FYE 2022 1st Half

Business Results Summary Investors Meeting

ITOCHU Corporation

November 9, 2021

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 2022 1st Half

(Unit : billion yen)

- **"Net profit attributable to ITOCHU"** was **¥500.6 bil.**, increased by 98%, or ¥248.1 bil., compared to the same period of the previous fiscal year. It significantly exceeded the FYE 2020 1st half, which had been the best as a half year results, and renewed the highest record.
- **"Core profit"** was approximately **¥378.5 bil.**, increased by ¥175.5 bil., compared to the same period of the previous fiscal year, and all segments achieved increase. It renewed the highest record as a half year results. The core profit for the Q2 (approx. ¥198.5 bil.) exceeded this Q1 (approx. ¥180.0 bil.), which had been the best in every single quarter's and renewed all-time high resulting from the well-balanced growth both in non-resource and resource sectors.
- **"Ratio of group companies reporting profits"** was **86.3%**, recovering to the same level as the FYE 2020 1st half which is the best as a 1st half results.
- **"Core operating cash flows"** was **¥400.0 bil.**, renewed all-time high as a half year results.
- ITOCHU revised upward its annual forecast to **¥750.0 bil.** and annual dividend forecast to **¥110** per share, an increase of ¥22 from FYE 2021 (an increase of ¥16 from the previous forecast).

	FYE 2020 Q1-2 Results	FYE 2021 Q1-2 Results	FYE 2022 Q1-2 Results	Increase/ Decrease	FYE 2022 Forecast: Previous Forecast (Disclosed on May 10)	FYE 2022 Forecast: Revised Forecast	FYE 2022 Forecast: Progress
Net profit attributable to ITOCHU	**289.1**	**252.5**	* **500.6**	+ **248.1**	550.0	* **750.0**	**67%**
Extraordinary gains and losses	34.5	49.5	122.0	+ 72.5	50.0	124.0	
Core profit(*)	254.5	203.0	* 378.5	+ 175.5	500.0	* 626.0	60%
[Core profit(excluding the impact of COVID-19)](*)	[254.5]	[243.0]	[404.5]	[+ 161.5]			
Ratio (%) of group companies reporting profits	87.2%	76.5%	86.3%	Increased 9.8pt			
Core operating cash flows	325.0	266.0	* 400.0	+ 134.0			

(*)Core profit is shown in round figure.

Dividend information (per share)	Previous Forecast (Disclosed on May 10)	Revised Forecast
Annual (Planned)	94 yen (minimum)	* 110 yen (minimum)
Interim	47 yen	* 47 yen

* :Record High as a half year results

* :Record High

2

The consolidated net profit for the 1st half reached a record high of JPY500.6 billion, the highest ever for the 1st half of the fiscal year, even approaching the full-year record-high of JPY501.3 billion of the FYE 2020.
Although there were factors such as the historic soaring prices of iron ore and concentrated realization of extraordinary gains, we enjoyed the recovery of overseas business following the resumption of economic activities in China, Europe, and the United States, and steadily accumulated efforts based on the principle "earn, cut, and prevent."
As a result, we have achieved very well-balanced earnings growth by steadily increasing core profits in consumer-related sector, basic industry-related sector and resource sector.

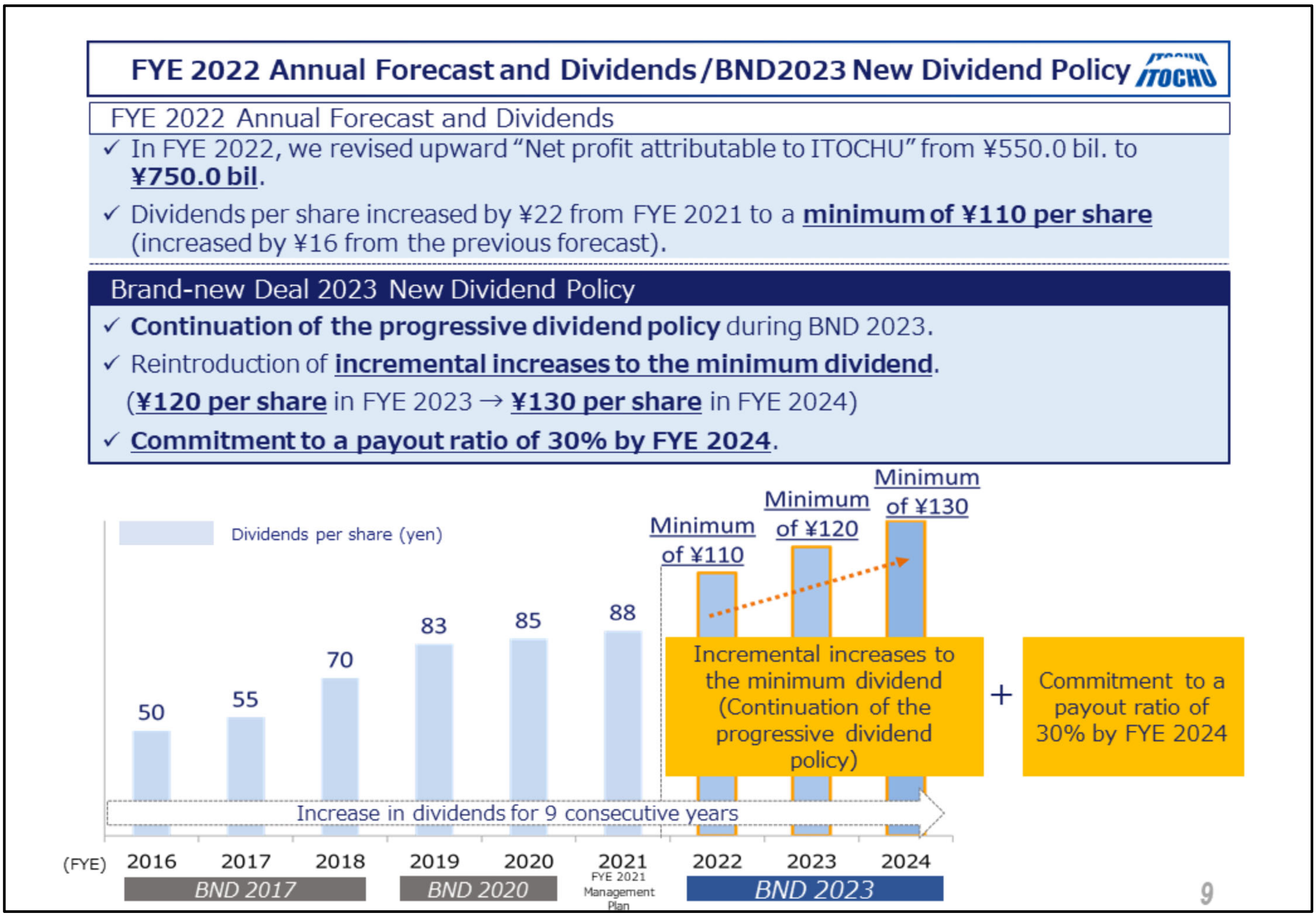
In addition, based on the results of the 1st half, we have revised our full year forecast for consolidated net profit upward to JPY750.0 billion.
As a company with strength in the area of the domestic consumer sector, we will secure this JPY750.0 billion in light of the recovery in domestic consumption due to lifting of the restrictions on activities.
We will steadily proceed with our business operation aiming for further accumulation of profit in the 2nd half.

This year, against the backdrop of the recovery of overseas economy overcoming the impact of COVID-19 led by China and other countries, as well as unexpected soaring of resources prices, the results of the general trading sector became significantly favorable. In terms of how to earn money, however, I think the differences among companies have become more apparent.
Our Company's basic policy is to build up businesses in the non-resource sector, which is our strength. We place a great importance on steadily strengthening and evolving a well-balanced and stable earnings base. In the 1st half, I believe we have been able to make a steady growth and evolve the business that is typical to ITOCHU, which is what we are aiming for.

ICT & Financial Business Company, which our peers do not have, has been working for digitalization of the world as a pioneer and is making inroads into the fields of mobile communications, IT systems, and fintech.
The Company has the momentum to jump up to the No. 1 segment in our non-resource sector with its annual consolidated net profit of JPY100.0 billion.
We aim to make the Company grow so that it can become a major source of stable earnings for the non-resource sector.

I will explain about the status of DESCENTE, the core Group company of the Textile Company.
We took a strategy to increase our stake through additional purchase, which was rather challenging.
It was the first successful hostile TOB in the Japanese security market, and became a historic case that pioneered hostile TOBs that have been carried out in large numbers since the success.

We have undergone transformation from South Korea-focused profit structure, which had been the management issue, into a balanced profit structure focusing Japan, China, and South Korea.
For chronically loss-making Japan business, we renewed DESCENTE brand, resulting in a launch of many new products.
As a result, we have improved the brand value and have already achieved profitability. In addition, in China business, the new DESCENTE China was launched with a partnership with ANTA, a leading global sportswear company in China.
Business performance has grown significantly and is now achieving rapid growth beyond the plan.
Through those initiatives, we have realized a well-balanced profit structure with these pillars.
Regarding the forecast of consolidated net profit for the current fiscal year, DESCENTE has already announced upward revisions twice.
As a result of these measures, the share price rose from the TOB price of JPY2,800 to an all-time high at present.



We have announced a new dividend policy for the current medium-term management plan in response to various comments from the market.
We set the minimum dividend per share (DPS) for the current fiscal year at JPY110, an increase of JPY22 from the previous year.
In addition, the progressive dividends during the medium-term management plan was clarified again, and we introduce “incremental increases to the minimum dividend,” setting the lower limit of JPY120/share for FYE 2023 and JPY130/share for FYE 2024.
Furthermore, we commit to achieving a dividend payout ratio of 30% in the final year of the medium-term management plan.

We have received comments from the market that our payout ratio was behind peers, and discussed this issue in depth internally.
The new dividend policy shows our willingness to sincerely listen to the voices from the market and clarify the path toward a payout ratio of 30%.
There is no change in our policy of linking shareholder returns to the enhancement of corporate value for a medium to long term.

As for the status of our thermal coal interest, following the sale of Drummond thermal coal mine, we have decided to sell Ravensworth North coal mine, another thermal coal interest in Australia.
As currently discussed in COP 26, efforts toward a decarbonized society will continue to accelerate going forward.
With these new values, I believe the general trading companies must not be bound by immediate profits but must promote “*Sampo-yoshi* (good for the seller, good for the buyer, and good for society)” initiatives by contributing to the international community, and aim for sustainable business and management.

I would like to conclude my remarks by stating that non-resource business, which is our strength, and our core profits are growing beyond our target. Your expectations will never be betrayed.

Executive
Vice President
CFO

Tsuyoshi Hachimura

Summary of Financial Results for FYE 2022 1st Half

ITOCHU

(Unit : billion yen)

- **"Net profit attributable to ITOCHU"** was **¥500.6 bil.**, increased by 98%, or ¥248.1 bil., compared to the same period of the previous fiscal year. It significantly exceeded the FYE 2020 1st half, which had been the best as a half year results, and renewed the highest record.
- **"Core profit"** was approximately **¥378.5 bil.**, increased by ¥175.5 bil., compared to the same period of the previous fiscal year, and all segments achieved increase. It renewed the highest record as a half year results. The core profit for the Q2 (approx. ¥198.5 bil.) exceeded this Q1 (approx. ¥180.0 bil.), which had been the best in every single quarter's and renewed all-time high resulting from the well-balanced growth both in non-resource and resource sectors.
- **"Ratio of group companies reporting profits"** was **86.3%**, recovering to the same level as the FYE 2020 1st half which is the best as a 1st half results.
- **"Core operating cash flows"** was **¥400.0 bil.**, renewed all-time high as a half year results.
- ITOCHU revised upward its annual forecast to **¥750.0 bil.** and annual dividend forecast to **¥110** per share, an increase of ¥22 from FYE 2021 (an increase of ¥16 from the previous forecast).

	FYE 2020 Q1-2 Results	FYE 2021 Q1-2 Results	FYE 2022 Q1-2 Results	Increase/ Decrease	FYE 2022 Forecast Previous Forecast (Disclosed on May 10)	FYE 2022 Forecast Revised Forecast	FYE 2022 Forecast Progress
Net profit attributable to ITOCHU	**289.1**	**252.5**	* **500.6**	+ **248.1**	550.0	* **750.0**	**67%**
Extraordinary gains and losses	34.5	49.5	122.0	+ 72.5	50.0	124.0	
Core profit(*)	254.5	203.0	* 378.5	+ 175.5	500.0	* 626.0	60%
[Core profit(excluding the impact of COVID-19)](*)	[254.5]	[243.0]	[404.5]	[+ 161.5]			
Ratio (%) of group companies reporting profits	87.2%	76.5%	86.3%	Increased 9.8pt			
Core operating cash flows	325.0	266.0	* 400.0	+ 134.0			

(*)Core profit is shown in round figure.

Dividend information (per share)	Previous Forecast (Disclosed on May 10)	Revised Forecast
Annual (Planned)	94 yen (minimum)	* 110 yen (minimum)
Interim	47 yen	* 47 yen

* : Record High as a half year results

* : Record High

2

JPY500.6 billion of consolidated net profit in the 1st half was almost doubled from the 1st half of the previous year and comparable to all-time high JPY501.3 billion of the full year results in FYE 2020.

And also, the profit grew by 70% against the 1st half of FYE 2020, pre-COVID-19.

I would like to say that for all the segments, even compared with pre- and under-COVID-19, were able to enjoy a better profit by absorbing the COVID-19 impact.
Non-resources business accounted for 74% in the 1st half.
We were also benefitted by the tailwind of soaring resource prices, but non-resources business attained a record high and were able to keep more than 70% of the total profit.

The extraordinary gain was JPY122.0 billion, which was all-time high.
But the core profit without extraordinary gains amounted to JPY378.5 billion, and was also all-time high.

Resource business was favorable, and there were extraordinary gains, but all the segments were able to overcome the effect of the pandemic and were able to exceed the basic earning power.

Especially, Metals & Minerals, General Products & Realty, ICT & Financial business, and Machinery posted highest profit.

Investments

(Unit : billion yen)

FYE 2021 Results

	Major New Investments [Quarter Mainly Invested In]		[Q1-2]
Consumer-related sector	◆ Additional investment in FamilyMart [Q2,Q4] ◆ Additional investment in PPIH by FamilyMart [Q1-4] ◆ Additional investment in FUJI OIL HOLDINGS [Q1-2] ◆ Fixed asset purchase by FamilyMart / Prima Meat Packers /Dole [Q1-4] ◆ North American facility-materials-related company [Q3] etc.	730.0	[290.0]
Basic industry-related sector	◆ Additional investment in Tokyo Century [Q1-2] ◆ Fixed asset purchase by ITOCHU ENEX / C.I. TAKIRON [Q1-4] etc.	85.0	[50.0]
Non-Resource		**815.0**	**[340.0]**
Resource-related sector	◆ Capital expenditure by IMEA [Q1-4] ◆ Capital expenditure by CIECO Azer [Q1-4] etc.		
Resource		**35.0**	**[20.0]**
Total of Major New Investments		**850.0**	**[360.0]**
EXIT		(95.0)	[(35.0)]
Net Investment Amount (*2)		**755.0**	**[325.0]**

FYE 2022 Q1-2 Results

	Major New Investments [Quarter Mainly Invested In]	
Consumer-related sector	◆ Additional investment in HOKEN NO MADOGUCHI GROUP [Q1] ◆ Fixed asset purchase by FamilyMart / Prima Meat Packers / Dole [Q1-2] etc.	81.0
Basic industry-related sector	◆ Fixed asset purchase by ITOCHU ENEX / C.I. TAKIRON [Q1-2] ◆ Overseas machinery-related company [Q1] etc.	60.0
Non-Resource		**141.0**
Resource-related sector	◆ Capital expenditure by IMEA [Q1-2] ◆ Capital expenditure by CIECO Azer [Q1-2] etc.	
Resource		**14.0**
Total of Major New Investments		**155.0**
EXIT		(237.0)
Net Investment Amount (*2)		**(82.0)**

(*1) The above figures are approximate values.
(*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.

21

I will explain about the investments and replacement of assets.

For the 1st half of the fiscal year, JPY155.0 billion of investments and JPY237.0 billion of exits were executed.
As a result, the cash collection was advanced by JPY82.0 billion.

There is no change in our policy that we are making continuous and active asset replacement.
We have surplus fund through the exits and investment pipeline is concentrated in the 2nd half of the fiscal year.

Cash Flows

ITOCHU

(Unit : billion yen)

■ **Operating Cash Flows and Free Cash Flows:**
"Cash flows from operating activities" was a **net cash-inflow of ¥414.0 bil.,** due to the stable performance in operating revenues in The 8th, Metals & Minerals, Food, and Machinery Companies.
"Free cash flows" resulted in a **net cash-inflow of ¥474.6 bil.,** due to the cash-inflows from operating activities and the partial sale of Pan Pacific International Holdings Corporation and the sale of Japan Brazil Paper & Pulp Resources Development, partially offset by the purchase of fixed assets by The 8th, Food, and Machinery Companies, and the decrease in cash as the conversion of Taiwan FamilyMart into an investment accounted for by the equity method from a consolidated subsidiary accompanying the partial sale.
It renewed the highest record as a 1st half results.

■ **Core Free Cash Flows:**
"Core operating cash flows" after deducting changes in working capital and excluding the effect of lease accounting from "Cash flows from operating activities" was a **net cash-inflow of ¥400.0 bil.**, renewed the highest record as a half year results.
"Core free cash flows" resulted in a **net cash-inflow of ¥482.0 bil.** It renewed the highest record as a 1st half results.

Cash Flows

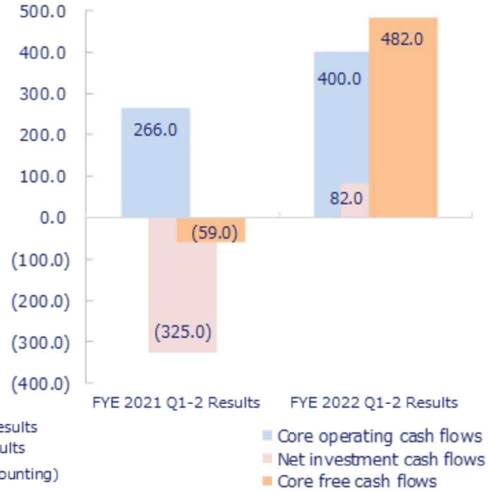
	FYE 2021 Q1-2 Results		FYE 2022 Q1-2 Results
Cash flows from operating activities	459.1		414.0
Cash flows from investing activities	(138.0)		60.6
Free cash flows	*321.2*	**	*474.6*
Cash flows from financing activities	(264.6)		(555.6)

Core Free Cash Flows

	FYE 2021 Q1-2 Results		FYE 2022 Q1-2 Results
Core operating cash flows(*1)	266.0	*	400.0
Net investment cash flows(*2)	(325.0)		82.0
Core free cash flows	(59.0)	**	482.0

* : Record High as a half year results
** : Record High as a 1st half results

Core Free Cash Flows



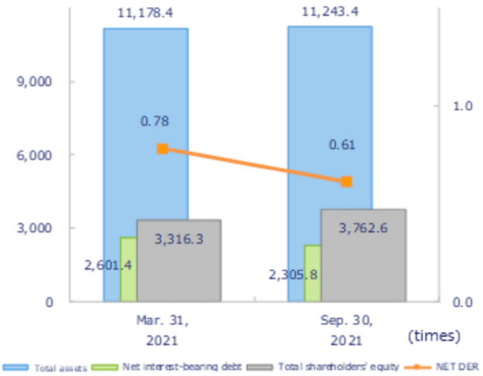
(*1) "Operating cash flows" minus "changes in working capital" (excluding the effect of lease accounting)
(*2) Payments and collections for substantive investment and capital expenditure.
"Investment cash flows" plus "equity transactions with non-controlling interests" minus "changes in loan receivables", etc.

Because of the favorable operating activities, core operating cash flows was JPY400.0 billion, the highest ever for the 1st half of the fiscal year.

Financial Position

(Unit : billion yen)

- **Total Assets:**
  Increased by ¥64.9 bil., compared to March 31, 2021 to **¥11,243.4 bil.,** due to the increase in inventories and investments accounted for by the equity method, partially offset by the decrease due to the partial sale of Taiwan FamilyMart.
- **Net Interest-bearing Debt:**
  Decreased by ¥295.5 bil., compared to March 31, 2021 to **¥2,305.8 bil.,** due to the stable performance in operating revenues, partially offset by dividend payments.
- **Total Shareholders' Equity:**
  Increased by ¥446.3 bil., compared to March 31, 2021 to **¥3,762.6 bil.,** due to net profit attributable to ITOCHU during this fiscal year, partially offset by dividend payments.
- **Ratio of Shareholders' Equity to Total Assets and NET DER:**
  Ratio of shareholders' equity to total assets increased by 3.8 points compared to March 31, 2021 to **33.5%.**
  NET DER improved by 0.17 points compared to March 31, 2021 to **0.61 times.**



	Mar. 31, 2021	Sep. 30, 2021	Increase/ Decrease	FYE 2022 Plan (Disclosed on May 10)
Total assets	11,178.4	11,243.4	+ 64.9	B/S control appropriate for A ratings
Net interest-bearing debt	2,601.4	2,305.8	(295.5)	
Total shareholders' equity	3,316.3	* 3,762.6	+ 446.3	
Ratio of shareholders' equity to total assets	29.7%	* 33.5%	Increased 3.8pt	
NET DER (times)	0.78	* 0.61	Improved 0.17pt	about 0.7-0.8 times
ROE	12.7%	–	–	Maintain high efficiency about 13-16%

* :Record High (NET DER: Best Record)

7

Due to the cash collection from the investments, net interest-bearing debt has declined by JPY300.0 billion from the end of last fiscal year.

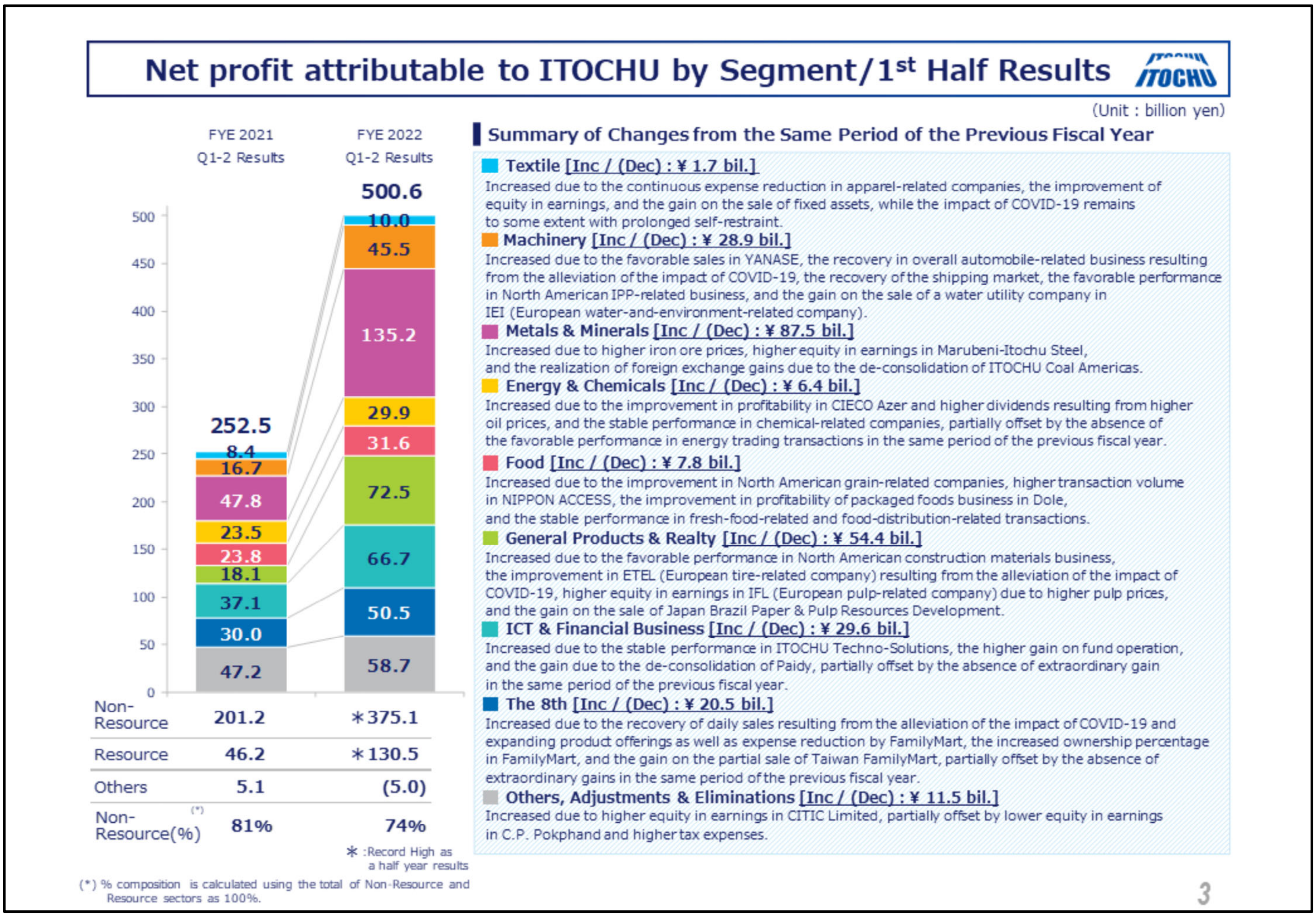
Because of the high level of profit in the 1st half of the fiscal year, the total shareholders' equity has increased by JPY450.0 billion.

Ratio of shareholders' equity to total assets and NET DER reached historical high.
Compared with the *Zaibatsu* general trading companies, our shareholders' equity was still slightly insufficient.
We have the target of exceeding JPY4 trillion.

We are aiming at over 30% for ratio of shareholders' equity to total assets and are moving steadily toward that objective.

As for NET DER on medium- to long-term basis, our target is 0.7x to 0.8x.
As current NET DER is at around 0.6x, we have achieved the target level and the room for the leverage is getting bigger.

On a medium- to long-term basis, ROE is targeted at 13% to 16%.
As consolidated net profit is extremely favorable, it is quite likely that ROE may be quite high in this fiscal year-end.



Metals & Minerals: Increase due to higher iron ore prices and good performance of North American steel sheet transactions.

General Products & Realty: Increase due to gain on sale of Japan Brazil Paper and Pulp Resources Development, and strong performance of North American construction material business, tire business in Europe (ETEL) , and pulp business in Europe (IFL).

ICT & Financial Business: Increase due to strong demand in DX and the services of 5G in the ICT segment, which includes CTC, and higher gain on fund operation.
There was an extraordinary gain on sale of Paidy due to PayPal's acquisition.

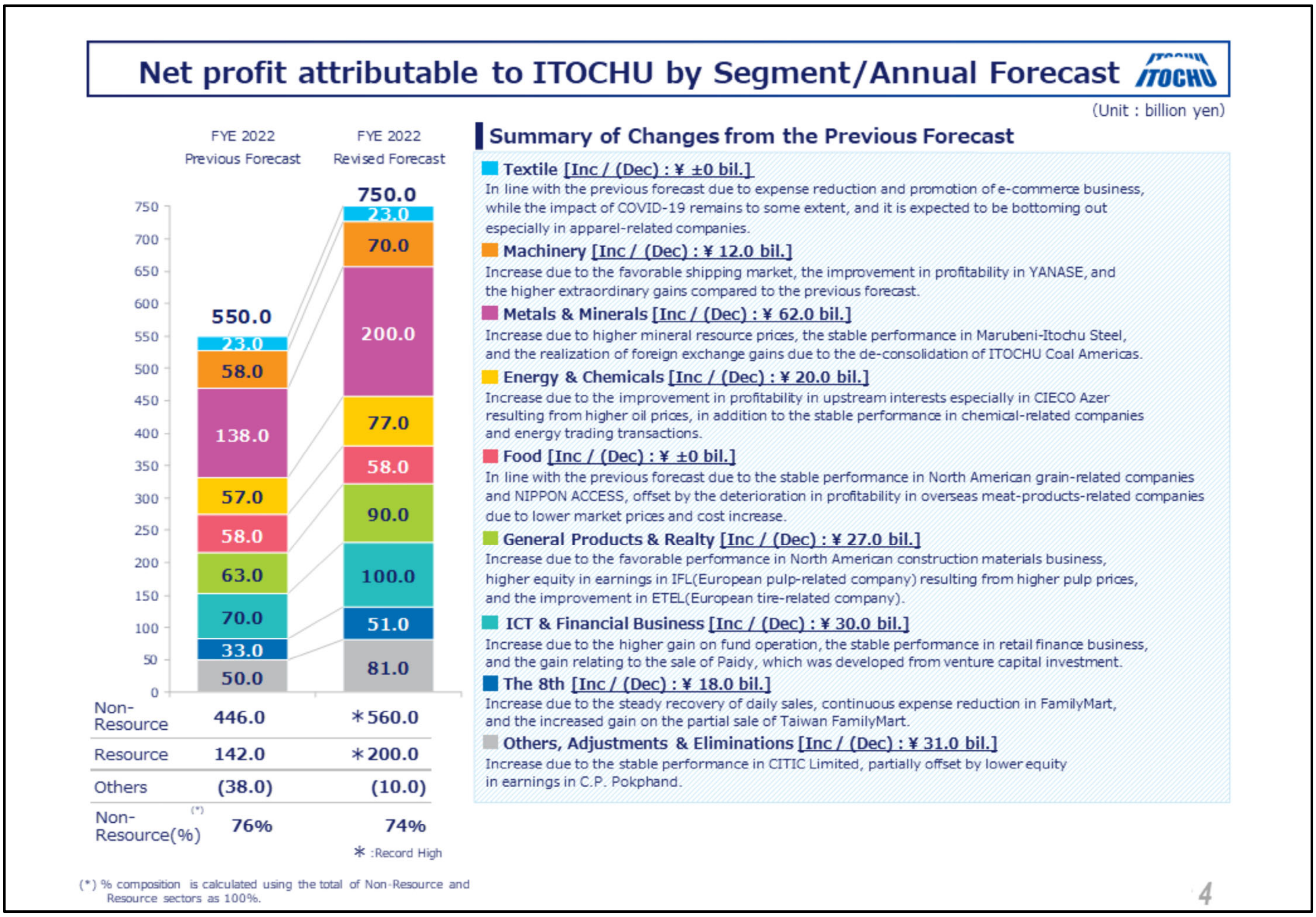
The 8th: FYE 2022 1st half results was JPY50.5 billion, which includes gain on the partial sale of Taiwan FamilyMart. FamilyMart is commemorating a 40-year anniversary and implementing new directions, and the daily sales are recovering.

Machinery: JPY45.5 billion was record high. Sales in YANASE, overseas auto dealers, and auto exports from Japan were strong. We were also benefitted from a high shipping market.

Food: The grain business in North America was quite strong. Nippon Access has recovered, a domestic wholesale business having transactions with GMS, CVS, and drug stores. Dole has also recovered in the 1st half of the fiscal year.

Energy & Chemicals: Based on the increase in crude oil price, the results seem to be rather conservative because of a temporary loss from fair value of futures transactions. CIECO Azer, supported by the increase in crude oil prices, the dividend income, and chemical transactions were quite strong.

Textile: Finally, we were able to hit the bottom. As seen in a recovery by DESCENTE, cost reduction is showing effectiveness. Although apparel business is still impacted by COVID-19, EC transaction supports the recovery.



Annual forecast for all segments and Group companies were examined as stated at the FYE 2022 1st quarter financial results announcement.
For Textiles and Food, we have not changed from our previous forecast.
We have revised the figures upward by JPY200.0 billion in total (as written below) and we have set the target at JPY750.0 billion.

Metals & Minerals: JPY62.0 billion / ICT & Financial Business: JPY30.0 billion
General Products & Realty: JPY27.0 billion / Energy & Chemicals: JPY20.0 billion
The 8th : JPY18.0 billion / Machinery: JPY12.0 billion / Others : JPY31.0 billion

Previous forecast of Others was JPY50.0 billion and it included JPY30.0 billion of loss buffer.
This JPY30.0 billion of buffer was reallocated among all the segments.
In the revised forecast, Others was increased by JPY31.0 billion to JPY81.0 billion.
It contains the positive and negative effect of CITIC and CPP business performance, but it does not include the buffer any more.

In the annual forecast, non-resource business is scheduled to account for 74%, and this is the same as the 1st half.

As for the resource prices, demand-supply balance may be gradually improving.
Therefore, we have a conservative view toward the 2nd half.
We will definitely put the high priority on the continuation of strong non-resource business performance.

Assumptions for FYE 2022

		FYE 2021 Q1-2 Results	FYE 2022 Q1-2 Results	FYE 2022 Previous Forecast (Disclosed on May 10)	FYE 2022 Revised Forecast	(Reference) Sensitivities on net profit attributable to ITOCHU for FYE 2022 Q3-4	
Exchange rate (Yen/US$)	Average	107.20	109.51	105	110	1 yen appreciation against US$	Approx. ¥(1.3)bil.
	Closing	Mar. 2021 110.71	Sep. 2021 111.92	105	110		–
Interest rate (%)	TIBOR 3M (¥)	0.07%	0.06%	0.1%	0.1%	0.1% increase	Approx. ¥(0.3)bil.
	LIBOR 3M (US$)	0.42%	0.14%	0.3%	0.5%		Approx. ¥(0.1)bil.
Crude oil (Brent) (US$/BBL)		38.44	71.19	60	75	±¥0.15 bil. (*3)	
Iron ore (CFR China) (US$/ton)		105(*1)	183(*1)	N.A. (*2)	N.A. (*2)	±¥0.46 bil. (*3)	

(*1) FYE 2021 Q1-2 and FYE 2022 Q1-2 prices for iron ore are prices that ITOCHU regards as general transaction prices based on the market.

(*2) The prices of iron ore used in "FYE 2022 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.

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

8

The assumption for exchange rate was changed from JPY105/USD to JPY110/USD as we forecast weaker yen.
USD interest rate (LIBOR 3M) was increased by 0.2% to 0.5%.
Crude oil (brent) price was revised upward to USD75/BBL.

As for iron ore, we cannot disclose the details because of the agreement with the partners, but we assume lower price than the current price.

Summary of Financial Results for FYE 2022 1st Half

(Unit : billion yen)

- **"Net profit attributable to ITOCHU"** was **¥500.6 bil.**, increased by 98%, or ¥248.1 bil., compared to the same period of the previous fiscal year. It significantly exceeded the FYE 2020 1st half, which had been the best as a half year results, and renewed the highest record.
- **"Core profit"** was approximately **¥378.5 bil.**, increased by ¥175.5 bil., compared to the same period of the previous fiscal year, and all segments achieved increase. It renewed the highest record as a half year results. The core profit for the Q2 (approx. ¥198.5 bil.) exceeded this Q1 (approx. ¥180.0 bil.), which had been the best in every single quarter's and renewed all-time high resulting from the well-balanced growth both in non-resource and resource sectors.
- **"Ratio of group companies reporting profits"** was **86.3%**, recovering to the same level as the FYE 2020 1st half which is the best as a 1st half results.
- **"Core operating cash flows"** was **¥400.0 bil.**, renewed all-time high as a half year results.
- ITOCHU revised upward its annual forecast to **¥750.0 bil.** and annual dividend forecast to **¥110** per share, an increase of ¥22 from FYE 2021 (an increase of ¥16 from the previous forecast).

	FYE 2020 Q1-2 Results	FYE 2021 Q1-2 Results	FYE 2022 Q1-2 Results	Increase/ Decrease	FYE 2022 Forecast Previous Forecast (Disclosed on May 10)	FYE 2022 Forecast Revised Forecast	FYE 2022 Forecast Progress
Net profit attributable to ITOCHU	**289.1**	**252.5**	* **500.6**	+ **248.1**	550.0	* **750.0**	**67%**
Extraordinary gains and losses	34.5	49.5	122.0	+ 72.5	50.0	124.0	
Core profit(*)	254.5	203.0	* 378.5	+ 175.5	500.0	* 626.0	60%
[Core profit(excluding the impact of COVID-19)](*)	[254.5]	[243.0]	[404.5]	[+ 161.5]			
Ratio (%) of group companies reporting profits	87.2%	76.5%	86.3%	Increased 9.8pt			
Core operating cash flows	325.0	266.0	* 400.0	+ 134.0			

(*)Core profit is shown in round figure.

Dividend information (per share)	Previous Forecast (Disclosed on May 10)	Revised Forecast
Annual (Planned)	94 yen (minimum)	* 110 yen (minimum)
Interim	47 yen	* 47 yen

*: Record High as a half year results

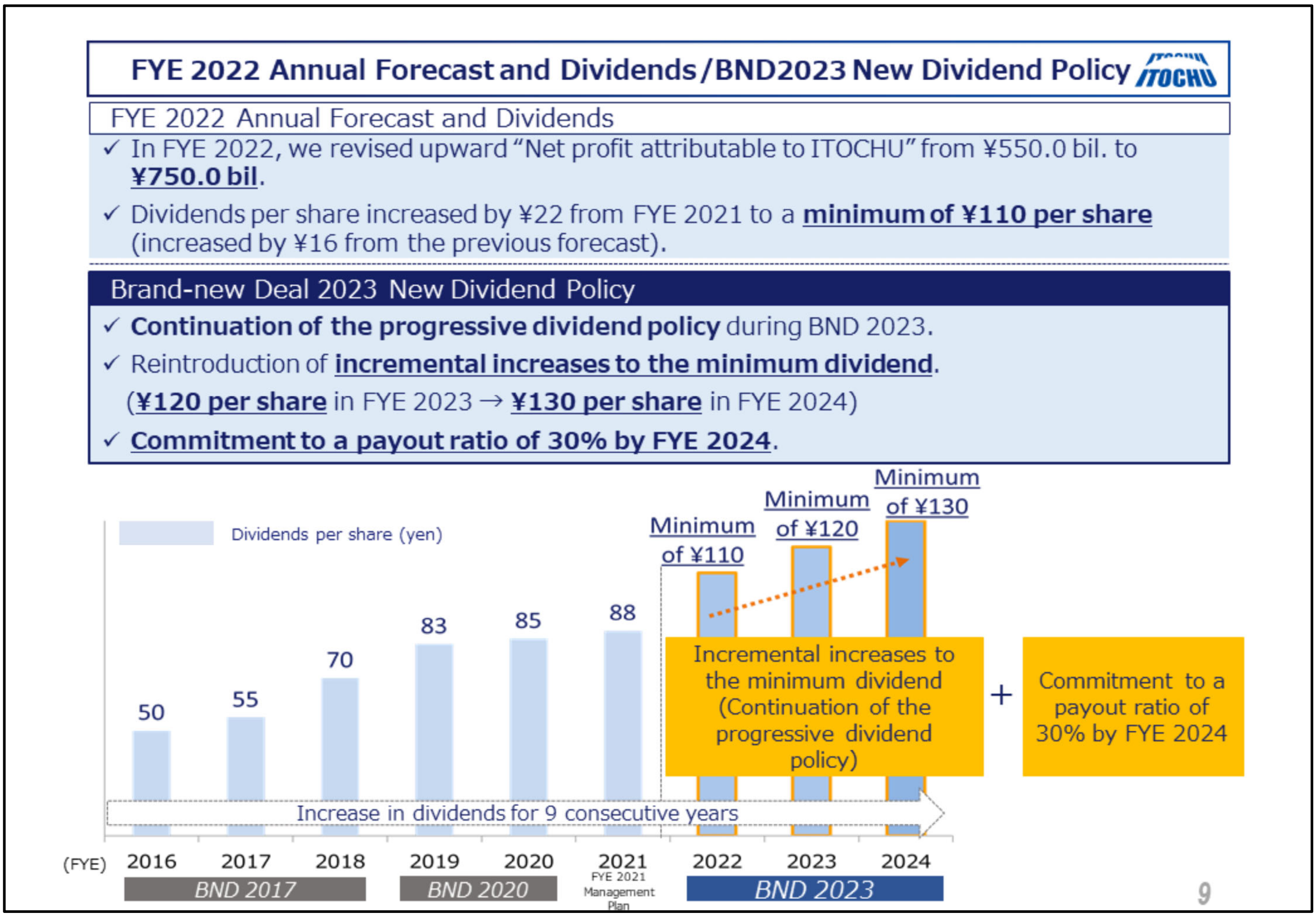
*: Record High

2

In the revised forecast, extraordinary gains and losses are expected to be JPY124.0 billion. As the results for the 1st half was JPY122.0 billion, we expect JPY2.0 billion net impact in the 2nd half.

In the 2nd half, there are quite a lot in investment pipeline, and each segment will conduct investments while considering cash status. We are not going to relax and expand the investment possibilities toward further growth.

For the balance between the 1st half and the 2nd half, the profits in the 2nd half appear to decrease by JPY250.0 billion. However, in the 1st half, there were extraordinary gains of around JPY120.0 billion. Excluding the loss buffer of JPY30.0 billion from the 2nd half, the actual decrease will be around JPY100.0 billion.
We forecast resource prices to decline, and we are having a conservative view toward the business activities of each field.



Our initial dividend per share (DPS) plan for FYE 2022 was JPY94, but is increased to JPY110 (minimum dividend).
We will then increase DPS JPY10 every year to reach minimum DPS of JPY130 in FYE 2024.
In addition, we commit to increase the payout ratio to 30% by FYE 2024, and to increase DPS for 9 consecutive years.
At the time of the announcement of BND 2023 in May 2021, we have shown our dividend policy, and we have stated that we would like to make a return to the shareholders by steadily raising DPS, while further enhancing our financial soundness.

Since then, we have accumulated dialogue with shareholders, stakeholders, etc.
We received comments that our payout ratio is relatively lower, and the growth projection including FYE 2023 to 2024 is not quite clear, giving them a doubt that we are not confident in achieving growth.
Based on the current economic environment and COVID-19 impact, it is difficult to make a clear commitment to the net profits in 2 to 3 years. But we have a track record of increasing the profit level in 3-year span, from BND 2017 to BND 2020.

We are confident to show firm results to solidify our earnings base of JPY600.0 billion stage during BND 2023.
However, we understand that it is not enough in convincing the market if we do not show the profit target beforehand. So, in order for the market to understand our commitment to further growth, we decided to increase DPS for a certain amount every year, setting DPS from JPY110 to JPY120 and JPY130.
If you count backward from DPS (JPY120 for FYE 2023 and JPY 130 for FYE 2024), based on the assumption that the payout ratio is 30%, net profit for FYE 2023 will be JPY600.0 billion, and that for FYE 2024 will be 650.0 billion.

With regard to our future growth, we are confident enough.
And even if there is a distraction from our plan, we wanted to clearly state our commitment to make shareholder returns at a level that is expected from shareholders.
Therefore, we announced a new dividend policy.

With regard to our financial policy, I have been stating that balancing three factors would be very important: growth investment, shareholder returns, and debt control.
And, core free cash flow after deducting shareholder returns should be positive.
There is no change in the major concept. Through growth every year, we will grow EPS.
As described in financial statement, if we achieve JPY750.0 billion in FYE 2022, EPS will be as large as JPY500.
However, in a 3-year span, it was JPY200 level in the medium-term management plan one before last, and the next was JPY300 level.
During this medium-term management plan, we believe we will be able to steadily attain JPY400 level in EPS, and JPY600.0 billion in consolidated net profit.
Our concept is to show the market the steady growth of both EPS and DPS.
Based on this financial policy, we announced this medium-term management plan.