

// The Brand-new Deal

Textile Company, Fashion Apparel Division DESCENTE (Investor Briefing)

March 26, 2025

ITOCHU Corporation (8001)

Forward-Looking Statements

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I am Mimura, Chief Operating Officer of the Fashion Apparel Division.

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Overview of Textile Company, Fashion Apparel Division



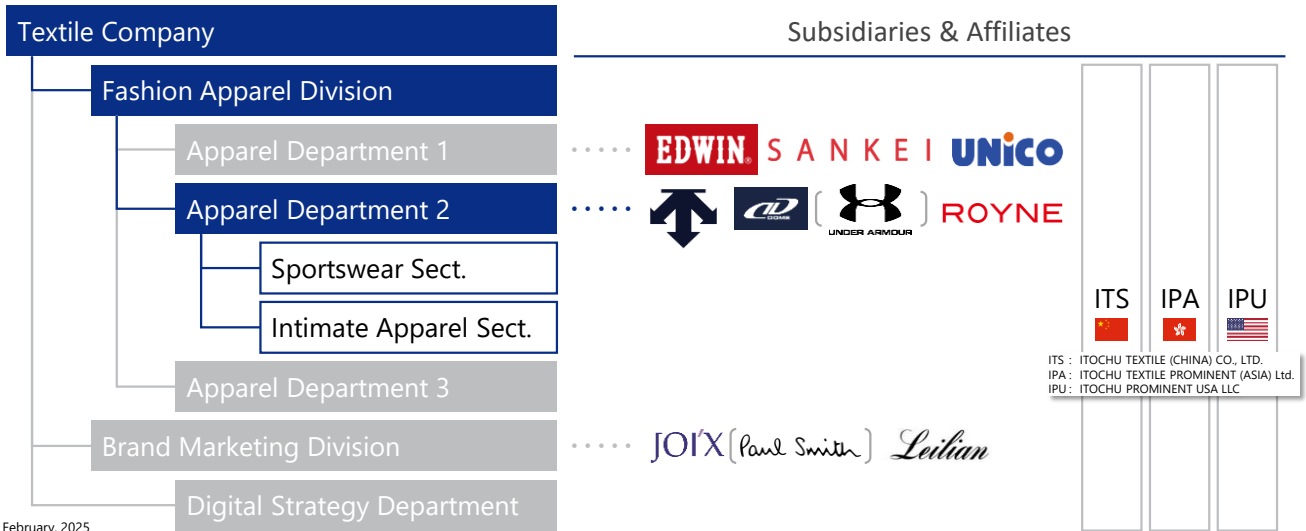
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First of all, I would like to give you an overview of the Textile Company and the Fashion Apparel Division.

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.



As of February, 2025

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The Textile Company has two divisions: the Fashion Apparel Division and the Brand Marketing Division.

The Textile Company also has the Textile Digital Strategy Office, which is under the direct control of the Textile Company, and is working to accumulate and deploy digital-related know-how within the Group, including the Textile Company's group companies.

The Textile Company has approximately 420 employees and 24 subsidiaries and affiliates, and the Fashion Apparel Division has approximately 210 employees and 8 subsidiaries and affiliates.

The Fashion Apparel Division consists of three sales departments and group companies such as EDWIN and DESCENTE LTD. The DESCENTE business initiatives I will explain today are under the Sportswear Section of the Apparel Department 2, but in addition to this department, the Brand Marketing Division and the Digital Strategy Department are also involved in management and front-line operations to provide a hands-on management.

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.

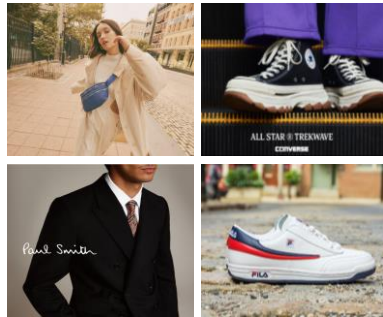
Apparel Area

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.



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Next, I will explain the main areas of focus of each division.

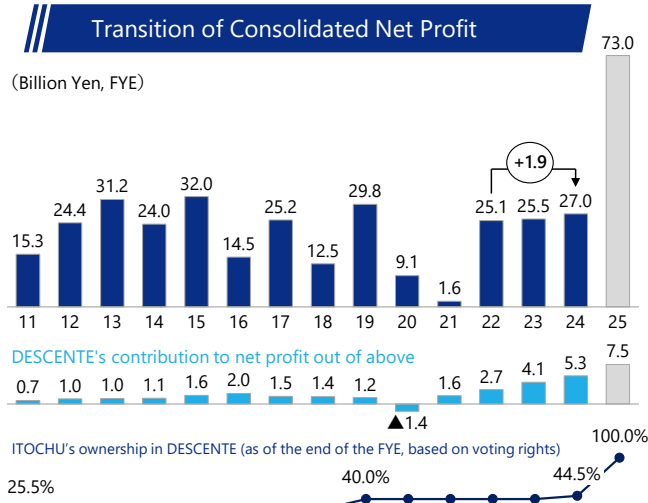
The Fashion Apparel Division is engaged in global operations from upstream to downstream, mainly in the field of apparel. The Apparel Department 1 focuses mainly on the casual sector, the Apparel Department 2 centers on the sports and innerwear sector, and the Apparel Department 3 concentrates on the SPA (Specialty store retailer of Private label Apparel), mass retail, and select shop sectors. In addition to OEM/ODM production mainly overseas, the division provides management support to ITOCHU Group companies such as EDWIN and DESCENTE LTD.

The Brand Marketing Division cultivates overseas brands, develops them in Japan and other Asian countries, and supports the overseas expansion of Japanese domestic brands. It also provides management support to ITOCHU Group companies such as JOI'X, which operates Paul Smith, and Leilian, etc. In addition, the Industrial Textile & Lifestyle Department trades in their field.

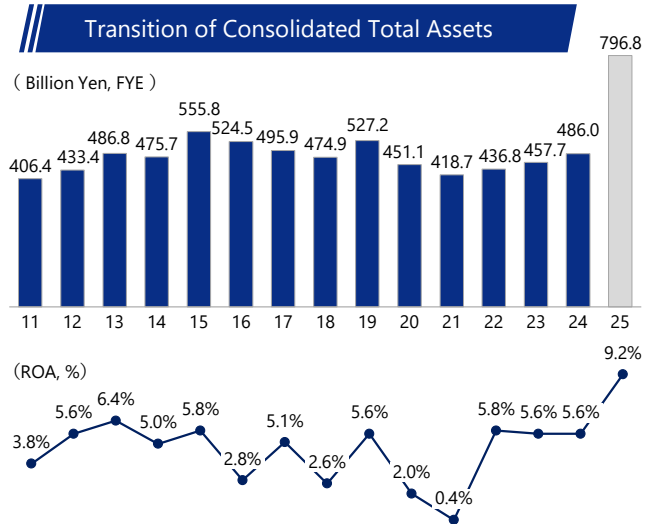
Textile Company Trend of business results



▶ 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.



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. Copyright © ITOCHU Corporation. All Rights Reserved.



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

Next, I will explain the Company's performance trends.

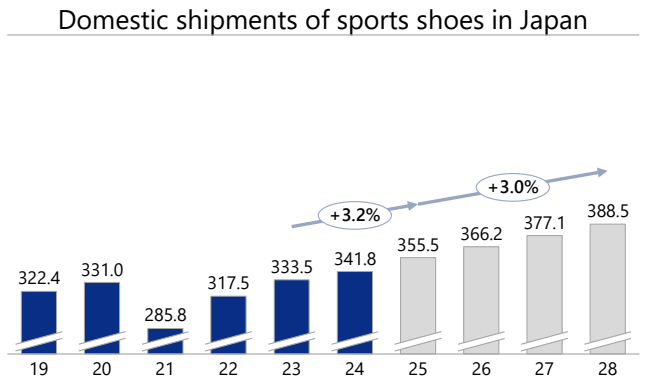
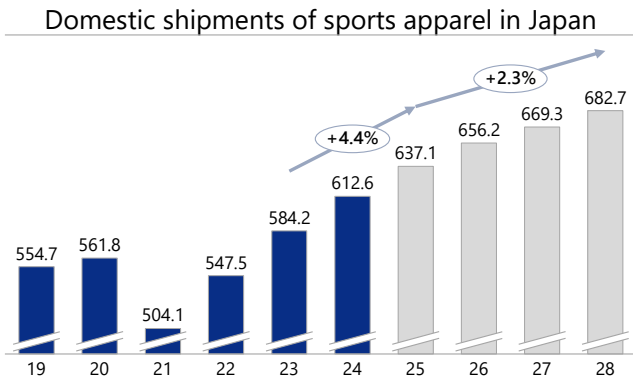
The consolidated net profit, which fell to 1.6 billion yen in FYE 2021 due to the impact of the spread of the COVID-19, has remained firm over the past several years thanks to the refinement of trading functions, steady growth in existing businesses, and thorough lean management. DESCENTE's contribution to consolidated net profit has also been gradually increasing.

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)



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Not include sneakers for daily wear.

I will now discuss the industry environment for sports apparel and shoes.

The following graph shows transition of market size in Japan. In the apparel market, the situation is slightly different between the period of activity restriction due to the spread of COVID-19 and its relaxation, but we expect the market to grow in the future due to increased health consciousness and participation in sports activities. In addition, the "athleisure" trend, in which sportswear is incorporated into everyday wear amid a trend away from suits, will continue to drive the market, and inbound demand will also provide a tailwind.

In the shoes market, new players have emerged, such as emerging companies offering new innovations and emerging in the market, and the market is thriving. There is a growing trend to incorporate sports shoes into the fashion/town-use market, and we expect this trend to continue for the foreseeable future. The market size of sports shoes in the graph is a conservative estimate, as it does not include sneakers. If included, the estimated market size would be approximately twice as large.

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Overview of DESCENTE LTD.



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I am Tsuji from Fashion Apparel Division, Apparel Department 2. I will succeed Mr. Mimura as the head of the Fashion Apparel Division from April. I will now give an overview of DESCENTE LTD. and the longstanding relationship between ITOCHU and DESCENTE LTD.

"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.



Here is an overview of DESCENTE's business.

DESCENTE manufactures and sells sporting goods and related products under the corporate philosophy of "To bring the enjoyment of sports to all." It is an apparel company with approximately 2,700 consolidated employees and 14 subsidiaries and affiliated companies.

The DESCENTE logo consists of three arrows pointing downward, representing the basic skiing techniques of "schussing, traversing and sliding" and the company name "DESCENTE" is derived from the French term for downhill skiing.

The core of DESCENTE's manufacturing history is to "create clothing that is ahead of its time" or "create clothing that pursues speed." The spirit of "creation" and "challenge" has been passed down since the company's founding. We continue to create unprecedented wear by crossing new ideas with new technologies.

The Strengths of DESCENTE



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



DESCENTE's two main strengths are its "Manufacturing Capabilities" and its "Diverse Range of Brands." In particular, "manufacturing capability" consists of the three elements of R&D, planning and development, and sewing technology, all of which are based on DESCENTE's accumulated proprietary know-how and have a uniqueness that sets it apart from its competitors.

DESCENTE currently owns three factories in Japan: the Mizusawa Factory in Iwate Prefecture, the Yoshino Factory in Nara Prefecture, and the Saito Factory in Miyazaki Prefecture, as well as one factory in Beijing, for a total of four factories. While many of the sewing factories in Japan are employing trainees from overseas, DESCENTE's three domestic factories in Japan, the Mizusawa, Yoshino, and Saito factories, are all committed to manufacturing products that can only be made in Japan, striving for the highest quality in the world, and hiring local people.

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.

Since 2018, DESCENTE's R&D has been concentrated in two R&D bases, called DESCENTE Innovation Studio Complex (DISC), and DISC supports DESCENTE's product innovation.

DISC OSAKA is located in Ibaraki City, Osaka Prefecture, and the concept of “the fastest in the world” has two meanings: first, to be “ahead” of other companies in the global market with the development of new wear, and second, to pursue “speed” in order to win in competitive sports.

DISC BUSAN is located in Busan, South Korea. It may not be well known in Japan, but Busan is one of the global shoe production centers, where a variety of information and human resources are concentrated. We have a running track that replicates various terrains to accommodate sports like triathlons, along with motion analysis and performance measurement systems. Based on our proprietary research in biomechanics, we develop designs with functions tailored to the characteristics of each sport.

Through DISC, we are able to complete the series of processes of creating product samples from in-house hypotheses and verifying their performance within our facilities, and are vigorously working to increase the “speed,” “volume,” and “quality” of product development.

DESCENTE Planning & Developing ~The path of value creation~



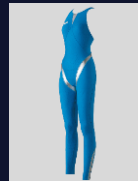
- ▶ Since its founding in 1935, DESCENTE has created high-quality products for a variety of sports, including winter sports, swimming, and baseball, through a variety of brands, including its corporate brand "DESCENTE."



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.

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Since its founding in 1935, DESCENTE has been planning and developing products rooted in various sports scenes by developing multiple brands. Since the launch of the corporate brand "DESCENTE" in 1957, it has developed various wear and gear to support the sports scene by proposing to top-class athletes and responding to their requests in various sports such as baseball, skiing, cycling, and swimming.

In 2008, it is incorporated many of the processing and sewing technologies we had cultivated up to that point and developed a new concept of "preventing water infiltration by minimizing the seams on the down surface and keeping warm air in" to create a new type of down garment. This new concept overcame the weak points of down and developed the "Mizusawa Down Jacket," a down jacket with excellent waterproofing and heat retention properties. Originally developed as clothing for the Japanese Olympic team at the 2010 Vancouver Olympics, the "Mizusawa Down Jacket" has been very well received and has sold out this year.

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

The development and production of "Mizusawa Down Jacket" is supported by the Mizusawa Factory, which has a history of over 50 years. Despite its sleek appearance, it requires more than 250 processes, almost four times more than ordinary outerwear such as windbreakers, and most of these processes are made by hand. Furthermore, sewing a vast number of curved parts, highly functional and difficult-to-handle materials, and crimping of seam tapes that cannot be redone require a high level of skill and precision. The Mizusawa Factory, which has long been involved in the production of products with highly functional and complex structures and is equipped with skilled techniques and facilities, is able to perform this incredibly time-consuming and sophisticated sewing.

A new plant is currently under construction next to the current plant with an investment of approximately 3 billion yen, including sewing machines and other equipment. The new plant is scheduled to start operation in July 2025, but production at the old plant will continue while the new plant is under construction. Around 1970, the apparel industry was almost 100% made in Japan, but now, Japanese-made products account for only 1.5%. This trend will continue, and in the future, it may be 1% or 0.5%. Under such circumstances, investing approximately 3 billion yen in a domestic factory is a move in direct contrast to the world, but it is a strategy to produce high value-added products in our own factories as a source of competitiveness.

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	●					

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In terms of sales and communication with consumers, DESCENTE currently operates 9 brands, including one licensed brand, mainly in Japan and Asia. "Munsingwear" has been trademarked and developed since 1984, "arena" and "le coq sportif" since 1990, and "umbro" since 1998, mainly in the Japan and Asia area.

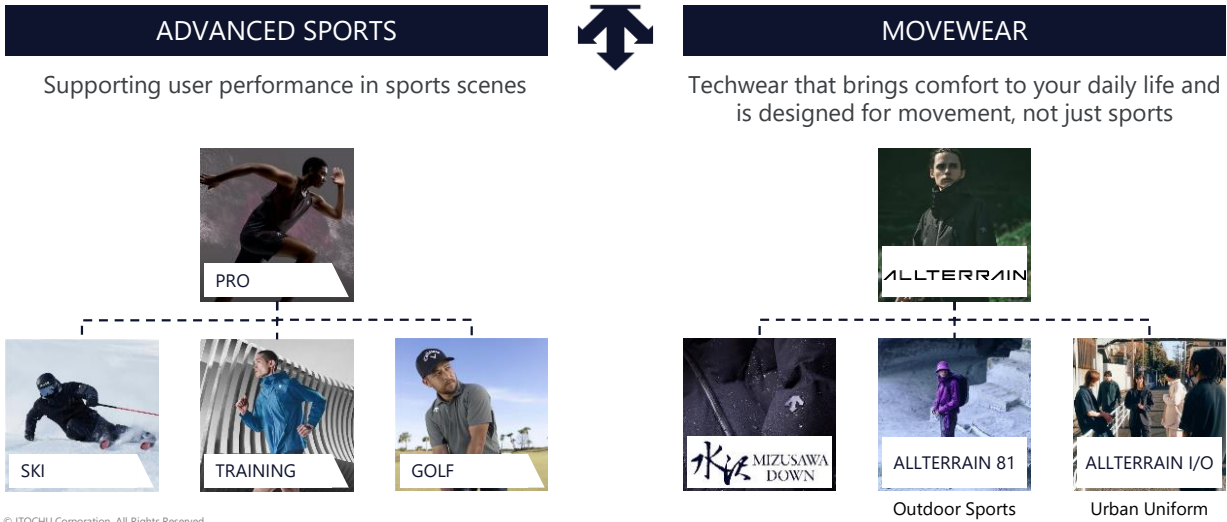
"MOVESPORT" has been launched in 2023 under the concept of "making everyday life more like a sport" as a new label with enhanced design that is easy to wear in everyday life, in addition to functionality that supports performance. The brand has been well received by a wide range of age groups, from top athletes to light users.

The "DESCENTE" brand is being developed worldwide as a corporate brand, and it will be continued to refine the brand as a premium sports brand.

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.



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The "DESCENTE" brand is broadly divided into two categories, "ADVANCED SPORTS" and "MOVEWEAR," depending on the consumer's usage scenario. Although each category has different expected situations, such as sports or daily life, both categories have in common the need to utilize the expertise as a sportswear manufacturer.

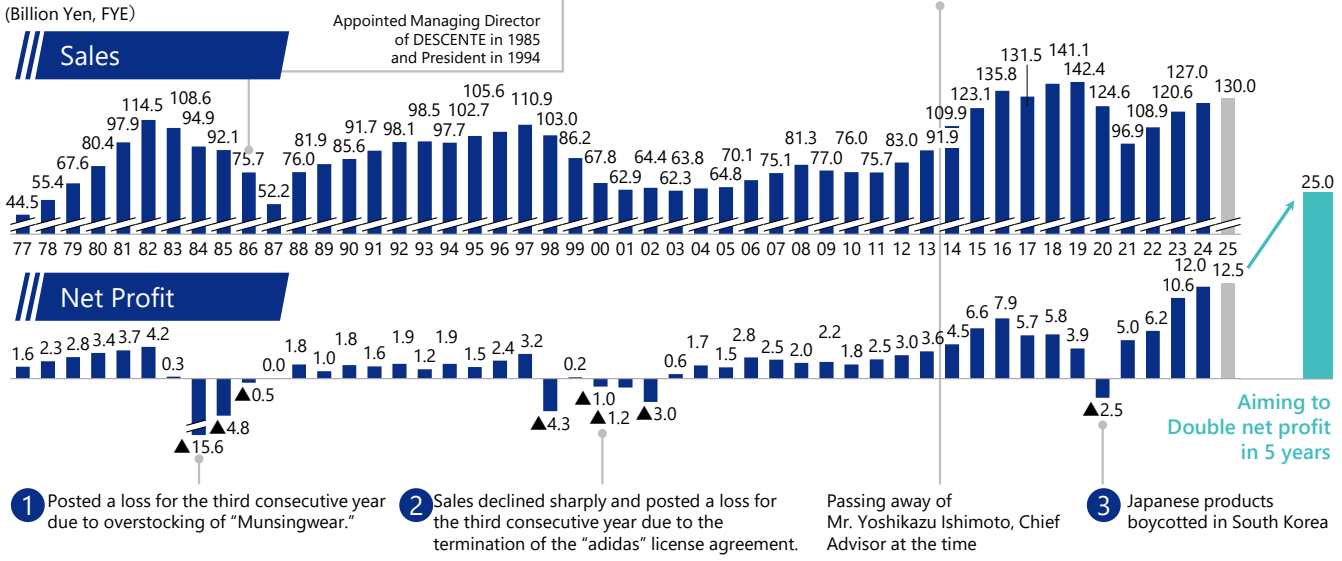
"DESCENTE PRO" is a collection that aims to develop sportswear that has not yet existed in the world, starting with solutions to athletes' problems. It is a collection of unique functional beauty designed from the viewpoint of problem-solving based on athletes' voices, using special technologies. In addition, it plans to focus on skiing, training, and golf in particular as sports categories.

"ALLTERRAIN" is a collection of high-spec tech wear with functionality cultivated through the development of sportswear. In addition to "Mizusawa Down Jacket," they are developing two other individual lines: "81," outdoor sportswear for both outdoor scenes and urban life, and "I/O," active urban wear that can be worn 24 hours a day, 365 days a year, with versatility and convenience for both on and off-duty use. In addition to the "Mizusawa Down Jacket," the "Claius" hardshell jacket, which represents "ALLTERRAIN," and the "ZENCHIKEI" Gore-Tex shell jacket from the "81" line have been very well received.

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

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The last part of this section is "The History of DESCENTE and ITOCHU." After ITOCHU acquired shares of DESCENTE in 1971, it acquired shares from the founding family in the 1980s as part of its support for management restructuring, becoming the largest shareholder. In 2008, it acquired additional shares, making DESCENTE an affiliate, and it reached 40% ownership after TOB in the 2019. To date, the company has experienced three management crises, but has overcome each of them by lean management and transforming its business model.

DESCENTE has announced a net profit forecast of 12.5 billion yen for FYE 2025, but after this TOB, ITOCHU aims to achieve net profit of 25 billion yen in the near future by growing sales and improving profit margins.

3

The Area-Specific Strategies and the Objectives of the TOB



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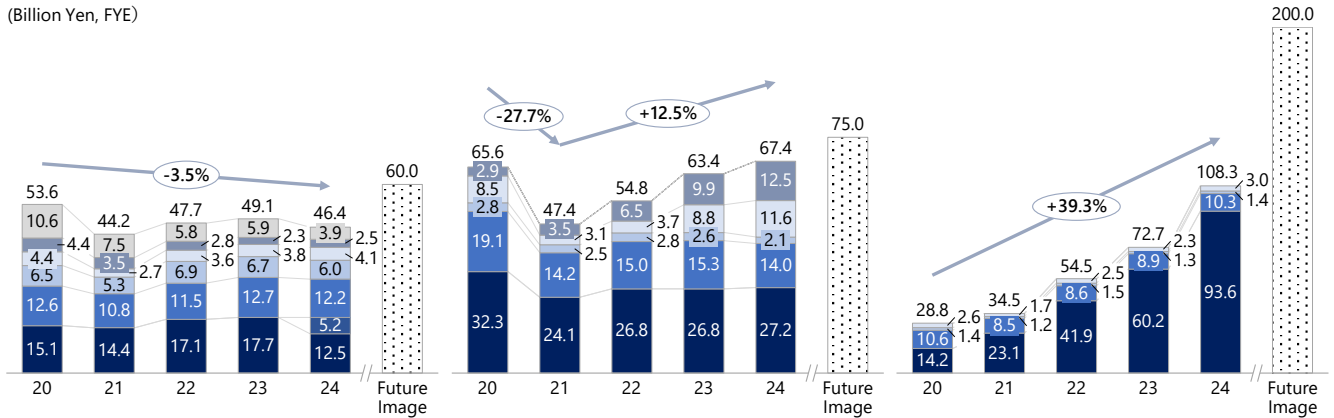
In this section, we will continue to explain the area-specific strategies for each of our major markets: Japan, South Korea, and China and the objectives of the TOB.

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

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This outlines the historical sales performance by brand and area owned by DESCENTE. Due to the rapid growth of DESCENTE China, you can see that compared to FYE 2020, the proportion of sales from China has significantly increased. China's market is the largest, and the performance of DESCENTE China is in a favorable position.

Japan and South Korea continue to make a stable profit. Japan prioritizes improving profit margins over expanding sales. As of the FYE 2024, MOVESPORT is counted as a separate segment from the "DESCENTE" brand. In South Korea, the strategy is to slow down the pace of store openings, aiming for stable performance through the development of the shoes business and some rebranding efforts. However, the umbro brand is performing well, achieving sales of 12.5 billion yen.

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

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On the other hand, there are challenges.

Since the first TOB in 2019, efforts have been made to enhance collaboration between ITOCHU and DESCENTE in both management and front-line levels, achieving certain successes in moving away from a sole reliance on the South Korean market under the leadership of a CEO from ITOCHU. However, there remain numerous challenges to tackle, such as global operational expansion and branding in the Japanese market. In this situation, through this TOB and making DESCENTE a wholly-owned subsidiary, we aim to eliminate the subtle distance between the two publicly listed companies and strengthen collaboration to expedite the resolution of these challenges.

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.

Regarding area-specific strategies, it will not be a significant shift from the current strategies. However, we believe there is still room for improvement on the practical level.

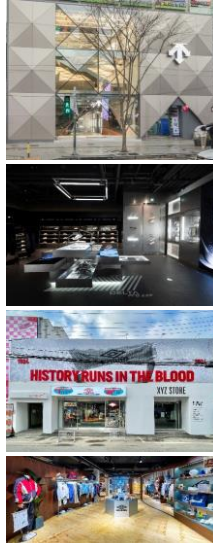
As the home country of the brand, DESCENTE LTD. is in a position to lead global branding initiatives. However, due to the differences in growth history and market structures, especially regarding the "DESCENTE" brand, we believe there is still significant room for enhancing the recognition as a premium sports brand compared to South Korea and China, where it is already widely recognized. Additionally, by further activating our outreach and branding activities in each area, including South Korea and China, we believe it is possible to effectively elevate the brand value in each region.

On the operational side, from planning and development to production and sales, products like ski wear and "ALLTERRAIN" have been highly regarded not only in the Japanese market but also in South Korea and China. Achieving the right balance of "not too little, not too much" necessitates timely and sophisticated operations, including multilingual communication, which still has room for improvement.

Regarding shoes, despite receiving positive feedback and significant penetration in markets outside Japan, there have been communication challenges with the South Korean shoes R&D center, DISC BUSAN, which leaves room for improvement in the active penetration of the Japanese market. The products developed by DISC BUSAN are of a very high level and quality, so you can look forward to their future rollout in Japan.

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 Korean market can be considered a unique market with a fast pace of brand trends, requiring brand maintenance and refinement at an extremely high level. Within such a market, the "DESCENTE" brand has shown stable performance. The "ALLTERRAIN" collection launched last fiscal year has also been very well received, and we anticipate stable business development in the future. The collaboration with "White Mountaineering," realized through ITOCHU's introduction, has also been very well received, and we believe such initiatives can be further expanded.

"umbro" has captured the hearts of young people in South Korea as a unique street fashion and is experiencing rapid growth, while "le coq sportif" and "Munsingwear" are in the process of rebranding. We believe that by further refining Japan-Korea-China communication regarding the framework and operational rules that form the basis of brand management for each brand, it will be possible to improve consumer communication and the precision of product planning.

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.

The primary driving force in the Chinese market is DESCENTE China, which is becoming increasingly important within the DESCENTE Group year by year. They carefully communicate the world of winter wear, including ski wear and down jackets, to consumers, earning high praise as a premium sports brand.

While local marketing in China is led by our partner, the ANTA Group, the core innovation of manufacturing, the zero-to-one stage, is based on products developed in Japan. To quickly reflect consumer feedback from China into the next development phase, leveraging core technologies and products originating from Japan, it is essential to have a stable placement of "Chinese business talent" who understand the market characteristics of China and can communicate smoothly with DESCENTE China, as well as to transform the organizational culture to respond to China's agile pace. Moving forward, ITOCHU Group will stably and sufficiently provide DESCENTE with the "Chinese business talent" that it abundantly possesses.

Additionally, Munsingwear China, a joint venture with China's leading men's casual brand Lilang Group, will begin "Munsingwear" product development in the Chinese market next fiscal year. It is aimed to establish an appropriate brand position in the market by placing "Chinese business talent" for this brand as well, through providing high-quality products.

Future Collaboration and Growth Image (Summary)



Market	Collaboration and Growth Image	Timelines			Expected Returns		
		Short	Mid	Long	Small	Mid	Large
All	▶ 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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Lastly, here is a summary of future collaboration and growth image.

Regarding Japan, Korea, and China, as mentioned earlier, we are also laying the groundwork for human resource placement and business scheme design aimed at developing the European, the U.S. and Southeast Asian markets centered on the "DESCENTE" brand. In the medium term, we expect to contribute to the DESCENTE Group's profits, mainly through the sales of the "DESCENTE" brand.

While we have set an ambitious goal of achieving a net profit of 25 billion yen, which is double the current net profit of DESCENTE, we aim to maximize DESCENTE's potential, riding the tailwind of the market, to provide consumers with DESCENTE's distinctive products, and we hope for your continued support.



This concludes today's presentation, thank you.