ITOCHU Corporation

FINANCIAL INFORMATION REPORT 2026

For the Fiscal Year Ended March 31, 2026

Contents

Forward-Looking Statements

Data and projections contained in this Financial Information Report 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

ITOCHU Corporation and its Subsidiaries

Fiscal years ended March 31	Millions of Yen 2026	2025	2024	2023	2022	2021	Millions of U.S. Dollars (Note 3) 2026
P/L (For the year):							
Revenues	**¥14,823,087**	¥14,724,234	¥14,029,910	¥13,945,633	¥12,293,348	¥10,362,628	**$ 92,714**
Gross trading profit	**2,480,532**	2,376,456	2,232,360	2,129,903	1,937,165	1,780,747	**15,515**
Net profit attributable to ITOCHU	**900,283**	880,251	801,770	800,519	820,269	401,433	**5,631**
Comprehensive income attributable to ITOCHU	**1,301,927**	739,683	1,200,025	876,260	1,086,431	655,259	**8,143**
Per share (Yen and U.S. Dollars):							
Basic earnings attributable to ITOCHU (Notes 1 and 5)	**128.00**	123.13	110.60	109.22	110.57	53.97	**0.80**
Cash dividends (Note 5)	**42.0**	40.0	32.0	28.0	22.0	17.6	**0.27**
Shareholders' equity (Notes 1 and 5)	**942.78**	811.84	754.35	662.87	571.50	446.57	**5.90**
B/S (At year-end):							
Total assets	**¥16,732,815**	¥15,134,264	¥14,489,701	¥13,115,400	¥12,153,658	¥11,178,432	**$104,659**
Current interest-bearing debt	**746,882**	827,128	727,966	659,710	522,448	710,213	**4,671**
Long-term interest-bearing debt	**2,925,827**	2,723,640	2,629,642	2,346,928	2,383,455	2,445,099	**18,300**
Interest-bearing debt	**3,672,709**	3,550,768	3,357,608	3,006,638	2,905,903	3,155,312	**22,971**
Net interest-bearing debt	**3,024,272**	2,961,281	2,741,591	2,391,169	2,283,003	2,601,358	**18,915**
Total shareholders' equity	**6,589,966**	5,755,072	5,426,962	4,823,259	4,199,325	3,316,281	**41,218**
Cash flows (For the year):							
Cash flows from operating activities	**¥ 1,131,837**	¥ 997,278	¥ 978,108	¥ 938,058	¥ 801,163	¥ 895,900	**$ 7,079**
Cash flows from investing activities	**(388,872)**	(516,267)	(205,994)	(453,806)	38,637	(207,296)	**(2,432)**
Cash flows from financing activities	**(726,477)**	(524,998)	(801,174)	(500,081)	(846,706)	(728,767)	**(4,544)**
Cash and cash equivalents at the end of the year	**593,766**	549,573	600,435	606,002	611,715	544,009	**3,714**
Ratios:							
ROA (%)	**5.7**	5.9	5.8	6.3	7.0	3.6	—
ROE (%)	**14.6**	15.7	15.6	17.7	21.8	12.7	—
Ratio of shareholders' equity to total assets (%)	**39.4**	38.0	37.5	36.8	34.6	29.7	—
Net debt-to-equity ratio (times)	**0.46**	0.51	0.51	0.50	0.54	0.78	—
Interest coverage (times) (Note 2)	**7.7**	7.8	8.3	12.3	23.6	13.2	—
Common stock information							
(For the year):							
Stock price (Yen and U.S. Dollars): (Note 5)							
Opening price	**¥ 1,400.2**	¥ 1,299.0	¥ 863.2	¥ 828.6	¥ 731.2	¥ 444.0	**$ 8.76**
High	**2,286.5**	1,649.0	1,368.8	882.8	849.8	730.6	**14.30**
Low	**1,915.0**	1,176.8	816.2	695.6	620.8	400.0	**11.98**
Closing price	**1,974.5**	1,380.2	1,293.2	860.2	828.8	717.4	**12.35**
Market capitalization (Yen and U.S. Dollars in billions)	**13,802**	9,784	9,304	6,259	6,090	5,328	**86.33**
Trading volume (yearly, million shares) (Note 5)	**3,590**	4,015	4,479	3,874	4,097	4,784	—
Number of shares of common stock issued (at year-end, 1,000 shares) (Note 5)	**7,924,447**	7,924,447	7,924,447	7,924,447	7,924,447	7,924,447	—
Exchange rates into U.S. currency							
(Federal Reserve Bank of New York):							
At year-end	**¥ 159.08**	¥ 149.90	¥ 151.22	¥ 132.75	¥ 121.44	¥ 110.61	—
Average for the year	**150.67**	152.40	144.51	135.45	112.33	106.09	—
Range:							
Low	**160.16**	161.73	151.66	149.82	123.25	110.61	—
High	**140.81**	140.66	131.11	122.60	107.94	102.70	—
Number of employees (At year-end, consolidated)	**114,570**	115,089	113,733	110,698	115,124	125,944	—

Notes: 1. Basic earnings attributable to ITOCHU and Shareholders' equity per share are calculated by using the number of shares outstanding for each year.
2. Interest coverage = (Gross trading profit + Selling, general and administrative expenses + Provision for doubtful accounts + Interest income + Dividends received) / Interest expense
3. Figures in yen for the fiscal year ended March 31, 2026, (FYE 2026 or the fiscal year), have been translated into U.S. dollars solely for the convenience of the reader at the rate of ¥159.88 = US$1, the exchange rate prevailing on March 31, 2026.
4. Due to the adoption of IFRS 17 "Insurance Contracts," the results for March 31, 2023 are presented post retroactive adjustment.
5. On January 1, 2026, ITOCHU Corporation conducted a five-for-one share split of its common stock. The above figures are calculated as if the share split had occurred at the beginning of FYE 2021. In addition, the high and low stock prices for FYE 2026 are those recorded on and after January 1, 2026.

Management's Discussion and Analysis of Financial Condition and Results of Operations

All of the financial information provided herein is based on the Consolidated Financial Statements included in this Financial Information Report. These Consolidated Financial Statements have been prepared in conformity with IFRS Accounting Standards (hereinafter "IFRSs").

Figures in yen for the fiscal year ended March 31, 2026 (FYE 2026 or the fiscal year), have been translated into U.S. dollars solely for the convenience of the reader at the rate of ¥159.88 = US $1, the exchange rate prevailing on March 31, 2026.

ITOCHU Corporation is referred to as "ITOCHU" or "the Company" in Management's Discussion and Analysis of Financial Condition and Results of Operations.

Descriptions of the outlook for the fiscal year ending March 31, 2027 (FYE 2027), and later are forward-looking statements that are based on management's assumptions and beliefs, considering the information currently available at the end of FYE 2026. Thus, factors that could cause actual results to differ materially from such statements include, without limitation, the factors stated in the following Risk Information, other potential risks, and uncertain factors.

Management Policy for the Future

Outlook for FYE 2027

Regarding the global economic outlook for the next fiscal year, the U.S. economy is expected to come under downward pressure due to heightened inflationary pressure caused by higher crude oil prices associated with heightened tensions in the Middle East, as well as delays in monetary easing, although consumer spending is expected to remain firm, supported by the Trump tax cuts. In Europe, the pace of growth is expected to slow as rising energy prices, including crude oil and natural gas, weigh on personal consumption and exports continue to stagnate due to higher U.S. import tariffs. In China, although continued weakness in the real estate market is expected to restrain domestic demand, investment in emerging industries such as AI is expected to provide support. In Japan, although heightened inflationary pressure caused by higher crude oil prices is expected to continue, consumer spending is expected to remain firm supported by the government's measures to address rising prices and by wage growth.

With regard to the U.S. dollar-yen exchange rate, further depreciation of the yen is expected to be limited as Japan's long-term interest rates continue on an upward trend. The WTI crude oil price is expected to trend around the US$80 per barrel due to uncertainty over the outlook for the Middle East.

Management Policy "The Brand-new Deal -Profit opportunities are shifting downstream-"

In place of the traditional medium-term management plan, we have established a Management Policy "The Brand-new Deal," which should serve as our compass for the long-term. In conjunction with this, we publicly disclose profit plans, financial indicators, and shareholder returns for the upcoming year that we can confidently commit to.

We will expand our business area through accelerating growth investments, by anticipating the changing needs of society with having all employees always enhancing their marketing capabilities based on the principle of "profit opportunities are shifting downstream" and leveraging the assets and expertise in a wide range of areas from our original downstream sector to the upstream and midstream. We aim to achieve sustainable enhancement in corporate value through three main pillars: steady earnings growth through investments as well as enhancement of corporate brand value and enhancing shareholder returns.

For the shareholder returns, we clearly set out the policy of "progressive dividend (consecutive increase in dividends)" in May 2026.

The Brand-new Deal

— Profit opportunities are shifting downstream —

We aim to achieve sustainable enhancement in corporate value, by having all employees, from the business divisions to the administrative divisions, always enhancing their marketing capabilities, leveraging the assets and expertise of upstream and midstream, which we have been building up for over 160 years since our founding, while developing and evolving downstream businesses that are closer to consumers.

Grow earnings	No growth without investments
Enhancement of corporate brand value	Enhancement in qualitative aspects
Shareholder returns	Total payout ratio 40% Progressive dividend

<No Growth without Investments>

We aim to accelerate growth investments starting from a downstream, leveraging a stable business foundation, to grow earnings, and strive for further growth through the expansion of business areas and strengthening and expanding business foundation. We will develop and evolve downstream businesses that are closer to consumers by realizing the below.

- Maximizing synergies by horizontal collaboration among Division Companies
- Business transformation and creation through business integration

<Enhancement of Corporate Brand Value>

Built a "corporate brand" through high external evaluations based on the accumulation of innovative initiatives, creating a synergy effect with financial growth, thereby enhancing corporate value. Based on the "market-oriented perspective," we aim to further enhance brand value by listening to the voices of the market, society, and consumers, and continue to refine our qualitative aspects diligently.

- Reinforcement of human capital
- Strengthening dialogue with stakeholders
- Enhancing our contribution to and engagement with the SDGs through business activities

Shareholder Returns Policy and Distribution of the Current Fiscal Year's Profit

Shareholder Returns Policy

With regard to dividends, ITOCHU Corporation has set the dividend per share for FYE 2027 to be ¥44 or higher.

ITOCHU Corporation plans to execute share buybacks of ¥300.0 billion or more in FYE 2027.

Approach to Sustainability and Related Initiatives

ITOCHU Group's approach to sustainability and related initiatives are as follows.

The matters related to the future within sentences are based on ITOCHU Group's assumptions as of the end of the fiscal year.

(1) Approach to Sustainability

Guided by our founding spirit and corporate mission of *Sampo-yoshi* (good for the seller, good for the buyer, and good for society), ITOCHU Group seeks not only to achieve profit but also to help address social issues, in line with the trust and expectations placed on us by our diverse stakeholders, including our shareholders, investors, business partners, and employees.

In April 2018, we adopted an environmental, social, and governance (ESG)-oriented management approach, identifying seven Material Issues (key sustainability issues) from two perspectives: societal impact and business impact. We believe that addressing these Material Issues in terms of both the associated risks and opportunities will serve to enhance our corporate value over the medium- to long-term. For more details, please refer to the Identification and Review Process for Material Issues section on page 15 of the ITOCHU ESG Report 2025.

In our management policy, "The Brand-new Deal -Profit opportunities are shifting downstream-" announced in April 2024, we have stated that we will achieve the enhancement of corporate brand value alongside growing earnings and shareholder returns.

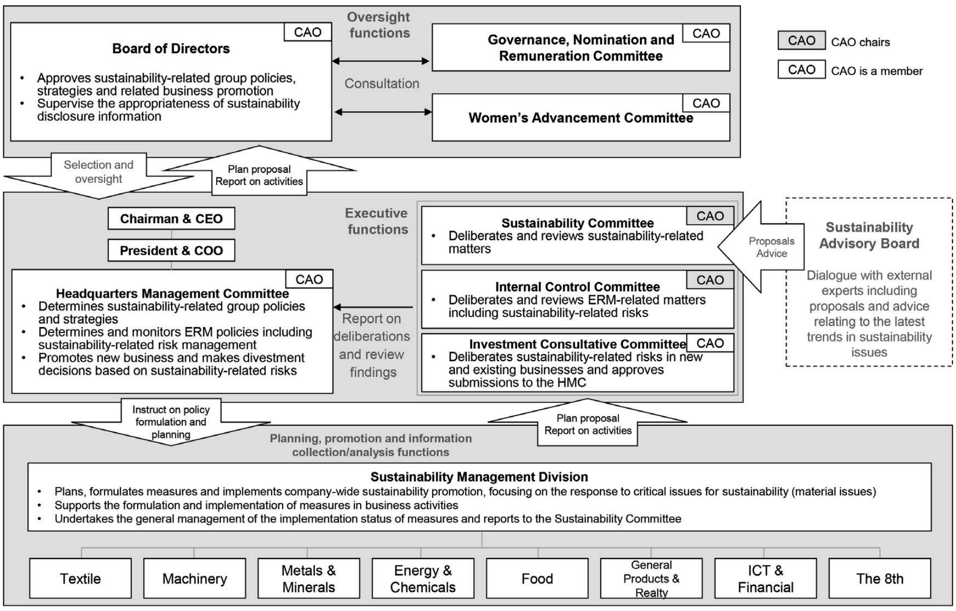
The Group has viewed change as an opportunity over the course of our development for more than 160 years. As a result, from upstream to downstream, and from raw materials to retail, our influence has expanded; we have developed while shifting the composition of the products we handle and our business areas in line with the times. Therefore, constantly creating new value beyond the boundaries of our existing business enhances the Group's corporate brand and generates synergies with financial growth. Building on strengths like our points of contact with the consumer sector and based on the market-oriented mindset of all employees, we aim to further enhance our corporate brand value by listening to the voices of the market, society, and consumers, while continuing to steadily refine the qualitative aspects of our business activities.

In April 2024, Harvard Business School (HBS) Professor Sandra J. Sucher, an expert in the research of building trusted corporations, took note of our Group's corporate mission, *Sampo-yoshi*, and its role in achieving trust and sustainability at ITOCHU, selecting ITOCHU as the subject for a case study. The case study became an official HBS publication in March 2025. The case provides an academic analysis of the relationship between ITOCHU Group initiatives grounded in *Sampo-yoshi* and enhanced corporate value and sustainability. We anticipate that the case will be used not only in HBS courses, but by a wide range of stakeholders over the long-term, including business management, academic institutions, and investors, leading to global recognition and popularization of *Sampo-yoshi* as a corporate competitive strategy.

(2) Sustainability Initiatives

1) Governance

ITOCHU's governance structure for sustainability is shown below.



a) Supervisory Function: Board of Directors

ITOCHU Group recognizes that addressing sustainability challenges is one of its most important management priorities. The Board of Directors approves the Group policies, strategies, and business initiatives related to sustainability, and also provides oversight on the appropriateness of sustainability-related information that is to be disclosed.

The Board of Directors oversees the appropriateness of Material Issues by reviewing important matters such as policies toward risks and opportunities and specific actions to address them, as well as key performance indicators and progress toward their achievement.

Regarding the implementation of business and investment strategies (including the review of strategies and decisions on withdrawal from business) for sustainability-related risks and opportunities, including environmental and social risks, we use the ESG Checklist for Investments as a preliminary ESG risk assessment for all new investments, identify and analyze policies, structures and initiatives associated with sustainability-related risk. Those sustainability-related risks are verified at the Headquarters Management Committee (HMC), a committee where important matters are discussed.

After implementation, investments are followed up on from a multi-faceted perspective, including sustainability monitoring reviews of Group companies to prevent sustainability-related risks, human rights due diligence, conducting on-site inspections to prevent environmental pollution, and other risks.

For management along the value chain, we conduct an annual sustainability survey to check the status of ESG initiatives of our suppliers. In addition, initiatives related to risks and opportunities regarding climate change are analyzed and disclosed based on the Task Force on Climate-Related Financial Disclosure (TCFD), and similarly those for natural capital are based on the Task Force on Nature-Related Financial Disclosure (TNFD) frameworks.

The Chief Administrative Officer (CAO) reports regularly to the Board of Directors on the content of deliberations at the HMC and initiatives taken, and the Board of Directors supervises the Company's efforts to address sustainability-related issues.

b) Supervisory Function: Skills and Competencies of the Board of Directors

ITOCHU's CAO possesses specialized experience and knowledge in the SDGs and ESG fields, and receives regular reports from the Sustainability Management Division, the organization responsible for planning and implementing a range of sustainability-related policies and measures, on approximately a twice-monthly basis. In addition, external experts are invited to annual Sustainability Advisory Board meetings and deliver lectures and discuss key issues with members, thus deepening our understanding of sustainability-related trends occurring in society, the expectations placed on the Company, and issues that the Company should address.

ITOCHU's CAO is a member of the HMC, which is responsible for deliberating the Company's overarching management policies and other key management matters, and also serves as chairperson of the Sustainability Committee, making decisions on matters deliberated by the Sustainability Committee as the officer with overall responsibility for sustainability. Matters of particular importance receive final approval by the HMC following the decision of the CAO. The CAO reports such decisions to the Board of Directors as appropriate, in addition to the status of major sustainability promotion initiatives, thereby ensuring competency in the oversight provided by the Board of Directors.

c) Executive Function: Sustainability Committee

The Sustainability Committee, which discusses the planning and implementation of the Company's various initiatives to address sustainability-related matters, works to set sustainability-related goals, monitors their progress, and identifies, evaluates, and manages sustainability-related risks and opportunities. The Board of Directors is responsible for overseeing the implementation of business and investment strategies to address sustainability-related risks and opportunities (including the review of strategies and decisions on withdrawal from business). In addition, the management of each operating segment and administrative department have been designated as ESG Officers. ESG Officers are responsible for overseeing the progress of various sustainability-related measures and initiatives, and reporting this progress to the Sustainability Committee.

Sustainability-Related Deliberations and Reporting in FYE 2026

Sustainability-related Meetings/Committees	Number of times held	Main items for approval/deliberation/reports
Board of Directors	4	•Reports on contents of deliberations by the Sustainability Committee and decision of the CAO •Reports on external ESG assessments •Reports on social contribution initiatives
Sustainability Committee	3	Items for Approval •Disclosure of sustainability-related information in Annual Securities Report •Revision of Environmental Policy Matters to be Reported •Confirmation of Material Issues •Review of Sustainability Action Plans •Results of ITOCHU Group Sustainability Monitoring Reviews •Reports on progress of GHG emissions and avoided emissions •Formulation of new targets for water and waste management •ISO14001 environmental management reviews

2) Strategy

ITOCHU Group has established the ITOCHU Group Sustainability Policy based on its corporate mission and changes in the external environment, and works to promote initiatives that contribute to sustainability in a structured and systematic manner. We incorporate the Group's Material Issues into Sustainability Action Plans, and we aim to help resolve key sustainability challenges through trading and business investments based on the policies set out in our management policy and management plan.

a) The ITOCHU Group Sustainability Policy

The ITOCHU Group Sustainability Policy is as follows:

The ITOCHU Group Sustainability Policy

ITOCHU Group, conducting business globally under the spirit of *Sampo-yoshi*, the founding spirit and our Corporate Mission, considers that addressing global environmental and social issues is one of the top priorities in our management policy. We have formulated this policy based on The ITOCHU Group Corporate Guideline of Conduct, "I am One with Infinite Missions," and The ITOCHU Group Code of Ethical Conduct for the realization of sustainable society.

1. Identification of Material Issues and Promotion of Businesses that Address the Social Issues
   As a member of the international community, we will identify and assess Material Issues where we can create the most social and environmental value for that can enhance the sustainable growth of both society and our business.

2. Establishment of Mutual Trust with Society
   We will take necessary measures to ensure that we disclose accurate and clear information and expand the information we disclose, and maintain a communicative relationship with our stakeholders. In doing so, we aim to be receptive and responsive to the expectations and demands of society.

3. Strengthening Sustainable Supply Chain and Business Investment Management
   We will promote sustainable business activities by preventing and continuing to give consideration to problems for the conservation of the global environment, climate change mitigation and adaption, pollution control, resource recycling, protection of biodiversity and ecosystems, and basic human and labor rights.
   We will endeavor to effectively use resources (such as air, water, land, food, minerals, fossil fuels, animals and plants), respect human rights and consider occupational health and safety in the businesses where we invest and in the supply chains of the products we handle.
   We request our business partners to understand and implement the concept of sustainability in the ITOCHU Group, and aim to build a sustainable value chain.
   We will respect the legal systems of each country and international norms. We will strive to understand the cultures, traditions and customs of countries and regions around the world. We will then engage in fair and sincere corporate activities.

4. Education and Awareness of Employees to Promote Sustainability
   We believe that the promotion of sustainability starts with each and every employee. Therefore, we will take necessary measures to educate our employees on the Material Issues we have identified and nurture a sustainability mindset among the workforce. Every employee is expected to adhere to this policy by executing respective action plans drafted in alignment to this policy.

Tomokuni Nishiguchi
Senior Executive Officer
Chief Administrative Officer

b) Strategy for Each Material Issue

After mapping candidates for Material Issues—which reflect company-wide opinions—from the perspectives of both business impact and social impact, ITOCHU assessed their level of importance. Subsequently, with the participation of external experts in the Sustainability Advisory Board, a Materiality Matrix was created by evaluating both “impact on management” and “stakeholders’ opinions and expectations,” resulting in the identification of seven Material Issues that contribute to sustainable growth not only for the company itself but also for society as a whole. Material Issues are reviewed annually, considering the Company’s business, the results of the key risk reviews conducted under the scope of the enterprise risk management (ERM), and the concerns raised through the annual Sustainability Advisory Board meetings with external experts and interviews with shareholders. The results of the effectiveness of the current Material Issues are discussed by the Sustainability Committee and decided by the CAO, and reported to the Board of Directors.

Regarding the initiatives taken in relation to Material Issues, each operating segment or administrative organization identifies the risks and opportunities associated with their respective business fields, and establishes a Sustainability Action Plans aimed at achieving short-term to medium- and long-term goals. Through our Sustainability Action Plans, we manage key challenges to be addressed, target business areas, specific approaches, key performance indicators, and the status of progress toward them. We conduct progress reviews based on the key performance indicators set for each of the eight Division Companies and for administrative divisions, and report this progress to the Sustainability Committee every year. We implement the PDCA cycle and disclose this information to ensure that progress on each Material Issues continues.

Risks and Opportunities of Each Material Issue

Material Issues	Risks	Opportunities
Evolve Businesses through Technological Innovation	•Obsolescence of existing business models resulting from the emergence of new technologies, such as IoT and AI. •Labor shortage in developed countries, loss of excellent human resources in businesses in which efficiency improvement is delayed.	•Creation of new markets and provision of innovative services. •Utilizing new technologies for optimizing human resources and logistics, increasing competitiveness by promoting workstyle reform.
Address Climate Change (Contribute to a Decarbonized Society)	Transition Risk •Reduction in demand for fossil fuels, decline in the value of related assets, and increased costs due to carbon taxes and the use of renewable energy, resulting from business restrictions on greenhouse gas emissions. Physical Risk •Increased costs for protecting ecosystem, damage to business due to the increase in abnormal weather (e.g., droughts, flooding, typhoons, and hurricanes).	•Increase in renewable energy and other business opportunities which will contribute to alleviating climate change. •Retention and acquisition of customers by strengthening supply structures that can adapt to abnormal weather.
Develop a Rewarding Work Environment	•Decreased labor productivity and an increased risk of litigation caused by accumulation of dissatisfaction among employees due to the obstruction of collective bargaining rights and the right to unionize. •Lack of performance-based evaluation and compensation causing missed business opportunities resulted by loss of excellent human resources. •Increase in health-related expenses and reputation risk accompanied by health damage and human rights violations due to excessive work.	•Improvement of labor productivity, health and motivation resulting from the establishment of a rewarding work environment and the provision of opportunities for skill enhancement. •Securing of excellent human resources and enhancing their capabilities of responding to changes in circumstances and business opportunities resulting from establishing a workplace in which diverse talent can thrive.
Respect and Consider Human Rights	•Business delay or business continuity risk resulting from the occurrence of a human rights problem in workers and stakeholders along the value chain. •Business instability and decline in our credibility that may result from defects in the social infrastructure services we provide.	•Stabilization of business or securing of excellent human resources resulting from harmonious coexistence with local communities. •Increasing productivity by the consideration of human rights and improvement of work environment in the value chain. •Establishment of safe, stable supply system for products.
Contribute to Healthier and More Affluent Lifestyles	•Decline in credibility that would result from the occurrence of consumers and service users’ safety or health issues. •Impact on business of destabilization of the market or social security system based on policy change.	•Increase in demand for food safety, security and health improvement. •Expansion of information, financial and logistics services resulting from an increase in consumer spending or penetration of next-generation internet.
Ensure Stable Procurement and Supply	•Impact of opposition movement resulting from the occurrence of an environmental problem and worsening relationship with local communities. •Decreased sustainable procurement and supply capability due to changes in the local ecosystem of business activities. •Decline in procurement and supply capabilities due to inflation triggered by geopolitical factors and currency fluctuations.	•Increase in resource demand attributed to an increase in population and improvement of living standard in emerging countries. •Winning customer trust or creating new businesses with stable supply of sustainable resources and materials, taking ecological considerations into account.
Maintain Rigorous Governance Structures	•Occurrence of business continuity risk or unexpected loss resulting from the malfunction of corporate governance and internal control, and violation of laws and regulations.	•Improvement of transparency in decision-making, appropriate response to changes and establishment of a stable basis of growth enabled by the establishment of a firm governance system.

c) Specific Approach

The Board of Directors has set "The Brand-new Deal -Profit opportunities are shifting downstream-" as our management policy on April 3, 2024. We will work to "Enhancing our contribution to and engagement with the SDGs through our business activities," continuing the approach from our previous three-year medium-term management plan, with the aim of enhancing our corporate brand value. Based on this resolution by the Board of Directors, the Sustainability Committee held a meeting in May 2026 to discuss and review the progress toward specific measures and targets related to each Material Issue, and decided on the Sustainability Action Plan for FYE 2027. We are continuously implementing these measures in each of our operating segments. For details, refer to the Sustainability Action Plans section of the ITOCHU ESG Report 2026, scheduled to be published in September 2026.

The examples of specific results of our efforts in each operating segment in FYE 2026 are as follows.

Operating Segment	Specific Results in FYE 2026
Textile	・Proactively utilizing generative AI to further promote reduction of working hours, improve accuracy in product planning, enhance customer service, and optimize inventory management. Achieved a 1.9% year-on-year increase in the total ROA of seven retail business subsidiaries. ・Promoted the sustainable products such as RENU, a recycled polyester derived from textile, and set up and expand the schemes to recycle textile products
Machinery	・Launched a fund dedicated to investing in renewable energy assets across North America making investments in a total of three wind power projects with a combined capacity of 406 MWh ・Completed development of an ammonia-fueled engine for large bulk carriers
Metals & Minerals	・Promoting the development of a green hydrogen value chain in collaboration with Everfuel A/S in Denmark ・Promoting the establishment of a supply chain of ferrous raw material for green ironmaking with low carbon emission, which contribute to the decarbonization of the steel industry.
Energy & Chemicals	・Expansion of sales for home energy storage systems and full-scale entry into large energy-storage-system business (totaling over 1.1GWh) ・Continued supplying sustainable aviation fuel (SAF) to the airline industry
Food	・Promotion of certified products (such as palm oil, coffee beans) that contribute to sustainable sourcing as well as increased handling of off-spec bananas to reduce food loss ・Provided demand forecasting and logistics optimization services to multiple retailers to support operational improvements
General Products & Realty	・Achieved 100% of handled forest products as either certified wood or wood with advanced management confirmation ・Procured raw materials with traceability and sustainability ensured in the natural rubber processing business
ICT & Financial Business	・Expansion of the product variation, supply channels and distribution outlets in business of secondhand mobile phones/tablets ・Expansion of the introduction of a scalp cooling therapy system for cancer patients that is effective in reducing hair loss caused by anticancer drug treatment
The 8th	・Installed large-scale digital signage in approximately 11,000 out of 16,400 FamilyMart stores, providing new in-store experiences and enhancing digital marketing through data integration ・Deployed AI models to support store managers' operations in approximately 13,000 stores, improving operational efficiency
Others	・Created Japan's first mangrove-derived blue carbon credits in Uken Village of Amami Oshima Island

3) Risk Management

a) Enterprise Risk Management System

ITOCHU conducts enterprise risk management by implementing a company-wide risk management system that includes ongoing risk management by the divisions responsible for key risks (first line), corporate headquarters risk management by HMC and risk management-related committees under the supervision of the Board of Directors (second line), and oversight of progress and the framework from an independent perspective by the Internal Audit Division (third line). This system is in line with the three-lines model recommended by the COSO-ERM framework. For ongoing risk management, each business segment manages risks within the scope of its delegated authority to facilitate prompt decision-making, with the risk-responsible divisions continuously monitoring the situation.

In this way, ITOCHU Group has established internal committees and responsible divisions in order to address the various risks and opportunities concerning sustainability issues. At the same time, on a Group basis, ITOCHU has developed the risk management systems and methods to manage various risks and opportunities individually and on a company-wide basis. Those include a range of management rules, investment criteria, risk exposures limits, and transaction limits, as well as reporting and monitoring systems.

In addition, every six months, the divisions responsible for key risks review the action plans for consolidated risk management and report the management status of each key risk to the Internal Control Committee, thereby periodically reviewing the effectiveness of the management framework. Furthermore, the results of these reviews are also reported to the Board of Directors. For more details, refer to the Risk Management section on page 229-231 of the ITOCHU ESG Report 2025.

b) Operational-level Risk Management System

At the individual operating segments' level, each Division Company's President reports to the DMC (Division Company Management Committee), an advisory body to the Division Companies. The DMC deliberates on important issues such as those regarding investments, loans, guarantees, and business management that have the potential to substantially impact the management of each company. If the risks identified or escalated exceed beyond the responsibilities mandated to the DMC, depending on the gravity of the risk and upon deliberation with other committees as necessary, risk issues may be escalated to the HMC and/or the Board of Directors.

c) Evaluation of Sustainability-related Risks and Opportunities

ITOCHU Group recognizes that risk management is an important management priority. Accordingly, we have established a basic policy for risk management at the Group with reference to the COSO-ERM framework and developed the required risk management systems and methodologies. We recognize factors that may have a major future impact on our financial position and performance as significant risks. We gather information on a regular basis regarding regulatory and other trends related to sustainability, including climate change, supply chain issues, and human rights, as well as sustainability-related risks and opportunities impacting our business operations throughout the world. Based on this information, the sales department and certain administrative divisions quantitatively assess risks and opportunities related to the environmental, social, and governance themes listed below, using evaluation indicators such as the frequency and severity of risks and the scope of operations/activities. We visualize the impact from both the perspective of societal impact and the impact on our group, thereby identifying particularly important risks and opportunities

Internal risk management system concerning major environmental and social risks

Area	Environment		Society
Theme	Climate Change Pollution Resource Circulation Water Resources Biodiversity		Human Capital Occupational Safety Respect the Human Rights Responsibilities to Customers Supply Chains
Business Investment	● New Investment Targets: ESG Checklist Related to Investments ● Group Companies: Monitor Reviews (Environmental and Social Risks)		
Trading	● New Products: Sustainability Impact Assessments on Products ● New Business Partners: Sustainability Action Guidelines ● Existing Business Partners: Sustainability Surveys		
Specific Topics	Climate Change TCFD	Natural Capital TNFD	Respect the Human Rights Human Rights Due Diligence

d) Management of Sustainability-related Risks and Opportunities

ITOCHU Group, under the governance of the enterprise risk management system, manages sustainability-related risks and opportunities associated with business operations as follows:

For business investments, during new investments, we conduct checks using an ESG checklist. Subsequently, at each business segment's DMC, we deliberate on management policies and investments, loans, guarantees, and businesses management that may affect the Company's management. These decisions are made by the company president. Moreover, these decisions are managed according to the situation at each business stage, and after investments, we conduct an annual monitoring review of the Group companies.

When handling new product groups in trade, we verify significant environmental and social risks and impacts through LCA (Life Cycle Assessment) and establish a system and monitoring mechanism to comply with appropriate legal regulations. For new business partners, we notify them of our Sustainability Action Guidelines and seek their understanding of our ESG approach. For major business partners, we annually assess their ESG compliance through a sustainability survey. If there are concerns, we conduct detailed checks through face-to-face meetings or on-site visits and take necessary measures.

Additionally, on a thematic basis, we analyze the impact of environmental changes on business and the effectiveness of countermeasures in accordance with the TCFD framework for climate change and the TNFD framework for natural capital. We also engage in human rights due diligence by conducting on-site investigations with suppliers and Group companies to ensure that they are not complicit in human rights violations.

4) Metrics and Targets

For more details regarding the issues to be addressed, approaches, key performance indicators, and progress of the Sustainability Action Plans, refer to the Sustainability Action Plan section in the ITOCHU ESG Report 2026, scheduled to be published in September 2026.

(3) Response to Climate Change

ITOCHU Group recognizes that climate change is one of the most urgent global environmental issues.

ITOCHU Group supports the Paris Agreement and the contribution determined by the Japanese government (NDC). We will strive to adapt to changes in the business environment due to climate change, and view this as an opportunity for further growth. Through cooperation with business partners in value chain, ITOCHU Group will increase our corporate value by reducing greenhouse gas (GHG) emissions and actively promoting businesses that contribute to avoided emissions in order to achieve our GHG emissions reduction targets for 2030, 2040, and 2050. Specifically, we will work on initiatives such as energy conservation, use of renewable energy, asset replacement including withdrawal from thermal coal interests, and provision of products and services in an environmentally friendly manner to reduce our GHG emissions.

ITOCHU recognizes the importance of climate-related financial disclosure, and in May 2019, we announced our endorsement of the TCFD recommendations. Thereafter, we have continued our endeavors to disclose information in accordance with the TCFD recommendations.

For more details, refer to the Climate Change (Information Disclosure Based on TCFD Recommendations) section on pages 49-68 of the ITOCHU ESG Report 2025.

1) Governance

Important matters such as policies for addressing climate change-related risks and opportunities, targets for GHG emission reductions and related initiatives, and annual budgets and business plans that take climate change risks and opportunities into account are managed and overseen in an integrated manner as part of our aforementioned overall sustainability governance, as one of the risks and opportunities related to sustainability.

2) Strategy

Our business is subject to climate change transition risks and physical risks spanning a range of time frames, including the short, medium, and long term. Accordingly, we identify, evaluate, and manage risks and opportunities that could have a significant financial impact on our business, strategy, value chain, and other matters as part of the implementation process for each business project and as part of the process for managing environmental and social risks, including climate change.

a) Risks and Opportunities Related to Climate Change

Climate-Related Risks and Opportunities		Impact of Climate-related Risks and Opportunities on the Organization’s Business, Strategy, and Financial Planning	Impact Timeline (Note)	Impacted Value Chains	Examples of Affected Businesses/Industries
Transition Risks and Opportunities	Policy and Legal Systems	•If countries around the world take a more aggressive approach in their GHG emissions reduction targets and subsequently strengthen laws and regulations regarding corporate emissions, fossil fuel demand may see a sharp decrease. •Increased operating costs due to carbon pricing (e.g., carbon tax, etc.) or business regulations.	Medium-term Long-term	Upstream, ITOCHU Group	Power generation business, Fossil fuel business, Iron ore business, Automobile business, Chemical products business
	Technical Innovation	Business opportunities that contribute to climate change mitigation are expected to increase (e.g., renewable energy, energy-storage-systems, low-carbon fuels, low-carbon steel raw materials).	Short-term Medium-term Long-term	ITOCHU Group	Renewable energy/Energy-storage-system businesses, Low-carbon fuel business, New materials business, Iron ore business
	Changes in Market Conditions	Demand for certain products and services may increase/decrease due to market risks related to public policy, laws and regulations, or technological advancements (e.g., clean technology, etc.).	Short-term Medium-term Long-term	Upstream, ITOCHU Group	Fossil fuel business, Chemical products business, Automobile business, Renewable energy/Energy-storage-systems businesses, New materials business, CCUS/Emissions credit-related businesses
Physical Risks and Opportunities	Acute Physical Risks and Opportunities	Operations may be impacted or damaged by increased occurrences of abnormal weather patterns (e.g., droughts, floods, typhoons, hurricanes, etc.).	Short-term Medium-term Long-term	Upstream, ITOCHU Group, Downstream	Food business, Forestry-related businesses, Mining business
		We may be able to strengthen customer retention and/or attraction by strengthening our supply chain resilient to extreme weather patterns.	Short-term Medium-term Long-term	Upstream, ITOCHU Group, Downstream	Food business, Forestry-related businesses
	Chronic Physical Risks and Opportunities	The quantity of agricultural and forestry-related harvests and products manufactured using these yields, may be impacted by climate-related changes such as increasing temperatures and likelihood of droughts.	Medium-term Long-term	Upstream, ITOCHU Group, Downstream	Food business, Forestry-related businesses

Note: Short-term: up to 1 year, Medium-term: up to 3 years, Long-term: 4 or more years

b) Scenario Analysis

We have categorized our businesses based on their climate impact, such as GHG emissions and financial impact, and prioritized businesses with the largest impact in both areas. Based on this, we have designated the following businesses as targets for scenario analysis: “Power Generation,” “Energy,” “Coal-related,” “Iron Ore,” “Automobile,” and “Chemicals” as businesses with significant transition risk impacts, including policy and legal risks; and “Dole,” “Feed and Grain Trade,” and “Pulp” as businesses with significant physical risk impacts from climate change. The above nine businesses are included in the four non-financial sectors (energy, transportation, materials and buildings, and agriculture/food/forest products) designated by the TCFD as potentially highly affected by climate change.

c) Impact on Existing Strategies and Transition Plans for Affected Businesses

During scenario analysis, we identified the significant financial risks that could arise if we do not take climate change countermeasures, such as not shifting current business strategies and regions. In addition, we have already begun to formulate specific business transition plans and financial plans (including asset replacement) in line with our initiatives to “Enhancing our contribution to and engagement with the SDGs through business activities” as part of our management policy “The Brand-new Deal -Profit opportunities are shifting downstream-.” In addition to our scenario analysis, we are promoting the following businesses as part of our company-wide initiatives to address climate change.

Specific response approaches are outlined below.

Business	Summary
Environmentally Friendly Fibers	•Contribution to a circular economy through expansion of sustainable materials.
Water and Waste Treatment	•Developing businesses centered on Europe and the Middle East through collaboration with leading partners. •Operation of the world’s largest energy-from-waste (EfW) project in Dubai.
Renewable Energy/Energy Storage Systems	•Promoting power generation businesses, including wind, solar, and geothermal, mainly in North America, Europe, and Asia. •Operating and providing maintenance services for solar power plants at approximately 1,000 locations in North America. •Promoting next-generation clean power services and environmental value trading by utilizing AI-driven charge/discharge control of energy storage systems and distributed solar power generation networks.
Recycling of Metal Scrap, etc.	•Developing a wide range of recycling businesses of materials including metal scrap, by utilizing a nationwide network of recycling companies and providing waste management services.
Low-carbon Iron	•Promoting the construction of a low-carbon iron supply chain that contributes to decarbonization of the steel industry.
CCUS (Carbon Capture, Utilization and Storage)	•Collaboration with domestic and overseas business partners to commercialize the utilization of mineral carbonation technologies by Australia-based MCi Carbon Pty Ltd. •Participate in a project commissioned by the New Energy and Industrial Technology Development Organization (NEDO), and also conduct R&D and demonstration projects for liquefied CO_2 transportation technology.
Sustainable Aviation Fuel / Renewable Diesel Fuel	•Realized Japan’s first initiatives for the sale and supply of Sustainable Aviation Fuel (SAF) to airlines and Renewable Diesel (RD) to commercial vehicles.
Hydrogen and Ammonia	•Promoting the establishment of a green hydrogen value chain in collaboration with Denmark-based Everfuel A/S. •Developing ammonia-fueled vessels and creating a proprietary operation model, developing a bunkering business, utilizing ammonia as an alternative fuel for power generation, and promoting manufacturing and marketing operation in order to build a value chain for clean ammonia.
Plastic Recycling	•Developing plastic recycling businesses with leading partners boasting recycling technologies. •Product development using marine plastic waste as raw material.
Sustainable Coffee Beans and Vegetable Oil	•Stably supplying sustainable products and third-party certified products to eliminate child labor and environmental damage. •Building raw material supply chains with established sustainability in production, distribution, and processing.
Waste Reduction from Fruits Production and Processing	•Promoting the reuse and recycling of low-grade products and residues generated during the production, distribution, and processing of Dole products.
Sustainable Natural Rubber	•Participate as a founding member in the global platform for sustainable natural rubber (GPSNR) to promote its production and use. •Promoting PROJECT TREE, an initiative to enhance the sustainability of natural rubber, to the entire value chain.
Secondhand Mobile Device Distribution	•Operating the secondhand mobile device distribution business by taking advantage of market trends such as increased environmental impact due to mobile device replacement.
IT Device Recycling	•Entering the IT device recycling business through a partnership with the largest IT device recycler in the U.S.
CVS Business (FamilyMart)	•Improving operational efficiency and reducing food loss through supply chain reforms. •Promoting FamilyMart Environmental Vision 2050, including efforts to reduce plastic use and GHG emissions.

3) Risk Management

We conduct integrated management of climate change risk as one of our sustainability-related risks and opportunities, as previously described in the overall sustainability risk management section. In addition, climate change risk management is incorporated into the evaluation methods for each business phase as follows.

Evaluation Methods for Each Business Phase

Business Phase	Evaluation Method
Business start	•Environmental and social risk assessments including climate change risks for new investment project •Shadow pricing for carbon tax costs, etc., and stress test (internal carbon pricing)
Business management	•Environmental risk assessments for handled products (LCA evaluation for overall supply chain) •Group company environmental status survey (2, 3 companies per year) •Supply chain sustainability surveys (business partners) •Internal environmental audits based on ISO14001 (ITOCHU and 3 applicable Group companies) •Scope 1/2/3 aggregation and year-on-year assessment. Internal carbon pricing impact assessment (e.g., US\$205/t-CO_2 in the case of power generation project (the U.S.))
Review business strategy	Consider business strategy and asset replacement

If risks or opportunities are identified during the evaluation methods at each business phase, the impact of the risks and opportunities on the business is also assessed. This includes quantitative assessments such as scenario analysis and stress testing, as well as qualitative assessments such as compliance with investment policy and with GHG emissions reduction targets. Quantitative information on non-climate change-related risks and opportunities is added to the quantitative information on climate change-related risks and opportunities in order to analyze the contribution of climate change to revenue.

4) Metrics and Targets

ITOCHU Group has established the following metrics and targets for GHG emissions and clean-tech business as part of its efforts to address climate change-related risks and opportunities. In setting these metrics and targets, we refer to materials such as the Paris Agreement, Japan's NDC, and the International Energy Agency (IEA), which are highly relied internationally and can cover a wide range of business domains.

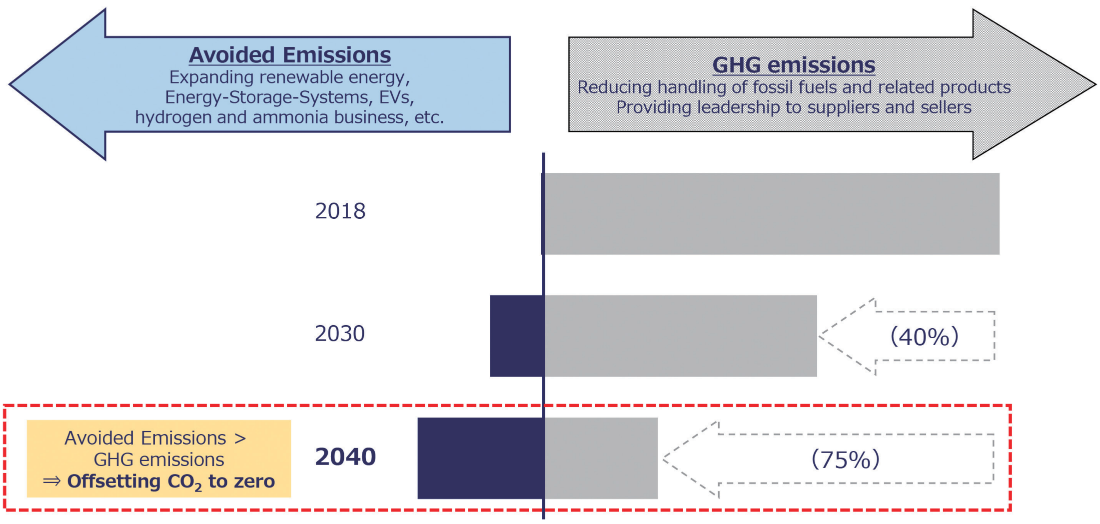
<GHG Emission Reduction Targets>

Metrics (aggregation range):

Scope 1/2/3 (ITOCHU and its subsidiaries), fossil fuel business and interests (ITOCHU, its subsidiaries, associates, and general investments)

Targets:

- Achieve net zero GHG emissions by 2050.
- Achieve 75% reduction from 2018 levels by 2040, aim for "offset zero" (Note) through aggressive promotion of businesses that contribute to GHG emission reductions.
  (Note) Offset zero: When avoided emissions (the amount of GHG emissions that could be reduced or prevented across the value chain by replacing conventional products and services with those that have lower emissions) exceed company GHG emissions.
- Achieve 40% reduction from 2018 levels by 2030.



5) GHG Emissions Data

(Unit: 1,000 t-CO_2e)

	FYE 2025 Results	FYE 2026 Results
Scope 1	1,087	1,162
Scope 2	640	699

- Figures above shown in thousands of t-CO_2e are rounded to the nearest thousand t-CO_2e.
- Scope 1 and Scope 2 emissions for this fiscal year are scheduled to undergo independent assurance. For details on the range of aggregation, calculation methods, and the independent assurance, refer to the ESG Data page of our Sustainability website, which is scheduled to be updated in July 2026.

•Sustainability Website "ESG Data" URL
https://www.itochu.co.jp/en/csr/data/index.html

(4) Response to Natural Capital and Biodiversity (Information Disclosure Based on the TNFD Recommendations)

ITOCHU sees addressing global environmental issues, including natural capital and biodiversity, as one of our top management priorities. ITOCHU Group invests in businesses and trades globally from raw materials and other areas of the upstream processes to the downstream processes. We depend heavily on renewable and non-renewable natural capital which benefits people such as plants, animals, the air, water, land and minerals. Our businesses may also have a negative impact on that natural capital. For this reason, to promote the conservation of biodiversity as indicated in the ITOCHU Group Environmental Policy, we have established a Biodiversity Policy and are committed to contributing to the realization of a sustainable society.

Moreover, to accelerate discussions on TNFD, we are participating in the TNFD Forum. In October 2024, we registered as TNFD Adopters, declaring our intent to disclose information based on TNFD recommendations. We are currently working to enhance our disclosures accordingly.

For more details, refer to Natural Capital and Biodiversity (Information Disclosure Based on the TNFD Recommendations) section of the ITOCHU ESG Report 2026, scheduled to be issued in September 2026.

1) Governance

Our Board of Directors deliberates and makes decisions on important matters such as policies to address nature-related risks and opportunities, and annual budgets and business plans which take into account risks and opportunities, within the aforementioned governance structure for overall sustainability. (Refer to (2) Sustainability Initiatives, 1) Governance.)

2) Strategy

Based on the TNFD framework, we conducted a desktop analysis to identify the potential dependencies and impacts on natural capital across all businesses within the ITOCHU Group, followed by trial analyses using the LEAP approach (Note). After confirming the applicability of the TNFD-recommended methodology, we conducted LEAP analyses for businesses with relatively high dependencies or impacts on natural capital—specifically, the natural rubber business (focusing on procurement and processing) and the real estate business (focusing on building material procurement and real estate development). Through these analyses, we assessed dependencies and impacts on natural capital and identified the risks and opportunities for each business using scenario analysis. As a result, in the natural rubber business, we identified high dependencies on the ecosystem services such as water purification and disaster mitigation. Key risks include decreased natural rubber yields due to land use changes and quality deterioration from water and soil degradation. Conversely, increasing the sales volume of certified materials was identified as an opportunity. In the real estate business, we found a high dependency on rainfall patterns. Environmental impact from noise and dust during construction are possible concerns, while key risks include construction delays and operational difficulties caused by flooding and landslides. Strengthening disaster resilience to ensure stable facility operation was identified as an opportunity. For risks assessed to be of a certain level of significance, we confirmed that sufficient countermeasures have already been implemented in both businesses. The scenario analysis for these evaluations was conducted with the year 2030 as the assumed future scenario.

In addition, for commodities with significant dependency and impact on nature, including timber/palm oil/cocoa beans/coffee beans, we conducted individual analyses focusing on the procurement stage. Taking geographical characteristics into account, we identified nature-related dependencies, impacts and associated risks, confirming that risk mitigation measures tailored to each commodity’s characteristics have been implemented.

(Note) The LEAP approach is an analytical method developed by the TNFD, consisting of four steps: Locate, Evaluate, Assess, and Prepare. It is designed to help organizations identify and assess their nature-related issues.

3) Management of Risks and Impacts

We conduct integrated management of nature-related risks as one of our sustainability-related risks and opportunities, as previously described in the overall sustainability risk management section. In addition, nature-related risk management is incorporated into the evaluation methods for each business phase. (Refer to (2) Sustainability Initiatives, 3) Risk Management.)

4) Metrics and Targets

ITOCHU is collecting data in alignment with the core global disclosure indicators recommended by TNFD, as well as our specific indicators developed based on our analysis results. We will also consider setting targets going forward.

(5) Human Capital Management and Diversity

ITOCHU Group strives to recruit and develop human resources who can inherit the spirit of *Sampo-yoshi*, our corporate mission, and embody our corporate Guideline of Conduct, “I am One with Infinite Missions.” In order to achieve this, it is essential to develop a human resource strategy and corporate environment that allows each and every employee to realize their full potential, regardless of race, gender, religion, nationality, age, or other attributes. ITOCHU shares case studies of our company’s workstyle reforms and human resource policies with our Group companies, such as our Morning-Focused Working System and health management, and develops unique human resource strategies that best suit the business needs of our respective Group companies. In addition, the Group is working as one to enhance its corporate value by providing in-depth support for the challenges faced by each Group company, including recruitment, talent development, and labor management.

1) Governance

In order to realize ITOCHU Group’s corporate mission, *Sampo-yoshi*, ITOCHU has positioned our human resource strategy as one of our key management strategies. Important policies and measures related to human capital are proposed by the Human Resources & General Affairs Division and reviewed by the CAO, Chief Strategy Officer (CSO), and Corporate Planning & Administration Division before being approved by the HMC, and the status of implemented decisions is regularly reported by the CAO to the Board of Directors.

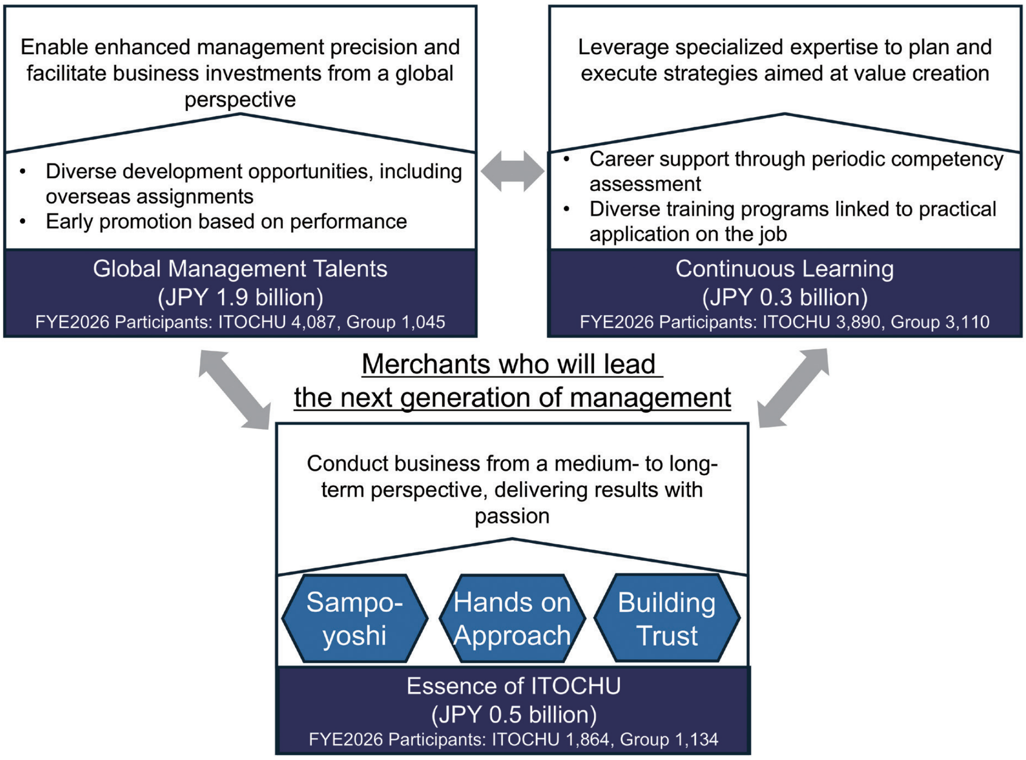
In response to increasing societal expectations for greater diversity in human resources, ITOCHU is accelerating efforts to promote women’s advancement - a priority task. The Women’s Advancement Committee, an advisory committee of the Board of Directors, established in October 2021, deliberates and recommends key measures, goal setting, and progress related to human capital strategy. This committee is chaired by an outside director, and more than half of its members are outside officers, thereby enhancing governance and oversight.

2) Strategy

ITOCHU Group's development policy, internal environment improvement policy, and specific approaches are as follows:

<Development Policy for Merchant>

Since FYE 2000, ITOCHU has positioned the talent development expense as human capital investment (E&D costs) for sustainable corporate value enhancement, conducting annual company-wide reviews, and promoting talent development based on the pillars of global management talent training, preservation of the "ITOCHU spirit", and support for Continuous Learning.



On the-job training (OJT) serves as the core of development approach, focusing on providing diverse experiences, including overseas assignments and secondments to employees in their twenties, to foster growth. Through career stocktaking, we assess employees' strengths and weaknesses, supporting their development both through practical field experience and abundant off-the-job training (Off-JT). These initiatives cultivate merchants capable of fulfilling infinite missions by responding to changes in the social environment and customer needs, thereby realizing our Group's Corporate Mission, *Sampo-yoshi*. Key initiatives include:

(a) Securing excellent talent leveraging our advantages in the recruitment market

Recruiting excellent talent is the source of our company's competitiveness. Through accumulated advanced initiatives, we have built a corporate brand in the recruitment market, maintaining our position as "No. 1 company chosen by students" based on employment popularity rankings, and continuously securing excellent talent.

(b) Diversification of management talent

Diversification of management talent is particularly important for our focus on consumer life-related businesses. We have set a numerical target: "Women to comprise at least 30% of all officers (including executive officers) by 2030." Initiatives such as the special system for female executive officers introduced in FYE 2025, and efforts to create environments where employees, regardless of gender, play central roles across a wide range of job functions, are underway.

(c) Global Management Talent Development

To advance locally rooted businesses on Market-Oriented Perspective, we actively appoint talented local overseas employees and dispatch headquarters employees abroad. For new graduates in career-track employees, it is standard to gain overseas experience within eight years of joining, through assignments, training, and language programs to acquire local language, culture, and commercial practices. Additionally, as part of talent development for the management of Group companies, we accelerate downstream-originated investments and construct hands-on programs aimed at further strengthening and expanding business domains and business foundations.

(d) Preservation of the "ITOCHU spirit"

ITOCHU conducts various initiatives to pass on the spirit of corporate mission, *Sampo-yoshi*, to the next generation. We conduct initiatives such as visits to our founding site, corporate mission education, and opportunities for officers to share management and investment know-how annually.

(e) Support for Continuous Learning

ITOCHU targets all employees for Continuous Learning, providing opportunities to acquire new knowledge, linked to organizational strategies and business model evolution, that is difficult to obtain solely through OJT. We set Continuous Learning goals in individual performance evaluations to encourage proactive learnings. In particular, as for digital transformation (DX), we offer programs based on proficiency and e-learning programs for generative AI targeting all employees, systematically developing talent capable of driving business transformation.

(f) Support for proactive career development

We believe that enabling each employee to “think about and grow their own career” enhances job satisfaction and leads to sustainable organizational growth. While presenting company development policies, we offer various career formation opportunities and work styles options tailored to individual aspirations, aptitudes, and family circumstances.

This includes regular meetings and assessments with supervisors, opportunities to review and reflect on one’s career, and “individual career plan images” for new career-track employees for their first eight years, along with direct sharing of development policies by management. Systems such as “Challenge Career System” (internal recruitment), participation in cross-functional projects (“Virtual Office”), job rotation, telework, early-morning flex time, temporary transfer exemptions for childcare or caregiving, and counseling support are provided to meet diverse needs.

<Enhancing Employee Motivation and Pursuing Further Labor Productivity>

Alongside ongoing Work-style Reforms such as our Morning-Focused Working System and health management, we conducted a major revision of HR system for the first time in approximately 10 years in FYE 2025. We introduced a system allowing talented employees to gain management experience at Group companies around the age of 30, eliminating seniority elements and selecting excellent employees at early stage. Salary increases for younger and mid-career employees, and more differentiated treatment based on individual efforts, we achieved roughly 2% increase in average annual income company-wide compared to FYE 2024. Furthermore, from FYE 2026, we decided on an approximate 10% increase in annual compensation by expanding the stock reward system via the employee stock ownership plan, alongside a fixed salary increase of approximately 2-3% for all employees.

<Policy on Improving the Work Environment>

ITOCHU believes that enhancing health is the foundation for strengthening talent that fulfills the Guideline of Conduct: “I am One with Infinite Missions.” We have established the “ITOCHU Health Charter” and comprehensive systems for health and safety, including support for balancing cancer and work. To maintain and enhance employee health, we address issues such as sleep, provide information on occupational safety and health, and aim to create a safe and rewarding workplace environment across the Group.

3) Risk Management

ITOCHU is committed to developing a platform that enables each and every employee, who are the driving force behind the Company’s value creation, to reach their maximum potential. As part of these efforts, we delegate authority to operating segments to enable swift decision-making and manage human resource-related risks and opportunities associated with their business operations. Based on human resource strategies that are aligned with management strategies, the Division Company President of each operating segment works to secure and assign the right talent for their specific needs. In addition, ITOCHU conducts regular employee engagement surveys and reports the results to each operating segment to monitor key aspects of human capital, such as employee motivation and job satisfaction. ITOCHU also strives to provide detailed support to Group companies to help them identify and address labor management and human resource risks and challenges through each operating segment. To improve compliance awareness and prevent incidents from occurring, we conduct Compliance Patrol Training, including actual compliance cases as educational materials, not only for our officers and employees but also for those of domestic Group companies. The identification, evaluation, management, and monitoring of risks and opportunities related to human capital management and diversity are conducted in accordance with the Group-wide risk management framework outlined in “(2) Sustainability Initiatives 3) Risk Management.”

4) Metrics and Targets

a) Human Resources Development and Work Style Policy

Metrics	FYE 2025 Results	FYE 2026 Results	Goals	Scopes
Labor Productivity (Note 1)	5.7 times	5.8 times	-	ITOCHU
Employee Stock Ownership Plan Participation Rate	100%	100%	-	ITOCHU
Voluntary Turnover Rate	1.6%	1.7%	-	ITOCHU
Monthly Average Overtime Hours (the requirements of the law)	10.7 hours	10.3 hours	-	ITOCHU
Childcare Leave Acquisition Rate of Male Employees	96%	128%	Goal: 100% (by FYE 2031)	ITOCHU
Annual Paid Leave Acquisition Rate	69.1%	70.7%	-	ITOCHU
Female Employees as a Percentage of Workforce	26%	26%	-	ITOCHU
Female Employees as a Percentage of New Employees	39%	42%	-	ITOCHU
Female Executives as a Percentage of Executive Positions (Note 2)	21%	28%	Goal: 30% (by 2030)	ITOCHU
Number of Employees Receiving Training (cumulative)	56,831	53,811	-	ITOCHU
Overseas Assignment Ratio for career-tracking employees within 8 years of joining	87%	86%	-	ITOCHU
Average Training / Development Hours per Regular Employee (yearly)	31.0 hours	29.8 hours	-	ITOCHU
Total Investment in Talent Development (Note 3)	2.5 billion Yen	2.7 billion Yen	-	ITOCHU
・Development of Global and Management Talent (such as global training programs)	1.6 billion Yen	1.9 billion Yen	-	ITOCHU
・Preservation of the “ITOCHU spirit”(such as visiting the founding site)	0.5 billion Yen	0.5 billion Yen	-	ITOCHU
・Support for “Continuous Learning”(such as DX training)	0.3 billion Yen	0.3 billion Yen	-	ITOCHU
Investment in Talent Development per Employee (Note 4)	606 thousand Yen	664 thousand Yen	-	ITOCHU
Number of Employees Visiting the Founding Site to Gain a Deeper Understanding of *Sampo-yoshi* Corporate Mission (Note 5)	3,943	4,319	-	ITOCHU Group

(Note 1) The change in labor productivity with 1 as FYE 2011 when the work-style reforms carried out (consolidated net profit / number of non-consolidated employees)

(Note 2) Female executives as a percentage of executive positions includes directors and executive officers as defined by company law.

(Note 3) Includes some expenses related to the integrated single-person dormitory aimed at talent development.

(Note 4) The number of employees excludes those on leave as the end of the fiscal year.

(Note 5) Cumulative number of employees visiting the foundation site since FYE 2005.

b) Company Environment Improvement Policy

Metrics	FYE 2025 Results	FYE 2026 Results	Scopes
Percentage of Employees Eligible for Taking Special Cancer Screening	97%	99%	ITOCHU
Number of Work-related Injuries	9	10	ITOCHU
Number of Work-related Fatalities	0	0	ITOCHU
Response Rate for Group Compliance Awareness Survey (Note)	98%	99%	ITOCHU Group

Note: Scope of survey includes 61,317 employees of consolidated subsidiaries and their related companies in Japan and overseas, excluding listed subsidiaries that conduct their own surveys.

Risk Information

ITOCHU Group is exposed to various risks such as market risks, credit risks and investment risks, due to the nature of a wide range of its businesses. These risks include unpredictable uncertainties and may have significant effects on its future business and financial performance. To respond to these risks, ITOCHU Group establishes necessary risk managing system / method, monitors and controls such risks. However, there is no assurance that it can completely avoid such risks.

The risks described below are not exhaustive. Rather, these risks describe matters that may have a significant impact on investors' decisions from the perspective of materiality. In addition to the risks described here, ITOCHU Group's business may be affected by currently unknown risks, and risks that require no special mention or that are not considered material at this point. These risk factors may also affect investor decisions.

With respect to descriptions about future events, ITOCHU appropriately has determined its assumptions and estimates based on information currently available as of March 31, 2026.

(1) Risks Associated with Macroeconomic Factors and Business Model

ITOCHU Group involves a wide variety of business ranging from supply of raw materials to manufacturing and sale in each of its business areas. It conducts diverse types of commercial transactions such as purchase and sale of products in the domestic market, import / export trade between overseas affiliates as well as development of metal and mineral resources and energy.

For the characteristics of the Group's main areas of business, trade in machinery such as plants, automobiles and construction machineries, trade in mineral resources, energy and chemical products, and investments in development, they are all largely dependent on economic trends in the world, while the domestic economy has a relatively strong influence on the consumer sectors such as textiles and food. However, economic trends in the world have been more influential even on the consumer sectors, as economic globalization proceeds.

Furthermore, global economic trends including specific regional trends, concerns over energy supplies and etc., arising from conflicts and military tensions in the Middle East, the stagnation of the economy with the rise of recent protectionist trade policies, changes in industrial structures due to rapid technological innovation in recent years, increasing competition from companies in newly developing countries due to globalization, and changes in the business environment due to deregulation and entrants from other industries could significantly affect the existing business model and the competitiveness, future financial position and results of operations of ITOCHU Group.

(2) Market Risk

ITOCHU Group is exposed to market risks such as foreign exchange rate risks, interest rate risks, commodity price risks and stock price risks. Therefore, the Group attempts to minimize risks related to market fluctuations such as changes in foreign exchange rates, interest rates, and commodities by establishing risk management policies such as setting and controlling limits and by utilizing a variety of hedge transactions for hedging purposes.

a) Foreign Exchange Rate Risk

ITOCHU Group is exposed to foreign exchange rate risk related to transactions in foreign currencies due to its significant involvement in import / export trading. Therefore, ITOCHU Group works to minimize foreign exchange rate risk through hedge transactions that utilize derivatives, such as foreign exchange forward contracts, however, cannot completely avoid such risk.

Further, ITOCHU's investments in overseas businesses expose ITOCHU Group to the risk that fluctuations in foreign exchange rates could affect shareholders' equity through the accounting for foreign currency translation adjustments and the amount of periodic income when converted to yen. These foreign exchange rate risks could significantly affect the future financial position and results of operations of ITOCHU Group.

For more details, please refer to "Foreign exchange rate risk management" in "Notes to Consolidated Financial Statements 24. Financial Instruments."

b) Interest Rate Risk

ITOCHU Group is exposed to interest rate risk in both raising and using funds for investing, financing, and operating activities. Among interest insensitive assets, such as investment securities or fixed assets, the part acquired using floating interest loans is considered to be the interest mismatch amount exposed to interest rate risk. ITOCHU seeks to quantify the interest rate risk to control the fluctuation of gains and losses due to interest rate change properly.

In addition, ITOCHU Group periodically tracks interest rate trends and monitors the amount of influence on interest payments due to interest rate changes, using the Earnings at Risk (EaR). However, interest rate trends could significantly affect the future financial position and results of operations of ITOCHU Group.

For more details, please refer to "Interest rate risk management" in "Notes to Consolidated Financial Statements 24. Financial Instruments."

c) Commodity Price Risk

ITOCHU Group conducts actual demand transactions that are based on the back-to-back transactions of a variety of commodities. In some cases, the Group is exposed to commodity price fluctuation risk, because it holds long or short positions in consideration of market trends. Therefore, the Group analyzes inventories and purchase and sales contracts, and each Division Company has established middle and back offices for major commodities, which establish a balance limit and loss cut limit for each commodity, as well as conduct monitoring, management, and periodic reviews.

In addition, ITOCHU Group participates in development businesses such as mineral resources and energy and other manufacturing businesses. The production in these businesses are also exposed to the same price fluctuation risk noted above.

To reduce these commodity price risks, the Group uses such hedges as futures and forward contracts. However, ITOCHU Group cannot completely avoid commodity price risk. Therefore, commodity price trends could significantly affect the future financial position and results of operations of ITOCHU Group.

ITOCHU Group uses "Value at Risk (VaR)" to ascertain and monitor risk in commodity transactions, which are susceptible to market fluctuations. The figures in this method are based on market fluctuation data for specific past periods, and statistical methods are used to estimate maximum loss amounts that may be incurred during specific future periods.

For more details, please refer to "Commodity price risk management" in "Notes to Consolidated Financial Statements 24. Financial Instruments."

d) Stock Price Risk

ITOCHU Group holds a variety of marketable equity securities, mainly to strengthen relationships with customers, suppliers, and other parties, and to secure business income, and to increase corporate value through means such as making a wide range of proposals to investees. These shares are exposed to stock price fluctuation risk and could significantly affect the future financial position and results of operations of ITOCHU Group depending on stock price trends.

ITOCHU Group periodically tracks and monitors the amount of influence on consolidated shareholders' equity, using "Value at Risk (VaR)." The figures in this method are based on market fluctuation data for specific past periods, and statistical methods are used to estimate maximum loss amounts that may be incurred during specific future periods.

For more details, please refer to "Stock price risk management" in "Notes to Consolidated Financial Statements 24. Financial Instruments."

(3) Investment Risk

ITOCHU Group invests in various businesses and in these investment activities, there are risks such as being unable to achieve expected earnings due to changes in business conditions or deterioration in the business results of its partners and investees. The likelihood of investment recovery is lowered due to poor corporate results of investees, or stock prices may drop below a specified level for a considerable period of time, which may lead to necessities that the whole or partial investment is recognized as a loss, and that the infusion of additional funds are required. Also, there are investment risks that the Group may be unable to withdraw from a business or restructure the business under a timeframe or method that it desires due to differences in business management policy with partners or the low liquidity of investments; or the Group may be put at a disadvantage because it is unable to receive appropriate information from an investee. To reduce these risks, ITOCHU Group works through decision making based on the establishment of investment criteria for the implementation of new investments while monitoring existing investments periodically and promoting asset replacement through the application of exit criteria to investments with low investment efficiency that has little reason to hold.

However, management cannot completely avoid the investment risks, and such risks could significantly affect the future financial position and results of operations of ITOCHU Group.

(4) Risks Associated with Impairment Loss on Fixed Assets

ITOCHU Group is exposed to the risk of impairment losses on fixed assets which are held or leased. These include real estate, assets related to natural resource development, aircraft and ships, and goodwill and intangible assets.

ITOCHU Group has recognized impairment losses that are currently necessary. However, new impairment losses might be recognized if stores, warehouses, and other assets were to become unable to recover their carrying amount due to declining profitability. Impairment losses could also be recognized if a market slump were to occur due to price fluctuations on coal, iron ore, crude oil or other resources, or the R&D policies were to change and if a decline in asset prices or unplanned additional funding were to result in losses on all or some investments. Such losses could significantly affect the future financial position and results of operations of ITOCHU Group.

ITOCHU Group sustains its strength, highly efficient management, through investment in developing the foundations for sustainable growth and by steadily implementing flexible asset replacement. In addition, we manage investments appropriately, making investment decisions after thoroughly deliberating the appropriateness of the acquisition price and then monitoring investments periodically.

(5) Credit Risk

Through trade receivables, loans, guarantees, and other formats, ITOCHU Group grants credit to its trading partners, both domestically and overseas. The Group bears the credit risk in relation to such receivables becoming uncollectible due to the deteriorating credit status or insolvency of the Group's partners, and in relation to assuming responsibilities to fulfill contracts where an involved party is unable to continue its business and cannot fulfill its obligations under the contracts. Therefore, when granting credit, ITOCHU Group works to reduce risk by conducting risk management through the establishment of credit limits and the acquisition of collateral or guarantees as needed. At the same time, the Group establishes an allowance for doubtful accounts by estimating expected credit losses based on the creditworthiness, the status of collection, and the status of receivables in arrears of business partners.

However, such management cannot completely avoid the actualization of credit risks, which could significantly affect the future financial position and results of operations of ITOCHU Group.

For more details, please refer to "Credit risk management" in "Notes to Consolidated Financial Statements 24. Financial Instruments."

(6) Country Risk

ITOCHU Group conducts transactions and business activities in various countries and regions overseas. The Group is exposed to country risk, including unforeseen situations arising from the political, economic and social conditions of these countries and regions and national expropriation or remittance suspension due to changes in various laws and regulations.

Therefore, we formulated the appropriate risk countermeasures by project. To control the risk, from the standpoint of preventing ITOCHU Group from excessive concentrations of risk in specific countries or regions, we set limits for each country that are based on internal country ratings and maintain overall exposure at a level that is appropriate for the Group's financial strengths.

Although we strive to reduce risk through these measures, ITOCHU Group cannot completely avoid such risks and the actualization of such risks as the Middle East and Russia-Ukraine situation could delay or incapacitate debt collection or operational implementation, causing losses under certain circumstances, and could significantly affect the future financial position and results of operations of ITOCHU Group.

With regard to the impact of the situation in the Middle East and Russia-Ukraine, ITOCHU Group holds assets such as resource-related investments and trade receivables associated with these regions. The ratio of such assets to our total assets is less than 1% for each region as of March 31, 2026. As a result of continued appropriate accounting treatment reflecting the most recent situation for our assets related these regions, we do not expect a material impact on our financial position and operating results.

(7) Risks Associated with Fund-raising

ITOCHU Group procures the necessary funding for its businesses through debt from domestic and international financial institutions, as well as the issuance of commercial papers and debentures. However, should ITOCHU's credit worthiness in the capital market deteriorate due to a significant lowering of the Company's credit rating, or should there be an upheaval in the financial systems in major financial markets, there are risks that the Group may experience an inability to raise funds from financial institutions or investors when necessary or under desirable conditions and may consequently experience an increase in funding costs. Therefore, while securing adequate liquidity by utilizing cash deposits and commitment line, the Group has taken steps to diversify its sources of funds and methods of fundraising, however, cannot completely avoid such risks. The actualization of such risks could significantly affect the future financial position and results of operations of ITOCHU Group.

For more details, please refer to "Liquidity risk management" in "Notes to Consolidated Financial Statements 24. Financial Instruments."

(8) Risks Associated with Taxes

ITOCHU Group has established the group tax policy, whose basic principles are to conduct our tax affairs in a sincere manner in accordance with the provisions, significance, and legislative intent of the taxation system, not to engage in transactions designed to avoid taxation, and to pay appropriate taxes based on income earned through our business activities. In addition, to ensure appropriate and fair taxation, we strive to ensure tax transparency throughout the Group through timely and appropriate information disclosure, build relationships of trust through sincere responses to tax authorities in each country and region, and maintain fair relationships through constructive dialogues. Through these measures, we are addressing risks such as damage to corporate value due to increased tax expenses resulting from differences in views with tax authorities.

However, ITOCHU Group is unable to completely avoid all risks associated with taxes. Factors such as fluctuations in estimates of taxable income used in tax planning, changes in tax planning, revisions in tax rates and other changes to tax systems could significantly affect the future financial position and results of operations of ITOCHU Group.

In addition, the amount of deferred tax assets recorded in the asset section of ITOCHU Group's consolidated statement of financial position is significant, and accounting judgments related to the valuation of deferred tax assets significantly impact ITOCHU Group's consolidated financial statements. For these reasons, ITOCHU Group takes future taxable income and viable tax planning into consideration, recording recoverable amounts of deferred tax assets.

(9) Risks Associated with Significant Lawsuits

Currently, there is no significant pending lawsuit, arbitration, or other legal proceeding that may significantly affect the financial position and results of the operations of ITOCHU Group. However, there is a possibility that domestic or overseas business activities of ITOCHU Group may become subject to such lawsuits, arbitrations or other legal proceedings, and significantly affect the future financial position and results of operations of ITOCHU Group.

(10) Risks Associated with Laws and Regulations

ITOCHU Group is subject to a number of diverse laws and regulations both domestically and overseas due to the vast array of products and services the Group provides. To be specific, ITOCHU Group is required to adhere to laws and regulations such as The Companies Act, financial instruments and exchange laws, tax laws, and the laws for each industry, as well as all laws pertaining to trade such as foreign exchange control laws, antitrust laws, intellectual property laws, environmental-related laws, anti-bribery-related laws and the laws of each country in which ITOCHU Group conducts business overseas. ITOCHU Group has made every effort to observe these laws and regulations by reinforcing the compliance system, being aware that the observance of laws and regulations is a serious obligation of the Group.

However, even with all these measures, there is a possibility of the situation where, including personal misconduct by directors and employees, risks associated with compliance or suffering social disgrace cannot be avoided.

Also, the possibility of unexpected, additional enactment or changes in laws and regulations by both domestic / foreign legislative, judicial and regulatory bodies, and the possibility of major changes in laws and regulations by political / economical changes cannot be ruled out.

Such occurrences could significantly affect the future financial position and results of operations of ITOCHU Group.

(11) Risks Associated with Human Resources

ITOCHU Group conducts diverse business activities in various countries. In the advancement of individual businesses, important roles are played by personnel responsible for operational planning and execution as well as organizational direction and supervision. ITOCHU Group has secured a diverse workforce and is able to place the right people in the right positions through continuous skills development, which includes collaboration between ITOCHU and Group companies, and through the creation of rewarding work environments.

Going forward, however, the environment for securing human resources could change significantly due to factors such as further mobilization of the labor market or business model changes that results in the concentration of demand on personnel with advanced knowledge and experience in specific fields. Therefore, even if ITOCHU Group strengthens its efforts to secure and develop human resources, it cannot completely avoid the risk of being unable to fully respond to opportunities for new business creation and operational expansion due to shortages of the required human resources in certain business fields. Shortages of human resources could significantly affect the future financial position and results of operations of ITOCHU Group.

(12) Risks Associated with the Environment and Society

ITOCHU Group, conducting business globally, considers that addressing global environmental and social issues is one of the top priorities in our management policy. To promote the implementation of measures to risks associated with the environment and society based on the ITOCHU Group Sustainability Policy, ITOCHU Group is monitoring risks that are affected by changes in social conditions and business environment, such as countermeasures and legalization regarding environment and society of each country, and influences on environment and society that ITOCHU Groups' business makes, from various angles.

The Group takes an active approach to managing risks, specifically including efforts to build an environmental management system (ISO14001) to minimize environmental risk, such as the risk of infringement of laws and regulations in the handling of goods, the provision of services and business investment; to conduct extensive sustainability studies of supply chains; to evaluate and identify the effects of businesses on human rights; to build human rights due diligence processes; and to evaluate proposed new business investments in relation to environmental, social, and governance (ESG) factors. Specific actions include establishment of the Sustainability Committee, the formulation and revision of policies related to sustainability, and annual reviews of company-wide activities as well as the promotion of environmental and social management activities in individual departments.

With regard to risks related to climate change, ITOCHU Group endorses the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) and regularly conducts 1.5°C to 4°C scenario analyses of the impact of climate change on our operations and business performance to examine countermeasures and business opportunities, and uses this information for management purposes. In addition, for achieving the Group's GHG emissions reduction targets, ITOCHU Group will strive to reduce emissions as much as possible through energy conservation, use of renewable energy, asset replacement including withdrawal from thermal coal interests, and provision of products and services in an environmentally friendly manner, while at the same time actively promoting businesses that will contribute to reducing emissions in our society.

With regard to risks related to natural capital, in addition to the conventional risk management described above, based on the recommendations of the Task Force on Nature-Related Financial Disclosure (TNFD), ITOCHU Group will assess the degree of dependence and impact on natural capital in the Group's business and analyze risks and opportunities by location using the LEAP approach. Through the above methods, ITOCHU Group is working on effective measures for sustainable business activities.

However, despite such countermeasures the occurrence of environmental pollution and other environmental or social problems due to ITOCHU Group's business activities could lead to the delay or suspension of operations, the incurring of countermeasure expenses, or the lowering of society's evaluation of the Group and could significantly affect the future financial position and results of operations of ITOCHU Group.

(13) Risks Associated with Natural Disasters

In the countries and regions in which ITOCHU Group conducts business activities, natural disasters, such as earthquakes, or the outbreak of infectious diseases may adversely affect the Group's business activities. ITOCHU has implemented measures such as developing Business Continuity Plans (BCPs) for large-scale disasters and the outbreak of infectious diseases, introducing a safety confirmation system, and conducting emergency drills. Also, various measures have been implemented individually in each Group company.

However, ITOCHU Group conducts business activities across a wide range of regions and the Group cannot completely avoid damages arising from natural disasters or the outbreak of infectious diseases. Therefore, such occurrences could significantly affect the future financial position and results of operations of ITOCHU Group.

(14) Risks Associated with Information Systems and Information Security

ITOCHU Group has established a code of conduct for the handling of information and recognizes that ensuring a high level of information security is an important matter. ITOCHU Group formulates company-wide informatization strategies for digitization/data utilization, builds and operates information systems for information sharing and business efficiency, and implements various information security measures. Specifically, ITOCHU Group applies information security guidelines and cyber security frameworks that take cyber security risks into account and monitors compliance with them. In addition to the existing cyber security team, ITOCHU Cyber & Intelligence Inc. has strengthened the system, and is continuing its efforts to ensure thorough risk management. In addition, with respect to generative AI, which has rapidly evolved in recent years, responses to ensure safety, accuracy, and ethical considerations are required in its utilization, and we have developed guidelines that take its characteristics into account.

Despite these measures, ITOCHU Group cannot completely avoid the risk of sensitive information leakage due to unauthorized access from the outside or computer viruses, and the risk of the stoppage of information systems due to equipment damage or problems with telecommunications circuitry. Depending on the scale of the damage, such occurrences could significantly affect the future financial position and results of operations of ITOCHU Group.

Overview

For the fiscal year ended March 31, 2026, the global economy generally remained resilient, although the impact of increased U.S. import tariffs spread and uncertainty over the outlook grew due to heightened tensions in the Middle East toward the end of the fiscal year.

In the U.S., while corporate activities slowed due to increase in cost resulting from the increased tariffs, employment conditions, which had been weakening, partly recovered after the beginning of the year. Although stock prices declined toward the end of the fiscal year due to heightened tensions in the Middle East, they maintained an upward trend for the full year, supporting consumer spending. In Europe, although exports to the U.S. decreased, consumer spending remained firm due to favorable employment conditions and the stabilization of inflation trends. In China, domestic demand was sluggish, partly due to the continued weakness in the real estate market, diminishing effects of government stimulus measures, and constraints on excess investment. In Japan, although exports to the U.S. decreased significantly in the summer, they gradually recovered thereafter, and capital expenditures and consumer spending remained resilient.

Under the Management Policy “The Brand-new Deal -Profit opportunities are shifting downstream-,” which serves as a compass for the long-term, the ITOCHU Group aims to achieve sustainable enhancement in corporate value through three main pillars of “grow earnings,” “enhancement of corporate brand value,” and “shareholder returns.” The specific achievements for FYE 2026 are as follows:

Textile Company

DESCENTE’s Rapid Growth in China

DESCENTE LTD. is accelerating the expansion of the “DESCENTE” brand business in the Chinese market through DESCENTE CHINA HOLDING LIMITED, a joint venture with the ANTA Sports Products Group (ANTA), China’s largest domestic sports goods manufacturer. The joint venture achieved rapid growth over the next three years, nearly tripling net sales from just over 70 billion yen in FYE 2023 to around 200 billion yen in FYE 2026.

We aim to achieve further growth for DESCENTE CHINA HOLDING LIMITED and DESCENTE LTD. by combining ANTA’s retail store management capabilities with Japan’s technological prowess and innovation.

Machinery Company

Additional Investment in HCM

ITOCHU Corporation increased its stake in Hitachi Construction Machinery Co., Ltd. (HCM) to 33.4%, strengthening its capital relationship. We will pursue new growth by combining the ITOCHU Group’s know-how with HCM’s Japan-based technological capabilities and global sales and service capabilities, as we unleash the full potential of collaborative creation.

HCM has announced plans to change its trade name to LANDCROS Corporation in April 2027 and accelerate global expansion under a new corporate brand. We will contribute to HCM’s medium- to long-term growth and corporate value by bolstering our cooperative relationship with them; jointly promoting sales, rental, and financing businesses in North America and other markets; and accelerating cooperation in M&A and new business fields.

Metals & Minerals Company

Increasing Our Stake in the Western Australian Iron Ore Interests Based on a Steadfast Partnership

ITOCHU Corporation acquired a partial indirect interest in the Ministers North Iron Ore Deposit (hereinafter “the Deposit”) from BHP Group Limited, which is a joint partner in iron ore operations in Western Australia.

Our Western Australia Iron Ore operations have been built as a vertically integrated operating structure encompassing all key infrastructure, including rail and port facilities, centered on one of the world’s largest iron mines. We anticipate a short lead time to development and low operating costs as the Deposit is an open-pit mine that can utilize existing infrastructure. The Deposit will further develop the steadfast partnership we have built with our excellent partner and will help ensure the stable supply of iron ore, an indispensable resource for society, as well as the expansion of the resource business.

Energy & Chemicals Company

Supporting the Development and Licensing of iPS Cell Culture Kit

ITOCHU Corporation participated in the “my iPS® Project,” which is promoted by the CiRA Foundation. The foundation’s president is Professor Shinya Yamanaka, who received the Nobel Prize for Physiology or Medicine. The CiRA Foundation is guided by its philosophy to provide optimal iPS cell technology to domestic and overseas companies at reasonable prices. They are working to develop an automated manufacturing process using the closed automated cell cultivation system “my iPS Kit,” which effectively isolates cells from the external environment during cultivation. The primary aim is to significantly reduce costs associated with iPS cell production, which until now has largely been performed manually.

Utilizing the know-how cultivated through the chemicals business, the ITOCHU Corporation will provide continuous support in the form of selecting optimal raw materials and developing sterilization technology to make it easier and safer to promote projects.

Food Company

Reaching the Top of the Industry through Integration with a Confectionery Wholesale Business

ITOCHU Corporation reached an agreement with YAMAE Group Holdings Co., Ltd. regarding a capital restructuring in the confectionery wholesale business and acquired 40.8% of the shares of its subsidiary Confex Holdings Co., Ltd. (Confex HD). Confex HD has made the ITOCHU Group’s Dolce Co., Ltd. into a wholly owned subsidiary and integrated the confectionery wholesale business of both companies. Through this integration, its net sales are now No. 1 in the confectionery industry.

The confectionery market is expected to expand going forward amid growing inbound demand and an increasingly active food scene. To meet market expectations, we aim to become a confectionery wholesaler indispensable to all business partners.

Investing in Japan’s Leading Soft Serve Ice Cream Business

ITOCHU Corporation agreed to enter into a capital and business alliance with NISSEI Co.,Ltd., the industry’s leading comprehensive soft serve ice cream manufacturer, and acquired 20% of its issued shares. NISSEI Co.,Ltd. is a manufacturer of soft serve ice cream mix (the base ingredients), freezers (the soft serve ice cream dispensing equipment), and containers, such as cones and cups.

The domestic commercial soft serve ice cream market is valued at approximately 150 billion yen and expected to grow moving forward. The soft serve ice cream market in the rest of Asia is also expected to steadily expand. With this new alliance, we will continue providing optimal solutions to each market by bringing together NISSEI Co.,Ltd.’s product development capabilities, thorough quality control, and advanced manufacturing technology as well as our global raw material procurement capabilities and overseas sales network.

General Products & Realty Company

Business Integration with the JR East Group in the Real Estate Sector

East Japan Railway Company (JR East) and ITOCHU Corporation plan to launch an integrated business named JREAST & ITOCHU REAL ESTATE DEVELOPMENT Co., Ltd. on October 1, 2026, with JR East owning 60% and ITOCHU Corporation owning 40%. We will transfer assets to the integrated company along JR East's expansive operations spanning Tokyo and other 16 prefectures, from the Kanto and Koshinetsu regions to Tohoku. The transfer will include some company-owned land, development sites covering an area in excess of 85,000 m^2 (mainly former company housing concentrated around the Tokyo metropolitan area), as well as certain station-front buildings. We will promote large-scale redevelopment by combining JR East's rail functions, customer contacts, and large-scale urban development know-how with ITOCHU Corporation's real estate value chain and market-oriented general trading company functions.

We aim to achieve rapid growth by strengthening asset rotation in the existing real estate business, pursuing sustainable urban development that integrates transportation and urban functions to surpass the usual boundaries of property development, stimulating regional economies, and contributing to regional revitalization.

ICT & Financial Business Company

Expansion of Retail Financing Services by Launching an Upgraded Famima Card

POCKET CARD CO.,LTD. collaborates with FamilyMart Co., Ltd. to develop Famima Card, which offers attractive discounts at the time of purchase. Together, they have successfully revamped the long-loved Famima T Card, evolving it into a better deal and a more convenient service. Amid ongoing inflation, the companies are helping to reduce the burden on household budgets by realizing easy-to-understand savings with up to a 5% discount. The companies are also encouraging cashless payments through a collaboration with FamiPay, with the aim of enhancing customer convenience and further expanding business in the retail finance sector.

Expansion of Customer-Focused Operations and Store Networks

HOKEN NO MADOGUCHI GROUP INC. helps customers select insurance tailored to their individual needs from over 300 different products provided by 40 companies. In FYE 2026, they acquired four companies in the same industry, further strengthening their nationwide store network comprising more than 700 locations as well as their service provision system. As customer-focused operations become increasingly important, they aim to leverage their transparency and reliability to create an environment where people can receive consultations with peace of mind and to sustainably expand business in line with their management philosophy of being "an excellent and the most caring company for customers."

The 8th Company

Expansion of the Financial Business through a Capital and Business Alliance with Seven Bank

ITOCHU Corporation acquired 20% of the shares in Seven Bank, Ltd. in December 2025. The Seven Bank group has installed ATMs in retail facilities, tourist spots, airports, stations, and other locations around Japan and overseas, not just in convenience stores, with a total of over 28,000 ATMs in Japan. The ITOCHU Group is developing its retail and finance businesses on the foundation of FamilyMart's nationwide network of around 16,400 stores.

Introducing ATMs operated by Seven Bank, Ltd. to FamilyMart stores brings multiple benefits. Consumers can benefit from greater convenience. Seven Bank, Ltd. can significantly expand the number of their ATMs. FamilyMart can increase the number of store visits. And ITOCHU Corporation can create a new business model that integrates the finance business with other businesses. Through this initiative, we aim to realize "Yompo-Yoshi" (good for all four parties).

Analysis of Results of Operations in FYE 2026

	Billions of Yen				Millions of U.S. Dollars
	2026	2025	Increase (Decrease)	Summary of changes (＋):Increase, (－):Decrease	2026
Revenues	¥ 14,823.1	¥ 14,724.2	¥ 98.9	(＋) ICT & Financial Business, Food, and Textile (－) Energy & Chemicals, Metals & Minerals	$ 92,714
Gross trading profit	2,480.5	2,376.5	104.1	(＋) Textile, ICT & Financial Business, The 8th, and Food (－) Metals & Minerals	15,515
Selling, general and administrative expenses	(1,763.2)	(1,678.4)	(84.8)	(－) Conversion into a subsidiary of DESCENTE LTD. in the third quarter of the previous fiscal year (－) Increase in personnel expenses	(11,028)
Provision for doubtful accounts	(15.5)	(14.2)	(1.3)	(－) Increase in provision for doubtful accounts in general receivables	(97)
Gains (losses) on investments	175.2	83.2	92.0	(＋) Sale of C.P. Pokphand Co. Ltd. (＋) Group reorganization of pulp business (－) Absence of the revaluation gain resulting from the conversion of DESCENTE LTD. into a subsidiary in the third quarter of the previous fiscal year (－) Absence of the gain on the partial sale of an overseas company in the previous fiscal year	1,096
Gains (losses) on property, plant, equipment and intangible assets	(12.8)	(14.8)	2.0	(＋) Absence of the impairment loss on a North American synthetic resin-related company in the previous fiscal year	(80)
Other-net	8.8	28.5	(19.7)	(－) Decrease in foreign exchange gains and losses	55
Net interest expenses (The total of interest income and interest expense)	(56.9)	(53.5)	(3.4)	(－) Deterioration in net interest expenses due to higher yen interest rate	(356)
Dividends received	59.8	78.4	(18.6)	(－) Decrease in dividends received from investees	374
Equity in earnings of associates and joint ventures	323.5	349.3	(25.8)	(－) The 8th (＋) Machinery	2,024
Profit before tax	1,199.5	1,155.1	44.4		7,503
Income tax expense	(262.0)	(222.0)	(40.0)	(－) Increase of profit before tax	(1,639)
Net profit	937.5	933.0	4.4		5,864
Net profit attributable to ITOCHU	¥ 900.3	¥ 880.3	¥ 20.0		$ 5,631
(Reference) Trading income	701.9	683.9	18.0	(＋) The 8th, ICT & Financial Business, Food, Energy & Chemicals, and Textile (－) Metals & Minerals, General Products & Realty	4,390

Operating Segment Information

Net profit attributable to ITOCHU by operating segment are as follows. ITOCHU uses the eight Division Company system, and the following is in accordance with the categories of that system.

	Billions of Yen				Millions of U.S. Dollars
	2026	2025	Increase (Decrease)	Summary of changes (＋):Increase, (－):Decrease	2026
Textile	**¥ 43.3**	¥ 73.8	¥ (30.5)	(－) Absence of the revaluation gain resulting from the conversion of DESCENTE LTD. into a subsidiary in the previous fiscal year (＋) Overseas sports sector such as DESCENTE LTD.: Stable performance (＋) DESCENTE LTD.: Higher earnings resulting from the conversion into a subsidiary	**$ 271**
Machinery	**155.6**	136.5	19.1	(＋) Extraordinary gains and losses in a leasing-related company (＋) North American power business: Increase in electricity sales revenue due to the demand for electricity and the absence of maintenance in the previous fiscal year (＋) Gain on the sale of JAMCO Corporation (＋) Citrus Investment LLC: Increased shareholding ratio of Hitachi Construction Machinery Co., Ltd., and increase in sales in Europe and independently developed businesses in the U.S. (－) Shipping business: Absence of the gain on the sale of ships in the previous fiscal year and a decrease in charter income	**973**
Metals & Minerals	**143.5**	178.4	(34.8)	(－) ITOCHU Minerals & Energy of Australia Pty Ltd 〔－〕 Lower iron ore and coal prices, increase in costs and forex impact 〔－〕 Extraordinary losses on the group reorganization of Fitzroy (Australian coking coal project) 〔＋〕 Fitzroy (Australian coking coal project) improvement in operation (－) CSN Mineração S.A.: Lower earnings due to forex valuation loss partially offset by stable operation (＋) Extraordinary gains on the group reorganization of the overseas company (＋) U.S. coking coal project: Restart of operations	**898**
Energy & Chemicals	**69.3**	78.6	(9.3)	(－) Decrease in dividends received from LNG projects (－) Absence of the improvement in tax expenses related to an overseas energy-related company in the previous fiscal year (－) Impairment loss on fixed assets in a renewable energy company (＋) Absence of the impairment loss on a North American synthetic resin-related company in the previous fiscal year (＋) Extraordinary gains on the group reorganization of a battery-related company (＋) C.I. TAKIRON Corporation: Increase in transaction of civil engineering and film business, and increased ownership (＋) Electricity transactions: Increase in transactions and improvement in profitability	**433**
Food	**92.1**	85.1	7.0	(＋) FUJI OIL CO., LTD. and Dole International Holdings, Inc.: Turnarounds (＋) Gain on the sale of PROVENCE HUILES S.A.S. (＋) Provisions-related transactions/companies: Improvement in profitability (＋) ITOCHU-SHOKUHIN Co., Ltd.: Expansion of transactions (－) Absence of the extraordinary gains on the partial sale of an overseas company in the previous fiscal year (－) Tax expenses and impairment loss on a North American industrial chocolate company	**576**

	Billions of Yen				Millions of U.S. Dollars
	2026	2025	Increase (Decrease)	Summary of changes (＋):Increase, (－):Decrease	**2026**
General Products & Realty	**¥ 60.8**	¥ 69.7	¥ (8.9)	(－) Absence of extraordinary gains on the partial sale of an overseas company in the previous fiscal year (－) ITOCHU FIBRE LIMITED: Downturn in pulp prices and increase in costs (－) DAIKEN CORPORATION: Decline in profitability in domestic business and lower earnings in overseas business (－) North American construction-materials business: Underperformance of housing structural materials business (＋) Extraordinary gains on the restructuring of pulp business (＋) Nishimatsu Construction Co., Ltd.: Start of equity pick-up	**$ 380**
ICT & Financial Business	**93.0**	83.2	9.8	(＋) ITOCHU Techno-Solutions Corporation: Favorable performance (＋) HOKEN NO MADOGUCHI GROUP INC.: Higher agency commissions (＋) Increase in remeasurement gains and losses for fund held investments (－) Mobile-phone-related business: Lower earnings due to contract changes	**582**
The 8th	**45.0**	65.1	(20.1)	(－) FamilyMart Co., Ltd. 〔－〕 Absence of the extraordinary gains on the group reorganization of Chinese business in the previous fiscal year 〔＋〕 Increase in daily sales resulting from enhancement of product competitiveness and sales promotion 〔＋〕 Strengthening of business foundations such as the reorganization of store network 〔＋〕 Expansion of transactions in the advertising and media business, etc. (＋) Seven Bank, Ltd. and AND PHARMA Co., Ltd.: Start of equity pick-up	**282**
Others, Adjustments & Eliminations	**197.6**	109.9	87.8	(＋) Gain on the sale of C.P. Pokphand Co. Ltd. (＋) Orchid Alliance Holdings Limited 〔＋〕 Decrease in interest expenses 〔＋〕 Stable performance in comprehensive financial services segment of CITIC Limited 〔－〕 Appreciation of the yen (－) C.P. Pokphand Co. Ltd.: Exclusion from the equity method	**1,236**

Performance of Subsidiaries, Associates, and Joint Ventures

Group Companies Reporting Profits / Losses

Billions of Yen

	2026			2025			Changes		
Fiscal years ended March 31	Profits	Losses	Total	Profits	Losses	Total	Profits	Losses	Total
Group companies (including overseas trading subsidiaries)	**¥800.1**	**¥(17.6)**	**¥782.6**	¥811.9	¥(20.1)	¥791.8	¥(11.8)	¥ 2.5	¥ (9.3)

Ratio of Group Companies Reporting Profits

		2026			2025			Changes		
Fiscal years ended March 31		Profits	Losses	Total	Profits	Losses	Total	Profits	Losses	Total
Consolidated subsidiaries	No. of group companies	**178**	**8**	**186**	169	16	185	9	(8)	1
	Ratio	**95.7%**	**4.3%**	**100.0%**	91.4%	8.6%	100.0%	4.3%	(4.3%)	
Associates and Joint Ventures	No. of group companies	**69**	**10**	**79**	72	6	78	(3)	4	1
	Ratio	**87.3%**	**12.7%**	**100.0%**	92.3%	7.7%	100.0%	(5.0%)	5.0%	
Total	No. of group companies	**247**	**18**	**265**	241	22	263	6	(4)	2
	Ratio	**93.2%**	**6.8%**	**100.0%**	91.6%	8.4%	100.0%	1.6%	(1.6%)	

Note: Investment companies which are considered as part of the parent company (212 companies), and companies other than those which are directly invested by the Company and its overseas trading subsidiaries (494 companies) are not included in the number of companies.

In the fiscal year ended March 31, 2026, profits / losses of Group companies decreased by ¥9.3 billion to ¥782.6 billion (US$4,895 million).

The profits of Group companies reporting profits decreased by ¥11.8 billion to ¥800.1 billion (US$5,004 million), and the losses of Group companies reporting losses improved by ¥2.5 billion to ¥17.6 billion (US$110 million).

The ratio of Group companies reporting profits increased by 1.6 points, from 91.6% to 93.2%.

Major Group companies reporting profits or losses for the fiscal years ended March 31, 2026 and 2025 were as follows:

Major Group Companies

		Net income (loss) attributable to ITOCHU *1	
		Billions of Yen	
Fiscal years ended March 31	Ownership	**2026**	2025
Textile			
JOI'X CORPORATION	100.0%	¥ **0.9**	¥ 1.3
LEILIAN CO., LTD.	100.0%	**0.3**	0.3
DESCENTE LTD.	100.0%	**13.2**	7.0
DOME CORPORATION	69.7%	**0.1**	(3.4)
EDWIN CO., LTD.	100.0%	**0.5**	0.4
Sankei Co., Ltd.	100.0%	**1.2**	1.6
ITOCHU Textile Prominent (ASIA) Ltd.	100.0%	**9.0**	1.9
ITOCHU TEXTILE (CHINA) CO., LTD.	100.0%	**4.0**	1.9
Machinery			
Tokyo Century Corporation	29.9%	**39.6**	23.1
I-ENVIRONMENT INVESTMENTS LIMITED	100.0%	**0.0**	4.0
ITOCHU Plantech Inc.	100.0%	**1.7**	1.7
YANASE & CO., LTD.	99.0%	**12.2**	13.1
Kawasaki Motors, Ltd.	20.0%	**0.7**	—
AICHI CORPORATION	27.3%	**1.3**	—
Citrus Investment LLC *2	100.0%	**11.2**	8.6
ITOCHU MACHINE-TECHNOS CORPORATION	100.0%	**2.2**	2.0
Metals & Minerals			
ITOCHU Minerals & Energy of Australia Pty Ltd	100.0%	**110.2**	127.3
CSN Mineração S.A. *3	18.1%	**5.1**	16.9
Marubeni-Itochu Steel Inc.	50.0%	**20.2**	25.7
ITOCHU Metals Corporation	100.0%	**2.7**	3.1
Energy & Chemicals			
ITOCHU Oil Exploration (Azerbaijan) Inc.	100.0%	**4.2**	5.1
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	100.0%	**1.4**	1.4
ITOCHU ENEX CO., LTD.	55.7%	**9.0**	9.4
Japan South Sakha Oil Co., Ltd.	50.0%	**0.3**	1.7
C.I. TAKIRON Corporation	100.0%	**6.2**	4.1
ITOCHU CHEMICAL FRONTIER Corporation	100.0%	**9.5**	9.1
ITOCHU PLASTICS INC.	100.0%	**5.8**	5.1
Food			
FUJI OIL CO., LTD. *4	43.8%	**4.5**	(1.9)
WELLNEO SUGAR Co., Ltd.	37.0%	**2.4**	2.1
ITOCHU FEED MILLS CO., LTD.	100.0%	**2.1**	1.8
Dole International Holdings, Inc.	100.0%	**2.8**	(1.4)
Prima Meat Packers, Ltd.	48.7%	**2.3**	2.2
HYLIFE GROUP HOLDINGS LTD.	49.9%	**3.9**	3.0
NIPPON ACCESS, INC.	100.0%	**23.8**	23.8
ITOCHU-SHOKUHIN Co., Ltd. *5	52.5%	**4.9**	4.3
General Products & Realty			
European Tyre Enterprise Limited	100.0%	**5.6**	7.0
ITOCHU FIBRE LIMITED	100.0%	**9.0**	(1.5)
ITOCHU LOGISTICS CORP.	100.0%	**6.2**	5.6
ITOCHU PULP & PAPER CORPORATION	100.0%	**3.2**	3.0
ITOCHU CERATECH CORPORATION	100.0%	**0.9**	0.6
DAIKEN CORPORATION	100.0%	**3.8**	6.6
ITOCHU KENZAI CORPORATION	100.0%	**3.7**	3.8
ITOCHU Property Development, Ltd.	100.0%	**5.1**	5.7
Nishimatsu Construction Co., Ltd.	21.9%	**3.6**	—
ITOCHU Urban Community Ltd.	100.0%	**2.0**	1.7

		Net income (loss) attributable to ITOCHU *1	
		Billions of Yen	
Fiscal years ended March 31	Ownership	**2026**	2025
ICT & Financial Business			
ITOCHU Techno-Solutions Corporation *6	100.0%	¥ **60.6**	¥ 50.5
BELLSYSTEM24 Holdings, Inc.	40.3%	**2.3**	2.0
ITOCHU Fuji Partners, Inc.	63.0%	**3.4**	2.7
A2 Healthcare Corporation	100.0%	**1.7**	1.7
HOKEN NO MADOGUCHI GROUP INC. *7	100.0%	**6.1**	4.9
POCKET CARD CO.,LTD. *8	78.2%	**2.9**	4.2
Gaitame.Com Co.,Ltd.	40.2%	**2.9**	1.5
First Response Finance Ltd.	100.0%	**2.8**	2.4
ITOCHU FINANCE (ASIA) LTD.	100.0%	**3.2**	2.5
GCT MANAGEMENT (THAILAND) LTD.	100.0%	**5.6**	4.3
The 8th			
FamilyMart Co., Ltd. *9	94.7%	**52.8**	69.8
AND PHARMA Co., Ltd.	20.0%	**0.9**	—
Seven Bank, Ltd.	20.4%	**1.1**	—
Others, Adjustments & Eliminations			
Orchid Alliance Holdings Limited *10	100.0%	**116.2**	114.1
Chia Tai Enterprises International Limited	23.8%	**1.1**	0.4
(Reference) Overseas Subsidiaries *11			
ITOCHU International Inc.	100.0%	**22.9**	19.2
ITOCHU Europe PLC	100.0%	**5.7**	4.8
ITOCHU (CHINA) HOLDING CO., LTD.	100.0%	**6.7**	5.6
ITOCHU Hong Kong Ltd.	100.0%	**7.0**	4.7
ITOCHU Singapore Pte Ltd	100.0%	**7.0**	6.9

* 1. Net income (losses) attributable to ITOCHU is the figure after adjusting to IFRSs, which may be different from the figures each company announces.

* 2. The figures include net profit from Hitachi Construction Machinery Co., Ltd., which is the affiliate of the company. The figures do not include the interest income, etc. resulting from ITOCHU's loan to the partner.

* 3. ITOCHU held an investment in CSN Mineração S.A. (hereinafter "CM") as "Other Investments" through a subsidiary of ITOCHU, JAPÃO BRASIL MINÉRIO DE FERRO PARTICIPAÇÕES LTDA. (hereinafter "JBMF"), which is the investment and management company of CM. However, as a result of an additional investment in CM made on November 12, 2024, CM was converted into an affiliate of ITOCHU from the third quarter of the previous fiscal year, and accordingly, the disclosure of "Major Group Companies" has been changed from JBMF to CM. In addition, the net profits of both companies are presented on a combined basis.

* 4. FUJI OIL CO., LTD. changed its company name from FUJI OIL HOLDINGS INC. on April 1, 2025.

* 5. The tender offer for ITOCHU-SHOKUHIN Co., Ltd., which the Company had been conducting through its subsidiary G.K. FMDI since February 26, 2026, was completed on April 9, 2026. As a result of the tender offer and the Company's subsequent exercise of its right to demand the sale of shares, ownership percentage of ITOCHU-SHOKUHIN Co., Ltd. reached 100.0% as of May 21, 2026.

* 6. Ownership percentage of ITOCHU Techno-Solutions Corporation is 99.95%. It is shown 100.0% by rounding less than the first decimal place.

* 7. Ownership percentage of HOKEN NO MADOGUCHI GROUP INC. is 99.97%. It is shown 100.0% by rounding less than the first decimal place.

* 8. The figures of POCKET CARD CO.,LTD. include net profits through FamilyMart Co., Ltd.

* 9. The figures of FamilyMart Co., Ltd. include net profits from POCKET CARD CO.,LTD.

*10. The figures of Orchid Alliance Holdings Limited include related tax effects and other factors.

*11. Net profits of each overseas trading subsidiary included in each segment are presented.

Liquidity and Capital Resources

Basic Funding Policy

The Company aims to ensure flexibility in funding in response to changes in financial conditions and to take advantage of opportunities to lower its overall financing costs. Also, as a means of enhancing the stability of its financing, the Company seeks to maintain funding through long-term sources and endeavors to find the optimum balance in its funding structure through diversified funding sources and methods. Further, the Company works to improve consolidated capital efficiency and funding structure by concentrating funding for domestic subsidiaries on Group Finance funded by the Company and a domestic Group Finance managing company. Moreover, the Company established a Group Finance scheme utilizing Group Finance managing companies based in Asia, Europe, and the United States for the funding of overseas subsidiaries. As a result, as of March 31, 2026, funding by the parent Company, domestic and overseas Group Finance managing companies accounted for approximately 77% of consolidated interest- bearing debt.

Regarding funding methods, the Company uses indirect financing such as bank loans and direct financing such as bond issuance. As to indirect financing, the Company maintains favorable and wide-ranging relationships with various financial institutions, which enables it to raise required funds. As to direct financing, the Company registered a new issuance of bonds up to ¥400.0 billion, covering the two-year period from August 2025 to August 2027, in accordance with the bond-issuance registration system in Japan. Also, the Company undertakes funding through commercial paper to heighten cash efficiency and lower funding costs. The Company has registered a total of US$5,000 million in a Euro Medium Term Note Programme (Euro MTN). In addition, the Company has established the SDGs Bond Framework (Sustainability Bond Framework) in March 2021. The Company has established the Orange Bond Framework in August 2025 and, based on this framework, the Company issued Orange Bonds in September 2025.

Ratings of the Company's long-term debt and short-term debt as of March 31, 2026 were as follows. Aiming to secure even higher ratings, the Company will strengthen profitability, improve financial position, and implement a thorough risk management.

Credit Rating Agency	Long-term Debt	Short-term Debt
Japan Credit Rating Agency (JCR)	AA+ / Stable	J-1+
Rating & Investment Information (R&I)	AA / Stable	a-1+
Moody's Investors Service	A2 / Stable	P-1
S&P Global Ratings	A / Stable	A-1

Interest-Bearing-Debt

Details of interest-bearing debt as of March 31, 2026 and 2025 were as follows:

	Billions of Yen			Millions of U.S. Dollars
	2026	2025	Increase (Decrease)	2026
Short-term debentures and borrowings				
Short-term and current maturities of long-term loans mainly from banks	¥ 656.0	¥ 703.7	¥ (47.8)	$ 4,103
Commercial paper	80.9	41.0	39.9	506
Current maturities of debentures	10.0	82.4	(72.4)	62
Short-term total	746.9	827.1	(80.2)	4,671
Long-term debentures and borrowings				
Long-term loans mainly from banks, less current maturities	2,369.2	2,351.9	17.3	14,818
Debentures	556.7	371.8	184.9	3,482
Long-term total	2,925.8	2,723.6	202.2	18,300
Total interest-bearing debt	3,672.7	3,550.8	121.9	22,971
Cash and cash equivalents, time deposits	648.4	589.5	59.0	4,056
Net interest-bearing debt	¥ 3,024.3	¥ 2,961.3	¥ 63.0	$ 18,915

	2026	2025	Increase (Decrease)
NET DER (times)	0.46	0.51	Decreased 0.06
Ratio of long-term interest-bearing debt to total interest-bearing debt	80%	77%	Increased 3pt

Financial Position

Details of financial position as of March 31, 2026 and 2025 were as follows:

	Billions of Yen				Millions of U.S. Dollars
	2026	2025	Increase (Decrease)	Summary of changes (＋):Increase, (－):Decrease	2026
Total assets	¥ 16,732.8	¥ 15,134.3	¥ 1,598.6	(＋) Increase in trade receivables and inventories resulting from the increase of trading transactions (＋) Investments in Kawasaki Motors, Ltd. and Seven Bank, Ltd. (＋) Depreciation of the yen (－) Sale of C.P. Pokphand Co. Ltd.	$ 104,659
Total shareholders' equity	6,590.0	5,755.1	834.9	(＋) Net profit attributable to ITOCHU during this fiscal year (＋) Depreciation of the yen (－) Dividend payments and share buybacks	41,218
Non-controlling interests	598.3	535.6	62.7		3,743
Total equity	7,188.3	6,290.7	897.5		44,961
Ratio of shareholders' equity to total assets	39.4%	38.0%	Increased 1.4 pt		

Reserves for Liquidity

ITOCHU Group works to ensure an adequate amount of reserves in order to cope with unpredictable events, such as deterioration in the financing environment.

As of March 31, 2026, against the necessary liquidity amount, which is the total of short-term interest-bearing debt and contingent liabilities of ¥1,292.7 billion (US$8,085 million), the amount of reserves, which is the sum of cash, cash equivalents, time deposits (¥648.4 billion), and the unutilized commitment line (yen: ¥725.0 billion, multiple currency: US$1,300 million) was ¥1,581.3 billion (US$9,890 million). The Company believes that this amount constitutes adequate reserves for liquidity. In addition, the amount held as other assets that can be converted to cash in a short period of time, such as available-for-sale securities was ¥903.6 billion (US$5,652 million).

Liquidity Reserves

Fiscal years ended March 31	Billions of Yen 2026	Millions of U.S. Dollars 2026
Cash and cash equivalents, time deposits	¥ 648.4	$ 4,056
Commitment line	932.8	5,834
Total	¥ 1,581.3	$ 9,890

Short-term interest-bearing debt and Contingent liabilities

Fiscal years ended March 31	Billions of Yen 2026	Millions of U.S. Dollars 2026
Short-term debentures and borrowings	¥ 746.9	$ 4,671
Long-term debentures and borrowings (Note)	433.8	2,714
Contingent liabilities (Financial guarantees (substantial risk) of associates and joint ventures, customers)	111.9	700
Total	¥ 1,292.7	$ 8,085

Note: Current maturities related to long-term commitment line are presented as Long-term debentures and borrowings in the Consolidated Statement of Financial Position.

Capital Resources

Main funding needs in ITOCHU Group are working capital for operating activity, as well as funds for investment and acquisition of property, plant and equipment. The fundamental policy is to finance new expenditures for investment activities from operating revenue, disposal / collection of existing assets, and loans and the issuance of bonds while maintaining financial soundness.

Further, with the Management Policy “The Brand-new Deal -Profit opportunities are shifting downstream-,” ITOCHU Group has set the financial policy of maintaining financial foundation based on balancing three factors, growth investments, shareholder returns, and control of interest-bearing debt.

Summaries of cash flows for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Billions of Yen		Billions of Yen	Millions of U.S. Dollars
	2026	Summary (＋) :Cash-inflow, (－) :Cash-outflow	2025	**2026**
Cash flows from operating activities	**¥ 1,131.8**	(＋) Stable performance in operating revenues in The 8th, Energy & Chemicals, and Food (＋) Dividends received from equity method investments in Machinery and Metals & Minerals (＋) Dividend received from C.P. Pokphand Co. Ltd.	¥ 997.3	**$ 7,079**
Cash flows from investing activities	**(388.9)**	(－) Acquisition of equity method investments in Machinery and The 8th (－) Purchase of fixed assets in The 8th, Food, Machinery, and General Products & Realty (＋) Sale of C.P. Pokphand Co. Ltd.	(516.3)	**(2,432)**
Free cash flows	**743.0**		481.0	**4,647**
Cash flows from financing activities	**(726.5)**	(－) Dividend payments and share buybacks (－) Repayments of lease liabilities (－) Additional investment in DESCENTE LTD. (＋) Proceeds from debentures and loans payable	(525.0)	**(4,544)**
Net change in cash and cash equivalents	**16.5**		(44.0)	**103**
Cash and cash equivalents at the beginning of the year	**549.6**		600.4	**3,438**
Effect of exchange rate changes on cash and cash equivalents	**27.7**		(6.9)	**173**
Cash and cash equivalents at the end of the year	**¥ 593.8**		¥ 549.6	**$ 3,714**

Material Accounting Policies

The Company's Consolidated Financial Statements are prepared in conformity with IFRSs. In preparing the Consolidated Financial Statements, the management of the Company is required to make a number of estimates, assumptions and judgments that affect the reported amounts of assets, liabilities, contingent assets and liabilities as of each date of financial position, and revenues and expenses in each reporting period. Management periodically verifies and reviews its estimates, assumptions and judgments based on the available information that is considered to be reasonable, judging from historical experiences and circumstances. These estimates, assumptions and judgments, however, which are often accompanied by uncertainties, may differ from actual results. These differences may have an effect on the Company's Consolidated Financial Statements and the performance of every operating segment.

Furthermore, with regard to the impact of the situation in the Middle East and Russia-Ukraine, the Company and its subsidiaries hold assets such as resource-related investments and trade receivables associated with these regions. The ratio of such assets to total assets is less than 1% for each region as of the end of this fiscal year. Appropriate accounting treatments have been applied to these assets using certain assumptions based on the most recent situations. Even if these assumptions are revised within a reasonable range, we do not expect any material impact on our operating results or financial position.

However, as the economic outlook remains uncertain, it may necessitate a revision of our accounting estimates in the next fiscal year.

Estimates and assumptions that have a risk of resulting in material adjustments in the future accounting periods are mainly as follows. Also, please refer to the respective relevant notes of "Notes to Consolidated Financial Statements" regarding the balances of assets and liabilities related to each of the following items.

Measurement of the fair value of unlisted equity instruments

Among financial assets measured at fair value, the fair value of unlisted equity instruments is measured using the market comparable method, with reference to published information about listed stocks that belong to the same industry as the investee's industry, or by using the discounted cash flow method, which calculates the fair value by discounting the estimates of future cash flows related to dividends from investees to their present value. Changes in uncertain future economic conditions may affect the multiple applied for the market comparable method or the estimates of future cash flows and the discount rate applied for the discounted cash flow method. Accordingly, there are risks that such changes could result in material adjustments to the measurements of fair value of unlisted equity instruments in the future accounting periods.

Estimates of expected credit losses on financial assets measured at amortized cost and debt FVTOCI financial assets

Expected credit losses on financial assets measured at amortized cost and debt FVTOCI financial assets are estimated based on the difference between contractual cash flows and the expected amount of recoverable cash flows for the assets. The expected amount of recoverable cash flows for the assets may be affected by changes in future uncertain economic conditions and, as a result, there may be material adjustments to the amount of impairment losses on such assets in future accounting periods.

Recoverable amounts of property, plant and equipment, investment property, goodwill and intangible assets, and investments in associates and joint ventures measured through impairment tests

In impairment tests of property, plant and equipment, investment property, goodwill and intangible assets, and investments in associates and joint ventures, after identifying the related cash-generating units, their recoverable amount is recognized as the higher of the fair value less costs to sell or the value in use of the cash-generating units. The recoverable amounts are based on the value in use calculated with the support of independent appraisers. The value in use is calculated by discounting the estimated amount of future cash flows based on the business plans approved by the Board of Directors. In principle, the business plans are limited to a period of five years and formulated in a manner that reflects past results and are consistent with external information. The growth rate is determined by considering the long-term average growth rate of the markets or countries to which the cash-generating unit belongs. The discount rate is determined based on the weighted average cost of capital and other factors for each cash-generating unit. Changes in uncertain future economic conditions may affect assumptions used to calculate the fair value less costs to sell or expected future cash flows and assumed discount rates that will result from the period of use and subsequent disposal of cash-generating units, which underlie the calculation of value in use. Accordingly, there are risks that such changes could result in material adjustments to the impairment losses of property, plant and equipment, investment property, goodwill and intangible assets, and investments in associates and joint ventures in the future accounting periods.

Measurement of fair value of defined benefit plan liabilities and assets in post-employment defined benefit plans

For post-employment defined benefit plans, the fair value of defined benefit plan liabilities net of assets is recognized as liabilities or assets. Defined benefit plan liabilities are calculated based on the same types of assumptions used in the actuarial calculation, which include estimates of the discount rate, the retirement rate, the mortality rate, and the rate of compensation increase. These assumptions are established by comprehensively judging a variety of available information, including market trends such as interest rate changes. Uncertain future economic conditions or changes in social conditions may affect the assumptions used in the actuarial calculation. Accordingly, there are risks that such changes could result in material adjustments to the measurements of the fair value of defined benefit plan liabilities and assets in future accounting periods.

Measurement of provisions

Provisions are measured based on the best estimate at the end of the period of the expenditures expected to be required to settle the future obligations. Estimates of expenditures expected to be required to settle future obligations are calculated based on a comprehensive consideration of possible future outcomes. Changes in uncertain future economic conditions may affect assumptions used to calculate the provisions. Accordingly, there are risks that such changes could result in material adjustments to measurements of provisions in the future accounting periods.

Estimates of income taxes

To calculate income taxes, estimates and judgments about a variety of factors have to be made, including interpretation of tax regulations and the experience of past tax audits. Therefore, the income taxes that are estimated at the end of each period and the income taxes actually paid may differ. Such estimates and judgments could materially affect income taxes recognized from the next accounting period onward.

Further, deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized. However, judgments on the recoverable amounts are made based on estimates of taxable amounts for each future fiscal year, which are determined based on the business plans of the Company and its subsidiaries. Changes in uncertain future economic conditions may affect the estimates of taxable amounts for future fiscal years. Accordingly, there are risks that such changes could result in material adjustments to the recognition of deferred tax assets in the future accounting periods.

Accounting areas where the judgment on the application of accounting policies significantly affects the amounts of assets, liabilities, revenues, and expenses are mainly as follows. Also, please refer to the respective relevant notes of “Notes to Consolidated Financial Statements” regarding the balances of assets and liabilities related to each of the following items.

- Scope of subsidiaries or associates and joint ventures
- Classification of financial assets measured at amortized cost, FVTOCI financial assets, and FVTPL financial assets in financial assets other than derivatives
- Judgments regarding the transfer of significant risks and economic values associated with contracts containing lease as a lessor
- Judgments about whether credit risks on financial assets measured at amortized cost and debt FVTOCI financial assets have increased significantly
- Identification of cash-generating units, evaluation of whether there are indications of impairment or reversals of impairment in conducting impairment tests for property, plant and equipment, investment property, goodwill and intangible assets, and investments in associates and joint ventures
- Assessments regarding the existence of current obligations arising from past events and the likelihood of an outflow of resources to settle such obligations in recognizing provisions

Consolidated Statement of Financial Position

ITOCHU Corporation and its Subsidiaries
As of March 31, 2026 and 2025
Prepared in conformity with IFRSs

	Millions of Yen		Millions of U.S. Dollars
Assets	**2026**	2025	**2026**
Current assets			
Cash and cash equivalents	**¥ 593,766**	¥ 549,573	**$ 3,714**
Time deposits	**54,671**	39,914	**342**
Trade receivables (Note 6)	**3,032,965**	2,835,461	**18,971**
Other current receivables (Note 6)	**291,933**	240,935	**1,826**
Other current financial assets (Note 12)	**153,024**	47,424	**957**
Inventories (Note 7)	**1,544,795**	1,482,337	**9,662**
Advances to suppliers	**339,084**	274,774	**2,121**
Other current assets (Note 27)	**259,847**	253,381	**1,625**
Total current assets	**6,270,085**	5,723,799	**39,218**
Non-current assets			
Investments accounted for by the equity method (Note 13)	**4,104,790**	3,560,577	**25,674**
Other investments (Note 12)	**1,398,083**	1,156,224	**8,745**
Non-current receivables (Note 6)	**927,347**	892,428	**5,800**
Non-current financial assets other than investments and receivables	**158,754**	147,917	**993**
Property, plant and equipment (Notes 8 and 16)	**2,416,885**	2,231,398	**15,117**
Investment property (Note 9)	**33,356**	39,237	**209**
Goodwill (Note 11)	**427,666**	405,339	**2,675**
Intangible assets (Note 11)	**800,762**	804,049	**5,008**
Deferred tax assets (Note 19)	**69,820**	69,310	**437**
Other non-current assets	**125,267**	103,986	**783**
Total non-current assets	**10,462,730**	9,410,465	**65,441**
Total assets (Note 4)	**¥16,732,815**	¥15,134,264	**$ 104,659**

Refer to Notes to Consolidated Financial Statements.

Liabilities and Equity	Millions of Yen 2026	Millions of Yen 2025	Millions of U.S. Dollars 2026
Current liabilities			
Short-term debentures and borrowings (Notes 15 and 33)	**¥ 746,882**	¥ 827,128	**$ 4,671**
Lease liabilities (short-term) (Note 16)	**242,355**	235,315	**1,516**
Trade payables (Note 14)	**2,402,189**	2,262,449	**15,025**
Other current payables (Note 14)	**242,628**	279,730	**1,518**
Other current financial liabilities	**141,930**	45,911	**888**
Current tax liabilities (Note 19)	**115,610**	103,255	**723**
Advances from customers (Note 27)	**289,891**	227,803	**1,813**
Other current liabilities (Notes 18 and 27)	**582,609**	504,993	**3,644**
Total current liabilities	**4,764,094**	4,486,584	**29,798**
Non-current liabilities			
Long-term debentures and borrowings (Notes 15 and 33)	**2,925,827**	2,723,640	**18,300**
Lease liabilities (long-term) (Note 16)	**843,005**	835,622	**5,273**
Other non-current financial liabilities	**165,140**	82,612	**1,033**
Non-current liabilities for employee benefits (Note 17)	**87,785**	91,191	**549**
Deferred tax liabilities (Note 19)	**524,616**	437,187	**3,281**
Other non-current liabilities (Note 18)	**234,089**	186,716	**1,464**
Total non-current liabilities	**4,780,462**	4,356,968	**29,900**
Total liabilities	**9,544,556**	8,843,552	**59,698**
Equity			
Common stock (Note 21)	**253,448**	253,448	**1,585**
Capital surplus (Note 21)	**(459,335)**	(443,645)	**(2,873)**
Retained earnings (Notes 21 and 22)	**6,269,767**	5,658,294	**39,215**
Other components of equity (Note 23)			
Translation adjustments	**1,047,417**	667,754	**6,552**
FVTOCI financial assets (Note 12)	**160,587**	147,195	**1,004**
Cash flow hedges (Note 25)	**46,156**	31,566	**289**
Total other components of equity	**1,254,160**	846,515	**7,845**
Treasury stock (Note 21)	**(728,074)**	(559,540)	**(4,554)**
Total shareholders’ equity	**6,589,966**	5,755,072	**41,218**
Non-controlling interests (Note 34)	**598,293**	535,640	**3,743**
Total equity	**7,188,259**	6,290,712	**44,961**
Total liabilities and equity	**¥16,732,815**	¥15,134,264	**$ 104,659**

Consolidated Statement of Comprehensive Income

ITOCHU Corporation and its Subsidiaries
Fiscal years ended March 31, 2026 and 2025
Prepared in conformity with IFRSs

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Revenues (Notes 4 and 27)			
Revenues from sale of goods	**¥ 13,332,429**	¥ 13,283,440	**$ 83,390**
Revenues from rendering of services and royalties	**1,490,658**	1,440,794	**9,324**
Total revenues	**14,823,087**	14,724,234	**92,714**
Cost			
Cost of sale of goods	**(11,588,837)**	(11,601,626)	**(72,485)**
Cost of rendering of services and royalties	**(753,718)**	(746,152)	**(4,714)**
Total cost	**(12,342,555)**	(12,347,778)	**(77,199)**
Gross trading profit (Note 4)	**2,480,532**	2,376,456	**15,515**
Other gains (losses)			
Selling, general and administrative expenses (Notes 17 and 28)	**(1,763,184)**	(1,678,376)	**(11,028)**
Provision for doubtful accounts (Note 24)	**(15,460)**	(14,165)	**(97)**
Gains (losses) on investments (Note 29)	**175,214**	83,198	**1,096**
Gains (losses) on property, plant, equipment and intangible assets (Notes 8, 11 and 30)	**(12,831)**	(14,787)	**(80)**
Other-net (Note 31)	**8,806**	28,533	**55**
Total other losses	**(1,607,455)**	(1,595,597)	**(10,054)**
Financial income (loss) (Note 32)			
Interest income	**48,707**	50,920	**305**
Dividends received	**59,778**	78,417	**374**
Interest expense	**(105,610)**	(104,434)	**(661)**
Total financial income	**2,875**	24,903	**18**
Equity in earnings of associates and joint ventures (Notes 4 and 13)	**323,514**	349,297	**2,024**
Profit before tax	**1,199,466**	1,155,059	**7,503**
Income tax expense (Note 19)	**(262,008)**	(222,044)	**(1,639)**
Net profit	**937,458**	933,015	**5,864**
Net profit attributable to ITOCHU (Note 4)	**¥ 900,283**	¥ 880,251	**$ 5,631**
Net profit attributable to non-controlling interests	**37,175**	52,764	**233**

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Other comprehensive income net of tax (Notes 19 and 23)			
Items that will not be reclassified to profit or loss			
FVTOCI financial assets (Note 26)	**¥ 13,630**	¥ (45,355)	**$ 85**
Remeasurement of net defined pension liability (Note 17)	**6,303**	(9,243)	**39**
Other comprehensive income in associates and joint ventures (Note 13)	**(6,642)**	(172)	**(41)**
Items that will be reclassified to profit or loss			
Translation adjustments (Note 26)	**269,075**	(63,612)	**1,683**
Cash flow hedges (Note 25)	**4,853**	(2,185)	**30**
Other comprehensive income in associates and joint ventures (Note 13)	**138,389**	(25,102)	**866**
Total other comprehensive income net of tax	**425,608**	(145,669)	**2,662**
Total comprehensive income	**1,363,066**	787,346	**8,526**
Total comprehensive income attributable to ITOCHU	**¥ 1,301,927**	¥ 739,683	**$ 8,143**
Total comprehensive income attributable to non-controlling interests	**61,139**	47,663	**383**

	Yen		U.S. Dollars
	2026	2025	2026
Basic earnings per share attributable to ITOCHU (Note 20)	**¥ 128.00**	¥ 123.13	**$ 0.80**
Diluted earnings per share attributable to ITOCHU (Note 20)	**¥ 128.00**	¥ 123.13	**$ 0.80**

Refer to Notes to Consolidated Financial Statements.

Note: On January 1, 2026, the Company conducted a five-for-one share split of its common stock. “Basic earnings per share attributable to ITOCHU” and “Diluted earnings per share attributable to ITOCHU” are calculated as if the share split had occurred at the beginning of FYE 2025.

Consolidated Statement of Changes in Equity

ITOCHU Corporation and its Subsidiaries
Fiscal years ended March 31, 2026 and 2025
Prepared in conformity with IFRSs

	Millions of Yen							
	Shareholders' equity							
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total shareholders' equity	Non-controlling interests	Total equity
Balance on April 1, 2025	¥253,448	¥(443,645)	¥5,658,294	¥846,515	¥(559,540)	¥5,755,072	¥535,640	¥6,290,712
Net Profit			**900,283**			**900,283**	**37,175**	**937,458**
Other comprehensive income (Note 23)				**401,644**		**401,644**	**23,964**	**425,608**
Total comprehensive income			**900,283**	**401,644**		**1,301,927**	**61,139**	**1,363,066**
Cash dividends to shareholders (Note 22)			**(282,692)**			**(282,692)**		**(282,692)**
Cash dividends to non-controlling interests						**—**	**(24,724)**	**(24,724)**
Net change in acquisition (disposition) of treasury stock (Note 21)					**(168,534)**	**(168,534)**		**(168,534)**
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		**(15,690)**		**(117)**		**(15,807)**	**26,238**	**10,431**
Transfer to retained earnings			**(6,118)**	**6,118**		**—**		**—**
Balance on March 31, 2026	**¥253,448**	**¥(459,335)**	**¥6,269,767**	**¥1,254,160**	**¥(728,074)**	**¥6,589,966**	**¥598,293**	**¥7,188,259**

	Millions of Yen							
	Shareholders' equity							
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total shareholders' equity	Non-controlling interests	Total equity
Balance on April 1, 2024	¥253,448	¥(446,824)	¥5,032,035	¥990,033	¥(401,730)	¥5,426,962	¥565,159	¥5,992,121
Net Profit			880,251			880,251	52,764	933,015
Other comprehensive income (Note 23)				(140,568)		(140,568)	(5,101)	(145,669)
Total comprehensive income			880,251	(140,568)		739,683	47,663	787,346
Cash dividends to shareholders (Note 22)			(258,614)			(258,614)		(258,614)
Cash dividends to non-controlling interests						—	(28,348)	(28,348)
Net change in acquisition (disposition) of treasury stock (Note 21)					(157,810)	(157,810)		(157,810)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		3,179		1,672		4,851	(48,834)	(43,983)
Transfer to retained earnings			4,622	(4,622)		—		—
Balance on March 31, 2025	¥253,448	¥(443,645)	¥5,658,294	¥846,515	¥(559,540)	¥5,755,072	¥535,640	¥6,290,712

	Millions of U.S. Dollars							
	Shareholders' equity							
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total shareholders' equity	Non-controlling interests	Total equity
Balance on April 1, 2025	$1,585	$(2,775)	$35,391	$5,295	$(3,500)	$35,996	$3,350	$39,346
Net Profit			**5,631**			**5,631**	**233**	**5,864**
Other comprehensive income (Note 23)				**2,512**		**2,512**	**150**	**2,662**
Total comprehensive income			**5,631**	**2,512**		**8,143**	**383**	**8,526**
Cash dividends to shareholders (Note 22)			**(1,768)**			**(1,768)**		**(1,768)**
Cash dividends to non-controlling interests						**—**	**(155)**	**(155)**
Net change in acquisition (disposition) of treasury stock (Note 21)					**(1,054)**	**(1,054)**		**(1,054)**
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		**(98)**		**(1)**		**(99)**	**165**	**66**
Transfer to retained earnings			**(39)**	**39**		**—**		**—**
Balance on March 31, 2026	**$1,585**	**$(2,873)**	**$39,215**	**$7,845**	**$(4,554)**	**$41,218**	**$3,743**	**$44,961**

Refer to Notes to Consolidated Financial Statements.

Consolidated Statement of Cash Flows

ITOCHU Corporation and its Subsidiaries
Fiscal years ended March 31, 2026 and 2025
Prepared in conformity with IFRSs

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Cash flows from operating activities			
Net profit	**¥ 937,458**	¥ 933,015	**$ 5,864**
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization	**458,696**	450,007	**2,869**
(Gains) losses on investments	**(175,214)**	(83,198)	**(1,096)**
(Gains) losses on property, plant, equipment and intangible assets	**12,831**	14,787	**80**
Financial (income) loss	**(2,875)**	(24,903)	**(18)**
Equity in earnings of associates and joint ventures	**(323,514)**	(349,297)	**(2,024)**
Income tax expense	**262,008**	222,044	**1,639**
Provision for doubtful accounts and other provisions	**25,306**	12,236	**158**
Change in trade receivables	**(157,448)**	(626)	**(985)**
Change in inventories	**(29,037)**	(90,930)	**(182)**
Change in trade payables	**95,082**	(97,685)	**595**
Other-net	**33,896**	16,093	**212**
Proceeds from interest	**40,850**	47,839	**256**
Proceeds from dividends	**265,552**	237,948	**1,661**
Payments for interest	**(101,803)**	(102,845)	**(637)**
Payments for income taxes	**(209,951)**	(187,207)	**(1,313)**
Net cash provided by (used in) operating activities	**1,131,837**	997,278	**7,079**
Cash flows from investing activities			
Payments for purchase of investments accounted for by the equity method	**(318,088)**	(214,130)	**(1,989)**
Proceeds from sale of investments accounted for by the equity method	**215,430**	83,918	**1,347**
Payments for purchase of other investments	**(138,317)**	(129,397)	**(865)**
Proceeds from sale of other investments	**99,462**	54,653	**622**
Payments for acquisition of subsidiaries or businesses (Notes 5 and 33)	**—**	(109,847)	**—**
Origination of loans receivable	**(114,884)**	(115,266)	**(719)**
Collections of loans receivable	**139,357**	118,270	**872**
Payments for purchase of property, plant, equipment and intangible assets	**(284,991)**	(227,465)	**(1,783)**
Proceeds from sale of property, plant, equipment and intangible assets	**24,908**	34,831	**156**
Net change in time deposits	**(11,749)**	(11,834)	**(73)**
Net cash provided by (used in) investing activities	**(388,872)**	(516,267)	**(2,432)**
Cash flows from financing activities			
Proceeds from debentures and loans payable (Note 33)	**1,123,862**	1,011,232	**7,029**
Repayments of debentures and loans payable (Note 33)	**(1,005,483)**	(892,421)	**(6,289)**
Repayments of lease liabilities (Note 33)	**(259,227)**	(260,320)	**(1,621)**
Net change in other loans payable (Note 33)	**(49,215)**	100,363	**(308)**
Equity transactions with non-controlling interests	**(57,557)**	(45,755)	**(360)**
Cash dividends (Note 22)	**(282,692)**	(258,614)	**(1,768)**
Cash dividends to non-controlling interests	**(25,887)**	(25,626)	**(162)**
Net change in treasury stock	**(170,278)**	(153,857)	**(1,065)**
Net cash provided by (used in) financing activities	**(726,477)**	(524,998)	**(4,544)**
Net change in cash and cash equivalents	**16,488**	(43,987)	**103**
Cash and cash equivalents at the beginning of the year	**549,573**	600,435	**3,438**
Effect of exchange rate changes on cash and cash equivalents	**27,705**	(6,875)	**173**
Cash and cash equivalents at the end of the year	**¥ 593,766**	¥ 549,573	**$ 3,714**

Refer to Notes to Consolidated Financial Statements.

Notes to Consolidated Financial Statements

ITOCHU Corporation and its Subsidiaries

1. Reporting Entity

ITOCHU is a general trading company located in Japan that conducts trading, finance, and logistics involving a wide variety of products, as well as project planning and coordination. Also, the Company has cultivated a diverse range of functions and expertise through investments in resource development and other projects.

By leveraging these comprehensive capabilities and via global networks spanning eight Division Companies, the Company operates in a wide range of industries.

The Consumer-Related Sector covers textiles, food, general products & realty and ICT & financial business; the Basic Industry-Related Sector includes machinery, chemicals, petroleum products and steel products; and the Resource-Related Sector includes metal and energy resources.

2. Basis of Preparation of Consolidated Financial Statements

(1) Statement of Compliance with IFRSs

The Company prepares its Consolidated Financial Statements, with a consolidated accounting period from April 1 to March 31 of the following year, in conformity with IFRSs*.

To conform to IFRSs, the accompanying Consolidated Financial Statements have been prepared by making certain adjustments to the financial statements of the Company and its subsidiaries, which have been prepared in accordance with the accounting principles prevailing in their countries of incorporation.

* IFRSs are standards and interpretations issued by the International Accounting Standards Board (IASB). They comprise International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations and SIC Interpretations.

(2) Basis of Measurement

The Company prepares the Consolidated Financial Statements based on historical cost, except for the cases stated separately in Note 3 Material Accounting Policies.

(3) Presentation Currency

The Company presents the Consolidated Financial Statements in Japanese yen, which is its functional currency.

Further, in its Consolidated Financial Statements, the Company rounds amounts of less than one million yen to the nearest million yen by rounding up 5 and higher fractions and rounding down 4 and lower fractions.

The translation of Japanese yen amounts into U.S. dollar amounts for the fiscal year ended March 31, 2026 is included solely for the convenience of readers outside Japan and has been made at the rate of ¥159.88 = US$1, the exchange rate prevailing on March 31, 2026.

(4) Changes in Accounting Policies

The Company and its subsidiaries have applied standards or interpretations of IFRSs which are required to be applied from the fiscal year ended March 31, 2026.

(5) New or Amended IFRSs or Interpretations Not Yet Applied

Of the new or amended standards or interpretations in IFRSs published by the date of approval of the Consolidated Financial Statements, the Company has not applied the following standard or interpretation as of March 31, 2026.

Standard	Title	Mandatory application (from fiscal years beginning on or after)	Fiscal year in which the Company will apply standard	Summary of new or revised standard
IFRS 18	Presentation and Disclosure in Financial Statements	January 1, 2027	Year ending March 2028	Enhancement of the presentation of financial statements and expansion of the disclosure of performance indicators defined by management to provide highly transparent and comparable information.

Further, since the impact of the application of IFRS 18 “Presentation and Disclosure in Financial Statements” on the Consolidated Financial Statements is currently under consideration, it cannot be reasonably estimated at this time.

3. Material Accounting Policies

(1) Basis of Consolidation

1) Business combinations

The Company and its subsidiaries apply the acquisition method in accordance with IFRS 3 “Business Combinations.” That is, one of the parties to the business combination, as the acquirer, recognizes the acquisition-date fair value of the identifiable assets acquired from the acquiree and the liabilities assumed from the acquiree. (However, assets and liabilities that need to be measured at other than fair value in accordance with IFRS 3, such as deferred tax assets, deferred tax liabilities, and assets / liabilities related to employee benefit arrangements, are recognized at the amount stipulated in IFRS 3.) Any previously held equity interest is remeasured at acquisition-date fair value and non-controlling interest is remeasured at acquisition-date fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. Goodwill is then recognized as of the acquisition date, measured as the excess of the aggregate of the consideration transferred, any non-controlling interest in the acquiree and the acquisition-date fair value of the acquirer’s previously held equity interest in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. In addition, for business combinations resulting in a bargain purchase, that is, for transactions where the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed measured in accordance with IFRS 3, exceed the aggregate of the consideration transferred, the acquisition-date fair value of the acquirer’s previously held equity interest in the acquiree, and any non-controlling interest in the acquiree, the excess amount is recognized as profit in the Consolidated Statement of Comprehensive Income.

Costs that are incurred by the acquirer in relation to the completion of a business combination are expensed when they are incurred, except for costs related to the issuance of debt instruments or equity instruments.

In the event that the initial accounting treatment for a business combination is not completed by the end of the fiscal year in which the business combination occurs, the items for which the accounting treatment is incomplete are measured at provisional amounts based on best estimates. The period during which these provisional amounts can be revised is the one-year period from the date of acquisition (the measurement period). If new information is obtained during the measurement period and that information would have had an effect on the measurement of amounts recognized as of the date of acquisition, then the provisional amounts recognized as of the date of acquisition are revised retrospectively.

2) Subsidiaries

Subsidiaries are entities that are controlled by the Company. Decisions as to whether or not the Company and its subsidiaries have control over an entity are based on comprehensive consideration of various elements that indicate the possibility of control, including not only the holding of voting rights, but also the existence of potential voting rights that are actually exercisable and whether employees dispatched from the Company or its subsidiaries account for a majority of the directors.

The financial statements of subsidiaries are consolidated into the Consolidated Financial Statements of the Company from the date of acquisition of control to the date of loss of control. If the accounting policies of a subsidiary differ from those of the Company, adjustments are made as necessary to bring them into conformity with the accounting policies of the Company.

The Consolidated Financial Statements include the financial statements of certain subsidiaries that have been prepared as of a reporting period end that differs from the Company’s reporting period end, because it is impracticable to unify the reporting period ends. The reasons why it is impracticable include the impossibility of doing so under the legal codes of regions in which the subsidiaries are located. However, the difference between the end of the reporting period of these subsidiaries and the end of the reporting period of the Company does not exceed three months. If the reporting period end for the financial statements of subsidiaries used in the preparation of the Consolidated Financial Statements differs from the reporting period end of the Company, adjustments are made to reflect significant transactions or events that occur during the period between the subsidiaries’ reporting period-end and the Company’s reporting period-end.

Changes in the ownership interest in a subsidiary, such as through increase or disposal of interests, are accounted for as equity transactions if control over the subsidiary is maintained, and any difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in shareholders’ equity.

3) Loss of control

If control over a subsidiary is lost, the Company derecognizes the subsidiary’s assets and liabilities and the non-controlling interests related to the subsidiary. Interest retained after the loss of control is remeasured at fair value as of the date of the loss of control, and any gain or loss on such remeasurement is recognized in profit or loss as well as the gain or loss on disposal of the interest sold.

4) Business combinations under common control

For business combinations in which all of the parties to the business combination are under the control of the Company or its subsidiaries, both prior to the combination and after the combination, the carrying amounts of the acquiree’s assets and liabilities are transferred to the acquirer.

5) Associates and joint ventures

Associates are companies, other than joint ventures or joint operations, over which the Company and its subsidiaries exercise influence, on such matters as management strategies and financial policies, that is significant but does not reach the level of control. Decisions as to whether or not the Company and its subsidiaries have significant influence over an entity are based on comprehensive consideration of various elements. These elements include the holding of voting rights (if 20% to 50% of the voting rights of the investee company are held directly or indirectly, then there is a presumption of significant influence over the investee company), as well as the existence of potential voting rights that are actually exercisable, and the percentage of directors who have been dispatched from the Company or its subsidiaries.

A joint arrangement is a contractual arrangement in which multiple ventures undertake economic activities under joint control, and all significant operating and financial decisions require unanimous consent of parties sharing control.

A joint venture is a specific type of joint arrangement under which operations are independent from each of the investing companies and the investing companies have rights only to the net assets of the arrangement.

The equity method is applied to investments in associates and joint ventures. These investments are recognized at cost. Subsequent to acquisition, the Company and its subsidiaries recognize, in profit or loss and other comprehensive income, their share of the investee's profit or loss and other comprehensive income, and the carrying amount of the investment is increased or decreased accordingly. The balance of goodwill recognized on acquisition is included in the carrying amount of the investment. Also, dividends received from associates and joint ventures reduce the carrying amounts of the related investments. If the accounting policies of such investee differ from those of the Company, adjustments are made as necessary to bring them into conformity with the accounting policies of the Company.

The Consolidated Financial Statements include investments in associates and joint ventures with reporting period ends that differ from that of the Company because it is impracticable to unify the reporting period ends. The reasons why it is impracticable include the existence of a shareholder that has control over the associates or undertakes economic activities under the joint arrangement but has a reporting period that differs from the Company's reporting period, and the impossibility of doing so under the legal codes of regions in which the associates and joint ventures are located. However, the difference between the end of the reporting period of these associates and joint ventures and the end of the reporting period of the Company does not exceed three months. Adjustments are made to reflect significant transactions or events that result from the difference in the reporting period ends.

If significant influence over associates or joint venture is lost and the application of the equity method is discontinued, gain or loss on disposal of investments in associates and joint ventures is recognized in profit or loss. The remaining interest is remeasured at fair value, and any gain or loss on such remeasurement is recognized in profit or loss as well.

6) Joint operations

Joint operations are a specific type of joint arrangement in which the participating investors directly have rights to the related assets and obligations for the related liabilities.

The Consolidated Financial Statements include amounts related to joint operations. These are the assets to which the Company and its subsidiaries have rights, the liabilities and expenses for which the Company and its subsidiaries have obligations, and the share of the Company and its subsidiaries in profits that have been earned.

7) Transactions eliminated on consolidation

Receivable and payable balances and transaction volumes among the Company and its subsidiaries, and unrealized gains and losses resulting from transactions among the Company and its subsidiaries, are eliminated in the preparation of the Consolidated Financial Statements.

Unrealized gains and losses arising from transactions between the Company, its subsidiaries, its associates and joint ventures are eliminated to the extent of the interest in the investee held by the Company and its subsidiaries.

(2) Foreign Currency Translation

1) Foreign currency transactions

Foreign currency transactions are translated into functional currencies using the spot foreign exchange rate as of the date of the transaction.

As of the end of the reporting period, monetary assets and liabilities denominated in foreign currencies are retranslated into functional currencies using the spot foreign exchange rate as of the end of the reporting period. Non-monetary items that are denominated and measured at fair value in foreign currencies are retranslated into functional currencies using the spot foreign exchange rate as of the date on which the fair value was determined.

Exchange differences resulting from retranslation are recognized in profit or loss. However, exchange differences resulting from retranslation of equity instruments which changes in fair value after acquisition are recorded in other comprehensive income and exchange differences resulting from cash flow hedges are recognized as other comprehensive income.

2) Translation of foreign currency denominated financial statements of foreign subsidiaries, foreign associates and joint ventures

In translating the foreign currency denominated financial statements of foreign subsidiaries, foreign associates and joint ventures (foreign operations), the spot foreign exchange rate as of the end of the reporting period is used to translate assets and liabilities and the periodic average foreign exchange rate for the accounting period is used to translate revenues and expenses.

Differences resulting from the translation of the foreign currency denominated financial statements of foreign operations are recognized in other comprehensive income (Translation adjustments).

When a foreign operation is disposed of, cumulative translation adjustments related to that foreign operation are reclassified to profit or loss at the point when the gain or loss on disposal is recognized. However, the portion of cumulative translation adjustments attributed to non-controlling interest reduces non-controlling interests.

3) Hedges of a net investment in foreign operations

For net investment in certain foreign operations, the Company and its subsidiaries apply hedge accounting to exchange differences that arise between the functional currencies of the foreign operations and the functional currency of the parent company.

The effective portion of changes in the fair value of hedging instruments for a net investment in foreign operations is recognized in other comprehensive income (Translation adjustments). The ineffective portion of the hedge is recognized as profit or loss.

When foreign operations are disposed of, the changes in the fair value of the hedging instruments that had been recorded in other comprehensive income are reclassified to profit or loss as part of gains or losses on disposal.

(3) Financial Instruments

1) Financial assets other than derivatives

In accordance with IFRS 9 "Financial Instruments," the Company and its subsidiaries initially recognize financial assets other than derivatives on the accrual date for trade receivables and other receivables, and on the transaction date for sales and purchase of other financial assets. An overview of the classification and measurement models of financial assets other than derivatives is as follows.

At the point of initial recognition of the financial assets, those that meet both of the two conditions below are categorized as financial assets measured at amortized cost, and others are categorized as financial assets measured at fair value:

- Those assets are held under a business model whose objective is to collect contractual cash flows; and
- The contractual cash flows associated with those assets comprise only payments of principal and interest on the outstanding principal balance, and the dates of those cash flows are specified.

At the point of recognition, financial assets measured at amortized cost are measured at fair value plus costs directly related to the acquisition. At the end of each reporting period, they are measured at amortized cost using the effective interest method.

Financial assets measured at fair value are further categorized into those for which changes in fair value after initial recognition are recorded in profit or loss (FVTPL financial assets) and those for which changes in fair value after initial recognition are recorded in other comprehensive income (FVTOCI financial assets).

As for equity instruments measured at fair value, those with the objective of obtaining gains on short-term sales are categorized as FVTPL financial assets, and the others, primarily held long-term with the objective of strengthening transaction relationships, are categorized as FVTOCI financial assets. As for debt instruments measured at fair value, those which meet both of the conditions below are categorized as FVTOCI financial assets, and the others are categorized as FVTPL financial assets:

- Those assets are under a business model whose objectives are both collecting contractual cash flows and selling the financial assets; and
- The contractual cash flows associated with those assets comprise only payments of principal and interest on the outstanding principal balance, and the dates of those cash flows are specified.

Financial assets measured at fair value are measured at fair value at the point of initial recognition. Costs directly attributable to the acquisition are included in the amount initially recognized for FVTOCI financial assets, but for FVTPL financial assets, these costs are recognized in profit or loss when they are incurred and are not included in the initial recognition as an asset.

Financial assets measured at fair value are subsequently measured at fair value at the end of each reporting period. Changes in fair value are recognized in profit or loss for FVTPL financial assets and in other comprehensive income for equity FVTOCI financial assets. For debt FVTOCI financial assets, changes in fair value after deducting foreign exchange gain or loss and impairment loss (and its reversal) are recognized in other comprehensive income. For both FVTPL financial assets and FVTOCI financial assets, dividends received on equity instruments are recognized in profit or loss.

When an equity FVTOCI financial asset is sold, the difference between the carrying amount and the consideration received is recognized in other comprehensive income (FVTOCI financial assets), and the accumulated other comprehensive income on the equity FVTOCI financial asset recognized before the derecognition (accumulated FVTOCI financial assets) is reclassified to retained earnings. When a debt FVTOCI financial asset is sold, the difference between the carrying amount and the consideration received is recognized in profit or loss, and the accumulated other comprehensive income on the debt FVTOCI financial asset before the derecognition (accumulated FVTOCI financial assets) is reclassified to profit or loss.

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire, or when the contractual rights to receive cash flows from a financial asset are transferred in such a manner that all of the risks and economic value are effectively transferred.

2) Cash equivalents

Cash equivalents include short-term investments (original maturities of three months or less) that are highly liquid, readily convertible, and have only an insignificant risk of change in value, as well as short-term time deposits (original maturities of three months or less).

3) Financial liabilities other than derivatives

Financial liabilities other than derivatives are measured at fair value less costs directly related to the issuance of the liability, at the point when the contractual liability arises.

Financial liabilities other than derivatives are classified as financial liabilities measured at fair value or financial liabilities measured at amortized cost. Financial liabilities measured at fair value are remeasured at fair value at the end of each reporting period, and changes in fair value are recognized in profit or loss, while those measured at amortized cost are measured at amortized cost based on the effective interest method.

Financial liabilities are derecognized when the obligor pays the obligee and the obligation is discharged, or when the contractual obligation is cancelled or expires.

4) Derivative instruments and hedging activities

The Company and its subsidiaries hold derivatives, including foreign exchange forward contracts, interest rate swap contracts, and commodity futures contracts, with the principal objective of hedging risks such as foreign exchange rate risk, interest rate risk, and commodity price risk. Derivatives are recognized at fair value as either assets or liabilities, regardless of the purpose or intent for holding them. The accounting treatment for changes in fair value depends on the intended use of the derivatives and the resulting hedge effectiveness.

- A hedge of the variability of the fair value of a recognized asset or liability, or of an unrecognized firm commitment, wherein the hedging relationship meets the hedge effectiveness requirements, such as the existence of an economic relationship between the hedged item and the hedging instrument, and for which the hedging relationship, risk management objective, and hedge implementation strategy are documented at the inception of the hedge, is designated as a fair value hedge. Changes in the fair value of the derivatives, as well as changes in the fair value of the hedged items, are recognized in profit or loss (or other comprehensive income when equity FVTOCI financial assets are designated as hedges).
- A hedge of the variability of future cash flows arising in relation to a forecasted transaction or a recognized asset or liability, wherein the hedging relationship meets the hedge effectiveness requirements, such as the existence of an economic relationship between the hedged item and the hedging instrument, and for which the hedging relationship, risk management objective, and hedge implementation strategy are documented at the inception of the hedge, is designated as a cash flow hedge. For those designated as cash flow hedges, changes in the fair value of the derivative are recognized in other comprehensive income as Cash flow hedges. This treatment is continued until the variability in future cash flows arising in relation to the forecasted transactions or the recognized assets or liabilities are realized. The ineffective portion of the hedge is recognized in profit or loss.

- Changes in the fair value of hedging instruments for a net investment in foreign operations are handled as described in "3) Hedges of a net investment in foreign operations" of "(2) Foreign Currency Translation."
- Changes in the fair value of derivatives other than those above are recognized in profit or loss.

In applying the rules above for fair value hedges, cash flow hedges, and hedges of a net investment in foreign operations, in order to assess the economic relationship between the hedged item and the hedging instrument, the Company and its subsidiaries evaluate at the inception of the hedge, and on an ongoing basis, whether or not the derivative will be effective in offsetting changes in the fair value or future cash flows of the hedged item.

Hedge accounting is discontinued prospectively from the point at which the hedging relationship no longer meets the qualifying criteria.

5) Presentation of financial assets and liabilities

When both of the following conditions are met, financial assets and financial liabilities are offset and the net amount is presented in the Consolidated Statement of Financial Position.

- The Company currently has a legally enforceable right to offset the recognized amounts; and
- The Company intends to settle on a net amount basis or to simultaneously realize the asset and settle the liability.

(4) Inventories

Inventories mainly comprise selling products, finished goods, real estate for sale, raw materials, and work in progress.

Inventories held for purposes other than trading are measured at the lower of cost or net realizable value and any change in the carrying amount of inventories due to remeasurement is recognized in cost of sales. Net realizable value is calculated by using the sale value or the estimated selling price in the ordinary course of business less the estimated costs and estimated costs to sell required until completion.

Inventories held for trading purposes are measured at fair value less costs to sell. Any change in fair value is recognized in profit or loss for the period in which it arose.

The cost of inventories is measured using the specific identification method if inventories are not ordinarily interchangeable, or mainly using the weighted average method if inventories are ordinarily interchangeable.

(5) Property, Plant and Equipment

1) Recognition and measurement

The cost model is applied, and property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

The cost of property, plant and equipment includes estimates of installation cost and cost directly attributable to bringing property, plant and equipment to working condition and cost of dismantling or removing property, plant and equipment and restoring sites on which they are located and includes borrowing costs requiring capitalization pursuant to IAS 23 "Borrowing Costs."

If multiple differing and significant components of property, plant and equipment can be identified, for each of the components, a residual value, useful life, and depreciation method is determined, and it is accounted for as a separate item of property, plant and equipment.

The difference between the net proceeds from the disposal of an item of property, plant and equipment and the carrying amount of the item is recognized in profit or loss.

2) Depreciation

Property, plant and equipment other than right-of-use assets, except for items that are not subject to depreciation, such as land, are mainly depreciated using the straight-line method or the unit-of-production method over their estimated useful lives (buildings and structures: 2–60 years, machinery and vehicles: 2–33 years, fixtures, fittings and office equipment: 2–20 years) from the time when they become available for use. Right-of-use assets are depreciated using the straight-line method over the shorter of the lease period or the estimated useful life.

At the end of each period, the residual value, useful lives, and depreciation methods of property, plant and equipment are reviewed and revised, as necessary.

(6) Investment Property

Investment property is property held either to earn rental income or for gain on resale due to an increase in real estate prices or property held for both purposes. Investment property does not include real estate that is sold in the ordinary course of business or used in the production or supply of goods or services or for administrative purposes.

A cost model is applied, and investment property is measured at cost less accumulated depreciation and accumulated impairment losses.

Investment properties other than right-of-use assets, except for items that are not subject to depreciation, such as land, are depreciated mainly using the straight-line method over its estimated useful life (2–50 years) from the time when it becomes available for use. Right-of-use assets are depreciated using the straight-line method over the shorter of the lease period or the estimated useful life.

(7) Goodwill and Intangible Assets

1) Goodwill

Goodwill is not amortized. Impairment tests of goodwill are conducted based on cash-generating units at least once a year, or whenever there are changes in situations or events that indicate the possibility of impairment.

2) Intangible assets

A cost model is applied, and intangible assets are measured at cost less accumulated amortization and accumulated impairment losses. Further, development expenditures are recognized as intangible assets if development costs can be measured reliably, future economic benefits are probable, and the Company or its subsidiaries intend and have sufficient resources to complete development and use or sell the result of the development.

Except for intangible assets for which useful lives cannot be determined, intangible assets are mainly depreciated using the straight-line method over their estimated useful lives (trademarks and other intangible assets: 5–42 years, and software: 3–15 years) from the time when they become available for use. The amortization expenses allocated to each accounting period are recognized in profit or loss.

At the end of each period, the residual value, useful lives, and depreciation methods of intangible assets are reviewed and revised, as necessary.

The Company and its subsidiaries have trademarks and other intangible assets for which the useful life cannot be determined. Intangible assets for which the useful life cannot be determined are not amortized. Impairment tests of intangible assets for which the useful life cannot be determined are conducted based on cash-generating units at least once a year, or whenever there are changes in situations or events that indicate the possibility of impairment.

(8) Leases

In accordance with IFRS 16 "Leases," the Company and its subsidiaries decide whether or not a contract is a lease. Determining a contract includes a lease is decided based on examination of the economic nature of transactions, regardless of whether or not a contract's legal form is that of a lease contract.

1) Leases as lessee

If a contract is, or contains a lease, right-of-use assets and lease liabilities are recognized at the commencement date of the lease.

Lease liabilities are measured using the present value of unpaid lease payments. Lease payments are allocated to finance costs and repayments of lease liabilities based on the effective interest method with finance costs presented in Interest expense in the Consolidated Statement of Comprehensive Income.

The cost model is applied to measure right-of-use assets, and the value, measured at acquisition cost less accumulated depreciation and accumulated impairment losses, is presented in the Consolidated Statement of Financial Position by including it under Property, plant and equipment and Investment property. The acquisition cost includes the initial direct costs and other items in addition to the amount initially measured for the lease liability. Right-of-use assets are depreciated over the underlying asset's estimated useful life if ownership rights of the underlying asset are transferred to the lessee before the termination of the lease term or if exercise of a bargain purchase option is expected, and in other cases right-of-use assets are depreciated using the straight-line method over the shorter of the lease period or the estimated useful life.

2) Leases as lessor

If the contract is a lease or contains a lease, and the lease transfers substantially all the risks and rewards incidental to ownership of the underlying asset, it is classified as a finance lease and any lease other than finance leases is classified as an operating lease.

For finance leases, net investments in the leases are recognized as lease receivables. Lease payments receivable are allocated to finance income and lease receivables based on the effective interest method with finance income presented in Interest income in the Consolidated Statement of Comprehensive Income. Further, if the main purpose of the finance lease is the sale of goods and the finance lease has been implemented in accordance with sales policies, the lower of the fair value of the assets subject to leases or minimum lease payments receivable discounted at the market rate of interest is recognized as Revenues in the Consolidated Statement of Comprehensive Income, and the purchase price of the assets subject to leases is recognized as Cost of sale of goods in the Consolidated Statement of Comprehensive Income.

For operating leases, except in cases where another systematic basis is more representative of the pattern of the lessee's benefit, lease payments receivable are recognized in profit or loss on a straight-line basis over the lease term.

(9) Non-Current Assets Held for Sale

Non-current assets and disposal groups are classified as non-current assets or disposal groups held for sale when a commitment has been made for the execution of a sale plan and the recovery is expected to arise from the sale rather than continuing use. Such assets are classified as current assets if it is highly probable that the asset will be sold within one year and it is available for immediate sale in its present condition. Non-current assets or disposal groups classified as held for sale are measured using the lower of the carrying amounts, or the fair values less costs to sell.

(10) Impairment

1) Financial assets measured at amortized cost and debt FVTOCI financial assets

For financial assets measured at amortized cost and debt FVTOCI financial assets, an impairment loss is recognized in profit or loss by estimating expected credit losses.

If, at the end of the reporting period, the credit risk on a financial instrument has not increased significantly since its initial recognition, the amount of loss allowance is calculated based on expected credit losses resulting from default that are possible within 12 months after the end of the reporting period (12-month expected credit losses). If at the end of the reporting period the credit risk on a financial instrument has increased significantly since its initial recognition, the amount of loss allowance is calculated based on the expected credit losses resulting from default that are possible over the entire expected life of the instrument (lifetime expected credit losses). The assessment of whether the credit risk has increased significantly is made based on reasonable and supportable information including past-due information as well as whether or not any credit event occurs.

For trade receivables, contract assets, and lease receivables, notwithstanding the foregoing, the amount of loss allowance is always calculated based on the lifetime expected credit losses.

Expected credit losses are estimated based on the difference between the contractual cash flows and the expected amount of recoverable cash flows. In this estimation, past credit loss experience, current financial positions of debtors, and reasonable and supportable information available on future forecasts have been incorporated.

2) Property, plant and equipment, investment property, goodwill and intangible assets, and investments in associates and joint ventures

At the end of each quarter, property, plant and equipment, investment property, goodwill and intangible assets, and investments in associates and joint ventures are assessed to determine whether there are any indications of impairment. If it is determined that there are indications of impairment, the impairment tests stated below are conducted. In addition, regardless of whether there are indications of impairment, impairment tests of goodwill and intangible assets for which the useful lives cannot be determined are conducted periodically at least once a year.

Impairment tests for each cash-generating unit are conducted. Regarding the identification of cash-generating units, if an individual asset's cash flows independent from those of other assets can be identified, the individual asset is classified as a cash-generating unit. If an individual asset's cash flows independent from those of other assets cannot be identified, assets are grouped together into the smallest group of assets that can be identified as generating independent cash flows, and designated as a cash-generating unit. For goodwill, using units equal to operating segments or smaller units, cash-generating units are determined based on the lowest level at which internal management of goodwill is conducted.

When conducting impairment tests of cash-generating units that include goodwill, impairment tests of assets other than goodwill are first conducted. After any required impairment of the assets other than goodwill has been recognized, impairment tests of goodwill are conducted.

Conducting impairment tests entails estimating the recoverable amount of the cash-generating units. The recoverable amount is the higher of fair value less costs to sell or value in use. Furthermore, the value in use is the total present value of future cash flows expected from the continued use and disposal after use of the cash-generating units.

If the recoverable amount of cash-generating units is less than the related carrying amount, the carrying amount is reduced to the recoverable amount, and impairment losses are recognized in profit or loss. Impairment losses are first allocated to reduce the carrying amount of goodwill allocated to cash-generating units. Impairment losses are then allocated to reduce the carrying amount of each asset, excluding goodwill, in cash-generating units on a pro-rata basis.

Because corporate assets do not generate independent cash flows, when conducting impairment tests of corporate assets, a reasonable method is used to allocate the carrying amount of corporate assets to each cash-generating unit. Then, the carrying amount of cash-generating units including the carrying amount of the portion of corporate assets allocated to them, is compared with their recoverable amounts.

If there are indications that the impairment losses recognized in past fiscal years have clearly decreased or may not exist, when the estimated recoverable amount of the assets surpasses the carrying amount, impairment losses are reversed. An upper limit for reversals of impairment losses is set as the carrying amount less amortization or depreciation if impairment losses had not been recognized. However, impairment losses on goodwill are not reversed.

Goodwill relating to the acquisition of associates and joint ventures is not classified separately, but included as part of the carrying amount of the investments. Investments in associates and joint ventures are recognized as undistinguishable assets that are subject to impairment.

(11) Employee Benefits

1) Post-employment defined benefit plans

Post-employment defined benefit plans are benefit plans other than the post-employment defined contribution plans stated in the paragraphs below.

For post-employment defined benefit plans, the present value of defined benefit obligations net of the fair value of plan assets are recognized as either liabilities or assets. To calculate the present value of defined benefit plan obligations and related service cost, in principle, the projected unit credit method is used. The discount rate used to calculate the present value of defined benefit plan obligations, in principle, is determined by referring to market yields on highly rated corporate bonds at the end of the period consistent with the expected life of the defined benefit plan obligations.

Changes in the present value of defined benefit plan obligations related to the service of employees in past periods due to amendment of defined benefit plans are recognized in the period of the amendment in profit or loss.

Further, the Company and its subsidiaries recognize all actuarial gains or losses arising from post-employment defined benefit plans in other comprehensive income (Remeasurement of net defined pension liability) and immediately reclassify them into retained earnings.

2) Post-employment defined contribution plans

Post-employment defined contribution plans are benefit plans in which fixed contributions are paid to an independent entity and do not assume legal or constructive obligations for payments that exceed these contributions.

Post-employment defined contribution plans are accounted for, on an accrual basis, and contributions corresponding to the period employees rendered the related services are recognized in profit or loss.

3) Multi-employer plans

Certain subsidiaries participate in multi-employer plans. In accordance with the regulations of the plans, multi-employer plans are classified as post-employment defined benefit plans or post-employment defined contribution plans, and an accounting treatment appropriate for each type of post-employment benefit plan is undertaken. However, if sufficient information about multi-employer plans classified as post-employment defined benefit plans cannot be obtained to undertake an accounting treatment appropriate for post-employment defined benefit plans, the accounting treatment appropriate for post-employment defined contribution plans is applied.

4) Short-term employee benefits

Short-term employee benefits are measured on an undiscounted basis, and recognized in profit or loss as benefits expected to be paid as compensation for service that employees render during the accounting period. Estimated bonus payments are recognized in liabilities, if the Company or its subsidiaries have legal or constructive obligations for which they should make payments, and if the obligations can be estimated reliably.

(12) Provisions

Provisions are recognized if the Company and its subsidiaries have present obligations (legal or constructive obligations) as a result of past events, if it is probable that settling the obligations will require outflows of resources embodying economic benefits, and if the obligations can be estimated reliably.

If the effect of the time value of money is significant, provisions are measured as the present value of payments expected to be required to settle the obligations. To calculate the present value, a pre-tax risk-free discount rate corresponding to the period in which future cash flows will arise is used. In estimates of future cash flows, the uncertainty of the occurrence of events subject to provisions is reflected.

1) Provisions for asset retirement obligations

The estimated cost of dismantling or removing property, plant and equipment and restoring sites on which they are located is recognized as a provision for asset retirement obligations, if there are legal or contractual obligations to dismantle or remove property, plant and equipment and restore sites on which they are located, or if it has been stated that in accordance with industry practices, published policies, or written statements that obligations to dismantle or remove property, plant and equipment and restore sites on which they are located will be fulfilled, or if it is presumed that outside third parties expect the obligations to be fulfilled.

2) Restructuring provisions

If there is a detailed formal plan, restructuring provisions are recognized when implementation of a restructuring plan has begun or when a plan is announced. For the provision, only the following direct expenditures that arise from restructuring are subject to recognition:

• Items necessarily entailed by the restructuring
• Items not associated with the ongoing activities of the entity

3) Provisions for losses on lawsuits

For provisions for losses due to payment of compensation for damages that could arise as a result of lawsuits, the estimated loss resulting from the payment of compensation for damages is recognized, if it is probable that compensation for damages to an outside third party will have to be paid.

4) Provisions for losses on guarantees

Regarding provisions for losses that could be incurred as a result of fulfilling debt guarantees or other contracts, the expected credit loss is recognized relating to a contract in which there is a promise to repay the debt or to provide monetary compensation if the guaranteed party has defaulted on a specified debt, or the estimated loss is recognized if it is probable that the costs of meeting the contractual obligation arising prior to the end of the fiscal year exceed the economic benefits expected to be received under the contract.

5) Levies

Levies are outflows of resource embodying economic benefits, which governments levy on companies in accordance with laws and regulations, and the estimated amount of payments for levies is recognized when the obligation to pay arises.

(13) Equity

Common stock is classified as equity. Incidental expenses related to the issuance of common stock (net of tax) are deducted from equity.

Treasury stock is recognized as a deduction from equity. If treasury stock is acquired, the consideration paid and incidental expenses (net of tax) are deducted from equity. If treasury stock is sold, the consideration received is recognized as an addition to equity.

(14) Revenues

The Company and its subsidiaries recognize revenue in accordance with the following five-step model based on IFRS 15 "Revenue from Contracts with Customers."

Step 1: Identify the contract
Step 2: Identify performance obligations
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations
Step 5: Recognize revenue when or as a performance obligation is satisfied

Revenues from sale of goods and Revenues from rendering of services and royalties are recognized when performance obligations in contracts with customers are satisfied, i.e., at a point of time when control of goods or services provided by the Company and its subsidiaries is transferred to customers. Consideration for goods or services does not include a significant financing arrangement if the period between payment from customers and the transfer of goods or services to customers would be one year or less, as a practical expedient. In addition, if the consideration includes a variable amount, the consideration is included in the transaction price to the extent that it is highly probable that there will be no significant reversal in the cumulative amount of revenue recognized. The specific criteria for revenue recognition for each type of transaction are as follows:

1) Product sales transactions

Revenues from product sales transactions include wholesale, retail sales, manufactured product sales, and processed product sales by eight operating segments: Textile, Machinery, Metals & Minerals, Energy & Chemicals, Food, General Products & Realty, ICT & Financial Business, and The 8th. Performance obligations for these transactions are satisfied and revenues are recognized at a point in time when the delivery conditions agreed to with customers on contracts are met, such as delivery of products to customers, issuance of warehouse receipt, and receipt of acceptance certificate. Revenues from contract work transactions in Machinery and software development in ICT & Financial Business and others are recognized in accordance with the progress of satisfaction of the performance obligations since performance obligations are satisfied over a period of time of the contract work or production to order. Revenues are recognized on a measurement of the progress based on the accumulated actual cost incurred at the end of the period as a percentage of estimated total costs if the total costs required until completion can be estimated reliably, while if the total costs required until completion cannot be estimated reliably, revenues equivalent to the portion of costs incurred that are determined to be recoverable are recognized.

2) Rendering of services and royalty transactions

Revenues from rendering of services include software maintenance in ICT & Financial Business and other services. Revenues from software maintenance are mainly recognized over a period of time of maintenance contract by allocating the consideration agreed with customer on the contracts. Revenues from other services include agent businesses in import / export trades in Machinery, General Products & Realty and others, which are recognized at a point of time when the delivery of services is completed. Revenues from royalty transactions include royalty transactions on franchise contract in The 8th, mainly recognized over a period of time of franchise contract by a method calculating gross margin multiplied by a certain percentage.

3) Presentation of revenue (gross basis versus net basis)

With regards to the presentation of revenue on a gross or a net basis, revenue from transactions with a customer in which the control of goods or services is obtained by the Company and its subsidiaries before the goods or services are transferred to the customer, are presented on a gross basis.

(15) Finance Income and Costs

Finance income comprises interest income and dividend income. Interest income is recognized when it arises according to the effective interest method. Dividend income is recognized when the right of the Company and its subsidiaries to receive payment is established. Finance costs comprise interest expense. Interest expense is recognized when it is incurred according to the effective interest method.

(16) Income Taxes

Income taxes comprise current taxes and deferred taxes, which reflect changes in deferred tax assets and liabilities. Income taxes are recognized in profit or loss, except in the following cases:

- Income taxes that relate to items that are recognized in other comprehensive income or directly in equity;
- Deferred taxes arising from the recognition of identifiable assets and liabilities in business combinations are recognized and included in the amount of goodwill arising from the business combinations.

Current taxes are measured based on taxes payable on taxable income or taxes refundable on taxable loss of the fiscal year. These tax amounts are calculated based on tax rates enacted, or substantially enacted, at the end of the fiscal year.

Deferred tax assets and deferred tax liabilities are recognized based on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and their tax bases. Deferred tax assets for items that will mitigate the tax burden of future tax returns, such as deductible temporary differences, tax loss carryforwards and tax credit carryforwards, and foreign tax credit carryforwards, are recognized to the extent that it is probable that future taxable income will be available against which they can be used. Meanwhile, deferred tax liabilities for taxable temporary differences are recognized. However, deferred tax assets or deferred tax liabilities are not recognized for the following temporary differences:

- Taxable temporary differences arising from the initial recognition of goodwill;
- Temporary differences arising from the initial recognition of assets or liabilities in a transaction which is not a business combination, affects neither accounting profit nor taxable income and does not give rise to an equal taxable and deductible temporary differences at the time of the transaction.

Taxable temporary differences arising from investments in subsidiaries, associates, and joint ventures are not recognized as deferred tax liabilities if the Company and its subsidiaries are able to control the timing of the reversal of the temporary differences, and it is probable that the taxable temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences arising from investments in subsidiaries, associates, and joint ventures, if the deductible temporary differences will reverse in the foreseeable future and only to the extent that it is probable that future taxable income will be available against which they can be used.

Deferred tax assets and liabilities are calculated pursuant to statutory laws and regulations for income taxes in force, or substantially in force, at the end of the fiscal year and based on the tax rates that are expected to apply in the fiscal year in which the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset and recognized in the Consolidated Statement of Financial Position, if the Company and its subsidiaries have a legally enforceable right to offset current tax assets against current tax liabilities, and if the same taxation authority levies income taxes either on the same taxable entity, or on different taxable entities that intend either to settle current tax assets and liabilities on a net basis or to realize the current tax assets and current tax liabilities simultaneously.

The Company and its subsidiaries apply the exception to recognizing and disclosing information about deferred tax assets and liabilities related to Pillar Two model of international tax reform (global minimum tax).

(17) Earnings per Share

Basic earnings (losses) per share are calculated by dividing Net profit attributable to ITOCHU by the weighted-average number of common shares (excluding treasury stock) outstanding during the reporting period. Diluted earnings per share are calculated by adjusting for the effects of dilutive potential common shares.

(18) Mining Operations

Among expenditures incurred during the exploration and evaluation phases of mining projects, expenditures for the acquisition of assets used for exploration and evaluation are recognized in non-current assets, and other expenditures are in principle recognized when they are incurred in profit or loss.

For expenditures incurred during the development phase, projects proven as commercially viable are recognized in Property, plant and equipment or Intangible assets, according to the nature of the expenses, and then amortized using the unit-of-production method from the time production begins. During the production phase, stripping costs are capitalized and amortized using the unit-of-production method, if salable minerals have not been extracted in the fiscal year under review, but it is probable that as a result of stripping activities, the economic benefits associated with specific mineral deposits will flow to the Company and costs can be measured reliably. Stripping costs associated with salable minerals are recognized in the fiscal year under review as cost of inventory.

(19) Agriculture

In principle, agricultural produce is measured at fair value less costs to sell at the point of harvest. Accumulated cost until the point of harvest is recognized in cost of sales for the period in which it arose.

If the fair value of biological assets excluding bearer plants can be reliably measured, the fair value less costs to sell are measured at initial recognition and at the end of each period. The change in fair value resulting from this accounting is recognized in profit or loss. Meanwhile, if the fair value of biological assets cannot be reliably measured, they are measured at cost less accumulated depreciation and accumulated impairment losses.

For bearer plants which are classified as property, plant and equipment, the cost model is applied, and bearer plants are measured at cost less accumulated depreciation and accumulated impairment losses.

(20) Significant Accounting Estimates

To prepare the Consolidated Financial Statements, the Company and its subsidiaries make a variety of estimates and assumptions. These estimates and assumptions affect disclosures of amounts recognized for assets, liabilities, revenues, and expenses.

Estimates and their underlying assumptions are reviewed on an ongoing basis. The effect of revisions to accounting estimates are reflected in the period in which the estimates are revised and in any future periods affected.

Furthermore, with regard to the impact of the situation in the Middle East and Russia-Ukraine, the Company and its subsidiaries hold assets such as resource-related investments and trade receivables associated with these regions. The ratio of such assets to total assets is less than 1% for each region as of the end of this fiscal year. Appropriate accounting treatments have been applied to these assets using certain assumptions based on the most recent situations. Even if these assumptions are revised within a reasonable range, we do not expect any material impact on our operating results or financial position.

However, as the economic outlook remains uncertain, it may necessitate a revision of our accounting estimates in the next fiscal year.

Estimates and assumptions that have a risk of resulting in material adjustments in the future accounting periods are mainly as follows. Also, please refer to the respective relevant notes hereinafter regarding the balances of assets and liabilities related to each of the following items.

Measurement of the fair value of unlisted equity instruments

Among financial assets measured at fair value, the fair value of unlisted equity instruments is measured using the market comparable method, with reference to published information about listed stocks that belong to the same industry as the investee's industry, or by using the discounted cash flow method, which calculates the fair value by discounting the estimates of future cash flows related to dividends from investees to their present value. Changes in uncertain future economic conditions may affect the multiple applied for the market comparable method or the estimates of future cash flows and the discount rate applied for the discounted cash flow method. Accordingly, there are risks that such changes could result in material adjustments to the measurements of fair value of unlisted equity instruments in the future accounting periods. (Refer to Note 12 Securities and Other Investments and Note 26 Financial Instruments Measured at Fair Value)

Estimates of expected credit losses on financial assets measured at amortized cost and debt FVTOCI financial assets

Expected credit losses on financial assets measured at amortized cost and debt FVTOCI financial assets are estimated based on the difference between contractual cash flows and the expected amount of recoverable cash flows for the assets. The expected amount of recoverable cash flows for the assets may be affected by changes in future uncertain economic conditions and, as a result, there may be material adjustments to the amount of impairment losses on such assets in future accounting periods. (Refer to Note 24 Financial Instruments)

Recoverable amounts of property, plant and equipment, investment property, goodwill and intangible assets, and investments in associates and joint ventures measured through impairment tests

In impairment tests of property, plant and equipment, investment property, goodwill and intangible assets, and investments in associates and joint ventures, after identifying the related cash-generating units, their recoverable amount is recognized as the higher of the fair value less costs to sell or the value in use of the cash-generating units. The recoverable amounts are based on the value in use calculated with the support of independent appraisers. The value in use is calculated by discounting the estimated amount of future cash flows based on the business plans approved by the Board of Directors. In principle, the business plans are limited to a period of five years and formulated in a manner that reflects past results and are consistent with external information. The growth rate is determined by considering the long-term average growth rate of the markets or countries to which the cash-generating unit belongs. The discount rate is determined based on the weighted average cost of capital and other factors for each cash-generating unit. Changes in uncertain future economic conditions may affect assumptions used to calculate the fair value less costs to sell or expected future cash flows and assumed discount rates that will result from the period of use and subsequent disposal of cash-generating units, which underlie the calculation of value in use. Accordingly, there are risks that such changes could result in material adjustments to the impairment losses of property, plant and equipment, investment property, goodwill and intangible assets, and investments in associates and joint ventures in the future accounting periods. (Refer to Note 8 Property, Plant and Equipment, Note 9 Investment Property, Note 11 Goodwill and Intangible Assets, and Note 13 Associates and Joint Ventures)

Measurement of fair value of defined benefit plan liabilities and assets in post-employment defined benefit plans

For post-employment defined benefit plans, the fair value of defined benefit plan liabilities net of assets is recognized as liabilities or assets. Defined benefit plan liabilities are calculated based on the same types of assumptions used in the actuarial calculation, which include estimates of the discount rate, the retirement rate, the mortality rate, and the rate of compensation increase. These assumptions are established by comprehensively judging a variety of available information, including market trends such as interest rate changes. Uncertain future economic conditions or changes in social conditions may affect the assumptions used in the actuarial calculation. Accordingly, there are risks that such changes could result in material adjustments to the measurements of the fair value of defined benefit plan liabilities and assets in future accounting periods. (Refer to Note 17 Retirement and Severance Benefits)

Measurement of provisions

Provisions are measured based on the best estimate at the end of the period of the expenditures expected to be required to settle the future obligations. Estimates of expenditures expected to be required to settle future obligations are calculated based on a comprehensive consideration of possible future outcomes. Changes in uncertain future economic conditions may affect assumptions used to calculate the provisions.
Accordingly, there are risks that such changes could result in material adjustments to measurements of provisions in the future accounting periods. (Refer to Note 18 Provisions)

Estimates of income taxes

To calculate income taxes, estimates and judgments about a variety of factors have to be made, including interpretation of tax regulations and the experience of past tax audits. Therefore, the income taxes that are estimated at the end of each period and the income taxes actually paid may differ. Such estimates and judgments could materially affect income taxes recognized from the next accounting period onward. Further, deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilized. However, judgments on the recoverable amounts are made based on estimates of taxable amounts for each future fiscal year, which are determined based on the business plans of the Company and its subsidiaries. Changes in uncertain future economic conditions may affect the estimates of taxable amounts for future fiscal years. Accordingly, there are risks that such changes could result in material adjustments to the recognition of deferred tax assets in the future accounting periods. (Refer to Note 19 Income Taxes)

(21) Judgments made in the process of applying the accounting policies

Accounting areas where the judgment on the application of accounting policies significantly affects the amounts of assets, liabilities, revenues, and expenses are mainly as follows:

- Scope of subsidiaries or associates and joint ventures (Refer to Note 13 Associates and Joint Ventures and Note 34 Parent's Ownership Interest in Subsidiaries)
- Classification of financial assets measured at amortized cost, FVTOCI financial assets, and FVTPL financial assets in financial assets other than derivatives (Refer to Note 12 Securities and Other Investments)
- Judgments regarding the transfer of significant risks and economic values associated with contracts containing lease as a lessor (Refer to Note 16 Leases)
- Judgments about whether credit risks on financial assets measured at amortized cost and debt FVTOCI financial assets have increased significantly (Refer to Note 24 Financial Instruments)
- Identification of cash-generating units, evaluation of whether there are indications of impairment or reversals of impairment in conducting impairment tests for property, plant and equipment, investment property, goodwill and intangible assets, and investments in associates and joint ventures (Refer to Note 8 Property, Plant and Equipment, Note 9 Investment Property, Note 11 Goodwill and Intangible Assets, and Note 13 Associates and Joint Ventures)
- Assessments regarding the existence of current obligations arising from past events and the likelihood of an outflow of resources to settle such obligations in recognizing provisions (Refer to Note 18 Provisions)

4. Segment Information

(1) Operating Segments

The Company and its subsidiaries conduct trading, finance, and logistics involving a wide variety of products, as well as project planning and coordination. The Company and its subsidiaries also have cultivated a diverse range of functions and expertise through investments in resource development and other projects. By leveraging these comprehensive capabilities and via global networks spanning eight Division Companies, the Company and its subsidiaries operate in a wide range of industries. The Consumer-Related Sector covers textiles, food, general products & realty, and ICT & financial business; the Basic Industry-Related Sector includes machinery, chemicals, petroleum products and steel products; and the Resource-Related Sector includes metal and energy resources.

The Company implements diverse business activities across a broad span of industries. To engage in these diverse business activities, the Company has established a system of Division Companies organized in line with their respective industries, principal products, and services. Under this system, each Division Company has responsibility for business execution in its business field. These Division Companies are the segment units for which the Company's management determines management strategies and the allocation of management resources. Results are managed at the Division Company level in accordance with a number of indicators, such as Net profit attributable to ITOCHU.

In consideration of the above, segment information is presented below, with these eight Division Companies—Textile, Machinery, Metals & Minerals, Energy & Chemicals, Food, General Products & Realty, ICT & Financial Business, and The 8th, comprising the reportable segments.

The types of products and services that are the sources of revenue for each reportable segment are as follows:

Textile

Textile segment is engaged in the production and sales of all stages of the textile business from raw materials, threads, textiles to the final products for garments, home furnishings, and industrial materials, on a worldwide scale. In addition, the segment promotes overseas brand businesses and retail operations related to Internet shopping.

Machinery

Machinery segment is engaged in business activities for plants, bridges, railways, and other infrastructures; power generation and transmission-transformation, and electricity sales; water, environment and waste-related business; trading of ships, aircraft, automobiles, construction machinery, industrial machinery, machine tools, environmental equipment, electronic devices, and related equipment; environmentally friendly business such as renewable and alternative energy, and waste recycling.

Metals & Minerals

Metals & Minerals segment is engaged in metal and mineral resource development, processing of steel products, trading in iron ore, coal, pig iron and ferrous raw materials, non-ferrous and light metals, steel products, nuclear fuels in Japan and overseas, trading in greenhouse gas emissions, and recycling and waste treatment.

Energy & Chemicals

Energy & Chemicals segment is engaged in trading and business relating to energy, chemical, and power including renewable energy.

Food

Food segment pursues efficiency-oriented operations from production and distribution to retail in all areas of food from raw materials to finished products both in Japan and overseas.

General Products & Realty

General Products & Realty segment is engaged in the general products and distribution sector such as pulp and paper business, natural rubber business, building products & materials business, tire and automotive aftermarket related business, and logistics business; in the construction and real estate sector such as development, sales, lease, and operation of real estate.

ICT & Financial Business

ICT & Financial Business segment is engaged in the ICT sector such as IT solutions, internet-related services, business process outsourcing, medical and healthcare, satellite, content, and distribution of mobile phone devices and after-sales services; and in the finance and insurance sector such as various financial services and insurance business.

The 8th

The 8th segment collaborates with the other seven Division Companies to fully leverage various business platforms, particularly in the consumer sector, which is an area of our strength. By accelerating cross-industrial integrations and cross-Division Company initiatives, The 8th Company develops new business fields and cultivates new partners with a market-oriented perspective for catering to market and consumer needs.

The Company's segment information was as follows. Intersegment transactions are priced with reference to prices applicable to transactions with unaffiliated parties. There were no significant transactions that generated revenue with any single external customer for the fiscal years ended March 31, 2026 and 2025.

	Millions of Yen									
	2026									
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Consolidated Total
Revenues from external customers	¥ 679,140	¥ 1,500,536	¥ 1,231,499	¥ 3,026,231	¥ 5,121,655	¥ 1,528,334	¥ 1,103,075	¥ 512,437	¥ 120,180	¥ 14,823,087
Intersegment revenues	7,239	46	—	43,356	12,536	12,872	14,013	5,647	(95,709)	—
Total revenues	686,379	1,500,582	1,231,499	3,069,587	5,134,191	1,541,206	1,117,088	518,084	24,471	14,823,087
Gross trading profit	204,277	271,200	153,069	278,516	414,777	329,901	367,869	450,531	10,392	2,480,532
Equity in earnings of associates and joint ventures	20,707	104,786	27,242	4,702	16,573	(3,037)	28,791	5,113	118,637	323,514
Net profit attributable to ITOCHU	43,302	155,616	143,521	69,270	92,083	60,825	93,041	45,010	197,615	900,283
Reportable segment assets	¥ 751,865	¥ 2,603,452	¥ 1,793,397	¥ 1,819,410	¥ 2,403,404	¥ 1,628,702	¥ 1,577,229	¥ 2,197,297	¥ 1,958,059	¥ 16,732,815

	Millions of Yen									
	2025									
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Consolidated Total
Revenues from external customers	¥ 631,303	¥ 1,529,969	¥ 1,278,771	¥ 3,129,473	¥ 5,015,134	¥ 1,520,195	¥ 984,699	¥ 510,990	¥ 123,700	¥ 14,724,234
Intersegment revenues	5,692	75	—	43,244	14,803	12,067	15,040	4,840	(95,761)	—
Total revenues	636,995	1,530,044	1,278,771	3,172,717	5,029,937	1,532,262	999,739	515,830	27,939	14,724,234
Gross trading profit	168,966	266,409	172,264	275,440	400,168	324,169	332,848	435,563	629	2,376,456
Equity in earnings of associates and joint ventures	10,213	75,476	34,052	8,219	18,448	4,161	32,392	46,959	119,377	349,297
Net profit attributable to ITOCHU	73,831	136,495	178,360	78,588	85,100	69,676	83,248	65,095	109,858	880,251
Reportable segment assets	¥ 782,083	¥ 2,166,605	¥ 1,506,431	¥ 1,652,048	¥ 2,359,796	¥ 1,475,048	¥ 1,439,239	¥ 2,014,240	¥ 1,738,774	¥ 15,134,264

	Millions of U.S. Dollars									
	2026									
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Consolidated Total
Revenues from external customers	$ 4,248	$ 9,386	$ 7,703	$ 18,928	$ 32,034	$ 9,559	$ 6,899	$ 3,205	$ 752	$ 92,714
Intersegment revenues	45	0	—	271	79	81	88	35	(599)	—
Total revenues	4,293	9,386	7,703	19,199	32,113	9,640	6,987	3,240	153	92,714
Gross trading profit	1,278	1,696	957	1,742	2,594	2,064	2,301	2,818	65	15,515
Equity in earnings of associates and joint ventures	130	655	170	30	104	(19)	180	32	742	2,024
Net profit attributable to ITOCHU	271	973	898	433	576	380	582	282	1,236	5,631
Reportable segment assets	$ 4,703	$ 16,284	$ 11,217	$ 11,380	$ 15,033	$ 10,187	$ 9,865	$ 13,743	$ 12,247	$ 104,659

Notes: 1. "Others, Adjustments & Eliminations" includes gains and losses, which do not belong to any operating segment and internal eliminations between operating segments. The investments in CITIC Limited and C.P. Pokphand Co. Ltd. and the profits and losses from them are included in this segment.
2. Revenues from external customers include revenues resulting from contracts with customers and other sources of revenue. Revenues resulting from other sources of revenue mainly include revenues from energy trading transactions such as oil and gas and lease contracts, which are immaterial in terms of amount.

(2) Information about Geographical Areas

The breakdown of consolidated revenues by geographical area were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Japan	**¥ 11,353,454**	¥ 11,256,423	**$ 71,012**
United States	**936,010**	938,632	**5,855**
Singapore	**902,653**	923,332	**5,646**
United Kingdom	**392,242**	357,247	**2,453**
Australia	**363,426**	347,278	**2,273**
Others	**875,302**	901,322	**5,475**
Consolidated Total	**¥ 14,823,087**	¥ 14,724,234	**$ 92,714**

The breakdown of the carrying amounts of the Company’s non-current assets (excluding financial instruments, deferred tax assets, post-employment benefit assets, and rights arising from insurance contracts) by geographical area were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Japan	**¥ 2,642,690**	¥ 2,565,998	**$ 16,529**
United Kingdom	**244,403**	221,340	**1,529**
Australia	**243,578**	202,288	**1,523**
United States	**235,875**	205,418	**1,475**
Singapore	**185,418**	169,505	**1,160**
Others	**213,098**	190,629	**1,333**
Consolidated Total	**¥ 3,765,062**	¥ 3,555,178	**$ 23,549**

Notes: 1. Information about geographical areas above was grouped taking into consideration the actual conditions of transactions and placement of management resources of each business in the Company and its subsidiaries.
2. The information about products and services by segment is not available.

5. Business Combinations

There was no major business combination for the fiscal year ended March 31, 2026.

Major business combination for the fiscal year ended March 31, 2025 was as follows:

(Acquisition of DESCENTE LTD.)

On October 29, 2024, the Company acquired 41.48% of voting rights in DESCENTE LTD. (hereinafter “DESCENTE”), an equity-method associated company, through a tender offer conducted by BS Investment Corporation, the Company’s subsidiary. These rights, added to its previously held equity interest, raised the Company’s ownership of DESCENTE to 85.92%. As a result, DESCENTE became a subsidiary of the Company.

The shares were acquired for ¥136,335 million, all of which was paid in cash. Through a series of procedures conducted after this business combination to make the Group the sole shareholder of DESCENTE, it was delisted on January 24, 2025, and became a wholly owned subsidiary of the Company. The shares under this procedure were acquired for ¥46,219 million, all of which was paid in cash during the first quarter of the fiscal year ended March 31, 2026, bringing the total acquisition cost of the shares to ¥182,554 million.

In the sports industry, fierce cross-border competition for market share is being waged among brand and apparel companies, and flexible as well as rapid actions are required for survival. To maximize DESCENTE’s corporate value, we will enhance our management involvement in DESCENTE and further strengthen our collaboration. By fully utilizing our capabilities, we will promote the reinforcement of coordination between brand management and production — leveraging our strong expertise in brand and apparel production operations — as well as the strengthening and expansion of our overseas business, and the creation of new trade channels, customer experiences, and businesses by harnessing the comprehensive strength of our group.

The following table summarizes the consideration paid, previously held equity interests, assets acquired and liabilities assumed, as measured at fair value, as well as non-controlling interests, at the acquisition date for this business combination, the measurement of which was completed during the fiscal year ended March 31, 2026.

	Millions of Yen
Fair value of consideration paid (Note)	**¥ 136,335**
Fair value of previously held equity interests	**124,391**
Non-controlling interests	**33,945**
Total	**294,671**
Fair value of assets acquired and liabilities assumed	
Cash and cash equivalents	**26,487**
Trade receivables	**22,704**
Inventories	**26,090**
Other current assets	**14,340**
Property, plant and equipment	**35,865**
Intangible assets	**57,511**
Investments accounted for by the equity method	**148,670**
Other non-current assets	**7,790**
Trade payables	**(15,757)**
Other current liabilities	**(10,531)**
Deferred tax liabilities	**(50,949)**
Other non-current liabilities	**(7,749)**
Net assets	**254,471**
Goodwill	**40,200**
Total	**294,671**

Note: All consideration was paid in cash.

The goodwill acquired was recognized in consideration of the excess earning power that is expected to result from future business development that utilizes the complementary relationships between the Group and the acquired businesses and included in the Textile operating segment. This goodwill is not deductible for tax purposes.

The fair value of the assets acquired and liabilities assumed was calculated based on the comprehensive assessment of the financial and asset conditions that were carefully examined through third-party due diligence conducted at the time of acquisition.

Upon remeasuring its previously held equity interests at its acquisition date fair value, the Company recorded a gain of ¥49,290 million in Gains (losses) on investments.

The acquisition costs of ¥580 million were recorded in Selling, general and administrative expenses related to this business combination.

The following table presents operating performance of DESCENTE included in the Consolidated Statement of Comprehensive Income for the year ended March 31, 2025 from the acquisition date.

	Millions of Yen
Total revenues	**¥ 65,159**
Net profit	**4,630**
Net profit attributable to ITOCHU	**4,273**

6. Trade and Other Receivables

The breakdown of trade receivables as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Notes receivable	**¥ 138,155**	¥ 148,368	**$ 864**
Trade accounts receivable	**2,581,436**	2,391,536	**16,147**
Service fees receivable	**334,458**	316,797	**2,092**
Allowance for doubtful accounts (current)	**(21,084)**	(21,240)	**(132)**
Total	**¥ 3,032,965**	¥ 2,835,461	**$ 18,971**

The breakdown of other current receivables as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Short-term loans receivable	**¥ 101,169**	¥ 90,786	**$ 633**
Other accounts receivable	**46,396**	35,856	**290**
Deposit to customer	**103,896**	58,590	**650**
Allowance for doubtful accounts (current)	**(8,022)**	(6,620)	**(50)**
Others	**48,494**	62,323	**303**
Total	**¥ 291,933**	¥ 240,935	**$ 1,826**

The breakdown of non-current receivables as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Long-term loans receivable	**¥ 928,127**	¥ 891,624	**$ 5,805**
Allowance for doubtful accounts (non-current)	**(26,047)**	(33,868)	**(163)**
Others	**25,267**	34,672	**158**
Total	**¥ 927,347**	¥ 892,428	**$ 5,800**

7. Inventories

The breakdown of Inventories as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Merchandise	**¥ 1,087,492**	¥ 1,061,419	**$ 6,802**
Finished goods	**143,883**	128,359	**900**
Real estate for sale	**177,054**	153,639	**1,107**
Raw materials and supplies	**85,117**	88,435	**532**
Work in progress	**51,249**	50,485	**321**
Total	**¥ 1,544,795**	¥ 1,482,337	**$ 9,662**

The write-downs of inventories to net realizable value were ¥9,852 million (US$62 million) and ¥9,309 million as of March 31, 2026 and 2025, respectively. The write-down is included in Cost of sale of goods in the Consolidated Statement of Comprehensive Income.

8. Property, Plant and Equipment

The cost, accumulated depreciation and accumulated impairment losses, and carrying amount of property, plant and equipment as of March 31, 2026 and 2025 were as follows:

	Millions of Yen							
	Land	Buildings and structures	Machinery and vehicles	Fixtures, fittings, and office equipment	Mineral rights	Construction in progress	Others	Total
Balance as of March 31, 2026								
Cost	**¥ 650,441**	**¥ 2,794,981**	**¥1,164,942**	**¥ 472,369**	**¥ 198,612**	**¥ 76,123**	**¥ 96,320**	**¥ 5,453,788**
Accumulated depreciation and accumulated impairment losses	**(225,570)**	**(1,600,190)**	**(719,816)**	**(327,779)**	**(105,252)**	**(1,453)**	**(56,843)**	**(3,036,903)**
Carrying amount	**424,871**	**1,194,791**	**445,126**	**144,590**	**93,360**	**74,670**	**39,477**	**2,416,885**

	Millions of Yen							
	Land	Buildings and structures	Machinery and vehicles	Fixtures, fittings, and office equipment	Mineral rights	Construction in progress	Others	Total
Balance as of March 31, 2025								
Cost	¥ 573,898	¥ 2,541,853	¥1,007,845	¥ 425,825	¥ 176,218	¥ 60,715	¥ 71,681	¥ 4,858,035
Accumulated depreciation and accumulated impairment losses	(195,863)	(1,395,551)	(604,173)	(300,520)	(90,669)	(1,289)	(38,572)	(2,626,637)
Carrying amount	378,035	1,146,302	403,672	125,305	85,549	59,426	33,109	2,231,398

	Millions of U.S. Dollars							
	Land	Buildings and structures	Machinery and vehicles	Fixtures, fittings, and office equipment	Mineral rights	Construction in progress	Others	Total
Balance as of March 31, 2026								
Cost	**$ 4,068**	**$ 17,482**	**$ 7,286**	**$ 2,955**	**$ 1,242**	**$ 476**	**$ 603**	**$ 34,112**
Accumulated depreciation and accumulated impairment losses	**(1,411)**	**(10,009)**	**(4,502)**	**(2,050)**	**(658)**	**(9)**	**(356)**	**(18,995)**
Carrying amount	**2,657**	**7,473**	**2,784**	**905**	**584**	**467**	**247**	**15,117**

The changes in the carrying amount of property, plant and equipment for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen							
	Land	Buildings and structures	Machinery and vehicles	Fixtures, fittings, and office equipment	Mineral rights	Construction in progress	Others	Total
Balance as of April 1, 2025	¥378,035	¥1,146,302	¥403,672	¥125,305	¥ 85,549	¥ 59,426	¥ 33,109	¥2,231,398
Acquisitions through business combinations	**679**	**1,036**	**97**	**108**	**—**	**—**	**1**	**1,921**
Individual acquisitions	**60,214**	**137,441**	**55,814**	**55,153**	**4,332**	**87,289**	**18,474**	**418,717**
Disposals and decreases through divestitures	**(1,610)**	**(9,879)**	**(13,559)**	**(1,757)**	**—**	**(1,287)**	**(156)**	**(28,248)**
Depreciation	**(32,128)**	**(220,444)**	**(77,187)**	**(41,129)**	**(3,185)**	**—**	**(14,682)**	**(388,755)**
Impairment losses recognized in profit or loss	**(997)**	**(10,476)**	**(2,934)**	**(1,807)**	**—**	**(164)**	**—**	**(16,378)**
Effect of foreign currency exchange differences	**2,463**	**22,521**	**30,283**	**1,614**	**6,659**	**6,109**	**2,116**	**71,765**
Others	**18,215**	**128,290**	**48,940**	**7,103**	**5**	**(76,703)**	**615**	**126,465**
Balance as of March 31, 2026	**¥424,871**	**¥1,194,791**	**¥445,126**	**¥144,590**	**¥ 93,360**	**¥ 74,670**	**¥ 39,477**	**¥2,416,885**

	Millions of Yen							
	Land	Buildings and structures	Machinery and vehicles	Fixtures, fittings, and office equipment	Mineral rights	Construction in progress	Others	Total
Balance as of April 1, 2024	¥355,293	¥1,071,023	¥389,203	¥123,431	¥ 90,187	¥ 54,822	¥ 26,657	¥2,110,616
Acquisitions through business combinations	19,300	36,215	1,113	2,212	—	915	62	59,817
Individual acquisitions	19,617	148,077	86,681	41,176	—	70,500	11,572	377,623
Disposals and decreases through divestitures	(4,366)	(34,358)	(31,903)	(2,587)	—	(1,712)	(179)	(75,105)
Depreciation	(33,228)	(208,551)	(72,912)	(41,468)	(3,337)	—	(12,243)	(371,739)
Impairment losses recognized in profit or loss	(655)	(7,203)	(2,898)	(1,379)	—	(429)	(29)	(12,593)
Effect of foreign currency exchange differences	(2,022)	(544)	(2,236)	1,972	(1,306)	(1,105)	(1,009)	(6,250)
Others	24,096	141,643	36,624	1,948	5	(63,565)	8,278	149,029
Balance as of March 31, 2025	¥378,035	¥1,146,302	¥403,672	¥125,305	¥ 85,549	¥ 59,426	¥ 33,109	¥2,231,398

	Millions of U.S. Dollars							
	Land	Buildings and structures	Machinery and vehicles	Fixtures, fittings, and office equipment	Mineral rights	Construction in progress	Others	Total
Balance as of April 1, 2025	$ 2,364	$ 7,170	$ 2,525	$ 784	$ 535	$ 372	$ 207	$ 13,957
Acquisitions through business combinations	**4**	**6**	**1**	**1**	**—**	**—**	**0**	**12**
Individual acquisitions	**376**	**860**	**349**	**345**	**27**	**546**	**116**	**2,619**
Disposals and decreases through divestitures	**(10)**	**(62)**	**(85)**	**(11)**	**—**	**(8)**	**(1)**	**(177)**
Depreciation	**(201)**	**(1,379)**	**(483)**	**(257)**	**(20)**	**—**	**(92)**	**(2,432)**
Impairment losses recognized in profit or loss	**(6)**	**(66)**	**(18)**	**(11)**	**—**	**(1)**	**—**	**(102)**
Effect of foreign currency exchange differences	**16**	**141**	**189**	**10**	**42**	**38**	**13**	**449**
Others	**114**	**803**	**306**	**44**	**0**	**(480)**	**4**	**791**
Balance as of March 31, 2026	**$ 2,657**	**$ 7,473**	**$ 2,784**	**$ 905**	**$ 584**	**$ 467**	**$ 247**	**$ 15,117**

The amount of individual acquisitions during the fiscal year ended March 31, 2026 is mainly due to the acquisition of reserved floors relating to the site of the Tokyo Headquarters Building, resulting from the rights conversion under the Jingu Gaien District Type 1 Urban-Area Redevelopment Projects.

Depreciation of property, plant and equipment is recognized in Cost of sale of goods, Cost of rendering of services and royalties, and Selling, general and administrative expenses in the Consolidated Statement of Comprehensive Income.

The amounts of the impairment losses during the fiscal year ended March 31, 2026 and 2025 were ¥16,378 million (US$102 million) and ¥12,593 million, respectively.

The impairment losses were recognized in Gains (losses) on property, plant, equipment and intangible assets in the Consolidated Statement of Comprehensive Income.

The recoverable amounts used in the impairment tests for property, plant and equipment are calculated based on the higher of the value in use or fair value less costs to sell with the support of an independent expert. The recoverable amount, in principle, is calculated based on the value in use with the support of an independent expert. The value in use is calculated by discounting the estimated amount of future cash flows based on the business plans approved by the Board of Directors. In principle, the business plans are limited to five years and are formulated in a manner that reflects the past results and are consistent with external information. The growth rate is determined by consideration of the long-term average growth rate of markets or countries to which the cash-generating unit belongs. The discount rate is determined considering such factors as the weighted average cost of capital for each cash generating unit (pre-tax, approximately 4–12%).

9. Investment Property

The cost, accumulated depreciation and accumulated impairment losses, and carrying amount of investment property as of March 31, 2026 and 2025 were as follows:

	Millions of Yen
Balance as of March 31, 2026	
Cost	**¥ 89,679**
Accumulated depreciation and accumulated impairment losses	**(56,323)**
Carrying amount	**33,356**

	Millions of Yen
Balance as of March 31, 2025	
Cost	¥ 92,910
Accumulated depreciation and accumulated impairment losses	(53,673)
Carrying amount	39,237

	Millions of U.S. Dollars
Balance as of March 31, 2026	
Cost	**$ 561**
Accumulated depreciation and accumulated impairment losses	**(352)**
Carrying amount	**209**

The changes in the carrying amount of investment property for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Beginning of the year	**¥ 39,237**	¥ 42,469	**$ 245**
Individual acquisitions	**2,786**	7,172	**18**
Disposals and decreases through divestitures	**(2,418)**	(670)	**(15)**
Depreciation	**(6,084)**	(7,540)	**(38)**
Impairment losses recognized in profit or loss	**(12)**	(254)	**(0)**
Effect of foreign currency exchange differences	**278**	(71)	**2**
Transfers to and from property, plant and equipment	**368**	(335)	**2**
Others	**(799)**	(1,534)	**(5)**
End of the year	**¥ 33,356**	¥ 39,237	**$ 209**

Fair values of investment property as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Fair Value	**¥ 35,326**	¥ 41,688	**$ 221**

Fair values of investment property are mainly measured by the discounted cash flow method, conducted by independent real estate appraisers, and are classified as Level 3 under IFRS 13 "Fair Value Measurement."

Rental income from investment property for the fiscal years ended March 31, 2026 and 2025 were ¥20,952 million (US$131 million) and ¥22,332 million, respectively, and were reported in Revenues in the Consolidated Statement of Comprehensive Income. Expenses directly attributable to generating rental income for the fiscal years ended March 31, 2026 and 2025 were ¥16,175 million (US$101 million) and ¥17,680 million, respectively, and were included mainly in Cost in the Consolidated Statements of Comprehensive Income.

10. Pledged Assets

The following assets were pledged as collateral as of March 31, 2026 and 2025:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Cash and cash equivalents, and Time deposits	**¥ 5**	¥ 26	**$ 0**
Trade receivables and others	**15,240**	8,428	**95**
Inventories	**53,452**	60,143	**334**
Investments and Non-current receivables	**236,478**	232,980	**1,480**
Property, plant and equipment, and others	**5,437**	5,641	**34**
Total	**¥ 310,612**	¥ 307,218	**$ 1,943**

Collateral was pledged to secure the following obligations as of March 31, 2026 and 2025:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Short-term borrowings (Note)	**¥ 859**	¥ 1,401	**$ 5**
Trade payables and others	**48,110**	55,668	**301**
Long-term borrowings	**2,244**	2,297	**14**
Lease liabilities (short-term and long-term)	**120,463**	124,408	**754**
Total	**¥ 171,676**	¥ 183,774	**$ 1,074**

Note: Short-term borrowings as of March 31, 2026 and 2025 included the current portion of Long-term borrowings of ¥376 million (US$2 million) and ¥320 million, respectively.

In addition, merchandise imported and/or sales proceeds resulting from sales of such merchandise are pledged as collateral to banks through trust receipts issued under acceptances of import bills included in Trade payables. However, it is not practicable to determine the total amount of assets covered by outstanding trust receipts due to the large volume of import transactions.

The Company has borrowings under certain provisions of loan agreements with lenders which customarily specify that collateral and/or a guarantor are to be provided upon the request of the lenders, and the lenders may treat any collateral, whether pledged for specific loans or otherwise, as collateral for present and future debt. With respect to most bank borrowings, banks have the rights to offset deposits against any matured debt (including debt arising out of contingent obligations) or debt which has become due before maturity by default.

11. Goodwill and Intangible Assets

(1) Goodwill

The cost, accumulated impairment losses, and carrying amount of goodwill as of March 31, 2026 and 2025 were as follows:

	Millions of Yen									
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Total
Balance as of March 31, 2026										
Cost	¥ 52,413	¥ 19,253	¥ —	¥ 3,740	¥ 82,936	¥ 127,464	¥ 73,738	¥ 220,760	¥ 2,435	¥ 582,739
Accumulated impairment losses	(12,088)	(12,744)	—	(2,600)	(48,926)	(54,845)	(15,288)	(6,147)	(2,435)	(155,073)
Carrying amount	40,325	6,509	—	1,140	34,010	72,619	58,450	214,613	—	427,666

	Millions of Yen									
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Total
Balance as of March 31, 2025										
Cost	¥ 39,573	¥ 18,413	¥ —	¥ 3,497	¥ 82,973	¥ 117,431	¥ 64,730	¥ 221,009	¥ 2,278	¥ 549,904
Accumulated impairment losses	(12,058)	(12,321)	—	(2,431)	(44,680)	(50,517)	(14,133)	(6,147)	(2,278)	(144,565)
Carrying amount	27,515	6,092	—	1,066	38,293	66,914	50,597	214,862	—	405,339

	Millions of U.S. Dollars									
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Total
Balance as of March 31, 2026										
Cost	$ 328	$ 121	$ —	$ 23	$ 519	$ 797	$ 461	$ 1,381	$ 15	$ 3,645
Accumulated impairment losses	(76)	(80)	—	(16)	(306)	(343)	(95)	(39)	(15)	(970)
Carrying amount	252	41	—	7	213	454	366	1,342	—	2,675

The changes in the carrying amount of goodwill for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen									
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Total
Balance as of April 1, 2025	¥ 27,515	¥ 6,092	¥ —	¥ 1,066	¥ 38,293	¥ 66,914	¥ 50,597	¥ 214,862	¥ —	¥ 405,339
Acquisitions through business combinations	—	—	—	—	—	1,329	7,399	—	—	8,728
Decrease through divestitures	—	—	—	—	(3,451)	—	—	—	—	(3,451)
Impairment losses recognized in profit or loss	—	—	—	—	(848)	—	(445)	—	—	(1,293)
Effect of foreign currency exchange differences, and others	12,810	417	—	74	16	4,376	899	(249)	—	18,343
Balance as of March 31, 2026	¥ 40,325	¥ 6,509	¥ —	¥ 1,140	¥ 34,010	¥ 72,619	¥ 58,450	¥ 214,613	¥ —	¥ 427,666

	Millions of Yen									
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Total
Balance as of April 1, 2024	¥ 2,619	¥ 6,160	¥ —	¥ 3,599	¥ 38,954	¥ 66,233	¥ 51,029	¥ 215,284	¥ —	¥ 383,878
Acquisitions through business combinations	27,515	—	—	—	—	452	21	—	—	27,988
Decrease through divestitures	—	—	—	(58)	(66)	—	—	—	—	(124)
Impairment losses recognized in profit or loss	(2,619)	—	—	(2,482)	(646)	—	(576)	—	—	(6,323)
Effect of foreign currency exchange differences, and others	—	(68)	—	7	51	229	123	(422)	—	(80)
Balance as of March 31, 2025	¥ 27,515	¥ 6,092	¥ —	¥ 1,066	¥ 38,293	¥ 66,914	¥ 50,597	¥ 214,862	¥ —	¥ 405,339

	Millions of U.S. Dollars									
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Total
Balance as of April 1, 2025	$ 172	$ 38	$ —	$ 6	$ 240	$ 419	$ 317	$ 1,344	$ —	$ 2,536
Acquisitions through business combinations	**—**	**—**	**—**	**—**	**—**	**8**	**46**	**—**	**—**	**54**
Decrease through divestitures	**—**	**—**	**—**	**—**	**(22)**	**—**	**—**	**—**	**—**	**(22)**
Impairment losses recognized in profit or loss	**—**	**—**	**—**	**—**	**(5)**	**—**	**(3)**	**—**	**—**	**(8)**
Effect of foreign currency exchange differences, and others	**80**	**3**	**—**	**1**	**0**	**27**	**6**	**(2)**	**—**	**115**
Balance as of March 31, 2026	**$ 252**	**$ 41**	**$ —**	**$ 7**	**$ 213**	**$ 454**	**$ 366**	**$ 1,342**	**$ —**	**$ 2,675**

The goodwill balance as of March 31, 2026 included ¥214,613 million (US$1,342 million) recognized as a result of the conversion of FamilyMart Co., Ltd. into a subsidiary of The 8th segment, ¥40,325 million (US$252 million) recognized as a result of the conversion of DESCENTE LTD. into a subsidiary of Textile segment, and ¥38,547 million (US$241 million) recognized as a result of the acquisition of the Kwik-Fit Group of European Tyre Enterprise Limited of General Products & Realty segment. In addition, the increase in goodwill balance related to DESCENTE LTD. was mainly due to the completion, during the fiscal year ended March 31, 2026, of the measurement of the fair value of acquired assets and liabilities, etc associated with the business combination arising from the conversion of DESCENTE LTD. into a subsidiary, and is included in Effect of foreign currency exchange differences, and others of the Textile segment.

The goodwill balance as of March 31, 2025 included ¥214,862 million recognized as a result of the conversion of FamilyMart Co., Ltd. into a subsidiary of The 8th segment, and ¥35,404 million recognized as a result of the acquisition of the Kwik-Fit Group of European Tyre Enterprise Limited of General Products & Realty segment, and ¥27,515 million recognized as a result of the conversion of DESCENTE LTD. into a subsidiary of Textile segment. The amount of acquisitions through business combinations during the fiscal year ended March 31, 2025 is mainly due to the conversion of DESCENTE LTD. into a subsidiary from an investment accounted for by the equity method.

As a result of impairment tests for goodwill, the amount of the impairment losses for the fiscal year ended March 31, 2026 was ¥1,293 million (US$8 million).

As a result of impairment tests for goodwill, the amount of the impairment losses for the fiscal year ended March 31, 2025 was ¥6,323 million.

Regarding the goodwill balance in Energy & Chemicals segment resulting from the acquisition of a North American synthetic resin-related company, as a result of comprehensively revising the business plan in response to the non-achievement of its target due to the deterioration in profitability resulting from the increase in logistics costs and lower sales volume, etc., an impairment loss of ¥2,482 million was recognized.

The impairment losses were recognized in Gains (losses) on property, plant, equipment and intangible assets in the Consolidated Statement of Comprehensive Income.

The recoverable amounts used in impairment tests for goodwill are based on the value in use calculated with the support of independent appraisers. The value in use is calculated by discounting the estimated amount of future cash flows based on the business plans approved by the Board of Directors. In principle, business plans are limited to five years and are formulated in a manner that reflects past results and are consistent with external information. The growth rate is determined by consideration of the long-term average growth rate of markets or countries to which the cash-generating unit belongs. The discount rate is determined considering such factors as the weighted average cost of capital for each cash-generating unit (domestic: pre-tax, approximately 6–13%, overseas: pre-tax, approximately 11–17%).

The main amount of goodwill is allocated to cash-generating units that compose the businesses of FamilyMart Co., Ltd., as a result of the conversion of FamilyMart Co., Ltd. into a subsidiary. For the impairment test of this goodwill, the assumptions that have the greatest impact on the calculation of the value in use are the assumptions of maintaining the number of stores and increasing trading income through raising daily sales. These assumptions reflect past results, industry trends and the expected effect of improvement measures on store profitability. The business plan for the impairment test covers a period of three years. Despite the continued rise in various costs due to changes in the external environment such as inflation, the daily sales for this fiscal year exceeded that of the previous year by enhancement of product appeal and strengthening of sales promotion. For the impairment test conducted in the fiscal year ended March 31, 2026, while maintaining the number of stores from the fiscal year ending March 31, 2027 through the fiscal year ending March 31, 2029, despite the pressure of rising costs, we expect a moderate increase in daily sales due to the enhancement of product appeal, strengthening of sales promotion, and expanding the sales floor area of existing stores. The growth rate of future cash flows beyond the target period of the business plan, after the fiscal year ending March 31, 2030, is taken to be 0.5%. These growth rates are calculated by considering the long-term growth rate of the markets and countries to which the cash-generating unit belongs. In the event that the assumed numbers of the stores were significantly decreased, the assumed increase in the percentage of daily sales were to be revised significantly downward, or the discount rate were to be revised significantly upward, the value in use could fall below the carrying amount.

(2) Intangible Assets

The cost, accumulated amortization and accumulated impairment losses, and carrying amount of intangible assets as of March 31, 2026 and 2025 were as follows:

	Millions of Yen			
	Trademarks	Software	Others	Total
Balance as of March 31, 2026				
Cost	**¥ 642,293**	**¥ 353,871**	**¥ 374,065**	**¥ 1,370,229**
Accumulated amortization and accumulated impairment losses	**(168,970)**	**(204,665)**	**(195,832)**	**(569,467)**
Carrying amount	**473,323**	**149,206**	**178,233**	**800,762**

	Millions of Yen			
	Trademarks	Software	Others	Total
Balance as of March 31, 2025				
Cost	¥ 642,019	¥ 313,518	¥ 360,300	¥ 1,315,837
Accumulated amortization and accumulated impairment losses	(149,029)	(180,477)	(182,282)	(511,788)
Carrying amount	492,990	133,041	178,018	804,049

	Millions of U.S. Dollars			
	Trademarks	Software	Others	Total
Balance as of March 31, 2026				
Cost	**$ 4,017**	**$ 2,213**	**$ 2,340**	**$ 8,570**
Accumulated amortization and accumulated impairment losses	**(1,057)**	**(1,280)**	**(1,225)**	**(3,562)**
Carrying amount	**2,960**	**933**	**1,115**	**5,008**

The changes in the carrying amount of intangible assets for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen			
	Trademarks	Software	Others	Total
Balance as of April 1, 2025	¥ 492,990	¥ 133,041	¥ 178,018	¥ 804,049
Acquisitions through business combinations	**—**	**42**	**7,514**	**7,556**
Individual acquisitions	**4,631**	**39,995**	**9,597**	**54,223**
Disposals	**(586)**	**(1,466)**	**(728)**	**(2,780)**
Decrease through divestitures	**—**	**—**	**(848)**	**(848)**
Amortization expenses	**(15,667)**	**(30,480)**	**(12,861)**	**(59,008)**
Impairment losses recognized in profit or loss	**(1,149)**	**(3,315)**	**6,775**	**2,311**
Effect of foreign currency exchange differences, and others	**(6,896)**	**11,389**	**(9,234)**	**(4,741)**
Balance as of March 31, 2026	**¥ 473,323**	**¥ 149,206**	**¥ 178,233**	**¥ 800,762**

	Millions of Yen			
	Trademarks	Software	Others	Total
Balance as of April 1, 2024	¥ 442,346	¥ 110,300	¥ 191,782	¥ 744,428
Acquisitions through business combinations	65,909	532	10,713	77,154
Individual acquisitions	3,137	41,234	9,590	53,961
Disposals	(907)	(519)	(624)	(2,050)
Decrease through divestitures	—	(85)	(327)	(412)
Amortization expenses	(14,532)	(30,015)	(13,040)	(57,587)
Impairment losses recognized in profit or loss	(3,063)	(445)	(6,138)	(9,646)
Effect of foreign currency exchange differences, and others	100	12,039	(13,938)	(1,799)
Balance as of March 31, 2025	¥ 492,990	¥ 133,041	¥ 178,018	¥ 804,049

	Millions of U.S. Dollars			
	Trademarks	Software	Others	Total
Balance as of April 1, 2025	$ 3,083	$ 832	$ 1,114	$ 5,029
Acquisitions through business combinations	**—**	**0**	**47**	**47**
Individual acquisitions	**29**	**250**	**60**	**339**
Disposals	**(4)**	**(9)**	**(4)**	**(17)**
Decrease through divestitures	**—**	**—**	**(5)**	**(5)**
Amortization expenses	**(98)**	**(190)**	**(81)**	**(369)**
Impairment losses (reversals) recognized in profit or loss	**(7)**	**(21)**	**42**	**14**
Effect of foreign currency exchange differences, and others	**(43)**	**71**	**(58)**	**(30)**
Balance as of March 31, 2026	**$ 2,960**	**$ 933**	**$ 1,115**	**$ 5,008**

Amortization expenses for intangible assets are recognized in Cost of sale of goods, Cost of rendering of services and royalties and Selling, general and administrative expenses in the Consolidated Statement of Comprehensive Income.

The amount of acquisitions through business combinations during the fiscal year ended March 31, 2025 is mainly due to the conversion of DESCENTE LTD. into a subsidiary from an investment accounted for by the equity method.

The amount of impairment losses for the fiscal year ended March 31, 2026 was ¥4,621 million (US$29 million). The amount of reversal of impairment losses was ¥6,932 million (US$43 million) included the reversal of impairment losses on Others related to the automobile dealership contract, etc. in Panama at RICARDO PÉREZ, S.A. in Machinery segment, as a result of improved business conditions and the revision of future forecasts due to the recovery of the automobile market in Panama.

The amount of impairment losses for the fiscal year ended March 31, 2025 was ¥9,646 million.

Regarding trademarks and customer relationships in a North American synthetic resin-related company, as a result of comprehensively revising the business plan in response to the non-achievement of its target due to the deterioration in profitability resulting from the increase in logistics costs and lower sales volume, etc., an impairment loss of ¥7,119 million was recognized.

The impairment losses (reversals) were recognized in Gains (losses) on property, plant, equipment and intangible assets in the Consolidated Statement of Comprehensive Income.

The carrying amount of Trademarks as of March 31, 2026 included ¥258,501 million (US$1,617 million) of trademarks in FamilyMart Co., Ltd., and ¥44,883 million (US$281 million) of trademarks in DESCENTE LTD. The carrying amount of Others included ¥86,897 million (US$544 million) of customer relationships in FamilyMart Co., Ltd. In addition, the decrease in the balance of Trademarks related to DESCENTE LTD. was mainly due to the completion, during the fiscal year ended March 31, 2026, of the measurement of the fair value of acquired assets and liabilities, etc. associated with the business combination arising from the conversion of DESCENTE LTD. into a subsidiary, and is included in Effect of foreign currency exchange differences, and others of the Trademarks.

The carrying amount of Trademarks as of March 31, 2025 included ¥268,639 million of trademarks in FamilyMart Co., Ltd., and ¥64,080 million of trademarks in DESCENTE LTD. The carrying amount of Others included ¥97,106 million of customer relationships in FamilyMart Co., Ltd.

The carrying amounts of intangible assets with indefinite useful lives as of March 31, 2026 and 2025 were ¥120,671 million (US $755 million) and ¥112,077 million, respectively. The balance of intangible assets with indefinite useful lives as of March 31, 2026 included ¥58,379 million (US$365 million) of trademarks in European Tyre Enterprise Limited, and ¥56,206 million (US$352 million) of trademarks in Dole. The balance of intangible assets with indefinite useful lives as of March 31, 2025 included ¥53,618 million of trademarks in European Tyre Enterprise Limited, and ¥52,562 million of trademarks in Dole. The fluctuation in the balance of trademarks in European Tyre Enterprise Limited and Dole is mainly due to foreign currency exchange differences. These trademarks were mainly acquired through business combinations and will continue to exist as long as the businesses that use them continue to operate. Accordingly, the Company considers them to have indefinite useful lives.

The recoverable amounts used in impairment tests for intangible assets are based on the value in use calculated with the support of independent appraisers. The value in use is calculated by discounting the estimated amount of future cash flows based on the business plans approved by the Board of Directors. In principle, business plans are limited to five years and are formulated in a manner that reflects past results and are consistent with external information. The growth rate is determined with reference to the long-term average growth rate of the markets or countries to which the cash-generating unit belongs. The discount rate is determined with reference to such factors as the weighted average cost of capital for each cash-generating unit (domestic: pre-tax, approximately 6–13%, overseas: pre-tax, approximately 9–17%).

12. Securities and Other Investments

Securities included in Other current financial assets, and Other investments in the Consolidated Statement of Financial Position were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Securities:			
FVTPL financial assets	**¥ 1,279**	¥ 5,147	**$ 8**
Amortized cost (Note)	**96**	51	**1**
Total	**¥ 1,375**	¥ 5,198	**$ 9**
Other Investments:			
FVTPL financial assets	**131,975**	118,997	**826**
FVTOCI financial assets	**1,230,964**	1,032,332	**7,699**
Amortized cost (Note)	**35,144**	4,895	**220**
Total	**¥ 1,398,083**	¥ 1,156,224	**$ 8,745**

Note: Of the securities included in Other current financial assets and Other investments, financial assets measured at amortized cost are primarily public and corporate bonds for which the fair values approximate their carrying amounts.

The breakdown of the above FVTOCI financial assets into marketable and non-marketable equity securities were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Marketable equity securities	**¥ 628,820**	¥ 590,997	**$ 3,933**
Non-marketable equity securities	**602,144**	441,335	**3,766**
Total	**¥ 1,230,964**	¥ 1,032,332	**$ 7,699**

The Non-marketable equity securities mainly consisted of investments in Metsä Fibre Oy, Taipei Financial Center Corp. and resource sectors, such as metal and mineral resources, petroleum, and natural gas. The total fair value of the investments in such resource sectors as of March 31, 2026 and 2025 were ¥241,333 million (US$1,509 million) and ¥224,480 million, respectively. These investments included BHP Iron Ore (Jimblebar) Pty Ltd and QatarEnergy LNG S(1).

The main marketable equity securities that the Company and its subsidiaries owned as FVTOCI financial assets as of March 31, 2026 and 2025 were as follows:

March 31, 2026

Stock	Millions of Yen	Millions of U.S. Dollars
Pan Pacific International Holdings Corporation	**¥ 171,898**	**$ 1,075**
ISUZU MOTORS LIMITED	**117,576**	**735**
NISSIN FOODS HOLDINGS CO., LTD.	**49,106**	**307**
Seven & i Holdings Co., Ltd.	**21,026**	**132**
Internet Initiative Japan Inc.	**19,110**	**120**
SUNRISE GROUP CO., LTD.	**15,781**	**99**
Advance Residence Investment Corporation	**11,376**	**71**
eGuarantee,Inc.	**10,221**	**64**
SEIBU HOLDINGS INC.	**9,657**	**60**
Oriental Shiraishi Corporation	**9,307**	**58**
Mizuho Financial Group, Inc.	**8,566**	**54**
Showa Sangyo Co., Ltd.	**7,465**	**47**
AEON Co., Ltd.	**7,411**	**46**
Sumitomo Mitsui Financial Group, Inc.	**7,304**	**46**
Mazda Motor Corporation	**6,287**	**39**

March 31, 2025

Stock	Millions of Yen
Pan Pacific International Holdings Corporation	¥ 131,502
ISUZU MOTORS LIMITED	106,750
NISSIN FOODS HOLDINGS CO., LTD.	49,890
Nishimatsu Construction Co., Ltd.	37,005
Seven & i Holdings Co., Ltd.	21,675
Internet Initiative Japan Inc.	20,293
Orient Corporation	14,319
eGuarantee,Inc.	11,140
Advance Residence Investment Corporation	10,074
Oriental Shiraishi Corporation	8,462
SIGMAXYZ Holdings Inc.	7,683
SEIBU HOLDINGS INC.	7,107
Showa Sangyo Co., Ltd.	6,492
Mazda Motor Corporation	5,701
Mizuho Financial Group, Inc.	5,701

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FVTOCI financial assets which the Company derecognized in the fiscal years ended March 31, 2026 and 2025 were as follows:

Millions of Yen						Millions of U.S. Dollars		
2026			2025			2026		
Fair value at date of sale	Cumulative gains (losses)	Dividends	Fair value at date of sale	Cumulative gains (losses)	Dividends	Fair value at date of sale	Cumulative gains (losses)	Dividends
¥85,442	**¥(18,337)**	**¥2,996**	¥128,395	¥49,392	¥9,353	**$534**	**$(115)**	**$19**

The amounts of transfer from FVTOCI financial assets to Retained earnings for the fiscal years ended March 31, 2026 and 2025 due to derecognition of FVTOCI financial assets were the loss of ¥10,048 million (US$63 million) and the gain of ¥9,391 million, respectively.

The transfer was mainly due to the derecognition of FVTOCI financial assets caused by sale of equity securities as a result of reconsideration of business relationships and the change in classification of equity securities from FVTOCI financial assets to investments in subsidiaries or associates.

13. Associates and Joint Ventures

(1) The Total Carrying Amounts of Investments in Associates and Joint Ventures

For investments in associates and joint ventures, the total carrying amounts in the Consolidated Statement of Financial Position as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Investment			
Associates	**¥ 2,345,846**	¥ 2,097,512	**$ 14,673**
Joint ventures	**1,758,944**	1,463,065	**11,001**
Total	**¥ 4,104,790**	¥ 3,560,577	**$ 25,674**

The differences between the carrying amounts of the investments in associates and joint ventures and equity interest in the underlying net assets of such associates and joint ventures were ¥641,167 million (US$4,010 million) and ¥579,112 million as of March 31, 2026 and 2025, respectively, increased mainly due to the acquisition of Kawasaki Motors, Ltd. The differences consist of certain fair value adjustments (net of tax) allocated to assets and liabilities recognized at the time of the investments in associates, and goodwill. The fair value adjustments are primarily attributed to intangible assets.

Certain associates and joint ventures raise funds through project financing and there are usage restrictions on deposits.

(2) The Share of Profit and Other Comprehensive Income of Associates and Joint Ventures

For investments in associates and joint ventures, the share of profit and other comprehensive income of associates and joint ventures in comprehensive income for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Associates			
Share of profit or loss	**¥ 164,045**	¥ 156,334	**$ 1,026**
Share of other comprehensive income	**43,020**	19,761	**270**
Subtotal	**207,065**	176,095	**1,296**
Joint ventures			
Share of profit or loss	**159,469**	192,963	**998**
Share of other comprehensive income	**88,727**	(45,035)	**555**
Subtotal	**248,196**	147,928	**1,553**
Share of comprehensive income			
Total share of profit or loss of associates and joint ventures	**323,514**	349,297	**2,024**
Total share of other comprehensive income of associates and joint ventures	**131,747**	(25,274)	**825**
Total	**¥ 455,261**	¥ 324,023	**$ 2,849**

For the fiscal year ended March 31, 2025, the Company recorded a gain of ¥44,004 million on the group reorganization of the Chinese business in FamilyMart Co., Ltd. in The 8th segment as Equity in earnings of associates and joint ventures.

In Investments accounted for by the equity method, the Company recognized impairment losses, which were included in Gains (losses) on investments in the Consolidated Statement of Comprehensive Income, of ¥9,355 million (US$59 million) and ¥123 million for the fiscal years ended March 31, 2026 and 2025, respectively.

The recoverable amounts used in impairment tests for investments in associates and joint ventures are calculated as the higher of the fair value less costs to sell or the value in use by comprehensively considering the value in use calculated with the support of independent appraisers or stock prices. The value in use is calculated by discounting the estimated amount of future cash flows based on the business plans approved by the Board of Directors. In principle, business plans are limited to five years and are formulated in a manner that reflects past results and are consistent with external information. The growth rate is determined by consideration of the long-term average growth rate of the markets or countries to which the cash-generating unit belongs. The discount rate is determined considering such factors as the weighted average cost of capital for each cash-generating unit (approximately 7–19%).

(3) The Balances of Receivables and Payables Involving Associates and Joint Ventures

For investments in associates and joint ventures, the balances of receivables and payables as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Balance of receivables			
Associates	**¥ 89,157**	¥ 85,547	**$ 557**
Joint ventures	**749,167**	717,608	**4,686**
Total	**¥ 838,324**	¥ 803,155	**$ 5,243**
Balance of payables			
Associates	**136,974**	153,903	**857**
Joint ventures	**3,858**	4,369	**24**
Total	**¥ 140,832**	¥ 158,272	**$ 881**

(4) Total Revenues and Total Purchases from Associates and Joint Ventures

For investments in associates and joint ventures, total revenues and total purchases included in Cost for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Revenues			
Associates	**¥ 176,092**	¥ 103,163	**$ 1,101**
Joint ventures	**34,313**	35,919	**215**
Total	**¥ 210,405**	¥ 139,082	**$ 1,316**
Purchases			
Associates	**460,218**	455,036	**2,879**
Joint ventures	**29,296**	38,391	**183**
Total	**¥ 489,514**	¥ 493,427	**$ 3,062**

(5) Others

(Investments in associates and joint ventures with a reporting period end that differs from that of the Company)

The Consolidated Financial Statements include investments in associates and joint ventures with a reporting period end that differs from that of the Company because it is impracticable to unify the reporting period ends, due to reasons including the existence of a shareholder that has control over the associates and joint ventures for which the reporting period is different from that of the Company, or the impossibility of doing so under the legal system of regions in which the associates and joint ventures are located. The difference between the end of the reporting period of these associates and joint ventures and the end of the reporting period of the Company does not exceed three months. Adjustments are made to reflect significant transactions or events that result from the difference in the reporting period ends. Major investments in such associates and joint ventures include CITIC Limited (reporting period ends in December).

(Financial information about the material joint ventures and associates)
Chia Tai Bright Investment Company Limited (hereinafter "CTB"), a company in which the Company and Charoen Pokphand Group Company Limited each invested 50%, owns 20% of ordinary shares in CITIC Limited and applies the equity method to CITIC Limited. The Company conducts the assessments of equity method investments in order to determine whether an impairment indicator exists and various factors such as expected future profitability, stock price, economic environment, and industry trends are considered in the assessment. In the fiscal year ended March 31, 2026, the Company determined that there was an indication of impairment due to the decline in the stock price and measured the recoverable amount based on future cash flows with the assistance of an independent appraiser, taking into account future profitability based on the growth outlook of the Chinese economy and regulations, etc. As a result, the recoverable amount exceeded the carrying amount of the investments accounted for by the equity method, and therefore no impairment loss was recognized.

The difference between the consideration paid for CITIC Limited shares acquired by CTB and CTB's share of the carrying amounts of CITIC Limited's net assets at the time of share acquisition was appropriately allocated to CITIC Limited's assets and liabilities based on those fair values and the amount of the difference was RMB4,623 million (credit balance) as of March 31, 2026. In addition, CTB recognized an impairment loss of RMB17,291 million in the fiscal year ended March 31, 2019. The amounts above are not included in the summarized financial information below.

The summarized financial information of CITIC Limited based on the disclosed financial statements as of December 31, 2025 and 2024 were as follows:

	Millions of RMB	
	2025	2024
Total assets	**13,021,140**	12,075,425
Total liabilities	**11,524,479**	10,652,411
Total equity	**1,496,661**	1,423,014
Non-Controlling interests	**714,312**	665,527
Total equity after netting Non-Controlling interests	**782,349**	757,487

	Millions of RMB	
	2025	2024
Total revenues	**769,264**	747,200
Net profit	**115,813**	107,755
Total other comprehensive income for the year, net of tax	**(18,244)**	10,348
Total comprehensive income for the year	**97,569**	118,103

14. Trade and Other Payables

The breakdown of trade payables as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Notes payable	**¥ 254,228**	¥ 304,771	**$ 1,590**
Trade accounts payable	**1,877,279**	1,739,691	**11,742**
Other accounts payable	**270,682**	217,987	**1,693**
Total	**¥ 2,402,189**	¥ 2,262,449	**$ 15,025**

The breakdown of other current payables as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Other accounts payable	**¥ 35,127**	¥ 76,450	**$ 220**
Deposit received	**207,501**	203,280	**1,298**
Total	**¥ 242,628**	¥ 279,730	**$ 1,518**

15. Debentures and Borrowings

The breakdown of Short-term debentures and borrowings as of March 31, 2026 and 2025 were as follows:

	Millions of Yen	Interest rate (%)	Millions of Yen	Interest rate (%)	Millions of U.S. Dollars
	2026		2025		2026
Current loans from financial institutions	**¥ 447,107**	**1.9%**	¥ 524,554	1.9%	**$ 2,797**
Commercial paper	**80,916**	**2.7%**	41,000	0.6%	**506**
Subtotal	**528,023**	**—**	565,554	—	**3,303**
Current portion of long-term debentures and borrowings	**218,859**	**—**	261,574	—	**1,368**
Total	**¥ 746,882**	**—**	¥ 827,128	—	**$ 4,671**

Note: Interest rates represent the weighted average interest rates based on balances as of March 31, 2026 and 2025. The interest rates of the Current portion of long-term debentures and borrowings are included in the breakdown of Long-term debentures and borrowings below.

The breakdown of Long-term debentures and borrowings as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Borrowings			
Secured			
Due 2026–2039, interest rate mainly 0.2%–2.5%	**¥ 2,620**	¥ 2,617	**$ 16**
Unsecured			
Due 2025–2040, interest rate mainly 0.0%–6.0%	**2,605,015**	2,541,890	**16,294**
Debentures			
Unsecured bonds and notes			
Year of issuance, Coupon, Type of bond, Maturity			
Issued in 2013–2026, 0.4%–1.9% Yen Bonds due 2025–2034 (Including Commercial paper)	**418,863**	342,853	**2,620**
Issued in 2021, 1.6% U.S. Dollar Bonds due 2026	**—**	74,760	**—**
Issued in and after 2020, debentures and others issued by subsidiaries, maturing through 2031	**151,575**	39,825	**948**
Subtotal	**3,178,073**	3,001,945	**19,878**
Fair value hedge and discontinuation of hedge adjustment	**(33,387)**	(16,731)	**(209)**
Total	**3,144,686**	2,985,214	**19,669**
Less: Current portion of long-term debentures and borrowings	**(218,859)**	(261,574)	**(1,369)**
Long-term debentures and borrowings	**¥ 2,925,827**	¥ 2,723,640	**$ 18,300**

16. Leases

(1) Lessor

The Company and its subsidiaries lease real estate and certain other assets under operating leases.

The schedule of future lease payments receivable under operating leases as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Within 1 year	**¥ 5,737**	¥ 6,163	**$ 36**
More than 1 to 5 years	**10,371**	11,574	**65**
More than 5 years	**4,038**	4,872	**25**
Total	**¥ 20,146**	¥ 22,609	**$ 126**

The Company and its subsidiaries lease real estate, information and communication equipment, commercial vehicles, and certain other assets under finance leases. The schedule of gross investment in the lease and net investment in the lease as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Within 1 year	**¥ 28,029**	¥ 28,609	**$ 175**
More than 1 to 5 years	**59,126**	57,876	**370**
More than 5 years	**15,777**	15,959	**99**
Total	**102,932**	102,444	**644**
Less: Unearned finance income	**(10,239)**	(9,933)	**(64)**
Net investment in the lease	**¥ 92,693**	¥ 92,511	**$ 580**

For the fiscal years ended March 31, 2026 and 2025, the finance income on the net investment in the lease were ¥3,005 million (US$19 million) and ¥2,769 million, respectively.

(2) Lessee

The Company and its subsidiaries lease real estate and certain other assets under leases.

The changes in the carrying amount of right-of-use assets (except for those included in Investment property) for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen				
	Land	Buildings and structures	Machinery and vehicles	Fixtures, fittings, and office equipment	Total
Balance as of April 1, 2025	¥ 170,432	¥ 726,055	¥ 53,272	¥ 53,538	¥ 1,003,297
Individual acquisitions	**7,549**	**84,628**	**8,537**	**15,594**	**116,308**
Depreciation	**(32,128)**	**(175,736)**	**(16,910)**	**(14,209)**	**(238,983)**
Impairment losses (reversals) recognized in profit or loss	**(766)**	**(2,644)**	**(195)**	**(535)**	**(4,140)**
Others (Note)	**16,195**	**120,834**	**2,359**	**683**	**140,071**
Balance as of March 31, 2026	**¥ 161,282**	**¥ 753,137**	**¥ 47,063**	**¥ 55,071**	**¥ 1,016,553**

	Millions of Yen				
	Land	Buildings and structures	Machinery and vehicles	Fixtures, fittings, and office equipment	Total
Balance as of April 1, 2024	¥ 170,003	¥ 695,281	¥ 47,468	¥ 50,253	¥ 963,005
Individual acquisitions	12,188	75,592	22,224	18,040	128,044
Depreciation	(33,228)	(173,192)	(15,802)	(14,787)	(237,009)
Impairment losses (reversals) recognized in profit or loss	(369)	(4,054)	(126)	(483)	(5,032)
Others (Note)	21,838	132,428	(492)	515	154,289
Balance as of March 31, 2025	¥ 170,432	¥ 726,055	¥ 53,272	¥ 53,538	¥ 1,003,297

	Millions of U.S. Dollars				
	Land	Buildings and structures	Machinery and vehicles	Fixtures, fittings, and office equipment	Total
Balance as of April 1, 2025	$ 1,066	$ 4,541	$ 333	$ 335	$ 6,275
Individual acquisitions	**48**	**529**	**53**	**98**	**728**
Depreciation	**(201)**	**(1,099)**	**(106)**	**(89)**	**(1,495)**
Impairment losses (reversals) recognized in profit or loss	**(5)**	**(16)**	**(1)**	**(4)**	**(26)**
Others (Note)	**101**	**756**	**15**	**4**	**876**
Balance as of March 31, 2026	**$ 1,009**	**$ 4,711**	**$ 294**	**$ 344**	**$ 6,358**

Note: Amounts are mainly the increase due to lease contract modifications in FamilyMart Co., Ltd.
In addition, lease contract modifications in other companies, mid-term terminations, business combinations and other factors are included.

The schedule of future lease payments under leases of the Company and its subsidiaries as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Within 1 year	**¥ 253,530**	¥ 243,485	**$ 1,586**
More than 1 to 5 years	**605,615**	601,186	**3,788**
More than 5 years	**306,535**	304,155	**1,917**
Total	**¥ 1,165,680**	¥ 1,148,826	**$ 7,291**

For the fiscal years ended March 31, 2026 and 2025, the interest expense on lease liabilities were ¥20,825 million (US$130 million) and ¥17,495 million, respectively. In addition, for the fiscal years ended March 31, 2026 and 2025, the total cash outflow for leases were ¥283,288 million (US$1,772 million) and ¥280,794 million, respectively.

As of March 31, 2026, there are lease agreements for office building and certain other assets not yet commenced to which the lease is committed. The total lease payments under the agreements are ¥54,996 million (US$344 million).

17. Retirement and Severance Benefits

The Company and certain subsidiaries have defined benefit pension plans (e.g., the Corporate Pension Fund) covering substantially all of their employees. Benefits under these pension plans are based on years of service and certain other factors.

Plan assets are comprised primarily of marketable equity securities, debt, and other interest-bearing securities, and are exposed to stock price and interest rate risks. In addition, the Company and certain subsidiaries have both unfunded retirement and severance plans, which provide lump-sum payment benefits to their employees, and defined contribution plans.

Changes in the present value of defined benefit obligations and the fair value of plan assets were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Changes in the present value of defined benefit obligations :			
Defined benefit obligations at the beginning of the year	**¥ 369,822**	¥ 394,924	**$ 2,313**
Service cost	**14,065**	14,604	**88**
Current service cost	**13,957**	14,605	**87**
Prior service cost	**108**	(1)	**1**
Interest cost	**7,523**	5,422	**47**
Plan participants' contributions	**591**	595	**4**
Remeasurements	**(22,605)**	(25,451)	**(141)**
Benefits paid from plan assets	**(20,944)**	(19,043)	**(131)**
Benefits paid by employer	**(7,816)**	(8,460)	**(49)**
Foreign currency translation adjustments	**1,815**	766	**11**
Acquisitions and divestitures	**711**	6,465	**4**
Defined benefit obligations at the end of the year	**¥ 343,162**	¥ 369,822	**$ 2,146**
Changes in the fair value of plan assets :			
Plan assets at the beginning of the year	**¥ 366,783**	¥ 366,788	**$ 2,294**
Interest income	**7,793**	5,356	**49**
Remeasurements	**20,800**	(7,897)	**130**
Employer contributions	**11,326**	12,791	**71**
Plan participants' contributions	**591**	595	**4**
Benefits paid from plan assets	**(20,944)**	(19,043)	**(131)**
Foreign currency translation adjustments	**1,399**	798	**9**
Acquisitions and divestitures	**380**	7,395	**2**
Plan assets at the end of the year	**¥ 388,128**	¥ 366,783	**$ 2,428**
Effect of the asset ceiling	**¥ 84,300**	¥ 50,049	**$ 528**
The net amount of defined benefit obligations	**¥ 39,334**	¥ 53,088	**$ 246**

As of March 31, 2026 and 2025, plan assets held by the Company and its subsidiaries by category were as follows. For information used to measure fair value, please refer to Note 26 Financial Instruments Measured at Fair Value.

	Millions of Yen		
	2026		
	Level 1	Level 2 and 3	Total
Equity instruments:			
Domestic	**¥ 31,010**	**¥ 40,156**	**¥ 71,166**
Overseas	**84**	**34,574**	**34,658**
Debt instruments:			
Domestic	**27,467**	**54,252**	**81,719**
Overseas	**637**	**52,037**	**52,674**
Other assets:			
Cash and cash equivalents	**31,528**	**—**	**31,528**
Life insurance company general accounts	**—**	**43,161**	**43,161**
Others	**—**	**73,222**	**73,222**
Total	**¥ 90,726**	**¥ 297,402**	**¥ 388,128**

	Millions of Yen		
	2025		
	Level 1	Level 2 and 3	Total
Equity instruments:			
Domestic	¥ 32,525	¥ 38,117	¥ 70,642
Overseas	517	33,984	34,501
Debt instruments:			
Domestic	26,417	54,120	80,537
Overseas	1,697	52,063	53,760
Other assets:			
Cash and cash equivalents	21,576	—	21,576
Life insurance company general accounts	—	42,795	42,795
Others	—	62,972	62,972
Total	¥ 82,732	¥ 284,051	¥ 366,783

	Millions of U.S. Dollars		
	2026		
	Level 1	Level 2 and 3	Total
Equity instruments:			
Domestic	**$ 194**	**$ 251**	**$ 445**
Overseas	**1**	**216**	**217**
Debt instruments:			
Domestic	**172**	**339**	**511**
Overseas	**4**	**326**	**330**
Other assets:			
Cash and cash equivalents	**197**	**—**	**197**
Life insurance company general accounts	**—**	**270**	**270**
Others	**—**	**458**	**458**
Total	**$ 568**	**$ 1,860**	**$ 2,428**

In setting its portfolio investment policy for plan assets, the Company, on a long-term basis, focuses on securing investment returns that are sufficient to provide for future benefit payments for employees in the context of a tolerable level of risk control. In order to achieve the objectives of the investment policy, the Company establishes the most appropriate portfolio considering the past return results as well as the estimated returns on invested assets, and manages the portfolio.

The Company's investment policy for its portfolio of plan assets is to invest approximately 50% in domestic and overseas debt securities, approximately 30% in domestic and overseas equity securities, and approximately 20% in alternative investments. The Company's allocation of assets may also include Cash and cash equivalents, and Life insurance company general accounts, as appropriate. The Company's basic policy is to emphasize asset liquidity and a thorough diversification of its investments. In addition, the Company has established an employee pension trust mainly comprised of domestic equity securities as a part of plan assets. The Company's holdings of equity instruments consist primarily of shares in listed companies. Debt instruments principally comprise highly-rated government bonds. The Insurance Business Law Enforcement Regulations stipulate that the investment of assets in life insurance company general accounts be conducted in a manner that provides a specific assumed interest rate and a principal guarantee.

Information about the maturity profile of retirement benefits is as follows:

The defined benefit obligation is calculated based on the estimated amount of future benefits that have been incurred as of the present. The amount of those future payments is discounted back from the expected time of future payment to the present. Accordingly, the timing of benefit payments influences the amounts of the defined benefit obligation and service costs, and consequently, disclosure of information regarding the distribution of the timing of benefit payments is required under IAS 19 "Employee Benefits." The Company believes that it meets this requirement in an effective manner through the disclosure of the weighted average duration of the defined benefit obligation, which takes into account the amount, timing, and discount rate. The weighted average duration of the Company's defined benefit obligation is 10 years.

Certain subsidiaries have plans that are underfunded, and this underfunded status could result in substantial differences between future contributions and current service cost. To eliminate this deficit, premium contributions will be accumulated over a defined period of time and reviewed periodically, as calculated in accordance with the retirement benefit rules of each company.

The planned amount of contributions for all defined benefit pension plans in the fiscal year ending March 31, 2027 is approximately ¥13,200 million.

The assumptions regarding the defined benefit obligation were as follows:

	2026	2025
Discount rate	**3.1%**	2.2%
Rate of compensation increase	**3.8%**	3.8%
Mortality rate	**0.02 - 0.60%**	0.02 - 0.64%
Retirement rate	**0.6 - 15.5%**	0.6 - 15.5%
Lump sum election rate	**37.6%**	33.1%

Among the above actuarial assumptions, the calculations related to the defined benefit plan are sensitive to the influence of the discount rate assumption.

As of March 31, 2026, a movement of 1% in the discount rate would have an effect of ¥10,114 million (US$63 million) on the defined benefit obligation and an effect of ¥251 million (US$2 million) (before tax effect) on service cost. This analysis is based on the premise that the actuarial assumptions other than the discount rate do not fluctuate and that only the discount rate fluctuates. This method of analysis is based on assumptions, and it is possible that the actual calculation could be influenced by fluctuations in other variables.

Certain subsidiaries and associates participate in the ITOCHU United Pension Fund.

The ITOCHU United Pension Fund differs from a single employer plan with respect to the following points:

(1) Assets that an employer contributes to the multiemployer plan could be used for the benefits of employees of other participating employers.

(2) If one participating employer stops premium contributions, other participating employers could be required to absorb unfunded obligations additionally.

(3) If a participating employer withdraws from the multiemployer plan, the employer could be required to contribute the amount of the unfunded obligation as a special withdrawal premium.

The ITOCHU United Pension Fund is a defined benefit multiemployer plan that is operated in accordance with the rules above. Events occurring at participating companies influence the allocation of plan assets and expenses to other participating companies, and consequently, there is no consistent basis for that allocation. Accordingly, the plan is accounted for as a defined contribution plan because it is not possible to obtain sufficient information to account for such plan as a defined benefit plan. In regard to the special premium for this plan, the balance of prior service liability is recognized as a liability, and subsequently, that liability is reversed when the special premium is paid.

As of March 31, 2025, the ITOCHU United Pension Fund was underfunded by ¥5,272 million. The ITOCHU United Pension Fund obtained approval from the Minister of Health, Labor and Welfare on April 1, 2013, for an exemption from the obligation to pay benefits for future employee services related to the substitutional portion, which would result in the transfer of pension obligations and related assets to the government. As a result of the periodical revaluation and revision of the premium, it is expected that the amount by which the fund is underfunded will be supplemented by the revised premium.

The amount of contributions of participating subsidiaries to the ITOCHU United Pension Fund were ¥3,234 million (US$20 million) and ¥3,136 million for the fiscal years ended March 31, 2026 and 2025, respectively. The planned amount of contributions in the fiscal year ending March 31, 2027 is approximately ¥3,300 million. The portion of participating subsidiaries' contributions as a percentage of all contributions to the ITOCHU United Pension Fund was approximately 70% in the fiscal year ended March 31, 2026.

The Company and certain subsidiaries have defined contribution plans. In regard to these plans, the obligations of the Company and its subsidiaries are limited to the contribution amounts that are stipulated in the retirement benefit rules, which are determined on a company-by-company basis.

The recognized expenses with respect to the defined contribution plan for the fiscal years ended March 31, 2026 and 2025 were ¥12,845 million (US$80 million) and ¥12,249 million, respectively.

Details of Compensation

Details of compensation and bonuses for the Company's directors in the fiscal year ended March 31, 2026 were as follows:

		Millions of Yen	Millions of U.S. Dollars			
Type	Number of people	Amount paid	Amount paid	Details		
Directors (Outside directors)	10 (4)	¥ 5,729 ¥ (93)	$ 36 $ (1)	(1) Monthly remuneration:		¥ 694 million
				(2) Performance-linked bonuses:		¥ 1,818 million
				(3) Share price-linked bonuses:		¥ 395 million
				(4) Stock remuneration:	BIP Trust	¥ 569 million
					RS Remuneration	¥ 2,252 million

Notes: 1. FYE 2026 Director remuneration is composed of monthly remuneration, performance-linked remuneration as performance-linked bonuses, share price-linked bonuses, and stock remuneration (non-monetary remuneration). These remunerations and bonuses were approved unanimously by the Board of Directors following deliberation by the Governance, Nomination and Remuneration Committee.

2. Monthly remuneration is decided based on the standard amount by position and the level of contribution to ITOCHU, including the creation of business opportunities, business expansion, and addressing risk management, taking into account factors such as climate change, SDGs and ESG.

3. In the above, the amount for the BIP Trust indicates the expense recorded for the points granted to six (6) Directors (excluding Outside Directors) under the BIP Trust Plan in FYE 2026, and the amount for RS Remuneration indicates the expense recorded in FYE 2026 as the anticipated amount of restricted stock remuneration to be provided to six (6) Directors (excluding Outside Directors) under the RS Remuneration Plan in 2026. Furthermore, the remuneration under the RS Remuneration Plan for two (2) Directors who retired as of March 31, 2026, is planned to be paid in cash.

4. The retirement benefits system for directors was abolished on the date of the 81st Ordinary General Meeting of Shareholders held on June 29, 2005, and it was resolved that directors retaining their positions after the conclusion of the said General Meeting of Shareholders shall be presented with retirement benefits on the date of their retirement for the period up to the time the retirement benefits system was abolished.

18. Provisions

The changes in provisions in Other current liabilities and Other non-current liabilities for the fiscal year ended March 31, 2026 were as follows:

	Millions of Yen		
	Provisions for asset retirement obligations	Other provisions	Total
Balance as of April 1, 2025	¥ 154,937	¥ 15,482	¥ 170,419
Provisions increased for the year	**16,990**	**12,199**	**29,189**
Provisions charged-off	**(3,213)**	**(6,251)**	**(9,464)**
Provisions reversed	**(1,317)**	**(1,688)**	**(3,005)**
Accretion expense	**3,486**	**—**	**3,486**
The effect of changing in the discount rate	**(2,331)**	**—**	**(2,331)**
Others	**7,874**	**811**	**8,685**
Balance as of March 31, 2026	**¥ 176,426**	**¥ 20,553**	**¥ 196,979**

	Millions of U.S. Dollars		
	Provisions for asset retirement obligations	Other provisions	Total
Balance as of April 1, 2025	$ 969	$ 97	$ 1,066
Provisions increased for the year	**106**	**77**	**183**
Provisions charged-off	**(20)**	**(39)**	**(59)**
Provisions reversed	**(8)**	**(11)**	**(19)**
Accretion expense	**22**	**—**	**22**
The effect of changing in the discount rate	**(15)**	**—**	**(15)**
Others	**49**	**5**	**54**
Balance as of March 31, 2026	**$ 1,103**	**$ 129**	**$ 1,232**

The provisions for asset retirement obligations are related to the costs of restoring stores with real estate lease contracts of subsidiaries and the costs of dismantlement of coal mining, iron-ore mining, and crude oil drilling facilities of subsidiaries. Other provisions include provision for loss on guarantees and provision for loss on interest repayments.

The breakdown of the provisions in Other current liabilities and Other non-current liabilities in the Consolidated Statement of Financial Position were as follows:

	Millions of Yen	Millions of U.S. Dollars
	2026	2026
Other current liabilities	**¥ 15,988**	**$ 100**
Other non-current liabilities	**180,991**	**1,132**
Total	**¥ 196,979**	**$ 1,232**

19. Income Taxes

The Company and its domestic subsidiaries are subject to corporate, inhabitant, and enterprise taxes, which are based on income. The statutory effective tax rates for the fiscal years ended March 31, 2026 and 2025 calculated based on the statutory tax rates, were 31.0%. Commencing with the fiscal year ended March 31, 2003, the Company adopted a consolidated taxation system and shifted to adoption of the group relief system since the fiscal year ended March 31, 2023. Foreign subsidiaries are subject to income taxes of the countries where they operate.

The Act for Partial Revision of the Income Tax Act, etc., was enacted on March 31, 2025. As a result, the statutory effective tax rate will be increased for fiscal years beginning on or after April 1, 2026. Accordingly, the tax rates applied to calculate deferred tax assets and deferred tax liabilities related to temporary differences have been changed from 31.0% to 32.0%.

In response to the Pillar Two model of international tax reform (global minimum taxation), laws and regulations related to corporate income tax were enacted in Japan. Based on the laws and regulations, a top-up tax on profits of subsidiaries and other entities in countries and regions where the effective tax rate by country is less than the base rate of 15% has been imposed on the Company.

Amounts provided for income taxes for the fiscal years ended March 31, 2026 and 2025 were allocated as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Income tax expense			
Current tax expense (Note)	**¥ (230,682)**	¥ (204,223)	**$ (1,443)**
Deferred tax expense (Note)	**(31,326)**	(17,821)	**(196)**
Total	**(262,008)**	(222,044)	**(1,639)**
Income taxes recognized directly in equity	**(156)**	76	**(1)**
Total	**(156)**	76	**(1)**
Income tax related to each component of other comprehensive income			
Translation adjustments	**(15,215)**	1,870	**(95)**
Remeasurement of net defined pension liability	**(2,851)**	4,342	**(18)**
FVTOCI financial assets	**(13,411)**	11,262	**(84)**
Cash flow hedges	**(3,377)**	1,289	**(21)**
Other comprehensive income in associates and joint ventures	**(4,503)**	(5,107)	**(28)**
Total	**¥ (39,357)**	¥ 13,656	**$ (246)**

Notes: 1. Current tax expense relating to the global minimum taxation for the fiscal years ended March 31, 2026 and 2025 were immaterial.
2. Deferred tax expense relating to the origination and reversal of temporary differences recognized, tax loss carryforwards and tax credit carryforwards for the fiscal years ended March 31, 2026 and 2025 were ¥30,066 million (US$188 million) (expense) and ¥15,036 million (expense), respectively.
3. Deferred tax expense relating to changes of tax regulations for the fiscal year ended March 31, 2025 was ¥5,160 million (expense).
4. Deferred tax expense relating to the reassessment of the recoverability of deferred tax assets for the fiscal years ended March 31, 2026 and 2025 were ¥1,260 million (US$8 million) (expense) and ¥2,375 million (income), respectively.

The reconciliations between the statutory effective tax rate and the effective tax rate of income tax expense in the Consolidated Statement of Comprehensive Income for the fiscal years ended March 31, 2026 and 2025 were as follows:

	2026	2025
Statutory effective tax rate	**31.0%**	31.0%
Items not deductible or not taxable for tax purposes	**0.3**	0.4
Difference of tax rates for foreign subsidiaries	**(0.5)**	(0.7)
Tax effect on dividends received	**(0.2)**	(0.5)
Effect on deferred tax assets and deferred tax liabilities from a change in the tax regulation	**—**	0.4
Change in temporary differences for which no deferred tax asset is recognized	**0.1**	(0.2)
Equity in earnings of associates and joint ventures	**(8.4)**	(9.4)
Tax effect on equity interests in subsidiaries, associates, and joint ventures	**(0.3)**	(1.7)
Others	**(0.2)**	(0.1)
Effective tax rate in the Consolidated Statement of Comprehensive Income	**21.8%**	19.2%

Deferred tax assets are not recognized for deductible temporary differences, tax loss carryforwards and tax credit carryforwards if they are not probable to be realized based on the estimates of future taxable income for each taxable entity. Temporary differences, tax loss carryforwards and tax credit carryforwards for which no deferred tax assets were recognized for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Deductible temporary differences	¥ 242,522	¥ 280,262	$ 1,517
Tax loss carryforwards / tax credit carryforwards	70,800	57,255	443
Total	¥ 313,322	¥ 337,517	$ 1,960

The expiration schedules for tax loss carryforwards and tax credit carryforwards for which deferred tax assets were not recognized were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Within 1 year	¥ 1,084	¥ 3,199	$ 7
Within 2 years	862	2,552	5
Within 3 years	1,068	1,207	7
Within 4 years	6,858	3,705	43
Within 5 years	8,352	6,889	52
More than 5 to 10 years	33,223	22,964	208
More than 10 years (or no expiration date)	19,353	16,739	121
Total	¥ 70,800	¥ 57,255	$ 443

The total amount of taxable temporary differences arising from investments in subsidiaries, associates, and joint ventures, for which deferred tax liabilities were not recognized as of March 31, 2026 and 2025, were immaterial.

The tax effect amounts of temporary differences, tax loss carryforwards and tax credit carryforwards from which deferred tax assets and deferred tax liabilities arise as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Deferred tax assets:			
Inventories, and Property, plant and equipment	¥ 81,144	¥ 72,279	$ 508
Allowance for doubtful accounts	7,789	10,472	49
Tax loss carryforwards	22,296	31,572	140
Non-current liabilities for employee benefits	58,513	53,619	366
Lease liabilities	273,117	267,345	1,708
Others	152,439	132,606	953
Total deferred tax assets	595,298	567,893	3,724
Deferred tax liabilities:			
Non-current liabilities for employee benefits	(34,425)	(26,964)	(215)
Securities and investments	(192,771)	(155,886)	(1,206)
Equity interests in subsidiaries, associates, and joint ventures	(285,672)	(231,756)	(1,787)
Property, plant and equipment, and Intangible assets	(509,595)	(499,351)	(3,187)
Others	(27,631)	(21,813)	(173)
Total deferred tax liabilities	(1,050,094)	(935,770)	(6,568)
Net deferred tax assets (liabilities)	¥ (454,796)	¥ (367,877)	$ (2,844)

Among the above changes of deferred tax assets and deferred tax liabilities for the fiscal years ended March 31, 2026 and 2025, the changes recognized through other comprehensive income were mainly from FVTOCI financial assets, which are included in Securities and investments.

The details of changes in deferred tax assets and deferred tax liabilities for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Net deferred tax assets (liabilities)			
Balance at the beginning of the year	**¥ (367,877)**	¥ (311,881)	**$ (2,301)**
Deferred tax expense for the current period	**(31,326)**	(17,821)	**(196)**
Deferred taxes recognized directly in equity			
Capital surplus	**(206)**	76	**(1)**
Deferred tax related to each component of other comprehensive income			
Translation adjustments	**(12,132)**	1,861	**(76)**
Remeasurement of net defined pension liability	**(2,851)**	4,342	**(18)**
FVTOCI financial assets	**(18,523)**	14,214	**(115)**
Cash flow hedges	**(3,494)**	1,978	**(22)**
Other comprehensive income in associates and joint ventures	**(4,503)**	(5,107)	**(28)**
Changes in deferred tax assets (liabilities) accompanying business combination	**(13,884)**	(55,539)	**(87)**
Balance at the end of the year	**¥ (454,796)**	¥ (367,877)	**$ (2,844)**

The changes in deferred tax assets (liabilities) accompanying business combination for the fiscal year ended March 31, 2025 was mainly caused by the conversion of DESCENTE LTD. into a subsidiary.

20. Earnings per Share Attributable to ITOCHU

The basic and diluted earnings per share attributable to ITOCHU for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Yen		U.S. Dollars
	2026	2025	**2026**
Earnings per share			
Basic earnings per share attributable to ITOCHU	**¥ 128.00**	¥ 123.13	**$ 0.80**
Diluted earnings per share attributable to ITOCHU	**¥ 128.00**	¥ 123.13	**$ 0.80**

Note: On January 1, 2026, the Company conducted a five-for-one share split of its common stock. The above figures are calculated as if the share split had occurred at the beginning of FYE 2025.

The base data to calculate the basic and diluted earnings per share attributable to ITOCHU for March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
(Numerator)	**2026**	2025	**2026**
Net profit attributable to ITOCHU	**¥ 900,283**	¥ 880,251	**$ 5,631**
Effect of dilutive securities	**—**	—	**—**
Diluted net profit attributable to ITOCHU	**¥ 900,283**	¥ 880,251	**$ 5,631**

	Number of Shares	
(Denominator)	**2026**	2025
Weighted-average number of common shares outstanding	**7,033,470,682**	7,149,007,675

Note: On January 1, 2026, the Company conducted a five-for-one share split of its common stock. The above figures are calculated as if the share split had occurred at the beginning of FYE 2025.

21. Equity

(1) Common Stock

The number of shares authorized and issued were as follows:

	Number of Shares	
	2026	2025
Authorized		
Common stock	**15,000,000,000**	15,000,000,000
Issued		
Balance at the beginning of the year	**7,924,447,520**	7,924,447,520
Net changes in the year	**—**	—
Balance at the end of the year	**7,924,447,520**	7,924,447,520

The number of shares of treasury stock included in the number of shares issued above as of March 31, 2026 and 2025 were 934,534,834 shares and 835,504,390 shares, respectively. The number of shares of treasury stock as of March 31, 2026 includes 2,061,480 shares of the Company held in the trust account for the benefit share ESOP and 6,202,840 shares of the Company held in the BIP trust account for officer remuneration, and the number of shares of treasury stock as of March 31, 2025 includes 2,344,500 shares of the Company held in the trust account for the benefit share ESOP and 6,582,440 shares of the Company held in the BIP trust account for officer remuneration.

The issued shares stated above are fully paid, and the common stock issued has no par value.

Note: On January 1, 2026, the Company conducted a five-for-one share split of its common stock. "Number of Shares" is calculated as if the share split had occurred at the beginning of FYE 2025.

(2) Capital Surplus and Retained Earnings

The Companies Act of Japan (the Companies Act) provides that upon payment of dividends, an amount equal to 10% of the paid dividends must be appropriated as additional paid-in capital (a component of Capital surplus) or as legal reserve (a component of Retained earnings) if the payment of such dividends is charged to Retained earnings, until the total aggregate amount of additional paid-in capital and legal reserve equals 25% of the Common stock.

The Companies Act provides a limit to the amount that can be distributed as dividends and the amount available for the purchase of treasury stock. This amount is based on the amount recorded in the Company's statutory stand-alone financial statements in accordance with the accounting standards in Japan. The adjustments to conform with IFRSs included in the Consolidated Financial Statements have no effect on the determination of the available balance of dividends or the purchase of treasury stock under the Companies Act. The amount available as dividends or for the purchase of treasury stock under the Companies Act was ¥1,528,573 million (US$9,561 million) as of March 31, 2026. This amount available as dividends or for the purchase of treasury stock might change as a result of certain actions, such as the purchase of treasury stock thereafter.

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders' meeting. For companies that meet certain criteria such as (1) having a Board of Directors, (2) having a Board of Corporate Auditors, (3) appointing independent auditors, and (4) the term of service of the directors being prescribed as one year, the Board of Directors may decide dividends (except for dividends-in-kind) if the company has prescribed so in its articles of incorporation. Companies under the Board of Directors' system may declare dividends (cash dividends only) once during the fiscal year by resolution of the Board of Directors if the company has prescribed so in its articles of incorporation.

The Companies Act also provides for companies, provided it is resolved by the Board of Directors, to dispose of treasury stock or to purchase it as prescribed in their articles of incorporation. The amount of treasury stock to be purchased must be within the amount available as previously described.

The Companies Act permits reclassification among Common stock, Capital surplus, and Retained earnings by resolution of the shareholders' meeting, such as the transfer of a portion or all of Retained earnings to the Common stock account.

22. Dividends

(1) Dividends paid during the fiscal years ended March 31, 2026 and 2025 were as follows:

Resolution	Class of shares	Millions of Yen (Millions of U.S. Dollars) Amount of dividends	Source of dividends	Yen (U.S. Dollars) Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders held on June 21, 2024	Ordinary shares	¥115,224	Retained earnings	¥16.00	March 31, 2024	June 24, 2024
Board of Directors' meeting held on November 6, 2024	Ordinary shares	¥143,390	Retained earnings	¥20.00	September 30, 2024	December 2, 2024
Ordinary general meeting of shareholders held on June 20, 2025	Ordinary shares	¥141,960 ($888)	Retained earnings	¥20.00 ($0.13)	March 31, 2025	June 23, 2025
Board of Directors' meeting held on November 5, 2025	Ordinary shares	¥140,732 ($880)	Retained earnings	¥20.00 ($0.13)	September 30, 2025	December 2, 2025

(2) Dividends for which the record date is in the fiscal year but the effective date is in the following fiscal year are as follows:
The following proposal will be put on the agenda at the Ordinary General Meeting of Shareholders scheduled for June 19, 2026.

Resolution	Class of shares	Millions of Yen (Millions of U.S. Dollars) Amount of dividends	Source of dividends	Yen (U.S. Dollars) Dividends per share	Record date	Effective date
Ordinary general meeting of shareholders to be held on June 19, 2026	Ordinary shares	¥153,960 ($963)	Retained earnings	¥22.00 ($0.14)	March 31, 2026	June 22, 2026

Note: On January 1, 2026, the Company conducted a five-for-one share split of its common stock. "Dividends per share" is calculated as if the share split had occurred at the beginning of FYE 2025.

23. Other Components of Equity and Other Comprehensive Income (Loss)

(1) Other Components of Equity

Changes in other components of equity were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Translation adjustments			
Balance at the beginning of the year	**¥ 667,754**	¥ 744,976	**$ 4,177**
Adjustment for the year	**379,663**	(77,222)	**2,375**
Balance at the end of the year	**1,047,417**	667,754	**6,552**
FVTOCI financial assets			
Balance at the beginning of the year	**147,195**	206,633	**920**
Adjustment for the year	**2,573**	(47,182)	**16**
Transfer to retained earnings	**10,819**	(12,256)	**68**
Balance at the end of the year	**160,587**	147,195	**1,004**
Cash flow hedges			
Balance at the beginning of the year	**31,566**	38,424	**198**
Adjustment for the year	**14,590**	(6,858)	**91**
Balance at the end of the year	**46,156**	31,566	**289**
Remeasurement of net defined pension liability			
Balance at the beginning of the year	**—**	—	**—**
Adjustment for the year	**4,701**	(7,634)	**29**
Transfer to retained earnings	**(4,701)**	7,634	**(29)**
Balance at the end of the year	**—**	—	**—**
Total other components of equity			
Balance at the beginning of the year	**846,515**	990,033	**5,295**
Adjustment for the year	**401,527**	(138,896)	**2,511**
Transfer to retained earnings	**6,118**	(4,622)	**39**
Balance at the end of the year	**¥ 1,254,160**	¥ 846,515	**$ 7,845**

(2) Other Comprehensive Income (Loss)

The breakdown of items in other comprehensive income (loss) and their respective associated tax effects (including Non-controlling interests) were as follows:

	Millions of Yen					
	2026			2025		
	Before tax effects	Tax effects	Net of tax effects	Before tax effects	Tax effects	Net of tax effects
Items that will not be reclassified to profit or loss						
FVTOCI financial assets						
Amount arising during the year on FVTOCI financial assets	**¥ 27,041**	**¥(13,411)**	**¥ 13,630**	¥ (56,617)	¥ 11,262	¥ (45,355)
Adjustment for the year	**27,041**	**(13,411)**	**13,630**	(56,617)	11,262	(45,355)
Remeasurement of net defined pension liability						
Amount arising during the year on net defined pension liability	**9,154**	**(2,851)**	**6,303**	(13,585)	4,342	(9,243)
Adjustment for the year	**9,154**	**(2,851)**	**6,303**	(13,585)	4,342	(9,243)
Other comprehensive income in associates and joint ventures						
Amount arising during the year	**(6,143)**	**(499)**	**(6,642)**	239	(411)	(172)
Adjustment for the year	**(6,143)**	**(499)**	**(6,642)**	239	(411)	(172)
Items that will be reclassified to profit or loss						
Translation adjustments						
Amount arising during the year on translation adjustment	**297,290**	**(15,283)**	**282,007**	(63,128)	1,285	(61,843)
Reclassification to profit or loss for the year	**(13,000)**	**68**	**(12,932)**	(2,354)	585	(1,769)
Adjustment for the year	**284,290**	**(15,215)**	**269,075**	(65,482)	1,870	(63,612)
Cash flow hedges						
Amount arising during the year on derivative instruments for cash flow hedges	**20,371**	**(6,877)**	**13,493**	(1,841)	900	(941)
Reclassification to profit or loss for the year	**(12,141)**	**3,500**	**(8,640)**	(1,633)	389	(1,244)
Adjustment for the year	**8,230**	**(3,377)**	**4,853**	(3,474)	1,289	(2,185)
Other comprehensive income in associates and joint ventures						
Amount arising during the year	**170,628**	**(4,038)**	**166,590**	(7,326)	(4,758)	(12,084)
Reclassification to profit or loss for the year	**(28,235)**	**34**	**(28,201)**	(13,080)	62	(13,018)
Adjustment for the year	**142,393**	**(4,004)**	**138,389**	(20,406)	(4,696)	(25,102)
Total other comprehensive income for the year, net of tax	**¥ 464,965**	**¥(39,357)**	**¥ 425,608**	¥(159,325)	¥ 13,656	¥(145,669)

	Millions of U.S. Dollars		
	2026		
	Before tax effects	Tax effects	Net of tax effects
Items that will not be reclassified to profit or loss			
FVTOCI financial assets			
Amount arising during the year on FVTOCI financial assets	$ 169	$ (84)	$ 85
Adjustment for the year	169	(84)	85
Remeasurement of net defined pension liability			
Amount arising during the year on net defined pension liability	57	(18)	39
Adjustment for the year	57	(18)	39
Other comprehensive income in associates and joint ventures			
Amount arising during the year	(38)	(3)	(41)
Adjustment for the year	(38)	(3)	(41)
Items that will be reclassified to profit or loss			
Translation adjustments			
Amount arising during the year on translation adjustment	1,859	(95)	1,764
Reclassification to profit or loss for the year	(81)	0	(81)
Adjustment for the year	1,778	(95)	1,683
Cash flow hedges			
Amount arising during the year on derivative instruments for cash flow hedges	127	(43)	84
Reclassification to profit or loss for the year	(76)	22	(54)
Adjustment for the year	51	(21)	30
Other comprehensive income in associates and joint ventures			
Amount arising during the year	1,067	(25)	1,042
Reclassification to profit or loss for the year	(176)	0	(176)
Adjustment for the year	891	(25)	866
Total other comprehensive income for the year, net of tax	$ 2,908	$ (246)	$ 2,662

Note: The amounts of hedge income (loss) in other comprehensive income, arising from the changes in the fair value of currency derivatives designated as the hedging instruments for the cash flow hedges, where the currency risk of borrowings in foreign currency is designated as the hedged items, for the fiscal years ended March 31, 2026 and 2025 were ¥491 million (US$3 million) (income) and ¥7,362 million (expense) (before tax effect), ¥334 million (US$2 million) (income) and ¥5,080 million (expense) (net of tax), respectively. These amounts were reclassified from Other components of equity during the period in which the borrowings in foreign currencies designated as the hedged items are translated. They are not included in the amount arising during the year on derivative instruments for cash flow hedges or reclassification to profit or loss for the year.

24. Financial Instruments

(1) Capital Management

The Company and its subsidiaries have chosen NET DER[*1] as an important indicator for financial soundness, and the Company and its subsidiaries work to maintain financial soundness by controlling interest-bearing debt and by increasing consolidated shareholders' equity through the accumulation of profits. In addition, the Company and its subsidiaries have introduced and are implementing Risk Capital Management, under which the basic principle is to control risk assets[*2] within the limit of the risk buffer (consolidated shareholders' equity + non-controlling interests), and the Company and its subsidiaries also strictly maintain financial discipline. In doing so, the Company and its subsidiaries aim to achieve sustainable expansion and growth in profits.

Notes: 1. NET DER (Net debt-to-equity ratio) = Net interest-bearing debt / Shareholders' equity. Net interest-bearing debt is calculated by subtracting Cash and cash equivalents, and Time deposits from the total of Interest-bearing debt, Debentures and Borrowings (Short-term and Long-term).
2. Risk assets are calculated based on the maximum amount of possible future losses from all assets on the Consolidated Statement of Financial Position, including investments, as well as for all off-balance-sheet transactions.

The Net interest-bearing debt, Shareholders' equity and NET DER for the Company and its subsidiaries as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	**2026**
Interest-bearing debt	**¥ 3,672,709**	¥ 3,550,768	**$ 22,971**
Cash and cash equivalents	**593,766**	549,573	**3,714**
Time deposits	**54,671**	39,914	**342**
Net Interest-bearing debt	**3,024,272**	2,961,281	**18,915**
Shareholders' equity	**¥ 6,589,966**	¥ 5,755,072	**$ 41,218**
NET DER (times)	**0.46**	0.51	**—**

The Company and its subsidiaries are not subject to the application of any major capital requirements (except for general requirements, such as those in the Companies Act of Japan).

(2) Financial Risk Management Policy

The Company and its subsidiaries conduct business transactions and operations in regions around the world, and consequently are exposed to foreign exchange rate risk, interest rate risk, commodity price risk, stock price risk, credit risk, and liquidity risk. The Company and its subsidiaries utilize periodic monitoring and other means to manage these risks.

1) Foreign exchange rate risk management

The Company and its subsidiaries are exposed to foreign exchange rate risk related to transactions in foreign currencies due to their significant involvement in import / export trading. Therefore, the Company and its subsidiaries work to minimize foreign exchange rate risk through hedge transactions that utilize derivatives, such as foreign exchange forward contracts.

The net exposures to foreign exchange rate risk of the Company and its subsidiaries as of March 31, 2026 and 2025 were as follows:

	Millions of Yen							
	2026							
	U.S. dollar	Euro	Pound	Renminbi	Australian dollar	Brazilian real	Other	Total
Short-term balance	**¥ (78,772)**	**¥ (67,608)**	**¥ 74,037**	**¥ 1,104**	**¥ 17,950**	**¥ 1,107**	**¥ (13,550)**	**¥ (65,732)**
Long-term balance	**196,324**	**67,114**	**(71,282)**	**(2,218)**	**(52,855)**	**—**	**393**	**137,476**
Total	**¥ 117,552**	**¥ (494)**	**¥ 2,755**	**¥ (1,114)**	**¥ (34,905)**	**¥ 1,107**	**¥ (13,157)**	**¥ 71,744**

	Millions of Yen							
	2025							
	U.S. dollar	Euro	Pound	Renminbi	Australian dollar	Brazilian real	Other	Total
Short-term balance	¥ (23,641)	¥ (5,366)	¥ 13,326	¥ (3,205)	¥ (24,334)	¥ 508	¥ (18,853)	¥ (61,565)
Long-term balance	149,530	6,593	(12,225)	(8)	(21,646)	—	4,306	126,550
Total	¥ 125,889	¥ 1,227	¥ 1,101	¥ (3,213)	¥ (45,980)	¥ 508	¥ (14,547)	¥ 64,985

Notes: 1. The balance of positions exposed to foreign exchange rate risk are the amounts in foreign currencies, of foreign-currency-denominated receivables and payables and foreign-currency-denominated firm commitments arising from export / import transactions for which foreign exchange rate risk has not been hedged using forward exchange contracts, etc. Balances with a settlement period of one year or less are classified into short-term balances, and balances with a settlement period of more than one year are classified into long-term balances.
2. Positive balances indicate a receivable position, and negative balances indicate a payable position.

For the Company's and its subsidiaries' short-term and long-term balances of positions exposed to foreign exchange rate risk as of March 31, 2026, the effect (loss) from a 1% increase in the Japanese yen would be ¥717 million (US$4 million) for the Company's and its subsidiaries' profit before tax. This analysis is based on the assumption that other variable factors such as balances and interest rates were constant.

The Company's and its subsidiaries' investments in overseas businesses expose the Company and its subsidiaries to the risk that fluctuations in foreign exchange rates could affect Shareholders' equity through the accounting of foreign currency translation adjustments and the risk that fluctuations in foreign exchange rates could affect the amount of periodic income when converted to Japanese yen. In addition, there are risks that fluctuations in foreign exchange rates could affect Shareholders' equity for FVTOCI financial assets in foreign currency.

2) Interest rate risk management

The Company and its subsidiaries are exposed to interest rate risk in both raising and using funds for investing, financing, and operating activities. Among interest insensitive assets, such as investment securities or fixed assets, the portion acquired using floating interest loans is considered to be the interest mismatch amount exposed to interest rate risk. The Company and its subsidiaries seek to quantify the interest rate risk to better control the fluctuation of gains and losses due to interest rate changes. As of March 31, 2026, the interest rate mismatch amount was ¥1,351,276 million (US$8,452 million), and the effect on interest expense from a 0.1% increase in interest rate would be ¥1,351 million (US$8 million) (profit before tax). This amount was calculated by multiplying the interest mismatch balance of the Company and its subsidiaries as of March 31, 2026, by 0.1%. This analysis was made without consideration of factors, such as future changes in the balance, foreign exchange rate fluctuations, and dispersing effects of floating-rate borrowings derived from the interest rate reset date, and was based on the assumption that all other variable factors were constant.

In addition, the Company and its subsidiaries periodically track interest rate trends and monitor the amount of influence on interest payments due to interest rate changes, using the Earnings at Risk (EaR).

3) Commodity price risk management

The Company and its subsidiaries conduct actual demand transactions that are based on the back-to-back transactions of a variety of commodities. In some cases, the Company and its subsidiaries are exposed to commodity price fluctuation risk, because they hold long or short positions in consideration of market trends. Therefore, the Company and its subsidiaries analyze inventories and purchase and sales contracts, and each Division Company has established middle and back offices for major commodities, which establish a balance limit and loss cut limit for each commodity, as well as conduct monitoring, management, and periodic reviews.

To reduce commodity price risks, the Company and its subsidiaries use such hedges as futures and forward contracts.

Commodity price risk exposures as of March 31, 2026 and 2025 were as follows:

	Millions of Yen				Millions of U.S. Dollars	
	2026		2025		2026	
	Long	Short	Long	Short	Long	Short
Commodity	**¥ 15,407**	**¥ 472**	¥ 4,314	¥ 5,713	**$ 96**	**$ 3**

Commodity price sensitivity analysis

The Company and its subsidiaries use the Value at Risk (VaR) to measure the risk of commodity transactions that are sensitive to market conditions. The following table shows year-end and average VaR figures as of March 31, 2026 and 2025.
(Method: variance-covariance method / confidence interval 99% / holding period: 5 days / measurement frequency: weekly)

	Millions of Yen				Millions of U.S. Dollars	
	2026		2025		2026	
	March 31	Average	March 31	Average	March 31	Average
Commodity	**¥ 1,065**	**¥ 1,242**	¥ 759	¥ 996	**$ 7**	**$ 8**

4) Stock price risk management

The Company and its subsidiaries hold a variety of marketable equity securities, mainly to strengthen relationships with customers, suppliers, and other parties, and to secure business income, and to increase corporate value through means such as making a wide range of proposals to investees, and consequently are exposed to stock price fluctuation risk.

Therefore, the Company and its subsidiaries, using the VaR, periodically track and monitor the amount of influence on consolidated shareholders' equity.

The fair values of marketable equity securities (total of FVTOCI and FVTPL financial assets) held as of March 31, 2026 and 2025 were ¥630,736 million (US$3,945 million) and ¥591,661 million, respectively.

Stock price sensitivity analysis

The Company and its subsidiaries use the VaR to measure stock price risk. The following table shows year-end VaR figures as of March 31, 2026 and 2025.
(Method: variance-covariance method / confidence interval 99% / holding period: 10 days / measurement frequency: monthly)

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Marketable equity securities	**¥ 46,774**	¥ 41,608	**$ 293**

The Company and its subsidiaries periodically conduct backtesting in which VaR is compared with actual gains or losses.

VaR is used to measure commodity price risk and stock price risk. VaR employs statistical methods to estimate the maximum loss that could occur in a defined period of time in the future based on market fluctuation data for a defined period of time in the past. It is possible that actual results could differ substantially from the above estimates.

5) Credit risk management

Through trade receivables, loans, guarantees, and other formats, the Company and its subsidiaries grant credit to their trading partners, both domestically and overseas. The Company and its subsidiaries, therefore, bear credit risk in relation to such receivables becoming uncollectible due to the deteriorating credit status or insolvency of the Company's and its subsidiaries' partners, and in relation to assuming responsibilities to fulfill contracts where an involved party is unable to continue its business and therefore cannot fulfill its obligations under the contracts.

Therefore, when granting credit, the Company and its subsidiaries work to reduce risk by conducting risk management through the establishment of credit limits and the acquisition of collateral or guarantees as needed. At the same time, the Company and its subsidiaries establish an allowance for doubtful accounts by estimating the expected credit losses based on the creditworthiness, the status of receivable collection, and the status of receivables in arrears of business partners. The Company and its subsidiaries, having transactions in a broad range of business across a wide range of regions, are not exposed to credit risk that is significantly concentrated on any individual counterparty.

The Company and its subsidiaries classify financial instruments into the following three stages below by the degree of their credit risk and the estimated expected credit losses accordingly.

- Stage 1: Financial instruments in which credit risk has not increased significantly since initial recognition
- Stage 2: Financial instruments in which credit risk has increased significantly since initial recognition
- Stage 3: Financial instruments in which credit has been impaired

The Company and its subsidiaries deem those to be a significant increase in credit risk and classify a financial instrument in Stage 2 when contractual payments are more than 30 days past due, a request is made to extend contractual payment as of the end of the fiscal year, or when other credit events causing concern occur. (Except when the credit event is temporary, the risk of default is low, and the debtor is assumed to be capable of providing the contractual cash flows in the near future.) The Company and its subsidiaries deem those to be a default event and a credit impairment accordingly, and classify a financial instrument in Stage 3 when the Company and its subsidiaries identify concerns over the likelihood of recovering the cash flows. Those default events include, but are not limited to, events where contractual payments are more than 90 days past due or a request is made to extend contractual payment because of serious financial difficulties as of the end of the fiscal year.

The Company and its subsidiaries calculate the allowance for doubtful accounts according to the following methods for financial instruments in each stage. For financial instruments in Stage 1, the Company and its subsidiaries calculate the 12-month expected credit losses based on an allowance ratio taking future outlook into consideration, which also utilizes factors such as past credit loss experience for each credit risk rating, current financial status of debtors, and other factors specific to them. For financial instruments in Stage 2, the Company and its subsidiaries calculate the lifetime expected credit losses based on an allowance ratio, taking future outlook into consideration, which also utilizes factors such as past credit loss experience for each credit risk rating, current financial status of debtors, and other factors specific to them. For financial instruments in Stage 3, the Company and its subsidiaries calculate the lifetime expected credit losses based on the difference between the contractual cash flows and the cash flows that the Company and its subsidiaries expect to receive.

However, for trade receivables, contract assets, and lease receivables, the Company and its subsidiaries do not distinguish between Stages 1 and 2, and always calculate the allowance for doubtful accounts based on lifetime expected credit losses.

The Company and its subsidiaries write off the relevant amount of a financial instrument when the Company and its subsidiaries have no prospects of recovering cash flows in their entirety or a portion there of.

The carrying amounts of financial assets, net of impairment, which is presented in the Consolidated Financial Statements, as well as the contract amounts of guarantees and financing commitments represent the maximum credit risk exposure associated with the Company's and its subsidiaries' financial assets without taking account of the valuation of any collateral.

The credit risk exposures related to trade receivables, contract assets, and lease receivables as of March 31, 2026 and 2025 were as follows:

	Millions of Yen				Millions of U.S. Dollars	
	2026		2025		2026	
	Stage 1 and 2	Stage 3	Stage 1 and 2	Stage 3	Stage 1 and 2	Stage 3
Operating receivables and contract assets	**¥3,042,576**	**¥37,669**	¥2,848,544	¥44,788	**$19,030**	**$236**
Lease receivables	**92,132**	**561**	91,943	568	**576**	**4**

The credit risk exposures related to loans, financial guarantee contracts, and other financial instruments as of March 31, 2026 and 2025 were as follows:

	Millions of Yen						Millions of U.S. Dollars		
	2026			2025			2026		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Loan	**¥951,406**	**¥4,170**	**¥15,635**	¥900,183	¥3,851	¥14,310	**$5,951**	**$26**	**$98**
Financial guarantee contract (substantial risk)	**137,309**	**—**	**—**	116,265	—	—	**859**	**—**	**—**
Other	**512,426**	**448**	**8,586**	351,614	479	10,654	**3,205**	**3**	**53**

The credit risk exposures for each operating segment as of March 31, 2026 and 2025 were as follows:

	Millions of Yen						
	2026						
	Trade receivables and contract assets	Lease receivables	Loans	Financial guarantee contracts (substantial risk)	Other	Allowance for doubtful accounts	Total
Textile	¥ 129,043	¥ 101	¥ 959	¥ 160	¥ 13,397	¥ (2,055)	¥ 141,605
Machinery	319,538	28,631	77,254	80,548	38,208	(11,378)	532,801
Metals & Minerals	178,810	—	54,848	—	62,336	(1,982)	294,012
Energy & Chemicals	676,502	3,758	11,130	11,446	158,155	(1,055)	859,936
Food	842,861	268	3,401	23,955	70,397	(10,890)	929,992
General Products & Realty	236,799	11,399	19,353	17,159	29,939	(1,473)	313,176
ICT & Financial Business	587,453	31,899	110,093	—	30,977	(29,403)	731,019
The 8th	102,969	20,747	5,203	—	110,387	(1,247)	238,059
Other	6,270	(4,110)	688,970	4,041	7,664	(304)	702,531
Total	¥3,080,245	¥92,693	¥971,211	¥137,309	¥521,460	¥(59,787)	¥4,743,131

	Millions of Yen						
	2025						
	Trade receivables and contract assets	Lease receivables	Loans	Financial guarantee contracts (substantial risk)	Other	Allowance for doubtful accounts	Total
Textile	¥ 140,552	¥ 139	¥ 1,477	¥ 174	¥ 15,130	¥(10,729)	¥ 146,743
Machinery	246,162	32,276	82,532	61,330	30,300	(11,013)	441,587
Metals & Minerals	146,970	—	24,255	—	26,662	(1,513)	196,374
Energy & Chemicals	641,642	3,322	7,692	11,287	55,930	(1,093)	718,780
Food	820,802	364	4,911	22,509	62,430	(10,793)	900,223
General Products & Realty	242,280	12,536	25,283	16,907	26,459	(1,917)	321,548
ICT & Financial Business	533,458	27,096	98,195	—	27,488	(26,543)	659,694
The 8th	134,875	21,593	5,166	—	125,750	(1,045)	286,339
Other	(13,409)	(4,815)	668,833	4,058	(7,402)	(354)	646,911
Total	¥2,893,332	¥92,511	¥918,344	¥116,265	¥362,747	¥(65,000)	¥4,318,199

	Millions of U.S. Dollars						
	2026						
	Trade receivables and contract assets	Lease receivables	Loans	Financial guarantee contracts (substantial risk)	Other	Allowance for doubtful accounts	Total
Textile	$ 807	$ 1	$ 6	$ 1	$ 84	$ (13)	$ 886
Machinery	1,999	179	483	503	239	(71)	3,332
Metals & Minerals	1,118	—	343	—	390	(12)	1,839
Energy & Chemicals	4,231	24	70	72	989	(7)	5,379
Food	5,272	2	21	150	440	(68)	5,817
General Products & Realty	1,481	71	121	108	187	(9)	1,959
ICT & Financial Business	3,674	199	689	—	194	(184)	4,572
The 8th	644	130	33	—	690	(8)	1,489
Other	40	(26)	4,309	25	48	(2)	4,394
Total	$ 19,266	$ 580	$ 6,075	$ 859	$ 3,261	$ (374)	$ 29,667

The Company and its subsidiaries held collateral of ¥57,762 million (US$361 million) and ¥50,104 million as security for the loans included above as of March 31, 2026 and 2025. Properties and other credit enhancements held by the Company and its subsidiaries as collateral are measured at fair value.

As of March 31, 2026 and 2025, the amount of allowances for doubtful accounts reduced by collateral or other credit enhancement, was immaterial in relation to credit-impaired financial assets.

In addition, as of March 31, 2026 and 2025, a finance-related subsidiary of the Company held ¥2,634,988 million (US$16,481 million) and ¥2,984,407 million as loan commitments classified in Stage 1 relating to unused credit lines for shopping and cashing granted to credit card holders, but not all of the amount will necessarily be withdrawn. Allowance for doubtful accounts for the loan commitment is recognized together with the allowance for doubtful accounts for the trade receivables and loans related to the commitment.

The changes in allowance for doubtful accounts related to trade receivables, contract assets, and lease receivables for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen				Millions of U.S. Dollars	
	2026		2025		2026	
	Stage 1 and 2	Stage 3	Stage 1 and 2	Stage 3	Stage 1 and 2	Stage 3
Balance at the end of the previous year	**¥ (8,452)**	**¥ (24,870)**	¥ (8,092)	¥ (26,759)	**$ (53)**	**$ (156)**
Provision	**(3,166)**	**(3,942)**	(2,637)	(2,996)	**(20)**	**(25)**
Reversal	**1,517**	**937**	1,468	462	**10**	**6**
Charge-offs	**1,198**	**9,680**	1,555	3,567	**7**	**61**
Reclassification of credit risk stage	**310**	**(310)**	281	(281)	**2**	**(2)**
Increase, decrease due to foreign currency translation and others	**(39)**	**(524)**	(1,027)	1,137	**(0)**	**(3)**
Balance at the end of the year	**¥ (8,632)**	**¥ (19,029)**	¥ (8,452)	¥ (24,870)	**$ (54)**	**$ (119)**

The changes in allowance for doubtful accounts related to loans and other financial instruments for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen						Millions of U.S. Dollars		
	2026			2025			2026		
	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3	Stage 1	Stage 2	Stage 3
Balance at the end of the previous year	**¥ (8,376)**	**¥ (2,066)**	**¥(21,236)**	¥ (8,127)	¥ (1,354)	¥(19,706)	**$ (52)**	**$ (13)**	**$ (133)**
Provision	**(3,073)**	**(1,525)**	**(5,313)**	(3,449)	(1,572)	(4,475)	**(19)**	**(10)**	**(33)**
Reversal	**2,264**	**262**	**1,913**	1,877	146	1,415	**14**	**2**	**12**
Charge-offs	**798**	**217**	**7,311**	145	228	2,862	**5**	**1**	**46**
Reclassification of credit risk stage	**47**	**963**	**(1,010)**	267	624	(891)	**0**	**6**	**(6)**
Increase, decrease due to foreign currency translation and others	**(1,414)**	**(163)**	**(1,725)**	911	(138)	(441)	**(9)**	**(1)**	**(11)**
Balance at the end of the year	**¥ (9,754)**	**¥ (2,312)**	**¥(20,060)**	¥ (8,376)	¥ (2,066)	¥(21,236)	**$ (61)**	**$ (15)**	**$ (125)**

The contractual amount outstanding on financial assets that have been written off but still subject to enforcement activities was immaterial for the fiscal years ended March 31, 2026 and 2025.

6) Liquidity risk management

The Company and its subsidiaries are exposed to liquidity risk in both raising and using funds for investing, financing, and operating activities, as well as repayments of borrowings.

In addition to securing flexibility in fund-raising in response to changes in financial conditions and reducing the cost of funds, the Company and its subsidiaries have taken steps to diversify their sources of funds and methods of fund-raising. In regard to liquidity, in addition to Cash and cash equivalents, and Time deposits of ¥648,437 million (US$4,056 million) as of March 31, 2026, the Company and its subsidiaries have the unutilized commitment line (Yen: ¥725,000 million; multiple currency: US$1,300 million).

As of March 31, 2026 and 2025, the remaining contractual maturities of the Company's and its subsidiaries' Debentures and borrowings (Short-term and Long-term), Trade payables, Other current payables, and Other financial liabilities (Short-term and Long-term), and Contingent liabilities (guarantee for substantial risk for monetary indebtedness of associates and customers) were as follows:

	Millions of Yen			
	2026			
	Within 1 year	More than 1 to 5 years	More than 5 years	Total
Debentures and borrowings (Short-term and Long-term)	**¥ 746,882**	**¥ 1,655,044**	**¥ 1,270,783**	**¥ 3,672,709**
Trade payables, other current payables, and other financial liabilities (Short-term and Long-term)	**2,806,912**	**73,658**	**71,317**	**2,951,887**
Contingent liabilities	**11,589**	**45,528**	**74,123**	**131,240**

	Millions of Yen			
	2025			
	Within 1 year	More than 1 to 5 years	More than 5 years	Total
Debentures and borrowings (Short-term and Long-term)	¥ 827,128	¥ 1,222,996	¥ 1,500,644	¥ 3,550,768
Trade payables, other current payables, and other financial liabilities (Short-term and Long-term)	2,600,147	44,793	25,762	2,670,702
Contingent liabilities	16,275	40,721	56,861	113,857

	Millions of U.S. Dollars			
	2026			
	Within 1 year	More than 1 to 5 years	More than 5 years	Total
Debentures and borrowings (Short-term and Long-term)	**$ 4,671**	**$ 10,352**	**$ 7,948**	**$ 22,971**
Trade payables, other current payables, and other financial liabilities (Short-term and Long-term)	**17,557**	**461**	**446**	**18,464**
Contingent liabilities	**72**	**285**	**464**	**821**

The remaining contractual maturities of derivatives for the Company and its subsidiaries as of March 31, 2026 and 2025 were as follows: The amounts for derivatives that will be net settled with other contracts are also presented in gross amounts.

		Millions of Yen			
		2026			
		Within 1 year	More than 1 to 5 years	More than 5 years	Total
Currency derivatives	Receipts	**¥ 32,999**	**¥ 1,444**	**¥ —**	**¥ 34,443**
	Payments	**(17,466)**	**(582)**	**—**	**(18,048)**
Interest rate derivatives	Receipts	**—**	**—**	**—**	**—**
	Payments	**(251)**	**(14,608)**	**(18,581)**	**(33,440)**
Commodity derivatives	Receipts	**97,318**	**8,245**	**—**	**105,563**
	Payments	**(104,442)**	**(4,816)**	**—**	**(109,258)**

		Millions of Yen			
		2025			
		Within 1 year	More than 1 to 5 years	More than 5 years	Total
Currency derivatives	Receipts	¥ 4,987	¥ 130	¥ —	¥ 5,117
	Payments	(5,724)	(1,970)	—	(7,694)
Interest rate derivatives	Receipts	—	18	—	18
	Payments	(2,379)	(4,424)	(10,178)	(16,981)
Commodity derivatives	Receipts	25,978	623	—	26,601
	Payments	(22,668)	(1,796)	—	(24,464)

		Millions of U.S. Dollars			
		2026			
		Within 1 year	More than 1 to 5 years	More than 5 years	Total
Currency derivatives	Receipts	**$ 207**	**$ 9**	**$ —**	**$ 216**
	Payments	**(109)**	**(4)**	**—**	**(113)**
Interest rate derivatives	Receipts	**—**	**—**	**—**	**—**
	Payments	**(2)**	**(91)**	**(116)**	**(209)**
Commodity derivatives	Receipts	**609**	**51**	**—**	**660**
	Payments	**(653)**	**(30)**	**—**	**(683)**

(3) Fair Value of Financial Instruments

The Company and its subsidiaries have various financial instruments, which are exposed to credit losses in the event of non-performance by counterparties.

The Company and its subsidiaries are engaged in transactions with numerous counterparties to avoid excessive concentration of credit risk to a certain counterparty or a group of counterparties.

The carrying amounts and estimated fair values for the purpose of the disclosure requirements of IFRS 13 “Fair Value Measurement,” and valuation techniques for Non-current receivables, Non-current financial assets other than investments and receivables (excluding derivative assets), Long-term debentures and borrowings, and Other non-current financial liabilities (excluding derivative liabilities) as of March 31, 2026 and 2025 were as follows (For fair value and valuation techniques of Short-term investments and Other investments, refer to Note 12 Securities and Other Investments and Note 26 Financial Instruments Measured at Fair Value, respectively. For fair value and valuation techniques of derivative asset / liability, refer to Note 26 Financial Instruments Measured at Fair Value.):

	Millions of Yen	
	2026	
	Carrying amount	Fair value
Financial assets:		
Non-current receivables and Non-current financial assets other than investments and receivables (excluding derivative assets)	**¥ 427,093**	**¥ 423,089**
Financial liabilities:		
Long-term debentures and borrowings and Other non-current financial liabilities (excluding derivative liabilities)	**¥ 3,052,380**	**¥ 3,052,067**

	Millions of Yen	
	2025	
	Carrying amount	Fair value
Financial assets:		
Non-current receivables and Non-current financial assets other than investments and receivables (excluding derivative assets)	¥ 410,649	¥ 404,714
Financial liabilities:		
Long-term debentures and borrowings and Other non-current financial liabilities (excluding derivative liabilities)	¥ 2,787,884	¥ 2,787,652

	Millions of U.S. Dollars	
	2026	
	Carrying amount	Fair value
Financial assets:		
Non-current receivables and Non-current financial assets other than investments and receivables (excluding derivative assets)	**$ 2,671**	**$ 2,646**
Financial liabilities:		
Long-term debentures and borrowings and Other non-current financial liabilities (excluding derivative liabilities)	**$ 19,092**	**$ 19,090**

Note: Of the Non-current receivables reflected on the Consolidated Statement of Financial Position, the shareholder loan to Chia Tai Bright Investment Company Limited (hereinafter "CTB") accompanying the acquisition of CITIC Limited shares is not included above, and the information concerning the said financial instrument is described in 2) below.

1) Valuation techniques for fair values of financial instruments

The valuation techniques for fair values of Non-current receivables and Non-current financial assets other than investments and receivables (excluding derivative assets) are as follows:

The fair values of Non-current receivables and Non-current financial assets other than investments and receivables (excluding derivative assets) are estimated based on the present value of future cash flows discounted using the current rates of loans or receivables with similar terms, conditions, and maturities being offered to borrowers or customers with similar credit ratings and are classified as Level 2.

Non-current receivables and Non-current financial assets other than investments and receivables, for which the Company and its subsidiaries recognized an allowance for doubtful accounts, are classified as Level 3.

The valuation techniques for fair values of Long-term debentures and borrowings and Other non-current financial liabilities (excluding derivative liabilities) are as follows:

The fair values of Long-term debentures and borrowings and Other non-current financial liabilities (excluding derivative liabilities) are based on the present value of future cash flows discounted using the current borrowing rates of similar debt instruments having comparable maturities and are classified as Level 2.

The carrying amounts of current financial assets and liabilities other than those mentioned above are approximately the same as their fair values mainly because of their short maturities.

2) Shareholder loan to CTB accompanying the acquisition of CITIC Limited shares

CTB, a company in which the Company and Charoen Pokphand Group Company Limited each invested 50%, owns 5,818 million CITIC Limited shares, which equates to 20% of that company's ordinary shares, and CTB applied the equity method. In order for CTB to procure the necessary funds for the acquisition of CITIC Limited shares, the Company provided investment in and a shareholder loan to CTB.

As of March 31, 2026 and 2025, the balance of the investment to CTB accompanying the acquisition of CITIC Limited shares amounted to US$514 million (¥82,128 million) and US$514 million (¥76,807 million), respectively. The shareholder loan to CTB accompanying the acquisition of CITIC Limited shares amounted to US$4,061 million (¥649,319 million) and US$4,206 million (¥628,925 million), respectively. The balance of the shareholder loan is presented under Non-current receivables on the Consolidated Statement of Financial Position.

As of March 31, 2026 and March 31, 2025, the closing price of CITIC Limited shares on the Hong Kong Stock Exchange were HK $11.82 and HK$9.60 per share, respectively. The value obtained by multiplying the number of CITIC Limited shares that CTB owns by the said share prices are HK$68,769 million (¥1,402,941 million) and HK$55,853 million (¥1,073,555 million), respectively. In addition, the amount obtained by multiplying this value by 50%, which is the Company's ownership percentage in CTB, are HK $34,385 million (¥701,471 million) and HK$27,927 million (¥536,778 million), respectively.

(4) Offsetting of Financial Assets and Financial Liabilities

The Company and its subsidiaries have financial assets and financial liabilities under a master netting arrangement or similar arrangement. These legally enforceable master netting agreements or similar arrangements give the Company and its subsidiaries the right to offset receivables and payables with the same counterparty in the event of default by the counterparty.

The following table provides offsetting information of financial assets and financial liabilities with the same counterparty as of March 31, 2026 and 2025.

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
The amount of financial assets	¥6,670,330	¥5,974,876	$41,721
The amount of possible offsetting under master netting arrangement or similar arrangement	(321,931)	(228,801)	(2,014)
Net	¥6,348,399	¥5,746,075	$39,707

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
The amount of financial liabilities	¥7,709,956	¥7,292,407	$48,223
The amount of possible offsetting under master netting arrangement or similar arrangement	(321,931)	(228,801)	(2,013)
Net	¥7,388,025	¥7,063,606	$46,210

Note: The amount which was offset in accordance with the criteria for offsetting financial assets and financial liabilities in the Consolidated Statement of Financial Position was immaterial.

25. Hedging Activities

(1) Fair value hedges

A fair value hedge is a hedge of the variability of fair value of a recognized asset or liability or of an unrecognized firm commitment. The changes in fair value of recognized assets or liabilities, or unrecognized firm commitments and related hedging instruments that are designated and qualify as fair value hedges are recognized in profit or loss if the hedges are considered effective. For the fiscal years ended March 31, 2026 and 2025, amounts of the net profit (losses) related to hedge ineffectiveness and the portion excluded from the assessment of hedge effectiveness were immaterial.

The Company and its subsidiaries use currency derivatives and borrowings in foreign currency to hedge the risk of variability in the fair value of unrecognized firm commitments and financial assets in foreign currency. The hedging terms of unrecognized firm commitments are basically within one year, and the hedging terms of financial assets in foreign currency are nearly the same with the holding period of the hedged financial assets. Further, the Company and its subsidiaries use interest rate derivatives to hedge the risk of variability in the fair value of loan receivables and borrowings, for which they agree to receive or pay interest on a fixed rate basis, and the hedging terms are nearly the same as the maturity of the loan receivables and borrowings. The Company and its subsidiaries use commodity derivatives to hedge the risk of variability in the fair value of unrecognized firm commitments and inventories and the hedging terms are basically within one year. The prices of hedging instruments are close to the quoted prices in transactions taking place in the principal markets or in the most advantageous markets where each hedging instrument is actively traded.

(2) Cash flow hedges

Cash flow hedges are hedges of the variability of cash flows to be received or paid related to forecasted transactions, or recognized assets or liabilities. The changes in fair value of hedging instruments that are designated and qualify as cash flow hedges are recognized in other comprehensive income if the hedges are considered effective. This treatment is continued until profit or loss is affected by the variability in cash flows to be received or paid, related to the unrecognized forecasted transactions or the recognized assets or liabilities designated as the hedged items. The ineffective portion of the hedge is included in profit or loss. For the fiscal years ended March 31, 2026 and 2025, amounts of the net profit (losses) related to hedge ineffectiveness and the portion excluded from the assessment of hedge effectiveness were immaterial.

The Company and its subsidiaries hold currency derivatives and commodity derivatives to hedge the risk of variability in cash flows to be received or paid related to forecasted transactions, or recognized assets or liabilities, and the hedging terms are basically within one year. Further, the Company and its subsidiaries hold interest rate derivatives and currency derivatives to hedge the risk of variability in cash flows due to variability of interest rates and currency rates in the future, and the hedging terms are nearly the same as the maturity of the loan receivables and borrowings. The prices of hedging instruments are close to the quoted prices in transactions taking place in the principal markets or in the most advantageous markets where each hedging instrument is actively traded.

For the fiscal years ended March 31, 2026 and 2025, the amounts reclassified from other comprehensive income into profit or loss as the forecasted transaction became no longer probable to occur were immaterial.

(3) Hedges of a net investment in foreign operations

Hedges of a net investment in foreign operations are hedges of the exchange differences that arise between the functional currencies of the foreign operations and the functional currency of the parent company. The changes in fair value of hedging instruments that are designated and qualify as hedges of a net investment in foreign operations are recognized in other comprehensive income if the hedges are considered effective. This treatment is continued until foreign operations are disposed of, and the changes in the fair value of the hedging instruments that had been recorded in other comprehensive income are reclassified to profit or loss as part of gains or losses on disposal. The ineffective portion of the hedge is recognized as profit or loss.

The Company and its subsidiaries hold currency derivatives to hedge the risk of foreign exchange variability of a net investment in foreign operations, and the hedging terms are basically within one year. The prices of hedging instruments are close to the quoted prices in transactions taking place in the principal markets or in the most advantageous markets where each hedging instrument is actively traded. For the fiscal year ended March 31, 2026, amounts of the net profit (losses) related to hedge ineffectiveness and the portion excluded from the assessment of hedge was immaterial. Further, for the fiscal year ended March 31, 2025, the Company and its subsidiaries did not designate any new hedges of net investment in foreign operations.

(4) The impact of hedges on consolidated financial statements

The fair values of hedging instruments as of March 31, 2026 and 2025 were as follows:

As of the fiscal year ended March 31, 2025, the Company and its subsidiaries did not designate any hedges of net investment in foreign operations. On the Consolidated Statement of Financial Position, the fair value of assets related to hedging instruments is included in Other current financial assets or in Non-current financial assets other than investments and receivables, and the fair value of liabilities related to hedging instruments is included in Other current financial liabilities, Long-term debentures and borrowings, or in Other non-current financial liabilities.

	Millions of Yen			
	2026			
Type of hedge accounting	Hedging instruments	Notional amounts	Assets	Liabilities
Fair value hedges	Currency derivatives	**¥ 131,688**	**¥ 3,841**	**¥ 1,119**
	Interest rate derivatives	**698,895**	**—**	**33,387**
	Commodity derivatives	**511,513**	**15,598**	**10,399**
Cash flow hedges	Currency derivatives	**¥ 407,052**	**¥ 13,070**	**¥ 4,568**
	Interest rate derivatives	**22,543**	**—**	**53**
	Commodity derivatives	**95,850**	**4,429**	**7,566**
Hedges of a net investment in foreign operations	Currency derivatives	**¥ 57,337**	**¥ 39**	**¥ 228**

	Millions of Yen			
	2025			
Type of hedge accounting	Hedging instruments	Notional amounts	Assets	Liabilities
Fair value hedges	Currency derivatives	¥ 107,789	¥ 933	¥ 514
	Interest rate derivatives	584,930	—	16,873
	Commodity derivatives	574,988	8,698	5,894
Cash flow hedges	Currency derivatives	¥ 378,328	¥ 1,536	¥ 5,784
	Interest rate derivatives	21,083	18	104
	Commodity derivatives	58,810	1,383	1,555

	Millions of U.S. Dollars			
	2026			
Type of hedge accounting	Hedging instruments	Notional amounts	Assets	Liabilities
Fair value hedges	Currency derivatives	**$ 824**	**$ 24**	**$ 7**
	Interest rate derivatives	**4,371**	**—**	**209**
	Commodity derivatives	**3,199**	**98**	**65**
Cash flow hedges	Currency derivatives	**$ 2,546**	**$ 82**	**$ 29**
	Interest rate derivatives	**141**	**—**	**0**
	Commodity derivatives	**600**	**28**	**47**
Hedges of a net investment in foreign operations	Currency derivatives	**$ 359**	**$ 0**	**$ 1**

For the fiscal years ended March 31, 2026 and 2025, the amounts of hedged items designated as fair value hedges were as follows:

	Millions of Yen		
	2026		
Risk category	Main account on Consolidated Statement of Financial Position	Carrying amount	Accumulated amount of fair value hedge adjustments included in the carrying amount
Currency risk	Trade receivables	**¥ 14,859**	**¥ 649**
	Trade payables	**9,605**	**453**
	Other Investments	**65,619**	**—**
	Other current assets	**486**	**486**
	Other current liabilities	**3,367**	**3,367**
Interest rate risk	Debentures and borrowings	**¥ 665,513**	**¥ (33,387)**
Commodity price risk	Inventories	**¥ 40,716**	**¥ 1,260**
	Other current assets	**9,135**	**9,135**
	Other current liabilities	**15,594**	**15,594**

Risk category	Millions of Yen 2025 Main account on Consolidated Statement of Financial Position	Carrying amount	Accumulated amount of fair value hedge adjustments included in the carrying amount
Currency risk	Trade receivables	¥ 8,151	¥ 164
	Trade payables	4,578	(31)
	Debentures and borrowings	3,785	14
	Other current assets	287	287
	Other current liabilities	887	887
Interest rate risk	Debentures and borrowings	¥ 568,057	¥ (16,873)
Commodity price risk	Inventories	¥ 57,893	¥ 1,805
	Other current assets	3,293	3,293
	Other current liabilities	7,902	7,902

Risk category	Millions of U.S. Dollars 2026 Main account on Consolidated Statement of Financial Position	Carrying amount	Accumulated amount of fair value hedge adjustments included in the carrying amount
Currency risk	Trade receivables	**$ 93**	**$ 4**
	Trade payables	**60**	**3**
	Other Investments	**410**	**—**
	Other current assets	**3**	**3**
	Other current liabilities	**21**	**21**
Interest rate risk	Debentures and borrowings	**$ 4,163**	**$ (209)**
Commodity price risk	Inventories	**$ 255**	**$ 8**
	Other current assets	**57**	**57**
	Other current liabilities	**98**	**98**

Note: For the fiscal year ended March 31, 2026, there were no accumulated amounts of fair value hedge adjustments related to the hedged items on which the hedging transactions have been ceased.
For the fiscal year ended March 31, 2025, the accumulated amounts of fair value hedge adjustments related to the hedged items on which the hedging transactions have been ceased totaled ¥142 million. These amounts are included in Short-term debentures and borrowings and Long-term debentures and borrowings.

For the fiscal years ended March 31, 2026 and 2025, the amounts of the Company and its subsidiaries' Other components of equity and the income (losses) associated with hedging instruments designated as cash flow hedges were as follows:

Risk category	Millions of Yen 2026 Amount recognized in Other components of equity	Amount of hedge income (loss) recognized in OCI	Main account of profit or loss reclassified from Other components of equity	Amount of profit or loss reclassified from Other components of equity
Currency risk	**¥ 4,927**	**¥ 24,376**	Other-net	**¥ (12,477)**
Interest rate risk	**(85)**	**1,005**	Interest expense	**—**
Commodity price risk	**(3,891)**	**(5,010)**	Revenues from sale of goods	**336**
Total	**¥ 951**	**¥ 20,371**		**¥ (12,141)**

Risk category	Millions of Yen 2025 Amount recognized in Other components of equity	Amount of hedge income (loss) recognized in OCI	Main account of profit or loss reclassified from Other components of equity	Amount of profit or loss reclassified from Other components of equity
Currency risk	¥ (2,717)	¥ (1,228)	Other-net	¥ (1,775)
Interest rate risk	(23)	(126)	Interest expense	(42)
Commodity price risk	(79)	(487)	Revenues from sale of goods	184
Total	¥ (2,819)	¥ (1,841)		¥ (1,633)

Risk category	Millions of U.S. Dollars 2026 Amount recognized in Other components of equity	Amount of hedge income (loss) recognized in OCI	Main account of profit or loss reclassified from Other components of equity	Amount of profit or loss reclassified from Other components of equity
Currency risk	**$ 31**	**$ 152**	Other-net	**$ (78)**
Interest rate risk	**(1)**	**6**	Interest expense	**—**
Commodity price risk	**(24)**	**(31)**	Revenues from sale of goods	**2**
Total	**$ 6**	**$ 127**		**$ (76)**

Note: The amounts of hedge income (loss) in other comprehensive income, arising from the changes in the fair value of currency derivatives designated as the hedging instruments for the cash flow hedges, where the currency risk of borrowings in foreign currency is designated as the hedged items, for the fiscal years ended March 31, 2026 and 2025 were ¥491 million (US$3 million) (income) and ¥7,362 million (loss), respectively. These amounts were reclassified from Other components of equity in the period in which the borrowings in foreign currencies designated as the hedged items are translated. These amounts are not included above.

For the fiscal year ended March 31, 2026, the amounts of the Company and its subsidiaries' Other components of equity and the income (losses) associated with hedging instruments designated as hedges of a net investment in foreign operations were as follows:

	Millions of Yen			
	2026			
Risk category	Amount recognized in Other components of equity	Amount of hedge income (loss) recognized in OCI	Main account of profit or loss reclassified from Other components of equity	Amount of profit or loss reclassified from Other components of equity
Currency risk	¥ (128)	¥ (189)	—	—
Total	¥ (128)	¥ (189)	—	—

	Millions of U.S.Dollars			
	2026			
Risk category	Amount recognized in Other components of equity	Amount of hedge income (loss) recognized in OCI	Main account of profit or loss reclassified from Other components of equity	Amount of profit or loss reclassified from Other components of equity
Currency risk	$ (1)	$ (1)	—	—
Total	$ (1)	$ (1)	—	—

26. Financial Instruments Measured at Fair Value

IFRS 13 “Fair Value Measurement” defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. IFRS 13 also establishes a hierarchy for inputs used in measuring fair value and requires that each fair value be categorized into one of the following three levels based on its observability of inputs:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3: Unobservable inputs for identical assets or liabilities.

The Company and its subsidiaries use the following valuation techniques for assets and liabilities that are measured at fair value on a recurring basis.

The cash equivalents that are measured at fair value on a recurring basis consist primarily of commercial paper with original maturities of three months or less. The Company and its subsidiaries measure the fair value using the quoted market prices and classify them as Level 2.

The inventories that are measured at fair value primarily consist of products which are principally acquired for the purpose of selling in the short-term and generating a profit from fluctuations in price. The Company and its subsidiaries measure the fair value using the price formula based on commodity transaction prices and classify them as Level 2.

The financial instruments classified as FVTPL and FVTOCI financial assets consist of securities and alternative investments. Securities that are listed on exchanges are measured using quoted market prices. When quoted prices in active markets in which transactions occur with sufficient frequency are available, they are classified as Level 1. In contrast, instruments that are measured at quoted prices in markets in which there are relatively few transactions are classified as Level 2.

Securities that are not listed on exchanges are measured mainly using the discounted cash flow and modified net assets methods based on comprehensive consideration of various inputs that are available to the Company and its subsidiaries, including expectation of future income of the investee, the net asset value of the subject stock, and the actual value of significant assets held by the said investee. If the amount affected by unobservable inputs covers a significant proportion of the fair value, the security is classified as Level 3, and if the amount affected by unobservable inputs does not cover a significant proportion of fair value, the security is classified as Level 2.

Derivative assets and derivative liabilities consist of currency derivatives, interest rate derivatives, and commodity derivatives. The derivative instruments that are traded in the active market are valued at quoted market prices and classified as Level 1. The other derivative instruments that are measured using commonly used fair value pricing models, such as the Black-Scholes model, based upon observable inputs only, are classified as Level 2.

Based on the policies and procedures defined by the Company, the Company and its subsidiaries apply the best available valuation techniques and inputs to measure the fair value of assets and liabilities by considering their nature, features, and risk. The assets and liabilities that are classified as Level 3 are mainly measured by the discounted cash flow and modified net assets methods. In addition, the result of the measurement of the fair value has been approved by the appropriate authority in each division company.

The fair value of assets and liabilities that are measured by discounted cash flow fluctuates depending on the discount rates that are applied. These discount rates are applied to each financial asset by calculating the risk-free rate, which includes country risk premium (Approximately 5–17%. Meanwhile, for the resource-related investments in Russia, a higher discounted rate reflecting the rise of the country risk was applied).

If the unobservable inputs have been changed to reflect reasonably possible alternative assumptions, the effect is expected to be insignificant.

The Company and its subsidiaries recognize transfers of assets or liabilities between levels of the fair value hierarchy as of the end of each quarterly reporting period when the transfer occurs.

The information by level for assets and liabilities that were measured at fair value on a recurring basis as of March 31, 2026 and 2025 was as follows:

For the fiscal years ended March 31, 2026 and 2025, there were no significant transfers between Level 1 and 2.

	Millions of Yen			
	2026			
	Level 1	Level 2	Level 3	Total
Assets				
Inventories	¥ —	¥ 23,343	¥ —	¥ 23,343
Securities and other investments				
FVTPL financial assets	1,916	34,534	96,804	133,254
FVTOCI financial assets	628,820	—	602,144	1,230,964
Derivative assets	41,137	98,869	—	140,006
Liabilities				
Derivative liabilities	¥ 39,402	¥ 121,344	¥ —	¥ 160,746

	Millions of Yen			
	2025			
	Level 1	Level 2	Level 3	Total
Assets				
Inventories	¥ —	¥ 7,599	¥ —	¥ 7,599
Securities and other investments				
FVTPL financial assets	664	28,597	94,883	124,144
FVTOCI financial assets	590,997	—	441,335	1,032,332
Derivative assets	10,280	21,456	—	31,736
Liabilities				
Derivative liabilities	¥ 8,564	¥ 40,575	¥ —	¥ 49,139

	Millions of U.S. Dollars			
	2026			
	Level 1	Level 2	Level 3	Total
Assets				
Inventories	**$ —**	**$ 146**	**$ —**	**$ 146**
Securities and other investments				
FVTPL financial assets	**12**	**216**	**605**	**833**
FVTOCI financial assets	**3,933**	**—**	**3,766**	**7,699**
Derivative assets	**257**	**619**	**—**	**876**
Liabilities				
Derivative liabilities	**$ 246**	**$ 759**	**$ —**	**$ 1,005**

The changes in Level 3 items for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen	
	2026	
	FVTPL financial assets	FVTOCI financial assets
Beginning Balance	**¥ 94,883**	**¥ 441,335**
Total gains or losses	**(1,886)**	**(10,407)**
Included in gains on investments	**(2,922)**	**—**
Included in other comprehensive income (loss) (FVTOCI financial assets)	**—**	**(48,070)**
Included in other comprehensive income (loss) (Translation adjustments)	**1,036**	**37,663**
Purchases	**14,683**	**63,694**
Sales	**(6,502)**	**(7,542)**
Transfers out of Level 3	**(2,492)**	**(6,195)**
Others	**(1,882)**	**121,259**
Ending balance	**96,804**	**602,144**
The amount of gains (losses) on investments for the period relating to assets still held as of March 31, 2026	**¥ (3,934)**	**¥ —**

	Millions of Yen	
	2025	
	FVTPL financial assets	FVTOCI financial assets
Beginning Balance	¥ 63,667	¥ 434,990
Total gains or losses	2,715	(49,388)
Included in gains on investments	1,630	—
Included in other comprehensive income (loss) (FVTOCI financial assets)	—	(39,700)
Included in other comprehensive income (loss) (Translation adjustments)	1,085	(9,688)
Purchases	36,698	27,948
Sales	(8,726)	(5,336)
Transfers out of Level 3	(173)	(1,413)
Others	702	34,534
Ending balance	94,883	441,335
The amount of gains (losses) on investments for the period relating to assets still held as of March 31, 2025	¥ (1,509)	¥ —

	Millions of U.S. Dollars	
	2026	
	FVTPL financial assets	FVTOCI financial assets
Beginning Balance	$ 593	$ 2,760
Total gains or losses	(12)	(65)
Included in gains on investments	(18)	—
Included in other comprehensive income (loss) (FVTOCI financial assets)	—	(301)
Included in other comprehensive income (loss) (Translation adjustments)	6	236
Purchases	92	398
Sales	(41)	(47)
Transfers out of Level 3	(15)	(39)
Others	(12)	759
Ending balance	605	3,766
The amount of gains (losses) on investments for the period relating to assets still held as of March 31, 2026	$ (25)	$ —

Transfers out of Level 3 recognized for the fiscal years ended March 31, 2026 and 2025 were due to the fact that the fair value of equity securities became measurable using the quoted market price resulting from listing on exchanges.

The increase in “Others” of FVTOCI financial assets for the fiscal year ended March 31, 2026 was mainly due to the conversion of Metsä Fibre Oy into “Other investment” (FVTOCI financial asset) from “Investment accounted for by the equity method”.

27. Revenue

(1) Contract Balances

The breakdown of contract balances for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen				Millions of U.S. Dollars
	2026		2025		2026
	Beginning balance	Ending balance	Beginning balance	Ending balance	Ending balance
Receivables from Contracts with Customers	¥ 2,835,461	¥ 3,032,965	¥ 2,831,112	¥ 2,835,461	$ 18,971
Contract Assets	45,962	46,798	45,020	45,962	293
Contract Liabilities	227,969	296,877	193,123	227,969	1,857

A contract asset is recognized when the Company and its subsidiaries transfer goods or services to a customer on their ordinary activities, but a right to receive the payment is conditional in line with a series of performance related milestones other than the passage of time. Contract assets generally increase when the Company and its subsidiaries transfer goods or services to the customer before the customer pays the consideration or before the payment becomes due and decrease when the Company and its subsidiaries bill the customer. The balance of contract assets increased mainly due to the progress of satisfaction of the performance obligations for the fiscal years ended March 31, 2026 and 2025.

A contract liability is recognized when a payment from a customer is already received or due, prior to the Company and its subsidiaries transferring goods or services to the customer on their operating activities. Contract liabilities generally increase when the Company and its subsidiaries receive consideration from a customer prior to the transfer of goods or services to the customer and decrease when the Company and its subsidiaries meet their performance obligations. The balance of contract liabilities increased mainly due to increases in advances from customer for the fiscal years ended March 31, 2026 and 2025.

Revenues recognized for the fiscal years ended March 31, 2026 and 2025 include ¥164,907 million (US$1,031 million) and ¥141,196 million, respectively, recognized from contract liabilities at the beginning of the fiscal years ended March 31, 2026 and 2025.

Revenues recognized for the fiscal years ended March 31, 2026 and 2025 arising from performance obligations fulfilled in past periods, are immaterial.

(2) Remaining Performance Obligations

As of March 31, 2026 and 2025, the Company and its subsidiaries have a total transaction price allocated to remaining performance obligations of ¥1,915,751 million (US$11,982 million) and ¥1,633,327 million, respectively, mainly in energy, ships and aircraft, system development, and iron ore transactions. The Company and its subsidiaries expect that revenues from North American LNG sales contracts are recognized almost over the next 20 years and revenues from other contracts are recognized almost over the next 3 years in accordance with the progress of performance of the contracts.

The Company and its subsidiaries use the practical expedients, pursuant to IFRS 15, “Revenue from Contracts with Customers,” and only disclose individual transactions with anticipated contract lengths exceeding 1 year.

(3) Assets Recognized from Costs Incurred to Acquire or Perform Customer Contracts

The amounts of assets or their depreciation arising from costs incurred to acquire or perform customer contracts were immaterial.

28. Selling, General and Administrative Expenses

The breakdown of Selling, general and administrative expenses for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Personnel expenses	**¥ 756,055**	¥ 718,495	**$ 4,729**
Depreciation	**263,059**	262,010	**1,645**
Amortization	**48,381**	47,783	**303**
Service charges	**200,456**	185,564	**1,254**
Distribution costs	**133,554**	126,697	**835**
Others	**361,679**	337,827	**2,262**
Total	**¥1,763,184**	¥1,678,376	**$ 11,028**

29. Gains (losses) on Investments

The breakdown of Gains (losses) on investments for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Investments in subsidiaries, associates and joint ventures	**¥ 173,389**	¥ 79,126	**$ 1,085**
FVTPL financial assets	**1,926**	4,068	**12**
Financial assets measured at amortized cost	**(101)**	4	**(1)**
Total	**¥ 175,214**	¥ 83,198	**$ 1,096**

In the fiscal year ended March 31, 2026, Gains (losses) on investments relating to Investments in subsidiaries, associates and joint ventures mainly consist of the gain of ¥111,436 million (US $697 million) on the sale of C.P. Pokphand Co. Ltd. in Others, Adjustment & Eliminations segment, and the gain of ¥18,036 million (US$113 million) on the partial sale as part of the Group's reorganization of the pulp business and the fair value remeasurement of the remaining interest upon the loss of significant influence arising from such reorganization in General Products & Realty segment.

In the fiscal year ended March 31, 2025, Gains (losses) on investments relating to Investments in subsidiaries, associates and joint ventures mainly consist of the gain of ¥49,290 million on the conversion of DESCENTE LTD. into a subsidiary due to the additional investment and the remeasurement of the previously held interests in Textile segment, and the gain of ¥20,956 million on the partial sale and the remeasurement of the remaining interests with the loss of significant influence over an overseas company in Food and General Products & Realty segment.

The losses relating to Financial assets measured at amortized cost include losses arising from derecognition of financial assets of ¥97 million (US$1 million) and the impairment losses of financial assets of ¥4 million (US$0 million) for the fiscal year ended March 31, 2026.

The gains relating to Financial assets measured at amortized cost include gains arising from derecognition of financial assets of ¥15 million and the impairment losses of financial assets of ¥11 million for the fiscal year ended March 31, 2025.

30. Gains (losses) on Property, Plant, Equipment and Intangible Assets

The breakdown of Gains (losses) on property, plant, equipment and intangible assets for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Gains on sales of property, plant, equipment and intangible assets	**¥ 9,693**	¥ 21,409	**$ 61**
Losses on disposal and sales of property, plant, equipment and intangible assets	**(6,826)**	(7,874)	**(43)**
Impairment losses and reversal gains on property, plant, equipment and intangible assets	**(14,981)**	(22,645)	**(94)**
Impairment losses on goodwill	**(1,293)**	(6,323)	**(8)**
Others	**576**	646	**4**
Total	**¥ (12,831)**	¥ (14,787)	**$ (80)**

For the fiscal year ended March 31, 2026, the Company recognized reversal gain of impairment losses of ¥6,932 million (US $43 million) on intangible assets related to the automobile dealership contract, etc. in Panama at RICARDO PÉREZ, S.A. in Machinery segment, as a result of improved business conditions and the revision of future forecasts due to the recovery of the automobile market in Panama.

For the fiscal year ended March 31, 2025, the losses mainly consist of impairment losses recognized on goodwill and intangible assets in a North American synthetic resin-related company in Energy & Chemicals segment.

31. Other-Net

The breakdown of Other-net for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Net foreign exchange gains (losses)	¥ 2,236	¥ 12,273	$ 14
Others	6,570	16,260	41
Total	¥ 8,806	¥ 28,533	$ 55

32. Financial Income (Loss)

The breakdown of Financial income (loss) for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Interest income			
Financial assets measured at amortized cost	¥ 48,707	¥ 50,920	$ 305
Subtotal	48,707	50,920	305
Dividends received			
FVTPL financial assets	737	1,072	5
FVTOCI financial assets	59,041	77,345	369
Subtotal	59,778	78,417	374
Interest expense			
Financial liabilities measured at amortized cost Lease liabilities	(19,761)	(17,121)	(124)
Others	(64,603)	(74,041)	(404)
Derivatives	(18,030)	(10,324)	(113)
Others	(3,216)	(2,948)	(20)
Subtotal	(105,610)	(104,434)	(661)
Total	¥ 2,875	¥ 24,903	$ 18

33. Cash Flow Information

(1) Acquisitions and Sales of Subsidiaries or businesses

(Acquisitions of subsidiaries or businesses)
There were no acquisitions of major subsidiaries or businesses for the fiscal year ended March 31, 2026.
The acquisition of major subsidiaries for the fiscal year ended March 31, 2025 was that of DESCENTE LTD.

	Millions of Yen
	2025
Acquisitions of subsidiaries or businesses	
Fair value of assets acquired	¥ 339,457
Fair value of liabilities acquired	(84,986)
Net assets, before deduction of cash	254,471
Fair value of previously held equity interests	(124,391)
Goodwill and Non-controlling interests	6,255
Fair value of consideration	136,335
Cash acquired	(26,488)
Payments for acquisition of subsidiaries or businesses	¥ 109,847

Note: The amounts listed above for the fiscal year ended March 31, 2025 are after the completion of the fair value measurement.

(Sales of subsidiaries or businesses)
There were no sales of major subsidiaries or businesses for the fiscal year ended March 31, 2026 and 2025.

(2) Changes in Liabilities Arising from Financing Activities

Changes in liabilities arising from financing activities for the fiscal years ended March 31, 2026 and 2025 were as follows:

	Millions of Yen		
	2026		
	Debentures and Borrowings	Lease liabilities and the others	Total
Beginning of the year	**¥3,550,768**	**¥1,070,937**	**¥4,621,705**
Cash flow	**69,164**	**(259,227)**	**(190,063)**
Non-cash changes			
Increase through acquisitions	**—**	**248**	**248**
Decrease through divestitures	**(571)**	**(1,431)**	**(2,002)**
New leases	**—**	**125,434**	**125,434**
Effect of foreign currency exchange differences	**84,914**	**14,224**	**99,138**
Fair value changes	**(16,670)**	**—**	**(16,670)**
Others	**(14,896)**	**135,175**	**120,279**
End of the year	**¥3,672,709**	**¥1,085,360**	**¥4,758,069**

	Millions of Yen		
	2025		
	Debentures and Borrowings	Lease liabilities and the others	Total
Beginning of the year	¥3,357,608	¥1,038,575	¥4,396,183
Cash flow	219,174	(260,320)	(41,146)
Non-cash changes			
Increase through acquisitions	12,647	6,470	19,117
Decrease through divestitures	(3,216)	(1,370)	(4,586)
New leases	—	132,737	132,737
Effect of foreign currency exchange differences	(17,425)	(1,762)	(19,187)
Fair value changes	(9,958)	—	(9,958)
Others	(8,062)	156,607	148,545
End of the year	¥3,550,768	¥1,070,937	¥4,621,705

	Millions of U.S. Dollars		
	2026		
	Debentures and Borrowings	Lease liabilities and the others	Total
Beginning of the year	**$ 22,209**	**$ 6,698**	**$ 28,907**
Cash flow	**432**	**(1,621)**	**(1,189)**
Non-cash changes			
Increase through acquisitions	**—**	**2**	**2**
Decrease through divestitures	**(4)**	**(9)**	**(13)**
New leases	**—**	**785**	**785**
Effect of foreign currency exchange differences	**531**	**89**	**620**
Fair value changes	**(104)**	**—**	**(104)**
Others	**(93)**	**845**	**752**
End of the year	**$ 22,971**	**$ 6,789**	**$ 29,760**

Note: Amounts of “Others” in “Lease Liabilities and the others” are mainly the increase due to lease contract modifications in FamilyMart Co., Ltd.
In addition, lease contract modifications in other companies, mid-term terminations and other factors are included.

34. Parent's Ownership Interest in Subsidiaries

Subsidiaries of the Company as of March 31, 2026 were as follows:

Name	Location	Voting shares (%)
Textile		
DESCENTE LTD.	Naniwa-ku, Osaka	100.0 (100.0)
ROYNE CO., LTD.	Shinagawa-ku, Tokyo	100.0
Sankei Co., Ltd.	Koto-ku, Tokyo	100.0
EDWIN CO., LTD.	Shinagawa-ku, Tokyo	100.0
DOME CORPORATION	Koto-ku, Tokyo	69.7
JOI'X CORPORATION	Chiyoda-ku, Tokyo	100.0
LEILIAN CO., LTD.	Meguro-ku, Tokyo	100.0
ITOCHU Textile Prominent (ASIA) Ltd.	Hong Kong, China	100.0 (50.0)
ITOCHU TEXTILE (CHINA) CO., LTD.	Shanghai, China	100.0 (40.0)
47 other companies		
Machinery		
IMECS Co., Ltd.	Minato-ku, Tokyo	100.0
ITOCHU AVIATION CO., LTD.	Minato-ku, Tokyo	100.0
ITOCHU Plantech Inc.	Minato-ku, Tokyo	100.0
JAPAN AEROSPACE CORPORATION	Minato-ku, Tokyo	100.0
ITOCHU MACHINE-TECHNOS CORPORATION	Chiyoda-ku, Tokyo	100.0
YANASE & CO., LTD.	Minato-ku, Tokyo	99.0
Citrus Investment LLC	Minato-ku, Tokyo	100.0
I-Power Investment Inc.	Wilmington, Delaware, U.S.A.	100.0
I-Environment Investments Pacific Pty Ltd	Sydney, N.S.W., Australia	100.0 (10.0)
I-ENVIRONMENT INVESTMENTS LIMITED	London, U.K.	100.0 (30.0)
MULTIQUIP INC.	Cypress, California, U.S.A.	100.0 (80.0)
RICARDO PÉREZ, S.A.	Panama, Republic of Panama	70.0
Auto Investment Inc.	Pelham, Alabama, U.S.A.	100.0
TOYOTA SALES MONGOLIA LLC	Ulaanbaatar, Mongolia	100.0
71 other companies		
Metals & Minerals		
ITOCHU Metals Corporation	Minato-ku, Tokyo	100.0
ITC Coal Resources International Inc.	Wilmington, Delaware, U.S.A.	100.0
ITOCHU Minerals & Energy of Australia Pty Ltd	Perth, W.A., Australia	100.0 (3.7)
5 other companies		
Energy & Chemicals		
ITOCHU ENEX CO., LTD.	Chiyoda-ku, Tokyo	55.8
Japan South Sakha Oil Co., Ltd.	Minato-ku, Tokyo	50.0
ITOCHU PLASTICS INC.	Chiyoda-ku, Tokyo	100.0
ITOCHU CHEMICAL FRONTIER Corporation	Minato-ku, Tokyo	100.0
C.I. TAKIRON Corporation	Kita-ku, Osaka	100.0 (35.1)
ITOCHU Retail Link Corporation	Chuo-ku, Tokyo	100.0
Aoyama Solar Company Limited	Chiyoda-ku, Tokyo	100.0
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	Singapore	100.0
ITOCHU Oil Exploration (Azerbaijan) Inc.	Grand Cayman, Cayman Islands	100.0
CIECO West Qurna Limited	London, U.K.	60.0
ITOCHU Plastics Pte., Ltd.	Singapore	100.0 (30.0)
92 other companies		

Name	Location	Voting shares (%)
Food		
ITOCHU FEED MILLS CO., LTD.	Koto-ku, Tokyo	100.0
ITOCHU Food Sales and Marketing Co.,Ltd.	Minato-ku, Tokyo	100.0
Prima Meat Packers, Ltd.	Shinagawa-ku, Tokyo	50.9 (4.5)
Dole International Holdings, Inc.	Minato-ku, Tokyo	100.0
ITOCHU-SHOKUHIN Co., Ltd.	Chuo-ku, Osaka	52.6 (0.1)
NIPPON ACCESS, INC.	Shinagawa-ku, Tokyo	100.0
UNEX (GUATEMALA), S.A.	Guatemala City, Guatemala	80.0
96 other companies		
General Products & Realty		
ITOCHU LOGISTICS CORP.	Minato-ku, Tokyo	100.0
ITOCHU PULP & PAPER CORPORATION	Chuo-ku, Tokyo	100.0
ITOCHU CERATECH CORPORATION	Seto, Aichi	100.0
DAIKEN CORPORATION	Nanto, Toyama	100.0
ITOCHU KENZAI CORPORATION	Chuo-ku, Tokyo	100.0
ITOCHU Urban Community Ltd.	Chuo-ku, Tokyo	100.0
ITOCHU Property Development, Ltd.	Minato-ku, Tokyo	100.0
PT. Aneka Bumi Pratama	Palembang, Indonesia	100.0 (35.0)
Pacific Woodtech Corporation	Burlington, Washington, U.S.A.	100.0 (25.0)
European Tyre Enterprise Limited	Letchworth, U.K.	100.0 (25.0)
ITOCHU FIBRE LIMITED	London, U.K.	100.0 (25.0)
ITOCHU Building Products Holdings Inc.	Dallas, Texas, U.S.A.	100.0 (100.0)
IW Partners Inc.	New Castle, Delaware, U.S.A.	100.0
84 other companies		
ICT & Financial Business		
ITOCHU Techno-Solutions Corporation	Minato-ku, Tokyo	100.0 (33.3)
A2 Healthcare Corporation	Bunkyo-ku, Tokyo	100.0
ITOCHU Fuji Partners, Inc.	Minato-ku, Tokyo	63.0
POCKET CARD CO.,LTD.	Minato-ku, Tokyo	80.0 (80.0)
HOKEN NO MADOGUCHI GROUP INC.	Chiyoda-ku, Tokyo	100.0 (0.1)
GCT MANAGEMENT (THAILAND) LTD.	Bangkok, Thailand	100.0 (67.3)
First Response Finance Ltd.	Nottingham, U.K.	100.0 (100.0)
ITOCHU FINANCE (ASIA) LTD.	Hong Kong, China	100.0 (100.0)
46 other companies		
The 8th		
FamilyMart Co., Ltd.	Minato-ku, Tokyo	94.7
12 other companies		
Headquarters		
ITOCHU Treasury Corporation	Minato-ku, Tokyo	100.0
Orchid Alliance Holdings Limited	BR. Virgin Islands	100.0
17 other companies		

Name	Location	Voting shares (%)
Overseas Trading Subsidiaries		
ITOCHU International Inc.	New York, N.Y., U.S.A.	100.0
ITOCHU Europe PLC	London, U.K.	100.0
ITOCHU Singapore Pte Ltd	Singapore	100.0
ITOCHU KOREA LTD.	Seoul, Korea	100.0
ITOCHU (Thailand) Ltd.	Bangkok, Thailand	100.0
ITOCHU Hong Kong Ltd.	Hong Kong, China	100.0
ITOCHU Latin America, S.A.	Panama, Republic of Panama	100.0
ITOCHU Brasil S.A.	Sao Paulo, Brazil	100.0
ITOCHU Australia Ltd.	Sydney, N.S.W., Australia	100.0
ITOCHU Middle East LLC	Dubai, U.A.E.	100.0
ITOCHU (CHINA) HOLDING CO., LTD.	Beijing, China	100.0
ITOCHU TAIWAN CORPORATION	Taipei, Taiwan	100.0
16 other companies		

Notes: 1. The above numbers of subsidiaries do not include investment companies considered part of the parent (212 companies).
2. Figures in parentheses are indirect voting share percentages.
3. Voting shares percentage of Japan South Sakha Oil Co., Ltd. is 50.01%. It is shown 50.0% by rounding less than the first decimal place.
4. The tender offer for ITOCHU-SHOKUHIN Co., Ltd., which the Company had been conducting through its subsidiary G.K. FMDI since February 26, 2026, was completed on April 9, 2026. As a result of the tender offer and the Company's subsequent exercise of its right to demand the sale of shares, voting shares percentage of ITOCHU-SHOKUHIN Co., Ltd. reached 100.0% as of May 21, 2026.
5. Voting shares percentage of ITOCHU Techno-Solutions Corporation is 99.95%. It is shown 100.0% by rounding less than the first decimal place.

(The loss of control of subsidiaries)
There were no major losses of control of subsidiaries for the fiscal year ended March 31, 2026 and 2025.

(Determination of Control Over Investees)
As of March 31, 2026, the Company had acquired and held common shares of Hitachi Construction Machinery Co., Ltd. through HCJI Holdings Co., Ltd. (hereinafter "HCJI HD"), an equally held joint venture with HCJ Holdings Ltd. (hereinafter "JIP SPC"), a special purpose company in which a fund that Japan Industrial Partners, Inc. manages, operates, and provides information. Additionally, JIP SPC is financed by a loan from ITOCHU Treasury Corporation, a subsidiary of the Company. Through this shareholding structure, the Company had determined that it had acquired control of HCJI HD as it is in a position to lead the significant activities of HCJI HD, including the shareholding in Hitachi Construction Machinery Co., Ltd. and mid-to-long term measures to enhance its corporate value. In addition, HCJI HD acquired all of its own shares held by JIP SPC as treasury shares on April 15, 2026.

(Subsidiaries with material non-controlling interests)
There were no subsidiaries with material non-controlling interests as of March 31, 2026 and 2025.

35. Structured Entities

A structured entity, as defined in IFRS 12 "Disclosure of Interests in Other Entities," is an entity that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity. If a structured entity is substantively controlled by the Company and its subsidiaries, the Company and its subsidiaries consolidate the structured entity.

The Company and its subsidiaries are involved with unconsolidated structured entities through investments, loans, and others.

The carrying amounts of assets in the Consolidated Statement of Financial Position as of March 31, 2026 and 2025 which the Company and its subsidiaries recognized with regard to the involvement in the unconsolidated structured entities were as follows:

	Millions of Yen		Millions of U.S. Dollars
	2026	2025	2026
Investments accounted for by the equity method	**¥ 92,757**	¥ 83,743	**$ 581**
Other investments	**38,099**	26,413	**238**
Non-current receivables	**43,857**	41,447	**274**
Total	**¥ 174,713**	¥ 151,603	**$ 1,093**

In addition, as of March 31, 2026 and 2025, the maximum exposure to losses in relation to the unconsolidated structured entities were ¥176,088 million (US$1,101 million) and ¥153,178 million, respectively. The differences between the maximum exposure to losses and the amounts of assets recognized in the Consolidated Statement of Financial Position were mainly due to guarantees.

Investments accounted for by the equity method include unconsolidated structured entities established mainly to invest in infrastructure-related businesses and raise funds mainly by loans from banks. The total assets of these structured entities as of March 31, 2026 and 2025 were ¥1,065,154 million (US$6,662 million) and ¥1,103,772 million, respectively.

Other investments include unconsolidated structured entities established mainly for the purpose of investing in venture companies.

36. Contingent Liabilities

The Company and its subsidiaries issue various guarantees for indebtedness of associates, joint ventures, and customers. If a guaranteed party fails to fulfill its obligation, the Company and its subsidiaries would be required to execute payments. The maximum potential amount of future payments and the amount of substantial risk as of March 31, 2026 and 2025 were as follows:

	Millions of Yen		
	2026		
	Financial guarantees	Guarantees for performance transactions	Total
Guarantees for associates and joint ventures:			
Maximum potential amount of future payments	**¥ 107,560**	**¥ 14,156**	**¥ 121,716**
Amount of substantial risk	**88,767**	**9,594**	**98,361**
Guarantees for customers:			
Maximum potential amount of future payments	**29,749**	**19,998**	**49,747**
Amount of substantial risk	**23,160**	**9,719**	**32,879**
Total:			
Maximum potential amount of future payments	**¥ 137,309**	**¥ 34,154**	**¥ 171,463**
Amount of substantial risk	**111,927**	**19,313**	**131,240**

	Millions of Yen		
	2025		
	Financial guarantees	Guarantees for performance transactions	Total
Guarantees for associates and joint ventures:			
Maximum potential amount of future payments	¥ 93,254	¥ 10,132	¥ 103,386
Amount of substantial risk	79,621	8,139	87,760
Guarantees for customers:			
Maximum potential amount of future payments	23,011	49,429	72,440
Amount of substantial risk	17,392	8,705	26,097
Total:			
Maximum potential amount of future payments	¥ 116,265	¥ 59,561	¥ 175,826
Amount of substantial risk	97,013	16,844	113,857

	Millions of U.S. Dollars		
	2026		
	Financial guarantees	Guarantees for performance transactions	Total
Guarantees for associates and joint ventures:			
Maximum potential amount of future payments	**$ 673**	**$ 88**	**$ 761**
Amount of substantial risk	**555**	**60**	**615**
Guarantees for customers:			
Maximum potential amount of future payments	**186**	**125**	**311**
Amount of substantial risk	**145**	**61**	**206**
Total:			
Maximum potential amount of future payments	**$ 859**	**$ 213**	**$ 1,072**
Amount of substantial risk	**700**	**121**	**821**

The maximum potential amount of future payments represents the amounts that the Company and its subsidiaries could be obliged to pay if there were defaults.

The amount of substantial risk represents the actual amount of liability incurred by the guaranteed parties within the maximum potential amount of future payments. The amounts that may be reassured from third parties have been excluded in determining the amount of substantial risk.

Within the maximum potential amount of future payments, the amounts that may be reassured from third parties were ¥18,798 million (US$118 million) and ¥46,341 million as of March 31, 2026 and 2025, respectively.

Under these guarantees, adequate allowance to cover the expected losses from probable performance is recognized as liabilities. As of March 31, 2026, the Company and its subsidiaries are not required to perform significant guarantees, nor does the Company expect an increase of guarantee amounts due to the deterioration of business conditions of the guaranteed parties for these guarantees, except for those recognized as liabilities.

CSN Mineração S.A. (hereinafter “CM”), an equity-method associated company of the Group, was established in November 2015 accompanying the merger of Nacional Minérios S.A. (hereinafter “NAMISA”), which was a joint venture of the Company, and the Casa de Pedra Mine, railway company shares and port facility usage rights owned by Companhia Siderúrgica Nacional, the major Brazilian steel producer which is the parent company of NAMISA. NAMISA received a tax assessment notice in December 2012 from the Brazilian tax authorities relating to corporation tax and social contributions attributable to income for the period from 2009 to 2011 related to the deductibility of the amortization of goodwill for tax purposes over the period from August 2009 to July 2014. CM, which took over this tax assessment, filed suit in Brazilian federal court in September 2017 upon exhausting the administrative appeal procedures. CM received a tax assessment notice in December 2018 from the Brazilian tax authorities relating to corporation tax and social contributions attributable to income for the period from 2013 to 2014, and proceeded with the administrative appeal procedures in January 2019. With regard to the tax assessment, if the amortization of goodwill for tax purposes is not deductible, the impact on the Group will be ¥21,344 million (US$134 million), which includes ¥14,409 million (US$90 million) of interest and penalties that were partially reduced in the fiscal year ended March 31, 2026. CM, which took over the tax litigation, recorded no liabilities related to this assessment.

Other than the above, there are currently no significant pending lawsuits, arbitrations, or other legal proceedings that may materially affect the financial position or results of operations of the Company and its subsidiaries.

However, there is no assurance that domestic or overseas business activities of the Company and its subsidiaries may not become subject to any such lawsuits, arbitrations, or other legal proceedings in the future that could have adverse effects on the financial position or results of operations of the Company and its subsidiaries.

37. Approval of Consolidated Financial Statements

The consolidated financial statements were approved at the Board of Directors’ meeting held on June 11, 2026.

38. Material Subsequent Events

The Company evaluated subsequent events through June 12, 2026, which is the issuance date of the consolidated financial statements.

Material subsequent events were as follows:

(Issuance of Corporate Bonds)
Based on the decision at the meeting of the Board of Directors held on May 14, 2025, the Company issued USD-denominated corporate bonds with an interest rate of 4.228% due 2029 for a total issue amount of US$750 million on April 22, 2026.

In addition, based on the decision at the meeting of the Board of Directors held on May 15, 2026, the Company issued corporate bonds as below on May 27, 2026.

- Corporate bonds with an interest rate of 1.865% due 2029 for a total issue amount of ¥15,200 million
- Corporate bonds with an interest rate of 2.246% due 2031 for a total issue amount of ¥13,200 million
- Corporate bonds with a floating-rate interest (TONA+0.25%) due 2031 for a total issue amount of ¥8,300 million
- Corporate bonds with an interest rate of 3.067% due 2036 for a total issue amount of ¥30,900 million

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of ITOCHU Corporation:

<Audit of Consolidated Financial Statements>

Opinion

We have audited the consolidated financial statements of ITOCHU Corporation and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as of March 31, 2026, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and the related notes to the consolidated financial statements (all expressed in Japanese yen).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in accordance with the basis stated in Note 2 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Member of
Deloitte Touche Tohmatsu Limited

<table>
<tr><th colspan="2">The Valuation of FamilyMart's Goodwill (Note 11 "Goodwill and Intangible Assets")</th></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter
Was Addressed in the Audit</th></tr>
<tr><td>As described in Note 11 "Goodwill and Intangible Assets" to the consolidated financial statements, ITOCHU Corporation (the "Company") recorded goodwill of ¥427,666 million on its consolidated statement of financial position as of March 31, 2026, which included goodwill of ¥214,613 million related to FamilyMart Co., Ltd. (hereafter, "FamilyMart"), a subsidiary that is in the business of operating convenience stores. The goodwill was recognized as a result of the conversion of FamilyMart into a subsidiary and was allocated to a cash-generating unit composed of its businesses of FamilyMart. The cash-generating unit also included intangible assets with definite useful lives of ¥345,398 million, which was recognized as a result of the conversion of FamilyMart into a subsidiary.

Impairment tests of FamilyMart's goodwill are conducted based on the cash-generating unit at least once a year, or whenever there are changes in situations or events that indicate the possibility of impairment.

For the current fiscal year's goodwill impairment test, the recoverable amount of the cash-generating unit was based on the value in use, which was measured by discounting the estimated amount of future cash flows based on a business plan reflecting the most recent business environment. The Company determined that the value in use exceeded the carrying amount of the cash-generating unit, and therefore did not recognize an impairment loss.

In the measurement of the value in use of the cash-generating unit, significant accounting estimates used are future cash flows, such as income projections from franchised stores and the calculation of a discount rate.

Significant assumptions used in estimating future cash flows include maintaining the number of stores and increasing trading income through raising daily sales. These assumptions reflect forecasts based on past results and industry trends. For the impairment test conducted in the fiscal year ended March 31, 2026, the Company expects to maintain the number of stores from the fiscal year ending March 31, 2027 through the fiscal year ending March 31, 2029. Also, the Company expects a moderate increase in daily sales due to the enhancement of product appeal, strengthening of sales promotion, and the expansion of the sales floor area of existing stores. Therefore, estimating future cash flows requires accounting estimates that involve a high degree of uncertainty and subjectivity. In addition, the discount rate is likely to be affected by external environments, such as economic conditions and interest rate fluctuations and has a large impact on the value in use when it changes.

For the above reasons, measurement of the estimated value in use when conducting an impairment test of the cash-generating unit pertaining to FamilyMart's goodwill was of significance in our audit of the consolidated financial statements for the current fiscal year. Therefore, we identified the valuation of FamilyMart's goodwill was a key audit matter.</td>
<td>Regarding the valuation of FamilyMart's goodwill, our audit procedures to address this key audit matter included the following, among others:

1. Evaluation of the effectiveness of internal controls

• We tested the design, implementation and operating effectiveness of controls that assess and approve the measurement of the recoverable amount in relation to the cash-generating unit composed of its businesses of FamilyMart and on the reasonableness of significant assumptions involved, including the number of stores in the future, future daily sales and the discount rate.

2. Evaluation of the reasonableness of the estimate of the value in use

• We compared the outcomes of previous accounting estimates and their subsequent re-estimation for the significant assumptions used in the previous fiscal year, conducted the sensitivity analysis to assess the effect of changes in the significant assumptions, and assessed the degree of estimation uncertainty.

• We inquired of management and conducted a comparison with actual results in previous fiscal years to evaluate the rationality of the significant assumptions. Furthermore, we assessed the consistency with their business strategies by inspecting the business plan, compared external data available on the Japanese economic environment and market growth including the convenience store industry and business plans of other companies in the same industry.

• With the assistance of our valuation specialists, we evaluated whether the selection and application of the method, assumptions and data for measuring the value in use, including the discount rate, were reasonable.

• We independently developed a reasonable range of the value in use by changing the significant assumptions and assessed whether the value in use determined by the Company was within the range.</td></tr>
</table>

<table>
<tr><th colspan="2">The Valuation of CITIC Limited Investment (Note 13 "Associates and Joint Ventures")</th></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter
Was Addressed in the Audit</th></tr>
<tr><td>As described in Note 13 "Associates and Joint Ventures" to the consolidated financial statements, Chia Tai Bright Investment Company Limited (hereafter, "CTB"), a company in which the Company has 50% ownership and applies equity method, owns 20% of ordinary shares in CITIC Limited and applies the equity method to CITIC Limited. The summarized financial information of CITIC Limited is as described in Note 13(5) Others.

CITIC Limited is a Chinese conglomerate with a wide range of businesses covering financial services, resources and energy, manufacturing, engineering contracting, real estate and other businesses in China and other countries.

If the Company determined that there is an indication of impairment of the investment in CITIC Limited held by CTB, the recoverable amount of the investment is measured. If the recoverable amount is below the carrying amount, an impairment loss is recognized in profit or loss. The Company recognizes an amount corresponding to the share of the impairment loss recognized by CTB in "Equity in earnings of associates and joint ventures".

In the current fiscal year, the decline of CITIC Limited's stock price was determined to be an indication of impairment and the recoverable amount of the investment was measured based on the estimated future cash flows of CITIC Limited. The Company did not recognize an impairment loss because the recoverable amount exceeded the carrying amount.

As CITIC Limited has a large number of operating companies under its umbrella, such as listed companies and companies that operate businesses in various industries, significant complexity and judgment are involved in determining the recoverable amount of the investment. The Company uses appropriate valuation methods for each operating company under CITIC Limited for its impairment test.
Significant accounting estimates, such as future cash flows, are used in measurement of the recoverable amount.

Future cash flows are measured by reflecting the future profitability based on the growth outlook of the Chinese economy and the impact of relevant regulations on the Chinese financial businesses. Therefore, estimating future cash flows requires accounting estimates that involve a high degree of uncertainty and subjectivity.

For the above reasons, measurement of the estimated recoverable amount when conducting an impairment test of CITIC Limited investment was of significance in our audit of the consolidated financial statements for the current fiscal year. Therefore, we identified the valuation of CITIC Limited investment was a key audit matter.</td>
<td>Regarding the valuation of CITIC Limited investment, our audit procedures to address this key audit matter included the following, among others:

1. Evaluation of the effectiveness of internal controls

• We tested the design, implementation and operating effectiveness of controls that assess and approve the measurement of the recoverable amount in relation to CITIC Limited investment and on the reasonableness of the significant assumptions involved, including the future profitability of CITIC Limited and the impact of relevant regulations.

2. Evaluation of the reasonableness of the estimate of the recoverable amount

• We compared the outcomes of previous accounting estimates and their subsequent re-estimation for the significant assumptions used in the previous fiscal year, conducted the sensitivity analysis to assess the effect of changes in the significant assumptions, and assessed the degree of estimation uncertainty.

• We inquired of management to evaluate the rationality of the significant assumptions, conducted a comparison with actual results in previous fiscal years and compared external data available on the market environment and market growth.
• For the future profitability and the impact of relevant regulations, we evaluated rationality of the assessment conducted by management's experts in the Chinese financial industry, based on discussions with our specialists in the Chinese financial industry, and assessed their consistency with business strategies by inspecting the business plan.

• With the assistance of our valuation specialists, we evaluated whether the selection and application of the method, assumptions and data for measuring the recoverable amount, including the discount rate, were reasonable based on the characteristics of the CITIC Limited Group.

• We independently developed a reasonable range of the recoverable amount by changing the significant assumptions and assessed whether the recoverable amount determined by the Company was within the range.</td></tr>
</table>

Other Information

The other information comprises the information included in the Financial Information Report, but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards as issued by the IASB and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

・Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

・Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

・Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

・Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

・Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRS Accounting Standards as issued by the IASB, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

・Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

<Fee-Related Information>

Fees for audit and other services for the year ended March 31, 2026, which were charged by us and our network firms to ITOCHU Corporation and its subsidiaries were ¥5,549 million and ¥1,047 million, respectively.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Report on Management's Report on Internal Control over Financial Reporting

Notwithstanding the second bullet point in the second paragraph of the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section, we have performed an audit of management's report on internal control over financial reporting ("ICFR") under the Financial Instruments and Exchange Act of Japan. A translated copy of management's report on ICFR along with a translated copy of our report is included within this Financial Information Report as information for readers.

Deloitte Touche Tohmatsu LLC
June 12, 2026

Supplementary Explanation

Internal Control over Financial Reporting in Japan

The Financial Instruments and Exchange Act of Japan ("the Act") requires the management of Japanese listed companies to evaluate annually whether internal control over financial reporting ("ICFR") is effective as of each fiscal year-end and disclose the assessment result to investors in the "Internal Control Report." The Act also requires the independent auditor to audit the management's assessment of the effectiveness of ICFR. Under the Act, this Internal Control Reporting System has been required from the fiscal year beginning on or after April 1, 2008.

We evaluated our internal control over financial reporting as of March 31, 2026, in accordance with "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

As a result of the evaluation, we concluded that our internal control over financial reporting as of March 31, 2026, was effective and accordingly disclosed this result in our Internal Control Report.

Our Independent Auditor, Deloitte Touche Tohmatsu LLC, audited the management's assessment of the effectiveness of ICFR under the Act. An English translation of the Internal Control Report and the Independent Auditor's Report filed under the Act are attached in the following pages.

Internal Control Report (Translation)

NOTE TO READERS:

Following is an English translation of management's report on internal control over financial reporting ("ICFR") filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

(TRANSLATION)

1. [Matters relating to the basic framework for internal control over financial reporting]

Keita Ishii, President & Chief Operating Officer, and Hiroyuki Naka, Chief Financial Officer are responsible for designing and operating effective internal control over financial reporting of our company (the "Company") and have designed and operated internal control over financial reporting in accordance with the basic framework of internal control set forth in "On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)" published by the Business Accounting Council.

Internal control is designed to provide reasonable assurance of achieving its objectives through the effective function and combination of its basic elements. Therefore, there is a possibility that material misstatements may not be completely prevented or detected by internal control over financial reporting.

2. [Matters relating to the scope of assessment, the basis date of assessment and the assessment procedures]

The assessment of internal control over financial reporting was conducted as of March 31, 2026, and the assessment was conducted in accordance with assessment standards of internal control over financial reporting generally accepted in Japan.

In conducting this assessment, we evaluated internal control which may have a material impact on our entire financial reporting on a consolidated basis ("company-level controls") and based on the result of this assessment, we selected business processes to be assessed. We analyzed these selected business processes, and identified key controls that may have a material impact on the reliability of the Company's financial reporting, and assessed the design and operation of these key controls. Through these procedures, we evaluated the effectiveness of the Company's internal control.

We determined the required scope of assessment of internal control over financial reporting for the Company, as well as our consolidated subsidiaries and associated companies, from the perspective of the materiality that may affect the reliability of our financial reporting. The materiality that may affect the reliability of the financial reporting was determined by taking into consideration the quantitative and qualitative impact and likelihood of occurrence of the four indicators: "Revenues", "Gross trading profit", "Total assets" (for associated companies, carrying amount of investments in associated companies), and "Profit before tax" before elimination of inter-company transactions for the current consolidated fiscal year. The Company and 80 consolidated subsidiaries and associated companies ("the 80 entities", see Note) covered approximately 95% on a consolidated basis. Based on the assessment of company-level controls conducted for the Company and the 80 entities, we reasonably determined the required scope of assessment of internal control over business processes.

(Note) The 80 entities were directly owned by the Company. The assessment of these entities included their own consolidated subsidiaries. We did not include special purpose entities among the 80 entities; however, we included major special purpose entities into the scope of assessment. Entities other than the 80 entities were not included in the scope of assessment of company-level controls because their impact was considered to be immaterial in terms of quantitative and qualitative impact and likelihood of occurrence.

Regarding the scope of assessment of internal control over business processes, we initially selected business locations and units based on indicators of revenue and gross trading profit before elimination of inter-company transactions, considering that one of the Company's main businesses is trade. Additionally, we also included business locations and units by considering qualitative aspects such as business processes with a higher likelihood of material misstatements, business processes involving significant accounts with estimates and forecasts, and businesses or operations engaging in high-risk transactions. Based on these considerations, we designated the Company and 38 entities as "significant business locations and units". The total of the fiscal year results of revenue and gross trading profit before the elimination of inter-company transactions among the selected significant business locations and units were approximately two-thirds of the fiscal year's revenue and gross trading profit, since the assessment result of the company-level controls was judged to be favorable. At the selected significant business locations and units, we also focused on business investment, another main business of the Company, as an account that is significantly related to the business objectives of the Company, and included the business processes related to revenue, gross trading profit, accounts receivable, inventories, and investment- and loan-related accounts in the scope of assessment. In addition, business processes such as fixed assets, tax computation and deferred taxes were also added to the scope of assessment, taking into consideration the qualitative aspects mentioned above.

3. [Matters relating to the result of the assessment]

As a result of the assessment described above, as of the end of this fiscal year, we concluded that the Company's internal control over financial reporting was effective.

4. [Remarks]

There are no remarks to report.

5. [Points to be noted]

There are no points to be noted.

Independent Auditor’s Report
(filed under the Financial Instruments and Exchange Act of Japan)

NOTE TO READERS:

Following is an English translation of the Independent Auditor's Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

(filed under the Financial Instruments and Exchange Act of Japan)

June 12, 2026

To the Board of Directors of
ITOCHU Corporation:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Engagement Partner,
Certified Public Accountant: Yukitaka Maruchi
Designated Engagement Partner,
Certified Public Accountant: Hiroyuki Yamada
Designated Engagement Partner,
Certified Public Accountant: Daisuke Yabuuchi

<Audit of Consolidated Financial Statements>

Opinion

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements of ITOCHU Corporation and its subsidiaries (the "Group") included in the Financial Section, namely, the consolidated statement of financial position as of March 31, 2026, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the fiscal year from April 1, 2025 to March 31, 2026, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”) pursuant to the provisions of Article 312 of the Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><th colspan="2">The Valuation of FamilyMart's Goodwill (Note 11 "Goodwill and Intangible Assets")</th></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter
Was Addressed in the Audit</th></tr>
<tr><td>As described in Note 11 "Goodwill and Intangible Assets" to the consolidated financial statements, ITOCHU Corporation (the "Company") recorded goodwill of ¥427,666 million on its consolidated statement of financial position as of March 31, 2026, which included goodwill of ¥214,613 million related to FamilyMart Co., Ltd. (hereafter, "FamilyMart"), a subsidiary that is in the business of operating convenience stores. The goodwill was recognized as a result of the conversion of FamilyMart into a subsidiary, and was allocated to a cash-generating unit composed of its businesses of FamilyMart. The cash-generating unit also included intangible assets with definite useful lives of ¥345,398 million, which was recognized as a result of the conversion of FamilyMart into a subsidiary.

Impairment tests of FamilyMart's goodwill are conducted based on the cash-generating unit at least once a year, or whenever there are changes in situations or events that indicate the possibility of impairment.

For the current fiscal year's goodwill impairment test, the recoverable amount of the cash-generating unit was based on the value in use, which was measured by discounting the estimated amount of future cash flows based on a business plan reflecting the most recent business environment. The Company determined that the value in use exceeded the carrying amount of the cash-generating unit, and therefore did not recognize an impairment loss.

In the measurement of the value in use of the cash-generating unit, significant accounting estimates used are future cash flows, such as income projections from franchised stores and the calculation of a discount rate.

Significant assumptions used in estimating future cash flows include maintaining the number of stores and increasing trading income through raising daily sales. These assumptions reflect forecasts based on past results and industry trends. For the impairment test conducted in the fiscal year ended March 31, 2026, the Company expects to maintain the number of stores from the fiscal year ending March 31, 2027 through the fiscal year ending March 31, 2029. Also, the Company expects a moderate increase in daily sales due to the enhancement of product appeal, strengthening of sales promotion, and the expansion of the sales floor area of existing stores. Therefore, estimating future cash flows requires accounting estimates that involve a high degree of uncertainty and subjectivity. In addition, the discount rate is likely to be affected by external environments, such as economic conditions and interest rate fluctuations and has a large impact on the value in use when it changes.

For the above reasons, measurement of the estimated value in use when conducting an impairment test of the cash-generating unit pertaining to FamilyMart's goodwill was of significance in our audit of the consolidated financial statements for the current fiscal year. Therefore, we identified the valuation of FamilyMart's goodwill was a key audit matter.</td><td>Regarding the valuation of FamilyMart's goodwill, our audit procedures to address this key audit matter included the following, among others:

1. Evaluation of the effectiveness of internal controls

• We tested the design, implementation and operating effectiveness of controls that assess and approve the measurement of the recoverable amount in relation to the cash-generating unit composed of its businesses of FamilyMart and on the reasonableness of significant assumptions involved, including the number of stores in the future, future daily sales and the discount rate.

2. Evaluation of the reasonableness of the estimate of the value in use

• We compared the outcomes of previous accounting estimates and their subsequent re-estimation for the significant assumptions used in the previous fiscal year, conducted the sensitivity analysis to assess the effect of changes in the significant assumptions, and assessed the degree of estimation uncertainty.

• We inquired of management and conducted a comparison with actual results in previous fiscal years to evaluate the rationality of the significant assumptions. Furthermore, we assessed the consistency with their business strategies by inspecting the business plan, compared external data available on the Japanese economic environment and market growth including the convenience store industry and business plans of other companies in the same industry.

• With the assistance of our valuation specialists, we evaluated whether the selection and application of the method, assumptions and data for measuring the value in use, including the discount rate, were reasonable.

• We independently developed a reasonable range of the value in use by changing the significant assumptions and assessed whether the value in use determined by the Company was within the range.</td></tr>
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<tr><th colspan="2">The Valuation of CITIC Limited Investment (Note 13 "Associates and Joint Ventures")</th></tr>
<tr><th>Key Audit Matter Description</th><th>How the Key Audit Matter
Was Addressed in the Audit</th></tr>
<tr><td>As described in Note 13 "Associates and Joint Ventures" to the consolidated financial statements, Chia Tai Bright Investment Company Limited (hereafter, "CTB"), a company in which the Company has 50% ownership and applies equity method, owns 20% of ordinary shares in CITIC Limited and applies the equity method to CITIC Limited. The summarized financial information of CITIC Limited is as described in Note 13(5) Others.

CITIC Limited is a Chinese conglomerate with a wide range of businesses covering financial services, resources and energy, manufacturing, engineering contracting, real estate and other businesses in China and other countries.

If the Company determined that there is an indication of impairment of the investment in CITIC Limited held by CTB, the recoverable amount of the investment is measured. If the recoverable amount is below the carrying amount, an impairment loss is recognized in profit or loss. The Company recognizes an amount corresponding to the share of the impairment loss recognized by CTB in "Equity in earnings of associates and joint ventures".

In the current fiscal year, the decline of CITIC Limited's stock price was determined to be an indication of impairment and the recoverable amount of the investment was measured based on the estimated future cash flows of CITIC Limited. The Company did not recognize an impairment loss because the recoverable amount exceeded the carrying amount.

As CITIC Limited has a large number of operating companies under its umbrella, such as listed companies and companies that operate businesses in various industries, significant complexity and judgment are involved in determining the recoverable amount of the investment. The Company uses appropriate valuation methods for each operating company under CITIC Limited for its impairment test.
Significant accounting estimates, such as future cash flows, are used in measurement of the recoverable amount.

Future cash flows are measured by reflecting the future profitability based on the growth outlook of the Chinese economy and the impact of relevant regulations on the Chinese financial businesses. Therefore, estimating future cash flows requires accounting estimates that involve a high degree of uncertainty and subjectivity.

For the above reasons, measurement of the estimated recoverable amount when conducting an impairment test of CITIC Limited investment was of significance in our audit of the consolidated financial statements for the current fiscal year. Therefore, we identified the valuation of CITIC Limited investment was a key audit matter.</td>
<td>Regarding the valuation of CITIC Limited investment, our audit procedures to address this key audit matter included the following, among others:

1. Evaluation of the effectiveness of internal controls

• We tested the design, implementation and operating effectiveness of controls that assess and approve the measurement of the recoverable amount in relation to CITIC Limited investment and on the reasonableness of the significant assumptions involved, including the future profitability of CITIC Limited and the impact of relevant regulations.

2. Evaluation of the reasonableness of the estimate of the recoverable amount

• We compared the outcomes of previous accounting estimates and their subsequent re-estimation for the significant assumptions used in the previous fiscal year, conducted the sensitivity analysis to assess the effect of changes in the significant assumptions, and assessed the degree of estimation uncertainty.

• We inquired of management to evaluate the rationality of the significant assumptions, conducted a comparison with actual results in previous fiscal years and compared external data available on the market environment and market growth.

• For the future profitability and the impact of relevant regulations, we evaluated rationality of the assessment conducted by management's experts in the Chinese financial industry, based on discussions with our specialists in the Chinese financial industry, and assessed their consistency with business strategies by inspecting the business plan.

• With the assistance of our valuation specialists, we evaluated whether the selection and application of the method, assumptions and data for measuring the recoverable amount, including the discount rate, were reasonable based on the characteristics of the CITIC Limited Group.

• We independently developed a reasonable range of the recoverable amount by changing the significant assumptions and assessed whether the recoverable amount determined by the Company was within the range.</td></tr>
</table>

Other Information

The other information comprises the information included in the Annual Securities Report, but does not include the consolidated financial statements and our auditor’s report thereon. Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards as issued by the IASB, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with IFRS Accounting Standards as issued by the IASB.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgment. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with IFRS Accounting Standards as issued by the IASB, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board members and the Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Audit of Internal Control

Opinion

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of ITOCHU Corporation as of March 31, 2026.

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of ITOCHU Corporation as of March 31, 2026, is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Basis for Opinion

We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Internal Control Audit section of our report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, including the ethical requirements that are relevant to audits of the financial statements of public interest entities, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for Report on Internal Control

Management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing and verifying the design and operating effectiveness of internal control over financial reporting. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditor's Responsibilities for the Internal Control Audit

Our objectives are to obtain reasonable assurance about whether management's report on internal control over financial reporting is free from material misstatement and to issue an auditor's report that includes our opinion.

As part of an audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Perform audit procedures to obtain audit evidence regarding the results of the assessment of internal control over financial reporting in management’s report on internal control. The procedures selected depend on the auditor's judgment, including the significance of effects on reliability of financial reporting.

- Examine representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

- Plan and perform the internal control audit to obtain sufficient appropriate audit evidence regarding the results of the assessment of internal control over financial reporting. We are responsible for the direction, supervision and review of the internal control audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the internal control audit, result of the internal control audit, including any identified material weakness which should be disclosed and the result of remediation.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

<Fee-Related Information>

Fees for audit and other services, which were charged by us and our network firms to the Company and its subsidiaries, are disclosed in (3) “Status of Audit” of Corporate Governance Information included in Corporate Information of the Annual Securities Report.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

This is an English translation of the independent auditor's report as required by the Financial Instruments and Exchange Act of Japan for the conveniences of the reader.

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