FYE 2024 1st Half

Business Results Summary
Investor Briefing

ITOCHU Corporation

November 8, 2023

ITOCHU

I am One with Infinite Missions

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.

President & COO
Keita Ishii

Summary of Financial Results for FYE 2024 1st 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 Q1-2 Results	FYE 2024 Q1-2 Results	Increase/ Decrease	FYE 2024 Forecast 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)(*1)	–(*2)	
Core profit(*)	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)

	FYE 2023 Q1-2 Results	FYE 2024 Q1-2 Results	Increase/ Decrease
Ratio (%) of group companies reporting profits	84.4%	84.1%	Decreased 0.3pt
Core operating cash flows	467.0	375.0	(92.0)

Dividend Information (per share)	
Annual (Planned)	∗ 160 yen
Interim	∗ 80 yen

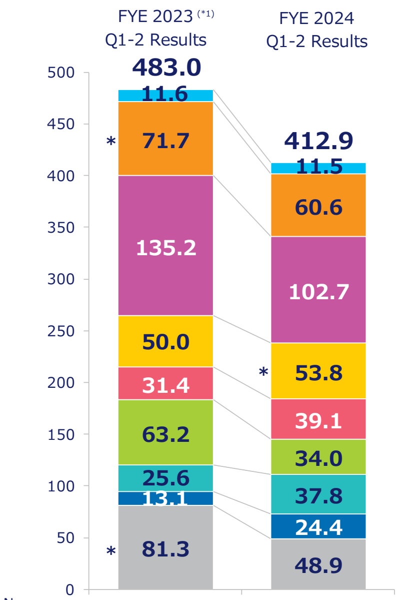
∗: Record High

2

Consolidated net profit for the first-half of FYE 2024 amounted to ¥412.9 billion. This demonstrates good, solid progress that exceeds 50% of our initial forecast of ¥780.0 billion. There were no major extraordinary gains and losses in the second quarter, and, as a result of steadily building up revenues, core profit totaled around ¥383.5 billion, the second highest, following the all-time best recorded in the same period of the previous fiscal year. Despite effects from market downturns and rising interest rates, The 8th Company, the Machinery Company, the Food Company, and the ICT & Financial Business Company steadily expanded core profit year on year.
In addition, based on the firm results of the first half, we revised the FYE 2024 forecast upward to ¥800.0 billion in this final year of the medium-term management plan "Brand-new Deal 2023." By achieving ¥800.0 billion in consolidated net profit for three consecutive years, we want to prove that we have firmly established a profit stage of ¥800.0 billion.

Net profit attributable to ITOCHU by Segment/1st Half Results

(Unit : billion yen)



	FYE 2023 Q1-2 Results	FYE 2024 Q1-2 Results
Non-Resource	362.1	322.7
Resource	115.4	86.5
Others	5.6	3.7
Non-Resource(%) (*2)	76%	79%

*: Record High

(*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 3rd 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.

3

By segment, income increased year on year in four Division Companies: the ICT & Financial Business Company, The 8th Company, the Food Company, and the Energy & Chemicals Company.

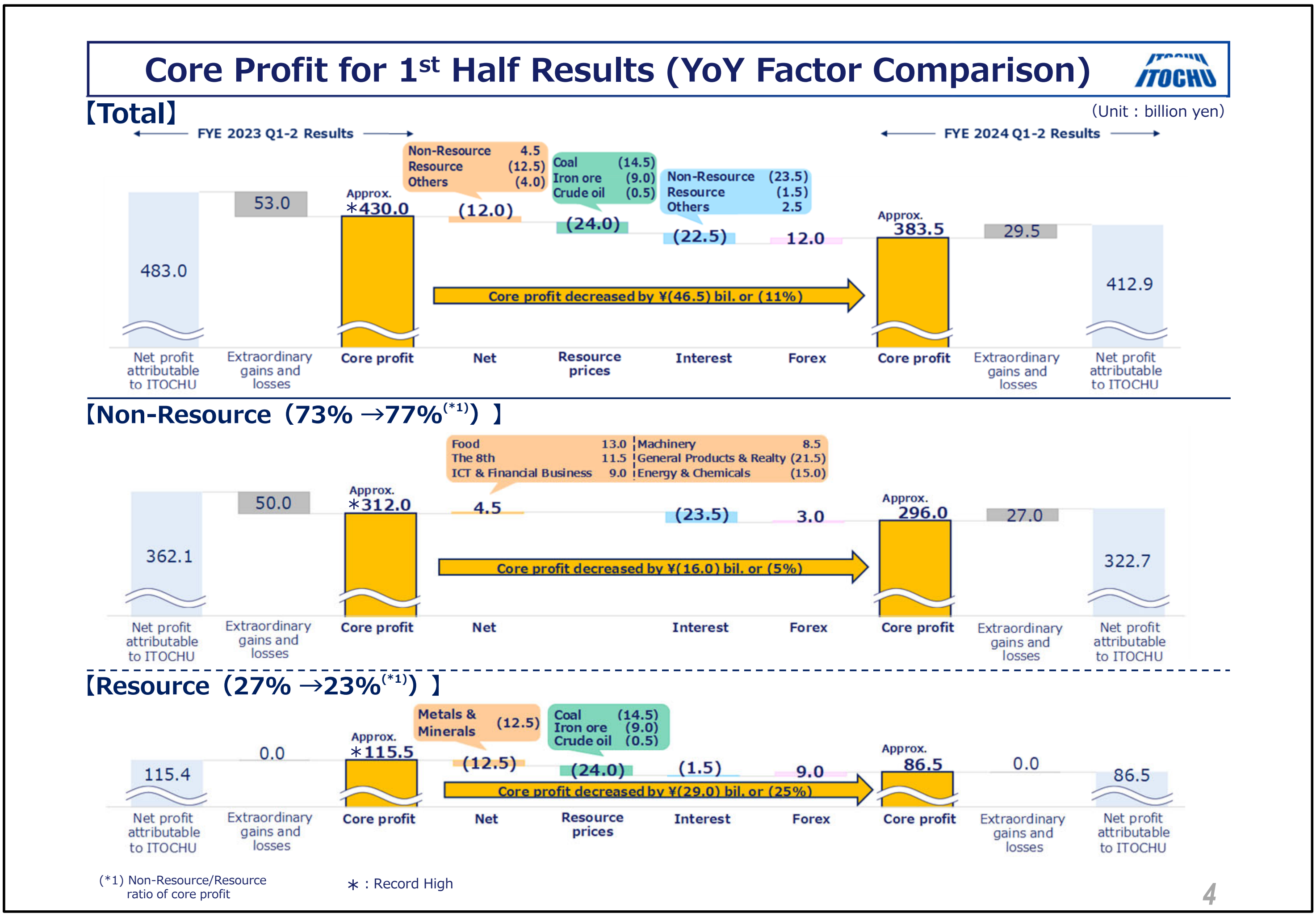
ICT & Financial Business Company: The performance of CTC remained strong due to persistently robust digitalization needs and resolution of delivery delays caused by semiconductor shortages. In addition, the HOKEN NO MADOGUCHI GROUP has attracted more customers due in part to its fastidious engagement with customers and release of new commercials as well as recovery of consumer activity. Moreover, income increased in part because of an improvement in remeasurement gains(losses) for fund held investments, which struggled in the same period of the previous year, and extraordinary gains on the sale of overseas retail finance-related business.

The 8th Company: The increase in various costs caused by changes in the external environment and execution of digital measures to strengthen business foundations going forward. Nonetheless, the impairment losses on stores were improved, while daily sales and margins were also improved resulting from enhancement of product appeal and sales promotion, including expansion of sales of the "Famimaru" private brand. As a result, income increased.

Food Company: The provisions-related transactions and the performance of the North American grain-related business remained firm, and transactions expanded due to the recovery of consumer activity and higher sales prices in the food distribution-related business, including NIPPON ACCESS. As a result, income increased despite the loss from the withdrawal of the U.S. business by HYLIFE. Furthermore, the performance of Dole remained stable, in line with the initial forecast.

Energy & Chemicals Company: Although the absence of favorable performance in energy trading transactions and chemical-related transactions in the same period of the previous year, income increased due in part to strong gains from Group companies and solid domestic electric power transactions as well as extraordinary gain related to revaluation of the lithium-ion battery company.
Machinery Company: Net profit was decreased in terms of year-on-year comparisons, although the absence of large amount of extraordinary gains recorded in the same period of the previous year, core profit was increased. In addition to the strong performance of overall automobile-related transactions and businesses due to the effects of mostly resolution of semiconductor shortage, profit increased for North American construction-machinery-related businesses, such as MULTIQUIP, while performance remained strong for Hitachi Construction Machinery, which started equity pick-up from the third quarter of the previous fiscal year. As a result, profit steadily expanded.
Textile Company: The performance remained mostly consistent. Although transactions decreased following withdrawal from the Chinese apparel business, the recovery of retail market because of the alleviation of the impact of COVID-19 and sales even increased for many of the brands handled by ITOCHU due to inbound demand.

On the other hand, profit decreased in the Metals & Minerals Company, General Products & Realty Company, and the Others segment due in part to effects of a slump in commodities markets.
Metals & Minerals Company: Profit decreased year on year due to a decline in market conditions for coal and iron ore, which had remained at high prices in the same period of the previous year, despite positive effects on overseas profit from yen depreciation.
General Products & Realty Company: The European pulp business stagnated due to a decline in pulp market conditions and weak sales. Although domestic real estate transactions remained firm, profit decreased due in part to a decline in profit for the Japanese and U.S. construction-materials-related business, which had been strong in the same period of the previous year, and the absence of extraordinary gain and the sale of overseas real estate properties, in the same period of the previous year.
Others, Adjustments & Eliminations: The performance of CITIC remained firm, especially in the comprehensive financial services segment. Despite this, profit fell due to CPP stagnating amid a falling pork market, an increase in interest expenses with higher U.S. dollar interest rates, and the absence of significant extraordinary gains related to revaluations of the securities business in the same period of the previous year.



Core profit, excluding extraordinary gains and losses, represents the real earnings power of ITOCHU. This indicator totaled around ¥383.5 billion, a decrease of ¥46.5 billion compared with the record-breaking level of the same period of the previous year. The net change was a decrease of ¥12.0 billion, excluding the effects of a decline in market conditions, higher interest rates, and yen depreciation, but the trends were different for each sector. Profit fell ¥12.5 billion in the resource sector, but increased ¥4.5 billion in the non-resource sector. In the non-resource sector, profit decreased in the General Products & Realty Company, which was affected by falling pulp market conditions, and in the Energy & Chemicals Company, due to the absence of favorable performance in trading transactions in the same period of the previous fiscal year, but profit in other segments increased. As for the first-half results by segment, we were able to steadily expand profit in the non-resource sector, which is highly resilient to economic volatility even amid the uncertain business environment, especially in the Food Company, The 8th Company, the ICT & Financial Business Company, and the Machinery Company.

Cash Flows

ITOCHU

(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.**

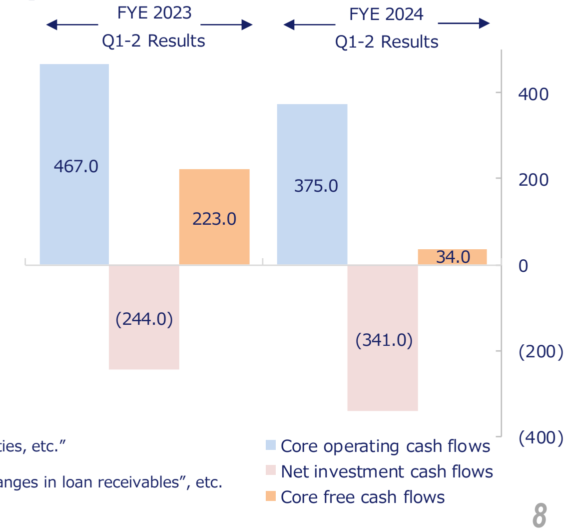
Cash Flows

	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)
Free cash flows	*162.3*	*378.5*
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(*1)	467.0	375.0
Net investment cash flows(*2)	(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.

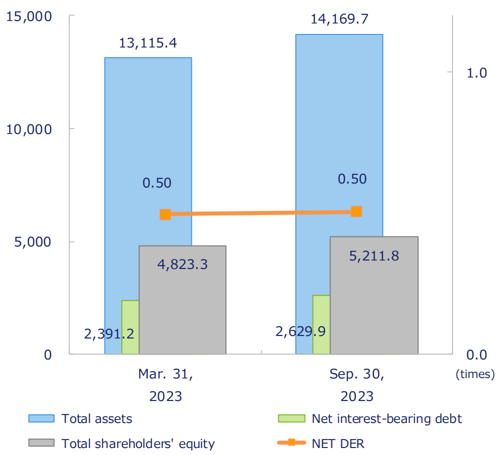
8

Operating cash flows reached the second highest-ever level of ¥469.2 billion, reflecting firm operating transaction revenue in The 8th Company, the General Products & Realty Company, and the Food Company as well as dividends received from equity-method investments in the Metals & Minerals Company. Core operating cash flows were ¥375.0 billion, including an increase in payments for income taxes and interest expenses due to rising interest rates. Net investment cash flows amounted to a net outflow of ¥341.0 billion due to the previously announced tender offer for CTC.

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

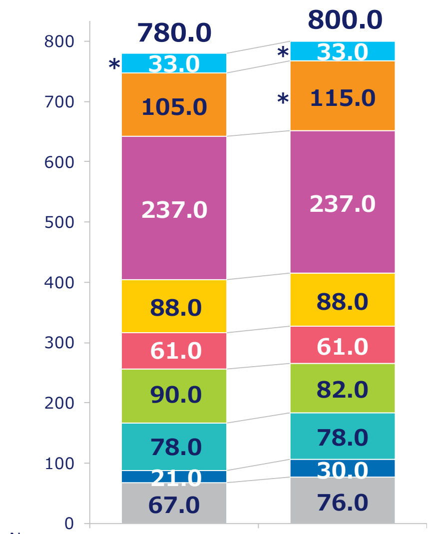
(*) Due to the adoption of IFRS 17, the results for March 31, 2023 are presented post retroactive adjustment.

9

Shareholders' equity reached an all-time high of ¥5.2 trillion due to a steady accumulation of profit and the depreciation of the yen, while NET DER remained largely the same as the previous year-end at 0.50 times. The increase in shareholders' equity exceeded the increase in interest-bearing debt due in part to the additional investment in CTC, and we have continued to maintain a robust financial foundation.

Net profit attributable to ITOCHU by Segment/Annual Forecast

(Unit : billion yen)



	FYE 2024 Initial Forecast	FYE 2024 Revised Forecast
Non-Resource	* 620.0	* 620.0
Resource	210.0	210.0
Others	(50.0)	(30.0)
Non-Resource (%) (*1)	75%	75%

*: Record High

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

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.

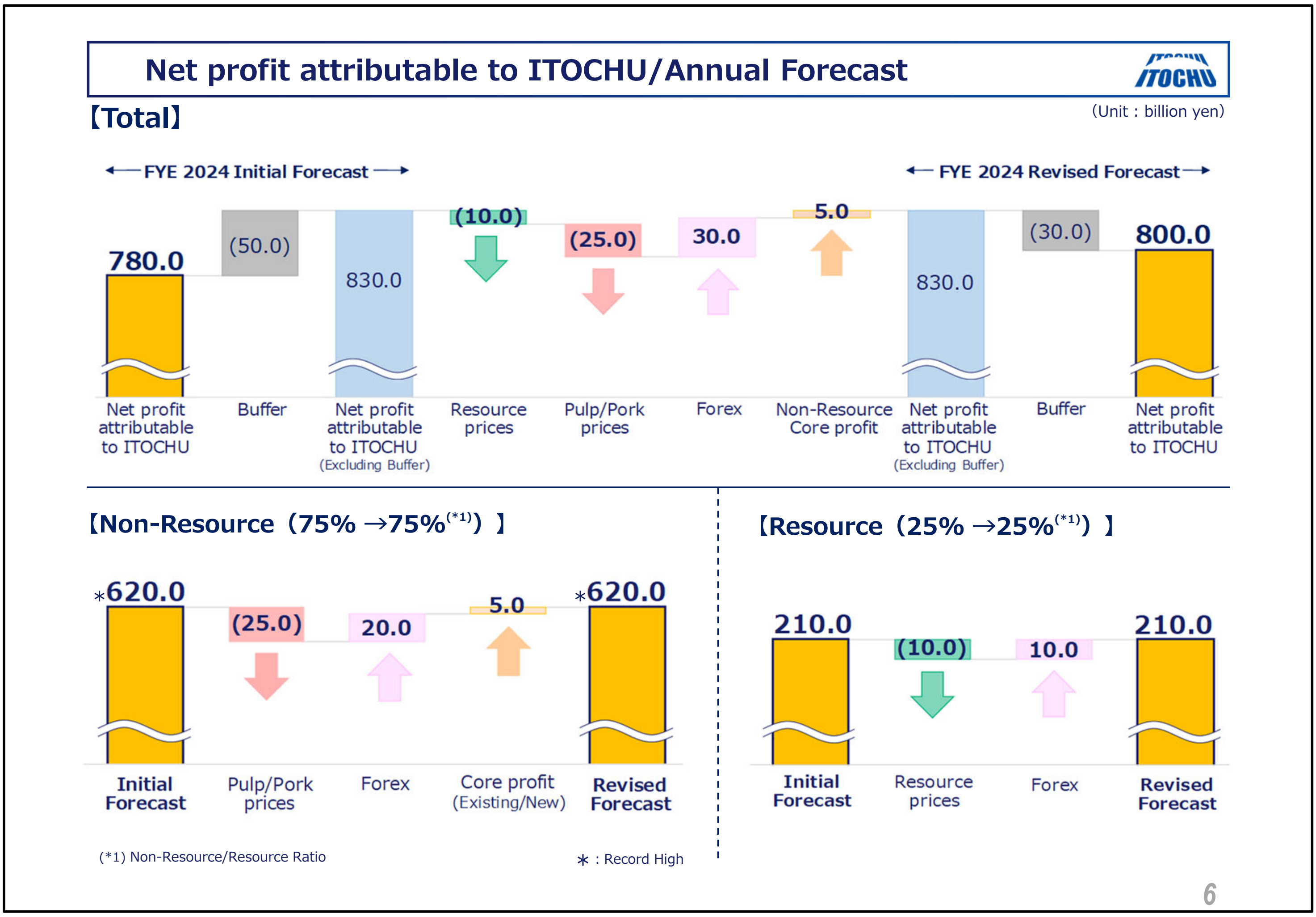
ICT & Financial Business [Inc/(Dec) : −]
In line with the initial forecast due to the stable performance and the increased ownership percentage resulting from the additional investment in ITOCHU Techno-Solutions, offset by the partial postponement of new investments.

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.

5

We revised our initial forecast for consolidated net profit upward ¥20.0 billion from ¥780.0 billion to ¥800.0 billion. We conducted upward revisions to the forecasts for the Machinery Company, which saw strong performance in the automobile-, construction machinery-, and North American electric power-related businesses, and The 8th Company, which is associated with FamilyMart, which already achieved its initial forecast in the first half, by ¥10.0 billion and ¥9.0 billion, respectively.
On the other hand, we conducted a downward revision for the General Products & Realty Company, which underperformed in the first half due to effects of falling pulp market conditions, by ¥8.0 billion. The Others segment, including CPP, was revised upward by ¥9.0 billion after incorporating negative effects of falling pork market conditions in CPP and accounting for a positive ¥20.0 billion due to a decrease in the amount of loss buffer. For the Others segment, there is no change from our initial forecast.



The initial forecast of ¥780.0 billion included a loss buffer of ¥50.0 billion, and thus equals ¥830.0 billion without the buffer. There remains no change in the revised forecast of ¥830.0 billion before considering the buffer that accounts for the negative effects of falling market prices, the positive effects of yen depreciation, as well as the accumulation of core profit in the non-resource sector.

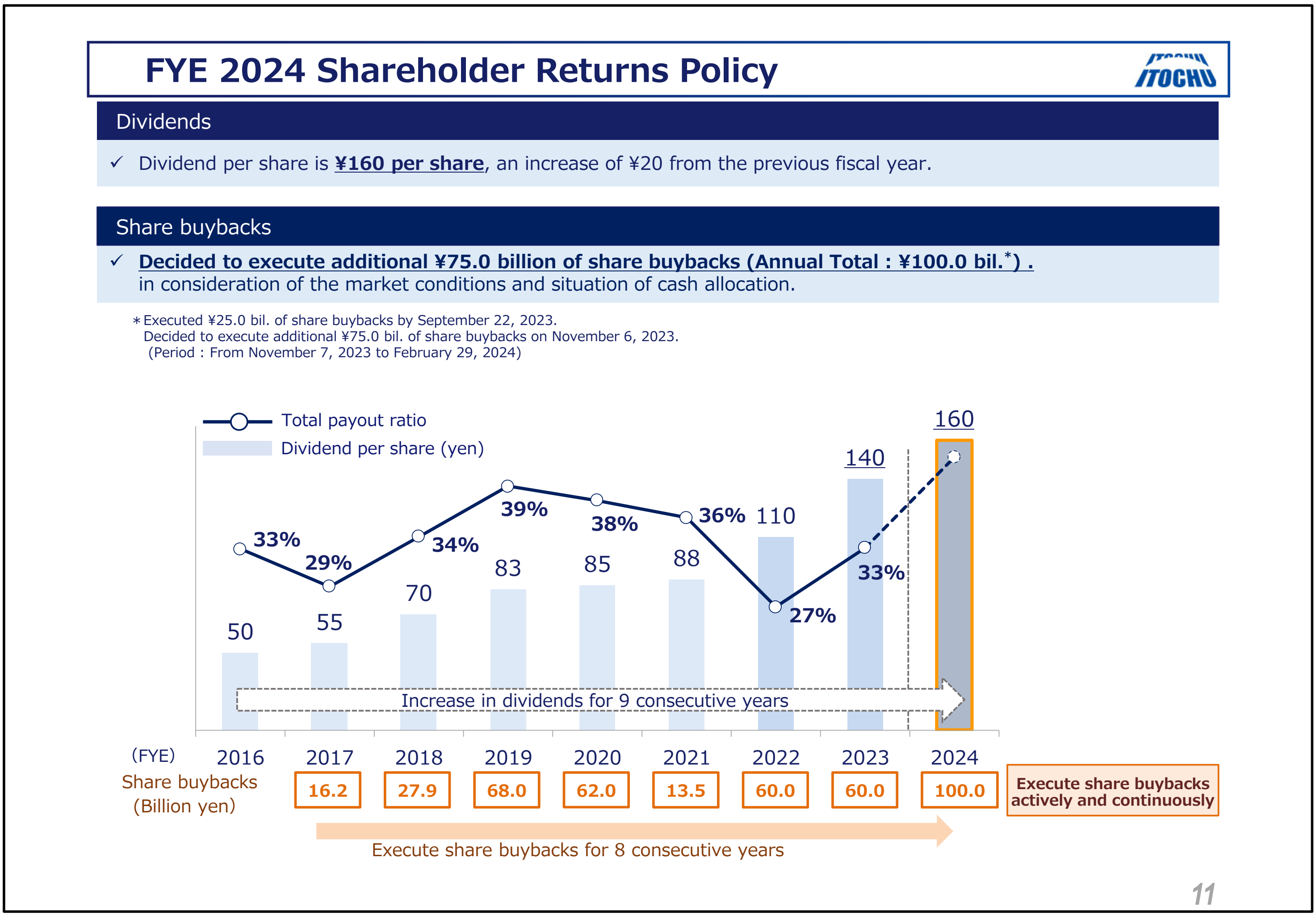
We have already passed seven months in the FYE 2024, and, because we do not have any specific concerns about losses at this moment and have meticulously and conservatively revised our assessment of the situation of each business, we revised the full-year forecast upward from ¥780.0 billion to ¥800.0 billion by reducing the initially set loss buffer of ¥50.0 billion down by ¥20.0 billion.

Assumptions

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

(*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.

The yen has depreciated more than expected against the U.S. dollar, and we changed the assumed average rate for the fiscal year from ¥130 to ¥140. The U.S. dollar interest rate increased 0.5 points to 5.5% based on entrenched financial tightening in Europe and the United States. The price of crude oil has remained stable, buoyed by supply restrictions of major oil-producing countries, and we revised our initial assumption of US$75 upward to US$84. Regarding iron ore prices, while we cannot disclose details in line with our business alliance agreement, we are keeping an eye on changes in the business environment in the second half and, due to current market conditions, have adopted conservative assumptions.



Under the FYE 2024 short-term management plan announced on May 9, ITOCHU committed to providing additional returns when revising targets upward during the fiscal year, targeting a total payout ratio of 40%. Based on the upward revision of the consolidated net profit forecast to ¥800.0 billion, we have therefore decided to conduct additional share buybacks of ¥75.0 billion. On top of the ¥25.0 billion in share buybacks already conducted in the first half, that amounts to total share buybacks of ¥100.0 billion, reaching record-high levels. In addition, we intend to pay dividends of ¥160 per share, up ¥20 year on year, as planned. Regarding returns going forward, we will continue determining the proper amount based on revenue and cash levels.

FYE 2024 is the final year of the medium-term management plan “Brand-new Deal 2023.” By achieving consolidated net profit of ¥800.0 billion for the third consecutive year, following ¥820.3 billion in FYE 2022 and ¥800.5 billion in FYE 2023, ITOCHU, which has incrementally accumulated ever-rising profits, will be able to confirm that it has firmly established a profit stage of ¥800.0 billion. To this end, in the second half of the year, management will continue working hard to minimize losses by swiftly determining if there are signs of deterioration or latent factors, ensuring major unforeseen losses are not incurred, and by responding rapidly in the unlikely event losses do emerge. At the same time, we will steadily take measures aimed at achieving further growth from the following fiscal year onward, including major investments that have already been announced.