

We welcome New Year's greetings in the third year of Reiwa.

2020 is the year when we did what we should do.

In 2020, we began a combined effort with the Olympic and Paralympic Year in hopes to establish a vision for the next generation. The results of the business improvement from the previous year started coming into fruition in early February. I felt our company was doing well, but we too were feeling the affects of the new coronavirus. On the other hand, our patented antiviral "VB" and VB-impregnated Pocket Oshibori hand wipes have been featured in many media and have led to nationwide sales to a diverse customer base. During the two months when the state of emergency was declared, the situation remained extremely difficult, but we focused on "employee retainability, protecting the company, and safeguarding our general health" and took all possible measures. While maintaining these objectives we were able to stabilize our business situation and thoroughly implement what all employees should do. Although we were forced to struggle with Oshibori rental business mainly due to the food service industry, we were able to land with the planned profits in the fiscal year ending August 2020, and our business is doing well. It was a turbulent 2020, which can be said to be a turning point in global history. Looking back, we were able to maintain a high standard of operation and profit due to our uncompromising steady efforts. This is also thanks to the many stakeholders who have been supporting the activities of FSX on a regular basis. Thank you all from the bottom of my heart.

As a topic for 2020, we started to reform our personnel system. This has been a long-standing issue while creating a new vision for FSX, and establishing the next generation organizational structure. In terms of sales, we received a large number of inquiries about the antiviral "VB" from customers in various fields. We have begun to provide licenses not only to nationwide partner companies, but also to new customers who need "VB" such as cleaning services, linen supplies, and hygiene products. In addition, as the sales of Pocket Oshibori hand wipes continue to increase dramatically, we suffered a series of shortages due to the limitations of production equipment last fall, which caused a great deal of inconvenience to many customers. We are rushing to add one new processing machine and have started operations to eliminate shortages.



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Furthermore, at the end of the year, the co-authored paper with Mitsubishi Pencil Co., Ltd. was accepted in the academic journal Applied Sciences in Basel, Switzerland. We are proceeding with the joint development of antiviral resins containing VB, and have taken a major step forward as an application to various product developments in the future. Another big topic is the transfer of a business partner of ours in Fujikawaguchiko Town, Yamanashi Prefecture, and the establishment of FSX Fuji, Inc. in September. It was a business transfer as part of our growth strategy. We believe that the establishment of a second FSX base in the northern foot of Mt. Fuji area, which has abundant tourism resources, is more valuable than expanding the commercial area of our main business, Oshibori rental. In the future, we can expect a magnificent story that will lead to research, planning, and development that will coexist with natural environments and keep life science in mind. As for overseas business, it was a disappointing year when we had to stop almost everything we had planned as the virus raged around the world. However, the antiviral "VB" received many inquiries and requests from overseas, and it was a year in which we could feel that the hygiene technology for Oshibori hand wipes is also required overseas. We have started preparations focusing on hygiene licensing so that "VB" can be widely dispersed overseas.

2021 is the year of restart

With "recovery" as the main concept worldwide, 2021 will be positioned as the year of "restart" as a starting point for new growth in the future. Now that we have overcome the turbulent 2020, we feel the need to reaffirm the essence of Oshibori hand wipes. It is said that the origin of Oshibori is that in the Edo period, the dirt of travelers was wiped and their fatigue was healed. We will return to the origin of "Oshibori", which has been passed down as a tool for hygiene and hospitality, and work on the reinvention of the Oshibori industry. Specifically, we will reconfirm that the Oshibori industry is a part of the cultural tourism, and will challenge it with high growth potential, centered on FSX Fuji. Looking ahead to the post-corona era, we will continue to strongly promote our business in the healthcare and life science fields. We will continue to demonstrate "VB" on an evidence basis, and look forward to new developments in "VB" this year. In addition, the FSX business has been widely recognized in Coronavirus catastrophe, and our customers are expanding nationwide. We will take the establishment of an increased factory production capacity, logistics solutions, risk management and quality assurance to a



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higher level. At FSX, we have always developed our business with a strong sense of crisis that "today's customers may not always be tomorrow's", but 2021 may be an even more unpredictable crisis. Regardless of the situation, we will be careful to take the best measures in it, and our core business "Oshibori Rental", our main service brands "VB", "Pocket Oshibori", "REION", etc., we will continue to propose solutions.

The new coronavirus has asked us various questions to reconsider conventional wisdom and values. Based on FSX's corporate stance of "coexistence," the entire company will work as one to restart the company so that the concepts of health, environment, and culture can be further evolved on the business axis and lead to sustainable growth. Also we would appreciate your favor this year.

President and Chief Executive Officer
Katsuyuki Fujinami



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