

|| The Brand-new Deal

Textile Company, Fashion Apparel Division **DESCENTE (Investor Briefing)**

March 26, 2025

ITOCHU Corporation (8001)

Forward-Looking Statements

Data and projections contained in these materials are based on the information available at the time of publication, and various factors may cause the actual results to differ materially from those presented in such forward-looking statements. ITOCHU Corporation, therefore, wishes to caution that readers should not place undue reliance on forward-looking statements, and further, that ITOCHU Corporation has no obligation to update any forward-looking statements as a result of new information, future events or other developments.



1

**Overview of Textile Company,
Fashion Apparel Division**

2

Overview of DESCENTE LTD.

3

**The Area-Specific Strategies and
the Objectives of the TOB**

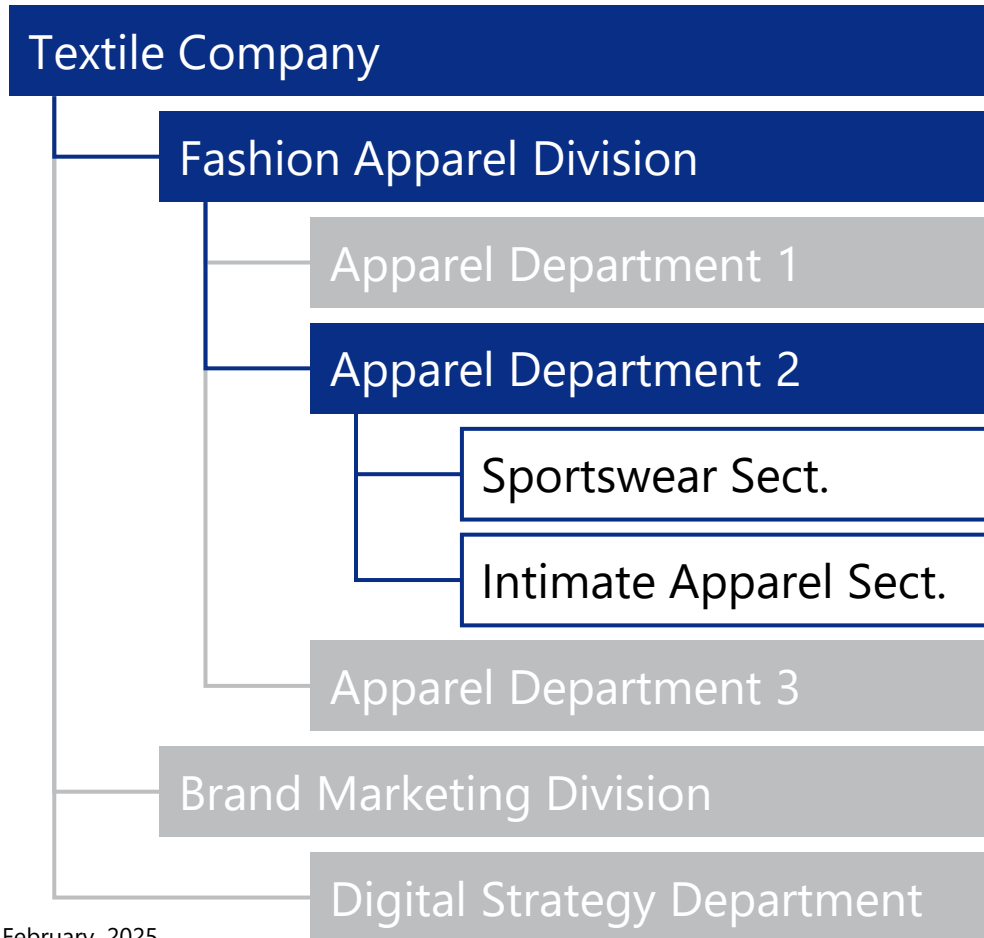
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Overview of Textile Company, Fashion Apparel Division

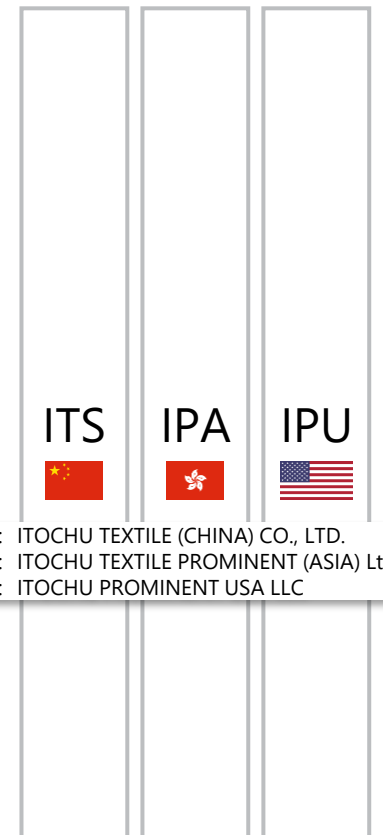


Organization Chart of Textile Company

- ▶ The Textile Company consists of the Fashion Apparel Division and the Brand Marketing Division.
 - ▶ The DESCENTE business is under the Apparel Department 2, but ITOCHU provides management and business personnel from both divisions to provide hands-on management.



Subsidiaries & Affiliates



As of February, 2025

Textile Company Business Fields

- ▶ Covers all business areas of the textile industry (apparel, brand marketing, textile materials and lifestyle).
- ▶ Our strength lies not only in Japan, but also in overseas expansion, especially in Asia.

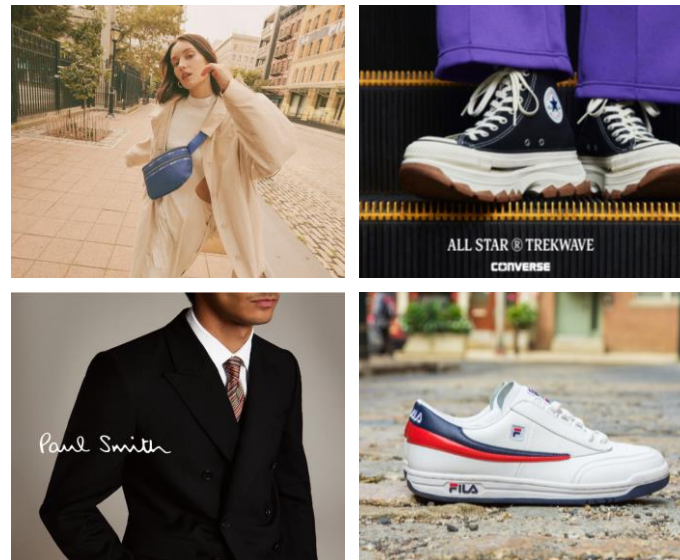
Apparel Area

From raw materials and textiles to clothing materials and apparel, developing a wide variety of products with a focus on manufacturing backed by our production systems in Japan and Asia.



Brand Marketing Area

In addition to a variety of brands ranging from luxury to casual and sports, the company offers many brands in all aspects of lifestyle, including shoes, bags, and sundries.



Industrial textile & lifestyle area

Global development of materials ranging from industrial fibers with advanced technology and high functionality to non-woven fabrics for disposable diapers and other sanitary products.

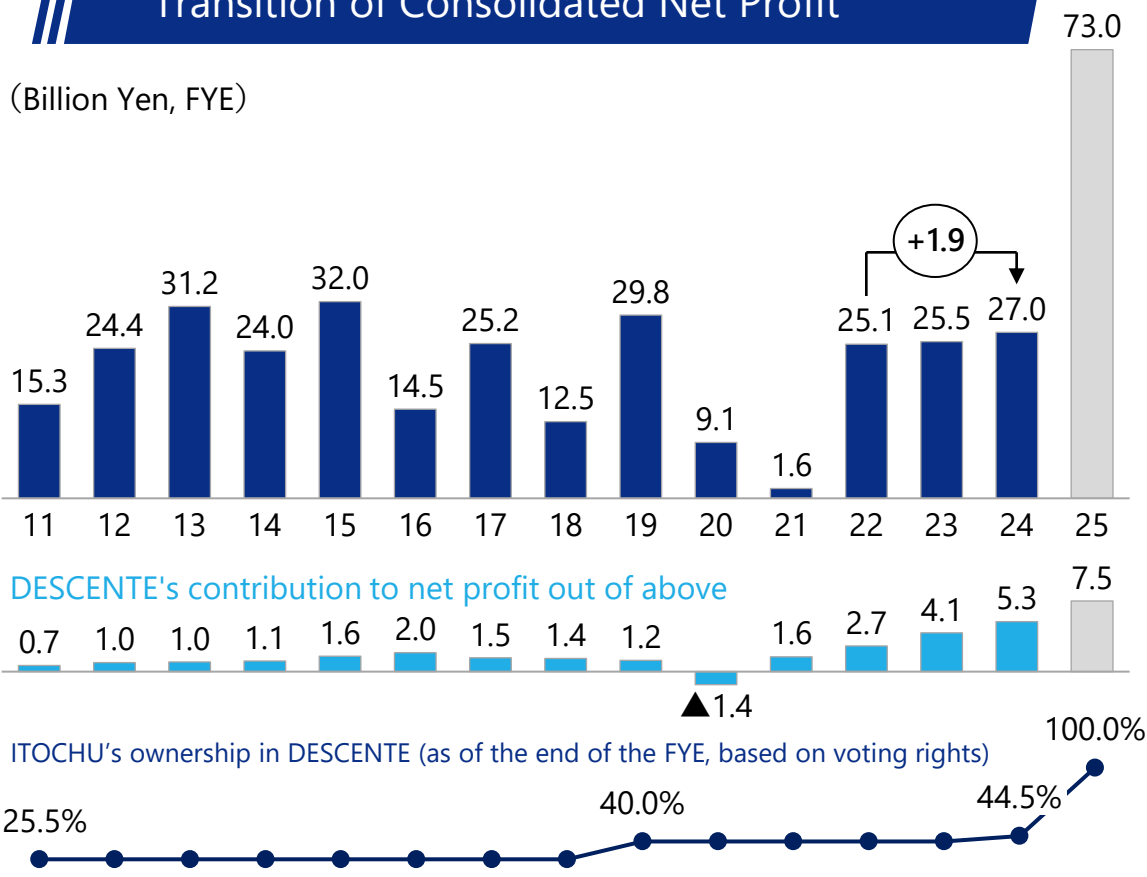


Textile Company Trend of business results

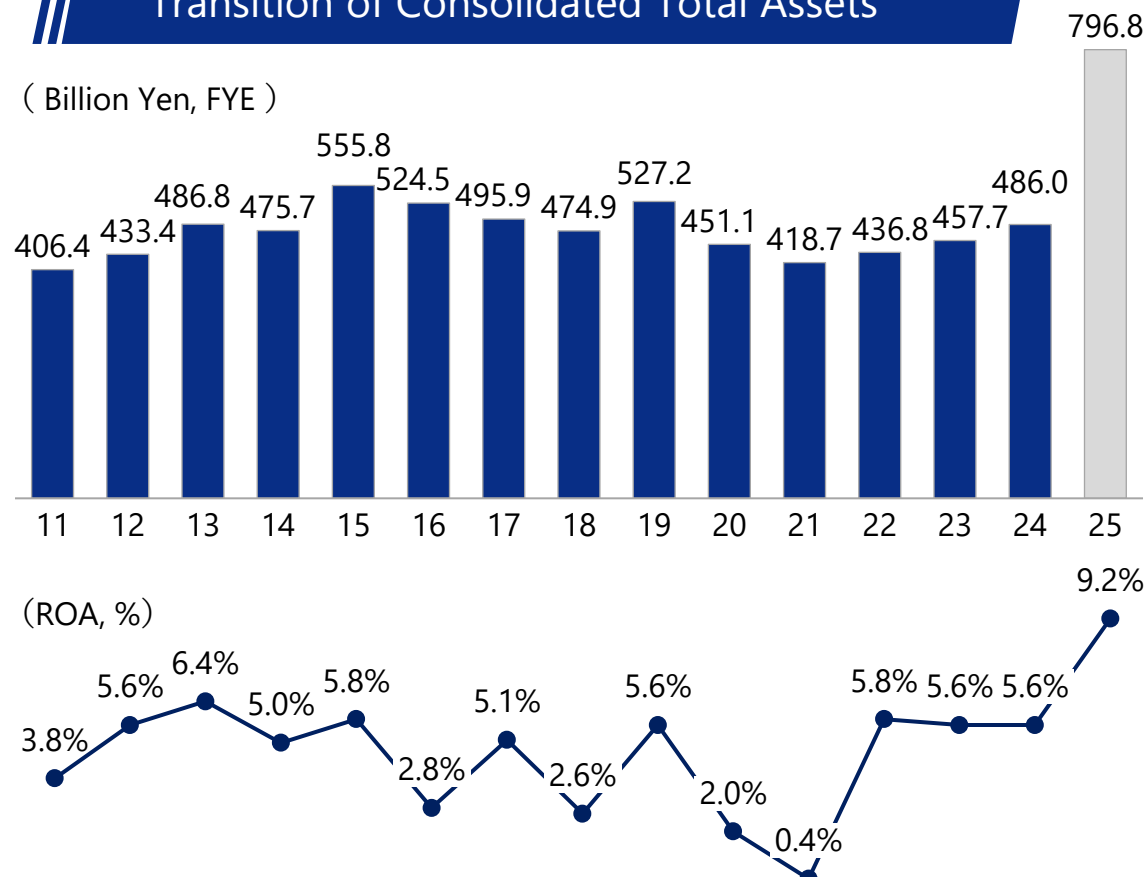


▶ In FYE 2021, consolidated net profit declined due to the extraordinary losses related to the impact of the COVID-19 pandemic. However, it subsequently recovered, driven by the structural reforms and a recovery in market conditions, particularly in the sports business.

Transition of Consolidated Net Profit



Transition of Consolidated Total Assets



Accounting standards have been shifted to IFRS since FYE 2014. FYE 2025 forecast announced on February 6, 2025. FYE 2025 includes the revaluation gain resulting from the conversion of DESCENTE into a consolidated subsidiary.

Total assets in the FYE 2025 forecast are the results as of the end of 3Q FYE2025.

Environment of Sports Apparel & Sports Shoes Industry

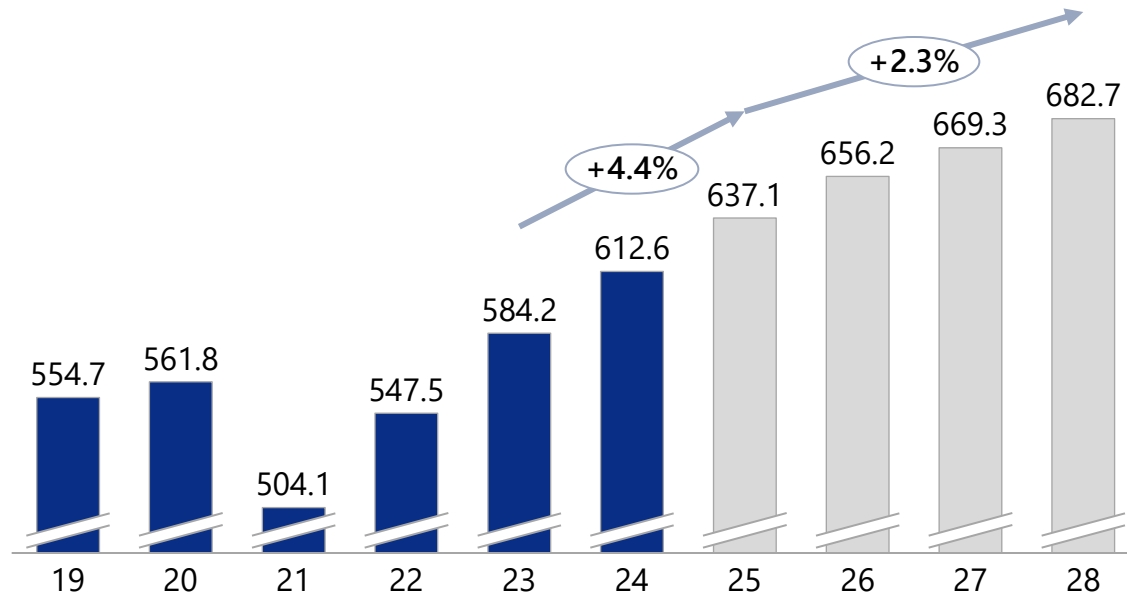


- ▶ In the sports apparel market, demand for athletic and outing apparel has expanded since 2022 due to an increase in competitive sports and opportunities to go out due to the relaxation of movement restrictions, as well as the return to daily life. The recovery in inbound demand has also been a tailwind, and the market is expected to continue to grow.
- ▶ In the sports shoes market, running and walking shoes have been performing well due to the increased demand for staying at home and health consciousness during the COVID-19 pandemic. The market is on a recovery trend as restrictions on movement are eased, and a variety of brands and products are revitalizing the market. The market is expected to continue expanding in the future.

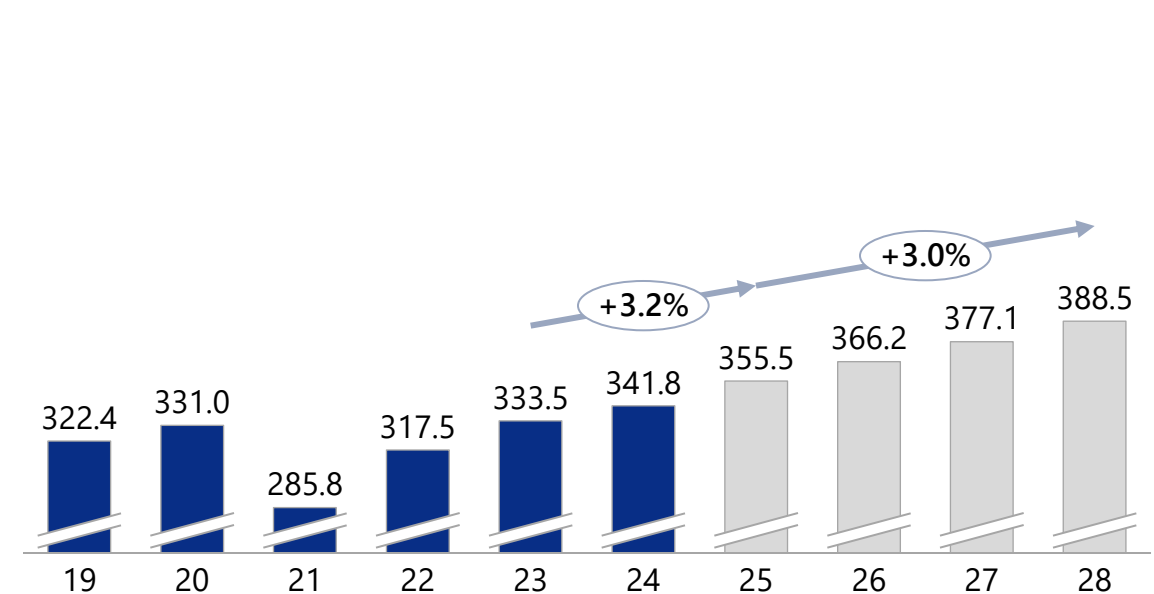
Transition of market size

(Billion Yen, FYE)

Domestic shipments of sports apparel in Japan



Domestic shipments of sports shoes in Japan



Not include sneakers for daily wear.

2

Overview of DESCENTE LTD.



DESCENTE Corporate Philosophy



“To bring the enjoyment of sports to all”

- ▶ Sport is based on the idea of enjoyment through movement of the body and competing; and it is through sports that DESCENTE contributes to life being lived -by everyone- to the full.



Manufacturing Capabilities

1 Research & Development



- ▶ By combining a high level of understanding of the sport and its athletes with data analysis, ideas and technology, pursuing functionality that allows athletes to perform at their best.
 - ▶ Easy to move pattern
 - ▶ Elasticity
 - ▶ Lightness of material, etc.

2 Planning & Development



- ▶ Planning and development of high-performance, high-quality sportswear.
- ▶ Development of everyday clothes unique to a sports manufacturer that utilizes athletic wear technology.

3 Sewing Technology



- ▶ Sewing techniques that can handle multiple processes and special materials.
- ▶ 4 in-house factories with skilled craftsmen.
 - ▶ Mizusawa(Iwate)
 - ▶ Yoshino(Nara)
 - ▶ Saito(Miyazaki)
 - ▶ Beijing(China)

4 A Wide and Diverse Range of Brands with Sports as the Core



DISC OSAKA

Saitoyamabuki, Ibaraki, Osaka, Japan

Sportswear



“Creating the World’s Fastest Wear”

- ▶ “Pursuit of functionality” and “promotion of creative thinking.”
- ▶ Accumulated know-how in pattern development, which is DESCENTE's forte.
- ▶ Facilities that enable us to conduct research and verification necessary to create products that improve sports performance and comfort, assuming actual wearing conditions.

DISC BUSAN

Gangseo-gu, Myeongji-dong, Busan, South Korea

Sports Shoes



“Innovate For Your Best”

- ▶ Specialized analysis and research that brings out latent needs that even the shoe wearers themselves are unaware of.
- ▶ Introducing state-of-the-art analysis equipment and facilities, and attracting excellent human resources from Europe, the U.S., Asia, and other parts of the world to conduct research and development.

DESCENTE Planning & Developing ~The path of value creation~



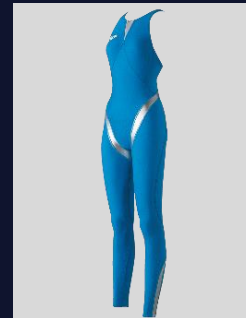
- ▶ Since its founding in 1935, DESCENTE has created high-quality products for a variety of sports, including winter sports, swimming, and baseball, through a variety of brands, including its corporate brand "DESCENTE."



1953: Cream-Colored Baseball Uniforms
DESCENTE successfully developed cream-colored baseball uniforms and training pants made from pre-shrunk cotton fabric with a wool-like finish.



1979: Downhill Suit
During the FIS Alpine Ski World Cup season, DESCENTE's "magic" downhill suit dominated the winners' podium. The suit caused a sensation by shaving up to two seconds off the winners' times.



2004: Aile Bleue
Aile Bleue swimwear was launched by arena. The design applies "biomimetics" to manufacturing to achieve smart performance based on principles derived from nature. At the Athens Olympics, Ai Shibata won gold wearing Aile Bleue.



2021: Mizusawa Down Jacket ALPINE
Produced at DESCENTE Apparel's Mizusawa factory, this down jacket is designed for all-mountain activities, with excellent mobility and warmth. It is a high-performance model for athletes that can be worn comfortably on skis and in snowy mountains.



1957: RWSB
Based on advice from Japan's first professional skier, Kazuyoshi Nishimura, DESCENTE launched the RWSB, a windbreaker jacket that was compact for carrying. DESCENTE's first utility model product.



1986: Cycling Wear Worn by Koichi Nakano
Professional keirin track cyclist Koichi Nakano won 10 consecutive professional sprint world championships. The cycling wear used by Nakano combined downhill and speed skating suit technology.



2008: Mizusawa Down Jacket
A down jacket line based on a non-quilting manufacturing process. The product uses materials that achieve superior water resistance and moisture permeability, thereby providing a high level of wearer comfort. Named after the Mizusawa Factory, the production facility.

DESCENTE Mizusawa Factory



- ▶ Mizusawa Factory, which produces Mizusawa Down Jacket in Japan, has supported DESCENTE's manufacturing for more than 50 years since 1970.
- ▶ With an eye on the next 50 years, Mizusawa Factory is being revamped. The new plant is 1.5 times larger than the existing plant and is scheduled to start operation in July 2025. We are further advancing the development of high-value-added products, the source of DESCENTE's competitive edge.



Pattern development
at the factory












"Mizusawa Down Jacket"
with over 250 production
processes, which is 2.5 times
more than the production
process of a typical
down jacket.



Achieving environmental
consideration, community
coexistence, and job
satisfaction

DESCENTE's Brand Lineup & Business Areas



Owned/ Licensed Brands	Brand	Business Area					
		Japan	Asia			Europe	North America
			South Korea	China	Others		
Owned Brand	 DESCENTE	●	●	●	●	●	●
	 MOVESPORT	●					
	 le coq sportif	●	●	●	●		
	 arena	●	●	●	●		
	 Munsingwear	●	●	●	●		
	 umbro	●	●				
	 inov-8	●	●	●			
	 KOUNOE	●					
Licensed Brand	 LANVIN SPORT	●					

DESCENTE · ALLTERRAIN · Mizusawa Down Jacket



- ▶ Since 2008, "Mizusawa Down Jacket" has been a highly functional down jacket with a minimalist appearance that brings together advanced technologies, and has raised functionality that sets it apart from conventional down jackets.
- ▶ "ALLTERRAIN" is a high-spec techwear brand that uses "Mizusawa Down Jacket" as its origin and utilizes the know-how that DESCENTE has cultivated over many years of developing sports performance wear together with the world's top athletes in the pursuit of "true manufacturing" that is not influenced by age, scene, or trends.

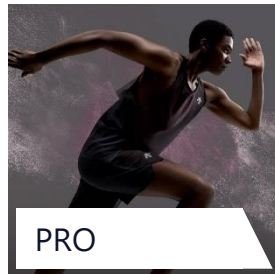
ADVANCED SPORTS

Supporting user performance in sports scenes

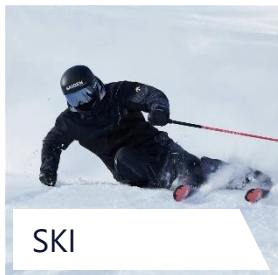


MOVEWEAR

Techwear that brings comfort to your daily life and is designed for movement, not just sports



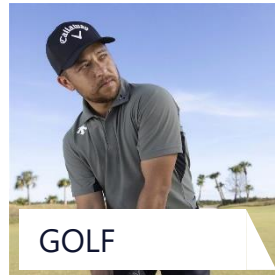
PRO



SKI



TRAINING



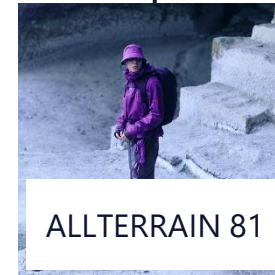
GOLF



ALLTERRAIN



水沢 MIZUSAWA DOWN



ALLTERRAIN 81

Outdoor Sports



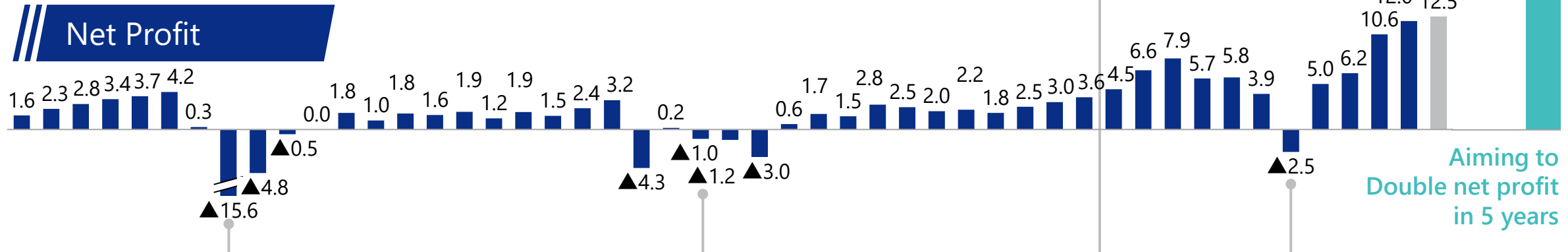
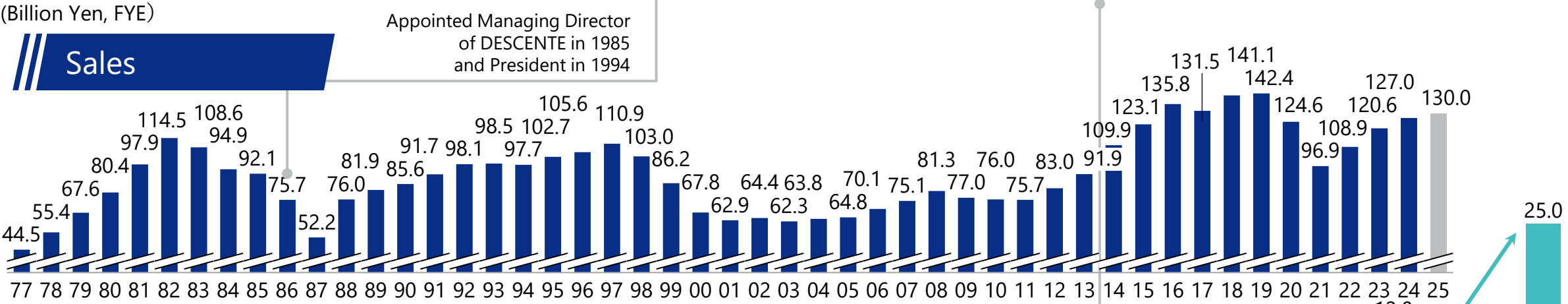
ALLTERRAIN I/O

Urban Uniform

The History of DESCENTE and ITOCHU



ITOCHU began holding DESCENTE shares in 1971	Over 5%	Over 10%	Through 20%, over 25%	40% at TOB (1st), then 44% afterwards	100%
CEO: Mr. Yoshikazu Ishimoto	Mr. Yozo Iida	Mr. Kunio Tajiri	Mr. Etsuro Nakanishi	Mr. Masatoshi Ishimoto	Mr. Shuichi Koseki



- 1 Posted a loss for the third consecutive year due to overstocking of "Munsingwear."
 - 2 Sales declined sharply and posted a loss for the third consecutive year due to the termination of the "adidas" license agreement.
 - 3 Japanese products boycotted in South Korea
- Passing away of Mr. Yoshikazu Ishimoto, Chief Advisor at the time

3 The Area-Specific Strategies and the Objectives of the TOB



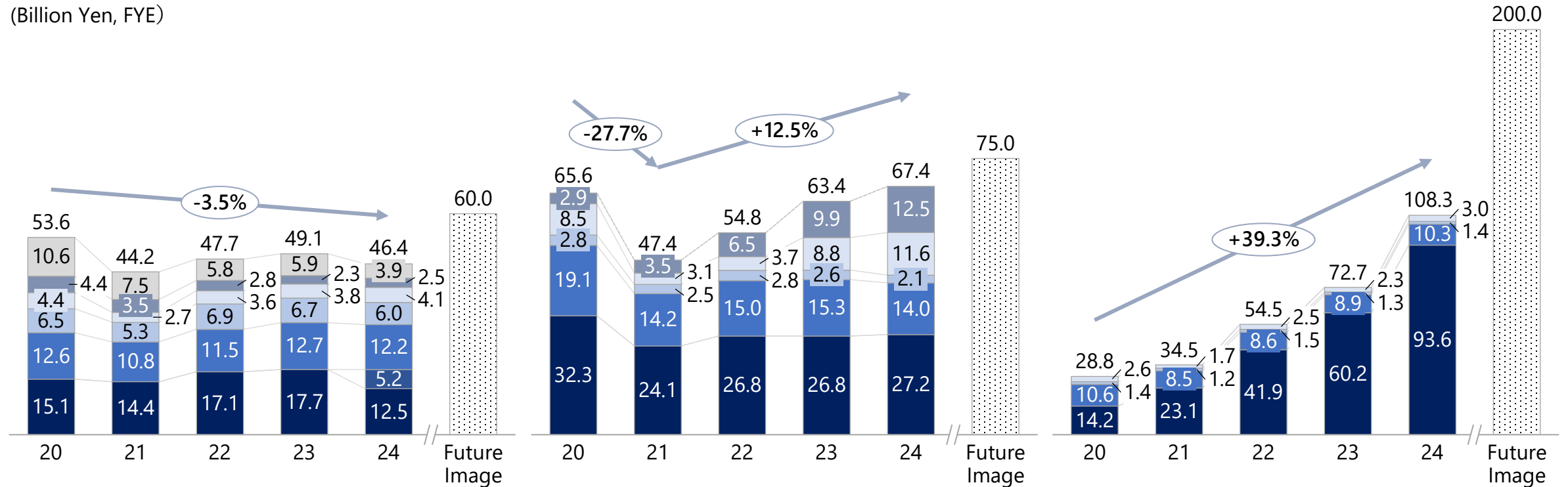
The Area-Specific Sales Performance in DESCENTE (Based on Customer Location)



- ▶ In Japan, it has been focused on improving profitability rather than pursuing wholesale business sales since the FYE 2020.
- ▶ In South Korea, it has been on a recovery trend following the resurgence of COVID-19 pandemic and the impact of boycotts in the FYE 2021.
- ▶ In China, our equity-method affiliate DESCENTE China is experiencing robust growth.



(Billion Yen, FYE)



A simplified calculation based on the sales of consolidated subsidiaries and equity-method affiliates in each area

Current Situation of the DESCENTE Business

- ▶ Since the TOB in 2019, we have achieved certain results by moving away from the 'sale dependency' that had become routine in the Japanese market, such as family sales, and by promoting the optimization of procurement quantities and the refinement of cost management.
- ▶ However, as the presence of the Chinese market has recently increased, alongside the rapidly growing South Korean market of the 2010s, the enhancement of management from a Japan-originated global perspective and the improvement of operations in the Japanese market are still in progress. Continuing with the current management approach raises concerns about potential negative impacts on the South Korean and Chinese markets in the future.
- ▶ There are limitations to improving management and operations while maintaining the distance and information-sharing systems between listed companies. To address these challenges, we aim to drive management reform and growth strategies by fully leveraging the resources of the ITOCHU Group.

Current situation and challenges of the "DESCENTE" brand in each area

Area	Recognition as a premium sports brand	Sales at appropriate prices	Sales channels
Japan	Midway	Under improvement	Transitioning from wholesale focus to DTC expansion
South Korea	Steady	Appropriate range	DTC Focus
China	Steady	Steady	DTC Focus

Approach direction for addressing challenges

- 1 Continuous Maintenance and Enhancement of Brand Value
- 2 Improvement of Business Operations
- 3 Strengthening Relationships with JV Partners

Wholesale: Products sold through other companies' retail stores
DTC: Direct to Consumer, products sold through our own retail stores

The area-specific strategies

- ▶ Promotion of the “DESCENTE” brand as a premium sports brand
 - ▶ We are advancing the creation of high-end products that do not exist in the market, focusing on the development of “Mizusawa Down Jacket” and outerwear derived from skiing, as well as top-tier golf wear.
 - ▶ By expanding consumer touchpoints both online and offline, we aim to promote pricing that reflects the high quality and value of our products.
 - ▶ There are plans to increase the number of directly operated stores (16 stores as of the end of February 2025) and expand the sales floor area per store.
- ▶ Expansion of shoe area and strengthening promotion for “DESCENTE” brand directly operated stores
 - ▶ Maximizing the functionality of the R&D center “DISC BUSAN” to promote globally high-quality running shoes in Japan.

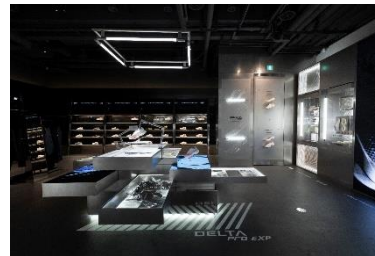


The objectives of the TOB

- ▶ Improving communication between Japan, South Korea, and China by further integrating and permeating a global management perspective.
 - ▶ Further energizing Japan's activities as the home country of the brand by leveraging ITOCHU's expertise in brand management.
- ▶ Centered around the “DESCENTE” brand,
 - ▶ Optimizing business processes and improving operational quality from product planning and development to production and sales, utilizing Itochu's strengths in OEM/ODM operational expertise.
 - ▶ Accelerating the expansion of directly operated stores and e-commerce.

The area-specific strategies

- ▶ Regarding the "DESCENTE" brand, focus on full-scale development of the entire lineup of the "ALLTERRAIN" planned and produced by DESCENTE Japan centered around the new flagship store opened in March 2024, and maintain and enhance brand value through collaborations with famous Korean brands.
- ▶ The currently successful "umbro" brand will expand consumer contact points while controlling brand growth and brand position by having flagship stores. Continue to implement rebranding measures for "le coq sportif" and "Munsingwear."
- ▶ Strengthen marketing for golf shoes, a focus product, through famous professional players.



The objectives of the TOB

- ▶ Improve communication between Japan, South Korea, and China areas by further introducing and permeating a global management perspective.
- ▶ Properly adjust brand management rules to accelerate the growth and rebranding of each brand in South Korea.



The area-specific strategies

- ▶ DESCENTE China, a JV with China's major sports goods company ANTA Group (DESCENTE/ITOCHU ownership ratio 46%), will strengthen new categories such as kids and golf along with store expansion.
 - ▶ "Ice and snow economy" promoted by the Chinese government (aiming for a scale of 1.5 trillion yuan in winter sports-related economy by 2030) is a tailwind.
- ▶ Establish Munsingwear China as a JV with China's major men's casual company Lilang Group (DESCENTE ownership ratio 46%) in FYE 2025, with business scheduled to commence in FYE 2026.
- ▶ Shanghai Le Coq (DESCENTE/ITOCHU ownership ratio 100%) aims to permeate a new brand image centered on sports, primarily through DTC channels.



The objectives of the TOB

- ▶ Strengthen communication with DESCENTE China and Munsingwear China by deploying "Chinese personnel" from Itochu and its subsidiary ITOCHU TEXTILE (CHINA) CO., LTD.
- ▶ Provide product innovation suitable for a premium sports brand to DESCENTE China, which shows strong growth.
- ▶ Expand exports from Japan of DESCENTE SKI and "ALLTERRAIN" products planned and produced by the DESCENTE Japan which are popular in China.



Future Collaboration and Growth Image (Summary)



Market	Collaboration and Growth Image	Timelines			Expected Returns		
		Short	Mid	Long	Small	Mid	Large
All	<ul style="list-style-type: none"> ▶ By further introducing and permeating a global management perspective, improve communication between Japan, South Korea, and China areas. ▶ Centered around the "DESCENTE" brand, further activate Japan's activities as the home country of the brand. In manufacturing, Japan focuses on developing "0 to 1," while China emphasizes expanding "1 to 100." 	●	●			●	
Japan	▶ Optimization of the business process from planning and development to production and sales, and improvement of operational quality.	●	●			●	
	▶ Deployment of sales and supply chain management know-how related to the footwear business.		●			●	
South Korea	▶ By enhancing the fundamental framework and operational rules of brand management, accelerate the growth and rebranding of each brand in Korea.		●			●	
China	▶ Strengthen communication with DESCENTE China and Munsingwear China by deploying "Chinese personnel."	●	●			●	
	▶ Provide product innovation suitable for a premium sports brand to DESCENTE China, which is showing strong growth. Expand exports from Japan of DESCENTE SKI and "ALLTERRAIN" products, which are planned and produced by the popular DESCENTE Japan in China.	●	●				●
Others	▶ Development of new distribution channels and business opportunities in the European, American, and Southeast Asian markets centered around the "DESCENTE" brand.		●	●		●	



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