ITMF's Global Textile Industry Survey (GTIS) in January 2026

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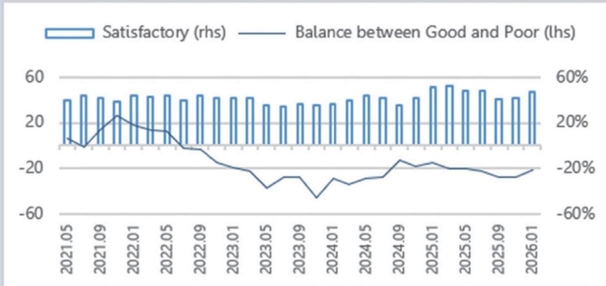
Graph 2: Business situation (World balance*) since May 21



*Balance = share of respondents who answer good vs. poor | Source: 8-36th ITMF Global Textile Industry Survey (20-28.01.2026) | pp : percentage point | last data point = Jan 2026

Global business situation in January 2026

The 36th ITMF Global Textile Industry Survey (GTIS) conducted during the second half of January 2026 revealed that globally, 37% of participants rated the business situation as "Bad," 16% as "Good," and 47% as "Satisfactory." (see Graph 1). The balance between "Good" and "Poor" improved to -21 percentage points (pp) since November 2025, when it had reached -27pp.

Graph 1: Business situation (World balance*) in Jan 2026

*Balance = share of respondents answering good vs. poor Source: 8-36th ITMF Global Textile Industry Survey (36th: 20-28.01.2026) | last data point = Jan 2026

Behind this improvement is a reduction of "Bad" from 43% (Nov 2025) to 37% (Jan 2026). At the same time the percentage of "Satisfactory" increased from 41% to 47%, while the percentage of "Good" remained unchanged at only 16%. This shift could be interpreted as a sign of an ongoing adaptation process in the value chain. Companies see the need to adapt to a new reality that is marked by unprecedented uncertainty and unpredictability.

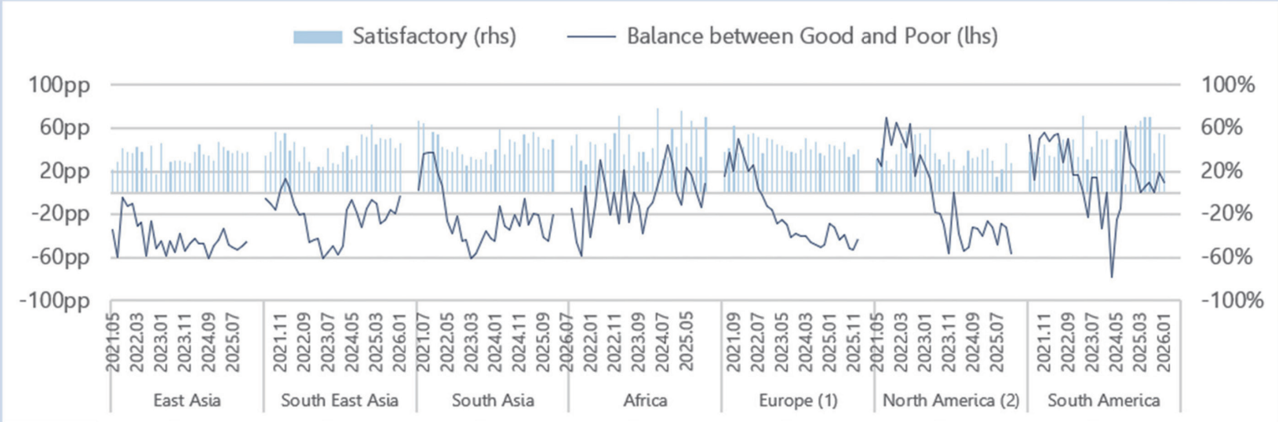
Looking at the evolution of the business situation over time, it becomes evident that the slow but steady recovery that began in 2024 was interrupted and reversed in 2025 (see Graph 2). It is reasonable to assume that this reversal was a direct consequence of the introduction of the so-called "reciprocal tariffs" by the U.S. administration in April 2025. U.S. trade policy created substantial uncertainty, as the final tariffs still had to be negotiated, a process that in most cases took around six months. During this period, many investment decisions were put on hold until greater clarity emerged regarding the scale and scope of the new U.S. trade policy.

A further source of uncertainty and unpredictability at the time of the survey stemmed from discussions about the future of Greenland, which dominated international news coverage. While the direct economic consequences of these discussions were negligible, the indirect repercussions were significant. President Trump's remarks about bringing Greenland – a part of Denmark and a close NATO ally - under U.S. control "one way or the other" generated widespread disbelief and uncertainty. Although this issue ultimately did not escalate into a major conflict, it nevertheless underscored the unpredictability of the U.S. administration. In addition, the ongoing war in Ukraine, as well as the conflicts involving Gaza, Venezuela, and Iran, continue to heighten geopolitical uncertainty. This environment is clearly not conducive to strengthening global trade and economic growth.

From an economic perspective, U.S. trade policy has disrupted industries and global supply chains even more directly. The continued imposition of tariffs and the issuance of new threats - targeting, for example, European countries supporting Denmark (since withdrawn), as well as Canada or South Korea - have kept governments and industries alike in a prolonged state of uncertainty.

On the positive side, it must be acknowledged that other developments are supporting global trade. The free trade agreements between the EU and Mercosur (signed and ratified), as well as between the EU and India (signed but not yet ratified), indicate that major economies continue to favor

Graph 3: Business situation by region since May 21



(1) incl. Türkiye and Central Asia | (2) incl. Central America | *Balance = share of respondents answering good vs. poor Source: 8-36th ITMF Global Textile Industry Survey (36th: 20-28.01.2026) | last data point = Jan 2026

negotiated trade arrangements over unilateral measures. Moreover, despite the elevated level of uncertainty, global growth in 2026 remains stable at around 3.3%, as projected by the IMF in January 2026 (slightly revised upward from 3.2% in October 2025). IMF projections for 2027 foresee global growth of 3.2%.

Nevertheless, with the government of the world's largest economy disrupting global trade and numerous geopolitical issues remaining unresolved, the global business environment lacks the stability and predictability required for investment to proceed at normal levels and for consumers to spend with confidence.

For the entire textile value chain, the primary concern has been - and continues to be - weak demand, followed by geopolitical tensions and tariffs. Given that global growth has hovered around 3.2% for several years and is expected to remain at this level in 2026 and 2027, it appears that an imbalance between supply and demand has developed which needs to be addressed. At this level of global growth, certain overcapacities seem to exist on the supply side. As noted above, a process of consolidation or rebalancing appears to be underway, but this adjustment will require time.

Business situation by regions

Analyzing the results by region (see Graph 3), Africa had the highest indicator for business situation with +10pp, followed by South America with +9pp. South-East Asia had a balance of -2pp following a long-term positive trend since May 2023. South Asia has slightly improved (-20pp) but Europe (incl. Türkiye and Central Asia), East Asia, and North & Central America remain in very challenging situations.

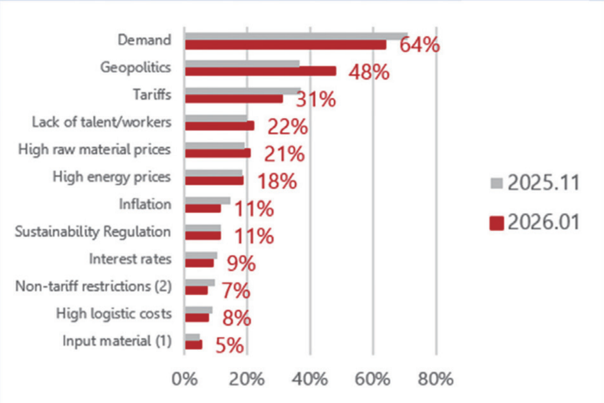
Business situation by segments

In terms of segments, brands and retailers reported the highest indicator at +25pp. Garment producers had a balance of -5pp, close to a neutral situation. Producers of home textiles and finished fabrics constitute a second group with scores around -25pp. All other segments continue to experience rather difficult times, with technical textiles at -45pp, spinners at -46pp, textile chemical/dyes/auxiliary at -48pp, fiber producers at -50pp, and textile machinery manufacturers with the lowest balance at -57pp. Despite these weak results, business situation improved for several segments from their respective lows.

The biggest concerns

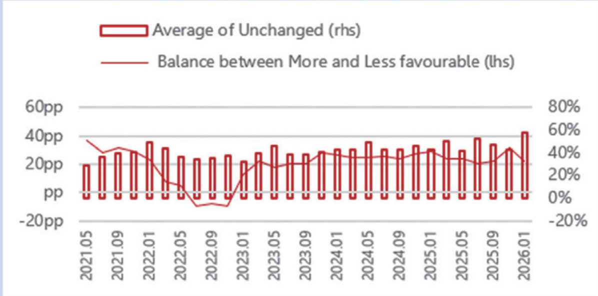
The ITMF survey shows that "demand" clearly dominates global-level concerns (see Graph 4), despite a decline compared to November 2025. Since the end of 2022, the textile supply chain has been suffering from persistently

Graph 4: Major concerns



Source: 36th ITMF Global Textile Industry Survey (20-28.01.2026)

Graph 6: Business expectations (World balance*) since May 21



* Balance = share of respondents who answer more or less favourable

Source: 8-36th TMF Global Textile Industry Survey (36th:20-28.01.2026) | last data point = Jan 2026

weak demand. At the beginning of 2022, demand was not yet a major concern relative to other factors, such as high raw material, input, energy, and logistics costs, which had surged due to the significant pent-up demand following the end of the pandemic in 2021 and 2022 (see Graph 5).

A second tier of concerns consists of "geopolitics" and "tariffs," which have ranked as the second and third most important issues for survey respondents for roughly a year. Geopolitical concerns gained further prominence since the November survey, driven by heightened tensions in Iran and destabilizing statements by the U.S. administration regarding Greenland.

Traditional manufacturing concerns, namely inflation, production costs, and raw material prices, follow next, indicating continued cost pressures across the industry. In addition, the shortage of skilled workers and talent remains a serious challenge for textile manufacturers, as recruitment continues to be difficult.

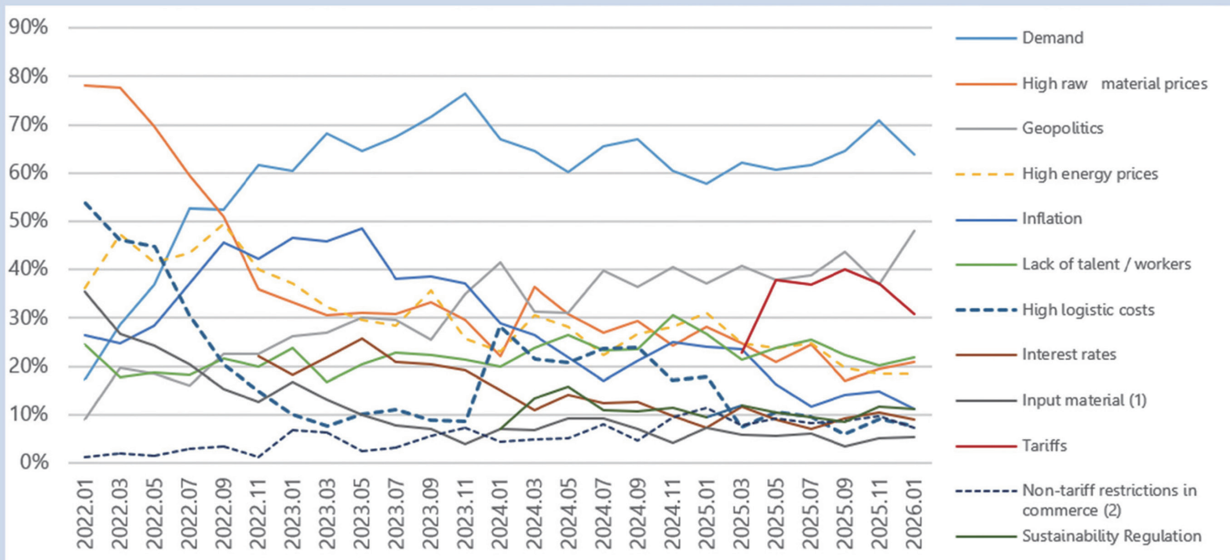
All other concerns fall into a lower-score category, suggesting that while they remain relevant, they are currently overshadowed by weak demand, geopolitical tensions and conflicts, and U.S. tariffs. For more than three years now, the global textile value chain has been navigating a prolonged period of weak demand with a high level of uncertainty that is unprecedented in both scale and scope over the past 50 years.

Business expectations in six months

It is noteworthy that survey participants continue to express optimism regarding the next six months (see Graph 6). Although this optimism declined from over +32 percentage points in November 2025 to +23 percentage points in January 2026, it remains at a relatively elevated level. The source of this optimism is difficult to pinpoint. There appears to be no clear explanation other than the expectation or hope that such a prolonged period of sluggishness must eventually come to an end.

At the same time, it is important to note that a majority of respondents (58%) believe that conditions will not change within the next six months (see Graph 6). Consequently, companies across the supply chain are likely to continue focusing on strengthening their resilience by adapting to a business environment in which global demand remains structurally weaker than global supply.

Graph 5: **Major concerns** since January 2022



(1) Lack of or delayed receipt of | (2) (2) Adoption of non-tariff restrictions in commerce| Source: 8- 36th ITMF Global Textile Industry Survey (36th: 20-28.01.2026)