



FUJIBO

The Focus on Innovation



Integrated Report 2024

Fujibo Holdings, Inc.

Introduction

Corporate Slogan

THE FOCUS ON INNOVATION

A high value-added company leading the future with organic materials technology

Since the establishment of our Company named after Mt. Fuji, a famous peak in Japan, we will apply all the technological capabilities we have cultivated with a flexible mindset and connect it to our business with a new perspective. We will continue to pursue new technologies and always lead the times. This is our innovation spirit, "The Focus on Innovation." Never stuck in the past, never stick to the present. Be more dynamic and ambitious toward a world of endless innovation. Raising our corporate mark with a determination "Challenge on Innovation," Fujibo Group keeps challenging the remote future.



Corporate Philosophy

We will always support leading-edge industries by providing new technologies and products demanded by the times, capitalizing on our technology and experience cultivated over more than a century of Fujibo's history. In this way, we are committed to realizing a more prosperous and sustainable future for people, society, and the global environment.

Fujibo Vision

Fujibo Vision

Making a Breakthrough and Going ahead of the Times
— Guidelines for Being a Manufacturer

Management with Integrity and Sustainable Growth
— Guidelines for Corporate Management

Respecting the Individual and Fostering Harmony
— Guidelines for the Working Environment

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Editorial Policy

Scope of report: The Fujibo Group
 (Fujibo Holdings, Inc. and its domestic and overseas Group companies)
 Reporting period: Mainly for FY2023 but including certain periods before and after the fiscal year

Date of issuance: September 2024
 Referenced guidelines: “Guidance for Collaborative Value Creation” of the Ministry of Economy, Trade and Industry; “The International <IR> Framework” of the IIRC; “Sustainability Reporting Standards” of GRI; “Environmental Reporting Guidelines” of the Ministry of the Environment; Task Force on Climate-related Financial Disclosures (TCFD)

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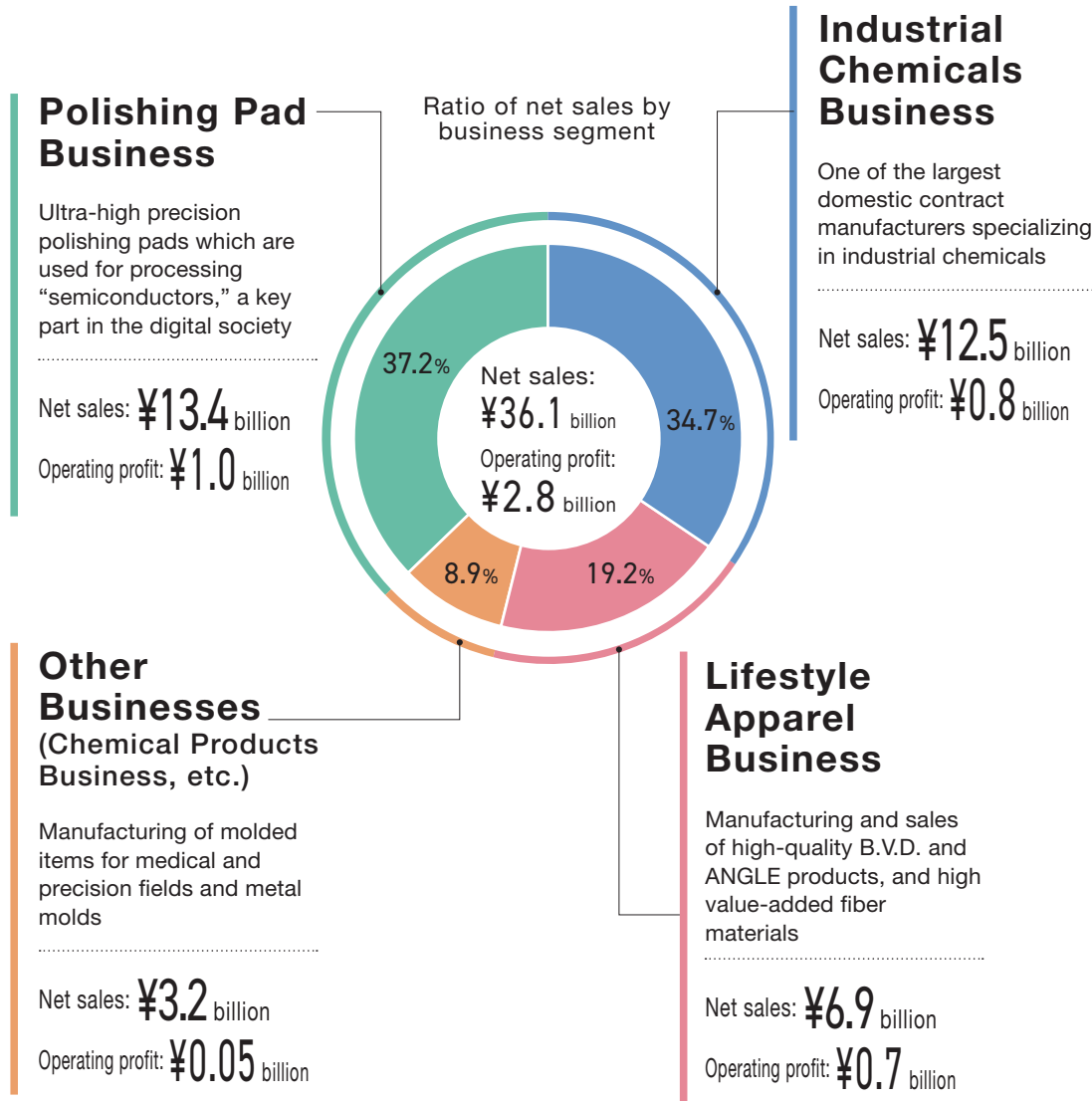
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At a Glance

The Fujibo Group's Businesses (Fiscal year ended March 31, 2024)



The Fujibo Group by the Numbers (as of March 31, 2024)



Growth Trajectory

For over 120 years since its founding in 1896, the Fujibo Group has been creating value through the provision of new technologies and products that meet the demands of the times and has continued to grow steadily.

Established in 1896

Expanded the spinning business and contributed to the modernization of Japan



In March 1896, Fuji Spinning Co., Ltd. was established with the aim of entering the spinning business, taking advantage of the abundant water from Mt. Fuji as a power source. In September 1898, operations began at the Oyama Factory in Sunto District, Shizuoka Prefecture. Subsequently, during the prewar and postwar periods, the company operated spinning factories successively, expanded its textile and spinning business, and contributed to the modernization of Japan.

From 1976

Entered into a licensing agreement with B.V.D. in the United States



In 1976, the company entered into a licensing agreement with B.V.D. in the United States and formed the foundation for lifestyle apparel, which has developed into a business with a strong presence now. The B.V.D. brand has been recognized for its high quality and supported by many customers for many years because of the integrated production system that has been established at its own factories, handling everything from knitting the yarn to sewing.

1896

1939

1976

1998

From 1939

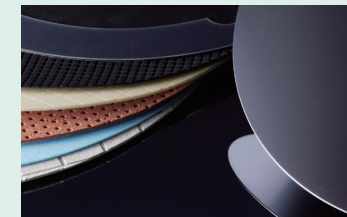
Entered the Industrial Chemicals Business



In 1939, Yanai Chemical Industry Co., Ltd. was established as a plant to produce carbon bisulphide, which is used in the manufacturing process of rayon, and we entered the industrial chemicals field. Since then, we have leveraged our know-how in organic synthesis and expanded our business operations through the contract production of fine chemical intermediates such as raw materials for pharmaceuticals, agricultural chemicals, electronic materials, and functional chemicals for major chemical manufacturers.

From 1998

Diversified business and cultivated the polishing pad market



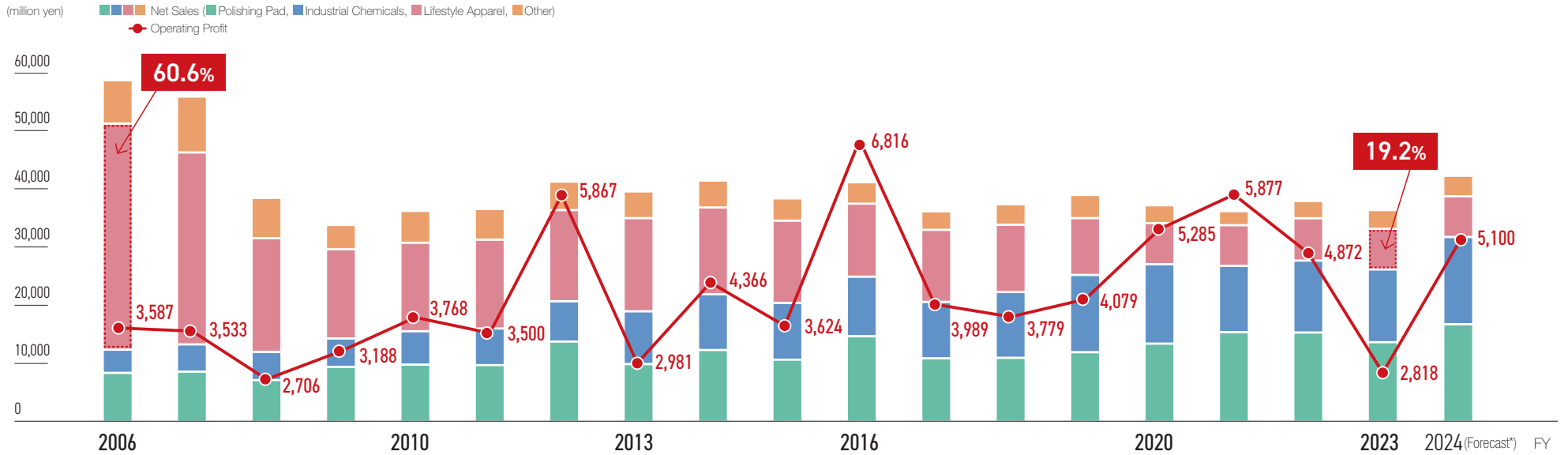
In 1977, Fujibo Ehime Co., Ltd. was established. As part of efforts to diversify business at the Nyugawa Plant, which handled rayon production, we cultivated the polishing pad market from 1998 based on our nonwoven fabric and film processing technologies. Since then, we have developed the POLYPAS® series of polishing pads, and expanded the Polishing Pad Business in various applications such as CMP (chemical mechanical polishing), silicon wafers, hard disks, and LCD glass.

■ Changes in the Business Structure of the Fujibo Group

The business restructuring that began with the Medium-term Management Plan “Henshin 06-10” has continued with “Toppa 11-13,” “Maishin 14-16,” “Kasoku 17-20,” and “Zokyo 21-25,” and transformed the Group into a highly profitable entity. When Mitsuo Nakano was appointed President in 2006, he promoted the idea that “there is no business without profit,” and we implemented thorough cash flow management through a shift in the focus from net sales to profits and improved balance sheet efficiency. As part of our business restructuring, we restructured and downsized our Textile Business and expanded into the non-textile fields such as the Polishing Pad Business and Industrial Chemicals Business to transform ourselves into a profit-oriented company in niche areas with a strong presence. (Percentage of Textile Business: 60.6% in FY2006 to 19.2% in FY2023)

In June 2022, Mitsuo Nakano was succeeded by Masahide Inoue as top management, who is committed to growth investment and ROIC management to further increase corporate value.

Net sales and operating profit trends since “Henshin 06-10” – Shift in the focus from net sales to profits

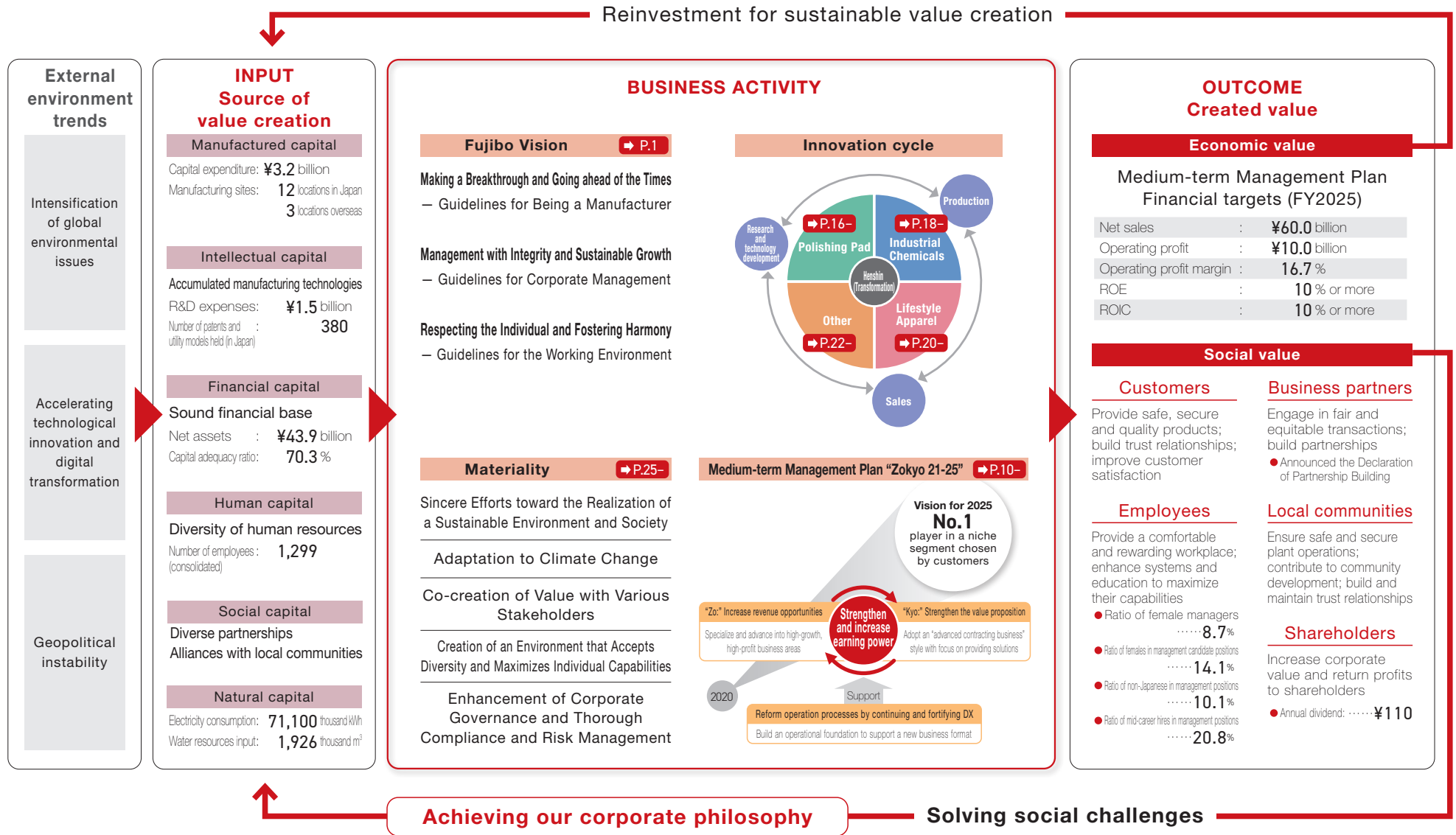


* Figures disclosed on May 17, 2024



Value Creation Process

In serving as the “No. 1 player in a niche segment chosen by customers,” the Fujibo Group will create economic and social value through providing high-value-added products.



Achieving our corporate philosophy

Solving social challenges



Aiming to become the No. 1 player in a niche segment by restructuring our business as well as strengthening and increasing our earning power

Masahide Inoue

Representative Director and President

The Fujibo Group has constantly taken on the challenge of transformation

Since the time of the Company's founding in 1896, it has constantly responded to changes in society, and taken on the challenge of transformation. With spinning as our original business, we have always sought after seeds for new businesses in the spinning and textile industry and developed our businesses.

The Polishing Pad Business, which is our current core business, is based on nonwoven fabric and film processing technology. It has achieved growth by providing high value-added products for various applications such as LCD glass, CMP (Chemical Mechanical Polishing) in the semiconductor manufacturing process, as well as silicon wafers, in response to changes in the times. In the Industrial Chemicals Business, we have leveraged our

organic synthesis know-how in the production system that is closely aligned with customer needs to expand the scope of our business through contract manufacturing for major chemical manufacturers. In the Lifestyle Apparel Business, we have focused on selection and concentration in the face of a contracting domestic textile market. As a result, it has become a highly profitable business that is currently centered on the two brands, B.V.D. and ANGLE.

Since FY2006, we have formulated and implemented four Medium-term Management Plans, and advanced business structural reforms. The theme of these structural reforms was the *Henshin* (Transformation) of the Company itself, by concentrating management resources

Top Message

on businesses that are expected to be profitable in the face of a contracting textile market. As a result, we developed two businesses in particular, the Polishing Pad Business and the Industrial Chemicals Business, and transformed our portfolio dramatically.

In addition, many human resources were reallocated from the Textile Business to other businesses during the structural reform process, and this was not a mere transfer or adjustment of personnel. We carried out systematic reskilling of our employees so that they could play an active role in new businesses while also taking advantage of the technologies and skills they had developed in their former business areas. We also moved forward with career transformation initiatives, including those that promoted multi-skilling of employees. This



contributed to the expansion and growth of each business, including the Polishing Pad Business, and strengthened our corporate structure in terms of human resources, as well.

In this manner, the Company's development is the result of creation of high value-added businesses, a journey that has been supported by the spirit of "The Focus on Innovation," in which we constantly challenge the future and engage in self-innovation. Now, with this spirit in mind, we are working to lead the coming future with organic materials technology.

Achievement of the growth strategies in the Medium-term Management Plan, "Zokyo 21-25"

The Medium-term Management Plan "Zokyo 21-25" sets targets of ¥60.0 billion in net sales and ¥10.0 billion in operating profit by FY2025. Although business performance was strong in the initial year of the Plan, from the second half of FY2022 to the second half of FY2023, the Polishing Pad Business slowed due to the impact of a downward adjustment of the silicon cycle, while the Industrial Chemicals Business also struggled due to deteriorating market conditions in electronic materials. Both sales and profit declined in the previous fiscal year as a result. However, the Polishing Pad Business and the Industrial Chemicals Business recovered in the current fiscal year and we are getting back on a growth trajectory, although achieving net sales of ¥60.0 billion and operating profit of ¥10.0 billion in FY2025 will be difficult. We intend to steadily implement the portfolio reforms set forth in "Zokyo 21-25," in order to make this growth trajectory a more certain and sustainable one.

Under "Zokyo 21-25," we aim to become the "No. 1 player in a niche segment chosen by customers." I

believe there are two key points for achieving this goal. The first point is to establish a concrete position in a niche business area, and generate profits through high value-added manufacturing. The second point is to gain a high market share and generate profits by earning a strong reputation through responding carefully to customer needs and demands.

As a specific strategy toward becoming the "No. 1 player in a niche segment," we will first forge ahead with capital expenditures, including R&D in growth areas.

Particularly in our core Polishing Pad Business, constant R&D is essential for responding to cutting-edge customer needs. At Fujibo Ehime's Nyugawa Plant, we built a new technology development building this summer, following expansion of our R&D equipment during the previous year. Furthermore, we decided to establish a new cutting-edge R&D facility in Taiwan, where a large number of semiconductor companies are based.

While we remain focused on investment on the highly profitable Polishing Pad Business which has great potential for growth, we will also make capital expenditures to increase our production capacity in the stable Industrial Chemicals Business. We are going to make active investments to realize growth in these areas with the aim of achieving the goals set forth in "Zokyo 21-25." At the same time, we will also explore new business opportunities for sustainable growth.

Secondly, we recognize that employees serve as true corporate assets in our endeavor to become the "No. 1 player in a niche segment," and with this in mind we will actively engage in investment in human capital. Specifically, we will pursue various measures such as improving compensation including wages, establishing a highly transparent, merit-based personnel evaluation system, and enhancing human resource development.

Promoting sustainability management

As part of our efforts to put sustainability management into practice, we actively implement various initiatives in our attempt to address issues of the environment, society, and governance relevant to our business processes.

Our contribution to solving environmental issues embodies our corporate philosophy of “we are committed to realizing a more prosperous and sustainable future for people, society, and the global environment.” In this regard, we are working to protect the air and water environment, conserve biodiversity, save resources, and reduce waste in line with this philosophy. In addition, we are also engaging in efforts to reduce CO₂ emissions through the use of renewable energy.

In terms of social issues, we have defined eight important management issues, including diversity and inclusion, respect for human rights, and human resource development, and are promoting various measures to address these issues. As I mentioned earlier, human capital lies at the core of our corporate value, and investment in human capital is essential for sustainable growth. There are three specific human resource development policies we have set: 1. Develop problem-solving human resources, 2. Develop globally competent resources, and 3. Develop next-generation leaders. We will pursue various initiatives in line with these policies, including actively providing educational and training opportunities to enhance individual capabilities and skills. We are working to become a company where each and every employee can take the initiative

in improving their abilities and achieve a sustainable working style.

In terms of governance, our basic policy is to maximize our corporate value by pursuing management efficiency and ensuring soundness. We appoint individuals with experience in corporate management as outside directors. The current fiscal year saw an increase in the number of outside directors from three to four in a move that would strengthen our governance. In addition, we also enhanced discussions on management challenges and management strategies at meetings of the Board of Directors.

To our stakeholders

Lastly, we are going to enhance information disclosure for our shareholders and other stakeholders to facilitate their understanding of our growth strategy. We will pursue initiatives based on ROIC management, with an emphasis on shareholder returns. We also intend to increase opportunities for communication with stakeholders and work together to realize new value creation. We appreciate your continued understanding and support.



Medium-term Management Plan – Progress and Future Efforts

Medium-term Management Plan “Zokyo 21-25”

Overall Policy

Aim to become the “outstanding No. 1 player in a niche segment,” strengthen and increase earning power, and continue and fortify DX

Under the Medium-term Management Plan “Kasoku 17-20” that ended in March 2021, we worked to strengthen our R&D capabilities and production capacity in the Polishing Pad Business and Industrial Chemicals Business, as well as to reduce costs, improve efficiency, and improve profitability. In the Lifestyle Apparel Business, we implemented various business reforms, including strengthening competitiveness by optimizing and enhancing the supply chain, reviewing sales strategies, and reducing expenses in order to cope with the contracting market along with the decline in sales due to the spread of COVID-19.

Under the ongoing Medium-term Management Plan “Zokyo 21-25,” we are steadily implementing medium-term measures to close the gap between the vision for 2025 derived from our desirable future position and the vision for 2025 as an extension of current trends as we aim to transform ourselves into a sustainable and profitable business.

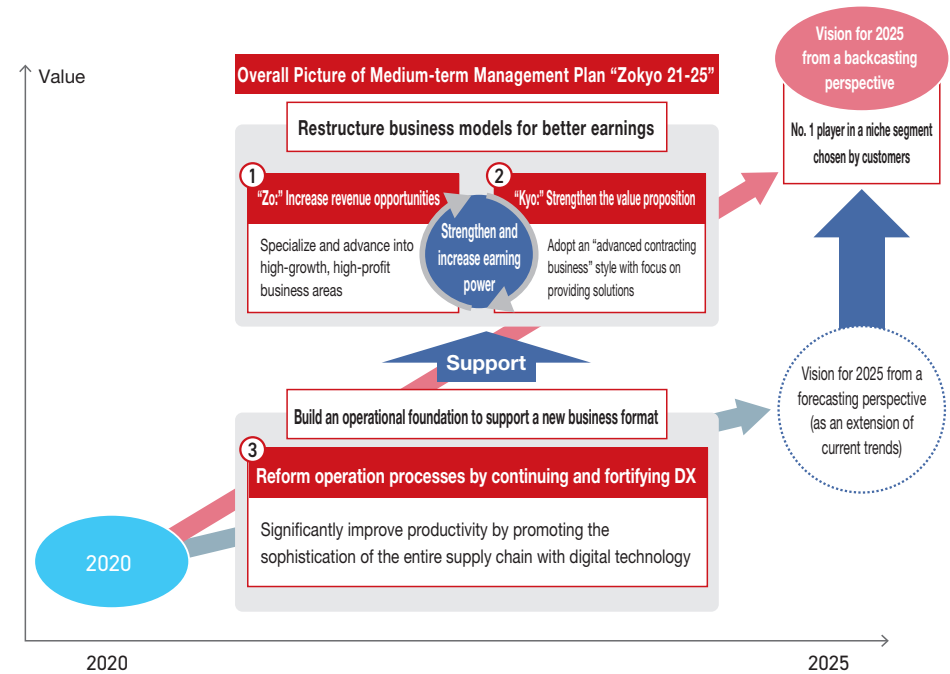
Management Policy

Aiming to become the “outstanding No. 1 player in a niche segment,” we will promote the following:

- 1 “Zo:” Increase revenue opportunities (Specialize and advance into high-growth, high-profit business areas);
- 2 “Kyo:” Strengthen the value proposition (Adopt an “advanced contracting business” style with focus on providing solutions);
- 3 Reform operation processes by continuing and fortifying DX (Significantly improve productivity by promoting the sophistication of the entire supply chain with digital technology) to strengthen and increase earning power.

Through these efforts, the Fujibo Group is working together toward achieving the consolidated performance targets for FY2025 (net sales of ¥60.0 billion and operating profit of ¥10.0 billion).

Please refer to our website for details on the Medium-term Management Plan. → <https://www.fujibo.co.jp/en/ir/businessplan/>



FY2025 Consolidated Performance Targets

Net sales	¥60.0 billion	ROE	10% or higher
Operating profit	¥10.0 billion	ROIC	10% or higher
Operating profit margin	16.7%	Capital adequacy ratio	65% or higher

What is the Fujibo Group?

The Fujibo Group's Value Creation

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Medium-term Management Plan – Progress and Future Efforts

Progress and Efforts of Medium-term Management Plan “Zokyo 21-25”

[Quantitative Targets]

Although we got off to a smooth start, we were impacted by a downward adjustment in the silicon cycle from the second half of FY2022.

	Achievements in FY2021	Achievements in FY2022	Achievements in FY2023	Medium-term Management Plan targets in FY2023
Net sales	¥35.9 billion	¥37.6 billion	¥36.1 billion	¥48.0 billion
Operating profit	¥5.8 billion	¥4.8 billion	¥2.8 billion	¥7.0 billion

[Business Portfolio Management and Key Measures]

Key measures are generally progressing smoothly as we aim to become the “outstanding No. 1 player in a niche segment.”

Business segment	Positioning	Status of progress
Polishing Pad	Growth area	We are making aggressive investment in facilities and R&D in an aim to expand semiconductor-related applications.
Industrial Chemicals	Growth area	We are making investments to increase production capacity for functional materials that are expected to see increased orders.
Lifestyle Apparel	Selection and concentration	We are transitioning to an e-commerce business model.
Other (Chemical Products Business, etc.)	Establishment as a fourth pillar	We are focusing on the medical field and strengthening the integrated operation of chemical products and molds.

Performance is expected to gradually recover from FY2024. Although it will be difficult to achieve the FY2025 target figures of the Medium-term Management Plan in FY2025, we will continue to aim to achieve them over the medium term.

	Forecast for FY2024*	Medium-term Management Plan targets in FY2025
Net sales	¥42.7 billion	¥60.0 billion
Operating profit	¥5.4 billion	¥10.0 billion

* Figures disclosed on July 31, 2024

[Status of Investment Strategy Implementation]

Investment strategy for “Zokyo 21-25”

- Growth investments of ¥25.0 billion to ¥30.0 billion are planned.

	FY2021-2025 cumulative plan	FY2021-2023 cumulative achievements	FY2024 plan
Capital expenditures	¥15.0 billion	¥9.0 billion	¥6.2 billion
M&As, etc.	¥10.0-15.0 billion	¥1.4 billion	Undecided
Total	¥25.0-30.0 billion	¥10.5 billion	¥6.2 billion (M&A undecided)

We are focusing on self-sustaining growth through increased capacity and strengthened R&D, etc. In particular, in the Polishing Pad Business, we are increasing R&D investment to strengthen cutting-edge areas. Investment is expected to be made within the total amount planned in “Zokyo 21-25.”

Financial Strategy



Through growth investments, we will work to expand our business, improve profitability, and solidify our financial position in order to realize sustainable enhancement of corporate value.

Tatsuya Sasaki

Director, Senior Executive Officer,
in charge of finance and accounting

Basic Concept and Policy

We will manage the financial strategy that supports our business in accordance with the following policies for the time being.

The first is to achieve the targets of the Medium-term Management Plan “Zokyo 21-25” of net sales of ¥60.0 billion and operating profit of ¥10.0 billion over the medium term. To that end, the second is the need to manage business while keeping in mind that the period starting from FY2024 is a time of expansion of investment for growth.

The third is the importance of maintaining financial security because our mainstay Polishing Pad Business is affected by semiconductor market conditions. Finally, and fourthly, as we aim to become a No. 1 player in a niche segment, it is necessary to promote investment in R&D to meet cutting-edge customer needs and to nurture the seeds of new businesses.

We are implementing the following initiatives as financial management based on these basic concepts.

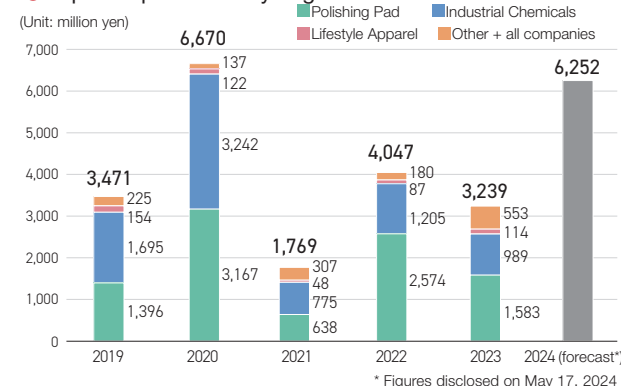
Implementing Growth Investments

We will make growth investments in the Polishing Pad Business and Industrial Chemicals Business, which are positioned as priority businesses based on the business portfolio strategy of the Medium-term Management Plan “Zokyo 21-25,” and the Chemical Products and Mold Business, which we aim to develop into a fourth pillar of our business.

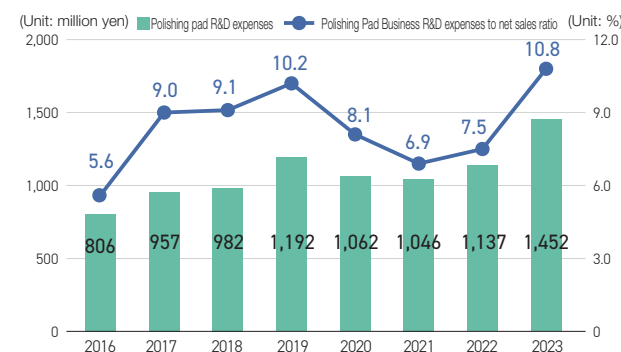
When making investment decisions, in addition to conducting quantitative analyses on the capital expenditure payback period based on future cash flows and using the NPV and IRR methods, we also carefully assess whether the area is expected to grow as a market and whether we have the competitive advantage

to maintain and acquire a sufficient presence in the area. We believe that this is an important factor to ensure that we focus on investments that will contribute to the improvement of profitability in the future.

Capital Expenditures by Segment



Polishing Pad Business R&D Investments Trends



Importance of Balance Sheet Control

① Aim to achieve ROE and ROIC of 10%

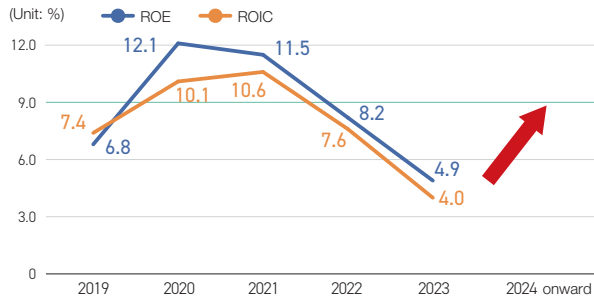
While working to expand business and improve profitability through growth investments, we will implement financial management with an awareness of capital efficiency.

Financial Strategy

Achievement of this is important because our target is to attain ROE and ROIC of 10% or more.

In FY2023, our mainstay Polishing Pad Business struggled due to a downward adjustment of the silicon cycle, resulting in a profit decline and ROE and ROIC of

Trends in ROE and ROIC



4.9% and 4.0%, respectively. However, from FY2024, we expect the recovery of the Polishing Pad Business to improve both ROE and ROIC, gradually bringing the 10% target in sight.

As a measure to improve ROE and ROIC, we are working to improve profitability and capital efficiency by implementing “Fujibo ROIC Management,” which breaks down ROIC.

As measures to improve profitability, we will reduce procurement costs to reduce variable costs, improve productivity mainly through automation, and promote price strategies that reflect the added value we offer.

In addition, as measures to improve capital efficiency, in order to minimize the increase in working capital due to sales expansion, we will review transaction terms related to trade receivables as well as set inventory target levels,

optimize inventory management, improve the accuracy of forecasting orders, and more, to address inventory issues.

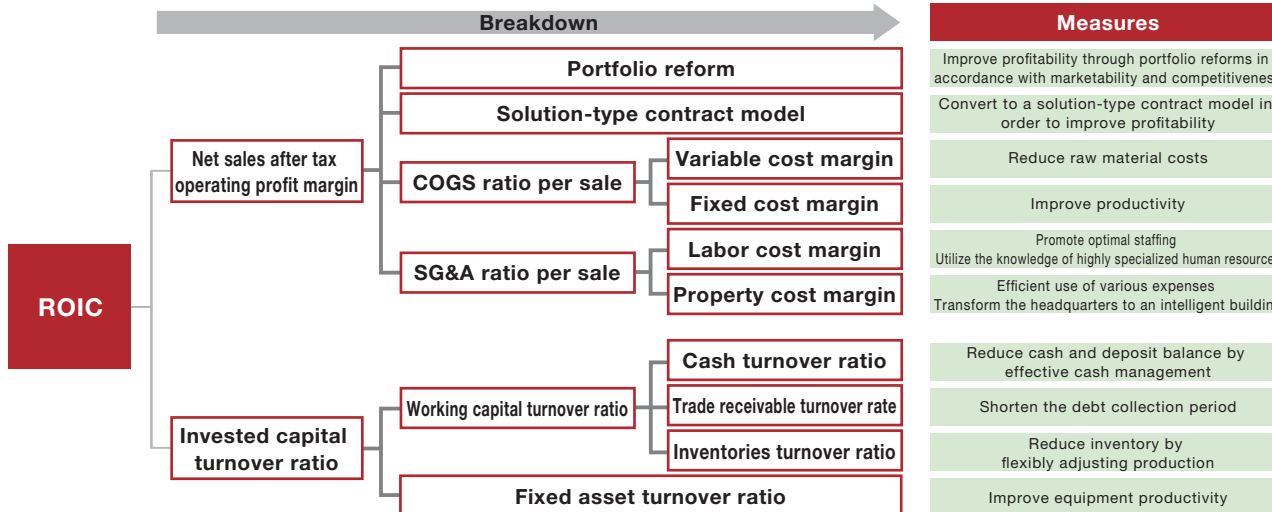
②Balance between growth and security

It is also important to maintain and improve the security of our financial base in order to steadily invest in medium- to long-term growth without being overly swayed by current business conditions.

Although our current level of financial security is satisfactory (capital adequacy ratio of 70.3% as of the end of FY2023), because our mainstay Polishing Pad Business is affected by the semiconductor market, we must maintain a high level of security to absorb market fluctuations and continue making investments.

Fujibo ROIC Management

Improve company-wide ROIC by breaking down ROIC and achieving individual measures



Shareholder Returns, Cash Allocation, and Dialogues with Investors

The Company considers profit returns to shareholders as one of the most important management matters. As such, we take into consideration matters of business environment and business performance trends, and carry out a lasting and stable dividend policy based on performance. Based on this policy, we maintained an annual dividend of ¥110 in FY2023, despite the decline in profits, and we plan to increase it by ¥10 to ¥120 in FY2024, as business performance is expected to recover.

In order to increase profit returns to shareholders through medium- to long-term increase in corporate value, we manage cash allocation with a focus on growth investments while also considering the balance with profit returns to shareholders.

In order to realize management that is conscious of the cost of capital and stock price and in an aim to be a company well regarded by investors, in addition to promoting investment for growth, improving ROE and ROIC, and emphasizing returns to shareholders, we will endeavor to enhance information disclosures.

Human Resource Strategy



We are working to secure and develop diverse human resources who can move forward together with us toward the realization of our future vision.

Masaaki Okada

Senior Executive Officer, General Manager of Human Resources Department

Basic Concept and Policy

We have set our vision as “Respecting the Individual and Fostering Harmony — Guidelines for the Working Environment,” and our basic policy for human capital stipulates, “We provide each employee with fair opportunities and fair evaluations, and create an environment where they can work together to improve through friendly competition. By respecting the individual, we will create a workplace that fosters competitiveness and teamwork.” In order to implement “sustainability management” under this basic policy, we have set the following priority themes. In particular, we are focusing on “investment in human capital,” “ensuring diversity,” and “employee health and safety” as items closely related to human resource strategies.

Priority Themes

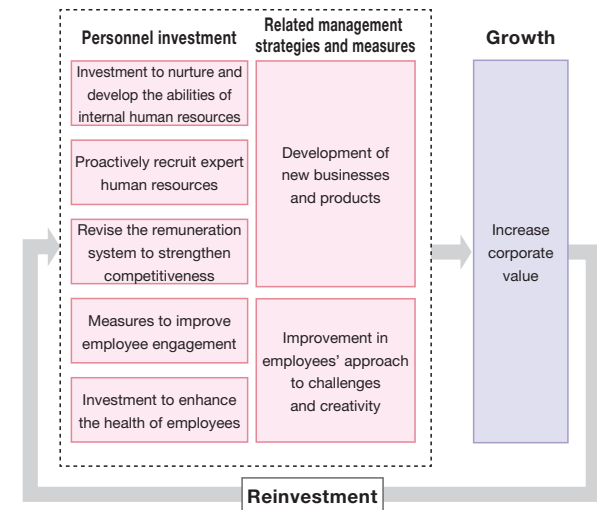
1. Ensure diversity
2. Respect for human rights
3. Human resource development
4. Health and productivity management
5. Safety and health of employees

Investment in Human Capital

The Fujibo Group aims to become the “outstanding No. 1 player in a niche segment” as its long-term vision. In realizing this, we recognize that employees are our corporate asset, and we are working to develop them. We have set three specific human resource development policies: 1. Develop problem-solving human resources, 2. Develop globally competent resources, and 3. Develop next-generation leaders. We actively provide educational and training opportunities to draw out and enhance knowledge, skills, and abilities of individuals in order to support employee growth.

Human capital is the core of corporate value. Investment in human resources is fundamental to the sustainable growth of the Company. We are committed to enhancing the capabilities of each and every one of our employees to realize a sustainable way of working.

Investment in Human Capital to Increase Corporate Value



Ensure Diversity

We believe that inclusion of diversity such as race, gender, age, gender identity, disability, etc., will foster a corporate culture of mutual respect that will propel us to grow together. As we move forward with the upgrading of our business structure, we believe that respecting diversity, providing opportunities for employees to demonstrate their abilities, and promoting the improvement of the working environment will contribute to sustainable growth and the enhancement of corporate value. We provide opportunities for a diverse range of human resources to demonstrate their abilities and play an active role, regardless of gender, age, nationality, disability, etc. We are also promoting the development of an internal environment in which each employee can work with peace of mind and vigor in a healthy state. Specifically, we have set the following indicators, and we are working to promote women's participation and develop executive human resources with a global perspective.

Human Capital Indicators for Ensuring Diversity

Item	Achievements in FY2023	Targets for FY2025
Ratio of female managers	8.7%	10% or higher
Ratio of females in management candidate positions	14.1%	8% or higher
Ratio of non-Japanese in management positions	10.1%	13% or higher
Ratio of mid-career hires in management positions	20.8%	17% or higher

Health and Productivity Management/Safety and Health

Our initiatives to promote employee health maintenance and enhancement stimulate our organization in part by enhancing employee vitality and heightening productivity, which in turn prompts expectations of better financial results and increased corporate value. In order to consider health and productivity management from a management perspective and strategically implement it, we are establishing an internal environment in which employees are able to work enthusiastically by implementing various measures under our system we have built for promoting our "Health and Productivity Management Declaration," which aims for health and productivity management. In recognition of these initiatives, in FY2024 we gained recognition under the 2024 Certified Health and Productivity Management Outstanding Organizations Recognition Program (large enterprise category), as we were in FY2023.

We are working to ensure the safety and health of our employees. We are promoting zero workplace accident activities by developing and improving our Group-wide safety and health management system and conducting regular safety inspections and guidance at all business sites.



System for promoting health and productivity management →
https://www.fujibo.co.jp/en/sustainability/social/health_productivity/

Employee Engagement

We create highly engaged work environment where each employee feels motivated and fulfilled in their work by promoting the following three human resource strategies. We aim to improve productivity and, ultimately, sustainably increase our corporate value by drawing out the full potential of our diverse human resources.

1. Develop problem-solving human resources
2. Develop globally competent resources
3. Develop next-generation leaders



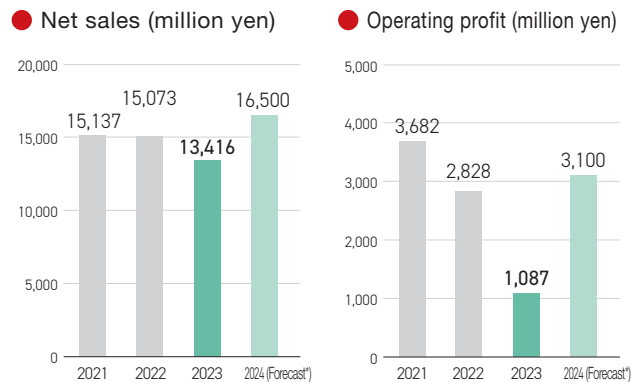
Strategy by Business Segment

Polishing Pad Business

We are promoting business process reform and heightening of value by a solution-type contract model centered around the POLYPAS® series for semiconductor-related applications. We are expanding our business, primarily focused on CMP applications.



Ultra-high precision polishing pad POLYPAS® series



* Figures disclosed on May 17, 2024

Performance

In FY2023, although orders increased for mainstay ultra-high precision polishing pads for SiC wafer applications, orders decreased for highly profitable CMP applications for semiconductor devices and silicon wafer applications. We were also affected by production cutbacks by LCD panel manufacturers due to the decline in demand for digital devices, resulting in lower sales and profits with net sales of ¥13,416 million and operating profit of ¥1,087 million.

We expect a recovery in orders going forward, considering the continued demand in the SiC power semiconductor field and the upward trend in the semiconductor market, so we forecast net sales of ¥16,500 million and operating profit of ¥3,100 million for FY2024.

Strengths of the Business

Our strength lies in our comprehensive ability to respond to the diverse needs of customers in a careful manner by transcending departmental boundaries and integrating manufacturing, sales, and technology. We also have one of the largest manufacturing capacities in the industry along with strong BCP capabilities, with a system of five locations in Japan and abroad, including Taiwan. In order to meet the growing needs for polishing performance that will accompany the further growth in semiconductor demand, including AI and automotive applications, that is anticipated, we will work on increasing manufacturing capacity and advancing R&D by continuing to make active capital expenditures.

Challenges

Challenges include strengthening solution-type sales, which are central to our growth, and securing R&D human resources. We will create opportunities for junior and middle-level employees to actively participate, and enhance internal education in order to develop human resources that are essential for business expansion. In preparation for risks such as structural economic fluctuations in the semiconductor market (the silicon cycle) and the commoditization of products due to rapid advances in technology, we will work to ensure a stable financial base and improve the competitiveness of our products.

Growth Strategy

We will focus on improving R&D capabilities as part of pursuing a solution-type contract model that integrates sales and R&D. In particular, as R&D investments to expand semiconductor-related applications, we have invested in the construction of a new technology development building at the Fujibo Ehime Nyugawa Plant and R&D-related facilities in Taiwan. We are also promoting labor savings along with continued investment in growth. We will further improve the efficiency of business processes by introducing AI into the quality inspection process, automating manufacturing processes with the introduction of robots, and introducing RPA to improve production efficiency.

Promoting R&D investments to expand semiconductor-related applications and becoming a top manufacturer of comprehensive polishing pads with our strength in solution sales



Yoshimi Mochizuki

Director, Senior Executive Officer, supervisory duties of Polishing Pad Business

Demand for CMP applications in niche markets is growing

In our Polishing Pad Business, we manufacture and sell ultra-high precision polishing pads that are used in a wide range of polishing applications, including the manufacture of LCD glass, hard disks for storage devices, silicon wafers, and semiconductor devices. Among the POLYPAS® series, we have captured the top market share in the mainstay field of advanced process soft pads based on our high reputation among customers earned through our high-performance, high-quality products and provision of flexible solutions that meet the different performance requirements of each customer. With the gradual recovery of the semiconductor market and advancement in the miniaturization and layering of semiconductors, particularly the demand for CMP applications for semiconductor devices has grown recently, and we have succeeded in laying the foundation for providing high value-added products in niche markets.

Investing in growth in Japan and overseas to accelerate the expansion of product adoption by customers by strengthening development capabilities

We completed construction of the Oita Plant in 2020 and we have continued to strengthen our facilities since then in order to establish a stable supply system to meet the growing demand in the semiconductor market. We are also working to further improve productivity through means such as introducing AI into the quality inspection process and introducing robots to automate the manufacturing process. We are also actively developing a patent strategy focused on a “proactive patenting policy” to enhance our business competitiveness, thereby securing a certain degree of superiority.

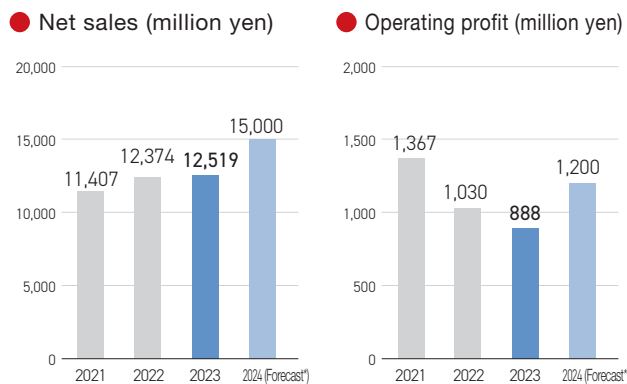
We aim to provide meticulous support by integrating manufacturing, sales, and technology development in response to the ever-increasing quality requirements for semiconductor miniaturization and layering. In Japan, the construction of a new technology development building at the Nyugawa Plant was completed this summer. Overseas, we also plan to build a new R&D facility in Taiwan. In Taiwan, where leading companies in the semiconductor field are concentrated, we will accelerate product development and increase the adoption of our products by customers by working closely with customers on advanced process development, capturing needs, and strengthening our ability to respond to these needs.

At the same time, we will also explore new possibilities for polishing pads in fields other than semiconductors by considering our technology from multiple perspectives. We aim to become a No. 1 global player in a niche segment as a comprehensive polishing pad manufacturer by further examining new polishing businesses to broaden our scope of business.

Strategy by Business Segment

Industrial Chemicals Business

We are engaged in the contract manufacturing of organic synthesis intermediates such as functional materials and raw materials for pharmaceuticals. We have established a stable customer base thanks to our unique know-how and fully-integrated production system capable of responding to small-lot product orders. We are expanding the scope of our business by increasing production capacity through aggressive capital expenditures.



* Figures disclosed on May 17, 2024

Performance

In FY2023, there was downward pressure on profits due to headwinds such as weak global demand in the chemical industry and worsening market conditions for electronic materials used in semiconductors, smartphones, and the like, along with higher product costs due to the soaring costs of raw materials and energy. Although profitability was improved by passing on higher costs through price increases, order volume suffered, and we were forced to reduce operations for some production lines. As a result of these factors, sales increased while profits decreased, resulting in net sales of ¥12,519 million and operating profit of ¥888 million. Although a challenging business environment is expected to continue going forward due to factors including deteriorating market conditions for electronic materials, we will focus efforts on acquiring new customers and new orders, and we forecast net sales of ¥15,000 million and operating profit of ¥1,200 million for FY2024.

Strengths of the Business

We have established a strong relationship of trust with customers based on the strength of a thorough customer orientation that includes making proposals for improvements, which is backed by our manufacturing system that meets customer needs as well as our technology and cost competitiveness underpinned by many years of contract manufacturing. We place the highest importance on manufacturing the products our customers need, and we aggressively invest in the necessary equipment for this purpose. We will strengthen cooperation between our Yanai and Takefu Plants to meet a broad range of customer needs.

Challenges

Risk factors include the shortening of the product life cycle of functional materials due to technological innovation and a profit structure that is susceptible to market fluctuations in electronic materials, so we are strengthening the diversification of products handled and the cultivation of new customers in order to help level such fluctuations. We will also consider expanding into peripheral business areas without being bound by the status quo.

Growth Strategy

We will expand the areas we cover in fine chemicals and strengthen our R&D support solutions. We are making investments in expanding production capacity, such as by establishing new production lines for functional materials, in order to meet the customer needs that are expected to lead to medium- to long-term order growth. We will also work on improving formulations through the provision of solutions, providing technologies for mass production, and more.

Aiming for new growth by increasing production capacity for products with strong demand and by strengthening prototype development capabilities



Koji Tosaka

Executive Officer, supervisory duties of Industrial Chemicals Business

Established a position as a No. 1 player in a niche segment with a stable customer base

In the Industrial Chemicals Business, we have established a position as a No. 1 player in a niche segment of contract manufacturing of organic synthetic intermediates such as functional materials, pharmaceuticals, and agricultural chemicals for our customers of major chemical manufacturers. Our abundant knowledge in manufacturing, production technology and production capacity backed by contract manufacturing of cutting-edge products, and quality control system have been very well received by customers, and both the Yanai Headquarters Plant and Takefu Plant continue to operate at high capacity.

Our flexible responses to various needs and problem-solving proposals have helped to gain the trust of customers, and we have established a differentiated position among our customers from our competitors as the first manufacturer to consult in the contract manufacturing of intermediates, and we maintain a stable customer base thanks to this.

Aiming to increase production capacity and expand business areas

As part of our growth strategy, we are working to increase production capacity and expand business areas to stabilize orders in order to further expand the area of fine chemicals. In functional materials, demand for some of our main products has remained strong. As we expect growth in demand over the medium to long term, we are planning to construct a fifth plant (scheduled to start operations in April 2026) on the site of the Yanai Headquarters Plant to increase production capacity. Compared to the relatively stable demand for pharmaceuticals and agricultural chemicals, demand for functional materials tends to fluctuate significantly due to changes in the product life cycle caused by semiconductor market conditions and technological innovation, and such fluctuations affect orders. For this reason, in order to stabilize order levels, we are working to expand the range of products we handle, including the cultivation of new customers, and we have established a system that makes it possible to collaborate with customers from the prototype stage, depending on the R&D needs of customers.

By leveraging the technological capabilities and knowledge cultivated through contract manufacturing for many major chemical manufacturers, we focused on new and developed products in particular in FY2023 with the aim of increasing new contracted products, and we have progressed from the prototype stage to mass production for some products from FY2024. In addition, we will consider using M&As as a means to enter peripheral business areas and efficiently increase production capacity. Without being bound by the status quo, we will continue to develop products with high growth potential and further increase our manufacturing capacity.

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Lifestyle Apparel Business

Two of the Group companies, each with its own strength, carry out business operation in the textile business, from upstream to downstream. In textile materials, we are developing materials that pursue high added value and originality, while in textile products, we are shifting to a business model centered on e-commerce.



B.V.D. GOLD



Suzu Bra (Cool Bra)

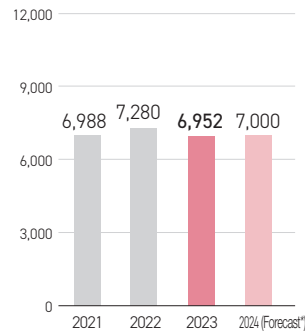


Asamerry

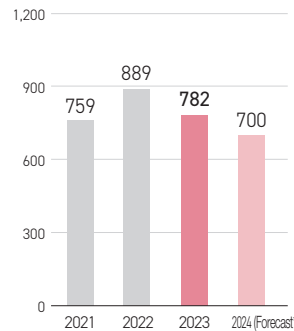


Luminous fibers

● Net sales (million yen)



● Operating profit (million yen)



* Figures disclosed on May 17, 2024

Performance

In FY2023, in textile materials, there was downward pressure on profits due to the yen's depreciation, in addition to rising costs due to soaring logistics and raw material costs. In textile products, e-commerce sales grew thanks to successful measures including marketing and expansion of e-commerce exclusive products, and overseas sales increased significantly for high-quality, high-end products. On the other hand, fall and winter products struggled due to the impact of lingering summer heat and a mild winter. Net sales and operating profit declined to ¥6,952 million and ¥782 million, respectively, due to factors including the withdrawal from consignment sales.

Going forward, we expect demand to gradually recover as real wages increase, and we forecast net sales of ¥7,000 million and operating profit of ¥700 million for FY2024.

Strengths of the Business

We will strengthen marketing, product planning, and branding, centered around the integrated production system at our own factories, manufacturing technologies, and our commitment to quality. We seek to differentiate ourselves by pursuing the uniqueness of materials and the brand strength of our products. We implement a niche strategy focused on specific customer needs in order to avoid being caught up in price competition. In particular, our luxury underwear has gained a strong reputation, especially among wealthy overseas customers. Our focus is on expanding sales of these products in cooperation with overseas distributors.

Challenges

We will work on improving profits through means such as sales price revisions and reducing costs by automating production lines. We are also strengthening our efforts in advertising and promotion while keeping a check on cost-effectiveness, with the aim of broadening our customer base from mainly senior customers to also include middle-aged customers. Potential risks in this business include reduced sales of seasonal products due to climate change and a decline in consumer spending due to inflation, as well as higher procurement costs due to the weak yen among other factors. We intend to minimize these risks by broadening our range of standard products and implementing thorough management of our inventory.

Growth Strategy

Structural reforms, such as discontinuation of unprofitable products and reducing inventory, have borne fruit, leading to a successful transition to a highly profitable business structure. We will continue to thoroughly implement measures that prioritize profits over the scale of sales, while also focusing on shifting to a business model centered around e-commerce and expanding sales of high value-added products, which are the goals of the current Medium-term Management Plan. In textile products, we will expand sales and enhance our lineup of strong brands and online-exclusive products, while in textile materials, we will focus on selection and concentration through means such as expanding sales of specialized materials and dyed and processed high-margin products.

Strengthening high value-added business development through a commitment to quality and promotion of a shift to e-commerce



Yasuo Toyooka

Representative Director, Senior Managing Executive Officer, supervisory duties of Lifestyle Apparel Business

Achieving a highly profitable business structure through our thorough efforts on structural reforms and a focus on profits

In the Lifestyle Apparel Business, our commitment to technology and quality accumulated in our over a century of existence is being put to use, enabling us to operate a fully integrated and traceable manufacturing and sales business from upstream to downstream, in other words, from yarn and fabric manufacturing to sewing and retail sales. In textile products, which account for the majority of our net sales, we manufacture and sell high-quality innerwear under mainly two brands, B.V.D. and ANGLE. For B.V.D., we are expanding sales with a focus on the standard product “GOLD” with stretch-resistant collar for men and “Suzu Bra (Cool Bra)” for women, while for ANGLE, which celebrated its 130th anniversary this year, we are expanding sales mainly of “Asamerry” and “Airmerry,” which boast high-quality texture. Meanwhile, in textile materials, we are developing materials in pursuit of originality and providing dyeing and processing technologies used by high-end apparel brands in Japan and overseas.

In the Textile Business, we have advanced full-scale structural reforms, particularly since “Henshin 06-10.” Specifically, we achieved a transition to our current highly profitable business structure, made possible through measures such as closing domestic spinning mills and improving the number of inventory days by reducing SKUs and scaling back consignment sales. Going forward, we will continue to focus on narrowing down our lineup to products that sell well, automating production lines, and promoting DX in customer analysis and other purposes in our attempt to even further improve productivity and profitability.

Cultivation of promising growth areas by promoting a shift to e-commerce and appealing to new customer segments

We will work to strengthen our marketing, product planning, and branding going forward by leveraging our strengths in manufacturing based on the integrated production system at our own factories and high-quality manufacturing know-how cultivated over many years.

For textile products, we will focus on shifting to a business model centered on e-commerce. We will implement product planning and marketing measures tailored to our customer segment by producing advertising elements and other promotions in-house, developing human resources specialized in e-commerce mainly for our own online shop that takes advantage of our uniqueness, and utilizing sales data.

Our core customers who have supported B.V.D. up until now are getting older, and we are facing the challenge of finding ways to communicate our brand value to the middle-aged and younger customer segments. Along with utilizing means such as social media to make an effective appeal for our brand and attract customers, we will also take on the challenge of rebranding the B.V.D. brand by developing products with a touch of twist, that target specific customer needs. In addition, for the ANGLE brand of high-end innerwear, we are currently expanding sales to wealthy overseas customers, and we will continue to strengthen each of our sales routes.

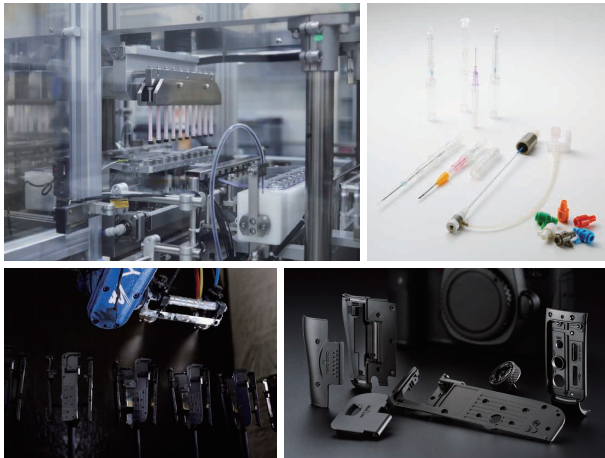
In textile materials, we will leverage our high technology capabilities to expand sales of specialized materials such as synthetic fibers, stainless fibers, and functional fibers, as well as dyed and processed products, and establish a production system with high operation rates throughout the year to enhance profitability, in line with steadily growing demand overseas.

We will continue our high value-added business in both textile products and textile materials, and expand into new growth areas.

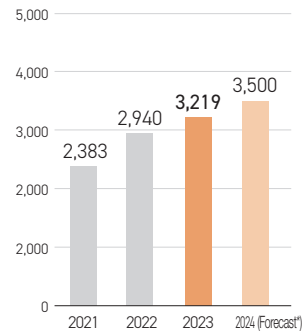
Strategy by Business Segment

Chemical Products and Mold Business

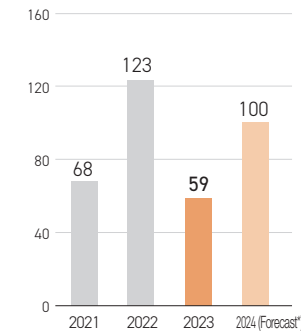
While we have been involved in the plastic molding business using injection molding technology for many years, through the inclusion of Tokyo Molding Co., Ltd. and IPM Co., Ltd. in the Group, we are aiming to expand our business through a fully-integrated system of mold design, manufacturing, and injection molding.



● Net sales (million yen)



● Operating profit (million yen)



* Figures disclosed on May 17, 2024

Performance

In FY2023, sales increased in the molded items division thanks to strong orders for medical equipment parts. In the mold division, although orders for automotive molds decreased due to a transitional period in development projects, including the shift to EVs, orders remained relatively strong for molds for office equipment and medical equipment. As a result, the Chemical Products and Mold Business overall recorded higher sales and lower profits, with net sales of ¥3,219 million and operating profit of ¥59 million. Going forward, we expect even further growth in demand for medical equipment parts, and we forecast net sales of ¥3,500 million and operating profit of ¥100 million for FY2024.

Strengths of the Business

In this highly competitive industry, we have built up a solid track record of high quality and precision and stable production and delivery that fulfill the needs of our customers. Our solid business foundation based on this trust is our strength. The inclusion of Tokyo Molding and IPM in the Group has made it possible to receive orders for projects that these companies and we could not have received alone. In addition, the number of newly developed products through database sites for manufacturing is also on the rise.

Challenges

Although we faced the challenge of shifting from a business that focused on receiving orders to a solution-proposing business and improving profitability, we have strengthened our ability to solve problems in response to the diverse needs of customers through measures such as offering a full lineup of molds. Stable growth in orders is expected in the molded items division, particularly for medical equipment. However, in the mold division, orders for our mainstay automotive molds are exposed to significant risks of being influenced by the business conditions of the automobile industry, so we are directing our effort toward acquiring customers outside of the automotive industry.

Growth Strategy

In the molded items division, we are concentrating on the medical field, and making systematic capital expenditures to meet the needs of customers. In the mold division, we are working to create Group synergies, expand business areas through M&As, and expand sales of large molds. Moreover, we are working to strengthen R&D in collaboration with the Near-Future Product Development Supervisory Department, which is responsible for new business development for the Fujibo Group.

Focusing on chemical products in the medical equipment field and expanding the area of molds to become a fourth pillar of our business



Yasuhiro Shimizu

Managing Executive Officer, supervisory duties of Chemical Products Business

Establishment of a system that handles everything from molds to molding

Our injection molding technology, especially in the precision machinery and medical equipment fields, has long been highly evaluated by customers, and we have strategically expanded this business to develop into a fourth pillar centered on the plastic molding Chemical Products Business. As part of these efforts, we made Tokyo Molding and IPM into Group companies in 2018 and 2022, respectively. Through this, we have not only become totally involved in everything from mold design and manufacturing to injection molding, but also established a distinctive advantage in the industry by offering a full lineup of molds from precision and small molds to medium and large molds.

Concentrating on chemical products in the medical equipment field and promoting integrated proposals for chemical products and molds

The business track record and trust from customers we have built up over the years are the greatest strengths of our Chemical Products and Mold Business. We have earned the solid trust of our customers by meeting their diverse needs with quality, precision, stable production, delivery, price, and service. While further refining these strengths, we will leverage our advantages to pursue even more high added value in promising areas.

Specifically, in the molded items division, we will concentrate on the medical field, where customer needs are strong. We will make investments to increase equipment capacity in line with growing customer demand. Major themes in the mold division are expanding into large molds and extending the existing hot runner area. Needs for large molds are growing along with the shift to EVs in the automotive industry, and we will establish a leading position in response to this trend. In addition, hot runners that do not produce waste runners (waste plastic) are attracting attention as a means for achieving a low-carbon society, and we see this as a promising market with a lot of growth potential as we have strengths in being able to respond on a made-to-order basis.

Furthermore, given this technology and business foundation, we will aggressively develop problem-solving proposals and integrated proposals for molds and molding unique to the Group that take the environment into consideration, in order to expand this business into a fourth pillar and improve profitability.

The Fujibo Group Sustainability

The Fujibo Group's Sustainability Management



Basic Policy

The Fujibo Group implements “sustainability management” that incorporates sustainability at the core of our business strategy.

The Group’s sustainability management is characterized by achieving sustainability through a well-balanced implementation of “profit-making,” growth, profitability, social contribution, and fair and transparent SDGs management founded on integrity.

A company must be financially profitable in order to pay dividends to its shareholders and achieve sustainable growth. In addition, focusing on being a public institution, it is important to establish a strong relationship with stakeholders as a company that is more trusted by the society under proper corporate governance. Our Group will continue to work toward the sustainable enhancement of our corporate value.

Sustainability Management System

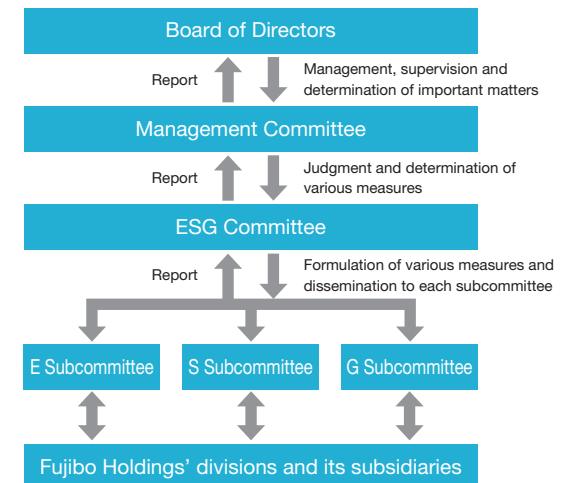
At present, the world is facing many serious social challenges, including climate change, and society’s expectations of companies as a leader in solving these issues are increasing. Against this backdrop, we established the ESG Committee on April 1, 2021 to promote sustainability management across the entire Fujibo Group by addressing important issues related to the SDGs, in line with the launch of our Medium-term Management Plan “Zokyo 21-25.”

The ESG Committee is headed by the President and consists of three subcommittees: the Environment Subcommittee, the Social Subcommittee and the Governance Subcommittee. The Committee will make recommendations to ensure that the Group responds appropriately to sustainability issues and that its sustainability efforts lead to medium- to long-term enhancement in corporate value.

In this system, each subcommittee addresses various issues related to sustainability promotion, and then consults with the ESG Committee, the Management Committee, or the Board of Directors depending on the level of importance. Therefore, the Board of Directors makes final decisions on important policies and initiatives for overall management and also controls and supervises the Management Committee, the ESG Committee, and other relevant bodies.

Although the Polishing Pad Business, Industrial Chemicals Business, Lifestyle Apparel Business and Other Businesses have different requirements for sustainability, we will proactively tackle them from the perspective of risks and opportunities.

The Fujibo Group's Sustainability Management System



Identification of Materiality

In order to achieve a sustainable society, the Group has analyzed the magnitude of the effects and the impact of our business activities on stakeholders, the economy, society and the environment, and identified five materialities at the Board of Directors.

Identification Process



Five Materialities

1	Sincere Efforts toward the Realization of a Sustainable Environment and Society	In order to maintain the sustainability of the global environment, we aim to establish a stable and sustainable procurement and supply system by working on the preservation of the natural environment and biodiversity and promoting effective utilization of resources.	E
2	Adaptation to Climate Change	We will work to reduce the environmental loads of our business activities to achieve a decarbonized society and respond appropriately to the potential impacts of climate change on companies that may arise in the future.	
3	Co-creation of Value with Various Stakeholders	Through our business activities, we will emphasize dialogues with various stakeholders and contribute to the sustainable growth and development of local communities and other organizations.	S
4	Creation of an Environment that Accepts Diversity and Maximizes Individual Capabilities	We will respect diversity regardless of gender, age, nationality, etc., and promote the development of a work environment that will enable employees to demonstrate their abilities free from anxiety.	
5	Enhancement of Corporate Governance and Thorough Compliance and Risk Management	We aim to achieve sustainable growth by implementing high transparency in our management practices and maintaining a risk management system to prevent the occurrence of accidents and fraud.	G

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The Fujibo Group's Materiality

The Fujibo Group is promoting the following initiatives through our business activities in order to achieve a sustainable society together with all of our stakeholders:

	Materiality	Specific Initiatives	Achievements in FY2023	Related to SDGs
E	Sincere Efforts toward the Realization of a Sustainable Environment and Society	<p>Conservation of the natural environment and biodiversity</p> <ul style="list-style-type: none"> Conservation of water resources Reduction of soot and smoke Management of chemical substances based on the Pollutant Release and Transfer Register (PRTR) Act Reduction of marine plastic pollution and the promotion of eco-plastic products Recycling of resources 	<p>Water resources input: 1,926 thousand m³ (Up by 93 thousand m³ year on year)</p> <p>Water resources discharge: 1,237 thousand m³ (Down by 135 thousand m³ year on year)</p> <p>Soot and smoke emissions: 48 tons (Up by 8 tons year on year)</p> <p>Amount of PRTR substances treated: 5,662 tons (Down by 2,150 tons year on year)</p> <p>Waste discharge: 45.6 thousand tons (Down by 2.3 tons year on year)</p> <p>Participation in the FUKU-NO-WA Project and the promotion of reuse</p>	
	Adaptation to Climate Change	<p>Addressing the TCFD recommendations</p> <p>Initiatives to reduce greenhouse gases</p> <ul style="list-style-type: none"> Reduction of greenhouse gas emissions Conversion to renewable energy 	<p>Greenhouse gas emissions (Scope 1 + Scope 2): 59.9 thousand t-CO₂ (Down by 3.1 thousand t-CO₂ year on year) (Scope 3): 94.0 thousand t-CO₂ (Down by 15.9 thousand t-CO₂ year on year)</p> <p>Reduction of approx. 242 t-CO₂ through use of renewable energy</p> <p>*Examples: · Use of Net Zero Energy Building (Net ZEB) design at a warehouse in Yanai Headquarters Plant of Yanai Chemical Industry · Use of electricity derived from renewable energy at a number of factories including Fujioka Factory of Tokyo Molding</p>	
S	Co-creation of Value with Various Stakeholders	<p>Dialogues with stakeholders</p> <ul style="list-style-type: none"> Contribution to solving social contribution issues through business activities Timely and appropriate information disclosure and listening to the voices of the capital market Strengthening of partnerships and building of a better supply chain Coexistence with local communities Development and evaluation of human resources 	<p>Sales activities</p> <p>Shareholders' meetings and financial results briefing sessions</p> <p>Quality assurance support</p> <p>Cleanup activities</p> <p>Career development training</p> <p>Announcement of the Declaration of Partnership Building</p>	
	Creation of an Environment that Accepts Diversity and Maximizes Individual Capabilities	<p>Diverse organizations and respect for human rights</p> <ul style="list-style-type: none"> Response to work style reforms Support for women's career development Strengthening of education and training systems and educational programs Promoting employee health maintenance and enhancement (promoting health and productivity management) 	<p>Introduction of "Welcome Back System," a reinstatement system</p> <p>Promotion of Robotic Process Automation (RPA) deployment</p> <p>Expansion of language training</p> <p>Provision of career development training for junior and middle-level employees</p> <p>Recognition under 2024 Certified Health and Productivity Management Outstanding Organizations Recognition Program (large enterprise category)</p> <p>Implementation of smoking cessation program</p>	
G	Enhancement of Corporate Governance and Thorough Compliance and Risk Management	<p>Highly transparent management</p> <ul style="list-style-type: none"> Promotion of response to the Corporate Governance Code (CGC) Strengthening of the Risk Management System 	<p>Effectiveness of Board of Directors</p> <ul style="list-style-type: none"> Increased diversity 2 female outside directors, of whom 1 is a foreign national (ongoing) <p>Enhancement of cybersecurity</p> <ul style="list-style-type: none"> Established CSIRT framework to handle unforeseen incidents 	

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Environment

ESG Basic Policy (Environment)

In order to realize a sustainable global environment, the Group will respond to climate change, consider biodiversity, and promote a recycling-based society through the effective use of resources and energy.

In addition, the Group will establish an environmental management system to achieve the above goals and will further strengthen our environmental conservation initiatives in compliance with environmental laws and regulations.



Basic Concept

In order to reduce our environmental loads and to fulfill our corporate social responsibility, the Fujibo Group has established an environmental policy and has set a management strategy to resolve issues through our business. Our Group recognizes that global environment issues, which have become urgent issues in the international community, are of the top priority, and strives to achieve our corporate philosophy “we are committed to realizing a more prosperous and sustainable future for people, society, and the global environment.” Specifically, we are promoting efforts to reduce the environmental loads at each of our business sites, including preservation of air and water environment, preservation of biodiversity, resource saving or reduction of waste, and proper management of chemical substances.



Please refer to our website for details.
<https://www.fujibo.co.jp/en/sustainability/environment/>

Adaptation to Climate Change

- Addressing the TCFD Recommendations P.28

Sincere Efforts toward the Realization of a Sustainable Environment and Society

- Overview of the Environmental Loads of Business Activities P.30
- Use of Renewable Energy P.30
- Reduction of Environmental Loads on Water Resources ... P.30

Adaptation to Climate Change

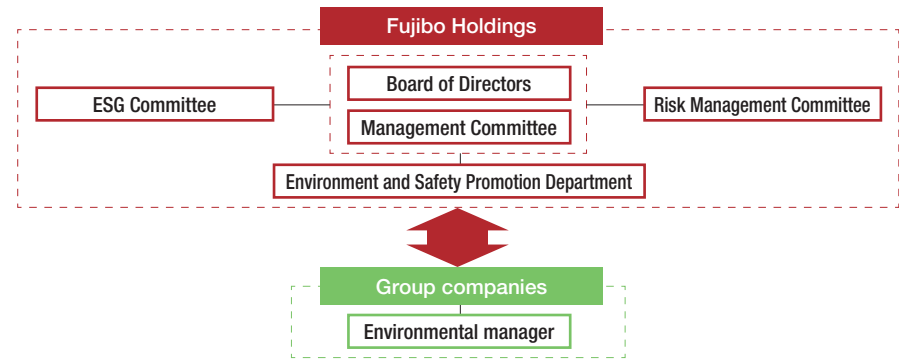
Addressing the TCFD Recommendations

The Fujibo Group recognizes that climate mitigation measures to realize a decarbonized society are an important management issue. Accordingly, in November 2021, the Group announced its support for the TCFD recommendations, which provide guidelines for starting the disclosure of climate change-related information. The following discloses key information about our response to climate change-related risks and opportunities, in line with the TCFD recommendations.

1. Governance

The Fujibo Group's ESG Committee, chaired by the President, makes decisions on important environment-related targets and initiatives. In that regard, we enlist a system whereby climate change-related risks and opportunities are identified by the ESG Committee, which meets twice annually. The Environment Subcommittee, operating as a subcommittee of the ESG Committee, then addresses such challenges and accordingly consults with either of the ESG Committee, Management Committee, or the Board of Directors, depending on the level of importance. The Board of Directors makes final decisions upon having received reports from the relevant bodies such as the ESG Committee, then controls and supervises progress thereof.

Governance System for Climate Change



3. Strategy

The Fujibo Group enlists the five procedural considerations listed below with respect to identifying risks and opportunities related to climate change, evaluating the impact of such risks and opportunities on its business activities, formulating strategies, and taking action accordingly.

- (1) Identification of climate change-related risks and opportunities
- (2) Assumptions for scenario analysis (define applicable businesses and climate change scenarios)
- (3) Impact of risks and opportunities on business, strategy, and financial planning
- (4) Strategies (transition planning) and resilience pertaining to risks and opportunities
- (5) Main risks and opportunities and measures to address such risks and opportunities

We have been engaged in establishing and maintaining a system for identifying and managing Group-wide information on risk, including climate change-related risk. We have accordingly established the Risk Management Committee, which collects and analyzes information pertaining to risk management and takes action if a risk materializes. Meanwhile, the ESG Committee also identifies risks and opportunities from the standpoint of their likelihood of occurrence and monetary importance, and takes action accordingly. Specifically, the Environment Subcommittee coordinates with each operating company to examine and implement countermeasures. Efforts of the Risk Management Committee and ESG Committee to engage in risk management entail reporting matters to the Board of Directors and Management Committee, depending on the level of importance.

Risks

Type of Risk	Risk Category	Risk Overview	Onset Timing	Degree of Impact by 2050	Countermeasures for Risk Reduction	
Transition risk	Policy/Legal	Introduction of a carbon tax	Medium-term	Large	<ul style="list-style-type: none"> Rigorous energy-saving activities Invest in efficient equipment to save energy Convert to using renewable energy Install solar power generators Review fuel use Improve energy efficiency through process improvements, etc. 	
	Market/Reputation	Demands from business partner companies to reduce carbon	Short- to medium-term	Medium		
		Lower evaluation by investors, reputation risk	Medium-term	Medium		
Physical risk	Acute	Extreme weather	Increasing severity of extreme weather such as typhoons, heavy rain and lightning	Medium-term	Medium	<ul style="list-style-type: none"> Build new plants to disperse risk Raise installation sites of electrical substation equipment, etc. Build floodwalls
	Chronic	Rising temperatures	Water shortages caused by drought	Long-term	Medium	<ul style="list-style-type: none"> Upgrade to water saving equipment Reuse water (circulation response)
			Expansion of supply chain transition risk (rising raw materials prices due to reduced volume of cotton cultivation)	Long-term	Medium	Consider diversification of raw materials suppliers

Opportunities

Opportunity Category	Summary of Opportunities from Climate Change	Timing of Phenomenon	Degree of Impact by 2050	Measures to Utilize Opportunities
Market	<ul style="list-style-type: none"> Rapid popularization of EV Increased demand for energy-saving semiconductors (shift from silicon to SiC/GaN) 	Medium- to long-term	Large	Increase sales of polishing pads for power semiconductors, etc.
	Spread of the virtual society (Increased demand for semiconductors to connect all sorts of things)	Medium- to long-term	Large	<ul style="list-style-type: none"> Increase sales of polishing pads for semiconductors used in post-5G communications and sensors, etc. Increase sales of polishing pads for logic IC in smartphones/HPC
	Food supply shortages due to the increase in the global population and reduction of farming land area	Medium- to long-term	Large	Increase sales of agrochemical intermediate accompanying increase in need for stabilized agricultural production
Products and services	Increasing needs for products responding to the low-carbon society	Short- to medium-term	Medium	<ul style="list-style-type: none"> Use of environmentally friendly packaging materials (B.V.D. brand underwear, etc.) Environmentally certified products (luminous fiber [Lumifilo], etc.) Waste-free chemical products (hot runner system)
Resource efficiency	Respond to a recycling-based society	Short- to medium-term	Small	<ul style="list-style-type: none"> Reuse waste liquids as fuel Reuse waste water Upgrade to water saving equipment Reuse, recycle apparel, fiber materials, etc.
	Reform operational processes (DX, etc.)	Medium- to long-term	Medium	<ul style="list-style-type: none"> Introduce RPA, consider introducing product evaluation utilizing IoT Reduce waste inventory and appropriately manage production by establishing a data management base
Energy sources	Transition to a low-carbon energy society	Short- to medium-term	Medium	<ul style="list-style-type: none"> Introduce and expand use of renewable energies Respond to net zero energy buildings (ZEB) in plant construction Engage in energy-saving, low-cost activities such as joint deliveries, direct-to-customer deliveries and promotion of shipping deliveries
Resilience	Create a company resilient against natural disasters	Medium-term	Medium	<ul style="list-style-type: none"> Build new plants to disperse risk Raise installation sites of electrical substation equipment, etc. Build floodwalls

4. Metrics and Targets

Greenhouse gases emitted as a result of our business activities consist solely of CO₂ with no emissions of CH₄ (methane) or N₂O (nitrous oxide). Whereas we are likely to consume more energy moving ahead amid our ongoing expansion of production, we are striving to reduce our greenhouse gas emissions by promoting a transition to renewable energy. Going forward, we will strive to increase our corporate value and contribute to achieving a decarbonized, low-carbon society by persisting with business activities that place even greater emphasis on environmental concerns.

[Emissions for each scope]

(Unit: thousand t-CO₂)

	2019	2020	2021	2022	2023
Scope 1	22.2	22.0	24.8	27.3	25.5
Scope 2	35.4	33.8	35.5	35.6	34.3
Scope 1+2	57.6	55.8	60.3	63.0	59.9
Scope 3	—	—	100.6	109.9	94.0

What is the Fujibo Group?

The Fujibo Group's Value Creation

Strategies for Value Creation

Sustainability

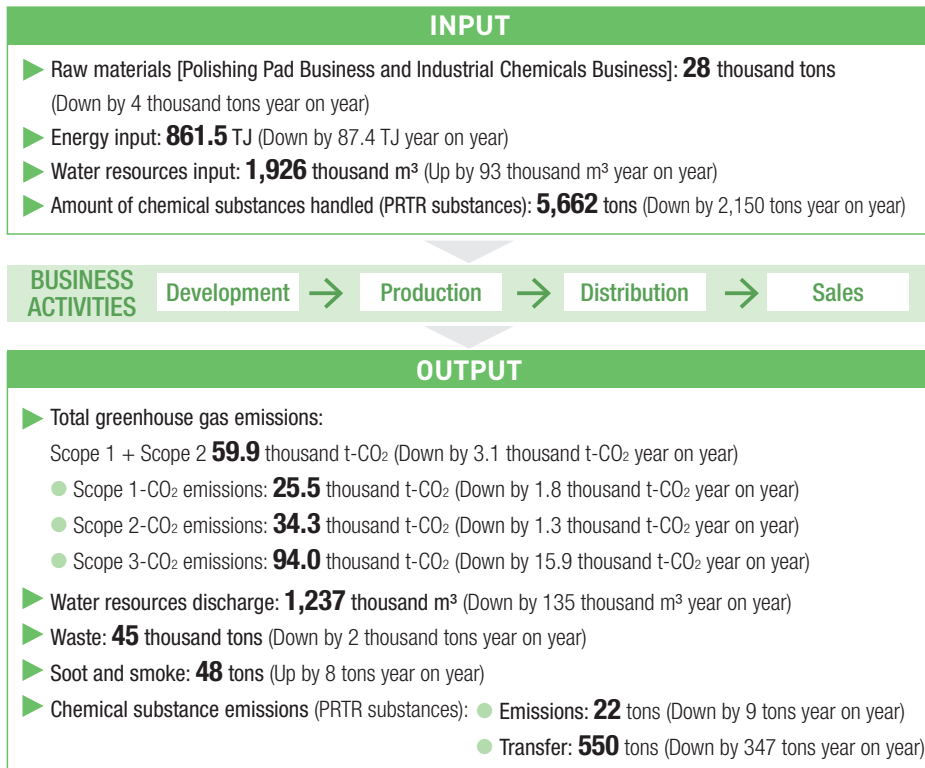
Data

Sincere Efforts toward the Realization of a Sustainable Environment and Society

Overview of the Environmental Loads of Business Activities

The Fujibo Group monitors the amounts of energy and chemical substances used in business activities, as well as the emissions of CO₂ and waste, to get an overall picture of the environmental activities each fiscal year to assess the achievement of our targets.

Flow of Materials in Our Production Activities for 2023



Use of Renewable Energy

In our effort to reduce CO₂ emissions, we are introducing solar power generation facilities and switching to electricity derived from renewable energy sources. At the Fujibo Ehime's Nyugawa Plant, we have installed solar panels on the roof of the research and development facility to utilize renewable energy.



Technology development annex, Fujibo Ehime's Nyugawa Plant

Reduction of Environmental Loads on Water Resources

The Fujibo Group's business activities are dependent on abundant water resources, mainly the Seto Inland Sea. Nyugawa Plant and Oita Plant, both of which face the Seto Inland Sea, have wastewater treatment facilities that use the activated sludge process in our efforts to reduce the environmental load on water resources.



Wastewater treatment facility, Fujibo Ehime's Oita Plant

Moreover, each business site complies with the Water Pollution Prevention Law and the Sewage Act, regularly inspects water quality and discharges water in public water areas.

Social

ESG Basic Policy (Social)

The Group will work to realize a better society while respecting diversity regardless of gender, age or nationality, providing opportunities to demonstrate capabilities, and promoting the improvement of the working environment, as well as actively connecting with various stakeholders. We will also actively engage in community contribution activities and play a role in helping to solve social challenges as a member of the local community.



Basic Concept

The Fujibo Group respects diverse values regardless of gender, age, nationality, etc., and promotes the provision of opportunities to demonstrate one's abilities and the improvement of the working environment based on the guiding principle of "constantly overcome challenges to make breakthroughs" set out in the corporate vision. In the workplace, we will respect individual abilities and promote the creation of an environment where people can work together to improve under fair opportunities and fair evaluation, and create a workplace that fosters healthy competitiveness and teamwork. We are also working together with our various stakeholders to realize a better society. As a global corporate citizen, we will actively participate in local revitalization initiatives and local contribution activities and fulfill our roles in solving social challenges as a member of the local communities.



Please refer to our website for details.
<https://www.fujibo.co.jp/en/sustainability/social/>



Co-creation of Value with Various Stakeholders

- Dialogues with Stakeholders P.32
- Dialogues with Business Partners P.32
- Respect for Human Rights P.33
- Initiatives for Quality Assurance P.33
- Contributing to Local Communities..... P.33

Creation of an Environment that Accepts Diversity and Maximizes Individual Capabilities

- Diverse Organizations and Respect for Human Rights..... P.34
- Safety and Health of Employees P.35

Co-creation of Value with Various Stakeholders

Dialogues with Stakeholders

The Fujibo Group takes various opportunities to communicate with shareholders, investors and other stakeholders. Through such communications, we will work together to create new corporate value.

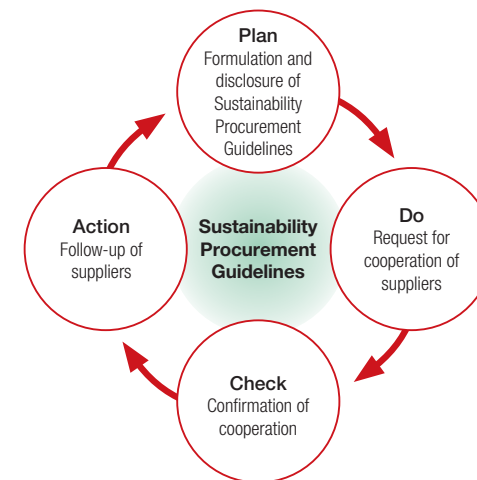
Overview of Dialogues with Stakeholders


	Roles of the Fujibo Group	Communication tools	Status of communications
Shareholders and investors	Timely information disclosure such as operating results, management policies and medium-term management plans Building trust relationships Shareholder returns	Financial results, reference materials for financial results and video distributions Annual Securities Reports Corporate governance reports Integrated Reports Completion of CDP (climate change) questionnaire	Shareholders' meetings Financial results briefing sessions Financial results briefing videos Meetings with institutional investors
Customers	Providing safe, secure and quality products Building trust relationships Improving customer satisfaction	Product brochures Quality Assurance Certificates Contact TV commercials Corporate website Suzu Bra (Cool Bra) Community website	Direct response by the person in charge Quality assurance support Various exhibitions Audits Customer service office Joint research
Business partners	Fair and equitable transactions	Sustainability Procurement Guidelines	Opinion exchanging meetings Quality support
Employees	Providing a comfortable and rewarding workplace Enhancing systems and education to maximize their capabilities	The Group's internal newsletters Intranet Internal Reporting Contact Office (corporate ethics hotline)	Labor-management council Various training Dialogues with management Interviews with junior- and middle-level employees Women's conference
Local communities	Ensuring safe and secure plant operations Contributing to community development Building and maintaining trust relationships	Corporate information (video and brochures)	Actively participating in local communities Exchanging opinions and cooperating with local governments and neighboring companies Information disclosure (website) Recruitment campaigns (universities, etc.)

Dialogues with Business Partners

The Fujibo Group has established an appropriate transaction policy and is conducting responsible procurement in accordance with the Sustainability Procurement Guidelines in order to support the development of a sustainable society throughout the supply chain. The Guidelines cover legal compliance, fair transactions, environmental considerations and respect for human rights (prohibition of child labor and forced labor) among others.

Securing Sustainable Supply Chain



 Sustainability Procurement Guidelines
<https://www.fujibo.co.jp/en/sustainability/social/supplier-management/>

Announcement of the Declaration of Partnership Building


The Company has endorsed the purpose of the Council on Promoting Partnership Building for Cultivating the Future promoted by the Cabinet Office, the Ministry of Economy, Trade and Industry, etc., and announced the Declaration of Partnership Building. Going forward, based on the concept of sustainability management, we will work to enhance added value throughout the supply chain, and aim to maintain good partnerships with our business partners in order to fulfill our social responsibilities.



Respect for Human Rights

The Fujibo Group follows our corporate philosophy “we will always support leading-edge industries by providing new technologies and products demanded by the times, and are committed to realizing a more prosperous and sustainable future for people, society, and the global environment.” and stipulates in the “Fujibo Group Charter of Conduct” that we will conduct management that respects the human rights of all people.

We have developed “The Fujibo Group Human Rights Policy” pursuant to the “United Nations Guiding Principles on Business and Human Rights” and Japan’s “National Action Plan on Business and Human Rights” developed in compliance therewith, and will address respect for human rights based on the Policy as a guide in order to fulfill our responsibility to respect human rights of all people involved in our business.



The Fujibo Group Human Rights Policy
<https://www.fujibo.co.jp/en/sustainability/social/human-rights/>

Initiatives for Quality Assurance

In order to ensure a stable supply of high-quality products to our customers, the independent quality control departments of each company and business units of the Fujibo Group conduct quality control and quality assurance operations according to the characteristics of each product and respond to increasingly sophisticated needs through the promotion of quality management systems and various improvement activities.

The Internal Audit Office continuously monitors and measures the status of the development, from an independent perspective in order to prevent quality-related incidents, responds to customer requests, identifies issues and quickly corrects them.

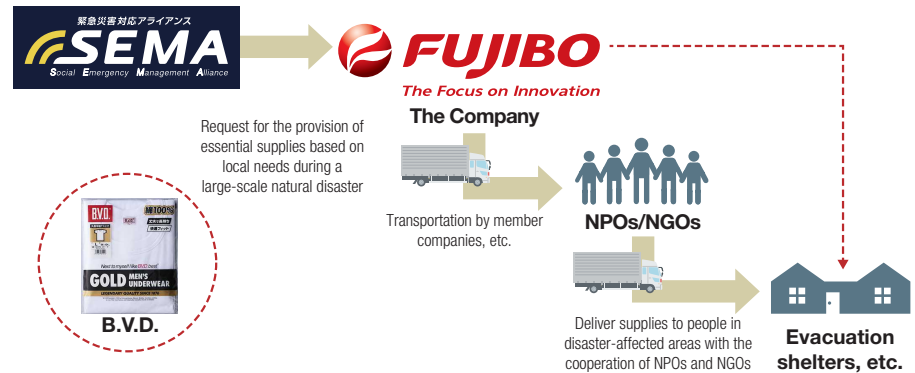
- Business sites having ISO9001 (Quality) certification 10 Business sites
- Business sites having ISO14001 (Environment) certification 5 Business sites
- Business sites having WRAP certification (a labor and environmental certification program) 2 Business sites

Contributing to Local Communities

As a member of the local community, the Fujibo Group actively participates in community activities to contribute to the revitalization of local communities. We are also working to interact and communicate with local residents by providing opportunities in order for them to learn more about our Group.

Disaster Relief/Clothing Donation

The Fujibo Group donates underwear, which is a daily necessity, to assist people in areas affected by large-scale disasters such as earthquakes, typhoons and fires. Since December 2021, we have been a member of the Social Emergency Management Alliance (SEMA), which provides disaster relief in Japan through collaboration between private-sector companies and civil society organizations (CSOs). If there is a large-scale disaster, we will use the SEMA framework to supply men’s and women’s innerwear and underwear according to the needs of those in disaster-affected areas.



Creation of an Environment that Accepts Diversity and Maximizes Individual Capabilities

Diverse Organizations and Respect for Human Rights

Diversity & Inclusion

Approach to Ensuring Diversity

The Group's labor policy is based on the motto, "Respect the individual, cultivate harmony," and stipulates, "We provide fair opportunities and evaluations for each employee and create an environment where they can improve through friendly competition. Respect for individuality creates a workplace that improves competitiveness and team work." As we move forward with the upgrading of our business structure, we believe that respecting diversity regardless of gender, age, nationality, etc., providing opportunities for employees to demonstrate their abilities, and promoting the improvement of the working environment will contribute to sustainable growth and the enhancement of corporate value.



Human Resource Development and Internal Environment Policies to Ensure Diversity
<https://www.fujibo.co.jp/en/sustainability/social/diversity-inclusion/>

Development of Work Environment for Work with Energy and Enthusiasm

The Group has addressed the following policies to create a work environment where everyone can work with energy and enthusiasm:

1. Value teamwork at workplace;
2. Clarify goals and policies of each department to help each employee fully understand their role in the organization and fulfill their duties;
3. Avoid excessively long work hours and properly manage work hours;
4. Place an industrial physician and a person in charge of health insurance affairs at a workplace and provide mental care and healthcare.

Promote Women's Participation

We ensure fair and equal opportunities for employment, promotion and compensation, etc. and provide opportunities for education and training as well as development of the next generation regardless of gender. We are also taking steps to ensure that women's skill development and careers are not interrupted by enhancing the leave of absence programs system to support both childcare and nursing care. As of March 31, 2024, the number of employees for the Group in Japan and overseas is 1,299, of which 455 (35.0%) are female. Of the 455 female employees, 13 are managers and the ratio of women in management positions is 8.7%. If the number of female managers increases in various workplaces such as development, manufacturing and sales, that will bring diverse perspectives and further enhance our corporate value.

Voluntary and Measurable Targets and Their Achievements

We set a target of the ratios of females, non-Japanese and mid-career hires in management positions as shown below, recognizing the importance of ensuring diversity at management level, who play a central role in management. We will further enhance diversity in the future by increasing the number of core personnel.

Item	Current	Target	Target Period
Ratio of female managers	8.7% (13/149) *female managers/all managers	10% or higher	End of March, 2026
Ratio of females in management candidate positions	14.1% (20/142) *female candidates for management positions/all candidates for management positions	8% or higher	End of March, 2026
Ratio of non-Japanese in management positions	10.1% (15/149) *non-Japanese managers/all managers	13% or higher	End of March, 2026
Ratio of mid-career hires in management positions	20.8% (31/149) *mid-career hires in management positions/all managers	17% or higher	End of March, 2026

* Managers are classified as supervisors under the Labor Standards Law, and are the sum of department managers and section managers.

* Calculated based on figures including domestic and overseas Group companies.

* "Current" represents the figures as of the end of March 2024.

Safety and Health of Employees

The Fujibo Group is committed to ensuring the safety and health of employees at business sites, with the Group-wide organization Environment and Safety Promotion Department playing a central role. We launched a safety measures project in 2010 and established safety and health management regulations in April 2011. We are promoting zero workplace accident activities as the top priority goal by developing and improving our Group-wide safety and health management system and conducting regular safety inspections and guidance at all business sites.

Initiatives for Safety and Health Education

We provide safety education at our manufacturing sites to ensure the safety of employees.

Specific Initiatives

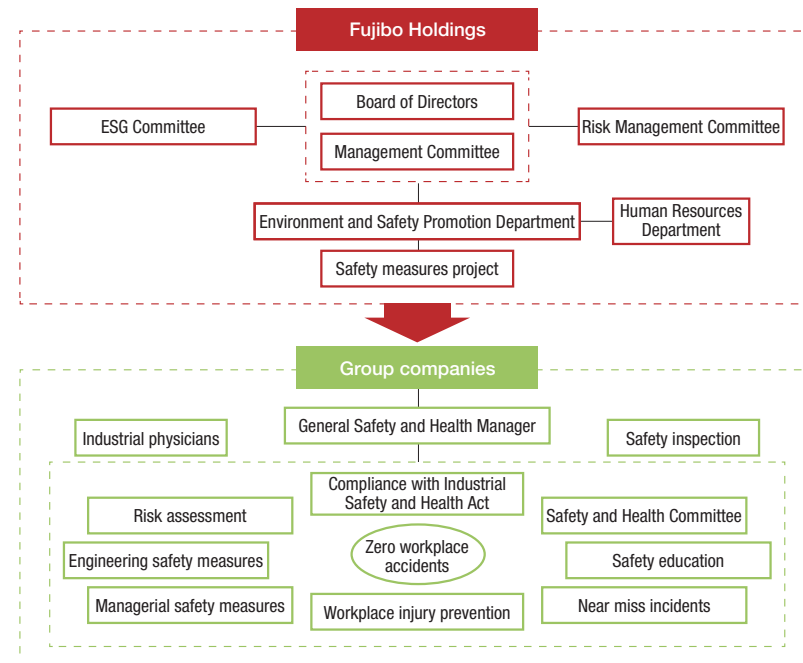
- Safety education tailored to different age groups (new employees, foremen, managers, age-inclusive for older workers, etc.)
- Education to heighten hazard awareness (risk assessment, workplace injury prevention training, near miss incidents, harmful effects of chemical substances on the human body, etc.)
- Education related to employee health (mental healthcare, etc.)



Assessment of Safety Risks

The Fujibo Group is implementing initiatives to thoroughly identify and evaluate risks related to employee safety, including accidents and injuries. When making capital expenditures or upgrading facilities, we conduct multifaceted risk assessments and, if necessary, chemical substance risk assessments to ensure that all possible engineering and administrative measures are taken. The Environment and Safety Promotion Department inspects each workplace, evaluates risk countermeasures and instructs necessary measures in accordance with its annual plan. We will continue to strive to prevent serious accidents and further enhance the security and safety of our employees and the local communities.

Safety Promotion System



Governance

ESG Basic Policy (Governance)

In accordance with the Fujibo Group Charter of Conduct, the Group will further enhance management transparency and maintain its management oversight function to prevent accidents and fraud, and aim for sustainable growth.

In addition, the Group will strengthen its business risk management system, including those of its Group companies, and further promote BCP (Business Continuity Plan) against disasters.



Basic Concept

The Fujibo Group positions corporate governance as one of its most important management issues it faces in achieving its corporate philosophy and improving its medium- to long-term sustainable corporate value, and it is working to improve its structure and strengthen operations.

The corporate governance of the Fujibo Group is a mechanism that emphasizes dialogue with various internal and external stakeholders to respond timely and appropriately to changes that are increasingly diverse, complex, and difficult to predict, and for making swift and decisive decisions while focusing on ensuring transparency and fairness in management. Based on our fundamental recognition as a member of society, the basis of our efforts is to comply with not only laws and regulations but also social norms and corporate ethics, conduct operations in accordance with internal rules, and fulfill our accountability.



Please refer to our website for details.
<https://www.fujibo.co.jp/en/sustainability/governance/>

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Directors and Corporate Auditors

Takahiro Tsubota
Outside Director

Rieko Sato
Outside Director

Ruth Marie Jarman
Outside Director

Hisashi Kobayashi
Outside Director

Yoshimi Mochizuki
Director,
Senior Executive Officer

Tatsuya Sasaki
Director,
Senior Executive Officer



Katsuya Fujii
Outside Auditor

Katsuhiko Okamoto
Full-time Corporate Auditor

Atsunori Noguchi
Full-time Corporate Auditor

Masahide Inoue
Representative Director and
President, Executive President

Yasuo Toyooka
Representative Director, Senior
Managing Executive Officer

Osamu Hirano
Representative Director,
Managing Executive Officer

Kotaro Otsuka
Outside Auditor

Skill Matrix

Fujiibo's Board of Directors is committed to achieving optimal performance from the perspective of helping the Company attain sustainable growth along with medium- to long-term gains in corporate value by enhancing its management oversight function. This entails striking an optimal balance with respect to its overall knowledge, experience, and capabilities, harnessing diversity, including that which involves international representation on the Board of Directors, and enlisting independent outside directors equipped with extensive experience.

	Name	Independent officers	Gender	Corporate management/ Strategy	Production technology/ Safety and quality	Sales and marketing	Legal affairs and risk management	Internationality	Finance and accounting
Directors	Masahide Inoue		Male	●	●	●			
	Yasuo Toyooka		Male	●		●			
	Osamu Hirano		Male	●			●		
	Yoshimi Mochizuki		Male	●	●				
	Tatsuya Sasaki		Male	●		●	●		●
	Ruth Marie Jarman	●	Female	●		●		●	
	Hisashi Kobayashi	●	Male	●		●	●	●	
	Rieko Sato	●	Female	●		●	●		
	Takahiro Tsubota	●	Male	●	●	●		●	
Corporate Auditors	Atsunori Noguchi		Male	●			●		●
	Katsuhiko Okamoto	●	Male	●			●		●
	Kotaro Otsuka	●	Male				●		
	Katsuya Fujii	●	Male	●			●		●

What is the Fujiibo Group?

The Fujiibo Group's Value Creation

Strategies for Value Creation

Sustainability

Data



Hisashi Kobayashi
Outside Director

Ruth Marie Jarman
Outside Director

Rieko Sato
Outside Director

Roundtable Discussion by Outside Directors

Open-minded exchange of ideas on an equal footing
Aiming to be Fujibo that creates markets

Q1. How do you evaluate the governance of Fujibo Holdings?

Jarman Discussions are held from various angles at the Board of Directors meetings, and I believe the Board is able to “visualize” issues. Suggestions from outside directors are taken sincerely. As an example, our opinions and requests regarding the evaluation of the effectiveness of the Board of Directors have never been treated as “under consideration,” and improvements measures are always taken. Including such cases, I believe that communication between the outside directors, directors, executive officers, and corporate auditors is going smoothly and that the Board of Directors is functioning sufficiently.

Sato I also strongly feel that efforts are being made to apply the points raised by outside directors in management. This is why I can speak frankly at meetings of the Board of Directors. Efforts are being made on operating methods and other issues to organize the matters to be reported and make these meetings more discussion-oriented. I hope that these meetings become even more comprehensive in the future.

If I had to make a request, it would be great to see more instances of healthy boundary crossings in discussions by the Board of Directors, where advice is provided across different business domains.

Kobayashi As both of you have noted, I believe that steady progress is being made in strengthening our governance, such as efforts to enhance proposals for the Board of Directors and continuous efforts to evaluate the

effectiveness of the Board of Directors and provide feedback. Progress is being made not only in terms of increasing the number of outside directors but also in enriching the discussions at meetings of the Board of Directors. As outside directors, we have also started efforts to strengthen communication, such as voluntarily holding informal meetings with outside corporate auditors. I think it is very important to mutually continue this evolution of governance.



Q2. What are the strengths of Fujibo Holdings?

Kobayashi Some of the strengths include the fact that the strategic goal of becoming the “No. 1 global player in a niche segment” has become a common language in various

business areas, and the fact that ROIC management is also becoming instilled.

In addition, I believe that by building close relationships with our customers, we have been able to accurately capture diverse needs, constantly provide new technologies and products that the times demand, and develop the human resources to carry this process forward. Our corporate philosophy states that we “support leading-edge industries,” and I feel that the spirit of supporting customers behind the scene is reflected in our technology, products, and human resources.

Jarman I completely agree. I also strongly feel that the ability to collaborate with people on the job sites is very important. I felt that a relationship as a partner has been built between President Inoue and the employees through opportunities such as factory visits. I believe that the good relationship between management and people on the job sites has been a key factor in the success of structural reforms up until now.

Sato I believe that the penetration of the corporate philosophy throughout the Group is one of the strengths of the Company. I get the impression that each Group company, with different business operations and cultures, operates independently based on the corporate philosophy, and is united under the holdings structure. I believe that this flexible management that is inclusive of diversity is one of our strengths. Relationships among the Group companies and between officers are fair and equal, and I believe a wonderful corporate culture has taken root.

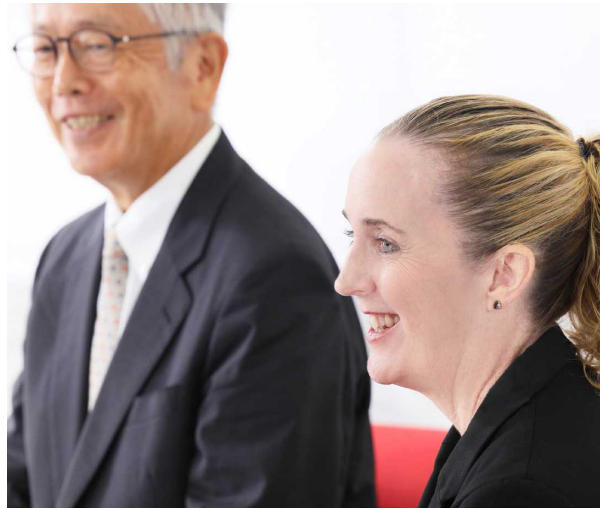


Q3. What are your expectations for Fujibo Holdings in the future, and what do you consider your role to be in achieving them?

Kobayashi First, I would like to support the steady implementation of the current Medium-term Management Plan “Zokyo 21-25,” and in the next Medium-term Management Plan starting in FY2026, my personal hope as a director is for Fujibo to shift its position from supporting leading-edge industries to leading them. To achieve this, it will be necessary to establish market strategies, technology and product development, and human resource development strategies in line with our corporate philosophy and vision. My abilities may be limited, but I intend to work toward contributing to the Company’s growth and the creation of corporate value.

Jarman I think what Kobayashi just said “from supporting leading-edge industries to leading them,” means that he wants Fujibo to evolve from a Fujibo that grows together with customers to a Fujibo that creates markets. Having new perspectives, courage, and the ability to listen to diverse opinions while leveraging our technological and sales capabilities will become very important.

As I envision such a future, personally I would like to contribute especially from the perspective of human resource strategies. I would like, for example, to contribute in terms of strengthening governance at overseas sites in anticipation of the establishment of an R&D facility in Taiwan. Because people are the most important part of strengthening governance, I would like to provide support in terms of how to secure human resources for overseas sites.



Sato I believe that the next Medium-term Management Plan will be about enhancing various capabilities including technological, sales, and solution capabilities, while aiming to provide value that exceeds the expectations of customers. It is people who will enable us to advance to the next stage and create new value. I intend to pay particular attention to areas related to people, such as the development of human resources and the creation of an environment in which they can fully utilize their abilities.

Messages from Newly Appointed Outside Director and Full-time Corporate Auditor



Takahiro Tsubota
Outside Director

After joining Iwata Air Compressor Manufacturing Co., Ltd. (currently ANEST IWATA Corporation) in 1981, I gained experience in technology development, production reform, technology sales, business planning, and the promotion of global expansion, and then later served as president for 14 years and chairman for one year. ANEST IWATA Corporation is an industrial equipment manufacturer that has been in business for 98 years, and I see similarities between its strategy of expanding into global niche markets in the niche fields of liquid and gas control and the Fujibo Group’s strategy of aiming to become No. 1 player in a niche segment. Although the strategy of gaining a high market share in niche markets and improving profitability is effective in corporate management, there is a risk of becoming too focused on existing businesses. In that respect, I am deeply impressed by the aspiration of the Fujibo Group, which, while having its origins in spinning, is aggressively expanding its business portfolio into areas such as polishing pads, industrial chemicals, and chemical products. I will strive to provide the hands-on support that comes from my experience at a medium-sized manufacturer.



Katsuhiko Okamoto
Full-time Corporate Auditor

After joining Oji Transportation Co., LTD. (currently Tokyo Fukuyama Transporting Co., LTD.) in 1988, a land transport company with a network mainly in the Kanto area at the time, I worked in the field of accounting for 25 years, while being involved in management in areas such as financial analysis, cash flow management, financial reporting, tax reporting, and medium-term management plan formulation. After transferring to FUKUYAMA TRANSPORTING, CO., LTD., I served as an executive officer in charge of accounting and internal audits, and as a full-time audit & supervisory board member.

Under its Medium-term Management Plan “Zokyo 21-25,” the Fujibo Group is pursuing “profit-making,” growth, and profitability, while also implementing social contribution activities with integrity. I will endeavor for appropriate communication with inside and outside corporate auditors, certified public accountants from the audit firm, and staff from the Company’s Internal Audit Office and Corporate Planning Department, while verifying the execution of duties by directors who implement sustainability management from a truly independent, third-party standpoint, with the eyes of shareholders, eyes of the law, and eyes of the public.

Evolution and Advancement of Governance

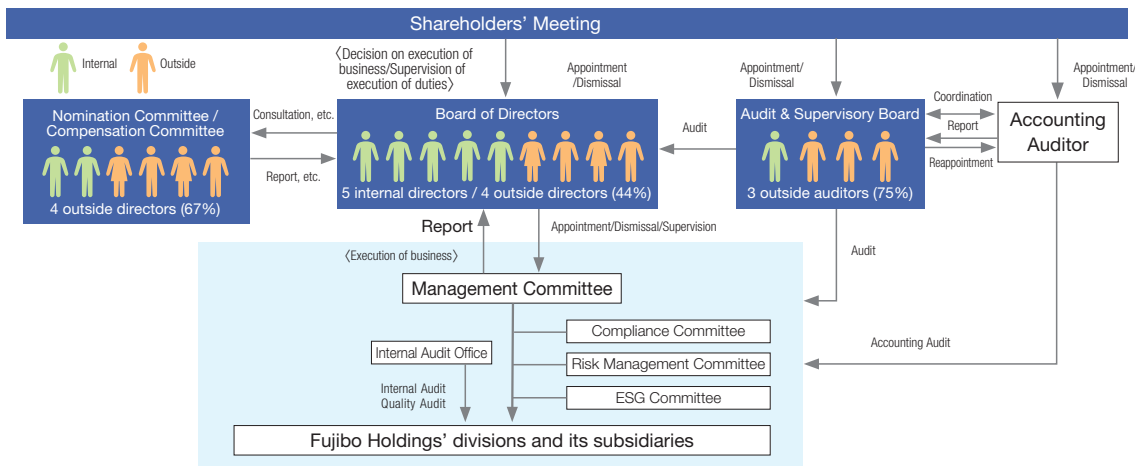
■ Improving the Structure and Operations

Fujibo Holdings is a company with an Audit & Supervisory Board, and is taking initiatives to speed up the decision-making process of the Board of Directors, ensure greater transparency, and strengthen the oversight functions of the Audit & Supervisory Board.

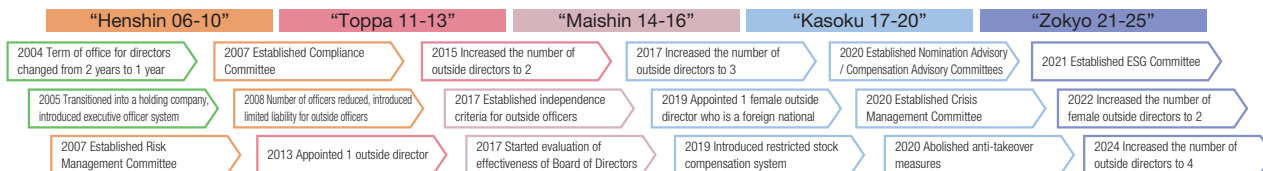
Since June 2013, the Company has been inviting outside directors to oversee management from a more objective standpoint based on their abundant experience and extensive knowledge as executives. This enables the Company to build a system to strengthen the functions and roles of the Board of Directors, which include decision-making on business execution and supervision of the directors' execution of duties.

The Company's system allows corporate auditors to attend the Board of Directors and the Management Committee to understand the process of important decision-making and the status of business execution, and to conduct management audits appropriately.

● Corporate Governance System



● Initiatives for promoting corporate governance



● Overview of major meetings and committees

	Number of meetings held in FY2023	Composition
Board of Directors	14	The Board of Directors consists of up to 9 members, with a term of 1 year. Currently, there are 9 directors, including 4 independent outside directors (outside director ratio of more than one third), 2 of whom are female directors.
Audit & Supervisory Board	13	1 internal auditor and 3 outside auditors
Management Committee	24	Executive director, executive officer, full-time corporate auditor
Nomination Committee	1	2 internal directors and 4 outside directors
Compensation Committee	2	
Compliance Committee	2	5 internal directors and 2 full-time corporate auditors; Consists of 9 executive officers and other secretariat members; Reports to the Board of Directors after each meeting
Risk Management Committee	2	5 internal directors and 2 full-time corporate auditors; Consists of 9 executive officers and other secretariat members; Reports important matters to the Board of Directors
ESG Committee	2	Composed of all directors, corporate auditors, and executive officers, and outside experts are invited as needed

■ Policies and Procedures for the Selection and Dismissal of Members of Senior Management and the Nomination of Candidates for Directors and Corporate Auditors

For the selection and dismissal of members of senior management and the nomination of candidates for directors and corporate auditors, a Nomination Committee composed of a majority of independent outside directors has been established, and the Board of Directors makes the final decision based on the committee's recommendations after deliberating on the policies, procedures, draft proposals, etc.

(1) Board of Directors

The Company's policy is to appoint directors who meet the legal eligibility requirements, and who are capable of fulfilling the management duties and responsibilities entrusted to them by shareholders as directors in consideration of their character, insight, and career experience, regardless of whether they are inside or outside the Company, or their gender, age, or nationality.

The Board of Directors considers one of its main roles and responsibilities as providing effective supervision of the management team and directors from an independent, objective standpoint, and it has appointed four outside directors and three outside auditors to conduct fair and highly transparent mutual evaluations and evaluations of executive officers, and established the Nomination Committee and Compensation Committee as independent bodies.

(2) Audit & Supervisory Board

Candidates for corporate auditors are selected after thorough consideration of the importance of auditing and the role of corporate auditors in corporate management, as well as the character, insight, and career experience of the candidates. The Nomination Committee deliberates on suitable candidates who can fulfill the duties as the Company's corporate auditor, obtains the consent of the Audit & Supervisory Board, and the final decision is made by the Board of Directors.

Three of the Company's four corporate auditors are outside auditors, making the Audit & Supervisory Board highly independent.

(3) Nomination Committee and Compensation Committee

The Company has established a voluntary Nomination Committee and Compensation Committee, composed mainly of independent outside directors, to ensure fairness, transparency, and objectivity in the processes for nominating directors and corporate auditors, etc. and determining compensation, etc., and enhance the oversight function of the Board of Directors and the corporate governance system. The chairpersons of both committees are selected by a resolution of the Board of Directors.

In selecting candidates for directors, we consider candidates with the character and insight suitable for directors and those who will contribute to the sustainable growth of the Group. For internal director roles, we select candidates who are considered to have the expertise, experience, and capabilities in their areas of responsibility.

As for outside director roles, we select nominees from a wide range of candidates who have abundant experience as corporate managers and a high level of insight into world affairs, social and economic trends, etc., so that they can be expected to supervise management from a broader perspective and from an independent standpoint, further enhance the transparency and fairness of management, and provide appropriate advice on management from a medium- to long-term perspective.

■ Status of Independent Officers

Out of the nine directors of the Company, four outside directors -- Ms. Ruth Marie Jarman, Mr. Hisashi Kobayashi, Ms. Rieko Sato and Mr. Takahiro Tsubota -- are independent officers who satisfy the eligibility requirements set by the Tokyo Stock Exchange. Selected outside directors are individuals who can contribute appropriately to corporate governance from a more objective standpoint and are unlikely to have conflicts of interest with general shareholders. They are also selected based on consideration of their gender and international background. Among our four corporate auditors, three outside auditors -- Mr. Katsuhiko Okamoto (full-time), Mr. Kotaro Otsuka and Mr. Katsuya Fujii -- are also independent officers who make use of their high level of expertise and extensive experience in monitoring management, and providing appropriate advice at the Board of Directors as necessary.

■ Compensation for Officers

The compensation for the Company's directors (excluding outside directors) consists of basic remuneration (monetary remuneration) as fixed remuneration and restricted stock compensation (non-monetary compensation). The amount of the monetary remuneration is determined by the Compensation Committee under delegation from the Board of Directors. Outside directors, who are responsible for supervising functions, shall be paid only basic remuneration (monetary remuneration) as fixed remuneration in light of their duties.

Non-monetary compensation consists of shares of the Company's common stock that are subject to a certain period of restriction on transfer and events of free acquisition by the Company and other terms. We have adopted the restricted stock compensation with a view to give incentives to strive for the continuous enhancement of our corporate value and to promote further sharing of values between directors (excluding outside directors) and shareholders.

● Compensation for directors and corporate auditors, etc.

Classification of officers	Total amount of compensation, etc. (in million yen)	Total amount of compensation, etc. by classification (in million yen)			Number of eligible officers (persons)
		Basic remuneration	Performance-based remuneration, etc.	Non-monetary compensation, etc.	
Directors (outside directors)	167(20)	154(20)	—	13(—)	9(3)
Corporate auditors (outside corporate auditors)	49(30)	49(30)	—	—	6(4)

Evaluation of Effectiveness of Board of Directors

The Company conducts an annual evaluation of effectiveness of the Board of Directors to enhance its effectiveness and continuously improve corporate value.

In FY2023, an anonymous questionnaire based on the Corporate Governance Code with questions and open-ended responses was conducted with each director and corporate auditor at the end of March 2024. Based on the self-evaluation results, opinions, and recommendations aggregated, discussions were held by directors and corporate auditors at a meeting of the Board of Directors in April 2024, where it was analyzed and evaluated that the overall effectiveness of the Board of Directors had been ensured for FY2023.

In order to ensure objectivity, an external lawyer was contracted to verify the validity of the questions and confirm the aggregation results, and advice was also obtained on compiling future issues.

Issues identified and addressed in the previous fiscal year	<ul style="list-style-type: none"> Deepen discussions on medium- to long-term growth strategies and sustainability, and respond to business issues and risks such as geopolitical risks and supply chain security Further enhance communication with outside officers
Issues identified in the FY2023 evaluation	<ul style="list-style-type: none"> Concentrate on substantive discussions regarding the content, progress, and achievement of the medium-term management plan, and consider methods of discussion to achieve this in the future, including delegating authority to the Management Committee Consider holding opinion exchange sessions of outside officers, with only independent outside officers as members Deepen involvement through means such as monitoring the Board of Directors and seeking the knowledge of outside officers to ensure that sustainability initiatives will contribute to the creation of corporate value

In response to the above issues, an opinion exchange session of outside officers was held in June 2024, where opinions were exchanged on topics such as the future operation of the Board of Directors. In July, the criteria for submission of proposals to the Board of Directors was partially revised to shift focus further toward important issues, such as the consideration of growth strategies, rather than individual executive matters.

Going forward, we will continue to further improve the effectiveness of the Board of Directors by setting matters to be addressed as agenda items, steadily deepening discussions on important matters, and working to further enhance communication with outside officers, etc.

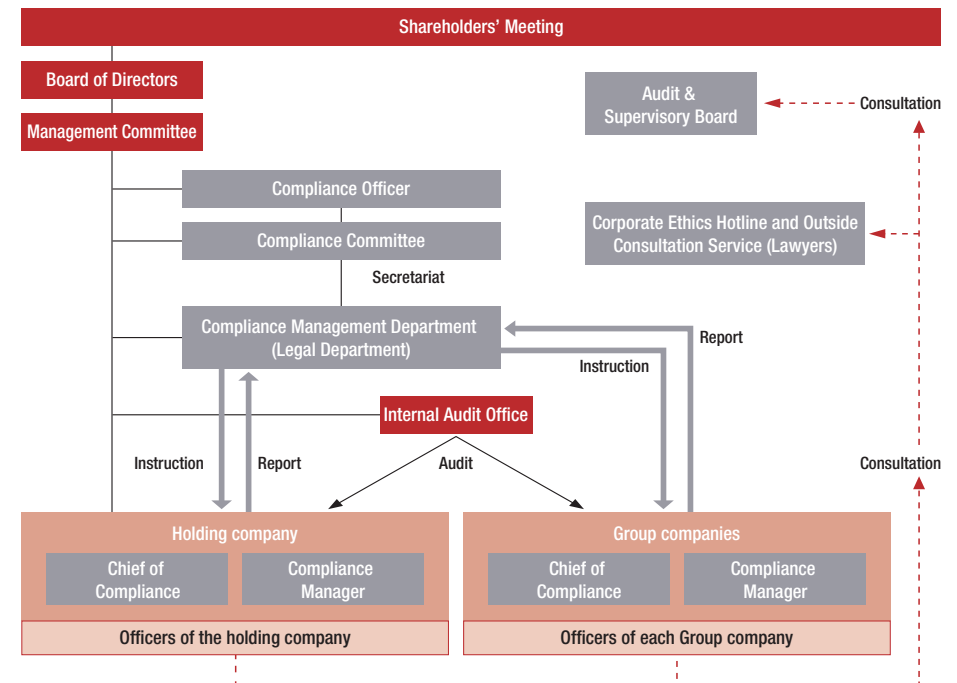
Compliance

The Group recognizes compliance as an important management issue and has established the “Fujibo Group Charter of Conduct” with the aim of conducting corporate operations by appropriately responding to various challenges arising from changes in the social background and the progress of globalization. The Charter was revised in July this year to include the Declaration of Partnership Building, emphasizing the perspective of CSR (corporate social responsibility).

To promote these efforts across the Group, we have selected a Compliance Officer, formed a Compliance Committee, and appointed chiefs of compliance and compliance managers at each business site and factory. Through these measures, we have created an organizational structure centered on the Compliance Committee.

As a whistleblowing body to augment and enhance those functions, a corporate ethics hotline, including an external legal consultation service provided by lawyers, has been established.

Compliance Management System



■ Monitoring the Enhancement of Compliance Awareness

In order to enhance awareness of compliance, the Group is working on the dissemination and thorough enforcement of the “Fujibo Group Charter of Conduct,” establishing an organizational structure centered on the Compliance Committee and setting semi-annual targets for awareness-raising activities such as priority legal measures to comply with important laws and regulations, information security, and harassment.

With regards to compliance promotion efforts, the Compliance Committee receives reports on the implementation of the compliance program and any problems that have arisen from each department on a semi-annual basis and examines them. In addition, the Internal Audit Office conducts multifaceted monitoring, including confirmation of the status of compliance with laws, regulations and internal rules in operational audits; confirmation of the status of development and operation of control to prevent frauds and errors, such as proper segregation of duties and IT control, in internal control assessments on financial reporting; and confirmation of whether the quality audits system, in compliance with quality-related laws and regulations, to prevent any inadequate incidents.

■ Internal Reporting System

Along with the operation of the compliance program, as a key element of compliance, we established the “Corporate Ethics Hotline” which is a point of contact for inquiries and concerns about corporate ethics and regulatory compliance. The “Corporate Ethics Hotline” is operated not only by the internal department in charge, but also in cooperation with external consultation services which include female lawyers, creating an environment that facilitates consultation.

In accordance with the Whistleblower Protection Act, we respond to consultations and reporting in a fair manner protecting privacy and give due consideration so as not to disadvantage not only the callers (whistleblowers), but also those who cooperate with them. We are also working on making it widely known that our whistleblowing system is not limited to internal use, but can be used throughout the entire supply chain including the employees of our business partners.

Corporate Ethics Hotline card



Compliance Manual



■ Anti-Bribery Initiatives

The Fujibo Group recognizes bribery as a serious risk factor that undermines corporate credibility. We focus on preventing any form of corruption, including bribery, collusion, embezzlement and breach of trust, and ensuring a sound business environment. We have established the following Fujibo Group Anti-Bribery Policy to ensure thorough compliance with anti-bribery laws and internal regulations applicable in the countries and regions where we conduct business, and to demonstrate ethical and honest behavior. We request all officers, employees and business partners to thoroughly abide by this policy.

[Fujibo Group Anti-Bribery Policy]

1	Prohibition of bribery	The Group will not give, offer or promise bribes to any person, directly or indirectly, and will neither accept bribes.
2	Appropriate approval procedures and post factum confirmation procedures	The Group will make payments to public officials following the appropriate approval procedures, and conduct appropriate post factum confirmation such as monitoring the status of compliance with this Policy through internal audits.
3	Establishment of an anti-bribery promotion system	Through training etc., the Group will ensure full understanding and compliance with laws and regulations relating to bribery and this Policy.
4	Bribery risk assessment and control procedures	The Group will conduct risk assessment related to anti-bribery laws and regulations, and establish and operate risk-appropriate control procedures. When commencing transactions with a new business partner or at the time of an M&A, etc., the Group will carry out a preliminary assessment of the counterparty according to bribery risk.
5	Keeping of records and maintaining financial control	The Group will maintain records and financial control to ensure accountability in compliance with anti-bribery laws and regulations and this Policy. In addition, the Group will periodically review this Policy and its compliance procedures, and make the appropriate revisions and improvements as necessary.
6	Penalties	In the event that an officer or employee violates anti-bribery laws or regulations or this Policy, the Group will carry out the necessary investigation properly and promptly, and will take the appropriate punitive action against the violating party in accordance with the internal regulations of each Group company.

Risk Management

In order to appropriately respond to various risks arising from the execution of duties, the Fujibo Group has established a Risk Management Committee to collect and analyze risk information related to the Group and take measures when risks become apparent. Depending on the nature of risk, the committee consults with internal and external experts to take action from a more specialized perspective.

Crisis Management System

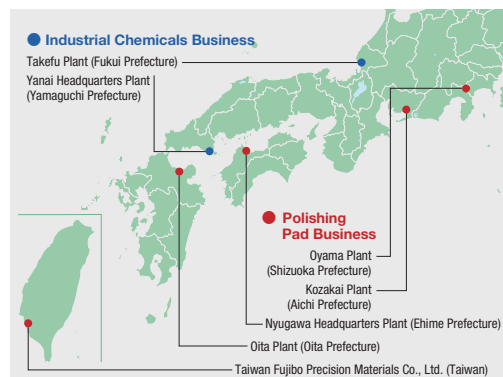
The Fujibo Group has established the Crisis Management Committee chaired by the President in accordance with the “Risk Management Regulations” and “Crisis Management Regulations” in order to promptly respond to emergencies such as earthquakes, and implements measures to minimize losses and restore normal functions.

Business Continuity Plan

In the event of a major natural disaster, pandemic caused by an epidemic, large-scale terrorist attack or riot in Japan or overseas, war, or any other incident, accident, or problem that seriously interferes with the Group’s business operations, we will take the following actions to ensure the safety and security of its employees while continuing its business operations smoothly, ensuring an early recovery and a stable supply of products and services, and supporting the recovery and reconstruction of local communities and customers.

In an emergency, we have established an emergency headquarters and a system to respond quickly and appropriately in cooperation with related departments.

Both the Polishing Pad Business and the Industrial Chemicals Business are establishing multiple business sites, which is a key component of the business continuity plan (BCP).



Guidelines and Initiatives on Intellectual Property

The Fujibo Group is proactively undertaking strategic initiatives related to intellectual property to strengthen our technological competitiveness for global expansion and to enhance our corporate value.

Specifically, with the Intellectual Property Office as the lead department, we strive to secure the superiority of our business and contribute to a sustainable society through the appropriate protection of intellectual property rights, the proactive utilization of intellectual property rights, the pursuit of innovation in original technology, the monitoring of patent registrations in the global market, the systems for encouraging inventions and ideas that in turn promote creation of intellectual property, and the promotion of protection and use of intellectual property through education and training.

We resolutely take action against the infringement of intellectual property rights by third parties, the sale of counterfeit products of our brand, and the use and description of similar trademarks while striving to promote our business in a fair way so as not to infringe other companies' rights from the R&D phase.

Information Security

The Fujibo Group recognizes various information obtained in the course of our business activities as important assets. It is our responsibility to properly manage, and prevent leakage of all information assets, including information on research and development, technology and management and confidential information about our customers and clients. In order to properly protect and manage these important assets, we have formulated an “Information Security Policy,” with an aim to establish and further improve our information security system.

In order to maintain and manage information security, we also have established a comprehensive management system by instituting an Information Security Committee.

We aim to ensure data preservation and stable operations even in the event of large-scale disasters by making major systems cloud-based at data centers in Japan that have high security and take BCP measures. In FY2023, we continued to increase the Group network’s resilience to cyber-attacks, provided e-learning programs to improve all employees’ IT literacy and drills on targeted email attacks, and strengthened the so-called Computer Security Incident Response Team (CSIRT) to put a framework in place for swiftly implementing countermeasures in the unlikely event of a cybersecurity incident.

Financial and Non-financial Summary

11 Years Financial Summary

Consolidated Financial Data	Unit	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Net sales	million yen	39,313	41,173	38,117	40,878	35,891	37,097	38,701	36,932	35,916	37,669	36,108
Operating profit	million yen	2,981	4,366	3,624	6,816	3,989	3,779	4,079	5,285	5,877	4,872	2,818
Ordinary profit	million yen	3,037	4,471	3,724	7,076	4,269	3,983	4,329	5,450	6,045	5,041	3,276
Profit attributable to owners of parent	million yen	1,770	2,382	3,015	4,344	2,908	2,538	2,269	4,315	4,455	3,399	2,117
EBITDA	million yen	4,579	6,052	5,431	8,806	6,025	5,869	6,382	7,811	9,221	7,997	6,106
Ratio of operating profit to net sales	%	7.6	10.6	9.5	16.7	11.1	10.2	10.5	14.3	16.4	12.9	7.8
ROE	%	8.2	10.2	11.8	15.4	9.3	7.8	6.8	12.1	11.5	8.2	4.9
ROIC	%	6.8	9.1	9.5	14.2	8.2	7.1	7.4	10.1	10.6	7.6	4.0
EPS	yen	151.78	204.19	260.19	379.80	254.22	221.93	198.27	376.85	388.86	296.54	185.21
Dividend per share	yen	50	60	70	90	100	100	100	105	110	110	110
DOE	%	3.1	3.4	3.5	3.9	3.9	3.8	3.7	3.6	3.5	3.2	3.1
Treasury shares acquired	shares			223,700								135,300
Total assets	million yen	44,679	48,677	45,858	50,044	48,390	52,270	52,194	55,789	58,531	61,368	62,512
Net assets	million yen	22,027	24,830	26,445	30,149	32,148	32,778	33,842	37,282	40,497	42,920	43,973
Cash and deposits	million yen	2,113	3,239	4,139	8,734	4,764	4,895	4,994	4,616	8,330	8,105	8,262
Interest-bearing debt	million yen	5,646	5,297	4,224	2,617	1,337	2,306	1,488	1,359	1,366	1,318	1,433
Capital adequacy ratio	%	49.3	51.0	57.7	60.2	66.0	62.7	64.8	66.8	69.2	69.9	70.3
Capital expenditures	million yen	2,775	3,876	1,843	2,114	4,766	4,777	3,471	6,670	1,769	4,047	3,239
Depreciation expense	million yen	1,598	1,686	1,806	1,989	2,035	2,089	2,303	2,525	3,344	3,125	3,288
R&D expenses	million yen	704	901	866	814	964	993	1,220	1,080	1,061	1,161	1,506
R&D expenses/net sales ratio	%	1.8	2.2	2.3	2.0	2.7	2.7	3.2	2.9	3.0	3.1	4.2

Five Years Non-financial Summary

Environmental Data			Unit	2019	2020	2021	2022	2023
Energy and greenhouse gas emissions (Domestic and overseas consolidated subsidiaries)	Greenhouse gas emissions	Scope 1 + 2	thousand tons	57.6	55.8	60.3	63.0	59.9
		Scope 1	thousand tons	22.2	22.0	24.8	27.3	25.5
		Scope 2	thousand tons	35.4	33.8	35.5	35.6	34.3
		Scope 3	thousand tons	—	—	100.6	109.9	94.0
Energy consumption		TJ	914.4	883.4	928.5	948.9	861.5	
	Electricity consumption	thousand kWh	67,227	66,204	70,936	71,873	71,100	
Water resources (Domestic consolidated subsidiaries)	Water resources input	thousand m ³	1,756	1,871	2,059	1,832	1,926	
	Water resources discharge	thousand m ³	—	—	1,635	1,372	1,237	
Waste and chemical substances (Domestic consolidated subsidiaries)	Waste discharge	Total	thousand tons	44.5	44.9	48.2	47.9	45.6
		Outsourced	thousand tons	26.2	24.7	20.5	18.8	17.5
		(Of which, recycled)	thousand tons	—	—	12.0	9.0	7.7
		(Of which, sent to landfill)	thousand tons	—	—	8.5	9.7	9.7
		Internally processed	thousand tons	18.3	20.2	27.6	29.1	28.1
	Soot and dust emissions	tons	6.3	7.7	24.8	21.8	29.9	
	SOx emissions	tons	8.0	10.9	3.9	4.1	4.2	
	NOx emissions	tons	30.2	32.7	10.1	14.8	14.6	
	Amount of PRTR substances treated	tons	8,651	8,448	8,061	7,812	5,662	
	Social Data			Unit	2019	2020	2021	2022
Diversity	Number of employees by gender (Consolidated) (Excluding temporary employees)	Total	persons	1,251	1,156	1,195	1,273	1,299
		Male	persons	771	732	761	832	844
		Female (ratio)	persons (%)	480(38.4)	424(36.7)	434(36.3)	441(34.6)	455(35.0)
Number of non-Japanese employees (Consolidated)		persons	461	399	400	391	400	
Managers	Number of managers (Consolidated)	Total	persons	162	139	153	151	149
		Male	persons	151	127	140	138	136
		Female (ratio)	persons (%)	11(6.8)	12(8.6)	13(8.5)	13(8.6)	13(8.7)
	Number of women at a general manager level or higher (ratio of female employees to all employees at a general manager level or higher)		persons (%)	3(5.1)	4(8.5)	4(8.0)	4(8.3)	4(8.9)
	Number of women at a section manager level (ratio of female employees to all employees at a section manager level)		persons (%)	8(7.8)	8(8.7)	9(8.7)	9(8.7)	9(8.7)
Number of employees by employment type (The number of temporary employees is the annual average.)	Regular	persons	1,251	1,156	1,195	1,273	1,299	
	Temporary	persons	155	123	126	172	165	
Recruitment (Domestic consolidated subsidiaries)	Number of hires (Including mid-career hires)	Total	persons	32	53	77	103	93
		Male	persons	25	44	68	83	65
		Female (ratio)	persons (%)	7(21.9)	9(17.0)	9(11.7)	20(19.4)	28(30.1)
Number of employees with disabilities* (ratio)		persons (%)	15(1.6)	16(1.9)	15(1.7)	18(1.9)	16(1.7)	

*The base dates for aggregate calculation for FY2019, FY2020, FY2021, FY2022, and FY2023 are June 1, 2020, June 1, 2021, June 1, 2022, June 1, 2023, and June 1, 2024, respectively.

			Unit	2019	2020	2021	2022	2023
Number of reemployed retirees (ratio)			persons (%)	12(75.0)	16(88.9)	9(69.2)	24(88.9)	18(85.7)
Employee data (Domestic consolidated subsidiaries)	Average age of employees	Total	years	41.8	41.6	41.8	41.2	40.8
		Male	years	42.0	41.6	41.6	40.9	40.5
		Female	years	41.1	41.8	42.3	42.2	42.1
	Average years continuously employed	Total	years	18.0	17.4	17.3	16.0	15.4
		Male	years	18.1	17.4	17.0	15.8	15.2
		Female	years	17.2	17.6	18.2	17.2	16.5
	Gender wage gap (Wages of employees as a percentage of those of employees)	All employees	%	50.8	54.0	57.3	60.3	64.1
		Regular	%	61.9	63.6	68.5	72.0	74.8
		Temporary	%	40.1	53.3	51.4	49.8	47.6
	Three-year new-graduate employee retention rate (The retention rate for new graduates hired three years ago as of the end of each fiscal year)	Total	%	73.1	60.9	94.4	96.3	81.8
Male		%	76.2	60.0	92.3	95.8	78.6	
Female		%	60.0	66.7	100.0	100.0	100.0	
Total turnover rate (The ratio of those in Japan resigning during the year against the number of employees in Japan as of the end of each fiscal year)			%	6.2	6.6	3.4	3.8	3.8
Number of days of paid leave given (Average of all employees)			days	22.1	20.8	20.4	19.7	20.9
Rate of annual paid leave taken			%	43.3	42.5	47.7	50.6	53.1
Work-life balance (Domestic consolidated subsidiaries)	Number of employees who took parental leave (Parental leave uptake rate)	Total	persons (%)	1(5.3)	3(17.6)	3(20.0)	9(45.0)	11(31.4)
		Male	persons (%)	0(0.0)	1(6.7)	0(0.0)	3(18.8)	5(17.9)
		Female	persons (%)	1(50.0)	2(100.0)	3(75.0)	6(150.0)	6(85.7)
	Number of employees who work shorter hours for childcare	Total	persons	3	3	1	3	3
		Male	persons	0	0	0	1	1
		Female	persons	3	3	1	2	2
Employees' monthly average overtime hours			hours	9.2	10.7	9.2	8.0	7.4
Employee health	Stress check participation rate		%	98.9	98.3	98.6	98.6	99.2
	Percentage of individuals with high stress		%	12.8	12.7	14.7	10.8	11.4
Governance Data			Unit	2020	2021	2022	2023	2024
Corporate governance (as of June 30 of each year)	Number of directors	Total	persons	8	8	8	8	9
		Male	persons	7	7	6	6	7
		Female	persons	1	1	2	2	2
	Number of outside directors (ratio)		persons (%)	3(37.5)	3(37.5)	3(37.5)	3(37.5)	4(44.4)
	Number of non-Japanese directors (ratio)		persons (%)	1(12.5)	1(12.5)	1(12.5)	1(12.5)	1(11.1)

Consolidated Financial Statements

Consolidated Balance Sheets

	(million yen)	
	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	8,105	8,262
Notes receivable - trade	249	284
Electronically recorded monetary claims - operating	663	605
Accounts receivable - trade	7,089	8,270
Merchandise and finished goods	1,109	1,071
Work in process	2,814	2,702
Raw materials and supplies	1,947	1,664
Other	1,030	837
Allowance for doubtful accounts	(7)	(7)
Total current assets	23,003	23,689
Non-current assets		
Property, plant and equipment		
Buildings and structures	22,123	22,794
Accumulated depreciation	(11,031)	(11,987)
Buildings and structures, net	11,091	10,806
Machinery, equipment and vehicles	33,429	34,167
Accumulated depreciation	(25,971)	(27,604)
Machinery, equipment and vehicles, net	7,458	6,563
Land	13,852	13,858
Leased assets	186	193
Accumulated depreciation	(99)	(120)
Leased assets, net	86	72
Construction in progress	361	905
Other	3,847	4,783
Accumulated depreciation	(2,730)	(3,028)
Other, net	1,117	1,754
Total property, plant and equipment	33,968	33,962
Intangible assets		
Goodwill	1,142	1,002
Other	254	214
Total intangible assets	1,397	1,217
Investments and other assets		
Investment securities	2,175	2,773
Deferred tax assets	394	368
Other	430	501
Total investments and other assets	3,000	3,643
Total non-current assets	38,365	38,822
Total assets	61,368	62,512

	(million yen)	
	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,087	4,156
Electronically recorded obligations - operating	1,155	1,095
Short-term borrowings	1,292	1,223
Lease liabilities	54	48
Income taxes payable	709	497
Contract liabilities	125	142
Provision for bonuses	727	734
Other	3,716	3,857
Total current liabilities	11,869	11,756
Non-current liabilities		
Long-term borrowings	26	210
Lease liabilities	105	74
Deferred tax liabilities	833	1,016
Deferred tax liabilities for land revaluation	729	723
Retirement benefit liability	4,276	4,170
Asset retirement obligations	490	500
Other	116	85
Total non-current liabilities	6,578	6,782
Total liabilities	18,448	18,539
Net assets		
Shareholders' equity		
Share capital	6,673	6,673
Capital surplus	2,206	2,213
Retained earnings	31,815	32,684
Treasury shares	(515)	(1,002)
Total shareholders' equity	40,179	40,569
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	731	1,204
Deferred gains or losses on hedges	1	(4)
Revaluation reserve for land	1,540	1,527
Foreign currency translation adjustment	523	742
Remeasurements of defined benefit plans	(56)	(67)
Total accumulated other comprehensive income	2,740	3,403
Non-controlling interests	0	0
Total net assets	42,920	43,973
Total liabilities and net assets	61,368	62,512

Consolidated Statements of Income

	(million yen)	
	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net sales	37,669	36,108
Cost of sales	25,523	25,495
Gross profit	12,145	10,613
Selling, general and administrative expenses		
Salaries and wages	1,377	1,539
Retirement benefit expenses	135	139
Provision for bonuses	167	168
Technical research expenses	1,161	1,506
Other	4,431	4,440
Total selling, general and administrative expenses	7,273	7,794
Operating profit	4,872	2,818
Non-operating income		
Interest income	0	1
Dividend income	62	76
Rental income from non-current assets	351	306
Subsidy income	—	200
Other	33	96
Total non-operating income	448	682
Non-operating expenses		
Interest expenses	14	24
Rental expenses on non-current assets	78	84
Expenses pertaining to idle assets	35	28
Commitment fees	32	32
Foreign exchange losses	67	24
Disaster prevention expenses	31	—
Other	20	29
Total non-operating expenses	279	224
Ordinary profit	5,041	3,276
Extraordinary income		
Gain on sale of non-current assets	4	14
Gain on sale of investment securities	0	128
Total extraordinary income	4	142
Extraordinary losses		
Loss on disposal of non-current assets	69	79
Impairment losses	18	88
Other	0	0
Total extraordinary losses	88	168
Profit before income taxes	4,957	3,251
Income taxes - current	1,497	1,094
Income taxes - deferred	60	39
Total income taxes	1,557	1,133
Profit	3,399	2,117
Profit attributable to non-controlling interests	0	0
Profit attributable to owners of parent	3,399	2,117

Consolidated Statements of Cash Flows

(million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	4,957	3,251
Depreciation	3,157	3,329
Amortization of goodwill	86	140
Impairment losses	18	88
Increase (decrease) in allowance for doubtful accounts	(10)	(0)
Increase (decrease) in retirement benefit liability	(148)	(125)
Interest and dividend income	(63)	(78)
Interest expenses	14	24
Foreign exchange losses (gains)	(8)	18
Loss (gain) on sale of non-current assets	(4)	(14)
Loss (gain) on disposal of non-current assets	69	79
Loss (gain) on sale of investment securities	(0)	(128)
Decrease (increase) in trade receivables	712	(1,165)
Decrease (increase) in inventories	(1,145)	526
Increase (decrease) in trade payables	(723)	(4)
Other	(38)	165
Subtotal	6,874	6,107
Interest and dividends received	63	78
Interest paid	(14)	(23)
Subsidies received	30	30
Income taxes paid	(1,776)	(1,205)
Net cash provided by operating activities	5,175	4,987

(million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment and intangible assets	(2,628)	(3,282)
Proceeds from sale of property, plant and equipment and intangible assets	5	46
Payments for retirement of property, plant and equipment	(42)	(44)
Purchase of investment securities	(12)	(6)
Proceeds from sale of investment securities	1	183
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(878)	—
Proceeds from collection of loans receivable	—	10
Net cash used in investing activities	(3,554)	(3,094)

(million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(70)	(140)
Proceeds from long-term borrowings	—	300
Repayments of long-term borrowings	(509)	(130)
Purchase of treasury shares	(0)	(501)
Dividends paid	(1,256)	(1,258)
Repayments of lease liabilities	(61)	(56)
Net cash used in financing activities	(1,899)	(1,786)

(million yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Effect of exchange rate change on cash and cash equivalents	53	48
Net increase (decrease) in cash and cash equivalents	(224)	155
Cash and cash equivalents at beginning of period	8,315	8,090
Cash and cash equivalents at end of period	8,090	8,245

Company Information and Stock Information

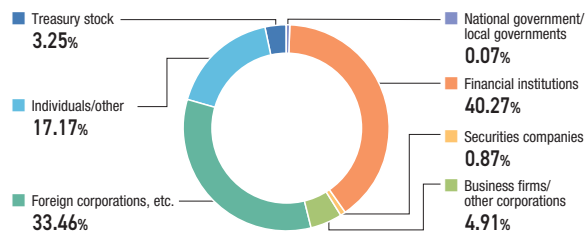
Company Information (As of March 31, 2024)

Company Name	Fujiibo Holdings, Inc.
Address	Tokyo : 1-18-12 Nihonbashi Ningyocho, Chuo-ku, Headquarters Tokyo 103-0013, Japan
	Osaka : Oak Sakaisuji Honmachi Building, 1-8-12 Honmachi, Chuo-ku, Branch Osaka City, Osaka 541-0053, Japan
Establishment	March 24, 1896
Capital	6,673,832,000 yen
Representative	Masahide Inoue, Representative Director and President
Number of Employees	1,299 (Consolidated)
Main Business Description	1.Manufacture, processing, and sales of polishing pads, nonwoven fabrics, and artificial leather 2.Manufacture, processing, and sales of various industrial chemicals 3.Manufacture, processing, and sales of various textile products

Stock Information (As of March 31, 2024)

Listed stock exchange	Tokyo Stock Exchange Prime Market
Business year	April 1 to March 31 of the following year
Ordinary general shareholders' meeting	June every year
Total number of authorized shares	30,000,000 shares
Total number of issued shares	11,720,000 shares
Number of shareholders	5,686

Distribution of Shares by Shareholder

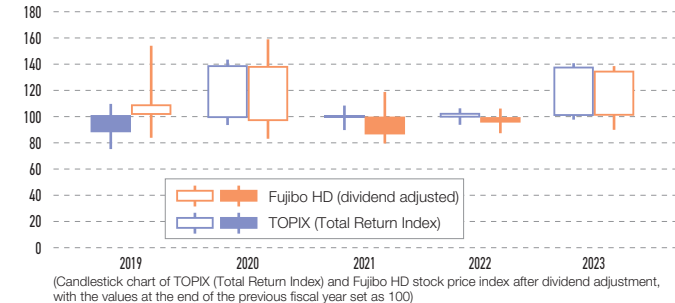


Major Shareholders (Top Ten)

Shareholder name	Number of shares held (shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	1,744,100	15.38
GOLDMAN SACHS INTERNATIONAL	1,052,000	9.28
Custody Bank of Japan, Ltd. (Trust account)	875,900	7.72
Meiji Yasuda Life Insurance Company	533,500	4.71
MUFG Bank, Ltd.	500,000	4.41
BBH (LUX) FOR FIDELITY FUNDS - PACIFIC POOL	427,600	3.77
Mitsubishi UFJ Trust and Banking Corporation	322,500	2.84
Fujiibo Kyoekai	309,300	2.73
Tsutomu Fukuoka	206,200	1.82
JPLLC CLIENT ASSETS-SK J	189,500	1.67

(Notes) 1.The Company, which holds 381,226 shares of treasury stock, is excluded from the above list of major shareholders.
2.The percentage of shares held is calculated by deducting the number of treasury stock.

Stock Price Annual Fluctuation Index



Trends in TSR

