467 [16,294]	66,668 [22,645]	50,514 [496]	58,688 [63,475]	500,612 [168,532]	
Total assets on Sep. 30, 2021.....	414,948	1,184,689	1,079,818	1,343,699	1,889,036	1,021,020	1,295,538	1,881,017	1,133,594	11,243,359	
Total assets on Mar. 31, 2022.....	436,807	1,302,692	1,285,258	1,489,260	1,979,520	1,126,171	1,350,414	1,813,769	1,369,767	12,153,658	
For the six-month period ended September 30, 2022 (April 1, 2022 -September 30, 2022)										Millions of U.S. Dollars	
Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Consolidated total		
Revenues:											
Revenues from external customers...	\$ 1,754	\$ 4,608	\$ 4,778	\$ 11,882	\$ 15,860	\$ 4,405	\$ 2,918	\$ 1,619	\$ 461	\$ 48,285	
Intersegment revenues.....	20	1	-	146	48	65	46	14	(340)	-	
Total revenues.....	1,774	4,609	4,778	12,028	15,908	4,470	2,964	1,633	121	48,285	
Gross trading profit.....	369	757	880	1,055	1,178	797	959	1,344	149	7,488	
Trading income.....	60	232	813	512	282	323	176	206	79	2,683	
Net profit attributable to ITOCHU.... [Equity in earnings of associates and joint ventures].....	80 [20]	493 [137]	930 [219]	335 [38]	191 [21]	435 [168]	176 [150]	135 [0]	561 [529]	3,336 [1,282]	
Total assets on Sep. 30, 2022.....	3,451	11,407	10,216	11,336	15,417	8,725	9,466	13,395	10,563	93,976	

Note 1 : "Equity in earnings of associates and joint ventures" is included in "Net profit attributable to ITOCHU".

Note 2 : "Trading income" = "Gross trading profit" + "Selling, general and administrative expenses" + "Provision for doubtful accounts"

Note 3 : "Others, Adjustments & Eliminations" includes gains and losses, which do not belong to any operating segment and internal eliminations between operating segments. The investments in CITIC Limited and C.P. Pokphand Co. Ltd. and the profits and losses from them are included in this segment.

(6) Assumption for Going Concern : None

(7) Material Subsequent Events

The resolution regarding Repurchase of Own Shares

ITOCHU has decided at the meeting of the Board of Directors held on October 4, 2022 to repurchase own shares in accordance with Article 156 of the Companies Act of Japan, as applied pursuant to Paragraph 3, Article 165 of the Companies Act of Japan.

(a) Reason for Repurchasing Own Shares

ITOCHU will repurchase its own shares to execute the flexible capital strategy based on the current Shareholder Returns Policy.

(b) Details of the Repurchase

- (i) Type of shares to be repurchased : Common stock of ITOCHU
- (ii) Total number of shares to be repurchased : 11,000,000 shares (maximum)
(Proportion of the total number of shares issued excluding treasury stock : approximately 0.7%)
- (iii) Total amount of shares to be repurchased : ¥35,000 million (maximum)
- (iv) Period : From October 4, 2022 to January 31, 2023