

# FYE 2022 Business Results Summary & FYE 2023 Management Plan

ITOCHU Corporation  
May 10, 2022



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 Financial Results for FYE 2022



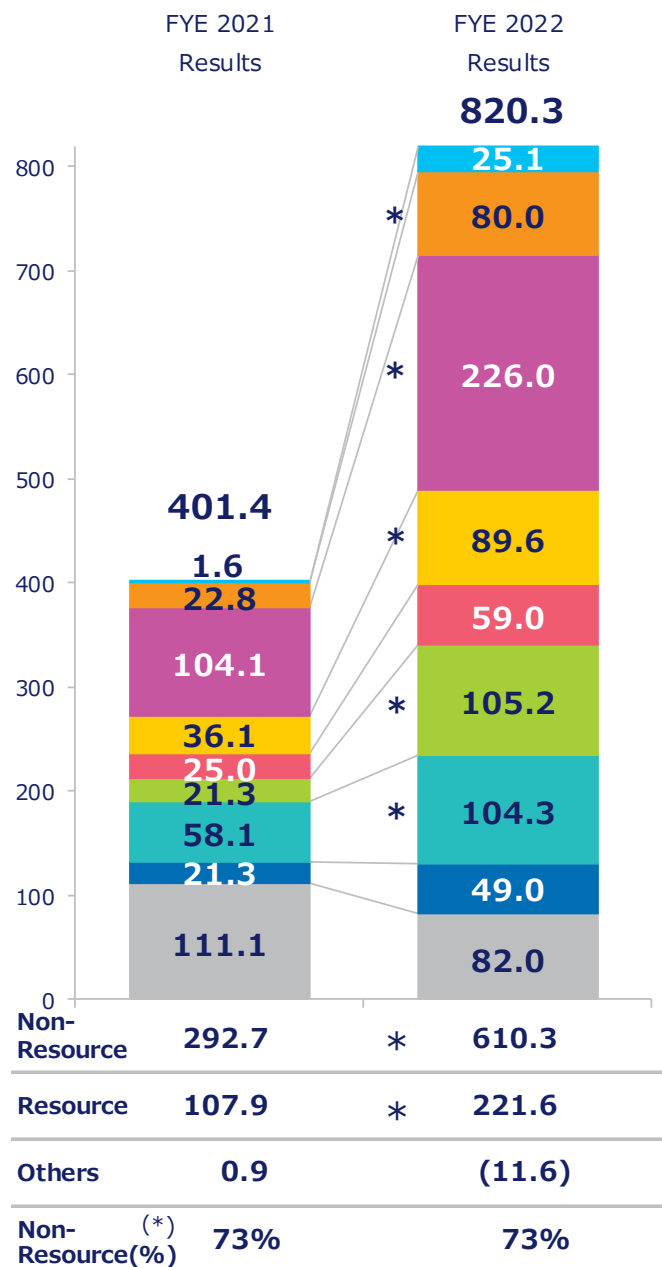
(Unit : billion yen)

- **“Net profit attributable to ITOCHU”** was **¥820.3 bil.**, achieved more than twofold results for the previous fiscal year of ¥401.4 bil. [record high]
- **“Core profit”** was approximately **¥690.0 bil.**, increased by ¥237.5 bil., compared to the previous fiscal year. All segments achieved increase resulting from the growth of profit in non-resource sector and higher resource prices in resource sector. [record high]
- **“Ratio of group companies reporting profits”** was **90.9%**, achieved the same level as the FYE 2018 of 91.0% which is the highest.
- **“Core operating cash flows”** was **¥790.0 bil.** [record high]
- **“Earnings per share attributable to ITOCHU (EPS)”** was **¥552.86.** [record high]

	FYE 2020 Results	FYE 2021 Results	FYE 2022 Results	Increase/ Decrease	FYE 2022 Forecast (Disclosed on Feb. 3)	Achievement
Net profit attributable to ITOCHU	<b>501.3</b>	<b>401.4</b> *	<b>820.3</b>	<b>+ 418.8</b>	<b>820.0</b>	<b>100%</b>
Extraordinary gains and losses	16.0	(51.0) *	130.0	+ 181.0	134.0	
Core profit <sup>(*)</sup>	485.5	452.5 *	690.0	+ 237.5	686.0	101%
[Core profit(excluding the impact of COVID-19)] <sup>(*)</sup>	[490.5]	[508.5]	[727.0]	[+ 218.5]		
<small>(*)Core profit is shown in round figures.</small>						
Ratio (%) of group companies reporting profits	88.6%	82.4%	90.9%	Increased 8.4pt		
Core operating cash flows	602.0	574.0 *	790.0	+ 216.0		
NET DER	0.75	0.78 *	0.54	Improved 0.24pt	Dividend information(per share)	
ROE	17.0%	12.7%	21.8%	Increased 9.1pt	Annual (Planned)	* 110 yen
EPS	335.58 yen	269.83 yen *	552.86 yen	+ 283.03 yen	Interim (Paid)	* 47 yen

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

# Net profit attributable to ITOCHU by Segment



## Summary of Changes from the Previous Fiscal Year

(Unit : billion yen)

### Textile [Inc / (Dec) : ¥ 23.5 bil.]

Increased due to the recovery trend especially in apparel-related companies, higher equity in earnings and the gain on the partial sale of a foreign company, in addition to the absence of extraordinary losses in the previous fiscal year, partially offset by the impact of COVID-19.

### Machinery [Inc / (Dec) : ¥ 57.2 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, the favorable performance in almost all businesses such as ship-related companies and North American IPP-related business, and the gain on the sale of a water utility company in IEI (European water-and-environment-related company), in addition to the absence of the extraordinary losses in the previous fiscal year.

### Metals & Minerals [Inc / (Dec) : ¥ 121.9 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, in addition to the absence of extraordinary losses in the previous fiscal year.

### Energy & Chemicals [Inc / (Dec) : ¥ 53.6 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, in addition to the absence of extraordinary losses in the previous fiscal year.

### Food [Inc / (Dec) : ¥ 34.0 bil.]

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

### General Products & Realty [Inc / (Dec) : ¥ 84.0 bil.]

Increased due to the favorable performance in construction materials business, the improvement in ETEL (European tire-related company) resulting from the alleviation of the impact of COVID-19, improvement of 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, in addition to the absence of extraordinary losses in the previous fiscal year.

### ICT & Financial Business [Inc / (Dec) : ¥ 46.2 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.

### The 8th [Inc / (Dec) : ¥ 27.8 bil.]

Increased due to the recovery of daily sales resulting from the alleviation of the impact of COVID-19 and expanding product offerings 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 previous fiscal year.

### Others, Adjustments & Eliminations [Inc / (Dec) : ¥ (29.2) bil.]

Decreased due to lower equity in earnings in C.P. Pokphand due to the deterioration in profitability resulting from lower pork prices and the absence of extraordinary gain in the previous fiscal year, in addition to higher tax expenses, partially offset by higher equity in earnings in CITIC Limited resulting from the stable performance especially in comprehensive financial business.

# Extraordinary Gains and Losses



(Unit : billion yen)

	FYE 2021 Results		Major items	FYE 2022 Results		Major items
		[Q4]			[Q4]	
Textile	(9.0)	(13.5)	[Q2]Gain on the partial sale of a foreign company:1.5 [Q3]Gain on the group restructuring:3.0 [Q4]Impairment loss on Sankei:(8.5) Restructuring cost in subsidiaries:(3.5)	7.0	4.0	[Q1]Gain on the sale of fixed assets in EDWIN:1.0 [Q4]Gain on the partial sale of a foreign company:2.5
Machinery	(18.0)	(20.5)	[Q2-3]Gain on the cash collection for a specific overseas project: 1.5[Q2:1.0, Q3:0.5] [Q4]Impairment loss on foreign companies:(18.5)	7.5	–	[Q1]Gain on the sale of a water utility company in IEI:4.0 [Q2]Gain on the conversion of the bond to equity of Spire Global:2.5
Metals & Minerals	(14.0)	(9.5)	[Q3]Higher tax expenses related to a natural-resource-project:(4.0) [Q4]Impairment loss in the Australian coal-related business:(8.5)	23.5	1.0	[Q1]Realization of foreign exchange gains due to the de-consolidation of ITOCHU Coal Americas:22.0
Energy & Chemicals	(22.5)	(23.5)	[Q4]Loss from long-term energy contract:(22.5)	4.5	0.5	[Q3]Gain from change in ownership ratio of a lithium-ion batteries company:2.0 Revaluation gain due to the conversion of mega-solar companies into consolidated subsidiaries in ITOCHU ENEX:1.5
Food	(17.5)	(26.5)	[Q1-2]The loss related to the fire incident of distribution center in NIPPON ACCESS: –[Q1:(0.5), Q2:0.5] [Q2]Gain on the group reorganization in food-distribution-related companies:2.5 Gain on the sale of a foreign company:1.0 [Q3]Gain on the sale of North American agricultural insurance business:6.0 [Q4]Impairment loss in a foreign company:(14.5) Impairment loss in Dole:(7.0) Impairment loss in NIPPON ACCESS:(3.0)	4.5	3.5	[Q2]Gain on the partial sale of a domestic company:1.0 [Q4]Gain on the sale of packaging box and label printing business in Dole:3.0
General Products & Realty	(9.0)	(10.5)	[Q2]Lower tax expenses related to a domestic real estate company:1.5 [Q4]Impairment loss in ETEL:(4.5) Temporary expense from the construction of manufacturing lines in IFL:(2.5) Impairment loss in a Chinese logistics-related company:(2.0)	29.5	–	[Q1]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	0.5	(11.0)	[Q1]Gain on the partial sale of eGuarantee:12.0 [Q4]Impairment loss on Orient Corporation:(12.0)	31.0	(2.5)	[Q2]Gain on the de-consolidation of Paidy:30.5 [Q3]Gain on the sale of fixed assets in ITOCHU Techno-Solutions:1.5 [Q4]Impairment losses in ITOCHU Techno-Solutions:(2.0)
The 8th	11.0	(3.0)	[Q1]Gain on the sale of a foreign company in FamilyMart:2.0 [Q1-2]The loss related to the fire incident of distribution center in NIPPON ACCESS: –[Q1:(0.5), Q2:0.5] Lower tax expenses related to FamilyMart:35.5[Q1:3.0, Q2:32.5] [Q2-4]Impairment losses in FamilyMart:(24.5) [Q2:(12.5), Q3:(11.0), Q4:(1.0)] [Q4]Impairment loss in NIPPON ACCESS:(2.0)	26.0	(3.5)	[Q1]Gain on the partial sale of Taiwan FamilyMart:29.5 [Q4]Impairment losses in FamilyMart:(3.5)
Others, Adjustments & Eliminations	27.5	24.0	[Q2]Gain on the investment in a group company of CITIC Limited:3.5 [Q4]Gain on the group reorganization in C.P. Pokphand:24.5	(3.5)	(2.0)	[Q4]Impairment loss on CTEI:(1.0)
Total	(51.0)	(94.0)	[FYE 2021 Results]Non-Resource:(38.0)、Resource:(13.0), Others: –	* 130.0	1.0	[FYE 2022 Results]Non-Resource:110.0, Resource:22.5, Others:(2.5)

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

\* : Record High

# Cash Flows



(Unit : billion yen)

## ■ Operating Cash Flows and Free Cash Flows:

“Cash flows from operating activities” was a **net cash-inflow of ¥801.2 bil.**, due to the stable performance in operating revenues in The 8th, Metals & Minerals, Energy & Chemicals and Food Companies.

“Free cash flows” resulted in a **net cash-inflow of ¥839.8 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. [record high]

## ■ Core Free Cash Flows:

“Core operating cash flows” after deducting changes in working capital, etc. from “Cash flows from operating activities” was a **net cash-inflow of ¥790.0 bil.** [record high]

“Core free cash flows” resulted in a **net cash-inflow of ¥837.0 bil.** [record high]

## Cash Flows

	FYE 2021 Results	FYE 2022 Results
Cash flows from operating activities	895.9	801.2
Cash flows from investing activities	(207.3)	38.6
Free cash flows	688.6	* 839.8
Cash flows from financing activities	(728.8)	(846.7)

## Core Free Cash Flows

	FYE 2021 Results	FYE 2022 Results
Core operating cash flows <sup>(*1)</sup>	574.0	* 790.0
Net investment cash flows <sup>(*2)</sup>	(755.0)	47.0
Core free cash flows	(181.0)	* 837.0

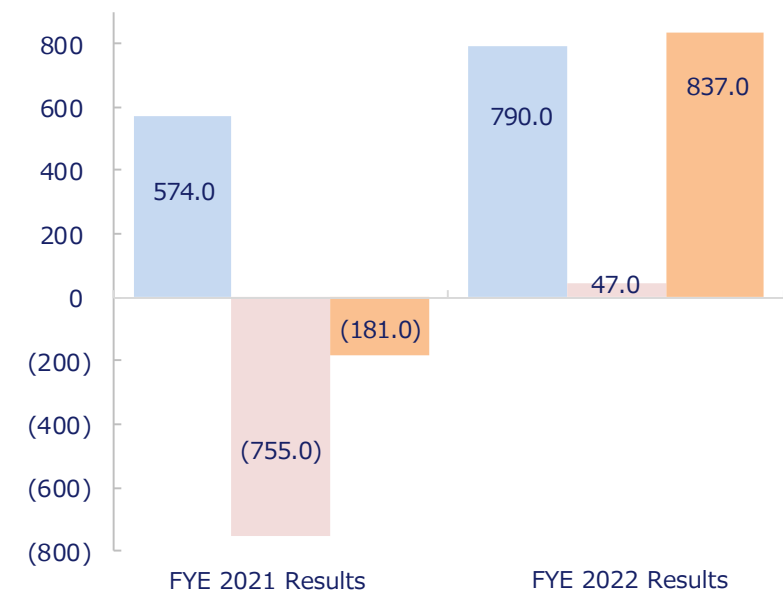
\* : Record High

(\*1) “Operating cash flows” minus “Changes in working capital” plus “Repayments of lease liabilities, etc.”

(\*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 ¥975.2 bil., compared to March 31, 2021 to **¥12,153.7 bil.**, due to the impact of the depreciation of the yen, the increase in trade receivables and inventories resulting from the increase of trading transactions and higher market prices, 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 ¥318.4 bil., compared to March 31, 2021 to **¥2,283.0 bil.**, due to the stable performance in operating revenues and sales of investments, partially offset by dividend payments and share buybacks.

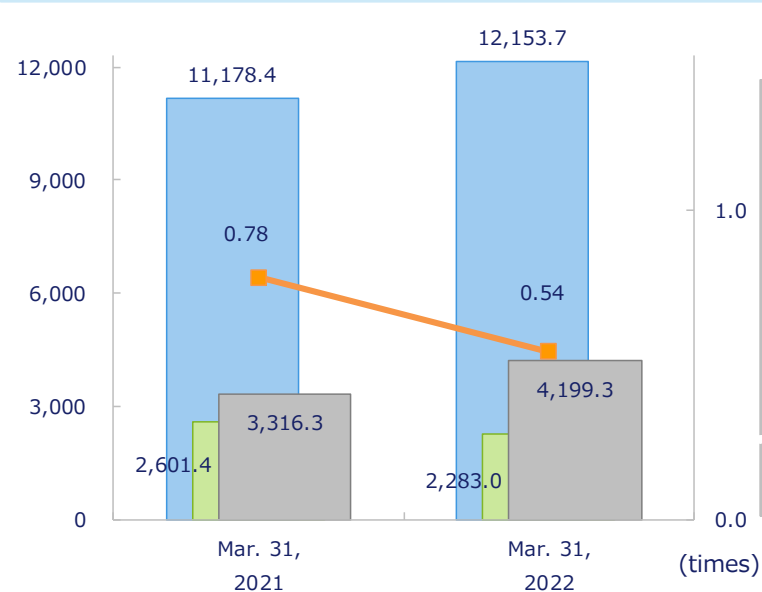
## ■ Total Shareholders' Equity:

Increased by ¥883.0 bil., compared to March 31, 2021 to **¥4,199.3 bil.**, due to net profit attributable to ITOCHU during this fiscal year and the impact of the depreciation of the yen, partially offset by dividend payments and share buybacks.

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

**Ratio of shareholders' equity to total assets** increased by 4.9 points compared to March 31, 2021 to **34.6%**.

**NET DER** improved by 0.24 points compared to March 31, 2021 to **0.54 times**.



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

	Mar. 31, 2021	Mar. 31, 2022	Increase/Decrease	FYE 2022-2024 Plan
Total assets	11,178.4	* 12,153.7	+ 975.2	B/S control appropriate for A ratings
Net interest-bearing debt	2,601.4	2,283.0	(318.4)	
Total shareholders' equity	3,316.3	* 4,199.3	+ 883.0	
Ratio of shareholders' equity to total assets	29.7%	* 34.6%	Increased 4.9pt	
NET DER (times)	0.78	* 0.54	Improved 0.24pt	
ROE	12.7%	21.8%	Increased 9.1pt	Maintain high efficiency about 13-16%

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

about 0.7-0.8 times

Brand-new Deal 2023

## FYE 2023 Management Plan

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### Forward-Looking Statements

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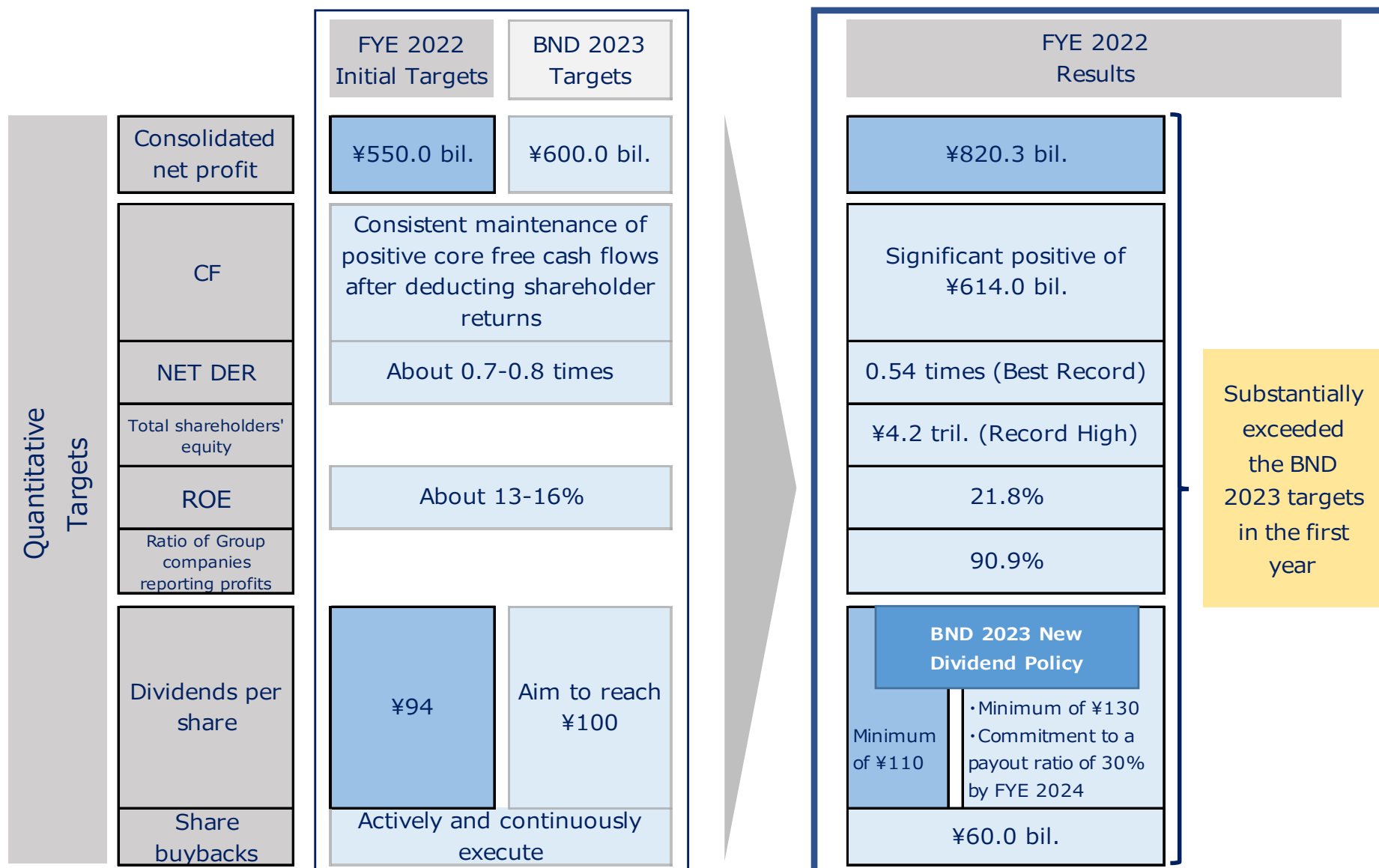
# FYE 2022 General Review & FYE 2023 Management Plan



# FYE 2022 General Review (Quantitative Targets)



- ✓ Achieved consolidated net profit of 820.3 billion yen, renewed a record high significantly.
- ✓ Announced "Brand-new Deal 2023 New Dividend Policy" and executed share buybacks. Steadily implementing the shareholder returns policy.



# FYE 2022 General Review (Qualitative Targets)



- ✓ Evolved business models and created growth opportunities from a market-oriented perspective.
- ✓ Under the policy of “Enhancing our contribution to and engagement with the SDGs through business activities”, we significantly reduced GHG emissions from fossil fuel businesses and interests.

Qualitative Targets	Market-oriented perspective	<ul style="list-style-type: none"> <li>■ We built up businesses that meet consumer needs, such as through new business development and supply chain optimization in FamilyMart, as well as expansion and monetization of our retail financial services lineup.</li> <li>■ By collaborating with strong business partners, such as investments in Hitachi Construction Machinery and Nishimatsu Construction, we will utilize each other’s comprehensive strengths to implement strategic initiatives that enable further business expansion.</li> </ul>
	SDGs	<ul style="list-style-type: none"> <li>■ Following the sale of its interest in Drummond, we sold its interest in Ravensworth North. We reduced GHG emissions from fossil fuel businesses and interests by 50% ahead of schedule.</li> <li>■ Taking advantage of our existing earnings base, we steadily promoted the businesses of storage batteries, plastic recycling, traceable natural rubber, etc., and more in response to social needs.</li> </ul>
	Human resources strategy	<ul style="list-style-type: none"> <li>■ The Women’s Advancement Committee, as one of the advisory committees to the Board of Directors, was established to strengthen support for women's career development through monitoring.</li> <li>■ We have evolved our “morning-focused working system” and introduced “early bird flexible working styles” in order to further enhance labor productivity through these new working styles combined with telecommuting.</li> </ul>
	Others	<ul style="list-style-type: none"> <li>■ We continued to receive high marks for its IR activities, including the Integrated Report, and in SDGs/ESG evaluations.</li> <li>■ We are the only major general trading company that has been included in all ESG investment indices adopted by the GPIF.</li> </ul>

# Quantitative Targets



(Unit : billion yen)

## FYE 2023 Profit Plan: Consolidated net profit of ¥700.0 billion

	Textile	Machinery	Metals & Minerals	Energy & Chemicals	Food	General Products & Realty	ICT & Financial Business	The 8th	Others, Adjustments & Eliminations	Total	Non-Resource	Resource	Others
FYE 2021 Results	1.6	22.8	104.1	36.1	25.0	21.3	58.1	21.3	111.1	401.4	292.7	107.9	0.9
FYE 2022 Results	25.1	80.0	226.0	89.6	59.0	105.2	104.3	49.0	82.0	820.3	610.3	221.6	(11.6)
FYE 2023 Plan	<b>26.0</b>	<b>72.0</b>	<b>197.0</b>	<b>85.0</b>	<b>66.0</b>	<b>72.0</b>	<b>86.0</b>	<b>30.0</b>	<b>66.0</b>	<b>700.0</b>	<b>548.0</b>	<b>190.0</b>	*(38.0)
Increase/Decrease	+0.9	(8.0)	(29.0)	(4.6)	+7.0	(33.2)	(18.3)	(19.0)	(16.0)	(120.3)	(62.3)	(31.6)	(26.5)

\*Includes a loss buffer of ¥30.0 billion

## B/S, CF

### & Ratio Plan

	Brand-new Deal 2020		FYE 2021 Management Plan
	(FYE) 2019	2020	2021
Core operating CFs	515.0	602.0	574.0
Net investment CFs	(20.0)	(290.0)	(755.0)
Core free CFs after deducting shareholder returns	300.0	123.0	(326.0)
	423.0		
NET DER (times)	0.82	0.75	0.78
Shareholders' equity	2.9 tril.	3.0 tril.	3.3 tril.
ROE(%)	17.9	17.0	12.7



## Brand-new Deal 2023

2022	2023-2024
790.0	Cash allocation based on the consistent maintenance of positive core free cash flows after deducting shareholder returns
47.0	Actively promote strategic investments in a timely manner and accelerate asset replacement through business transformation
614.0	B/S control appropriate for A ratings [NET DER about 0.7 - 0.8 times]
0.54	
4.2 tril.	
21.8	Maintaining high efficiency [ROE of about 13 - 16%]

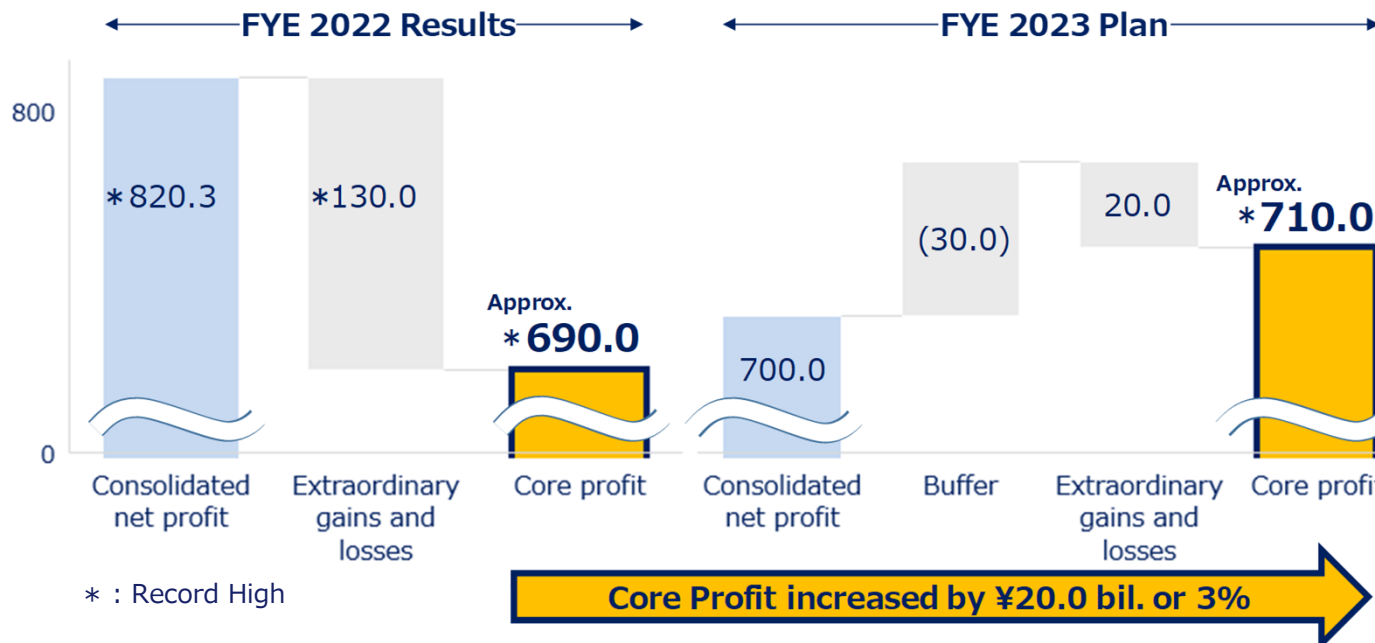
# Core Profit(FYE 2023 Plan)



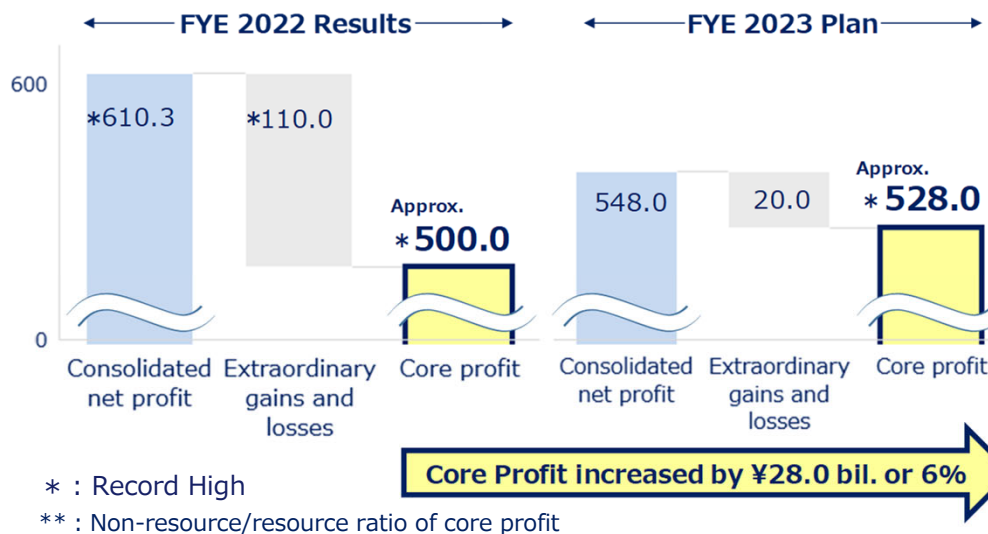
(Unit : billion yen)

- ✓ We expect core profit for FYE 2023 of ¥710.0 billion, which will be a record high due to the growth of profit in non-resource sector.

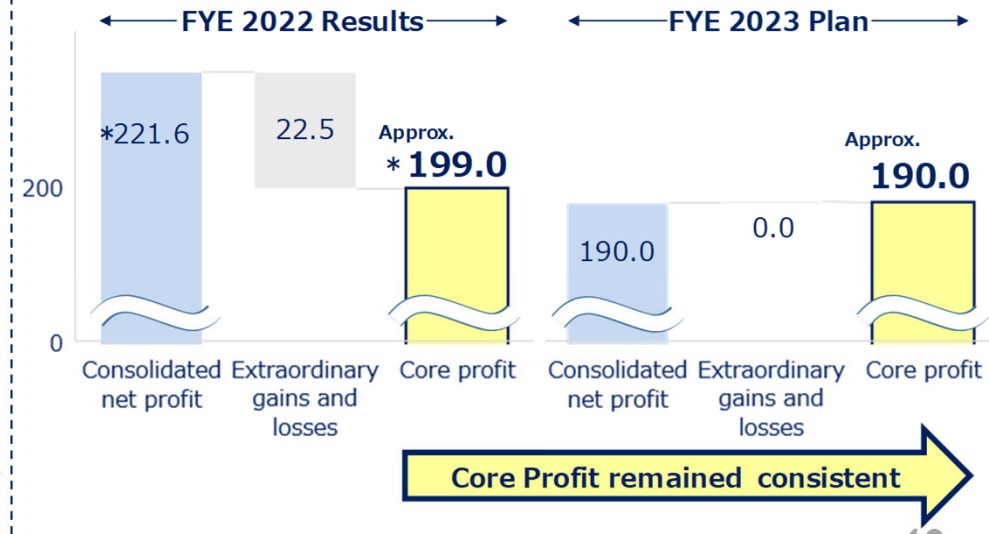
## 【Total】



## 【Non-Resource (72%→74%\*\*)]



## 【Resource(28%→26%\*\*)]



# Shareholder Returns Policy



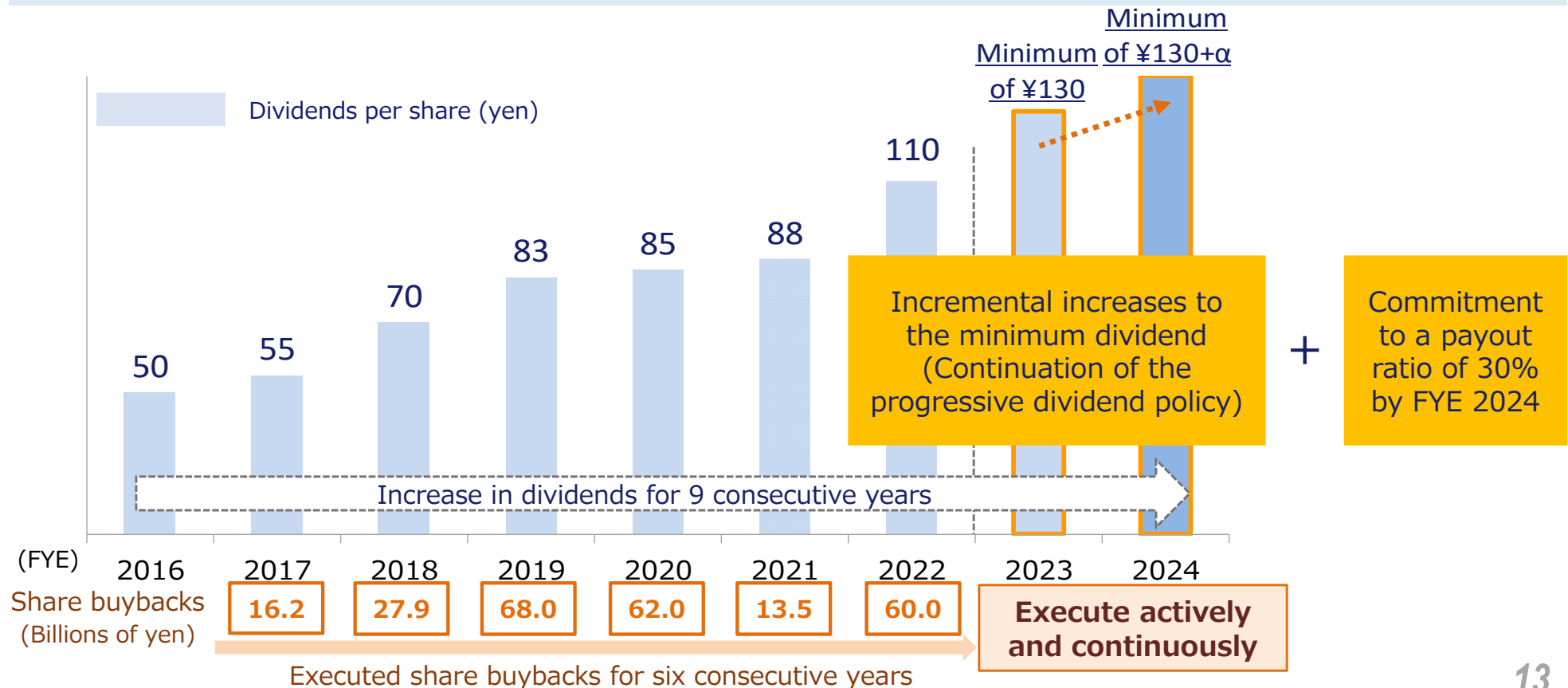
## Dividends : Brand-new Deal 2023 New Dividend Policy (FYE 2023 Version)

- ✓ Continuation of the progressive dividend policy during BND 2023.
- ✓ Implementation of **incremental increases to the minimum dividend.**  
(**Minimum of ¥130\*** per share in FYE 2023 → **Minimum of ¥130+α** per share in FYE 2024)
- ✓ **Commitment to a payout ratio of 30% by FYE 2024.**

\* Dividend for FYE 2023 increased by ¥10 per share from the previously announced minimum of ¥120 per share, and increased by ¥20 per share from the actual FYE 2022 dividend of ¥110 per share.

## Share buybacks

- ✓ We will **actively and continuously execute share buybacks** as appropriate in consideration of the cash allocation situation based on market environment.



# Assumptions for FYE 2023



		FYE 2021 Results	FYE 2022 Results	FYE 2023 Plan	(Reference) Sensitivities on net profit attributable to ITOCHU for FYE 2023	
Exchange rate (Yen/US\$)	Average	105.97	111.54	120	1 yen appreciation against US\$	Approx. ¥(3.5)bil.
	Closing	110.71	122.39	120		–
Interest rate (%)	TIBOR 3M (¥)	0.07%	0.06%	0.1%	0.1% increase	Approx. ¥(0.4)bil.
	LIBOR 3M (US\$)	0.32%	0.24%	2.5%		Approx. ¥(0.2)bil.
Crude oil (Brent) (US\$/BBL)		45.75	79.92	90	±¥0.4 bil. <sup>(*3)</sup>	
Iron ore (CFR China) (US\$/ton)		127 <sup>(*1)</sup>	154 <sup>(*1)</sup>	N.A. <sup>(*2)</sup>	± ¥1.2 bil. <sup>(*3)</sup>	

(\*1) FYE 2021 and FYE 2022 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 the FYE 2023 Plan are assumptions made in consideration of general transaction prices based on the market. The actual prices are not presented, as they are 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.