



ANALYST GUIDE First-half FY2016

April 2016



(Listed on the 1st Section of the Tokyo Stock Exchange; Code 7447)

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I About "NAGAILEBEN"



Human, Life, Love

1915 ~ 2015

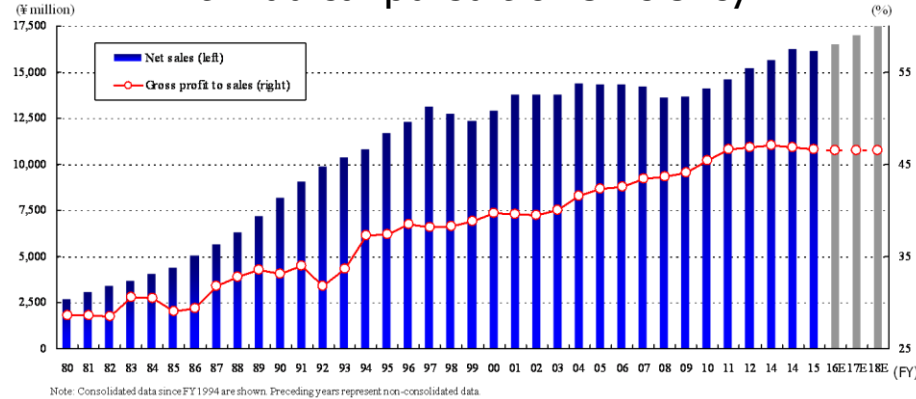


Started white robe business in 1915.

- | | |
|---|--|
| 1915 Started Business | 2001 Listed on 2nd TSE |
| 1969 Founded Manufacturing Division | 2003 Established distribution center in West Japan |
| 1971 Succeed in first polyester medical clothing in Japan | 2004 Acquired ISO9001:2000 Listed on 1st TSE |
| 1994 Established distribution center in Akita | 2005 Acquired ISO14001:1996 |
| 1995 Listed on JASDAQ Started new products for "care" | 2014 New HQ Building Completed |
| | 2015 100 th anniversary |

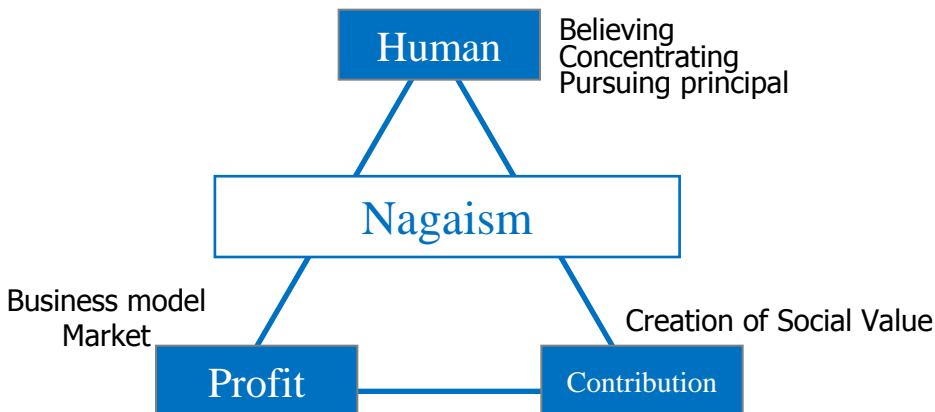
Management style "Concentration"

Realization of high profitability with radical pursuit of efficiency



"Nagaism"

Time of 100 years has created our company spirit.



Social Responsibility

Job creation at Regional Community

- Domestic: Akita
- Overseas: China, Indonesia, and Vietnam

Support for women

- Products for nursing staff or a care worker
- Work for women sewing staff

Rewarding shareholder

Environmental Management

- Acquired ISO14001 certification
- "COMPELPACK" the surgical wear which enables hospital to reduce waste

Support for Children

- Admired occupation for medical
- Miffy's visits to children's hospitals
- Lending hospital medical clothing for child



Establish competitive position in medical clothing market

- Approximately 60% market share in domestic medical clothing
- Wide field, planning, manufacturing and marketing
- Competitive product such as extensive products, custom-made program

Strong growing market

Doctor, Dentist, Pharmacist*1 (2014)	Nursing Staff*2 (2013)	Care workers*3 (2013)
700,000 People	1,570,000 people	1,710,000 people
compare with 2012 +17,000people	compare with 2012 +30,000people	compare with 2012 +80,000people

*1 Research of doctor, dentist and pharmacist.2014, MHLW

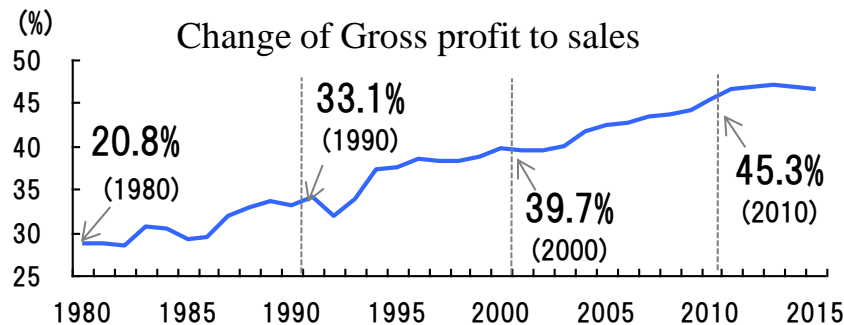
*2 Japanese Nursing Associations' statistical data

*3 Estimation of care workers' demand toward 2025 (June. 2015), MHLW

MHLW: Ministry of Health, Labour and Welfare of Japan

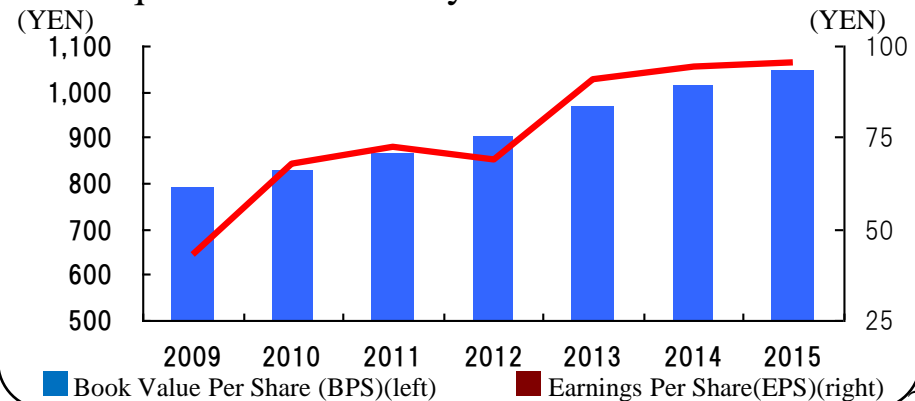
Highly profitability and strong balance sheet

- Gross profit to sales 46.6% (as of FY2015)
- Capital-to-asset ratio 89.2%
- ROE 9.3%



Rewarding shareholder-focused policies

- Continue stable dividend payment with payout ratio of 50%
- Acquisition of treasury stock





I About “NAGAILEBEN”

II Financial Review First-half FY2016

III Market Environment

IV Forecast for FY2016

V Management Goals

VI Rewarding shareholder-focused policies



1

Sales & Income

Net Sales recorded highest. Sales in 2Q exceeded the decrement in 1Q. Sales surpassed previous and forecast.

Though there were temporary expenses and impact of change in foreign exchange rates, operating income surpassed forecast.

2

The Change of Business Environment

- Market Condition: Medical treatment fees was revised.(Apr. 2016)
Revise rate -0.84% (Service: +0.49%, Drug price: -1.33%)
- Production Condition: Appreciation of the dollar against the yen
Escalating material prices, rising sewing costs

3

Unusual Event in this term

- Exchange-rate profit:

First-half FY2014	¥56m
First-half FY2015	¥220m
First-half FY2016	-¥33m
- DPS was ¥100 as 100th anniversaries.(3,300 million yen)

II Financial Review First-half FY2016

Financial Highlights <Statements of Income>



(millions of yen,%)	First-half FY2016	% Change	To Forecast %	Composition %	Composition % Change
Net sales	6,938	+1.4	+1.3	100.0	-
Gross profit	3,174	-0.4	+0.7	45.8	-0.8
Sales, general, and administrative expenses	1,464	+5.4	-0.9	21.2	+0.9
Operating income	1,709	-4.9	+2.2	24.6	-1.7
Recurring income	1,702	-16.3	-0.2	24.5	-5.2
Net income	1,123	-13.7	-0.8	16.2	-2.8

[Overview]

- Sales in major business for healthcare and doctors caught renewal contracts, which were postponed or planned in 2Q, got new contracts. Sales of products for patients and surgery grew steadily. Total sales in 2Q increased 13.3% year-on-year. Sales in first half of FY2016 surpassed forecast and became highest ever.

[Gross profit] y/y -¥13 m (Factor of decrease of Net sales: ¥45m, Factor of decrease of profit ratio: -¥58m)

Gross profit to sales FY2015 46.6 % → FY2016 45.8 %

Boost of material cost and sewing cost (-¥21m)

Foreign Exchange rate: FY2015 91.5 Yen/dollar → FY2016 99.7 Yen/dollar (-¥62m)

Overseas production ratio FY2015 45.2 % → FY2016 46.5 % (+¥23m)

[Sales, general, and administrative expenses]

- The cost of 100th anniversaries: ¥34m.

[Non-operating income]

- FY2015 Exchange-rate profit: ¥220m, FY2016 Exchange-rate profit: -¥33m

[Capital Expenditure]

-Capital Expenditure: ¥76m (Manufacturing equipment: ¥24m, Distribution equipment: ¥20m, Building repair: ¥10m)

-Depreciation: ¥ 163m

Financial Highlights <Balance Sheet>



Major assets (¥ million %)

Title	Result	Change Result	Change %
Cash on hand at banks	15,399	-110	-0.7
Notes and accounts receivable	4,760	+50	+1.1
Securities	1,518	+0	+0.0
Inventories	4,878	+17	+0.4
Current assets	26,987	-190	-0.7
Buildings and structures	2,411	-91	-3.6
Land	4,447	-32	-0.7
Investments and other assets	1,397	-360	-20.5
Fixed assets	8,986	-551	-5.8
Total assets	35,974	-741	-2.0

Major liabilities and shareholders' equity (¥ million %)

Title	Result	Change Result	Change%
Notes and accounts payable	1,587	-71	-4.3
Accrued income taxes	542	-151	-21.8
Current liabilities	3,574	-225	-5.9
Capital reserves	32,840	-276	-0.8
Treasury stock	▲4,902	-0	0.0
Net assets	32,399	-516	-1.6
Total liabilities and net assets	35,974	-741	-2.0

[Major changes from the previous fiscal year]

Cash and cash equivalents down ¥110million
 -Cash flows from operating activities up ¥3,179million
 -Acquisition tangible and intangible down ¥186million
 -Dividend payout down ¥3,323million

Fixed assets down ¥551million
 -Buildings and structures(depreciation) down ¥154million
 -Machinery and equipment(depreciation) down ¥19million
 -Exchange contract down ¥244million

Net assets down ¥516million
 -Net profit up ¥3,047million
 -Dividend payout down ¥3,324million
 -Deferred gains or losses on hedges down ¥268million

Segments by item



Healthcare wear



Patient wear



Shoes



Doctors' wear



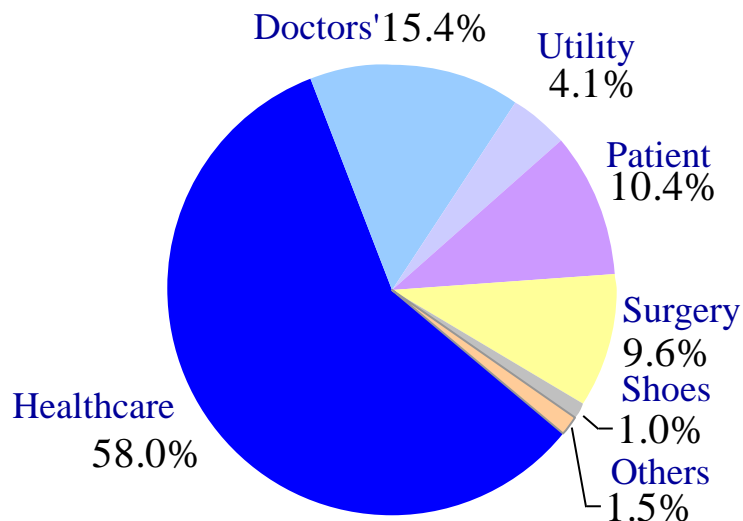
Utility wear



Surgery wear



Sales by Item



Year-on-year change	First-half FY2015	First-half FY2016
Overall	+1.0%	+1.4%
Healthcare wear	+2.5%	+0.2%
Doctors' wear	-1.7%	+2.0%
Utility wear	-10.9%	-5.4%
Patient wear	+2.9%	+13.2%
Surgery wear	+2.7%	+1.3%
Shoes	-10.6%	-6.2%
Others	-3.5%	-4.0%

[Healthcare wear]

-Sales in 1Q declined -16.1% year-on-year. As caught renewal contracts, which were postponed or planned in 2Q, got new contracts, sales in 2Q increased +12.3% year-on-year. Sales reached record.

[Doctors' wear]

-As well as healthcare wear, sales in 2Q recovered the decrement in 1Q. New products contributed to highest ever sales.

[Utility wear]

-Though sales of products such as Miffy was doing well, the demand of the market continued to decline, sales fell.

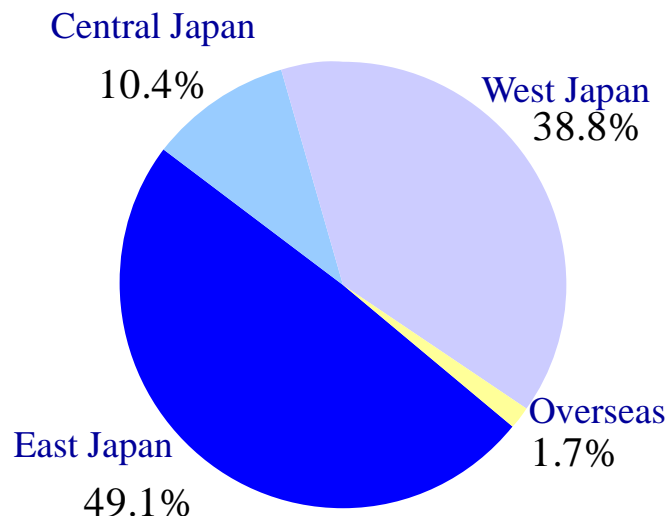
[Patient wear]

-As the demand of market expanding, new products contributed to high-growth sales.

[Surgery wear]

-As penetrating of COMPELPACK into the market, sales was doing well.

Sales by Region



Year-on-year change	First-half FY2015	First-half FY2016
Total sales	+1.0%	+1.4%
East Japan	+0.3%	-0.7%
Central Japan	+1.0%	-8.9%
West Japan	+1.0%	+6.5%
Overseas	+31.5%	+29.3%

[East Japan]

- Sales in 2Q grew smoothly, as catching renewal contracts which were postponed in 1Q. Sales kept previous year.

[Central Japan]

-Market size was not large and there was the influence by the size of contracts. In this term, sales declined.

[West Japan]

-Catching renewal and new contracts steadily, highest ever sales continued.

[Overseas]

-Though sales was not large, our reputation expanded and sales for large scale hospitals increased, firm-growth sales continued.

III Market Environment



Medical treatment fees was revised.(effective Apr. 2016)

- Revise rate -0.84% (Service: +0.49%, Drug price: -1.33%)
- In addition to above, Revised Drug price -0.19% Exception -0.28%
- Recalculations for market expansion

Escalating material prices, rising sewing costs

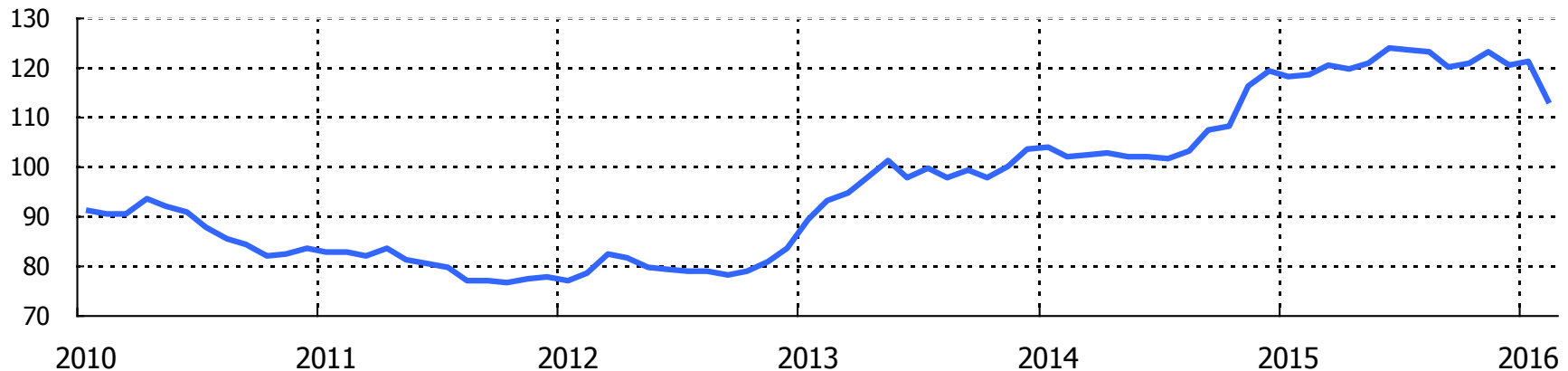
- The price of cloth and material increased.
- The cost of labor charge around China and Southeast Asia raised.

Effect to the cost of overseas production due to appreciation of the dollar against the yen

-monthly average exchange rate in NY market(as of Aug.)

2010:¥85/dollar, 2011:¥77/dollar, 2012:¥77/dollar, 2013:¥98/dollar, 2014:¥102/dollar, 2015:¥123/dollar

As of Feb. 2016
¥112/dollar



Market Environment



Changes and prospects for medical and care service systems

	Medical System		Care Service System	
	Medical Service Law, Health and Medical Service Law for the Aged, Medical Insurance, etc	Medical treatment fees	Care Service Law, Nursing Care Insurance, etc.	Nursing care fees
'06	Proposed draft of reform of medical insurance system submitted. Expansion of DPC to general hospitals.	Total market: -3.16% Service: -1.3% Drug price: -1.8%	Enforcement of Amended Nursing Care Insurance Law 3 rd plan of care insurance system (2006-2008)	Total market: -2.4% Home: -1.0% Facilities: -4.0%
'07	New Health Frontier Strategy announced Social medical corporations instituted by law		Ban lifted on medical corporations from operating private commercial nursing homes. Nursing care type medical facilities to be abolished in 2012	
'08	Medical program for very elderly instituted by law “Metabolic” diagnosis and health guidance specified as mandatory	Total market: -0.83% Service: +0.38% Drug price: -1.2%	Nursing care type elderly health facilities instituted	
'09	Enforcement of Amended Pharmaceutical Affairs Law Local healthcare revival plan		4 th plan of care insurance system (2009-2011)	Total market: +3.0% Home: +1.7% Facilities: +1.3%
'10	Release of the 7th prospect for supply and demand of nursing staff. Legal transformation of national medical highly-advanced center into independent administrative corporations	Total market: +0.19% Service: +1.55% Drug price: -1.36%		
'11	Postponed time limit of abolishing nursing care type medical facilities for 6 year. The interim appraisal of the medical expenses		Disapproval of setting up specialty nursing homes for social medical organization.	
'12	Postponed abolishing of Medical Care System for People Aged 75 and over	Total market: +0.004% Service: +1.38% Drug price: -1.38%	Enforcement of Amended Nursing Care Insurance Law 5 th plan of care insurance system (2012-2014)	Total market: +1.2% Home: +1.0% Facilities: +0.2%
'13	2nd plan of the medical expenses Plan of strategic market creation		Revising of measures against reduction of incidence for nursing care	
'14	Medical Service Act Enforcement of Amended Pharmaceutical Affairs Law	Total market: +0.10% Service: +0.73% Drug price: -0.63%	The law for Medical care synthesis total promotion	+0.63% Consumption tax increase
'15	System for promotion of community medical corporation Expansive financial support of national health insurance		System for promotion of community medical corporation 6 th plan of care insurance system (2015-2017)	Total market: -2.27% Home: -1.42% Facilities: -0.85%
'16	Formulation of Local medical program Enforcement of Medical treatment with patients' offer	Total market: -0.84% Service: +0.49% Drug price: -1.33%	Enforcement of Amended Nursing Care Insurance Law for Community day care	

Market Environment



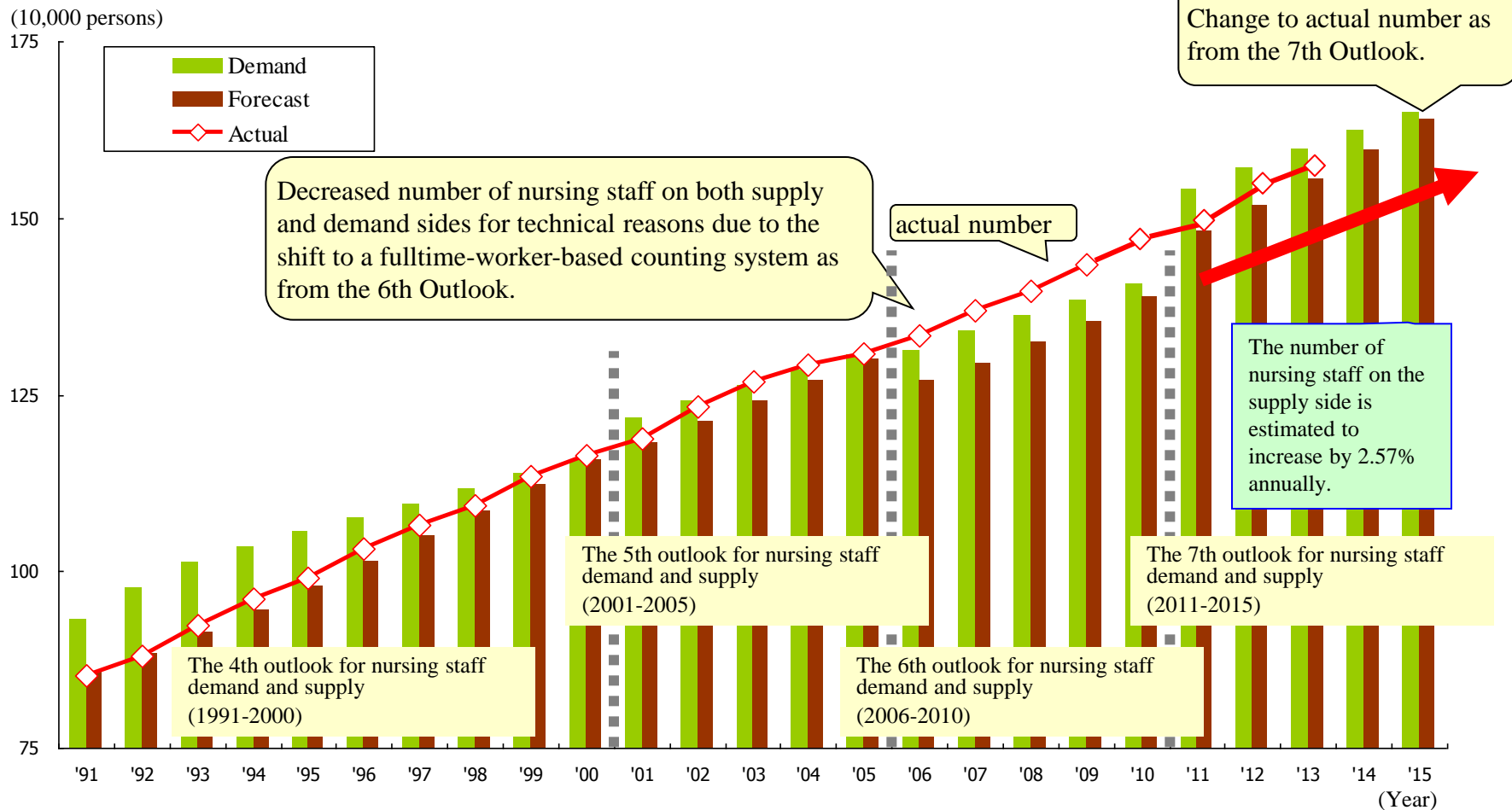
Revisions to medical treatment and care Service fees





Supply and Demand of Nursing Staff

(Source: the Ministry of Health, Labor and Welfare (December 2010))

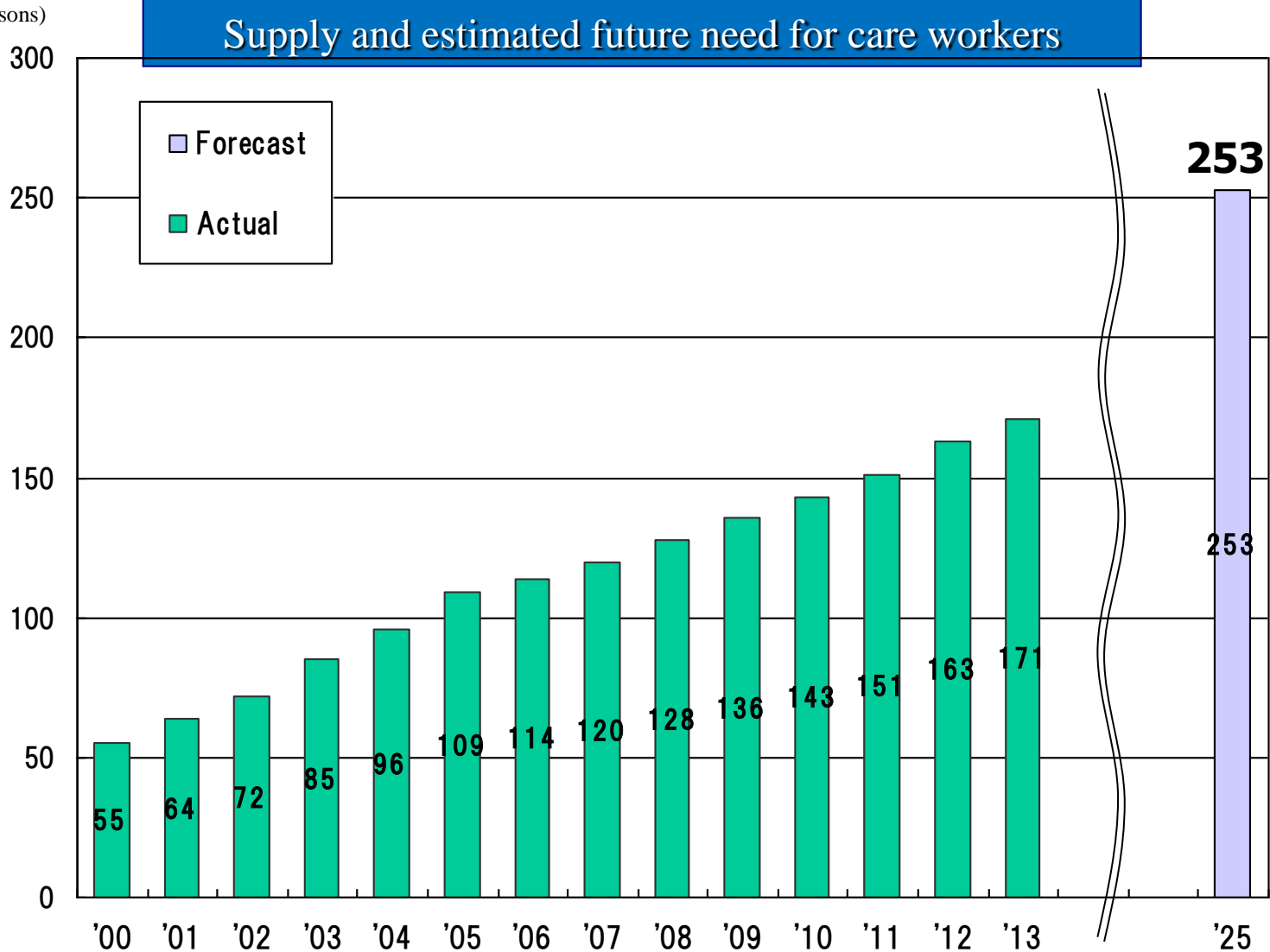


- The 7th outlook for nursing staff demand and supply (five-year plan from 2011 through 2015)
- Outlook for nursing staff supply and demand for all medical and nursing fields
- Next outlook for nursing staff supply and demand will be announced in 2015

Market Environment



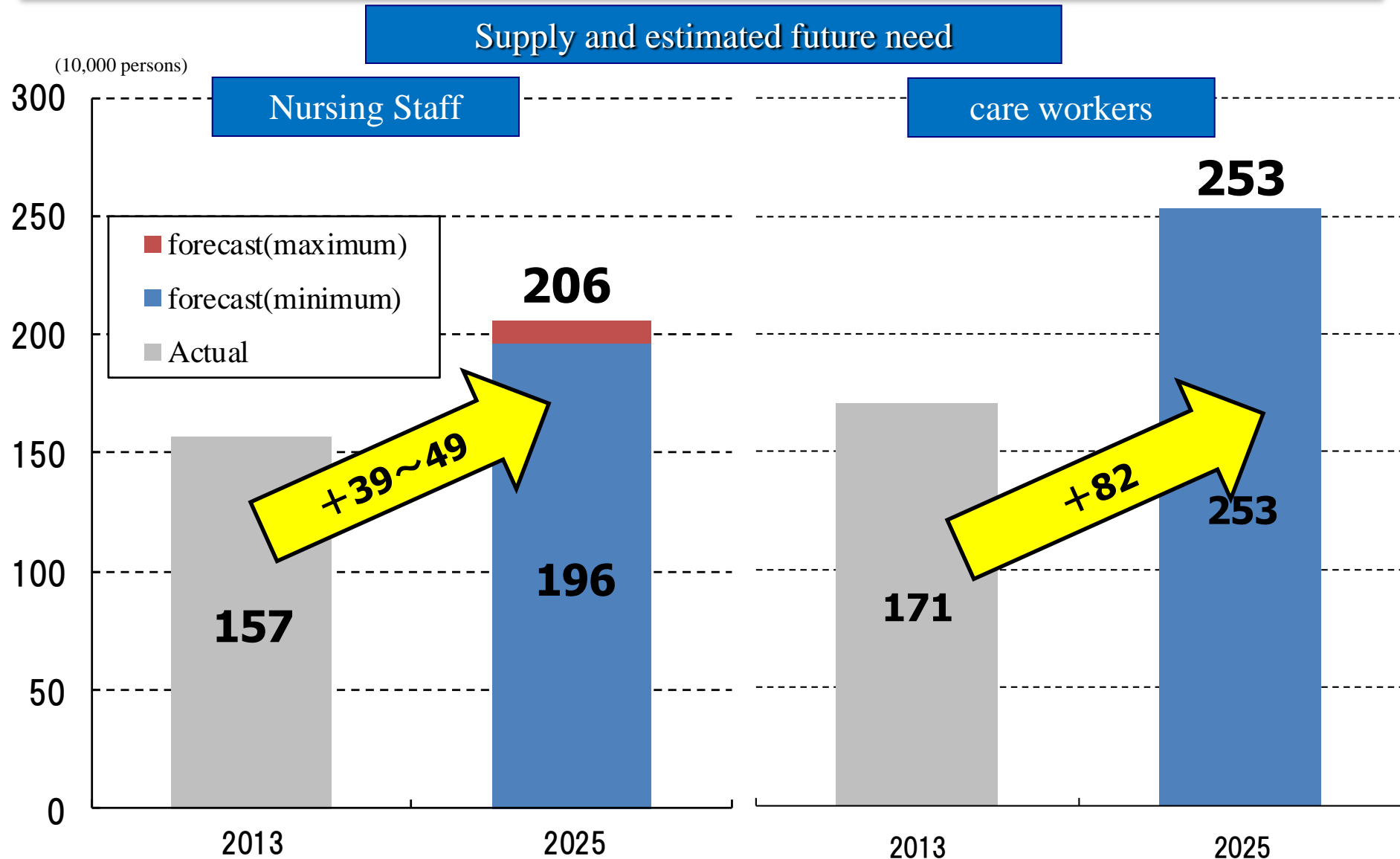
(10,000 persons)



Since the number of track records are subject to the influence of change of an examination method, Ministry of Health, Labor and Welfare adjusted the number after 2009.

Ministry of Health, Labor and Welfare: Estimation of care workers' demand toward 2025 (June, 2015)

Market Environment



Actual record: Japanese Nursing Associations' statistical data

Forecast: The committee about supply and estimated future need of Nursing Staff (Dec. 2014) Ministry of Health, Labor and Welfare

Ministry of Health, Labor and Welfare: Estimation of care workers' demand toward 2025 (June. 2015)

IV Forecast for FY2016



Marketing strategy to boost sales

- Capture clusters of needs in the healthcare wear market
- Increase peripheral business in products for patients and surgery
- Develop new markets

Production strategy to ensure a steady supply

- Strengthen ties with material makers and trade firms
- Develop new production overseas base
- Optimize overseas production ratio to reduce country risk
- Strengthen ability to respond small-lot multi-product

Strategy for decrease production cost

- Shift to overseas from domestic production
- Develop new overseas' materials for standard products
- Long term exchange contract
- Apply special tax measures for EPA and FTA

Forecast Statements of Income



(millions of yen,%)	FY2016E	% Change (FY2015)	Composition % Change
Net sales	16,500	+2.2	—
Gross profit	7,590	+0.8	-0.6
Sales, general, and administrative expenses	2,776	+2.1	0.0
Operating income	4,813	+0.0	-0.6
Recurring income	4,869	-4.3	-2.0
Net income	3,237	+0.3	-0.4

[Overview]

- Net sales is expected highest record. This will be achieved by putting higher quality and value-added products in healthcare wear and doctor wear, catching renewal orders steadily, gaining new contracts and expanding sales in patient/surgery wear.

[Gross profit] y/y +¥ 57m(Factor of increase of Net sales +¥161m, Factor of change of profit ratio -¥ 104 m)

Gross profit to sales FY2015 46.6% → FY2016E 46.0%

Boost of material cost and sewing cost (-¥25m)

Foreign Exchange rate: FY2015 ¥93.5yen/dollar → FY2016E ¥102.5yen/dollar (-¥ 156m)

Overseas production ratio FY2015 45.6% → FY2016E 47.1 % (+¥ 63m)

[Sales, general, and administrative expenses]

- The cost of 100th anniversaries:¥34m

[Non-operating income]

- FY2015 Exchange-rate profit:¥226m (Assets in foreign currencies:\$3.3m at end of FY2015)

[Extraordinary Profit and loss]

-FY2015: Gain on sale of properties ¥30m(Kameido laboratory)

[Other]

-Tax reform in 2015, lower the corporate tax rate.

[Capital Expenditure]

-Capital Expenditure: ¥175m (IT system:¥45m, Buildings:¥71m, Manufacturing equipment:¥37m)

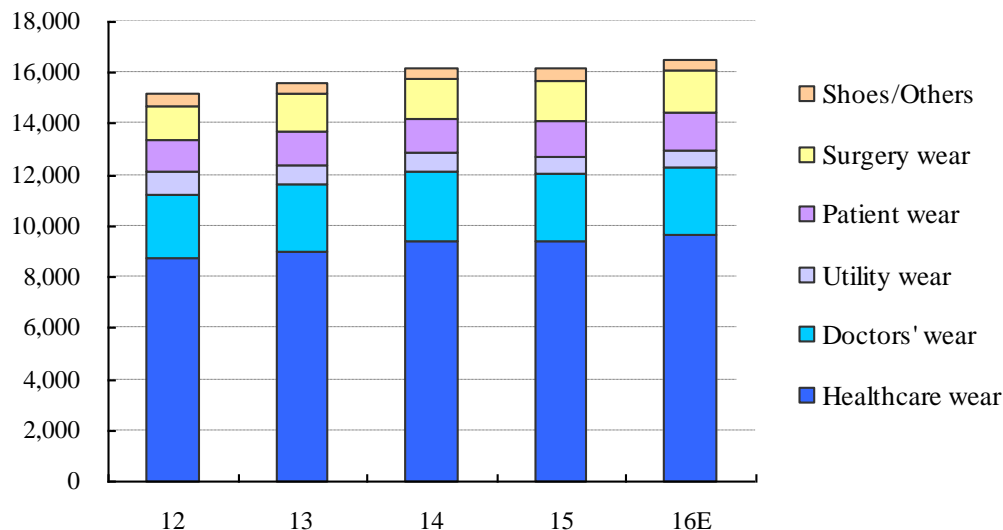
-Depreciation: ¥338m

Forecast of Sales by Item



Sales by Item

(¥ million)



Year-on-year change	FY2015	FY2016E
Sales	-0.4%	+2.2%
Healthcare wear	-0.1%	+2.2%
Doctors' wear	-2.6%	+2.5%
Utility wear	-9.8%	-7.5%
Patient wear	+7.2%	+4.7%
Surgery wear	+2.3%	+4.4%
Shoes/Others	-10.9%	-5.3%

[Healthcare wear] Activating market by higher quality and value-added products, sales of healthcare wear is expected to increase steadily.

[Utility wear] As the demand being down, the decline in sales of utility wear is expected to continue.

[Patient wear] The increase in sales of patient wear is expected to continue with demand in the health check market.

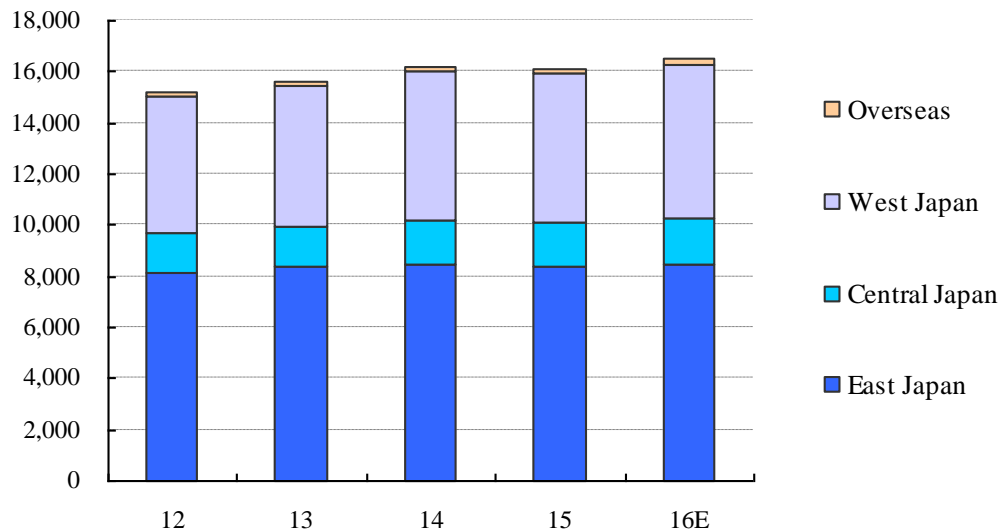
[Surgery wear] As COMPELPACK and surgical underwear (scrub) being steadily permeated, the increase in sales of surgery wear is expected to continue.

Forecast of Sales by Region



Sales by Region

(¥ million)



Year-on-year change	FY2015	FY2016E
Total sales	-0.4%	+2.2%
East Japan	-1.2%	+1.7%
Central Japan	+1.7%	+1.4%
West Japan	+0.0%	+2.7%
Overseas	+5.4%	+13.6%

Each area are expected to increase of sales and continue of the highest ever sales.

[East Japan] Catching renewal orders steadily with higher quality and value-added products, the sales in East Japan is expected to increase consistently.

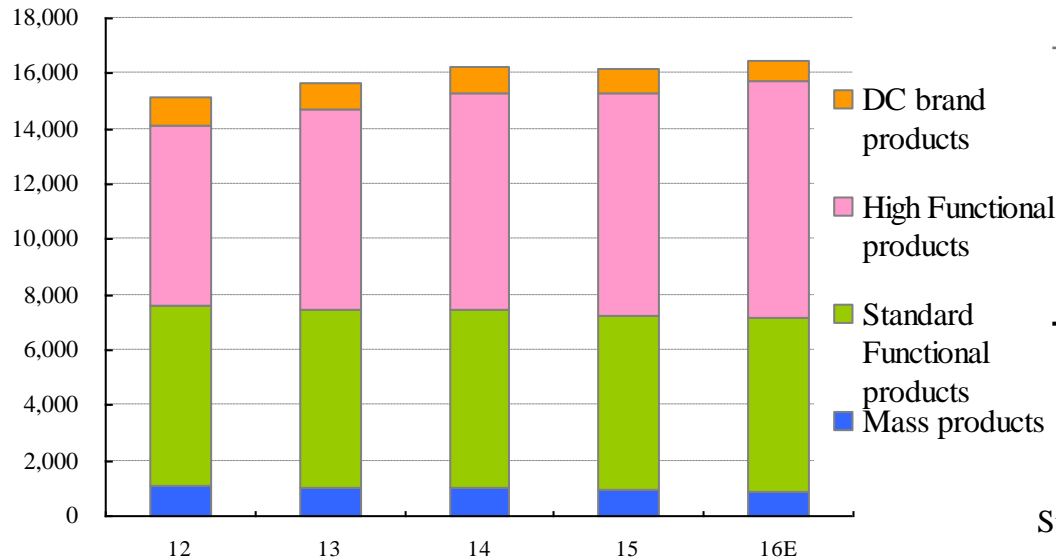
[Central and West Japan] As gaining share by sales promotion, the increase of sales is planned,

[Overseas] Sales is expected to increase as the impact of depreciation yen and expanding our reputation.

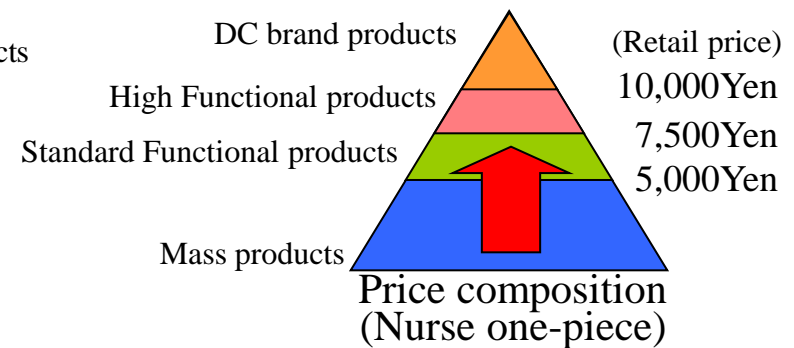


Sales by Product

(¥ million)



Year-on-year change	FY2015	FY2016E
Sales	-0.4%	+2.2%
DC brand products	-9.9%	-11.4%
High Functional products	+3.8%	+6.9%
Standard Functional products	-3.2%	-0.8%
Mass products	-5.6%	-6.3%



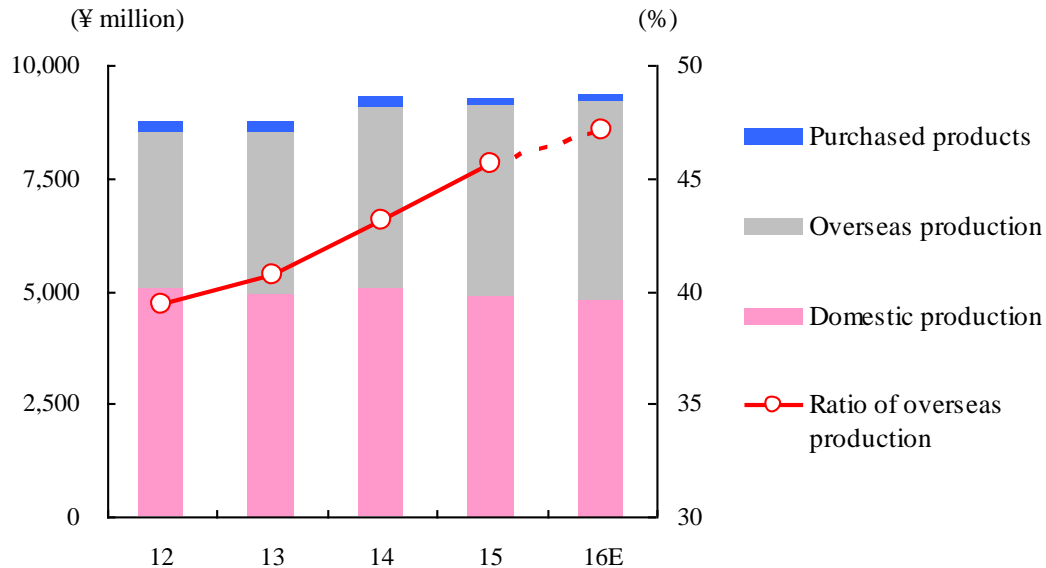
[DC brands] Though existing DC brand products are on the decrease, New brand "Miffy" will contribute to the sale.

[High functional products] As these products being received well from the market, the increase in sales of high functional products is expected to continue by driving the strategy of higher quality and value-added products.

[Mass products] As being on downward trend, the shift from mass products, include other company products, to functional products is expected to continue.



Production(Non-Consolidated)



Composition	FY2015	FY2016E
Domestic production	53.0	51.5
Overseas production	45.6	47.1
Purchased products	1.5	1.4

-To prepare for escalating of material prices and sewing costs, shifting to new factory in Java, Indonesia finished at the end of 2015.

V Management Goals



Sales Strategy

- Increase peripheral business in products for patients and surgery.
- Gain share In West Japan.
- Develop and sale of high functional products.

Profit Strategy

- Driving the strategy of higher quality and value-added products.
- The shift to overseas production.
- The minimization of exchange risk

Equalization of the fluctuations in foreign exchange rates by reservation of exchange contracts

Sales Strategy



FY2012
(3 terms ago)

FY2015
(Previous term)

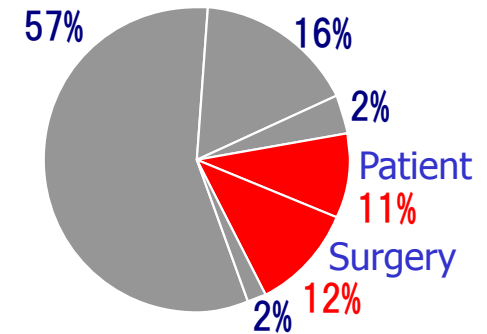
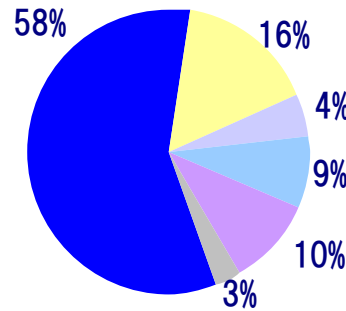
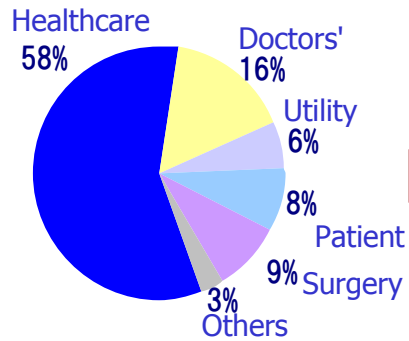
FY2018E
(3 terms later)

net sales ¥15,175 million

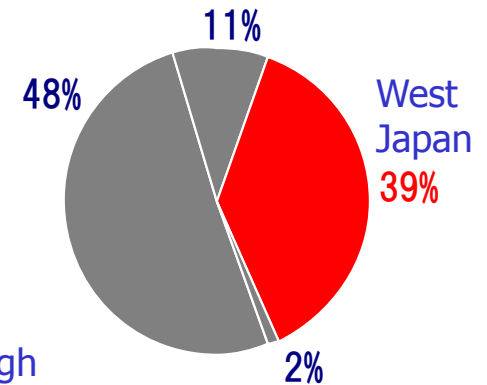
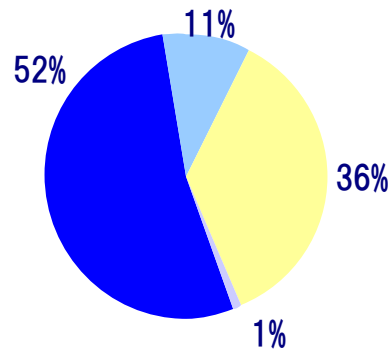
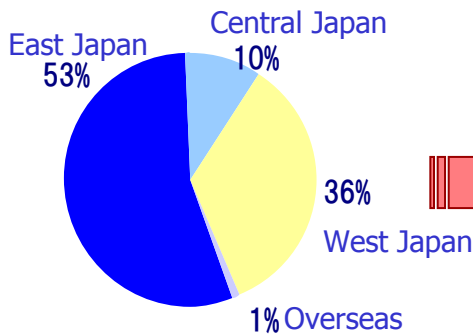
¥16,150 million

¥17,500 million

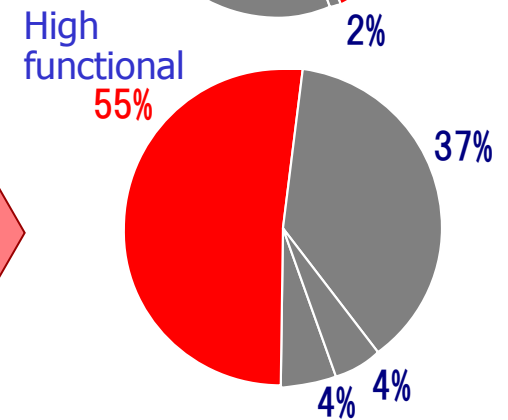
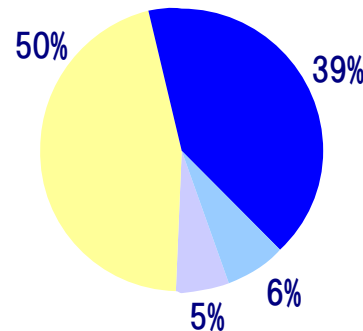
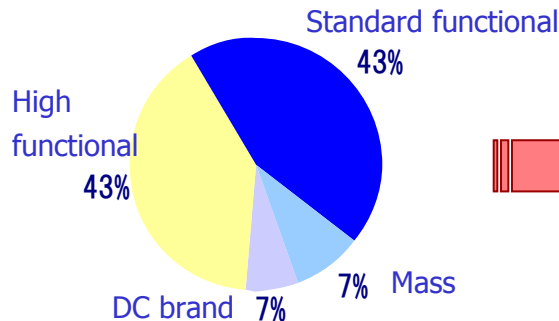
Sales by Item



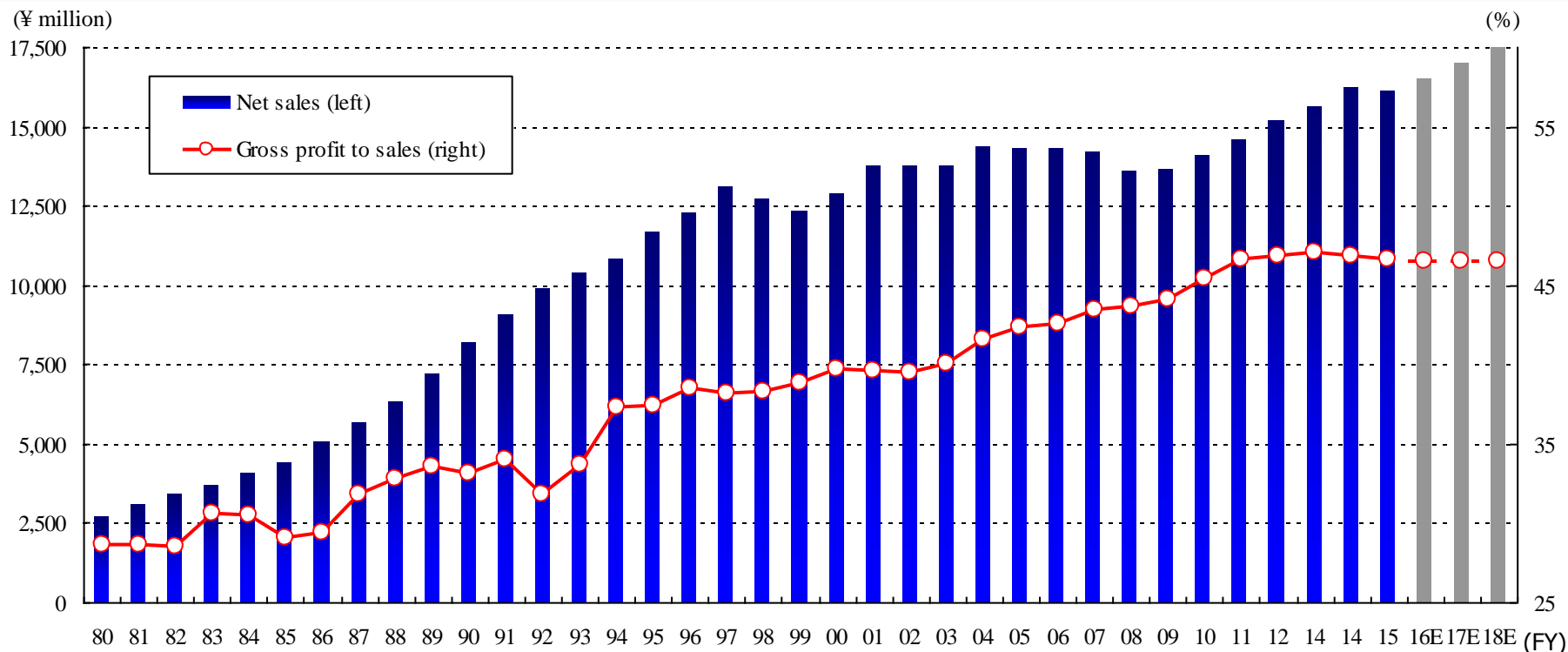
Sales by Region



Sales by Products



Net Sales and Gross Profit to Sales Ratio



Note: Consolidated data since FY1994 are shown. Preceding years represent non-consolidated data.

(¥ million)



FY2018E	
Net Sales	17,500
Operating Income	5,300

VI Rewarding shareholder-focused policies



Shareholder-focused policies

- Improvement of transparency by proactive disclosure
- Interactive communication with investors
- Profit reimbursement by high dividends



Dividend policy

- Basic policy is to continue stable dividend payment with payout ratio of 50%
- DPS was ¥100 as 100th anniversaries

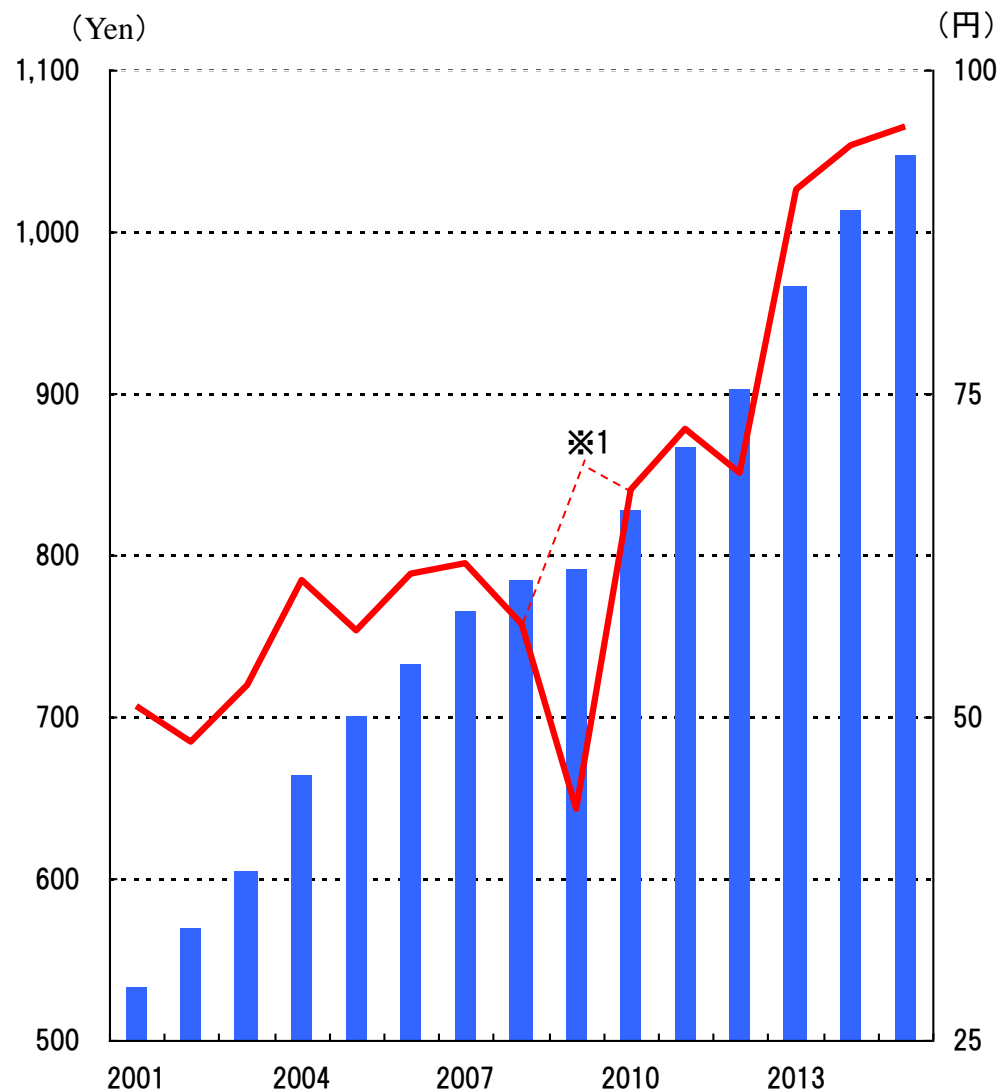
Share buyback

- Acquire expeditiously when our share is undervalued
- Share purchased in January FY2015 1 million shares, 1,500 million yen

The History of Stock Value



	BPS (yen)	EPS (yen)	DPS (yen)
FY2001	532.5	50.8	12.5
FY2002	568.3	48.0	12.5
FY2003	604.0	52.4	15.0
FY2004	663.0	60.5	30.0
FY2005	700.0	56.7	30.0
FY2006	732.4	61.0	30.0
FY2007	764.3	61.9	30.0
FY2008	783.9	57.1	30.0
FY2009	791.0	42.9	30.0
FY2010	827.0	67.6	32.5
FY2011	866.1	72.3	35.0
FY2012	902.3	68.9	35.0
FY2013	966.2	90.8	45.0
FY2014	1,012.7	94.1	50.0
FY2015	1,046.6	95.6	* 100.0



※1 FY2009: Accrued pension fund withdrawal payment loss ¥1.04b
 A dotted line is when there was not outbreak.

*2015: DPS 100yen (commemorative 50yen)

Actual Dividends Paid



	Total dividend (Million yen)	Share buyback (Million yen)	Payout ratio (non-c, %)	Total return ratio (non-c, %)
FY2001	475	0	27.6	27.6
FY2002	475	0	29.3	29.3
FY2003	530	1,697	29.7	124.6
FY2004	744	0	36.5	36.5
FY2005	1,117	0	56.9	56.9
FY2006	1,117	0	53.4	53.4
FY2007	1,117	0	53.1	53.1
FY2008	1,083	1,077	56.6	111.2
FY2009	1,040	1,220	57.3	122.2
FY2010	1,127	0	51.4	51.4
FY2011	1,205	226	52.0	61.7
FY2012	1,205	0	55.1	55.1
FY2013	1,541	229	51.3	58.7
FY2014	1,712	0	54.4	E54.4
FY2015	*3,324	1,500	107.5	153.8

*2015: DPS 100yen (commemorative 50yen)

Management Philosophy

We will provide medical products and services of the highest quality, as the leading company to link "medical services" and "clothing."

- Consistently challenging spirit to lead the industry
- Achievement of contribution to society
- "Respect for Harmony among People" people are our asset



Notes on this material

This material includes forecasts for the future.

These forecasts are based on the judgment of the Company's management concerning currently available information.

These future projections include assumptions or views based on assumptions, and therefore may be different from the actual outcome, depending upon future circumstances.

The expectations for future results stated by the Company or its management in this material do not represent any warranty that these expectations or particular results will be realized.

The Company is not liable to update any of its forecasts, or projections, unless otherwise provided for by law or under the relevant regulations.