

# FYE 2022 3<sup>rd</sup> Quarter Business Results Summary

ITOCHU Corporation  
February 3, 2022



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## 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 3<sup>rd</sup> Quarter

# Summary of Financial Results for FYE 2022 3<sup>rd</sup> Quarter



(Unit : billion yen)

- **“Net profit attributable to ITOCHU”** was **¥678.9 bil.**, increased by 86%, or ¥314.5 bil., compared to the same period of the previous fiscal year. Although it is the results for 9 months, it significantly exceeded the FYE 2020 results (¥501.3 bil.), which had been the best as annual results.
- **“Core profit”** was approximately **¥550.0 bil.**, increased by ¥228.5 bil., compared to the same period of the previous fiscal year, and all segments achieved increase resulting from the growth of profit in non-resource sector and higher resource prices in resource sector. It is all-time high and exceeded the FYE 2020 results (approx. ¥485.5 bil.), which had been the best as annual results.
- **“Ratio of group companies reporting profits”** was **87.1%**, recovering to the same level as the FYE 2020 Q1-3 which is the best as Q1-3 results.
- **“Core operating cash flows”** was **¥612.0 bil.** It is all-time high and exceeded the FYE 2020 results (¥602.0 bil.), which had been the best as annual results.
- ITOCHU revised upward its annual forecast to **¥820.0 bil.**, in accordance with the steady growth of core profit in each business.

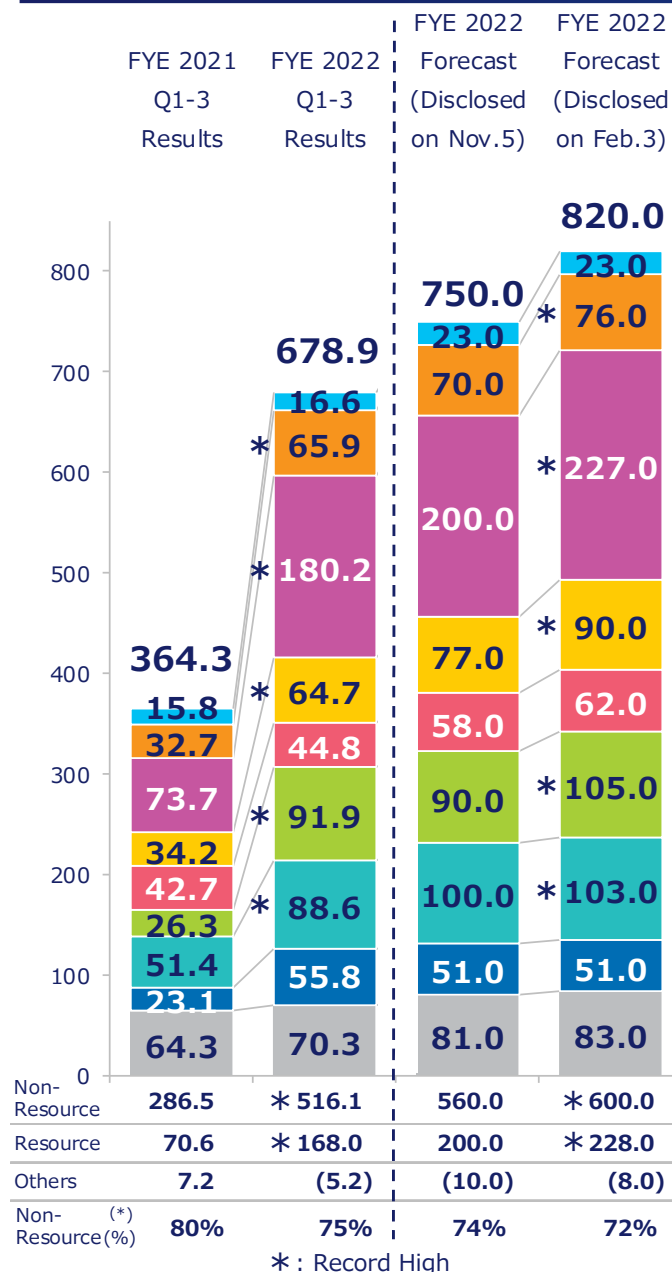
|  | FYE 2020<br>Q1-3 Results | FYE 2021<br>Q1-3 Results | FYE 2022<br>Q1-3 Results | Increase/<br>Decrease | FYE 2022 Forecast<br>(Disclosed<br>on Nov. 5) | FYE 2022 Forecast<br>(Disclosed<br>on Feb. 3) | Progress |
|--|--------------------------|--------------------------|--------------------------|-----------------------|---|---|----------|
| Net profit attributable to ITOCHU                              | 426.7                    | 364.3                    | * 678.9                  | + 314.5               | 750.0   | * 820.0                                       | 83%      |
| Extraordinary gains and losses                                 | 64.0                     | 43.0                     | 129.0                    | + 86.0                | 124.0   | 134.0   |          |
| Core profit <sup>(*)</sup>                                     | 362.5                    | 321.5                    | * 550.0                  | + 228.5               | 626.0   | * 686.0                                       | 80%      |
| [Core profit(excluding the impact of COVID-19)] <sup>(*)</sup> | [362.5]                  | [368.5]                  | [580.0]                  | [+ 211.5]             |   |   |          |
| (*)Core profit is shown in round figure.                       |                          |                          |                          |                       |   |   |          |
| Ratio (%) of group companies reporting profits                 | 87.5%                    | 82.0%                    | 87.1%                    | Increased 5.2pt       | Dividend information(per share)               |   |          |
|  |                          |                          |                          |                       | Annual (Planned)                              | * 110 yen<br>(minimum)                        |          |
| Core operating cash flows                                      | 452.0                    | 417.0                    | * 612.0                  | + 195.0               | Interim (Paid)                                | * 47 yen                                      |          |

\* : Record High

# Net profit attributable to ITOCHU by Segment/Q1-3 Results



(Unit : billion yen)



\* : Record High

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

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

### Textile [Inc / (Dec) : ¥ 0.8 bil.]

Increased due to higher equity in earnings and the recovery trend especially in apparel-related companies, partially offset by the impact of COVID-19 and the absence of extraordinary gains in the same period of the previous fiscal year.

### Machinery [Inc / (Dec) : ¥ 33.2 bil.]

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, and the favorable performance in almost all businesses such as ship-related companies and North American IPP-related business, in addition to the gain on the sale of a water utility company in IEI (European water-and-environment-related company).

### Metals & Minerals [Inc / (Dec) : ¥ 106.6 bil.]

Increased due to higher iron ore prices and coal 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) : ¥ 30.4 bil.]

Increased due to the improvement in profitability in energy trading transactions and CIECO Azer (Crude oil exploration and production company) as well as higher dividends resulting from higher market prices, and the stable performance in chemical-related companies.

### Food [Inc / (Dec) : ¥ 2.1 bil.]

Increased due to the improvement in North American grain-related companies and higher transaction volume in NIPPON ACCESS, partially offset by the deterioration in profitability in meat-products-related companies and the absence of extraordinary gains in the same period of the previous fiscal year.

### General Products & Realty [Inc / (Dec) : ¥ 65.6 bil.]

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) : ¥ 37.2 bil.]

Increased due to the favorable performance in ITOCHU Techno-Solutions, the higher gain on fund operation, and the gain due to the de-consolidation of Paidy, partially offset by the absence of extraordinary gain in the same period of the previous fiscal year.

### The 8th [Inc / (Dec) : ¥ 32.7 bil.]

Increased due to the recovery of daily sales resulting from the alleviation of the impact of COVID-19 and expanding product offerings, in addition to expense reduction by FamilyMart, the increased ownership percentage in FamilyMart, and the gain on the partial sale of Taiwan FamilyMart, partially offset by the absence of extraordinary gains in the same period of the previous fiscal year.

### Others, Adjustments & Eliminations [Inc / (Dec) : ¥ 6.0 bil.]

Increased due to higher equity in earnings in CITIC Limited, partially offset by lower equity in earnings in C.P. Pokphand due to the deterioration in profitability in hog farming business resulting from lower pork prices, and higher tax expenses.

# Extraordinary Gains and Losses



(Unit : billion yen)

| Segments                           | FYE 2021<br>Q1-3 Results |        | Major items   | FYE 2022<br>Q1-3 Results |       | Major items  |
|------------------------------------|--------------------------|--------|---|--------------------------|-------|--|
|                                    |                          | [Q3]   |   |                          | [Q3]  |  |
| Textile                            | 4.5                      | 3.0    | [Q2]Gain on the partial sale of a foreign company:1.5<br>[Q3]Gain on the group restructuring:3.0  | 3.0                      | 0.5   | [Q1]Gain on the sale of fixed assets in EDWIN:1.0  |
| Machinery                          | 2.5                      | 0.5    | [Q2-3]Gain on the cash collection for a specific overseas project:1.5[Q2:1.0, Q3:0.5]   | 7.5                      | –     | [Q1]Gain on the sale of a water utility company in IEI:4.0<br>[Q2]Gain on the conversion of the bond to equity of Spire Global:2.5   |
| Metals & Minerals                  | (4.5)                    | (4.5)  | [Q3]Higher tax expenses related to a natural-resource-project:(4.0)   | 22.5                     | 0.5   | [Q1]Realization of foreign exchange gains due to the de-consolidation of ITOCHU Coal Americas:22.0   |
| Energy & Chemicals                 | 1.0                      | –      |   | 4.0                      | 4.0   | [Q3]Gain from change in ownership ratio of a lithium-ion batteries company:2.0<br>Revaluation gain due to the conversion of mega-solar companies into consolidated subsidiaries in ITOCHU ENEX:1.5 |
| Food                               | 9.0                      | 5.5    | [Q1-2]The loss related to the fire incident of distribution center in NIPPON ACCESS: – [Q1:(0.5), Q2:0.5]<br>[Q2]Gain on the group reorganization in food-distribution-related companies:2.5<br>Gain on the sale of a foreign company:1.0<br>[Q3]Gain on the sale of North American agricultural insurance business:6.0 | 1.0                      | –     | [Q2]Gain on the partial sale of a domestic company:1.0   |
| General Products & Realty          | 1.5                      | –      | [Q2]Lower tax expenses related to a domestic real estate company:1.5  | 29.5                     | (1.0) | [Q1]Gain on the sale of Japan Brazil Paper & Pulp Resources Development:32.0<br>Higher tax expenses in ETEL due to U.K. Tax Reform:(1.5)   |
| ICT & Financial Business           | 11.5                     | –      | [Q1]Gain on the partial sale of eGuarantee:12.0   | 33.5                     | 3.0   | [Q2]Gain on the de-consolidation of Paidy:30.5<br>[Q3]Gain on the sale of fixed assets in ITOCHU Techno-Solutions:1.5  |
| The 8th                            | 14.0                     | (11.0) | [Q1]Gain on the sale of a foreign company in FamilyMart:2.0<br>[Q1-2]The loss related to the fire incident of distribution center in NIPPON ACCESS: – [Q1:(0.5), Q2:0.5]<br>Lower tax expenses related to FamilyMart:35.5 [Q1:3.0, Q2:32.5]<br>[Q2-3]Impairment losses in FamilyMart:(23.5) [Q2:(12.5), Q3:(11.0)]      | 29.5                     | –     | [Q1]Gain on the partial sale of Taiwan FamilyMart:29.5   |
| Others, Adjustments & Eliminations | 3.5                      | –      | [Q2]Gain on the investment in a group company of CITIC Limited:3.5  | (1.5)                    | –     |  |
| Total                              | 43.0                     | (6.5)  | [Q1-3]Non-Resource:47.5, Resource:(4.5), Others: –  | 129.0                    | 7.0   | [Q1-3]Non-Resource:109.0, Resource:21.5, Others:(1.5)  |

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

# Cash Flows



(Unit : billion yen)

## ■ Operating Cash Flows and Free Cash Flows:

“Cash flows from operating activities” was a **net cash-inflow of ¥572.0 bil.**, due to the stable performance in operating revenues in Metals & Minerals, The 8th, Machinery and Energy & Chemicals Companies.

“Free cash flows” resulted in a **net cash-inflow of ¥628.0 bil.**, due to the cash-inflows from operating activities and the partial sale of Pan Pacific International Holdings Corporation, the sale of Japan Brazil Paper & Pulp Resources Development and Paidy, partially offset by the purchase of fixed assets by Food, The 8th and Machinery 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 the highest record as Q1-3 results.

## ■ 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 ¥612.0 bil.** It is all-time high and exceeded the FYE 2020 results (¥602.0 bil.), which had been the best as annual results.

“Core free cash flows” resulted in a **net cash-inflow of ¥685.0 bil.** It is all time high and exceeded the FYE 2019 results (¥495.0 bil.), which had been the best as annual results.

## Cash Flows

|                                      | FYE 2021<br>Q1-3 Results | FYE 2022<br>Q1-3 Results |
|--------------------------------------|--------------------------|--------------------------|
| Cash flows from operating activities | 598.4                    | 572.0                    |
| Cash flows from investing activities | (182.4)                  | 56.0                     |
| Free cash flows                      | 416.0                    | * 628.0                  |
| Cash flows from financing activities | (415.3)                  | (761.0)                  |

## Core Free Cash Flows

|   | FYE 2021<br>Q1-3 Results | FYE 2022<br>Q1-3 Results |
|---|--------------------------|--------------------------|
| Core operating cash flows <sup>(*1)</sup> | 417.0                    | * 612.0                  |
| Net investment cash flows <sup>(*2)</sup> | (380.0)                  | 73.0                     |
| Core free cash flows                      | 37.0                     | * 685.0                  |

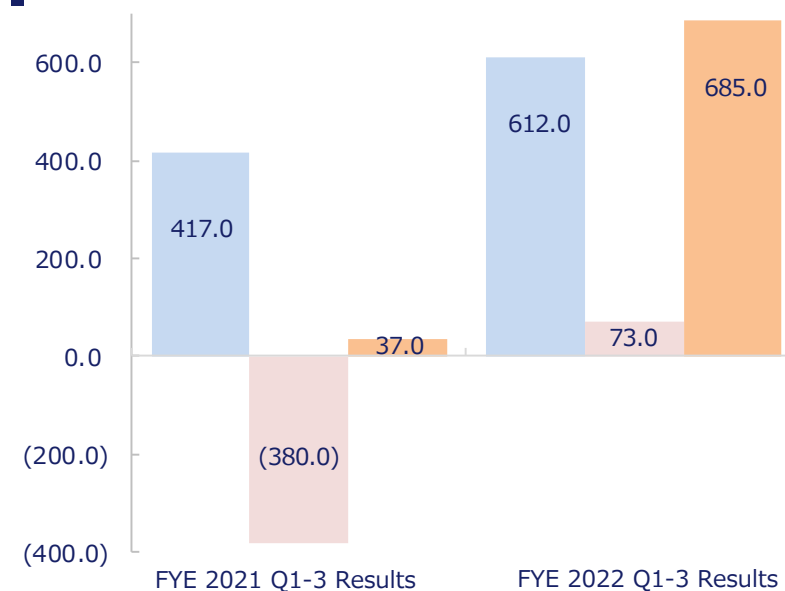
\* : Record High

(\*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:

Increased by ¥588.5 bil., compared to March 31, 2021 to **¥11,767.0 bil.**, due to the increase in trade receivables and inventories in food distribution-related companies and energy trading transactions, and the increase in investments accounted for by the equity method, partially offset by the decrease due to the partial sale of Taiwan FamilyMart.

## ■ Net Interest-bearing Debt:

Decreased by ¥272.2 bil., compared to March 31, 2021 to **¥2,329.1 bil.**, due to the stable performance in operating revenues and sale of investments, partially offset by dividend payments.

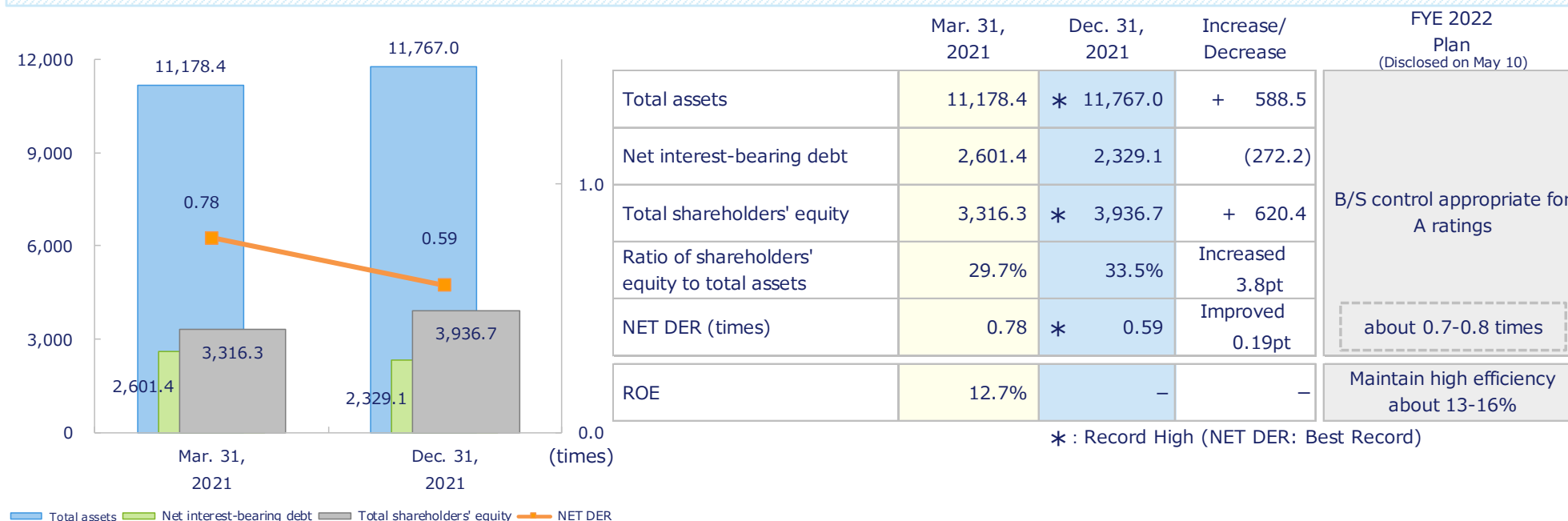
## ■ Total Shareholders' Equity:

Increased by ¥620.4 bil., compared to March 31, 2021 to **¥3,936.7 bil.**, due to net profit attributable to ITOCHU during this fiscal year and the effect of the depreciation of the yen, partially offset by dividend payments.

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

**Ratio of shareholders' equity to total assets** increased by 3.8 points compared to March 31, 2021 to **33.5%**.

**NET DER** improved by 0.19 points compared to March 31, 2021 to **0.59 times**.



# Assumptions for FYE 2022



|                                 |                 | FYE 2021            | FYE 2022            | FYE 2022 Forecast     |                       | (Reference)  |                    |
|---------------------------------|-----------------|---------------------|---------------------|-----------------------|-----------------------|--|--------------------|
|                                 |                 | Q1-3 Results        | Q1-3 Results        | (Disclosed on Nov. 5) | (Disclosed on Feb. 3) | Sensitivities on net profit attributable to ITOCHU for FYE 2022 Q4 |                    |
| Exchange rate (Yen/US\$)        | Average         | 106.51              | 110.55              | 110                   | 110                   | 1 yen appreciation against US\$                                    | Approx. ¥(0.6)bil. |
|                                 | Closing         | Mar. 2021<br>110.71 | Dec. 2021<br>115.02 | 110                   | 110                   |  | –                  |
| Interest rate (%)               | TIBOR 3M (¥)    | 0.07%               | 0.06%               | 0.1%                  | 0.1%                  | 0.1% increase  | Approx. ¥(0.1)bil. |
|                                 | LIBOR 3M (US\$) | 0.35%               | 0.15%               | 0.5%                  | 0.5%                  |  | Approx. ¥(0.1)bil. |
| Crude oil (Brent) (US\$/BBL)    |                 | 40.72               | 74.04               | 75                    | 77                    | ±¥0.06 bil. <sup>(*3)</sup>  |                    |
| Iron ore (CFR China) (US\$/ton) |                 | 114 <sup>(*1)</sup> | 158 <sup>(*1)</sup> | N.A. <sup>(*2)</sup>  | N.A. <sup>(*2)</sup>  | ±¥0.06 bil. <sup>(*3)</sup>  |                    |

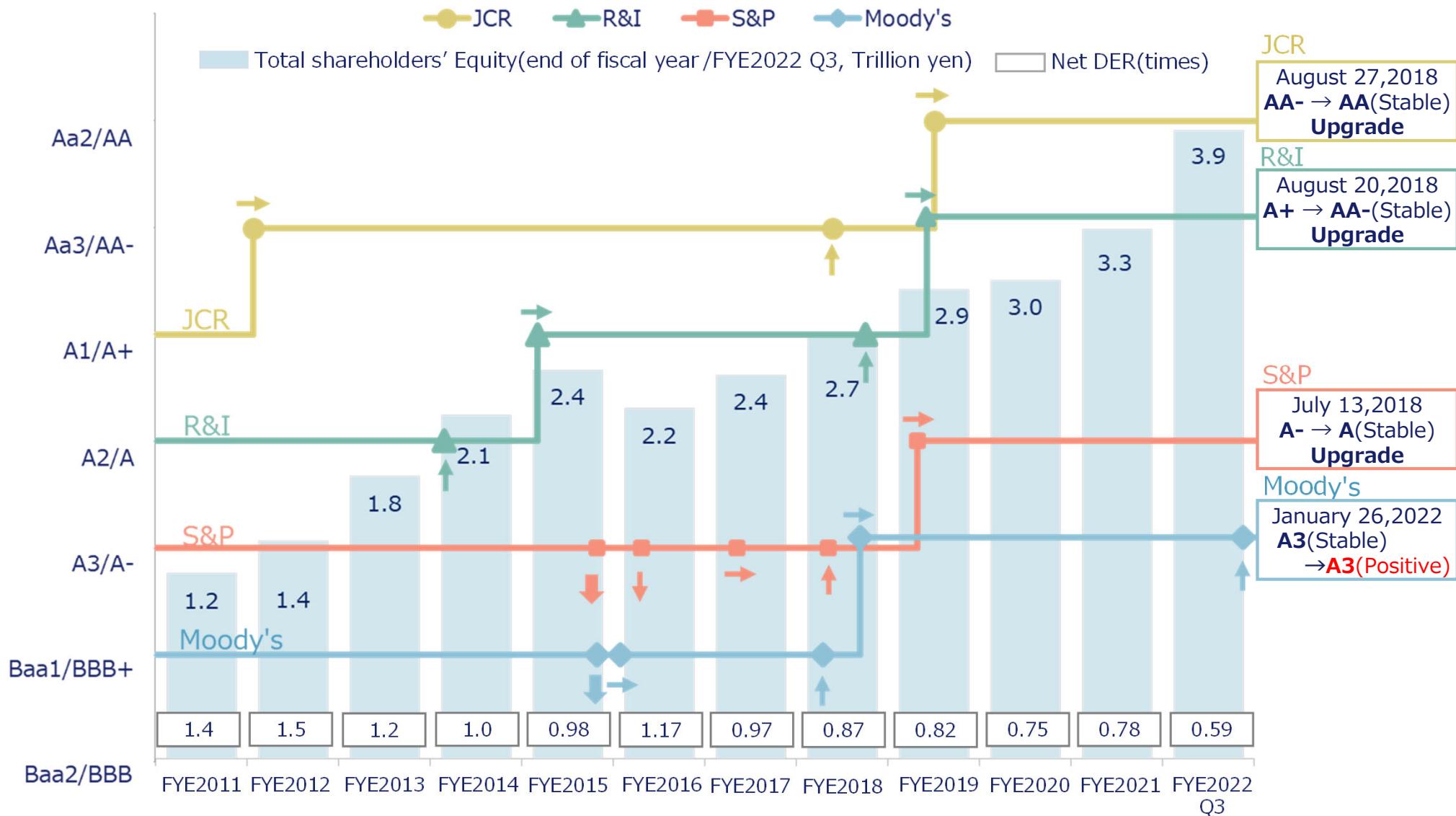
(\*1) FYE 2021 Q1-3 and FYE 2022 Q1-3 prices for iron ore are prices that ITOCHU regards as general transaction prices based on the market.

(\*2) The prices of iron ore used in "FYE 2022 Forecast" are assumptions made 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.



# Credit Ratings



Potential direction of short-term trends (Positive/Negative)  
 Potential direction over the intermediate term (Positive/Negative/Stable)

# Net profit attributable to ITOCHU by Segment/Annual Forecast

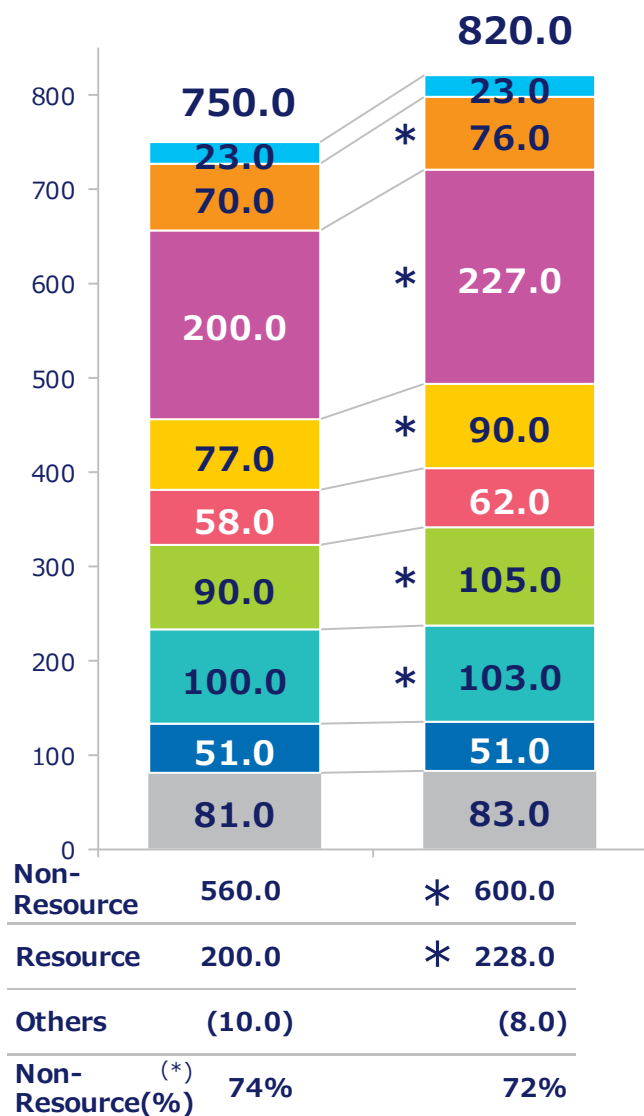


(Unit : billion yen)

FYE 2022  
Forecast

FYE 2022  
Forecast

(Disclosed on Nov.5) (Disclosed on Feb.3)



\* : Record High

## Summary of Changes from the Previous Forecast

### Textile [Inc / (Dec) : ¥ ±0 bil.]

In line with the previous forecast disclosed on May 10.

### Machinery [Inc / (Dec) : ¥ 6.0 bil.]

Increase due to the improvement in profitability in YANASE and the stable performance in North American IPP-related business.

### Metals & Minerals [Inc / (Dec) : ¥ 27.0 bil.]

Increase due to higher mineral resource prices and the favorable performance in Marubeni-Itochu Steel.

### Energy & Chemicals [Inc / (Dec) : ¥ 13.0 bil.]

Increase due to the improvement in profitability in upstream interests especially in CIECO Azer (Crude oil exploration and production company) resulting from higher oil prices, in addition to the stable performance in energy trading transactions.

### Food [Inc / (Dec) : ¥ 4.0 bil.]

Increase due to the stable performance in North American grain-related companies and increased extraordinary gain, partially offset by the deterioration in profitability resulting from cost increase.

### General Products & Realty [Inc / (Dec) : ¥ 15.0 bil.]

Increase due to the favorable performance in North American and domestic construction materials business, in addition to higher equity in earnings in IFL (European pulp-related company) resulting from higher pulp prices.

### ICT & Financial Business [Inc / (Dec) : ¥ 3.0 bil.]

Increase due to higher gain on fund operation, in addition to the stable performance in mobile-phone-related business and retail finance business.

### The 8th [Inc / (Dec) : ¥ ±0 bil.]

In line with the forecast disclosed on Nov. 5.

### Others, Adjustments & Eliminations [Inc / (Dec) : ¥ 2.0 bil.]

Increase due to the continuous expense reduction.

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