

MARGIN OF SAFETY

BALANCE OF POWER

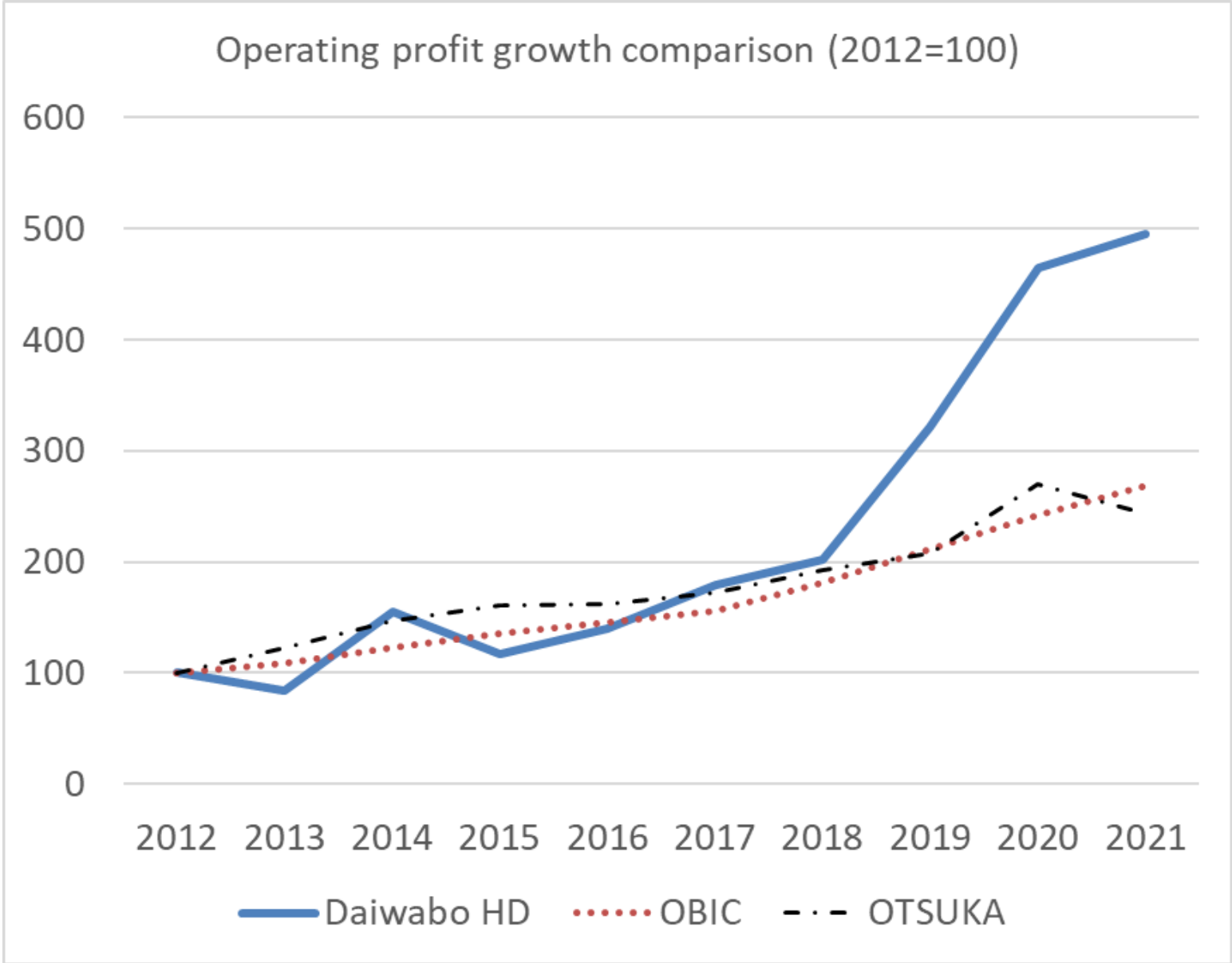
MANAGEMENT ANALYSIS



DISCUSSION MATERIAL FOR BUSINESS STRATEGY AND VALUATION IMPROVEMENT

MARCH 2022





Note) Fiscal year ends in Mar. for Daiwabo and OBIC while in Dec. for OTSUKA

■ Fiber Business EV evaluation - comparables method

Normalized EBITDA (Fiber Segment) (a)	5,000
EV/EBITDA applied (b)	5.0x
Theoretical EV (c)=(a)x(b)	25,000
Control Premium (d)	20.0%
Theoretical EV - after premium (e)=(c)x(1+(d))	30,000

■ Evaluation of Daiwabo HD's EV excluding Fiber segment

Normalized FCF (Daiwabo HD) (f)	18,000
WACC (g)	7.0%
Terminal growth rate (h)	0.5%
Theoretical EV (i)=(f)/((g)-(h))	276,923
Theoretical EV (excl. Fiber) (j)=(i)-(c)	251,923

Normalized EBITDA (Daiwabo HD) (k)	29,000
Normalized EBITDA(excl. Fiber) (l)=(k)-(a)	24,000
EV/EBITDA (excl. Fiber) (m)=(j)/(l)	10.5x

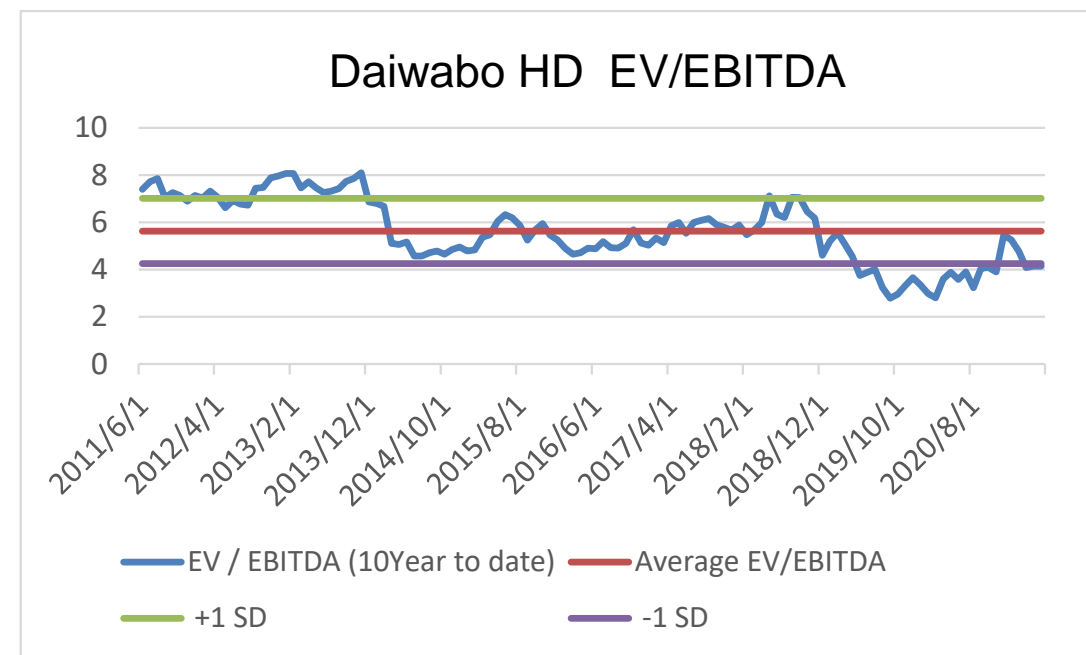
Unit : Million yen

■ Fiber segment asset efficiency (segment asset/EBITDA)

Daiwabo HD	11.7x
Toray	7.8x
Teijin	12.7x
Average	10.7x

■ 【Quasi-comparable companies for IT Infra. Distribution】

Company	EV/EBITDA Current	EV/EBITDA Next
Daiwabo HD	5.2x	5.0x
OTSUKA	12.4x	11.5x
OBIC	32.9x	29.4x



【Comparable companies for Fiber segment】

Company	Market Cap.	Net Debt	EV	Revenue	ROE	P/B	P/E Current	P/E Next	EV/EBITDA Current	EV/EBITDA Next
Toray	1,145,789	545,230	1,691,019	1,883,600	7.1%	0.9	12.4	10.8	7.0	6.6
Teijin	305,245	177,864	483,109	836,512	8.4%	0.7	8.4	9.4	4.1	4.3
Toyobo	121,641	137,289	258,930	337,406	7.2%	0.6	8.9	8.2	5.3	5.1
Gunze	82,962	-7,764	75,198	123,649	4.6%	0.7	14.8	14.7	5.4	5.2
THE JAPAN TEXTILE	80,252	-37,984	42,268	104,915	3.5%	0.7	20.1	17.8	3.3	3.1
OnWARD HD	53,062	60,751	113,813	174,323	-3.9%	0.7	-17.8	32.5	32.5	12.0
World	47,184	101,924	149,108	180,322	1.2%	0.6	47.2	7.6	7.1	5.2
Fujibo HD	46,763	-4,736	42,027	36,932	10.6%	1.2	11.4	10.9	5.0	4.6
KOMATSU MATERE	40,121	-25,747	14,374	30,018	4.3%	1.1	25.2	22.8	5.2	4.9
Kurabo	39,022	-25,388	13,634	122,184	4.2%	0.4	9.8	9.5	1.3	1.3
TSI HD	32,758	-43,662	-10,904	134,078	1.9%	0.3	16.4	14.9	-1.6	-1.5
JICHODO	21,840	-7,663	14,177	17,882	4.4%	0.6	13.2	12.5	5.7	5.5
UNITIKA	20,964	76,067	97,031	110,375	27.5%	1.2	4.5	4.3	8.1	7.4
MATSUOKA CORPRATION	14,110	-5,247	8,863	53,928	4.7%	0.6	11.8	9.8	3.0	2.6
Suminoe Textile	13,866	12,116	25,982	79,702	3.6%	0.4	11.6	15.4	7.9	6.1
KING	13,401	-11,088	2,313	8,096	0.1%	0.5	670.1	46.2	4.7	2.8
MARUHACHI HD	13,031	-25,653	-12,622	12,817	2.5%	0.3	10.6	10.0	-5.6	-5.6
SOTOH	12,108	-7,436	4,672	7,545	-2.9%	0.9	-29.5	67.3	8.4	5.6
SHIKIBO	11,055	21,776	32,831	33,519	2.4%	0.3	13.8	13.8	9.4	9.2
LOOK HD	10,613	3,151	13,764	37,014	4.7%	0.4	8.8	8.2	4.7	4.6

Max	27.5%	1.2x	47.2x	67.3x	32.5x	12.0x
Average	4.8%	0.7x	14.6x	17.3x	7.1x	5.3x
Median	4.3%	0.6x	11.8x	11.7x	5.4x	5.1x
Min	-3.9%	0.3x	4.5x	4.3x	1.3x	1.3x

■ Selection Criteria for Comparable Companies

(1): Companies with a market capitalization of over 10 bn. yen in the "Textiles and Apparels" industry of the TSE's 33 sectors(Shikiho online)

(2): Exclude companies selected in (1) which are not suitable as comparables due to business dissimilarity and operating losses

Note) 1: Net debt is calculated as investment securities are cash-like and minority interests are debt-like item

2: Data were obtained from Bloomberg and Shikiho as of late Oct. 2021

3: Exclude outliers such as - values in the calculation of the max/mean/median/min of the multiples (highlighted in gray)

Unit : Million yen

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