

GSI **Creos**

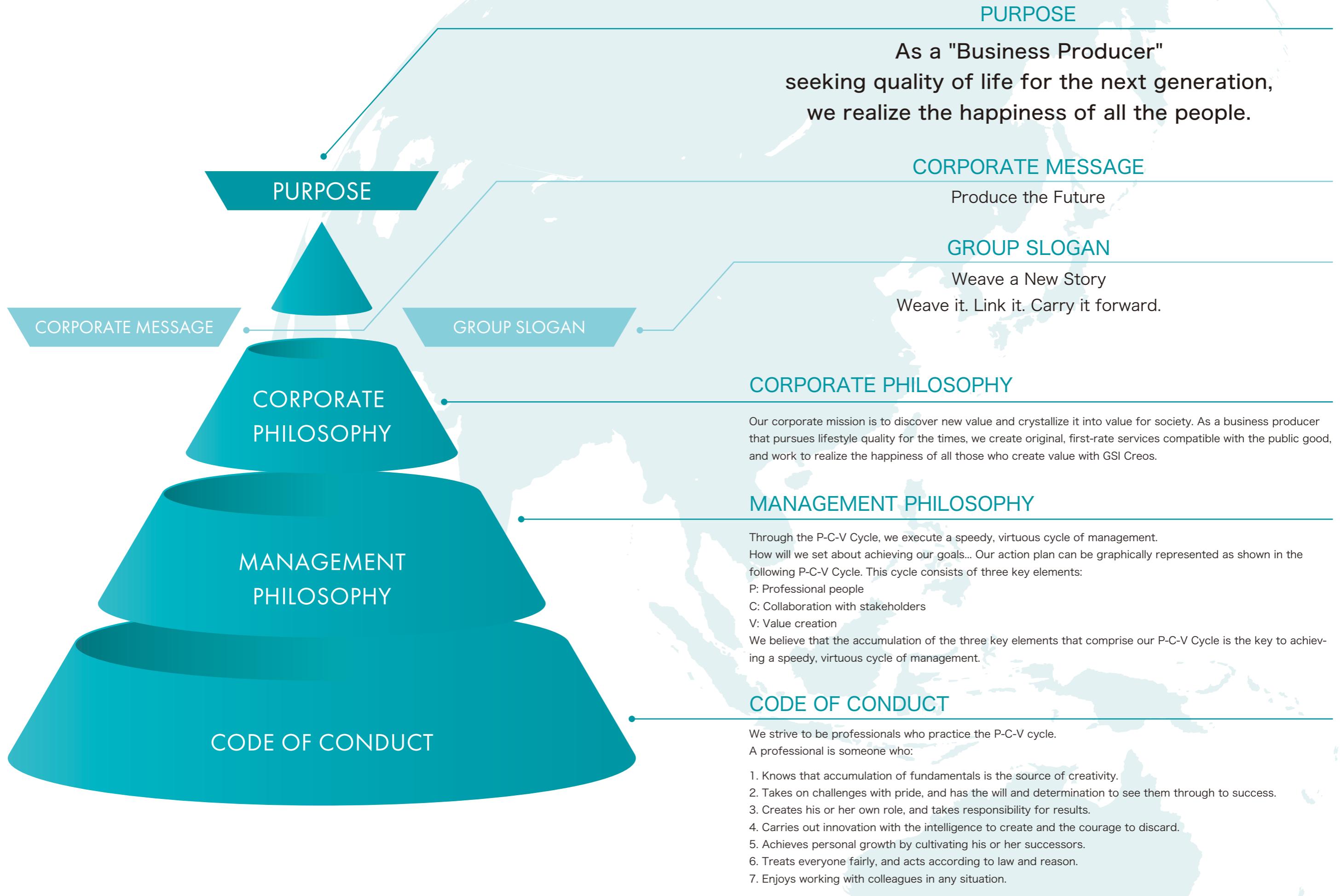


Weave a New Story

Integrated report

2025

Philosophical Framework



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Editorial Policy

GSI Creos Corporation places great importance on proactive dialogue with all stakeholders in all business activities. We are pleased to announce the publication of our first integrated report. This report aims to provide a comprehensive understanding of the social and economic value we create through reporting on our management strategy and activities related to our business and ESG management. We will continue to strive to further enrich the content of this report so that a wide range of readers, including our shareholders and investors, can deepen their understanding of our company.

About the Cover

The cover of GSI Creos Corporation's first Integrated Report 2025 expresses our resolve as a "business-creating trading company" to pioneer the future and contribute to a sustainable society. It incorporates elements symbolizing new challenges, growth, and our sustainability initiatives, and embodies our determination to create new value for the future together with the planet.

Guidelines Referenced

International Integrated Reporting Council (IIRC) "International Integrated Reporting Framework" Ministry of Economy, Trade and Industry "Guidance for Collaborative Value Creation" etc.

Reporting Scope and Period

- Period: April 2024 to March 2025 (with some information outside this period)
- Organization: GSI Creos Corporation and its domestic and overseas group companies

Forward-Looking Statements

Data and forward-looking statements disclosed in this Integrated Report are based on judgments and information available as of the publication date. These include uncertainties and do not constitute a guarantee of future results.

GSI Creos Disclosure Framework

Financial Information	Non-Financial Information
IR Information	
Integrated Report	
Annual Securities Report	
Shareholder Newsletter	
Sustainability	
Corporate Governance	

History



1927 · Founded by Daisaku Hayashi

1920

1931 · Incorporated in Yokohama City as Hayashi Daisaku Shoten Co., Ltd.

Began exporting raw silk and silk yarns to the United States

1931 Established

The founder of GSI Creos Daisaku Hayashi* utilized his vast experience in the raw silk trade and strong network in the US to begin purchasing raw silk as the Japanese agent for the US silk importer Van Straaten and Havey, Inc. He successfully supplied the company with large volumes of raw silk sourced from leading silk suppliers from across Japan. "D. Hayashi Shoten" was inaugurated in 1931 and an office was opened in New York in the US in 1933, and this marked the beginning of GSI Creos as a company.

*Daisaku Hayashi is the person who used to serve as the New York branch manager of "Suzukishoten" which was major general trading company and had recorded the top annual sales in Japanese general trading company in the Taisho period.



2022 Relocated head office to Minato-ku, Tokyo

2027 100th Anniversary of Founding

2020

2010

2001 Beginning of "GSI Creos"

In 2001 we changed our name from Gunze Sangyo Co., Ltd. to our current name, "GSI Creos Corporation."

"GSI" derives from "Global Sophisticated Intelligence." "Creos" combines three ideas: Create, Reorient (to a new direction), and Eos (the Greek goddess of dawn). As Eos brings the light of daybreak, our globally sophisticated professionals create new products and businesses, turning dreams into reality.



GSI Creos

1961 · Designated an approved trading partner by the government of China

1956 · Expanded business into the industrial products field

1952 · Relocated Head Office to Chuo-ku, Tokyo

1970

1960

1950s

First encounter with knitting machine manufacturer

1931 · Incorporated in Yokohama City as Hayashi Daisaku Shoten Co., Ltd.

Began exporting raw silk and silk

yarns to the United States

GSI Creos started in textiles. A new field was added in the 1950s. After establishing a local U.S. subsidiary, its head, Goro Seki, signed an agency agreement with a leading global maker of women's hosiery knitting machines. We also secured agreements with manufacturers of textile dyes and auxiliaries. This laid the foundation for today's Industrial Products business.



And beyond...

2031 Towards the 100th Anniversary

Towards the 100th Anniversary

Born from silk and grown through diverse businesses, GSI Creos has focused on creating new value with "people's lives" at the core, leveraging domestic and global networks across a wide range of fields.

We will continue to expand as a "business-creating trading company," centered on our Textiles and Industrial Products businesses, and as a business producer seeking quality of life for the next generation, growing alongside evolving social environments and consumer mindsets.

CEO Message

100 Years and Beyond: GSI Creos aims for sustainable growth and enhanced corporate value, driven by "Evolution x Growth."

President & CEO 

Future-Forward Thinking Embodied in Our Philosophy

GSI Creos is now moving forward with strength and purpose as we approach two historic milestones.

The first marks 1927, when our founder, Daisaku Hayashi, established his personal trading business; the second, 1931, when he incorporated it as Hayashi Daisaku Shoten Co., Ltd. The year 2027 - the final year of our new Mid-Term Management Plan- will mark our 100th anniversary since founding, while 2031, set as the target year of our long-term vision, will commemorate our 100th anniversary since incorporation.

Since I assumed the presidency in 2017, our net profit has grown approximately 2.5 times. Yet, this achievement is merely a milestone along our journey. Looking ahead to our 100th anniversary in 2031, we have set ambitious goals: net sales of ¥200 billion, net profit of ¥4 billion, and a market capitalization exceeding ¥50 billion.

The foundation for achieving these goals lies in our Company's Philosophy. Following the company's name change in 2001, our then-president encouraged the younger generation to take the lead in defining this philosophy. Over the course of a year, a group of employees, including myself, formulated both our Corporate Philosophy and Management Philosophy. These express our future-oriented belief that people are the true source of value creation for a trading company, and that sustainable management is essential to long-term success.

Today, this philosophy resonates strongly with the social trends of our time and continues to underpin our steady growth. To reaffirm our direction and unite our collective purpose, we introduced a new, simplified expression of our existence philosophy in 2022, our Purpose: "As a 'Business Producer' seeking quality of life for the next generation, we realize the happiness of all the people."

Guided by this enduring philosophy and clear purpose, GSI Creos will continue to move forward as one united organization, pursuing sustainable growth and the enhancement of corporate value.

2022-2024 Fiscal Years: A Look Back at "GSI CONNECT 2024" Structural Reforms and Operational Excellence Driving Record-High Net Profit and Enhanced ROE

In the final year of the previous Mid-Term Management Plan, net Profit attributable to owners of the parent reached ¥2.3 billion, exceeding our target and setting new record highs alongside net sales. While our price-to-book ratio (PBR) remained slightly below 1 at 0.9, return on equity (ROE) reached 8.2%, meeting our target and demonstrating steady quantitative growth.

Behind this performance was not a mere pursuit of scale, but a deliberate and comprehensive portfolio review coupled with structural reforms. In our Textile Materials Division, we made the difficult but strategic decision to withdraw from the apparel retail business operated by Creos Apparel and SHARE, while acquiring Mitsubishi Chemical's triacetate fiber business, SOALON. In 2024, we took a further step by acquiring all shares of the newly established SOALON Co., Ltd. Exiting from Creos Apparel, a long-standing business, was a tough decision, but it represented a critical turning point, allowing us to reinforce our foundation and shift our focus to future growth domains.

From a regional perspective, Europe and the United States continued to generate stable profits, while mainland China (excluding Hong Kong) faced slower recovery. To address this, we consolidated several affiliates, placed three Japanese business leaders in Shanghai to accelerate decision-making, enhance local engagement, and improve results. In parallel, we established new subsidiaries in Vietnam and India, two promising growth markets, thereby advancing our strategy to concentrate resources in high-potential regions.

Even before I assumed the presidency in 2017, I often kept notes on "what I would do if I were at the top?" The previous plan allowed many of those ideas to take shape, building stronger earnings power and a sounder financial base, which has given me renewed confidence for the future.

To further evolve our business platform, raise ROE, and accelerate growth, we must remain committed to strategic investment and portfolio optimization. At the same time, upgrading our human resource evaluation systems and developing global and digital (DX) talent are urgent priorities to ensure sustainable value creation over the long term.



CEO Message

FY2025-FY2027 "GSI CONNECT Phase 2"

Key Initiatives

Fueling the Next Leap and Value Creation with "Evolution x Growth"

Our new Mid-Term Management Plan aims to firmly onboard the renewed portfolio built in the prior plan while, unbound by precedent, driving relentless challenge to raise corporate value through "Evolution x Growth." We will execute three priorities:

Priority Measures 1: Implement Capital Cost Management

In Phase 2, we will continue to position Textile Material Division as our core business and the Industrial Products Division as our growth driver. By integrating the unique strengths of both businesses, we aim to unlock greater synergies and accelerate our next stage of growth. While Textile Materials Business are sometimes regarded as a mature industry, I believe that a business's true value depends on creativity and the way it is developed. Centered on our one-of-a-kind SOALON brand, we will strengthen the Textile Materials Business as a stable and enduring source of earnings.

At the same time, the Industrial Products Business, distinguished by its high profitability and asset efficiency, will remain a priority area for strategic investment. Focusing on the semiconductor and chemical sectors, we will actively pursue M&A opportunities and facility development both in

Japan and overseas. Through the acquisition of technologically advanced small and mid-sized enterprises and companies with established global networks, we will further expand OEM production and our own brand business. Working closely with Planning and Development Office for Industrial Products, which leads strategic planning within the Industrial Products Division, we will continue to refine our portfolio based on capital efficiency and growth potential. In doing so, we will give concrete form to one of our key management priorities, the pursuit of capital-efficient management and disciplined use of capital costs.

Priority Measures 2: Strengthen the Group's Foundations and Promote Collaboration

We currently operate 9 domestic and 25 overseas locations. Although mid-sized, we have developed global management capabilities on par with the major trading houses. Looking ahead - including potential entry into Taiwan and Africa - we will further expand our domestic and overseas network, enhance each location's functions, and deepen collaboration across the Group.

As a concrete example, the acquisition of SOALON Corporation did more than increase earnings; it also strengthened our Group platform by securing talent with advanced plant operations know-how and technical capabilities. We will continue to pursue synergies through collaboration with a view to building the next-generation business base.



In our Hobby business, while Japan's plastic model market is trending downward due to demographic change, we are making overseas expansion—leveraging our global network—a pillar of our growth strategy. Mr.HOBBY paints include official colors matched to the "GUNPLA" plastic models of BANDAI SPIRITS Co., Ltd., and are highly regarded in overseas markets. Now sold in more than 50 countries, overseas sales have grown to roughly three times the level when I took office. We have also formed a partnership with a leading U.S. distributor to further expand our sales channels.

Priority Measures 3: Promote ESG Management

In Phase 2, we will accelerate ESG. On the environment, we target carbon neutrality by 2050 and are measuring Scope 3 emissions and actions to reduce them. Through strategic investment in the "Environment," "Life & Health," and "Energy" domains, our group's focus, we will help address climate change and realize a circular economy.

On society, we prioritize human capital management. Our educational system "Creos Academy," launched in the prior plan, enables continuous, role- and grade-based learning, providing steady growth opportunities even during COVID. In Phase 2, we will deepen these efforts, refresh HR systems to develop global talent, and drive productivity through DX, supporting employees' challenge and growth while raising corporate value.

In governance, we will further separate oversight and execution, ensuring transparency and fairness and enabling faster decisions. We are considering incorporating ESG metrics into officer evaluations and will strengthen third-party board effectiveness reviews to enhance disclosure and trust with stakeholders.

Empowering People, Enhancing Corporate Value

Our competitive advantage lies in the global network and diversified business foundation we have built over many years, and above all, in the people who sustain and drive them. This human capital is the true source of our value creation and the driving force that propels our growth strategy forward.

Over the course of my career, I have spent a total of 19 years in the United States, including serving as President of our New York subsidiary, where I was responsible for local management. Through these experiences, I came to realize a simple but profound truth: when you trust people and give them responsibility, they will rise to the challenge. One vivid example is our Brazilian subsidiary, where we appointed a local woman who originally joined as an assistant to serve as president. Competing in a market alongside major trading companies, she has not only maintained profitable operations but also successfully launched our medical business, achieving remarkable results. I am convinced that a culture of trust and empowerment brings out the best in individuals and



transforms their capabilities into the collective strength of the entire organization.

To convert this human strength into sustained corporate value, not one-off wins, each employee must think and act like "a member of management." That requires systems that back personal challenge and environments where people can perform. Based on this, we actively recruit and promote diverse talent globally. Overseas sites increasingly see young employees leading projects, steadily developing the next generation. We also emphasize "employees participating in management as shareholders," and have expanded our Employee Stock Ownership Plan (ESOP). Through repeated briefings and my direct outreach, ESOP participation rose dramatically from about 14.7% at my inauguration to 66.4% today. This is more than a system change; it shows a growing mindset that "enhancing corporate value advances my own interests." I believe management that unites employees and shareholders to co-create value is the sustainable model for our era. Even amid uncertainty, we will pursue the new Mid-Term Management Plan goals - ROE above 10% and PBR above 1 - working as one toward our 2031 long-term vision and steady increases in corporate value.

To Our Stakeholders

Having achieved steady growth over the past three years and overcome a 16-year period without dividends, we have now raised dividends for nine consecutive years and are on track for a tenth. Looking to our 2031 centennial - and beyond - we will, as a "business-creating trading company," address societal issues and raise corporate value with speed. We ask for your continued support and look forward to GSI Creos's next leap forward in creation and innovation.

Head of Corporate Division Message

By strengthening our growth strategy and financial foundation, we are laying the groundwork for our 100th anniversary - and for sustainable growth beyond it.

Director & Managing Executive Officer,
Executive General Manager, Corporate Division
Kunihiro Ono

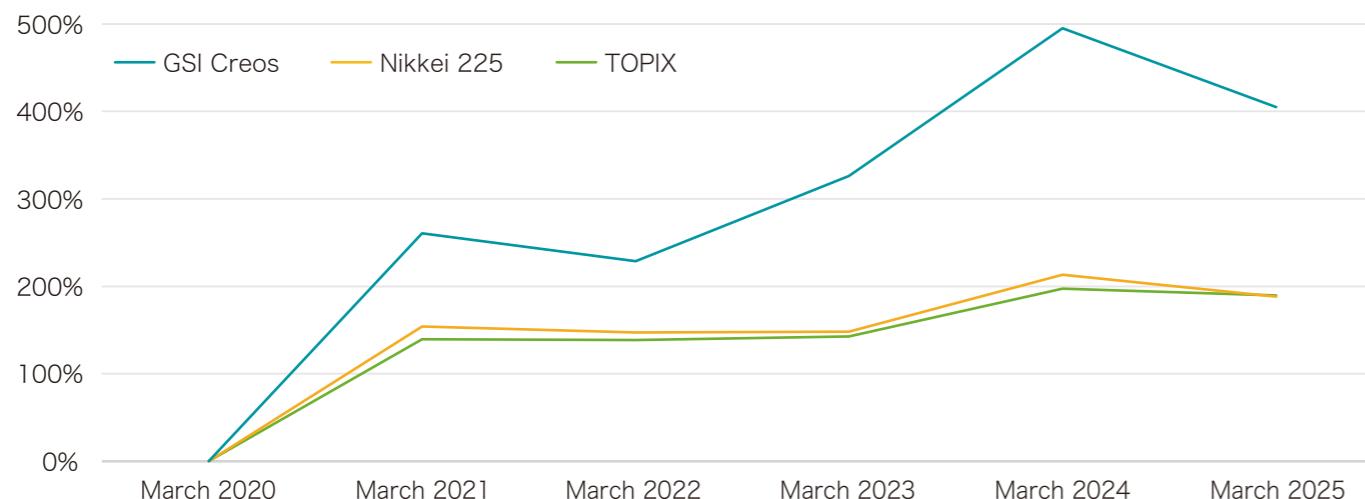
Results of the Previous Mid-Term Management Plan

When the previous Mid-Term Management Plan began in FY2022, our free-float market capitalization stood slightly below the Tokyo Stock Exchange Prime Market's continued listing standard (¥10 billion). We therefore made surpassing that threshold one of our key goals and focused on enhancing corporate value. While shifts in the business environment required some plan adjustments, for FY2025 we achieved net sales of ¥165.5 billion and net profit of ¥2.3 billion - both record highs - and improved ROE to 8.2%, firmly meeting our financial targets. As a result, our share price has quadrupled over the past five years - an exceptional gain compared with the roughly twofold rise of the Nikkei Average and TOPIX over the same period. TSR (total shareholder return, including dividends) also significantly outperformed the market, and our market capitalization is now approaching ¥30 billion. We believe these results clearly demonstrate that our initiatives to strengthen earning power and capital efficiency have produced tangible outcomes.

Underlying this growth has been our commitment to maintaining financial soundness while securing capacity for future investment. In FY2025, we generated approximately



Stock Price Performance (Since End of March 2020)



¥1.8 billion in free cash flow and maintained an equity ratio of 37.6%, ensuring a stable financial foundation. During the plan period, we established a financial base that enables us to pursue growth investments for sustainable value creation, funded primarily through internal resources.

We pursued both "stronger earning power" and "expansion of socially meaningful businesses," making a range of investments: acquiring the triacetate fiber business, investing in polymers for organic photovoltaic (OPV) applications, taking stakes in chemical companies at home and abroad, and opening a dialysis clinic in Brazil, strategically stepping into domains that can both solve social issues and be profitable.

We also reinforced our footprint strategy to enhance global reach; opening a sales office in Los Angeles, an R&D base in southern France, new subsidiaries in India and Vietnam, and new domestic sales offices in Tohoku and Kumamoto, expanding to 9 sites in Japan and 25 overseas. This network will be a future source of competitiveness and a base for sustained growth.

Building on these results and foundations, we launched a new Mid-Term Management Plan in FY2025. By further entrenching capital-cost-aware management, we will lift earning power and capital efficiency, and progress toward our next goal: market capitalization above ¥50 billion by our 2031 centennial.

Growth Strategy Toward Our 100th Year

Our new Mid-Term Management Plan, starting FY2025, sets FY2027, our 100th year since founding - as a milestone, targeting net sales of ¥177 billion, operating Profit of ¥4 billion and net Profit of ¥3 billion. This stage aims for further growth and higher corporate value built on the financial base and business strengths established in the prior plan.

The core of this plan is the thorough practice of capital-cost-conscious management. While optimizing our business portfolio, we plan to invest approximately ¥5 billion in strategic growth businesses and allocate over ¥1 billion to strengthening foundational capabilities such as human resource development and DX. For each growth investment, we will carefully evaluate ROI and risk scenarios based on clear growth strategies, and ensure disciplined follow-up through post-investment monitoring to realize tangible results. Financially, we are targeting ROE above 10%. Rather than raising the figure temporarily by compressing capital, we aim to improve it through the steady accumulation of sustainable profits.

On the business side, we will reinforce synergies between our two pillars: Textile Materials, which provides a stable earnings base with an integrated system from raw yarn procurement and fiber processing to fabric and product development/production-and Industrial Products, our growth driver. Textiles will support company-wide management as a stable base and serve as a source of value creation through collaboration with other businesses. Industrial Products will expand share in growth areas such as high-performance materials and environmental solutions by strengthening global competitiveness. Combining the strengths of both, we will deepen existing businesses and build new business models.



Importantly, our focus is on enhancing the intrinsic value of existing businesses while developing them into new sources of revenue. We will avoid excessive diversification, streamline unprofitable operations, and concentrate investment in growth areas to build a business structure that drives sustainable value creation. ROIC will serve as a core KPI, with targets managed by each business unit and group company. Through greater working capital efficiency and improved cash flow, we will strengthen both profitability and capital efficiency - key pillars of our financial strategy.

With nearly 70% of sales overseas, expanding footprints and strengthening inter-site collaboration are critical. Under the new plan, we are considering a new base in Taiwan and exploring entry into growth regions such as Africa. We will fully leverage our domestic and international site assets and functions, expanding "points" into "planes" to generate group-wide value.

This new Mid-Term Management Plan will cement our business base while pursuing further "evolution" and "growth." From a finance perspective, we will optimize risk-return, steadily executing strategies that support sustained increases in corporate value.

Creating Sustainable Value Together

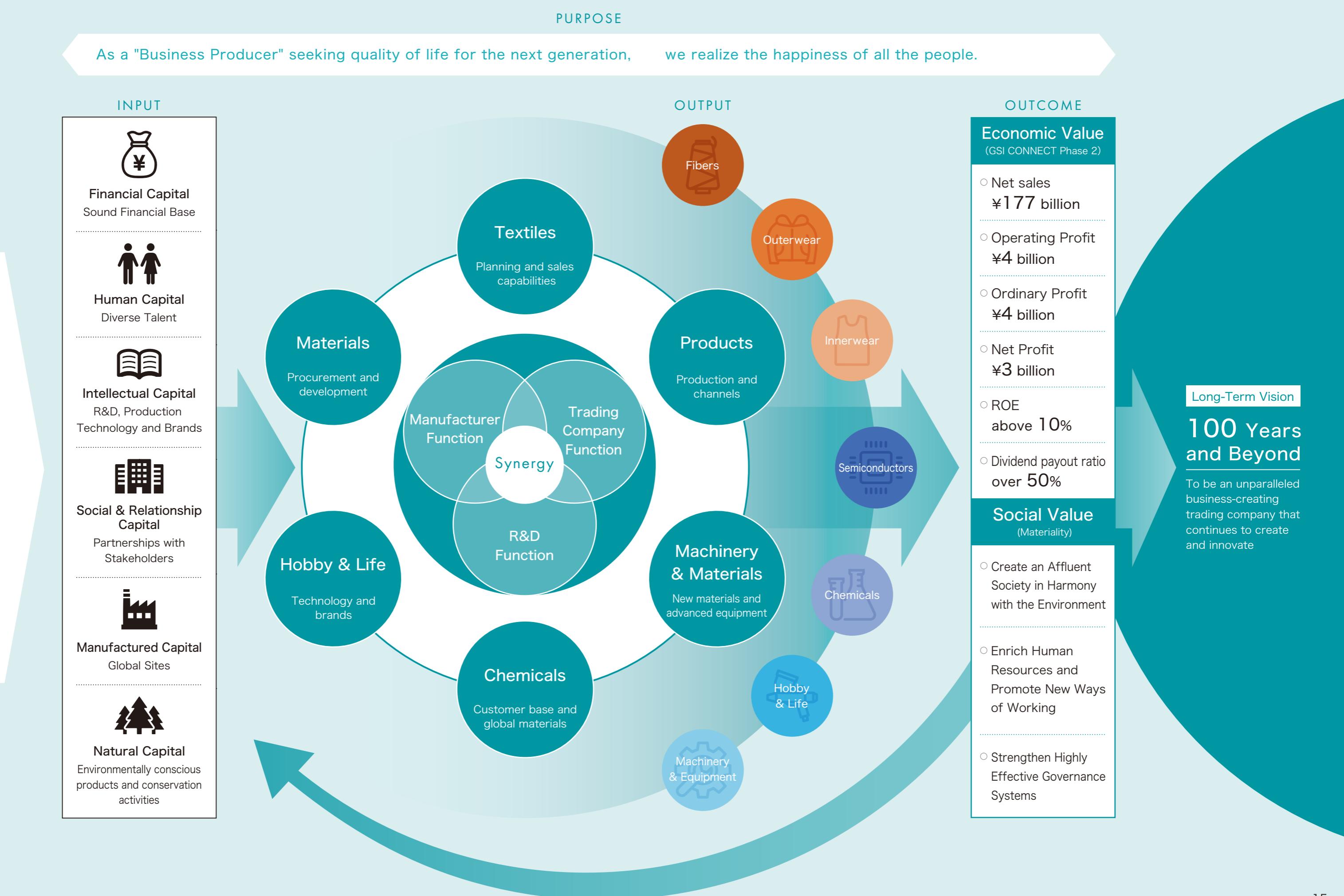
Toward our 2031 centennial, we will anchor our financial strategy in capital-cost-aware management and pursue sustained value creation. We will balance steady growth investment with shareholder returns, aiming to maintain PBR at or above 1, and adopt a progressive dividend policy with payout ratio of over 50% and a per-share floor of ¥100. We will also flexibly conduct share buybacks and continue shareholder perks, deploying agile capital policies.

Through constructive dialogue with stakeholders, we will deepen understanding and trust, communicating our strengths and outlook to investors in Japan and overseas to be a company trusted and supported over the long term.

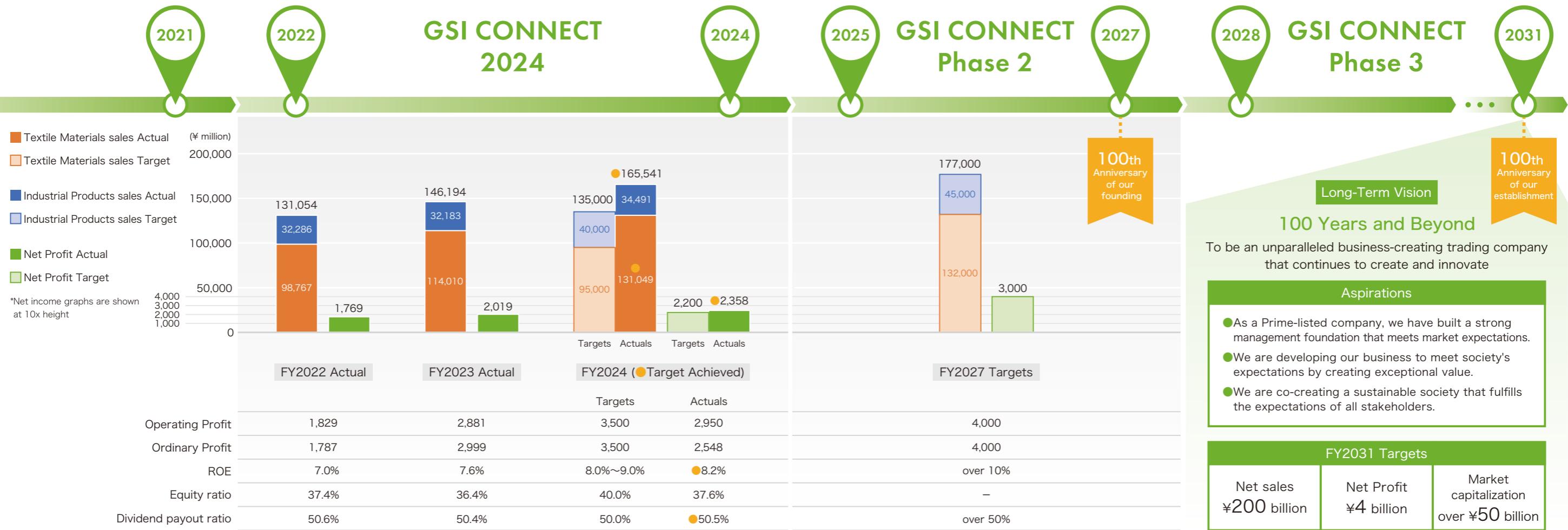
We sincerely ask for your continued support.

Value Creation Process

External Environment & Societal Issues



Mid-Term Management Plan



About the Previous Mid-Term Management Plan

The previous Mid-Term Management Plan, "GSI CONNECT 2024," launched in FY2022, set forth the goals of reaching new record-high net profit and boosting confidence within capital markets. The plan positioned the Textile Materials Business as a core business and the Industrial Products Business as a growth driver, while pursuing three key initiatives to promote ESG management: proactively investing management resources in sustainable business fields, enriching Human Resources and promote New Ways of Working, and strengthen Highly Effective Governance Systems. Through these initiatives, the Company aimed to expand its business and enhance corporate value. Quantitative targets for the final year, FY2024, were set at net sales of ¥135 billion, operating profit of ¥3.5 billion, and profit attributable to owners of parent of ¥2.2 billion. In terms of shareholder returns, the Company adopted a basic policy of maintaining a dividend payout ratio of 50% and providing stable, continuous profit distribution, while also working to enhance its shareholder return measures.

Results and Remaining Challenges of previous Mid-Term Management Plan

In the final year, net sales reached ¥165.5 billion and net Profit attributable to owners ¥2.3 billion - both record highs, exceeding the profit target as well as sales. Operating Profit was ¥2.9 billion (below the ¥3.5 billion target) due to higher logistics and procurement costs and costs related to acquiring the triacetate fiber business. ROE was 8.2%, meeting the target level. Under our vision to "Contributing to building sustainable societies by offering new value in niche fields," we executed plan measures steadily - deepening existing businesses, expanding sites domestically and overseas, and building high value-added businesses through stronger group collaboration. We recognize continued priorities: ongoing investment in growth areas, upgrading HR systems, and further enhancing board effectiveness and IR that communicates corporate value appropriately.

● Record high-net profit	● Maintained stable prime market listing following market restructuring
● ROE8%超	● Active investment in sustainability domains and a stronger growth base
● Established HR systems and human resource development; developed DX talent	● Continuation of business investment for growth and portfolio optimization
● Improved work environment through relocation of head office and enhancement of facilities and equipment at branch offices	● Improvements to the personnel system (evaluation system, transfer rules, global human resources and DX human resource development systems)
● Enhanced disclosure via shareholder/investor briefings	● Further strengthen board functions; enrich IR activities to convey value effectively
● More press releases and broader PR including group companies	

● Continuation of business investment for growth and portfolio optimization
● Improvements to the personnel system (evaluation system, transfer rules, global human resources and DX human resource development systems)
● Further strengthen board functions; enrich IR activities to convey value effectively

Mid-Term Management Plan "GSI CONNECT Phase 2"

Basic Policy

Based on the foundation established under "GSI CONNECT 2024," we will increase our corporate value through "Evolution x Growth" by continuously taking on challenges without being constrained by existing frameworks.

"GSI CONNECT Phase 2" (2025-2027) represents the second phase of our long-term goals leading up to the 100th anniversary of our founding in 2031. The final year of the plan, FY2027 (fiscal year ending March 2028), marks the 100th year since our founder, Daisaku Hayashi, established the personal business that became the origin of GSI Creos. Moving toward these two centennial milestones, we aim to evolve into an unparalleled business-creating trading company that continues to create and innovate. To achieve this vision, we will steadily implement the three priority measures set forth in this Mid-Term Management Plan - "1. Implement Capital Cost Management", "2. Strengthen the Group's Foundations and Promote Collaboration", "3. Promote ESG Management"-to further enhance corporate value and drive accelerated growth, connecting the GSI Creos Group to a new stage of evolution.

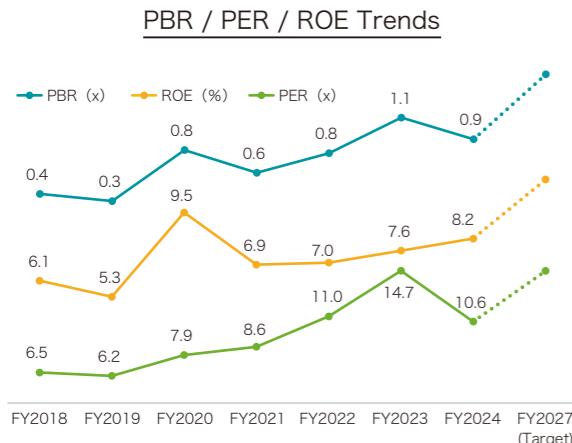


GSI CONNECT Phase 2 Priority Measures

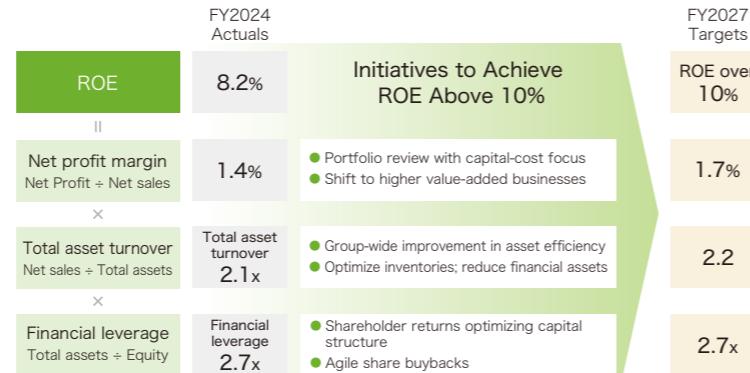
Priority Measures 1

Implement Capital Cost Management

We will target stable maintenance of ROE above 10% and PBR at or above 1 by practicing capital-cost management. By shifting to higher value-added businesses and investing aggressively - ¥5 billion or more - in growth domains, we will optimize the portfolio. We will drive B/S management focused on capital efficiency by reducing working capital, keeping interest-bearing debt and inventories at appropriate levels, and more. Through shareholder return measures that optimize capital structure, we will further raise corporate value.



Roadmap to Achieve ROE of over 10%



Business Portfolio

We will continue to position Textile Materials as the "core business" and Industrial Products as the "growth driver," accelerating development by strengthening inter-business synergies. In Textile Materials, beyond stable earnings, we will expand into higher value-added areas. In Industrial Products, we will concentrate resources in growth domains such as semiconductors, chemicals, and hobbies to scale the business.

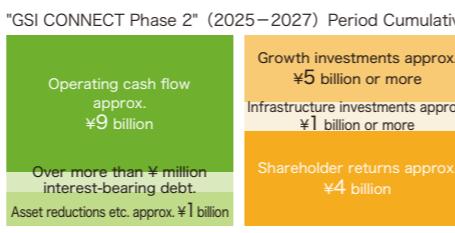
B/S Management Policy

By reviewing working capital and inventory levels, we will manage current assets more efficiently. For fixed assets, we will select and execute growth investments and reduce strategic shareholdings. On liabilities, we will maintain soundness with appropriate interest-bearing debt. On equity, we will optimize capital structure through progressive dividends and share buybacks.



Investment Strategy + Cash Allocation

Using operating cash flow and funds from asset reductions, we will invest ¥5 billion or more in growth domains/businesses (including M&A) over three years, and ¥1 billion or more in infrastructure such as talent development and DX. While further enhancing shareholder returns, we will balance growth/infrastructure investments



Shareholder Return Policy

While securing funds for growth investments, we aim for stable returns aligned with profit growth. We are introducing a progressive dividend with a per-share floor of ¥100 and maintaining a payout ratio of 50% or more. We will consider share buybacks, continue shareholder perks, and pursue higher capital efficiency and long-term shareholder value.

Priority Measures 2

Strengthen the Group's Foundations and Promote Collaboration

Leveraging our network of 9 domestic and 25 overseas sites, we will expand each site's functional portfolio and strengthen linkages among sites, while considering new sites in Taiwan and Africa to expand our global business. We will fuse textile development capabilities with industrial products' technical solutioning to deliver region-specific solutions and accelerate group-wide growth.

Textile Materials

- Reinforce sales by leveraging global channels
- Provide optimal services through inter-site collaboration
- Expand business with SOALON (triacetate fiber) at the core

Industrial Products

- Expand sales of parts for semiconductor manufacturing/plant equipment
- Strengthen inter-site collaboration and global expansion in chemicals
- Strengthen global channels for model/hobby-related products

DX Promotion

Centered on the "SMILE Project," which drives our internal digital transformation, we are strengthening our information capabilities through the use of AI and data. Over the next three years, we will establish an internal data infrastructure that enables us to anticipate latent customer needs by combining transaction data with industry insights, while enhancing sales efficiency through AI-driven business process automation. At the same time, we will promote digital literacy among all employees and develop DX leaders, thereby advancing the company's overall digital competitiveness and strengthening our corporate advantage.

Three-Year Roadmap

FY2025	FY2026	FY2027
Develop knowledge and digital infrastructure	Promote business process reforms and raise DX awareness	Launch full-scale corporate transformation through DX
Strategies		
Strengthen information warfare capabilities	Build an infrastructure for data collection, accumulation, and analysis	Anticipate latent needs by combining transaction data with industry knowledge
Achieve fusion between digital tools and physical engagement	Streamline sales activities through automation with AI systems	Propose solutions to complex, cross-industry needs
Reform DX awareness and train human resources	Create added value by offering appropriate solutions to customers via a digital and real virtuous cycle	Maximize the impact of human interaction in face-to-face communication
	Foster a data-scientific mindset	Improve overall digital literacy
	Systematically train DX promotion leaders	

Priority Measures 3

Promote ESG Management

E: Create an Affluent Society in Harmony with the Environment

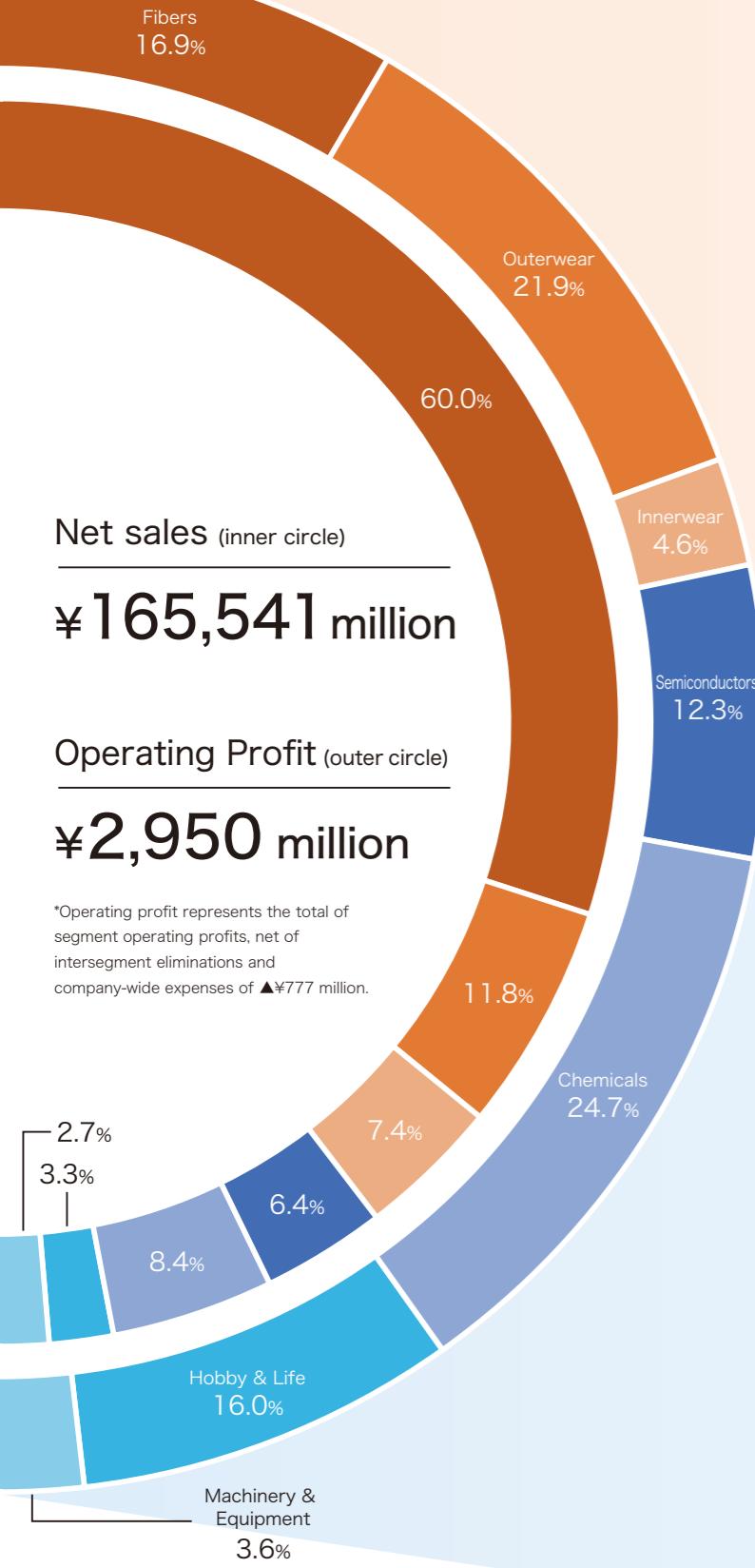
We have committed to net zero by 2050, endorsed TCFD in 2023, and begun emissions accounting for consolidated group companies. We will begin Scope 3 measurement and reduction planning. We will actively expand environmentally conscious offerings such as SOALON (triacetate fiber) and biodegradable resin (MATER-Bi), contributing to climate response and a circular economy across "Environment," "Life & Health," and "Energy," pursuing both corporate value and environmental conservation.

S: Enrich Human Resources and Promote New Ways of Working

We will foster a culture that encourages challenge and raise employee engagement and well-being to create a positive cycle of sustainable corporate and personal growth. Seeing people as our source of competitiveness, we will expand education, streamline work through DX, and systematically develop globally capable next-generation leaders and DX talent. We will also reform systems - including evaluation, pay, and transfer rules - so diverse talent can thrive.

G: Strengthening an Effective Governance System

We will further separate oversight and execution, building a strong governance structure that ensures transparency and enables fast decisions, while enhancing IR for proper disclosure. We will promote board diversity by appointing more external and female directors, strengthen board effectiveness reviews using third parties, and deepen dialogue - including 1-on-1 meetings between stakeholders and the CEO.



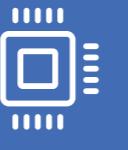
Textile Materials Division

Net sales
(¥ million)Operating profit
(¥ million)

	Fibers	99,258	631	The Fibers business focuses primarily on synthetic fibers, handling everything from the import and export of raw yarns and fiber materials to value-added processing such as false twisting and twisting. Through advanced converting technologies, we enhance material functionality and supply a wide range of products to manufacturers in Japan and overseas. In recent years, we have expanded into sustainable domains, leveraging our yarn-processing expertise to develop medical compression socks and plant-based, biodegradable materials.
	Outerwear	19,590	817	The Outerwear business leverages a global network of more than 300 partner factories to provide integrated OEM and ODM production, from luxury to casual apparel. By emphasizing open communication and rigorous quality control, we have earned the trust of Japan's leading apparel brands, while also exporting high-quality fabrics to renowned brands in Europe and the United States.
	Innerwear	12,201	169	The Innerwear business has strengths in material procurement and processing, utilizing a combination of partner and in-house sewing factories to produce high-quality, high-performance innerwear for major brands on an OEM and ODM basis. We provide end-to-end service from the development of premium fabrics to sewing and also operate niche in-house brands, including collections designed for fuller figures.

Industrial Products Division

Net sales
(¥ million)Operating profit
(¥ million)

	Semiconductors	10,640	457	The Semiconductors business sources and supplies silicon wafers, manufacturing equipment, and components globally to support the rapidly growing semiconductor industry. By centrally managing the global supply chain, we ensure stable product delivery while providing advanced technical support and swift logistics to help customers maintain their production schedules.
	Chemicals	13,909	918	The Chemicals business engages in the import, export, and processing of materials ranging from coating and adhesive raw ingredients to resins and packaging films. We supply high-performance materials that meet environmental regulations to both domestic and international markets and are actively expanding sales of sustainable products such as biodegradable plastics and high-barrier films.
	Hobby & Life	5,519	597	The Hobby & Life business markets our original tools in over 50 countries worldwide under our flagship hobby paint brand Mr.HOBBY and has also developed brands targeting female consumers, such as nail products. In cosmetics raw materials, we provide plant- and marine-derived sustainable ingredients as well as the latest market insights, supporting customers in new product development and expanding our business across diverse fields.
	Machinery & Equipment	4,420	135	The Machinery & Equipment business imports and sells a wide range of equipment, machinery, and materials, offering integrated support from design and development through maintenance. In particular, we source composite molding equipment, materials, and coatings for automotive lightweighting through our global network, collaborating with manufacturers and research institutions both in Japan and abroad to deliver optimal solutions for decarbonization.

Business Strategy

Textile Materials Division



Business Overview

Textile Materials Division is one of our core businesses, operating seamlessly across the entire value chain; from raw yarn and processing to fabrics, innerwear, and apparel products. Working with approximately 1,800 partners worldwide, we deliver high-value-added solutions centered on functional and environmentally conscious materials. For the fiscal year ending March 2025, fiber-related sales are projected to reach ¥131 billion, accounting for roughly 80% of consolidated net sales. Building on the acquisition of the triacetate fiber business "SOALON" in fiscal 2024, we are expanding our lineup of sustainable materials and striving for further evolution as a "business-creating trading company".

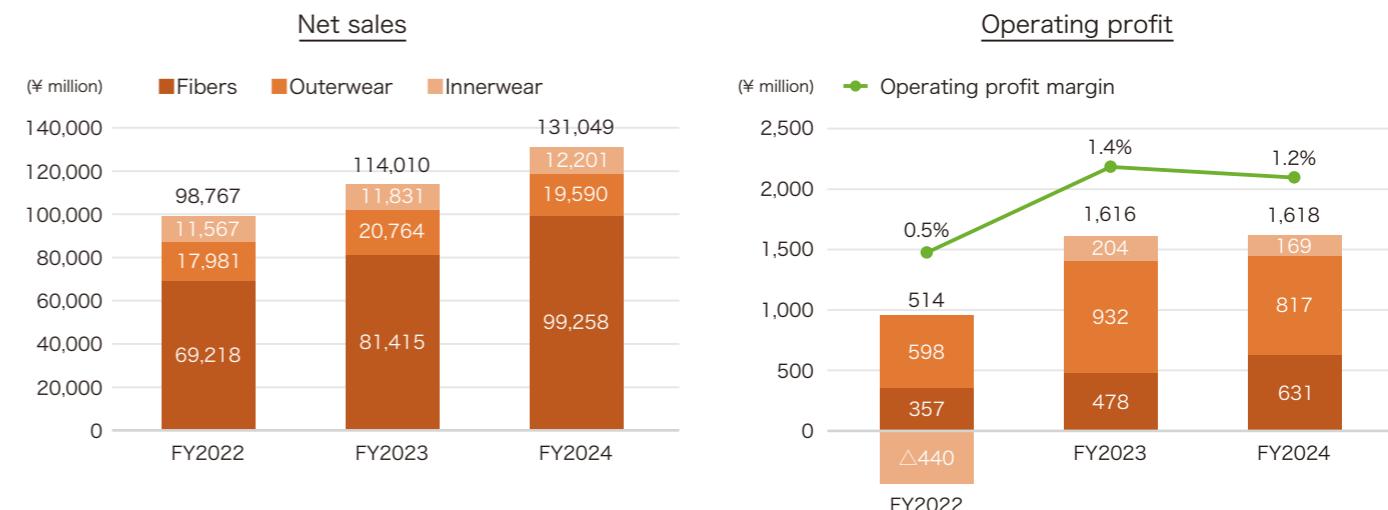
Market Environment

- Rising emphasis on sustainability**
In Europe and the United States, the use of recycled and biodegradable materials is increasingly becoming mandatory, making sustainability a requirement that must be addressed from the very first stage of material procurement. As part of broader efforts to combat climate change, more companies are working to reduce greenhouse gas emissions, and material suppliers are now expected to conduct Life Cycle Assessments (LCA) and calculate their Carbon Footprint (CFP).
- Evolving consumer behavior prioritizing functionality and comfort**
The growing diversity of lifestyles and the increasing popularity of sports and outdoor activities have expanded the market, driving year-on-year growth in demand for high-performance materials with moisture absorption and quick-drying properties, breathability, and stretchability. In addition, as comfort becomes a higher priority, greater emphasis is being placed on sensory qualities such as texture and feel, creating a need for a wider range of material proposals tailored to specific applications.
- Supply chain reconfiguration amid geopolitical risks**
The "China + 1" shift away from dependency on China is accelerating, moving procurement to ASEAN and South Asian countries. At the same time, the spread of e-commerce requires supply systems that handle short lead times and high-mix/low-volume, making traceability and diversified supply chains key to competitiveness.
- Diversifying global demand**
In the global market, the axis of consumption has expanded from the traditional focus on Europe and the U.S. to emerging economies such as China, ASEAN, and the Middle East, with significant regional differences in required functions, aesthetics, and price bands. Background factors such as religion, culture, climate, and regulations also have an impact, requiring further localization of products.

Strengths & Competitive Advantages

- An integrated system we can design "from upstream to downstream"**
By leveraging our Hokuriku-based partner processing network with top-class domestic capabilities in false twisting and twisting, and more than 300 sewing/cutting factories in Japan and overseas, we can provide an end-to-end response from raw-yarn development to product OEM/ODM. This seamless system from material development to product delivery enables short lead times and integrated quality control.
- Global supply network and responsiveness**
With 25 locations worldwide, including Hong Kong, Shanghai, New York, and Bangkok, our overseas sales ratio exceeds 70%. We can conduct multi-hub procurement and sales across Europe, the U.S., and Asia, and we can respond to geopolitical risks such as political upheavals and disasters.
- Capability to develop and supply unique, one-of-a-kind materials**
We possess numerous differentiated materials that combine environmental responsiveness and functionality, such as "SOALON," a biodegradable fiber produced mainly from pulp derived from natural trees. We supply these to high-end apparel brands in Europe and the U.S., and the unique value that only our Group can provide is highly regarded. We are also building more track records through proposal capabilities and technical collaboration tailored to material applications.
- Specialized technical capabilities and global talent**
We have accumulated material know-how over more than 90 years and have strong development capabilities through collaboration with universities, manufacturers, and local governments. Our global talent, well-versed in local conditions, can accurately respond to and propose solutions for needs in each region.

Performance Over the Past Three Years



Review of the Previous Fiscal Year

In the fiscal year ended March 2025, net sales increased 14.9% year on year to ¥131 billion, and operating profit rose 0.1% to ¥1.6 billion. In the Fiber segment, transactions in functional yarns and fabrics for innerwear- our mainstay - grew, supported by rising end-product demand. In the Outerwear segment, although a subsidiary slated for business exit underperformed and we recorded costs related to the acquisition of the triacetate business, exports of fabrics to Europe and the U.S. remained steady. In the Innerwear segment, despite higher demand for functional materials, cost increases due to soaring raw material prices weighed on results. As an industry-wide trend, labor shortages and aging factory workforces are progressing; building foundations for labor-saving such as developing successors and introducing DX remains a challenge from the next fiscal year onward.

Growth Strategy Going Forward

Under the Mid-Term Management Plan "GSI CONNECT Phase 2," the Textile Materials Division is positioned as a core business, with targets of ¥132 billion in net sales and ¥2.5 billion in operating income by fiscal 2027. Key strategic initiatives include: (1) expanding differentiated materials such as SOALON, bio-based polyester, and high-strength polyethylene Verplants®, to drive growth in environmentally conscious and functional products; (2) enhancing value creation in midstream and downstream processes through high-value-added textile proposals developed jointly by our fabric development lab and design teams in Europe and the United States; and (3) deepening brand-collaborative OEM/ODM models by offering short-lead, small-lot, multi-product production and e-commerce-linked business models. Over the next three years, we will also strengthen our supply chain resilience by developing new partner factories across ASEAN and South Asia and accelerate joint research and development with universities

Strengthening the Global Supply Chain

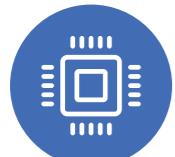
To address diversifying customer needs and supply risks, we leverage locations spanning Asia, Europe, and the Americas to provide optimal services tailored to customers. Beginning with domestic and overseas production sites and partner factories that ensure quality and short lead times, we are correcting over-concentration by expanding not only in cost-effective, mass-production-capable China but also into ASEAN, advancing reorganization of our global supply chain. By combining our trading-and-manufacturing hybrid functions capable of end-to-end response from upstream to downstream with high value-added product proposal capabilities cultivated in the sensitive European/U.S. markets, we enhance locally adaptive planning capabilities and meet regional differentiation. In the mid- to long-term, together with partners around the world, we will form a sustainable procurement network and promote optimization of the supply chain with both regulatory compliance and competitive advantage.

SOALON

The triacetate fiber "SOALON," acquired from Mitsubishi Chemical Corporation, is positioned as a symbol of differentiation within the Textile Materials Division and serves as a central pillar of our growth strategy. Derived from plant-based materials, SOALON combines the luster of silk with comfortable temperature and humidity control properties, making it a unique material that unites environmental responsibility with advanced functionality. Going forward, our strategy focuses on three key areas: (1) expanding applications to sports, outdoor, innerwear, and formal segments; (2) broadening sales channels by strengthening proposals in Europe, the United States, and the Middle East; and (3) improving production efficiency through closer collaboration with processing bases in the

Business Strategy

Industrial Products Division



Semiconductors



Chemicals



Hobby & Life



Machinery & Equipment

Business Overview

As GSI Creos's growth driver, the Industrial Products Business provides a wide range of products globally: general and advanced industrial machinery/equipment; semiconductor-related parts and equipment; chemical products such as paint raw materials and functional resins/films; daily goods and cosmetic raw materials; and hobby-related products centered on our own brand "Mr.HOB-BY." By combining trading company functions with manufacturing functions and leveraging domestic and overseas networks, we are creating high value-added businesses. While accounting for about 20% of company-wide net sales, this business serves as a "growth driver" that leads the expansion of operating profit. As a "business-creating trading company" that solves social issues in the fields of "Environment," "Life & Health," and "Energy," we are also accelerating sustainable value creation toward achieving our long-term vision for our the 100th anniversary of our founding.

Market Environment

1. Expanding semiconductor demand
Driven by the growth of generative AI, EVs, and renewable energy, the semiconductor market continues to grow steadily. There is a strong need for stable procurement of manufacturing equipment and parts for state-of-the-art fabs, requiring global supply chains and technical responsiveness.

2. Rise of environmentally friendly chemicals
Amid rising sustainability needs, PFAS regulations* and decarbonization are spurring a shift to substitutes for regulated substances and to biomass-based raw materials, accelerating adoption of environmentally friendly chemicals. Especially in Europe, requirements for traceability and Life Cycle Assessment (LCA) are increasing.

3. Growth of the hobby market
Triggered by stay-at-home demand during the COVID-19 pandemic, the number of plastic model hobbyists has increased in Japan and abroad, and the market structure is changing with the diversification of individual hobbies and preferences.

4. Expansion of emerging markets
In ASEAN countries and India, the rise of the middle class is driving rapid growth in demand for high-performance materials and lifestyle products that offer comfort, safety, and environmental performance.

*PFAS regulations: regulations on PFAS (per- and polyfluoroalkyl substances).

Strengths and Competitive Advantages

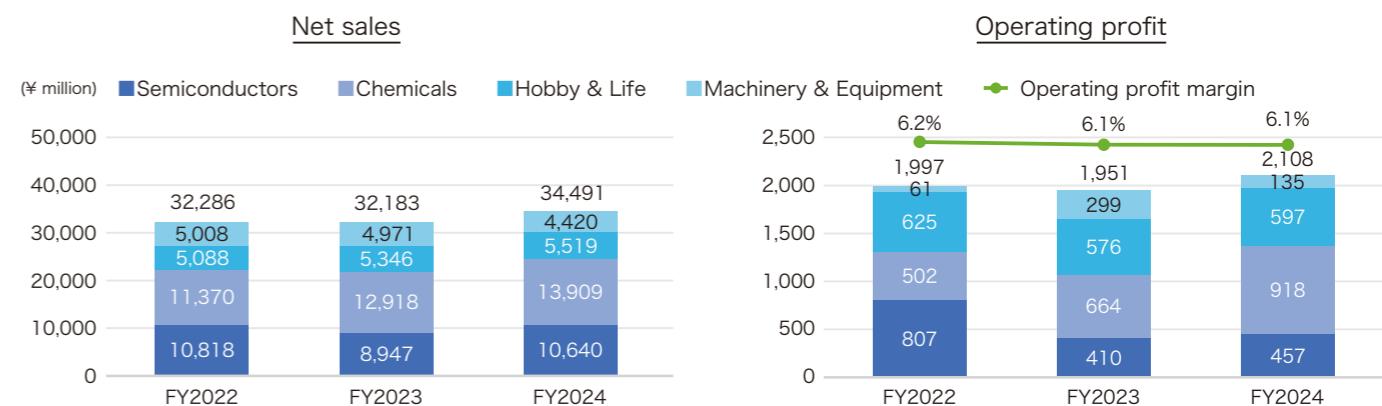
1. A "business-creating" Model Integrating Trading Company and Manufacturer Functions
In addition to procurement and sales capabilities as a trading company, we possess inspection and R&D bases and develop our own brands-bringing a manufacturer's perspective. This unique business-creating model enables high value-added proposals tailored to customer needs.

2. Group locations around the world
We have 25 locations across Europe/the Americas, China, and ASEAN, building a global network. We can operate in accordance with each country/region's commercial practices and regulations and collaborate with local partners, contributing to global procurement and supply stabilization.

3. Advanced sustainability product lineup
We are advancing development of environmentally friendly water-based paints and IP-collaboration products, offering a lineup that combines entertainment value and safety and is driving the market.

4. Small, elite teams with high expertise
Professionals specialized in each field, such as paint raw materials and semiconductor parts, can tackle advanced challenges including formulation development, equipment evaluation, and brand strategy. Through information sharing at each site and our Group's global human network, we produce high value with compact teams.

Performance Over the Past Three Years



Review of the Previous Fiscal Year

In the fiscal year ended March 2025, net sales increased 7.2% year on year to ¥34.4 billion, and operating profit rose 8% to ¥2.1 billion. In the Semiconductors segment, although market adjustment continued, parts and China-made wafers remained firm. In the Chemicals segment, growth in overseas paint raw materials coupled with margin improvement boosted results. In the Hobby & Life segment, demand for water-based paints remained steady at home and abroad, and transactions in cosmetic raw materials contributed. Meanwhile, in the Machinery & Equipment segment, while transactions in scientific instruments remained steady at roughly the prior-year level, there were no orders for large machinery, resulting in a struggle. As future challenges, we will drive investment in growth fields and further improve our earnings structure so that this business can lead the Group as a "growth driver."

Growth Strategy Going Forward

Under the Mid-Term Management Plan "GSI CONNECT Phase 2," we position the Industrial Products Business as a "growth driver" and will build a system that balances global business expansion with solving social issues. Our focus policies are "advancing site functions," "creating high value-added products," and "contributing to the environment, life & health, and energy fields." We will leverage our overseas networks centered on Europe/the Americas and Asia, and utilize the newly established R&D base in France to strengthen the Chemicals segment. While deepening expertise in each business, we will expand a group-wide collaboration system aimed at overall optimization. As a "business-creating trading company" that combines global procurement power with processing/planning functions, we will promote product development that views regulatory compliance and sustainability demand as opportunities.

Semiconductors

We position semiconductors as a priority area within the Industrial Products Business and will expand globally and strengthen supply systems to meet further growth in semiconductor demand driven by technological innovation. In addition to our three-hub system in Japan, the U.S., and China, we will newly expand into Taiwan, Europe, and South Korea, broadening our sales scope for parts and materials for manufacturing and facility equipment to cover the world's key markets. We will also aim to enter cutting-edge fabs of semiconductor manufacturers by leveraging these new bases.

Chemicals

We position our chemicals-related business as the core of our environmentally friendly business and will work to expand products globally and strengthen our solution-providing capabilities. In the paint/ink/adhesive fields, we will deploy high-performance and sustainable raw materials. We view the expansion in demand for PFAS-compliant products and for biodegradable resin "Mater-Bi" as an opportunity and aim for growth. By utilizing our newly established in-house R&D base in France, we will strengthen formulation development and application proposals tailored to customer issues, thereby not only improving profitability but also enhancing our ability to propose sustainable industrial materials.

Hobby & Life

As a lifestyle-proposal business that brings fun and color to daily life, we will accelerate growth through our own brands and global expansion. As a fabless manufacturer, we plan, produce, and sell products such as the model paint brand "Mr.HOB-BY," the "fav's room TOKYO" brand themed on fan activities, and the nail product brand "CONCELECT," expanding to over 50 countries worldwide. Going forward, in addition to strengthening development of environmentally friendly water-based paints and IP collaboration products, we will advance partnerships with partner brands and enhance fan engagement through EC channels and social media.

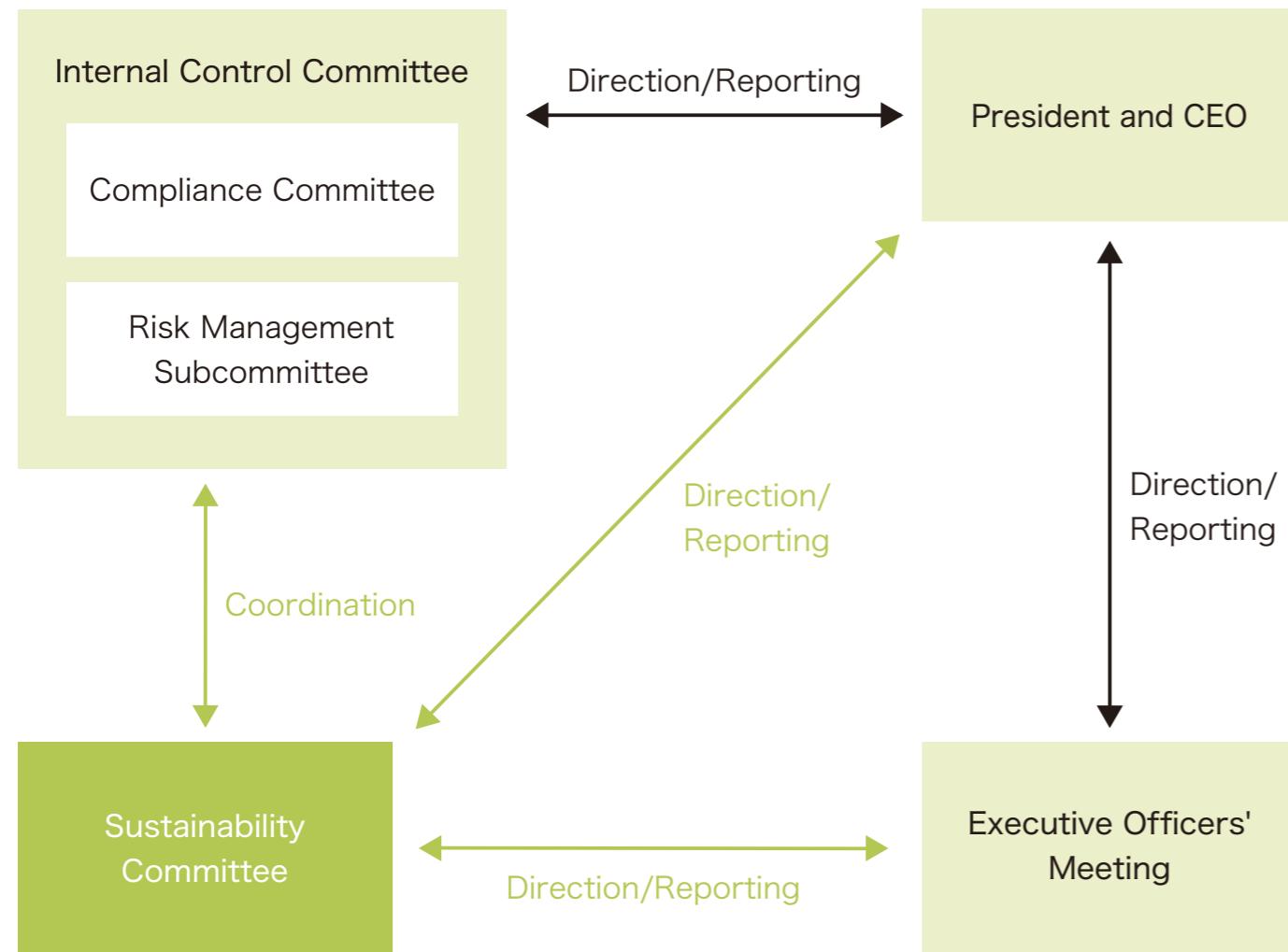
Sustainability

Basic Sustainability Policy

Guided by our corporate purpose - "As a "Business Producer" seeking quality of life for the next generation, we realize the happiness of all the people." - the GSI Creos Group upholds its management philosophy of working together with employees, shareholders, Business Associates, markets, the global environment, and our organization. Through our business activities, we are committed to environmental conservation, respect for human rights, promotion of diversity, and fair business practices. This philosophy is deeply aligned with the global goal of building a sustainable society, and we view it not only as our corporate responsibility but also as a long-term opportunity for growth. Through our ongoing business activities, the GSI Creos Group will continue to contribute to social development while pursuing sustained growth in corporate value and the realization of a sustainable future.

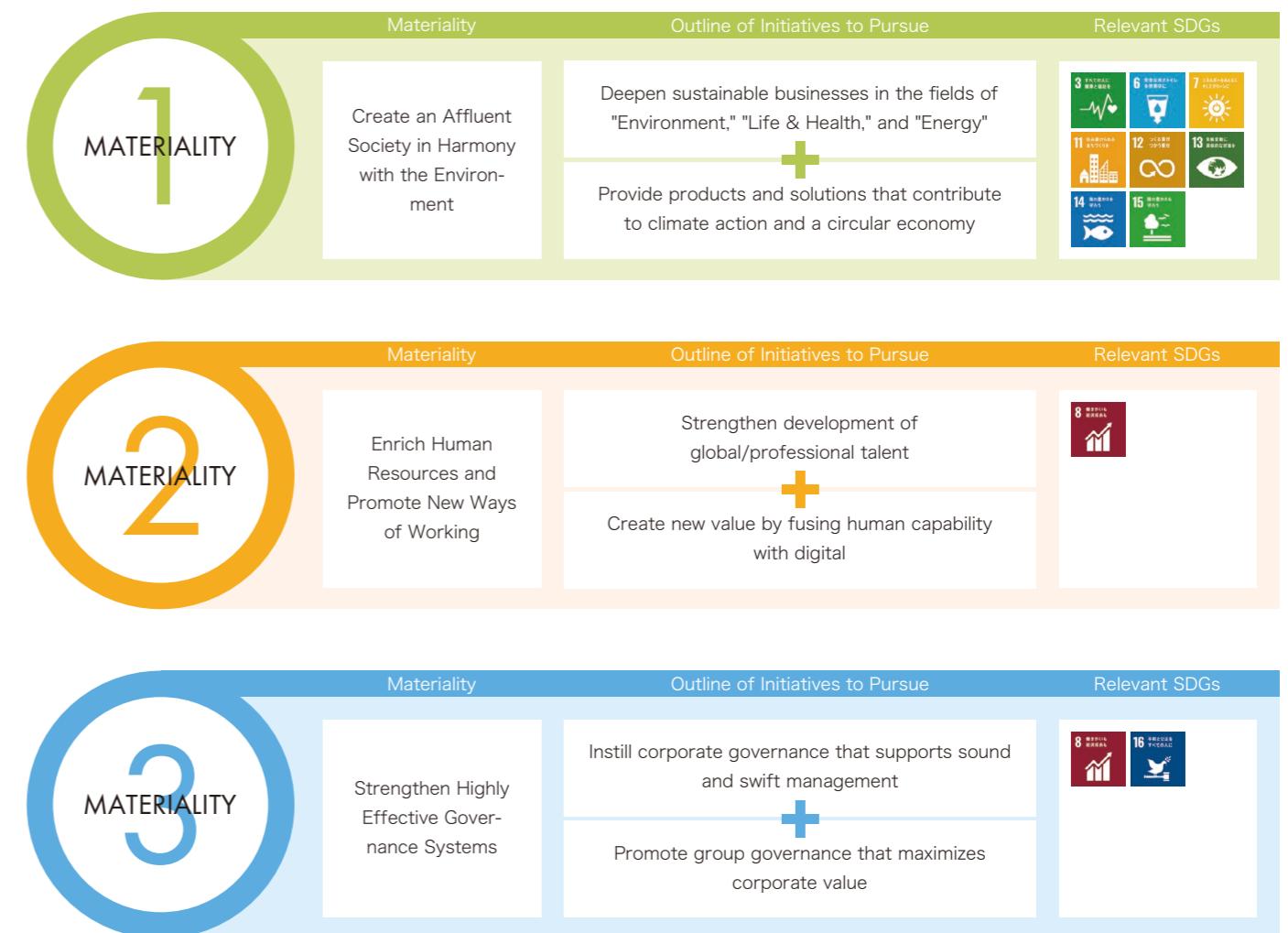
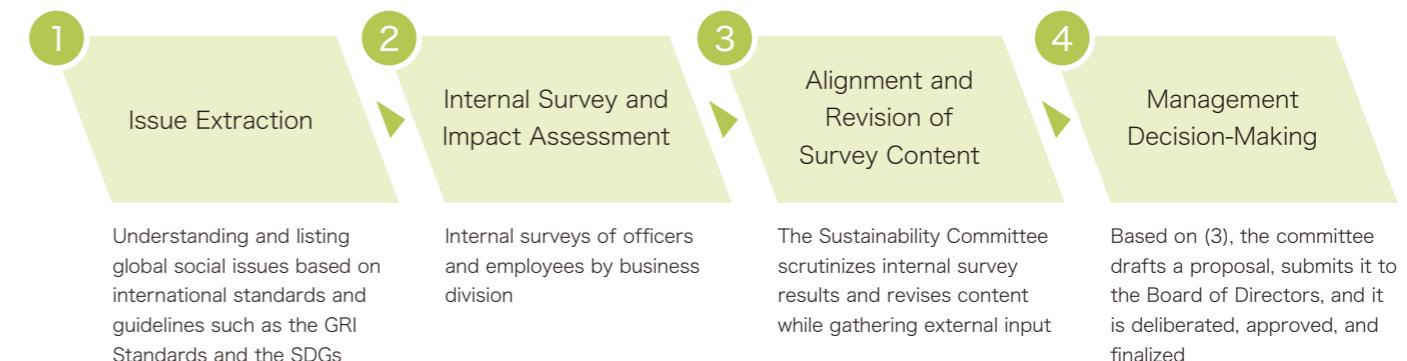
Promotion Framework

We have established a Sustainability Committee to promote the basic policies and initiatives related to sustainability. The committee is chaired by the President and CEO, and is composed of the heads of the business and administrative divisions, the General Manager of Corporate Planning, the General Manager of Human Resources & General Affairs, the General Manager of Finance & Accounting, and the General Manager of the Business Strategy Office. Matters decided by the committee are reported directly to the Board of Directors by the head of the Corporate Division.



Materiality Identification Process

In fiscal 2023, our material issues were identified through four meetings of the Sustainability Committee. Based on the three priority measures set forth in the Mid-Term Management Plan "GSI CONNECT 2024" - namely, "Proactive investment in sustainable business fields" "Enrich Human Resources and Promote New Ways of Working" and "Strengthen Highly Effective Governance Systems" - the committee examined issues relevant to the GSI Creos Group. These issues were analyzed from two perspectives: "solving social issues through our business activities" and "strengthening the management foundation to address social challenges," leading to the identification of our materiality priorities.



Stakeholder Engagement

Guided by our management philosophy, "Together with our employees, shareholders, business associates, markets, the global environment, and our organization", GSI Creos values open and sincere dialogue with all stakeholders. We listen carefully to the voices we receive through these exchanges and reflect them in our management and business activities, building trust and creating sustainable value together.



Stakeholder Relationships	Main Dialogue Channels
<p>Employees & Corporate Organization</p> <p>For the GSI Creos Group, human capital is the true source of corporate value, and the organization serves as a platform where individual sensibilities and wisdom come together to elevate one another to their fullest potential.</p> <p>Recognizing "Enrich Human Resources and Promote New Ways of Working" as a key initiative, we are strengthening our training programs, systematically developing globally minded and professional next-generation leaders, and improving operational efficiency through the use of IT. Through these efforts, we aim to create an environment where every employee across the Group can work comfortably and thrive as a professional.</p>	<ul style="list-style-type: none"> Internal portal site, company newsletter, integrated report Employee engagement survey (Happiness Survey) Creos Academy (Tiered training and e-learning courses) Business environment briefing sessions (twice yearly) Whistleblower system Labor union activities, labor-management council President's Award recognition program Employee stock ownership plan New business development promotion program
<p>Shareholders & Investors</p> <p>For the GSI Creos Group, shareholders are the cornerstone of our enduring growth and development.</p> <p>We strive to gain understanding and support for our Group's business and management policies through timely and appropriate information disclosure, meetings with institutional investors and analysts, earnings briefings, and company presentations for shareholders and investors. Furthermore, we work to enhance corporate value by reflecting the opinions and requests gathered through "dialogue" with shareholders and investors into our management.</p>	<ul style="list-style-type: none"> Shareholders' Meetings, Shareholder Communications IR Activities (Earnings Briefings, Company Presentations for Individual Investors, Various Meetings) Securities Reports Integrated Reports CDP Responses Official Website
<p>Business Associates & Markets</p> <p>For the GSI Creos Group, business partners are co-growth partners, and markets are consumers who share our values.</p> <p>We conduct fair and equitable transactions in full compliance with laws and regulations, and we respond appropriately to social expectations by understanding the needs and expectations of our partners and consumers, striving to solve issues, and working to provide safe and reliable products and services.</p>	<ul style="list-style-type: none"> Integrated Report Official Website Response to Various Surveys (CSR and ESG-related) Representative Contact Point Daily Business Operations
<p>Global Environment & Local Communities</p> <p>For the GSI Creos Group, protecting the global environment is a matter of integrity toward the place we live.</p> <p>As part of our business activities, we engage in environmental conservation and practice management that participates in environmental protection activities together with more people and organizations. We also strive in various business and social contribution activities that contribute to the sustainable growth and development of societies and economies in countries and regions around the world.</p>	<ul style="list-style-type: none"> Integrated Report Promotion of environmental conservation activities (environment-related businesses, waste reduction and recycling, etc.) Promotion of social contribution activities (support activities during disasters, etc.) Promotion of industry-academia collaboration General inquiry desk

Environmental Initiatives

Since November 2010, GSI Creos has been conducting environmental improvement activities (KES* activities) and obtained KES Step 2 certification in March 2011. As a Group, we have defined "Create an Affluent Society in Harmony with the Environment" as materiality, and we regard coexistence and co-prosperity with the global environment as a key issue in sustainability management.

*KES (KES Environmental Management System Standard)

KES is a standard for "environmental management systems," a framework for managing and reducing environmental impact in corporate management. Step 2 has requirements almost equivalent to the international standard ISO 14001.

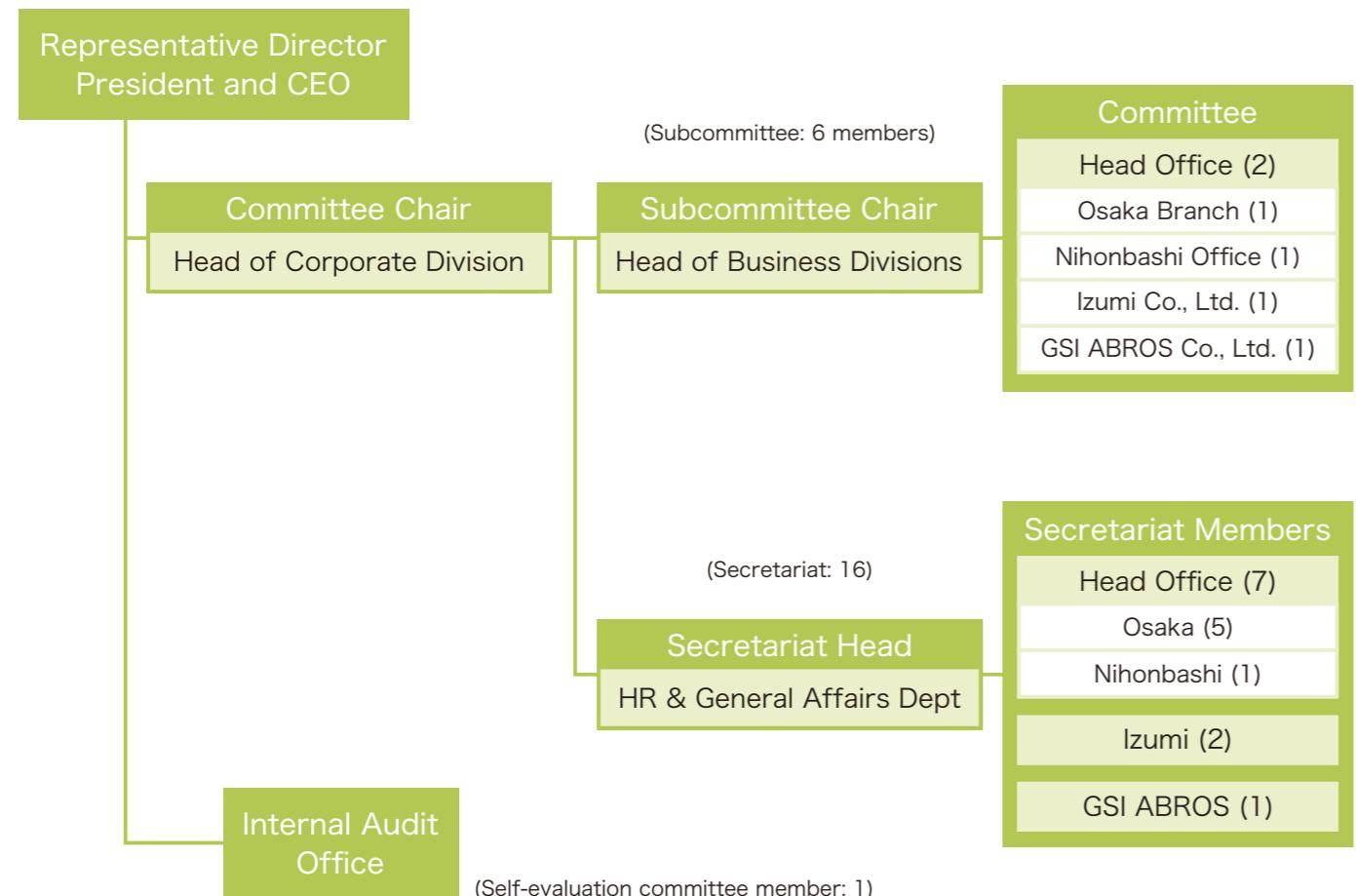
Basic Environmental Policy

We recognize that preserving the global environment is one of humanity's most important shared challenges. As part of our business activities, our entire Group is committed to reducing environmental impact and protecting the environment, aiming to be a company trusted by society while promoting environmentally friendly corporate activities together with more people and organizations.

Environmental Management Policy

We take seriously the environmental impacts arising from our business activities and promote management that emphasizes environmental protection and harmony with the global environment. We will continuously improve our environmental conservation initiatives, including preventing pollution, using resources sustainably, and responding to climate change, while ensuring strict legal compliance. Our key items include expanding environmentally considerate products, saving resources, improving workplace environments, and engaging in social contribution and awareness activities. By disseminating these policies to all employees and collaborating with local communities, we strive to reduce environmental burden and realize a sustainable society.

Environmental Management Structure



Climate Change Initiatives (Disclosure based on TCFD recommendations)

In May 2023, we expressed our support for the final report "Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)." Accordingly, we are promoting efforts to understand the impacts of climate change on our business, analyze risks and opportunities, minimize risks, create new value, and drive sustainable business growth.

Governance

We view global challenges such as climate change as opportunities for business growth and have established a Sustainability Committee to drive our initiatives. Chaired by the President and CEO, the committee is composed of executive officers and department heads from across the organization. Decisions made by the committee are reported to the Board of Directors through the Executive Officer overseeing corporate administration.

Strategy

To clarify climate-related risks and opportunities, we set two scenarios - 4°C and below 2°C - and assessed financial impacts over the short, medium, and long terms by impact level. Under the 4°C scenario, we analyzed physical risks/opportunities as "acute" and "chronic," while under the below-2°C scenario we analyzed transition risks/opportunities from the perspectives of "policy/regulation," "technology," "market," and "reputation."

Risk Management

Through the Sustainability Committee, we evaluate the impacts of climate change on management, finance, and business, reconfirm existing risks, and identify new ones. For key risks, we establish countermeasures, management items, and targets, and report them to the Board of Directors. We implement measures in cooperation with relevant departments and conduct monitoring. For particularly important risks, we work with the Risk Management Subcommittee to consider and execute responses as part of the company-wide risk management system.

Scenario Analysis

Scenario Analysis 1: Reference Scenarios

Category	Scenario Overview	Type of risks analyzed
4°C scenario	A scenario in which climate countermeasures do not advance, temperatures rise on a business-as-usual path, and physical risks/opportunities occur as a result	Physical risks: "acute," "chronic"
Below-2°C scenario	A scenario in which various activities are implemented to prevent warming, and transition risks/opportunities occur as society moves toward decarbonization	Transition risks: "policy/regulation," "technology," "market," "reputation"

Scenario Analysis 2: Scenario Analysis Steps

STEP 1	STEP 2	STEP 3	STEP 4
Identify key climate-related risks/opportunities and set parameters	Set climate-related scenarios	Evaluate financial impact under each scenario	Evaluate the resilience of strategies to climate-related risks/opportunities and consider further measures
<ul style="list-style-type: none"> Extract climate-related risks/opportunities Evaluate high-materiality risks/opportunities Set parameters related to high-materiality risks/opportunities 	<ul style="list-style-type: none"> Based on Step 1, identify relevant existing scenarios Set climate-related scenarios (societal outlooks) 	<ul style="list-style-type: none"> Analyze financial impacts under each scenario based on Step 2 and the parameters tied to the key risks/opportunities identified in Step 1 	<ul style="list-style-type: none"> Evaluate the resilience of our strategies to climate-related risks and opportunities Consider additional measures

Environmental Initiatives

Scenario Analysis

Time horizon (reference)	Long term	10-30 years	Impact level (reference)	High	Assumed to have very large impacts on business strategy and finance.		
	Mid-Term	3-10 years		Medium	Assumed to have somewhat large impacts on business strategy and finance.		
	Shortterm	0-3 years		Low	Assumed to have minor impacts on business strategy and finance.		

Risks	Scenario item	Business impact	Business division		Time horizon	Impact level	Our countermeasures	
			Textile Materials	Industrial Products				
Transition Risks	Introduction and rise of carbon taxes	If a carbon tax is introduced, cost burdens may arise.	○	○	Short-Mid-Term	Low	Measure Scope 1 and 2 emissions and set reduction targets	
		Due to global warming, raw material prices may surge.	○	○	Short-Mid-Term	Medium	<ul style="list-style-type: none"> Utilize recycled raw materials; expand environmentally friendly products Diversify raw material procurement methods Request suppliers to set long-term GHG reduction targets 	
		Rising electricity prices at factories may drive up procurement costs.	○	○	Short term	Medium		
	Policy/Regulation	Regulations on Plastic Products	As measurement and disclosure of environmental information become mandatory, compliance may lower price competitiveness.	○	○	Short-Mid-Term	Medium	<ul style="list-style-type: none"> Utilize recycled raw materials; expand environmentally friendly products Broaden lineup that meets decarbonization needs
		Regulatory measures for products/raw materials	As measurement and disclosure of environmental information become mandatory, compliance may lower price competitiveness.	○	○	Short-Mid-Term	Medium	Promote disclosure of climate-related information such as Scope 1, 2, and 3
Physical Risks	Chronic	Rising average temperatures, changing precipitation patterns, sea level rise	Water shortages, power supply restrictions, and damage to facilities/equipment at related factories may cause transport delays or stoppages, making procurement indirectly difficult and potentially impairing profitability.	○	○	Medium-long term	Medium	<ul style="list-style-type: none"> Request BCP formulation at related factories / continuous reviews Strengthen the supply chain Strengthen advance measures for contingencies (review inventory levels; consider multi-sourcing and site diversification)
Opportunities	Resource Efficiency	Higher recycling rates; valorization of unused resources	Building a circular business model that efficiently uses unused resources and reduces waste may expand demand.	○	○	Short-Mid-Term	Medium	Launch information-gathering and negotiation support services for reuse and supply of factory/manufacturing equipment processes
	Products & Services	Services suited to climate action and environmental consideration	Demand for environmentally considerate products may increase.	○	○	Short-Mid-Term	Medium	Expand sales of renewable polyethylene made from sugarcane that significantly reduces CO2 versus petroleum-derived materials
				○	○	Short-Mid-Term	Medium	Expand sales of biodegradable resins that help solve the plastic waste problem
	Market	Demand increases due to seasonality	May affect demand.	○	○	Short-Mid-Term	Medium	<ul style="list-style-type: none"> Advance the development and promotion of organic solar cells, a next-generation renewable energy technology. Expand sales of seasonal products Broaden apparel using functional materials

Metrics & Targets

Our Group began calculating Scope 1 and 2 GHG emissions (non-consolidated) in FY2022 and expanded the scope to consolidated subsidiaries in FY2023. Based on the results, we have begun identifying reduction measures and, as the next step, plan to set targets for emissions reduction.

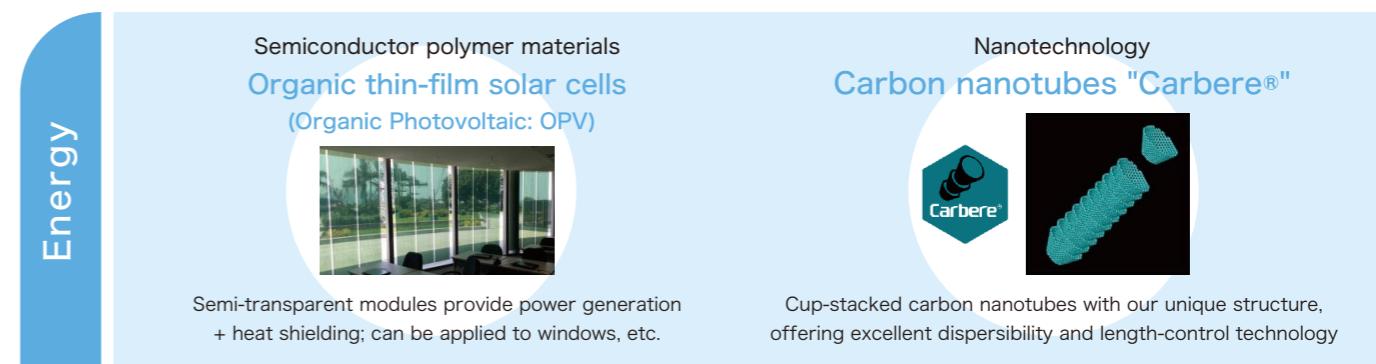
Item	FY2022*1	FY2023	FY2024
Scope 1 (direct emissions)	15	122	108
Scope 2 (indirect emissions)	188	2,284	2,143

*1 FY2022 totals are non-consolidated only.

*2 Due to changes in calculation methods, FY2023 data has been retroactively revised.

Sustainable Businesses

We operate sustainable businesses in the fields of "Environment," "Life & Health," and "Energy," contributing to climate action and a circular economy. Through active investment in triacetate fibers, biodegradable resins, medical/femtech products, and next-generation energy materials, we aim to create an affluent society in harmony with the environment.



Third-Party Certifications for Environmental Consideration

GRS Certification	An international certification system that verifies the use of recycled materials and ensures environmental and social responsibility throughout the supply chain
RCS Certification	An international standard that verifies recycled content rates and ensures supply-chain traceability
bluesign Certification	A certification granted to products that have passed through a sustainable supply chain in the textile industry from the perspectives of environment, labor, and consumers
BCI Certification	An initiative to improve cotton cultivation sustainability by making it "Better," broadening acceptance while easing strict regulations compared to the top-tier "Best" organic cotton
ISCC PLUS Certification	A system that certifies sustainability across supply chains internationally in fields such as biomass and recycled raw materials and sustainable aviation fuel
EcoVadis	A service that evaluates and helps improve business sustainability

Human Capital Management (Strategic HR)

Enrich Human Resources and Promote New Ways of Working

A company where people grow and are encouraged to take on challenges



Message from the Executive Officer

Since its founding more than 90 years ago, GSI Creos has delivered value across a wide range of industries as a trading company, growing in step with the development of the Japanese economy. Amid periods of great change, people have always been our driving force, continually adapting, taking on new challenges, and opening the way to the future.

Now, as we approach the milestone of our 100th anniversary, we are entering a new stage of growth for the next generation. At the center of this strategy are two key priorities: enhancing human resources and promoting new ways of working.

We believe that a truly diverse organization - where people with different values, cultures, and lifestyles work together, create together, and inspire one another - is what makes a company resilient, flexible, and capable of sustainable growth.

Guided by this belief, we are committed to creating an environment where every employee can believe in their own potential and take on new challenges. We foster a global mindset, support continuous learning, provide opportunities to grow through challenge, and value both the physical and mental well-being of our people - this is the kind of organization we aspire to be.

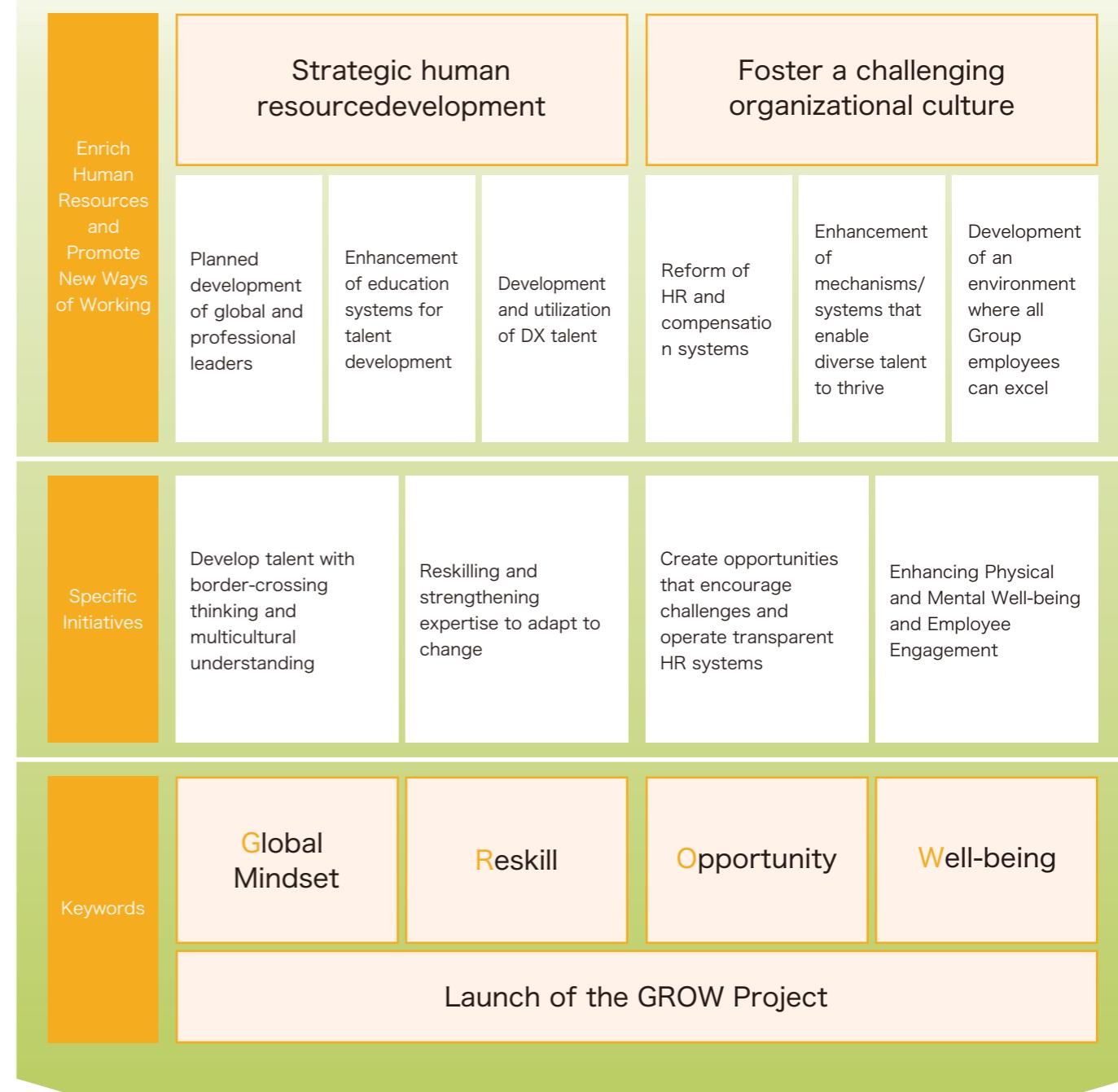
In order to further strengthen our human capital and advance new ways of working that we have consistently promoted, and to accelerate our core initiatives of Strategic human resourcedevelopment and the Foster a challenging organizational culture, we will launch and promote the GROW Project as part of our new Mid-Term Management Plan commencing in FY2025.

Through this vision and the advancement of the GROW Project, we aim to create an environment where every employee can believe in their potential and continue to grow toward a better future.

Executive Officer
(Strategic Human Resources Management)
Yumiko Okuyama

Overview of the GROW Project

Practice of ESG Management



Strengthening business competitiveness
centered on human capital

Human Capital Management (Strategic HR)

Key Talent Initiatives Based on the GROW Strategy

GROW Item	Key Theme	Initiative Items	Initiative Overview	Examples (numbers, etc.)
Global Mindset	Develop talent with border-crossing thinking and multicultural understanding	Development leveraging broad experience from the perspective of diversity	<p>Foster international sensibilities through overseas assignments and cross-cultural training.</p> <ul style="list-style-type: none"> Visualize career paths Early-career overseas training system (in 20s) Create overseas work opportunities for young employees Cross-cultural training Hire non-Japanese talent 	<ul style="list-style-type: none"> Number assigned overseas (under 30): 3-4 selected and dispatched annually Cross-cultural training participants: ~40/year
Reskill	Reskilling and strengthening expertise to adapt to change	Introduce in-house DX training and learning support	<ul style="list-style-type: none"> Design/build a DX education framework through the DX Promotion Project Company-wide DX literacy training Practical DX training to develop DX talent 	<ul style="list-style-type: none"> DX literacy training (a total of 320 completions) Practical DX training (a total of 38 completions)
Opportunity	Create opportunities that encourage challenges and operate transparent HR systems	Introduce new job categories and operate an accelerated promotion system	<p>Establish systems that increase internal growth opportunities, and encourage challenges through transparent evaluation and early selection.</p> <ul style="list-style-type: none"> Rebuild job-category system by work location Introduce an accelerated promotion ("skip-level") system Upgrade compensation system reflecting market competitiveness 	<ul style="list-style-type: none"> Enable work styles tailored to individual circumstances and career paths
Well-being	Enhancing Physical and Mental Well-being and Employee Engagement	Promote DE&I and Women's Advancement	<p>Enhance systems that balance ease of work and performance, and expand measures for psychological safety and health promotion.</p> <ul style="list-style-type: none"> Expand flex-time and remote work Skills-focused hiring Strengthen development of women managers 	<ul style="list-style-type: none"> Overall Happiness Survey score for 2025: 66 (up 1 from last year) Women's hiring ratio: over 51% Women in management: 9%

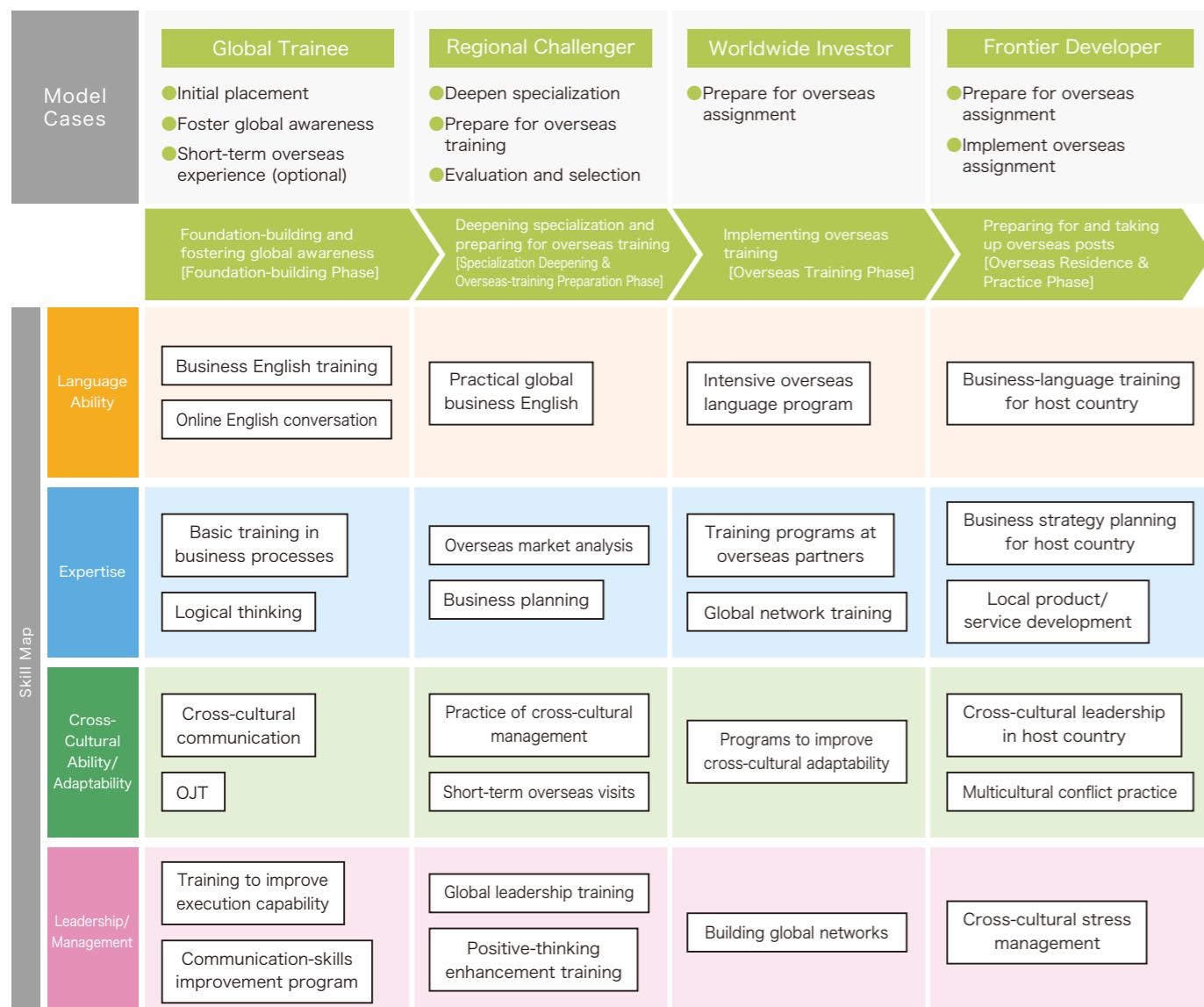
Human Capital Management (Strategic HR) Key Themes

Global education of talent

We will cultivate business producers who can experience overseas assignments, adapt to change, and carve out their own paths. We plan to offer overseas training and short-term assignment opportunities so that all young employees can acquire a "global mindset."

Establish a step model and programs for developing global talent

We divide a certain period after joining the company into four phases - "foundation-building," "specialization deepening & overseas-training preparation," "overseas training," and "overseas residence & practice" - and proceed with development. We will roll out programs suited to the abilities required in each phase and expand joint education programs with overseas bases to cultivate a border-crossing perspective.

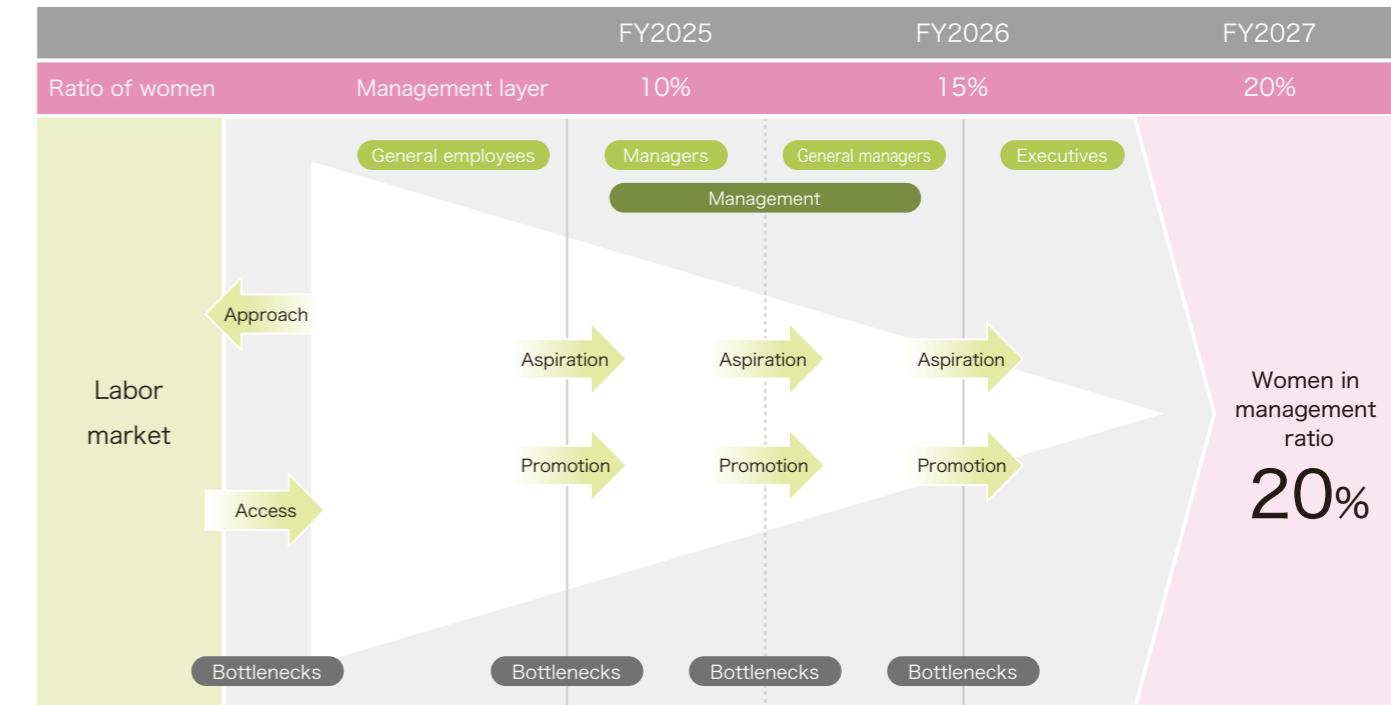


Strategic HR Key Theme: Promoting Women's Advancement and Diversity

Clarifying development targets for women managers

To further enhance value creation, the Group has set a Mid-Term Plan goal of increasing the ratio of female managers to 20% by fiscal 2027. By strengthening career development and mentoring programs, we aim to foster female leadership. We view the promotion of women's advancement as a key driver of our broader DE&I initiatives. To ensure continued development of management talent, we have clearly defined our long-term vision and established biennial milestones to steadily raise the proportion of women in leaders.

Milestones for Women's Advancement



Women-Manager Development Action Map

The following table organizes common bottlenecks and solutions when trying to develop women managers. Going forward, we will roll out solutions tailored to the issues based on this table.

	Bottleneck	Direction of solution	Actions
Mindset	There's no value in utilizing women because they'll quit for marriage/childbirth anyway	Shift in values	<ul style="list-style-type: none"> HR systems 1-on-1 meeting Manager training
Systems	Long working hours	Structural shift	<ul style="list-style-type: none"> Headcount and placement based on roles Role-based HR system
	Unable to return after childbirth	Rule development	Develop various regulations
	Unable to take maternity leave		
Talent Utilization	Cannot envision a career path	<ul style="list-style-type: none"> Clarify career steps Practice career management 	<ul style="list-style-type: none"> Role-based HR system Establish management methods
Talent Acquisition	Unable to hire women	<ul style="list-style-type: none"> Solutions across mindset/systems/talent utilization Articulate target talent profile Communicate the talent profile Clarify hiring strategy and 4C* 	<ul style="list-style-type: none"> Above items Concrete definition of talent profile (decomposing attributes) Clarify winning points

*4C is a marketing framework: Customer Value, Cost, Convenience, Communication.

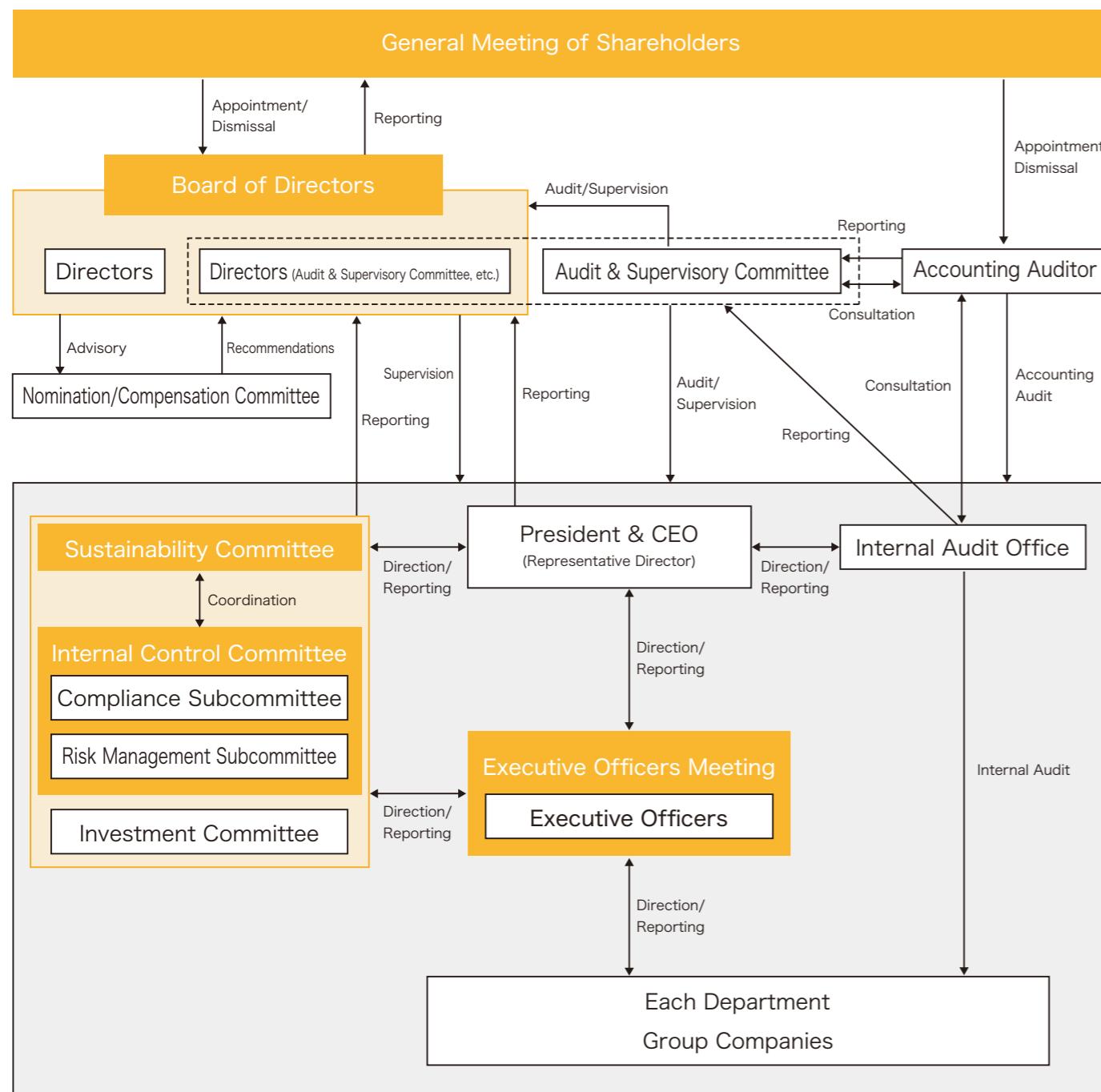
Corporate Governance

Basic Approach

We recognize corporate governance as one of the most important management issues and have identified "Strengthen Highly Effective Governance Systems" as a material issue.

We recognize corporate governance as both a management oversight framework that serves shareholders and other stakeholders, and a self-directed system designed to maximize Group value in a rapidly changing environment. Based on this understanding, we are strengthening and enhancing our corporate governance structure to ensure transparency in management and improve operational efficiency. Through these efforts, we aim to build strong, trusting relationships with all stakeholders, including - shareholders, investors, business partners, employees, and local communities - and to fulfill our corporate social responsibilities.

Corporate Governance System (as of June 26, 2025)



Overview of Key Bodies

Summary	
Board of Directors	The Board of Directors consists of 9 directors (7 men, 2 women), of whom 4 are external directors. In addition to the regularly scheduled monthly meetings, extraordinary meetings are held as necessary. The Board decides basic management policies and other important matters stipulated by laws and the Articles of Incorporation, while supervising the execution of directors' duties.
Executive Officers Meeting	We have introduced an executive officer system to clearly separate decision-making/supervisory functions from business execution. Since July 2020, we have replaced the former management council - comprised of executive directors and full-time Audit & Supervisory Committee members - with an Executive Officers Meeting consisting of executive officers and full-time Audit & Supervisory Committee members, held at least once a month to advance efficient business execution.
Audit & Supervisory Committee	The Audit & Supervisory Committee consists of three members (including two outside directors) with one full-time member. In addition to holding meetings in principle once a month, the committee conducts interviews with the Representative Director and heads of each division, and, through ongoing information exchange and mutual supplementation of audits with the Internal Audit Office and the Accounting Auditor, enhances audit effectiveness. In FY2024 the committee met 21 times.
Nomination Committee	The Nomination Committee consists of five directors (the President & Representative Director and four independent outside directors). The chair is an outside director. We ensure independence, transparency, and objectivity in the selection of officer candidates. The committee met six times in FY2024.
Compensation Committee	The Compensation Committee consists of six directors (the President & Representative Director, the director in charge of HR/Labor, and four independent outside directors). The chair is an outside director. We ensure independence, transparency, and objectivity in determining officer compensation. The committee met twice in FY2024.
Accounting Audit	We have been under audit by Hohmori Audit Corporation as Accounting Auditor since July 2007. Two certified public accountants - Mr. Kobayashi and Ms. Komatsu - executed the audit work, supported by 9 other CPAs engaged in audit operations.
Internal Audit	As an internal audit body directly under the President, the Internal Audit Office audits the appropriateness of management and the propriety and reliability of day-to-day operations at our company and related companies, and we are working to strengthen it.
Other Committees	To centrally manage and oversee compliance, business risks/effectiveness/efficiency, reliability of financial reporting, and asset protection, we have established an Internal Control Committee reporting directly to the President. Its sub-organizations and roles are as follows: <ul style="list-style-type: none"> Compliance Subcommittee: understand compliance risk status and enforce compliance systems Risk Management Subcommittee: comprehensive management of strategic/operational risks We have also set up an Investment Committee to deliberate investment applications, analysis/evaluation of investees, measurement of investment effects, and review proposals including concerns or withdrawal.
Sustainability Committee	We have established this committee as the body that leads sustainability promotion activities, including drafting and executing basic policies and strategies related to ESG management.

Evolution of Corporate Governance Strengthening

We have positioned "Strengthen Highly Effective Governance Systems" as a key management issue to ensure sustainable enhancement of corporate value and social trust, and we have continuously reviewed and improved our system. We are also actively appointing Outside Director to improve management transparency and oversight functions and to incorporate diverse perspectives into management.

We regularly review the composition of the Board of Directors and promote appointments of people with diverse backgrounds regardless of industry, specialty, or gender, thereby establishing a system for constructive debate and decision-making from multifaceted viewpoints.

Governance Data	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Number of Directors (individuals)	Total	9	11	10	10	10	8	8	9	9
	Outside directors	1	3	3	3	3	3	3	3	4
	Independent officers	1	2	2	3	3	3	3	3	4
Number of women directors on the Board	0	0	0	0	0	1	1	1	1	2

System	Appointment of independent outside directors
Committees	Transition to a company with an Audit & Supervisory Committee
Dialogue	Appointment of women directors
System	Establishment of the Sustainability Committee
Committees	Establishment of voluntary Nomination and Compensation Committees
Dialogue	Began off-site meetings with attendance by all directors
Dialogue	Dialogue with shareholders and investors (exhibited at IR fairs for investors)

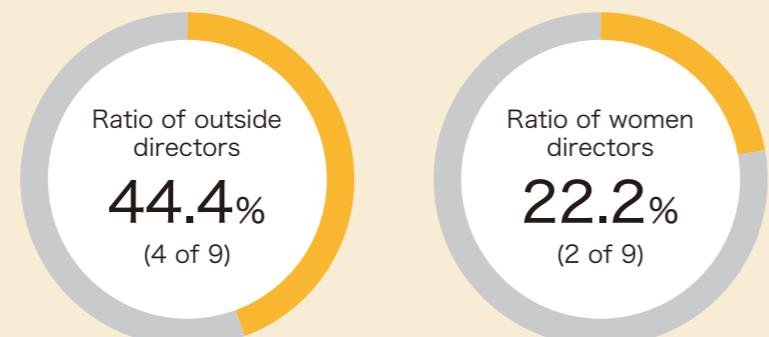
Corporate Governance

List of Officers (as of June 26, 2025)

Category	Name	Title	Gender	Years in office	Outside	Independent	Committees		Skills Matrix						Attendance		Reason for appointment
							Nomination Committee	Compensation Committee	Corporate management	Finance & accounting	Legal/Risk management	Sales/Marketing	IT/Digital strategy	Diversity/Promotion/Human resource development	Board of Directors	Audit & Supervisory Committee	
Directors	Tadaaki Yoshinaga	Representative Director President and CEO	Male	18 years			●	●	●	●	●	●	●	●	20/20	—	Striving to realize corporate value growth as the top executive through continuously taking on challenges without being constrained by existing frameworks, aspiring to be a unique "unparalleled business-creating trading company that continues to create and innovate" that continually innovates and renews.
	Masateru Nakayama	Director & Senior Managing Executive Officer	Male	16 years					●			●			20/20	—	Based on extensive experience in the Textiles Business, he has a clear vision for steady growth of our core business and plays a central role in formulating and executing business strategy.
	Hiroki Nishimura	Director & Senior Managing Executive Officer	Male	7 years					●			●			20/20	—	Based on extensive experience in the Industrial Products Business, he has a clear vision to expand the share of this growth driver business and plays a central role in formulating and executing strategy.
	Kunihiro Ono	Director & Managing Executive Officer	Male	2 years				●	●	●	●		●	●	20/20	—	Drawing on extensive experience in business divisions and corporate management - including overseas - he plays a central role in crafting management strategies to enhance corporate value and in strengthening corporate governance.
	Kazunori Hattori	Outside Director	Male	7 years	●	●	●	(Chair)	●	●		●			20/20	—	With management experience as an executive of a major corporation and broad insight and extensive experience in business fields related to plastics and other areas relevant to the Company, he is expected to provide objective and neutral oversight and advice on business execution.
	Erika Chibazakura	Outside Director	Female	1 year	●	●	●	●			●			●	16/16*	—	With specialized knowledge and extensive experience in international legal affairs and intellectual property at a global chemical manufacturer, we expect objective and neutral oversight and advice on business execution.
Audit & Supervisory Committee	Fumihiro Onishi	Director, Full-time Audit & Supervisory Committee Member	Male	10 years					●	●	●		●	●	20/20	15/15*	With extensive experience in administrative divisions including HR, both domestic and overseas, he plays a central role in strengthening our Group's internal controls and audit systems, backed by information-gathering and analytical skills cultivated over many years.
	Takafumi Hayano	Outside Director, Audit & Supervisory Committee Member	Male	7 years	●	●	●	●			●				20/20	21/21	With extensive knowledge in corporate law as a legal expert and experience as an outside director, we expect objective and neutral oversight and advice on business execution.
	Keiko Hatta	Outside Director, Audit & Supervisory Committee Member	Female	Newly appointed	●	●	●	(Chair)		●				●	—	—	With extensive experience in accounting at a major airline and as an outside director in businesses such as chemicals related to our company, we expect objective and neutral oversight and advice on business execution.

*Targeting meetings held after appointment on June 26, 2024

Board Composition Ratios



Corporate Governance

Evaluation of Board Effectiveness

To improve Board functions and strengthen governance, we assess overall Board effectiveness annually. Through this evaluation, we confirm improvement on the prior year's issues and advance initiatives to enhance Board operations and the depth of discussions.

Officer Compensation

Policy for decisions on the content of officer compensation, etc.

In March 2021, the Board of Directors established a decision policy for the content of individual compensation, etc., for directors. Within the total amounts approved by the General Meeting of Shareholders, the Compensation Committee - chaired by an outside director (including three outside directors) - deliberates and adjusts compensation, after which the Board deliberates and approves.

The compensation framework:

- Directors (excluding Audit & Supervisory Committee members): up to ¥204 million per year
- Directors who are Audit & Supervisory Committee members: up to ¥60 million per year
- Restricted stock compensation (excluding outside directors and Audit & Supervisory Committee members): up to ¥60 million per year

Based on these frameworks, we determine compensation by considering position and whether there are business execution duties, ensuring alignment with the decision policy through a fair process at the Compensation Committee.

Overview of individual director compensation, etc.

Director compensation at GSI Creos consists of three components: base compensation, performance-linked compensation, and non-monetary compensation (restricted stock). Outside directors and directors who serve as Audit and Supervisory Committee members receive base compensation only.

With respect to the compensation structure, the Company intends to increase the proportion of performance-linked and non-monetary compensation to encourage decisive and proactive management decision-making, provide incentives for medium- to long-term enhancement of corporate value, and promote shared value creation with shareholders.

Base Compensation

Set on a monthly basis. For directors who also serve as executive officers, compensation is split between director compensation and executive officer compensation. It is set appropriately based on position and whether there are business execution duties.

Performance-Linked Compensation (Bonus)

The bonus is paid once annually, with the total amount determined by a coefficient linked to consolidated net income and a standard amount set by position, and then allocated based on individual performance evaluations.

The consolidated net income for the fiscal year was ¥2,358 million.

Non-monetary Compensation (Restricted Stock)

Allocated once a year based on a basic amount tied to position. This is an incentive aimed at medium- to long-term corporate value enhancement and also strengthens co-creation of value with shareholders.

Total Compensation for the Fiscal Year

Category	Total amount of compensation (¥ million)	Breakdown by type (¥ million)			Number of eligible officers (persons)
		Base compensation	Performance-linked compensation	Non-monetary compensation	
Directors (excluding Audit & Supervisory Committee members)	175	114	47	13	7
of which: Outside directors	11	11	—	—	2
Directors (Audit & Supervisory Committee members)	29	29	—	—	4
of which: Outside directors	11	11	—	—	2
Total	204	143	47	13	11
of which: Outside directors	22	22	—	—	4

Internal Control System

At GSI Creos, we regard our internal control system as an integral part of our value creation activities aimed at realizing our Corporate Philosophy. Through robust control and monitoring mechanisms within the organization, we respond swiftly and appropriately to opportunities and risks that involve uncertainty, thereby strengthening the management foundation that supports sustainable growth. In implementing our "P-C-V Cycle" (Professional People x Collaboration with Stakeholders x Value Creation), broad-based risk management - including the identification, assessment, and response to risks - is an essential component. The foundation for this lies in cultivating a sound corporate culture that serves as our control environment. Guided by our Code of Conduct, we are committed to developing professional talent who act autonomously and with integrity, while continuously enhancing the systems that support them.

Risk Management Surrounding Management and Business

To address the increasing diversity and complexity of business risks associated with global expansion and the growth of solution-oriented business models, we have established a companywide risk management framework based on the "Basic Risk Management Regulations". The Corporate Planning Department serves as the central body overseeing risk management, while the "Risk Management Subcommittee", a subordinate organization under the "Internal Control Committee", takes the lead in identifying significant risks and strengthening response systems. Through proactive risk assessment, rapid response in the event of an incident, and continuous monitoring of countermeasures, we ensure the integrity and reliability of our operations. In addition, by promoting the Compliance Program, we aim to detect and prevent potential issues at an early stage in the workplace while maintaining systems that allow for swift and appropriate responses when issues arise. The Internal Audit Office regularly audits the Company's risk management practices and reports the results to the President, the Audit and Supervisory Committee, and other relevant committees, thereby enhancing the effectiveness of our internal control framework. Through this structure, GSI Creos ensures proper risk management even in a rapidly changing business environment, while striving to enhance sustainable corporate value and maintain the trust of society.

Business Risks	Impact on Our Company
Risk from changes in economic conditions	Our Group operates businesses in a wide range of countries and regions. Accordingly, a sudden change in economic conditions, such as a recession or financial crisis, in key markets or procurement regions including Japan, North America, Asia, and Europe could lead to reduced demand or a decline in the Group's procurement capabilities, which may in turn affect its business performance and financial position.
Risk from exchange-rate fluctuations	Our Group conducts transactions in multiple currencies. To minimize exchange-rate risk related to foreign-currency-denominated assets and liabilities, we enter into forward exchange contracts; however, sharp fluctuations in exchange rates may affect our Group's operating results and financial position.
Risk from interest-rate fluctuations	Our Group finances business funds mainly through borrowings from financial institutions. While many operating assets can pass through changes in borrowing interest rates, sharp interest-rate fluctuations may affect our Group's operating results and financial position.
Risk from stock price fluctuations	Our Group holds marketable equity securities, mainly of business partners. These securities carry price fluctuation risk, and future stock price trends may affect our Group's operating results and financial position.
Risk related to retirement benefit obligations	Except for some cases, our Group adopts defined-benefit plans. Retirement benefit obligations are calculated based on actuarial assumptions such as the discount rate and the long-term expected rate of return on pension assets. If these assumptions need to be changed or if pension assets are impaired due to a sluggish stock market, our Group's future operating results and financial position may be affected.
Credit risk	Our Group conducts diverse transactions in Japan and abroad and extends credit in the form of trade receivables and guarantees to business partners. When extending credit, we set appropriate credit limits under certain rules, regularly check collection status, and record necessary allowance for doubtful accounts to manage credit strictly and promptly. However, there is no guarantee that credit risk can be completely avoided, and if a specific partner unexpectedly defaults due to bankruptcy, etc., our Group's operating results and financial position may be affected.
Risk from changes in consumer preferences and abnormal weather	Our Group handles clothing and fashion items that follow trends and consumer preferences. While we mainly develop seasonal products on short cycles and work to improve product planning accuracy and shorten production lead times, short-term changes in fashion trends or consumer preferences and abnormal weather such as cool summers and warm winters may affect our Group's operating results and financial position.
Quality risk	Our Group operates across a broad range of fields from textile materials to industrial products. In addition to quality standards for apparel, we manage non-apparel products using appropriate standards. However, if accidents related to product liability occur due to causes at our company or suppliers, a decline in corporate/brand image and large compensation claims may affect our Group's operating results and financial position.
Business investment risk	Our Group makes domestic and overseas business investments to expand operations. For new investments, we make decisions under certain rules with clear purposes and objectives. After execution, we regularly monitor each investment and evaluate/review investment value. Nevertheless, it is difficult to completely avoid the risk that expected returns are not achieved; if we withdraw from a project or, due to specific reasons such as relations with business partners, cannot exit as intended, our Group's operating results and financial position may be affected.
Country risk	Our Group also expands widely overseas. For foreseeable risks, we respond carefully based on past know-how and available information. However, if unpredictable political/economic turmoil due to terrorism or war, or changes in laws occur, our Group's operating results and financial position may be affected.
Risk related to laws and regulations	Our Group handles a variety of textile materials-related and industrial-product-related goods subject to various domestic and overseas laws and regulations. While we strive for compliance by strengthening our compliance system, if we violate these laws/regulations and face constraints/restrictions on business activities, our Group's operating results and financial position may be affected.
Risks related to information systems and information security	Our Group builds and operates information systems for operational efficiency and information sharing. To ensure operational safety, we establish information security management rules and implement crisis-management measures such as systems to detect cyberattacks. However, if leaks of trade secrets or personal information occur due to viruses or cyberattacks beyond our assumptions, or if natural disasters/accidents cause system downtime, in addition to reduced operational efficiency, depending on the scale of damage, our Group's future operating results and financial position may be affected.
Risks from natural disasters, etc.	We recognize that unforeseen natural disasters such as earthquakes and wind/flood damage, sudden fires or accidents, and infectious disease outbreaks may damage offices, facilities, systems, and employees, potentially impacting business activities. We have measures such as disaster response manuals and establishment of response headquarters; however, if damage exceeds assumptions, our Group's operating results and financial position may be affected.
Risks from climate change, etc.	We recognize that global environmental changes such as climate change - via related policies and regulations - may impact people's economic activities and corporate business activities. To prepare for these, we have set up a Sustainability Committee and promote company-wide initiatives including climate-change measures; in May 2023 we expressed support for the TCFD recommendations and presented various measures as our sustainability approach. However, if events exceed assumptions, our Group's operating results and financial position may be affected.

Financial Data

Unit: ¥ million

		FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
Operating Results	Net sales	154,440	151,639	141,532	133,727	138,487	115,548	116,375	111,829	131,054	146,194	165,541
	Gross profit	14,248	13,657	13,153	13,123	13,165	12,384	14,644	12,942	14,020	16,151	16,858
	Selling, general and administrative expenses	13,083	12,428	11,843	11,550	11,481	11,193	11,012	10,934	12,190	13,269	13,907
	Operating profit	1,164	1,228	1,309	1,573	1,683	1,191	3,632	2,008	1,829	2,881	2,950
	Ordinary profit	1,011	975	11,107	1,502	1,661	1,213	3,700	1,882	1,787	2,999	2,548
	Profit attributable to owners of parent	563	749	1,634	913	1,152	1,008	2,026	1,638	1,769	2,019	2,358
Financial Position	Total assets	65,885	68,206	65,476	62,677	61,618	58,532	60,465	60,929	69,412	75,336	79,965
	Net assets	16,061	15,908	17,963	18,916	18,991	19,193	23,239	24,512	259,299	27,450	30,086
	Net interest-bearing debt	10,801	9,173	5,471	3,418	2,011	2,417	△ 2,386	4,477	6,283	5,539	5,486
Cash Flows	Cash flows from operating activities	2,178	1,344	165	1,394	2,199	913	5,379	△ 7,084	△ 1,719	183	2,713
	Cash flows from investing activities	△ 7	611	3,428	697	△ 196	△ 828	△ 115	622	1,257	1,486	△ 955
	Cash flows from financing activities	△ 2,151	△ 1,261	△ 264	△ 1,846	△ 2,131	△ 577	△ 2,438	△ 481	632	43	△ 4,222
	Net cash flow	20	694	3,329	245	△ 128	△ 492	2,826	△ 6,943	170	1,712	△ 2,464
Net Sales by Business	Textile Materials	127,060	125,678	115,429	105,275	109,790	89,782	89,488	83,203	98,767	114,010	131,049
	Industrial Products	27,379	25,961	26,102	28,452	28,697	25,766	26,886	28,626	32,286	32,183	34,491
Operating Profit by Business	Textile Materials	883	756	854	1,006	948	529	2,894	695	514	1,616	1,618
	Industrial Products	760	951	1,022	1,171	1,354	1,170	1,433	1,891	1,997	1,951	2,108
Key Indicators	Gross profit margin (%)	9.2	9	9.3	9.8	9.5	10.7	12.6	11.6	10.7	11	10.2
	Operating profit margin (%)	0.8	0.8	0.9	1.2	1.2	1	3.1	1.8	1.4	2	1.8
	Net profit margin (%)	0.4	0.5	1.2	0.7	0.8	0.9	1.7	1.5	1.3	1.4	1.4
	Return on equity (ROE) (%)	3.5	4.7	9.7	5	6.1	5.3	9.5	6.9	7	7.6	8.2
	Equity ratio (%)	24.3	23.3	27.43	30.18	30.82	32.79	38.43	40.23	37.36	36.44	37.62
	D/E ratio (DER) (times)	1.2	1.1	1	0.8	0.8	0.7	0.5	0.5	0.6	0.6	0.4
Per-share Information (¥)	Net income	43.9	58.3	126.65	70.81	89.46	79.92	161.65	132.95	144.29	164.64	192.2
	Dividend	10	10	15	17.5	20	22.5	30	65	73	83	97
	Net assets	1,246.50	1,232.70	1,391.95	1,466.08	1,503.46	1,532.87	1,852.19	2,000.04	2,114.55	2,237.71	2451.37
	Payout ratio (%)	22.8%	17.2%	11.8%	24.7%	22.4%	28.2%	18.6%	48.9%	50.6%	50.4%	50.5%
Stock Information	Shares outstanding (thousand)*	12,629	12,629	12,629	12,629	12,629	12,629	12,629	12,629	12,629	12,629	12,629
	Price-earnings ratio (PER) (times)	14.58	10.38	5.41	11.14	6.48	6.21	7.89	8.56	11.02	14.72	10.32
	Price-to-book ratio (PBR) (times)	0.55	0.5	0.49	0.54	0.39	0.32	0.69	0.56	0.76	1.08	0.81
Share Price Information	Share price (¥) (at year-end)	685	620	685	788	587	490	1,277	1,121	1,598	2,427	1,984

*A reverse stock split (10 shares → 1 share) took effect on October 1, 2017, and a stock split (1 share → 2 shares) took effect on April 1, 2021; information reflects these.

Introduction

Value Creation Story

Sustainability

Governance

Data Sector

Corporate Information

Company Overview

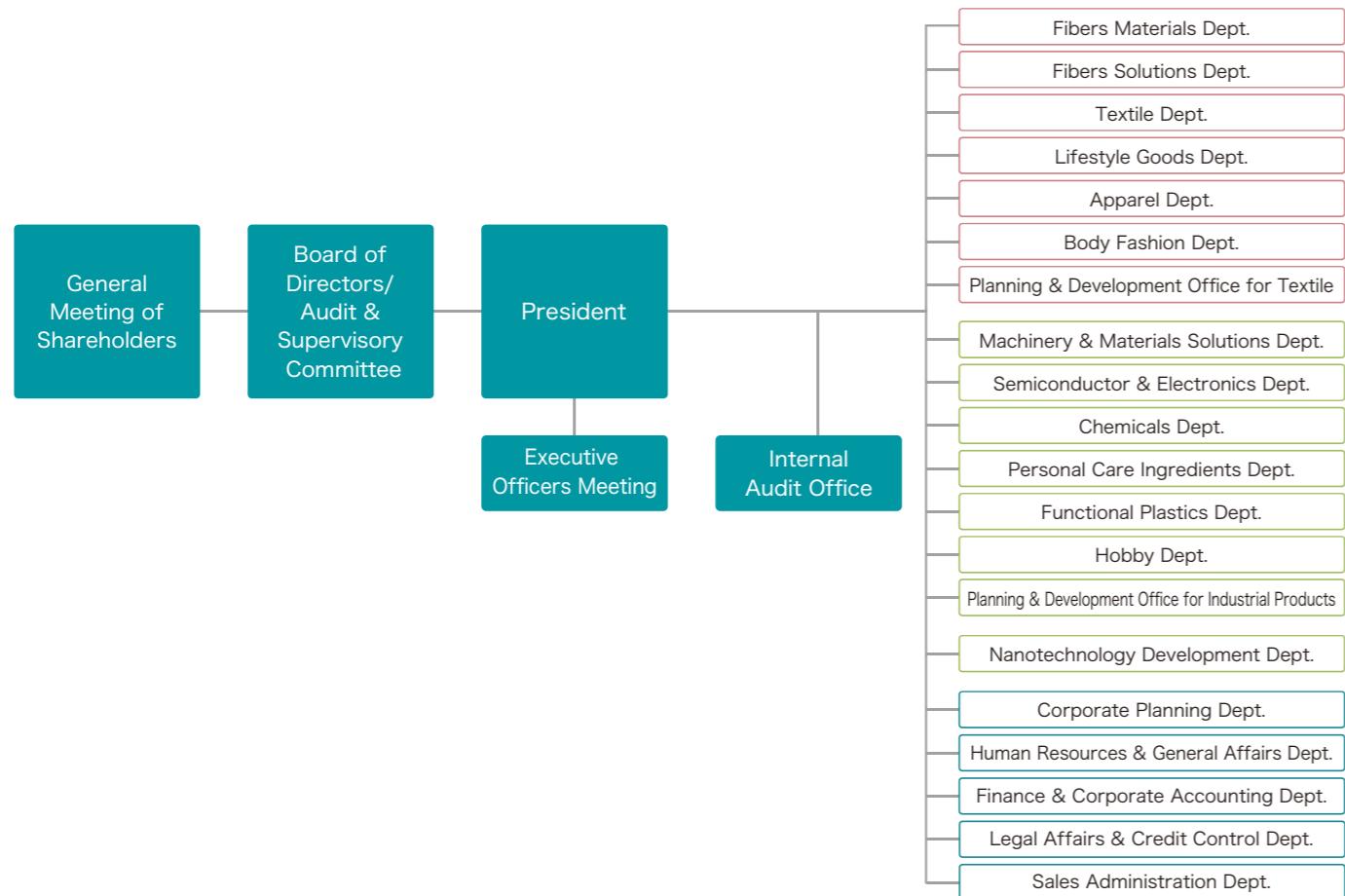
Trade name	GSI Creos Corporation	Stock exchange	Tokyo Stock Exchange, Prime Market (Securities Code: 8101)
Head office	3-8-2 Shiba, Minato-ku, Tokyo	Consolidated net sales	¥165,541 million (FY ended March 2025)
Representative	Representative Director, President and CEO Tadaaki Yoshinaga	Consolidated employees	823 (as of March 31, 2025)
Date of establishment	October 31, 1931	Locations	9 in Japan; 25 overseas (as of September 1, 2025)
Capital	¥7,186 million	Consolidated subsidiaries	9 in Japan; 9 overseas (as of September 1, 2025)

Group Companies (as of September 1, 2025)

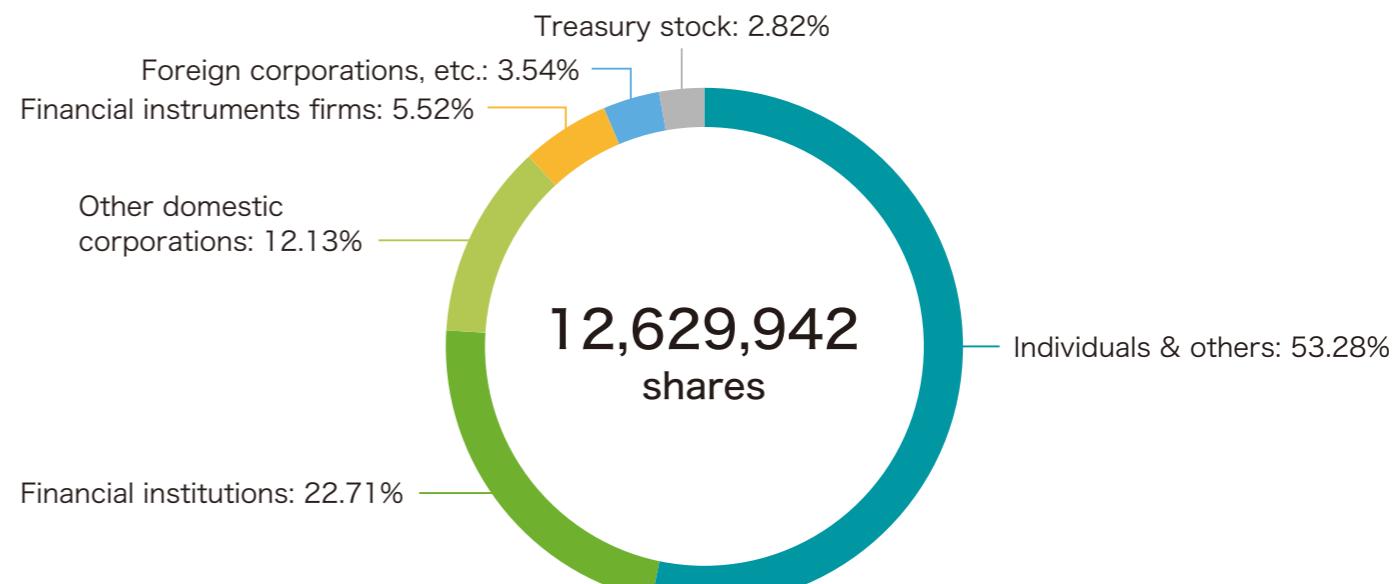
Domestic Subsidiaries	America & Europe (Subsidiaries)	Asia (Subsidiaries)	China (Subsidiaries, related companies)
Central Scientific Commerce, Inc.*	GSI Holding Corporation*	GSI Trading Hong Kong Limited*	GSI Creos China Co., Ltd.*
G-Mark, Inc.*	GSI Exim America, Inc.*	GSI Trading Hong Kong Limited Bangkok Office	GSI Creos China Co., Ltd., Beijing Branch
Izumi Corporation*	GSI Exim America, Inc., Chicago Office	GSI Exim America, Inc., Los Angeles Office	GSI Creos China Co., Ltd., Pinghu Branch
GSI Marulontex Co., Ltd.*	GSI Exim America, Inc., Houston Office	GSI Exim America, Inc., Vietnam Office (Hai Duong)	GSI Creos China Co., Ltd., Qingdao Branch
GSI ABROS Co., Ltd.*	GSI Creos Brasil Ltda.*	GSI Creos Vietnam Company Limited (Hanoi)	GSI Creos Technology (China) Co., Ltd.*
Nishin Kohgyo Corporation*	GSI Creos Brasil Ltda., Sao Roque Branch	GSI Creos (Thailand) Co., Ltd	GSI (Shenzhen) Limited*
Sakura Bussan Co., Ltd.*	GSI Europe-Import+Export GmbH*	PT. GSI Creos Indonesia	GSI (Shenzhen) Limited, Guangzhou Branch
SOALON Corporation*	GSI Europe Import Export GmbH France branch	GSI Creos Korea Co., Ltd.*	Beijing GSI Hosiery Co., Ltd.**
GSI SOALON Textile Lab Corporation*	(Chemical Innovation Center)	GSI Creos India Private Limited	
Tajima Gosen Co., Ltd.			
Sofia Corporation			

* Consolidated subsidiary
** Equity-method, non-consolidated affiliate

Organization Chart



Shareholder Composition (ratio by owner category) (as of March 31, 2025)



Authorized shares	40,000,000 shares
Total shares issued	12,629,942 shares
Number of shareholders	28,247

Major Shareholders (as of March 31, 2025)

Shareholder name	Shares held (thousand)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	1,449	11.81
Nippon Life Insurance Company	442	3.60
Toray Industries, Inc.	396	3.23
Mizuho Bank, Ltd.	379	3.09
Gunze Limited	378	3.09
Nomura Securities Co., Ltd.	324	2.64
QR No.2 Fund Investment Limited Partnership	300	2.44
Custody Bank of Japan, Ltd. (Trust Account)	194	1.58
SMBC Nikko Securities Inc.	155	1.26
Akitoshi Matsushita	147	1.20

* Although the Company holds 356,584 shares of treasury stock, it is excluded from the list of major shareholders above.

** Shareholding ratios are calculated excluding treasury stock (356,584 shares) and rounded to the nearest third decimal place.