

New Year's Greetings
Warm Wishes for 2024

2023 is a Multifaceted Year

As the 2023 global situation dawned after the COVID-19 pandemic, this year has been a chaotic one with price hikes, global inflation, and ongoing division and confrontation due to invasions and wars. As the first year of the "Glocal," which combined domestic local and overseas global, 2023 was a multifaceted year in all FSX businesses as we strove to build a solid business foundation. The year also saw the results of our continuous and unflagging preparations during the pandemic. We achieved record-high sales and profits for the second consecutive fiscal year in August 2023. We owe our success to the support and cooperation of all our stakeholders. I would like to take this opportunity to express my sincerest gratitude to everyone.

Looking specifically back on 2023, last fall we launched "VB-COSME-," a patented technology that evolved from FSX's patented antiviral and antibacterial "VB" technology, combined with functions that support anti-aging care. This is the first oshibori classified as a cosmetic oshibori in Japan, based on the concept of enabling anti-aging care support. We have reformulated three series (10 products in total) of FSX's mainstay oshibori including "AROMA Premium" as VB-COSME- oshibori. And we have started mass production at the Uenohara Plant in Yamanashi prefecture, which was renovated as a cosmetics manufacturing plant. In addition, we have launched a website for Pocket Oshibori (<https://www.pocket-oshibori.jp/>) at the same time. We plan to expand VB-COSME- oshibori lineup this spring. We will strive to strengthen our full-scale business activities and promote the perspective of FSX to the world.

Another important topic last year was the challenge of "revitalizing oshibori" in relation to Japanese hospitality culture. We participated in the Tokyo Biennale 2023 (<https://tokyobiennale.jp/tb2023/linkage/oshibori-linkage/?lang=en>) international art festival with the goal of revitalizing the Oshibori industry, which has been struggling for years due to the pandemic, encouraging the growth of young employees, and promoting "OSHIBORI" as the common word of the world in terms. The Oshibori Linkage project (<https://oshibori.tokyobiennale.jp/en/>) explores ways to connect the Japanese culture of oshibori with the art oshibori, using an oshibori as a white canvas. I'm confident that we were able to share the value of oshibori with many people including foreigners through our customers' restaurants and through the exhibition at MUJI Ginza. We also engaged in crowdfunding for the



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first time, and it was an unexpected pleasure to receive much more support and endorsement than we had anticipated. Through both projects, FSX members also had an unforgettable experience. We would like to express our gratitude to all of you for your cooperation and support.

In our global business, we have been able to build a new structure for FSX Group companies, centering on the two axes: North America and Asia. Last spring, we were honored to win the 2023 Intellectual Property Merit Award “Commissioner of the Japan Patent Office Award”. With this as encouragement, we will further take on the challenge of global businesses based on the Japanese culture of oshibori.

2024 is the Year of Overcoming

The year 2024 will be a year for FSX to put into action our vision for “Reinvent the Oshibori”, which we set forth during the pandemic in 2021. We will continue to upgrade our production, delivery, products, ICT, human resource management, and so on. FSX will always strive for a strong organizational structure that goes beyond our past.

Building on our roots in Rental Oshibori services, we have been providing a wide variety of oshibori with high levels of added value, and FSX's flagship products broadened our sales channels not only domestically but also internationally during the pandemic. At present, we are working to enhance the production efficiency of these products and have begun to develop technologies to meet the increasing demand. In this fiscal year, we will try to introduce these technologies on a trial basis. Looking ahead, we will launch environmentally specialized oshibori and consider further expansion of our production system to other locations.

In the ICT field, we are now working together to develop a cloud-based system for our sales management system. We are also engaging in a DX revolution to streamline operations with a high degree of reliability by linking the production, delivery, and sale of oshibori via the use of FSX's patented technology "Oshibori AI" app, which predicts the number of oshibori collected by smartphones using video analysis technology.

In the human resource management field, our original series of human resource development efforts since 2021 has laid the foundation for an organization in which each employee is conscious of his or her own role. We are planning to launch a recruiting website this coming spring to secure human resources with a clear vision of working together at FSX, including the placement of the right person in the right job. In addition, in order to create a corporate culture where employees could continue to work for FSX for an extended time regardless of age or



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gender, we have introduced a corporate DCP (Defined Contribution Pension), raised the retirement age system, and promoted health management for our employees. Furthermore, this year we will make effort an environment that allows employees to increase the total number of holidays per year.

In 2024, a year marking our triumph over COVID-19, we will accelerate multifaceted research of "VB/VB-COSME-" in a more business axis and progress to sustainable growth in the healthcare area, starting with the FSX Laboratory. With "Rental Oshibori Services," the core of our business, as well as "VB/VB-COSME-," "REION," and "Pocket Oshibori," our major technology and product brands, all members of the FSX Group will strive to "Reinvent the Oshibori".

We sincerely look forward to your continued support in the new year.

January 1, 2024
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