

# FYE 2022 1<sup>st</sup> Quarter Business Results Summary

ITOCHU Corporation  
August 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 the actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not place 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 FYE 2022 1<sup>st</sup> Quarter



# Summary of Financial Results for FYE 2022 1<sup>st</sup> Quarter



(Unit : billion yen)

- **“Net profit attributable to ITOCHU”** was **¥267.5 bil.**, 2.6 times as high as the same period of the previous fiscal year (increased by ¥162.7 bil.) and renewed all-time high in every single quarter's. The progress toward the FYE 2022 forecast of ¥550.0 bil. was high, achieving 49%.
- **“Core profit”** was approximately **¥180.0 bil.**, increased by ¥91.5 bil. compared to the same period of the previous fiscal year and renewed all-time high in every single quarter's. It was 1.5 times as high as FYE 2020 Q1 which had been the best as a 1<sup>st</sup> quarter's, achieving well-balanced growth both in non-resource and resource sectors. Core profit in every operating segment increased compared to FYE 2021 Q1 and that in every segment except for Textile increased compared to FYE 2020 Q1 (pre-COVID-19).
- **“Ratio of group companies reporting profits”** was **81.4%**, recovering to over 80% even in Q1.
- **“Core operating cash flows”** was **¥177.0 bil.**, renewed all-time high as a 1<sup>st</sup> quarter's.

	FYE 2020 Q1 Results	FYE 2021 Q1 Results	FYE 2022 Q1 Results	Increase/ Decrease	FYE 2022 Forecast (Disclosed on May 10)	Progress
Net profit attributable to ITOCHU	147.3	104.8 *	267.5	+162.7	* 550.0	49%
Extraordinary gains and losses	30.0	16.0	87.5	+ 71.5		
Core profit <sup>(*1)</sup>	117.0	88.5 *	180.0	+ 91.5		
[Core profit(excluding the impact of COVID-19)] <sup>(*1)</sup>	[117.0]	[110.5]	[193.5]	[+ 83.0]		
(*1)Core profit is shown in round figure.						
Ratio (%) of group companies reporting profits	84.9%	73.4%	81.4%	Increased 8.1pt	Dividend information (per share)	
					Annual (Planned)	* 94 yen
					Interim (Planned)	* 47 yen
Core operating cash flows	148.0	96.0 *	177.0	+ 81.0		

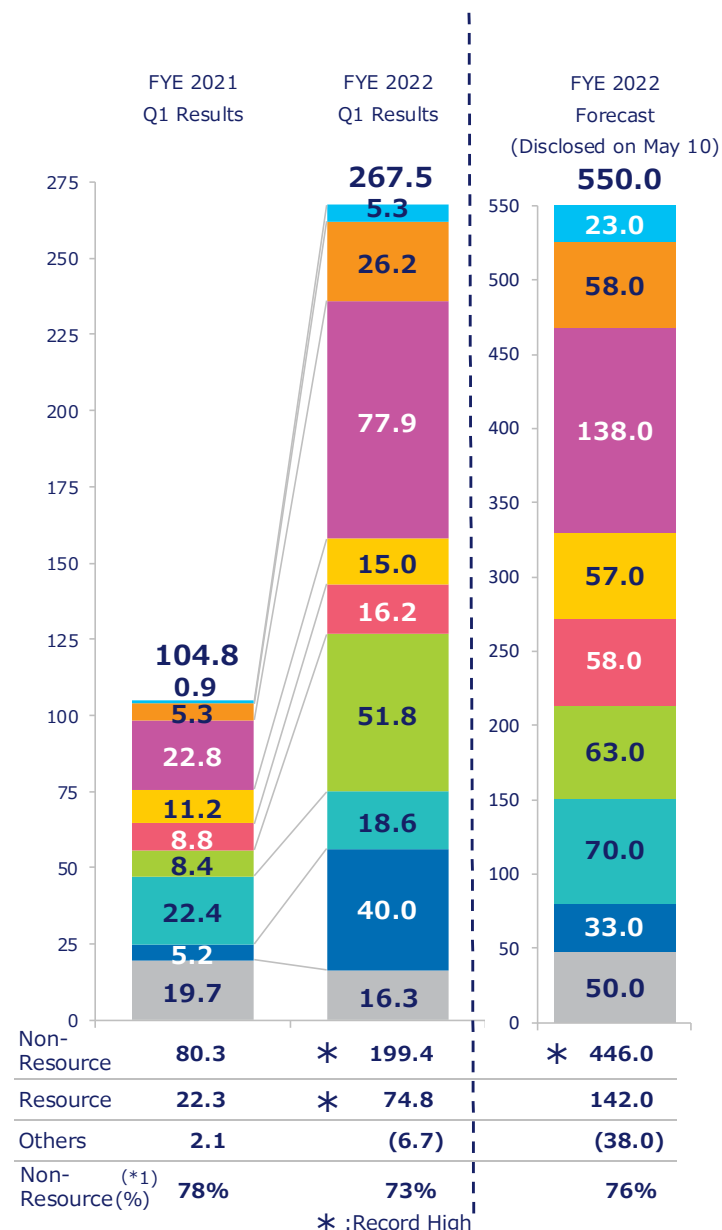
\* :Record High



# Net profit attributable to ITOCHU by Segment



(Unit : billion yen)



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

### Textile [Inc / (Dec) : ¥ 4.4 bil., Progress : 23%]

Increased due to the improvement in apparel-related companies including expense reduction while the impact of COVID-19 remains to some extent.

### Machinery [Inc / (Dec) : ¥ 20.9 bil., Progress : 45%]

Increased due to the favorable sales in YANASE, the recovery in overall automobile-related business resulting from the alleviation of the impact of COVID-19, the recovery of the shipping market, the favorable performance in North American IPP-related business, and the gain on the sale of a water utility company in IEI (European water-and-environment-related company).

### Metals & Minerals [Inc / (Dec) : ¥ 55.1 bil., Progress : 56%]

Increased due to higher iron ore prices, higher equity in earnings in Marubeni-Itochu Steel, and the realization of foreign exchange gains due to the de-consolidation of ITOCHU Coal Americas.

### Energy & Chemicals [Inc / (Dec) : ¥ 3.8 bil., Progress : 26%]

Increased due to the stable performance in chemical-related companies resulting from higher market prices and the improvement in profitability in CIECO Azer due to higher oil prices, partially offset by lower equity in earnings in Japan South Sakha Oil and the absence of the favorable performance in energy trading transactions in the same period of the previous fiscal year.

### Food [Inc / (Dec) : ¥ 7.5 bil., Progress : 28%]

Increased due to the improvement in North American grain-related companies, higher transaction volume in NIPPON ACCESS, the improvement in profitability of packaged foods business and higher transaction volume of fresh produce business in Dole, and the stable performance in fresh-food-related and food-distribution-related transactions.

### General Products & Realty [Inc / (Dec) : ¥ 43.4 bil., Progress : 82%]

Increased due to the favorable performance in North American construction materials business, the improvement in ETEL (European tire-related company) resulting from the alleviation of the impact of COVID-19, higher equity in earnings in IFL (European pulp-related company) due to higher pulp prices, and the gain on the sale of Japan Brazil Paper & Pulp Resources Development.

### ICT & Financial Business [Inc / (Dec) : ¥ (3.8) bil., Progress : 27%]

Decreased due to the absence of the extraordinary gain in the same period of the previous fiscal year, partially offset by the stable performance in ITOCHU Techno-Solutions and retail finance-related companies, and the higher gain on fund operation.

### The 8th [Inc / (Dec) : ¥ 34.8 bil., Progress : 121%]

Increased due to the recovery of daily sales resulting from expanding product offerings and expense reduction in FamilyMart while the impact of COVID-19 remains to some extent, the increased ownership in FamilyMart, and the gain on the partial sale of Taiwan FamilyMart.

### Others, Adjustments & Eliminations [Inc / (Dec) : ¥ (3.4) bil.]

Decreased due to higher tax expenses, partially offset by higher equity in earnings in CITIC Limited.

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



# Cash Flows



(Unit : billion yen)

## ■ Operating Cash Flows and Free Cash Flows:

“Cash flows from operating activities” was a **net cash-inflow of ¥181.7 bil.**, due to a stable performance in operating revenues in Metals & Minerals, The 8th, General Products & Realty, and Energy & Chemicals Companies.

“Free cash flows” resulted in a **net cash-inflow of ¥183.2 bil.**, due to the cash-inflows from operating activities and sale of Japan Brazil Paper & Pulp Resources Development, partially offset by the purchase of fixed assets by The 8th, Food, Energy & Chemicals, and Metals & Minerals Companies, and the decrease in cash as the conversion of Taiwan FamilyMart into an investment accounted for by the equity method from a consolidated subsidiary accompanying the partial sale. It renewed all-time high as a 1<sup>st</sup> quarter’s.

## ■ 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 ¥177.0 bil.**

“Core free cash flows” resulted in a **net cash-inflow of ¥207.0 bil.** Both figures renewed all-time high as a 1<sup>st</sup> quarter’s.

### Cash Flows

	FYE 2021 Q1 Results	FYE 2022 Q1 Results
Cash flows from operating activities	254.1	181.7
Cash flows from investing activities	(91.2)	1.5
Free cash flows	162.9	* 183.2
Cash flows from financing activities	(111.6)	(281.4)

### Core Free Cash Flows

	FYE 2021 Q1 Results	FYE 2022 Q1 Results
Core operating cash flows <sup>(*1)</sup>	96.0	* 177.0
Net investment cash flows <sup>(*2)</sup>	(95.0)	30.0
Core free cash flows	1.0	* 207.0

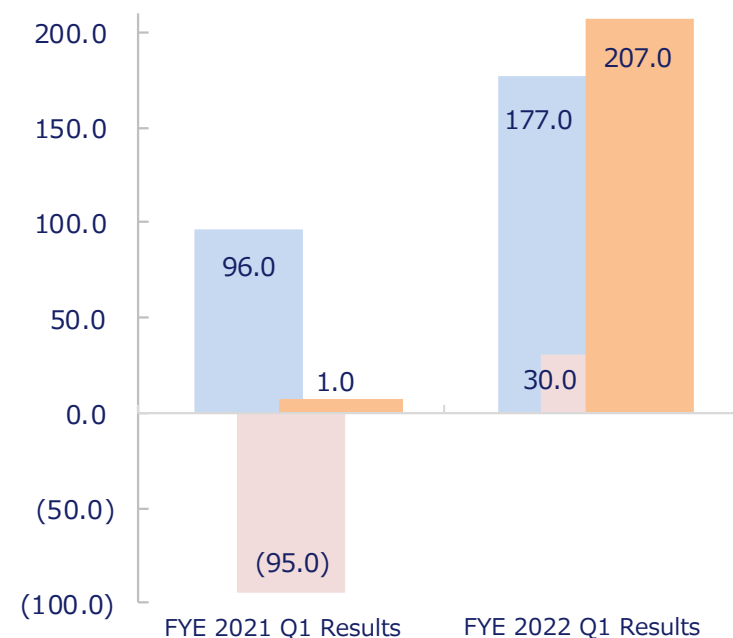
\* : Record High

(\*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



■ Core operating cash flows  
■ Net investment cash flows  
■ Core free cash flows

# Financial Position



(Unit : billion yen)

## ■ Total Assets:

Remained consistent compared to March 31, 2021 at **¥11,181.7 bil.**, due to the increase in inventories and the rise in the fair value of investments, offset by the decrease due to the partial sale of Taiwan FamilyMart.

## ■ Net Interest-bearing Debt:

Decreased by ¥79.6 bil., compared to March 31, 2021 to **¥2,521.8 bil.**, due to the stable performance in operating revenues, partially offset by dividend payments.

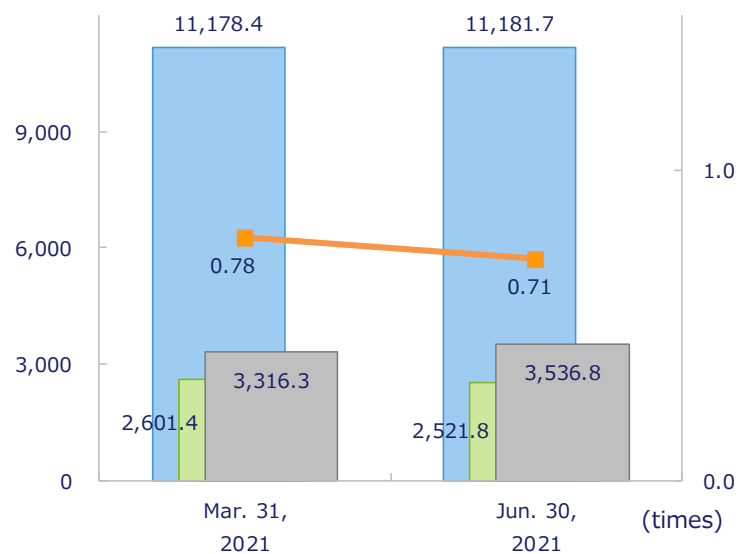
## ■ Total Shareholders' Equity:

Increased by ¥220.5 bil., compared to March 31, 2021 to **¥3,536.8 bil.**, due to net profit attributable to ITOCHU during this fiscal year and the increase related to the rise in the fair value of investments, partially offset by dividend payments.

## ■ Ratio of Shareholders' Equity to Total Assets and NET DER:

**Ratio of shareholders' equity to total assets** increased by 2.0 points compared to March 31, 2021 to **31.6%**.

**NET DER** improved compared to March 31, 2021 to **0.71 times**.



■ Total assets ■ Net interest-bearing debt ■ Total shareholders' equity ■ NET DER

	Mar. 31, 2021	Jun. 30, 2021	Increase/ Decrease	FYE 2022 Plan (Disclosed on May 10)
Total assets	11,178.4	11,181.7	+ 3.3	B/S control appropriate for A ratings
Net interest-bearing debt	2,601.4	2,521.8	(79.6)	
Total shareholders' equity	3,316.3	* 3,536.8	+ 220.5	
Ratio of shareholders' equity to total assets	29.7%	* 31.6%	Increased 2.0pt	
NET DER (times)	0.78	* 0.71	Improved 0.07pt	
ROE	12.7%	-	-	Maintain high efficiency about 13-16%

\* : Record High (NET DER: Best Record)

# Extraordinary Gains and Losses



(Unit : billion yen)

Segments	FYE 2021 Q1 Results	Major items	FYE 2022 Q1 Results	Major items
Textile	–		<b>2.0</b>	Gain on the sale of fixed assets in EDWIN: 1.0
Machinery	–		<b>5.0</b>	Gain on the sale of a water utility company in IEI: 4.0
Metals & Minerals	–		<b>22.0</b>	Realization of foreign exchange gains due to the de-consolidation of ITOCHU Coal Americas: 22.0
Energy & Chemicals	–		–	
Food	<b>(0.5)</b>	The loss related to the fire incident of distribution center in NIPPON ACCESS:(0.5)	–	
General Products & Realty	–		<b>30.5</b>	Gain on the sale of Japan Brazil Paper & Pulp Resources Development:32.0 Higher tax expenses in ETEL due to U.K. Tax Reform:(1.5)
ICT & Financial Business	<b>12.0</b>	Gain on the partial sale of eGuarantee:12.0	–	
The 8th	<b>4.5</b>	Lower tax expenses related to FamilyMart:3.0 Gain on the sale of a foreign company in FamilyMart:2.0 The loss related to the fire incident of distribution center in NIPPON ACCESS:(0.5)	<b>29.5</b>	Gain on the partial sale of Taiwan FamilyMart:29.5
Others, Adjustments & Eliminations	–		<b>(1.5)</b>	
Total	<b>16.0</b>	Non-Resource:16.0, Resource:–, Others:–	<b>87.5</b>	Non-Resource:67.0, Resource:22.0, Others:(1.5)

(\* ) Major items are shown in round figures.



# Assumptions for FYE 2022



		FYE 2021 Q1 Results	FYE 2022 Q1 Results	FYE 2022 Forecast (Disclosed on May 10)	(Reference) Sensitivities on net profit attributable to ITOCHU for FYE 2022 Q2-4	
Exchange rate (Yen/US\$)	Average	107.68	108.93	105	1 yen appreciation against US\$	Approx. ¥(2.0)bil.
	Closing	Mar. 2021 110.71	Jun. 2021 110.58	105		–
Interest rate (%)	TIBOR 3M (¥)	0.07%	0.07%	0.1%	0.1% increase	Approx. ¥(0.5)bil.
	LIBOR 3M (US\$)	0.60%	0.16%	0.3%		Approx. ¥(0.1)bil.
Crude oil (Brent) (US\$/BBL)		33.39	69.08	60	±¥0.22 bil. <sup>(*3)</sup>	
Iron ore (CFR China) (US\$/ton)		92 <sup>(*1)</sup>	197 <sup>(*1)</sup>	N.A. <sup>(*2)</sup>	±¥0.79 bil. <sup>(*3)</sup>	

(\*1) FYE 2021 Q1 and FYE 2022 Q1 prices for iron ore are prices that ITOCHU regards as general transaction prices based on the market.

(\*2) The price of iron ore used in "FYE 2022 Forecast" is assumed in consideration of general transaction price based on the market. The actual price is not presented, as this is subject to negotiation with individual customers and vary by ore type.

(\*3) The above sensitivities vary according to changes in sales volume, foreign exchange rates, production cost, etc.