

FYE 2024 3rd Quarter Business Results Summary

ITOCHU Corporation
February 5, 2024



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.

Summary of Financial Results for FYE 2024 3rd Quarter



(Unit : billion yen)

- **“Net profit attributable to ITOCHU”** was **¥611.7 bil.**
The progress toward the annual forecast, which was revised upward at the Q2 financial announcement, was 76%, steadily progressing towards the achievement of over ¥800.0 bil for 3 consecutive years.
- **“Core profit”** was approximately ¥200.0 bil. for the Q3. For the Q1-3, it was approximately **¥583.5 bil**, the 2nd highest following FYE 2023. Machinery, Food, and The 8th Companies recorded all-time high. ITOCHU accumulated profit steadily, due to solid earning base resistant to economic fluctuations in Non-Resource sector, contribution from strategic investments, and improvement in some businesses.
- **“Core operating cash flows”** was **¥615.0 bil.**, due to payments of interest expenses by higher interest rates and taxes, even with the stable performance in operating revenues in The 8th, General Products & Realty, and Food Companies.

	FYE 2023 Q1-3 Results	FYE 2024 Q1-3 Results	Increase/ Decrease	FYE 2024 Forecast (Disclosed on Nov. 6)	Progress
Net profit attributable to ITOCHU	* 682.2	611.7	(70.5)	800.0	76%
Extraordinary gains and losses	48.0	28.0	(20.0)	— ^(*1)	
Core profit ^(*)	* 634.0	583.5	(50.5)	* 800.0	73%
Ratio (%) of group companies reporting profits	86.1%	84.3%	Decreased 1.9pt	Dividend information (per share)	
Core operating cash flows	* 691.0	615.0	(76.0)	Annual (Planned)	* 160 yen
				Interim (Paid)	* 80 yen

(*) Core profit is shown in round figures.

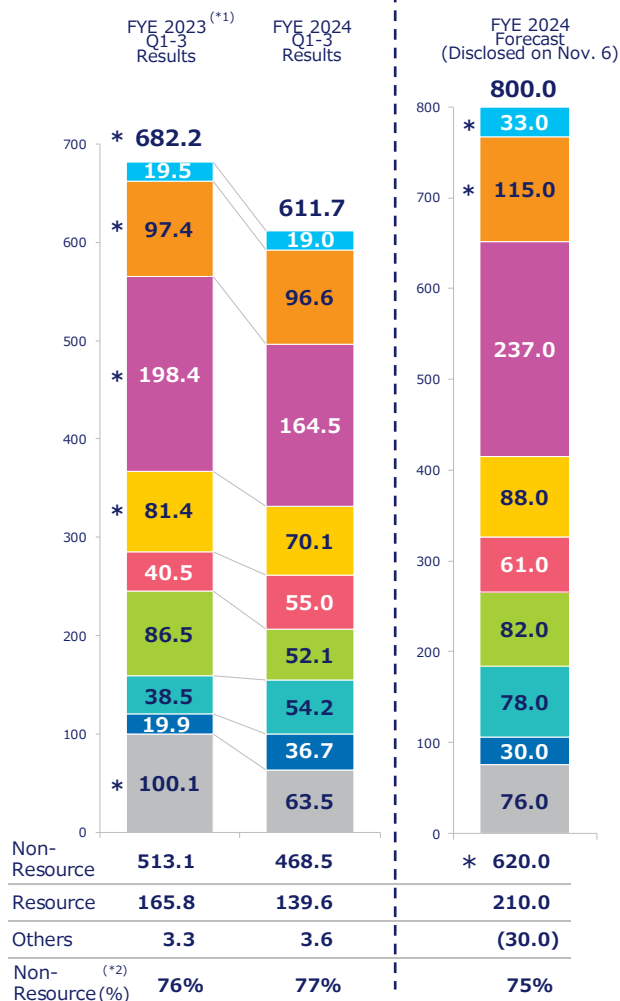
(*1) Including a loss buffer : (30.0)

* : Record High

Net profit attributable to ITOCHU by Segment



(Unit : billion yen)



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

- Textile [Inc/(Dec) : ¥(0.6) bil.(incl. Extra. G&L. (*3) : (2.0)) , Progress : 57%]**
 Decreased due to the absence of extraordinary gains in the same period of the previous fiscal year, partially offset by the stable performance in apparel-related companies resulting from the recovery of retail market because of the alleviation of the impact of COVID-19.
- Machinery [Inc/(Dec) : ¥(0.8) bil.(incl. Extra. G&L. : (14.5)) , Progress : 84%]**
 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, higher earnings in North American electric-power-related business, and the start of equity pick-up of Hitachi Construction Machinery from the 3rd quarter of the previous fiscal year.
- Metals & Minerals [Inc/(Dec) : ¥(33.9) bil.(incl. Extra. G&L. : 0.5) , Progress : 69%]**
 Decreased due to lower coal prices and lower earnings in Marubeni-Itochu Steel resulting from the absence of favorable performance in North American steel pipe business in the same period of the previous fiscal year.
- Energy & Chemicals [Inc/(Dec) : ¥(11.3) bil.(incl. Extra. G&L. : 19.0) , Progress : 80%]**
 Decreased due to the absence of favorable performance in energy trading transactions and chemical-related transactions in the same period of the previous fiscal year, partially offset by the revaluation gain on a lithium-ion batteries company.
- Food [Inc/(Dec) : ¥14.6 bil. (incl. Extra. G&L. : (7.0)) , Progress : 90%]**
 Increased due to the improvement in logistics cost in Dole, expansion of transactions resulting from the recovery of consumer activity and higher sales prices in food-distribution-related companies, and the improvement in earnings of North American meat-products-related company, partially offset by the deterioration of extraordinary gains and losses in North American companies.
- General Products & Realty [Inc/(Dec) : ¥(34.4) bil.(incl. Extra. G&L. : (4.5)) , Progress : 64%]**
 Decreased due to the absence of favorable performance in a domestic construction-materials-related company 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.
- ICT & Financial Business [Inc/(Dec) : ¥15.7 bil.(incl. Extra. G&L. : 4.5) , Progress : 69%]**
 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) : ¥16.8 bil.(incl. Extra. G&L. : 3.0) , Progress : 122%]**
 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, in addition to the improvement in performance of group companies and impairment losses on stores, and the extraordinary gain on the sale of a domestic company, 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) : ¥(36.6) bil.(incl. Extra. G&L. : (19.0))]**
 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.

* : 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 Q1-3 Results are reclassified in the same manner.

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

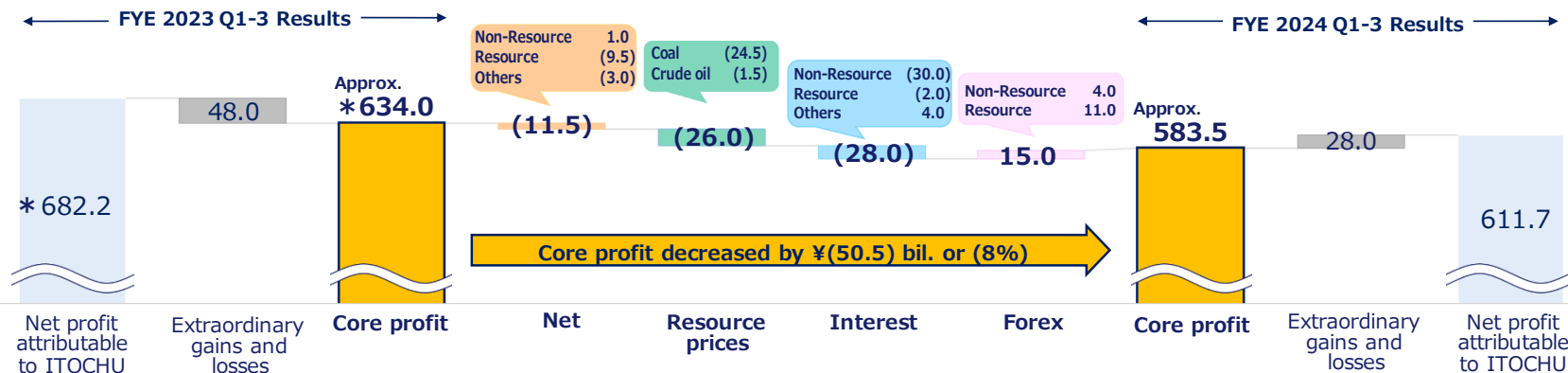
(*3) Extra. G&L. means "Extraordinary Gains and Losses".

Core Profit (YoY Factor Comparison)

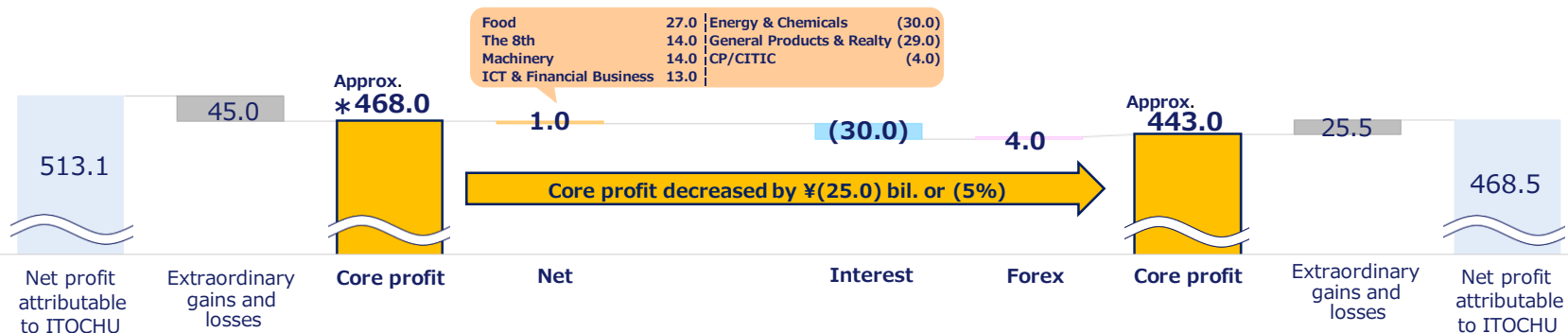


(Total)

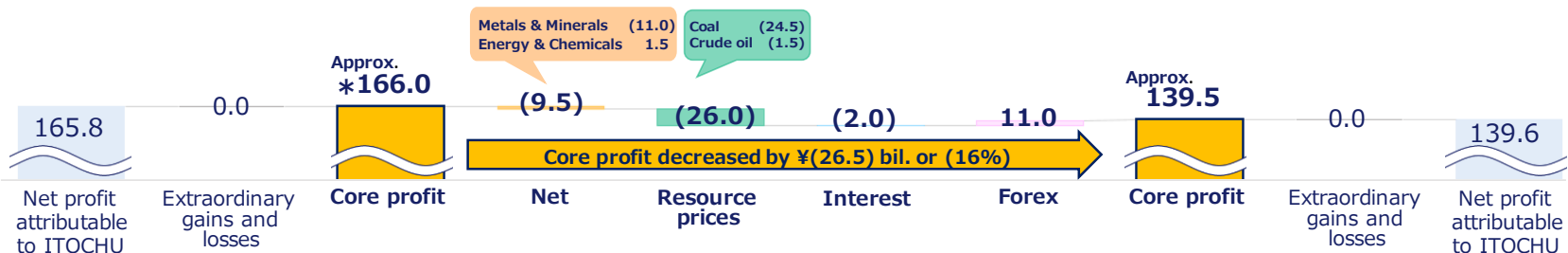
(Unit : billion yen)



(Non-Resource (74% → 76%^(*1)))



(Resource (26% → 24%^(*1)))



* : Record High

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

Extraordinary Gains and Losses



(Unit : billion yen)

Segments	FYE 2023 Q1-3 Results		Major items	FYE 2024 Q1-3 Results		Major items
		[Q3]			[Q3]	
Textile	2.0	2.0	[Q3]Gain on the partial sales of an industrial-material-related company:1.0	-	-	
Machinery	14.5	(4.5)	[Q1, Q3]Losses on aircraft leased to Russian airlines in a leasing-related company:(14.0) [Q1:(8.5), Q3:(5.5)] [Q1, Q3]Gains on a specific overseas project and business:3.5 [Q1:2.5, Q3:1.0] [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	-	[Q2]Gain on the sale of fixed assets in Marubeni-Itochu Steel:0.5
Energy & Chemicals	-	-		19.0	-	[Q1]Revaluation gain on a lithium-ion batteries company:16.5 [Q1-2]Gains 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	(3.5)	(6.5)	[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) [Q3]Impairment loss on a North American industrial chocolate company:(6.5)
General Products & Realty	6.5	(0.5)	[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	2.0	2.0	[Q3]Revaluation gain resulting from the conversion of DAIKEN into a consolidated subsidiary:2.0
ICT & Financial Business	-	-		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	-	-		3.0	3.0	[Q3]Gain on the sale of a domestic company in FamilyMart:3.0
Others, Adjustments & Eliminations	21.5	(2.0)	[Q1]Revaluation gain on securities business in CITIC Limited:20.5 [Q1]Reversal of allowance for risk assets:3.0 [Q3]Impairment loss on CTEI:(2.0)	2.5	-	[Q2]Reversal of allowance for risk assets:2.5
Total	48.0	(5.0)	[Q1-3] Non-Resource:45.0, Resource: -, Others:3.0	28.0	(1.5)	[Q1-3] Non-Resource:25.5, 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 ¥626.3 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 ¥154.3 bil., due to the payment resulting from the conversion of DAIKEN into a consolidated subsidiary in General Products & Realty Company, 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 ¥472.0 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 ¥615.0 bil.** “Net investment cash flows” was a net cash-outflow of ¥419.0 bil., due to the additional investment in shares in ITOCHU Techno-Solutions and the payment resulting from the conversion of DAIKEN into a consolidated subsidiary.

As a result, “Core free cash flows” was a **net cash-inflow of ¥196.0 bil.**

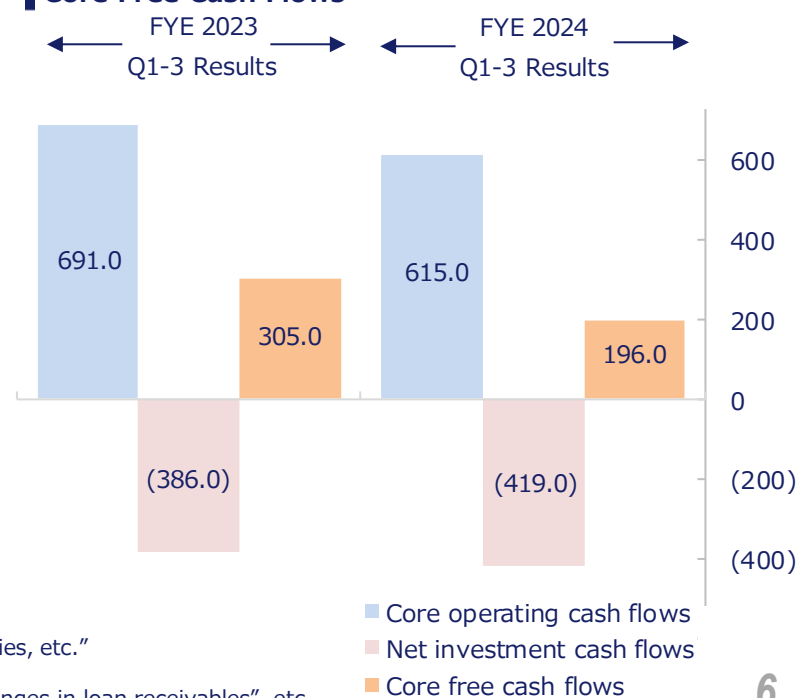
Cash Flows

	FYE 2023 Q1-3 Results	FYE 2024 Q1-3 Results
Cash flows from operating activities	* 636.2	626.3
Cash flows from investing activities	(437.1)	(154.3)
Free cash flows	199.1	472.0
Cash flows from financing activities	(289.1)	(512.9)

Core Free Cash Flows

	FYE 2023 Q1-3 Results	FYE 2024 Q1-3 Results
Core operating cash flows ^(*1)	* 691.0	615.0
Net investment cash flows ^(*2)	(386.0)	(419.0)
Core free cash flows	305.0	196.0

Core Free Cash Flows



*: Record High

(*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 ¥1,244.2 bil., compared to March 31, 2023 to **¥14,359.6 bil.**, due to the increase in trade receivables and inventories resulting from the increase of trading transactions, the conversion of DAIKEN into a consolidated subsidiary, and the depreciation of the yen.

■ Net Interest-bearing Debt:

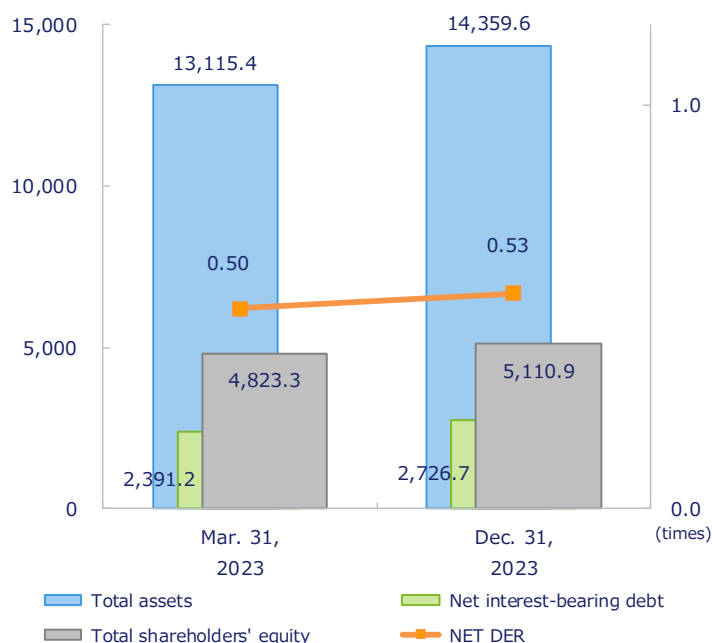
Increased by ¥335.5 bil., compared to March 31, 2023 to **¥2,726.7 bil.**, due to the additional investment in shares in ITOCHU Techno-Solutions, dividend payments and share buybacks, and the depreciation of the yen, partially offset by the stable performance in operating revenues.

■ Total Shareholders' Equity:

Increased by ¥287.6 bil., compared to March 31, 2023 to **¥5,110.9 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 decreased by 1.2 points compared to March 31, 2023 to **35.6%**.
NET DER increased compared to March 31, 2023 to **0.53 times**.



	Mar. 31, 2023	Dec. 31, 2023	Increase/Decrease	Brand-new Deal 2023	
Total assets	13,115.4	* 14,359.6	+ 1,244.2	B/S control appropriate for A ratings	
Net interest-bearing debt	2,391.2	2,726.7	+ 335.5		
Total shareholders' equity	4,823.3	5,110.9	+ 287.6		
Ratio of shareholders' equity to total assets	36.8%	35.6%	Decreased 1.2pt		
NET DER (times)	0.50	0.53	Increased 0.04pt		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	(Reference)	
		Q1-3 Results	Q1-3 Results	Forecast (Disclosed on Nov. 6)	Sensitivities on net profit attributable to ITOCHU for FYE 2024 Q4	
Exchange rate (Yen/US\$)	Average	135.08	142.09	140	1 Yen fluctuation against US\$	Approx. ±¥0.8 bil. ^(*1)
	Closing	Mar. 2023 133.53	Dec. 2023 141.83	140		—
Interest rate (%)	TIBOR 3M (¥)	0.06%	0.07%	0.1%	0.1% fluctuation of interest rate	Approx. ±¥0.2 bil. ^(*3)
	LIBOR 3M (US\$) ^(*2)	3.04%	—	—		—
	SOFR 3M (US\$) ^(*2)	—	5.29%	5.5%		Approx. ±¥0.1 bil. ^(*3)
Crude oil (Brent) (US\$/BBL)		99.35	82.18	84	±¥0.03 bil. ^(*6)	
Iron ore (CFR China) (US\$/ton)		115 ^(*4)	117 ^(*4)	N.A. ^(*5)	±¥0.21 bil. ^(*6)	

(*1) The impact in case the average exchange rate during FYE 2024 Q4 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 Q1-3 and FYE 2024 Q1-3 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.