

# FYE 2024 1<sup>st</sup> Half Business Results Summary

ITOCHU Corporation  
November 6, 2023



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## Forward-Looking Statements

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.

# Summary of Financial Results for FYE 2024 1<sup>st</sup> Half



(Unit : billion yen)

■ **“Net profit attributable to ITOCHU”** was **¥412.9 bil.**

There were no significant extraordinary gains in the Q2 and **“Core profit”** was approximately **¥383.5 bil.** Even with the impact of lower market prices and higher interest rates, in Non-Resource sector, The 8th, Machinery, Food, and ICT & Financial Business Companies exceeded the profit in the same period of the previous fiscal year, and ITOCHU accumulated profit steadily.

■ In accordance with the steady Q1-2 Results, annual forecast for FYE 2024, the final year of Brand-new Deal 2023 was **revised upward to ¥800.0 bil.** to show certain establishment of **“¥800.0 bil. Profit Stage”**.

■ **“Core operating cash flows”** was **¥375.0 bil.**, due to payments of interest expenses by higher interest rates and taxes, even with the stable performance in operating revenues in The 8th, Food, and General Products & Realty Companies.

	FYE 2023	FYE 2024	Increase/ Decrease	FYE 2024 Forecast		
	Q1-2 Results	Q1-2 Results		Initial Forecast (Disclosed on May 9)	Revised Forecast	Progress
Net profit attributable to ITOCHU	483.0	412.9	(70.1)	780.0	800.0	52%
Extraordinary gains and losses	53.0	29.5	(23.5)	(20.0) <sup>(*1)</sup>	— <sup>(*2)</sup>	
Core profit <sup>(*)</sup>	430.0	383.5	(46.5)	* 800.0	* 800.0	48%

(\*) Core profit is shown in round figures.

(\*1) Including a loss buffer : (50.0) (\*2) Including a loss buffer : (30.0)

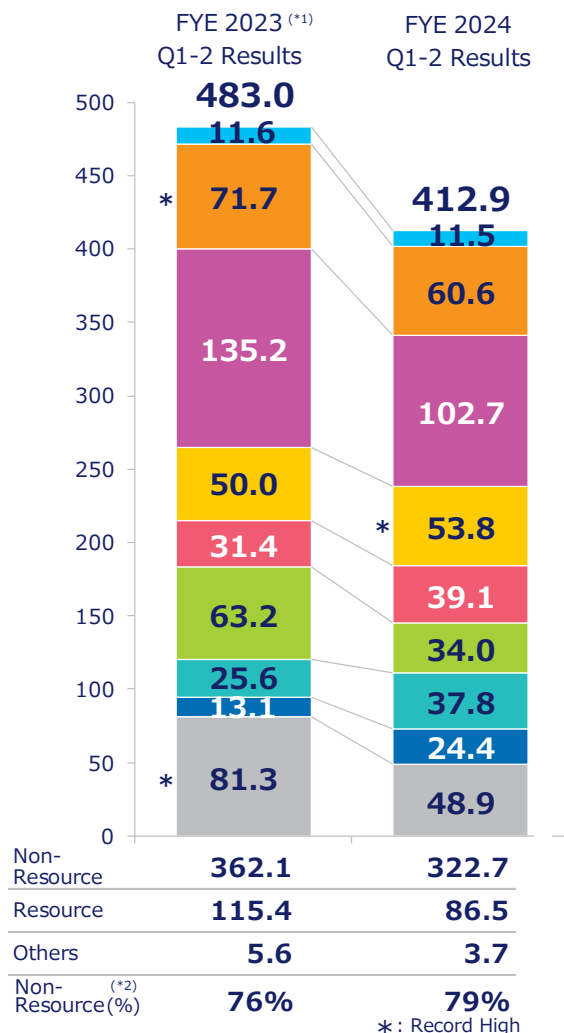
Ratio (%) of group companies reporting profits	84.4%	84.1%	Decreased 0.3pt	Dividend Information (per share)		
Core operating cash flows	467.0	375.0	(92.0)	Annual (Planned)	* 160 yen	
				Interim	* 80 yen	

\* : Record High

# Net profit attributable to ITOCHU by Segment/1<sup>st</sup> Half Results



(Unit : billion yen)



(\*1) As of October 1, 2022, ITOCHU dissolved the mutual-holdings for certain group companies held by The 8th Company as minority and the other Division Company as majority, and shares of such group companies are only held by the other Division Company. Accordingly, FYE 2023 Q1-2 Results are reclassified in the same manner.

(\*2) % composition is calculated using the total of Non-Resource and Resource sectors as 100%.

(\*3) Extra. G&L. means "Extraordinary Gains and Losses".

## Summary of Changes from the Same Period of the Previous Fiscal Year

### Textile [Inc/(Dec) : ¥(0.1) bil.(incl. Extra. G&L. (\*3) : -)]

Remained consistent due to the stable performance in apparel-related companies resulting from the recovery of retail market because of the alleviation of the impact of COVID-19, offset by the lower earnings resulting from the withdrawal of overseas company.

### Machinery [Inc/(Dec) : ¥(11.1) bil.(incl. Extra. G&L. : (19.0))]

Decreased due to the absence of extraordinary gains and losses in the same period of the previous fiscal year, partially offset by the favorable sales in automobile-related transactions/companies and the start of equity pick-up of Hitachi Construction Machinery from the 3<sup>rd</sup> quarter of the previous fiscal year.

### Metals & Minerals [Inc/(Dec) : ¥(32.5) bil.(incl. Extra. G&L. : 0.5)]

Decreased due to lower coal and iron ore prices, etc.

### Energy & Chemicals [Inc/(Dec) : ¥3.8 bil.(incl. Extra. G&L. : 19.0)]

Increased due to the revaluation gain on a lithium-ion batteries company, partially offset by the absence of favorable performance in energy trading transactions and chemical-related transactions in the same period of the previous fiscal year.

### Food [Inc/(Dec) : ¥7.7 bil.(incl. Extra. G&L.(0.5))]

Increased due to the expansion of transactions resulting from the recovery of consumer activity and higher sales prices in food-distribution-related companies, higher transaction volume in provisions-related transactions, and the stable performance in a North American grain-related company, partially offset by the loss from the withdrawal of a North American meat-products-related company.

### General Products & Realty [Inc/(Dec) : ¥(29.2) bil.(incl. Extra. G&L. : (7.0))]

Decreased due to the absence of favorable performance in construction-materials-related business and overseas real estate business in the same period of the previous fiscal year, lower earnings in IFL (European pulp-related company) resulting from lower pulp prices and lower sales volume, in addition to the absence of extraordinary gain in the same period of the previous fiscal year, partially offset by the stable performance in domestic real estate transactions.

### ICT & Financial Business [Inc/(Dec) : ¥12.3 bil.(incl. Extra. G&L. : 4.5)]

Increased due to the stable transactions in ITOCHU Techno-Solutions, higher agency commissions in HOKEN NO MADOGUCHI GROUP, the improvement of remeasurement gains(losses) for fund held investments, and the extraordinary gains on the sale of overseas companies.

### The 8th [Inc/(Dec) : ¥11.3 bil.(incl. Extra. G&L. : -)]

Increased due to the increase in daily sales along with higher number of customers and spend per customer resulting from enhancement of product appeal and sales promotion, and the improvement in performance of group companies and impairment losses on stores, partially offset by the increase in various costs caused by changes in external environment and execution of digital measures to strengthen business foundations in FamilyMart.

### Others, Adjustments & Eliminations [Inc/(Dec) : ¥(32.3) bil.(incl. Extra. G&L. : (21.0))]

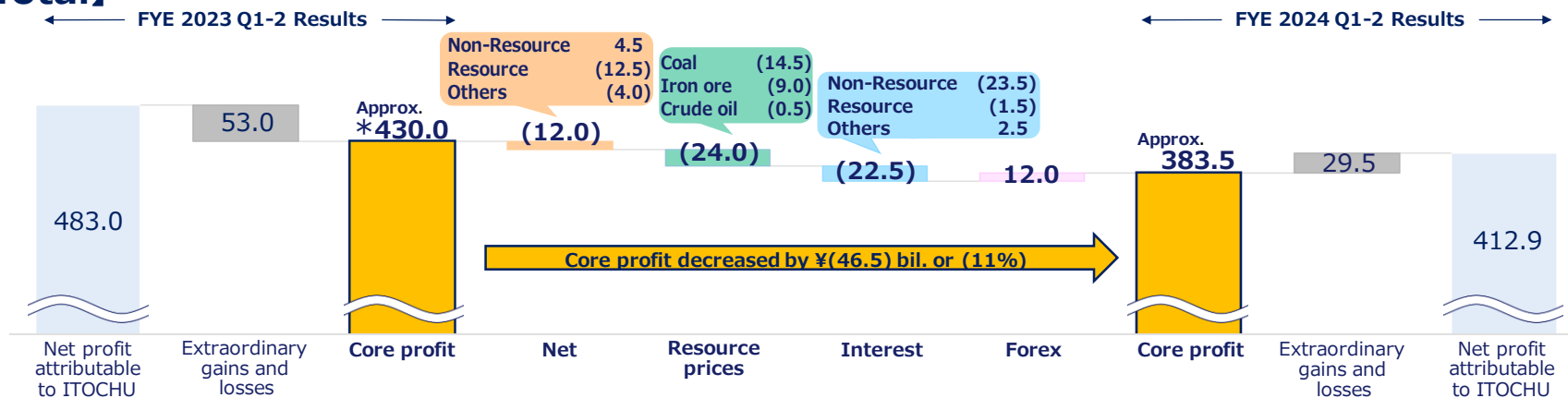
Decreased due to lower earnings in CITIC Limited resulting from the absence of revaluation gain on securities business in the same period of the previous fiscal year, partially offset by the stable performance in comprehensive financial services segment, the increase in interest expense with higher U.S. dollar interest rates, and lower earnings in C.P. Pokphand resulting from lower pork prices.

# Core Profit for 1<sup>st</sup> Half Results (YoY Factor Comparison)

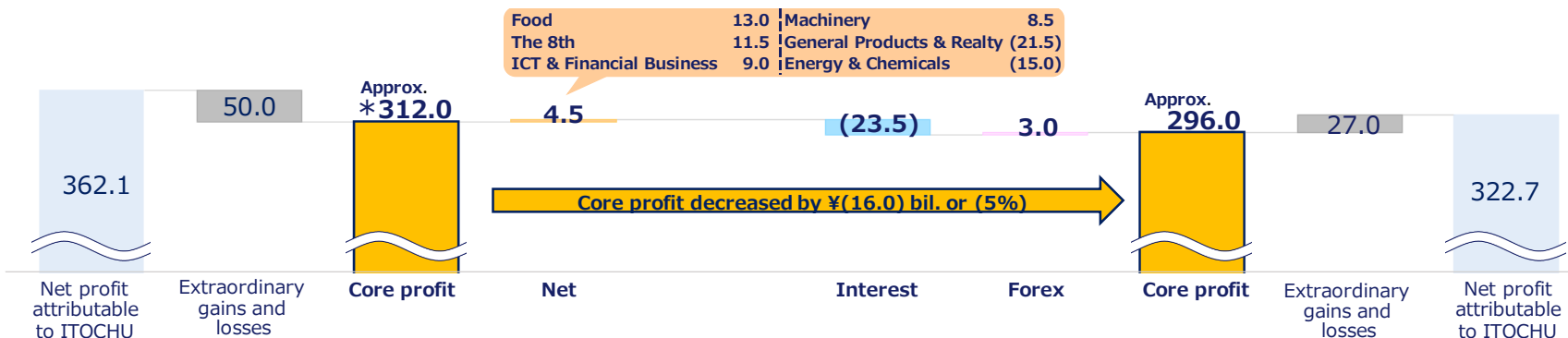


**[Total]**

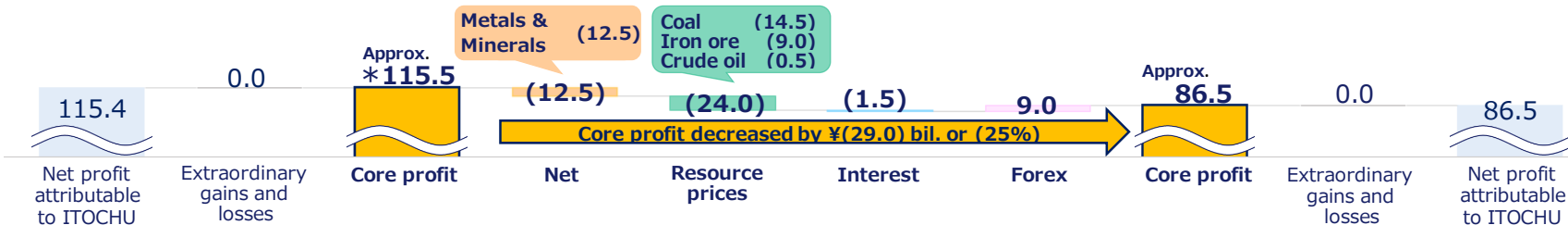
(Unit : billion yen)



**[Non-Resource (73% →77%<sup>(\*1)</sup>) ]**



**[Resource (27% →23%<sup>(\*1)</sup>) ]**



(\*1) Non-Resource/Resource ratio of core profit

\* : Record High

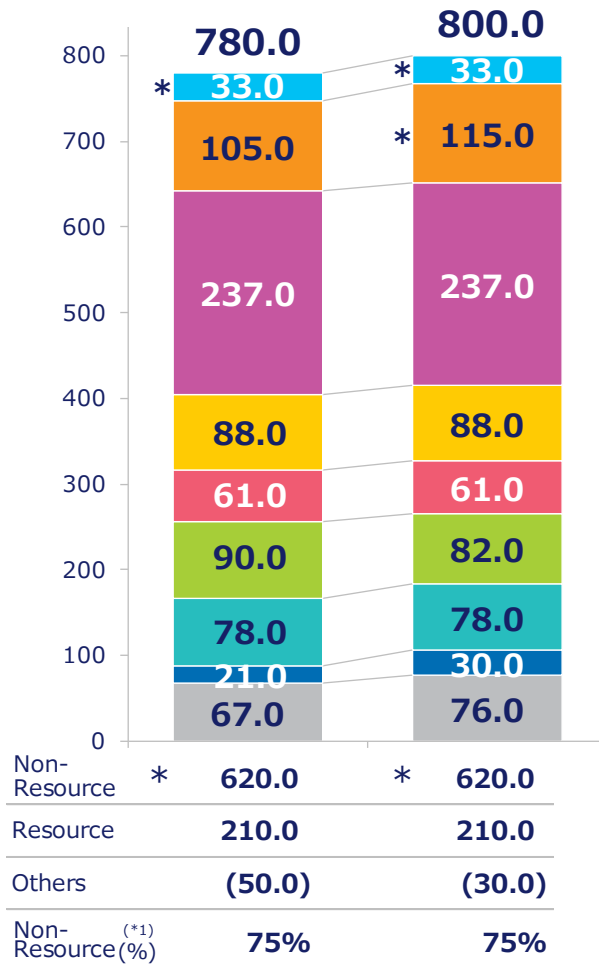


# Net profit attributable to ITOCHU by Segment/Annual Forecast



(Unit : billion yen)

FYE 2024 Initial Forecast      FYE 2024 Revised Forecast



\* : Record High

## Summary of Changes from the Initial Forecast

### Textile [Inc/(Dec) : -]

In line with the initial forecast due to the stable performance in apparel-related companies.

### Machinery [Inc/(Dec) : ¥10.0 bil.]

Increased due to the favorable performance in automobile-related transactions/companies and construction-machinery-related business, and the depreciation of the yen.

### Metals & Minerals [Inc/(Dec) : -]

In line with the initial forecast due to lower coal prices, offset by the depreciation of the yen.

### Energy & Chemicals [Inc/(Dec) : -]

In line with the initial forecast due to the revaluation gain on a lithium-ion batteries company, offset by lower earnings in overseas chemical-related companies.

### Food [Inc/(Dec) : -]

In line with the initial forecast due to the stable performance in provisions-related transactions and food-distribution-related companies, offset by higher U.S. dollar interest rates and lower pork prices.

### General Products & Realty [Inc/(Dec) : ¥(8.0) bil.]

Decreased due to lower earnings in IFL resulting from lower pulp prices and lower sales volume, partially offset by the stable performance in domestic real estate transactions and North American construction-materials-related business.

### ICT & Financial Business [Inc/(Dec) : -]

In line with the initial forecast due to the stable performance and the increased ownership percentage resulting from the additional investment in ITOCHU Techno-Solutions, offset by the partial postponement of new investments.

### The 8th [Inc/(Dec) : ¥9.0 bil.]

Increased due to the increase in daily sales/margin rate resulting from enhancement of product appeal and sales promotion, and the improvement of impairment losses on stores, partially offset by various costs such as SG&A expected to continue increasing in FamilyMart.

### Others, Adjustments & Eliminations [Inc/(Dec) : ¥9.0 bil.]

Increased due to the stable performance in CITIC Limited and the decrease in the loss buffer, partially offset by lower earnings in C.P. Pokphand resulting from lower pork prices.

(\*1) % composition is calculated using the total of Non-Resource and Resource sectors as 100%.

# Net profit attributable to ITOCHU/Annual Forecast

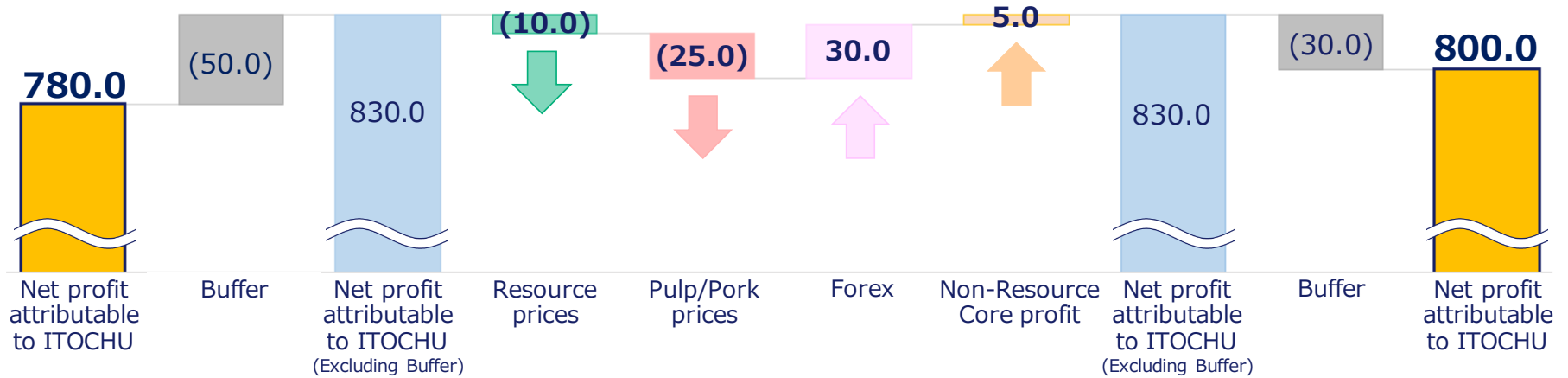


【Total】

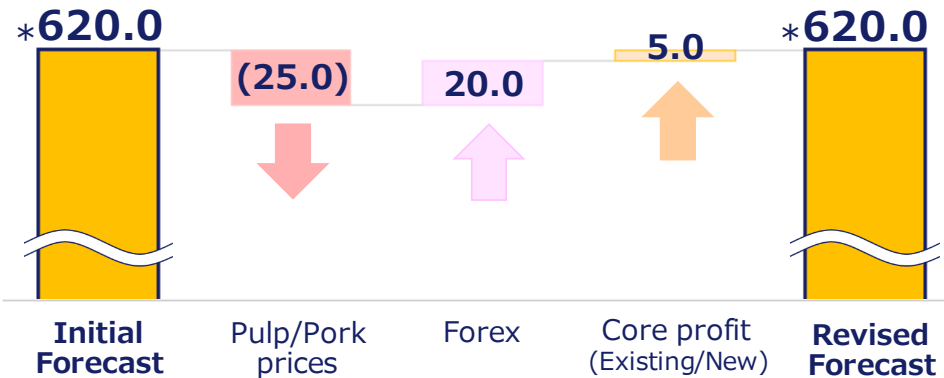
(Unit : billion yen)

← FYE 2024 Initial Forecast →

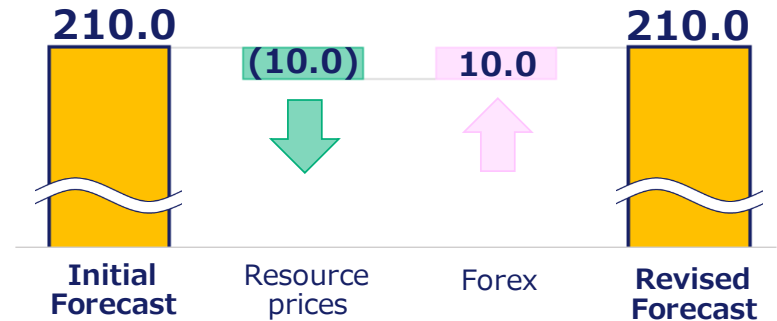
← FYE 2024 Revised Forecast →



【Non-Resource (75% →75%<sup>(\*1)</sup>)】



【Resource (25% →25%<sup>(\*1)</sup>)】



(\*1) Non-Resource/Resource Ratio

\* : Record High

# Extraordinary Gains and Losses



(Unit : billion yen)

Segments	FYE 2023 Q1-2 Results		Major items	FYE 2024 Q1-2 Results		Major items
		[Q2]			[Q2]	
Textile	–	–		–	–	
Machinery	19.0	25.0	[Q1]Impairment losses on aircraft leased to Russian airlines in a leasing-related company:(8.5) [Q1]Gains on a specific overseas project and business:2.5 [Q2]Gain on the sale of a North American beverage-equipment-maintenance company:22.0 [Q2]Gain on the sale of a vehicle-related company:3.0	–	–	
Metals & Minerals	–	–		0.5	0.5	[Q2]Gain on the sale of fixed assets in Marubeni-Itochu Steel:0.5
Energy & Chemicals	–	–		19.0	0.5	[Q1]Revaluation gain on a lithium-ion batteries company:16.5 [Q1-2]Gain on the sale of fixed assets in ITOCHU ENEX:2.5[Q1:2.0, Q2:0.5]
Food	3.5	–	[Q1]Gain on the group reorganization in North American oils and fats companies:3.5	3.0	(1.5)	[Q1]Gain on the sale of fixed assets in a North American oils and fats company:4.5 [Q2]Loss from the withdrawal of a North American meat-products-related company:(1.5)
General Products & Realty	7.0	8.5	[Q1]Impairment loss on sawn timber business in IFL:(1.5) [Q2]Revaluation gain resulting from the conversion of a North American engineered wood products company into a consolidated subsidiary:8.5	–	–	
ICT & Financial Business	–	–		4.5	4.5	[Q2]Gain on the sale of an overseas retail-finance-related company:2.5 [Q2]Revaluation gain on a medical-related company:2.0
The 8th	–	–		–	–	
Others, Adjustments & Eliminations	23.5	–	[Q1]Revaluation gain on securities business in CITIC Limited:20.5 [Q1]Reversal of allowance for risk assets:3.0	2.5	2.5	[Q2]Reversal of allowance for risk assets:2.5
Total	53.0	33.5	[Q1-2] Non-Resource:50.0, Resource: – , Others:3.0	29.5	6.5	[Q1-2] Non-Resource:27.0, Resource: – , Others:2.5

(\*) Major items are shown in round figures.

# Cash Flows



(Unit : billion yen)

## ■ Operating Cash Flows and Free Cash Flows:

“Cash flows from operating activities” was a **net cash-inflow of ¥469.2 bil.**, due to the stable performance in operating revenues in The 8th, General Products & Realty, and Food Companies and dividends received from equity method investments in Metals & Minerals Company.

“Cash flows from investing activities” was a net cash-outflow of ¥90.7 bil., due to the acquisition of equity method investments in Metals & Minerals Company and the purchase of fixed assets in The 8th, Food, and Energy & Chemicals Companies.

As a result, “Free cash flows” was a **net cash-inflow of ¥378.5 bil.**

## ■ Core Free Cash Flows:

“Core operating cash flows” after deducting changes in working capital, etc. from Cash flows from operating activities was a **net cash-inflow of ¥375.0 bil.** “Net investment cash flows” was a net cash-outflow of ¥341.0 bil., due to the additional investment in shares in ITOCHU Techno-Solutions.

As a result, “Core free cash flows” was a **net cash-inflow of ¥34.0 bil.**

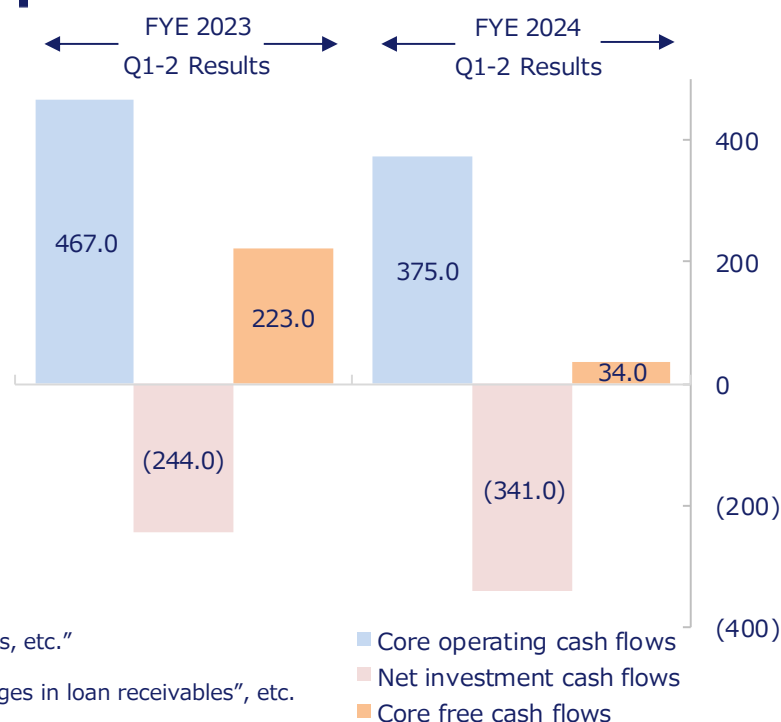
### Cash Flows

	FYE 2023 Q1-2 Results	FYE 2024 Q1-2 Results
Cash flows from operating activities	469.1	469.2
Cash flows from investing activities	(306.8)	(90.7)
<i>Free cash flows</i>	<i>162.3</i>	<i>378.5</i>
Cash flows from financing activities	(176.0)	(398.0)

### Core Free Cash Flows

	FYE 2023 Q1-2 Results	FYE 2024 Q1-2 Results
Core operating cash flows <sup>(*1)</sup>	467.0	375.0
Net investment cash flows <sup>(*2)</sup>	(244.0)	(341.0)
Core free cash flows	223.0	34.0

### Core Free Cash Flows



(\*1) “Operating cash flows” minus “Changes in working capital” plus “Repayments of lease liabilities, etc.”

(\*2) Payments and collections for substantive investment and capital expenditure.

“Investment cash flows” plus “Equity transactions with non-controlling interests” minus “Changes in loan receivables”, etc.



# Financial Position



(Unit : billion yen)

## ■ Total Assets:

Increased by ¥1,054.3 bil., compared to March 31, 2023 to **¥14,169.7 bil.**, due to the increase in trade receivables resulting from the increase of trading transactions, the increase in investments accounted for by the equity method, and the depreciation of the yen.

## ■ Net Interest-bearing Debt:

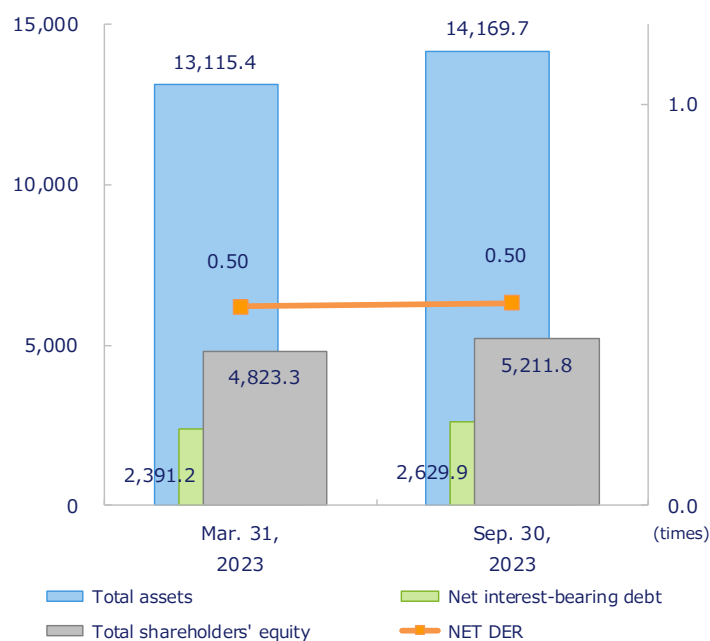
Increased by ¥238.8 bil., compared to March 31, 2023 to **¥2,629.9 bil.**, due to the additional investment in shares in ITOCHU Techno-Solutions, dividend payments and share buybacks, and the depreciation of the yen, partially offset by the stable performance in operating revenues.

## ■ Total Shareholders' Equity:

Increased by ¥388.6 bil., compared to March 31, 2023 to **¥5,211.8 bil.**, due to net profit attributable to ITOCHU during this fiscal year and the depreciation of the yen, partially offset by the decrease of capital surplus resulting from the additional investment in shares in ITOCHU Techno-Solutions and dividend payments and share buybacks.

## ■ Ratio of Shareholders' Equity to Total Assets and NET DER:

**Ratio of shareholders' equity to total assets** was **36.8%** and **NET DER** was **0.50 times**. Both were at the same level compared to March 31, 2023.



	Mar. 31, 2023	Sep. 30, 2023	Increase/Decrease	Brand-new Deal 2023	
Total assets	13,115.4	* 14,169.7	+ 1,054.3	B/S control appropriate for A ratings	
Net interest-bearing debt	2,391.2	2,629.9	+ 238.8		
Total shareholders' equity	4,823.3	* 5,211.8	+ 388.6		
Ratio of shareholders' equity to total assets	36.8%	36.8%	same level		
NET DER (times)	0.50	0.50	same level		about 0.7-0.8 times
ROE	17.7%	—	—		Maintain high efficiency about 13-16%

\* : Record High

(\*) Due to the adoption of IFRS 17, the results for March 31, 2023 are presented post retroactive adjustment.

# Assumptions



		FYE 2023	FYE 2024	FYE 2024 Forecast		(Reference)	
		Q1-2 Results	Q1-2 Results	Initial Forecast	Revised Forecast	Sensitivities on net profit attributable to ITOCHU for FYE 2024 Q3-4	
				(Disclosed on May 9)			
Exchange rate (Yen/US\$)	Average	130.45	138.51	130	140	1 Yen fluctuation against US\$	Approx. ±¥1.5 bil. <sup>(*1)</sup>
	Closing	Mar. 2023 133.53	Sep. 2023 149.58	125	140		—
Interest rate (%)	TIBOR 3M (¥)	0.07%	0.07%	0.1%	0.1%	0.1% fluctuation of interest rate	Approx. ±¥0.2 bil. <sup>(*3)</sup>
	LIBOR 3M (US\$) <sup>(*2)</sup>	2.29%	—	—	—		—
	SOFR 3M (US\$) <sup>(*2)</sup>	—	5.25%	5.0%	5.5%		Approx. ±¥0.2 bil. <sup>(*3)</sup>
Crude oil (Brent) (US\$/BBL)		104.63	81.86	75	84	±¥0.06 bil. <sup>(*6)</sup>	
Iron ore (CFR China) (US\$/ton)		123 <sup>(*4)</sup>	112 <sup>(*4)</sup>	N.A. <sup>(*5)</sup>	N.A. <sup>(*5)</sup>	±¥0.74 bil. <sup>(*6)</sup>	

(\*1) The impact in case the average exchange rate during FYE 2024 Q3-4 depreciated(increase)/appreciated(decrease) is shown.

(\*2) Due to the cessation of LIBOR publication in June 2023, the US\$ benchmark interest rate has been changed to Term SOFR.

(\*3) In addition to changes in interest income/expense, the impact of interest rate fluctuation on the transaction prices are included.

(\*4) FYE 2023 Q1-2 and FYE 2024 Q1-2 prices for iron ore are prices that ITOCHU regards as general transaction prices based on the market.

(\*5) The prices of iron ore used in the FYE 2024 Forecast 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.

(\*6) The above sensitivities vary according to changes in sales volume, foreign exchange rates, production cost, etc.

# FYE 2024 Shareholder Returns Policy



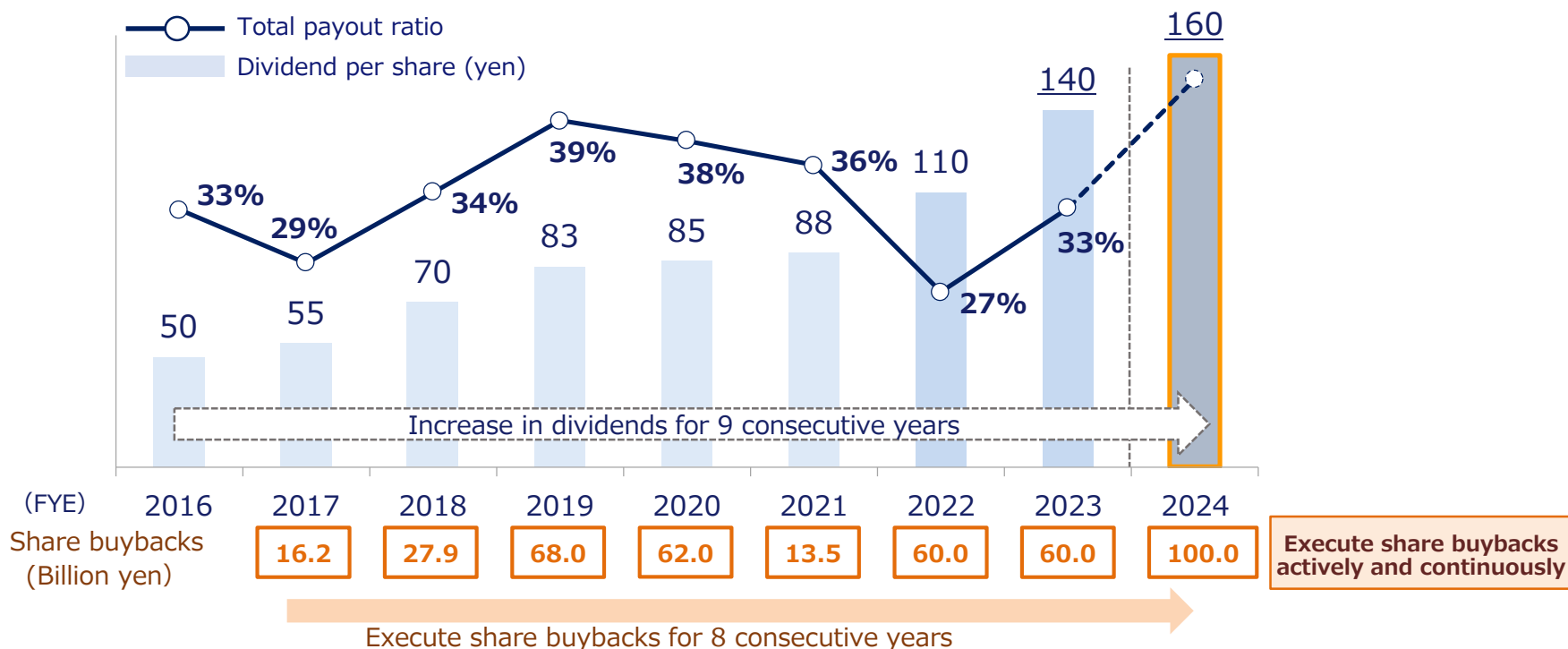
## Dividends

✓ Dividend per share is **¥160 per share**, an increase of ¥20 from the previous fiscal year.

## Share buybacks

✓ **Decided to execute additional ¥75.0 billion of share buybacks (Annual Total : ¥100.0 bil.\*)** in consideration of the market conditions and situation of cash allocation.

\* Executed ¥25.0 bil. of share buybacks by September 22, 2023.  
Decided to execute additional ¥75.0 bil. of share buybacks on November 6, 2023.  
(Period : From November 7, 2023 to February 29, 2024)



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