

# The 8th Company

## Business Fields

- Creating new business and collaborating with the other seven Division Companies from a market-oriented perspective
- Promoting business that leverages FamilyMart's customer contact points
- Building an information platform that combines the ITOCHU Group's consumer-related data

## Company Strengths

- FamilyMart's physical store network and a business base of Group companies with its strength in the consumer sector
- Human resources from diverse backgrounds and a highly fluid, ameba-like organizational structure
- An organizational culture that creates businesses flexibly with a market-oriented perspective not bound by product lines



**Shuichi Kato**  
President, The 8th Company



From left:

|                         |   |
|-------------------------|---|
| <b>Nobuhiro Suga</b>    | Chief Financial Officer                               |
| <b>Tetsuya Mukohata</b> | General Manager,<br>Planning & Administration Section |

## Specific Example of Realizing Business Transformation by Shifting to a Market-Oriented Perspective



### Strengthening of Digital Interfaces with Customers through "FamiPay" App

Released in July 2019 by FamilyMart, the "FamiPay" app reached 12.5 million downloads at the end of May 2022 and is the company's second largest point of contact with customers after stores. In existing businesses, the app strengthens customer relationship management by providing unique benefits and convenience, such as coupon distribution that utilizes the digital features of "FamiPay." In new businesses, in addition to initiatives in advertising and media businesses that utilize customer data, we are also leveraging FamilyMart's strength as the only major convenience store with its own payment system to launch new financial services. For example, in September 2021 we launched a service called "FamiPay next-month payment" that allows customers to pay in the following month, if and when their electronic money balance is insufficient. In December 2021, FamilyMart launched a service enabling customers to take on retail finance through "FamiPay."



**Jun Kajitani**  
Deputy General Manager,  
Planning & Administration Section

To meet a wide variety of customer needs, the Group will continue utilizing its technologies and expertise to steadily expand the functionality of "FamiPay."

## Business Development Quantitative information Page 136-143

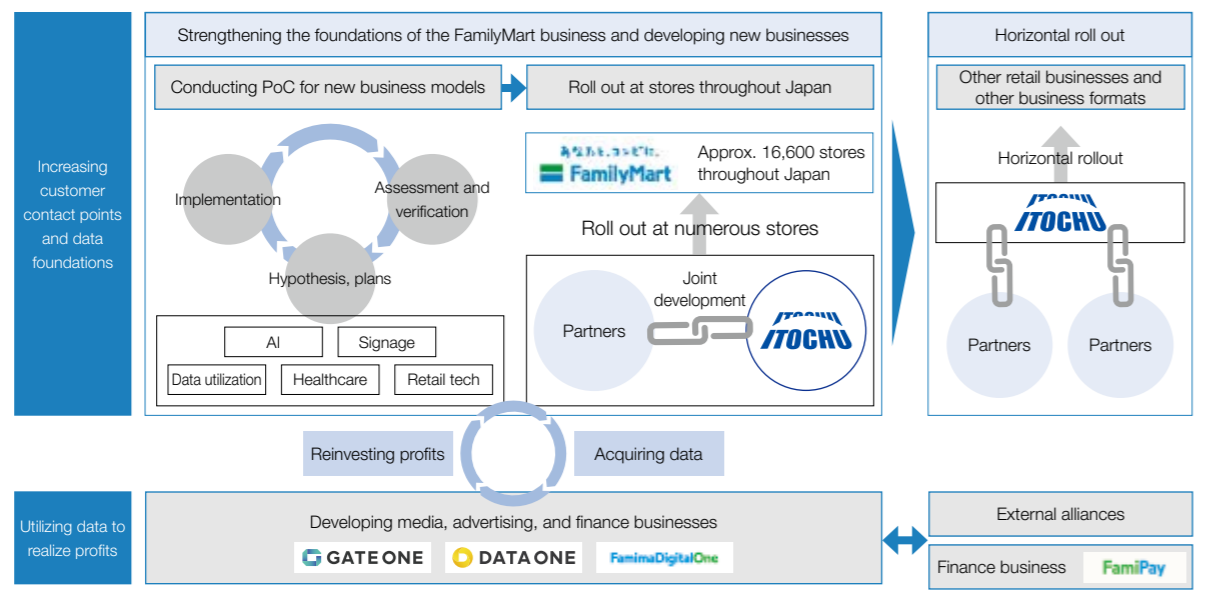
Percentage of Earnings from Domestic Business (image)

100%

With the transformation in consumer behavior accompanying the COVID-19 pandemic, adaptation to changes in consumer needs has become vital. While making maximum use of ITOCHU's diverse business foundations—which are particularly robust in the consumer sector—The 8th Company will develop new services and business models that are enabled by digital technologies and AI based on a market-oriented perspective.

### Specific Policies

- Rigorously strengthening FamilyMart, which is a core business
- Creating new business models that reflect customer needs and which utilize FamilyMart's store network and ability to attract customers; after conducting proof-of-concept tests for these business models, rolling them out at stores throughout Japan; and horizontally rolling out these services and technologies in other retail businesses and other business formats
- Increasing data volume and customer contact points through external alliances and finance businesses, etc., to maximize the profits of advertising and finance businesses; reinvesting new profits in the convenience store business to further heighten stores' ability to attract customers



## FYE 2022 Review (Specific Accomplishments)



- Strengthened the competitiveness of FamilyMart products by developing hit products and enhancing mainstay products and implemented marketing measures, such as a 40th anniversary sales promotion campaign
- Entered into the media business by establishing Gate One Corp.
- Launched "FamiPay" services for retail finance, including a service allowing payment in the following month and a loan service
- Launched various digital technology projects and proceeded with proof-of-concept tests

## Growth Opportunities (Sustainable Growth)



- Expanding FamilyMart's earnings base by thoroughly improving the three basics of the convenience store business (product appeal, convenience, and familiarity) and making the entire supply chain more sophisticated
- Increasing customer contact points and business revenues by turning FamilyMart stores into media, etc.
- Enlarging our data infrastructure and developing new businesses, such as advertising and financial services that utilize customer data
- Developing new solutions through venture investments, etc.

## Risk Responses (Lower Cost of Capital)



- Strengthening of supply chain risk management in response to such factors as fluctuations in raw material prices
- Responding to the shortage of workers using digital technologies

Notes: Items related to Sustainability Action Plans are indicated with a mark for the corresponding material issues.

Details of the action plans are available on our website: <https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/>

- Evolve Businesses through Technological Innovation
- Address Climate Change (Contribute to a Decarbonized Society)
- Develop a Rewarding Work Environment
- Respect and Consider Human Rights
- Contribute to Healthier and More Affluent Lifestyles
- Ensure Stable Procurement and Supply
- Maintain Rigorous Governance Structures