

Consolidated Financial Results for the First Half of the Fiscal Year 2021 ending March 31, 2021

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-Unaudited-**Consolidated Financial Results for the First Half of the Fiscal Year 2021 ending March 31, 2021**

[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: December 2, 2020 (Planned)

1. Consolidated operating results for the first half of the fiscal year 2021 (from April 1, 2020 to September 30, 2020)

(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 half of Fiscal Year 2021	4,917,716	(10.4)	190,936	(14.2)	290,561	(27.1)	270,111	(16.7)	252,508	(12.6)	315,754	69.7
Fiscal Year 2020	5,489,699	0.5	222,639	35.3	398,810	11.4	324,317	16.7	289,068	12.0	186,085	(35.4)

	Basic earnings per share attributable to ITOCHU	Diluted earnings per share attributable to ITOCHU
	yen	yen
For the first half of Fiscal Year 2021	169.55	-
Fiscal Year 2020	193.04	-

Equity in earnings of associates and joint ventures (millions of yen) 1st half of FY 2021: 93,364 [(20.7%)] 1st half of FY 2020: 117,748 [- %]
 Total comprehensive income (millions of yen) 1st half of FY 2021: 348,293 [60.9%] 1st half of FY 2020: 216,455 [(30.1%)]

(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
September 30, 2020	10,905,352	3,917,624	3,176,019	29.1	2,134.83
March 31, 2020	10,919,598	3,840,609	2,995,951	27.4	2,010.33

(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 half of Fiscal Year 2021	459,137	(137,975)	(264,551)	625,599
Fiscal Year 2020	485,759	(127,498)	(296,612)	623,762

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 2020	-	42.50	-	42.50	85.00
Fiscal Year 2021	-	44.00			
Fiscal Year 2021 (Planned)			-	44.00	88.00

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

3. Outlook of consolidated operating results for the fiscal year 2021 (from April 1, 2020 to March 31, 2021)

(%: Changes from the previous fiscal year)

	Net profit attributable to ITOCHU		Basic earnings per share attributable to ITOCHU
	millions of yen	%	yen
Fiscal Year 2021	400,000	(20.2)	268.72

(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, 2020, the effect of the repurchase after October 1, 2020 is not included in the calculation of "Basic earnings per share attributable to ITOCHU".

4. Other information

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

New company : 1 (Retail Investment Company, LLC)

Note: For more details, please refer to page 8, "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)	1st half of FY 2021	1,584,889,504	Fiscal Year 2020	1,584,889,504
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(b) Number of treasury stock:	1st half of FY 2021	97,176,464	Fiscal Year 2020	94,612,062
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(c) Average number of common shares outstanding:	1st half of FY 2021	1,489,308,596	1st half of FY 2020	1,497,487,077
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Note: Based on the decision at the meeting of the Board of Directors,
ITOCHU repurchased 2,405,100 own shares during six-month period ended September 30, 2020.

[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 105.80 yen = 1 U.S. dollar, the exchange rate prevailing on September 30, 2020. 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 six-month period ended September 30, 2020]

(a) General Economic Situation

For the six-month period ended September 30, 2020, the global economy deteriorated significantly due to tighter restrictions on movement of people and corporate activities to suppress the spread of COVID-19, but recovered somewhat thereafter due to the restrictions being eased. China, which resumed economic activities ahead of other countries, maintained its recovery trend. Economies in other regions such as Europe and the U.S., returned to a growth path following deep downturns. The WTI crude oil price, which was in the US\$20–25 per barrel range at the beginning of the fiscal year, fell sharply in late April due to a sharp slump in demand, but rose subsequently with expectations for a global economic recovery and trended stably at around US\$40 through the end of September.

The Japanese economy recovered moderately. Although capital investment remained stagnant as companies maintained their wait-and-see approach, consumer spending, which had cooled significantly after the government's state of emergency declaration, showed a pick-up with the lifting of the declaration, and exports, which had declined significantly from the downturn in overseas economies and restrictions on entry of foreign nationals, increased as overseas economies bottomed out. The U.S. dollar-yen exchange rate, which started at the ¥107 level per dollar at the beginning of the fiscal year, rose to the ¥109 level in early June as the yen depreciated against the dollar on rising long-term interest rates in the U.S. The yen appreciated to the ¥104 level per dollar toward the end of July on the expectation of additional financial easing in the U.S., and closed at the ¥105 level at the end of September. The Nikkei Stock Average began the fiscal year at the ¥18,000 level and rose to the ¥23,000 range in early June with rising U.S. stock prices and expectations for economic improvement in Japan. It temporarily fell back to the ¥21,000 level as COVID-19 began to spread again, but generally trended stably in the ¥23,000 range through the end of September. The yield on 10-year Japanese government bonds opening the fiscal year at 0.02% and generally trended in positive territory as the Bank of Japan provided ample liquidity to the market. The yield closed at 0.03% at the end of September.

(b) Consolidated Operating Results

	Billions of Yen				Millions of
	Apr.-Sep. 2020	Apr.-Sep. 2019	Increase (Decrease)	%	U.S. Dollars Apr.-Sep. 2020
Revenues	4,917.7	5,489.7	(572.0)	(10.4%)	46,481
Gross trading profit	853.0	883.0	(30.0)	(3.4%)	8,062
Selling, general and administrative expenses	(656.7)	(654.1)	(2.6)	0.4%	(6,207)
Gains (losses) on property, plant, equipment and intangible assets.....	(41.0)	2.1	(43.2)	-	(388)
Dividends received.....	17.2	27.2	(10.0)	(36.6%)	163
Equity in earnings of associates and joint ventures	93.4	117.7	(24.4)	(20.7%)	883
Income tax expense.....	(20.5)	(74.5)	54.0	(72.5%)	(193)
Net profit.....	270.1	324.3	(54.2)	(16.7%)	2,553
Net profit attributable to ITOCHU.....	252.5	289.1	(36.6)	(12.6%)	2,387
(Reference) Trading income.....	190.9	222.6	(31.7)	(14.2%)	1,805

(i) Revenues (from external customers)

Decreased by 10.4%, or 572.0 billion yen, compared with the same period of the previous fiscal year to 4,917.7 billion yen (46,481 million U.S. dollars).

• Energy & Chemicals Company:

Decreased by 413.9 billion yen compared with the same period of the previous fiscal year to 961.7 billion yen (9,090 million U.S. dollars), due to the lower sales prices and transaction volume in energy-related companies and chemical-related transactions.

• Machinery Company:

Decreased by 87.0 billion yen compared with the same period of the previous fiscal year to 473.8 billion yen (4,479 million U.S. dollars), due to the lower sales volume in automobile-related companies and automobile-related transactions resulting from the effects of COVID-19.

• Textile Company:

Decreased by 61.1 billion yen compared with the same period of the previous fiscal year to 214.5 billion yen (2,027 million U.S. dollars), due to the stagnation in overall transactions centering on unfavorable sales in apparel-related companies resulting from the effects of COVID-19.

• Food Company:

Increased by 98.0 billion yen compared with the same period of the previous fiscal year to 1,993.1 billion yen (18,838 million U.S. dollars), due to the conversion of Prima Meat Packers into a consolidated subsidiary in the third quarter of the previous fiscal year, despite the decrease in provisions-related transactions.

(ii) Gross trading profit

Decreased by 3.4%, or 30.0 billion yen, compared with the same period of the previous fiscal year to 853.0 billion yen (8,062 million U.S. dollars).

• The 8th Company:

Decreased by 23.9 billion yen compared with the same period of the previous fiscal year to 209.9 billion yen (1,984 million U.S. dollars), due to the lower daily sales in FamilyMart resulting from the effects of COVID-19.

• Machinery Company:

Decreased by 21.7 billion yen compared with the same period of the previous fiscal year to 75.1 billion yen (710 million U.S. dollars), due to the lower sales volume in automobile-related companies and automobile-related transactions resulting from the effects of COVID-19.

• Textile Company:

Decreased by 11.5 billion yen compared with the same period of the previous fiscal year to 46.1 billion yen (436 million U.S. dollars), due to the stagnation in overall transactions centering on unfavorable sales in apparel-related companies resulting from the effects of COVID-19.

• Food Company:

Increased by 25.8 billion yen compared with the same period of the previous fiscal year to 164.0 billion yen (1,551 million U.S. dollars), due to the conversion of Prima Meat Packers into a consolidated subsidiary in the third quarter of the previous fiscal year, despite the lower transaction volume in provisions-related companies and NIPPON ACCESS resulting from the effects of COVID-19.

(iii) Selling, general and administrative expenses

Remained consistent as compared with the same period of the previous fiscal year at 656.7 billion yen (6,207 million U.S. dollars), due to the effort of the reduction of expenses and the lower travel expenses resulting from the effects of COVID-19, and despite the increase as a result of the conversion of Prima Meat Packers and HOKEN NO MADOGUCHI GROUP into consolidated subsidiaries in the third quarter of the previous fiscal year.

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

Deteriorated by 43.2 billion yen, compared with the previous fiscal year to 41.0 billion yen (losses) (388 million U.S. dollars), due to the impairment losses in FamilyMart.

(v) Dividends received

Decreased by 36.6%, or 10.0 billion yen, compared with the same period of the previous fiscal year to 17.2 billion yen (163 million U.S. dollars), due to the decrease in dividends from a Brazilian iron ore company.

(vi) Equity in earnings of associates and joint ventures

Decreased by 20.7%, or 24.4 billion yen, compared with the same period of the previous fiscal year to 93.4 billion yen (883 million U.S. dollars).

• General Products & Realty Company:

Decreased by 5.7 billion yen compared with the same period of the previous fiscal year to 3.6 billion yen (34 million U.S. dollars). The decrease was mainly caused by the lower earnings of Japan Brazil Paper & Pulp Resources Development and IFL (European pulp-related company) due to lower pulp prices.

• Textile Company:

Decreased by 4.7 billion yen compared with the same period of the previous fiscal year to the loss of 0.5 billion yen (5 million U.S. dollars). The decrease was caused by the lower earnings of overall companies mainly resulting from the effects of COVID-19.

• Others, Adjustments & Eliminations: (*)

Decreased by 4.4 billion yen compared with the same period of the previous fiscal year to 40.5 billion yen (383 million U.S. dollars). The decrease was mainly caused by the lower earnings of CITIC Limited, despite the higher earnings of C.P. Pokphand.

• Metals & Minerals Company:

Decreased by 2.8 billion yen compared with the same period of the previous fiscal year to 9.3 billion yen (88 million U.S. dollars). The decrease was mainly caused by the lower earnings of Marubeni-Itochu Steel mainly due to the effects of COVID-19.

(*) "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 72.5%, or 54.0 billion yen, compared with the same period of the previous fiscal year to 20.5 billion yen (193 million U.S. dollars), due to the lower profit before tax and the improvement in the tax expenses in FamilyMart, despite the absence of lower tax expenses related to group restructuring related to FamilyMart in the same period of the previous fiscal year.

(viii) Net profit attributable to ITOCHU

Consequently, Net profit attributable to ITOCHU decreased by 12.6%, or 36.6 billion yen, compared with the same period of the previous fiscal year to 252.5 billion yen (2,387 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”) decreased by 14.2%, or 31.7 billion yen, compared with the same period of the previous fiscal year to 190.9 billion yen (1,805 million U.S. dollars).

- The 8th Company:

Decreased by 15.4 billion yen compared with the same period of the previous fiscal year to 24.1 billion yen (228 million U.S. dollars), due to lower daily sales in FamilyMart resulting from the effects of COVID-19, despite the reduction of expenses.

- Machinery Company:

Decreased by 12.7 billion yen compared with the same period of the previous fiscal year 3.4 billion yen (32 million U.S. dollars), due to the lower sales volume in automobile-related companies and automobile-related transactions resulting from the effects of COVID-19, despite the reduction of expenses.

- Textile Company:

Decreased by 5.5 billion yen compared with the same period of the previous fiscal year to 6.6 billion yen (62 million U.S. dollars), due to the stagnation in overall transactions centering on unfavorable sales in apparel-related companies resulting from the effects of COVID-19, despite the reduction of expenses.

- Food Company:

Increased by 10.2 billion yen compared with the same period of the previous fiscal year to 37.2 billion yen (351 million U.S. dollars), due to the conversion of Prima Meat Packers into a consolidated subsidiary in the third quarter of the previous fiscal year and the reduction of expenses, despite the lower transaction volume in provisions-related companies and NIPPON ACCESS resulting from the effects of COVID-19.

(2) Qualitative Information of the Consolidated Financial Position

(a) Consolidated Financial Position

	Billions of Yen				Millions of U.S. Dollars
	Sep. 2020	Mar. 2020	Increase (Decrease)	%	Sep. 2020
Total assets	10,905.4	10,919.6	(14.2)	(0.1%)	103,075
Interest-bearing debt	2,986.2	2,877.0	109.2	3.8%	28,225
Net interest-bearing debt	2,354.0	2,256.9	97.1	4.3%	22,250
Total shareholders' equity	3,176.0	2,996.0	180.1	6.0%	30,019
Ratio of shareholders' equity to total assets	29.1%	27.4%	Increased 1.7pt		
NET DER (times)	0.74	0.75	Improved 0.01pt		

(i) Total assets

Remained consistent as compared with March 31, 2020 at 10,905.4 billion yen (103,075 million U.S. dollars), due to the decrease in trade receivables accompanying the lower transaction volume resulting from the effects of COVID-19, despite the increase accompanying the rise in the fair value of stocks and the additional acquisition of shares in Tokyo Century by Machinery Company and in FUJI OIL HOLDINGS by Food Company.

- (ii) Net interest-bearing debt (Interest-bearing debt after deducting Cash and cash equivalents and Time deposits)
 Increased by 4.3%, or 97.1 billion yen, compared with March 31, 2020 to 2,354.0 billion yen (22,250 million U.S. dollars), due to the additional acquisition of shares in FamilyMart and dividend payments, despite the stable performance in operating revenues.
 Interest-bearing debt increased by 3.8%, or 109.2 billion yen, compared with March 31, 2020 to 2,986.2 billion yen (28,225 million U.S. dollars).
- (iii) Total shareholders' equity
 Increased by 6.0%, or 180.1 billion yen, compared with March 31, 2020 to 3,176.0 billion yen (30,019 million U.S. dollars), due to Net profit attributable to ITOCHU during this fiscal year and the increase accompanying the rise in the fair value of stocks, despite the decrease of Capital surplus due to the additional acquisition of shares in FamilyMart and dividend payments.
- (iv) Ratio of shareholders' equity to total assets and NET DER (Net debt-to-shareholders' equity ratio)
 Ratio of shareholders' equity to total assets increased by 1.7 points compared with March 31, 2020 to 29.1%.
 NET DER (Net debt-to-shareholders' equity ratio) improved compared with March 31, 2020 to 0.74 times.

(b) Consolidated Cash Flows

	Billions of Yen		Millions of U.S. Dollars
	Apr.-Sep. 2020	Apr.-Sep. 2019	Apr.-Sep. 2020
Cash flows from operating activities	459.1	485.8	4,340
Cash flows from investing activities	(138.0)	(127.5)	(1,304)
<i>Free cash flows</i>	321.2	358.3	3,036
Cash flows from financing activities	(264.6)	(296.6)	(2,500)

- (i) Cash flows from operating activities
 Recorded a net cash-inflow of 459.1 billion yen (4,340 million U.S. dollars), resulting from the stable performance in operating revenues in The 8th, Metals & Minerals, General Products & Realty, and Energy & Chemicals Companies.
- (ii) Cash flows from investing activities
 Recorded a net cash-outflow of 138.0 billion yen (1,304 million U.S. dollars), due to the additional acquisition of shares in Tokyo Century by Machinery Company and in FUJI OIL HOLDINGS by Food Company, the investments by The 8th Company, and the acquisition of fixed assets by The 8th, Food, Textile, Metals & Minerals, and Energy & Chemicals Companies.
- (iii) Cash flows from financing activities
 Recorded a net cash-outflow of 264.6 billion yen (2,500 million U.S. dollars), due to the additional acquisition of shares in FamilyMart, the repayment of lease liabilities and dividend payments.

“Cash and cash equivalents” as of September 30, 2020 increased by 14.4 billion yen compared with March 31, 2020 to 625.6 billion yen (5,913 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) :

Retail Investment Company, LLC (hereinafter referred to as “RIC”) became a specified subsidiary of ITOCHU as a result of ITOCHU’s additional contribution in RIC for the purpose of cash settlement by RIC related to the tender offer for shares in FamilyMart Co.,.

(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 of COVID-19, it was slightly reduced in the second quarter of the fiscal year ending March 2021, compared with that in the first quarter of the same fiscal year as we expected. Even in this difficult environment, we have been trying to adapt to the changes in the situation in order to expand our business. On the other hand, the impact of COVID-19 has been protracted in some business areas and although we forecast that the magnitude of this impact by business area will become clearer after the second quarter, we expect that the impact will become less on the whole, compared with that in the first half of the fiscal year ending March 2021.

There are no significant changes from the description in the Annual Report 2020 for the year ended March 31, 2020.

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

ITOCHU Corporation and its Subsidiaries

For the six-month periods ended September 30, 2020 and 2019

	Millions of Yen		Millions of U.S. Dollars
	Apr.-Sep. 2020	Apr.-Sep. 2019	Apr.-Sep. 2020
Revenues:			
Revenues from sale of goods.....	¥ 4,332,990	¥ 4,878,633	\$ 40,954
Revenues from rendering of services and royalties.....	584,726	611,066	5,527
Total revenues.....	4,917,716	5,489,699	46,481
Cost:			
Cost of sale of goods.....	(3,781,976)	(4,298,286)	(35,746)
Cost of rendering of services and royalties.....	(282,767)	(308,426)	(2,673)
Total cost.....	(4,064,743)	(4,606,712)	(38,419)
Gross trading profit	852,973	882,987	8,062
Other gains (losses):			
Selling, general and administrative expenses.....	(656,687)	(654,095)	(6,207)
Provision for doubtful accounts.....	(5,350)	(6,253)	(50)
Gains on investments.....	26,175	34,977	247
Gains (losses) on property, plant, equipment and intangible assets.....	(41,044)	2,149	(388)
Other-net.....	9,972	6,921	94
Total other-losses.....	(666,934)	(616,301)	(6,304)
Financial income (loss):			
Interest income.....	12,533	18,908	118
Dividends received.....	17,229	27,183	163
Interest expense.....	(18,604)	(31,715)	(176)
Total financial income.....	11,158	14,376	105
Equity in earnings of associates and joint ventures.....	93,364	117,748	883
Profit before tax.....	290,561	398,810	2,746
Income tax expense.....	(20,450)	(74,493)	(193)
Net profit.....	270,111	324,317	2,553
Net profit attributable to ITOCHU.....	252,508	289,068	2,387
Net profit attributable to non-controlling interests.....	17,603	35,249	166

	Millions of Yen		Millions of U.S. Dollars
	Apr.-Sep. 2020	Apr.-Sep. 2019	Apr.-Sep. 2020
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss			
FVTOCI financial assets.....	¥ 75,157	¥ (13,137)	\$ 710
Remeasurement of net defined pension liability.....	225	(498)	2
Other comprehensive income in associates and joint ventures.....	2,268	(2,380)	22
Items that will be reclassified to profit or loss			
Translation adjustments.....	28,921	(64,057)	273
Cash flow hedges.....	(1,065)	(2,397)	(10)
Other comprehensive income in associates and joint ventures.....	(27,324)	(25,393)	(258)
Total other comprehensive income, net of tax.....	78,182	(107,862)	739
Total comprehensive income	348,293	216,455	3,292
Total comprehensive income attributable to ITOCHU	315,754	186,085	2,984
Total comprehensive income attributable to non-controlling interests	32,539	30,370	308

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 six-month periods ended September 30, 2020 and 2019 were 190,936 million yen (1,805 million U.S. dollars) and 222,639 million yen, respectively.

(2) Consolidated Statement of Financial Position [Condensed]

ITOCHU Corporation and its Subsidiaries

As of September 30, 2020 and March 31, 2020

Assets	Millions of Yen		Millions of U.S. Dollars
	Sep. 2020	Mar. 2020	Sep. 2020
Current assets:			
Cash and cash equivalents.....	¥ 625,599	¥ 611,223	\$ 5,913
Time deposits.....	6,557	8,858	62
Trade receivables.....	1,928,199	2,113,746	18,225
Other current receivables.....	171,027	176,691	1,616
Other current financial assets.....	27,858	45,315	263
Inventories.....	908,809	952,029	8,590
Advances to suppliers.....	85,749	89,425	810
Other current assets.....	148,420	135,774	1,403
Assets held for sale	231,766	-	2,191
Total current assets.....	4,133,984	4,133,061	39,073
Non-current assets:			
Investments accounted for by the equity method.....	1,677,288	1,640,286	15,853
Other investments.....	980,615	816,518	9,269
Non-current receivables.....	636,744	660,578	6,018
Non-current financial assets other than investments and receivables.....	168,004	172,417	1,588
Property, plant and equipment.....	1,967,995	2,137,474	18,601
Investment property.....	55,406	58,595	524
Goodwill and intangible assets.....	1,155,003	1,163,107	10,917
Deferred tax assets.....	55,734	61,051	527
Other non-current assets.....	74,579	76,511	705
Total non-current assets.....	6,771,368	6,786,537	64,002
Total assets.....	¥10,905,352	¥10,919,598	\$103,075

Liabilities and Equity	Millions of Yen		Millions of
			U.S. Dollars
	Sep. 2020	Mar. 2020	Sep. 2020
Current liabilities:			
Short-term debentures and borrowings.....	¥ 720,917	¥ 684,406	\$ 6,814
Lease liabilities (short-term).....	245,745	242,076	2,323
Trade payables.....	1,544,310	1,707,472	14,596
Other current payables.....	182,879	215,175	1,729
Other current financial liabilities.....	28,889	35,699	273
Current tax liabilities.....	36,089	67,074	341
Advances from customers.....	79,689	81,799	753
Other current liabilities.....	337,506	368,163	3,190
Liabilities held for sale.....	204,113	-	1,929
Total current liabilities	<u>3,380,137</u>	<u>3,401,864</u>	<u>31,948</u>
Non-current liabilities:			
Long-term debentures and borrowings.....	2,265,249	2,192,557	21,411
Lease liabilities (long-term).....	813,120	937,345	7,685
Other non-current financial liabilities.....	61,787	68,900	584
Non-current liabilities for employee benefits.....	132,483	133,138	1,252
Deferred tax liabilities.....	194,219	200,912	1,836
Other non-current liabilities.....	140,733	144,273	1,330
Total non-current liabilities	<u>3,607,591</u>	<u>3,677,125</u>	<u>34,098</u>
Total liabilities	<u>6,987,728</u>	<u>7,078,989</u>	<u>66,046</u>
Equity:			
Common stock:			
Authorized: 3,000,000,000 shares;			
issued: 1,584,889,504 shares.....	253,448	253,448	2,395
Capital surplus.....	(20,316)	50,677	(192)
Retained earnings.....	3,136,286	2,948,135	29,644
Other components of equity:			
Translation adjustments.....	(31,117)	(37,836)	(294)
FVTOCI financial assets.....	34,410	(31,972)	325
Cash flow hedges.....	(23,170)	(19,163)	(219)
Total other components of equity.....	<u>(19,877)</u>	<u>(88,971)</u>	<u>(188)</u>
Treasury stock.....	(173,522)	(167,338)	(1,640)
Total shareholders' equity.....	<u>3,176,019</u>	<u>2,995,951</u>	<u>30,019</u>
Non-controlling interests.....	741,605	844,658	7,010
Total equity.....	<u>3,917,624</u>	<u>3,840,609</u>	<u>37,029</u>
Total liabilities and equity.....	<u>¥10,905,352</u>	<u>¥10,919,598</u>	<u>\$103,075</u>

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

ITOCHU Corporation and its Subsidiaries

For the six-month periods ended September 30, 2020 and 2019

(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, 2020	¥ 253,448	¥ 50,677	¥ 2,948,135	¥ (88,971)	¥ (167,338)	¥ 2,995,951	¥ 844,658	¥ 3,840,609
Net profit			252,508			252,508	17,603	270,111
Other comprehensive income				63,246		63,246	14,936	78,182
Total comprehensive income			252,508	63,246		315,754	32,539	348,293
Cash dividends to shareholders			(63,438)			(63,438)		(63,438)
Cash dividends to non-controlling interests							(19,182)	(19,182)
Net change in acquisition (disposition) of treasury stock					(6,184)	(6,184)		(6,184)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		(70,993)		4,929		(66,064)	(116,410)	(182,474)
Transfer to Retained earnings			(919)	919		-		-
Balance on Sep 30, 2020	253,448	(20,316)	3,136,286	(19,877)	(173,522)	3,176,019	741,605	3,917,624

(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			289,068			289,068	35,249	324,317
Other comprehensive income				(102,983)		(102,983)	(4,879)	(107,862)
Total comprehensive income			289,068	(102,983)		186,085	30,370	216,455
Cash dividends to shareholders			(70,099)			(70,099)		(70,099)
Cash dividends to non-controlling interests							(15,492)	(15,492)
Net change in acquisition (disposition) of treasury stock					(61,739)	(61,739)		(61,739)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		(197)		(73)		(270)	(7,413)	(7,683)
Transfer to Retained earnings			1,174	(1,174)		-		-
Balance on Sep 30, 2019	253,448	49,387	2,801,885	27,004	(167,340)	2,964,384	755,378	3,719,762

(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, 2020	\$ 2,395	\$ 479	\$ 27,866	\$ (841)	\$ (1,582)	\$ 28,317	\$ 7,984	\$ 36,301
Net profit			2,387			2,387	166	2,553
Other comprehensive income				597		597	142	739
Total comprehensive income			2,387	597		2,984	308	3,292
Cash dividends to shareholders			(600)			(600)		(600)
Cash dividends to non-controlling interests							(181)	(181)
Net change in acquisition (disposition) of treasury stock					(58)	(58)		(58)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		(671)		47		(624)	(1,101)	(1,725)
Transfer to Retained earnings			(9)	9		-		-
Balance on Sep 30, 2020	2,395	(192)	29,644	(188)	(1,640)	30,019	7,010	37,029

(4) Consolidated Statement of Cash Flows [Condensed]

ITOCHU Corporation and its Subsidiaries

For the six-month periods ended September 30, 2020 and 2019

	Millions of Yen		Millions of U.S. Dollars
	<u>Apr.-Sep. 2020</u>	<u>Apr.-Sep. 2019</u>	<u>Apr.-Sep. 2020</u>
Cash flows from operating activities:			
Net profit	¥ 270,111	¥ 324,317	\$ 2,553
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization	210,124	202,122	1,986
(Gains) losses on investments.....	(26,175)	(34,977)	(247)
(Gains) losses on property, plant, equipment and intangible assets.....	41,044	(2,149)	388
Financial (income) loss.....	(11,158)	(14,376)	(105)
Equity in earnings of associates and joint ventures	(93,364)	(117,748)	(883)
Income tax expense	20,450	74,493	193
Provision for doubtful accounts and other provisions	4,329	5,232	41
Changes in assets and liabilities, other-net	61,177	34,566	578
Proceeds from interest.....	12,071	18,857	114
Proceeds from dividends.....	72,530	81,192	686
Payments for interest.....	(21,087)	(34,902)	(199)
Payments for income taxes.....	(80,915)	(50,868)	(765)
Net cash provided by (used in) operating activities	<u>459,137</u>	<u>485,759</u>	<u>4,340</u>
Cash flows from investing activities:			
Net change in investments accounted for by the equity method	(30,242)	(10,308)	(286)
Net change in other investments	(33,988)	(43,738)	(321)
Net change in loans receivable	9,700	9,702	92
Net change in property, plant, equipment and intangible assets	(80,478)	(80,662)	(761)
Net change in time deposits	(2,967)	(2,492)	(28)
Net cash provided by (used in) investing activities	<u>(137,975)</u>	<u>(127,498)</u>	<u>(1,304)</u>
Cash flows from financing activities:			
Net change in debentures and loans payable	143,671	(15,475)	1,358
Repayments of lease liabilities	(139,846)	(133,616)	(1,321)
Cash dividends	(63,438)	(70,099)	(600)
Net change in treasury stock	(6,319)	(62,001)	(60)
Other	(198,619)	(15,421)	(1,877)
Net cash provided by (used in) financing activities	<u>(264,551)</u>	<u>(296,612)</u>	<u>(2,500)</u>
Net change in cash and cash equivalents	<u>56,611</u>	<u>61,649</u>	<u>535</u>
Cash and cash equivalents at the beginning of the period	611,223	572,030	5,777
Effect of exchange rate changes on cash and cash equivalents	5,550	(9,917)	53
Cash and cash equivalents included in assets held for sale	(47,785)	-	(452)
Cash and cash equivalents at the end of the period	<u>¥ 625,599</u>	<u>¥ 623,762</u>	<u>\$ 5,913</u>

(5) Operating Segment Information

ITOCHU Corporation and its Subsidiaries

For the six-month periods ended September 30, 2020 and 2019

Information concerning operations in different operating segments for the six-month periods ended September 30, 2020 and 2019 is as follows:

For the six-month period ended September 30, 2020 (April 1, 2020 -September 30, 2020)										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	¥ 214,518	¥ 473,845	¥ 285,041	¥ 961,703	¥ 1,993,086	¥ 380,424	¥ 336,134	¥ 239,721	¥ 33,244	¥ 4,917,716
Intersegment revenues.....	32	17	-	18,932	2,981	9,543	6,093	32	(37,630)	-
Total revenues.....	214,550	473,862	285,041	980,635	1,996,067	389,967	342,227	239,753	(4,386)	4,917,716
Gross trading profit	46,137	75,132	50,561	107,947	164,042	73,665	126,232	209,914	(657)	852,973
Trading income	6,557	3,372	41,852	36,320	37,169	19,954	25,042	24,101	(3,431)	190,936
Net profit attributable to ITOCHU.....	8,365	16,669	47,775	23,481	23,802	18,060	37,076	30,043	47,237	252,508
[Equity in earnings of associates and joint ventures].....	(519)	12,651	9,318	4,216	2,776	3,590	20,997	(145)	40,480	93,364
Total assets on September 30, 2020	440,454	1,154,465	870,955	1,199,270	1,811,188	974,608	1,191,081	2,361,399	901,932	10,905,352

For the six-month period ended September 30, 2019 (April 1, 2019 -September 30, 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	¥ 275,626	¥ 560,866	¥ 335,944	¥ 1,375,606	¥ 1,895,052	¥ 402,290	¥ 336,977	¥ 241,114	¥ 66,224	¥ 5,489,699
Intersegment revenues.....	7	17	-	17,782	3,839	12,172	6,470	24,295	(64,582)	-
Total revenues.....	275,633	560,883	335,944	1,393,388	1,898,891	414,462	343,447	265,409	1,642	5,489,699
Gross trading profit	57,591	96,865	56,640	111,692	138,253	79,307	108,139	233,777	723	882,987
Trading income	12,024	16,091	46,566	34,889	26,956	23,482	25,357	39,538	(2,264)	222,639
Net profit attributable to ITOCHU.....	15,018	28,751	61,305	22,046	19,620	45,714	31,992	21,376	43,246	289,068
[Equity in earnings of associates and joint ventures].....	[4,220]	[14,741]	[12,120]	[4,756]	[3,759]	[9,256]	[22,844]	[1,168]	[44,884]	[117,748]
Total assets on September 30, 2019	516,056	1,201,347	812,210	1,321,309	1,632,957	1,030,370	1,133,491	2,272,429	886,222	10,806,391
Total assets on March 31, 2020.....	451,137	1,207,681	800,022	1,237,169	1,765,292	1,007,467	1,208,310	2,293,647	948,873	10,919,598

For the six-month period ended September 30, 2020 (April 1, 2020 -September 30, 2020)										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	\$ 2,027	\$ 4,479	\$ 2,694	\$ 9,090	\$ 18,838	\$ 3,596	\$ 3,177	\$ 2,266	\$ 314	\$ 46,481
Intersegment revenues.....	0	0	-	179	28	90	58	0	(355)	-
Total revenues.....	2,027	4,479	2,694	9,269	18,866	3,686	3,235	2,266	(41)	46,481
Gross trading profit	436	710	478	1,020	1,551	696	1,193	1,984	(6)	8,062
Trading income	62	32	396	343	351	189	237	228	(33)	1,805
Net profit attributable to ITOCHU.....	79	158	452	222	225	171	350	284	446	2,387
[Equity in earnings of associates and joint ventures].....	[(5)]	[120]	[88]	[40]	[26]	[34]	[198]	[(1)]	[383]	[883]
Total assets on September 30, 2020	4,163	10,912	8,232	11,335	17,119	9,212	11,258	22,319	8,525	103,075

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.

(6) Assumption for Going Concern: None