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Consolidated Financial Results for the Year Ended March 31, 2025 [Japanese GAAP]

May 14, 2025

Company name: GUNZE LIMITED

Listing: Tokyo Stock Exchange

Securities code: 3002

URL: <https://www.gunze.co.jp/>

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Scheduled date of annual general meeting of shareholders: June 25, 2025

Scheduled date to commence dividend payments: June 26, 2025

Scheduled date to file annual securities report: June 24, 2025

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

President and Representative Director
Corporate Officer, General Manager, Corporate

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2025	137,117	3.2	7,921	16.9	8,180	20.8	6,279	22.9
March 31, 2024	132,885	(2.3)	6,777	16.6	6,774	12.5	5,109	13.5

(Note) Comprehensive income: Fiscal year ended March 31, 2025: ¥ 5,462 million [(26.2) %]
Fiscal year ended March 31, 2024: ¥ 7,404 million [17.2%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2025	189.70	189.27	5.3	5.1	5.8
March 31, 2024	150.55	150.21	4.4	4.1	5.1

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended March 31, 2025: ¥ - million
Fiscal year ended March 31, 2024: ¥ - million

(Note) As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock. "Basic earnings per share" and "Diluted earnings per share" have been calculated on the assumption that the said stock split had been conducted at the beginning of the fiscal year ended March 31, 2024.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of March 31, 2025	159,677	120,982	74.6	3,667.20
March 31, 2024	161,971	120,467	73.2	3,556.36

(Reference) Equity: As of March 31, 2025: ¥ 119,074 million
As of March 31, 2024: ¥ 118,642 million

(Note) As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock. "Net assets per share" have been calculated on the assumption that the said stock split had been conducted at the beginning of the fiscal year ended March 31, 2024.

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2025	11,572	(7,485)	(5,184)	10,541
March 31, 2024	10,409	(190)	(11,347)	10,818

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2024	-	0.00	-	153.00	153.00	2,552	50.8	2.2
March 31, 2025	-	0.00	-	390.00	390.00	6,331	102.8	5.4
Fiscal year ending March 31, 2026 (Forecast)	-	0.00	-	216.00	216.00		250.5	

(Notes) 1. Breakdown of the year-end dividend for the fiscal year ended March 31, 2025:

Ordinary dividend: 289.00 yen; Special dividend: 101.00 yen

Breakdown of the year-end dividend for the fiscal year ending March 31, 2026 (Forecast):

Ordinary dividend: 147.00 yen; Special dividend: 69.00 yen

2. As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock.

The figures for the fiscal years ended March 31, 2024 and 2025 are the amounts of actual dividends paid out before the said stock split.

The figures for the fiscal year ending March 31, 2026 (Forecast) are the amounts of dividends forecasted to be paid out after the said stock split.

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	140,000	2.1	8,500	7.3	8,300	1.5	2,800	(55.4)	86.23

* Notes:

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: - (Company name:)

Excluded: 4 (Company name: Guan Zhi Holdings Ltd. etc)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2025: 34,587,032 shares

March 31, 2024: 34,587,032 shares

2) Number of treasury shares at the end of the period:

March 31, 2025: 2,116,804 shares

March 31, 2024: 1,226,452 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2025: 33,101,196 shares

Fiscal Year ended March 31, 2024: 33,938,441 shares

(Note) As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock. “Total number of issued shares at the end of the period,” “Number of treasury shares at the end of the period,” and “Average number of shares outstanding during the period” have been calculated on the assumption that the said stock split had been conducted at the beginning of the fiscal year ended March 31, 2024.

(Reference) Overview of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(1) Non-consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2025	96,954	3.6	1,976	13.0	6,203	(0.6)	4,679	(15.4)
March 31, 2024	93,606	(4.7)	1,748	(8.0)	6,239	(16.9)	5,529	(3.4)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2025	141.36	141.05
March 31, 2024	162.92	162.54

(Note) As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock. “Basic earnings per share” and “Diluted earnings per share” have been calculated on the assumption that the said stock split had been conducted at the beginning of the fiscal year ended March 31, 2024.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2025	136,384	109,168	80.0	3,358.69
March 31, 2024	139,456	110,977	79.5	3,322.87

(Reference) Equity: As of March 31, 2025: ¥ 109,057 million

As of March 31, 2024: ¥ 110,852 million

(Note) As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock. “Net assets per share” have been calculated on the assumption that the said stock split had been conducted at the beginning of the fiscal year ended March 31, 2024.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special matters

(Attachment)

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1. Results of Operations

(1) Analysis of Full-Year Results

(Overview of the Fiscal Year Ended March 31, 2025)

In the fiscal year that ended March 31, 2025, the Japanese economy was on a moderate recovery path as real gross domestic product (GDP) grew for the fourth consecutive year supported by increases in capital expenditure and export-related figures. There are signs of improvement in the income environment owing to continuous wage increases. However, it is not keeping pace with the rise in prices due to soaring raw material prices and logistics costs and inflation attributable to volatile exchange rate fluctuations. As a result, consumers' awareness of the need to protect their lives has been firmly established.

Meanwhile, the environment surrounding the business has remained uncertain primarily because of the concern about the risk that economic performance may fall short of expectations that was posed by the policy shifts following the change of the administration of the United States and continuous monetary tightening in addition to the globally unstable political situation.

Amid this operating environment, the GUNZE Group pursued the four basic strategies of "Creation of new value," "Capital cost-focused management," "Evolution of corporate constitution," and "Environmentally responsible management," strengthened the production foundation for the medical and engineering plastics business, withdrew from the electronic components business, and restructured the sports clubs in the last year of its medium-term management plan, "VISION 2030 stage 1."

The GUNZE Group's operating results for the fiscal year under review are as follows:

Net sales:	¥137,117 million	(up by 3.2% compared to the previous fiscal year)
Operating profit:	¥7,921 million	(up by 16.9% compared to the previous fiscal year)
Ordinary profit:	¥8,180 million	(up by 20.8% compared to the previous fiscal year)
Profit attributable to owners of parent:	¥6,279 million	(up by 22.9% compared to the previous fiscal year)

Net sales increased by ¥4,231 million attributable to the recovery in domestic demand for plastic films, growth in sales of engineering plastics for office equipment and semiconductor-related products, expansion of sales of new medical products, and increase in sales of medical products to China.

Operating profit and ordinary profit increased by ¥1,144 million and ¥1,405 million, respectively, primarily owing to the profit increase in the functional solutions business and the medical business and the improved profitability in the sports club business, although the apparel business recorded a decline in profit due to the impact of lower sales volume and higher costs.

Profit attributable to owners of parent also increased by ¥1,169 million mainly due to the recording of gain on sale of investment securities as a result of the sale of cross-shareholdings, despite the recording of business restructuring expenses associated with the wind-down of the electronic components business and transfer of a subsidiary.

(Results by Business Segment)

[Functional Solutions]

The functional solutions business recorded net sales of ¥52,204 million (up by 6.6% compared to the previous fiscal year) and an operating profit of ¥7,205 million (up by 19.5% compared to the previous fiscal year).

< Major factors in the changes >

- In plastic films, sales in Japan remained strong, although the business was impacted by stagnant demand overseas.
- In engineering plastics, in addition to the recovery of the office equipment market, products for semiconductors and general industries performed strongly.
- The wind-down of the electronic components business has been concluded as the transfer of shares of a subsidiary was completed.

[Medical]

The medical business recorded net sales of ¥12,949 million (up by 10.7% compared to the previous fiscal year). Operating profit was ¥2,430 million (up by 22.0% compared to the previous fiscal year).

< Major factors in the changes >

- Expansion of sales of adhesion prevention agent and absorbable medical materials including bone fixation devices progressed in Japan.
- Sales of products in China expanded with a focus on the tissue reinforcement felt, despite the impact of regulations on high-cost medical care.

[Apparel]

The apparel business recorded net sales of ¥60,782 million (up by 1.1% compared to the previous fiscal year) and operating profit of ¥753 million (down 48.6% compared to the previous fiscal year), a significant decline from the previous fiscal year attributable to the impact of production cutbacks and increased purchase costs due to the weaker yen, among other factors.

< Major factors in the changes >

- While expansion of sales through e-commerce progressed driven primarily by the rollout of a new product (*Asedoron*) and differentiated ladies' innerwear, sales through physical retail channels, including mass retailers, especially of men's innerwear, stagnated due to the reduction in sales floor space and the lingering late-summer heat.
- The business was affected by the impact of higher costs due to production cutbacks and higher labor and other costs, in addition to the impact of the yen's depreciation since the beginning of the fiscal year.

[Lifestyle Creations]

The lifestyle creations business recorded net sales of ¥12,005 million (down by 6.4% compared to the previous fiscal year) and an operating profit of ¥988 million (up by 18.7% compared to the previous fiscal year).

< Major factors in the changes >

- The real estate category recorded a decline in revenue due to the impact of sales of idle land redevelopment in the previous fiscal year.
- The sports club business improved the profitability, although its revenue decreased due to the re-examining of unprofitable stores.

(2) Analysis of Financial Position

(Assets, Liabilities and Net Assets)

As of March 31, 2025, total assets were ¥159,677 million, a decrease of ¥2,293 million compared to the end of the previous fiscal year. The main components of an increase included a ¥4,227 million increase in construction in progress primarily due to factory expansion in the engineering plastics and medical businesses, while the main components of the decrease were a ¥2,908 million decrease in investment securities due to the sale of cross-shareholdings, etc. and a ¥2,572 million decrease in notes and accounts receivable - trade, and contract assets.

Total liabilities were ¥38,694 million, a decrease of ¥2,808 million compared to the end of the previous fiscal year. The main components of an increase included a ¥940 million increase in notes payable - facilities, while the main components of the decrease included a ¥1,686 million decrease in provision for business restructuring, a ¥1,007 million decrease in income taxes payable, and a ¥1,004 million decrease in other in current liabilities (accrued consumption taxes).

Net assets were ¥120,982 million, an increase of ¥514 million compared to the end of the previous fiscal year. The main components of the increase included the recording of profit attributable to owners of parent amounting to ¥6,279 million, and a ¥1,075 million increase in foreign currency translation adjustment, while the main components of a decrease were dividends paid of ¥2,552 million, ¥2,379 million spent for the purchase of treasury shares, and a ¥1,554 million decrease in valuation difference on available-for-sale securities.

(3) Summary of Cash Flows for FY2024

1) Cash Flows

As of March 31, 2025, consolidated cash and cash equivalents were ¥10,541 million, a decrease of ¥276 million compared to the end of the previous fiscal year. Below is an overview of cash flows and reasons for changes during the fiscal year under review.

Net cash provided by operating activities for the fiscal year under review totaled ¥11,572 million, an increase of ¥1,163 million compared to the previous fiscal year. The major components of cash inflows included profit before income taxes of ¥9,091 million and depreciation of ¥6,822 million. The major components of cash outflows included income taxes paid amounting to ¥1,977 million.

Net cash used in investing activities was ¥7,485 million, an increase of ¥7,294 million compared to the previous fiscal year. The main components of cash inflows included proceeds from sale of investment securities amounting to ¥3,821 million. The main components of cash outflows included purchase of non-current assets amounting to ¥10,196 million.

Net cash used in financing activities totaled ¥5,184 million, a decrease of ¥6,163 million compared to the previous fiscal year. The main components of cash outflows were ¥2,542 million spent for dividends paid and purchase of treasury shares amounting to ¥2,379 million.

2) Cash Flow Indicator Trends

	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025
Equity ratio (%)	71.1	71.4	69.8	73.2	74.6
Equity ratio on market value basis (%)	46.0	40.9	46.1	56.8	53.6
Debt coverage ratio (years)	2.0	1.2	8.6	0.9	0.8
Interest coverage ratio (times)	77.6	61.3	7.8	42.6	135.6

Notes:

The equity ratio is equal to shareholders' equity divided by total assets.

The equity ratio on a market value basis is equal to market capitalization divided by total assets.

The debt coverage ratio is equal to interest-bearing liabilities divided by operating cash flows.

The interest coverage ratio is equal to operating cash flows divided by interest payments.

- All of the above indicators are calculated based on consolidated financial figures.

- Market capitalization is calculated by multiplying the closing share price at the end of the period by the total number of shares issued and outstanding at the end of the period (excluding treasury shares).

- Operating cash flows equal the total net cash flows from operating activities as stated in the Consolidated Statements of Cash Flows. Interest-bearing liabilities include all liabilities on which interest is paid, as stated in the Consolidated Balance Sheets. Interest payments are equal to the interest paid as stated in the Consolidated Statements of Cash Flows.

(4) Outlook for FY2025

(Medium-term management strategy)

With the 2030 Vision of “Create new value and deliver a ‘feeling of comfort’ to customers, contributing to a sustainable society” and the key phrase of “Transform and Challenge,” the Gunze Group has been pursuing the Medium-term Management Plan “VISION 2030” since FY2022, which aims to contribute to society and also achieve GUNZE Group sustainable growth through sustainable management capable of generating both economic and social value.

From FY2025, the GUNZE Group will promote “VISION 2030 stage 2,” which covers the three-year period through to FY2027, and strive to realize the ideal state the GUNZE Group aims to achieve in 2030 through growth of core businesses and structural reforms without exceptions.

For details of “VISION 2030 stage 2,” which covers the three-year period from FY2025 to FY2027, please refer to the “Notice on Formulation of the Medium-term Management Plan ‘VISION 2030 stage 2’” announced today (May 14, 2025). The said disclosure material is available at the following URL.

* The website of the Company: <https://www.gunze.co.jp/english/>

(Segment-specific strategic challenges)

In the functional solutions business, we are working to achieve sustainable growth and create social value.

In the plastic films field, with the business vision of “Roll out a circular model on a global scale based on the objective of generating both social and economic value,” we aim to contribute to the achievement of a sustainable society. Along with the proactive market launch of environmentally responsible products, we are making efforts to establish a circular model centered on the Circular Factory (resource-circulating factory). By doing so, we seek to break away from the traditional production and consumption model, transform into the Circular Manufacturer premised on resource reutilization, and realize growth in both revenue and profit.

In the engineering plastics field, with the business vision of “Contribute to a better environment and a more comfortable life by combining our proprietary technologies,” we strive to increase the share of our products in the mainstay office equipment market. We have also expanded the Konan Factory to meet the increase in demand in the medical and semiconductor fields. Furthermore, we will launch the energy field as a new strategic business unit (SBU) and pioneer new markets through the creation of environmentally responsible products.

In the medical business, with the business vision of “Create a vision of a bright future by offering innovative ‘biomaterials x devices,’” we aim to grow into a globally operating medical device company while trying to steadily grow sales with a product portfolio focused on artificial skins, reinforcement felts, and adhesion prevention agents.

In order to accelerate the growth of the business, we are implementing strategies tailored to the specific market characteristics of various regions. In Japan and China, we will actively develop and launch new products in addition to expanding sales of existing products with the aim of increasing our market share. In Europe and the United States, we are strengthening our sales framework through the development and cultivation of local agents and distributors and working to penetrate the markets. Furthermore, in the Middle East, South America, and Asia regions, we aim for rapid and secure market entries through the research into regulatory trends and market needs in various countries.

In the apparel business, there have been delays in implementing effective measures to address the shrinking domestic market, intensifying competition, and continued depreciation of the yen, and capital efficiency has remained low. We will therefore discontinue the current Medium-term Management Plan, position the two-year period from FY2025 to FY2026 as a phase of structural reform, and make efforts for revitalization. While we have worked to strengthen categories in which we can leverage our strengths, we will, from now on, further intensify our focus on profit-generating categories, enhance capital efficiency by strengthening our efforts to reorganize production and logistics systems, streamline indirect operations, and promote local production for local consumption, and revitalize the business into one that will generate profit sustainably.

In the real estate business, we will promote property-specific management that emphasizes investment efficiency and make improvements to low-profit assets or make shifts to growth domains and new fields. In the landscaping and greening business, we will actively work to fix CO₂ with plants to capture the demand for greenery in development projects and reduce CO₂ in the air. In the sports club business, we will implement rigorous measures to address issues with our stores. We will also strive to expand the school business, provide unique services tailored to specific regional/store characteristics, and develop new types of businesses.

Based on the above, for the next fiscal year (April 1, 2025 to March 31, 2026), we forecast consolidated net sales of ¥140,000 million, operating profit of ¥8,500 million, ordinary profit of ¥8,300 million. We forecast profit

attributable to owners of parent of ¥2,800 million, as we are planning to recognize extraordinary losses associated with structural reforms.

(Million yen)

	Functional solutions	Medical	Apparel	Lifestyle creations	Elimination	Consolidated total
Net sales	50,500	15,600	61,400	13,200	(700)	140,000
Year-over-year changes	Down 3.3%	Up 20.5%	Up 1.0%	Up 10.0%	—	Up 2.1%

(5) Basic Policy on Distribution of Profits and Dividends for FY2024 and FY2025

At the Board of Directors meeting held on May 14, 2025, the Company resolved to change its policy on shareholder return.

i) Reason for the change

In order to sustainably enhance its corporate value, the Company will make efforts to improve its capital efficiency through business structural reforms and capital policies. As part of our capital policies, the Company will work to control its balance sheet, aiming at a D/E ratio (debt-to-equity ratio = interest-bearing debts / total equity) of approx. 0.3, total equity of ¥100.0 billion or more, and an equity ratio of approx. 60%, and optimize its capital structure to maximize the capital efficiency and maintain financial soundness. In addition, reflecting the opinions of its shareholders and investors and placing great emphasis on dividends, the Company have now decided to change its policy on shareholder return with the aim of raising the level of dividends.

ii) Details of the change

(Before the change)

Returning earnings to shareholders is one of the most important management policies at the GUNZE Group, and we will continue to set the total return ratio of 100% until the return on equity (ROE) on a consolidated basis exceeds the cost of shareholder's equity. In order to return earnings in a stable and continuous manner, we will provide a dividend with a target dividend on equity ratio (DOE) at 2.2% or over.

(After the change)

Returning earnings to shareholders in a stable and continuous manner is one of the most important management policies at the Company. We will provide a dividend with a target dividend on equity ratio (DOE) at 4.0% or over. In addition, in pursuit of sustainable enhancement of our corporate value, we will flexibly carry out shareholder return (special dividends / share buybacks) with a payout ratio exceeding 100% until our consolidated ROE becomes 8% or higher.

iii) Dividends for FY2024 and FY2025

Under the policy on shareholder return that has been changed, the Company plans to pay dividends of ¥390 per share (an ordinary dividend of ¥289 and a special dividend of ¥101) for fiscal 2024.

As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock. On the assumption that the said stock split had been conducted at the beginning of fiscal 2024, the dividends per share for fiscal 2024 would be ¥195 (an ordinary dividend of ¥144.5 and a special dividend of ¥50.5).

For fiscal 2025, the Company plans to pay dividends of ¥216 per share (an ordinary dividend of ¥147 and a special dividend of ¥69).

2. Basic Policy for Selection of Accounting Standards

As a basic policy for the time being, GUNZE will continue preparing its consolidated financial statements in accordance with Japanese accounting standards. As for the application of the International Financial Reporting Standards (IFRS), GUNZE will strive to collect related information and handle the matter appropriately.

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Assets		
Current assets		
Cash and deposits	10,818	10,541
Notes and accounts receivable - trade, and contract assets	27,588	25,015
Merchandise and finished goods	24,706	24,233
Work in process	7,425	7,606
Raw materials and supplies	6,026	6,631
Short-term loans receivable	50	107
Other	4,195	3,862
Allowance for doubtful accounts	(13)	(23)
Total current assets	80,796	77,974
Non-current assets		
Property, plant and equipment		
Buildings and structures	110,545	111,875
Accumulated depreciation	(74,354)	(75,092)
Buildings and structures, net	36,191	36,783
Machinery, equipment and vehicles	93,847	90,287
Accumulated depreciation	(80,245)	(77,140)
Machinery, equipment and vehicles, net	13,601	13,147
Tools, furniture and fixtures	9,093	9,538
Accumulated depreciation	(6,631)	(7,049)
Tools, furniture and fixtures, net	2,461	2,488
Land	10,479	10,205
Leased assets	1,349	1,421
Accumulated depreciation	(1,235)	(1,258)
Leased assets, net	113	162
Construction in progress	749	4,977
Total property, plant and equipment	63,597	67,764
Intangible assets		
Software	1,271	1,489
Other	657	296
Total intangible assets	1,928	1,786
Investments and other assets		
Investment securities	6,833	3,924
Long-term loans receivable	-	44
Retirement benefit asset	2,416	2,856
Deferred tax assets	3,269	2,374
Other	3,199	3,065
Allowance for doubtful accounts	(69)	(114)
Total investments and other assets	15,648	12,151
Total non-current assets	81,174	81,702
Total assets	161,971	159,677

(Millions of yen)

	As of March 31, 2024	As of March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,286	8,138
Short-term borrowings	252	577
Current portion of long-term borrowings	462	2,611
Income taxes payable	1,357	349
Provision for bonuses	1,405	1,499
Notes payable - facilities	263	1,203
Provision for business restructuring	1,783	96
Other	11,079	10,074
Total current liabilities	24,890	24,551
Non-current liabilities		
Long-term borrowings	8,230	5,668
Retirement benefit liability	3,937	4,133
Long-term leasehold and guarantee deposits received	3,986	3,935
Other	458	406
Total non-current liabilities	16,613	14,143
Total liabilities	41,503	38,694
Net assets		
Shareholders' equity		
Share capital	26,071	26,071
Capital surplus	6,565	6,560
Retained earnings	81,576	85,297
Treasury shares	(2,974)	(5,273)
Total shareholders' equity	111,239	112,656
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,438	883
Deferred gains or losses on hedges	156	88
Revaluation reserve for land	(13)	(13)
Foreign currency translation adjustment	4,118	5,194
Remeasurements of defined benefit plans	702	264
Total accumulated other comprehensive income	7,403	6,418
Share acquisition rights	124	110
Non-controlling interests	1,700	1,796
Total net assets	120,467	120,982
Total liabilities and net assets	161,971	159,677

Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Net sales	132,885	137,117
Cost of sales	91,164	93,934
Gross profit	41,720	43,182
Selling, general and administrative expenses	34,943	35,260
Operating profit	6,777	7,921
Non-operating income		
Interest income	70	66
Dividend income	307	238
Rental income from non-current assets	367	424
Other	154	221
Total non-operating income	900	952
Non-operating expenses		
Interest expenses	208	85
Rental expenses on non-current assets	355	408
Foreign exchange losses	6	26
Other	332	172
Total non-operating expenses	902	693
Ordinary profit	6,774	8,180
Extraordinary income		
Gain on sale of non-current assets	86	667
Gain on sale of investment securities	2,009	1,852
Gain on liquidation of subsidiaries and associates	45	677
Gain on sales of investments in capital of subsidiaries and associates	27	-
Other	220	260
Total extraordinary income	2,387	3,458
Extraordinary losses		
Loss on sale and retirement of non-current assets	572	411
Loss on valuation of shares of subsidiaries and associates	521	49
Loss on valuation of investments in capital	84	-
Impairment losses	-	459
Business restructuring expenses	2,801	1,351
Settlement money for under-reporting water amount	534	-
Other	144	275
Total extraordinary losses	4,658	2,547
Profit before income taxes	4,504	9,091
Income taxes - current	1,924	1,039
Income taxes - deferred	(2,575)	1,721
Total income taxes	(650)	2,760
Profit	5,154	6,330
Profit attributable to non-controlling interests	45	51
Profit attributable to owners of parent	5,109	6,279

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Profit	5,154	6,330
Other comprehensive income		
Valuation difference on available-for-sale securities	(26)	(1,554)
Deferred gains or losses on hedges	300	(67)
Foreign currency translation adjustment	1,216	1,193
Remeasurements of defined benefit plans, net of tax	759	(438)
Total other comprehensive income	2,250	(867)
Comprehensive income	7,404	5,462
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,321	5,294
Comprehensive income attributable to non-controlling interests	83	168

Consolidated Statements of Changes in Equity

For the fiscal year ended March 31, 2024

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	26,071	6,566	78,972	(1,044)	110,566
Changes during period					
Dividends of surplus			(2,505)		(2,505)
Profit attributable to owners of parent			5,109		5,109
Change in ownership interest of parent due to transactions with non-controlling interests		(2)			(2)
Purchase of treasury shares				(2,006)	(2,006)
Disposal of treasury shares		1		76	78
Net changes in items other than shareholders' equity					
Total changes during period	-	(0)	2,603	(1,930)	672
Balance at end of period	26,071	6,565	81,576	(2,974)	111,239

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2,464	(144)	(13)	2,941	(56)	5,191	124	1,808	117,691
Changes during period									
Dividends of surplus									(2,505)
Profit attributable to owners of parent									5,109
Change in ownership interest of parent due to transactions with non-controlling interests									(2)
Purchase of treasury shares									(2,006)
Disposal of treasury shares									78
Net changes in items other than shareholders' equity	(26)	300	-	1,177	759	2,211	-	(108)	2,103
Total changes during period	(26)	300	-	1,177	759	2,211	-	(108)	2,776
Balance at end of period	2,438	156	(13)	4,118	702	7,403	124	1,700	120,467

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	26,071	6,565	81,576	(2,974)	111,239
Changes during period					
Dividends of surplus			(2,552)		(2,552)
Profit attributable to owners of parent			6,279		6,279
Change in ownership interest of parent due to transactions with non-controlling interests		(3)			(3)
Purchase of treasury shares				(2,379)	(2,379)
Disposal of treasury shares		(1)	(5)	80	72
Net changes in items other than shareholders' equity					
Total changes during period	-	(5)	3,721	(2,299)	1,417
Balance at end of period	26,071	6,560	85,297	(5,273)	112,656

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2,438	156	(13)	4,118	702	7,403	124	1,700	120,467
Changes during period									
Dividends of surplus									(2,552)
Profit attributable to owners of parent									6,279
Change in ownership interest of parent due to transactions with non-controlling interests									(3)
Purchase of treasury shares									(2,379)
Disposal of treasury shares									72
Net changes in items other than shareholders' equity	(1,554)	(67)	-	1,075	(438)	(984)	(14)	96	(902)
Total changes during period	(1,554)	(67)	-	1,075	(438)	(984)	(14)	96	514
Balance at end of period	883	88	(13)	5,194	264	6,418	110	1,796	120,982

Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from operating activities		
Profit before income taxes	4,504	9,091
Depreciation	6,149	6,822
Impairment losses	-	459
Amortization of goodwill	59	45
Increase (decrease) in allowance for doubtful accounts	(4)	9
Increase (decrease) in retirement benefit liability	(564)	(865)
Increase (decrease) in provision for bonuses	47	84
Interest and dividend income	(378)	(305)
Interest expenses	208	85
Foreign exchange losses (gains)	27	12
Loss (gain) on sale and retirement of non-current assets	489	(254)
Loss (gain) on sale and valuation of investment securities	(2,009)	(1,852)
Business restructuring expenses	2,801	1,351
Loss on valuation of shares of subsidiaries and associates	521	49
Loss (gain) on liquidation of subsidiaries and associates	(45)	(677)
Expenses of soil pollution measures	117	-
Settlement money for under-reporting water amount	534	-
Other extraordinary loss (income)	(162)	13
Other loss (gain)	(6)	(6)
Decrease (increase) in accounts receivable - trade, and contract assets	(135)	3,038
Decrease (increase) in inventories	494	322
Decrease (increase) in other current assets	637	109
Increase (decrease) in trade payables	(2,162)	(164)
Increase (decrease) in leasehold and guarantee deposits received	(234)	(60)
Increase (decrease) in other current liabilities	(542)	(2,962)
Increase (decrease) in other non-current liabilities	(16)	(62)
Subtotal	10,330	14,281
Interest and dividends received	378	309
Interest paid	(244)	(85)
Payments for business restructuring expenses	(181)	(955)
Payments for settlement money for under-reporting water amount	(534)	-
Income taxes refund (paid)	661	(1,977)
Net cash provided by (used in) operating activities	10,409	11,572

(Millions of yen)

	For the fiscal year ended March 31, 2024	For the fiscal year ended March 31, 2025
Cash flows from investing activities		
Purchase of non-current assets	(7,166)	(10,196)
Proceeds from sale of non-current assets	108	1,159
Payments for retirement of non-current assets	(454)	(314)
Purchase of investment securities	(737)	(1,306)
Proceeds from sale of investment securities	7,094	3,821
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	-	(681)
Decrease (increase) in loans receivable	780	(102)
Other, net	183	135
Net cash provided by (used in) investing activities	(190)	(7,485)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	(6,232)	297
Repayments of long-term borrowings	(465)	(511)
Purchase of treasury shares	(2,006)	(2,379)
Proceeds from sale of treasury shares	78	58
Dividends paid	(2,497)	(2,542)
Dividends paid to non-controlling interests	(124)	(63)
Other, net	(99)	(44)
Net cash provided by (used in) financing activities	(11,347)	(5,184)
Effect of exchange rate change on cash and cash equivalents	400	820
Net increase (decrease) in cash and cash equivalents	(728)	(276)
Cash and cash equivalents at beginning of period	11,547	10,818
Cash and cash equivalents at end of period	10,818	10,541

(5) Notes to Consolidated Financial Statements

(Notes Regarding Assumptions of Continuing Operations)

None applicable

(Notes to Consolidated Statements of Income)

* Business restructuring expenses

FY2023 (April 1, 2023 – March 31, 2024)

The GUNZE Group recognized as business restructuring expenses ¥1,810 million in loss associated with business restructuring including the transfer of shares of a consolidated subsidiary of the electronic components business, ¥584 million in loss associated with store closures in the sports club business, and ¥407 million in loss associated with termination of production at overseas subsidiaries and store closures at domestic subsidiaries in the apparel business.

The business restructuring expenses include the following impairment losses.

Application	Location	Asset Group	Amount (¥ millions)
Assets for the apparel business	Indonesia	Machinery, equipment and vehicles, and others	47
Assets for the electronic components business	Kameoka, Kyoto Prefecture	Software and others	10
Sports club facilities	Nagoya, Aichi Prefecture and one other location	Leased assets	1

The GUNZE Group divides assets into groups based on the classification employed for the internal management.

As for assets for the apparel business, assets for the electronic components business, and sports club facilities, when it made the decisions of termination of production at and liquidation of PT. GUNZE SOCKS INDONESIA, a consolidated subsidiary of the Company, transfer of commercial rights of the touch panel business in Japan and the United States, and closure of some stores, the GUNZE Group wrote down the book values of the respective assets to their recoverable amounts, and the write-downs were recognized as business restructuring expenses under extraordinary losses. The recoverable amounts of these assets were calculated based on their net realizable value and assessed as zero.

FY2024 (April 1, 2024 – March 31, 2025)

The GUNZE Group recognized as business restructuring expenses ¥1,081 million in loss associated with the wind-down of business including the transfer of shares of a consolidated subsidiary of the electronic components business, ¥185 million in loss associated with restructuring of production and logistics bases and store closures at domestic subsidiaries in the apparel business, and ¥84 million in loss associated with store closures in the sports club business.

(Segment Information, etc.)

[Segment Information]

1. Summary of Reportable Segments

GUNZE's reportable segments refer to the components of GUNZE that provide separate financial data to the board of directors for decisions on allocation of management resources and evaluation of business results on a regular basis.

GUNZE's corporate structure consists of business organizations (internal companies/business divisions, etc.) classified according to the type of products or services, and each business organization formulates strategies for the products/services it handles and promotes business activities. Therefore, GUNZE consists of segments based on business organizations classified by the type of products/services, and discloses financial information about four reportable segments, namely Functional Solutions, Medical, Apparel and Lifestyle Creations.

The Functional Solutions segment produces and sells functional materials made by processing plastics and machinery. The Medical segment produces and sells medical materials. The Apparel segment is engaged in the production and sales of apparel as well as threads and accessories. The Lifestyle Creations segment is engaged in operation and management of commercial facilities and sports clubs, sales of trees and plants, as well as the solar power generation business.

2. Net Sales, Profit/Loss, Asset/Liabilities and Others of Each Reportable Segment and Calculation Method

Accounting treatment for business segment reporting is the same as "Significant accounting policies for the preparation of consolidated financial statements."

3. Information on Net Sales, Profit/Loss, Assets/Liabilities and Others of Each Reportable Segment

FY2023 (April 1, 2023 – March 31, 2024)

(Millions of yen)

	Reportable segments					Adjustment (Note 1)	Consoli- dated (Note 2)
	Functional solutions	Medical	Apparel	Lifestyle creations	Total		
Net sales							
Sales to customers	48,471	11,693	59,949	12,771	132,885	-	132,885
Intersegment sales and transfers	504	4	164	54	728	(728)	-
Total	48,975	11,697	60,114	12,826	133,614	(728)	132,885
Segment profit	6,028	1,991	1,465	833	10,318	(3,541)	6,777
Segment assets	55,443	10,856	51,815	25,977	144,092	17,878	161,971
Other items							
Depreciation	2,464	453	1,301	1,440	5,660	488	6,149
Amortization of goodwill	14	-	45	-	59	-	59
Impairment losses (Note 3)	10	-	47	1	59	-	59
Increase in property, plant and equipment, and intangible assets	4,672	403	1,888	1,597	8,562	584	9,147

Notes:

1. Adjustment comprises the following:

(1) The ¥(3,541) million segment profit adjustment consists of overall costs not allocated to reportable segments.

Overall costs refer to SG&A expenses not allocated to reportable segments.

(2) The ¥17,878 million segment asset adjustment consists of overall costs not allocated to reportable segments.

2. Segment profit total was adjusted to be consistent with the operating profit recorded on the Consolidated Statements of Income.

3. Impairment losses are included in business restructuring expenses on the Consolidated Statements of Income.

FY2024 (April 1, 2024 – March 31, 2025)

(Millions of yen)

	Reportable segments					Adjustment (Note 1)	Consoli- dated (Note 2)
	Functional solutions	Medical	Apparel	Lifestyle creations	Total		
Net sales							
Sales to customers	51,618	12,947	60,597	11,953	137,117	-	137,117
Intersegment sales and transfers	585	1	185	51	824	(824)	-
Total	52,204	12,949	60,782	12,005	137,941	(824)	137,117
Segment profit	7,205	2,430	753	988	11,377	(3,456)	7,921
Segment assets	56,140	14,774	49,557	24,503	145,245	14,431	159,677
Other items							
Depreciation	2,803	575	1,387	1,516	6,282	539	6,822
Amortization of goodwill	-	-	45	-	45	-	45
Impairment losses	-	-	459	-	459	-	459
Increase in property, plant and equipment, and intangible assets	1,784	2,315	1,961	842	6,903	634	7,538

Notes:

1. Adjustment comprises the following:

(3) The ¥(3,456) million segment profit adjustment consists of overall costs not allocated to reportable segments.

Overall costs refer to SG&A expenses not allocated to reportable segments.

(4) The ¥14,431 million segment asset adjustment consists of overall costs not allocated to reportable segments.

2. Segment profit total was adjusted to be consistent with the operating profit recorded on the Consolidated Statements of Income.

[Related Information]

FY2023 (April 1, 2023 to March 31, 2024)

1. Information by Product/Service

This information is not presented because similar information is available in “Segment Information.”

2. Geographic Information

(1) Net sales

(Millions of yen)

Japan	Others	Total
107,468	25,417	132,885

Note: Net sales are classified by the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	Others	Total
54,879	8,718	63,597

3. Major Customer Information

This information is not presented because no single customer represents 10% or more of the company’s total net sales reported on the Consolidated Statements of Income.

FY2024 (April 1, 2024 to March 31, 2025)

1. Information by Product/Service

This information is not presented because similar information is available in “Segment Information.”

2. Geographic Information

(1) Net sales

(Millions of yen)

Japan	Others	Total
109,047	28,069	137,117

Note: Net sales are classified by the location of customers.

(2) Property, plant and equipment

(Millions of yen)

Japan	Others	Total
59,452	8,312	67,764

3. Major Customer Information

This information is not presented because no single customer represents 10% or more of the company's total net sales reported on the Consolidated Statements of Income.

[Information on Impairment Loss of Non-current Assets of Each Reportable Segment]

FY2023 (April 1, 2023 to March 31, 2024)

This information is not presented because similar information is available in "Segment Information."

FY2024 (April 1, 2024 to March 31, 2025)

This information is not presented because similar information is available in "Segment Information."

[Information on Goodwill Amortization and Unamortized Balance of Each Reportable Segment]

FY2023 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Reportable segments					Corporate/ Elimination	Consolidated
	Functional solutions	Medical	Apparel	Lifestyle creations	Total		
Amortization during the period	14	-	45	-	59	-	59
Balance at the end of the period	-	-	112	-	112	-	112

FY2024 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segments					Corporate/ Elimination	Consolidated
	Functional solutions	Medical	Apparel	Lifestyle creations	Total		
Amortization during the period	-	-	45	-	45	-	45
Balance at the end of the period	-	-	67	-	67	-	67

[Information on Gain on Negative Goodwill of Each Reportable Segment]

FY2023 (April 1, 2023 to March 31, 2024)

None applicable

FY2024 (April 1, 2024 to March 31, 2025)

None applicable

(Per Share Information)

	FY2023 (April 1, 2023 to March 31, 2024)	FY2024 (April 1, 2024 to March 31, 2025)
Net assets per share (¥)	3,556.36	3,667.20
Earnings per share (¥)	150.55	189.70
Diluted earnings per share (¥)	150.21	189.27

Notes:

1. Earnings per share and diluted earnings per share were calculated on the following basis:

	FY2023 (April 1, 2023 to March 31, 2024)	FY2024 (April 1, 2024 to March 31, 2025)
Earnings per share		
Profit attributable to owners of parent (¥ millions)	5,109	6,279
Amounts not allocated to common shareholders (¥ millions)	-	-
Profit attributable to owners of parent allocated to common stock (¥ millions)	5,109	6,279
Average number of shares of common stock outstanding during each term (thousand shares)	33,938	33,101
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (¥ millions)	-	-
Increase in common stock (thousand shares)	78	74
[Stock acquisition rights] (thousand shares)	[78]	[74]

2. Net assets per share were calculated on the following basis:

	FY2023 (March 31, 2024)	FY2024 (March 31, 2025)
Total net asset value (¥ millions)	120,467	120,982
Deduction from net assets (¥ millions)	1,825	1,907
[Non-controlling interests] (¥ millions)	[1,700]	[1,796]
[Stock acquisition rights] (¥ millions)	[124]	[110]
Term-end net asset value allocated to common stock (¥ millions)	118,642	119,074
Term-end number of shares of common stock used for calculation of net assets per share (thousand shares)	33,360	32,470

3. As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock. “Net assets per share,” “Earnings per share,” and “Diluted earnings per share” have been calculated on the assumption that the said stock split had been conducted at the beginning of the fiscal year ended March 31, 2024.

(Significant Subsequent Events)

(Stock split and a partial amendment to the Articles of Incorporation associated with the stock split)

Based on a resolution at the Board of Directors meeting held on February 6, 2025, the Company conducted a stock split and made a partial amendment to the Articles of Incorporation associated with the stock split.

1. Purpose of the stock split

In order to enhance our corporate value over the medium to long term, we aim to gain support from a broader range of investors. The purpose of the stock split is to lower the investment unit price of common stock to make the stock more accessible to investors and increase the stock's liquidity in the market.

2. Detail of the stock split

(1) Method of the stock split

With a record date of Monday, March 31, 2025, we conducted a 2-for-1 stock split of our common stock held by shareholders listed or recorded in the final shareholders' register on that date.

(2) Number of shares to be increased by the stock split

Total number of shares issued and outstanding before the stock split	17,293,516 shares
Number of shares to be increased by the stock split	17,293,516 shares
Total number of shares issued and outstanding after the stock split	34,587,032 shares
Total number of shares authorized to be issued after the stock split	100,000,000 shares

(3) Schedule of the stock split

Announcement date of the record date	Friday, March 14, 2025
Record date	Monday, March 31, 2025
Effective date	Tuesday, April 1, 2025

3. Partial amendment to the Articles of Incorporation associated with the stock split

(1) Reason for the amendment

In accordance with the stock split, based on the provisions of Article 184, Paragraph 2 of the Companies Act, the Company made the following partial amendment to the total number of authorized shares in Article 6 of its Articles of Incorporation to conform to the split ratio, effective Tuesday, April 1, 2025.

(2) Details of the amendment

(Underlined are the amended parts.)

Current Articles of Incorporation	After the amendment
(Total Number of Authorized Shares) Article 6. The total number of shares that can be issued by the Company shall be <u>50,000,000</u> .	(Total Number of Authorized Shares) Article 6. The total number of shares that can be issued by the Company shall be <u>100,000,000</u> .

(3) Schedule

Date of resolution at the Board of Directors meeting	Thursday, February 6, 2025
Effective date	Tuesday, April 1, 2025

4. Others

(1) Change in the amount of share capital

There was no change in the amount of share capital in connection with the stock split.

(2) Dividend

The effective date of the stock split is April 1, 2025. The year-end dividends for the fiscal year ended March 31, 2025 with a record date of March 31, 2025 will be paid out based on the number of shares held before the stock split.

4. Supplementary Information

Overview of Consolidated Results

<Overview of Results>

- **Net sales**

Net sales increased primarily attributable to the recovery in domestic demand for plastic films, growth in sales of engineering plastics for office equipment and semiconductor-related products, expansion of sales of new medical products, and increase in sales of medical products to China.

- **Operating profit and ordinary profit**

Operating profit and ordinary profit increased primarily due to increased profit in the functional solutions and medical businesses and improved profitability of the sports club business.

- **Profit attributable to owners of parent**

Profit attributable to owners of parent increased mainly due to the recording of gain on sale of investment securities associated with the sale of cross-shareholdings, despite the recording of business restructuring expenses associated with the wind-down of the electronic components business and the transfer of a subsidiary.

<Dividends>

- Scheduled dividend payment for the fiscal year ended March 31, 2025 is ¥390 per share (an ordinary dividend of ¥289 and a special dividend of ¥101).
- As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock. On the assumption that the said stock split had been conducted at the beginning of the fiscal year ended March 31, 2025, the dividends per share for the fiscal year ended March 31, 2025 would be ¥195 (an ordinary dividend of ¥144.5 and a special dividend of ¥50.5).

<Forecasts for the Fiscal Year Ending March 31, 2026>

- Net sales, operating profit, and ordinary profit are expected to increase primarily due the growth of the functional solutions business and medical business.
- Profit attributable to owners of parent is projected to decline as we are expected to recognize extraordinary losses associated with structural reforms.
- Scheduled dividend payment for the fiscal year ending March 31, 2026 is ¥216 per share (an ordinary dividend of ¥147 and a special dividend of ¥69).

(1) FY2024 Operating Results (Apr. 1, 2024 to Mar. 31, 2025)

(Millions of yen)

	FY2024	FY2023	Change <Upper figures in brackets %>
Net sales	137,117	132,885	<3.2> 4,231
Operating profit	7,921	6,777	<16.9> 1,144
Ordinary profit	8,180	6,774	<20.8> 1,405
Profit attributable to owners of parent	6,279	5,109	<22.9> 1,169
Total assets	159,677	161,971	<(1.4)> (2,293)
Inventories	38,471	38,157	<0.8> 313
Non-current assets	81,702	81,174	<0.7> 528
Net assets	120,982	120,467	<0.4> 514
Financing income/expenses	220	170	49
Interest/Dividends received	305	378	(73)
Interest expenses	(85)	(208)	122
Capital expenditures	7,538	9,147	(1,609)
Depreciation	6,867	6208	659

Acquisition of treasury shares, etc.

(Thousands of shares)

(Amount)

Treasury shares acquired	923	¥2,379 million
Treasury shares disposed	32	¥80 million
Treasury shares held at the end of the previous fiscal year	1,226	¥2,974 million
Treasury shares held at the end of the period	2,116	¥5,273 million

*1. Treasury shares acquired includes 920 thousand shares purchased at ¥2,370 million as resolved at the Board of Directors meeting.

*2. As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock. Information presented in “Acquisition of treasury shares, etc.” has been prepared on the assumption that the said stock split had been conducted at the beginning of the fiscal year ended March 31, 2024.

(2) Results by Business Segment

(Millions of yen)

Segment		FY2024		FY2023		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net sales	Functional Solutions	52,204	37.8	48,975	36.7	3,228	6.6
	Medical	12,949	9.4	11,697	8.8	1,251	10.7
	Apparel	60,782	44.1	60,114	45.0	667	1.1
	Lifestyle Creations	12,005	8.7	12,826	9.5	(820)	(6.4)
	Subtotal	137,941	100.0	133,614	100.0	4,327	3.2
	Elimination	(824)		(728)		(95)	-
	Consolidated	137,117		132,885		4,231	3.2
Operating profit	Functional Solutions	7,205	63.3	6,028	58.4	1,176	19.5
	Medical	2,430	21.4	1,991	19.3	438	22.0
	Apparel	753	6.6	1,465	14.2	(712)	(48.6)
	Lifestyle Creations	988	8.7	833	8.1	155	18.7
	Subtotal	11,377	100.0	10,318	100.0	1,059	10.3
	Elimination	(3,456)		(3,541)		84	-
	Consolidated	7,921		6,777		1,144	16.9

(3) Significant Financial Indicators

Item		FY2024	FY2023	Change
Operating profit to total assets ratio	%	4.9	4.1	0.8
Ordinary profit to total assets ratio	%	5.1	4.1	1.0
Operating profit to net sales ratio	%	5.8	5.1	0.7
Ordinary profit to net sales ratio	%	6.0	5.1	0.9
Turnover of total assets	times	0.85	0.81	0.04
Equity ratio	%	74.6	73.2	1.4
ROE	%	5.3	4.4	0.9
Earnings per share	¥	189.70	150.55	39.15
Diluted earnings per share	¥	189.27	150.21	39.06
Net assets per share	¥	3,667.20	3,556.36	110.84

* As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock. Significant financial indicators have been calculated on the assumption that the said stock split had been conducted at the beginning of the fiscal year ended March 31, 2024.

(4) Cash Flows

(Millions of yen)

Cash Flow Activity	FY2024	FY2023	Change	Breakdown of Major Components
Operating activities	11,572	10,409	1,163	Profit before income taxes: 9,091; Depreciation: 6,822; Income taxes paid: (1,977)
Investing activities	(7,485)	(190)	(7,294)	Purchase of non-current assets: (10,196); Proceeds from sale of investment securities: 3,821
Financing activities	(5,184)	(11,347)	6,163	Dividends paid: (2,542); Purchase of treasury shares: (2,379)
Effect of exchange rate change on cash and cash equivalents	820	400	420	
Net increase (decrease) in cash and cash equivalents	(276)	(728)	452	
Cash and cash equivalents at end of period	10,541	10,818	(276)	

(5) Capital Expenditures and Depreciation and Amortization by Segment

(Millions of yen)

Item		FY2024		FY2023		Y-over-Y	FY2025 Plan		Y-over-Y
		Amount	Weight	Amount	Weight	Change	Amount	Weight	Change
Capital expenditures	Functional Solutions	1,784	23.7	4,672	51.1	(2,888)	7,500	46.3	5,716
	Medical	2,315	30.7	403	4.4	1,912	3,300	20.4	985
	Apparel	1,961	26.0	1,888	20.6	73	3,500	21.6	1,539
	Lifestyle Creations	842	11.2	1,597	17.5	(755)	1,400	8.6	558
	Corporate	634	8.4	584	6.4	50	500	3.1	△ 134
	Total	7,538	100.0	9,147	100.0	(1,609)	16,200	100.0	8,662
Depreciation	Functional Solutions	2,803	40.8	2,478	39.9	325	3,100	39.7	297
	Medical	575	8.4	453	7.3	122	800	10.3	225
	Apparel	1,432	20.9	1,346	21.7	86	1,700	21.8	268
	Lifestyle Creations	1,516	22.1	1,440	23.2	76	1,600	20.5	84
	Corporate	539	7.8	488	7.9	51	600	7.7	61
	Total	6,867	100.0	6,208	100.0	659	7,800	100.0	933

Main Investment Plans for FY2025

- Measures to increase production of and building a new factory for engineering plastics products: ¥4,000 million
- Measures to increase production of and building a new factory for medical products: ¥3,000 million
- Overseas production facilities for apparel products: ¥1,700 million

(6) FY2025 Forecast

(Millions of yen)

Item	FY2025 Forecast	FY2024 Results	Change	
			Amount	Change (%)
Net sales	140,000	137,117	2,883	2.1
Operating profit	8,500	7,921	579	7.3
Ordinary profit	8,300	8,180	120	1.5
Profit attributable to owners of parent	2,800	6,279	(3,479)	(55.4)

(7) Forecast of Results by Segment

(Millions of yen)

Item		FY2025 Forecast		FY2024 Results		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net sales	Functional Solutions	50,500	35.9	52,204	37.8	(1,704)	(3.3)
	Medical	15,600	11.1	12,949	9.4	2,651	20.5
	Apparel	61,400	43.6	60,782	44.1	618	1.0
	Lifestyle Creations	13,200	9.4	12,005	8.7	1,195	10.0
	Subtotal	140,700	100.0	137,941	100.0	2,759	2.0
	Elimination	(700)		(824)		124	-
	Consolidated	140,000		137,117		2,883	2.1
Operating profit	Functional Solutions	8,100	66.4	7,205	63.3	895	12.4
	Medical	2,500	20.5	2,430	21.4	70	2.9
	Apparel	400	3.3	753	6.6	(353)	(46.9)
	Lifestyle Creations	1,200	9.8	988	8.7	212	21.5
	Subtotal	12,200	100.0	11,377	100.0	823	7.2
	Elimination	(3,700)		(3,456)		(244)	-
	Consolidated	8,500		7,921		579	7.3