

Consolidated Financial Statements – Summary (Year ended March 31, 2024)

This document is an English translation of the Japanese-language original. All financial information has been prepared in accordance with accounting principles generally accepted in Japan.

Company Name:	GUNZE LIMITED
Securities Code:	3002
Stock Market Listings:	Tokyo
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Ordinary General Meeting of Shareholders (Scheduled):	June 25, 2024
Start of Distribution of Dividend (Scheduled):	June 26, 2024
Filing of Securities Report (<i>Yuka shoken hokokusho</i>) (Scheduled):	June 26, 2024
Preparation of Supplementary Materials for the Financial Results:	Yes
Holding of Presentation of Financial Results:	Yes (for institutional investors/analysts)

1. Consolidated Operating Results for FY2023 (April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(Amounts less than one million yen are omitted)

(Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
FY2023	132,885	(2.3)	6,777	16.6	6,774	12.5	5,109	13.5
FY2022	136,030	9.4	5,812	19.1	6,021	11.5	4,501	53.1

Note: Comprehensive income

FY2023: ¥7,404 million [17.2%]

FY2022: ¥6,319 million [89.6%]

	EPS	Diluted EPS	Return on equity	Ordinary profit to total assets	Operating profit to net sales
	¥	¥	%	%	%
FY2023	301.11	300.42	4.4	4.1	5.1
FY2022	261.38	260.75	3.9	3.7	4.3

Reference: Equity in income of affiliated companies: FY2023: – FY2022: –

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ millions	¥ millions	%	¥
FY2023	161,971	120,467	73.2	7,112.73
FY2022	165,927	117,691	69.8	6,789.78

Reference: Total equity

As of March 31, 2024: ¥118,642 million

As of March 31, 2023: ¥115,757 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	¥ millions	¥ millions	¥ millions	¥ millions
FY2023	10,409	(190)	(11,347)	10,818
FY2022	1,794	(5,920)	1,007	11,547

2. Dividends

	Annual dividends per share (¥)				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
FY2022	—	—	—	147.00	147.00
FY2023	—	—	—	153.00	153.00
FY2024 (projected)	—	—	—	157.00	157.00

	Total cash dividends paid	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	¥ millions	%	%
FY2022	2,505	56.2	2.2
FY2023	2,552	50.8	2.2
FY2024 (projected)		34.9	

3. Projected Results for FY2024 (April 1, 2024 to March 31, 2025)

	Net sales		Operating profit		Ordinary profit	
	¥ millions	%	¥ millions	%	¥ millions	%
FY2024 full year	140,000	5.4	9,000	32.8	9,000	32.9

	Profit attributable to owners of parent		EPS
	¥ millions	%	¥
FY2024 full year	7,500	46.8	449.63

Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries during the period accompanied by changes in the scope of consolidation): No
- (2) Changes in accounting policies, changes in accounting estimates, and restatement after error corrections
 - (a) Changes in accounting policies due to revisions to accounting standards and other regulations: No
 - (b) Changes in accounting policies other than (a) above: No
 - (c) Changes in accounting estimates: No
 - (d) Restatement after error corrections: No
- (3) Number of shares issued and outstanding (common stock)
 - (a) Number of shares at the end of period (including treasury stock):
FY2023: 17,293,516 shares
FY2022: 17,293,516 shares
 - (b) Treasury stock at the end of period:
FY2023: 613,226 shares
FY2022: 244,692 shares
 - (c) Average number of shares during the period:
FY2023: 16,969,221 shares
FY2022: 17,220,646 shares

(Reference) Summary of Non-consolidated Results

Non-consolidated Operating Results for FY2023 (Apr. 1, 2023 to Mar. 31, 2024)

(1) Non-consolidated Operating Results

(Percentages represent year-over-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
FY2023	93,606	(4.7)	1,748	(8.0)	6,239	(16.9)	5,529	(3.4)
FY2022	98,192	8.9	1,899	1,920.2	7,508	152.5	5,725	237.0

	EPS	Diluted EPS
	¥	¥
FY2023	325.84	325.09
FY2022	332.45	331.66

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ millions	¥ millions	%	¥
FY2023	139,456	110,977	79.5	6,645.73
FY2022	140,192	109,620	78.1	6,422.46

Reference: Total equity

FY2023: ¥110,852 million

FY2022: ¥109,495 million

* This summary of consolidated results is exempt from the audit procedures by certified public accountants or an audit corporation.

* Notes regarding the proper use of projections of the results and other matters

Projections of results and future developments are based on information available to the Company at the current time, as well as certain assumptions judged by the Company to be reasonable. Various factors could cause actual results to differ materially from these projections. For the assumptions that form the basis of the projected results and notes regarding the use of projections, see (4) "Outlook for FY2024" of "1. Results of Operations" on page 5 of attached materials.

(Attachment)

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1. Results of Operations

(1) Analysis of Full-Year Results

(Overview of FY2023)

In the fiscal year that ended March 31, 2024, the Japanese economy was on a moderate recovery path, as social and economic activities progressed toward normal. The economic outlook, however, remains unclear due to factors including the rise in prices associated with soaring raw material prices against a backdrop of the geopolitical tensions and rapid exchange rate fluctuations, as well as concerns of a slowdown in the global economy. Amid this operating environment, the GUNZE Group continued to pursue the four basic strategies of “Creation of new value,” “Capital cost-focused management,” “Evolution of corporate constitution,” and “Environmentally responsible management” in the second year of its new 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:	¥132,885 million	(down by 2.3% compared to the previous fiscal year)
Operating profit:	¥6,777 million	(up by 16.6% compared to the previous fiscal year)
Ordinary profit:	¥6,774 million	(up by 12.5% compared to the previous fiscal year)
Profit attributable to owners of parent:	¥5,109 million	(up by 13.5% compared to the previous fiscal year)

Net sales declined attributable to such factors as the previous fiscal year’s transfer of the film business in the electronic components field and real estate development project. Operating profit and ordinary profit increased primarily owing to the improved profitability in the apparel business. Profit attributable to owners of parent also increased mainly due to the recording of ¥2,575 million in income taxes - deferred (gain) for deductible temporary difference related to investments in subsidiaries, among others, and the recording of ¥2,009 million in gain on sale of investment securities associated with the sale of cross-shareholdings, despite the recording of ¥2,801 million in business restructuring expenses as a result of the restructuring in the electronic components business, the sports club business, and the apparel business.

(Results by Business Segment)

Categories of the reportable segments have been changed starting from the fiscal year under review. The following year-on-year comparison has been made using the figures for the previous fiscal year that were reclassified based on the revised reportable segments.

[Functional Solutions]

The functional solutions business recorded net sales of ¥48,975 million (down by 1.2% compared to the previous fiscal year) and an operating profit of ¥6,028 million (down by 11.8% compared to the previous fiscal year).

< Major factors in the changes >

- In plastic films, sales of packaging films in the US remained strong, although the business was impacted by stagnant demand in Japan and Asia.
- In engineering plastics, although sales to the office equipment market stagnated, products for semiconductors and general industries performed strongly.
- Electronic components bore the brunt of a slowdown in the Chinese economy and stagnant PC market.

[Medical]

The medical business recorded net sales of ¥11,697 million (up by 6.8% compared to the previous fiscal year). Operating profit was ¥1,991 million (down by 4.4% compared to the previous fiscal year) due to increases primarily in cost associated with investment in human resources aimed at future growth.

< Major factors in the changes >

- Market penetration of new products including adhesion prevention agent progressed with the recovery of the mainstay domestic medical application market.

- Sales of bioabsorbable medical materials grew in China as we strengthened our sales effort in cooperation with new distributors.
- Orders for medical lasers decreased primarily due to the decreased number of openings of aesthetic and medical institutions after the COVID-19 pandemic.

[Apparel]

The apparel business recorded net sales of ¥60,114 million (down by 1.4% compared to the previous fiscal year) and an operating profit of ¥1,465 million (compared to an operating loss of ¥222 million for the previous fiscal year).

< Major factors in the changes >

- In the apparel business, although sales of seasonal items struggled due to the late-summer heat and mild winter, products sold throughout the year appealing for differentiation from others performed strongly. Price revisions, including adding higher value to products, and business restructuring resulted in increased profitability.
- The e-commerce and the channel for company-owned stores, which are being strengthened, have continued to grow, and the Company will continue to pursue growth strategies through a shift to the Direct to Consumer channel.
- In innerwear, high value-added products that aligned with customer needs performed strongly.
- In legwear, stockings and tights performed strongly due to the positive effect of the renewal of *SABRINA*, the mainstay of this category.

[Lifestyle Creations]

The lifestyle creation business recorded net sales of ¥12,826 million (down by 16.3% compared to the previous fiscal year) and an operating profit of ¥833 million (up by 18.1% 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.
- Both the shopping center and the sports club businesses are back on the recovery track following the lifting of pandemic restrictions.

(2) Analysis of Financial Position

(Assets, Liabilities and Net Assets)

As of March 31, 2024, total assets were ¥161,971 million, a decrease of ¥3,956 million compared to the end of the previous fiscal year. The main components of an increase included a ¥3,203 million increase in machinery, equipment and vehicles, net, owing to the commencement of the operations of a circular (resource recycling) factory in the plastic films field, a ¥2,130 million increase in deferred tax assets, and a ¥1,088 million increase in retirement benefit asset, while the main components of the decrease were a ¥4,864 million decrease in investment securities associated with the sale of cross-shareholdings, etc., a ¥2,291 million decrease in construction in progress, a ¥1,646 million decrease in other current assets (accounts receivable-other, etc.), and a ¥1,027 million decrease in raw materials and supplies.

Total liabilities were ¥41,503 million, a decrease of ¥6,732 million compared to the end of the previous fiscal year. The main components of an increase included a ¥1,783 million increase in provision for business restructuring and a ¥1,093 million increase in income taxes payable, while the main components of the decrease included a ¥6,209 million decrease in long- and short-term borrowings and a ¥1,724 million decrease in notes and accounts payable - trade.

Net assets were ¥120,467 million, an increase of ¥2,776 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 ¥5,109 million, and a ¥1,177 million increase in foreign currency translation adjustment, while the main components of a decrease were dividends paid of ¥2,505 million and ¥2,006 million spent for the purchase of treasury shares.

(3) Summary of Cash Flows for FY2023

1) Cash Flows

As of March 31, 2024, consolidated cash and cash equivalents were ¥10,818 million, a decrease of ¥728 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 ¥10,409 million, an increase of ¥8,614 million compared to the previous fiscal year. The major components of cash inflows included profit before income taxes of ¥4,504 million and depreciation of ¥6,149 million.

Net cash used in investing activities was ¥190 million, an increase of ¥5,729 million compared to the previous fiscal year. The main components of cash inflows included proceeds from sale of investment securities amounting to ¥7,094 million. The main components of cash outflows included purchase of non-current assets amounting to ¥7,166 million.

Net cash used in financing activities totaled ¥11,347 million, a decrease of ¥12,355 million compared to the previous fiscal year. The main components of cash outflows were a ¥6,697 million decrease in long- and short-term borrowings, ¥2,497 million spent for dividends paid, and purchase of treasury shares amounting to ¥2,006 million.

2) Cash Flow Indicator Trends

	March 31, 2020	March 31, 2021	March 31, 2022	March 31, 2023	March 31, 2024
Equity ratio (%)	64.6	71.1	71.4	69.8	73.2
Equity ratio on market value basis (%)	38.7	46.0	40.9	46.1	56.8
Debt coverage ratio (years)	1.8	2.0	1.2	8.6	0.9
Interest coverage ratio (times)	59.0	77.6	61.3	7.8	42.6

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 flow.

The interest coverage ratio is equal to operating cash flow 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 stock).

- Operating cash flow equals 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 FY2024

(Challenges the GUNZE Group should address)

While the Japanese economy was on a moderate recovery path, as social and economic activities progressed toward normal primarily owing to the easing of restrictions on activities resulting from the downgrade of COVID-19 to the Category V, the economic outlook remains unclear due to factors including the rise in prices associated with soaring raw material prices against a backdrop of the geopolitical problems, and the impact of the yen's depreciation due to the differences in monetary policies in Japan and overseas, as well as concerns of a slowdown in the overseas economy. The GUNZE Group intends to engage in initiatives to increase productivity, such as the promotion of automation and digital transformation at each of its businesses, strengthen cost competitiveness through an optimal global production system, and expand its network for the procurement of raw materials, while at the same time moving forward with activities to create new value that captures various market changes.

Furthermore, starting from fiscal 2023, to clarify its position as a growth driver in the ongoing medium-term management plan, "VISION 2030 stage 1," the medical business, which had been included in the "Functional solutions" segment, has become a separate "Medical" segment.

(Segment-specific strategic challenges)

As for the functional solutions business, in plastic films, we will work toward the commencement of full-scale operations of the Circular Factory (resource-circulating factory) and promote the establishment of recycling centers, the basis for our transformation into the Circular Manufacturer, along with the proactive market launch of environmentally responsible products. While striving to move forward with production innovation through the automation of facilities and the utilization of renewable energy, our efforts will also be concentrated on expanding sales in overseas markets, particularly in the United States, China, and the ASEAN region, etc. In engineering plastics, in addition to increasing the share of our products in the mainstay office equipment market, we will expand the Konan Factory, our main factory, with a target completion date of March 2025, to meet the increase in demand in the medical and semiconductor fields. Furthermore, in order to promote strategic allocation of management resources, in the electronic components field, we will transfer shares of our consolidated subsidiary (85.1%) and commercial rights of the touch panel business in Japan and the United States on October 1, 2024 (tentative). We are also negotiating a business transfer in the mechatronics field.

In the medical business, in order to accelerate the growth of the business, we will build a new factory (the third factory) at the site of the Ayabe Plant in Kyoto Prefecture with a target completion date of February 2025. We will also reinforce research and development facilities to strengthen the development capabilities of the medical business. At the new factory, we will establish a system to boost the production of *TENALEAF*, an adhesion prevention agent, whose demand is growing. In addition, we will accelerate business expansion by strengthening sales in the United States and China and the ongoing development of new products.

In the apparel business, through cross-sectoral restructuring to improve competitiveness, the GUNZE Group will strive to expand sales even further on the e-commerce channel, which has been enjoying accelerated growth in line with changing consumer behavior, as well as the Direct to Consumer channel for company-owned stores and proactively promote collaboration with other companies. Furthermore, we will expand into the lifestyle domain and increase sales of women's innerwear products through products that differentiate our products from others. We have consolidated production bases and made other restructuring efforts. We will continue to strengthen our cost competitiveness by promoting automation and the establishment of an optimal global production system. In addition, to address the so-called "2024 issues in logistics," we will work to increase efficiency by such measures as consolidation of lots and standardization of transport volumes to minimize the impact on our business.

In the lifestyle creation business, the GUNZE Group will work to boost the profitability of its commercial facilities and promote property-specific management that emphasizes investment efficiency. In the landscaping and greening business, we will proactively work on capturing the demand for greenery including those involving the World Expo in Osaka, and increasing the amounts of CO₂ fixed by plants to reduce CO₂ emissions. In the sports clubs business, we will implement rigorous measures to address issues with our stores, including closing those that are unprofitable. 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, we forecast consolidated net sales of ¥140,000 million yen, operating profit of ¥9,000 million, ordinary profit of ¥9,000 million, and profit attributable to owners of parent of ¥7,500 million for the next fiscal year (April 1, 2024 to March 31, 2025).

(Million yen)

	Functional solutions	Medical	Apparel	Lifestyle creation	Elimination	Consolidated total
Net sales	49,700	13,000	65,200	12,900	(800)	140,000
Year-over-year changes	Up 1.5%	Up 11.1%	Up 8.5%	Up 0.6%	—	Up 5.4%

(Strategic challenges in finance)

As of the end of the fiscal year under review, the Price Book-value Ratio (PBR) of the GUNZE Group stood at 0.8, indicating continued impairment of corporate value. We think that the primary factor in the low PBR is Return on Equity (ROE) and believe that keeping an equity spread (ROE – cost of shareholder’s equity) constantly in a positive range will allow us to achieve a PBR exceeding 1.0.

The cost of shareholder’s equity of the GUNZE Group is set at 6.32% in the medium-term management plan, “VISION 2030 stage 1.” Based on our latest estimates, which take into account discussions with investors and changes in the Bank of Japan’s monetary policy, we recognize that achieving a positive equity spread will require even higher levels of ROE.

We also believe that if the Gunze Value Added (GVA = NOPAT + dividends - period-end invested capital x WACC), whose deficit has been narrowing year after year, constantly stays positive, it will contribute to an increase in the PBR. However, as a result of prioritizing the restructuring and the reduction of cross-shareholdings* as we pursued cost of capital-based management, the debt-to-equity ratio (DE ratio = interest-bearing liabilities / equity) at the end of the fiscal year under review hit the historical lows. With the DE ratio being so low, the WACC will be higher than 5.15%, a figure set in the medium-term management plan, “VISION 2030 stage 1,” and it will take the GVA even longer to turn positive. While the size of the GUNZE Group’s equity supports its financial soundness, it also presents a big hurdle for achieving a positive equity spread and GVA. We thus believe that it is necessary to take into account profit levels, financial soundness, and capital efficiency to establish an optimal capital structure.

We will take into consideration the growth of profit and invested capital of the GUNZE Group in the future and establish an ideal DE ratio that will constantly allow for a positive equity spread and GVA. Under our cost of capital-based management, we will strive to grow profit in existing businesses by making proactive and efficient investment in growth, such as investing in factory expansion aimed at increased production in the medical business and engineering plastics field and establishing a recycling center in the plastic films field, and increase our financial leverage. In addition, depending on the situation, we will consider M&A and other inorganic investments as well as additional shareholder returns, in an effort to achieve an optimal capital structure.

* Promotion of the reduction of cross-shareholdings

While pursuing cost of capital-based management, the GUNZE Group has proactively promoted the reduction of cross-shareholdings. At the end of the fiscal year under review, we held 32 stocks, including unlisted stocks, with market values totaling of ¥5,226 million. This represents a reduction of 37 stocks and ¥16,998 million compared to the end of FY2017, a benchmark for various metrics for our cost of capital-based management. In the next fiscal year, we will reduce cross-shareholdings further to the following levels: number of cross-shareholdings: 27 or less; total market value: less than ¥3,000 million; and the ratio to net assets at the end of the fiscal year: less than 3%.

	End of FY2017	End of FY2018	End of FY2019	End of FY2020	End of FY2021	End of FY2022	End of FY2023	End of FY2024
Number of cross-shareholdings	69	67	62	49	41	36	32	27 or less
Total market value at the end of period (¥ millions)	22,224	18,496	15,053	15,113	11,470	10,249	5,226	Less than 3,000
Ratio to net assets	19.82%	16.65%	13.79%	13.12%	9.99%	8.71%	4.34%	Less than 3%

(Handling of the under-reporting of water amount at a hot spring facility)

On January 24, 2024, the Company announced a Notice concerning the Under-reporting of Water Amount at a Hot Spring Facility (hereinafter referred to as “this matter”). At the end of January 2024, Gunze Development Co Ltd., a consolidated subsidiary of the Company and the operator of the hot spring facility, paid ¥552 million in unpaid sewage fees, etc. for the period from 2004 to 2023 to Itami City and Amagasaki City.

Once again, we sincerely apologize for the inconvenience and concerns this matter has caused to all people involved.

Following the announcement of this matter, we established an investigation team to conduct a thorough investigation and inquiry into causes. We collected related documents from 2004, in which we started the hot spring business, and conducted interviews with involved people (employees of the Company and related contractors).

<Results of the investigation and causes>

This matter came to light when bypass pipelines were found buried underground during the excavation of the site which was performed to check the pipe conditions for the purpose of maintenance and inspection of the facility. Partly because it had been 20 years since the construction, no clear testimony or evidence was obtained that could identify specific instructions from Gunze Development Co Ltd. and the contractor that installed the bypass pipelines. However, given the fact that the bypass pipelines were installed, we must assume that employees of the Company and contractors at the time may have been involved in this matter in some way.

In any case, as we entered the business without expertise, we completely entrusted the construction to contractors and lacked the ability to check and make decisions about the construction as the principal. Furthermore, despite subsequent media coverage on bypass piping issues at hot spring facilities nationwide, both Gunze Development Co Ltd. and contractors had an insufficient awareness of compliance as responsible parties and failed to perform proper checks and take appropriate action. We think it resulted in the issue being neglected over a long period of time.

In addition, we must reflect on the fact that the management team overseeing the GUNZE Group’s operations did not exercise sufficient oversight and that the GUNZE Group’s governance structure was inadequate.

<Measures to prevent recurrence>

The Company will implement the following measures to prevent recurrence both by reinforcing its governance structure and raising awareness among its members:

- (i) The Technology & Development Department of the Head Office to rigorously check construction related contracts and plans
- (ii) Educate department heads and train members
- (iii) Self-check annually for risks in each department, and functional departments to monitor it
- (iv) Continue to perform compliance audits
- (v) Send messages from the top to all employees

<Managerial responsibility>

To take managerial and social responsibilities for failing to discover the under-reporting for a long period of time and incurring significant losses, the Company has decided to reduce the monthly remuneration (May and June 2024) of two representative directors (the Chairman and the President) by 20%.

(5) Basic Policy on Distribution of Profits and Dividends for FY2023 and FY2024

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. Under this policy, the GUNZE Group plans to pay a dividend of ¥153 per share for fiscal 2023.

For fiscal 2024, the GUNZE Group plans to pay a dividend of ¥157 per share.

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.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Assets		
Current assets		
Cash and deposits	11,547	10,818
Notes and accounts receivable - trade, and contract assets	27,129	27,588
Merchandise and finished goods	24,114	24,706
Work in process	7,128	7,425
Raw materials and supplies	7,054	6,026
Short-term loans receivable	781	50
Other	5,841	4,195
Allowance for doubtful accounts	(16)	(13)
Total current assets	83,580	80,796
Non-current assets		
Property, plant and equipment		
Buildings and structures	109,267	110,545
Accumulated depreciation	(72,610)	(74,354)
Buildings and structures, net	36,657	36,191
Machinery, equipment and vehicles	89,446	93,847
Accumulated depreciation	(79,048)	(80,245)
Machinery, equipment and vehicles, net	10,398	13,601
Tools, furniture and fixtures	8,649	9,093
Accumulated depreciation	(6,183)	(6,631)
Tools, furniture and fixtures, net	2,466	2,461
Land	10,446	10,479
Leased assets	1,313	1,349
Accumulated depreciation	(1,205)	(1,235)
Leased assets, net	107	113
Construction in progress	3,041	749
Total property, plant and equipment	63,117	63,597
Intangible assets		
Software	757	1,271
Other	689	657
Total intangible assets	1,446	1,928
Investments and other assets		
Investment securities	11,698	6,833
Long-term loans receivable	0	—
Retirement benefit asset	1,327	2,416
Deferred tax assets	1,138	3,269
Other	3,684	3,199
Allowance for doubtful accounts	(67)	(69)
Total investments and other assets	17,782	15,648
Total non-current assets	82,346	81,174
Total assets	165,927	161,971

(Million yen)

	As of March 31, 2023	As of March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	10,010	8,286
Short-term borrowings	6,077	252
Current portion of long-term borrowings	438	462
Income taxes payable	263	1,357
Provision for bonuses	1,353	1,405
Notes payable - facilities	936	263
Provision for business restructuring	–	1,783
Other	10,971	11,079
Total current liabilities	30,052	24,890
Non-current liabilities		
Long-term borrowings	8,638	8,230
Provision for loss on guarantees	220	–
Retirement benefit liability	4,494	3,937
Long-term leasehold and guarantee deposits received	4,220	3,986
Other	610	458
Total non-current liabilities	18,183	16,613
Total liabilities	48,235	41,503
Net assets		
Shareholders' equity		
Share capital	26,071	26,071
Capital surplus	6,566	6,565
Retained earnings	78,972	81,576
Treasury shares	(1,044)	(2,974)
Total shareholders' equity	110,566	111,239
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,464	2,438
Deferred gains or losses on hedges	(144)	156
Revaluation reserve for land	(13)	(13)
Foreign currency translation adjustment	2,941	4,118
Remeasurements of defined benefit plans	(56)	702
Total accumulated other comprehensive income	5,191	7,403
Share acquisition rights	124	124
Non-controlling interests	1,808	1,700
Total net assets	117,691	120,467
Total liabilities and net assets	165,927	161,971

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Net sales	136,030	132,885
Cost of sales	95,545	91,164
Gross profit	40,484	41,720
Selling, general and administrative expenses	34,671	34,943
Operating profit	5,812	6,777
Non-operating income		
Interest income	53	70
Dividend income	440	307
Rental income from non-current assets	363	367
Foreign exchange gains	36	–
Other	260	154
Total non-operating income	1,153	900
Non-operating expenses		
Interest expenses	244	208
Rental expenses on non-current assets	356	355
Foreign exchange losses	–	6
Other	343	332
Total non-operating expenses	944	902
Ordinary profit	6,021	6,774
Extraordinary income		
Gain on sale of non-current assets	1,013	86
Gain on sale of investment securities	598	2,009
Gain on sales of investments in capital of subsidiaries and associates	339	27
Other	7	265
Total extraordinary income	1,959	2,387
Extraordinary losses		
Loss on sale and retirement of non-current assets	746	572
Loss on sale of investment securities	7	–
Loss on valuation of shares of subsidiaries and associates	–	521
Loss on valuation of investments in capital	–	84
Loss on sales of investments in capital	40	–
Expenses of soil pollution measures	228	–
Business restructuring expenses	325	2,801
Settlement money for under-reporting water amount	–	534
Loss on COVID	116	–
Other	126	144
Total extraordinary losses	1,590	4,658
Profit before income taxes	6,389	4,504
Income taxes - current	919	1,924
Income taxes - deferred	941	(2,575)
Total income taxes	1,860	(650)
Profit	4,529	5,154
Profit attributable to non-controlling interests	28	45
Profit attributable to owners of parent	4,501	5,109

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Profit	4,529	5,154
Other comprehensive income		
Valuation difference on available-for-sale securities	1,070	(26)
Deferred gains or losses on hedges	(109)	300
Foreign currency translation adjustment	1,069	1,216
Remeasurements of defined benefit plans, net of tax	(240)	759
Total other comprehensive income	1,789	2,250
Comprehensive income	6,319	7,404
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,198	7,321
Comprehensive income attributable to non-controlling interests	120	83

(3) Consolidated Statements of Changes in Shareholders' Equity, etc.

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	26,071	6,566	81,184	(4,399)	109,423
Changes during period					
Dividends of surplus			(2,418)		(2,418)
Profit attributable to owners of parent			4,501		4,501
Reversal of revaluation reserve for land			(13)		(13)
Purchase of treasury shares				(1,004)	(1,004)
Disposal of treasury shares			(12)	90	78
Cancellation of treasury shares			(4,268)	4,268	–
Net changes in items other than shareholders' equity					
Total changes during period	–	–	(2,211)	3,354	1,143
Balance at end of period	26,071	6,566	78,972	(1,044)	110,566

	Accumulated other comprehensive income					
	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	1,393	(35)	(26)	1,964	183	3,480
Changes during period						
Dividends of surplus						
Profit attributable to owners of parent						
Reversal of revaluation reserve for land						
Purchase of treasury shares						
Disposal of treasury shares						
Cancellation of treasury shares						
Net changes in items other than shareholders' equity	1,070	(109)	13	976	(240)	1,711
Total changes during period	1,070	(109)	13	976	(240)	1,711
Balance at end of period	2,464	(144)	(13)	2,941	(56)	5,191

Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Share acquisition rights	Non- controlling interests	Total net assets
Balance at beginning of period	131	1,755	114,790
Changes during period			
Dividends of surplus			(2,418)
Profit attributable to owners of parent			4,501
Reversal of revaluation reserve for land			(13)
Purchase of treasury shares			(1,004)
Disposal of treasury shares			78
Cancellation of treasury shares			–
Net changes in items other than shareholders' equity	(6)	53	1,757
Total changes during period	(6)	53	2,900
Balance at end of period	124	1,808	117,691

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million 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					
	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
Changes during period						
Dividends of surplus						
Profit attributable to owners of parent						
Change in ownership interest of parent due to transactions with non-controlling interests						
Purchase of treasury shares						
Disposal of treasury shares						
Net changes in items other than shareholders' equity	(26)	300	–	1,177	759	2,211
Total changes during period	(26)	300	–	1,177	759	2,211
Balance at end of period	2,438	156	(13)	4,118	702	7,403

Fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(Million yen)

	Share acquisition rights	Non- controlling interests	Total net assets
Balance at beginning of period	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	–	(108)	2,103
Total changes during period	–	(108)	2,776
Balance at end of period	124	1,700	120,467

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	6,389	4,504
Depreciation	5,760	6,149
Amortization of goodwill	133	59
Increase (decrease) in allowance for doubtful accounts	3	(4)
Increase (decrease) in retirement benefit liability	(836)	(564)
Increase (decrease) in provision for bonuses	(15)	47
Interest and dividend income	(493)	(378)
Interest expenses	244	208
Foreign exchange losses (gains)	(11)	27
Loss (gain) on sale and retirement of non-current assets	(323)	489
Loss (gain) on sale and valuation of investment securities	(591)	(2,009)
Business restructuring expenses	325	2,801
Loss on COVID	116	–
Loss on valuation of shares of subsidiaries and associates	–	521
Expenses of soil pollution measures	228	117
Settlement money for under-reporting water amount	–	534
Other extraordinary loss (income)	105	(208)
Other loss (gain)	(20)	(6)
Decrease (increase) in accounts receivable - trade, and contract assets	124	(135)
Decrease (increase) in inventories	(4,228)	494
Decrease (increase) in other current assets	(1,779)	637
Increase (decrease) in trade payables	572	(2,162)
Increase (decrease) in leasehold and guarantee deposits received	(171)	(234)
Increase (decrease) in other current liabilities	(43)	(542)
Increase (decrease) in other non-current liabilities	(76)	(16)
Subtotal	5,412	10,330
Interest and dividends received	490	378
Interest paid	(230)	(244)
Payments for business restructuring expenses	(863)	(181)
Payments for loss on COVID	(99)	–
Payments for soil pollution measures	(38)	–
Payments for Settlement money for under-reporting water amount	–	(534)
Income taxes refund (paid)	(2,877)	661
Net cash provided by (used in) operating activities	1,794	10,409

(Million yen)

	For the fiscal year ended March 31, 2023	For the fiscal year ended March 31, 2024
Cash flows from investing activities		
Purchase of non-current assets	(10,226)	(7,166)
Proceeds from sale of non-current assets	1,370	108
Payments for retirement of non-current assets	(589)	(454)
Purchase of investment securities	(2,060)	(737)
Proceeds from sale of investment securities	4,422	7,094
Proceeds from sale of businesses	1,207	–
Decrease (increase) in loans receivable	(41)	780
Other, net	(2)	183
Net cash provided by (used in) investing activities	(5,920)	(190)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	288	(6,232)
Proceeds from long-term borrowings	6,600	–
Repayments of long-term borrowings	(2,455)	(465)
Purchase of treasury shares	(1,004)	(2,006)
Proceeds from sale of treasury shares	78	78
Dividends paid	(2,409)	(2,497)
Dividends paid to non-controlling interests	(67)	(124)
Other, net	(22)	(99)
Net cash provided by (used in) financing activities	1,007	(11,347)
Effect of exchange rate change on cash and cash equivalents	196	400
Net increase (decrease) in cash and cash equivalents	(2,922)	(728)
Cash and cash equivalents at beginning of period	14,469	11,547
Cash and cash equivalents at end of period	11,547	10,818

(5) Notes to Consolidated Financial Statements

(Notes Regarding Assumptions of Continuing Operations)

None applicable

(Notes to consolidated statements of income)

*1 Business restructuring expenses

FY2022 (April 1, 2022 – March 31, 2023)

The GUNZE Group recognized as business restructuring expenses the wind-down cost associated with termination of production at its stocking production subsidiaries in China in the legwear, Shandong Gunze Apparel Ltd. and Jinan Gunze Apparel Co., Ltd.

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, Aich 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.

*2 Settlement money for under-reporting water amount

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

Payment of unpaid sewage fees, etc. due to the discovery of under-reporting of water amount at a hot spring facility of a consolidated subsidiary

(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

FY2022 (April 1, 2022 – March 31, 2023)

(Millions of yen)

	Reportable segments					Adjustment (Note 1)	Consoli- dated (Note 2)
	Functional solutions	Medical	Apparel	Lifestyle creations	Total		
Net sales							
Sales to customers	49,006	10,953	60,804	15,265	136,030	-	136,030
Intersegment sales and transfers	549	3	182	62	797	(797)	-
Total	49,555	10,957	60,986	15,327	136,827	(797)	136,030
Segment profit (loss)	6,835	2,082	(222)	705	9,401	(3,588)	5,812
Segment assets	55,258	10,471	50,905	26,657	143,293	22,633	165,927
Other items							
Depreciation	2,335	371	1,205	1,370	5,281	478	5,760
Amortization of goodwill	88	-	45	-	133	-	133
Increase in property, plant and equipment, and intangible assets	4,816	553	1,493	2,053	8,916	680	9,597

Notes:

1. Adjustment comprises the following:

- (1) The ¥(3,588) 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 ¥22,633 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.

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

(Millions of yen)

	Reportable segments					Adjustment (Note 1)	Consolidated (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 (loss)	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.

4. Matters on Changes in Reportable Segments, etc.

To clarify its position as a growth driver in the ongoing medium-term management plan, “VISION 2030 stage 1,” the medical business, which was previously included in the “Functional solutions” segment, has become a separate the “Medical” segment starting from the fiscal year under review. As a result, the reportable segments of the GUNZE Group comprise “Functional solutions,” “Medical,” “Apparel,” and “Lifestyle creations.”

Segment information for the previous fiscal year has been prepared based on the revised reportable segments.

[Related Information]

FY2022 (April 1, 2022 to March 31, 2023)

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
109,181	26,848	136,030

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

(2) Property, plant and equipment

(Millions of yen)

Japan	Others	Total
54,157	8,959	63,117

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.

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.

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

FY2022 (April 1, 2022 to March 31, 2023)

None applicable

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

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

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

FY2022 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable segments					Corporate/ Elimination	Consolidated
	Functional solutions	Medical	Apparel	Lifestyle creations	Total		
Amortization during the period	88	-	45	-	133	-	133
Balance at the end of the period	14	-	157	-	172	-	172

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

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

FY2022 (April 1, 2022 to March 31, 2023)

None applicable

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

None applicable

(Per Share Information)

	FY2022 (April 1, 2022 to March 31, 2023)	FY2023 (April 1, 2023 to March 31, 2024)
Net assets per share (¥)	6,789.78	7,112.73
Earnings per share (¥)	261.38	301.11
Diluted earnings per share (¥)	260.75	300.42

Note:

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

	FY2022 (April 1, 2022 to March 31, 2023)	FY2023 (April 1, 2023 to March 31, 2024)
Earnings per share		
Profit attributable to owners of parent (¥ millions)	4,501	5,109
Amounts not allocated to common shareholders (¥ millions)	-	-
Profit attributable to owners of parent allocated to common stock (¥ millions)	4,501	5,109
Average number of shares of common stock outstanding during each term (thousand shares)	17,220	16,969
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (¥ millions)	-	-
Increase in common stock (thousand shares)	41	39
[Stock acquisition rights] (thousand shares)	[41]	[39]

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

	FY2022 (March 31, 2023)	FY2023 (March 31, 2024)
Total net asset value (¥ millions)	117,691	120,467
Deduction from net assets (¥ millions)	1,933	1,825
[Non-controlling interests] (¥ millions)	[1,808]	[1,700]
[Stock acquisition rights] (¥ millions)	[124]	[124]
Term-end net asset value allocated to common stock (¥ millions)	115,757	118,642
Term-end number of shares of common stock used for calculation of net assets per share (thousand shares)	17,048	16,680

(Significant Subsequent Events)

None applicable

4. Supplementary Information

Overview of Consolidated Results

<Overview of Results>

- **Net sales**

Net sales declined attributable to such factors as the previous fiscal year's transfer of the film business in the electronic components field and the real estate development project.

- **Operating profit and ordinary profit**

Operating profit and ordinary profit increased primarily due to increased profitability in the apparel business, resulting from price revisions, including adding higher value to products, and business restructuring.

- **Profit attributable to owners of parent**

Profit attributable to owners of parent increased mainly due to the recording of ¥2.5 billion in income taxes - deferred (gain) for deductible temporary difference related to investments in subsidiaries, among others, and the recording of ¥2.0 billion in gain on sale of investment securities associated with the sale of cross-shareholdings, despite the recording of business restructuring expenses of ¥2.8 billion as a result of the business restructuring in the electronic components business, the sports club business, and the apparel business.

<Dividends>

- Scheduled dividend payment for the fiscal year ended March 31, 2024 is ¥153 per share.

<Forecasts for the Fiscal Year Ending March 31, 2025>

- Due to the expansion of sales of new products and on new sales channels, initiatives to increase productivity, positive effects of business restructuring, etc., both sales and profits are expected to increase.
- Scheduled dividend payment for the fiscal year ending March 31, 2025 is ¥157 per share.

(1) FY2023 Operating Results (Apr. 1, 2023 to Mar. 31, 2024)

(Millions of yen)

	FY2023	FY2022	Change <Upper figures in brackets %>
Net sales	132,885	136,030	<(2.3)> (3,144)
Operating profit	6,777	5,812	<16.6> 965
Ordinary profit	6,774	6,021	<12.5> 753
Profit attributable to owners of parent	5,109	4,501	<13.5> 608
Total assets	161,971	165,927	<(2.4)> (3,956)
Inventories	38,157	38,297	<(0.4)> (139)
Non-current assets	81,174	82,346	<(1.4)> (1,171)
Net assets	120,467	117,691	<2.4> 2,776
Financing income/expenses	170	248	(78)
Interest/Dividends received	378	493	(114)
Interest expenses	(208)	(244)	36
Capital expenditures	9,147	9,597	(450)
Depreciation	6,208	5,894	314

Acquisition of treasury shares, etc.

(Thousands of shares)

(Amount)

Treasury shares acquired	386	¥2,006 million
Treasury shares disposed	17	¥76 million
Treasury shares held at the end of the previous fiscal year	244	¥1,044 million
Treasury shares held at the end of the period	613	¥2,974 million

* Treasury shares acquired includes 385 thousand shares purchased at ¥1,999 million as resolved at the Board of Directors meeting.

(2) Results by Business Segment

(Millions of yen)

Segment		FY2023		FY2022		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net sales	Functional Solutions	48,975	36.7	49,555	36.2	(580)	(1.2)
	Medical	11,697	8.8	10,957	8.0	740	6.8
	Apparel	60,114	45.0	60,986	44.6	(872)	(1.4)
	Lifestyle Creations	12,826	9.5	15,327	11.2	(2,501)	(16.3)
	Subtotal	133,614	100.0	136,827	100.0	(3,213)	(2.3)
	Elimination	(728)		(797)		68	-
	Consolidated	132,885		136,030		(3,144)	(2.3)
Operating profit	Functional Solutions	6,028	58.4	6,835	72.7	(807)	(11.8)
	Medical	1,991	19.3	2,082	22.1	(90)	(4.4)
	Apparel	1,465	14.2	(222)	(2.4)	1,688	-
	Lifestyle Creations	833	8.1	705	7.6	127	18.1
	Subtotal	10,318	100.0	9,401	100.0	917	9.8
	Elimination	(3,541)		(3,588)		47	-
	Consolidated	6,777		5,812		965	16.6

(3) Significant Financial Indicators

Item		FY2023	FY2022	Change
Operating profit to total assets ratio	%	4.1	3.6	0.5
Ordinary profit to total assets ratio	%	4.1	3.7	0.4
Operating profit to net sales ratio	%	5.1	4.3	0.8
Ordinary profit to net sales ratio	%	5.1	4.4	0.7
Turnover of total assets	times	0.81	0.84	(0.03)
Equity ratio	%	73.2	69.8	3.4
ROE	%	4.4	3.9	0.5
Earnings per share	¥	301.11	261.38	39.73
Diluted earnings per share	¥	300.42	260.75	39.67
Net assets per share	¥	7,112.73	6,789.78	322.95

(4) Cash Flows

(Millions of yen)

Cash Flow Activity	FY2023	FY2022	Change	Breakdown of Major Components
Operating activities	10,409	1,794	8,614	Profit before income taxes: 4,504; Depreciation: 6,149
Investing activities	(190)	(5,920)	5,729	Proceeds from sale of investment securities: 7,094; Purchase of non-current assets: (7,166)
Financing activities	(11,347)	1,007	(12,355)	Decrease in long- and short-term borrowings:(6,697); Dividends paid: (2,497); Purchase of treasury shares: (2,006)
Effect of exchange rate change on cash and cash equivalents	400	196	204	
Net increase (decrease) in cash and cash equivalents	(728)	(2,922)	2,193	
Cash and cash equivalents at end of period	10,818	11,547	(728)	

(5) Capital Expenditures and Depreciation and Amortization by Segment

(Millions of yen)

Item		FY2023		FY2022		Y-over-Y Change	FY2024 Plan		Y-over-Y Change
		Amount	Weight	Amount	Weight		Amount	Weight	
Capital expenditures * Incl. intangible assets	Functional Solutions	4,672	51.1	4,816	45.6	(144)	2,200	22.0	(2,472)
	Medical	403	4.4	553	10.3	(150)	4,100	41.0	3,697
	Apparel	1,888	20.6	1,493	15.6	395	2,100	21.0	212
	Lifestyle Creations	1,597	17.5	2,053	21.4	(456)	1,100	11.0	(497)
	Corporate	584	6.4	680	7.1	(96)	500	5.0	(84)
	Total	9,147	100.0	9,597	100.0	(450)	10,000	100.0	853
Depreciation * Incl. amortization of goodwill	Functional Solutions	2,478	39.9	2,423	41.2	55	2,800	41.2	322
	Medical	453	7.3	371	6.3	82	500	7.4	47
	Apparel	1,346	21.7	1,250	21.2	96	1,500	22.1	154
	Lifestyle Creations	1,440	23.2	1,370	23.2	70	1,500	22.1	60
	Corporate	488	7.9	478	8.1	10	500	7.4	12
	Total	6,208	100.0	5,894	100.0	314	6,800	100.0	592

Main Investment Plans for FY2024

- Measures to increase production of and building a new factory for medical products: ¥3,200 million
- Apparel smart factory production equipment and system improvement: ¥500 million
- Plastic film resource-circulating equipment: ¥200 million
- Renovation of the commercial facilities: ¥200 million

(6) FY2024 Forecast

(Millions of yen)

Item	FY2024 Forecast	FY2023 Results	Change	
			Amount	Change (%)
Net sales	140,000	132,885	7,115	5.4
Operating profit	9,000	6,777	2,223	32.8
Ordinary profit	9,000	6,774	2,226	32.9
Profit attributable to owners of parent	7,500	5,109	2,391	46.8

(7) Forecast of Results by Segment

(Millions of yen)

Item		FY2024 Forecast		FY2023 Results		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net sales	Functional Solutions	49,700	35.3	48,975	36.7	725	1.5
	Medical	13,000	9.2	11,697	8.8	1,303	11.1
	Apparel	65,200	46.3	60,114	45.0	5,086	8.5
	Lifestyle Creations	12,900	9.2	12,826	9.5	74	0.6
	Subtotal	140,800	100.0	133,614	100.0	7,186	5.4
	Elimination	(800)		(728)		(72)	-
	Consolidated	140,000		132,885		7,115	5.4
Operating profit	Functional Solutions	7,200	56.7	6,028	58.4	1,172	19.4
	Medical	2,500	19.7	1,991	19.3	509	25.6
	Apparel	1,900	15.0	1,465	14.2	435	29.7
	Lifestyle Creations	1,100	8.6	833	8.1	267	32.1
	Subtotal	12,700	100.0	10,318	100.0	2,382	23.1
	Elimination	(3,700)		(3,541)		(159)	-
	Consolidated	9,000		6,777		2,223	32.8