

-Unaudited-**Consolidated Financial Results for the Fiscal Year Ended March 31, 2023**

[Prepared in conformity with International Financial Reporting Standards]

Company name: ITOCHU Corporation

Stock exchange code: 8001

<https://www.itochu.co.jp/en/ir/>

President and Chief Operating Officer: Keita Ishii

General Manager, Investor Relations Division: Suguru Amano

TEL: 81 - 3 - 3497 - 7295

The date of Shareholders' meeting: June 23, 2023 (Planned) The date of payout of dividend: June 26, 2023 (Planned)

The date of issue of audited financial statements: June 23, 2023 (Planned)

1. Consolidated operating results for the FYE 2023 (from April 1, 2022 to March 31, 2023)**(1) Consolidated operating results (Summary)**

(%: Changes from the previous fiscal year)

	Revenues		Trading income (*4)		Profit before tax		Net profit		Net profit attributable to ITOCHU		Total comprehensive income attributable to ITOCHU	
	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%	millions of yen	%
FYE 2023	13,945,633	13.4	701,913	20.5	1,106,861	(3.8)	844,681	(3.9)	800,519	(2.4)	876,260	(19.3)
FYE 2022	12,293,348	18.6	582,522	44.4	1,150,029	124.4	878,973	99.4	820,269	104.3	1,086,431	65.8

	Basic earnings per share attributable to ITOCHU		Diluted earnings per share attributable to ITOCHU		Ratio of net profit attributable to ITOCHU to shareholders' equity		Ratio of net profit attributable to ITOCHU to total assets	
	yen		yen		%		%	
FYE 2023	546.10		-		17.8		6.3	
FYE 2022	552.86		-		21.8		7.0	

Equity in earnings of associates and joint ventures (millions of yen) FYE 2023: 320,666 [10.0%] FYE 2022: 291,435 [27.5%]

Total comprehensive income (millions of yen) FYE 2023: 922,933 [(19.7%)] FYE 2022: 1,149,139 [57.5%]

(2) Consolidated financial position

	Total assets	Total equity	Total shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share
	millions of yen	millions of yen	millions of yen	%	yen
March 31, 2023	13,111,652	5,463,627	4,819,511	36.8	3,311.78
March 31, 2022	12,153,658	4,763,700	4,199,325	34.6	2,857.50

(3) Consolidated cash flows information

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents
	millions of yen	millions of yen	millions of yen	millions of yen
FYE 2023	938,058	(453,806)	(500,081)	606,002
FYE 2022	801,163	38,637	(846,706)	611,715

2. Dividend distribution

	Dividend distribution per share					Total dividend distribution (Annual)	Payout ratio (Consolidated)	Ratio of dividend distribution to ITOCHU shareholders' equity (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	yen	yen	yen	yen	yen	millions of yen	%	%
FYE 2022	-	47.00	-	63.00	110.00	162,623	19.9	4.3
FYE 2023	-	65.00	-	75.00	140.00	204,923	25.6	4.5
FYE 2024 (Planned)	-	80.00	-	80.00	160.00		29.9	

3. Outlook of consolidated operating results for the FYE 2024 (from April 1, 2023 to March 31, 2024)

(%: Changes from the previous fiscal year)

	Net profit attributable to ITOCHU		Basic earnings per share attributable to ITOCHU	
	millions of yen	%	yen	
FYE 2024	780,000	(2.6)	535.99	

(Note) Outlook of consolidated operating results for the first half of FYE 2024 is not prepared.

4. Other information

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the consolidation scope) : Yes
New company : 3 (Citrus Investment LLC HCJI Holdings Co., Ltd. IMEA CANADA INC.)

Note: For more details, please refer to page 10, "2. (1) Changes in significant subsidiaries during the period".

- (2) Changes in accounting policies and accounting estimates
- (a) Changes in accounting policies required by IFRS : None
 - (b) Other changes : None
 - (c) Changes in accounting estimates : None

(3) Number of common shares issued

(a) Number of common shares outstanding (including the number of treasury stock) :	FYE 2023	1,584,889,504	FYE 2022	1,584,889,504
(b) Number of treasury stock:	FYE 2023	129,625,295	FYE 2022	115,310,164
(c) Average number of common shares outstanding:	FYE 2023	1,465,872,321	FYE 2022	1,483,691,851

Note: Based on the decision at the meeting of the Board of Directors,
ITOCHU has carried out share buybacks of 14,781,300 own shares during the Fiscal Year Ended March 31, 2023.

[Note]

- *1. This document is an English translation of a statement initially written in Japanese. The original Japanese document should be considered as the primary version.
- *2. This document is unaudited by certified public accountants or audit firms.
- *3. Data and projections contained in these materials are based on the information available at the time of publication, and various factors may cause the actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not place undue reliance on forward-looking statements, and further, that ITOCHU Corporation has no obligation to update any forward-looking statements as a result of new information, future events or other developments.
- *4. "Trading income" is presented in accordance with Japanese accounting practices.
"Trading income" = "Gross trading profit" + "Selling, general and administrative expenses" + "Provision for doubtful accounts"
- *5. The consolidated financial statements are expressed in Japanese yen and, solely for the convenience of the reader, have been translated into U.S. dollars at the rate of 133.53 yen = 1 U.S. dollar, the exchange rate prevailing on March 31, 2023.
The translation should not be construed as a representation that the Japanese yen amounts could be converted into U.S. dollars at the above or any other rate.
- *6. "ITOCHU" referred to in the consolidated financial statements represents ITOCHU Corporation.

1. Qualitative Information

(1) Consolidated Operating Results

(a) General Economic Situation

The global economy underwent a general slowdown in the fiscal year ended March 31, 2023. The U.S. and European economies slowed mainly due to rising prices and interest rate increases by major central banks, while the Chinese economy was primarily weighed down by strict prevention measures against COVID-19 that remained in place through to December. The WTI crude oil price rose from the US\$101 per barrel level at the beginning of the fiscal year to the US\$123 per barrel level in the middle of June due to the uncertainty over crude oil supply resulting from the economic sanctions imposed on Russia by various countries and other factors. However, it subsequently fell due to the slowdown of the global economy. Although the price temporarily dropped to the US\$64 per barrel level in March due to the deteriorating financial condition of some banks in the U.S. and Europe, it closed the fiscal year at the US\$75 per barrel level.

The Japanese economy saw a pick-up primarily driven by the service sector, due to a resumption in consumer activity as restrictions on activity under COVID-19 were eased. However, the recovery was limited to a moderate increase due to the resurgence of COVID-19 in the summer and winter seasons, rising prices, and the slowdown in the global economy. The U.S. dollar-yen exchange rate started at the ¥122 per dollar level at the beginning of the fiscal year, with the yen subsequently depreciating to the ¥151 per dollar level at one point by late October due to a rise in U.S. long-term interest rates. However, the yen subsequently appreciated to the ¥127 per dollar level through to middle of January as a result of factors including the foreign exchange intervention by the Japanese government, and closed at the ¥133 per dollar level at the end of the fiscal year. The Nikkei Stock Average continued to fluctuate, declining at certain points as lower U.S. stock prices put downward pressure on the index, while rebounding on occasions due to the depreciation of the yen and a recovery in the domestic economy, before closing the fiscal year at above the ¥28,000 mark, slightly higher than the upper ¥27,000 level at the beginning of the fiscal year. The yield on 10-year Japanese government bonds rose to around 0.50% in late December from the previous upper limit of around 0.25%, as the Bank of Japan expanded the range of fluctuation of its long-term interest rate target amid increasing upward pressure in line with the rise in the U.S. long-term interest rates. However, from middle of March onward the yield declined due to widespread purchases of safe assets in response to deteriorating financial conditions of some banks in the U.S. and Europe, closing the fiscal year at 0.39%.

(b) Consolidated Operating Results

	Billions of Yen				Millions of U.S. Dollars
	2023	2022	Increase (Decrease)	%	2023
Revenues	13,945.6	12,293.3	1,652.3	13.4%	104,438
Gross trading profit	2,129.9	1,937.2	192.7	9.9%	15,951
Selling, general and administrative expenses	(1,419.1)	(1,346.7)	(72.4)	5.4%	(10,628)
Gains (losses) on investments.....	67.2	211.9	(144.7)	(68.3%)	503
Gains (losses) on property, plant, equipment and intangible assets.....	(50.1)	(17.6)	(32.5)	-	(376)
Net interest expenses (The total of interest income and interest expense).....	(27.5)	(8.6)	(18.9)	-	(206)
Equity in earnings of associates and joint ventures	320.7	291.4	29.2	10.0%	2,401
Income tax expense.....	(262.2)	(271.1)	8.9	(3.3%)	(1,963)
Net profit.....	844.7	879.0	(34.3)	(3.9%)	6,326
Net profit attributable to ITOCHU.....	800.5	820.3	(19.8)	(2.4%)	5,995
(Reference) Trading income.....	701.9	582.5	119.4	20.5%	5,257

(i) Revenues (from external customers)

Increased by 13.4%, or 1,652.3 billion yen, compared to the previous fiscal year to 13,945.6 billion yen (104,438 million U.S. dollars).

- Energy & Chemicals Company:
Increased by 524.9 billion yen compared to the previous fiscal year to 3,389.0 billion yen (25,380 million U.S. dollars), due to higher market prices in energy trading transactions, chemical-related transactions, and energy-related companies.
- Food Company:
Increased by 332.7 billion yen compared to the previous fiscal year to 4,626.3 billion yen (34,646 million U.S. dollars), due to higher market prices in provisions-related transactions and higher transaction volume in food-distribution-related companies.
- General Products & Realty Company:
Increased by 226.5 billion yen compared to the previous fiscal year to 1,263.5 billion yen (9,462 million U.S. dollars), due to higher market prices in construction materials business, the improvement in profitability in ETEL (European tire-related company), and the conversion of a North American engineered wood products company into a consolidated subsidiary.
- Metals & Minerals Company:
Increased by 225.0 billion yen compared to the previous fiscal year to 1,268.1 billion yen (9,496 million U.S. dollars), due to higher coal prices and the depreciation of the yen, partially offset by lower iron ore prices.

(ii) Gross trading profit

Increased by 9.9%, or 192.7 billion yen, compared to the previous fiscal year to 2,129.9 billion yen (15,951 million U.S. dollars).

• Energy & Chemicals Company:

Increased by 62.3 billion yen compared to the previous fiscal year to 315.4 billion yen (2,362 million U.S. dollars), due to the improvement in profitability in energy trading transactions resulting from higher market prices and the stable performance in electricity transactions.

• Metals & Minerals Company:

Increased by 43.1 billion yen compared to the previous fiscal year to 222.0 billion yen (1,663 million U.S. dollars), due to higher coal prices and the depreciation of the yen, partially offset by lower iron ore prices.

• General Products & Realty Company:

Increased by 34.7 billion yen compared to the previous fiscal year to 225.0 billion yen (1,685 million U.S. dollars), due to the stable performance in domestic real estate companies, the improvement in profitability in ETEL, and the conversion of a North American engineered wood products company into a consolidated subsidiary.

• Machinery Company:

Increased by 29.0 billion yen compared to the previous fiscal year to 234.8 billion yen (1,758 million U.S. dollars), due to the favorable sales in automobile-related companies and North American construction machinery companies.

(iii) Selling, general and administrative expenses

Increased by 5.4%, or 72.4 billion yen, compared to the previous fiscal year to 1,419.1 billion yen (10,628 million U.S. dollars), due to the increase in expenses resulting from the stable growth in revenue and the depreciation of the yen, partially offset by the decrease because of the conversion of Taiwan FamilyMart into an investment accounted for by the equity method from a consolidated subsidiary at the end of the first quarter of previous fiscal year.

(iv) Gains (losses) on investments

Decreased by 68.3%, or 144.7 billion yen, compared to the previous fiscal year to a gain of 67.2 billion yen (503 million U.S. dollars), due to the deterioration of remeasurement gains(losses) for fund held investments and the absence of gains on the partial sale of Taiwan FamilyMart, the de-consolidation of Paidy, and the sale of Japan Brazil Paper & Pulp Resources Development, in addition to the realization of foreign exchange gains due to the de-consolidation of ITOCHU Coal Americas in the previous fiscal year, partially offset by the gains on the sales of a North American beverage-equipment-maintenance company and CONEXIO.

(v) Gains (losses) on property, plant, equipment and intangible assets

Deteriorated by 32.5 billion yen, compared to the previous fiscal year to a loss of 50.1 billion yen (376 million U.S. dollars), due to the impairment loss in Dole.

(vi) Net interest expenses (The total of interest income and interest expense)

Deteriorated by 18.9 billion yen compared to the previous fiscal year to a loss of 27.5 billion yen (206 million U.S. dollars), due to the increase in interest expense with higher U.S. dollar interest rates.

(vii) Equity in earnings of associates and joint ventures

Increased by 10.0%, or 29.2 billion yen, compared to the previous fiscal year to 320.7 billion yen (2,401 million U.S. dollars).

• Others, Adjustments & Eliminations: (*)

Increased by 22.6 billion yen compared to the previous fiscal year to 116.3 billion yen (871 million U.S. dollars), due to higher earnings in CITIC Limited resulting from the stable performance in comprehensive financial business, revaluation gain on securities business, and the depreciation of the yen even with the impact of lower iron ore prices and the impairment losses on its group companies.

• Metals & Minerals Company:

Increased by 14.8 billion yen compared to the previous fiscal year to 62.0 billion yen (464 million U.S. dollars), due to higher earnings in Marubeni-Itochu Steel resulting from the stable performance in North American business and the depreciation of the yen, partially offset by lower earnings in iron ore companies resulting from lower prices.

• General Products & Realty Company:

Increased by 8.2 billion yen compared to the previous fiscal year to 38.5 billion yen (288 million U.S. dollars), due to the gain on sales of properties in overseas real estate business and higher earnings in IFL (European pulp-related company) resulting from higher pulp prices.

• Food Company:

Decreased by 12.2 billion yen compared to the previous fiscal year to 4.4 billion yen (33 million U.S. dollars), due to lower earnings in North American meat-products-related companies resulting from lower sales prices in China, unfavorable sales to Japan caused by the depreciation of the yen, the increase in production cost caused by higher grain prices, and the impairment losses, partially offset by the stable performance in North American grain-related companies.

(*) “Others, Adjustments & Eliminations” includes gains and losses, which do not belong to any operating segment and internal eliminations between operating segments. For more details, please refer to page 19, “6. (6) Operating Segment Information”.

(viii) Income tax expense

Decreased by 3.3%, or 8.9 billion yen, compared to the previous fiscal year to 262.2 billion yen (1,963 million U.S. dollars), due to lower profit before tax.

(ix) Net profit attributable to ITOCHU

Consequently, net profit attributable to ITOCHU decreased by 2.4%, or 19.8 billion yen, compared to the previous fiscal year to 800.5 billion yen (5,995 million U.S. dollars).

(Reference) Trading income

“Trading income” in accordance with Japanese accounting practices (“Trading income” = “Gross trading profit” + “Selling, general and administrative expenses” + “Provision for doubtful accounts”) increased by 20.5%, or 119.4 billion yen, compared to the previous fiscal year to 701.9 billion yen (5,257 million U.S. dollars).

- Energy & Chemicals Company:

Increased by 53.1 billion yen compared to the previous fiscal year to 153.1 billion yen (1,147 million U.S. dollars), due to the improvement in profitability in energy trading transactions resulting from higher market prices and the stable performance in electricity transactions.

- Metals & Minerals Company:

Increased by 40.0 billion yen compared to the previous fiscal year to 202.2 billion yen (1,514 million U.S. dollars), due to higher coal prices and the depreciation of the yen, partially offset by lower iron ore prices.

- Machinery Company:

Increased by 14.4 billion yen compared to the previous fiscal year to 71.7 billion yen (537 million U.S. dollars), due to the favorable sales in automobile-related companies and North American construction machinery companies.

- General Products & Realty Company:

Increased by 14.3 billion yen compared to the previous fiscal year to 79.9 billion yen (599 million U.S. dollars), due to the stable performance in domestic real estate companies, the improvement in profitability in ETEL, and the conversion of a North American engineered wood products company into a consolidated subsidiary.

(2) Consolidated Financial Position

	Billions of Yen				Millions of U.S. Dollars
	Mar. 2023	Mar. 2022	Increase (Decrease)	%	Mar. 2023
Total assets	13,111.7	12,153.7	958.0	7.9%	98,193
Interest-bearing debt	3,006.6	2,905.9	100.7	3.5%	22,517
Net interest-bearing debt	2,391.2	2,283.0	108.2	4.7%	17,908
Total shareholders' equity	4,819.5	4,199.3	620.2	14.8%	36,093
Ratio of shareholders' equity to total assets	36.8%	34.6%	Increased 2.2pt		
NET DER (times)	0.50	0.54	Improved 0.05pt		

(i) Total assets

Increased by 7.9%, or 958.0 billion yen, compared to March 31, 2022 to 13,111.7 billion yen (98,193 million U.S. dollars), due to the increase in investments accounted for by the equity method resulting from the investment in shares in Hitachi Construction Machinery, the increase in trade receivables and inventories resulting from the increase of trading transactions and higher market prices, and the depreciation of the yen.

(ii) Net interest-bearing debt (interest-bearing debt after deducting cash and cash equivalents and time deposits)

Increased by 4.7%, or 108.2 billion yen, compared to March 31, 2022 to 2,391.2 billion yen (17,908 million U.S. dollars), due to dividend payments and share buybacks, the investment in shares in Hitachi Construction Machinery, and the depreciation of the yen, partially offset by the stable performance in operating revenues. Interest-bearing debt increased by 3.5%, or 100.7 billion yen, compared to March 31, 2022 to 3,006.6 billion yen (22,517 million U.S. dollars).

(iii) Total shareholders' equity

Increased by 14.8%, or 620.2 billion yen, compared to March 31, 2022 to 4,819.5 billion yen (36,093 million U.S. dollars), due to net profit attributable to ITOCHU during this fiscal year and the depreciation of the yen, partially offset by dividend payments and share buybacks.

(iv) Ratio of shareholders' equity to total assets and NET DER

Ratio of shareholders' equity to total assets increased by 2.2 points compared to March 31, 2022 to 36.8%. NET DER (net debt-to-shareholders' equity ratio) improved by 0.05 points compared to March 31, 2022 to 0.50 times.

(3) Consolidated Cash Flows

	Billions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Cash flows from operating activities	938.1	801.2	7,025
Cash flows from investing activities	(453.8)	38.6	(3,399)
<i>Free cash flows</i>	<i>484.3</i>	<i>839.8</i>	<i>3,626</i>
Cash flows from financing activities	(500.1)	(846.7)	(3,745)

(i) Cash flows from operating activities

Recorded a net cash-inflow of 938.1 billion yen (7,025 million U.S. dollars), due to the stable performance in operating revenues in Metals & Minerals, The 8th, Energy & Chemicals, and General Products & Realty Companies, partially offset by the increase in working capital due to the growth of operating transactions.

(ii) Cash flows from investing activities

Recorded a net cash-outflow of 453.8 billion yen (3,399 million U.S. dollars), due to the investment in shares in Hitachi Construction Machinery by Machinery Company, the acquisition of a North American engineered wood products business by General Products & Realty Company, the investment in iron ore business in Canada by Metals & Minerals Company, and the purchase of fixed assets by Food, The 8th, Machinery, and Energy & Chemicals Companies, partially offset by the sales of a North American beverage-equipment-maintenance company and CONEXIO.

(iii) Cash flows from financing activities

Recorded a net cash-outflow of 500.1 billion yen (3,745 million U.S. dollars), due to the repayments of lease liabilities in addition to dividend payments and share buybacks.

“Cash and cash equivalents” as of March 31, 2023 decreased by 5.7 billion yen compared to March 31, 2022 to 606.0 billion yen (4,538 million U.S. dollars).

2. Summary Information (Notes)

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the consolidation scope) :

HCJI Holdings Co., Ltd. (hereinafter referred to as the “Joint Venture”), which is jointly held by Citrus Investment LLC (hereinafter referred to as the “Investment Company”), a subsidiary of ITOCHU and HCJ Holdings Ltd., a special purpose company of Japan Industrial Partners, Inc. acquired the common shares of Hitachi Construction Machinery Co., Ltd. The Investment Company and the Joint Venture became specified subsidiaries of ITOCHU as a result of ITOCHU’s additional contribution through the Investment Company in the Joint Venture for the purpose of the acquisition.

IMEA CANADA INC. (hereinafter referred to as “IMEA Canada”), which was established as a wholly-owned subsidiary of ITOCHU became a specified subsidiary of ITOCHU as a result of the capital increase of IMEA Canada to acquire the shares of an investment management company which owns interests of iron ore business in Canada; ArcelorMittal Mining Canada G.P. and ArcelorMittal Infrastructure Canada G.P.

(2) Changes in accounting policies and accounting estimates

- | | |
|---|------|
| (a) Changes in accounting policies required by IFRS | None |
| (b) Other changes | None |
| (c) Changes in accounting estimates | None |

With regards to the impact from the Russia-Ukraine situation, ITOCHU Group has exposure including resource-related investments in Russia, the ratio of them to our total assets is less than 1% as of the end of this fiscal year. As a result of appropriate accounting treatment reflecting the most recent situation for our Russia-Ukraine-related assets in this fiscal year, we do not expect a material impact on our operating results and financial position.

3. Outlook for the Fiscal Year Ending March 31, 2024

Regarding the business environment for the next fiscal year, there is a risk that the global economy may decelerate further, particularly in the U.S. and Europe, as the effects of monetary tightening by major central banks become more pronounced. In the Chinese economy, although domestic demand is expected to recover with the end of its zero-COVID-19 policy, the pace of recovery is expected to be slow due to sluggish exports. The Japanese economy is expected to recover despite sluggish exports, as rising wages, lower inflation, and continued monetary easing by the Bank of Japan bolster domestic demand, in addition to a further recovery in demand from inbound tourism. Looking at the U.S. dollar-yen exchange rate, the yen is forecast to appreciate in line with a downward trend in U.S. long-term interest rates. Crude oil prices are expected to remain firm around the US\$80 per barrel price at the beginning of the fiscal year due to supply constraints by major oil-producing countries.

In addition to the high level of uncertainty surrounding the Russia-Ukraine situation, we will continue to closely monitor risks including that of a downturn in overseas economies due to tighter lending controls by banks in the U.S. and Europe.

Under these management circumstances, we will strongly realize business transformation and steadily increase core profit by promoting our basic policy “Realizing business transformation by shifting to a market-oriented perspective” and “Enhancing our contribution to and engagement with the SDGs through business activities” of “Brand-new Deal 2023”. We expect consolidated net profit attributable to ITOCHU of 780.0 billion yen for the fiscal year ending March 31, 2024.

(Unit: Billion yen)		FYE 2024 Plan	<i>Major Indicators (Apr.-Mar.)</i>	<i><u>Precondition</u></i> <i><u>FYE 2024</u></i>
Gross trading profit		2,156.0	<i>Foreign exchange rate (Yen/US\$)</i>	<i>130</i>
Selling, general and administrative expenses		(1,524.0)	<i>Interest (JPY 3M TIBOR) (%)</i>	<i>0.1</i>
Provision for doubtful accounts		(7.0)	<i>Interest (US\$ 3M SOFR) (%)</i>	<i>5.0</i>
Trading income		625.0	<i>Crude oil (Brent) (US\$/BBL)</i>	<i>75</i>
Net interest expenses		(55.0)	<i>Iron ore (CFR China) (US\$/ton)</i>	<i>N.A.^(Note)</i>
Dividends received		68.0		
Equity in earnings of associates and joint ventures		356.0		
Others		66.0		
Profit before tax		1,060.0		
Income tax expense		(225.0)		
Net profit		835.0		
Net profit attributable non-controlling interests		(55.0)		
Net profit attributable to ITOCHU		780.0		

(Note) The prices of iron ore used in the FYE 2024 Plan are assumptions made in consideration of general transaction prices based on the market. The actual prices are not presented, as they are subject to negotiation with individual customers and vary by ore type.

These plans are forward-looking statements that are based on management’s assumptions and beliefs based on information currently available and involve risks and uncertainties. Thus, the actual results could be substantially different from the above statements due to such factors including, but not limited to, global economic and market conditions, and currency exchange rate fluctuations.

4. Shareholder Returns Policy / Distribution of Profit

Shareholder Returns Policy

ITOCHU continues the progressive dividend policy (consecutive increase in dividends) and commits to a payout ratio of 30%, in accordance with “Brand-new Deal 2023 New Dividend Policy” in FYE 2024, the final year of Medium-Term Management Plan. Meanwhile, we have set a dividend of ¥160 per share for FYE 2024, which renews the highest record.

In addition, we will actively and continuously execute share buybacks in consideration of market conditions and situation of cash allocation, aiming at total payout ratio of 33% or more.

Distribution of Profit

ITOCHU plans to pay a dividend of ¥140 per share for the fiscal year ended March 31, 2023.
(an interim dividend of ¥65 per share has been already paid)

5. Basic Concept on the Selection of Accounting Standards

ITOCHU Group (ITOCHU and its subsidiaries) deals with a wide variety of business with diverse range of industries through its global network. Anticipating further global expansion in the future and in order to improve the practicability and international comparability of the company’s financial information, we have prepared our consolidated financial statements in conformity with International Financial Reporting Standards (IFRS) from the annual report for the year ended March 31, 2014.

6. Consolidated Financial Statements**(1) Consolidated Statement of Comprehensive Income**

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2023 and 2022

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Revenues:			
Revenues from sale of goods.....	¥ 12,605,631	¥ 11,011,816	\$ 94,403
Revenues from rendering of services and royalties.....	1,340,002	1,281,532	10,035
Total revenues.....	13,945,633	12,293,348	104,438
Cost:			
Cost of sale of goods.....	(11,092,435)	(9,696,532)	(83,071)
Cost of rendering of services and royalties.....	(723,295)	(659,651)	(5,416)
Total cost.....	(11,815,730)	(10,356,183)	(88,487)
Gross trading profit.....	2,129,903	1,937,165	15,951
Other gains (losses):			
Selling, general and administrative expenses.....	(1,419,121)	(1,346,720)	(10,628)
Provision for doubtful accounts.....	(8,869)	(7,923)	(66)
Gains (losses) on investments.....	67,157	211,851	503
Gains (losses) on property, plant, equipment and intangible assets.....	(50,118)	(17,601)	(376)
Other-net.....	15,071	9,645	113
Total other-losses.....	(1,395,880)	(1,150,748)	(10,454)
Financial income (loss):			
Interest income.....	39,370	20,412	295
Dividends received.....	79,667	80,741	597
Interest expense.....	(66,865)	(28,976)	(501)
Total financial income.....	52,172	72,177	391
Equity in earnings of associates and joint ventures.....	320,666	291,435	2,401
Profit before tax.....	1,106,861	1,150,029	8,289
Income tax expense.....	(262,180)	(271,056)	(1,963)
Net profit.....	844,681	878,973	6,326
Net profit attributable to ITOCHU.....	800,519	820,269	5,995
Net profit attributable to non-controlling interests.....	44,162	58,704	331

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss			
FVTOCI financial assets.....	¥ (830)	¥ (8,927)	\$ (6)
Remeasurement of net defined pension liability.....	(1,666)	3,897	(12)
Other comprehensive income in associates and joint ventures.....	(21,868)	(4,932)	(164)
Items that will be reclassified to profit or loss			
Translation adjustments.....	111,639	170,109	836
Cash flow hedges.....	(1,145)	4,519	(9)
Other comprehensive income in associates and joint ventures.....	(7,878)	105,500	(59)
Total other comprehensive income, net of tax.....	78,252	270,166	586
Total comprehensive income.....	922,933	1,149,139	6,912
Total comprehensive income attributable to ITOCHU.....	876,260	1,086,431	6,562
Total comprehensive income attributable to non-controlling interests.....	46,673	62,708	350

Note 1 : The gains and losses on disposal and remeasurement of equity financial instruments, of which the changes in fair value are recorded in “Other comprehensive income”, are recognized in “FVTOCI financial assets”.

Note 2 : “Trading income” is presented in accordance with Japanese accounting practices.

“Trading income” = “Gross trading profit” + “Selling, general and administrative expenses”
+ “Provision for doubtful accounts”

Trading income for the years ended March 31, 2023 and 2022 were 701,913 million yen (5,257 million U.S. dollars) and 582,522 million yen, respectively.

(2) Consolidated Statement of Financial Position

ITOCHU Corporation and its Subsidiaries

As of March 31, 2023 and 2022

Assets	Millions of Yen		Millions of U.S. Dollars
	Mar. 2023	Mar. 2022	Mar. 2023
Current assets:			
Cash and cash equivalents.....	¥ 606,002	¥ 611,715	\$ 4,538
Time deposits.....	9,467	11,185	71
Trade receivables.....	2,533,297	2,458,991	18,972
Other current receivables.....	243,043	236,864	1,820
Other current financial assets.....	73,336	101,932	549
Inventories.....	1,304,942	1,077,160	9,773
Advances to suppliers.....	142,862	123,382	1,070
Other current assets.....	208,419	188,727	1,561
Total current assets.....	<u>5,121,368</u>	<u>4,809,956</u>	<u>38,354</u>
Non-current assets:			
Investments accounted for by the equity method.....	2,825,102	2,288,762	21,157
Other investments.....	943,270	958,218	7,064
Non-current receivables.....	805,159	728,965	6,030
Non-current financial assets other than investments and receivables.....	162,768	172,191	1,219
Property, plant and equipment.....	1,998,485	1,936,044	14,967
Investment property.....	44,050	47,742	330
Goodwill and intangible assets.....	1,079,253	1,081,607	8,082
Deferred tax assets.....	54,478	54,639	408
Other non-current assets.....	77,719	75,534	582
Total non-current assets.....	<u>7,990,284</u>	<u>7,343,702</u>	<u>59,839</u>
Total assets.....	<u>¥ 13,111,652</u>	<u>¥ 12,153,658</u>	<u>\$ 98,193</u>

Liabilities and Equity	Millions of Yen		Millions of U.S. Dollars
	Mar. 2023	Mar. 2022	Mar. 2023
Current liabilities:			
Short-term debentures and borrowings.....	¥ 659,710	¥ 522,448	\$ 4,941
Lease liabilities (short-term).....	238,289	235,791	1,785
Trade payables.....	2,042,608	1,967,117	15,297
Other current payables.....	190,014	210,857	1,423
Other current financial liabilities.....	71,642	83,724	537
Current tax liabilities.....	118,109	74,026	884
Advances from customers.....	162,409	132,513	1,216
Other current liabilities.....	462,044	424,071	3,460
Total current liabilities	3,944,825	3,650,547	29,543
Non-current liabilities:			
Long-term debentures and borrowings.....	2,346,928	2,383,455	17,576
Lease liabilities (long-term).....	766,278	775,180	5,739
Other non-current financial liabilities.....	56,543	58,217	423
Non-current liabilities for employee benefits.....	96,942	103,975	726
Deferred tax liabilities.....	273,123	250,999	2,045
Other non-current liabilities.....	163,386	167,585	1,224
Total non-current liabilities	3,703,200	3,739,411	27,733
Total liabilities	7,648,025	7,389,958	57,276
Equity:			
Common stock:			
Authorized: 3,000,000,000 shares;			
issued: 1,584,889,504 shares.....	253,448	253,448	1,898
Capital surplus.....	(169,322)	(161,917)	(1,268)
Retained earnings.....	4,427,244	3,811,991	33,155
Other components of equity:			
Translation adjustments.....	458,560	383,215	3,434
FVTOCI financial assets.....	120,681	146,638	904
Cash flow hedges.....	30,840	7,154	231
Total other components of equity.....	610,081	537,007	4,569
Treasury stock.....	(301,940)	(241,204)	(2,261)
Total shareholders' equity.....	4,819,511	4,199,325	36,093
Non-controlling interests.....	644,116	564,375	4,824
Total equity.....	5,463,627	4,763,700	40,917
Total liabilities and equity.....	¥13,111,652	¥12,153,658	\$ 98,193

(3) Consolidated Statement of Changes in Equity

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2023 and 2022

(Unit: Millions of Yen)

	Shareholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total shareholders' equity		
Balance on Apr. 1, 2022	¥ 253,448	¥ (161,917)	¥ 3,811,991	¥ 537,007	¥ (241,204)	¥ 4,199,325	¥ 564,375	¥ 4,763,700
Net profit			800,519			800,519	44,162	844,681
Other comprehensive income				75,741		75,741	2,511	78,252
Total comprehensive income			800,519	75,741		876,260	46,673	922,933
Cash dividends to shareholders			(188,372)			(188,372)		(188,372)
Cash dividends to non-controlling interests							(28,437)	(28,437)
Net change in acquisition (disposition) of treasury stock					(60,736)	(60,736)		(60,736)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		(7,405)		439		(6,966)	61,505	54,539
Transfer to Retained earnings			3,106	(3,106)		-		-
Balance on Mar. 31, 2023	253,448	(169,322)	4,427,244	610,081	(301,940)	4,819,511	644,116	5,463,627

(Unit: Millions of Yen)

	Shareholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total shareholders' equity		
Balance on Apr. 1, 2021	¥ 253,448	¥ (155,210)	¥ 3,238,948	¥ 160,455	¥ (181,360)	¥ 3,316,281	¥ 553,959	¥ 3,870,240
Net profit			820,269			820,269	58,704	878,973
Other comprehensive income				266,162		266,162	4,004	270,166
Total comprehensive income			820,269	266,162		1,086,431	62,708	1,149,139
Cash dividends to shareholders			(135,356)			(135,356)		(135,356)
Cash dividends to non-controlling interests							(20,897)	(20,897)
Net change in acquisition (disposition) of treasury stock					(59,844)	(59,844)		(59,844)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		(6,707)		(1,480)		(8,187)	(31,395)	(39,582)
Transfer to Retained earnings			(111,870)	111,870		-		-
Balance on Mar. 31, 2022	253,448	(161,917)	3,811,991	537,007	(241,204)	4,199,325	564,375	4,763,700

(Unit: Millions of U.S. Dollars)

	Shareholders' equity						Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total shareholders' equity		
Balance on Apr. 1, 2022	\$ 1,898	\$ (1,213)	\$ 28,548	\$ 4,022	\$ (1,806)	\$ 31,449	\$ 4,226	\$ 35,675
Net profit			5,995			5,995	331	6,326
Other comprehensive income				567		567	19	586
Total comprehensive income			5,995	567		6,562	350	6,912
Cash dividends to shareholders			(1,411)			(1,411)		(1,411)
Cash dividends to non-controlling interests							(213)	(213)
Net change in acquisition (disposition) of treasury stock					(455)	(455)		(455)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		(55)		3		(52)	461	409
Transfer to Retained earnings			23	(23)		-		-
Balance on Mar. 31, 2023	1,898	(1,268)	33,155	4,569	(2,261)	36,093	4,824	40,917

(4) Consolidated Statement of Cash Flows

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2023 and 2022

	Millions of Yen		Millions of U.S. Dollars
	2023	2022	2023
Cash flows from operating activities:			
Net profit.....	¥ 844,681	¥ 878,973	\$ 6,326
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization.....	409,962	404,184	3,070
(Gains) losses on investments.....	(67,157)	(211,851)	(503)
(Gains) losses on property, plant, equipment and intangible assets.....	50,118	17,601	376
Financial (income) loss.....	(52,172)	(72,177)	(391)
Equity in earnings of associates and joint ventures.....	(320,666)	(291,435)	(2,401)
Income tax expense.....	262,180	271,056	1,963
Provision for doubtful accounts and other provisions.....	(3,338)	(2,836)	(25)
Changes in assets and liabilities, other-net.....	(183,718)	(241,650)	(1,376)
Proceeds from interest.....	35,029	19,706	262
Proceeds from dividends.....	233,884	201,532	1,751
Payments for interest.....	(57,855)	(29,807)	(433)
Payments for income taxes.....	(212,890)	(142,133)	(1,594)
Net cash provided by (used in) operating activities.....	<u>938,058</u>	<u>801,163</u>	<u>7,025</u>
Cash flows from investing activities:			
Net change in investments accounted for by the equity method.....	(294,890)	67,043	(2,209)
Net change in other investments.....	22,937	83,344	172
Net change in loans receivable.....	(20,035)	15,672	(150)
Net change in property, plant, equipment and intangible assets.....	(165,721)	(124,883)	(1,241)
Net change in time deposits.....	3,903	(2,539)	29
Net cash provided by (used in) investing activities.....	<u>(453,806)</u>	<u>38,637</u>	<u>(3,399)</u>
Cash flows from financing activities:			
Net change in debentures and loans payable.....	(16,476)	(349,350)	(123)
Repayments of lease liabilities.....	(261,271)	(266,974)	(1,956)
Cash dividends.....	(188,372)	(135,356)	(1,411)
Net change in treasury stock.....	(60,181)	(60,036)	(451)
Other.....	26,219	(34,990)	196
Net cash provided by (used in) financing activities.....	<u>(500,081)</u>	<u>(846,706)</u>	<u>(3,745)</u>
Net change in cash and cash equivalents.....	<u>(15,829)</u>	<u>(6,906)</u>	<u>(119)</u>
Cash and cash equivalents at the beginning of the year (Opening balance on the consolidated statement of financial position).....	611,715	544,009	4,581
Reclassification of cash and cash equivalents included in assets held for sale in the opening balance.....	-	44,331	-
Cash and cash equivalents at the beginning of the year.....	611,715	588,340	4,581
Effect of exchange rate changes on cash and cash equivalents.....	10,116	30,281	76
Cash and cash equivalents at the end of the year.....	<u>¥ 606,002</u>	<u>¥ 611,715</u>	<u>\$ 4,538</u>

(5) Assumption for Going Concern: None

(6) Notes to Consolidated Financial Statements

(Operating Segment Information)

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2023 and 2022

Information concerning operations in different operating segments for the years ended March 31, 2023 and 2022 is as follows:

	For the year ended March 31, 2023 (April 1, 2022 -March 31, 2023)									Millions of Yen
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Consolidated total
Revenues:										
Revenues from external customers...	¥ 530,138	¥ 1,393,501	¥ 1,268,056	¥ 3,388,985	¥ 4,626,264	¥ 1,263,457	¥ 875,134	¥ 467,105	¥ 132,993	¥ 13,945,633
Intersegment revenues.....	4,446	124	-	41,818	14,404	21,944	14,153	4,051	(100,940)	-
Total revenues.....	534,584	1,393,625	1,268,056	3,430,803	4,640,668	1,285,401	889,287	471,156	32,053	13,945,633
Gross trading profit.....	116,523	234,822	222,009	315,356	330,913	225,024	286,125	383,845	15,286	2,129,903
Trading income.....	19,954	71,694	202,151	153,141	65,938	79,928	69,404	46,113	(6,410)	701,913
Net profit attributable to ITOCHU.....	25,477	107,088	246,852	114,256	16,454	94,831	64,399	23,047	108,115	800,519
[Equity in earnings of associates and joint ventures].....	[5,362]	[44,749]	[61,955]	[8,621]	[4,431]	[38,486]	[40,480]	[327]	[116,255]	[320,666]
Total assets on March 31, 2023.....	457,659	1,664,644	1,274,803	1,552,638	2,146,794	1,223,292	1,308,118	1,906,655	1,577,049	13,111,652

	For the year ended March 31, 2022 (April 1, 2021 -March 31, 2022)									Millions of Yen
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Consolidated total
Revenues:										
Revenues from external customers...	¥ 444,750	¥ 1,193,976	¥ 1,043,071	¥ 2,864,111	¥ 4,293,543	¥ 1,036,990	¥ 863,997	¥ 457,920	¥ 94,990	¥ 12,293,348
Intersegment revenues.....	13	84	-	38,624	11,886	21,883	13,077	1,942	(87,509)	-
Total revenues.....	444,763	1,194,060	1,043,071	2,902,735	4,305,429	1,058,873	877,074	459,862	7,481	12,293,348
Gross trading profit.....	96,775	205,799	178,957	253,050	320,437	190,338	295,876	387,588	8,345	1,937,165
Trading income.....	13,669	57,254	162,126	100,020	74,221	65,651	78,522	42,140	(11,081)	582,522
Net profit attributable to ITOCHU.....	25,142	80,265	226,498	90,627	61,773	105,411	104,426	44,175	81,952	820,269
[Equity in earnings of associates and joint ventures].....	[4,464]	[42,439]	[47,167]	[12,444]	[16,679]	[30,289]	[43,504]	[797]	[93,652]	[291,435]
Total assets on March 31, 2022.....	436,807	1,302,692	1,285,258	1,489,260	1,979,520	1,126,171	1,350,414	1,813,769	1,369,767	12,153,658

	For the year ended March 31, 2023 (April 1, 2022 -March 31, 2023)									Millions of U.S. Dollars
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Consolidated total
Revenues:										
Revenues from external customers...	\$ 3,970	\$ 10,436	\$ 9,496	\$ 25,380	\$ 34,646	\$ 9,462	\$ 6,554	\$ 3,498	\$ 996	\$ 104,438
Intersegment revenues.....	33	1	-	313	108	164	106	31	(756)	-
Total revenues.....	4,003	10,437	9,496	25,693	34,754	9,626	6,660	3,529	240	104,438
Gross trading profit.....	873	1,758	1,663	2,362	2,478	1,685	2,143	2,875	114	15,951
Trading income.....	149	537	1,514	1,147	494	599	520	345	(48)	5,257
Net profit attributable to ITOCHU.....	191	802	1,849	856	123	710	482	172	810	5,995
[Equity in earnings of associates and joint ventures].....	[40]	[335]	[464]	[65]	[33]	[288]	[303]	[2]	[871]	[2,401]
Total assets on March 31, 2023.....	3,427	12,467	9,547	11,628	16,077	9,161	9,796	14,279	11,811	98,193

Note 1 : "Equity in earnings of associates and joint ventures" is included in "Net profit attributable to ITOCHU".

Note 2 : "Trading income" = "Gross trading profit" + "Selling, general and administrative expenses" + "Provision for doubtful accounts"

Note 3 : "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.

Note 4 : As of October 1, 2022, ITOCHU dissolved the mutual-holdings for certain group companies held by The 8th segment as minority and the other segment as majority, and shares of such group companies are only held by the other segment. These changes are reflected from the results for the six-month period ended March 31, 2023 and the results for the six-month period ended September 30, 2022 are not affected by these changes. According to the above, the results for the six-month period ended March 31, 2022 are reclassified in the same manner.

(Per Share Information)

The following is the information on ITOCHU shareholders' equity per share and earnings per share attributable to ITOCHU for the years ended March 31, 2023 and 2022.

(Unit: Yen)

	2023	2022
ITOCHEU shareholders' equity per share	3,311.78	2,857.50
Earnings per share attributable to ITOCHU (basic)	546.10	552.86
Earnings per share attributable to ITOCHU (diluted)	-	-

The base data to calculate the basic and diluted earnings per share attributable to ITOCHU for March 31, 2023 and 2022 are as follows:

(Numerator)

(Unit: Millions of Yen)

	2023	2022
Net profit attributable to ITOCHU	800,519	820,269
Effect of dilutive securities	-	-
Net profit attributable to ITOCHU (diluted)	800,519	820,269

(Denominator)

(Unit: Share)

	2023	2022
Average number of common shares outstanding	1,465,872,321	1,483,691,851

(Material Subsequent Events)

None