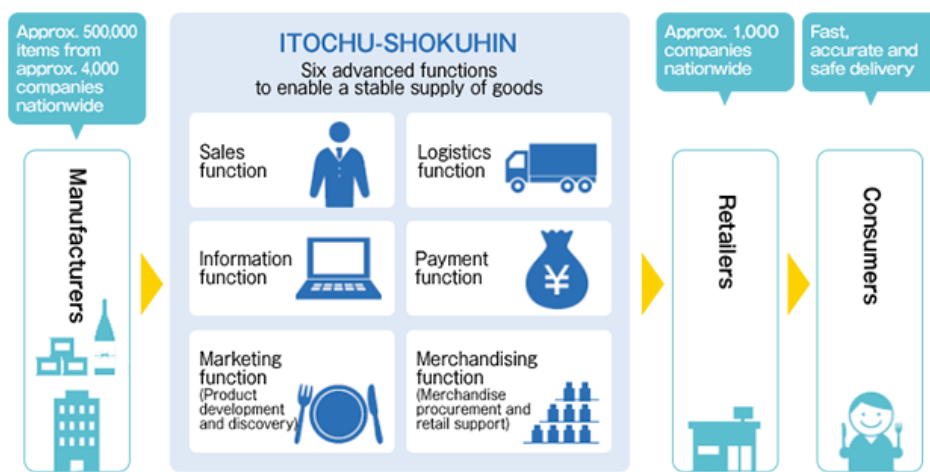


CORPORATE PROFILE



Company Profile

ITOCHU-SHOKUHIN is a liquor and food wholesaler which deals with approximately 4,000 manufacturers nationwide and delivers about 500,000 items to about 1,000 retailers across the country. We also have six advanced functions as a midstream distributor, and enable a stable supply of goods and streamlining of the entire distribution chain by making full use of these functions. By ensuring fast, accurate and safe delivery of an enormous number of goods to be sold in various shops across the country, including those online, we serve as a lifeline that supports the rich dietary life of people in Japan.



| | |
|--------------------------|---|
| Company name | ITOCHU-SHOKUHIN Co., Ltd. |
| Location of headquarters | <p>● Headquarters 2-2-22 Shiromi, Chuo-ku, Osaka-shi, Osaka</p> <p>● Osaka Head Office 2-2-22 Shiromi, Chuo-ku, Osaka-shi, Osaka 540-8522 TEL: +81-6-6947-9811 FAX: +81-6-6947-9510</p> <p>● Tokyo Head Office Akasaka K Tower, 1-2-7 Motoakasaka, Minato-ku, Tokyo 107-8450 TEL: +81-3-5411-8511 FAX: +81-3-5411-8656</p> |
| Date of foundation | February 11, 1886 |
| Date of incorporation | November 29, 1918 |
| Capital | 4,923,464,500 yen |
| Number of employees | Consolidated: 1,076 Non-consolidated: 754 (As of March 31, 2016) |
| Business description | Our main business operations are the wholesale of liquors and foods, storage and transport of these goods, provision of information on various goods, and merchandising related to commercial distribution. |
| Stock listed on | First section of the Tokyo Stock Exchange (Securities identification code: 2692) |
| Main shareholders | <ul style="list-style-type: none"> - ITOCHU Corporation (50.79%) - Japan Trustee Services Bank, Ltd. (Entrustment by Sumitomo Mitsui Trust Bank and retirement benefit trust for ASAHI BREWERIES) (6.25%) - Ajinomoto Co., Inc. (2.6%) |

Access

Osaka Head Office (Headquarters)

2-2-22 Shiromi, Chuo-ku,
Osaka-shi, Osaka 540-8522
TEL: +81-6-6947-9811
(Representative number)

Access

- From Kyobashi Station on the JR
Osaka Loop Line and Tozai Line
- 5-minute walk from the West Exit
via the OBP pedestrian bridge
- From Kyobashi Station on the
Keihan Railway Main Line
- 5-minute walk from the Katamachi
Exit via the OBP pedestrian bridge
- From Osaka Business Park Station
on the Nagahori Tsurumi-ryokuchi
Line of Osaka Municipal Subway
- 5-minute walk from the Exit 4



Tokyo Head Office

Akasaka K Tower, 1-2-7
Motoakasaka, Minato-ku,
Tokyo 107-8450
TEL: +81-3-5411-8511
(Representative number)

Access

- From Akasaka-mitsuke Station on
the Tokyo Metro Ginza Line and
Marunouchi Line
- 1-minute walk from the Exit B
- From Nagatacho Station on the
Tokyo Metro Hanzomon Line,
Yurakucho Line and Nambu Line
- 3-minute walk from the Exit 7





Business Vision:

Pursue “value” to become
a “trusted” good company

Corporate Philosophy:

Always grasp the changes and
needs of the times in advance,
and help consumers and society
to develop a rich and healthy
dietary life.

After 130 years of tradition and innovation, we will be a food wholesaler that works on challenges and innovation to make history in the future.

ITOCHU-SHOKUHIN was founded in 1886 as a trader and wholesaler of foreign liquors and groceries, and started dealing in foreign goods such as liquors, canned foods and groceries.

Later, when new goods such as Asahi Beer, Akadama Sweet Wine, AJI-NO-MOTO and KAGOME tomato ketchup were launched about 100 years ago, we walked with straw sandal across the country to expand the market channel of the goods. In this way, by consistently staying in close contact with goods, stores and customers and responding to changes, we have accumulated our tradition and innovation since the founding.

In Japan, consumer spending amounts to approximately 300 trillion yen out of a GDP of 500 trillion yen. Japan's food industry accounts for the largest section of this spending, amounting to as much as 80 trillion yen. In this huge market, we consistently distribute about 500,000 items as a food wholesaler to connect retailers and manufacturers, and continue to develop the system to optimally control the flow of the demand and supply chain.

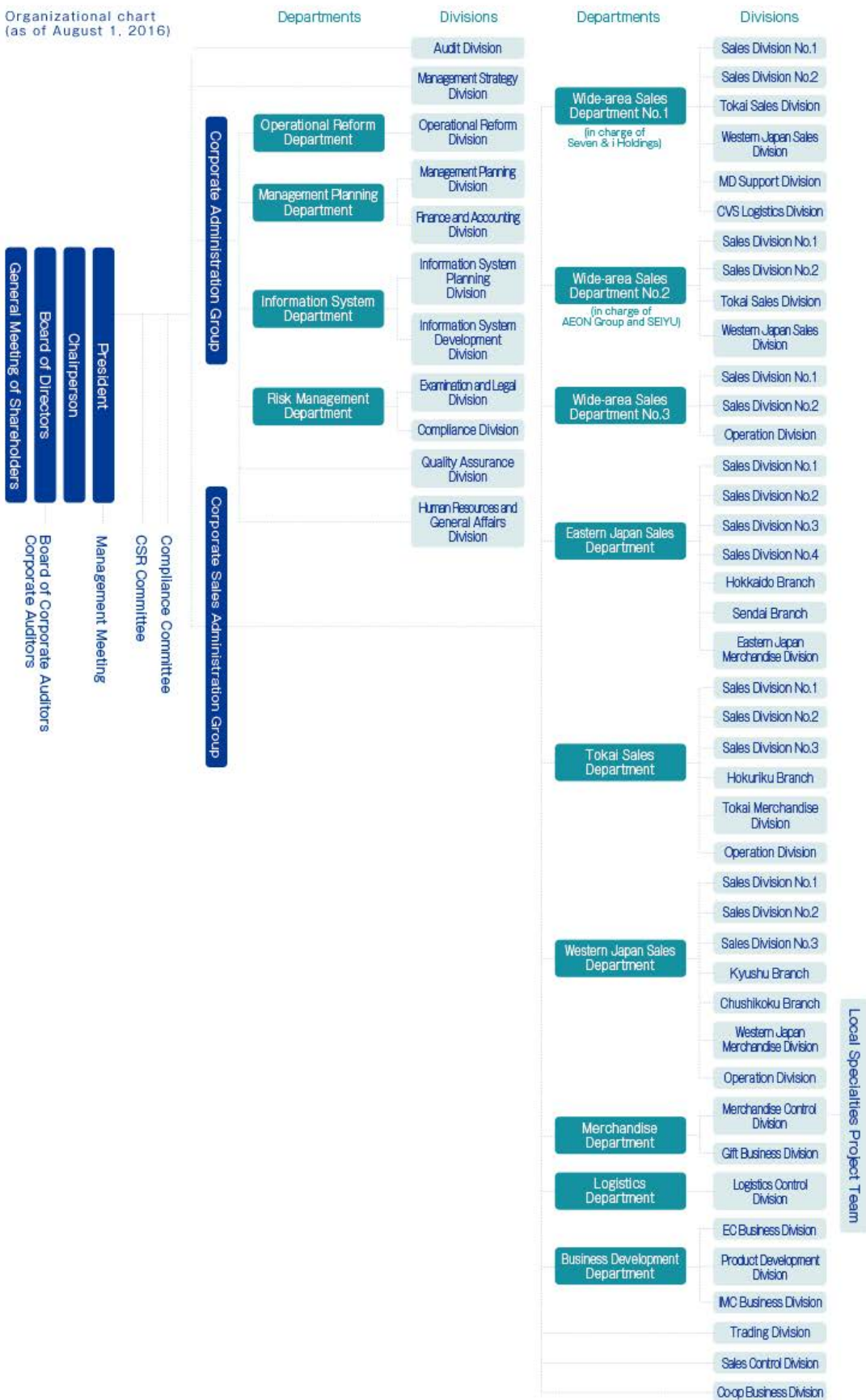
We will work on challenges and innovation as a food wholesaler in the age of the information revolution. Through co-evolution and co-creation with stakeholders, we continuously strive to be a sustainable company of excellence.



Taizo Hamaguchi, President and Representative Director, Executive Officer

Organizational Chart

Organizational chart
(as of August 1, 2016)



Subsidiaries and Associates

Suhara Foods Co., Ltd.



Suhara Foods is a Hokkaido-based comprehensive wholesaler of liquors and foods that has a history of over 100 years. In 2012, ITOCHU-SHOKUHIN acquired the company as a consolidated subsidiary in order to strengthen the business infrastructure in the Hokkaido area. As the local specialties project, the company placed emphasis on the sales of local merchandise to other areas. Through various efforts such as sales of high-value added agricultural and marine products directly from the production sites, development of original products using local ingredients and planning of a Hokkaido product fair, the company supports the enhancement of the merchandise procurement capability in our group.

IMC Co., Ltd.



IMC was established in 2006 as a new business to provide retail support for organizational retailers such as department stores. The company is commissioned to operate the grocery floors of more than 20 department stores across the country. By providing goods that attract customers, acting as a sales agent that fully conveys the feelings of producers, and aiming to maintain and enhance the store brand, the company is engaged in the development of the stores that delight customers and partners as a store focusing on Japanese gastronomy.

Priority Areas

In addition to the six wholesale functions, we have the following priority areas to be strengthened in order to develop valuable commodities and services that only ITOCHU-SHOKUHIN can offer.

Liquor

As we were founded as a trader and wholesaler of foreign liquors and groceries, liquor trading still accounts for about 4.0% of our business. In particular, we are focusing on the introduction of wine. The wine promotion team was set up in April 2016. We are also strengthening efforts to introduce foreign brands to the domestic market and have a selection of goods that can be found nowhere else. As the first step in this initiative, we made an exclusive distributorship agreement in Japan with Mionetto, a top-selling Prosecco in the U.S. In the Japanese market, sales of Prosecco are still about 2 million bottles in contrast to 10 million bottles of Champagne. However, the total global production of Prosecco (approx. 307 million bottles) is larger than Champagne (approx. 304 million bottles). First, we will sell Mionetto to on-trade channels (hotels, bars, restaurants, etc.) to work on the establishment of the brand in Japan, and then aim to expand the distribution to off-trade channels such as department stores and mass retailers. We will also develop an import procurement function through collaboration to further enhance the selection of goods.



Gifts

Since before the Showa Period, we have packed modern foods such as foreign liquor, syrup, cocoa, ketchup and meat extract in boxes, and sold them as gift products. With the aim of becoming the best dealer of gift products, we plan, procure and develop our own gift package products as well as plan and publish gift catalogues, in addition to selling the summer and winter gift products of national brands. Moreover, we are strengthening logistics for gifts and the functions of the gift system to promote the commissioned business of integrated gift services. In addition, we concluded a business cooperation contract with RINGBELL, a major catalogue gift company, to strengthen our function to target the entire gift market, which reportedly amounts to 17 trillion yen including non-food products. We are working on the development of new fields such as a catalogue gift business in the area of health and beauty. Furthermore, as a gift merchandising initiative to meet new needs for gifts, we have developed a gift card business. For the sales promotion market, which is worth about 6 trillion yen, we actively suggest the use of gift cards as commemorative gifts or novelty goods for campaigns.

✕ Development of brand products

In cooperation with the owners of the best and only brands, such as CoCo Ichibanya, Gotoken, Benitora Gyoza Bou, TSUJI RIHEI HONTEN and Joel Robuchon, we develop frozen meals and sweets that meet the needs of value-conscious consumers. These products allow you to enjoy the taste of your longed-for or favorite restaurant at home, and they are popular among customers who want to eat a moderate amount of delicious food. Moreover, we develop traditional New Year's food products, Christmas cakes and gifts intended for self-consumption as products to be enjoyed on special occasions. We are working on product development based on the needs of co-op and other organizational retailers and promoting further expansion of the sales channels.



☐ Web-related business

We conduct EC merchandising to propose merchandise procurement, sales site development and promotion in consideration of the characteristics of the Web environment, and operate an EC Web site. By developing original products in categories unique to EC as well as liquor and luxury grocery items, which are our area of specialty, we expand trade with EC retailers with a great ability to attract customers. Moreover, operating an EC Web site by ourselves provides us with direct access to consumers and enhances our Web marketing capability through repeated analysis, design and proposal. The EC market is expected to expand to over 20 trillion yen by 2020 owing to the spread of smartphones and changes in lifestyle. We are building a Web sales platform of B to B to C, and trying to establish a new business model of wholesale for the EC market.



<http://www.rakuten.ne.jp/gold/tabemart/>



✦ Beauty and health

The beauty and health food market is expanding year by year, and it now amounts to 2.28 trillion yen. A lifestyle of being beautiful and healthy from the inside by taking superfoods instead of using supplements and cosmetics is drawing attention from women who want to be attractive in spite of their busy life. Instead of supplements and foods for specified health uses that have been the main items to meet this need, superfoods are now attracting attention as foods that provide enough of the nutrients that people tend to have a deficiency in. In response to the growing needs of something without artificial and synthesized raw materials and genetically modified food and something cute, healthy and delicious, we took the initiative in collecting a wide range of superfood merchandise, and selected about 5,000 items that meet our standards. In particular, we focused on the world of oil having a beauty effect, such as coconut oil, linseed oil and perilla seed oil. We introduced organic and high-quality foreign brands to the Japanese market, and proposed the Cosmetic Oil You Eat project and registered this phrase as a trademark. Starting from oil, we are proposing a plan for the entire superfood sales floor. Moreover, in order to disseminate information to consumers aiming at the development of a new market, we created recipes with cooking experts and celebrities as well as published special editions of magazines in collaboration with publishing companies. In this way, we are striving to practice our corporate philosophy, "develop a rich and healthy dietary life."

🚚 Logistics

We are commissioned to operate a general-purpose logistics center that flexibly meets the needs of multiple clients, and an integrated logistics center that is operated in pursuit of efficiency for a specific client. In recent years, the labor shortage has become a serious issue, and the development of a logistics system to maintain and reduce the logistics cost has been required. We work on manpower saving by workplace automation and productivity improvement by the development of the picking systems through the investment in logistics facilities. In addition, to promote low-cost operation, we are conducting operational reforms such as improvement of the stock reference index and enhancement of arrival operation productivity by promoting planned arrival. In the future, we will work on productivity enhancement in production, delivery and sales sectors through cooperative delivery, expansion of categories to be handled, and other efforts.



Six wholesale functions to support commercial distribution

Since its foundation in 1886, ITOCHU-SHOKUHHN has quickly responded to changes and taken on challenges throughout its history. By making full use of the six wholesale functions that form the basis of the company, we continue to create new value in wholesale.



Sales function

With lines of business consisting of about 400,000 items, we deal with supermarkets, department stores, convenience stores and other retailers, as well as restaurants, online retailers, wholesalers and manufacturers through various channels across the country. We offer the best products and services according to the different needs of the clients.



Logistics function

We provide safe, reliable and high-quality logistics services by optimally placing logistics bases across the country. We make full use of IT systems and unique know-how to realize highly accurate delivery, and offer efficient logistics services according to the delivery requirements of the clients. Moreover, for supermarket and other retail shoppers, we provide a home delivery service for purchased goods.



Information function

Our core system I-MACS manages the inventory and orders as well as collects and analyzes the sales data accurately. We also have an original integrated logistics system, ILIS. These systems support high-quality distribution and logistics services, and implement the excellent SCM (Supply Chain Management).



Payment function

We handle the huge data generated by daily transactions between retailers and manufacturers to manage their credits and debts and make payments. In addition, we pursue low-cost operations by outsourcing a part of the standardized operation processes of credit and debt management (BPO*).



Marketing function

Grasping the market needs, we discover and suggest products from all over the country. Moreover, we develop products in collaboration with famous restaurants and chefs.

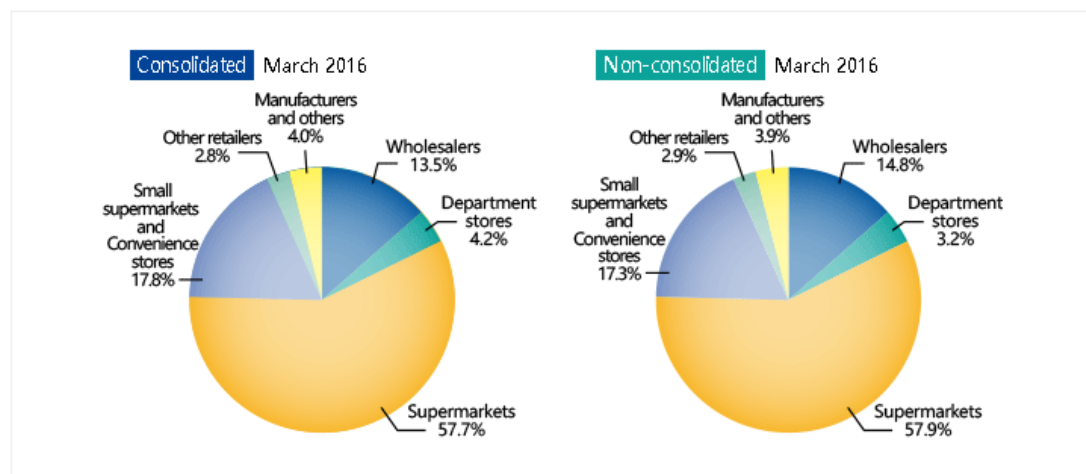


Merchandising function

By properly understanding the diversifying needs of consumers through the analyses and surveys on various data, we are engaged in retail support as well as merchandise suggestions and procurement. We contribute to the revitalization of client retailers by providing total support for them to develop a successful and popular sales floor, suggesting effective displays of goods and delivery conditions.

Transition of sales

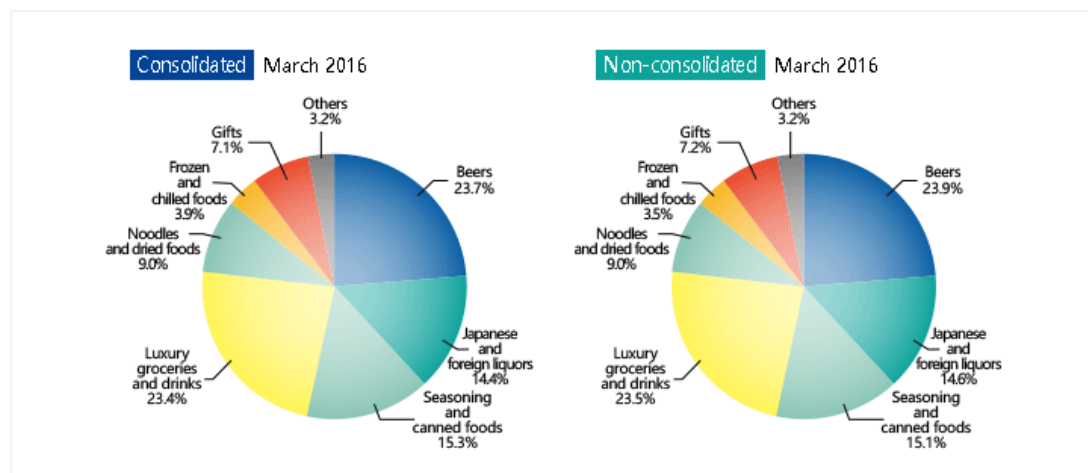
Sales by business category



(Unit: million yen, %)

| | | March 2014 | | | March 2015 | | | March 2016 | | |
|------------------|---|------------|-------------------|-------------------|------------|-------------------|-------------------|------------|-------------------|-------------------|
| | | Sales | Composition ratio | Year-on-year rate | Sales | Composition ratio | Year-on-year rate | Sales | Composition ratio | Year-on-year rate |
| Consolidated | Wholesalers | 91,766 | 14.6 | 91.6 | 86,198 | 14.0 | 93.9 | 88,135 | 13.5 | 102.2 |
| | Department stores | 23,201 | 3.7 | 96.6 | 22,195 | 3.6 | 95.7 | 27,747 | 4.2 | 125.0 |
| | Supermarkets | 363,995 | 57.7 | 106.1 | 360,880 | 58.4 | 99.1 | 376,569 | 57.7 | 104.3 |
| | Small supermarkets and Convenience stores | 105,731 | 16.8 | 113.9 | 104,322 | 16.9 | 98.7 | 116,401 | 17.8 | 111.6 |
| | Other retailers | 19,858 | 3.1 | 71.0 | 18,162 | 2.9 | 91.5 | 18,142 | 2.8 | 99.9 |
| | Manufacturers and others | 25,911 | 4.1 | 98.6 | 25,847 | 4.2 | 99.8 | 26,020 | 4.0 | 100.7 |
| | Total | 630,464 | 100.0 | 102.6 | 617,606 | 100.0 | 98.0 | 653,016 | 100.0 | 105.7 |
| Non-consolidated | Wholesalers | 98,079 | 15.8 | 92.7 | 92,430 | 15.2 | 94.2 | 94,878 | 14.8 | 102.6 |
| | Department stores | 22,463 | 3.6 | 97.1 | 21,422 | 3.5 | 95.4 | 20,508 | 3.2 | 95.7 |
| | Supermarkets | 356,257 | 57.4 | 106.4 | 354,160 | 58.1 | 99.4 | 370,310 | 57.9 | 104.6 |
| | Small supermarkets and Convenience stores | 100,515 | 16.2 | 113.3 | 99,228 | 16.3 | 98.7 | 110,729 | 17.3 | 111.6 |
| | Other retailers | 18,832 | 3.0 | 70.6 | 17,559 | 2.9 | 93.2 | 18,604 | 2.9 | 106.0 |
| | Manufacturers and others | 24,833 | 4.0 | 98.9 | 24,675 | 4.0 | 99.4 | 24,748 | 3.9 | 100.3 |
| | Total | 620,982 | 100.0 | 102.8 | 609,477 | 100.0 | 98.1 | 639,781 | 100.0 | 105.0 |

Sales by merchandise category

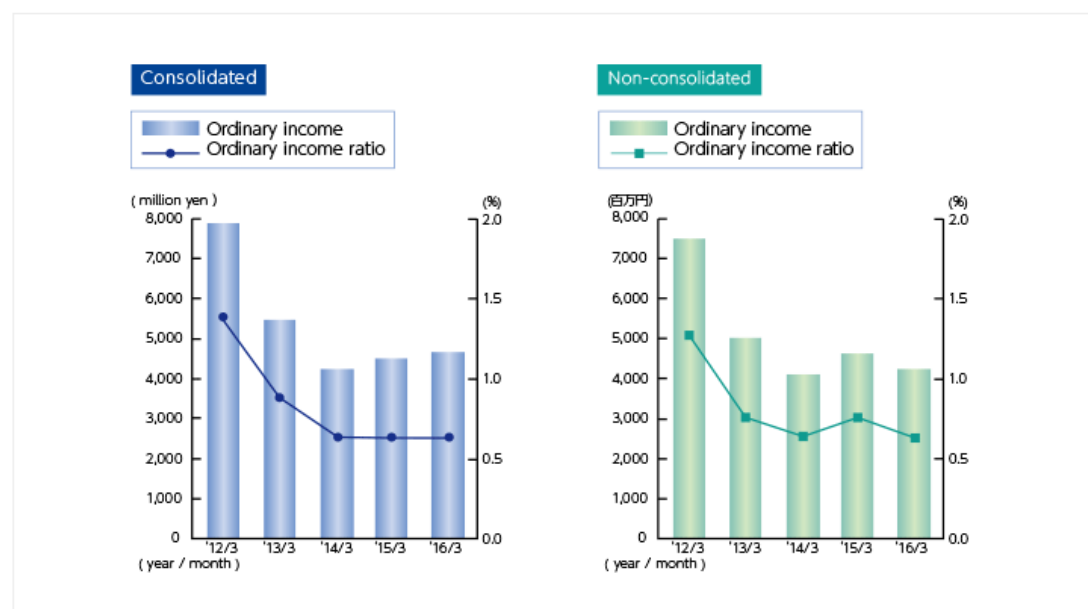


(Unit: million yen, %)

| | | March 2014 | | | March 2015 | | | March 2016 | | |
|------------------|------------------------------|------------|-------------------|-------------------|------------|-------------------|-------------------|------------|-------------------|-------------------|
| | | Sales | Composition ratio | Year-on-year rate | Sales | Composition ratio | Year-on-year rate | Sales | Composition ratio | Year-on-year rate |
| Consolidated | Beers | 151,898 | 24.1 | 99.8 | 148,132 | 24.0 | 97.5 | 154,802 | 23.7 | 104.5 |
| | Japanese and foreign liquors | 90,412 | 14.4 | 96.6 | 92,210 | 14.9 | 102.0 | 94,094 | 14.4 | 102.0 |
| | Seasoning and canned foods | 99,852 | 15.8 | 104.6 | 96,392 | 15.6 | 96.5 | 99,743 | 15.3 | 103.5 |
| | Luxury groceries and drinks | 140,195 | 22.2 | 102.7 | 134,126 | 21.7 | 95.7 | 153,002 | 23.4 | 114.1 |
| | Noodles and dried foods | 58,161 | 9.2 | 124.6 | 57,756 | 9.4 | 99.3 | 58,970 | 9.0 | 102.1 |
| | Frozen and chilled foods | 21,685 | 3.4 | 98.1 | 21,632 | 3.5 | 99.8 | 25,057 | 3.9 | 115.8 |
| | Gifts | 47,481 | 7.6 | 102.5 | 47,015 | 7.6 | 99.0 | 46,562 | 7.1 | 99.0 |
| | Others | 20,776 | 3.3 | 96.2 | 20,339 | 3.3 | 97.9 | 20,783 | 3.2 | 102.2 |
| | Total | 630,464 | 100.0 | 102.6 | 617,606 | 100.0 | 98.0 | 653,016 | 100.0 | 105.7 |
| Non-consolidated | Beers | 150,155 | 24.2 | 99.8 | 146,389 | 24.0 | 97.5 | 153,204 | 23.9 | 104.7 |
| | Japanese and foreign liquors | 89,425 | 14.4 | 96.5 | 91,252 | 15.0 | 102.0 | 93,196 | 14.6 | 102.1 |
| | Seasoning and canned foods | 96,968 | 15.6 | 105.2 | 94,205 | 15.5 | 97.2 | 96,745 | 15.1 | 102.7 |
| | Luxury groceries and drinks | 138,019 | 22.2 | 102.9 | 132,220 | 21.7 | 95.8 | 150,191 | 23.5 | 113.6 |
| | Noodles and dried foods | 57,040 | 9.2 | 125.4 | 56,980 | 9.4 | 99.9 | 57,530 | 9.0 | 101.0 |
| | Frozen and chilled foods | 21,405 | 3.5 | 98.2 | 21,426 | 3.5 | 100.1 | 22,069 | 3.5 | 103.0 |
| | Gifts | 47,221 | 7.6 | 102.6 | 46,712 | 7.7 | 98.9 | 46,283 | 7.2 | 99.1 |
| | Others | 20,746 | 3.3 | 96.9 | 20,288 | 3.3 | 97.8 | 20,560 | 3.2 | 101.3 |
| | Total | 620,982 | 100.0 | 102.8 | 609,477 | 100.0 | 98.1 | 639,781 | 100.0 | 105.0 |

Transition of income

Ordinary income and ordinary income ratio



(Unit: million yen, %)

| | | March 2012 | March 2013 | March 2014 | March 2015 | March 2016 |
|-------------------------|-----------------------|------------|------------|------------|------------|------------|
| Consolidated | Ordinary income | 7,896 | 5,536 | 4,226 | 4,508 | 4,669 |
| | Ordinary income ratio | 1.3 | 0.9 | 0.7 | 0.7 | 0.7 |
| Non-consolidated | Ordinary income | 7,515 | 5,020 | 4,086 | 4,618 | 4,255 |
| | Ordinary income ratio | 1.2 | 0.8 | 0.7 | 0.8 | 0.7 |