FY2020 1st Half Business Results
Investors Meeting

ITOCHU Corporation
November 6, 2019

I am One with Infinite Missions

Yoshihisa Suzuki

President & COO

Summary of Financial Results for FY2020 1st Half

(Unit : billion yen)

- **"Net profit attributable to ITOCHU"** increased by 12%, or ¥31.1 bil., compared with the same period of the previous fiscal year to **¥289.1 bil.** [3rd consecutive year]
  The progress toward the FY2020 Forecast was steady, achieving 58%.
  Profits of the Non-Resource sector increased by ¥13.8 bil., compared with the same period of the previous fiscal year to **¥224.9 bil.** [9th consecutive year]
- **"Core Profit"** (Net profit attributable to ITOCHU after deducting extraordinary gains and losses) increased by approximately ¥10.5 bil., compared with the same period of the previous fiscal year to approximately **¥254.5 bil.** [4th consecutive year]
- **"Profits/Losses of group companies"** was **¥261.2 bil.** [4th consecutive year]
  Shares (%) of group companies reporting profits was 87.2%. [2nd consecutive year]
- **"Core Operating Cash Flows"** was a **net cash-inflow of ¥325.0 bil.** [4th consecutive year]
- **"Basic earnings per share attributable to ITOCHU (EPS)"** was **¥193.04**. [3rd consecutive year]

[]: Number of years renewing the highest record in a row for a 1-2Q result

	FY2019 1-2Q Result	FY2020 1-2Q Result	Increase/ Decrease	FY2020 Forecast (Disclosed on Apr. 26)	Progress
Net profit attributable to ITOCHU	258.0	＊ 289.1	+ 31.1	500.0	58%
Extraordinary gains and losses	14.0	34.5	+ 20.5		
Core Profit	approx. 244.0	＊ approx. 254.5	approx. + 10.5		
Profits/Losses of group companies	241.7	＊ 261.2	+ 19.5		
Share (%) of group companies reporting profits	85.6%	＊ 87.2%	Increased 1.6pt		
Core Operating Cash Flows	210.0	＊ 325.0	+ 115.0		
EPS	166.46 yen	＊ 193.04 yen	+ 26.58 yen		

＊ : Record High

Dividend Information (Per Share)	
Annual (Planned)	85.0 yen (minimum)
Interim	42.5 yen

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Consolidated net profit increased ¥31.1 bil. or 12% YoY to ¥289.1 bil.
Progress against the annual plan was 58%, making good progress.

Achieved record-high profits for the first half for three consecutive years despite increasing uncertainty about the future and a growing sense of stagnation and slowdown. We have shown our strength that is resistant to economic fluctuations.

The group company profits reached ¥261.2 bil., breaking the record for the first half of the fiscal year for four consecutive years.

The share of group companies making profits rose 2% points from the same period of the previous fiscal year to 87%, showing a steady improvement.
This is the result of our constant efforts, similar to Toyota's continual efforts, to "cut," "prevent," and replace inefficient and unprofitable businesses as needed.

Another major factor is that ITOCHU and the group companies have worked together to understand each other through the award system for group companies, roundtable discussions among top management, and responding to problems as quickly as possible.

We have been continuously expanding our earnings base from non-resource businesses ahead of other trading companies since the time when the "commodities supercycle" was much talked about. The profits in the non-resource sector increased ¥13.8 bil. YoY to ¥224.9 bil. This marked the ninth consecutive year of record-high profits in the non-resource sector in the first half of the fiscal year. (See page 7 of this material)

Our consolidated business results are, of course, supported by contributions from the resource sector, such as iron ore, but are due to the good performance of group companies and supported by the stable earnings base of the non-resource sector.

Core Profit and Core Operating Cash Flows have set new record highs for the first half of the fiscal year, and we are steadily strengthening our earning power with cash generation. (see page 9 of this material)

Our share price reached a new record high since the IPO for the first time in about a year in September. This was the result of the high evaluation of our earnings base, which is resistant to economic fluctuations, recent strong business results, and steady execution of the shareholders return policy announced in October last year.

On the other hand, we do not expect any optimism about the business environment going forward, such as the recent trade friction between the U. S. and China and the destabilization of the Gulf region. Our commitment-based management has been highly valued, but if discontinued once, it could undermine its credibility. In the second half of the fiscal year, we will continue to work to enhance our corporate value in order to respond to the market’s expectations as we manage our business with an even greater sense of urgency.

Yesterday at our executive meeting, we made sure that we would go back to the basics and focus on “cut” and “prevent” first. In order to achieve our annual plan, we must continue to reduce unnecessary expenses and to prepare for the risks of bad debts and impairment losses. The importance of this is shared by our senior staff.

Of course, we will continue to actively invest in growth to “earn” profits. However, we will not be confused by the boom in next-generation investment. We will first enhance our existing businesses, where we have strengths, and prioritize investments. Regarding next-generation investment, the policy for the second half of the year is not to broadly spread it, but to assess the viability of the business and boldly allocate money to the projects where the picture of the profit plan can be drawn up.

Our consolidated net profit forecast for the full year remains unchanged at ¥500.0 bil. We will steadily realize “a new vision of what a trading company can achieve” and implement our growth strategies for the next stage beyond ¥500.0 bil. step by step.

Tsuyoshi Hachimura

Senior Managing Executive Officer
CFO

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Although there was a tailwind for resource businesses, this was a strong result of steadily accumulating profits in each business field on an actual performance basis.
It is like, rather than a summer festival with spectacular fireworks, a chrysanthemum festival with hundreds of flowers blooming.

The major changes compared with the same period of the previous fiscal year;
- a large one-off gain and a loss in FY2019 vs. ¥34.5 bil. on a net basis in FY2020
- impact of consolidation of FamilyMart and POCKET CARD
- application of IFRS lease accounting from the beginning of the fiscal year
- establishment of The 8th Company

Despite the decline in pulp prices, etc., profit related to China increased even excluding CITIC's profit increase due to strong sales of iron ore.

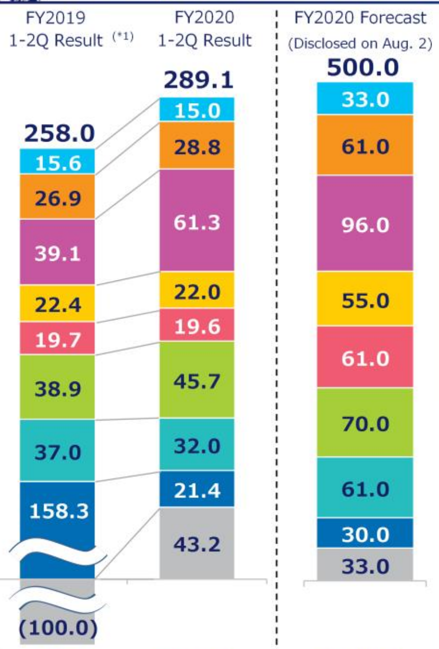
No major impact of the consumption tax increase, despite a rush in some areas, including alcoholic beverages, for which lower tax is not applied, repairs and renovations that do not use the reduced tax on housing loans, and some mobile phones and daily necessities. In FY2019, there was an impact from natural disasters, such as the heavy rain in western Japan and the earthquakes in Osaka and Hokkaido and the reaction to this was reflected. There was no impact on Yanase's sales of luxury foreign cars and condominium sales by ITOCHU PROPERTY DEVELOPMENT. Convenience stores have not experienced a significant impact for the time, due to the adoption of a reduced tax rate, cash-less payment benefits, but we will be paying close attention to the impact of the tax increase in the second half of the fiscal year.

Any major impact of trade friction between the U. S. and China in the first half of the fiscal year was avoided by lowering purchase prices, raising selling prices, changing suppliers, changing customers, and so on. Small impact was seen in some businesses, such as the export of machinery components and parts to China, insulation tapes for electric and electronic products, the export of machinery parts made in China to the U. S. affected by the increase in tariffs, and the grain elevator business affected by the import ban on US soybeans. All of the impact has been small so far. We will continue to closely monitor this situation.

Net profit attributable to ITOCHU by Segment

ITOCHU

(Unit : billion yen)



	FY2019 1-2Q Result	FY2020 1-2Q Result	FY2020 Forecast
Non-Resource	211.2	* 224.9	* 420.0
Resource	41.0	63.1	110.0
Others	5.9	1.1	(30.0)
Non-Resource(%) (*2)	84%	78%	79%

* : Record High

(*1) Accompanying the establishment of The 8th Company on July 1, "FY2019 1-2Q Result" is presented post reclassification.
(*2) % 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) : ¥ (0.6) bil., Progress : 46%]
Decrease due to the absence of the gain on sales of a foreign apparel-related company in the same period of the previous fiscal year, despite the stable performance and the reduction of expenses in apparel-related companies and the gain on sales of fixed assets in EDWIN.

Machinery [Inc / (Dec) : ¥ +1.8 bil., Progress : 47%]
Increase due to the improvement in profitability in new and used car sales in YANASE and the higher equity in earnings in North American IPP companies, despite the absence of the gain on sales of a foreign company in the same period of the previous fiscal year.

Metals & Minerals [Inc / (Dec) : ¥ +22.2 bil., Progress : 64%]
Increase due to the higher iron ore prices and increase in dividends received in Brazil Japan Iron Ore Corporation, despite the lower coal prices.

Energy & Chemicals [Inc / (Dec) : ¥ (0.4) bil., Progress : 40%]
Decrease due to the sales of a North Sea oil fields development company in the third quarter of the previous fiscal year and the lower equity in earnings in petrochemical-related companies, despite the increased vessel allocation in CIECO Azer and the stable performance in chemical-related companies.

Food [Inc / (Dec) : ¥ (0.1) bil., Progress : 32%]
Nearly at the same level due to the stable performance in NIPPON ACCESS and lower tax expenses, despite the lower equity in earnings in North American grain-related companies resulting from weather factors and the lower sales prices in fresh foods in Dole.

General Products & Realty [Inc / (Dec) : ¥ +6.8 bil., Progress : 65%]
Increase due to the improvement in profitability in North American facility-materials-related companies, the extraordinary gains accompanying the partial sales of foreign companies, and the extraordinary gains in ITOCHU LOGISTICS, despite the lower equity in earnings in IFL (European pulp-related company) resulting from the lower pulp prices and the lower transaction volume in domestic logistics-facility-development-projects.

ICT & Financial Business [Inc / (Dec) : ¥ (5.0) bil., Progress : 52%]
Decrease due to the lower gains on fund operations and the absence of lower tax expenses in the same period of the previous fiscal year, despite the stable performance in ITOCHU Techno-Solutions and the extraordinary gains accompanying the partial sales of domestic companies.

The 8th [Inc / (Dec) : ¥ (137.0) bil., Progress : 71%]
Decrease due to the absence of the extraordinary gain in the same period of the previous fiscal year, despite the stable performance and lower tax expenses in FamilyMart. (*3)

Others, Adjustments & Eliminations [Inc / (Dec) : ¥ +143.2 bil.]
Improvement due to the absence of the impairment loss on investment in CITIC Limited accounted for by the equity method in the same period of the previous fiscal year.

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

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<u>Textile</u>: Converse, Leillian, EDWIN, etc. steadily accumulated profits.
<u>Machinery</u>: Achieved a record high of ¥28.8 bil. supported by strong results including export and domestic sales of automobiles, construction machinery, vessel deals, and IPP business in the U. S.
<u>Metals & Minerals</u>: Iron ore businesses in Australia and Brazil were strong due to high iron ore prices.
<u>Energy & Chemicals</u>: Net profit remained almost unchanged due to increased shipment volumes in CIECO Azer, appropriate hedging operations, efforts to reduce energy trading costs, and solid results at chemical subsidiaries despite lower oil prices.
<u>Food</u>: Net profit was almost flat due to strong performance of NIPPON ACCESS, Fuji Oil, Prima Meat Packers despite decrease in Dole and North American grain elevators.
<u>General Products & Realty</u>: Despite a rapid deterioration in the European and Brazilian pulp businesses caused by plunged pulp prices, net profit increased due to extraordinary gains on the asset replacement of the overseas wood processing businesses and steady performance of North American facility-materials-related businesses and the logistic businesses and condominium sales in Japan.
<u>ICT & Financial Business</u>: Although the extraordinary gains recorded in the same period of the last year could not be compensated, core profit in CTC, BELLSYSTEM24, CONEXIO, and domestic and overseas consumer finance businesses were strong.
<u>The 8th</u>: Newly established organization centering around FamilyMart, based on the market-oriented perspectives.
<u>Other, Adjustments & Eliminations</u>: Equity in earnings of the CITIC was ¥41.2 bil. (excluding extraordinary gains/losses), up ¥3.3 bil., due to strong performance of CITIC Bank, Sino Iron, and specialty steel businesses.

Resource sector made up approx. 22% of profit, but only 9% of assets.
Net profit of non-resource sector increased for nine consecutive years.

Extraordinary Gains and Losses

(Unit : billion yen)

	FY2019 1-2Q Result		FY2020 1-2Q Result	
Gains (Losses) related to investments	149.0	・The revaluation gain accompanying the conversion of FamilyMart into a consolidated subsidiary: 141.2 (The 8th) ・Gain on sales of a foreign textile-related company: approx. 2.5 (Textile) ・Gain on sales of a foreign machinery-related company: approx. 1.5 (Machinery) ・The revaluation gain accompanying the conversion of POCKET CARD into a consolidated subsidiary: approx. 1.0 (ICT & Financial Business 2.0, The 8th (1.0)) ・Gain accompanying the restructure of European-energy-related companies: approx. 1.0 (Energy & Chemicals) ・The impairment loss on CTEI: approx. (2.5) (Others, Adjustments & Eliminations)	22.0	・Gains on partial sales of foreign companies: approx. 16.0 (General Products & Realty) ・Gains on partial sales of domestic companies: approx. 4.0 (ICT & Financial Business)
Gains (Losses) related to property, plant, equipment and intangible assets, Equity in earnings (losses) related to associates and joint ventures	(141.0)	・Gain on sales of a foreign GMS company in FamilyMart: approx. 1.0 (The 8th) ・The impairment loss on investment in CITIC Limited accounted for by the equity method: (143.3) (Others, Adjustments & Eliminations)	4.0	・Gains on sales of logistics warehouses: approx. 2.5 (General Products & Realty) ・Gain on sales of fixed assets in EDWIN: approx. 1.0 (Textile)
Income tax expense, Others	6.0	・Decrease in tax expenses relating to foreign finance-related companies: approx. 5.0 (ICT & Financial Business) ・Decrease in tax expenses relating to apparel-related companies: approx. 1.5 (Textile)	8.5	・Decrease in tax expenses relating to group restructuring in FamilyMart: approx. 5.0 (The 8th) ・Decrease in tax expenses relating to natural-resource-projects: approx. 2.5 (Metals & Minerals 1.5, Others, Adjustments & Eliminations 1.0) ・Gain on cash collection for specific overseas project: approx. 1.0 (Machinery)
Total	14.0		34.5	
Non-Resource	13.5		33.0	
Resource	0.5		1.0	
Others	–		0.5	

(*) Accompanying the establishment of The 8th Company on July 1, "FY2019 1-2Q Result" and "FY2020 1-2Q Result" are presented post reclassification.

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Booked extraordinary gains of ¥4.5 bil. in Metals and Machinery, etc. in the second quarter.

The ¥30.0 bil. buffer has not been used yet.

Cash Flows

(Unit : billion yen)

- **Operating Cash Flows and Free Cash Flows:**
  "Cash flows from operating activities" was a **net cash-inflow of ¥485.8 bil.**, resulting from the stable performance in operating revenues in The 8th, Metals & Minerals, and Food Companies. **"Free cash flows"** resulted in a **net cash-inflow of ¥358.3 bil.**, due to the investments and the acquisition of fixed assets in The 8th Company and the acquisition of fixed assets in Metals & Minerals Company.
- **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 ¥325.0 bil.**, which renewed the highest record for a 1st half result.
  "Core Free Cash Flows" resulted in a **net cash-inflow of ¥200.0 bil**.

Cash Flows

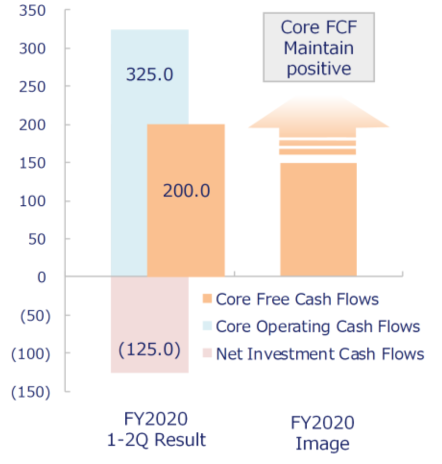
	FY2019 1-2Q Result	FY2020 1-2Q Result
Cash flows from operating activities	167.5	＊ 485.8
Cash flows from investing activities	53.3	(127.5)
Free cash flows	*220.8*	＊ *358.3*
Cash flows from financing activities	(48.9)	(296.6)

Core Free Cash Flows

	FY2019 1-2Q Result	FY2020 1-2Q Result	FY2020 Image
Core Operating Cash Flows (*1)	210.0	＊ 325.0	Over 580.0
Net Investment Cash Flows (*2)	(225.0)	(125.0)	
Core Free Cash Flows	(15.0)	＊ 200.0	Maintain positive

＊ : Record High

Core Free Cash Flows



(*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.

Both cash flows from operating activities and Core Operating Cash Flows reached a record high thanks to the consolidation of FamilyMart and POCKET CARD and high iron ore prices, etc.

For the full year Core Operating Cash Flows, the progress against the target of achieving ¥580.0 bil. or higher so far has been 56%.

Core Free Cash Flows and EPS

(Unit : billion yen)

		FY2018 Result	FY2019 Result	FY2020 1-2Q Result	FY2020 Image
	Core Operating Cash Flows (*1)	460.0	515.0	∗ 325.0	**Over 580.0 as target**
	Net Investment Cash Flows (*2)	(285.0)	(20.0)	(125.0)	**Actively promote investments and asset replacements**
a	Core Free Cash Flows	approx. 175.0	approx. 495.0	approx. ∗ 200.0	Maintain positive
b	Shareholders Return: Dividend (*3)	Annual ¥70/share (108.7)	Annual ¥83/share (127.5)	Interim ¥42.5/share (63.4)	**Steady implementation of Medium to Long Term Shareholders Return Policy** (Annual ¥85/share Minimum Dividend)
	Shareholders Return: Share buyback	(27.9)	(68.0)	(62.0)	
a+b	Core Free Cash Flows after deducting Shareholders Return	approx. 40.0	approx. 300.0	approx. 75.0	Utilize Core Free Cash Flows of FY2019 (approx. 300.0) for growth investments and shareholders return **Maintain positive**

(*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.
(*3) The sum of the interim dividend and the year-end dividend each year.

	FY2018 Result	FY2019 Result	FY2020 1-2Q Result	FY2020 Image
EPS	258 yen	324 yen	∗ 193 yen	**Over 329 yen**

∗ :Record High for a 1-2Q result

Core Free Cash Flows after deducting shareholders return at the end of the first half amounted to approx. ¥75.0 bil, securing a rich capital to invest in good opportunities in the second half of the year.

We are making steady progress in keeping up with our policy to achieve a positive Core Free Cash Flows after shareholders return by striking a balance between growth investment, enhancing shareholders' equity, controlling interest-bearing debt, and shareholders return.

Investments

ITOCHU

(Unit : billion yen)

FY2019 Result

	Major New Investments		[1-2Q]
Consumer-related Sector	◆ Acquisition of FamilyMart ◆ FamilyMart / Dole fixed asset investment ◆ Investment in Taipei Financial Center Corporation ◆ DESCENTE additional investment etc.		
		385.0	***265.0***
Basic Industry-related Sector	◆ North America Hickory Run gas thermal power generation business additional investment ◆ ITOCHU ENEX / C. I. TAKIRON fixed asset investment etc.		
		80.0	***40.0***
Non-Resource		**465.0**	***305.0***
Resource-related Sector	◆ IMEA capital expenditure ◆ ACG capital expenditure etc.		
Resource		**35.0**	***20.0***
Total of Major New Investments		**500.0**	***325.0***
EXIT		**(480.0)**	***(100.0)***
Net Investment Amount (*2)		**20.0**	***225.0***

FY2020 1-2Q Result

	Major New Investments	
Consumer-related Sector	◆ FamilyMart investment in PPIH ◆ FamilyMart / Dole fixed asset investment etc.	
		140.0
Basic Industry-related Sector	◆ ITOCHU ENEX / C. I. TAKIRON fixed asset investment etc.	
		50.0
Non-Resource		**190.0**
Resource-related Sector	◆ IMEA capital expenditure ◆ ACG capital expenditure etc.	
Resource		**15.0**
Total of Major New Investments		**205.0**
EXIT		**(80.0)**
Net Investment Amount (*2)		**125.0**

(*1) The above figures are approximate.
(*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.

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Net Investment for the first half was approx. ¥125.0 bil., increased by ¥95.0 bil. from the first quarter of approx. ¥30.0 bil.

Total investment on a gross basis for the first half was approx. ¥205.0 bil., increased by ¥115.0 bil. from the first quarter of approx. ¥90.0 bil.
Major items were investment in Pan Pacific International Holdings by FamilyMart and capital investment by Dole, FamilyMart, ITOCHU ENEX, C. I. TAKIRON, IMEA, and ACG. Other investments, such as next-generation growth investments, were small.

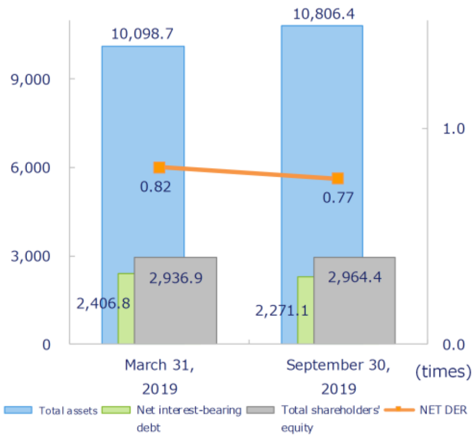
EXIT for the first half was approx. ¥80.0 bil., increased by ¥20.0 bil. from the first quarter of approx. ¥60.0 bil., including the sale of a portion of equity stakes, etc.

Financial Position

ITOCHU

(Unit : billion yen)

- **Total assets:**
  Increased by ¥707.7 bil., compared with March 31, 2019 to **¥10,806.4 bil.**, due to the effects of the application of new accounting standards (Leases), despite the effect accompanying the appreciation of the yen and the decreased trade receivables accompanying the absence of the effect of the last day of the previous fiscal year falling on a weekend.
- **Net interest-bearing debt:**
  Decreased by ¥135.7 bil., compared with March 31, 2019 to **¥2,271.1 bil.**, due to the repayment of borrowings accompanying stable performance in operating revenues and steady collections, and the effect accompanying the appreciation of the yen, despite dividend payments and the repurchase of own shares.
- **Total shareholders' equity:**
  Increased by ¥27.5 bil., compared with March 31, 2019 to **¥2,964.4 bil.**, due to Net profit attributable to ITOCHU during this fiscal year, despite the effect accompanying the appreciation of the yen, dividend payments, and the repurchase of own shares.
- **Ratio of shareholders' equity to total assets and NET DER:**
  Ratio of shareholders' equity to total assets decreased by 1.7 points compared with March 31, 2019 to **27.4%**.
  NET DER improved compared with March 31, 2019 to **0.77 times**.



	March 31, 2019	September 30, 2019	Increase/ Decrease	FY2020 Forecast (Disclosed on Apr. 26)
Total assets	10,098.7	10,806.4	+ 707.7	
Net interest-bearing debt	2,406.8	2,271.1	(135.7)	approx. 2,400.0 +α
Total shareholders' equity	2,936.9	∗ 2,964.4	+ 27.5	Increase shareholders' equity (approx. 3,300.0)
Ratio of shareholders' equity to total assets	29.1%	27.4%	Decreased 1.7pt	Improve the ratio of shareholders' equity
NET DER (times)	0.82	∗ 0.77	Improved 0.05pt	Gradually decrease
ROE	17.9%	–	–	approx. 16%

∗ : Record High (NET DER : Best Record)

Total assets were increased due to the application of new lease accounting standards despite decrease resulting from the appreciation of the yen and the absence of the effect of the last day of the previous fiscal year falling on a weekend.

Total shareholders' equity reached record high.

NET DER also reached the best record at 0.7 times mark.

The impact of lease accounting;
- Total assets and liabilities increased by approx. ¥1 tril. as of the end of September.
- Cash flows from operating activities increased more than ¥100.0 bil. Cash flows from financing activities decreased by more than ¥110.0 bil.
- Finance leases are not included in interest-bearing debt as before.

Major Indicators

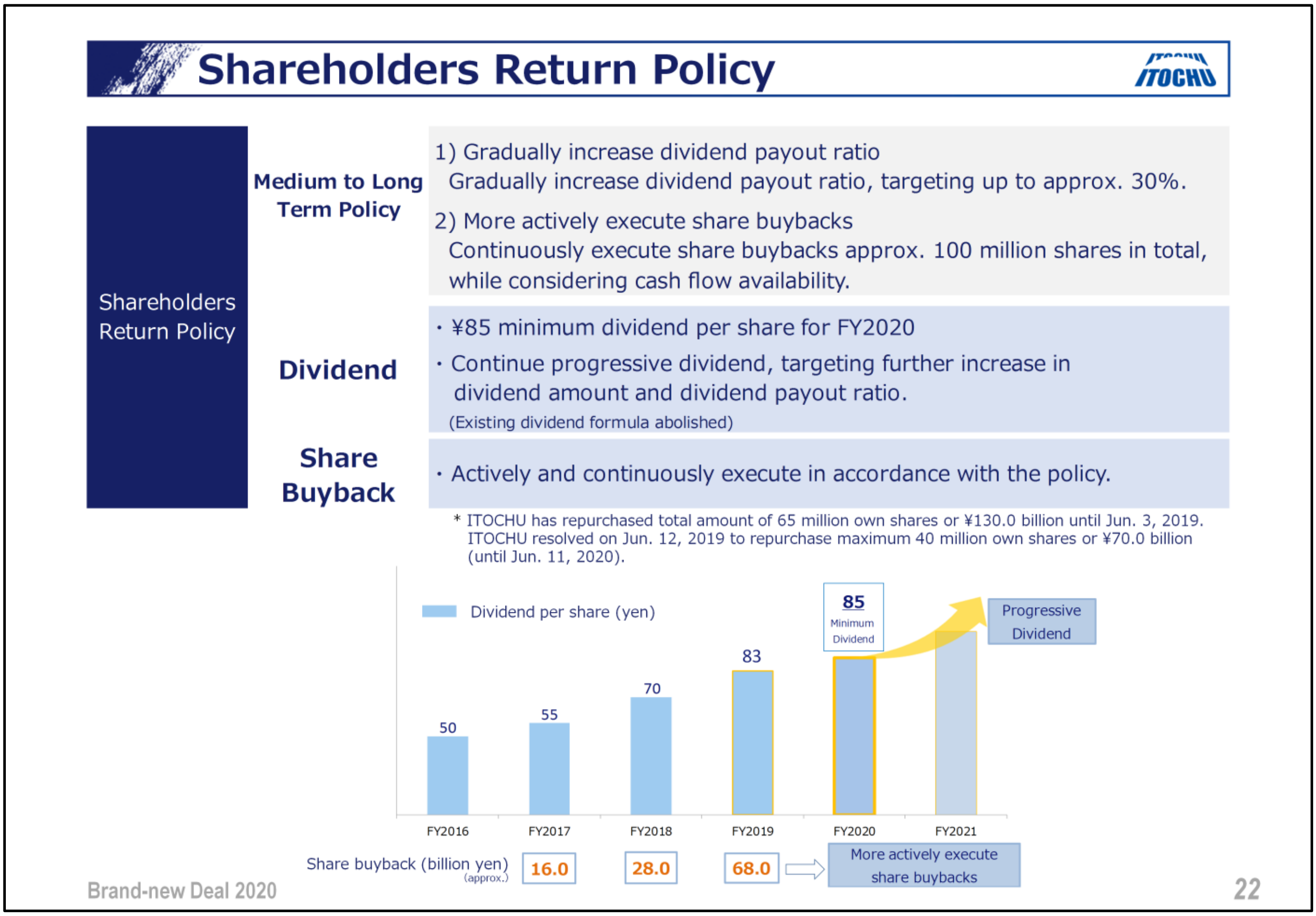
ITOCHU

	FY2019 1-2Q Result	FY2020 1-2Q Result	FY2020 Forecast (Disclosed on Apr. 26)	(Reference) Sensitivities on net profit attributable to ITOCHU for FY2020 2nd Half against forecast
Exchange rate (YEN / US$) average	109.44	109.23	110.00	Approx. ¥(1.3) bil. (1 yen appreciation against US$)
Exchange rate (YEN / US$) closing	Mar. 2019 110.99	Sep. 2019 107.92	110.00	-
Interest (%) USD LIBOR 3M	2.34%	2.35%	3.20%	Approx. ¥(2.5) bil. (1% increase)
Crude oil (Brent) (US$/BBL)	75.40	65.20	65	±¥0.09 bil.
Iron ore (CFR China) (US$/ton)	66 (*1)	100 (*1)	N.A.(*2)	±¥0.41 bil.
Hard coking coal (FOB Australia) (US$/ton)	189 (*1)	181 (*1)	N.A.(*2)	±¥0.08 bil.
Thermal coal (FOB Australia) (US$/ton)	111 (*1)	74 (*1)	N.A.(*2)	

(The above effect varies according to changes in sales volume, foreign exchange rates and production costs.)

(*1) FY2019 1-2Q and FY2020 1-2Q prices for iron ore, hard coking coal and thermal coal are prices that ITOCHU regards as general transaction prices based on the market.
(*2) The prices for iron ore, hard coking coal and thermal coal used in the FY2020 forecast are assumed in consideration for general transaction prices based on the market. The figures are not presented since the actual sales prices are decided based on negotiations with each customer, ore type and coal type.

The impact of the exchange rate;
- P&L: The average exchange rate was almost flat. Approx. minus ¥5.0 bil. YoY.
- B/S: The closing exchange rate was ¥3 appreciation. A decrease of approx. ¥140.0 bil. on a total assets basis, and a decrease of ¥77.0 bil. on a shareholders' equity basis.



Executed share buybacks of ¥62.0 bil. in the first quarter and none in the second quarter. However, continue to buy back up to 40 mil. shares or ¥70.0 bil. until June 2020.

The progress against the shareholders return policy announced in October 2018 to execute share buybacks approx. 100 mil. shares was 65% as of October 2019.