



02

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



CONTENTS

Business Results for FYE 2021	50
Trajectory of Corporate Value Enhancement	52

Business Results for FYE 2021

General Review of FYE 2021

- Practiced “commitment-based management” even as the business environment underwent dramatic changes due to COVID-19.
- 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.

Quantitative Targets	Target	Actual
Consolidated Net Profit	Despite the impact of COVID-19, achieved the initial plan by minimizing profit decline.	
Financial 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.	
Market Capitalization, Stock Prices	Became the No. 1 general trading company in terms of market capitalization and stock price for the first time in history.	
Shareholder Returns	Continued progressive dividends. Continuously executed share buyback.	
Qualitative Targets	Target	Actual
Growth Strategy	<ul style="list-style-type: none"> 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. 	
COVID-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.	

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%.

Cash Flows

(Billions of yen)	FYE 2020 Results	FYE 2021 Results
Cash flows from operating activities	878.1	* 895.9
Cash flows from investing activities	(248.8)	(207.3)
Free cash flows	629.4	* 688.6
Cash flows from financing activities	(575.5)	(728.8)

Core Free Cash Flows

(Billions of yen)	FYE 2020 Results	FYE 2021 Results
Core operating cash flows*1	602.0	574.0
Net investment cash flows*2	(290.0)	* (755.0)
Core free cash flows	312.0	(181.0)

*1 “Operating cash flows” minus “changes in working capital” (excluding the effect of lease accounting).

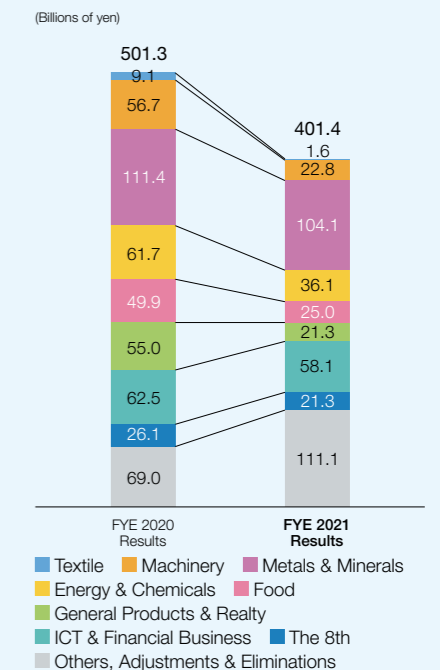
*2 Payments and collections for substantive investment and capital expenditure “Investment cash flows” plus “equity transactions with non-controlling interests” minus “changes in loan receivables,” etc.

Financial Position

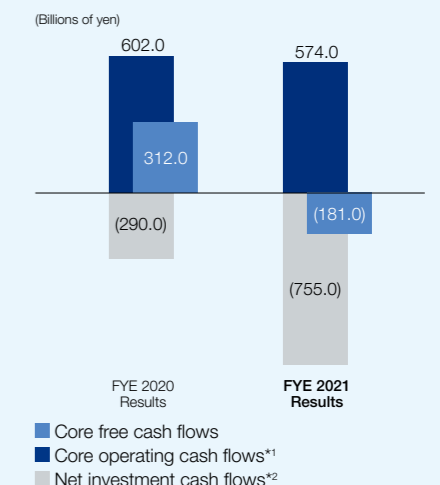
(Billions of yen)	March 31, 2020	March 31, 2021	Increase / Decrease
Total assets	10,919.6	* 11,178.4	+258.8
Net interest-bearing debt	2,256.9	2,601.4	+344.5
Total shareholders’ equity	2,996.0	* 3,316.3	+320.3
Ratio of shareholders’ equity to total assets	27.4%	29.7%	Increased 2.2 pt
NET DER	0.75 times	0.78 times	Increased 0.03
ROE	17.0%	12.7%	Decreased 4.3 pt

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

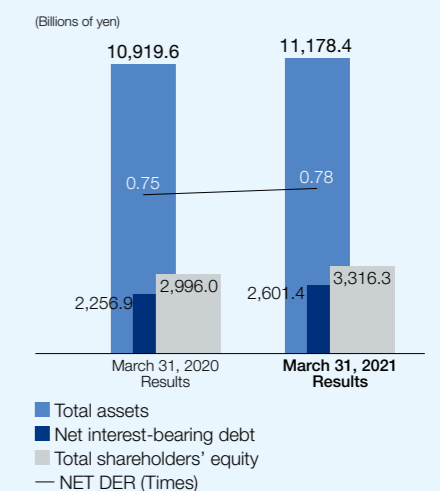
Consolidated Net Profit by Segment



Core Free Cash Flows



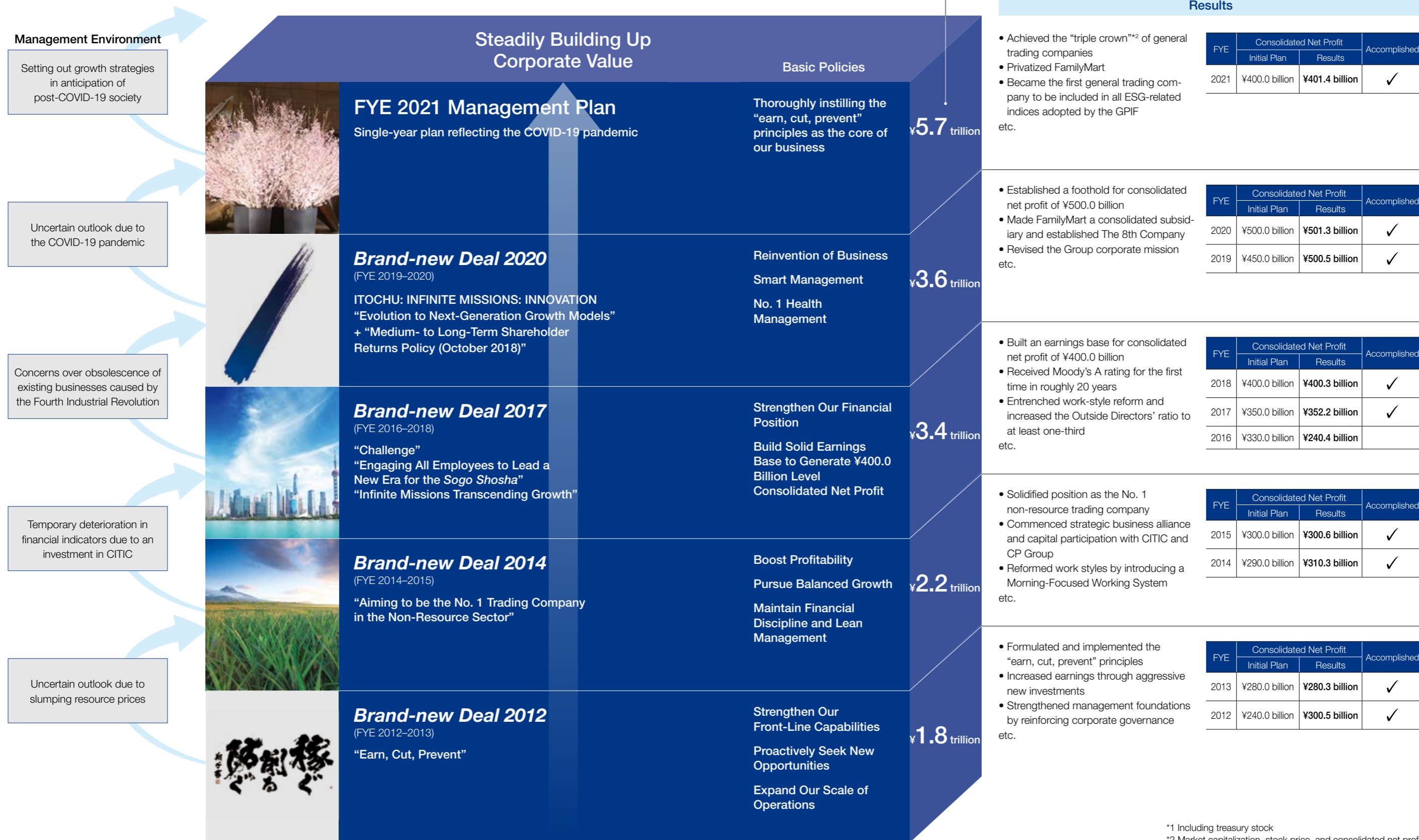
Financial Position



Trajectory of Corporate Value Enhancement

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



*1 Including treasury stock
*2 Market capitalization, stock price, and consolidated net profit