

# Textile Company

## Business Fields

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



**Masahiro Morofuji**  
President, Textile Company;  
Chief Operating Officer,  
Brand Marketing Division 2

## 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



From left:

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

**Hideto Takeuchi**,  
Chief Operating Officer, Brand Marketing Division 1

**Masato Sakuragi**,  
Chief Financial Officer

**Noriya Hashimoto**,  
General Manager, Planning & Administration Department

## Business Development

Percentage of Earnings from Domestic Business (image)

80%

### Raw materials / Garment materials / Apparel

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

Product planning and sales base  
for the European market

- Prominent (Europe)

Product planning and sales base  
for the North American market

- ITOCHU Prominent U.S.A.

Production bases spreading  
throughout China and  
other parts of Asia

Product planning, production, and sales  
bases for markets in China and other parts  
of Asia / Production base for the Japanese,  
European, U.S., and global markets

- ITOCHU TEXTILE (CHINA)
- ITOCHU Textile Prominent (ASIA)

Planning, production, and sales  
locations targeting Japanese, Chinese,  
Asian, and global markets

- ITOCHU • EDWIN • Sankei
- DESCENTE • UNICO • LEILIAN
- ROYNE

### 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

Brand owner

Participation in management /  
Trademark rights

Primary brands handled:

CONVERSE, HUNTING WORLD, LANVIN, LeSportsac,  
OUTDOOR PRODUCTS, Paul Smith

Exclusive import and distribution rights /  
Master license rights

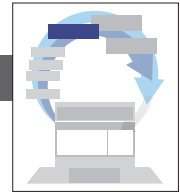
Primary brands handled:

FILA, HEAD, Psycho Bunny, Santoni, Vivienne Westwood



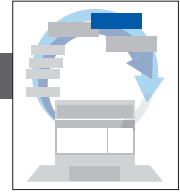
### FYE 2020 Review (Achievement of Short-Term Targets)

- Built a unique value chain starting with raw materials with our partner companies and expanded initiatives with the world's leading retailers
- Launched the "RENU" project to expand the global development of sustainable materials
- Invested in a crowdfunding company and one operating a members only online boutique in a move to promote the creation of omni-channels in the brand business
- Invested in a company that operates a B2B online order platform and one that possesses AI measurement technologies
- Strengthened our ability to propose total solutions including systems in the RFID business, and increased the number of customers both within and outside the textile sector



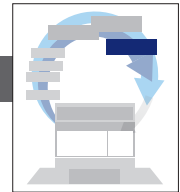
### Steppingstones to Medium- to Long-Term Value Creation

- Promote trade in which we take the initiative by utilizing new technologies, developing environmentally friendly materials, etc.
- Strengthen e-commerce and grow new sales channels in our brand and retail-related businesses
- Supporting DESCENTE to expand its overseas business, increasing overseas earnings through enhanced initiatives with leading companies in China and other parts of Asia



### Initiatives Supporting Sustainable Growth

- Add value and promote sustainable industrialization by creating IT infrastructures for production
- Using RFID, AI, and other technologies to enhance the efficiency of production, sales, and logistics operations
- Promote establishment of a safe and reliable product supply system



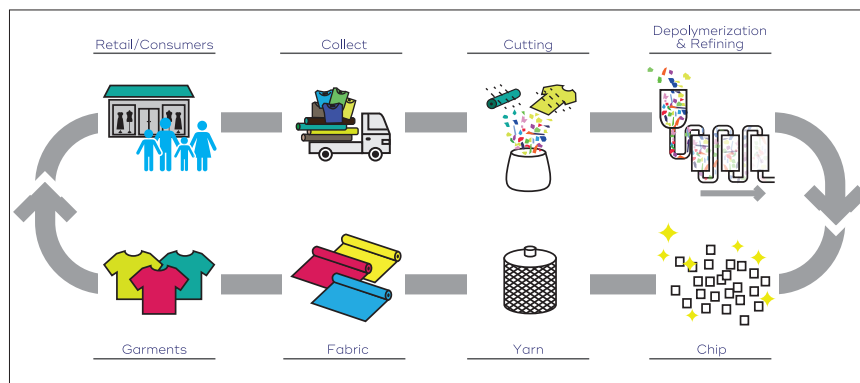
➔ Please refer to "Significant Risks to Be Managed on a Consolidated Basis" in the Risk Management section on Page 47.

### Specific Example of Steppingstones to Medium- to Long-Term Value Creation

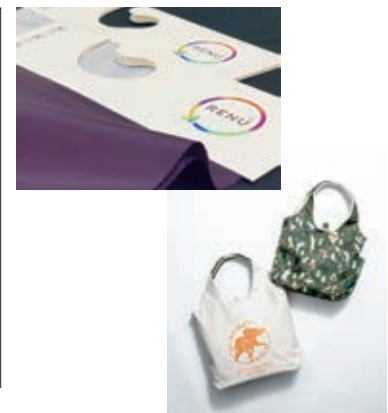
#### Launching the "RENU" Project to Address the Issue of Excessive Waste in Clothing

The Textile Company is promoting the creation of a value chain starting with raw materials in which we take initiatives. To further enhance this strategy, in FYE 2020 we launched the "RENU" project. Through this project, we aim to address the issue of excessive waste in the textile industry and realize a circular economy.

In March 2020, HUNTING WORLD, a U.S. luxury brand, launched a tote bag in its Borneo Charity Collection made from "RENU," recycled polyester materials sourced from old garments and textile. In this way, we are promoting collaboration among various brands and retailers in Japan and overseas.



The "RENU" project for recycling old garments and textile into newly born products.



Please also see the Sustainability Action Plan on our website for initiatives supporting sustainable growth.

<https://www.itochu.co.jp/en/csr/itochu/activity/actionplan/>



# Financial Summary

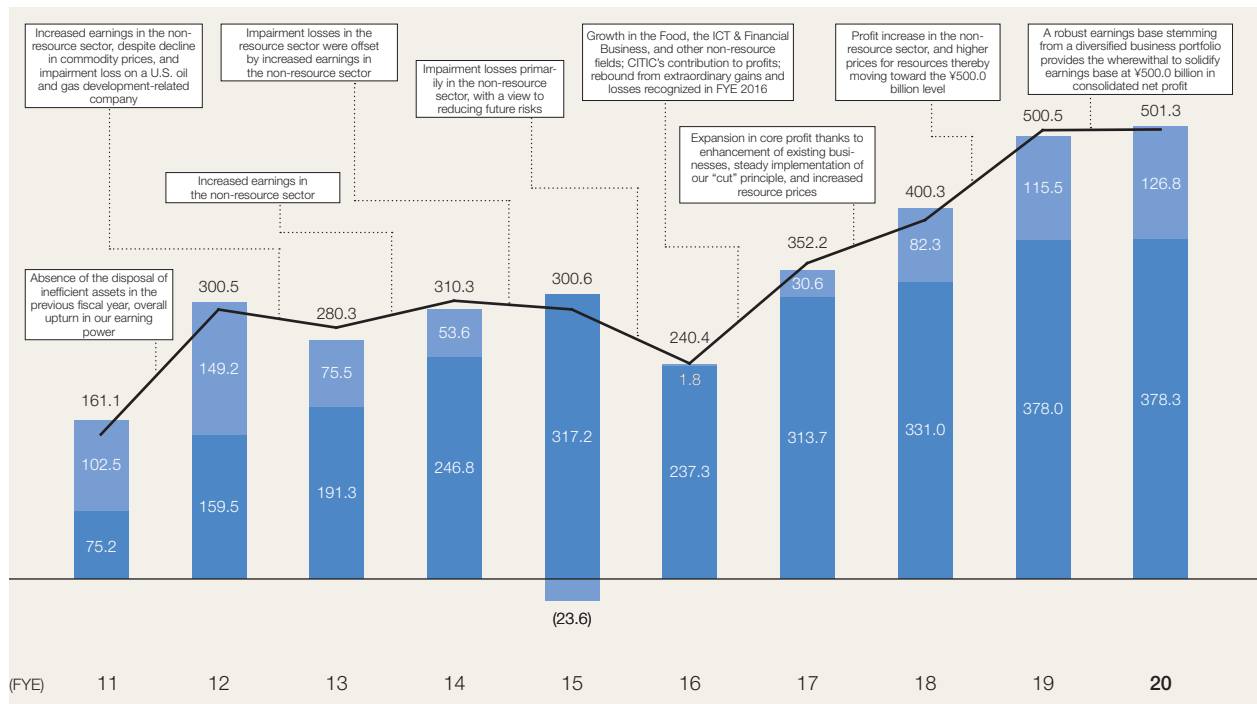
## Segment Overview

				Percentage of the Total for ITOCHU (3-year average)			
				Core profit	Total assets	Core Operating Cash Flows	Number of employees (Consolidated)
<b>Textile Company</b>   <a href="#">Page 88</a> ROA <b>1.8%</b>	5.4%	4.9%	4.5%	7.8%			
	11.7	12.2	11.6				
<b>Machinery Company</b>   Credit: Boeing <a href="#">Page 90</a> ROA <b>4.6%</b>	19.1	8.4		11.9			
	0.4						
<b>Metals &amp; Minerals Company</b>   Photo courtesy of BHP <a href="#">Page 92</a> ROA <b>13.5%</b>	13.1	20.2		11.0			
<b>Energy &amp; Chemicals Company</b>   <a href="#">Page 94</a> ROA <b>4.7%</b>	10.6	17.0	17.1	28.6			
<b>Food Company</b>   <a href="#">Page 96</a> ROA <b>2.9%</b>	10.3	17.0					
<b>General Products &amp; Realty Company</b>   <a href="#">Page 98</a> ROA <b>5.3%</b>	11.4	10.0	15.0	14.7			
<b>ICT &amp; Financial Business Company</b>   <a href="#">Page 100</a> ROA <b>5.3%</b>	11.9	10.3	9.6				
<b>The 8th Company</b>   <a href="#">Page 102</a> ROA <b>1.1%</b>	5.3	14.5	14.4	14.9			
<b>Others, Adjustments &amp; Eliminations</b>	14.3	9.6	8.7	8.3			
			(1.1)	2.4			
Non-Resource	78.3%	90.4%	73.8%	94.6%			
Resource	21.7%	9.6%	26.2%	5.4%			

\* Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.

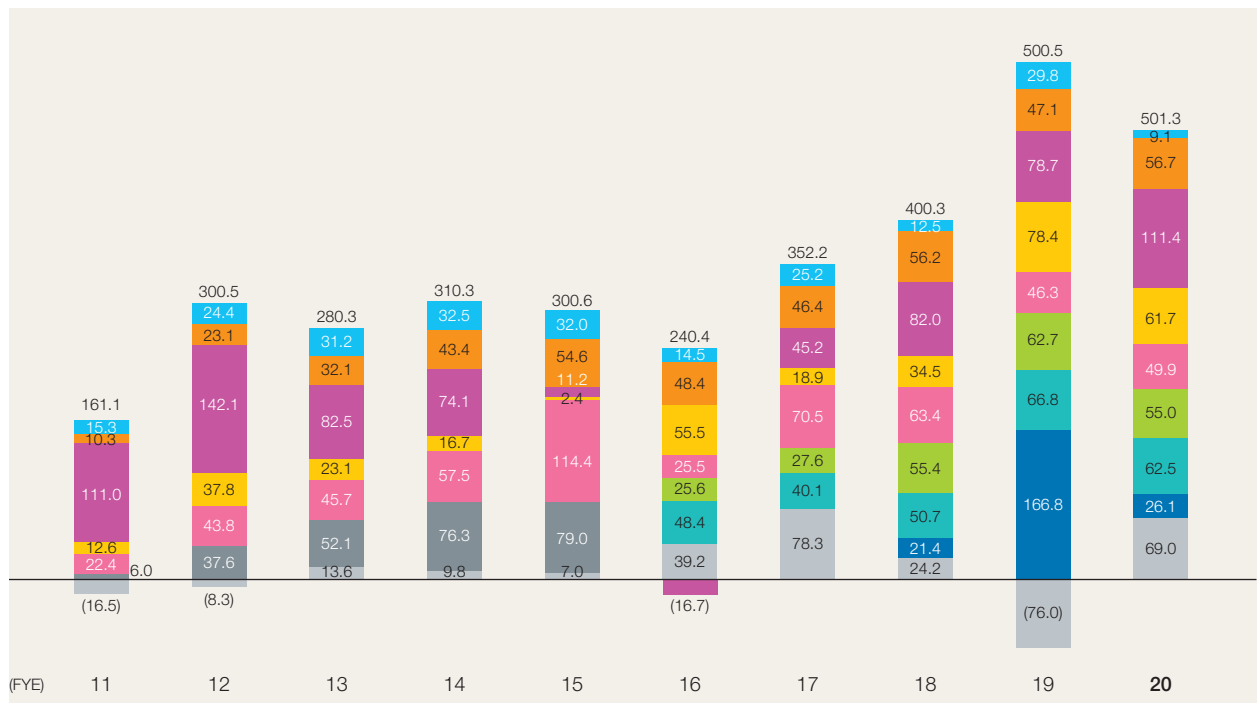
\* Based on U.S. GAAP through FYE 2014, IFRS from FYE 2015

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



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

### Consolidated Net Profit by Segment (Billions of Yen)



#### Extraordinary Gains and Losses

(57.5)	20.0	0	0	(5.0)	(75.0)	(18.0)	(16.5)	28.5	16.0
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#### Core Profit

218.6	280.5	280.3	310.3	305.6	315.4	370.2	416.8	472.0	485.3
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■ 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) ■ The 8th (from FYE 2018)  
 ■ 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.  
 \* Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.



# Performance Trends by Segment

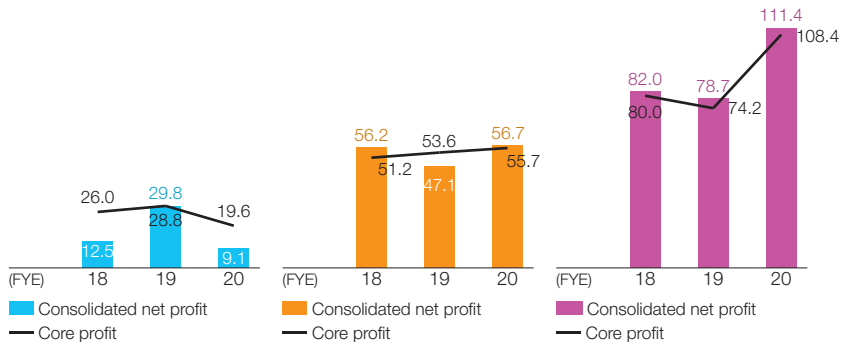
Textile Company

Machinery Company

Metals & Minerals Company

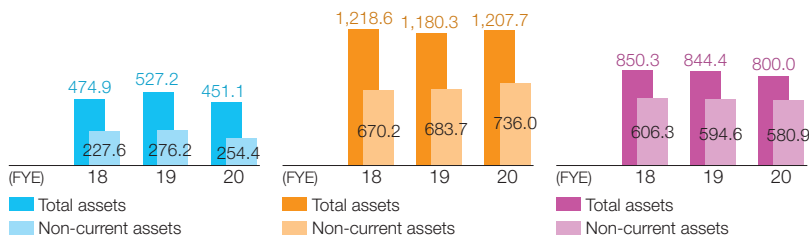
## Consolidated Net Profit & Core Profit

(Billions of Yen)



## Total Assets

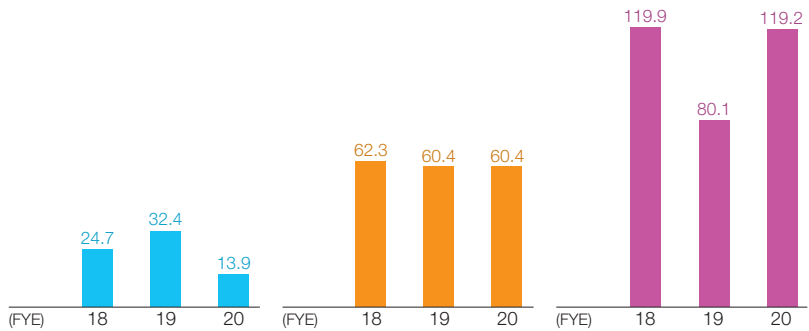
(Billions of Yen)



## Core Operating Cash Flows\*

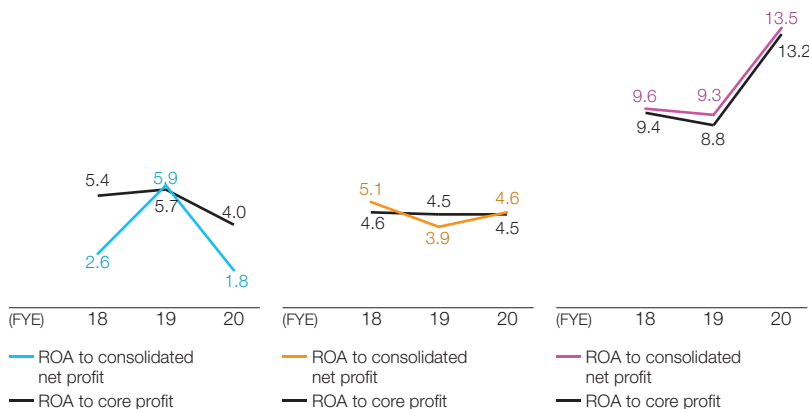
(Billions of Yen)

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



## ROA

(%)



\* Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.

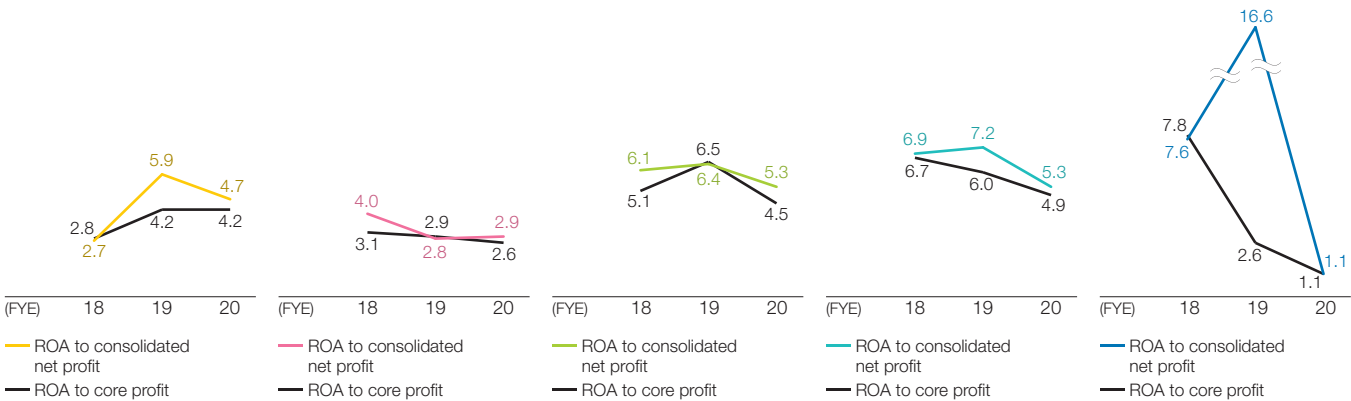
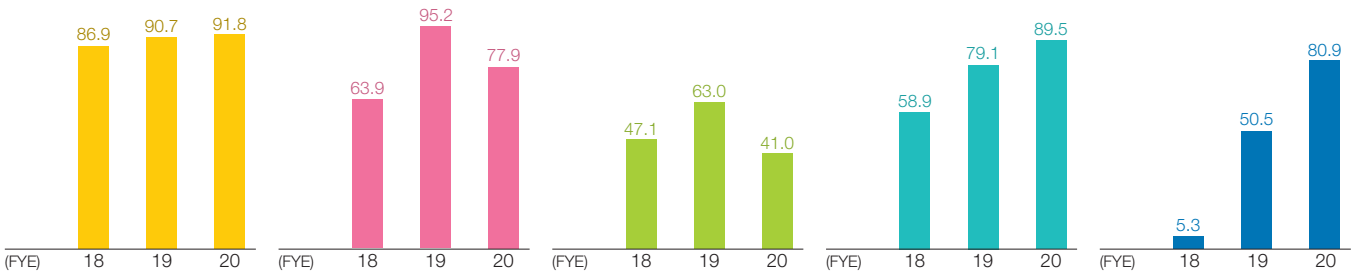
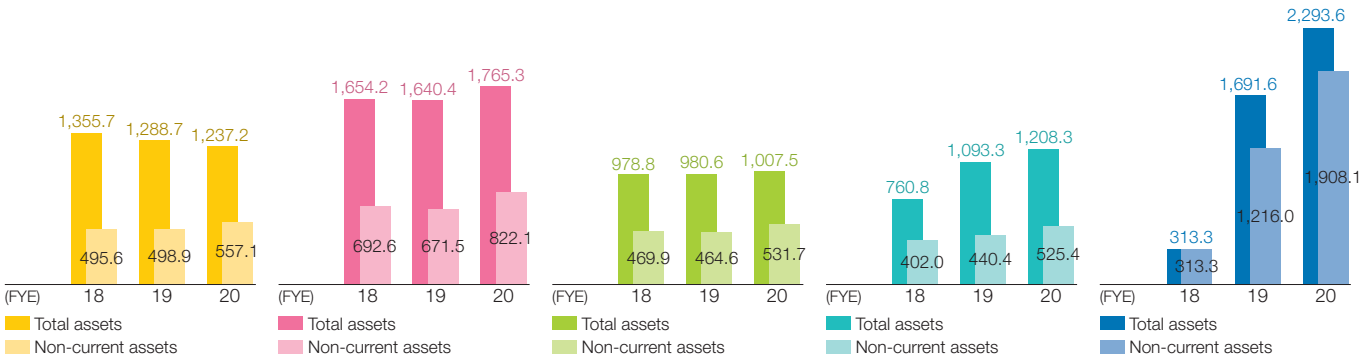
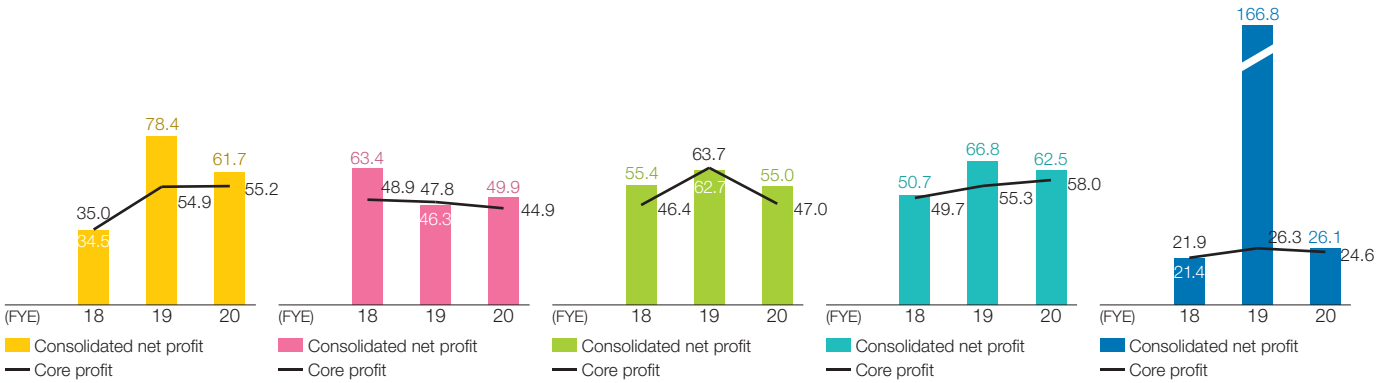
Energy & Chemicals Company

Food Company

General Products & Realty Company

ICT & Financial Business Company

The 8th Company



Business Portfolio



## Net Profit by Major Group Companies

### Textile Company

(Billions of Yen)

	Shares**1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)**2
<b>Consolidated Net Profit</b>		12.5	29.8	<b>9.1</b>	23.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
JOI'X CORPORATION	100.0%	1.5	1.2	<b>0.8</b>	0.3
DESCENTE LTD.	40.0%	1.4	1.2	<b>(1.4)</b>	2.0
Sankei Co., Ltd.	100.0%	0.1	1.9	<b>1.5</b>	1.2
ITOCHU Textile Prominent (ASIA) Ltd.	100.0%	0.2	1.1	<b>0.4</b>	1.0
ITOCHU TEXTILE (CHINA) CO., LTD.	100.0%	1.0	1.1	<b>1.1</b>	1.1

### Machinery Company

(Billions of Yen)

	Shares**1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)**2
<b>Consolidated Net Profit</b>		56.2	47.1	<b>56.7</b>	48.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
Tokyo Century Corporation	29.2%	12.5	12.6	<b>14.2</b>	13.1
I-Power Investment Inc.	100.0%	5.3	(5.8)	<b>1.8</b>	2.9
I-ENVIRONMENT INVESTMENTS LIMITED	100.0%	1.9	1.0	<b>1.2</b>	1.2
JAMCO Corporation	33.4%	0.6	0.6	<b>0.1</b>	—
YANASE & CO., LTD.	66.0%	3.7	1.1	<b>3.0</b>	3.3
ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.*3	50.0%	0.6	0.6	<b>0.3</b>	0.3
ITOCHU MACHINE-TECHNOS CORPORATION	100.0%	0.8	1.4	<b>1.4</b>	1.0
Century Medical, Inc.	100.0%	0.5	0.7	<b>0.6</b>	0.4
MULTIQUIP INC.	100.0%	2.3	2.8	<b>2.8</b>	1.7

### Metals & Minerals Company

(Billions of Yen)

	Shares**1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)**2
<b>Consolidated Net Profit</b>		82.0	78.7	<b>111.4</b>	77.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
ITOCHU Minerals & Energy of Australia Pty Ltd	100.0%	62.3	60.1	<b>83.4</b>	71.6
JAPÃO BRASIL MINÉRIO DE FERRO PARTICIPAÇÕES LTDA. (CSN Mineração)	77.3%	3.3	1.7	<b>9.4</b>	—
ITOCHU Coal Americas Inc. (Drummond)	100.0%	2.9	2.0	<b>1.1</b>	—
Marubeni-Itochu Steel Inc.	50.0%	9.2	12.1	<b>11.2</b>	—
ITOCHU Metals Corporation*4	70.0%	1.1	1.1	<b>1.3</b>	1.0

### Energy & Chemicals Company

(Billions of Yen)

	Shares**1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)**2
<b>Consolidated Net Profit</b>		34.5	78.4	<b>61.7</b>	34.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
ITOCHU Oil Exploration (Azerbaijan) Inc. (ACG Project)	100.0%	2.3	3.3	<b>4.9</b>	(1.1)
ITOCHU PETROLEUM CO., (SINGAPORE) PTE. LTD.	100.0%	(1.8)	0.5	<b>0.7</b>	0.8
ITOCHU ENEX CO., LTD.	54.0%	6.0	6.5	<b>6.9</b>	5.9
Japan South Sakha Oil Co., Ltd. (Eastern Siberia Project)	25.0%	4.0	9.1	<b>7.7</b>	—
Dividends from LNG Projects (PAT)	—	4.4	6.2	<b>5.5</b>	2.7
ITOCHU CHEMICAL FRONTIER Corporation	100.0%	3.7	5.2	<b>4.4</b>	4.4
ITOCHU PLASTICS INC.*4	60.0%	2.4	2.3	<b>2.5</b>	2.6
C.I. TAKIRON Corporation	52.0%	3.0	2.9	<b>6.4</b>	—

\* Accompanying the establishment of The 8th Company on July 1, 2019, figures for FYE 2018 and FYE 2019 have been adjusted retroactively.

## Food Company

(Billions of Yen)

	Shares*1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)*2
<b>Consolidated Net Profit</b>		63.4	46.3	49.9	56.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
Dole International Holdings, Inc.	100.0%	3.2	7.8	(0.2)	7.4
NIPPON ACCESS, INC.*4	60.0%	5.9	7.0	8.4	8.7
FUJI OIL HOLDINGS INC.	39.0%	4.2	3.0	5.1	4.5
Prima Meat Packers, Ltd.	42.9%	4.1	3.2	3.9	3.8
ITOCHU-SHOKUHIN Co., Ltd.	52.2%	2.2	1.7	2.0	2.1
HYLIFE GROUP HOLDINGS LTD.	49.9%	3.7	2.7	3.0	—

## General Products & Realty Company

(Billions of Yen)

	Shares*1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)*2
<b>Consolidated Net Profit</b>		55.4	62.7	55.0	60.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
European Tyre Enterprise Limited (Kwik-Fit)	100.0%	5.8	4.2	6.2	—
ITOCHU FIBRE LIMITED (METSА FIBRE)	100.0%	9.9	16.1	1.9	—
Japan Brazil Paper & Pulp Resources Development Co., Ltd. (CENIBRA)	33.3%	4.2	7.3	(7.1)	—
ITOCHU LOGISTICS CORP.*4	95.2%	2.6	2.9	4.9	2.7
ITOCHU KENZAI CORPORATION	100.0%	2.7	2.9	2.9	1.8
DAIKEN CORPORATION	35.6%	1.6	1.3	1.9	—
ITOCHU Property Development, Ltd.	100.0%	2.4	2.9	2.4	2.2

## ICT & Financial Business Company

(Billions of Yen)

	Shares*1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)*2
<b>Consolidated Net Profit</b>		50.7	66.8	62.5	63.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
ITOCHU Techno-Solutions Corporation	58.2%	13.6	14.2	16.6	17.5
BELLSYSTEM24 Holdings, Inc.	40.8%	1.2	1.2	1.8	2.9
CONEXIO Corporation	60.3%	4.1	4.0	4.0	—
ITOCHU Fuji Partners, Inc. (SKY Perfect JSAT Holdings)	63.0%	(0.2)	1.4	0.2	1.3
POCKET CARD CO., LTD.*4	32.2%	0.9	2.0	2.1	2.3
Orient Corporation	16.5%	4.2	4.2	3.7	—

## The 8th Company

(Billions of Yen)

	Shares*1	FYE 2018	FYE 2019	FYE 2020	FYE 2021 (Plan)*2
<b>Consolidated Net Profit</b>		21.4	166.8	26.1	33.0
<b>Breakdown of Net Profit (Loss) by Major Group Companies</b>					
FamilyMart Co., Ltd.*5	50.2%	11.8	17.3	17.5	30.1
NIPPON ACCESS, INC.*4	40.0%	3.9	4.6	5.5	5.7
POCKET CARD CO., LTD.*4*6	30.9%	0.4	1.9	2.1	2.2
ITOCHU PLASTICS INC.*4	40.0%	1.6	1.5	1.6	1.8
ITOCHU Metals Corporation*4	30.0%	0.5	0.5	0.6	0.4
ITOCHU LOGISTICS CORP.*4	4.8%	0.1	0.2	0.1	0.1

\*1 Indicated share percentages are as of June 30, 2020.

\*2 "FYE 2021 (Plan)" indicates forecast figures (including revised forecast figures) disclosed up to and including July 31, 2020.

\*3 On July 1, 2019, ITOCHU CONSTRUCTION MACHINERY CO., LTD. changed its name to ITOCHU TC CONSTRUCTION MACHINERY CO., LTD.

\*4 Shares have been partially transferred to The 8th Company. Accordingly, share percentages and net profit (loss) are shown for each Division Company.

\*5 On September 1, 2019, FamilyMart UNY Holdings Co., Ltd. changed its name to FamilyMart Co., Ltd.

\*6 Figures include the net profit (loss) through FamilyMart Co., Ltd.

