

Consolidated Financial Results for the Third Quarter of the Fiscal Year 2020 ending March 31, 2020

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-Unaudited-

Consolidated Financial Results for the Third Quarter of the Fiscal Year 2020 ending March 31, 2020

[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: Yoshihisa Suzuki
 General Manager, Investor Relations Department: Suguru Amano TEL: 81 - 3 - 3497 - 7295
 The date of payout of dividend: -

1. Consolidated operating results for the third quarter of the fiscal year 2020 (from April 1, 2019 to December 31, 2019)

(1) Consolidated operating results (Summary) (%: Changes from the same period of 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 | % |
| For the first to third quarter of Fiscal Year 2020 | 8,260,562 | (4.2) | 320,991 | 18.4 | 589,936 | 7.2 | 478,320 | 10.8 | 426,673 | 7.3 | 357,388 | (1.2) |
| Fiscal Year 2019 | 8,626,834 | 114.6 | 271,035 | 17.0 | 550,102 | 19.8 | 431,536 | 13.4 | 397,551 | 11.3 | 361,637 | (21.8) |

| | Basic earnings per share attributable to ITOCHU | Diluted earnings per share attributable to ITOCHU |
|----------------------------------------------------|-------------------------------------------------|---------------------------------------------------|
| | yen | yen |
| For the first to third quarter of Fiscal Year 2020 | 285.39 | - |
| Fiscal Year 2019 | 256.64 | - |

Equity in earnings of associates and joint ventures (millions of yen) 3rd quarter of FY 2020: 167,340 [243.7%] 3rd quarter of FY 2019: 48,692 [(71.4%)]
 Total comprehensive income (millions of yen) 3rd quarter of FY 2020: 408,994 [3.7%] 3rd quarter of FY 2019: 394,287 [(19.4%)]

(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 |
| December 31, 2019 | 11,371,763 | 3,907,718 | 3,072,221 | 27.0 | 2,061.51 |
| March 31, 2019 | 10,098,703 | 3,690,116 | 2,936,908 | 29.1 | 1,930.47 |

(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 |
| For the first to third quarter of Fiscal Year 2020 | 619,777 | (151,710) | (450,451) | 585,532 |
| Fiscal Year 2019 | 203,835 | 69,328 | (96,886) | 586,894 |

2. Dividend distribution

| | Dividend distribution per share | | | | |
|----------------------------|---------------------------------|-----------------------|----------------------|----------|--------|
| | End of first quarter | End of second quarter | End of third quarter | Year-end | Annual |
| | yen | yen | yen | yen | yen |
| Fiscal Year 2019 | - | 37.00 | - | 46.00 | 83.00 |
| Fiscal Year 2020 | - | 42.50 | - | | |
| Fiscal Year 2020 (Planned) | | | | 42.50 | 85.00 |

(Note) Revisions to the plan of dividend distribution announced most recently: None

3. Outlook of consolidated operating results for the fiscal year 2020 (from April 1, 2019 to March 31, 2020)

(%: Changes from the previous fiscal year)

| | Net profit attributable to ITOCHU | | Basic earnings per share attributable to ITOCHU |
|------------------|-----------------------------------|-------|-------------------------------------------------|
| | millions of yen | % | yen |
| Fiscal Year 2020 | 500,000 | (0.1) | 334.70 |

(Note) Revisions to the outlook of consolidated operating results announced most recently: None

(Note) Among the repurchase of own shares which was decided at the meeting of the Board of Directors held on June 12, 2019, the effect of the repurchase after January 1, 2020 is not included in the calculation of "Basic earnings per share attributable to ITOCHU".

4. Other information

(1) Changes in significant subsidiaries accompanied by changes in the consolidation scope: None

(2) Changes in accounting policies and accounting estimates

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

Note: For more details, please refer to page 8, "2. (2) Changes in accounting policies and accounting estimates".

(3) Number of common shares issued

| | | | | |
|--------------------------------------------------------------------------------------|------------------------|---------------|------------------------|---------------|
| (a) Number of common shares outstanding: (including the number of treasury stock) | 3rd quarter of FY 2020 | 1,584,889,504 | Fiscal Year 2019 | 1,584,889,504 |
| (b) Number of treasury stock: | 3rd quarter of FY 2020 | 94,609,712 | Fiscal Year 2019 | 63,547,182 |
| (c) Average number of common shares outstanding: | 3rd quarter of FY 2020 | 1,495,072,605 | 3rd quarter of FY 2019 | 1,549,063,219 |

Note: Based on the decision at the meeting of the Board of Directors,
ITOCHU repurchased 31,231,900 own shares during nine-month period ended December 31, 2019.

[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 certificated 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 actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not practice 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 109.56 yen = 1 U.S. dollar, the exchange rate prevailing on December 31, 2019. 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) Qualitative Information of the Consolidated Operating Results

[For the nine-month period ended December 31, 2019]

(a) General Economic Situation

Looking back at the global economy over the nine-month period ended December 31, 2019, the overall sense of slowdown sharpened. The U.S. economy continued a stable expansion driven by the improvements in domestic employment and income levels, but slowed down slightly. The Eurozone economy grew at a further sluggish pace due to the persisting uncertainty. In emerging countries, the Chinese economy was stagnated due to the effect of the trade friction. Under these circumstances, the WTI crude oil price, which was within the US \$60-65 range per barrel at the beginning of April 2019, spiked temporarily due to tensions in the Middle East, but basically remained on downward trend prompted by uncertainties hanging over the global economy. Toward the end of December 2019, factors including the U.S.-China trade deal and further oil production curtailment by major oil-producing countries had pushed the price back up to US \$60s level.

The Japanese economy, amid delayed recovery in exports, maintained moderate growth until the consumption tax hike took effect in October 2019, firmed by continuing expansion of public investment and a rally in personal consumption partly driven by a demand rush in anticipation of the consumption tax increase. However, the economy stagnated following the tax hike, dulled also by the impact of typhoon damage. The yen appreciated against the U.S. dollar from ¥111 at the beginning of April 2019 to around ¥105 in August 2019, chiefly due to concerns over trade friction between the U.S. and China, but resumed a depreciating trend after the two countries reached their agreement on trade, and stood at the ¥109 level at the end of December 2019. The Nikkei Stock Average began the fiscal year at ¥21,500 level before temporarily falling to around ¥20,000 level against the backdrop of yen appreciation and declining U.S. stock prices, before rallying to the ¥23,600 level at the end of December 2019. The yield on 10-year Japanese government bonds declined from negative 0.07% at the beginning of April 2019 to around negative 0.3% by the end of August 2019 in anticipation of the European Central Bank and the U.S. Federal Reserve Bank cutting interest rates. After that, it briefly rose into positive territory following the U.S.-China trade deal, but fell slightly back into the negative zone by the end of December 2019 as a result of the uncertain outlook.

(b) Consolidated Operating Results

| | Billions of Yen | | | | Millions of |
|--------------------------------------------------------------|-------------------|-------------------|------------------------|-------------|-----------------------------------|
| | Apr.-Dec. 2019 | Apr.-Dec. 2018 | Increase (Decrease) | % | Apr.-Dec. 2019 U.S. Dollars |
| Revenues | 8,260.6 | 8,626.8 | (366.3) | (4.2%) | 75,398 |
| Gross trading profit | 1,337.2 | 1,108.2 | 229.0 | 20.7% | 12,205 |
| Selling, general and administrative expenses | (1,007.7) | (831.4) | (176.3) | 21.2% | (9,198) |
| Gains on investments..... | 61.1 | 215.7 | (154.6) | (71.7%) | 557 |
| Dividends received..... | 35.7 | 18.5 | 17.2 | 92.8% | 326 |
| Equity in earnings of associates and joint ventures | 167.3 | 48.7 | 118.6 | 243.7% | 1,527 |
| Income tax expense..... | (111.6) | (118.6) | 7.0 | (5.9%) | (1,019) |
| Net profit..... | 478.3 | 431.5 | 46.8 | 10.8% | 4,366 |
| Net profit attributable to ITOCHU..... | 426.7 | 397.6 | 29.1 | 7.3% | 3,894 |
| (Reference) Trading income..... | 321.0 | 271.0 | 50.0 | 18.4% | 2,930 |

(i) Revenues (from external customers)

Decreased by 4.2%, or 366.3 billion yen, compared with the same period of the previous fiscal year to 8,260.6 billion yen (75,398 million U.S. dollars).

- Energy & Chemicals Company:
Decreased by 390.9 billion yen compared with the same period of the previous fiscal year to 2,017.1 billion yen (18,441 million U.S. dollars), due to the lower sales prices and transaction volume in energy-related companies and chemical-related transactions.
- General Products & Realty Company:
Decreased by 69.2 billion yen compared with the same period of the previous fiscal year to 601.7 billion yen (5,492 million U.S. dollars), due to the lower transaction volume in domestic logistics-facility-development-projects and the conversion of foreign subsidiaries into investments accounted for by the equity method.
- The 8th Company:
Increased by 97.8 billion yen compared with the same period of the previous fiscal year to 390.2 billion yen (3,562 million U.S. dollars), due to the conversion of FamilyMart (*) into a consolidated subsidiary in the second quarter of the previous fiscal year.

(*) FamilyMart Co., Ltd. changed its corporate name from FamilyMart UNY Holdings Co., Ltd. on September 1, 2019. In this document, descriptions related to the same period of the previous fiscal year are also referred to as “FamilyMart”, which is the current corporate name.

(ii) Gross trading profit

Increased by 20.7%, or 229.0 billion yen, compared with the same period of the previous fiscal year to 1,337.2 billion yen (12,205 million U.S. dollars).

- The 8th Company:
Increased by 175.8 billion yen compared with the same period of the previous fiscal year to 346.1 billion yen (3,159 million U.S. dollars), due to the conversion of FamilyMart into a consolidated subsidiary in the second quarter of the previous fiscal year.
- ICT & Financial Business Company:
Increased by 28.8 billion yen compared with the same period of the previous fiscal year to 167.0 billion yen (1,524 million U.S. dollars), due to the stable performance in ITOCHU Techno-Solutions and the conversion of POCKET CARD into a consolidated subsidiary in the second quarter of the previous fiscal year.
- Food Company:
Increased by 17.0 billion yen compared with the same period of the previous fiscal year to 230.8 billion yen (2,107 million U.S. dollars), due to the stable performance in NIPPON ACCESS and the conversion of Prima Meat Packers into a consolidated subsidiary, despite the lower sales prices in fresh products in Dole.

(iii) Selling, general and administrative expenses

Increased by 21.2%, or 176.3 billion yen, compared with the same period of the previous fiscal year to 1,007.7 billion yen (9,198 million U.S. dollars), due to the effects of the conversion of FamilyMart and POCKET CARD into consolidated subsidiaries in the second quarter of the previous fiscal year, and the effects of the conversion of Prima Meat Packers into a consolidated subsidiary.

(iv) Gains on investments

Decreased by 71.7%, or 154.6 billion yen, compared with the same period of the previous fiscal year to 61.1 billion yen (557 million U.S. dollars), due to the absence of the revaluation gain accompanying the conversion of FamilyMart into a consolidated subsidiary and the gain on sales of a North Sea oil fields development company in the same period of the previous fiscal year, despite the gains accompanying partial sales of foreign companies in General Products & Realty Company and the revaluation gain accompanying the conversion of Prima Meat Packers into a consolidated subsidiary.

(v) Dividends received

Increased by 92.8%, or 17.2 billion yen, compared with the same period of the previous fiscal year to 35.7 billion yen (326 million U.S. dollars), due to the increase in dividends from iron ore-related investments.

(vi) Equity in earnings of associates and joint ventures

Increased by 243.7%, or 118.6 billion yen, compared with the same period of the previous fiscal year to 167.3 billion yen (1,527 million U.S. dollars).

- Others, Adjustments & Eliminations: (*)

Increased by 151.5 billion yen compared with the same period of the previous fiscal year to 60.5 billion yen (552 million U.S. dollars), due to the absence of the impairment loss on investment in CITIC Limited in the same period of the previous fiscal year.

- General Products & Realty Company:

Decreased by 13.2 billion yen compared with the same period of the previous fiscal year to 12.5 billion yen (114 million U.S. dollars), due to the lower equity in earnings in IFL (European pulp-related company) and Japan Brazil Paper & Pulp Resources Development resulting from the lower pulp prices.

- The 8th Company:

Decreased by 11.6 billion yen compared with the same period of the previous fiscal year to 1.7 billion yen (15 million U.S. dollars), due to the conversion of FamilyMart into a consolidated subsidiary in the second quarter of the previous fiscal year.

(*) "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 15, "3. (5) Operating Segment Information".

(vii) Income tax expense

Decreased by 5.9%, or 7.0 billion yen, compared with the same period of the previous fiscal year to 111.6 billion yen (1,019 million U.S. dollars), due to lower tax expenses in natural-resource-projects and the absence of the increase resulting from the revaluation gain accompanying the conversion of FamilyMart into a consolidated subsidiary in the same period of the previous fiscal year, despite the stable growth in profits and the absence of the decrease in finance-related companies in the same period of the previous fiscal year.

(viii) Net profit attributable to ITOCHU

Consequently, Net profit attributable to ITOCHU increased by 7.3%, or 29.1 billion yen, compared with the same period of the previous fiscal year to 426.7 billion yen (3,894 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 18.4%, or 50.0 billion yen, compared with the same period of the previous fiscal year to 321.0 billion yen (2,930 million U.S. dollars).

- The 8th Company:
Increased by 34.4 billion yen compared with the same period of the previous fiscal year to 53.3 billion yen (486 million U.S. dollars), due to the conversion of FamilyMart into a consolidated subsidiary in the second quarter of the previous fiscal year.
- Metals & Minerals Company:
Increased by 13.6 billion yen compared with the same period of the previous fiscal year to 63.9 billion yen (584 million U.S. dollars), due to the higher iron ore prices, despite the lower coal prices.
- ICT & Financial Business Company:
Increased by 4.1 billion yen compared with the same period of the previous fiscal year to 32.6 billion yen (298 million U.S. dollars), due to the stable performance in ITOCHU Techno-Solutions and the conversion of POCKET CARD into a consolidated subsidiary in the second quarter of the previous fiscal year.

(2) Qualitative Information of the Consolidated Financial Position

(a) Consolidated Financial Position

| | Billions of Yen | | | | Millions of U.S. Dollars |
|--------------------------------------------------------|-----------------|-----------|------------------------|--------|-----------------------------|
| | Dec. 2019 | Mar. 2019 | Increase (Decrease) | % | Dec. 2019 |
| Total assets | 11,371.8 | 10,098.7 | 1,273.1 | 12.6% | 103,795 |
| Interest-bearing debt | 2,944.4 | 2,983.8 | (39.5) | (1.3%) | 26,875 |
| Net interest-bearing debt | 2,349.1 | 2,406.8 | (57.7) | (2.4%) | 21,442 |
| Total shareholders' equity | 3,072.2 | 2,936.9 | 135.3 | 4.6% | 28,041 |
| Ratio of shareholders' equity to total assets | 27.0% | 29.1% | Decreased 2.1pt | | |
| NET DER (times) | 0.76 | 0.82 | Improved 0.05pt | | |

(i) Total assets

Increased by 12.6%, or 1,273.1 billion yen, compared with March 31, 2019 to 11,371.8 billion yen (103,795 million U.S. dollars), due to the effects of the application of new accounting standards (IFRS 16 “Leases”) and the conversion of Prima Meat Packers into a consolidated subsidiary, despite the decrease resulting from the effect accompanying the appreciation of the yen.

(ii) Net interest-bearing debt (Interest-bearing debt after deducting Cash and cash equivalents and Time deposits)

Decreased by 2.4%, or 57.7 billion yen, compared with March 31, 2019 to 2,349.1 billion yen (21,442 million U.S. dollars), due to the repayment of borrowings accompanying stable performance in operating revenues and steady collections, despite dividend payments and the repurchase of own shares.

Interest-bearing debt decreased by 1.3%, or 39.5 billion yen, compared with March 31, 2019 to 2,944.4 billion yen (26,875 million U.S. dollars).

(iii) Total shareholders' equity

Increased by 4.6%, or 135.3 billion yen, compared with March 31, 2019 to 3,072.2 billion yen (28,041 million U.S. dollars), due to Net profit attributable to ITOCHU during this fiscal year, despite the decrease resulting from dividend payments, the repurchase of own shares, and the effect accompanying the appreciation of the yen.

(iv) Ratio of shareholders' equity to total assets and NET DER (Net debt-to-shareholders' equity ratio)

Ratio of shareholders' equity to total assets decreased by 2.1 points compared with March 31, 2019 to 27.0%. NET DER (Net debt-to-shareholders' equity ratio) improved compared with March 31, 2019 to 0.76 times.

(b) Consolidated Cash Flows

| | Billions of Yen | | Millions of |
|--------------------------------------------|-------------------|-------------------|-----------------------------------|
| | Apr.-Dec. 2019 | Apr.-Dec. 2018 | U.S. Dollars Apr.-Dec. 2019 |
| Cash flows from operating activities | 619.8 | 203.8 | 5,657 |
| Cash flows from investing activities | (151.7) | 69.3 | (1,385) |
| <i>Free cash flows</i> | <i>468.1</i> | <i>273.2</i> | <i>4,272</i> |
| Cash flows from financing activities | (450.5) | (96.9) | (4,111) |

(i) Cash flows from operating activities

Recorded a net cash-inflow of 619.8 billion yen (5,657 million U.S. dollars), resulting from the stable performance in operating revenues in The 8th, Metals & Minerals, Energy & Chemicals, and Food Companies.

(ii) Cash flows from investing activities

Recorded a net cash-outflow of 151.7 billion yen (1,385 million U.S. dollars), due to the investments in The 8th Company, the investment in a North American facility-materials-related company in General Products & Realty Company, and the investment in a software-related company in ICT & Financial Business Company, despite the increase in cash resulting from the conversion of Prima Meat Packers and HOKEN NO MADOGUCHI into consolidated subsidiaries.

(iii) Cash flows from financing activities

Recorded a net cash-outflow of 450.5 billion yen (4,111 million U.S. dollars), due to the repayment of borrowings and lease liabilities, dividend payments, and the repurchase of own shares.

“Cash and cash equivalents” as of December 31, 2019 increased by 13.5 billion yen compared with March 31, 2019 to 585.5 billion yen (5,344 million U.S. dollars).

2. Summary Information (Notes)

(1) Changes in significant subsidiaries accompanied by changes in the consolidation scope : None

(2) Changes in accounting policies and accounting estimates

(a) Changes in accounting policies required by IFRS

IFRS 16 “Leases”

ITOCHU Group has applied IFRS 16 “Leases”, from the nine-month period ended December 31, 2019 and recognized the cumulative effects of initially applying the standard as an adjustment to the opening balance of Retained earnings of the nine-month period ended December 31, 2019 in accordance with the transitional method provided by the standard.

The standard introduces a single lessee accounting model and in principal requires that right-of-use assets representing the right to use an underlying asset and lease liabilities representing the obligation to make lease payments are recognized in the Consolidated Statement of Financial Position for all leases and that depreciation of the right-of-use assets and interests on the lease liabilities are recognized in the Consolidated Statement of Comprehensive Income. In the Consolidated Statement of Cash Flows, lease payments for the principal portion of lease liabilities are considered cash-outflows from financing activities.

As a result of applying the standard, at the beginning of the nine-month period ended December 31, 2019, the opening balance of Assets increased by 1,027.7 billion yen, Liabilities increased by 1,059.5 billion yen and Retained earnings decreased by 26.5 billion yen.

| | |
|-------------------------------------|------|
| (b) Other changes | None |
| (c) Changes in accounting estimates | None |

3. Quarterly Consolidated Financial Statements [Condensed]**(1) Consolidated Statement of Comprehensive Income [Condensed]**

ITOCHU Corporation and its Subsidiaries

For the nine-month periods ended December 31, 2019 and 2018

| | Millions of Yen | | Millions of U.S. Dollars |
|-------------------------------------------------------------------|------------------|------------------|-----------------------------|
| | Apr.-Dec. 2019 | Apr.-Dec. 2018 | Apr.-Dec. 2019 |
| Revenues: | | | |
| Revenues from sale of goods..... | ¥ 7,341,601 | ¥ 7,912,547 | \$ 67,010 |
| Revenues from rendering of services and royalties..... | 918,961 | 714,287 | 8,388 |
| Total revenues..... | 8,260,562 | 8,626,834 | 75,398 |
| Cost: | | | |
| Cost of sale of goods..... | (6,456,113) | (7,066,468) | (58,928) |
| Cost of rendering of services and royalties..... | (467,262) | (452,204) | (4,265) |
| Total cost..... | (6,923,375) | (7,518,672) | (63,193) |
| Gross trading profit | 1,337,187 | 1,108,162 | 12,205 |
| Other gains (losses): | | | |
| Selling, general and administrative expenses..... | (1,007,730) | (831,436) | (9,198) |
| Provision for doubtful accounts..... | (8,466) | (5,691) | (77) |
| Gains on investments..... | 61,063 | 215,696 | 557 |
| Gains on property, plant, equipment and intangible assets..... | 15,956 | 649 | 146 |
| Other-net..... | 6,763 | 5,041 | 62 |
| Total other-losses..... | (932,414) | (615,741) | (8,510) |
| Financial income (loss): | | | |
| Interest income..... | 27,494 | 30,483 | 251 |
| Dividends received..... | 35,683 | 18,510 | 326 |
| Interest expense..... | (45,354) | (40,004) | (414) |
| Total financial income..... | 17,823 | 8,989 | 163 |
| Equity in earnings of associates and joint ventures..... | 167,340 | 48,692 | 1,527 |
| Profit before tax..... | 589,936 | 550,102 | 5,385 |
| Income tax expense..... | (111,616) | (118,566) | (1,019) |
| Net Profit..... | 478,320 | 431,536 | 4,366 |
| Net profit attributable to ITOCHU..... | 426,673 | 397,551 | 3,894 |
| Net profit attributable to non-controlling interests..... | 51,647 | 33,985 | 472 |

| | Millions of Yen | | Millions of U.S. Dollars |
|-------------------------------------------------------------------------------|-----------------|-----------------|-----------------------------|
| | Apr.-Dec. 2019 | Apr.-Dec. 2018 | Apr.-Dec. 2019 |
| Other comprehensive income, net of tax: | | | |
| Items that will not be reclassified to profit or loss | | | |
| FVTOCI financial assets..... | ¥ (3,084) | ¥ 8,572 | \$ (28) |
| Remeasurement of net defined pension liability..... | (383) | 262 | (4) |
| Other comprehensive income in associates and joint ventures..... | 824 | 5,257 | 8 |
| Items that will be reclassified to profit or loss | | | |
| Translation adjustments..... | (18,680) | (11,947) | (171) |
| Cash flow hedges..... | (697) | (3,673) | (6) |
| Other comprehensive income in associates and joint ventures..... | (47,306) | (35,720) | (432) |
| Total other comprehensive income, net of tax..... | (69,326) | (37,249) | (633) |
| Total comprehensive income | 408,994 | 394,287 | 3,733 |
| Total comprehensive income attributable to ITOCHU | 357,388 | 361,637 | 3,262 |
| Total comprehensive income attributable to non-controlling interests | 51,606 | 32,650 | 471 |

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 nine-month periods ended December 31, 2019 and 2018 were 320,991 million yen (2,930 million U.S. dollars) and 271,035 million yen, respectively.

(2) Consolidated Statement of Financial Position [Condensed]

ITOCHU Corporation and its Subsidiaries

As of December 31, 2019 and March 31, 2019

| Assets | Millions of Yen | | Millions of U.S. Dollars |
|-----------------------------------------------------------------------------|--------------------|--------------------|-----------------------------|
| | Dec. 2019 | Mar. 2019 | Dec. 2019 |
| Current assets: | | | |
| Cash and cash equivalents..... | ¥ 585,532 | ¥ 572,030 | \$ 5,344 |
| Time deposits..... | 9,723 | 5,051 | 89 |
| Trade receivables..... | 2,338,301 | 2,397,608 | 21,343 |
| Other current receivables..... | 189,020 | 168,968 | 1,725 |
| Other current financial assets..... | 35,302 | 43,132 | 322 |
| Inventories..... | 1,073,873 | 937,183 | 9,802 |
| Advances to suppliers..... | 105,702 | 98,081 | 965 |
| Other current assets..... | 156,830 | 185,767 | 1,431 |
| Total current assets..... | 4,494,283 | 4,407,820 | 41,021 |
| Non-current assets: | | | |
| Investments accounted for by the equity method..... | 1,610,601 | 1,559,280 | 14,701 |
| Other investments..... | 914,886 | 857,261 | 8,351 |
| Non-current receivables..... | 667,483 | 618,762 | 6,092 |
| Non-current financial assets other than investments and receivables..... | 170,010 | 270,116 | 1,552 |
| Property, plant and equipment..... | 2,154,459 | 1,077,874 | 19,665 |
| Investment property..... | 60,158 | 32,524 | 549 |
| Goodwill and intangible assets..... | 1,162,674 | 1,127,760 | 10,612 |
| Deferred tax assets..... | 55,920 | 65,609 | 510 |
| Other non-current assets..... | 81,289 | 81,697 | 742 |
| Total non-current assets..... | 6,877,480 | 5,690,883 | 62,774 |
| Total assets..... | ¥11,371,763 | ¥10,098,703 | \$103,795 |

| Liabilities and Equity | Millions of Yen | | Millions of |
|----------------------------------------------------|--------------------|--------------------|------------------|
| | | | U.S. Dollars |
| | Dec. 2019 | Mar. 2019 | Dec. 2019 |
| Current liabilities: | | | |
| Short-term debentures and borrowings..... | ¥ 638,924 | ¥ 650,909 | \$ 5,832 |
| Lease liabilities (short-term)..... | 284,538 | - | 2,597 |
| Trade payables..... | 2,045,461 | 1,942,037 | 18,670 |
| Other current payables..... | 206,258 | 234,518 | 1,883 |
| Other current financial liabilities..... | 23,877 | 27,073 | 218 |
| Current tax liabilities..... | 40,664 | 48,014 | 371 |
| Advances from customers..... | 90,272 | 88,480 | 824 |
| Other current liabilities..... | 353,471 | 350,343 | 3,226 |
| Total current liabilities | 3,683,465 | 3,341,374 | 33,621 |
| Non-current liabilities: | | | |
| Long-term debentures and borrowings..... | 2,305,428 | 2,332,928 | 21,043 |
| Lease liabilities (long-term)..... | 900,592 | - | 8,220 |
| Other non-current financial liabilities..... | 64,209 | 215,609 | 586 |
| Non-current liabilities for employee benefits..... | 133,028 | 124,418 | 1,214 |
| Deferred tax liabilities..... | 239,075 | 251,489 | 2,182 |
| Other non-current liabilities..... | 138,248 | 142,769 | 1,262 |
| Total non-current liabilities | 3,780,580 | 3,067,213 | 34,507 |
| Total liabilities | 7,464,045 | 6,408,587 | 68,128 |
| Equity: | | | |
| Common stock: | | | |
| Authorized: 3,000,000,000 shares; | | | |
| issued: 1,584,889,504 shares..... | 253,448 | 253,448 | 2,313 |
| Capital surplus..... | 49,349 | 49,584 | 450 |
| Retained earnings..... | 2,877,560 | 2,608,243 | 26,265 |
| Other components of equity: | | | |
| Translation adjustments..... | 22,271 | 81,037 | 203 |
| FVTOCI financial assets..... | 43,610 | 49,764 | 398 |
| Cash flow hedges..... | (6,686) | 433 | (61) |
| Total other components of equity..... | 59,195 | 131,234 | 540 |
| Treasury stock..... | (167,331) | (105,601) | (1,527) |
| Total shareholders' equity..... | 3,072,221 | 2,936,908 | 28,041 |
| Non-controlling interests..... | 835,497 | 753,208 | 7,626 |
| Total equity..... | 3,907,718 | 3,690,116 | 35,667 |
| Total liabilities and equity..... | ¥11,371,763 | ¥10,098,703 | \$103,795 |

Note : "Lease liabilities" are presented independently due to the application of new accounting standards (IFRS 16 "Leases") and the amounts of "Lease liabilities" as of March 31, 2019 are not reclassified.

(3) Consolidated Statement of Changes in Equity [Condensed]

ITOCHU Corporation and its Subsidiaries

For the nine-month periods ended December 31, 2019 and 2018

(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 April 1, 2019 | ¥ 253,448 | ¥ 49,584 | ¥ 2,608,243 | ¥ 131,234 | ¥ (105,601) | ¥ 2,936,908 | ¥ 753,208 | ¥ 3,690,116 |
| Cumulative effects of the application of new accounting standards | | | (26,501) | | | (26,501) | (5,295) | (31,796) |
| Net Profit | | | 426,673 | | | 426,673 | 51,647 | 478,320 |
| Other comprehensive income | | | | (69,285) | | (69,285) | (41) | (69,326) |
| Total comprehensive income | | | 426,673 | (69,285) | | 357,388 | 51,606 | 408,994 |
| Cash dividends to shareholders | | | (133,537) | | | (133,537) | | (133,537) |
| Cash dividends to non-controlling interests | | | | | | | (26,586) | (26,586) |
| Net change in acquisition (disposition) of treasury stock | | | | | (61,730) | (61,730) | | (61,730) |
| Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests | | (235) | | (72) | | (307) | 62,564 | 62,257 |
| Transfer to Retained earnings | | | 2,682 | (2,682) | | - | | - |
| Balance on December 31, 2019 | 253,448 | 49,349 | 2,877,560 | 59,195 | (167,331) | 3,072,221 | 835,497 | 3,907,718 |

(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 April 1, 2018 | ¥ 253,448 | ¥ 160,271 | ¥ 2,324,766 | ¥ 81,206 | ¥ (150,208) | ¥ 2,669,483 | ¥ 314,868 | ¥ 2,984,351 |
| Cumulative effects of the application of new accounting standards | | | (14,097) | | | (14,097) | 5 | (14,092) |
| Net Profit | | | 397,551 | | | 397,551 | 33,985 | 431,536 |
| Other comprehensive income | | | | (35,914) | | (35,914) | (1,335) | (37,249) |
| Total comprehensive income | | | 397,551 | (35,914) | | 361,637 | 32,650 | 394,287 |
| Cash dividends to shareholders | | | (116,437) | | | (116,437) | | (116,437) |
| Cash dividends to non-controlling interests | | | | | | | (20,536) | (20,536) |
| Net change in acquisition (disposition) of treasury stock | | | | | (28,754) | (28,754) | | (28,754) |
| Cancellation of treasury stock | | (104,063) | | | 104,063 | - | | - |
| Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests | | 286 | | (1,066) | | (780) | 440,891 | 440,111 |
| Transfer to Retained earnings | | | (80,555) | 80,555 | | - | | - |
| Balance on December 31, 2018 | 253,448 | 56,494 | 2,511,228 | 124,781 | (74,899) | 2,871,052 | 767,878 | 3,638,930 |

(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 April 1, 2019 | \$ 2,313 | \$ 452 | \$ 23,807 | \$ 1,197 | \$ (964) | \$ 26,805 | \$ 6,876 | \$ 33,681 |
| Cumulative effects of the application of new accounting standards | | | (242) | | | (242) | (48) | (290) |
| Net Profit | | | 3,894 | | | 3,894 | 472 | 4,366 |
| Other comprehensive income | | | | (632) | | (632) | (1) | (633) |
| Total comprehensive income | | | 3,894 | (632) | | 3,262 | 471 | 3,733 |
| Cash dividends to shareholders | | | (1,218) | | | (1,218) | | (1,218) |
| Cash dividends to non-controlling interests | | | | | | | (244) | (244) |
| Net change in acquisition (disposition) of treasury stock | | | | | (563) | (563) | | (563) |
| Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests | | (2) | | (1) | | (3) | 571 | 568 |
| Transfer to Retained earnings | | | 24 | (24) | | - | | - |
| Balance on December 31, 2019 | 2,313 | 450 | 26,265 | 540 | (1,527) | 28,041 | 7,626 | 35,667 |

Note : As the preliminary accounting treatment for the conversion of FamilyMart into a consolidated subsidiary in the second quarter of the previous fiscal year was finalized at the end of the previous fiscal year, the amounts under "Non-controlling interests" for the nine-month period ended December 31, 2018 are presented post retroactive adjustments.

(4) Consolidated Statement of Cash Flows [Condensed]

ITOCHU Corporation and its Subsidiaries

For the nine-month periods ended December 31, 2019 and 2018

| | Millions of Yen | | Millions of U.S. Dollars |
|-------------------------------------------------------------------------------------|------------------|------------------|-----------------------------|
| | Apr.-Dec. 2019 | Apr.-Dec. 2018 | Apr.-Dec. 2019 |
| Cash flows from operating activities: | | | |
| Net profit | ¥ 478,320 | ¥ 431,536 | \$ 4,366 |
| Adjustments to reconcile net profit to net cash provided by operating activities | | | |
| Depreciation and amortization | 316,483 | 108,614 | 2,889 |
| (Gains) losses on investments..... | (61,063) | (215,696) | (557) |
| (Gains) losses on property, plant, equipment and intangible assets..... | (15,956) | (649) | (146) |
| Financial (income) loss..... | (17,823) | (8,989) | (163) |
| Equity in earnings of associates and joint ventures | (167,340) | (48,692) | (1,527) |
| Income tax expense | 111,616 | 118,566 | 1,019 |
| Provision for doubtful accounts and other provisions | 6,832 | 5,141 | 62 |
| Changes in assets and liabilities, other-net | (18,955) | (154,326) | (173) |
| Proceeds from interest..... | 26,315 | 25,984 | 240 |
| Proceeds from dividends..... | 105,583 | 86,720 | 964 |
| Payments for interest..... | (45,427) | (34,760) | (415) |
| Payments for income taxes..... | (98,808) | (109,614) | (902) |
| Net cash provided by (used in) operating activities | <u>619,777</u> | <u>203,835</u> | <u>5,657</u> |
| Cash flows from investing activities: | | | |
| Net change in investments accounted for by the equity method | (23,021) | (103,038) | (210) |
| Net change in other investments | (46,877) | 211,929 | (428) |
| Net change in loans receivable | 18,162 | 16,459 | 166 |
| Net change in property, plant, equipment and intangible assets | (97,121) | (69,727) | (887) |
| Net change in time deposits | (2,853) | 13,705 | (26) |
| Net cash provided by (used in) investing activities | <u>(151,710)</u> | <u>69,328</u> | <u>(1,385)</u> |
| Cash flows from financing activities: | | | |
| Net change in debentures and loans payable | (26,034) | 55,569 | (238) |
| Repayments of lease liabilities | (198,522) | - | (1,812) |
| Cash dividends | (133,537) | (116,437) | (1,218) |
| Net change in treasury stock | (62,009) | (28,938) | (566) |
| Other | (30,349) | (7,080) | (277) |
| Net cash provided by (used in) financing activities | <u>(450,451)</u> | <u>(96,886)</u> | <u>(4,111)</u> |
| Net change in cash and cash equivalents | <u>17,616</u> | <u>176,277</u> | <u>161</u> |
| Cash and cash equivalents at the beginning of the period | 572,030 | 432,140 | 5,221 |
| Effect of exchange rate changes on cash and cash equivalents | (4,114) | 1,012 | (38) |
| Cash and cash equivalents included in assets held for sale..... | - | (22,535) | - |
| Cash and cash equivalents at the end of the period | <u>¥ 585,532</u> | <u>¥ 586,894</u> | <u>\$ 5,344</u> |

Note : "Repayments of lease liabilities" in Cash flows from financing activities is presented independently due to the application of new accounting standards (IFRS 16 "Leases") and the amount of "Repayments of lease liabilities" for the nine-month period ended December 31, 2018 is not reclassified.

(5) Operating Segment Information

ITOCHU Corporation and its Subsidiaries

For the nine-month periods ended December 31, 2019 and 2018

Information concerning operations in different operating segments for the nine-month periods ended December 31, 2019 and 2018 is as follows:

| For the nine-month period ended December 31, 2019 (April 1, 2019 -December 31, 2019) | | | | | | | | | | 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 | ¥ 409,432 | ¥ 857,090 | ¥ 488,342 | ¥ 2,017,092 | ¥ 2,919,196 | ¥ 601,656 | ¥ 515,070 | ¥ 390,208 | ¥ 62,476 | ¥ 8,260,562 |
| Intersegment revenues..... | 47 | 19 | - | 27,670 | 4,074 | 18,005 | 9,647 | 97 | (59,559) | - |
| Total revenues..... | 409,479 | 857,109 | 488,342 | 2,044,762 | 2,923,270 | 619,661 | 524,717 | 390,305 | 2,917 | 8,260,562 |
| Gross trading profit | 87,808 | 144,636 | 78,686 | 164,389 | 230,797 | 116,008 | 166,983 | 346,137 | 1,743 | 1,337,187 |
| Trading income | 18,491 | 25,004 | 63,940 | 48,866 | 48,531 | 32,109 | 32,645 | 53,292 | (1,887) | 320,991 |
| Net profit attributable to ITOCHU..... | 21,529 | 44,080 | 84,489 | 39,406 | 40,891 | 57,977 | 47,732 | 26,167 | 64,402 | 426,673 |
| [Equity in earnings of associates and joint ventures]..... | [6,101] | [22,685] | [17,188] | [8,268] | [6,700] | [12,478] | [31,758] | [1,657] | [60,505] | [167,340] |
| Total assets on December 31, 2019 | 522,760 | 1,271,657 | 826,172 | 1,380,883 | 1,942,290 | 1,075,887 | 1,197,958 | 2,315,898 | 838,258 | 11,371,763 |

| For the nine-month period ended December 31, 2018 (April 1, 2018 -December 31, 2018) | | | | | | | | | | 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 | ¥ 446,800 | ¥ 812,987 | ¥ 501,398 | ¥ 2,407,949 | ¥ 2,919,273 | ¥ 670,862 | ¥ 496,955 | ¥ 292,449 | ¥ 78,161 | ¥ 8,626,834 |
| Intersegment revenues..... | 36 | 5,094 | - | 25,737 | 9,686 | 19,133 | 6,656 | 14,715 | (81,057) | - |
| Total revenues..... | 446,836 | 818,081 | 501,398 | 2,433,686 | 2,928,959 | 689,995 | 503,611 | 307,164 | (2,896) | 8,626,834 |
| Gross trading profit | 88,567 | 143,632 | 64,468 | 165,128 | 213,801 | 123,298 | 138,168 | 170,289 | 811 | 1,108,162 |
| Trading income | 18,021 | 22,981 | 50,338 | 49,543 | 46,027 | 34,823 | 28,562 | 18,928 | 1,812 | 271,035 |
| Net profit attributable to ITOCHU..... | 24,275 | 46,971 | 58,208 | 54,735 | 34,563 | 51,605 | 49,256 | 164,502 | (86,564) | 397,551 |
| [Equity in earnings of associates and joint ventures]..... | [6,600] | [23,503] | [15,857] | [10,360] | [11,081] | [25,696] | [33,369] | [13,211] | [(90,985)] | [48,692] |
| Total assets on December 31, 2018 | 503,924 | 1,283,638 | 856,816 | 1,404,489 | 1,726,748 | 1,008,097 | 1,033,231 | 2,155,543 | 857,487 | 10,829,973 |
| Total assets on March 31, 2019..... | 527,204 | 1,180,268 | 844,399 | 1,288,711 | 1,640,440 | 980,618 | 1,093,255 | 1,691,617 | 852,191 | 10,098,703 |

| For the nine-month period ended December 31, 2019 (April 1, 2019 -December 31, 2019) | | | | | | | | | | 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 | \$ 3,737 | \$ 7,823 | \$ 4,457 | \$ 18,411 | \$ 26,645 | \$ 5,492 | \$ 4,701 | \$ 3,562 | \$ 570 | \$ 75,398 |
| Intersegment revenues..... | 1 | 0 | - | 253 | 37 | 164 | 88 | 1 | (544) | - |
| Total revenues..... | 3,738 | 7,823 | 4,457 | 18,664 | 26,682 | 5,656 | 4,789 | 3,563 | 26 | 75,398 |
| Gross trading profit | 802 | 1,320 | 718 | 1,500 | 2,107 | 1,059 | 1,524 | 3,159 | 16 | 12,205 |
| Trading income | 169 | 228 | 584 | 446 | 443 | 293 | 298 | 486 | (17) | 2,930 |
| Net profit attributable to ITOCHU..... | 196 | 402 | 771 | 360 | 373 | 529 | 436 | 239 | 588 | 3,894 |
| [Equity in earnings of associates and joint ventures]..... | [56] | [207] | [157] | [75] | [61] | [114] | [290] | [15] | [552] | [1,527] |
| Total assets on December 31, 2019 | 4,772 | 11,607 | 7,541 | 12,604 | 17,728 | 9,820 | 10,934 | 21,138 | 7,651 | 103,795 |

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 : On July 1, 2019, ITOCHU established The 8th Company and changed its organizational structure from seven division companies to eight division companies.

The amounts under "For the nine-month period ended December 31, 2018" and "Total assets on March 31, 2019" are presented post reclassification.

Note 5 : As the preliminary accounting treatment for the conversion of FamilyMart into a consolidated subsidiary in the second quarter of the previous fiscal year was finalized at the end of the previous fiscal year, the amounts under "Total assets on December 31, 2018" in "The 8th" Company and "Consolidated total" are presented post retroactive adjustments.

(6) Assumption for Going Concern: None