

Achievement of Short-Term Targets

This section includes our business results for FYE 2021—a year in which we continued commitment-based management despite the COVID-19 pandemic. Further, we explain how "Brand-new Deal" strategy (management plan) has put our corporate value on a trajectory of steady growth. Moreover, we show the continuity of our management strategy, which is linked to "Brand-new Deal 2023."

Component of the corporate value calculation formula focused on in this section

Created Value

Corporate Value

Cost of Capital

Growth Rat

CONTENTS

Business Results for FYE 2021

50

Trajectory of Corporate Value Enhancement

52

48 ITOCHU Corporation ANNUAL REPORT 2021 49

■ Became the No. 1 general trading company in terms of market capitalization and stock price for the first time in history. Promoted the sustained enhancement of corporate value.

Consolidated Net Profit	>	Despite the impact of COVID-19, achieved the initial plan by minimizing profit decline.
nancial Position, Cash Flows	>	Firmly maintained our financial position while making a large-scale investment. On track to maintain A ratings.
Indicators	>	ROE was about 13% and the ratio of Group companies reporting profits remained at a high level of 80% even during the COVID-19 pandemic.
ket Capitalization, Stock Prices	>	Became the No. 1 general trading company in terms of market capitalization and stock price for the first time in history.
areholder Returns	>	Continued progressive dividends. Continuously executed share buyback.
Growth Strategy	>	 Delisted FamilyMart, accelerated FamilyMart's growth strategy, and promoted business expansion by leveraging consumer contacts through Group collaboration. Implemented various additional purchase measures, taking advantage of opportunities. Strengthened cooperation with major Group companies.
VID-19 Response	>	Initiated new working styles that maintain labor productivity even under COVID-19 and implemented flexible working systems.
ESG	>	The only major general trading company adopted by all GPIF ESG investment indices.
	Net Profit nancial Position, Cash Flows Indicators Ret Capitalization, Stock Prices areholder Returns Growth Strategy VID-19 Response	Net Profit nancial Position, Cash Flows Indicators Ret Capitalization, Stock Prices areholder Returns Growth Strategy VID-19 Response

Summary of Financial Results for FYE 2021

- Consolidated net profit was ¥401.4 billion, achieved the FYE 2021 forecast (disclosed on May 8, 2020) of ¥400.0 billion.
- Core profit was approximately ¥452.5 billion, steadily increased and recovered quarter by quarter, and the core profit for Q4 renewed all-time high as a 4th quarter's, driven by Metals & Minerals, Power & Environmental Solution, Chemicals, and ICT, while COVID-19 significantly affected some businesses.
- Extraordinary gains and losses were approximately -¥51.0 billion (gains: approx. ¥105.5 billion, losses: approx. -¥156.5 billion) due to the implementation of measures to eliminate concerns over the future.
- While we generated stable cash (core operating cash flows: approx. ¥574.0 billion, second-highest level ever) even during the COVID-19 pandemic, investment reached a record-high (net investment cash flows: approx. -¥755.0 billion).
- Total shareholders' equity was ¥3,316.3 billion (the highest ever) and NET DER was 0.78 times (the second lowest ever).

■ Impact of the COVID-19 Pandemic

- The impact over the full fiscal year was approximately –¥56.0 billion, which was mainly due to decreases in apparel-related sales, automobile trade, and demand for aircraft-related businesses as well as slumps in restaurant-related services, convenience stores, etc.
- Quarterly impact: Q1: approx. –¥22.0 billion, Q2: approx. –¥18.0 billion, Q3: approx. –¥7.0 billion, Q4: approx. -¥9.0 billion
- Impact by segment: The 8th: approx. –¥20.0 billion, Machinery: approx. –¥16.0 billion, Textile: approx. -¥8.5 billion, etc.

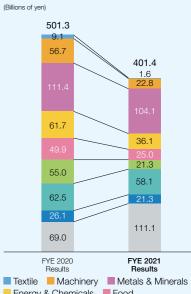
Business Results

(Billions of yen)	FYE 2020 Results	FYE 2021 Results	Increase / Decrease
Consolidated net profit	501.3	401.4	(99.9)
Extraordinary gains and losses	16.0	(51.0)	(67.0)
Core profit	Approx. 485.5	Approx. 452.5	Approx. (33.0)
Non-resource	378.3	292.7	(85.6)
Resource	126.8	107.9	(18.9)
Others	(3.7)	0.9	+4.6
Non-resource (%)*	75%	73%	Decreased 2 pt
Profits / losses of Group companies (including overseas trading subsidiaries)	445.2	359.6	(85.5)
Ratio of Group companies reporting profits (%)	88.6%	82.4%	Decreased 6.1 pt
EPS	¥335.58	¥269.83	¥(65.75)

^{* %} composition is calculated using the total of non-resource and resource sectors as 100%.

501.3

Consolidated Net Profit by Segment



■ Energy & Chemicals ■ Food ■ General Products & Realty

■ ICT & Financial Business ■ The 8th Others, Adjustments & Eliminations

Core Free Cash Flows

FYE 2020 Results FYE 2021 Results

FYE 2020 Results FYE 2021 Results

895.9

(207.3)

688.6

(728.8)

574.0

(755.0)

(181.0)

878.1

(248.8)

629.4

(575.5)

602.0

(290.0)

312.0



Core free cash flows ■ Net investment cash flows*2

Financial Position

loan receivables," etc.

Cash Flows

Cash Flows

Free cash flows

(Billions of yen)

Cash flows from operating activities

Cash flows from investing activities

Cash flows from financing activities

Core Free Cash Flows

Core operating cash flows*1

Net investment cash flows*2

Core free cash flows

accounting).

(Billions of ven)

March 31, 2020	March 31, 2021	Increase / Decrease
10,919.6	* 11,178.4	+258.8
2,256.9	2,601.4	+344.5
2,996.0	* 3,316.3	+320.3
27.4%	29.7%	Increased 2.2 pt
0.75 times	0.78 times	Increased 0.03
		Desired
17.0%	12.7%	Decreased 4.3 pt
	10,919.6 2,256.9 2,996.0 27.4% 0.75 times	10,919.6 * 11,178.4 2,256.9 2,601.4 2,996.0 * 3,316.3 27.4% 29.7% 0.75 times 0.78 times

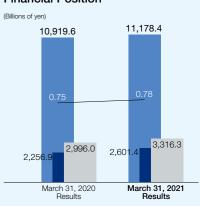
*1 "Operating cash flows" minus "changes in working capital" (excluding the effect of lease

"Investment cash flows" plus "equity transactions with non-controlling interests" minus "changes in

*2 Payments and collections for substantive investment and capital expenditure

Core operating cash flows*1

Financial Position



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

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^{*} Record high (Total assets: record high as fiscal year end)

We have steadily developed an enviable track record with the strategies of "Brand-new Deal" management plans, which began with "Brand-new Deal 2012." Under the plans, we have always remained aware of the "earn, cut, prevent" principles and flexibly took measures to deal with management issues and rapid changes in the external environment.

Earning the trust of the stock market through the steady achievement of targets

Market capitalization at fiscal year-end*1

Management Environment

Setting out growth strategies in anticipation of post-COVID-19 society

Uncertain outlook due to the COVID-19 pandemic

Concerns over obsolescence of existing businesses caused by the Fourth Industrial Revolution

Temporary deterioration in financial indicators due to an investment in CITIC

Uncertain outlook due to slumping resource prices

	Steadily Building Up Corporate Value	Basic Policies	
	FYE 2021 Management Plan Single-year plan reflecting the COVID-19 pandemic	Thoroughly instilling the "earn, cut, prevent" principles as the core of our business	\ ¥ 5.7 trill
	Brand-new Deal 2020 (FYE 2019–2020) ITOCHU: INFINITE MISSIONS: INNOVATION "Evolution to Next-Generation Growth Models" + "Medium- to Long-Term Shareholder Returns Policy (October 2018)"	Reinvention of Business Smart Management No. 1 Health Management	¥ 3.6 trill
heilita	Brand-new Deal 2017 (FYE 2016–2018) "Challenge" "Engaging All Employees to Lead a New Era for the Sogo Shosha" "Infinite Missions Transcending Growth"	Strengthen Our Financial Position Build Solid Earnings Base to Generate ¥400.0 Billion Level Consolidated Net Profit	¥ 3.4 trill
	Brand-new Deal 2014 (FYE 2014–2015) "Aiming to be the No. 1 Trading Company in the Non-Resource Sector"	Boost Profitability Pursue Balanced Growth Maintain Financial Discipline and Lean Management	¥ 2.2 trill
苏州 黎	Brand-new Deal 2012 (FYE 2012–2013) "Earn, Cut, Prevent"	Strengthen Our Front-Line Capabilities Proactively Seek New Opportunities	¥ 1.8 trill

Results

- Achieved the "triple crown"*2 of general trading companies
- Privatized FamilyMart
- Became the first general trading company to be included in all ESG-related indices adopted by the GPIF

 atc.

FYE	Consolidate	Accomplished	
	Initial Plan	Results	Accomplished
2021	¥400.0 billion	¥401.4 billion	✓

- Established a foothold for consolidated net profit of ¥500.0 billion
- Made FamilyMart a consolidated subsidiary and established The 8th Company
- Revised the Group corporate mission etc.

	FYE	Consolidate	Accomplished		
	FIE	Initial Plan	Results	Accomplished	
d-	2020	¥500.0 billion	¥501.3 billion	✓	
	2019	¥450.0 billion	¥500.5 billion	✓	

- Built an earnings base for consolidated net profit of ¥400.0 billion
- Received Moody's A rating for the first time in roughly 20 years
- Entrenched work-style reform and increased the Outside Directors' ratio to at least one-third etc.

FYE	001100114410	Accomplished	
FIE	Initial Plan	Results	Accomplished
2018	¥400.0 billion	¥400.3 billion	✓
2017	¥350.0 billion	¥352.2 billion	✓
2016	¥330.0 billion	¥240.4 billion	

- Solidified position as the No. 1 non-resource trading company
- Commenced strategic business alliance and capital participation with CITIC and CP Group
- Reformed work styles by introducing a Morning-Focused Working System etc.

	FYE	Consolidated Net Front		Accomplished
	FIE	Initial Plan	Results	Accomplished
	2015	¥300.0 billion	¥300.6 billion	✓
	2014	¥290.0 billion	¥310.3 billion	✓

- Formulated and implemented the "earn, cut, prevent" principles
- Increased earnings through aggressive new investments
- Strengthened management foundations by reinforcing corporate governance etc.

	FYE	Consolidate	Accomplished		
	FIE	Initial Plan	Results	Accomplished	
	2013	13 ¥280.0 billion ¥280.3 billion		✓	
3	2012	¥240.0 billion	¥300.5 billion	✓	

52 ITOCHU Corporation ANNUAL REPORT 2021 5

Expand Our Scale of

Operations

^{*1} Including treasury stock

^{*2} Market capitalization, stock price, and consolidated net profit