

Textile Company

Business Fields

- Brand business
- Raw materials, Garment materials, and Apparel
- Industrial materials



Masahiro Morofuji

President, Textile Company



From left:

Motonari Shimizu,

Executive Vice President, Textile Company; Chief Operating Officer, Apparel Division

Shoji Miura,

Chief Operating Officer, Brand Marketing Division 1

Yoshihiro Fukushima,

Chief Operating Officer, Brand Marketing Division 2

Masato Sakuragi,

Chief Financial Officer

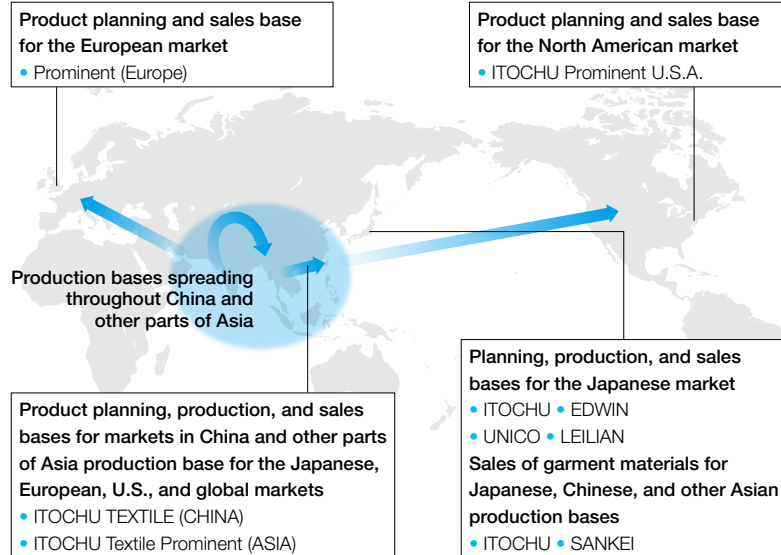
Noriya Hashimoto,

General Manager, Planning & Administration Department

Business Development

Raw materials, Garment materials, and Apparel

Products: Textile materials, textiles, garment materials, textile products, etc.



Industrial materials

Products: Fiber materials used for hygiene, automobile interior materials, electronics materials, building materials, etc.

Establishment of local supply chains that match customer needs and locations (Focus region: China and other parts of Asia)



Spread the business model established in Japan, China, and other parts of Asia throughout the world

Brand business



STRENGTHS Company Strengths

- Strong position as the unmistakable leader among general trading companies in the textile industry
- Full-spectrum value chain that includes everything from upstream to downstream operations in the textile industry
- Highly efficient business foundation and a balanced asset portfolio



OPPORTUNITIES Growth Opportunities

Strategies (Specific Measures)

Secure new demand by creating new businesses that adapt to changes in market environment via the supply chain



Promote trade in which we take the initiative by utilizing new technologies, developing environmentally friendly materials, etc.

Respond to changing consumer trends and diversifying sales channels in the domestic market



Strengthen e-commerce and grow new sales channels in our brand and retail-related businesses

Growth of consumer markets in China and other parts of Asia due to rising standards of living



Grow overseas revenues and earnings by cultivating initiatives with leading companies in China and other parts of Asia as well as increasing superior assets

RISKS Obstacles to Medium- to Long-Term Growth from an ESG Perspective

Responses

Risks related to securing superior human resources in the textile industry, which has labor-intensive facets



Add value and promote sustainable industrialization by creating IT infrastructures for production

Penetration of the distribution revolution in the apparel industry, which makes existing businesses obsolete



Improve production and marketing efficiency by utilizing AI, expand the use of RFID tags in the apparel industry

Environmental and human rights risks at production bases that arise from decreasing product prices



Promote establishment of a safe and reliable product supply system

(⇒ Page 50 Sustainability)

Taking Advantage of Opportunities for Growth

Building a Value Chain Starting with Raw Materials in which We Take the Initiative

As part of our “reinvention of business” policy, we are working to build a value chain with raw materials as the starting point, centering on environmentally friendly materials. In FYE 2019, we invested in JEPLAN, INC., a company possessing manufacturing technology for recycling polyester, and undertook joint investment with Shandong Ruyi Science and Technology Group in The LYCRA Company, a leading materials manufacturer. Additionally, we announced the establishment of a joint venture plant for environmentally friendly cellulose fibers with Metsa Group. Going forward, we will expand our own raw materials brand, develop original materials, and leverage our manufacturing foundation in China and other parts of Asia. Through these efforts, we will be able to provide the world’s leading retailers with a one-stop service spanning raw materials to product manufacturing. By providing this service, we aim to expand trade in which we can take the initiative in the Textile Business.



The LYCRA Company's collection of materials

Please also see the sustainability pages of ITOCHU's website.

<https://www.itochu.co.jp/en/csr/activities/textile/>

The Japan Fair Trade Commission issued the Company a cease-and-desist order and a surcharge payment order to be complied with by October 2018. The commission cited infringement of Japan's Antimonopoly Act on certain projects related to the supply of corporate uniforms up to FYE 2017. We take the situation quite seriously and will consistently apply the preventive measures* we formulated based on external advisors' opinions to secure and solidify compliance with all laws and ordinances, including the Antimonopoly Act.

* These measures include: (1) adjusting our internal rules related to compliance with the Antimonopoly Act, (2) promoting voluntary reporting of violations, and (3) strengthening and enhancing education on compliance with the Antimonopoly Act

Financial Summary

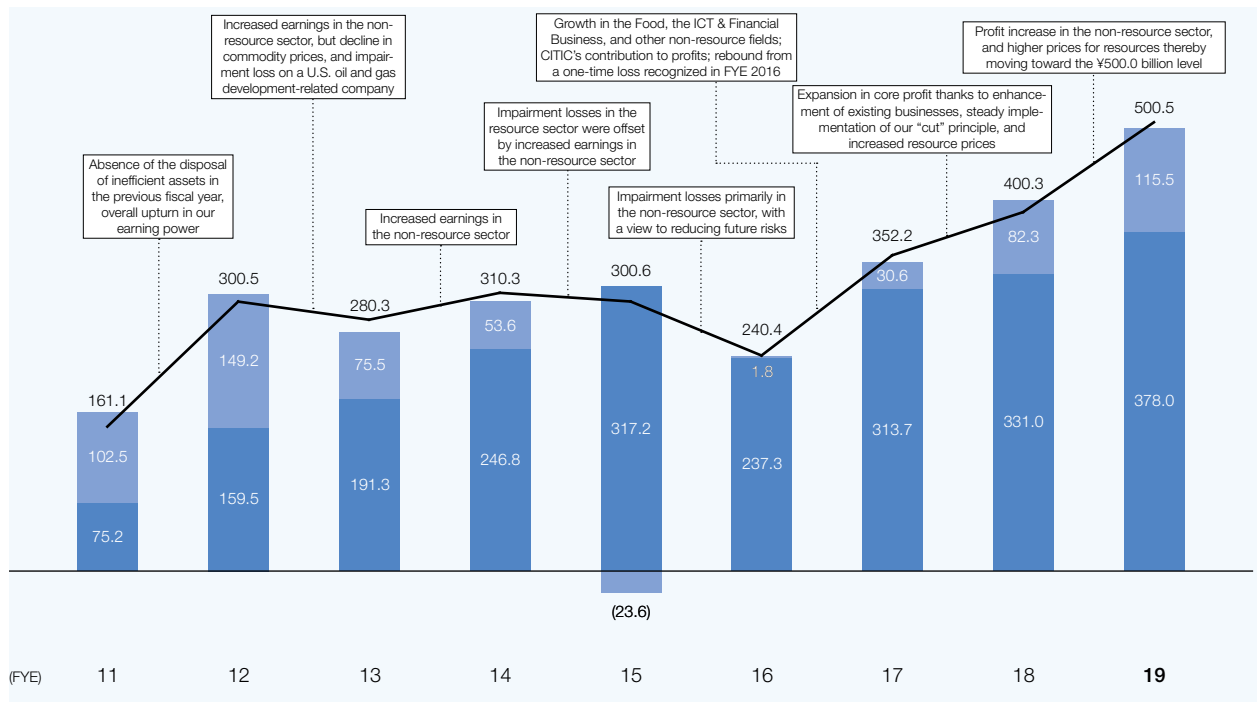
Segment Overview

Percentage of the Total for ITOCHU (3-year average)			
Core profit	Total assets	Core Operating Cash Flows	Number of employees (Consolidated)



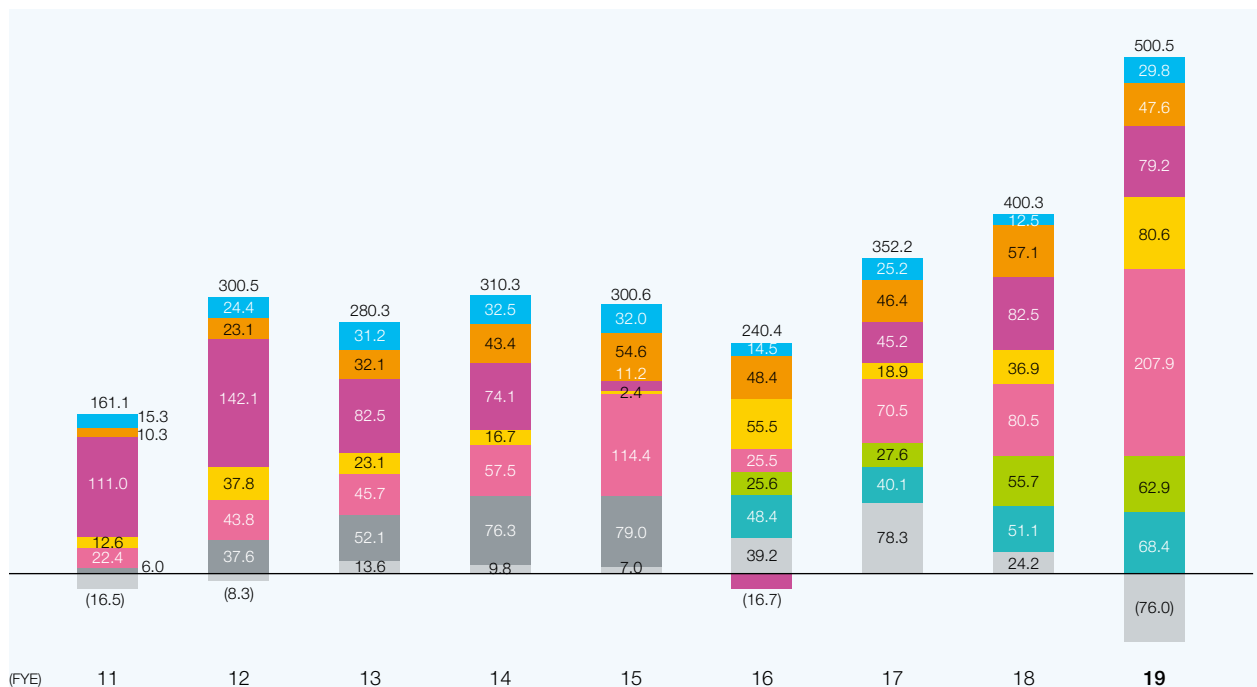
Non-Resource	82.1%	89.3%	72.8%	93.7%
Resource	17.9%	10.7%	27.2%	6.3%

Consolidated Net Profit (Loss) (Non-Resource / Resource) (Billions of Yen)



— Consolidated net profit ■ Earnings from the non-resource sector ■ Earnings (loss) from the resource sector
 * Others, Adjustments & Eliminations is not included in earnings from the non-resource / resource sectors.

Consolidated Net Profit (Loss) by Operating Segment (Billions of Yen)



(FYE)	11	12	13	14	15	16	17	18	19
Extraordinary Gains and Losses	(57.5)	20.0	0	0	(5.0)	(75.0)	(18.0)	(16.5)	28.5

(FYE)	11	12	13	14	15	16	17	18	19
Core Profit	218.6	280.5	280.3	310.3	305.6	315.4	370.2	416.8	472.0

■ Textile ■ Machinery ■ Metals & Minerals ■ Energy & Chemicals ■ Food ■ ICT, General Products & Realty (until FYE 2015)
 ■ General Products & Realty (from FYE 2016) ■ ICT & Financial Business (from FYE 2016) ■ Others, Adjustments & Eliminations

* In April 2016, the ICT, General Products & Realty Company was reorganized into the General Products & Realty Company and the ICT & Financial Business Company.

Performance Trends by Segment

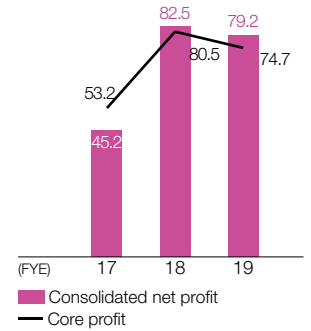
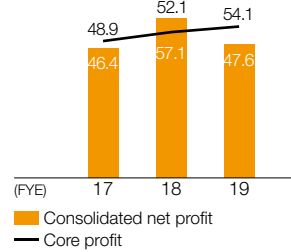
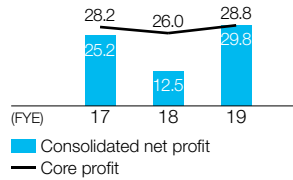
Textile Company

Machinery Company

Metals & Minerals Company

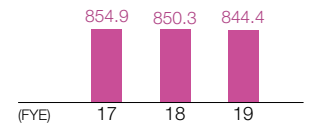
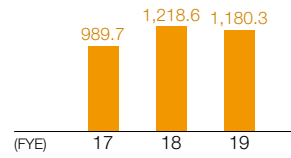
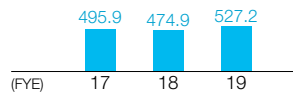
Consolidated Net Profit Core Profit

(Billions of Yen)



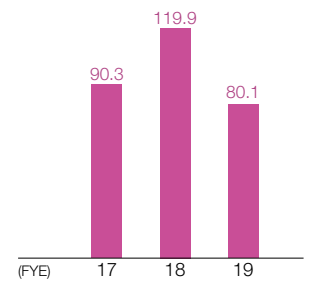
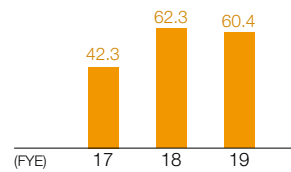
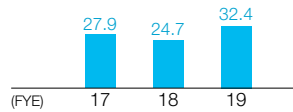
Total Assets

(Billions of Yen)



Core Operating Cash Flows*

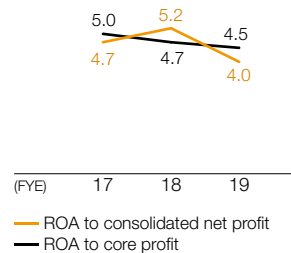
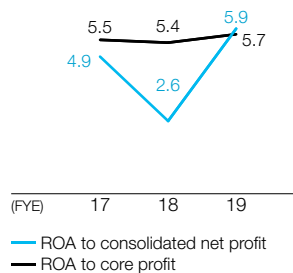
(Billions of Yen)



* "Operating cash flows" minus "changes of working capital"

ROA

(%)

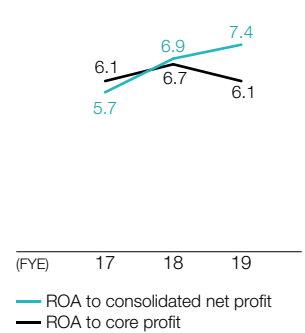
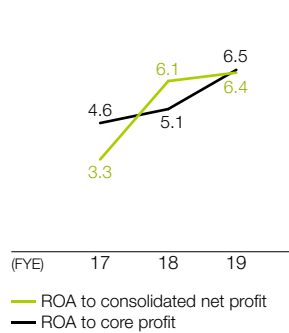
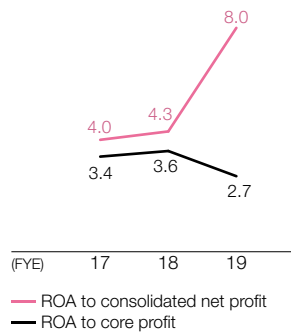
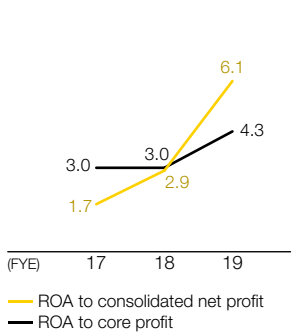
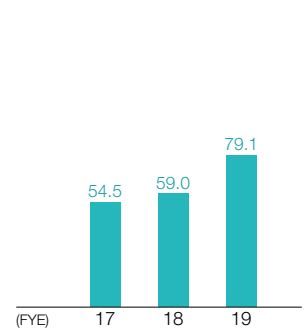
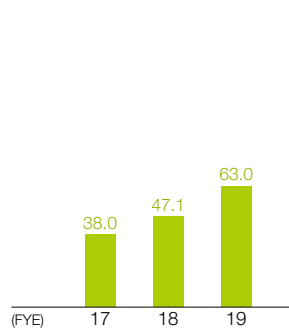
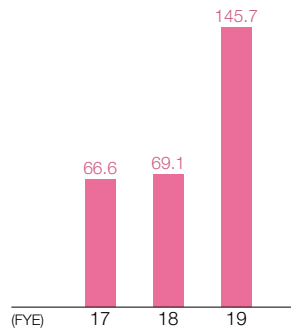
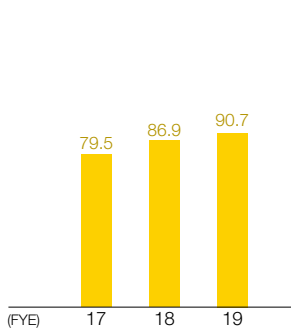
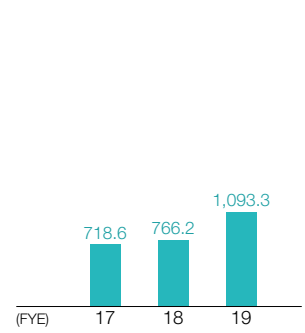
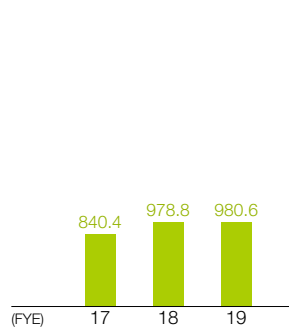
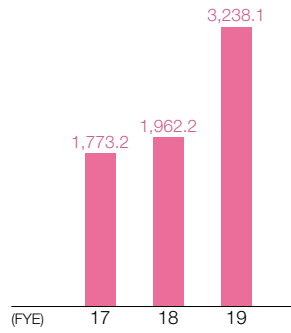
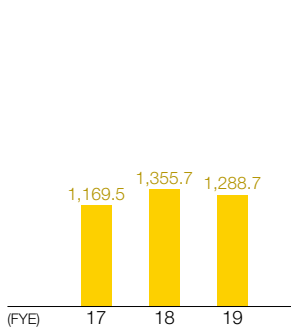
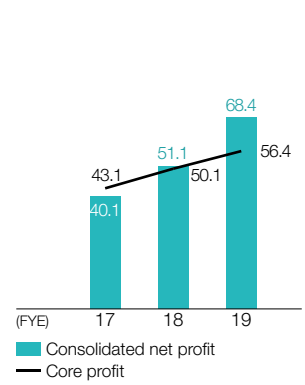
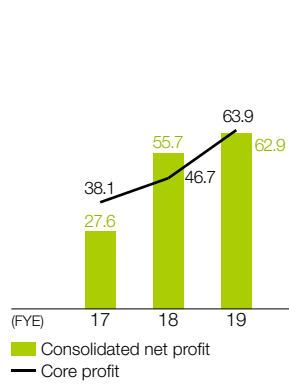
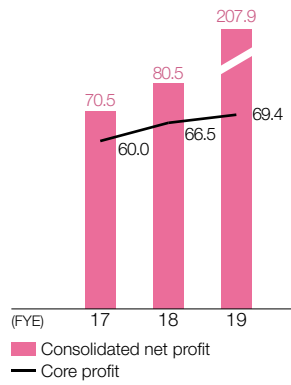
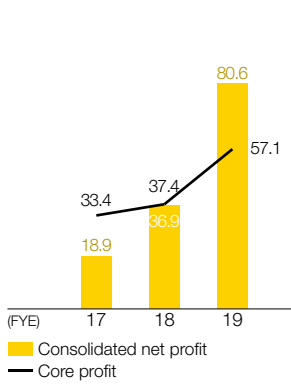


Energy & Chemicals Company

Food Company

General Products & Realty Company

ICT & Financial Business Company



Net Profit (Loss) by Major Group Companies

Textile Company

(Billions of Yen)

	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
Consolidated Net Profit (Loss)		25.2	12.5	29.8	33.0
Breakdown of Net Profit (Loss) by Major Group Companies					
JOI'X CORPORATION	100.0%	1.4	1.5	1.2	1.4
DESCENTE LTD.	40.0%	1.5	1.4	1.2	2.1
Sankei Co., Ltd.	100.0%	2.0	0.1	1.9	2.1
ITOCHU Textile Prominent (ASIA) Ltd.	100.0%	0.8	0.2	1.1	1.3
ITOCHU TEXTILE (CHINA) CO., LTD.	100.0%	0.9	1.0	1.1	1.1

Machinery Company

(Billions of Yen)

	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
Consolidated Net Profit (Loss)		46.4	57.1	47.6	61.0
Breakdown of Net Profit (Loss) by Major Group Companies					
Tokyo Century Corporation	25.2%	10.2	12.5	12.6	13.6
I-Power Investment Inc.	100.0%	1.0	5.3	(5.8)	2.1
I-ENVIRONMENT INVESTMENTS LIMITED	100.0%	0.8	1.9	1.0	1.0
JAMCO Corporation	33.4%	0.4	0.6	0.6	0.9
YANASE & CO., LTD.	66.0%	2.7	3.7	1.1	5.6
ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.*	100.0%	0.7	0.6	0.6	0.6
ITOCHU MACHINE-TECHNOS CORPORATION	100.0%	1.1	0.8	1.4	1.3
Century Medical, Inc.	100.0%	0.5	0.5	0.7	0.8

* On July 1, 2019, ITOCHU CONSTRUCTION MACHINERY CO., LTD., changed its name to ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.

Metals & Minerals Company

(Billions of Yen)

	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
Consolidated Net Profit (Loss)		45.2	82.5	79.2	96.0
Breakdown of Net Profit (Loss) by Major Group Companies					
ITOCHU Minerals & Energy of Australia Pty Ltd (IMEA)	100.0%	42.8	62.3	60.1	70.7
Brazil Japan Iron Ore Corporation (CSN Mineração)	75.7%	(2.9)	3.3	1.7	—
ITOCHU Coal Americas Inc. (Drummond)	100.0%	(2.6)	2.9	2.0	—
Marubeni-Itochu Steel Inc.	50.0%	7.6	9.2	12.1	—
ITOCHU Metals Corporation	100.0%	1.1	1.6	1.6	1.3*3

Energy & Chemicals Company

(Billions of Yen)

	Shares*2	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast)*1
Consolidated Net Profit (Loss)		18.9	36.9	80.6	55.0
Breakdown of Net Profit (Loss) by Major Group Companies					
ITOCHU Oil Exploration (Azerbaijan) Inc. (ACG Project)	100.0%	0.7	2.3	3.3	5.1
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	100.0%	1.8	(1.8)	0.5	0.9
ITOCHU ENEX CO., LTD.	54.0%	5.5	6.0	6.5	6.4
Japan South Sakha Oil Co., Ltd. (Eastern Siberia Project)	25.2%	1.1	4.0	9.1	—
Dividend from LNG Projects (PAT)	—	3.2	4.4	6.2	5.2
ITOCHU CHEMICAL FRONTIER Corporation	100.0%	3.1	3.7	5.2	4.5
ITOCHU PLASTICS INC.	100.0%	4.2	4.0	3.8	2.4*3
C.I. TAKIRON Corporation*	51.2%	5.4	3.0	2.9	6.9

* On April 1, 2017, TAKIRON Co., Ltd., and C.I. Kasei Co., Ltd., merged to form C.I. TAKIRON Corporation. Accordingly, C.I. TAKIRON's consolidated contribution for FYE 2017 is represented as the sum of consolidated contributions for the two companies.

Food Company

(Billions of Yen)

	Shares ²	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) ^{*1}
Consolidated Net Profit (Loss)		70.5	80.5	207.9	61.0
Breakdown of Net Profit (Loss) by Major Group Companies					
FamilyMart UNY Holdings Co., Ltd.	50.2%	7.4	11.8	17.3	0.0 ^{*3}
Dole International Holdings, Inc.	100.0%	8.3	3.2	7.8	10.0
NIPPON ACCESS, INC.	100.0%	12.2	9.8	11.6	8.1 ^{*3}
FUJI OIL HOLDINGS INC.	34.0%	2.7	4.2	3.0	5.2
Prima Meat Packers, Ltd.	39.8%	3.7	4.1	3.2	3.7
ITOCHU-SHOKUJIN Co., Ltd.	52.2%	1.7	2.2	1.7	2.1
HYLIFE GROUP HOLDINGS LTD.	49.9%	2.7	3.7	2.7	—

General Products & Realty Company

(Billions of Yen)

	Shares ²	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) ^{*1}
Consolidated Net Profit (Loss)		27.6	55.7	62.9	70.0
Breakdown of Net Profit (Loss) by Major Group Companies					
European Tyre Enterprise Limited (Kwik-Fit)	100.0%	(5.2)	5.8	4.2	5.1
ITOCHU FIBRE LIMITED (METSА FIBRE)	100.0%	4.3	9.9	16.1	—
Japan Brazil Paper and Pulp Resources Development Co., Ltd. (CENIBRA)	33.3%	2.9	4.2	7.3	—
ITOCHU KENZAI Corp.	100.0%	2.6	2.7	2.9	2.9
DAIKEN CORPORATION	35.0%	1.8	1.6	1.3	2.1
ITOCHU Property Development, Ltd.	100.0%	2.6	2.4	2.9	2.7
ITOCHU LOGISTICS CORP.	100.0%	2.4	2.7	3.1	2.8 ^{*3}

ICT & Financial Business Company

(Billions of Yen)

	Shares ²	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) ^{*1}
Consolidated Net Profit (Loss)		40.1	51.1	68.4	61.0
Breakdown of Net Profit (Loss) by Major Group Companies					
ITOCHU Techno-Solutions Corporation	58.2%	12.6	13.6	14.2	15.7
BELLSYSTEM24 Holdings, Inc.	40.8%	1.4	1.2	1.2	2.8
CONEXIO Corporation	60.3%	3.9	4.1	4.0	—
ITOCHU Fuji Partners, Inc. (SKY Perfect JSAT Holdings)	63.0%	2.2	(0.2)	1.4	1.6
POCKET CARD CO., LTD.	63.1%	0.6	1.3	3.9	2.1 ^{*3}
Orient Corporation	16.5%	5.0	4.2	4.2	—

The 8th Company

(Billions of Yen)

	Shares ²	FYE 2017	FYE 2018	FYE 2019	FYE 2020 (Forecast) ^{*1}
Consolidated Net Profit (Loss)		—	—	—	30.0
Breakdown of Net Profit (Loss) by Major Group Companies					
FamilyMart UNY Holdings Co., Ltd.	50.2% ^{*3}	—	—	—	25.1
NIPPON ACCESS, INC.	40.0% ^{*3}	—	—	—	5.4
ITOCHU PLASTICS INC.	40.0% ^{*3}	—	—	—	1.6
POCKET CARD CO., LTD.	30.9% ^{*3}	—	—	—	2.0 [*]
ITOCHU Metals Corporation	30.0% ^{*3}	—	—	—	0.5
ITOCHU LOGISTICS CORP.	5.0% ^{*3}	—	—	—	0.2

* Includes net profit from FamilyMart UNY Holdings Co., Ltd.

^{*1} The "FYE 2020 (Forecast)" was revised on August 2, 2019 to reflect the establishment of The 8th Company.

^{*2} Share percentages indicated are as of March 31, 2019.

^{*3} A portion of net profit was transferred to The 8th Company in tandem with that company's establishment. See the share percentage indicated for The 8th Company for details on the percentage transferred.