

## A Business Model Enhanced through Transformation

# Our Business Model, as Seen through a Functional Example

### Expanding Vertical and Horizontal Synergies in the Convenience Store Business (FamilyMart)

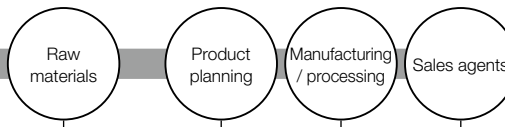
The convenience store business is a good example of the Strategic Integrated System (SIS) strategy, which entails constructing and reinforcing a value chain spanning upstream and downstream areas to maximize earnings. In addition to constructing and strengthening the food value chain (vertically), we have branched out from supplying items necessary to daily lives to provide financial services and an array of other services. By building systems and providing construction materials, we aim to provide a broad range of operational support, creating business synergies that go beyond Division Company boundaries.

#### Food Product and Peripheral Business Initiative Examples

Coordinating food value chains to ensure the optimal form for all processes that take place before items arrive at store shelves, including formulation of raw material procurement schemes, product development, manufacturing, processing, and procurement of containers and packaging materials.



Packages for ready-to-eat products, etc.	Rice ball wrapping films Boxed lunch containers, etc.	■ ITOCHU PLASTICS
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	Raw materials	Product planning / Manufacturing, Processing / Sales agents
Ready-to-eat products (rice balls, boxed lunches)	■ Japan Food Supply (NIPPON ACCESS Group) ■ ITOCHU Food Sales and Marketing ■ ITOCHU FEED MILLS, etc.	◆ Ready-to-eat producers
Fried chicken (FAMICHIKI)	◆ Chicken suppliers	▲ Meat Products Department
Fried chicken (Spicy Chicken, Chicken Steak)	◆ CP Group	▲ Meat Products Department
Counter coffee (FAMIMA CAFÉ)	■ UNEX (GUATEMALA), etc.	▲ Sugar, Confectionery Materials, Coffee & Dairy Products Department ▲ Food Products Marketing & Distribution Department
RIZAP collaboration products	■ Japan Food Supply ■ ITOCHU Food Sales and Marketing, etc.	▲ Food Products Marketing & Retail Department
Eggs	■ I-hiyoko (ITOCHU FEED MILLS Group)	■ ITS Farm (ITOCHU FEED MILLS Group)



#### Non-Food Product Initiative Examples

Providing the daily items that support lifestyle and the supplies needed for everyday store operation.

Daily items	New Year's cards	■ ITOCHU PULP & PAPER
	FamilyMart collection daily items (detergent, plastic bags, cleaning sheets, etc.) and umbrellas	■ ITOCHU Retail Link ■ Sanipak Company Of Japan
Supplies (Store items supporting operation, etc.)	Chopsticks, individual-use hand towels, take-out item containers (coffee cups, etc.) Plastic bags, cleaning supplies	■ ITOCHU Retail Link
	Uniforms	▲ Textile Company

■ Subsidiaries ● Associated companies ▲ ITOCHU ◆ Business partners

### Service Initiative Examples

Supplying customers with a wide range of services closely related to their daily lives, including financial services and ticket sales through multimedia terminals.

Financial / insurance services	Famima T Cards	● POCKET CARD
	Motorbike liability insurance	▲ ICT & Financial Business Company
Other services	POSA cards	■ CONEXIO
	Famiport coupons	▲ ICT & Financial Business Company
	Receiving agency and in-store pick-up services	● UFI FUTECH



Cards issued by POCKET CARD  
The collected data is used to facilitate effective marketing and product development, in addition to contributing to customer loyalty.

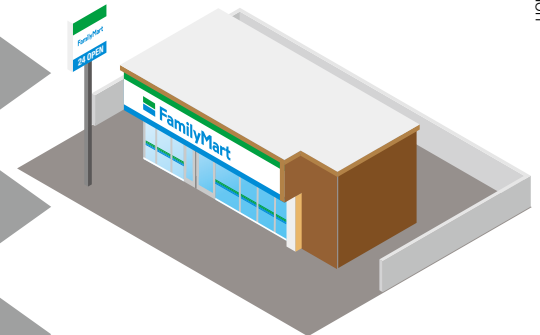
### Intermediate Distribution Example

The ITOCHU Group also plays a role in distribution to individual stores.

Wholesales / Logistics	■ NIPPON ACCESS Provision of the majority of logistics services for food and non-food products for FamilyMart stores (550 distribution locations (FYE 2018))
Delivery	● NIPPON CAR SOLUTIONS (Tokyo Century Group)



NIPPON ACCESS, supporting an industry-leading store network



### Operational Support Initiative Examples

Providing multifaceted support for the efficient operation of FamilyMart's nationwide network of approximately 17,000 stores, going beyond product sales, services, and store operation to assist in background areas.

System development	■ ITOCHU Techno-Solutions Support of operational efficiency through development of operational management systems
Electricity supply	▲ Energy Division / ■ ITOCHU Plantech By supporting efficient procurement and offering a high-voltage receiving service, we will help stores reduce their electricity costs.
Construction materials	■ ITOCHU Kenzai
3Rs+W services* * Reduce, reuse, recycle, and waste management	■ ITOCHU Metals Development of a nationwide network of partners to provide store fixture maintenance, reuse, recycle, and waste disposal services
Contact centers	● BELLSYSTEM24 Holdings

### Targets for the Expansion of Peripheral Businesses

- Services leveraging Fintech
- More sophisticated marketing
- Optimization of production, storage, and distribution
- Improved efficiency of store management
- Expansion into other parts of Asia

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