

# Financial & Capital Strategy for Value Creation

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## Hiroyuki Naka

**Member of the Board**  
**Senior Executive Officer**

**CFO;** (Since 2026)

**CXO** (Since 2024)

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- Joined ITOCHU in 1987; has mainly been involved in the Textile related business and Corporate Planning & Administration Division.
  - Previously held the positions of Deputy COO of the Food Products Marketing & Distribution Division, General Manager of the Corporate Planning & Administration Division, and CDO, CIO, and CSO.
  - Since 2024, as CXO, has promoted the transformation of the business scope and format of the entire ITOCHU Group, and advancing the digitalization strategy and overseas policies.

# ITOCHU's Distinctive Value Creation

- ✓ Evolve value chains
- ✓ Drive market-in transformation
- ✓ Create value through data

## Three Methods for Growth

### Accelerating Growth Investments

High-visibility growth investments aimed at creating new core businesses

Promoting Asset Replacement

### Evolving Existing Businesses

Driving growth in businesses where we have expertise

### Horizontal Collaboration & Integration

Cross-sector collaboration & reorganization leveraging existing businesses

Growth investments that create value—not merely identify it

# Maintaining 15% ROE

- ✓ Maintaining highly efficient management

Approx.  
**ROE 15%**

- ✓ Sustainable EPS growth

## Matrix of growth rate, total payout ratio, and ROE

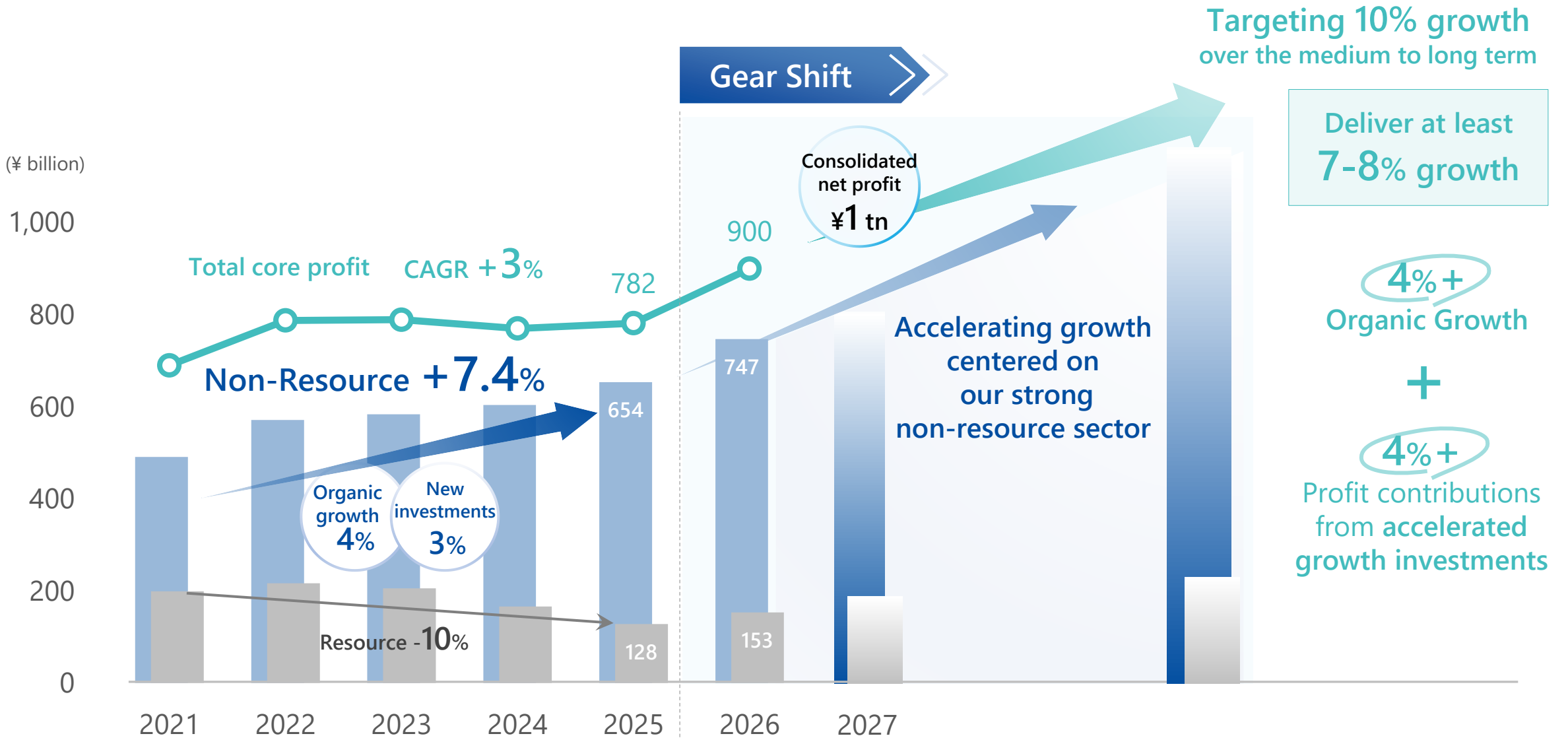
An image of the profit growth rate required to maintain an ROE of 15% or higher

		Total payout ratio		
		60%	50%	40%
ROE	13%	5%	7%	8%
	14%	6%	7%	8%
	15%	<b>6.0%</b>	<b>7.5%</b>	<b>9.0%</b>
	16%	6%	8%	10%
	17%	7%	9%	10%

[Example] – Minimum profit growth: 7-8%  
– Total payout ratio: 50%

**Maintaining 15% ROE**

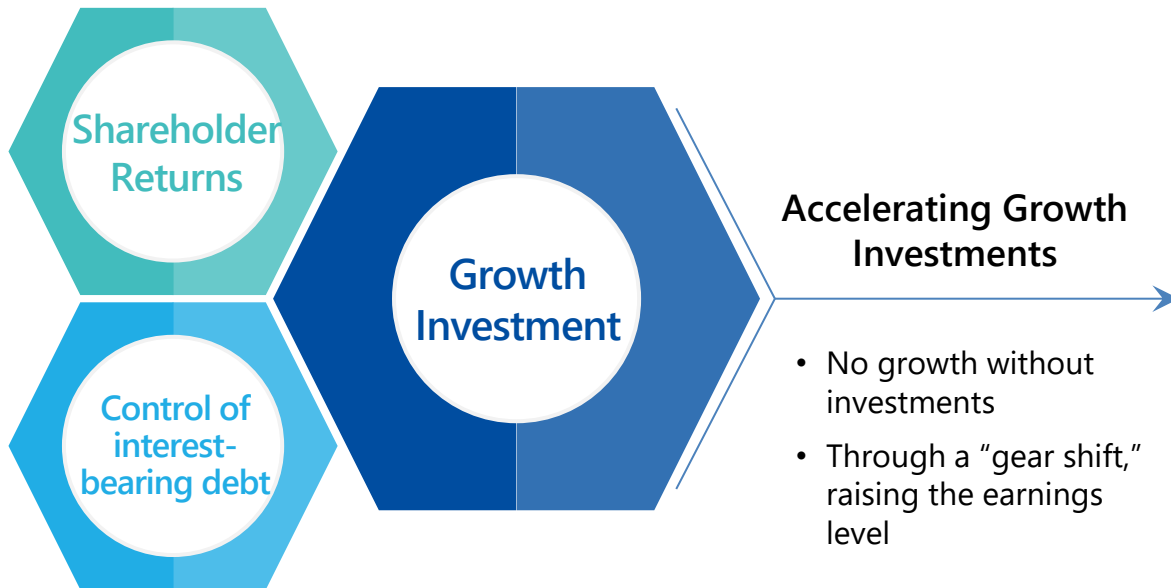
# Outlook for Future Growth



(\*)"Non-Resource" includes "Others"

# Capital Allocation

- Maintain a strong financial base through capital allocation that balances three factors
- For now, we are placing greater emphasis on growth investments while utilizing leverage within our financial discipline



## Disciplined Investment and Portfolio Recycling to Support Growth

### Investment Execution

- Rigorous investment criteria and screening remain unchanged
- Executing high-return projects in a "world with interest rates"

Projects supporting 8%+ overall ROI in ~2 years

### Review

- **Cost of shareholders' equity**-based annual review of all investment projects (Approx. 70 industry-specific hurdle rates)
- Thoroughly identifying assets that have peaked out

### Asset Replacement

- More than ever, **accelerating asset replacement** to improve capital efficiency

# Financial Strategy Supporting Growth

