



Textile & Clothing Materials

Leveraging our unique technologies
for a circular economy and
supply chain transformation

Managing Executive Officer
General Manager of Textile & Clothing Materials Division

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Results of the 2nd year of the 2nd medium-term management plan (fiscal year ended November 2022)

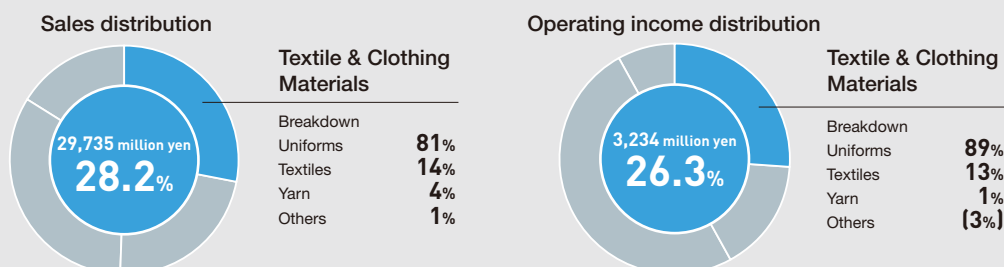
(Unit: Million yen)

	1st year		2nd year				3rd year (final year)	
	Fiscal year ended November 2021		Fiscal year ended November 2022				Fiscal year ending November 2023	
	Medium-term plan	Results	Medium-term plan	Results	Difference	Evaluation	Medium-term plan	Forecast*
Sales	32,000	29,872	34,500	29,735	(4,765)	↘	36,700	33,800
Operating income	2,700	2,749	3,200	3,234	34	↗	3,650	3,300
Operating margin	8.4%	9.2%	9.3%	10.9%	1.6 points	↗	9.9%	9.8%

*Announced in January 2023

Performance by business segment for the fiscal year ended November 2022

Note: Sales distribution was calculated based on group-wide sales excluding sales of "Others" and adjustment divisions (3,720 million yen). Operating income distribution was calculated based on the total amount of segment income excluding "Others" and the adjustment amount (-1,584 million yen).



Changes in ROIC (return on invested capital)

	2018	2019	2020	2021	2022 (fiscal year ended November)
ROIC	3.7%	5.1%	4.8%	6.1%	7.0%

Main products and services

- Uniforms: Uniform materials for schools, private companies, and government offices
- Textiles: Clothing materials
- Yarn: Yarn sales



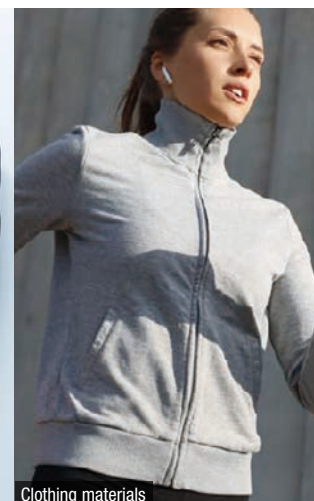
Textile and clothing material trade shows



Uniform materials for private companies (fabrics)



Uniform materials for schools (fabrics)



Clothing materials

Business overview

- Development, manufacture, and sale of high-performance materials and products primarily for clothing use

Key policies

- For all activities, conduct initiatives with an awareness of the SDGs, working to achieve environmental friendliness and business growth
- Develop business operations that maximize production capacity by capitalizing on our distinctive thread/yarn
- Utilize digital technologies to achieve supply chain transformation and operational cost reduction
- Use focused investment of management resources and close coordination of production and sales to accelerate growth in overseas business

Sustainable management-focused medium-term management plan and strategy

Business advantage

The Textile & Clothing Materials Division has an advantage in the form of an integrated supply system, which encompasses a complete supply chain within the Group, from raw materials procurement and materials (thread) development to sewn product delivery. Specifically, it is our capability in developing materials and adapting to customer needs that sets us apart from other companies. When it comes to materials development, we have a technological foundation cultivated over many years that allows us to produce proprietary, patented thread highly regarded in the market. This technology will let us construct a new value chain that can contribute to a circular economy. And I believe that the ability to pursue technology-driven business evolution gives our division a competitive advantage.

Risks and opportunities

We view the continuing decline in Japan's birthrate and working population as a medium- to long-term structural risk, as it means a shrinking market for uniforms. More immediately, we are also cognizant of the risk of rising costs due to soaring energy prices, yen depreciation, and other factors affected by geopolitical risks. On the other hand, we view the increasing awareness prompted by the SDGs to reduce global environmental burdens as a significant opportunity for our division. This is because we have unique technologies to make products from natural wool and recycled raw materials, which sets us apart from the competition.

Business strategy

Our division's key policy is to ensure that "For all activities, conduct initiatives with an awareness of the SDGs, working to achieve environmental friendliness and business growth." Specifically, we will work to create a new value chain, which encompasses environmentally friendly product development and recycling systems. We are also aiming to develop materials that will differentiate us from other companies, as well as to improve the sophistication of our production technology and engage in capital investment to dramatically increase energy efficiency. To undertake such activities, it is essential to have an organizational culture of swift, bold action. We will thus work on developing such a culture within our division.

Recycling school uniforms into school uniforms

With the help of Komaba Gakuen High School (in Tokyo), we will begin in April 2024 the first demonstration testing in Japan of from-clothes-into-clothes recycled school uniforms. This system returns wool blend school uniforms into their raw materials state and then remakes them from those materials.

