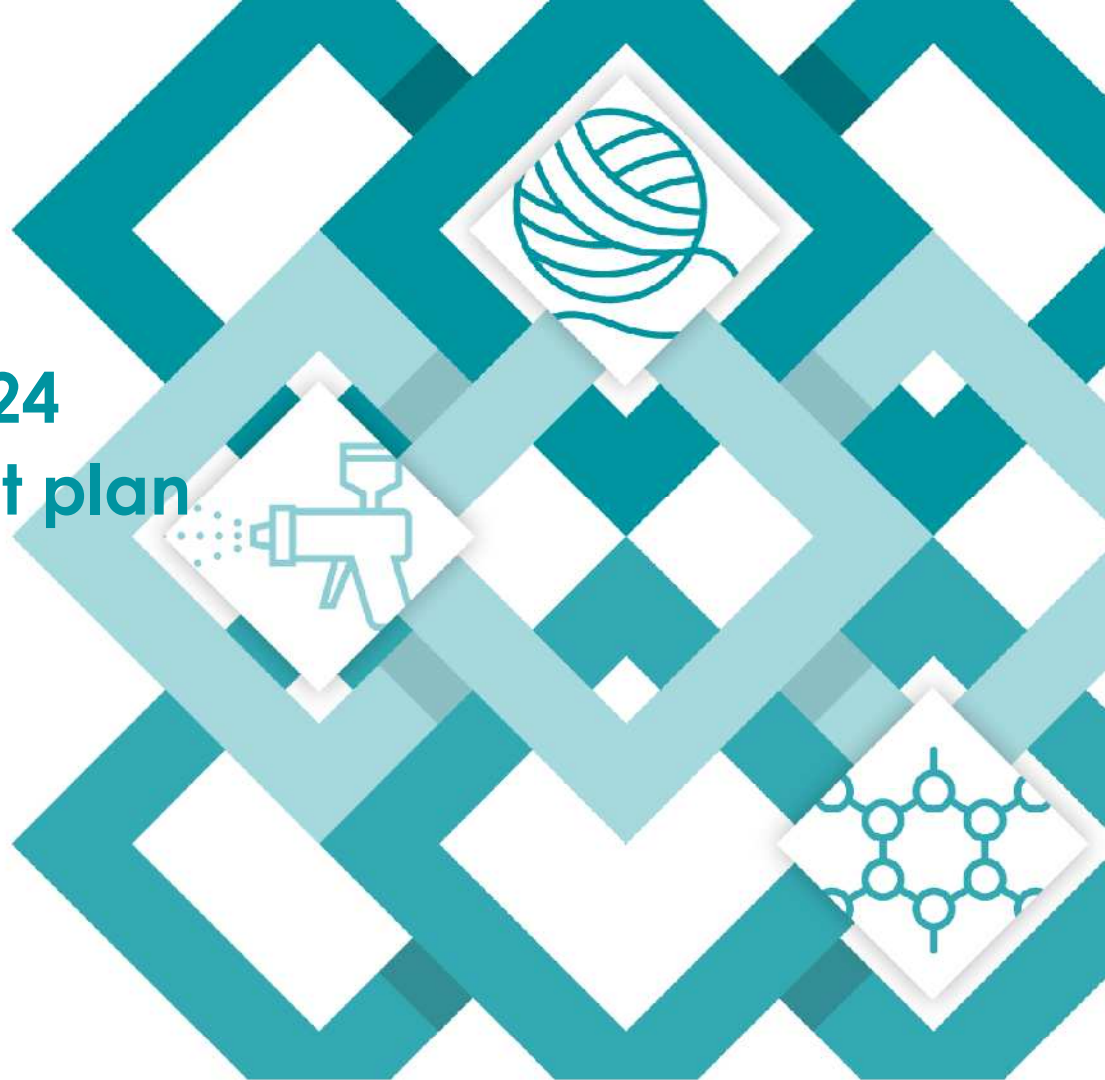


GSI *Creos*

**Fiscal 2022 to Fiscal 2024
mid-term management plan
“GSI CONNECT 2024”**

Release Date:
November 22, 2021



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1

**Review of previous
mid-term management
plan
(Fiscal 2018 to Fiscal 2020)**

Review of previous mid-term management plan

Fiscal 2018 to Fiscal 2020 (quantitative)

Key points

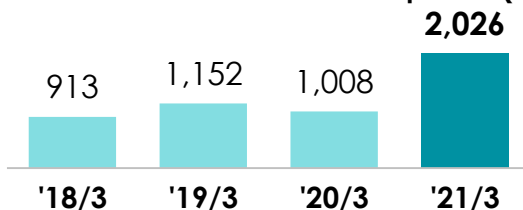
- Achievement of targets for both sales and net profit set forth in mid-term management plan, even amid impact of the pandemic of COVID-19, etc.
- Achievement of record-high profits for operating profit, ordinary profit, and net profit
- In the Textile Materials Division, in spite of slump in consumption driven by the COVID-19 crisis, achievement of significant profit increase based precisely responding to demand for medical and sanitary consumables
- In the Industrial Products Division, achievement of significant revenue growth due to success of initiatives aimed at developing and deepening overseas markets, including hobby products and chemicals

Operating results	Fiscal 2017	Targets of previous mid-term management plan	Fiscal 2020	Comparison with target (amount)	Comparison with target (percent)	Achievement
① Net sales	133,727	110,000	116,375	6,375	105.8%	○
② Profit attributable to owners of parent	913	1,300	2,026	726	155.8%	○
③ ROE	5.0%	8.0%	9.5%	-	1.5pt	○
④ ROA	1.4%	3.0%	3.4%	-	0.4pt	○
⑤ Equity ratio	30.0%	Over 30%	38.4%	-	8.4pt	○
⑥ Dividend payout ratio	24.7%	25% or above	18.6%	-	-6.4pt	—

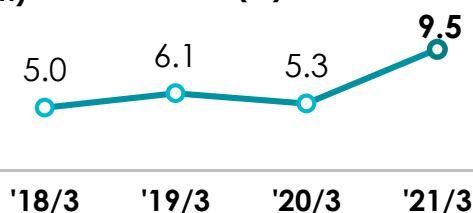
(Million yen)

Dividends	Fiscal 2017: ¥35 → Fiscal 2019: ¥45 (¥5 increase each year)	Fiscal 2020 result: ¥60

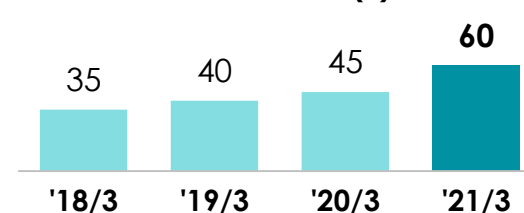
Profit attributable to owners of parent (million yen)



ROE (%)

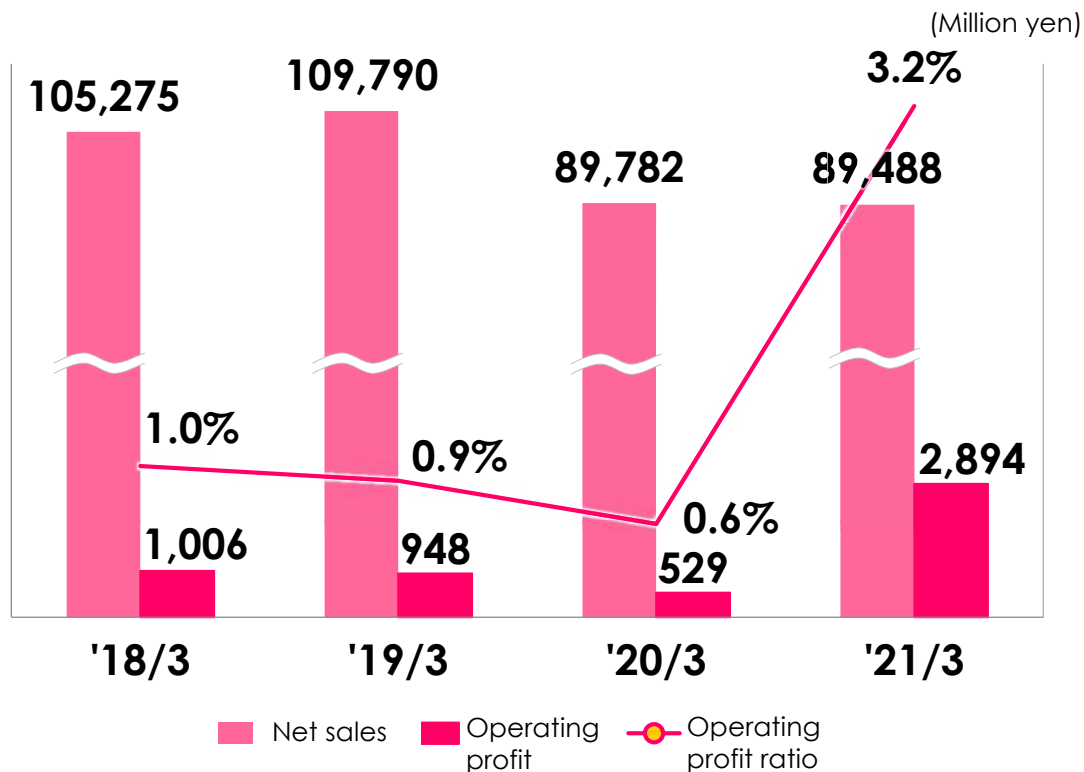


Dividends (¥)

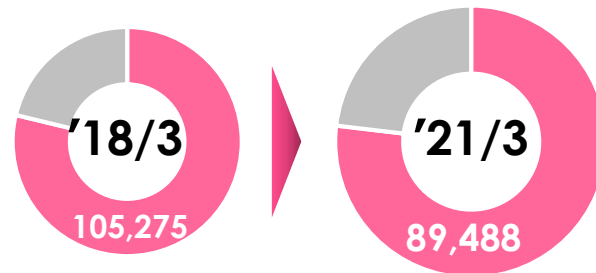


Review of previous mid-term management plan Fiscal 2018 to Fiscal 2020 (quantitative)

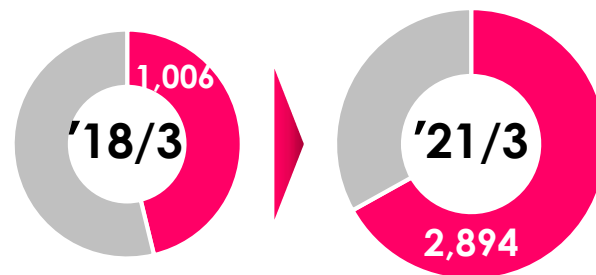
Trajectory of Textile Materials Division



Net Sales (million yen)

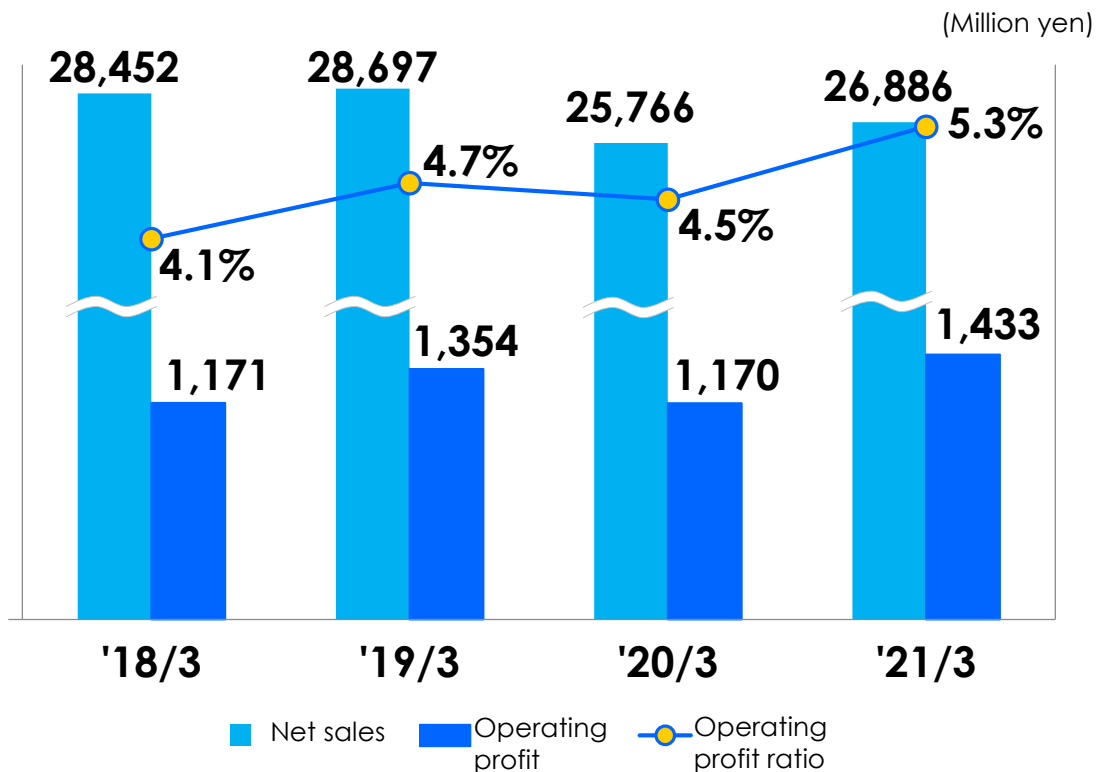


Operating profit (million yen)

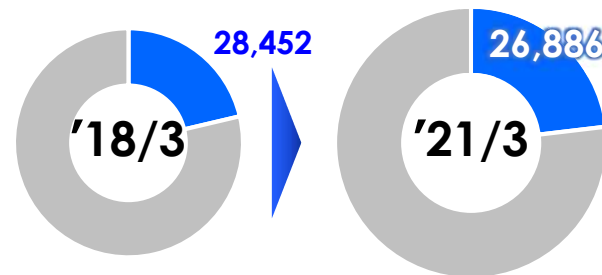


Review of previous mid-term management plan Fiscal 2018 to Fiscal 2020 (quantitative)

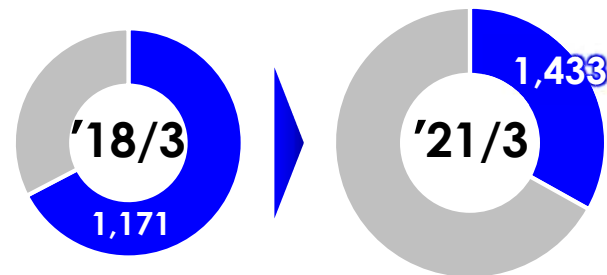
Trajectory of Industrial Products Division



Net Sales (million yen)



Operating profit (million yen)



Review of previous mid-term management plan Fiscal 2018 to Fiscal 2020 (qualitative)

Priority measures

Expanding overseas net sales

Enriching human resources and accommodating reforms to ways of working

Boosting profitability

Enhancing internal control systems and thoroughly carrying out risk management

Results

- Responding to demand for medical and sanitary consumables through collaboration with group's overseas bases
- Making progress with development of overseas markets including hobby items and chemicals
- Opening of Creos Academy, which has systematized employee education
- Increasing of women managers in group overall
- Significant transferring of authority to executive officers based on system separating supervision and execution
- Ratio of independent outside directors of above 30%
- Lively activities by outside directors

Ongoing challenges

- Expanding high valued-added businesses through further expanding, and strengthening collaboration regarding, overseas bases
- Assessing profitability improvements or withdrawals regarding unprofitable businesses, and promoting optimization of business portfolio
- In response to changes to business environments, promoting businesses that connect all functions of the company and utilize the company's comprehensive strength
- Strengthening business infrastructure and expanding businesses through investing
- Further strengthening and increasing the efficiency of the global group management structure (utilizing human resources and business assets)



2

**Fiscal 2022 to Fiscal 2024
mid-term management plan
“GSI CONNECT 2024”**

Outline of mid-term management plan “GSI CONNECT 2024” GSI Creos



“GSI CONNECT 2024” ~ Connecting all things to weave a new story ~

In order to weave a new story, over a period of three years, we shall demonstrate the strengths of our group, bring about the further evolution and growth of the group, and advance to a new stage based on: connecting the Textile Materials Division and the Industrial Products Division, connecting group companies, connecting with business partners, and connecting with communities and society in the world.

**Contributing to building
sustainable societies by offering
new value in niche fields as a
business-creating trading company**

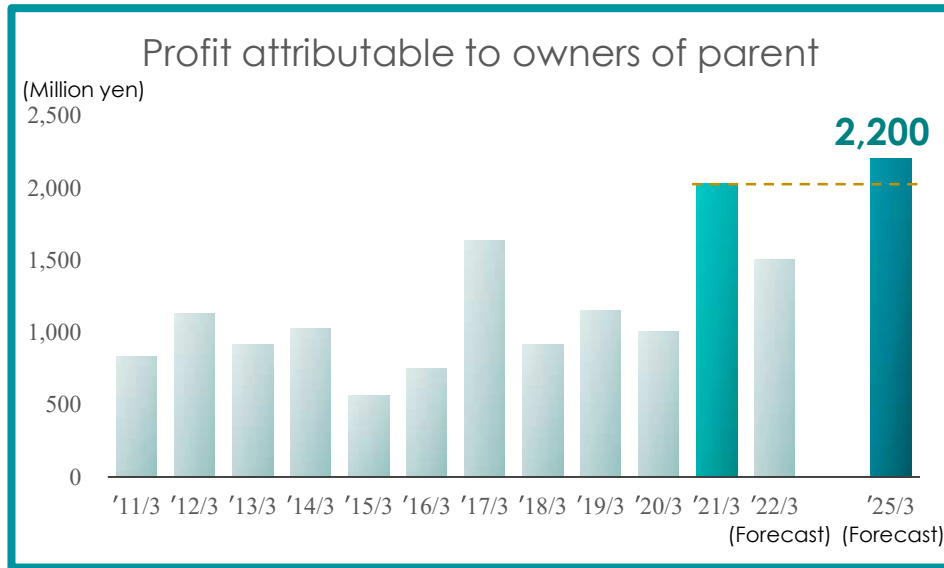
*“Niche fields” refers to “fields of products and businesses in far-reaching target business areas that may be of any market size, that are strong points of our company, in which it is difficult for manufacturers to directly go on the offensive, and in which we are unrivaled among competitors.”



2

(1) Two challenges

① Reaching new record-high net profit



② Boosting confidence within capital markets



**Ensuring
the Prime Market of
Tokyo Stock Exchange
listing**

Quantitative targets of new mid-term management plan (Million yen)

Operating results	Fiscal 2021 forecast	Fiscal 2024 targets
Net sales	116,000	135,000
Textile Materials Division	86,000	95,000
Industrial Products Division	30,000	40,000
Operating profit	2,000	3,500
Ordinary profit	2,000	3,500
Profit attributable to owners of parent	1,500	2,200
ROE	6.5~7.0%	8.0~9.0%
Equity ratio	39.0~40.0%	40.0%
Dividend payout ratio	50.9%	50.0%

Growth driver

Industrial Products Division

Businesses aimed at expanding market share in fields with notable growth, that will drive growth of the company

Core business

Textile Materials Division

Businesses that will maintain market share and are aimed at stable growth with the addition of novelty

Segment strategies of Textile Materials Division

Fibers

Business content

- Domestic and overseas sale of raw yarn and textile raw materials
- Export and import of raw yarn and textile raw materials
- Manufacture, processing, and sale of medical textile raw materials and products

Business environment and market opportunities

Diversification of textile raw materials due to increase in needs regarding addressing environmental problems and health maintenance

Strengths and revenue sources

- Ability to procure raw materials based on strong relationships with domestic and overseas major manufacturers
- Based on group factories, ability to process twisted thread with high quality and low costs
- Ability to develop functional processed yarns

Collaborating affiliated companies

GSI Marulontex Co., Ltd., GSI Trading Hong Kong Limited, GSI Creos China Co., Ltd., GSI (Shenzhen) Limited

Operating profit target

(Million yen)

300

'23.3

400

'25.3

Outerwear

Business content

- OEM and ODM of apparel products
- Wholesale and export & import of textiles and apparel products
- Sale of house-brand products

Business environment and market opportunities

Increase in needs regarding products that can accommodate new lifestyles (sustainable, outdoor, sports, and health-promotion)

Strengths and revenue sources

- Planning and production abilities that can respond to meticulous needs based on making use of numerous overseas partner factories
- Ability to make proposals that are highly rated by overseas major apparel companies
- Ability to procure products from domestic and overseas major manufacturers

Collaborating affiliated companies

Creos Apparel Corporation, GSI Exim America, Inc.

Operating profit target

(Million yen)

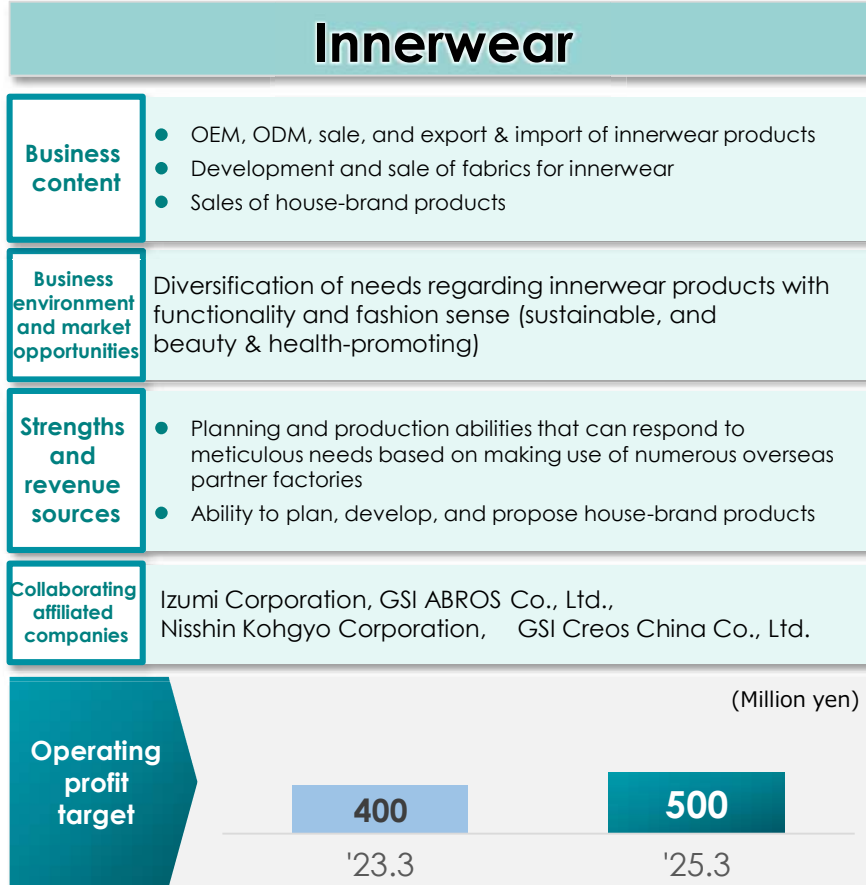
400

'23.3

500

'25.3

Segment strategies of Textile Materials Division



Segment strategies of Industrial Products Division

Semiconductors

Business content

- Export and import of parts for cutting-edge semiconductor manufacturing devices
- Export and import of general-purpose semiconductor parts
- Export and import of parts for semiconductor manufacturing equipment

Business environment and market opportunities

Increasing demand for semiconductors compatible with next-generation devices, and growing capital investment willingness based on expansion of semiconductor manufacturing capacity

Strengths and revenue sources

- Centralized system for managing businesses bases in Japan, United States, and China
- Sales agency rights of domestic and overseas major leading manufactures of materials and devices

Collaborating affiliated companies

GSI Exim America, Inc.,
GSI Creos Technology (China) Co., Ltd.

Operating profit target

800

'23.3

1,000

'25.3

(Million yen)

Chemicals

Business content

- Import and export of paint raw materials and other chemicals
- Import of functional plastic resins
- Domestic sale of films
- Development, manufacture, and sale of carbon nanotubes

Business environment and market opportunities

Increasing demand for biodegradable plastics, recycled products, and chemicals safe for the human health due to strengthening of environmental regulations and increased awareness regarding environmental protection

Strengths and revenue sources

- Handling of diverse products from general ones to functional ones
- Business development system based on collaboration with domestic and overseas major leading manufacturers

Collaborating affiliated companies

GSI Exim America, Inc., GSI Creos Brasil Ltda.,
GSI Europe-Import+Export GmbH, GSI Creos China Co., Ltd.,
GSI Creos Korea Co., Ltd.

Operating profit target

600

'23.3

900

'25.3

(Million yen)

Segment strategies of Industrial Products Division

Hobby & Life

Business content

- Domestic and overseas sale of hobby-related products
- Import of cosmetic raw materials
- Domestic sale of cosmetic raw materials
- Domestic sale of health foods

Business environment and market opportunities

Increase in needs regarding products that can accommodate new lifestyles

Strengths and revenue sources

- High market shares based on house-brand products that are well-recognized in domestic and overseas markets

Collaborating affiliated companies

GSI Exim America, Inc., GSI Europe-Import+Export GmbH, GSI Creos China Co., Ltd., GSI Creos Korea Co., Ltd.

Operating profit target

600

'23.3

900

'25.3

(Million yen)

Machinery & equipment

Business content

- Import and sale of industrial machinery and scientific instruments
- Maintenance of industrial machinery and scientific Instruments
- Import and sale of composite-molding equipment and materials
- Development, manufacture, and sale of carbon fiber reinforced plastics

Business environment and market opportunities

Growing capital investment willingness aimed at responding to environmental regulations, and increasing needs regarding responding to new technologies

Strengths and revenue sources

- Ability to procure and maintain cutting-edge devices, and ability to handle development of materials, based on cooperation with domestic and overseas major leading manufacturers in various fields

Collaborating affiliated companies

Central Scientific Commerce, Inc., GSI Europe-Import+Export GmbH

Operating profit target

100

'23.3

200

'25.3

(Million yen)

Focus businesses that utilize our strengths

Business model of semiconductor-related businesses

Against the backdrop of a rapid increase in demand for semiconductors in various countries, expanding sales of parts for related manufacturing devices and equipment based on collaboration between the three hubs of Japan, the United States, and China



Focus businesses that utilize our strengths

Semiconductor-related businesses

Business content and products

- Parts for cutting-edge semiconductor manufacturing devices
- General-purpose semiconductor parts
- Parts for semiconductor manufacturing equipment

Markets (niches)

- Seals for semiconductor (O-rings)
- Imported silicon wafers

Business environment and market opportunities

- Increase in capital investment willingness due to global semiconductor shortages
- US-China frictions regarding semiconductors

Strengths and revenue sources

Centralized system for managing business bases in Japan, United States, and China

- Expansion of semiconductor-related businesses based on collaboration between three business bases in Japan, United States, China
- Strengthening businesses aimed at Chinese market where demand is rapidly increasing

Sales agency rights of US major O-ring manufacturers

- Exclusive selling of highly-functional sealing materials (O-rings) manufactured by Greene, Tweed & Company, Inc. (United States) in China

Business partnerships with Chinese major semiconductor-wafer manufacturers

Focus businesses that utilize our strengths

Business model of medical businesses

Developing medical-related businesses by collaborating with leading manufacturers based on cooperation between the Textile Materials and Industrial Products divisions, and domestic and overseas affiliates of the GSI Creos Group

Medical markets (Japan)

- Compression tights for lymphedema
- Compression socks for medical care, etc.
- Bathing clothes for breast cancer and skin graft patients



Medical markets (South America)

- Dialysis machines
- Operation of dialysis clinics
- Compression tights for lymphedema



Focus businesses that utilize our strengths

Medical businesses

Business content and products

- Dialysis machines
- Operation of dialysis clinics (South America)
- Compression tights and socks, etc. for medical care
- Textile products for medical care and sanitation applications

Markets (niches)

- Dialysis business (South America)
- Compression tights for medical care (for lymphedema)

Business environment and market opportunities

- Rising needs regarding quality of medical care against backdrop of aging population, spread of infectious diseases, etc.
- Demand for infrastructure development to accommodate health and longevity society

Strengths and revenue sources

Market development based on alliances with leading clinics in Brazil

- South American market deployment of high-performance dialyzers and parts made by Toray Medical Company Limited (Japan)
- Operation of dialysis clinics for wealthy persons in Brazil

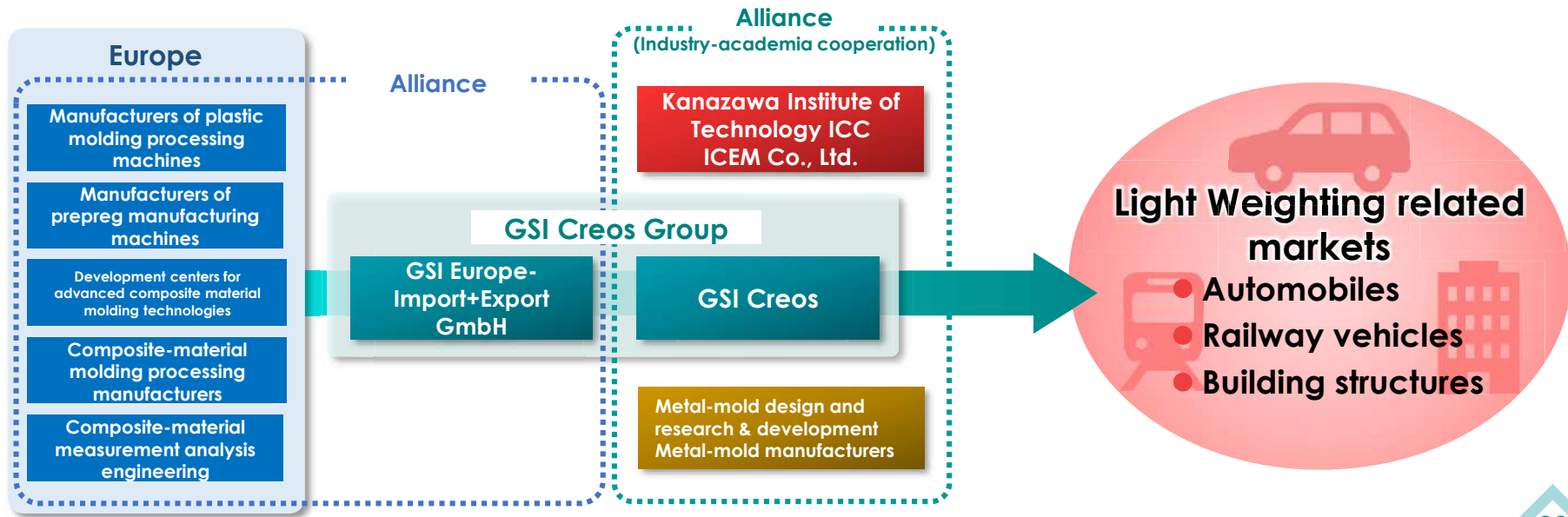
High-quality, low-cost manufacturing of textile products through utilization by our group factories

- Expanding production and sale of high-quality functional yarns for compression tights by GSI Marulontex Co., Ltd.
- Strengthening cooperative relationships with manufacturers of textile products for medical care
- South American market deployment of textile products for medical care

Focus businesses that utilize our strengths

Business model of Light Weighting businesses

Contributing to building environmentally-friendly social infrastructure based on business alliances with European companies that are moving forward with environmental friendliness, and domestic industry-academia collaboration systems



Focus businesses that utilize our strengths

Light Weighting businesses

Business content and products

- Composite-molding equipment, materials, and test equipment
- Carbon fiber reinforced plastics (CFRP)

Markets (niches)

- Automobile Light Weighting businesses
- CFRP composite materials (automobile, railway vehicles, and social infrastructure applications)

Business environment and market opportunities

- Realization of environmentally-friendly next-generation mobility
- Promotion of initiatives for building environmentally-friendly social infrastructure

Strengths and revenue sources

Collaboration with top manufacturers of composite-material molding equipment

- Business alliances with European companies that have Light Weighting related advanced technologies

Research & development and manufacturing systems based on industry-academia collaboration with Kanazawa Institute of Technology

- Provision of Japan's only one-stop service that includes CFRP material testing, analysis engineering, molding prototyping, and evaluation

Focus businesses that utilize our strengths

Business model of hobby businesses

Based on group collaboration, enhancing our brand, which has been highly reputed worldwide, and boosting our hobby product market share



Focus businesses that utilize our strengths

Hobby businesses

Business content and products

- Plastic model kits
- Paints and tools for models
(house brand MR. HOBBY)
- Paints, materials, and tools for crafts
(House brand Classy'n Dressy)

Markets (niches)

- Plastic models, crafts

Business environment and market opportunities

- Demand related to staying at home due to COVID-19 crisis, and enriching of private time
- Increase in popularity of Japanese-made plastic models (such as Gundam) overseas

Strengths and revenue sources

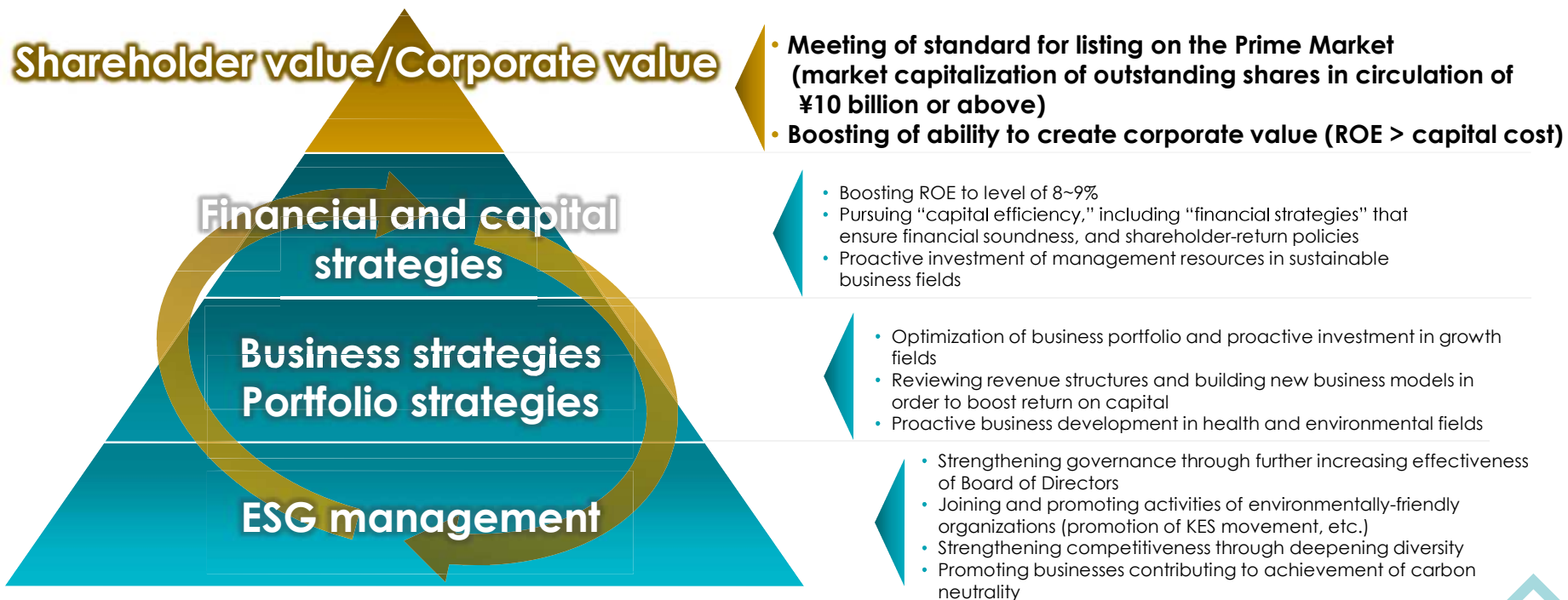
Assurance of high quality due to global recognition of house brand "MR. HOBBY"

- Planning, manufacture, and sale of paints and tools for models under house brand "MR. HOBBY," which is highly rated worldwide
- Business development in hobby markets of Europe, United States, China, and South Korea

High domestic share based on diverse lineup of products

- Securing high market share based on diverse products, including water-based paints and Gundam colors
- Entry into craft markets and nail markets

Ensuring listing on the Prime Market





2

**(2) Three priority measures
and investment strategies
aimed at promoting ESG
management**

Growth driver: Industrial Products Division

Core business: Textile Materials Division

E S

1. Proactive investment in sustainable business fields

- **Environment:** Biodegradable plastic businesses
Sustainable textile raw material & product businesses
Nanotechnology businesses
- **Life & health:** Hobby-related businesses
Medical-related businesses
- **Energy:** Light Weighting businesses (automobiles, social infrastructure)
Semiconductor-related businesses
Organic semiconductor businesses (**reduction of volume of CO2 emissions**)

S

2. Enrichment of human resources and promotion of new ways of working

- Developing environments with active participation of diverse human resources
- Enhancing training systems for strengthening human resource development
- Boosting efficiency of work operations utilizing IT









G

3. Strengthening of highly effective governance systems

(Putting into practice governance required for the Prime Market)

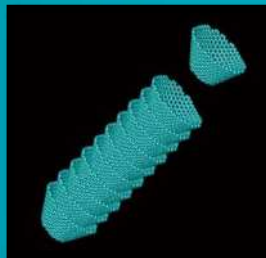
- Promoting systems separating supervision and execution
- Building and operating fair systems for deliberations regarding nominations and remuneration
- Enhancement of information for stakeholders

Three priority measures ① Sustainable businesses: **E**nvironment GSI Creos

Business	Business content	Added value and differentiation points	Contribution to society	Contribution to company	SDGs receiving contribution
Biodegradable plastics	<ul style="list-style-type: none"> Agricultural mulch films Plastic tableware and straws Shopping bags Textile products 	Unlike biomass raw materials, dissolution underwater and underground	Preventing marine and soil pollution	Expansion of environmentally-responsive businesses	  
Sustainable textile raw materials & products	<ul style="list-style-type: none"> Water-free dyed yarns and fabrics Recycled yarns Recycled textiles 	Offering of products developed through collaboration with domestic and overseas major manufacturers of textile raw materials, and products certified by public institutions	Preventing marine and soil pollution (reduction of volume of dye effluent discharge, and recycling-based reduction of volume of resource consumption)	Expansion of environmentally-responsive businesses	 
Nanotechnologies	<ul style="list-style-type: none"> Giving high functionality to all engineering plastic materials Giving super long life to polymer materials such as resins and rubbers 	<ul style="list-style-type: none"> System of cooperation between industry, academia, and government Overwhelming dispersion and interface technologies 	Dramatically reducing energy consumption	Expansion of environmentally-responsive businesses	  



◀ Agricultural mulch film






◀ “Carbere®” cup-stacked carbon nanotubes



◀ Products of house sustainable-lifestyle brand “ChâmU” that have been made from fivers containing tea fruits oil.

Three priority measures ① Sustainable businesses: **S** life & health GSI Creos

Business	Business content	Added value and differentiation points	Contribution to society	Contribution to company	SDGs receiving contribution
Dialysis business (including clinics)	<ul style="list-style-type: none"> Supplying of dialysis machines Operation of dialysis clinics 	Provision of high-quality medical treatment through offering of Japanese-made high-performance dialysis machines	Provision of cutting-edge medical treatment for dialysis needs	Expansion of medical-related businesses in South America	
Medical textile products	<ul style="list-style-type: none"> Elastic tights and socks for medical care Supporters for medical care 	Offering of high-quality twisted yarn based on company's ability to procure raw materials and technological strength regarding manufacturing twisted yarn	Provision of textile products for high-quality medical care to prevent lymphedema	Expansion of medical-related businesses domestically and overseas	
Hobby-related business	<ul style="list-style-type: none"> Model kits Model coloring Painting tools 	Assurance of high quality due to global recognition of house brand "MR. HOBBY"	Provision of fun and joy to hobby fans worldwide	Business development in hobby markets not easily swayed by the economy	








◀ Dialysis clinic



◀ Products of "MR. HOBBY"

Three priority measures ① Sustainable businesses: **E S** energy GSI Creos

Business	Business content	Added value and differentiation points	Contribution to society	Contribution to company	SDGs receiving contribution
Light Weighting (composite materials)	<ul style="list-style-type: none"> • Composite molding machines • Carbon fiber reinforced plastics (CFRP) 	Provision of high-performance, low-cost products with research & development and manufacturing systems based on industry-academia collaboration	<ul style="list-style-type: none"> • Reducing CO2 emissions through Automobile Light Weighting • Reducing energy usage through Light Weighting of industrial materials for automobiles, railway vehicles, and social infrastructure 	Expansion of environment & energy-friendly businesses	 
Semiconductive polymer materials for organic solar cells	<ul style="list-style-type: none"> • Semiconductors and semiconductive polymers organic electronics • Organic solar cells 	Based on unique manufacturing methods, simplifying manufacturing processes, and boosting thinness, light weighting, resource-saving, and energy-saving of devices	<ul style="list-style-type: none"> • Dramatic reduction of volume of CO2 emissions based on expanded use of organic solar cells 	Expansion of share in markets for organic electronic devices	  

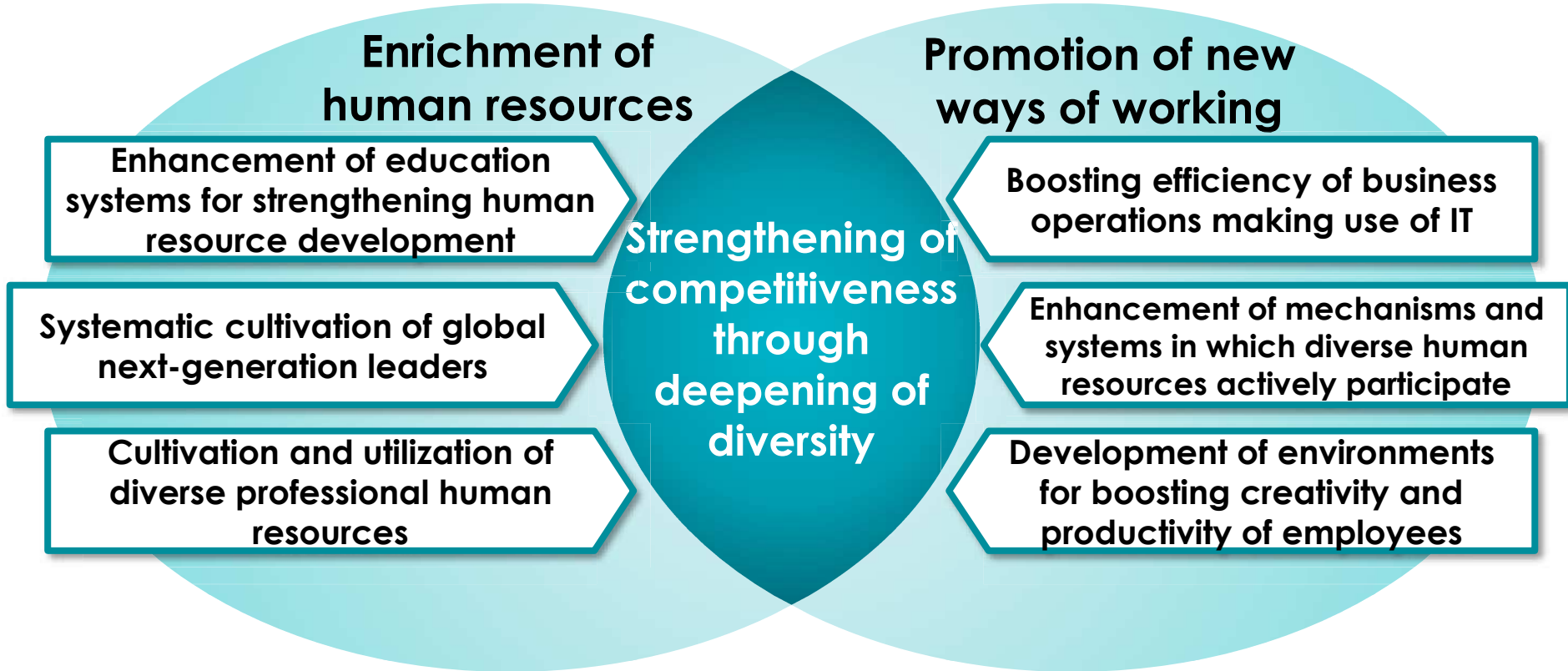


◀ Automobile parts made from CFRP



◀ Solar cells for building exteriors

Three priority measures ① ② Enrichment of human resources and promotion of new ways of working



Three priority measures **G** ③ Strengthening of highly effective GSI Creos governance systems

Building governance systems suitable for listing on the Prime Market

Promotion of system separating supervision and execution

- Aside from regular holding of meetings of the Board of Directors each month, holding of meetings as needed for decision-making on management strategies, and monitoring and supervision regarding the execution of professional duties
- Appointing executive officers with aim of strengthening business execution of the group overall
- Accelerating business decision-making and business execution based on holding meetings of the Board of Directors and Executive Officers' Meeting on the same day

Building and operating fair systems for deliberations regarding nominations and remuneration

- Establishing non-mandatory nomination and remuneration committees that are made up of a majority of independent outside directors
- Having independent outside directors participate in meetings of the Executive Officers' Meeting, directors camps for Directors, and other management-related meetings
- Holding of briefing on financial results for shareholders and investors
- Conducting of individual interviews with institutional investors and analysts
- Strengthening of PR activities such as press releases

Strengthening effectiveness of governance

Enhancing information for stakeholders

Three priority measures ④ Investment strategies

In three years of mid-term management plan, promoting investment in areas of growth and strength based on creating operating cash flow of ¥5 billion, replacing assets, and so on.

**M&A and
business investment**

¥2 billion + α

**In-house infrastructure
investment**

¥1 billion + α

New business investment

Sustainable business investment

DX-related investment

Human resource & education-related investment

Business-infrastructure development investment



2

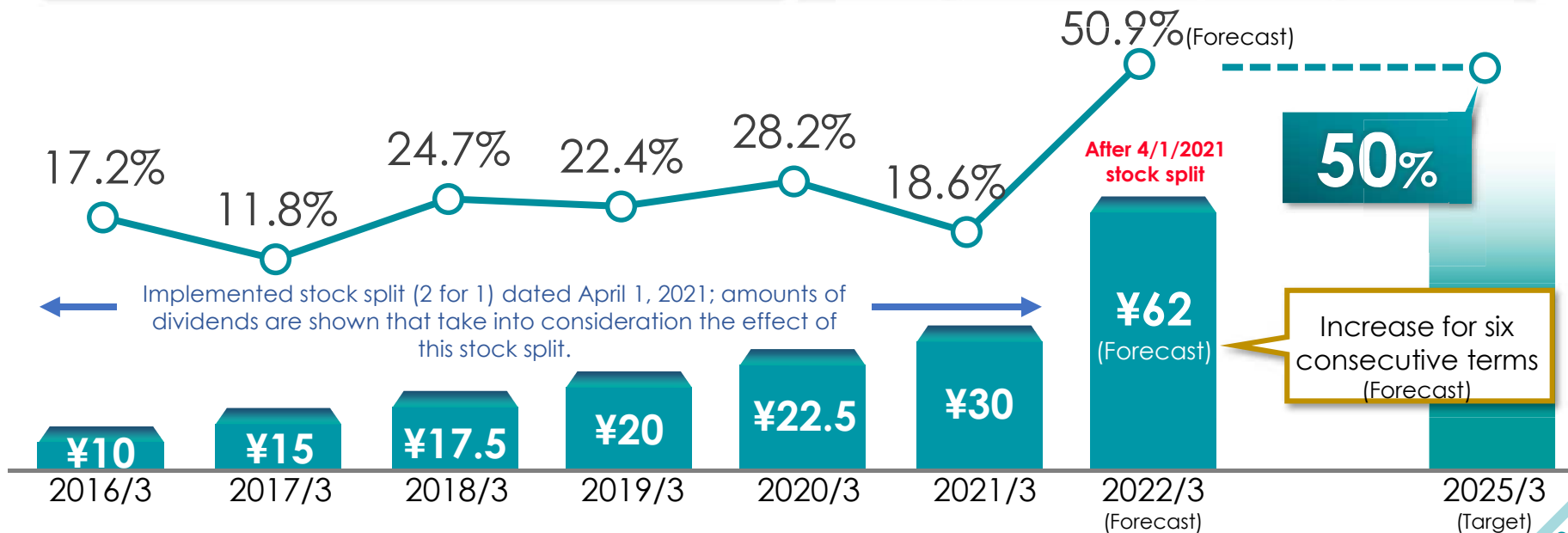
**(3) Shareholder
returns**

Basic policy

Implementing steady and continuous returning of profits

- Making dividend payout ratio **50%**

- Agile treasury stock acquisitions



*In Fiscal 2021 the dividend will be made ¥62 including the dividend for commemorating the 90th anniversary of GSI Creos, based on taking into consideration factors such as the dividend policy (dividend payout ratio 50%) from Fiscal 2022 onward, consolidated results, and fund situation.

GSI *Creos*

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