



Tatsuo Odani
President, The 8th Company



From left:
Nobuhiro Suga Chief Financial Officer
Tetsuya Mukohata General Manager, Planning & Administration Section

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 store network and physical and digital customer contact points
- 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
- Cross-divisional personnel exchanges for the creation and strengthening of synergies and collaborations that transcend Division Company boundaries

Business Development Quantitative information ▶ Page 126–133

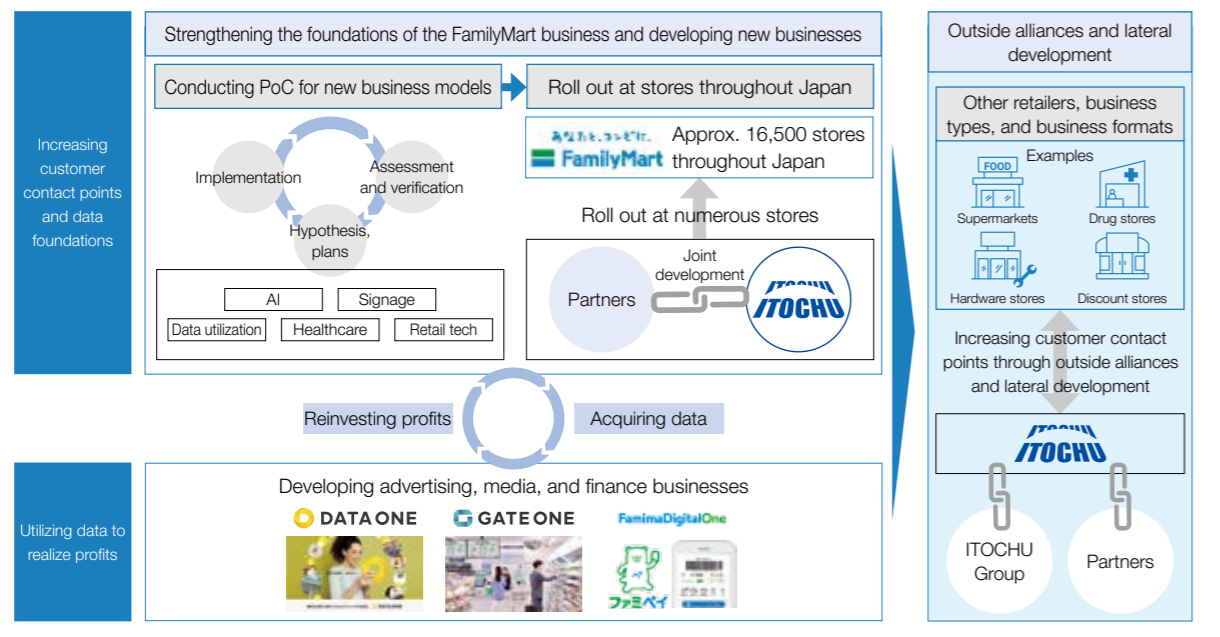
Percentage of Earnings from Domestic Business (image)

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

- 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 (PoC) 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, media, and finance businesses; reinvesting new profits in the convenience store business to heighten stores' ability to attract customers even further



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

Further Development and Expansion of the Digital Advertising Distribution Business

In October 2020, ITOCHU established Data One Corp. with FamilyMart Co., Ltd., NTT DOCOMO, INC., and CyberAgent, Inc. Leveraging the advantages of the purchasing data of FamilyMart together with approximately 29 million licensed advertisement IDs, one of the largest collection of such IDs in Japan, Data One Corp. is developing a unique advertising business that offers end-to-end services from digital advertisement distribution to effectiveness verification.

For example, beginning with the partnership with Pan Pacific International Holdings Corporation started in April 2023, we will increase data collaborations in the retail media field with retailers and other companies. At the same time, we will combine digital advertising with digital signage to be installed at 10,000 FamilyMart stores by 2023, with the aim of integrating physical and digital media and further evolving the advertising business.

We will accelerate growth of the advertising business and improve the customer experience by delivering information that customers want in a timely manner.



Improving customer experience through advertisement distribution based on purchasing data



Media and Advertisement Alliance Team
From left:
Hitomi Kaneko, Shorei Muta, Yuma Kubo, Akiko Enya, Airi Mitsumoto, Yoshimi Oyama

FYE 2023 Review (Specific Accomplishments)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

Achieved year-on-year growth in daily sales throughout the year by strengthening the competitiveness of FamilyMart merchandise, and successfully implementing the "FAMIMARU" private brand 1st Anniversary thanks sale and various other measures at FamilyMart stores

- 🕒 Began the full-fledged introduction of humanoid AI assistants to improve management capabilities and reduce manpower requirements at FamilyMart stores
- 🕒 Gate One Corp. installed "FamilyMartVision" digital signage at approximately 3,000 stores
- 🕒 Data One Corp. provided a digital advertising distribution platform utilizing purchasing data
- 🕒 Formed a capital and business alliance with Idein Inc., which has sophisticated technological capabilities including the ability to develop software that executes advanced AI-based analysis while operating on low-cost devices

Growth Opportunities (Sustainable Growth)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

- 🕒 Expanding FamilyMart's earnings base by strengthening the convenience store business (product sales and services) and increasing the sophistication of the entire supply chain
- 🕒 Increasing customer contact points and business revenues by adding media center functions to FamilyMart stores
- 🕒 Enlarging our data infrastructure and developing new businesses, such as advertising, media, and financial services that leverage customer data
- 🕒 Developing retail solutions through alliances with companies that have advanced technological capabilities
- 🕒 Expanding our business domains by forming alliances with other retailers, companies in other sectors, and other business formats

Risk Responses (Lower Cost of Capital)

$$\text{Corporate Value} = \frac{\text{Created Value}}{\text{Cost of Capital} - \text{Growth Rate}}$$

- 🕒 Strengthening supply chain risk management in response to such factors as fluctuations in raw material prices
- 🕒 Responding to the shortage of workers by leveraging 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 ITOCHU's website: <https://www.itochu.co.jp/en/csr/itochu/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

