The Brand-new Deal

Investor Briefing

Digital Strategy ～Towards a Pragmatic Approach to AIX～

October 17, 2025

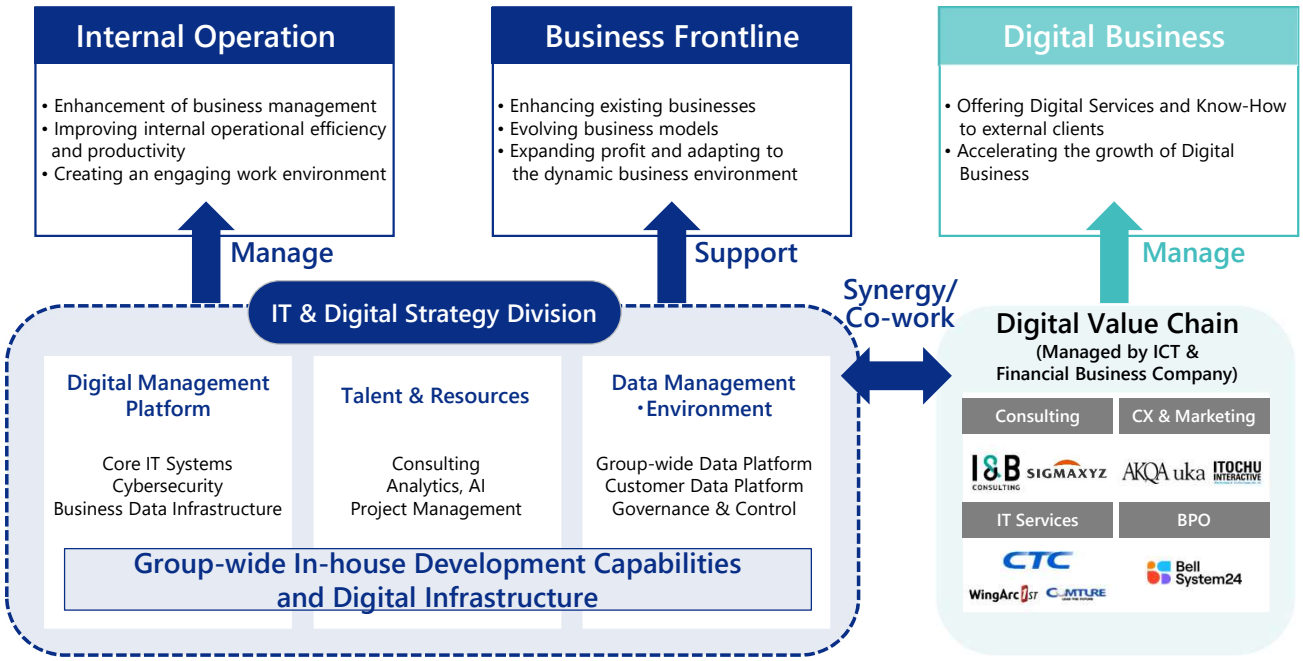
ITOCHU Corporation (8001)

Good afternoon, everyone. My name is Urakami, and I am the General Manager of the IT & Digital Strategy Division. Thank you for taking the time to join us today.

First, let me briefly introduce myself.
I joined ITOCHU in 1991. Over the past 34 years, I have been involved in a wide range of IT operations, such as building infrastructure and networks, developing applications, leading business transformation projects including ERP implementation, and launching a global IT organization. Currently, I am responsible for our digital strategy, IT security measures, and the formulation and promotion of the digital strategy for the entire ITOCHU Group.

It is a pleasure to be with you today.

ITOCHU Group-wide Digital Strategy Driving Structure



Next, I will outline the topics for today's session.
Please note that my presentation will not cover the "digital business" promoted by our ICT & Financial Business Company, which you may already be familiar with. Instead, I will focus on the "Digital Strategy" for our corporate and business domains, which is led by the IT & Digital Strategy Division at our corporate headquarters.
I would appreciate it if you could keep this distinction in mind as we proceed.

Agenda

1 **Digital Strategy** – Initiatives and Current State –

2 **Accelerating ITOCHU's Digital Strategy through Horizontal Rollout within Group Companies**

①The See, Solve, Run Service

– New services forged from data-driven insights and a group management strategy –

②Leveraging Generative AI

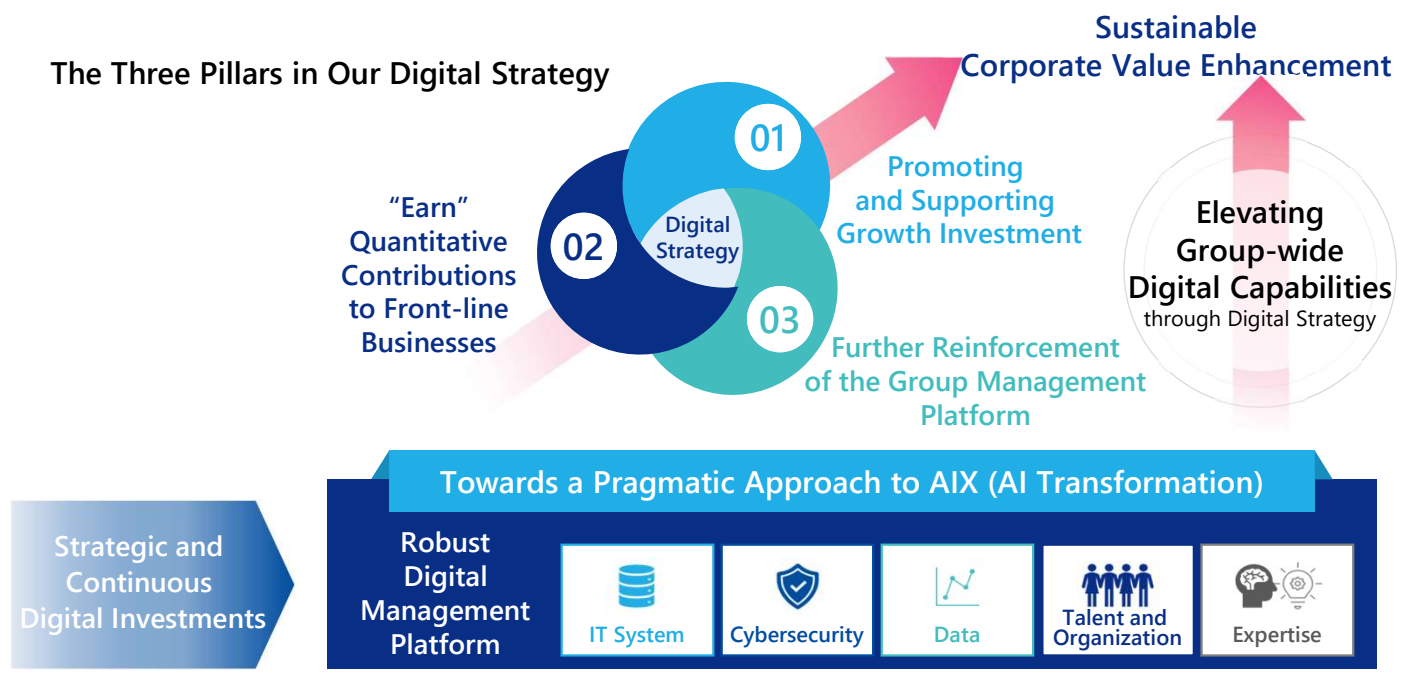
– Progress and Future Roadmap –

In my presentation, I will first explain our digital strategy—which supports the integration of management strategy and digital technologies—along with our initiatives to date and our current position. Then, as the first example of ITOCHU's digital strategy, which has been accelerated by horizontal rollout, I will introduce the See, Solve, Run Service, which we are promoting with our Group companies. The second example will cover the progress of our initiatives and the future roadmap for Generative AI.

1 Digital Strategy – Initiatives and Current State –

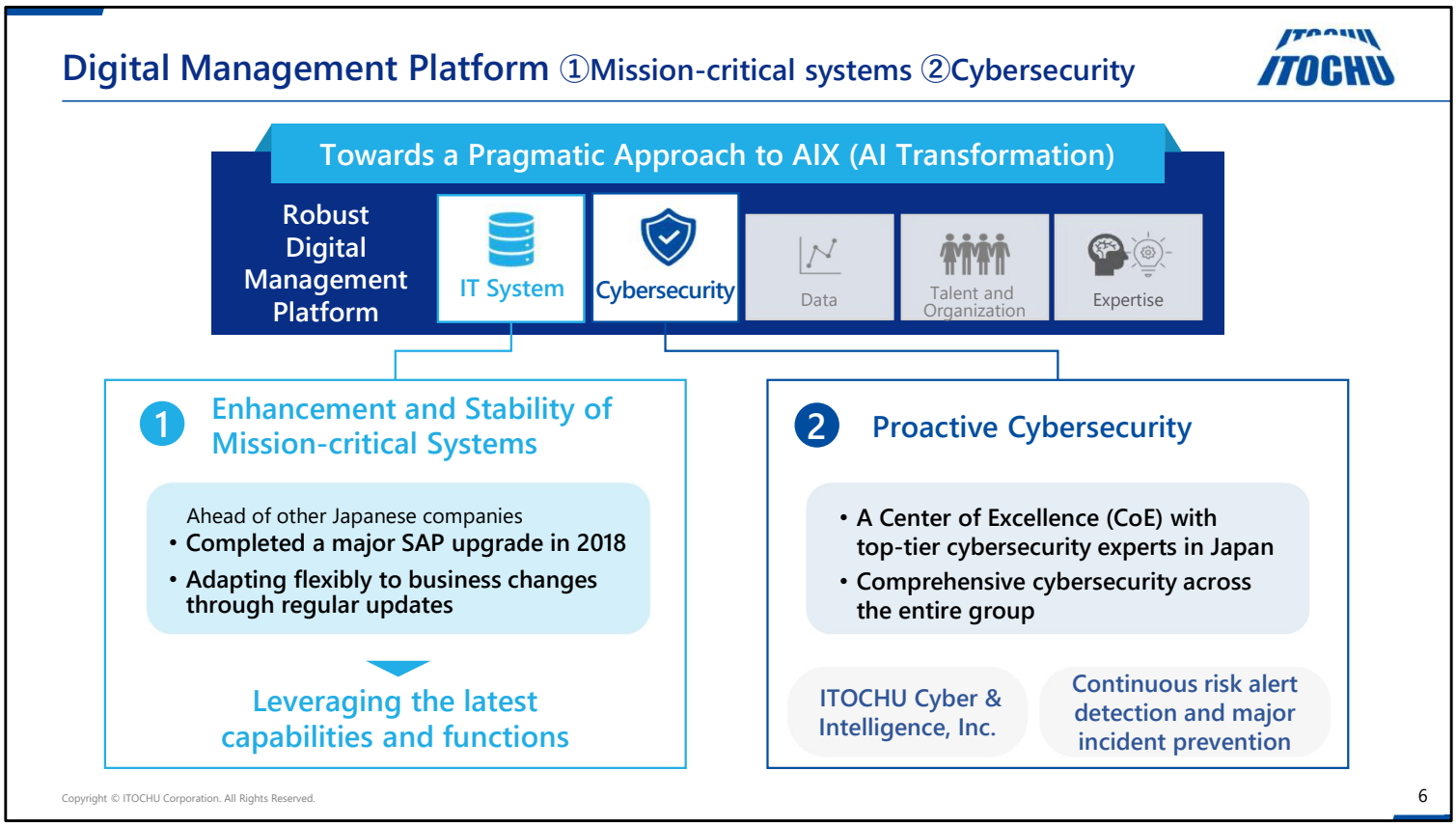
To begin, I would like to explain the core elements of our digital strategy.

Digital Strategy for Sustainable Corporate Value Enhancement



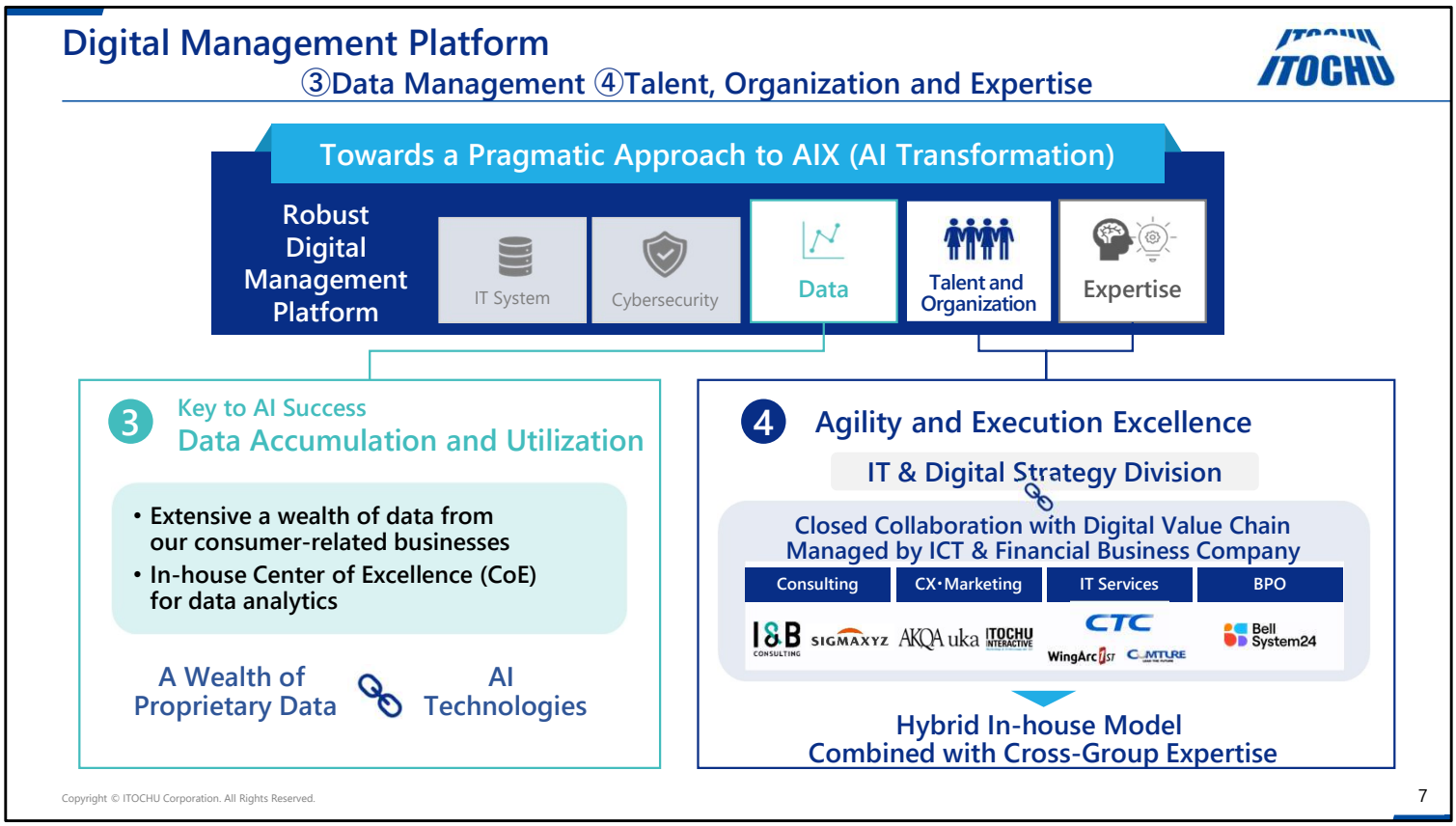
We believe that leveraging digital technology is essential for business growth. ITOCHU has strengthened its management foundation through strategic and continuous digital investments. Building on this foundation, and under the concept of a pragmatic approach to AI transformation, we are focusing on three key pillars. The first is promoting and supporting growth investments; the second is quantitative contributions to front-line businesses; and the third is further reinforcement of the Group's management platform. By executing these three pillars, we aim to enhance the Group's digital capabilities and achieve sustainable enhancement of corporate value. This is the essence of our digital strategy.

Next, I will explain the initiatives and digital platforms that support our digital strategy, highlighting our key strengths.



Our primary digital platform is our core management system. This system is not only crucial for our operations and management, enabling us to grasp business conditions in real-time, but it is also essential for accurately reporting financial results and business status to our investors and other external stakeholders. We have made continuous investments in rebuilding and upgrading our core systems to maintain a stable management environment. In 2018, we upgraded our headquarters' accounting system to SAP S/4HANA, ahead of other general trading companies and many Japanese corporations. Since then, we have carried out system updates every two years—a pioneering effort in Japan. These updates ensure we always have access to the latest features and can readily benefit from technological innovations. We believe this will provide a stable and competitive management platform for the next 20 years.

The second is our cybersecurity measures. Just recently, a major company's business was severely impacted by a ransomware attack. We regard cybersecurity as a critical management issue that protects our corporate value, ensures business continuity, and safeguards our reputation. We established a CERT (Computer Emergency Response Team) in 2012 and have continuously strengthened our defenses. In 2023, we expanded this CERT to establish ITOCHU Cyber & Intelligence Inc., which employs some of Japan's leading security analysts. This has created a structure to proactively protect the entire ITOCHU Group—approximately 400 companies, including sub-subsidiaries—from cyberattacks. As a result, we detect approximately 160,000 risk alerts annually that could potentially lead to cyber incidents, and have prevented about 500 potentially serious breaches, thereby avoiding major incidents. Having an in-house cybersecurity organization that proactively defends the group is rare in Japan and is one of our key strengths.

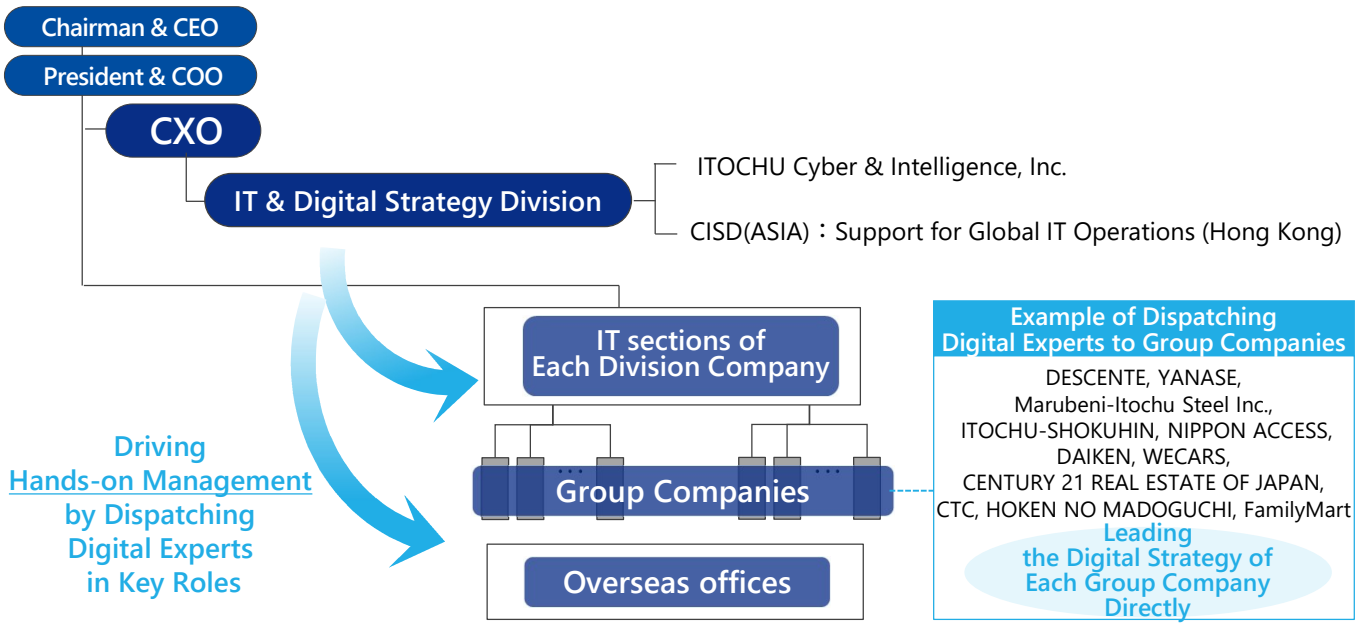


The third is data accumulation and utilization. We have long recognized the importance of data. Even before the internet became widespread, we fostered a culture of data utilization, such as exchanging order data with our business partners. In 2018, alongside our migration to SAP S/4HANA, we built an integrated, company-wide data platform accessible to all employees. We have accumulated and utilized a wide variety of data on this platform, including not only accounting data but also transaction-related and external data. Furthermore, many of our Group companies have strengths in the consumer sector, and we have also accumulated and utilized their data. The rich data held by our Group companies is an extremely valuable asset, and we believe it holds significant potential for further growth of our Group. In addition to building this data infrastructure, we have established a specialized in-house organization to drive data utilization at the front line. As a result, more than 2,000 employees now actively utilize data on a daily basis. As I will discuss later in the section on Generative AI, we already possess a wealth of well-organized proprietary data. We believe that combining this data with evolving AI technologies will further enhance our corporate competitiveness.

The fourth pillar is our digital promotion structure. Speed and agility are crucial for executing digital initiatives, so we prioritize in-house development whenever possible. In Japan, about 30% of IT talent is employed on the user (enterprise) side, while 70% works for IT vendors. In the U.S., the ratio is essentially reversed. As you know, the U.S. is more advanced in applying digital technology to business, and we believe that this difference in the in-house ratio is a key factor.

However, a complete overhaul of our talent structure is not easy. In this context, ITOCHU's great strength lies in our hybrid in-house structure. This involves dynamic collaboration between our digital value chain—a group of digital businesses including CTC, in which our ICT & Financial Business Company has invested—and our IT & Digital Strategy Division. While I will omit the details of the digital value chain today, it includes companies such as SIers (CTC and WingArc1st Inc.), consulting firms (SIGMAXYZ Holdings Inc. and I&B Consulting Inc.), CX/marketing agencies (AKQA uka and ITOCHU Interactive), and BPO/call center operators (BELLSYSTEM24 HOLDINGS, INC.). We form a "one team" approach, with these partners participating depending on the characteristics of each project.

Assignment of digital talents from the IT & Digital Strategy Division



As you know, we practice hands-on management within our Group companies, and their digital strategy is a key element of this approach. Therefore, I personally monitor the business strategy and digital status of each company and dispatch appropriate IT personnel to major Group companies to directly lead their digital strategies.

7 Core Services from the IT & Digital Strategy Division

From Deconstructing Business Challenges to Hands-on Implementation

Deep-Dive Issue Analysis

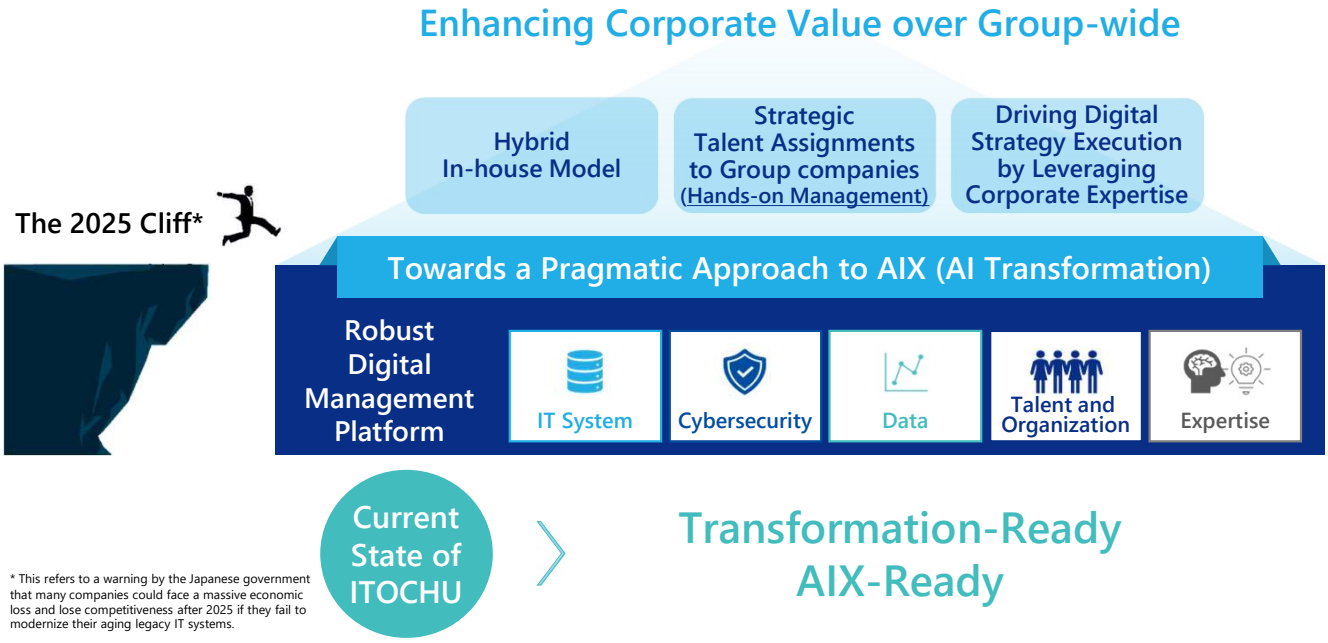
- Driving Projects with a Unique Blend of Digital Expertise and Business Acumen
- Addressing the core of complex business challenges to deliver tailored and effective solutions.

Service Menus

1. **Support for Business Investment**
   Due Diligence : Assessing Value and Risks
2. **Core-System Blueprint& Implementation**
   Support for Strategy, Solution Selection and Project Management
3. **Business Process Consulting and Improvement**
   Identifying Core Challenges and Delivering Optimal Solutions
4. **Data Analytics & Utilization**
   Tailored Data Analysis to Solve Specific Business Challenges
5. **Business Transformation**
   Support for Business Expansion and Market Execution
6. **Cybersecurity Enhancement**
   Advanced Solutions Delivered by Japan's Top-Tier Cybersecurity Analysts
7. **Talent Development**
   Enhancing Group-wide Capabilities through Synergy in IT Talent and Cross-functional Collaboration

At the same time, for projects that cannot be covered by dispatched personnel alone due to their scale or complexity, we have created a suite of support services to provide the knowledge and expertise accumulated by the IT & Digital Strategy Division in a standardized and agile manner. We offer a total of seven support services. It is not easy for external IT or AI experts to solve problems simply by showing up. We believe this is only possible because we are working at the front line, understanding the business while promoting digitalization. I will omit the details of these seven support services for now, since we have prepared a video to show you later.

Current Status of the Digital Strategy Promotion Framework



* This refers to a warning by the Japanese government that many companies could face a massive economic loss and lose competitiveness after 2025 if they fail to modernize their aging legacy IT systems.

In summary, our digital promotion structure—which combines a hybrid in-house model, IT talent assignments as part of hands-on management, and a menu of digital strategy execution support services—is a major strength and a unique feature of our organization.
Our goal is to enhance the digital capabilities of our Group companies, which account for about 80% of our profits. By leveraging our division's cross-divisional, horizontal functions to promote collaboration in business processes among Group companies and create synergies, we aim to increase the corporate value and earning power of the entire Group.

You may be aware of the "2025 Digital Cliff" problem identified by Japan's Ministry of Economy, Trade and Industry. It warns that companies persisting with aging and complex legacy systems will face risks such as delayed digital transformation (DX), slow decision-making due to data silos, and information leaks from cyberattacks—potentially resulting in significant economic losses around 2025. We overcame this challenge early on by establishing a pragmatic digital foundation and enhancing the digital capabilities of our Group. I am proud to say that we are now in a "Transformation-Ready" and "AI Transformation-Ready" state.

2

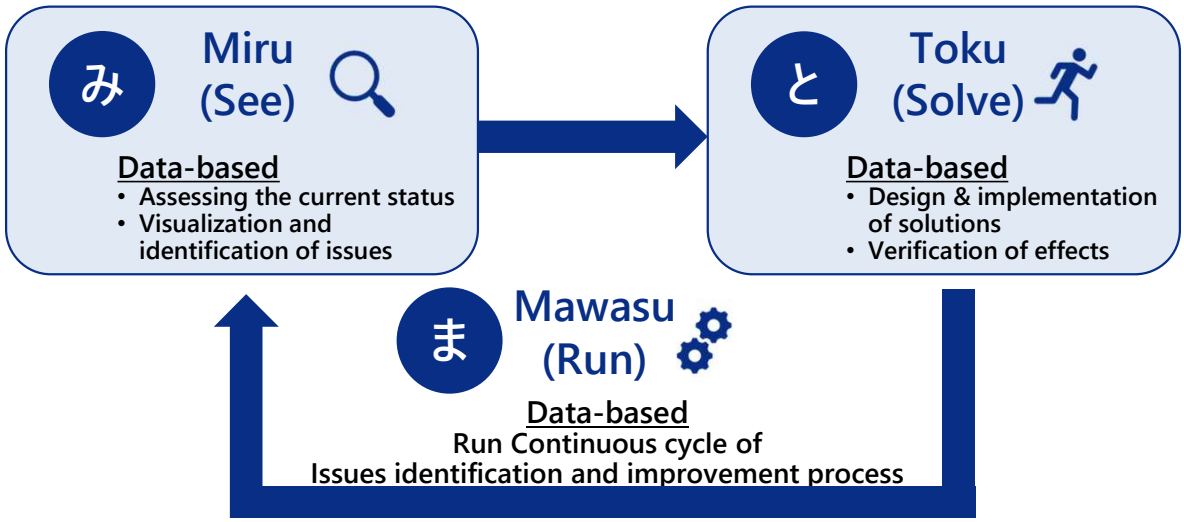
Accelerating ITOCHU's Digital Strategy through Horizontal Rollout within Group Companies

①The See, Solve, Run Service

– New services forged from data-driven insights and a group management strategy –

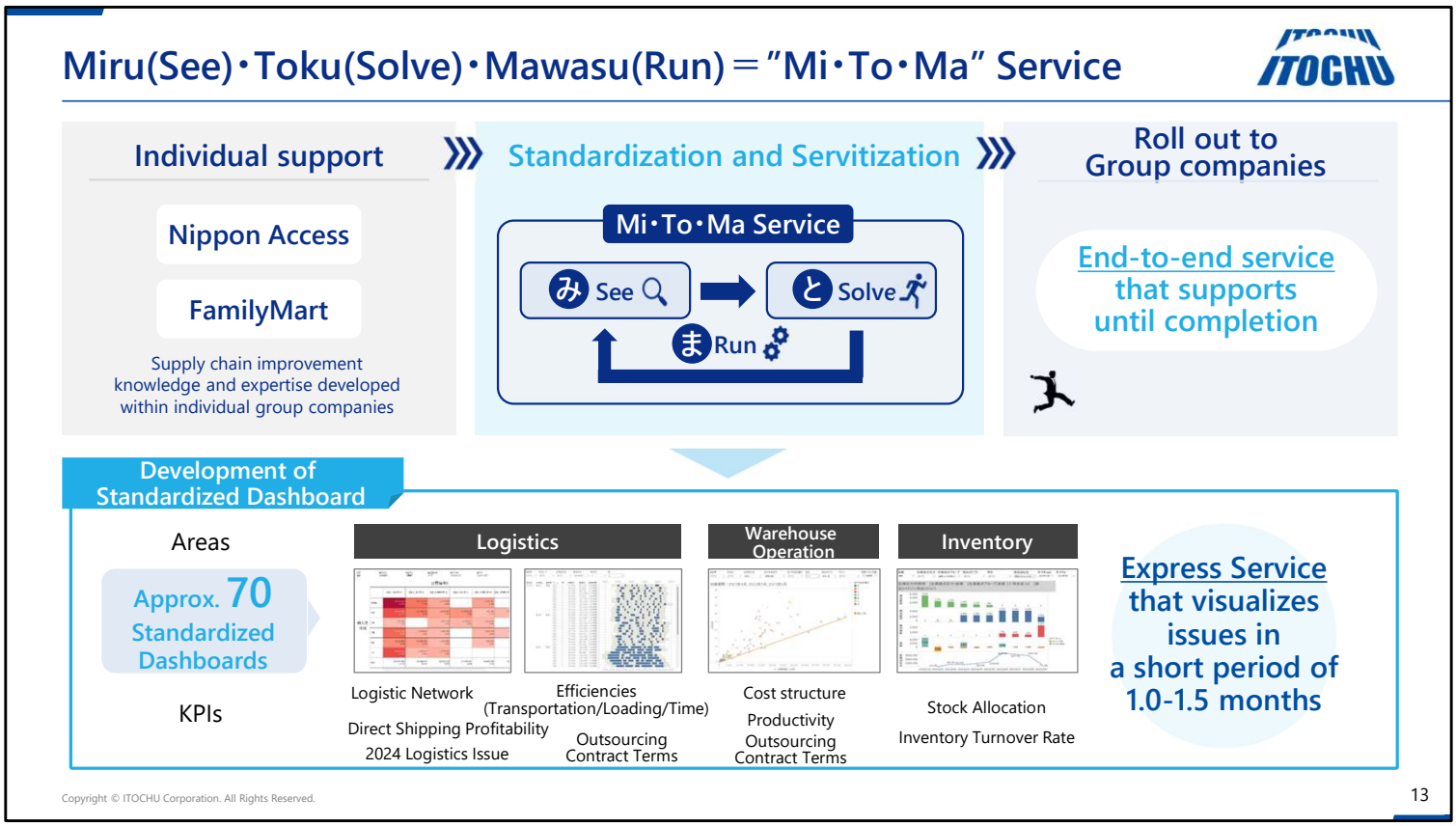
Next, as the second item on today's agenda, I will explain the "Mi, To, Ma" Service, which stands for "See-Solve-Run" in the context of supply chain management. This is a prime example of how our digital strategy is being accelerated through horizontal rollout.

Miru(See)・Toku(Solve)・Mawasu(Run)＝"Mi・To・Ma" Service

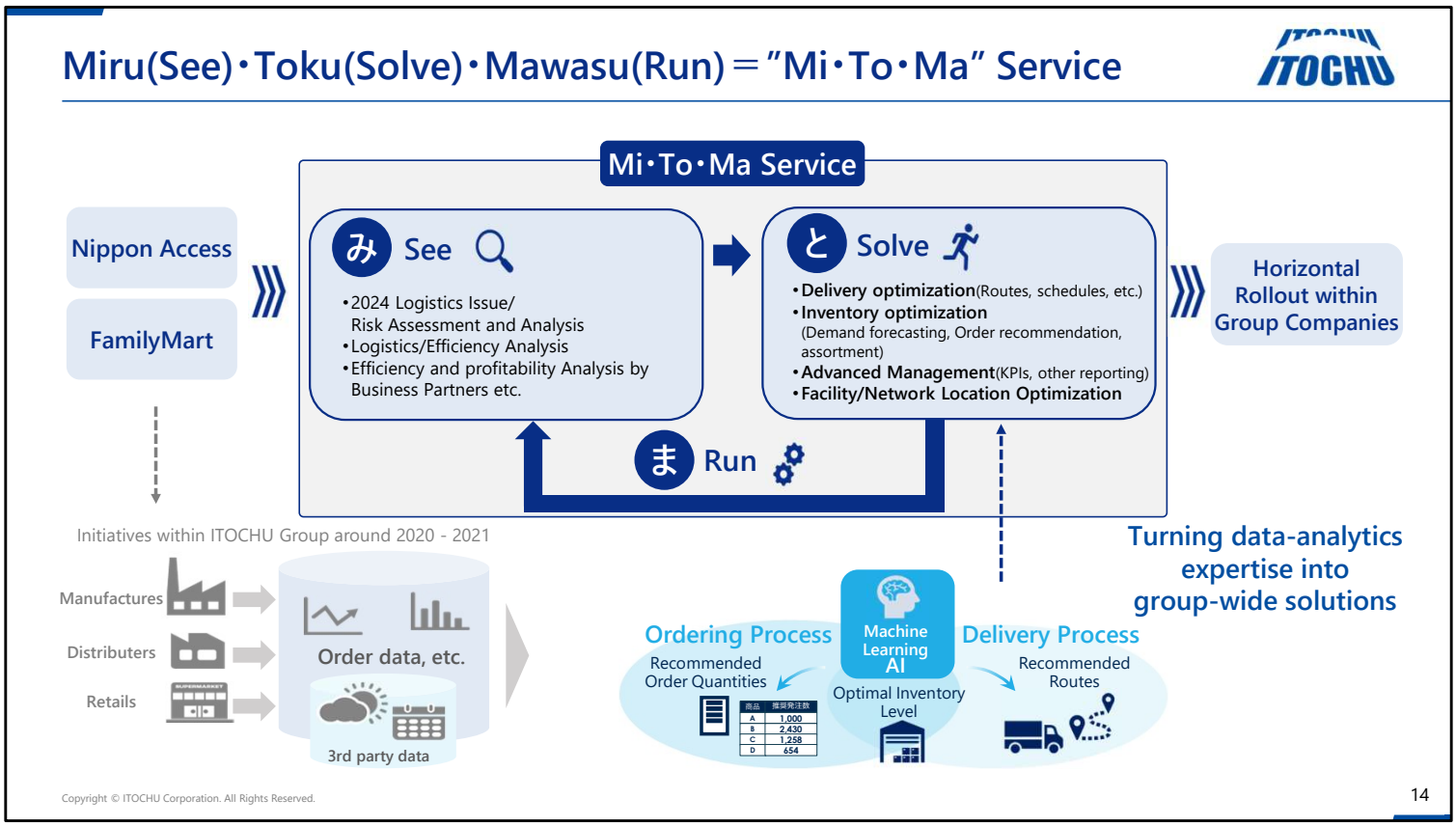


Implementation focuses on improvements in supply chain operations, where many challenges exist within group companies.

The "Mi, To, Ma" Service provides comprehensive support in the supply chain domain, which is a common challenge for Group companies. This support involves three key steps: understanding the current status, identifying issues, and implementing improvements. The service is based on the three steps: "See (Miru)," "Solve (Toku)," and "Run (Mawasu)." First, we use data to visualize the current status and identify issues. Next, we formulate and execute concrete solutions for those issues and verify their effectiveness. The core concept is to create a sustainable cycle of business improvement by continuously repeating this process.



This service was developed by leveraging and generalizing the supply chain transformation knowledge and expertise we gained through projects with NIPPON ACCESS, INC. and FamilyMart, making it available to other Group companies. A key feature is its ability to visualize the current status and identify potential issues in a short period—about 1 to 1.5 months—by using approximately 70 dashboards that cover transportation, warehouse operations, and inventory, even when sufficient data is not available.

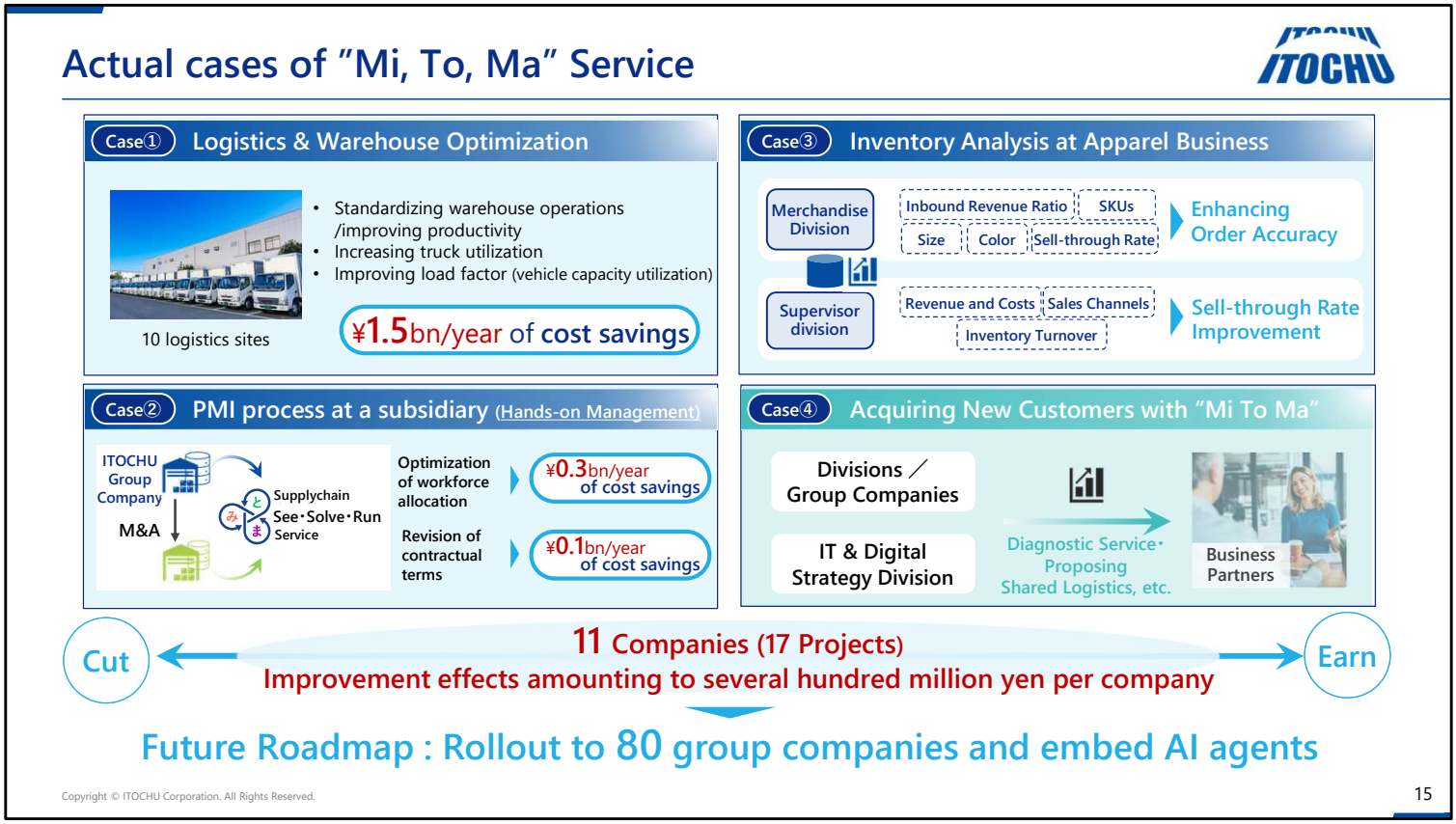


The service originated from our process improvement activities with NIPPON ACCESS, INC. and FamilyMart, focusing on the critical ordering and logistics processes within their supply chains. The three companies collaborated by leveraging the diverse data held by NIPPON ACCESS, INC. and FamilyMart to improve these processes. NIPPON ACCESS, INC. handles orders from manufacturers based on sales and inventory data from each FamilyMart store, as well as delivery from centers to stores.

Specifically, for the ordering process, we built a system in which AI analyzes order data, calendar information, and weather data to calculate optimal order quantities and automatically links the calculated quantities to the ordering system. For the logistics process, we introduced a system where AI calculates optimal delivery routes based on various information such as loading efficiency, traffic conditions, weather, and available time windows for stores to receive deliveries. These initiatives improved the visibility of delivery status, warehouse operations, and inventory. Through the "See, Solve, and Run" improvement loop across the entire supply chain, we achieved inventory optimization and logistics cost reduction. Building on this success, FamilyMart has developed its own system to optimize delivery routes for different temperature zones—ambient, chilled, and frozen—achieving significant cost savings.

Following the success of this three-company initiative, we received an increasing number of inquiries from other Group companies about supply chain improvements, including how to address the "2024 Logistics Problem." We often heard challenges such as, "We couldn't grasp the current status because we didn't have enough data," and "We couldn't take improvement measures because we didn't know the current status." To address these issues, we began to package the “Mi, To, Ma” Service and roll it out horizontally to other Group companies.

Thus, the “Mi, To, Ma” Service is being deployed across the Group as a foundation for achieving continuous improvement throughout the supply chain. Next, I will introduce some specific case studies.



Case 1: At approximately 10 warehouses nationwide, we standardized operations, improved labor productivity, and improved truck utilization and loading rates, resulting in annual cost savings of about 1.5 billion yen. We plan to expand data collection and analysis to other regional sites.

Case 2: This approach was utilized in post-merger integration (PMI). While integrating different core systems and data between the acquirer and the acquired company would typically take one to two years, we aimed for short-term quantitative results. By collecting, matching, and analyzing warehouse-related data from both companies, we quickly visualized imbalances in personnel allocation and inconsistencies in contract terms with business partners, allowing for corrections based on a unified standard. This generated cost benefits of about 0.3 billion yen from optimizing workforce allocation and 0.1 billion yen from revising contractual terms. This is a prime example of achieving early results through hands-on management.

Case 3: This approach was used by a major apparel company. The merchandising division, which manages the entire product lifecycle, analyzes sell-through rates and inbound sales ratios by product number, size, and color to improve the accuracy of future orders. The supervising division analyzes profit structures, sales, expenses, and inventory turnover by store and channel to aim for highly profitable sell-through.

Case 4: New customer acquisition. Referrals to external business partners through our internal business divisions and Group companies are increasing. We have actually provided diagnostic services to four supermarket chains and other retail chains. The “Mi, To, Ma” Service is beginning to be used as a value-added proposal for our commercial flows, positioning it as a tool that contributes to "Earn."

To date, the “Mi, To, Ma” Service has been implemented in 17 projects across 11 companies, with expected improvements of several hundred million yen per company. We are continuing to target a rollout to approximately 80 group companies. In addition, we have started to incorporate AI agents into the “Mi, To, Ma” Service to further accelerate the speed of analysis.

Furthermore, starting this fiscal year, we have expanded the “Mi, To, Ma” Service to the marketing domain. We have begun supporting companies closer to consumers, such as DESCENTE LTD. and YANASE & CO., LTD., in improving their marketing processes and formulating effective sales strategies. We will share specific results once they are ready for public disclosure.

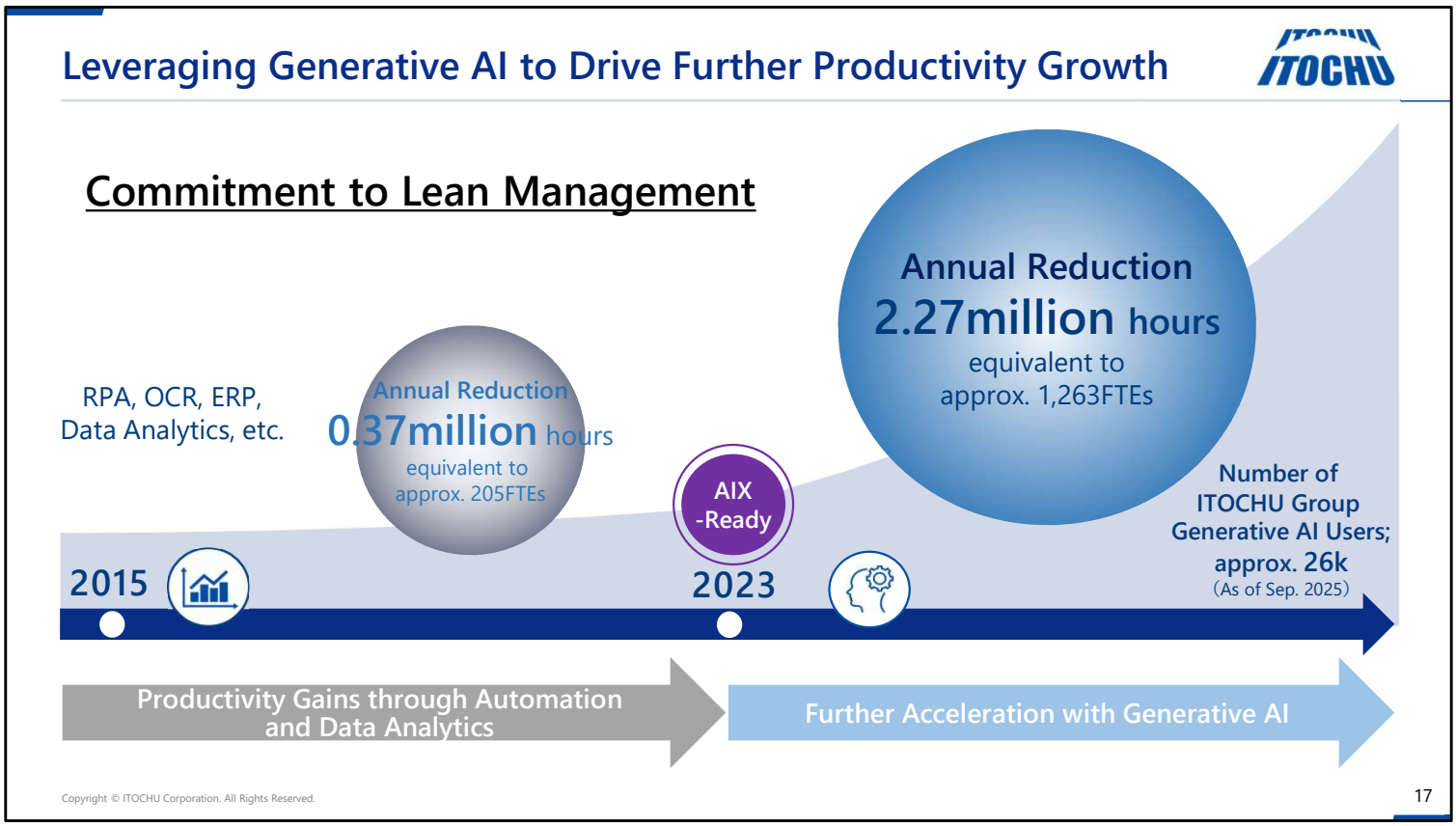
This concludes my explanation of the “Mi, To, Ma” Service, which is a concrete example of ITOCHU's Digital Strategy, Accelerated by Horizontal Roll-out.

2

Accelerating ITOCHU's Digital Strategy through Horizontal Rollout within Group Companies

②Leveraging Generative AI – progress and future roadmap –

Now, for the third agenda item, I will explain our initiatives and future goals regarding Generative AI.



Let's start with productivity improvement. Even before the rise of Generative AI, we have continuously improved our operations with a focus on "Cut," one of our three business principles ("Earn, Cut, and Prevent"). Combined with our lean management practices, we have achieved an annual reduction of approximately 370,000 work hours (approximately 205 person-years) through automation tools like RPA (Robotic Process Automation).
With the rapid emergence of Generative AI since early 2023, we quickly launched a "Generative AI Lab" and built a secure, dedicated Generative AI environment for ITOCHU. We have rapidly deployed and promoted its use across the Group, both in Japan and overseas, and the number of users of this service has reached approximately 26,000.
Generative AI has expanded the scope of improvement from specific business processes to the productivity of all employees. In addition to our previous reductions, we have achieved an additional reduction of over 2.27 million work hours (approximately 1,263 person-years) based on our current calculations. We anticipate even greater productivity gains with the introduction of AI agents in the future.
However, we are not limiting the use of Generative AI to just productivity improvements. We are actively promoting its use in the "Earn" domain, such as in sales proposals.

Best Practices Using GenAI within ITOCHU Group

Industries with Significant Impacts from Generative AI

Marketing & Sales

FamilyMart

Personalized Digital Signage Ads via AI Cameras

Customer Support

Bell System24

Automated Customer Interaction via "AI Operator"

Development

CTC

Improving Efficiency in System Development & Operations using Generative AI

Expand Successful Initiatives across the Group and Accelerate Adoptions

So, in which "Earn" areas can Generative AI be utilized?
It is said that Generative AI will expand global GDP by 7–10% (equivalent to Japan's GDP) and create new markets. Including the replacement of existing tasks, it is projected to have an economic impact equivalent to 1.5 to 2 times Japan's GDP. The industries expected to see the greatest impact are Marketing & Sales, Customer Support, and Development. Within the ITOCHU Group, we are also beginning to see full-scale application in these areas.

Here, I would like to highlight some initiatives at our Group companies. In the marketing domain, FamilyMart uses AI cameras that can recognize non-personally identifiable attribute information to deliver targeted ads on digital signage. In customer support, Bellsystem24 has begun building an AI Operator to automate call center responses. By training the AI on call data and developing a knowledge database, it will be able to handle responses automatically, potentially resulting in significant reductions in human labor. In system development, CTC has started offering services that utilize AI to improve the efficiency of system development and operations. These best practices within the Group are driving the accelerated expansion of business applications across our companies.

Generative AI Focus Month (September, 2025)

GenAI is now standard practice for all ITOCHU employees

- Deep Dive into Advanced Business Use Cases
- Use Cases Discovery

Ideation for Disruptive Business Change

Sharing Knowledge, Insights, and Trends

Hands-on Training

Workshops & Small Sessions

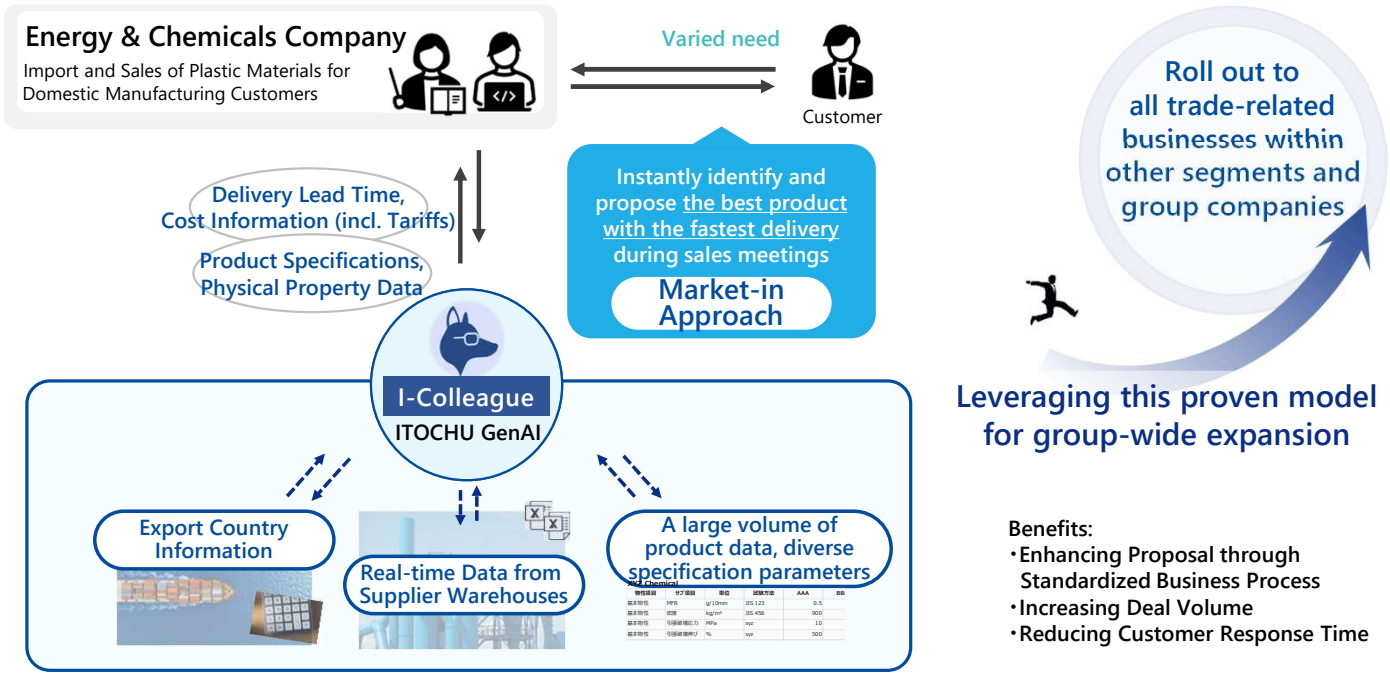
External Speaker Sessions

Beyond Productivity: Driving Revenue with AI

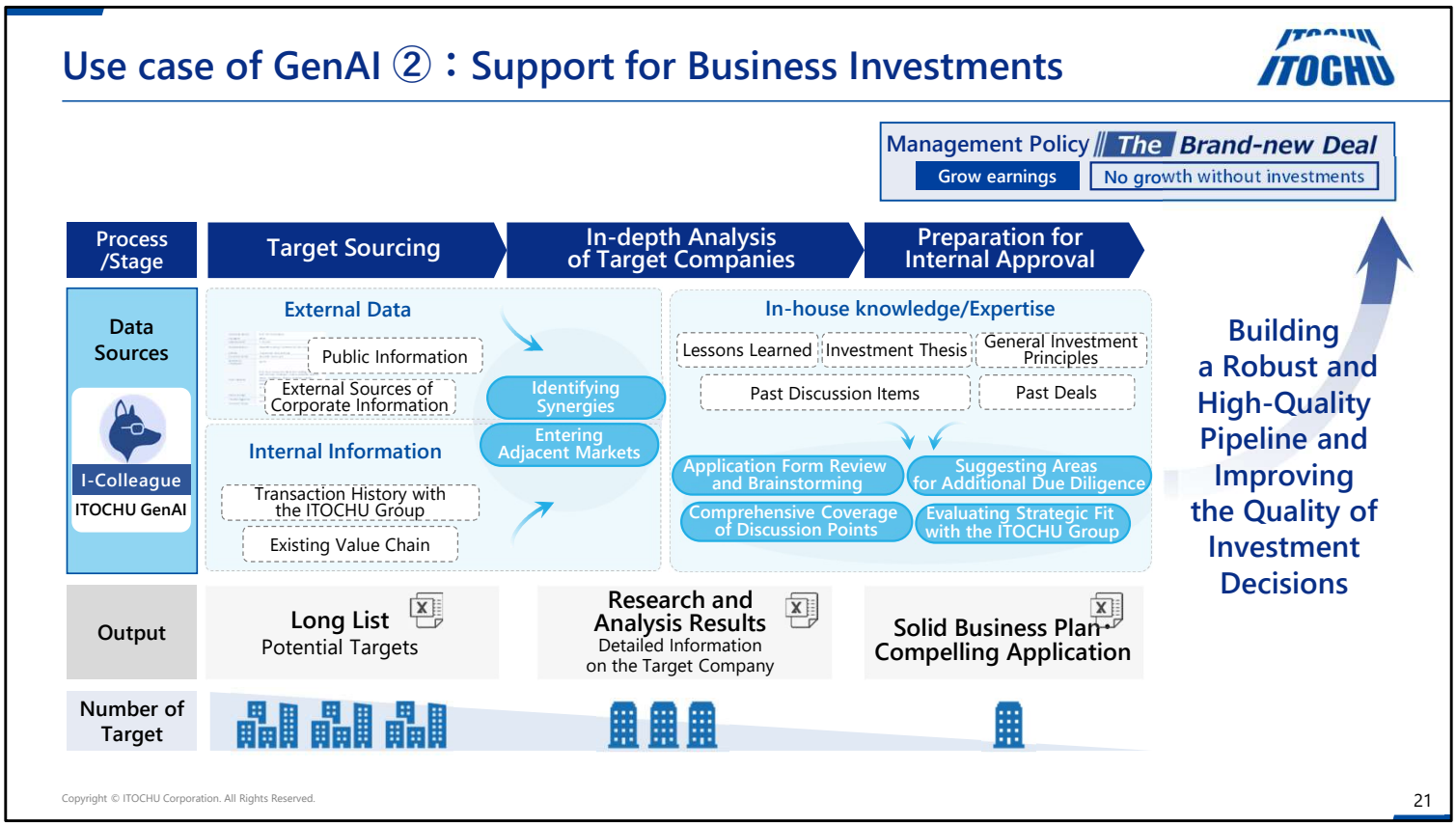
At ITOCHU, we are also actively applying Generative AI to the "Earn" domain—not just as a productivity tool, but expanding its use to all three of our business principles: "Earn, Cut, and Prevent." Last month, September, we designated as "Generative AI Challenge Month" and held internal awareness events. The goal was not simply to publicize how to use it or increase user numbers. Since its use is already commonplace among all employees, our aim was to uncover deeper applications, identify useful business cases, and spark ideas that could lead to business model transformation. As a result, we have generated new ideas and useful cases.

As examples of Generative AI use in the "Earn" domain that have emerged from these efforts, I will introduce two cases: one in sales proposals and one in business investment.

Use case of GenAI ①：Plastic Material Finder

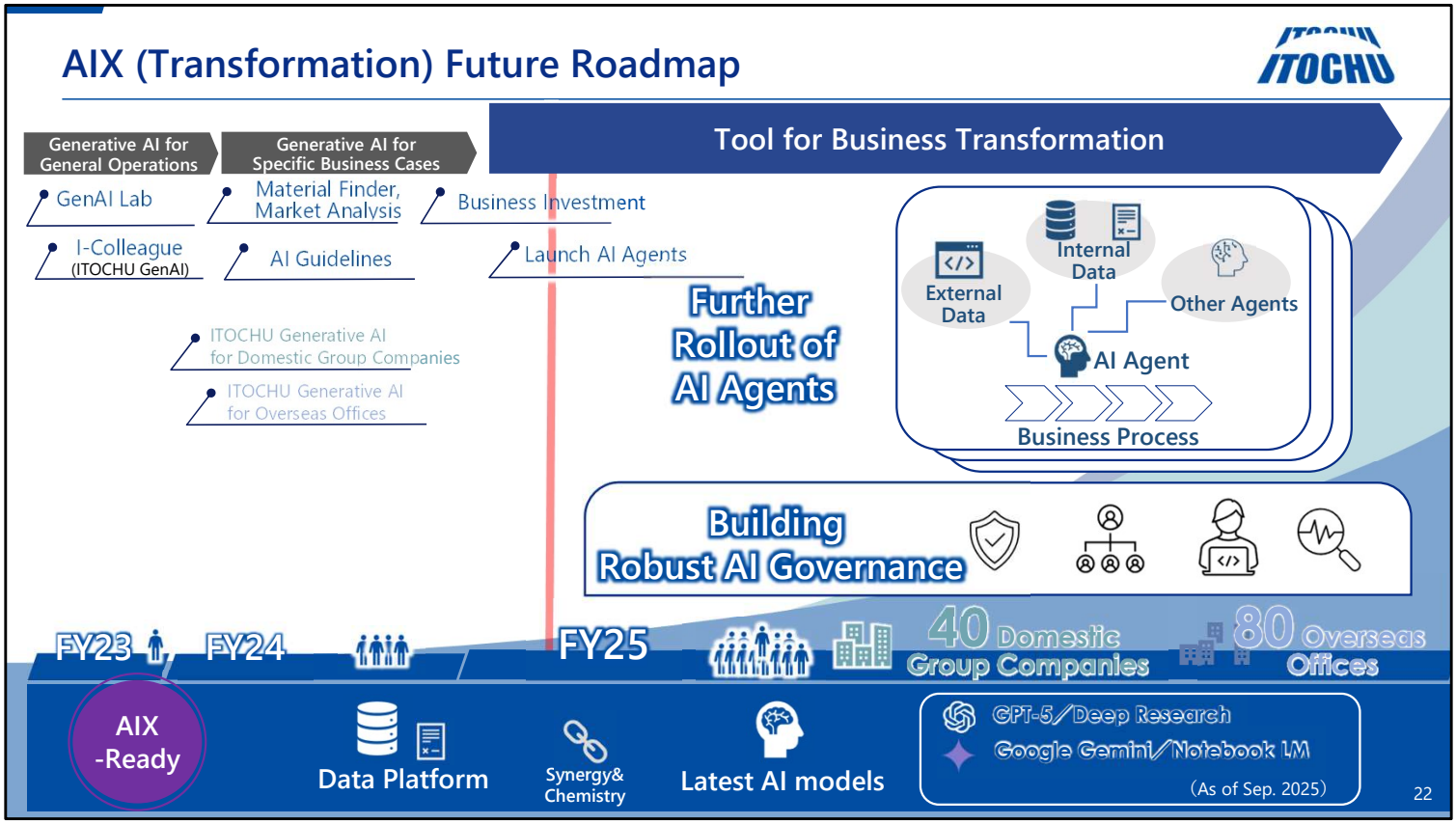


The first case is the "Plastics Material Finder" in our Energy & Chemicals Company. This is an example from our business that imports and sells materials to domestic manufacturing customers.
Product specifications—including materials and properties—are technically detailed; the products are diverse, and specification sheets differ by supplier. Therefore, selecting a product that meets a customer's needs is a highly skilled task that often depends on the individual salesperson's experience. We trained a Generative AI model on a vast number of spec sheets. It can now reference supplier warehouse inventory in real-time and instantly calculate costs, including lead times and tariffs based on the country of export. This allows our salespersons to instantly propose, for example, the "product with the shortest delivery time" during negotiations.
This useful case is applicable to other businesses, so we are rolling it out horizontally as a template for salespersons at general trading companies. This is another example of our strength in horizontal deployment.

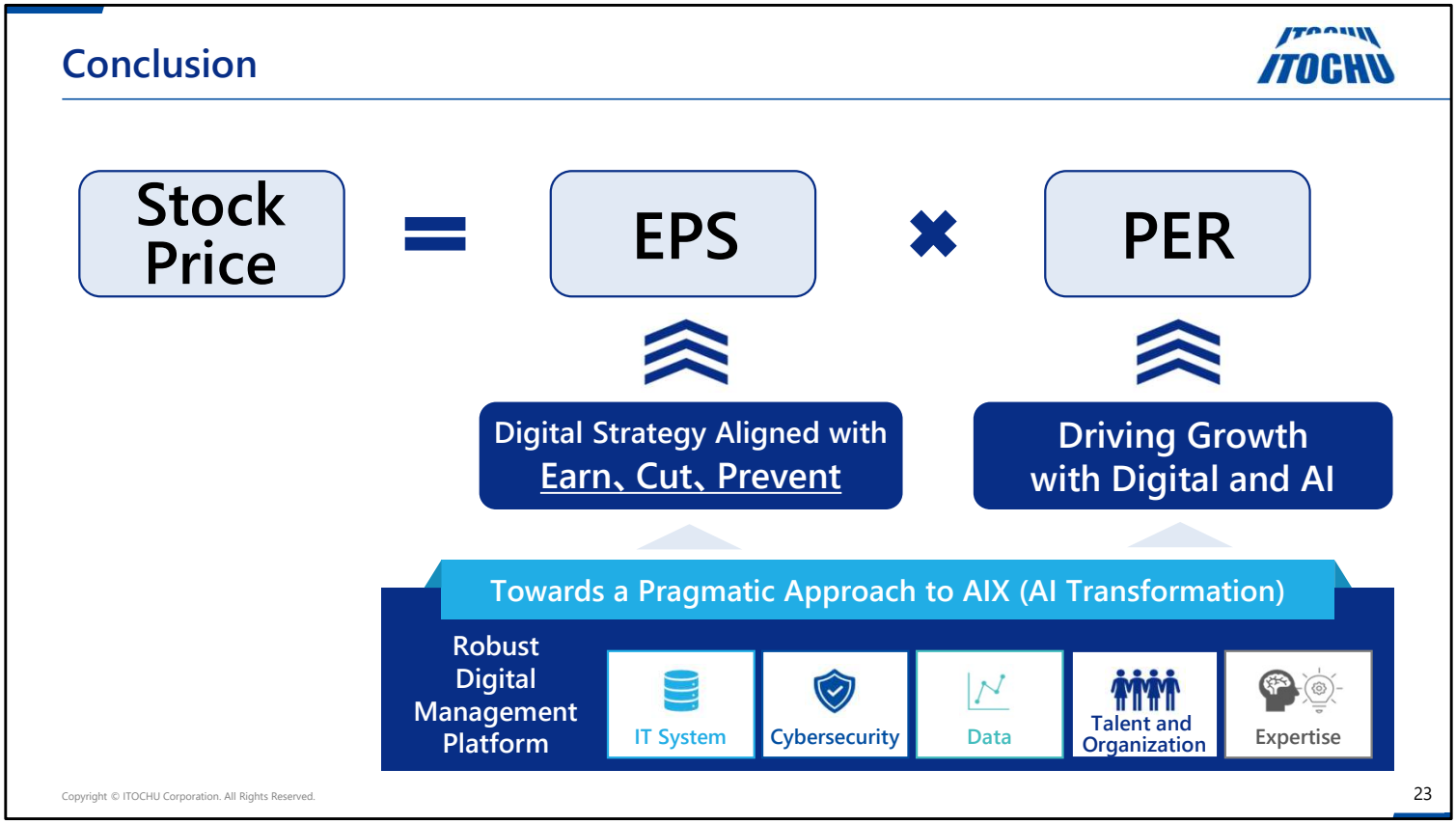


The second case is its use in business investment.
Under our policy of "no growth without investment," we actively pursue investments and M&A. The investment process—from screening target companies to negotiations, internal deliberation, and PMI—requires significant time and manpower from many stakeholders. Therefore, we are using Generative AI at each step of the investment process: "sourcing" potential targets, conducting a "deep-dive analysis" of a target, and preparing the "internal approval" application, aiming to make the process more efficient and sophisticated.
In "sourcing," the AI references our internal databases in addition to external data. Having learned from our existing businesses, transactions, and portfolio, it identifies a wide range of potential deals that align with our strategy. The goal is to discover unexpected synergies that humans might overlook, such as filling gaps in our existing value chain or expanding into adjacent areas.
In "deep-dive analysis," once a single target is selected, the AI helps to generate a detailed report. It incorporates our unique perspective by ensuring all key points are covered, evaluating compatibility with the ITOCHU Group, and suggesting additional investigations needed to meet our investment criteria.
Finally, in "internal approval," an AI trained on past approval documents and our own "lessons from failure" assists with checking the application and acts as a sounding board.
Of course, the final investment decision is made by management. But by using Generative AI to build a rich and high-quality pipeline, our aim is to increase the probability of enhancing corporate value by investing in carefully selected projects.

This concludes my introduction of our Generative AI case studies.



Next, I will explain our future roadmap for AI utilization. To reiterate a previous point, we possess a valuable asset in the data we have accumulated over the years, and we are fully prepared for AI transformation. As the saying goes, "Garbage in, Garbage out." No matter how advanced the AI engine, it cannot be used effectively without well-organized data. We are confident that by combining this data asset with AI agents, both in-house developed and externally sourced, we can create further business competitiveness and drive business transformation.
We already have many ideas for AI agents and plan to develop and deploy them. However, we recognize that the key to success is, first, ensuring safety and, second, establishing governance, including data security. Uncontrolled expansion increases the risk of creating "low-quality AI" that could lead to the alteration or loss of critical data. On the other hand, excessive monitoring or operational burdens that undermine productivity would be counterproductive. To maximize ROI, we believe an optimal balance between expansion and control is essential. Therefore, we are focusing on the accelerated, high-quality deployment of AI agents within a well-governed framework. This concludes my explanation of our Generative AI initiatives and future roadmap.



Finally, I would like to add a few words from the perspective of enhancing corporate value.
Building on our AI Transformation-Ready, long-term, stable, and competitive management foundation, we aim for further business growth by leveraging digital technology. We are confident that our pragmatic digital strategy, which is aligned with our three business principles: "Earn, Cut, and Prevent," will steadily contribute to the growth of our core profit, and consequently, our EPS. Furthermore, by continuing these efforts and demonstrating a track record of success, we believe that the utilization of digital technologies as a growth driver will lead to an improvement in our PER and a sustainable increase in corporate value, as our CXO explained earlier.

Today, I have explained our current position in our digital strategy; the strengths of our digital foundation and promotion structure; the “Mi, To, Ma” Service as a concrete example of horizontal roll-out; our Generative AI initiatives and case studies; and our future roadmap.

Through the "integration of management strategy and digital technologies," and the deepening and expansion of horizontal roll-out and collaboration, we will continue to strive for sustainable corporate value enhancement with a digital strategy that is both pragmatic and a driver of business growth.

Finally, we have prepared a short video that summarizes the role and initiatives of our IT & Digital Strategy Division. I hope you will watch it to further deepen your understanding of today's presentation.

Thank you for your attention.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