Digital Strategy ～Towards a Pragmatic Approach to AIX～ (Investor Briefing): Q&A Summary

Date: October 17, 2025 (Fri.) 15:00 to 16:10
Presenters: Hiroyuki Naka, Chief Transformation Officer (CXO)
                 Zenichiro Urakami, General Manager, IT & Digital Strategy Division
Terminology: CTC = ITOCHU Techno-Solutions

Q: Regarding data sharing within the Group, in cases where subsidiaries are not 100% owned by ITOCHU, minority shareholders could potentially be included in the scope of data sharing. Are any countermeasures in place for this situation? Similarly, how is data sharing handled with affiliated companies? Additionally, could you comment on personal data protection, especially in BtoC businesses?

A: (Respondent: Urakami) We do not share all data uniformly; only the data necessary for each project is integrated into our data platform. As a policy, we strive to avoid retaining personal information, and from a data governance perspective, we carefully assess which data should or should not be retained. If personal information is included, we apply appropriate masking procedures. Currently, data sharing is primarily limited to 100% owned subsidiaries; we do not share data with affiliated companies. We do not forcibly collect data, and each case is handled on an individual basis.

Q: Cybersecurity is one of our engagement themes as investors; however, unlike consolidated net profit or GHG emissions, it is difficult to identify quantitative KPIs. As external stakeholders, what key indicators should we monitor in order to have confidence in a company's cybersecurity posture?

A: (Respondent: Urakami) It is true that presenting clear KPIs is difficult. At ITOCHU, approximately 400 companies, including sub-subsidiaries, are subject to our cybersecurity measures. If we were to implement equivalent cybersecurity infrastructure and controls at each individual company, it would entail significant costs; by managing this centrally at the Group level, we achieve substantial economic benefits. From a Group business continuity perspective, it is effective for us, as the parent company, to monitor and enhance security across the entire Group.

Q: Regarding the "Mi, To, Ma" Service: 1) How were the 11 companies selected where it has already been implemented? 2) What quantitative effects do you expect if the service is rolled out to the targeted 80 companies?

A: (Respondent: Urakami) For implementation, in some cases we visit Group companies to introduce the service, while in others, we receive direct requests for business improvement from the front lines. The majority of the 11 companies fall into the latter category. The targeted 80 companies are based on those that expressed interest during the introduction sessions held by each division company; while this number is concrete, it does include some small-scale Group companies. The 11 companies have delivered significant results, but if the service is rolled out to all 80 companies, the quantitative effect cannot simply be extrapolated from the current results.

Q: BELLSYSTEM24 HOLDINGS, INC. operates in an industry where generative AI is expected to have a significant impact. How does their progress in AI adoption compare to that of other companies in the industry?

A: (Respondent: Naka) BELLSYSTEM24 is a listed company and an equity-method affiliate, so I must refrain from making detailed comments. However, as reported in the Nikkei on August 7, the company is

advancing operator automation using AI. BELLSYSTEM24 handles approximately 500 million inbound calls annually, all of which are recorded and stored in a database. By accumulating and standardizing response patterns as knowledge, they are substituting AI-based auto-response where accuracy is sufficient. The article also mentioned the possibility of halving their workforce, and our ICT & Financial Business Company has reported that 20–30% reduction may be possible.

For outbound calls, such as appointment setting and sales, they analyze the responses of high-performing operators and standardize best practices. In proof-of-concept trials, conversion rates improved by about 30%, and several companies have expressed interest in conducting joint pilot projects. BELLSYSTEM24 accelerated its adoption of AI when Mr. Noda—current President of the ICT & Financial Business Company—was serving as its President. I believe their efforts are ahead of those of other companies in the industry.

Q: Is it correct to understand that ITOCHU's digital strategy and use of generative AI are primarily focused on cost reduction and efficiency improvement, rather than on making large-scale investments aimed at fundamentally transforming the trading business?

A: (Respondent: Urakami) As stated on Slide 19 of our presentation material, we do not limit generative AI to being merely a productivity tool; we also actively promote its use in the "Earn" domain, applying it across all three of our business principles: "Earn, Cut, Prevent." However, we do not plan to make large-scale investments in generative AI and instead aim for pragmatic initiatives by steadily accumulating feasible improvements. Given the rapid pace of technological advancement in this field, there is a risk that capital-intensive, in-house development could quickly become obsolete. Looking ahead, "AI agents" will be a key concept; we intend to leverage high-quality external tools while developing and integrating in-house solutions as needed.

Q: In general, it is said that differences between Japanese and overseas systems can hinder the efficiency of digital strategies at Japanese companies. Has ITOCHU standardized its systems across the global Group? Are digital services for Group companies or clients available overseas as well, or are they mainly focused on the Japanese market?

A: (Respondent: Urakami) We have implemented the same SAP system as our headquarters at approximately 40 overseas offices etc., utilizing a common platform. Not all acquired companies' systems are unified; instead, we have adopted a loosely coupled approach, ensuring robust mechanisms for collecting consolidated management information. Our department provides digital infrastructure to Group companies; however, we do not directly provide digital services to external client companies.

Q: Could you provide the breakdown of system expenses between maintenance & operations and new development?

A: (Respondent: Urakami) Approximately 30% of system expenses are allocated to new development.

Q: In system development, how do you position and differentiate between in-house development, outsourcing to Group companies, and outsourcing to external system integrators? Additionally, what is the role of each approach?

A: (Respondent: Urakami) In system development, we handle upstream processes such as system planning, requirements definition, and project execution planning in-house, rather than outsourcing these tasks to systems integrators. For some projects, we form joint teams with members from our group of digital businesses—led primarily by CTC—to execute projects collaboratively. Therefore, rather than being strictly in-house or outsourced, our development framework is best described as a hybrid model. With

respect to external systems integrator, we utilize them flexibly depending on the nature, scale, and required speed of the project, particularly when the project does not align with the expertise of our digital business group or when resources in the System Integration industry are constrained. Of course, we always give priority consideration to our group of digital businesses.