

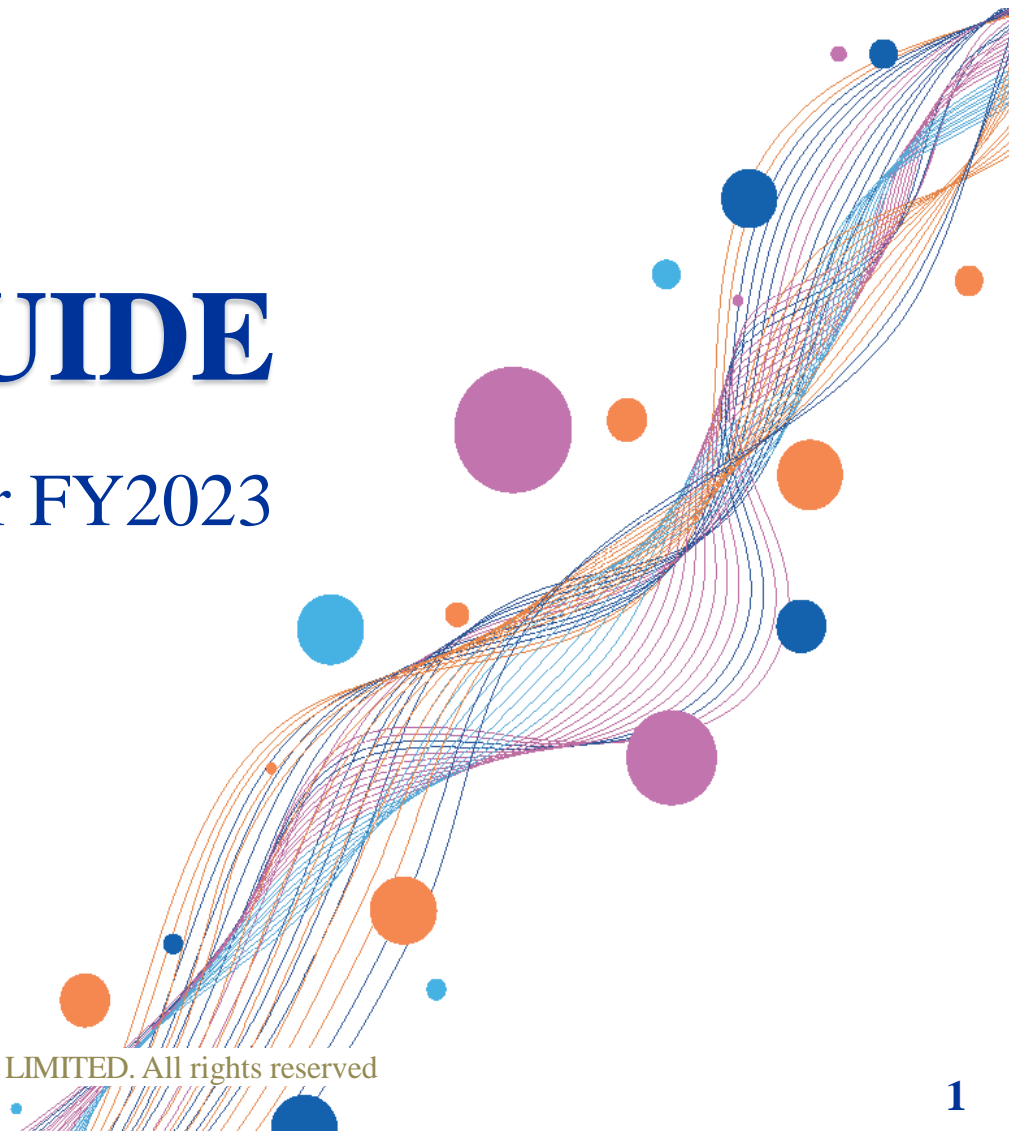
# GUNZE

# BUSINESS GUIDE

for FY2023

**GUNZE LIMITED**

**TSE Prime (Code:3002)**



# I. Outline & History of GUNZE

# I-1. Corporate Profile

**Founded : August 10, 1896 (127 years ago)**

**Capital Stock : 26.1 billion yen**

**Affiliates : 57 Facilities (Domestic- 27, Overseas- 30)**

**Employees : 5,214 (Consolidated) , 1,553 (Non-consolidated)**

**Net Sales : 136 billion yen (Consolidated)**

< March 31, 2023 >

## I-2. Founding Philosophy

Origin of “Gunze”

**郡(GUN)** – Refers to Ikaruga-gun, Kyoto (“Gun” means “district” in Japanese)

**是(ZE)** – Means “policy” in Japanese

**GUNZE Silk Manufacturing Co., Ltd.**

Why was “Gunze” founded ?

To promote the silk industry and contribute to the local community

### Founding Philosophy

**People-oriented Approach** = Respect people

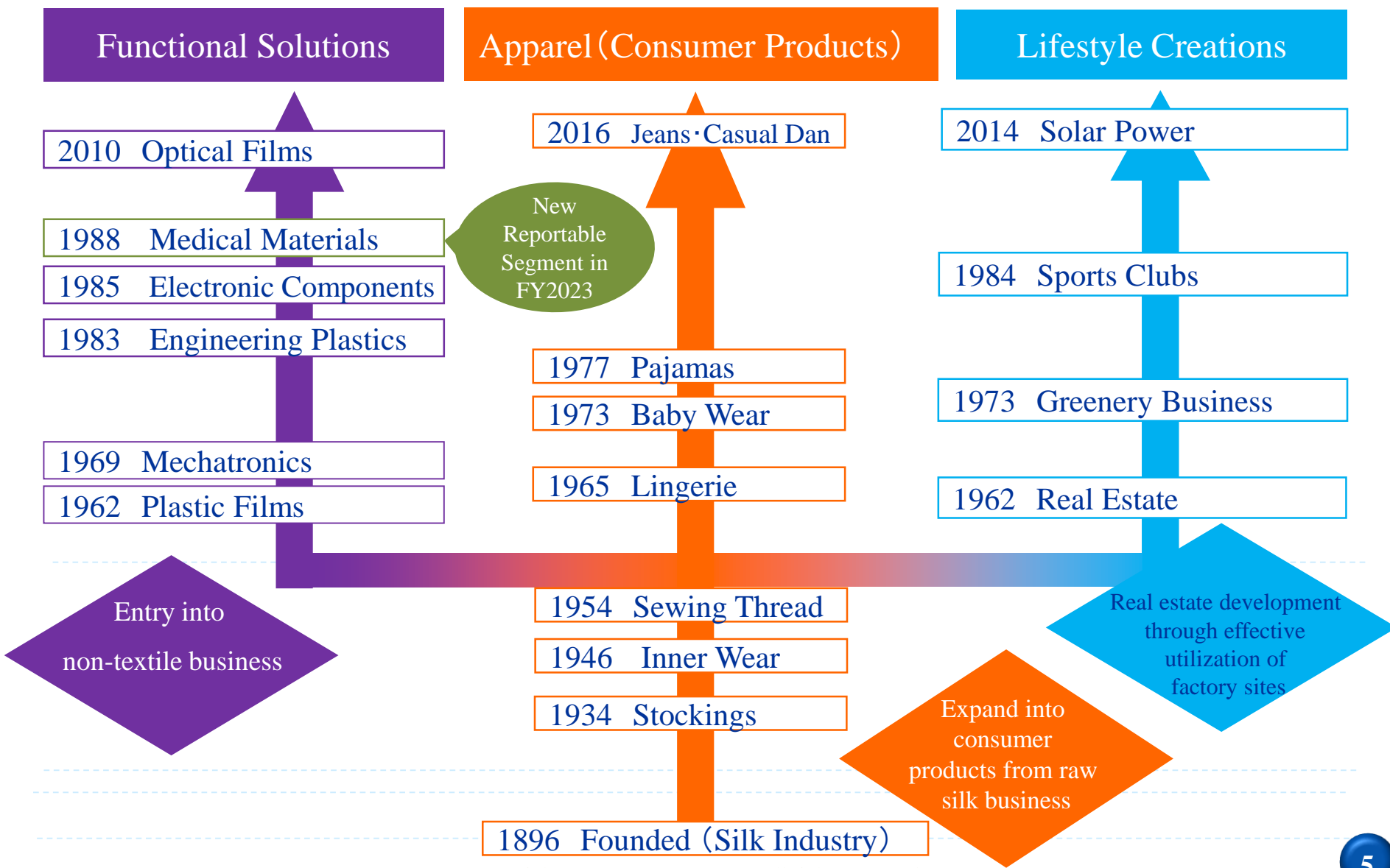
**Commitment to Quality** = Serve the people’s needs with the finest products

**Harmonious Coexistence** = Contribute to society



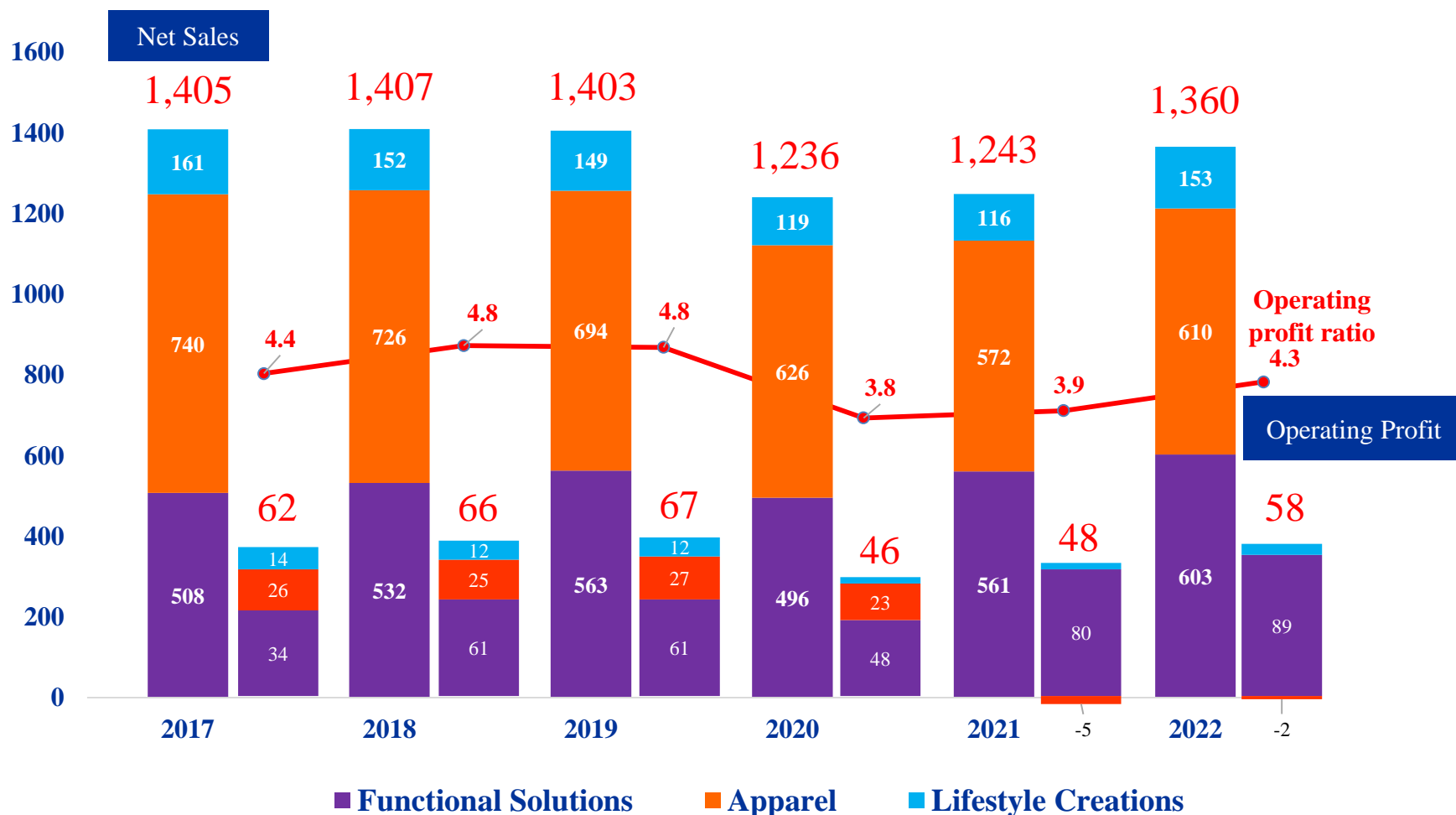
Tsurukichi Hatano  
(Founder)

# I-3. Corporate Development



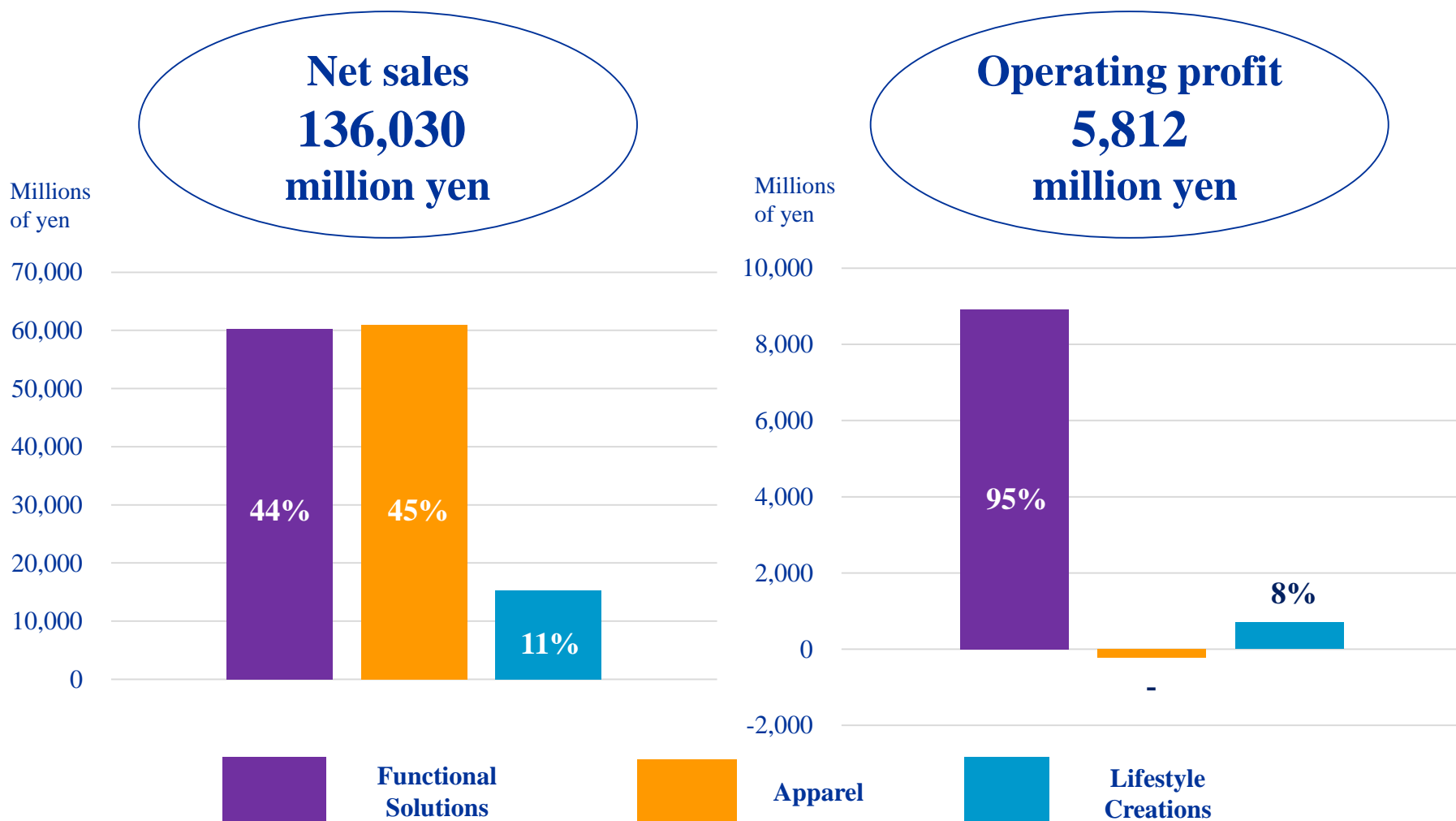
# I-4. Performance (Consolidated)

## History of Net Sales and Operating Profit (Unit: Billions of Yen, %)



## II. Overview by Business Segment

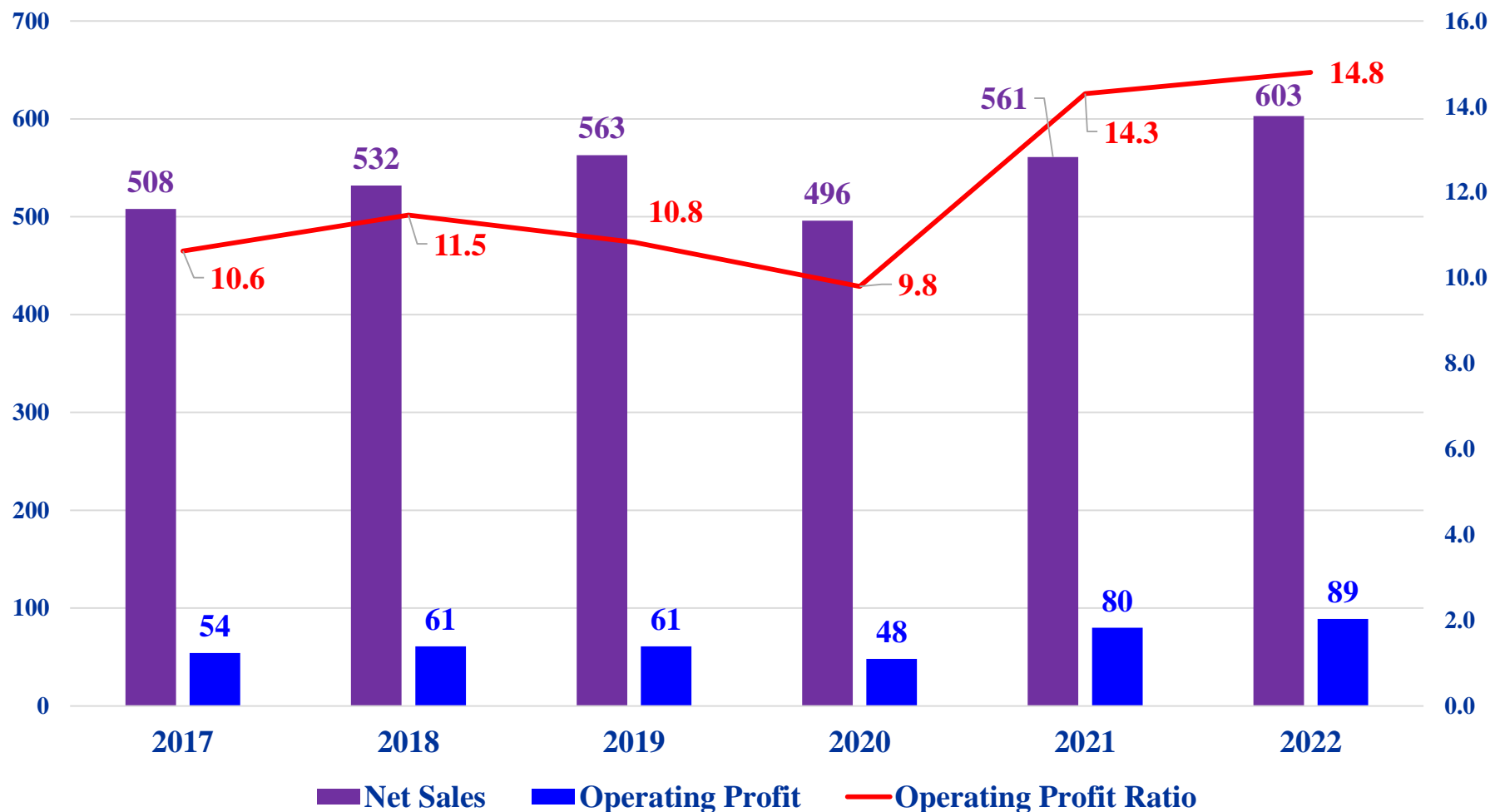
## II-1. FY2022 Performance by Segment





## II-2. Performance of Functional Solutions

### ■ History of Net Sales and Operating Profit (Unit: Billions of Yen, %)



## II-3. Products in the Functional Solutions (1)

### Plastic Films

- Expansion of food-related packaging applications as well as toiletry applications



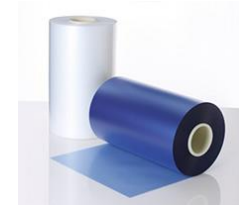
- Shrink Films
- ✓ Beverages
- ✓ Toiletry goods



- Nylon Films
- ✓ Refill Pouch
- ✓ Barrier Nylon Films and Others



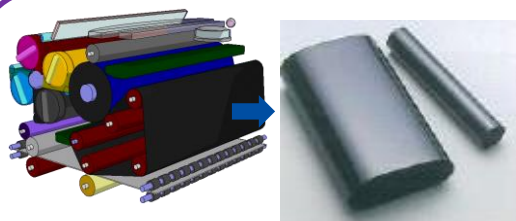
- OPP Films
- ✓ Anti-Fogging Film for fresh vegetables including bean sprouts and mushrooms



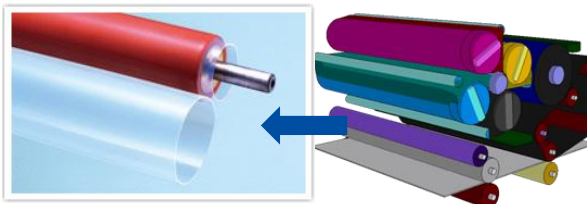
- Multilayer Sheets
- ✓ Semiconductor applications
- ✓ Wall paper

### Engineering Plastics

- In addition to high-functional materials used in OA equipment, non-OA equipment such as semiconductor-related products



- High-function Plastics
- ✓ Image Transfer Belt for Color Photocopiers. (Seamless Belt)



- Fluororesin Materials
- ✓ Tubes for Fuser Rollers



- Other Fluorine Products
- ✓ Filter materials for Semiconductor applications

## II-4. Products in the Functional Solutions (2)

### Medical Devices

➤ Bioabsorbable medical devices and medical devices for aesthetic medical market

#### ● New reportable business segment from FY2023



● PGA suture



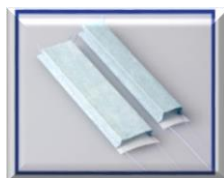
● Artificial dermis



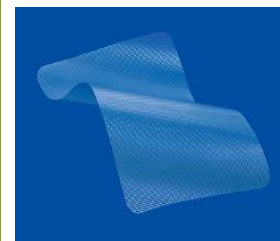
● Bone fixation devices



Automatic suture device with reinforcement felt



● Bioabsorbable reinforcement felt



● Absorbable adhesion barrier



● Medical Lasers

### Electronic Components

➤ Touch screens and related components

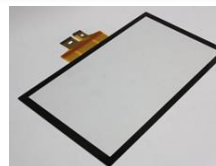
#### ● Projected Capacitive Touch Screen (PCAP)

✓ For Laptops, PC Monitors, Tablets, Smartphones

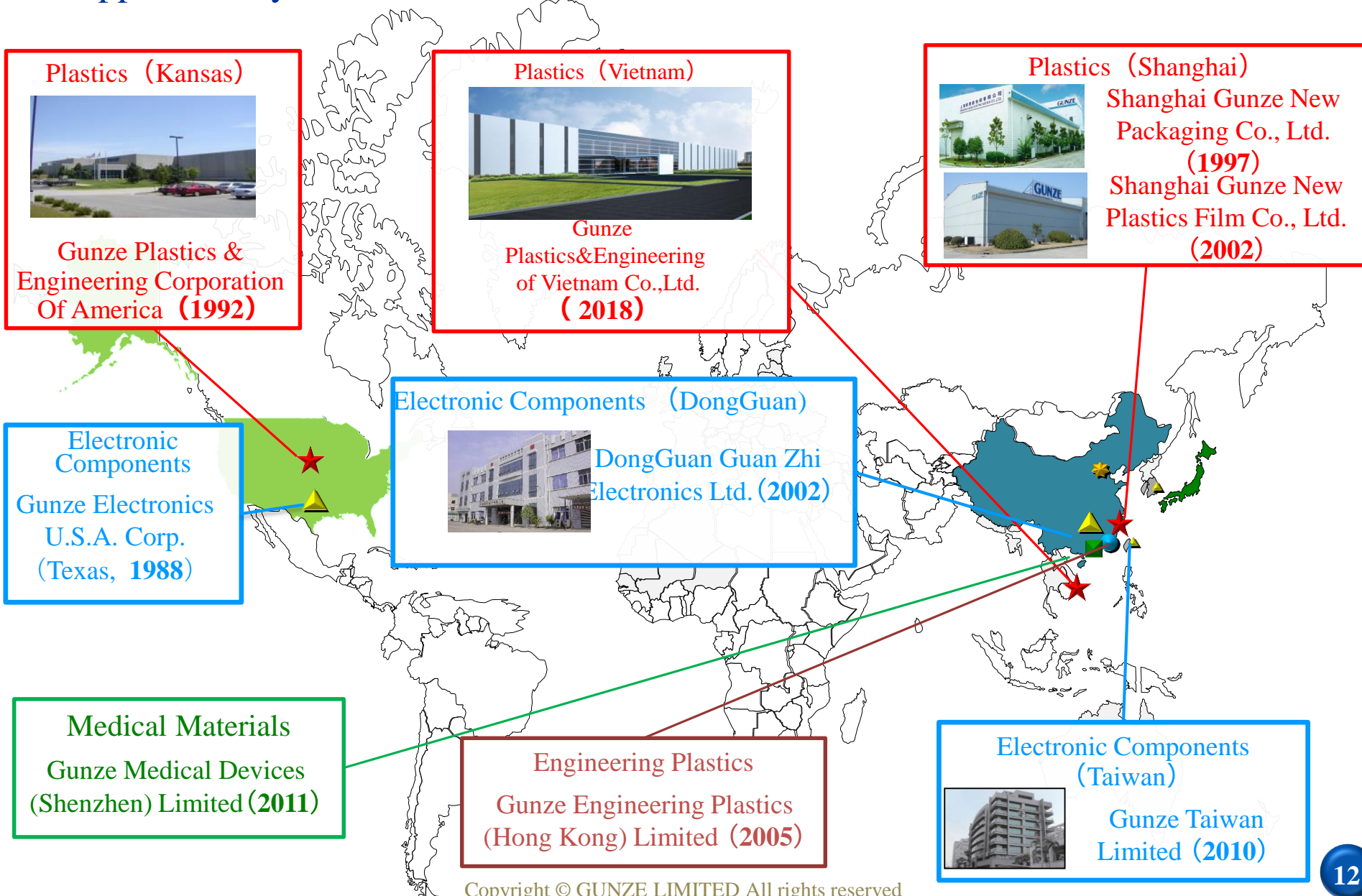


#### ● Resistive Touch Screen

✓ For industrial PCs and FA devices

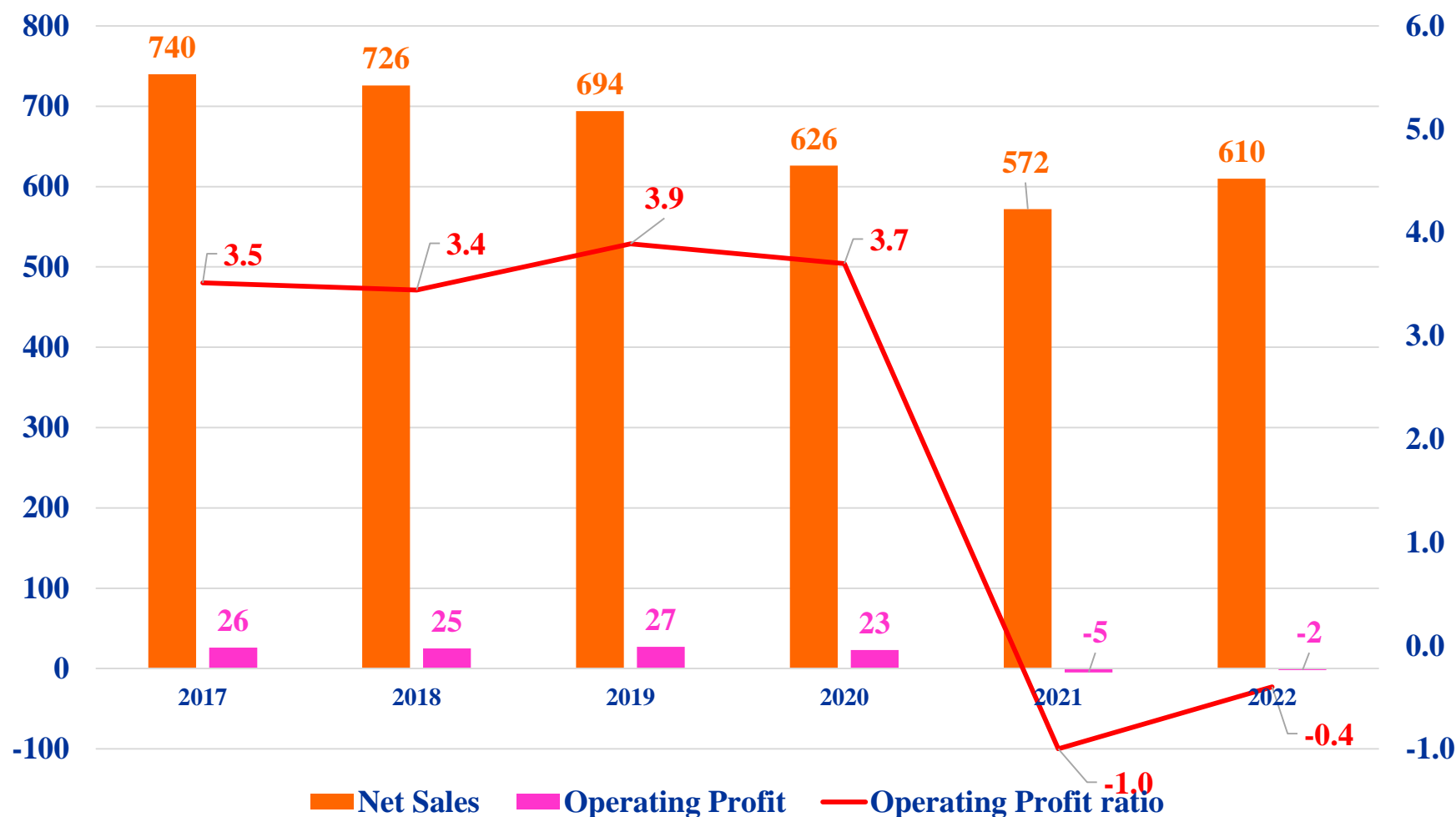


# ◆ Supplementary Information : Global Network (Functional Solutions)



## II-5. Apparel Business Performance

### ■ History of Net Sales and Operating Profit (Unit: Billions of Yen, %)





## II-6. Apparel Products

### Innerwear

**YG**  
Cotton Professional

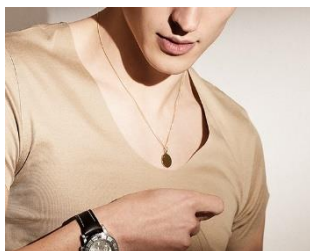


肌がよろこぶスキンウェア  
**KIREILABO\***  
キレイラボ



**BODY WILD**

**SEEK**  
MEN'S UNDERWEAR



**Tuché**

### Nightwear, House casual wear



### Jeans & Casual・Dan



### Legwear



### Threads and Accessories



# ◆ Supplementary Information: Global Network(Apparel)

## Threads and Accessories (Bangladesh)



Gunze United Limited

## Threads and Accessories ( Vietnam )



Gunze Hanoi Co., Ltd.

## Inner Wear (Vietnam)



Gunze (Vietnam) Co., Ltd.

## Innerwear (Thailand)



Thai Gunze Co., Ltd.

## Innerwear (Beijing)



Beijing Aimer Gunze Apparel Ltd.

## Innerwear (Dalian)



Dalian Gunze Fashion Garments Co., Ltd.

## Threads and Accessories ( China )

Changshu Gunze Accessories Co., Ltd.  
Taicang Gunze New Material Co., LTD.

## Innerwear / Stockings (Shandong Province)

Shandong Gunze Apparel Ltd.  
Shandong Gunze Apparel Processing Co., Ltd.  
Jinan Gunze Apparel Co., Ltd.

## Shanghai

## Innerwear / Stockings

Gunze China Ltd.

## Threads and Accessories

Gunze (Shanghai) International Trading Co., Ltd.  
Shanghai Gunze Fiber Co., Ltd.

## Threads and Accessories

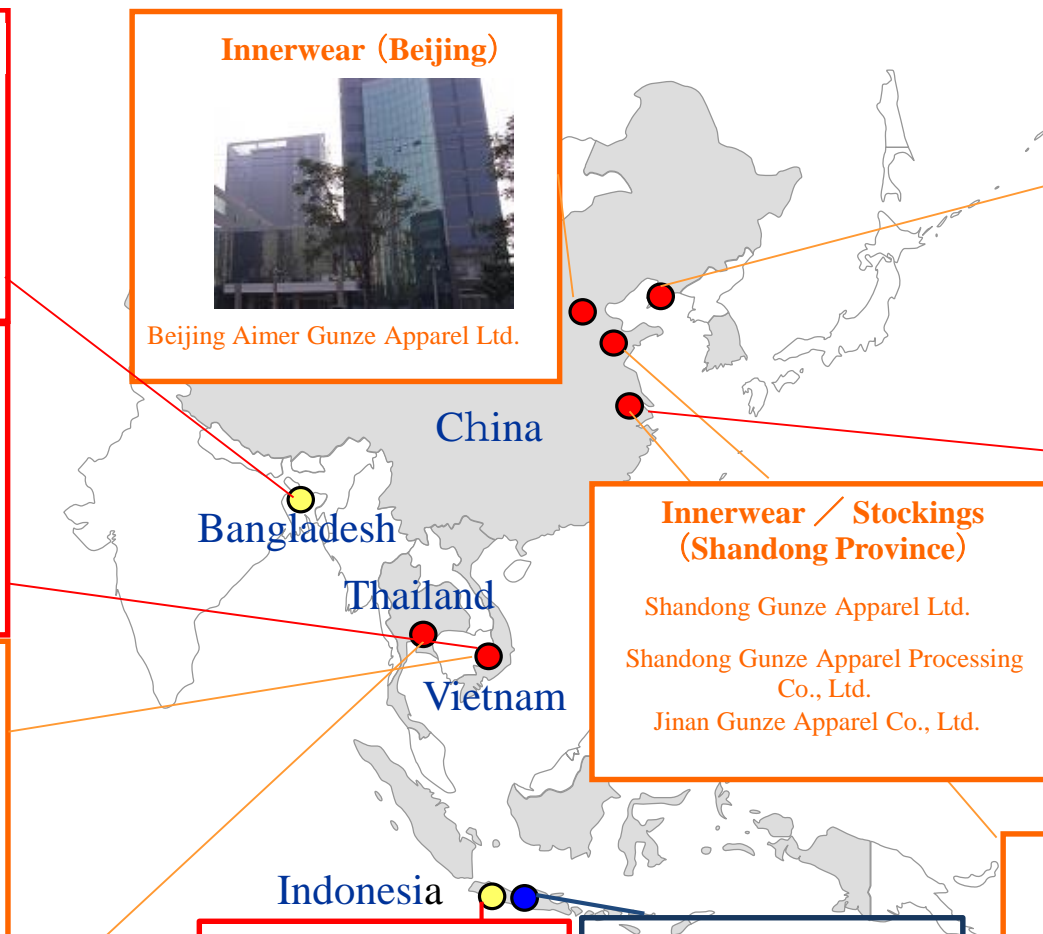


P.T. Gunze Indonesia

## Socks

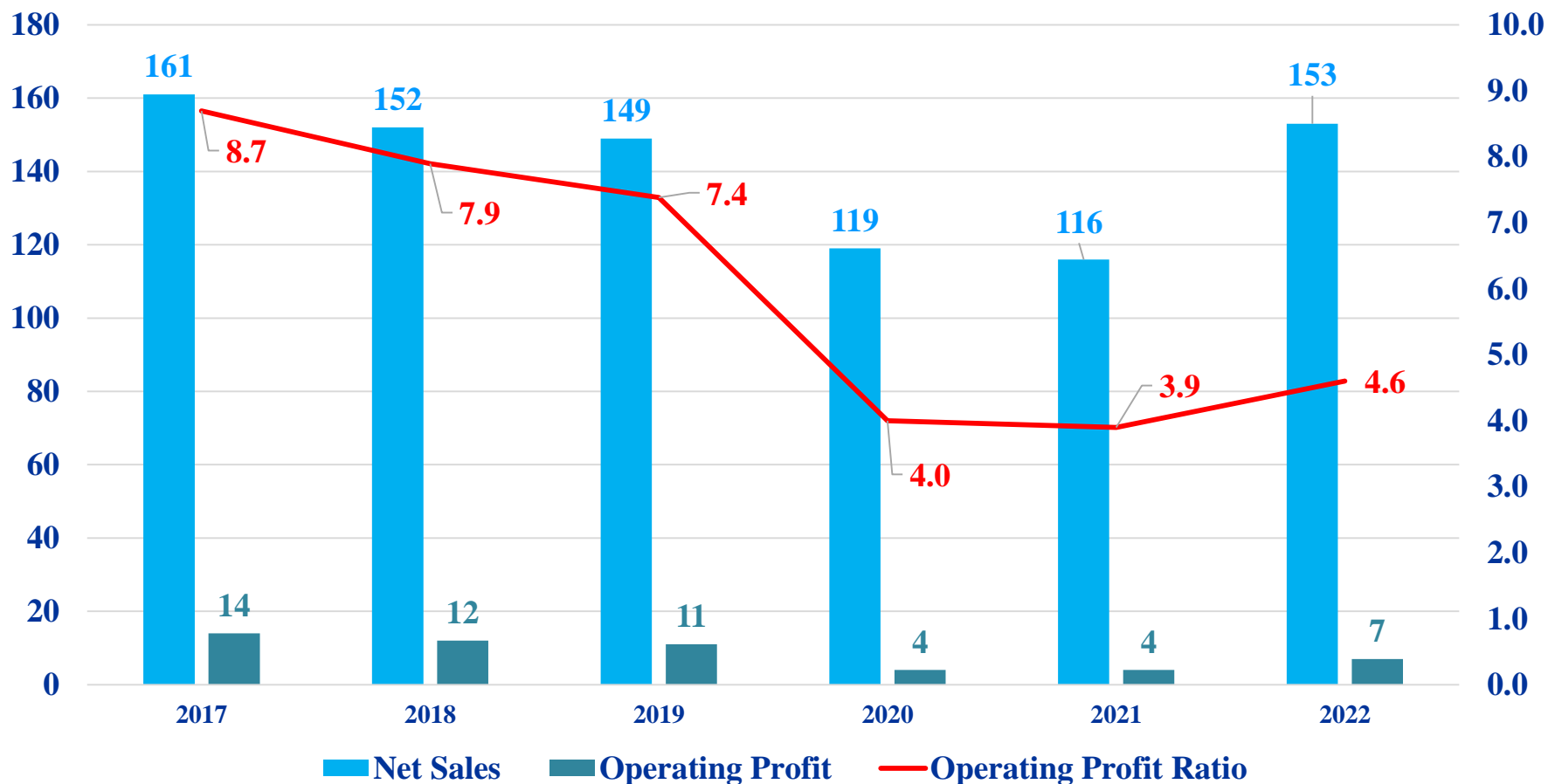


P.T. Gunze Socks Indonesia



## II-7. Lifestyle Creation Performance

### ■ History of Net Sales and Operating Profit (Unit: Billions of Yen, %)





## II-8. Lifestyle Creation Business (1)

### Sports Clubs

- Fitness Gyms, 21 gyms, 40K members

**GUNZE**  
**SPORTS**



Swimming school



GUNZE SPORTS Suita-Kento shop

### Operation of Commercial Facilities

- Commercial Facility Development, Real Estate Business, Spa Business



Shopping complex  
“TSUKASHIN”  
in Amagasaki, Hyogo.



## II-9. Lifestyle Creation Business (2)

### Engineering Business



ESCO business  
Energy-saving for buildings and factories

➤ Energy and resource savings, Performance Management-Diagnostics & Consultant



Solar Power Plant in Motomiya, Fukushima

### Solar Power Business (2013—)

- Domestic facilities at 3 locations

### Landscaping and Greening Business



City greening

➤ Sale of high-quality trees and flowers



Phalaenopsis orchid

Sales for flowers and  
garden products

# **III. Consolidated Financial Statements for FY2022 (Ending March 31, 2023)**

# III-1. Consolidated Financial Statements for FY2022

## Consolidated operating results

(Millions of yen)

|  | FY2022<br>Bottom<br>profit margin | FY2021<br>Bottom<br>profit margin | Y over Y               |               | Forecast | Achievement<br>(%) |
|--|-----------------------------------|-----------------------------------|------------------------|---------------|----------|--------------------|
|  |                                   |                                   | Increase<br>(Decrease) | Change<br>(%) |          |                    |
| Net sales                                  | 136,030                           | 124,314                           | 11,715                 | 9.4           | 136,000  | 100.0              |
| Operating profit                           | 5,812<br>4.3%                     | 4,880<br>3.9%                     | 932                    | 19.1          | 6,000    | 96.9               |
| Ordinary profit                            | 6,021<br>4.4%                     | 5,399<br>4.3%                     | 621                    | 11.5          | 6,000    | 100.4              |
| Profit attributable to<br>owners of parent | 4,501<br>3.3%                     | 2,939<br>2.4%                     | 1,561                  | 53.1          | 3,700    | 121.6              |

## Consolidated financial position

|                          | FY2022   | FY2021   | Increase<br>(Decrease) |
|--------------------------|----------|----------|------------------------|
| Total assets             | 165,927  | 158,216  | 7,710                  |
| Net assets               | 115,757  | 112,903  | 2,854                  |
| Equity ratio             | 69.8%    | 71.4%    | (1.6%)                 |
| Interest-bearing<br>debt | 15,426   | 11,029   | 4,397                  |
| BPS (JPY)                | 6,789.78 | 6,535.42 | 254.36                 |

## III-2. FY2022 Segment Summary (1)

(April 1, 2022 - March 31, 2023)

**In the first year of the "VISION 2030 Stage 1" medium-term management plan, net sales and operating profit increased in all segments. However, the company was affected by external factors such as sharp currency fluctuations and rising raw material and fuel prices, etc.**

**Operating profit fell short of the full-year forecast, but other targets exceeded it.**

### New Initiatives

**Plastic films: Resource Recycling Project**

**Engineering plastics: Development of new applications**

**Medical: Expansion of medical business**

### Business Restructuring

**Electronic components: Transferd of the film division**

**Legwear: End of production at China plant**



## III-3. FY2022 Segment Summary (2)

| Highlights of segment performance |   |
|-----------------------------------|---|
| Functional Solutions              | <p>Despite the impact of higher raw material and fuel prices, overall sales and earnings increased steadily.</p> <p><b>Plastic Films:</b> Strong sales of packaging films, but affected by rising raw material prices.</p> <p><b>Engineering plastics:</b> Products for the semiconductor market remained strong.</p> <p><b>Electronic Components:</b> Touch panel business affected by deteriorating market conditions.</p> <p><b>Medical:</b> Sales remained strong with new product launches.</p>  |
| Apparel                           | <p>Despite the sales recovery, the loss was due to the impact of foreign exchange fluctuations and surging raw material and fuel prices, but sales increased.</p> <p>Apparel business sales expanded due to market recovery accompanying the normalization of socioeconomic activities and steady growth in EC and SPA channels, but profits were squeezed by soaring raw material and fuel prices and exchange rate fluctuations, and the company is proceeding with price revisions.</p> <ul style="list-style-type: none"> <li>◆ <b>Innerwear:</b> Molded boxer shorts and differentiated foundation group performed well.</li> <li>◆ <b>Legwear:</b> Sales increased due to market recovery, but the production structure will be reviewed to improve profitability.</li> </ul> |
| Lifestyle Creations               | <p>Steady growth through redevelopment of underutilized land, resulting in increased sales and profit.</p> <p>Shopping center business and sports clubs are both recovering due to the lifting of restrictions on activities.</p>   |

## III-4. FY2022 Performance by Segment

### Consolidated Results

(Millions of yen)

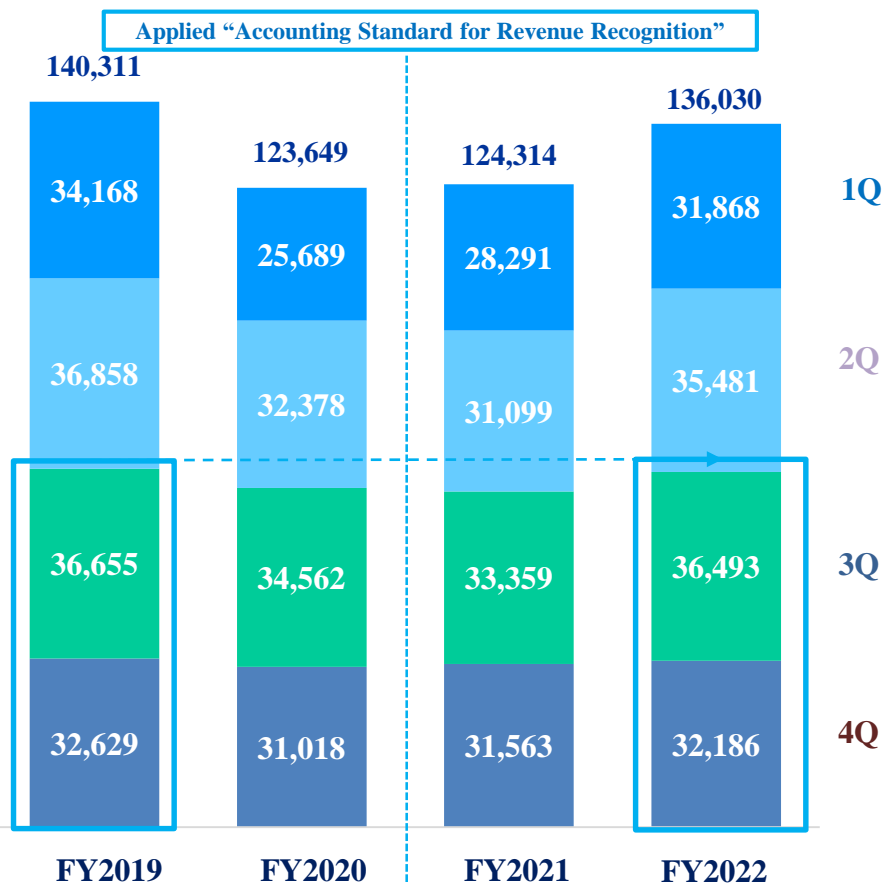
|                      | Net sales |     |         |     |                | Operating profit<br>Bottom: profit margin |     |                |     |              |
|----------------------|-----------|-----|---------|-----|----------------|---|-----|----------------|-----|--------------|
|                      | FY2022    |     | FY2021  |     | YoY            | FY2022                                    |     | FY2021         |     | YoY          |
|                      |           | %   |         | %   |                |   | %   |                | %   |              |
| Functional Solutions | 60,340    | 44  | 56,138  | 45  | 7.5<br>4,202   | 8,918<br>14.8%                            | 95  | 8,032<br>14.3% | 101 | 11.0%<br>885 |
| Apparel              | 60,986    | 45  | 57,197  | 46  | 6.6%<br>3,788  | (222)<br>(0.4%)                           | -   | (557)<br>(1.0) | -   | -<br>334     |
| Lifestyle Creations  | 15,327    | 11  | 11,576  | 9   | 32.4%<br>3,751 | 705<br>4.6%                               | 8   | 453<br>3.9%    | 6   | 55.5%<br>251 |
| Total                | 136,030   | 100 | 124,314 | 100 | 9.4%<br>11,715 | 5,812<br>4.3%                             | 100 | 4,880<br>3.9%  | 100 | 19.1%<br>932 |

## III-5. Net sales for FY2022

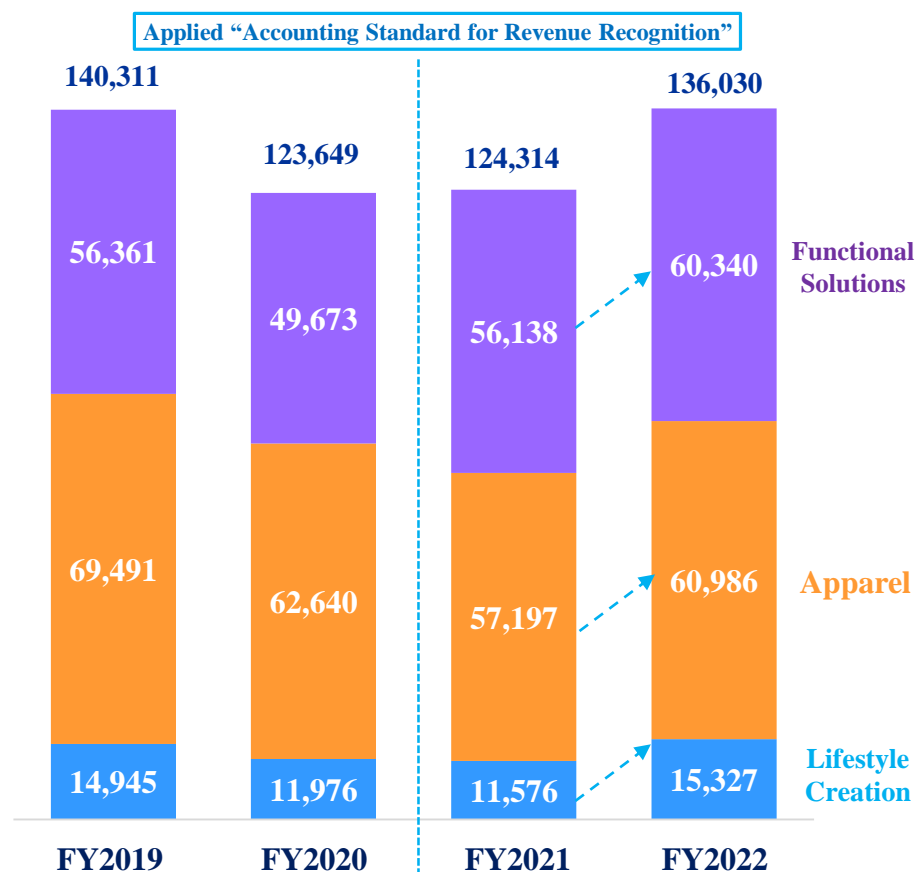
Net sales **¥136,030M** YoY +9.4%

(Millions of yen)

### <By quarter>



### <By Segment>



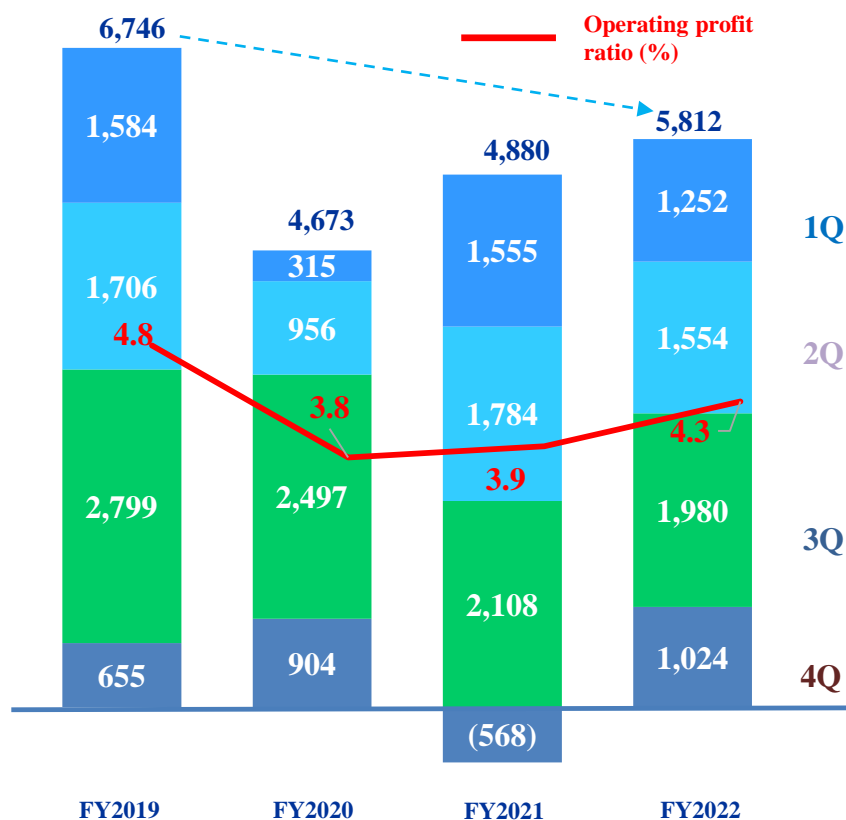


## III-6. Operating profit for FY2022

Operating profit ¥5,812M YoY +19.1%

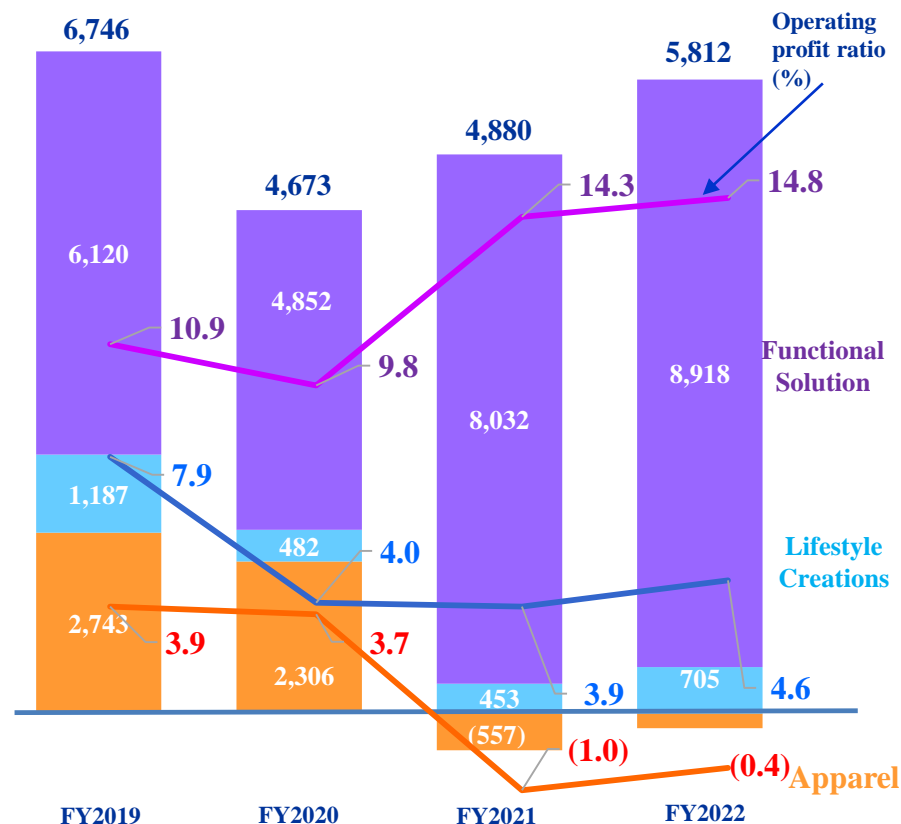
(Millions of yen)

### <By quarter>



Affected by external factors such as exchange rate fluctuations, soaring raw material and fuel prices, etc. Profit increased, but did not return to pre Covid-19 levels.

### <By segment>



Functional solutions business accounts for the majority of profits. 8,918 million yen is the highest profit in history.

Total includes corporate expenses not included in segment income

## III-7. Extraordinary income/losses for FY2022

(Millions of yen)

|   | <b>FY2022</b> | <b>FY2021</b>  | <b>Increase<br/>(Decrease)</b> |
|---|---------------|----------------|--------------------------------|
| <b>Gain on sales of fixed assets</b>                | <b>1,013</b>  | <b>5,447</b>   | <b>(4,433)</b>                 |
| <b>Gain on sales of securities</b>                  | <b>591</b>    | <b>727</b>     | <b>(136)</b>                   |
| <b>Impairment loss</b>                              | <b>0</b>      | <b>(3,513)</b> | <b>3,513</b>                   |
| <b>Loss on sales and retirement of fixed assets</b> | <b>(746)</b>  | <b>(805)</b>   | <b>58</b>                      |
| <b>Business restructuring expenses</b>              | <b>(325)</b>  | <b>(563)</b>   | <b>238</b>                     |
| <b>Loss on COVID-19</b>                             | <b>(116)</b>  | <b>(410)</b>   | <b>294</b>                     |
| <b>Others</b>                                       | <b>(50)</b>   | <b>(716)</b>   | <b>666</b>                     |
| <b>Total</b>  | <b>368</b>    | <b>167</b>     | <b>201</b>                     |

## III-8. Cash Flows

(Millions of yen)

|                           | FY 2022 | FY 2021  | Change   |
|---------------------------|---------|----------|----------|
| Operating activities      | 1,794   | 9,155    | (7,360)  |
| Investing activities      | (5,920) | 6,806    | (12,726) |
| FCF                       | (4,196) | 15,961   | (20,086) |
| Financing activities      | 1,007   | (12,358) | 13,365   |
| Cash and cash equivalents | 11,547  | 14,469   | (2,922)  |

### ■ Breakdown of Operating CF

|                                  |         |
|----------------------------------|---------|
| Profit before income taxes       | 6,389   |
| Depreciation and amortization    | 5,760   |
| Increase in inventories          | (4,228) |
| Income taxes paid                | (2,877) |
| Increase in other current assets | (1,779) |

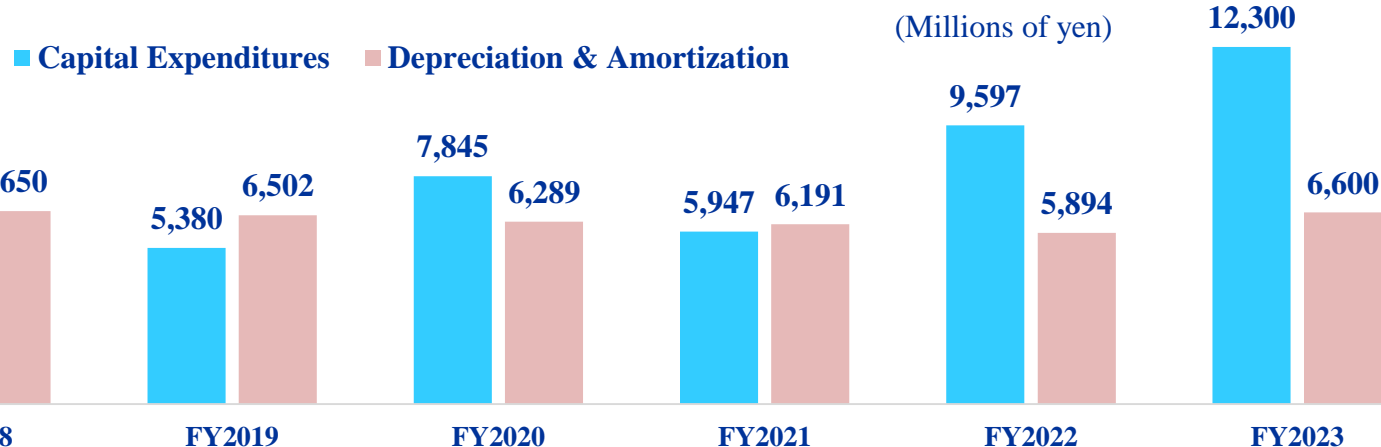
### ■ Breakdown of Investing CF

|                                   |          |
|-----------------------------------|----------|
| Sale of investment securities     | 4,422    |
| Sale of fixed assets              | 1,370    |
| Purchase of fixed assets          | (10,226) |
| Purchase of investment securities | (2,060)  |

### ■ Breakdown of Financing CF

|                                   |         |
|-----------------------------------|---------|
| Long-term borrowings              | 6,600   |
| Repayment of long-term borrowings | (2,455) |
| Dividends paid                    | (2,409) |
| Purchase of treasury shares       | (1,004) |

## III-9. Capital Expenditures and Depreciation & Amortization



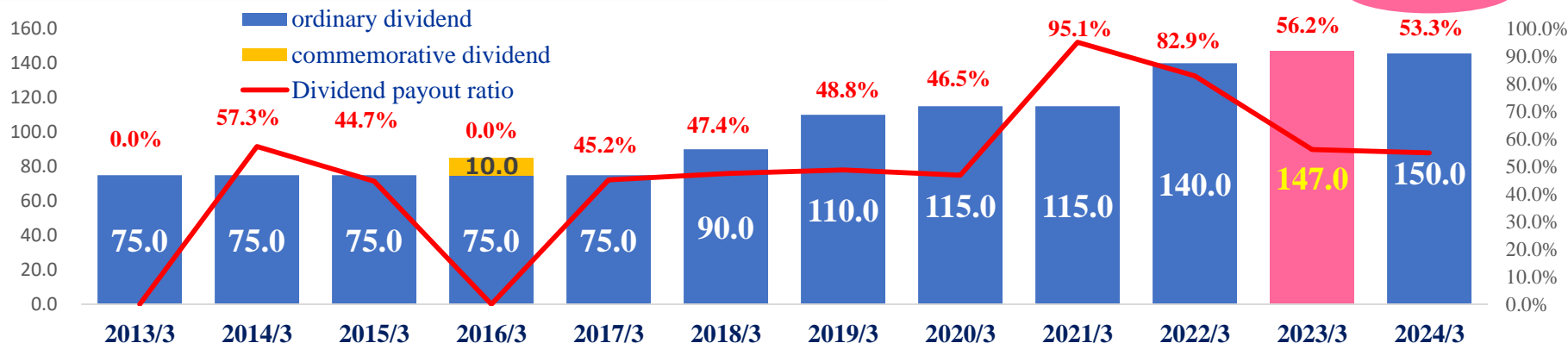
Forecast

|                      | Capital expenditures |        |                             |        |                                     | Depreciation & amortization |                    |                             |                         |                                     |
|----------------------|----------------------|--------|-----------------------------|--------|-------------------------------------|-----------------------------|--------------------|-----------------------------|-------------------------|-------------------------------------|
|                      | FY2021               | FY2022 | Change from previous period | FY2023 | Increase/decrease during the period | Year 2022 March 31          | Year 2023 March 31 | Change from previous period | Year 2024 March 31 plan | Increase/decrease during the period |
| Functional Solutions | 1,330                | 4,816  | 3,486                       | 5,500  | 684                                 | 2,341                       | 2,423              | 82                          | 2,700                   | 277                                 |
| Medical (New)        | 391                  | 553    | 162                         | 800    | 247                                 | 312                         | 371                | 59                          | 500                     | 129                                 |
| Apparel              | 2,244                | 1,493  | (751)                       | 2,800  | 1,307                               | 1,367                       | 1,250              | (117)                       | 1,400                   | 150                                 |
| Lifestyle Creations  | 867                  | 2,053  | 1,186                       | 2,400  | 347                                 | 1,698                       | 1,370              | (328)                       | 1,500                   | 130                                 |
| Others               | 1,114                | 680    | (434)                       | 800    | 120                                 | 472                         | 478                | 6                           | 500                     | 22                                  |
| Total                | 5,947                | 9,597  | 3,650                       | 12,300 | 2,703                               | 6,191                       | 5,894              | (297)                       | 6,600                   | 706                                 |

# III-10. Distribution of Earnings to Shareholders

## Dividend per share and dividend payout ratio

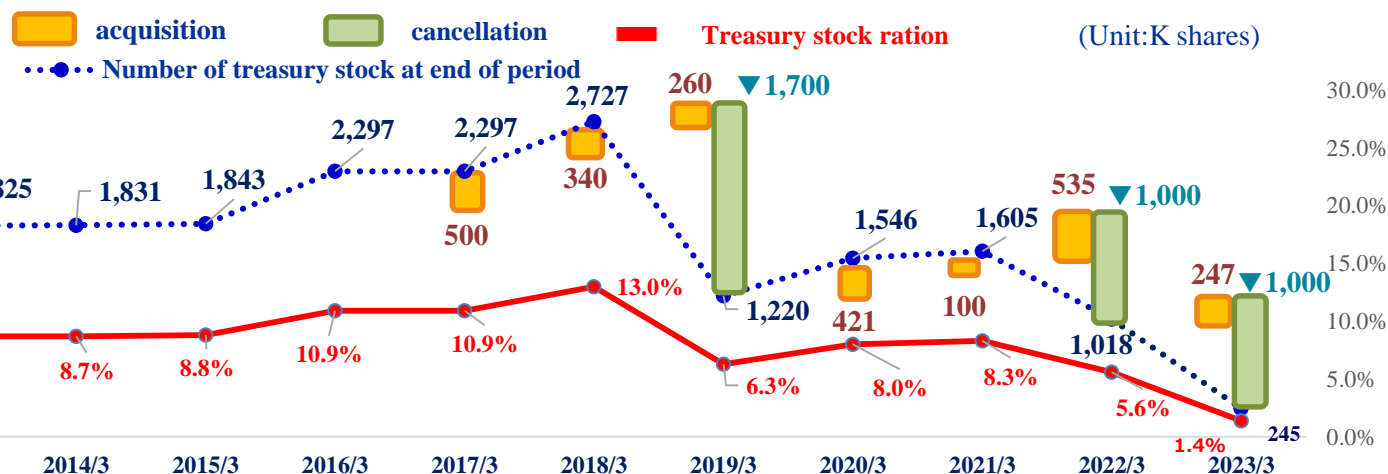
(Unit: Yen)



## Treasury Stock

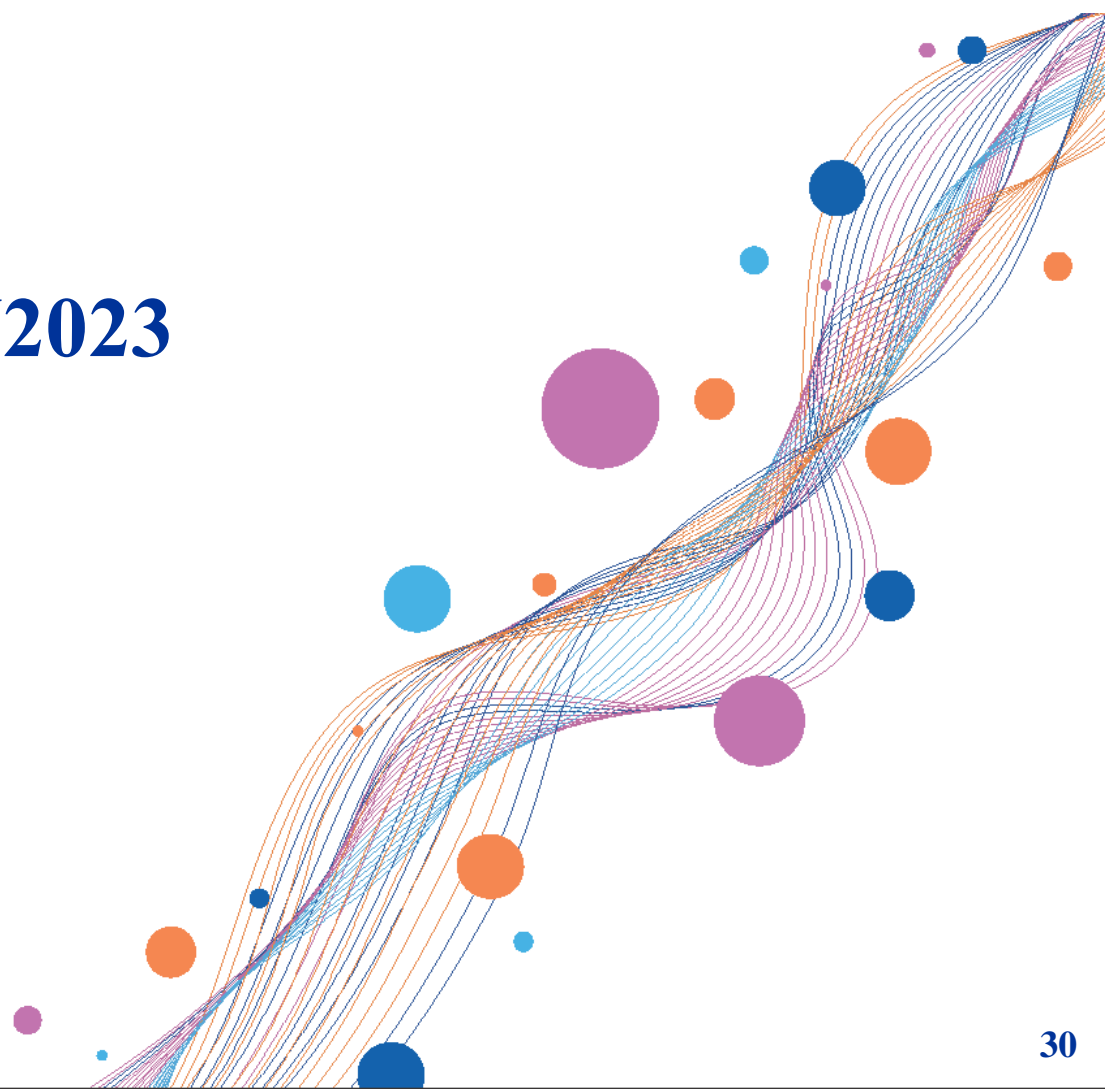
※GUNZE carried out consolidation of its shares in which every ten shares of the Company's common stock would be consolidated into one share effective October 1, 2017. Accordingly, dividends before the end of March 2017 are converted by reflecting this share consolidation.

Exceeded forecast by ¥145



Under the new medium-term management plan “VISION 2030 Stage 1”, the company will 100% total return ratio (until ROE exceeds cost of shareholders' equity). Dividend on Equity Ratio (DOE): Policy of returning profits to shareholders with a target of 2.2% or more.

## IV. Outlook for FY2023



## IV-1. Changes in the Categories of Reportable Segment

**Gunze medical business division, in conjunction with the organizational restructuring of the Medical Division, Gunze Medical Limited, and other companies, effective April 1, 2023, will provide innovative medical devices, namely bioabsorbable medical materials, under an organizational structure dedicated to the medical field, and will aim to further enhance the QOL of patients.**

**In consideration of this organizational restructuring and to clarify its position as a growth driver in the ongoing medium-term management plan, “VISION 2030 stage 1,” the medical business, which was included in the “Functional solutions” segment in the fiscal year under review, will become a separate “Medical” segment starting from FY2023.**

## IV-2. Outlook for FY2023 (1)

### ◆ Strategic Issues for FY2023

#### Functional Solutions

In the plastic film business, the company is actively introducing new environmentally friendly products and promoting resources recycling project and establish a recycling center as a foundation for transforming into a circular manufacturer.

In addition, while promoting production innovation through horizontal deployment of digital technology, the company will strengthen overseas sales expansion in the U.S., China, ASEAN countries, etc.

In addition to expanding its share of products for the mainstay office automation market, Engineering-Plastics will continue to invest in health related businesses, including capital expenditures, to expand its market share.

Expand sales of products for medical and industrial equipment.

#### Medical

Through organizational restructuring aimed at strengthening the business foundation, the company will establish a system to increase production of absorbable reinforcement felt and artificial dermis, etc.,

Accelerate business expansion by strengthening sales and continuously developing new products in the U.S. and China.



## IV-3. Outlook for FY2023 (2)

### ◆ Strategic Issues for FY2023

#### Apparel

Through organizational restructuring aimed at improving competitiveness based on integrated corporate strength, the company will continue to develop and expand the e-commerce channel, which is growing in line with changes in consumer behavior, and the e-commerce business, which is becoming more competitive.

Continue to expand sales of directly operated stores through the D-to-C route and actively promote cooperation with other companies and management.

Expand the lifestyle business by concentrating resources and attracting new customers, and the women's intimate apparel business by expanding sales through differentiated new products.

In terms of production, the company will strengthen our cost competitiveness through automation and the establishment of a globally optimized production system.

Virtually zero CO2 emissions through the use of renewable energy and unmanned lines at major domestic plants will promote the Net Zero Factory Plan in stages.

#### Lifestyle Creations

Strengthen property-by-property management with a focus on promoting profitability improvement of retail facilities and investment efficiency.

In the sports club business, the company will expand the school business, provide distinctive services tailored to the characteristics of each region and market, and develop new business models.

## IV-4. FY2023 Forecast

(Millions of yen)

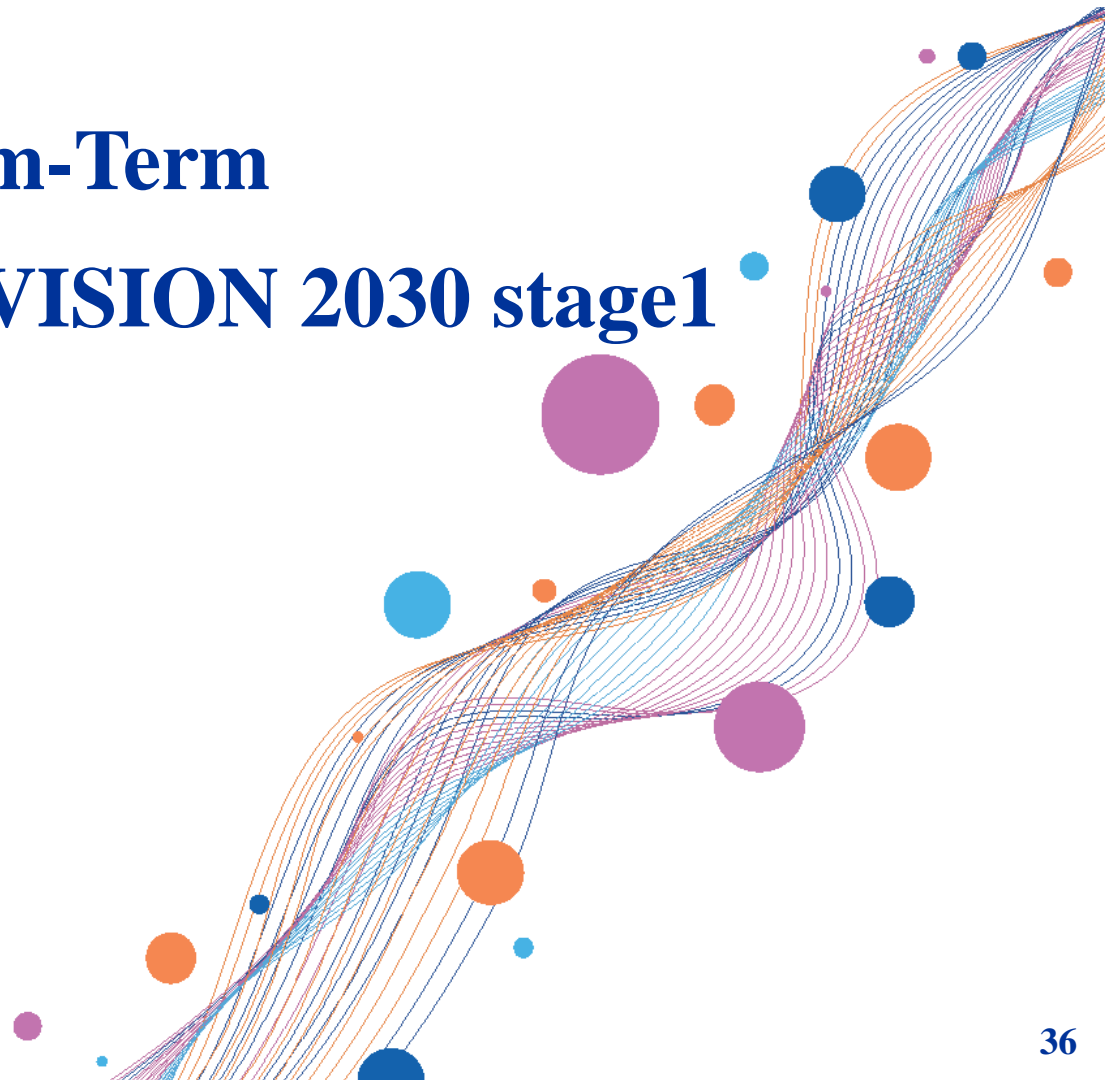
| Item                                    | FY2023   |              | FY2022  |              | Change |       |
|---|----------|--------------|---------|--------------|--------|-------|
|   | Forecast | Profit ratio | Results | Profit ratio | Amount | %     |
| Net sales                               | 140,000  |              | 136,030 |              | 3,970  | 2.9%  |
| Operating profit                        | 7,500    | 5.4%         | 5,812   | 4.3%         | 1,688  | 29.0% |
| Ordinary profit                         | 7,500    | 5.4%         | 6,021   | 4.4%         | 1,479  | 24.6% |
| Profit attributable to owners of parent | 4,800    | 3.4%         | 4,501   | 3.3%         | 299    | 6.6%  |

# IV-5. FY2023 Forecast by Segment

(Millions of yen)

|                      | Net sales |         |                    | Operating Profit<br>Bottom: Profit margin |                 |                |
|----------------------|-----------|---------|--------------------|---|-----------------|----------------|
|                      | FY2023    | FY2022  | Change             | FY2023                                    | FY2022          | Change         |
| Functional Solutions | 51,800    | 49,555  | 2,245<br>4.5%      | 7,100<br>13.7%                            | 6,835<br>13.8%  | 265<br>3.9%    |
| Medical (New)        | 12,000    | 10,957  | 1,043<br>9.5%      | 2,300<br>19.2%                            | 2,082<br>19.0%  | 218<br>10.5%   |
| Apparel              | 63,300    | 60,986  | 2,314<br>3.8%      | 1,400<br>2.2%                             | (222)<br>(0.4%) | 1,622<br>-     |
| Lifestyle Creations  | 13,800    | 15,327  | (1,527)<br>(10.0%) | 800<br>5.8%                               | 705<br>4.6%     | 95<br>13.5%    |
| Total                | 140,000   | 136,030 | 3,970<br>2.9%      | 7,500<br>5.4%                             | 5,812<br>4.3%   | 1,688<br>29.0% |

# **V. Progress of Medium-Term Management Plan VISION 2030 stage1**



# V-1. Medium-Term Management Plan VISION 2030 stage1

(Announced May 13,2022)

**Period:** FY2022 to FY2024 (3-year plan)

**Vision:** Create new value and deliver a “feeling of comfortable” to customers, contributing to a sustainable society.

**Through sustainable management that balances economic value and social value contribute to society and achieve sustainable growth for the Group.**

|   |   |   |
|---|---|---|
| <b>Pivotal strategy<br/>(Materiality)</b> | <b>Creation of new value</b>                  | <ul style="list-style-type: none"> <li>• Creation of new businesses and growing existing businesses (including M&amp;As).</li> <li>• Offering new products/services designed with enhanced sustainability in mind.</li> </ul>   |
|   | <b>Evolution of corporate constitution</b>    | <ul style="list-style-type: none"> <li>• Establishing a corporate culture that empowers diverse talent.</li> <li>• Promoting employee mindset/duties transformations through work style reforms.</li> <li>• Transforming business processes through the proactive use of digital technology.</li> </ul> |
|   | <b>Environmentally responsible management</b> | <ul style="list-style-type: none"> <li>• Reducing negative environmental impact from business activities.</li> </ul>  |
|   | <b>Capital cost-focused management</b>        | <ul style="list-style-type: none"> <li>• Strategic allocation of management resources.</li> <li>• Achieving a positive GVA value by improving capital efficiency.</li> </ul>  |

## V-2. Medium-Term Management Plan VISION 2030 stage1

### Management Goals (Non-financial Goals)

| Category                                | Target indicators   |   | 2024 targets      | 2030 targets      |
|---|---|---|-------------------|-------------------|
| <b>Environmental responsiveness</b>     | CO <sub>2</sub> emissions reduction rate (vs. FY2013, Scope 1 + 2)                                  |   | 28% or higher     | 35% or higher     |
|   | Per-unit energy consumption reduction rate (vs. previous year)                                      |   | 1%/year or higher |                   |
| <b>Corporate constitution evolution</b> | Promotion of women's empowerment  | Ratio of women in managerial roles        | 6% or higher      | 20% or higher     |
|   |   | Ratio of female employees in workforce    | 35%               | 41%               |
|   |   | Ratio of women hired in main career track | 50%               | 50%               |
|   | Parenting support   | Men's paternity leave utilization rate    | 50%               | 70%               |
|   | Corporate culture creation  | Engagement score                          | 70 pt. (estimate) | 80 pt. (estimate) |
|   | Work style reform   | Annual paid leave utilization rate        | 75%               | 100%              |
| <b>Others</b>                           | Productivity improvement rate (P value*)<br>*GUNZE's own productivity metric over the previous year |   | 103%              | 103%              |

## V-3. Progress of Medium-Term Management Plan

### <Financial targets>

(Millions of yen)

|                        | FY2021  | FY2022  | FY2023   | FY2024  |
|------------------------|---------|---------|----------|---------|
|                        | Results | Results | Forecast | Targets |
| Net sales              | 124,314 | 136,030 | 140,000  | 140,000 |
| Operating profit       | 4,880   | 5,812   | 7,500    | 10,000  |
| Operating profit ratio | 3.9%    | 4.3%    | 5.4%     | 7.1%    |

### <Management targets>

|   |   |                             |                             |   |                                    |
|---|---|-----------------------------|-----------------------------|---|------------------------------------|
| <b>ROE 6.3% or higher</b><br><b>Ratio of net income to shareholders' equity</b><br><b>&lt;Return on equity&gt;</b>                                    | FY2020<br>result<br>1.9%  | FY2021<br>result<br>2.6%    | FY2022<br>result<br>3.9%    | FY2023<br>forecast<br>4.2%  | FY2024<br>target<br>6.3% or higher |
| <b>GVA Total company-wide profitable</b><br>(After-tax operating income + dividends) - Invested capital x WACC  | FY2020<br>result<br>(¥3.1B)   | FY2021<br>result<br>(¥2.6B) | FY2022<br>result<br>(¥2.3B) | FY2023<br>forecast<br>(¥11B)  | FY2024<br>target positive          |
| <b>Distribution of earnings to shareholders</b><br>Maintain 100% total return ratio until ROE exceeds shareholders' equity cost<br>DOE 2.2% or higher | FY2022<br>Dividend per share ¥147<br>Repurchase of treasury stock ¥1,004M<br>Dividend payout ratio 56.2%, DOE 2.2%<br>Total return ratio 100% |                             |                             | FY2023(forecast)<br>Dividend per share ¥150<br>Dividend payout ratio 53.3%<br>DOE 2.2% or higher<br>Total return ratio 100% |                                    |

# GUNZE

The information contained in this document, including earnings forecasts, is based on judgments made in accordance with information currently available, and does not guarantee any future planned figures or measures.