

**-Unaudited-****Consolidated Financial Results for the Fiscal Year 2019 (Year ended March 31, 2019)**

[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

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The date of Shareholders' meeting:

June 21, 2019 (Planned)

The date of payout of dividend: June 24, 2019 (Planned)

The date of issue of audited financial statements:

June 21, 2019 (Planned)

**1. Consolidated operating results for the fiscal year 2019 (from April 1, 2018 to March 31, 2019)****(1) Consolidated operating results (Summary)**

(%: Changes from 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	%
Fiscal Year 2019	11,600,485	110.5	361,492	14.1	695,383	29.3	545,689	26.4	500,523	25.0	464,785	19.2
Fiscal Year 2018	5,510,059	13.9	316,933	9.9	537,858	7.6	431,720	15.3	400,333	13.7	390,022	28.7

	Basic earnings per share attributable to ITOCHU		Diluted earnings per share attributable to ITOCHU		Ratio of net profit attributable to ITOCHU to shareholders' equity		Ratio of net profit attributable to ITOCHU to total assets	
	yen		yen		%		%	
Fiscal Year 2019	324.07		-		17.9		5.3	
Fiscal Year 2018	257.94		-		15.8		4.8	

Equity in earnings of associates and joint ventures (millions of yen) FY 2019: 98,052 [ (54.7%) ]

FY 2018: 216,228 [ + 16.8% ]

Total comprehensive income (millions of yen)

FY 2019: 511,586 [ + 23.1% ]

FY 2018: 415,602 [ + 28.5% ]

**(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
March 31, 2019	10,098,703	3,690,116	2,936,908	29.1	1,930.47
March 31, 2018	8,663,937	2,984,351	2,669,483	30.8	1,722.06

**(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
Fiscal Year 2019	476,551	201,149	(538,318)	572,030
Fiscal Year 2018	388,212	(256,350)	(296,136)	432,140

**2. Dividend distribution**

	Dividend distribution per share					Total Dividend distribution (Annual)	Payout ratio (Consolidated)	Ratio of dividend distribution to ITOCHU shareholders' equity (Consolidated)
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual			
	yen	yen	yen	yen	yen	millions of yen	%	%
Fiscal Year 2018	-	32.00	-	38.00	70.00	108,675	27.1	4.3
Fiscal Year 2019	-	37.00	-	46.00	83.00	127,541	25.6	4.5
Fiscal Year 2020 (Planned)	-	42.50	-	42.50	85.00		25.9	

**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)	328.66	

(Note) Outlook of consolidated operating results for the first half of fiscal year 2020 is not prepared.

(Note) Among the repurchase of own shares which decided at the meeting of the Board of Directors held on February 5, 2019, the effect of the repurchase which will be and was executed after April 1, 2019, 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: Yes

New company : 1 (FamilyMart UNY Holdings Co.,Ltd.)

Excluded company : 1 (CIECO Exploration and Production (UK) Limited)

Note: For more details, please refer to page 9, "2. (1) Changes in significant subsidiaries accompanied by changes in the consolidation scope".

(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 10, "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)	End of Fiscal Year 2019	1,584,889,504	Fiscal Year 2018	1,662,889,504
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(b) Number of treasury stock:	End of Fiscal Year 2019	63,547,182	Fiscal Year 2018	112,725,195
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(c) Average number of common shares outstanding:	For Fiscal Year 2019	1,544,498,372	Fiscal Year 2018	1,552,027,460
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Note: 78,000,000 shares of treasury stock were cancelled on October 19, 2018.

Note: ITOCHU repurchased 15,097,200 own shares from December 5, 2018 to January 4, 2019 and 19,024,200 own shares from February 6, 2019 to March 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 110.99 yen = 1 U.S. dollar, the exchange rate prevailing on March 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

### (a) General Economic Situation

In the fiscal year 2019, the global economy showed signs of slowdown toward the end of March, 2019. The U.S. economy started to show signs of slowdown, while it continued a stable expansion driven by the improvements in domestic employment and income levels. The Eurozone economy grew at a sluggish pace mainly due to strengthened environmental regulations for automobiles. Looking at emerging countries, personal consumption and exports were stagnated in China. Furthermore, the U.S.-China trade conflict and tough negotiations on Brexit casted a shadow over the outlook for the global economy. With these growing concerns over the global economy, the WTI crude oil price, which was within US\$60-65 range at the beginning of the fiscal year, dropped in December after the hike by the uncertainty on Iran's oil supply resulting from the U.S. withdrawal from Iran Nuclear Deal. Thanks to oil production curtailment by major oil-producing countries, it finally recovered to the US \$60s level at the end of March, 2019.

The Japanese economy turned around, but grew at a sluggish pace, despite stagnation primarily in personal consumption and exports during the summer stemming from natural disasters such as typhoons and earthquakes after recovery from a temporary standstill in the beginning of last year. The Japanese yen depreciated against the U.S. dollar from the ¥106 level at the beginning of April to the ¥114 level in early October on the back of the rise in the U.S. long-term interest rate. After that, it fluctuated along with the U.S. long-term interest rate and closed at the ¥110 level at the end of March, 2019. The Nikkei Stock Average, which started around ¥21,000-21,500 level, rose to the ¥24,000 level resulting from the rise in the U.S. stock market and the depreciation of the Japanese yen. However, it dropped to the ¥19,000 level at the end of December with the decline in the U.S. stock market. It recovered to the ¥21,000 level at the end of March, 2019. The yield on 10-year Japanese government bonds rose to 0.15% in early October from 0.04% at the beginning of April, but dropped to negative 0.08% level at the end of March, 2019 due to the appreciation of the Japanese yen and concerns over economic outlook.

### (b) Consolidated Operating Results

	Billions of Yen				Millions of U.S. Dollars
	2019	2018	Increase (Decrease)	%	2019
Revenues .....	11,600.5	5,510.1	6,090.4	110.5%	104,518
Gross trading profit .....	1,563.8	1,210.4	353.3	29.2%	14,089
Selling, general and administrative expenses .....	(1,193.3)	(890.3)	(303.0)	34.0%	(10,751)
Gains on investments.....	203.0	7.1	196.0	-	1,829
Equity in earnings of associates and joint ventures .....	98.1	216.2	(118.2)	(54.7%)	884
Income tax expense.....	(149.7)	(106.1)	(43.6)	41.0%	(1,348)
Net profit attributable to ITOCHU.....	500.5	400.3	100.2	25.0%	4,510
(Reference) Trading income.....	361.5	316.9	44.6	14.1%	3,257

(i) Revenues (from external customers)

Increased by 110.5%, or 6,090.4 billion yen, compared with the previous fiscal year to 11,600.5 billion yen (104,518 million U.S. dollars). The result includes the effects of the application of new accounting Standards (IFRS 15), 5,090.7 billion yen.

- Food Company:

Increased by 3,141.6 billion yen compared with the previous fiscal year to 4,290.8 billion yen (38,659 million U.S. dollars), due to the effects of the application of new accounting standards and the conversion of FamilyMart UNY into a consolidated subsidiary.

- Energy & Chemicals Company:

Increased by 1,547.7 billion yen compared with the previous fiscal year to 3,124.4 billion yen (28,150 million U.S. dollars), due to the effects of the application of new accounting standards and the higher sales prices in energy-related companies.

- Machinery Company:

Increased by 500.0 billion yen compared with the previous fiscal year to 1,222.8 billion yen (11,017 million U.S. dollars), due to the effects of the application of new accounting standards and the conversion of YANASE into a consolidated subsidiary in the second quarter of the previous fiscal year.

(ii) Gross trading profit

Increased by 29.2%, or 353.3 billion yen, compared with the previous fiscal year to 1,563.8 billion yen (14,089 million U.S. dollars).

- Food Company:

Increased by 305.4 billion yen compared with the previous fiscal year to 583.6 billion yen (5,259 million U.S. dollars), due to the conversion of FamilyMart UNY into a consolidated subsidiary, despite the lower sales prices in packaged foods in Dole.

- ICT & Financial Business Company:

Increased by 29.1 billion yen compared with the previous fiscal year to 207.8 billion yen (1,873 million U.S. dollars), due to the conversion of POCKET CARD into a consolidated subsidiary.

- Machinery Company:

Increased by 21.9 billion yen compared with the previous fiscal year to 193.8 billion yen (1,746 million U.S. dollars), due to the conversion of YANASE into a consolidated subsidiary in the second quarter of the previous fiscal year and the stable performance in automobile-related transactions.

(iii) Selling, general and administrative expenses

Increased by 34.0%, or 303.0 billion yen, compared with the previous fiscal year to 1,193.3 billion yen (10,751 million U.S. dollars), due to the effects of the conversion of FamilyMart UNY into a consolidated subsidiary and the conversion of YANASE into a consolidated subsidiary in the second quarter of the previous fiscal year.

(iv) Gains on investments

Increased by 196.0 billion yen, compared with the previous fiscal year to 203.0 billion yen (1,829 million U.S. dollars), due to the revaluation gain accompanying the conversion of FamilyMart UNY into a consolidated subsidiary and the gain on sales of a North Sea oil fields development company, despite the absence of the gain accompanying the partial sales of a Chinese fresh-food-related company in the previous fiscal year.

(v) Equity in earnings of associates and joint ventures

Decreased by 54.7%, or 118.2 billion yen, compared with the previous fiscal year to 98.1 billion yen (884 million U.S. dollars).

- Others, Adjustments & Eliminations: (\*)

Decreased by 145.9 billion yen compared with the previous fiscal year to 77.8 billion yen (losses) (701 million U.S. dollars), due to the impairment loss on investment in CITIC Limited.

- General Product & Realty Company:

Increased by 12.8 billion yen compared with the previous fiscal year to 30.9 billion yen (278 million U.S. dollars), due to the higher equity in earnings of IFL (European pulp-related company) and Japan Brazil Paper & Pulp Resources Development resulting from the higher pulp prices.

- Energy & Chemicals Company:

Increased by 7.2 billion yen compared with the previous fiscal year to 13.4 billion yen (121 million U.S. dollars), due to the rise in oil prices and the higher production volume of crude oil in an Eastern Siberia oil-exploration-related company and the increase in shares of Japan South Sakha Oil which invests in the company, and the higher equity in earnings of petrochemical-related companies.

(\*) "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 19, " 6. (6) Operating Segment Information".

(vi) Income tax expense

Increased by 41.0%, or 43.6 billion yen, compared with the previous fiscal year to 149.7 billion yen (1,348 million U.S. dollars), due to the stable growth in profits, the increase resulting from the revaluation gain accompanying the conversion of FamilyMart UNY into a consolidated subsidiary, and the absence of the positive effects of the U.S. tax reform, despite the decrease in finance-related companies.

(vii) Net profit attributable to ITOCHU

Consequently, Net profit attributable to ITOCHU increased by 25.0%, or 100.2 billion yen, compared with the previous fiscal year to 500.5 billion yen (4,510 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 14.1%, or 44.6 billion yen, compared with the previous fiscal year to 361.5 billion yen (3,257 million U.S. dollars).

- Food Company:  
Increased by 26.5 billion yen compared with the previous fiscal year to 86.2 billion yen (777 million U.S. dollars), due to the conversion of FamilyMart UNY into a consolidated subsidiary, despite the lower sales prices in packaged foods in Dole.
- Energy & Chemicals Company:  
Increased by 10.8 billion yen compared with the previous fiscal year to 60.4 billion yen (544 million U.S. dollars), due to the higher production volume of crude oil and the improvement in profitability in self-developed crude oil transactions accompanying the rise in oil prices.
- ICT & Financial Business Company:  
Increased by 7.8 billion yen compared with the previous fiscal year to 53.8 billion yen (485 million U.S. dollars), due to the conversion of POCKET CARD into a consolidated subsidiary.
- Metals & Minerals Company:  
Decreased by 11.6 billion yen compared with the previous fiscal year to 63.6 billion yen (573 million U.S. dollars), accompanying the change of the structure for investment in certain stakes of iron ore in IMEA, despite the increase due to the higher coal prices.

## (2) Qualitative Information of the Consolidated Financial Position

### (a) Consolidated Financial Position

	Billions of Yen				Millions of U.S. Dollars
	Mar. 2019	Mar. 2018	Increase (Decrease)	%	Mar. 2019
Total assets .....	10,098.7	8,663.9	1,434.8	16.6%	90,988
Interest-bearing debt .....	2,983.8	2,779.5	204.4	7.4%	26,884
Net interest-bearing debt .....	2,406.8	2,320.4	86.3	3.7%	21,685
Total shareholders' equity .....	2,936.9	2,669.5	267.4	10.0%	26,461
Ratio of shareholders' equity to total assets .....	29.1%	30.8%	Decreased 1.7pt		
NET DER (times) .....	0.82	0.87	Improved 0.05pt		

#### (i) Total assets

Increased by 16.6%, or 1,434.8 billion yen, compared with March 31, 2018 to 10,098.7 billion yen (90,988 million U.S. dollars), due to the conversion of FamilyMart UNY and POCKET CARD into consolidated subsidiaries.

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

Increased by 3.7%, or 86.3 billion yen, compared with March 31, 2018 to 2,406.8 billion yen (21,685 million U.S. dollars), due to dividend payments, the repurchase of own shares, and the conversion of POCKET CARD into a consolidated subsidiary, despite the repayment of borrowings accompanying stable performance in operating revenues and steady collections.

Interest-bearing debt increased by 7.4%, or 204.4 billion yen, compared with March 31, 2018 to 2,983.8 billion yen (26,884 million U.S. dollars).

#### (iii) Total shareholders' equity

Increased by 10.0%, or 267.4 billion yen, compared with March 31, 2018 to 2,936.9 billion yen (26,461 million U.S. dollars), due to Net profit attributable to ITOCHU during this fiscal year, despite the decrease due to dividend payments and the repurchase of own shares.

#### (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 1.7 points compared with March 31, 2018 to 29.1%. NET DER (Net debt-to-shareholders' equity ratio) improved compared with March 31, 2018 to 0.82 times.

(b) Consolidated Cash Flows

	Billions of Yen		Millions of U.S. Dollars
	2019	2018	2019
Cash flows from operating activities .....	476.6	388.2	4,294
Cash flows from investing activities .....	201.1	(256.4)	1,812
<i>Free cash flows</i> .....	<i>677.7</i>	<i>131.9</i>	<i>6,106</i>
Cash flows from financing activities .....	(538.3)	(296.1)	(4,850)

(i) Cash flows from operating activities

Recorded a net cash-inflow of 476.6 billion yen (4,294 million U.S. dollars), resulting from the stable performance in operating revenues in the Food, Metals & Minerals, Energy and ICT sectors.

(ii) Cash flows from investing activities

Recorded a net cash-inflow of 201.1 billion yen (1,812 million U.S. dollars), due to the increase in cash resulting from the conversion of FamilyMart UNY into a consolidated subsidiary and the sale of UNY in FamilyMart UNY, despite the acquisition of fixed assets mainly in the Food, Metals & Minerals and Energy sectors.

(iii) Cash flows from financing activities

Recorded a net cash-outflow of 538.3 billion yen (4,850 million U.S. dollars), due to the repayment of borrowings, dividend payments and the repurchase of own shares.

“Cash and cash equivalents” as of March 31, 2019 increased by 139.9 billion yen compared with March 31, 2018 to 572.0 billion yen (5,154 million U.S. dollars).

The trend of consolidated cash flow indices are as follows:

	2016	2017	2018	2019
Ratio of shareholders' equity to total assets (%)....	27.3%	29.6%	30.8%	29.1%
Ratio of market capitalization to total assets (%) (*)..	27.2%	30.5%	37.0%	30.2%
Years of debt redemption (years).....	7.6 yrs	7.6 yrs	7.2 yrs	6.3 yrs
Interest coverage ratio (times).....	15.9	14.0	10.0	8.5

Consolidated cash flow indices are calculated as follows:

Ratio of shareholders' equity to total assets (%) = Shareholders' equity / Total assets

Ratio of market capitalization to total assets (%) = Market capitalization / Total assets

Years of debt redemption (years) = Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio (times) = Cash flows from operating activities / Interest paid

(\*) Market capitalization is calculated based on the number of shares outstanding excluding treasury stock.



## **2. Summary Information (Notes)**

### **(1) Changes in significant subsidiaries accompanied by changes in the consolidation scope**

ITOCHU RETAIL INVESTMENT, LLC, a wholly-owned subsidiary of ITOCHU, acquired the common shares of FamilyMart UNY Holdings Co.,Ltd. by way of tender offer from July 17, 2018 to August 16, 2018. As a result of the tender offer, FamilyMart UNY Holdings Co.,Ltd. became a significant subsidiary of ITOCHU.

ITOCHU transferred 100% of the shares of CIECO Exploration and Production (UK) Limited (hereinafter “CIECO UK”) , a subsidiary of ITOCHU, on November 19, 2018, after CIECO UK became a significant subsidiary due to an increase in capital for the purpose of settling existing debt prior to the share transfer. Consequently, CIECO UK is no longer a subsidiary of ITOCHU.

## (2) Changes in accounting policies and accounting estimates

### (a) Changes in accounting policies required by IFRS

#### IFRS 9 “Financial Instruments (revised July 2014)”

ITOCHU Group previously applied IFRS 9 “Financial Instruments (revised November 2013)”. From the year ended March 31, 2019, ITOCHU Group has applied IFRS 9 “Financial Instruments (revised July 2014)”. ITOCHU Group recognized the cumulative effects of initially applying the standard as an adjustment to the opening balance of retained earnings of the year ended March 31, 2019 in accordance with the transitional method provided by the standard.

The standard revised the provisions related to classification and measurement of financial assets and to impairment of financial assets. For financial assets measured at amortized cost and debt instrument assets for which changes in fair value after acquisition are recorded in other comprehensive income, the standard requires a loss allowance for expected credit losses on a financial asset to be recognized in profit and loss.

As a result of applying the standard, at the beginning of the year ended March 31, 2019, the opening balance of Retained earnings decreased by 13.8 billion yen.

#### IFRS 15 “Revenue from Contracts with Customers”

ITOCHU Group has applied IFRS 15 “Revenue from Contracts with Customers”, from the year ended March 31, 2019. ITOCHU Group recognized the cumulative effects of initially applying the standard as an adjustment to the opening balance of retained earnings of the year ended March 31, 2019 in accordance with the transitional method provided by the standard.

The standard is based on the principle that revenue should be recognized at the time when control of goods or services is transferred to a customer, and provides a five-step model with requirements at each step for revenue-recognition. The application of the standard resulted in a decrease in the opening balance of Retained earnings of the year ended March 31, 2019, the amount of which is immaterial.

In addition, the standard also revised the provision for gross/net presentation of revenue. The previous accounting standard provides that revenue from transaction which involves no significant risks and no economical exposures related to transferring goods or services to a customer should be presented on a net basis. The new standard requires that if an entity obtains control of goods or services before transferring goods or services to a customer, the entity presents revenue on a gross basis with transaction amounts. In accordance with the standard, the transactions wherein ITOCHU Group obtains control of goods or services before transferring goods or services to a customer are now presented on a gross basis, even if ITOCHU Group is exposed to limited risks related to transferring goods or services in the transaction.

As a result of applying the standard, Revenues and Cost increased by 5,090.7 billion yen respectively, for the year ended March 31, 2019.

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

### 3. Outlook for the Fiscal Year 2020

Looking ahead to the next fiscal year ending March 31, 2020, we assume the U.S. economy will be sluggish, despite the maintenance of accommodative monetary policies, and the Eurozone economy will continue to be uncertain, although there is a view that the economy will recover to some extent. The Chinese economy is expected to turn around in the second half of the fiscal year by effects of the government's large-scale economic stimulus measures. However, we assume it will be difficult to forecast the global economic condition while there are concerns over the U.S.-China trade conflict, and the progress of Brexit. Under such circumstances, we assume the Japanese yen against the U.S. dollar will remain at the almost same level and the crude oil price will remain within a range of the same level on average due to adjustment of supply and demand by major oil-producing countries, although it continues to be highly volatile.

In Japan, although exports continue to be sluggish due to the influence of the global economy and capital investment is expected to peak, we assume the Japanese economy will moderately expand due to support by public investment, personal consumption, and controlling effects of raising the consumption tax by government's measures.

Under these economical circumstances, ITOCHU expects consolidated Net profit attributable to ITOCHU of 500.0 billion yen for the fiscal year ending March 31, 2020.

(Unit: Billion yen)			
	<b>FY2020 Plan</b>	<i>Major Indicators (Apr-Mar)</i>	<i>Precondition FY2020</i>
Gross trading profit	1,864.0	<i>Foreign exchange rate (Yen/US\$)</i>	110
Selling, general and administrative expenses	(1,416.0)	<i>Interest (US\$ 3M LIBOR) (%)</i>	3.20
Provision for doubtful accounts	(9.0)	<i>Crude oil (Brent) (US\$/BBL)</i>	65
Trading income	439.0	<i>Iron ore (CFR China) (US\$/ton)</i>	N.A.(Note)
Net interest expenses	(39.0)	<i>Hard coking coal (FOB Australia) (US\$/ton)</i>	N.A.(Note)
Dividends received	49.0	<i>Thermal coal (FOB Australia) (US\$/ton)</i>	N.A.(Note)
Equity in earnings of associates and joint ventures	229.0		
Others	28.0		
Profit before tax	706.0		
Income tax expense	(137.0)		
Net profit	569.0		
Net profit attributable to non-controlling interests	(69.0)		
Net profit attributable to ITOCHU	500.0		

(Note) The prices for iron ore, hard coking coal and thermal coal used in the FY2020 Plan 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.

#### **4. Shareholders Return Policy / Distribution of Profit**

##### **Shareholders Return Policy**

Medium to Long Term Shareholders Return Policy is as below.

- Gradually increase dividend payout ratio  
Gradually increase dividend payout ratio, targeting up to approx. 30%.
- More actively execute share buybacks  
According to the press release announced on the October 1, 2018, continuously execute share buybacks approx. 100 million shares in total, while considering cash flow availability.

For the fiscal year ending March 31, 2020, ITOCHU plans to pay full-year dividend of minimum ¥85 per share. (interim dividend: ¥42.5 per share, year-end dividend: ¥42.5 per share)

For the fiscal year ending March 31, 2021, ITOCHU continue progressive dividend and target further increase in dividend amount and dividend payout ratio. (Existing dividend formula abolished)

In accordance with "Medium to Long Term Shareholders Return Policy", ITOCHU actively and continuously execute share buybacks.

##### **Distribution of Profit**

ITOCHU plans to pay dividend of ¥83 per share for the fiscal year ended March 31, 2019.  
(an interim dividend of ¥37 per share was already paid)

#### **5. Basic Concept on the Selection of Accounting Standards**

ITOCHU Group (ITOCHU and its subsidiaries) deals with a wide variety of business with diverse range of industries through its global network. Anticipating further global expansion in the future and in order to improve the practicability and international comparability of the company's financial information, we have prepared our consolidated financial statements in conformity with International Financial Reporting Standards (IFRS) from the annual report for the year ended March 31, 2014.

**6. Consolidated Financial Statements****(1) Consolidated Statement of Comprehensive Income**

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
<b>Revenues:</b>			
Revenues from sale of goods.....	¥ 10,570,925	¥ 4,719,460	\$ 95,242
Revenues from rendering of services and royalties.....	1,029,560	790,599	9,276
Total revenues.....	11,600,485	5,510,059	104,518
<b>Cost:</b>			
Cost of sale of goods.....	(9,427,881)	(3,706,873)	(84,944)
Cost of rendering of services and royalties.....	(608,832)	(592,746)	(5,485)
Total cost.....	(10,036,713)	(4,299,619)	(90,429)
<b>Gross trading profit .....</b>	<b>1,563,772</b>	<b>1,210,440</b>	<b>14,089</b>
<b>Other gains (losses):</b>			
Selling, general and administrative expenses.....	(1,193,301)	(890,276)	(10,751)
Provision for doubtful accounts.....	(8,979)	(3,231)	(81)
Gains on investments.....	203,034	7,080	1,829
Losses on property, plant, equipment and intangible assets.....	(12,041)	(29,629)	(108)
Other-net.....	10,734	(280)	96
Total other-losses.....	(1,000,553)	(916,336)	(9,015)
<b>Financial income (loss):</b>			
Interest income.....	40,128	34,702	361
Dividends received.....	48,372	34,273	436
Interest expense.....	(54,388)	(41,449)	(490)
Total financial income.....	34,112	27,526	307
Equity in earnings of associates and joint ventures.....	98,052	216,228	884
<b>Profit before tax.....</b>	<b>695,383</b>	<b>537,858</b>	<b>6,265</b>
Income tax expense.....	(149,694)	(106,138)	(1,348)
<b>Net Profit.....</b>	<b>545,689</b>	<b>431,720</b>	<b>4,917</b>
Net profit attributable to ITOCHU.....	500,523	400,333	4,510
Net profit attributable to non-controlling interests.....	45,166	31,387	407

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
<b>Other comprehensive income, net of tax:</b>			
<b>Items that will not be reclassified to profit or loss</b>			
FVTOCI financial assets.....	¥ 20,040	¥ (23,100)	\$ 181
Remeasurement of net defined pension liability.....	(3,174)	3,252	(29)
Other comprehensive income in associates and joint ventures.....	9,143	1,333	82
<b>Items that will be reclassified to profit or loss</b>			
Translation adjustments.....	(8,803)	(38,452)	(79)
Cash flow hedges.....	(3,641)	495	(33)
Other comprehensive income in associates and joint ventures.....	(47,668)	40,354	(429)
<b>Total other comprehensive income, net of tax.....</b>	<b>(34,103)</b>	<b>(16,118)</b>	<b>(307)</b>
<b>Total comprehensive income .....</b>	<b>511,586</b>	<b>415,602</b>	<b>4,610</b>
Total comprehensive income attributable to ITOCHU .....	464,785	390,022	4,188
Total comprehensive income attributable to non-controlling interests .....	46,801	25,580	422

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 years ended March 31, 2019 and 2018 were 361,492 million yen  
(3,257 million U.S. dollars) and 316,933 million yen, respectively.

**(2) Consolidated Statement of Financial Position**

ITOCHU Corporation and its Subsidiaries

As of March 31, 2019 and 2018

Assets	Millions of Yen		Millions of U.S. Dollars
	Mar. 2019	Mar. 2018	Mar. 2019
<b>Current assets:</b>			
Cash and cash equivalents.....	¥ 572,030	¥ 432,140	\$ 5,154
Time deposits.....	5,051	26,915	45
Trade receivables.....	2,397,608	2,183,349	21,602
Other current receivables.....	168,968	84,146	1,522
Other current financial assets.....	43,132	34,329	389
Inventories.....	937,183	870,352	8,444
Advances to suppliers.....	98,081	179,760	884
Other current assets.....	185,767	112,370	1,674
Total current assets.....	4,407,820	3,923,361	39,714
<b>Non-current assets:</b>			
Investments accounted for by the equity method.....	1,559,280	1,844,871	14,049
Other investments.....	857,261	816,510	7,724
Non-current receivables.....	618,762	617,719	5,575
Non-current financial assets other than investments and receivables.....	270,116	82,379	2,434
Property, plant and equipment.....	1,077,874	813,294	9,711
Investment property.....	32,524	19,134	293
Goodwill and intangible assets.....	1,127,760	362,571	10,161
Deferred tax assets.....	65,609	62,259	591
Other non-current assets.....	81,697	121,839	736
Total non-current assets.....	5,690,883	4,740,576	51,274
<b>Total assets.....</b>	<b>¥ 10,098,703</b>	<b>¥ 8,663,937</b>	<b>\$ 90,988</b>

Liabilities and Equity	Millions of Yen		Millions of U.S. Dollars
	Mar. 2019	Mar. 2018	Mar. 2019
<b>Current liabilities:</b>			
Short-term debentures and borrowings.....	¥ 650,909	¥ 526,867	\$ 5,865
Trade payables.....	1,942,037	1,825,859	17,497
Other current payables.....	234,518	79,200	2,113
Other current financial liabilities.....	27,073	26,791	244
Current tax liabilities.....	48,014	53,241	433
Advances from customers.....	88,480	157,167	797
Other current liabilities.....	350,343	319,777	3,157
Total current liabilities .....	3,341,374	2,988,902	30,106
<b>Non-current liabilities:</b>			
Long-term debentures and borrowings.....	2,332,928	2,252,606	21,019
Other non-current financial liabilities.....	215,609	114,627	1,943
Non-current liabilities for employee benefits.....	124,418	97,955	1,121
Deferred tax liabilities.....	251,489	129,579	2,266
Other non-current liabilities.....	142,769	95,917	1,286
Total non-current liabilities .....	3,067,213	2,690,684	27,635
Total liabilities .....	6,408,587	5,679,586	57,741
<b>Equity:</b>			
Common stock:			
Authorized: 3,000,000,000 shares;			
issued: 1,584,889,504 shares.....	253,448	253,448	2,283
Capital surplus.....	49,584	160,271	447
Retained earnings.....	2,608,243	2,324,766	23,500
Other components of equity:			
Translation adjustments.....	81,037	136,729	730
FVTOCI financial assets.....	49,764	(61,484)	448
Cash flow hedges.....	433	5,961	4
Total other components of equity.....	131,234	81,206	1,182
Treasury stock.....	(105,601)	(150,208)	(951)
Total shareholders' equity.....	2,936,908	2,669,483	26,461
Non-controlling interests.....	753,208	314,868	6,786
Total equity.....	3,690,116	2,984,351	33,247
<b>Total liabilities and equity.....</b>	<b>¥ 10,098,703</b>	<b>¥ 8,663,937</b>	<b>\$ 90,988</b>



**(3) Consolidated Statement of Changes in Equity**

ITOCHU Corporation and its Subsidiaries

Years ended March 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, 2018	¥ 253,448	¥ 160,271	¥ 2,324,766	¥ 81,206	¥ (150,208)	¥ 2,669,483	¥ 314,868	¥ 2,984,351
Net Profit			500,523			500,523	45,166	545,689
Other comprehensive income				(35,738)		(35,738)	1,635	(34,103)
Total comprehensive income			500,523	(35,738)		464,785	46,801	511,586
Cumulative effects of the application of new accounting standards			(14,097)			(14,097)	5	(14,092)
Cash dividends to shareholders			(116,437)			(116,437)		(116,437)
Cash dividends to non-controlling interests							(20,829)	(20,829)
Net change in acquisition (disposition) of treasury stock					(59,456)	(59,456)		(59,456)
Cancellation of treasury stock		(104,063)			104,063	-		-
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		(6,624)		(746)		(7,370)	412,363	404,993
Transfer to retained earnings			(86,512)	86,512		-		-
Balance on March 31, 2019	253,448	49,584	2,608,243	131,234	(105,601)	2,936,908	753,208	3,690,116

	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, 2017	¥ 253,448	¥ 162,038	¥ 2,020,018	¥ 88,729	¥ (122,340)	¥ 2,401,893	¥ 260,918	¥ 2,662,811
Net Profit			400,333			400,333	31,387	431,720
Other comprehensive income				(10,311)		(10,311)	(5,807)	(16,118)
Total comprehensive income			400,333	(10,311)		390,022	25,580	415,602
Cash dividends to shareholders			(92,845)			(92,845)		(92,845)
Cash dividends to non-controlling interests							(10,732)	(10,732)
Net change in acquisition (disposition) of treasury stock					(27,868)	(27,868)		(27,868)
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		(1,767)		48		(1,719)	39,102	37,383
Transfer to retained earnings			(2,740)	2,740		-		-
Balance on March 31, 2018	253,448	160,271	2,324,766	81,206	(150,208)	2,669,483	314,868	2,984,351

(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, 2018	\$ 2,283	\$ 1,444	\$ 20,946	\$ 732	\$ (1,353)	\$ 24,052	\$ 2,837	\$ 26,889
Net Profit			4,510			4,510	407	4,917
Other comprehensive income				(322)		(322)	15	(307)
Total comprehensive income			4,510	(322)		4,188	422	4,610
Cumulative effects of the application of new accounting standards			(128)			(128)	0	(128)
Cash dividends to shareholders			(1,049)			(1,049)		(1,049)
Cash dividends to non-controlling interests							(188)	(188)
Net change in acquisition (disposition) of treasury stock					(536)	(536)		(536)
Cancellation of treasury stock		(938)			938	-		-
Net change in sale (purchase) of subsidiary shares to (from) non-controlling interests		(59)		(7)		(66)	3,715	3,649
Transfer to retained earnings			(779)	779		-		-
Balance on March 31, 2019	2,283	447	23,500	1,182	(951)	26,461	6,786	33,247

**(4) Consolidated Statement of Cash Flows****-Unaudited-**

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2019 and 2018

	Millions of Yen		Millions of U.S. Dollars
	2019	2018	2019
<b>Cash flows from operating activities:</b>			
Net profit .....	¥ 545,689	¥ 431,720	\$ 4,917
Adjustments to reconcile net profit to net cash provided by operating activities			
Depreciation and amortization .....	154,944	114,102	1,396
(Gains) losses on investments.....	(203,034)	(7,080)	(1,829)
(Gains) losses on property, plant, equipment and intangible assets.....	12,041	29,629	108
Financial (income) loss.....	(34,112)	(27,526)	(307)
Equity in earnings of associates and joint ventures .....	(98,052)	(216,228)	(884)
Income tax expense .....	149,694	106,138	1,348
Provision for doubtful accounts and other provisions .....	1,394	12,995	13
Changes in assets and liabilities, other-net .....	(37,738)	(72,842)	(340)
Proceeds from interest.....	37,525	31,321	338
Proceeds from dividends.....	140,146	110,518	1,263
Payments for interest.....	(56,365)	(38,703)	(508)
Payments for income taxes.....	(135,581)	(85,832)	(1,221)
Net cash provided by (used in) operating activities .....	476,551	388,212	4,294
<b>Cash flows from investing activities:</b>			
Net change in investments accounted for by the equity method .....	(106,112)	(125,146)	(956)
Net change in other investments .....	353,023	(56,833)	3,180
Net change in loans receivable .....	27,723	21,307	250
Net change in property, plant, equipment and intangible assets .....	(95,672)	(87,019)	(862)
Net change in time deposits .....	22,187	(8,659)	200
Net cash provided by (used in) investing activities .....	201,149	(256,350)	1,812
<b>Cash flows from financing activities:</b>			
Net change in debentures and loans payable .....	(345,047)	(160,858)	(3,109)
Cash dividends .....	(116,437)	(92,845)	(1,049)
Net change in treasury stock .....	(68,700)	(27,895)	(619)
Other .....	(8,134)	(14,538)	(73)
Net cash provided by (used in) financing activities .....	(538,318)	(296,136)	(4,850)
<b>Net change in cash and cash equivalents .....</b>	<b>139,382</b>	<b>(164,274)</b>	<b>1,256</b>
Cash and cash equivalents at the beginning of the year .....	432,140	605,589	3,894
Effect of exchange rate changes on cash and cash equivalents .....	508	(9,175)	4
<b>Cash and cash equivalents at the end of the year .....</b>	<b>¥ 572,030</b>	<b>¥ 432,140</b>	<b>\$ 5,154</b>

(5) Assumption for Going Concern: None

(6) Notes to Consolidated Financial Statements

(Operating Segment Information)

ITOCHU Corporation and its Subsidiaries

Years ended March 31, 2019 and 2018

Information concerning operations in different operating segments for the years ended March 31, 2019 and 2018 is as follows:

For the year ended March 31, 2019 (April 1, 2018 -March 31, 2019)								
	Millions of Yen							
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	Others, Adjustments & Eliminations
Revenues:								
Revenues from external customers .....	¥ 593,553	¥ 1,222,821	¥ 666,109	¥ 3,124,420	¥ 4,290,792	¥ 890,057	¥ 728,043	¥ 84,690
Intersegment revenues.....	73	9,479	-	33,740	457	24,089	10,070	(77,908)
Total revenues.....	593,626	1,232,300	666,109	3,158,160	4,291,249	914,146	738,113	6,782
Gross trading profit .....	118,905	193,830	82,845	216,554	583,640	164,079	207,824	(3,905)
Trading income .....	24,991	33,021	63,604	60,409	86,211	44,823	53,811	(5,378)
Net profit attributable to ITOCHU.....	29,764	47,628	79,230	80,643	207,909	62,921	68,432	(76,004)
[Equity in earnings (losses) of associates and joint ventures].....	[8,404]	[30,051]	[20,114]	[13,401]	[30,841]	[30,904]	[42,147]	[(77,810)]
Total assets at March 31, 2019 .....	527,204	1,180,268	844,399	1,288,711	3,238,135	980,618	1,093,255	946,113

For the year ended March 31, 2018 (April 1, 2017 -March 31, 2018)								
	Millions of Yen							
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	Others, Adjustments & Eliminations
Revenues:								
Revenues from external customers .....	¥ 522,427	¥ 722,774	¥ 229,661	¥ 1,576,750	¥ 1,149,176	¥ 594,420	¥ 697,187	¥ 17,664
Intersegment revenues.....	42	27	-	1,097	460	12,876	6,965	(21,467)
Total revenues.....	522,469	722,801	229,661	1,577,847	1,149,636	607,296	704,152	(3,803)
Gross trading profit .....	121,978	171,934	93,464	206,756	278,279	152,428	178,741	6,860
Trading income .....	18,419	38,569	75,228	49,627	59,704	39,578	46,013	(10,205)
Net profit attributable to ITOCHU.....	12,499	57,052	82,460	36,882	80,466	55,683	51,099	24,192
[Equity in earnings of associates and joint ventures].....	[7,046]	[25,068]	[20,779]	[6,249]	[33,584]	[18,076]	[37,369]	[68,057]
Total assets at March 31, 2018 .....	474,856	1,218,556	850,295	1,355,712	1,962,169	978,777	766,159	1,057,413

For the year ended March 31, 2019 (April 1, 2018 -March 31, 2019)								
	Millions of U.S. Dollars							
	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	Others, Adjustments & Eliminations
Revenues:								
Revenues from external customers .....	\$ 5,348	\$ 11,017	\$ 6,002	\$ 28,150	\$ 38,659	\$ 8,019	\$ 6,560	\$ 763
Intersegment revenues.....	1	85	-	304	4	217	91	(702)
Total revenues.....	5,349	11,102	6,002	28,454	38,663	8,236	6,651	61
Gross trading profit .....	1,071	1,746	746	1,951	5,259	1,478	1,873	(35)
Trading income .....	225	297	573	544	777	404	485	(48)
Net profit attributable to ITOCHU.....	268	429	714	727	1,873	567	617	(685)
[Equity in earnings (losses) of associates and joint ventures].....	[76]	[271]	[181]	[121]	[278]	[278]	[380]	[(701)]
Total assets at March 31, 2019 .....	4,750	10,634	7,608	11,611	29,175	8,835	9,850	8,525

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.

**(Per Share Information)**

The following is the information on ITOCHU shareholders' equity per share and earnings per share attributable to ITOCHU for the years ended March 31, 2019 and 2018.

(Unit: Yen)

	2019	2018
ITOCU shareholders' equity per share	1,930.47	1,722.06
Earnings per share attributable to ITOCHU (basic)	324.07	257.94
Earnings per share attributable to ITOCHU (diluted)	-	-

The base data to calculate the basic and diluted earnings per share attributable to ITOCHU for March 31, 2019 and 2018 are as follows:

(Numerator)

(Unit: Millions of Yen)

	2019	2018
Net profit attributable to ITOCHU	500,523	400,333
Effect of dilutive securities	-	-
Net profit attributable to ITOCHU (diluted)	500,523	400,333

(Denominator)

	2019	2018
Average number of common shares outstanding	1,544,498,372	1,552,027,460

**(Material Subsequent Events)**

None