FY2021 3rd Quarter

Business Results Summary

ITOCHU Corporation

February 4, 2021

I am One with Infinite Missions

Forward-Looking Statements

Data and projections contained in these materials are based on the information available at the time of publication, and various factors may cause 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.

Summary of FY2021 3rd Quarter

Summary of Financial Results for FY2021 3rd Quarter

(Unit : billion yen)

■ **"Net profit attributable to ITOCHU"** was **¥364.3 bil.**, on track with steady progress achieving 91% of the FY2021 forecast of ¥400.0 bil.

■ **"Core profit"** was approximately **¥321.5 bil.**, benefited from the increase in profit in Energy & Chemicals and Food, while COVID-19 significantly affected some businesses. Core profit consistently increased and recovered quarter over quarter as:
Q1 approx. ¥88.5 bil.; Q2 approx. ¥114.5 bil.; Q3 approx. ¥118.5 bil (record high).
The core profit for Q3 rose to an all-time high as a 3rd quarter's, driven by Metals & Minerals, Chemicals and ICT.

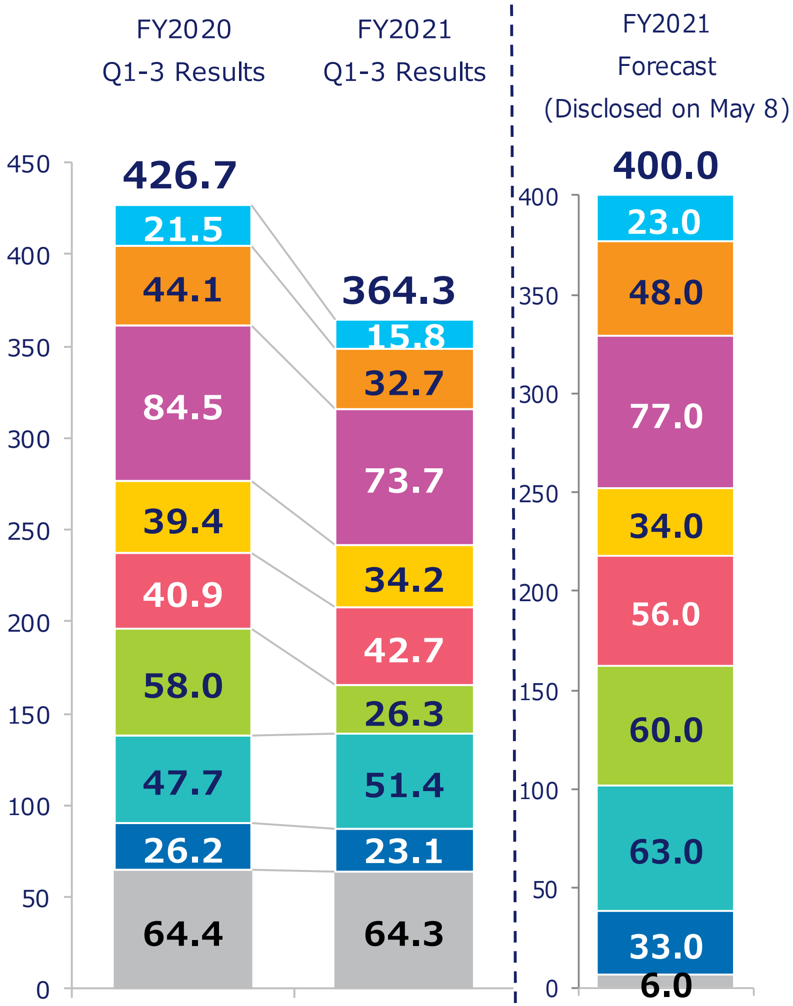
■ **"Ratio of group companies reporting profits"** largely improved to 82.0%, compared to the first half of FY2021 at 76.5%.

	FY2020 Q1-3 Results	FY2021 Q1-3 Results	Increase/ Decrease	FY2021 Forecast (Disclosed on May 8)	Progress
Net profit attributable to ITOCHU	**426.7**	**364.3**	**(62.4)**	**400.0**	**91%**
Extraordinary gains and losses	64.0	43.0	(21.0)		
Core profit	approx. 362.5	approx. 321.5	approx. (41.0)		
Profits/losses of group companies	374.1	307.9	(66.3)		
Ratio (%) of group companies reporting profits	87.5%	82.0%	Decreased 5.5pt		
Core operating cash flows	452.0	417.0	(35.0)		

Dividend information (per share)	
Annual (Planned)	88 yen
Interim	44 yen

Net profit attributable to ITOCHU by Segment

(Unit : billion yen)



	FY2020 Q1-3 Results	FY2021 Q1-3 Results	FY2021 Forecast (Disclosed on May 8)
Non-Resource	335.3	286.5	384.0
Resource	84.6	70.6	73.0
Others	6.8	7.2	(57.0)
Non-Resource(%) (*1)	80%	80%	84%

(*1) % composition is calculated using the total of Non-Resource and Resource sectors as 100%.

Summary of Changes from the Same Period of the Previous Fiscal Year

Textile [Inc / (Dec) : ¥ (5.7) bil., Progress : 69%]
Decreased due to the decline in sales in overall transactions, especially from sales in apparel-related companies resulting from COVID-19, partially offset by expense reduction.

Machinery [Inc / (Dec) : ¥ (11.4) bil., Progress : 68%]
Decreased due to lower sales volume in overseas automobile-related companies and automobile-related transactions, as well as lower equity in earnings of associates and joint ventures resulting from COVID-19, partially offset by expense reduction and sales recovery in YANASE.

Metals & Minerals [Inc / (Dec) : ¥ (10.8) bil., Progress : 96%]
Decreased due to lower coal prices, the decline in dividends received from a Brazilian iron ore company, lower equity in earnings of Marubeni-Itochu Steel, and the absence of lower tax expenses related to natural-resource-projects in the same period of the previous fiscal year, partially offset by higher iron ore prices.

Energy & Chemicals [Inc / (Dec) : ¥ (5.2) bil. , Progress : 101%]
Decreased due to the deterioration in profitability in oil-exploration-related companies resulting from lower oil prices and the absence of the gain on the sales of fixed assets in C.I. TAKIRON in the same period of the previous fiscal year, partially offset by a stable performance in chemical-related companies, higher transaction volume in hygiene products, and expense reduction.

Food [Inc / (Dec) : ¥ +1.8 bil. , Progress : 76%]
Increased due to a stable performance in meat-products-related companies, expense reduction, and the gain on the sale of North American agricultural insurance business, partially offset by lower transaction volume in provisions-related companies and NIPPON ACCESS resulting from COVID-19, and the absence of the extraordinary gain in the same period of the previous fiscal year.

General Products & Realty [Inc / (Dec) : ¥ (31.6) bil. , Progress : 44%]
Decreased due to lower pulp prices, lower sales volume in ETEL (European tire-related company) resulting from COVID-19, and the absence of the extraordinary gains in the same period of the previous fiscal year, partially offset by higher transaction volume in real estate for sale and expense reduction.

ICT & Financial Business [Inc / (Dec) : ¥ +3.7 bil. , Progress : 82%]
Increased due to a stable performance in ICT sector and the gain on the partial sale of eGuarantee, partially offset by the absence of the extraordinary gain in the same period of the previous fiscal year.

The 8th [Inc / (Dec) : ¥ (3.0) bil. , Progress : 70%]
Decreased due to lower daily sales resulting from COVID-19 and the impairment losses on fixed assets in FamilyMart, partially offset by expense reduction and the improvement in tax expenses related to FamilyMart.

Others, Adjustments & Eliminations [Inc / (Dec) : ¥ (0.1) bil.]
Remained consistent due to lower equity in earnings of CITIC Limited, offset by higher equity in earnings of C.P. Pokphand and lower tax expenses.

Cash Flows

(Unit : billion yen)

- **Operating Cash Flows and Free Cash Flows:**
  "Cash flows from operating activities" was a **net cash-inflow of ¥598.4 bil.,** due to a stable performance in operating revenues in The 8th, Metals & Minerals, and Energy & Chemicals Companies.
  "Free cash flows" resulted in a **net cash-inflow of ¥416.0 bil.**, due to the additional investment in shares in Tokyo Century by Machinery Company and in FUJI OIL HOLDINGS by Food Company, the investments by The 8th Company, and the purchase of fixed assets by The 8th, Food, Energy & Chemicals, and Metals & Minerals Companies.

- **Core Free Cash Flows:**
  "Core operating cash flows," after deducting changes in working capital and excluding the effect of lease accounting from "Cash flows from operating activities," was a **net cash-inflow of ¥417.0 bil.**
  "Core free cash flows" resulted in a **net cash-inflow of ¥37.0 bil.**, partially offset by the additional investment in shares in FamilyMart.

Cash Flows

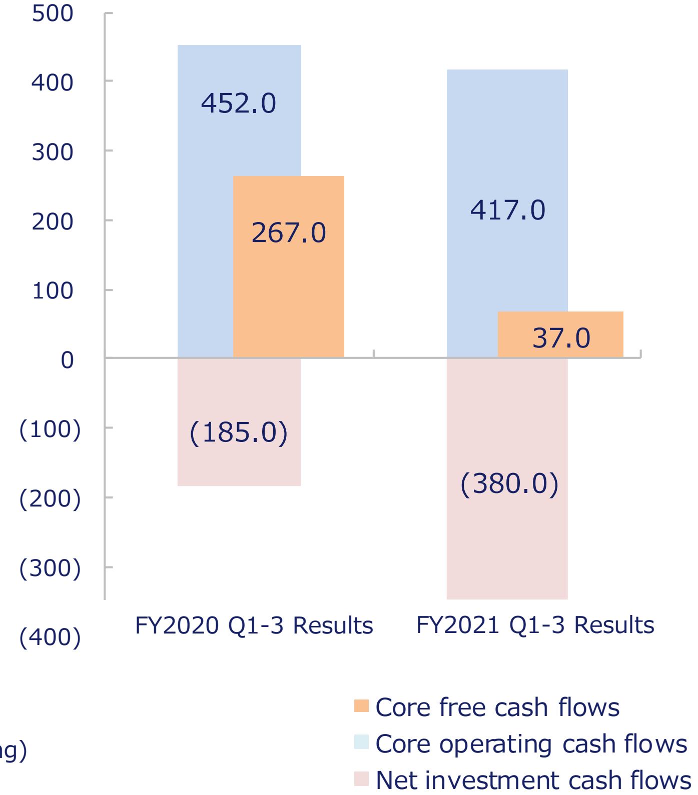
	FY2020 Q1-3 Results	FY2021 Q1-3 Results
Cash flows from operating activities	619.8	598.4
Cash flows from investing activities	(151.7)	(182.4)
Free cash flows	*468.1*	*416.0*
Cash flows from financing activities	(450.5)	(415.3)

Core Free Cash Flows

	FY2020 Q1-3 Results	FY2021 Q1-3 Results
Core operating cash flows(*1)	452.0	417.0
Net investment cash flows(*2)	(185.0)	(380.0)
Core free cash flows	267.0	37.0

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

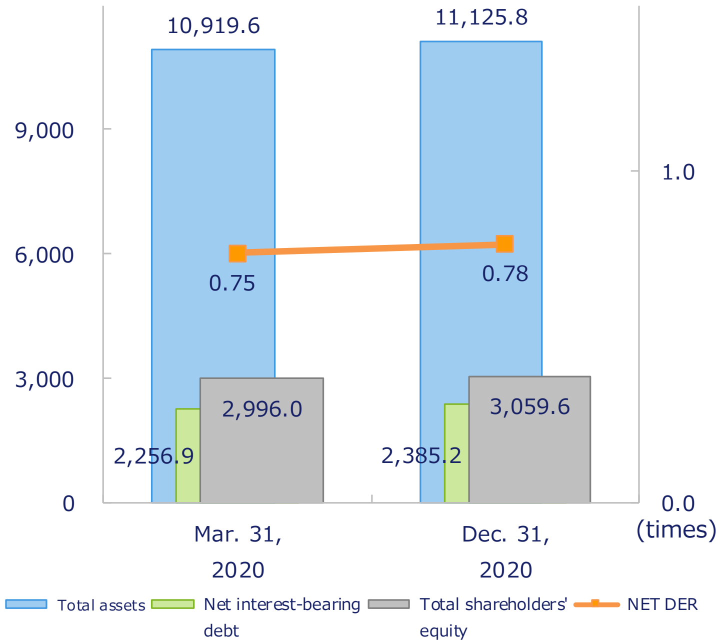
Core Free Cash Flows



Financial Position

(Unit : billion yen)

- **Total Assets:**
  Increased by ¥206.2 bil., compared to March 31, 2020 to **¥11,125.8 bil.**, due to the rise in the fair value of stocks and the additional investment in shares in Tokyo Century by Machinery Company and in FUJI OIL HOLDINGS by Food Company, in addition to the increase in trade receivables resulting from seasonal factors in food-distribution-related companies, partially offset by the decrease in property, plant and equipment.
- **Net Interest-bearing Debt:**
  Increased by ¥128.4 bil., compared to March 31, 2020 to **¥2,385.2 bil.**, due to the additional investment in shares in FamilyMart and dividend payments, partially offset by a stable performance in operating revenues.
- **Total Shareholders' Equity:**
  Increased by ¥63.7 bil., compared to March 31, 2020 to **¥3,059.6 bil.**, due to net profit attributable to ITOCHU during this fiscal year and the increase related to the rise in the fair value of stocks, partially offset by the decrease of capital surplus due to the additional investment in shares in FamilyMart and dividend payments.
- **Ratio of Shareholders' Equity to Total Assets and NET DER:**
  Ratio of shareholders' equity to total assets increased by 0.1 points compared to March 31, 2020 to **27.5%**.
  NET DER slightly increased compared to March 31, 2020 to **0.78 times**.



	Mar. 31, 2020	Dec. 31, 2020	Increase/ Decrease	FY2021 Plan (Disclosed on May 8)
Total assets	10,919.6	11,125.8	+ 206.2	B/S control for maintaining A ratings
Net interest-bearing debt	2,256.9	2,385.2	+ 128.4	
Total shareholders' equity	2,996.0	3,059.6	+ 63.7	
Ratio of shareholders' equity to total assets	27.4%	27.5%	Increased 0.1pt	
NET DER (times)	0.75	0.78	Increased 0.03pt	
ROE	17.0%	–	–	Maintain high efficiency

Extraordinary Gains and Losses

(Unit : billion yen)

	FY2020 Q1-3 Results		FY2021 Q1-3 Results	
Gains (losses) related to investments	**38.0**	・Gain on the partial sale of foreign companies: approx. 16.0 (General Products & Realty) ・Revaluation gain due to the conversion of Prima Meat Packers into a consolidated subsidiary: approx. 8.0 (Food) ・Gain on the partial sale of domestic company: approx. 4.0 (ICT & Financial Business) ・Revaluation gain due to the conversion of a domestic insurance-related company into a consolidated subsidiary: approx. 3.0 (ICT & Financial Business) ・Gain on the restructuring of a pharmaceutical-related company: approx. 2.5 (Energy & Chemicals) ・Gain on the sale of a chemical-tank-related company: approx. 2.0 (Energy & Chemicals)	**20.0**	・Gain on the partial sale of eGuarantee: approx. 12.0 (ICT & Financial Business) ・Gain on the group restructuring in food-distribution-related companies: approx. 2.5 (Food) ・Gain on the sale of a foreign company in FamilyMart: approx. 2.0 (The 8th) ・Gain on the partial sale of a foreign company: approx. 1.5 (Textile) ・Gain on the sale of a foreign company: approx. 1.0 (Food)
Gains (losses) on property, plant, equipment and intangible assets, Equity in earnings (losses) related to associates and joint ventures	**9.5**	・Gain on the sale of fixed assets in C.I. TAKIRON: approx. 4.5 (Energy & Chemicals) ・Gain on the sale of logistics warehouses: approx. 2.5 (General Products & Realty) ・Gain on the sale of fixed assets in EDWIN: approx. 1.0 (Textile)	**(12.0)**	・Impairment losses in FamilyMart: approx. (23.5) (The 8th) ・Gain on the sale of North American agricultural insurance business: approx. 6.0 (Food) ・Gain on the investment in a group company of CITIC Limited: approx. 3.5 (Others, Adjustments & Eliminations) ・Gain on the group restructuring: approx. 3.0 (Textile)
Income tax expense, and Others	**16.5**	・Lower tax expenses related to natural-resource-projects: approx. 11.0 (Metals & Minerals 6.0, Others, Adjustments & Eliminations 5.0) ・Lower tax expenses related to the group restructuring in FamilyMart: approx. 5.0 (The 8th) ・Gain on the cash collection for a specific overseas project: approx. 1.5 (Machinery)	**35.0**	・Lower tax expenses related to FamilyMart: approx. 35.5 (The 8th) ・Lower tax expenses related to a domestic real estate company: approx. 1.5 (General Products & Realty) ・Gain on the cash collection for a specific overseas project: approx. 1.5 (Machinery) ・Higher tax expenses related to a natural-resource-project: approx. (4.0) (Metals & Minerals)
Total	**64.0**		**43.0**	

	FY2020 Q1-3	FY2021 Q1-3
Non-Resource	57.0	47.5
Resource	2.5	(4.5)
Others	4.5	-

Major Indicators

	FY2020 Q1-3 Results	FY2021 Q1-3 Results	FY2021 Forecast (Disclosed on May 8)	(Reference) Sensitivities on net profit attributable to ITOCHU for FY2021 Q4
Exchange rate (YEN/US$) average	108.94	106.51	105.00	Approx. ¥(0.6) bil. (1 yen appreciation against US$)
Exchange rate (YEN/US$) closing	Mar. 2020 108.83	Dec. 2020 103.50	105.00	-
Interest (%) USD LIBOR 3M	2.21%	0.35%	1.00%	Approx. ¥(0.2) bil. (1% increase)
Crude oil (Brent) (US$/BBL)	64.27	40.72	30	±¥0.01 bil. (*3)
Iron ore (CFR China) (US$/ton)	96 (*1)	114 (*1)	N.A.(*2)	±¥0.07 bil. (*3)
Hard coking coal (FOB Australia) (US$/ton)	167 (*1)	114 (*1)	N.A.(*2)	±¥0.02 bil. (*3)
Thermal coal (FOB Australia) (US$/ton)	72 (*1)	58 (*1)	N.A.(*2)	

(*1) FY2020 Q1-3 and FY2021 Q1-3 prices for iron ore, hard coking coal and thermal coal are prices that ITOCHU regards as general transaction prices based on the market.
(*2) General transaction prices based on market are used for iron ore, hard coking coal, and thermal coal in the "FY2021 Forecast".
Actual prices used are not presented as they are based on negotiations with each customer, ore type, and coal type.
(*3) The effect varies according to changes in sales volume, foreign exchange rates and production costs.