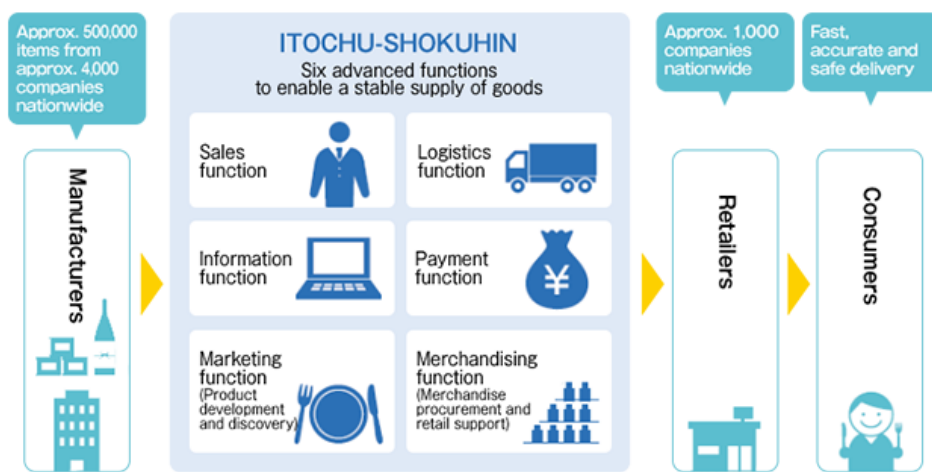


CORPORATE PROFILE

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-SHOKUHHN 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: 1,121 Non-consolidated: 793 (As of March 31, 2018)
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.

We pledge to maintain both a commitment and determination to elevating our status as a Good Company through a tireless pursuit of VALUE and TRUST as we look toward the future and continue to take on any and all challenges as we strive to be the best.

In 1886 Itochu-Shokuhin was founded as a trader and wholesaler of foreign liquors and groceries. We started the business by dealing with seaborne articles including liquors, canned foods and sundries. We have grown together with the developing and changing food culture of Japan while coping with the expanding domestic food industry and changing times.

In recent years, the food market in Japan has evolved significantly. We have experienced a number of consequential shifts in both the social structure and the consumption environment, most notably brought forth by demographic changes caused by an aging society and a declining birthrate, as well as the emergence of more and more single or two-person households. This has generated a rapid diversification of consumers' purchasing habits, and the goods and services that they demand.

Under such circumstances, we, as a liquor and food wholesaler that connects manufacturers with retailers, have never stopped delivering the approximately 500,000 types of goods that we circulate throughout the market, and constructing an optimal supply chain system to get them there.

We are going to further improve the wholesale capacity that we have long cultivated, and at the same time, as a liquor and food wholesaler, stand confidently at the forefront of the technologically innovative fourth industrial revolution marked by the Internet of Things (IoT), artificial intelligence (AI) and other technological breakthroughs. By taking on these new challenges, we are determined to further our status as a Good Company that can offer our customers products and services with higher added value, and meet stakeholders' expectations.



岡本均

Hitoshi Okamoto,
CEO, Chief Corporate Officer, ITOCHU-SHOKUHIN, Co., Ltd.

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

In regard to alcoholic beverages, which account for about 40% of our sales, we are strengthening our handling of wine and spirits in addition to our mainstay beer and Japanese and Western liquors. "Berlucchi," a long-established winery with which our company signed an exclusive sales agreement in 2017, produced the first in-bottle secondary fermentation of a brand of sparkling wine called "Franciacorta." The taste, which is thoughtfully produced by following strict quality standards, is highly appreciated around the world. We will continue to procure not only NB products and domestic products, but also imported products and invigorate the liquor market through attractive sales areas and suggestions on drinking methods.



120 121

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/>



✦ Health and beauty

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.



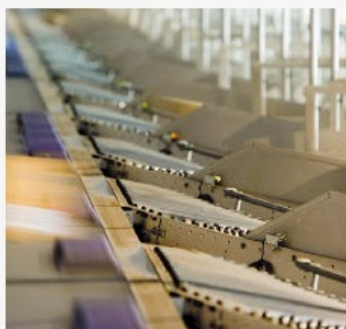
Six wholesale functions to support commercial distribution

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 500,000 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.



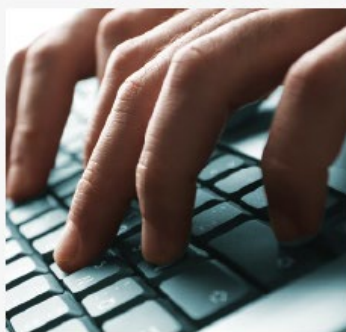
Logistics function

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.



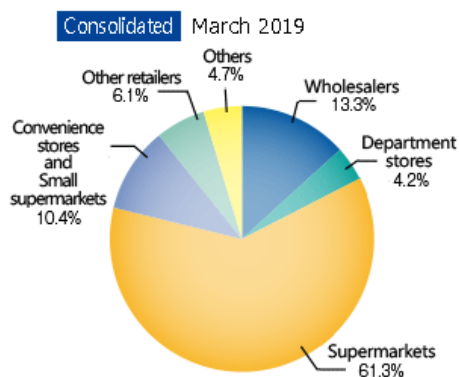
Merchandising function

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.

Financial Information

Transition of sales

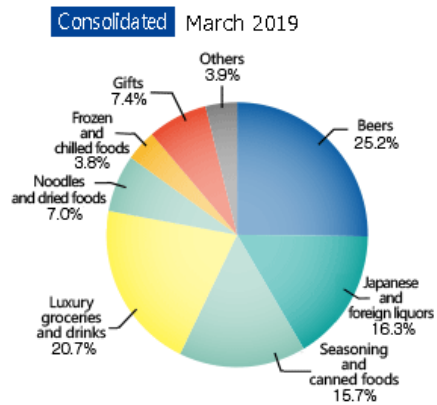
Sales by business category



(Unit: million yen, %)

		March 2016			March 2017			March 2018			March 2019		
		Sales	Composition ratio	Year-on-year rate	Sales	Composition ratio	Year-on-year rate	Sales	Composition ratio	Year-on-year rate	Sales	Composition ratio	Year-on-year rate
Consolidated	Wholesalers	88,135	13.5	102.2	90,152	14.3	102.3	88,999	13.5	98.7	88,578	13.3	99.5
	Department stores	27,747	4.2	125.0	27,323	4.3	98.5	26,719	4.0	97.8	28,032	4.2	104.9
	Supermarkets	376,569	57.7	104.3	393,058	62.3	104.4	408,199	61.8	103.9	409,181	61.3	100.2
	Convenience stores and Small supermarkets	116,401	17.8	111.6	70,909	11.2	60.9	69,282	10.5	97.7	69,342	10.4	100.1
	Other retailers	18,142	2.8	99.9	21,960	3.5	121.0	37,400	5.6	170.3	40,421	6.1	108.1
	Others	26,020	4.0	100.7	27,597	4.4	106.1	30,297	4.6	109.8	31,571	4.7	104.2
	Total	653,016	100.0	105.7	631,002	100.0	96.6	660,899	100.0	104.7	667,128	100.0	100.9

Sales by merchandise category

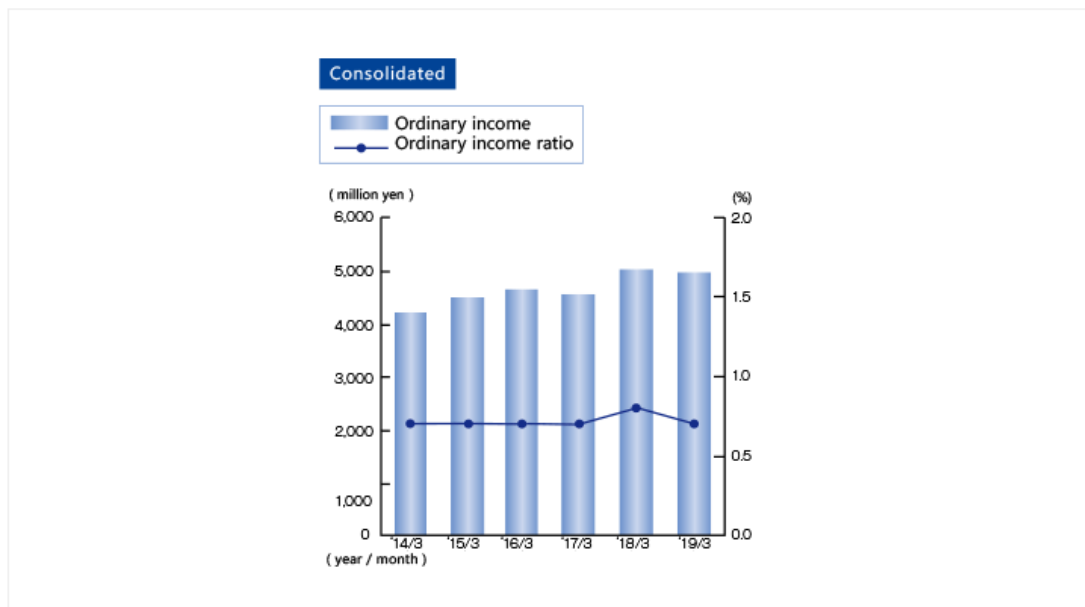


(Unit: million yen, %)

		March 2016			March 2017			March 2018			March 2019		
		Sales	Composition ratio	Year-on-year rate	Sales	Composition ratio	Year-on-year rate	Sales	Composition ratio	Year-on-year rate	Sales	Composition ratio	Year-on-year rate
Consolidated	Beers	154,802	23.7	104.5	163,689	26.0	105.7	179,503	27.2	109.7	168,453	25.2	93.8
	Japanese and foreign liquors	94,094	14.4	102.0	101,271	16.1	107.6	109,786	16.6	108.4	108,437	16.3	98.8
	Seasoning and canned foods	99,743	15.3	103.5	99,281	15.7	99.5	99,299	15.0	100.0	104,818	15.7	105.6
	Luxury groceries and drinks	153,002	23.4	114.1	125,736	19.9	82.2	128,969	19.5	102.6	138,324	20.7	107.3
	Noodles and dried foods	58,970	9.0	102.1	44,888	7.1	76.1	44,145	6.7	98.3	46,721	7.0	105.8
	Frozen and chilled foods	25,057	3.9	115.8	25,312	4.0	101.0	24,781	3.8	97.9	25,541	3.8	103.1
	Gifts	46,562	7.1	99.0	48,837	7.7	104.9	49,821	7.5	102.0	49,064	7.4	98.5
	Others	20,783	3.2	102.2	21,984	3.5	105.8	24,591	3.7	111.9	25,766	3.9	104.8
	Total	653,016	100.0	105.7	631,002	100.0	96.6	660,899	100.0	104.7	667,128	100.0	100.9

Transition of income

Ordinary income and ordinary income ratio



(Unit: million yen, %)

		March 2014	March 2015	March 2016	March 2017	March 2018	March 2019
Consolidated	Ordinary income	4,226	4,508	4,669	4,565	5,032	4,943
	Ordinary income ratio	0.7	0.7	0.7	0.7	0.8	0.7