

February 4, 2021

This document is an English translation of a statement written originally in Japanese. The Japanese original should be considered as the primary version.

ITOCHU Corporation

(Code No. 8001, Tokyo Stock Exchange, First Section)

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**Announcement of Loss on Investments in Subsidiaries and Associated Companies
on a Non-Consolidated Basis and a Change in Specified Subsidiary**

To precede with “Enhancing our contribution to and engagement with the SDGs through business activities” as stated in the new “FY 2022-2024 Outline of Medium-Term Management Plan” announced recently, ITOCHU Corporation (hereinafter “ITOCHU”) hereby announces that it has determined as of today to post a loss related to ITOCHU Coal Americas Inc. (headquarters: Delaware, USA; hereinafter “ICA”), a wholly owned subsidiary of ITOCHU. ITOCHU also announces that ICA will no longer be a specified subsidiary.

1. Description of the Loss

ICA currently owns an interest in Drummond International, LLC (hereinafter “Drummond International”), a company that owns the rights to coal mines and infrastructure in Colombia. ITOCHU has decided to have ICA transfer all of its interest to Drummond Company Inc. (headquarters: Alabama, USA). As a result of the fair value assessment of the interest in Drummond International conducted by ICA in connection with the above-mentioned decision, deterioration of the shareholders' equity of ICA was confirmed and the following loss was recorded.

2. Impact on Non-Consolidated Operating Results of ITOCHU

ITOCHU posted extraordinary losses (loss on investments in subsidiaries and associated companies) of 88.6 billion yen in its non-consolidated operating results for the third quarter of the fiscal year ending March 31, 2021.

3. Forecast of Consolidated Operating Results for the Fiscal Year Ending March 31, 2021

Since the changes in fair value of the interest are recognized in FVTOCI financial assets in consolidated financial statements, the impact on net profit attributable to ITOCHU is not significant. The forecast for full-year net profit attributable to ITOCHU remains unchanged from 400.0 billion yen as announced on May 8, 2020.

4. Schedule

ICA will no longer be a specified subsidiary after the completion of the necessary liquidation procedures under local laws and regulations after the execution of the interest transfer.

5. Outline of the Specified Subsidiary

(1)	Name	ITOCHU Coal Americas Inc.		
(2)	Location	2711 Centerville Road, Suite 400, in the City of Wilmington, County of New Castle, Delaware, 19808		
(3)	Name and Title of Representative	Hiroshi Motoda, President & CEO		
(4)	Description of Business Activities	Coal mines and infrastructure business in Colombia		
(5)	Stated Capital	US\$762,000,001		
(6)	Date of Establishment	June 10, 2011		
(7)	Major Shareholders and Ownership Percentages	ITOCHU : 100.0%		
(8)	Relationships with ITOCHU	Capital	As per (7) above, ITOCHU owns 100% of the shares of the subsidiary.	
		Persons	Directors have been dispatched from ITOCHU	
		Transactions	There are no significant transactions between ITOCHU and ICA.	
(9)	Operating Results and Financial Conditions for the Last Three Years of ICA (Consolidated, IFRS)			
	Accounting Period	Year ended March 2018	Year ended March 2019	Year ended March 2020
	Shareholders' Equity	21,899	22,686	8,592
	Total Assets	117,243	110,018	94,755
	Shareholders' Equity Per Share	29	30	11
	Revenue	32	59	34
	Net Profit	2,879	2,027	1,111
	Net Profit Per Share	4	3	1
	Dividend Per Share (JPY)	0	0	0

(Unit: million JPY)