

## CFO Interview

### Question 1

**Please provide a general review of the financial and capital strategies in “Brand-new Deal 2020.”**

### Answer 1

**We were able to achieve our promises a year ahead of schedule by steadily racking up accomplishments, one by one.**

Despite a bruising business environment caused by the protracted U.S.–China trade friction and the emergence of COVID-19, FYE 2020 became ITOCHU's most outstanding year ever in quantitative terms. We achieved our target of solidifying our earnings base at ¥500.0 billion in consolidated net profit for the second consecutive years and further strengthened our financial position. As a result, we were able to successfully conclude our three-year medium-term management plan, “Brand-new Deal 2020,” a year ahead of schedule. Moreover, we definitively kept our “four commitments” related to the financial and capital strategies that were set forth when “Brand-new Deal 2020” was released.

First, in terms of “enhancing shareholder returns,” we promised to continue our progressive dividend policy during the period of “Brand-new Deal 2020.” We achieved steady increases in dividends per share each fiscal year, up to ¥83 in FYE 2019 and ¥85 in FYE 2020, setting new record highs for both years. Furthermore, based on the “Medium- to Long-Term Shareholder Returns Policy” announced in October 2018, we showed our stance on maintaining high ROE management by continuously improving EPS (Consolidated net profit per share) through measures including share buybacks. Based on this policy, we dynamically and flexibly repurchased a cumulative total of ¥130.0 billion in shares in FYE 2019 and 2020. As a result, we were able to achieve a high level of shareholder returns in FYE 2020 with a dividend payout ratio of 25% and a total shareholder return ratio of 38%.

Next, in terms of “Core Operating Cash Flows,” we set record highs for the fourth consecutive year and exceeded ¥600.0 billion for the first time, reaching ¥602.0 billion. With our improving earning power, we also steadily racked up accomplishments in terms of “cash-generating power.” Amid an uncertain business environment, we conducted steady asset replacements while realizing the previously noted shareholder returns, and were able to maintain positive Core Free Cash Flows after deducting shareholder returns of ¥123.0 billion. Together with the ¥300.0 billion we recorded in FYE 2019, we have accumulated a huge cash inflow of more than ¥420.0 billion over the cumulative two-year period. We were able to further strengthen our financial position while acquiring a sufficient volume of



**Amid this year's bruising business environment, we will balance our “offense” and “defense” to achieve a firm footing for even stronger growth.**

**Tsuyoshi Hachimura**

Member of the Board,  
Senior Managing Executive Officer, CFO

