

May 14, 2020

Consolidated Financial Statements – Summary **(Year ended March 31, 2020)**

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
Company Code:	3002
Corporate Website URL:	https://www.gunze.co.jp
Stock Market Listing:	Tokyo
Representative Director:	Atsushi Hirochi, President and Representative Director
Contact:	Makoto Ogura, General Manager, Corporate Communications
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Ordinary General Meeting of Shareholders (Scheduled):	June 25, 2020
Start of Distribution of Dividends (Scheduled):	June 26, 2020
Filing of Securities Report (<i>Yuka shoken hokokusho</i>) (Scheduled):	June 26, 2020
Preparation of Supplementary Materials for the Financial Results:	Yes
Holding of Presentation of Financial Results:	No

1. Consolidated Operating Results for FY2019 (Apr. 1, 2019 to Mar. 31, 2020)

(1) Consolidated Operating Results

(Amounts less than one million yen are omitted)

(Percentages represent year-over-year changes.)

	Net sales (¥ million)	Change (%)	Operating income (¥ million)	Change (%)	Ordinary income (¥ million)	Change (%)	Net income attributable to owners of the parent (¥ million)	Change (%)
FY2019	140,311	(0.3)	6,746	0.8	6,868	(4.0)	4,387	7.3
FY2018	140,706	0.1	6,690	7.2	7,152	11.0	4,087	17.2

Note: Comprehensive income

FY2019: ¥1,741 million [11.2%]

FY2018: ¥1,566 million [(76.4%)]

	E.P.S. (¥)	Diluted E.P.S. (¥)	Return on equity (%)	Ordinary income to total assets (%)	Operating income to net sales (%)
FY2019	245.00	243.88	4.0	4.1	4.8
FY2018	225.60	224.26	3.7	4.2	4.8

Reference: Equity in income of affiliated companies

FY2019: -

FY2018: -

(2) Consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
FY2019	166,633	109,139	64.6	6,061.10
FY2018	169,632	111,068	64.6	6,059.06

Reference: Total equity FY2019: ¥107,566 million FY2018: ¥109,506 million

(3) Consolidated Cash Flows

	From operating activities (¥ million)	From investing activities (¥ million)	From financing activities (¥ million)	Cash and cash equivalents at end of period (¥ million)
FY2019	13,688	(8,262)	(4,886)	9,267
FY2018	11,491	(7,373)	(5,483)	8,102

2. Dividends

	Dividends per share				
	1st quarter (¥)	2nd quarter (¥)	3rd quarter (¥)	Year-end (¥)	Full-year (¥)
FY2018	—	—	—	110.00	110.00
FY2019	—	—	—	115.00	115.00
FY2020 (projected)	—	—	—	—	—

	Total cash dividends paid (¥ million)	Payout ratio (consolidated) (%)	Dividends to net assets (consolidated) (%)
FY2018	1,995	48.8	1.8
FY2019	2,042	46.9	1.9
FY2020 (projected)		—	

Note: The scheduled dividend payment for fiscal 2020 has not been decided yet.

3. Projected FY2020 Consolidated Operating Results (Apr. 1, 2020 to Mar. 31, 2021)

The spread of COVID-19 has become a factor that will impact the GUNZE Group's business performance in the future, and it's still unknown when the pandemic will end. This makes it difficult to make a rational forecast of the Group's consolidated results, so the forecast for fiscal 2020 has not been decided yet. As soon as it becomes possible to calculate the forecast, we will immediately release it.

Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries during the period accompanied by changes in 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 due to other reasons: 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 the period (including treasury stock):
 FY2019: 19,293,516 shares
 FY2018: 19,293,516 shares
 - (b) Treasury stock at the end of the period:
 FY2019: 1,546,409 shares
 FY2018: 1,220,318 shares
 - (c) Average number of shares outstanding during the period:
 FY2019: 17,908,791 shares
 FY2018: 18,117,565 shares

Note: The number of shares of treasury stock includes those held by the GUNZE Group Employee Shareholding Association Exclusive Trust.

(Reference) Summary of Non-consolidated Results

1. Non-consolidated Operating Results for FY2019 (Apr. 1, 2019 to Mar. 31, 2020)

(1) Non-consolidated Operating Results

(Percentages represent year-over-year changes.)

	Net sales (¥ million)	Change (%)	Operating income (¥ million)	Change (%)	Ordinary income (¥ million)	Change (%)	Net income (¥ million)	Change (%)
FY2019	107,741	(1.8)	2,086	(11.4)	4,510	(6.8)	4,427	17.0
FY2018	109,749	1.9	2,355	(9.1)	4,841	(0.3)	3,783	13.1

	E.P.S. (¥)	Diluted E.P.S. (¥)
FY2019	247.21	246.07
FY2018	208.86	207.62

(2) Non-consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
FY2019	143,181	105,700	73.7	5,945.37
FY2018	145,872	107,622	73.6	5,940.41

Reference: Total equity

FY2019: ¥105,513 million FY2018: ¥107,362 million

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

Notes Regarding the Use of Projections of 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 projections of results, it is difficult to make a rational calculation at this point in time. As such, the forecast for fiscal 2020 has not been decided yet. For details, see “(4) Outlook for FY2020” in “1. Results of Operations” on pages 6-8 of attached materials.

(Attachment)

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1. Results of Operations

(1) Analysis of Full-Year Results

Overview of FY2019

In the fiscal year that ended March 31, 2020, Japan faced a major turning point in its history, with the change from the “Heisei” era to the “Reiwa” era. In the midst of this major transition, the Japanese economy showed signs of mild recovery during the first half, with improvements in corporate performance and employment. However, the GUNZE Group’s management environment underwent radical changes caused by such negative factors as the consumption tax hike that took place in October and the prolonged US-China trade war. Other negative factors included large-scale natural disasters including the No. 19 typhoon that hit Eastern Japan in 2019 and an unusually warm winter, along with the adverse effects of the novel coronavirus (COVID-19) outbreak, which began early in the start of the new year.

Faced with this situation, the GUNZE Group’s medium-term management plan, called “CAN 20,” has entered the third year of its second phase. With the key concept of “Focus and Concentration,” the GUNZE Group promoted three pivotal strategies: implementation of segment-specific business strategies, creation of new businesses, and reinforcement of the management foundation.

The GUNZE Group’s functional solutions business was adversely affected by the slowdown in the semiconductor market. However, sales grew, partly due to the positive contribution of M&A. The apparel business was negatively impacted by a downturn in consumer confidence after the consumption tax hike, natural disasters including large typhoons, a particularly warm winter, and the spread of COVID-19. Even so, efforts geared toward improving its business structure allowed this segment to post an increase in operating income.

Consequently, the GUNZE Group’s consolidated net sales for the fiscal year under review amounted to ¥140,311 million (a year-over-year decrease of 0.3%). Consolidated operating income amounted to ¥6,746 million (a year-over-year increase of 0.8%). Consolidated ordinary income was ¥6,868 million (a year-over-year decrease of 4.0%). Consolidated net income attributable to owners of the parent amounted to ¥4,387 million (a year-over-year increase of 7.3%).

Results by Business Segment

[Functional Solutions]

In plastic film, nylon film sales remained firm, but sales of OPP films and multilayer films were adversely impacted by the market downturn. In engineering plastics, although sales were sluggish for semiconductor and industrial equipment applications, products for office equipment continued to perform stably. In electronic components, sales in China remained steady, but film sales decreased. In medical materials, GUNZE turned Medical U&A, Inc. into its subsidiary, which helped boost this category's sales revenue. However, medical materials business was adversely affected by the decline in sales of bioabsorbable reinforcement felt in the U.S. market and the increase in clinical trial costs.

Consequently, the functional solutions business posted net sales of ¥56,361 million (a year-over-year increase of 5.9%), while operating income was ¥6,120 million (a year-over-year decrease of 0.6%).

[Apparel]

The overall apparel business was sluggish due to a decline in consumer sentiment after the consumption tax hike, natural disasters such as large typhoons, and an unusually warm winter, as well as the spread of COVID-19. Innerwear continued to perform well, mainly for *BODYWILD AIRZ* and *YG CUTOFF* (men's innerwear) and *KIREILABO* (women's innerwear). The reinforcement of product development capabilities, including legwear, helped enhance profitability.

Consequently, the apparel business posted net sales of ¥69,491 million (a year-over-year decrease of 4.3%), while operating income was ¥2,743 million (a year-over-year increase of 9.4%).

[Lifestyle Creations]

In the real estate category, the shopping center business suffered a negative impact from the consumption tax hike and the COVID-19 pandemic. However, its promotion of local community-based operations and revenues from new properties in the rental property business contributed positively to the performance of the real estate category. The sports club business was heavily impacted by the spread of COVID-19, although the decrease in membership has finally come to an end.

Consequently, the lifestyle creation business recorded net sales of ¥14,945 million (a year-over-year decrease of 2.2%) and operating income of ¥1,187 million (a year-over-year decrease of 4.4%).

(2) Analysis of Financial Position

Assets, Liabilities and Net Assets (FY2019 Overview)

As of March 31, 2020, total assets were ¥166,633 million, a decrease of ¥2,998 million compared to the end of the previous fiscal year. The main components of an increase in total assets included a ¥4,354 million increase in construction in progress due to the construction of a new plastic film factory in Vietnam, etc. The main components of the decrease in total assets were a ¥3,579 million decrease in investments in securities due to the drop in the market price of owned stocks and the sale of cross-held stocks, and a ¥2,275 million decrease in other assets of investment and other assets (investments in unincorporated entities, etc.)

Total liabilities were ¥57,494 million, a decrease of ¥1,069 million compared to the end of the previous fiscal year. The main components of the decrease were a ¥1,042 million decrease in long- and short-term debt including commercial paper.

Net assets were ¥109,139 million, a decrease of ¥1,929 million compared to the end of the previous fiscal year. The main components of an increase included net income attributable to owners of the parent of ¥4,387 million recorded for the fiscal year under review. The main components of the decrease were a ¥2,842 million decrease in the unrealized gain on available-for-sale securities, dividend payments of ¥1,995 million, and ¥1,964 million spent for the purchase of treasury stock.

(3) Summary of Cash Flows for FY2019

1) Cash Flows

As of March 31, 2020, consolidated cash and cash equivalents were ¥9,267 million, an increase of ¥1,165 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 ¥13,688 million, an increase of ¥2,196 million compared to the previous fiscal year. The major components of cash inflows included income before income and other taxes of ¥5,899 million, depreciation and amortization of ¥6,390 million, as well as a ¥3,385 million decrease in accounts receivable. The main components of cash outflows included a ¥2,174 million spent for the payment of income and other taxes, etc.

Net cash used in investing activities totaled ¥8,262 million, an increase of ¥888 million compared to the previous fiscal year. The main components of cash outflows included payments for purchase of fixed assets amounting to ¥9,599 million, including

capital investments in equipment and facilities related to the functional solutions business. The main components of cash inflows included proceeds from sale of fixed assets amounting to ¥2,195 million.

Net cash provided by financing activities increased by ¥597 million compared to the previous fiscal year. As a result, net cash used in financing activities totaled ¥4,886 million. The main components of cash inflows included proceeds from long-term debt amounting to ¥1,643 million. The main components of cash outflows were repayment of long-term debt amounting to ¥2,454 million, ¥1,989 million spent for dividend payments, and ¥1,487 million spent for the purchase of treasury stock.

2) Cash Flow Indicator Trends

	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020
Equity ratio (%)	61.9	63.8	64.9	64.6	64.6
Equity ratio on market value basis (%)	35.0	50.2	64.3	47.7	38.7
Debt coverage ratio (years)	2.7	2.1	3.2	2.3	1.8
Interest coverage ratio (times)	64.8	70.2	46.3	49.5	59.0

Notes:

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

The equity ratio on 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 to 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 interest paid as stated in the Consolidated Statements of Cash Flows.

(4) Outlook for FY2020

In June of 2014, the GUNZE Group announced its medium-term management plan, “CAN 20,” which targets the years leading up to March 31, 2021. However, because of the heavy impact of the novel coronavirus (COVID-19) pandemic on the GUNZE Group’s business, we have decided to place top priority on measures to minimize the impact of COVID-19 in fiscal 2020. As such, we are extending the period of “CAN 20” up to the fiscal year ending March 31, 2022.

With the “CAN 20” medium-term management plan, the period from fiscal 2014 through fiscal 2016 is designated the first phase, and the period from fiscal 2017 through fiscal 2021 is designated the second phase. By strongly promoting the plan’s three pivotal strategies: (1) implementation of segment-specific business strategies; (2) creation of new businesses; and (3) reinforcement of management foundation, we are working to fulfill the GUNZE Group’s management vision of “contributing to society as a global company that provides customers with a special type of ‘comfort,’ which only GUNZE can offer.” As for segment-specific business strategies, we will clarify our key business areas by classifying our current business segments into SBUs (Strategic Business Units) and evaluating them based on our key concept of “Focus and Concentration.” By allocating resources in a prioritized manner, we seek to revive growth in our existing business. For the creation of new businesses, we will implement a cross-divisional CFA (Cross Functional Approach) project. This is designed to combine the GUNZE Group’s management resources to efficiently create and cultivate new businesses. As part of this effort, the GUNZE Group has been working to expand business in the health and medical care field, which helps improve quality of life (QOL) for people. As a measure for reinforcing the management foundation, the GUNZE Group has been supporting our growth strategies by enhancing our core technological strengths and global responsiveness, while strengthening intangible assets, including corporate brand value.

The GUNZE Group’s management goals set for fiscal 2021, which is the final year of the second phase of “CAN 20,” are: ¥150 billion in net sales, ¥8 billion in operating income, ¥5.6 billion in net income attributable to owners of the parent, and an ROE of 5% or higher, all on a consolidated basis.

In particular, the GUNZE Group has specified ROE (Return on Equity) as its key performance indicator and are working toward its improvement. Since fiscal 2018, the GUNZE Group has been implementing capital cost-based management, by adding such metrics as (1) invested capital, (2) return on invested capital (ROIC), and weighted average cost of capital (WACC) for overseeing business management. As for the

evaluation of business performance as well, there have been efforts to change the mindset across the Group by adopting the GVA (GUNZE Value Added) metric, which is an indicator for EVA (Economic Value Added) for evaluation, which takes into consideration capital cost relative to invested capital.

Going forward, we will implement necessary measures to respond to rapidly changing situations. By so doing, we will enhance the binding force that unites all members, as we endeavor to meet our goals.

As for the functional solutions business, in plastic films the GUNZE Group will aim to develop and introduce environmentally responsible products that can help alleviate pollution from marine plastic and food loss. The GUNZE Group will also strive for a vertical start-up for the new factory in Vietnam, which started operations in the fiscal year under review, in order to make a swift contribution to the GUNZE Group's management. In Japan, we will launch a project aimed at realizing a Circular Factory (resource-circulating factory) in Moriyama. In engineering plastics, in addition to mainstay products for the office equipment market, we will aim for sales expansion of products for industrial equipment applications. In medical materials, we will further promote synergy with Medical U&A, Inc., which became a GUNZE subsidiary in the previous fiscal year. Moreover, we will seek to expand sales in China and other overseas markets, while striving to acquire approval for large-scale next-generation products.

While the apparel business has concerns about the slump of in-store sales due to the spread of COVID-19, the GUNZE Group aims to further promote the appeal of our products on the EC channel. In innerwear, the GUNZE Group will release new materials and new products that meet consumer needs, which are returning to natural materials and casual-oriented trends, under *YG* and *BODYWILD* brands. In legwear, the GUNZE Group will strive to enhance market responsiveness to accommodate changes in consumer needs. By so doing, the GUNZE Group will proactively launch new *SABRINA* products targeting the younger generation, and fully update the *Tuche* lineup to conform to the casual-oriented trend.

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. As for the sport club category, a prolonged negative impact from COVID-19 is expected. Even so, we will continue to put the health and safety of club members and staff above all else.

As for the outlook for fiscal 2020 (ending March 31, 2021), the spread of COVID-19 has become a factor that will impact the Group's business performance in the future, and it's still unknown when the pandemic will end. This makes it difficult to make a

rational forecast of the Group's consolidated results, so the forecast for fiscal 2020 has not been decided yet. As soon as it becomes possible to calculate the forecast, we will immediately release it.

Because of COVID-19, the GUNZE Group faces a challenging management environment. But GUNZE directors are determined to set a good example for all members of the GUNZE Group, and encourage them to combine their efforts to improve our business. To this end, monthly compensation for directors will be cut (excluding outside directors). The amount of these cuts will be 30% for the Representative Director and President, and 20% for other directors for the period from May to September of 2020.

(5) Basic Policy on Distribution of Profits and Dividends for FY2019 and FY2020

Returning earnings to shareholders is one of the most important management policies at the GUNZE Group. Accordingly, the GUNZE Group strives to continue providing a stable dividend based on the medium-term business outlook, with a target payout ratio of approximately 50% on a consolidated basis. In line with this basic policy, the GUNZE Group plans to pay a dividend of ¥115 per share for fiscal 2019.

In the second phase (fiscal 2017 through fiscal 2021) of the CAN 20 medium-term management plan, the GUNZE Group will strive to enhance shareholder value, with the aim of attaining a total return ratio of 100%, combining a target consolidated payout ratio of 50% with the purchase of treasury stock. However, the GUNZE Group will put on hold, for the time being, the purchase of treasury stock in fiscal 2020, because of changing trends in financial markets arising from the COVID-19 pandemic, and the inability to predict the effects it will have on the GUNZE Group's performance. Once it becomes possible to announce the forecast for consolidated results, it will again be put under consideration.

The scheduled dividend payment for fiscal 2020 (ending March 31, 2021) has not been decided yet, because of the difficulty in making rational calculations for the results forecast. As soon as the announcement of the full-year forecast for fiscal 2020 becomes possible, we will immediately release the scheduled dividend for the fiscal year.

(6) Risk Information Regarding COVID-19

On April 7, 2020, the Japanese government declared a state of emergency, urging citizens to stay at home and refrain from nonessential travel, in compliance with the Act on Special Measures for Pandemic Influenza and New Infectious Diseases. These restrictions have had a heavy impact on the GUNZE Group's business. In the apparel business in particular, innerwear and legwear suffered from a decline in in-store sales.

In the lifestyle creation business, the sports club category experienced a substantial drop in sales revenue, with all clubs having taken the measure of temporary closure since April 17.

As for production activities both in and out of Japan, to our understanding there is no major disruption in the GUNZE Group's supply chains at this point in time, and no problem has so far been found in the supply of our products, thanks to the employment of a multi-line production system.

For our financial standing as well, the GUNZE Group raises working capital through the allocation of equity capital and the issuance of commercial paper. The line of credit for the issuance of commercial paper is ¥30 billion, while the amount of commercial paper issued and outstanding at the end of the consolidated fiscal year under review was ¥6.6 billion. Additionally, GUNZE has concluded a commitment line agreement for a maximum loan amount of ¥5 billion (no outstanding borrowings) and has a sufficient line of credit to cover overdrafts (no outstanding borrowings), thus the GUNZE Group has enough financing capacity for the time being. However, if the COVID-19 crisis continues for a prolonged period, it is likely to have an adverse impact on the GUNZE Group's financial standing, to no small degree. As such, we will consider arranging new credit facilities as necessary depending on changes in the situation.

Going forward, we will continue to collect information regarding the spread of COVID-19, and implement measures to minimize its impact on our financial position.

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 the 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

(1) Consolidated Balance Sheets

(Millions of yen)

	End of FY2018 (Mar. 31, 2019)	End of FY2019 (Mar. 31, 2020)
Assets		
Current assets		
Cash and cash equivalents	8,102	9,267
Notes & accounts receivable, trade	30,376	28,099
Finished products and goods	20,082	21,857
Work in process	6,413	6,672
Raw materials and supplies	4,635	4,487
Short-term loans	672	604
Other current assets	2,753	3,393
Allowance for doubtful accounts	(8)	(5)
Total current assets	73,030	74,377
Fixed assets		
Property, plants and equipment		
Buildings and structures	118,649	119,227
Accumulated depreciation	(77,536)	(79,527)
Buildings and structures (Net)	41,113	39,699
Machinery, equipment and vehicles	94,905	93,576
Accumulated depreciation	(85,008)	(84,121)
Machinery, equipment and vehicles (Net)	9,897	9,455
Tools, furniture and fixtures	7,681	7,694
Accumulated depreciation	(6,167)	(6,224)
Tools, furniture and fixtures (Net)	1,514	1,470
Land	13,005	12,287
Leasehold assets	1,178	1,189
Accumulated depreciation	(588)	(898)
Leasehold assets (Net)	589	291
Construction in progress	362	4,717
Total property, plants and equipment	66,483	67,921
Intangible fixed assets		
Software	1,086	861
Other intangible fixed assets	1,056	913
Total intangible fixed assets	2,143	1,774
Investments and other assets		
Investments in securities	19,170	15,591
Long-term loans	14	7
Deferred income taxes	3,191	3,452
Other assets	5,853	3,577
Allowance for doubtful accounts	(254)	(69)
Total investments and other assets	27,975	22,560
Total fixed assets	96,602	92,256
Total assets	169,632	166,633

(Millions of yen)

	End of FY2018 (Mar. 31, 2019)	End of FY2019 (Mar. 31, 2020)
Liabilities		
Current liabilities		
Notes & accounts payable, trade	9,910	10,271
Short-term debt	6,416	5,513
Commercial paper	6,200	6,600
Current portion of long-term debt	2,101	560
Accrued income taxes	1,376	635
Allowance for employees' bonuses	1,314	1,437
Notes payable on acquisition of property, plants and equipment	908	548
Other current liabilities	8,442	8,701
Total current liabilities	36,669	34,267
Long-term liabilities		
Long-term debt	10,972	11,973
Allowance for loss on guarantees	102	148
Liabilities related to retirement benefits	5,534	5,446
Long-term deposits & guarantee deposits	4,500	4,965
Other long-term liabilities	784	692
Total long-term liabilities	21,894	23,227
Total liabilities	58,563	57,494
Net assets		
Shareholders' equity		
Common stock	26,071	26,071
Capital surplus	6,754	6,701
Retained earnings	82,050	84,351
Treasury stock	(5,293)	(6,727)
Total shareholders' equity	109,583	110,397
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	224	(2,617)
Deferred gain on hedge	19	57
Revaluation differences on land	(54)	(45)
Foreign currency translation adjustments	745	507
Accumulated adjustments related to retirement benefits	(1,011)	(731)
Total accumulated other comprehensive income	(76)	(2,830)
Stock acquisition rights	260	187
Non-controlling interests	1,301	1,385
Total net assets	111,068	109,139
Total liabilities and net assets	169,632	166,633

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

Consolidated Statements of Income

(Millions of yen)

	FY2018 (Apr. 1, 2018 to Mar. 31, 2019)	FY2019 (Apr. 1, 2019 to Mar. 31, 2020)
Net sales	140,706	140,311
Cost of sales	99,812	97,528
Gross profit	40,893	42,782
Selling, general & administrative expenses	34,203	36,036
Operating income	6,690	6,746
Non-operating income		
Interest income	58	43
Dividend income	459	529
Rental income	319	328
Exchange gain	183	-
Other	222	232
Total non-operating income	1,242	1,135
Non-operating expenses		
Interest expenses	229	220
Rental expenses	308	306
Exchange loss	-	32
Operation preparation expenses	-	144
Other	242	307
Total non-operating expenses	780	1,012
Ordinary income	7,152	6,868
Extraordinary income		
Gain on sale of fixed assets	690	1,058
Gain on sale of investment securities	182	256
Other	3	149
Total extraordinary income	877	1,464
Extraordinary loss		
Loss on sale or disposal of fixed assets	801	583
Loss on sale of investment securities	-	218
Loss on sale of shares of affiliated companies	450	-
Loss on valuation of shares of affiliated companies	277	110
Impairment loss	-	867
Factory relocation expenses	-	390
Other	205	263
Total extraordinary loss	1,733	2,433
Income before income and other taxes	6,295	5,899
Income, residential and enterprise taxes	1,730	1,418
Adjustment for income and other taxes	323	(18)
Total income and other taxes	2,053	1,399
Net income	4,242	4,500
Net income attributable to non-controlling interests	154	112
Net income attributable to owners of the parent	4,087	4,387

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2018 (Apr. 1, 2018 to Mar. 31, 2019)	FY2019 (Apr. 1, 2019 to Mar. 31, 2020)
Net income	4,242	4,500
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(2,487)	(2,842)
Deferred gain on hedge	101	37
Foreign currency translation adjustments	(539)	(233)
Adjustments related to retirement benefits	250	279
Total other comprehensive income	(2,675)	(2,758)
Comprehensive income	1,566	1,741
<Breakdown>		
Comprehensive income attributable to owners of the parent	1,439	1,622
Comprehensive income attributable to non-controlling interests	126	118

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

FY2018 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	26,071	13,942	79,718	(11,152)	108,579
Changes in the period					
Dividends from retained earnings			(1,654)		(1,654)
Net income attributable to owners of the parent			4,087		4,087
Change in scope of consolidation			(101)		(101)
Acquisition of treasury stock				(1,686)	(1,686)
Disposal of treasury stock		(40)		399	358
Cancellation of treasury stock		(7,146)		7,146	-
Net changes of items other than shareholders' equity					
Total changes in the period	-	(7,187)	2,331	5,859	1,003
Balance at the end of the period	26,071	6,754	82,050	(5,293)	109,583

	Accumulated other comprehensive income					
	Unrealized gain on available-for-sale securities	Deferred gain (loss) on hedge	Revaluation reserve for land	Foreign currency translation adjustments	Accumulated adjustments related to retirement benefits	Total accumulated other comprehensive income
Balance at the beginning of the period	2,711	(81)	(54)	1,248	(1,261)	2,561
Changes in the period						
Dividends from retained earnings						
Net income attributable to owners of the parent						
Change in scope of consolidation						
Acquisition of treasury stock						
Disposal of treasury stock						
Cancellation of treasury stock						
Net changes of items other than shareholders' equity	(2,487)	101	-	(502)	250	(2,638)
Total changes in the period	(2,487)	101	-	(502)	250	(2,638)
Balance at the end of the period	224	19	(54)	745	(1,011)	(76)

FY2018 (April 1, 2018 to March 31, 2019)

	Stock acquisition rights	Non- controlling interests	Total net assets
Balance at the beginning of the period	281	706	112,129
Changes in the period			
Dividends from retained earnings			(1,654)
Net income attributable to owners of the parent			4,087
Change in scope of consolidation			(101)
Acquisition of treasury stock			(1,686)
Disposal of treasury stock			358
Cancellation of treasury stock			-
Net changes of items other than shareholders' equity	(20)	595	(2,064)
Total changes in the period	(20)	595	(1,060)
Balance at the end of the period	260	1,301	111,068

FY2019 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of the period	26,071	6,754	82,050	(5,293)	109,583
Changes in the period					
Dividends from retained earnings			(1,995)		(1,995)
Net income attributable to owners of the parent			4,387		4,387
Change in scope of consolidation			(81)		(81)
Reversal of revaluation reserve for land			(9)		(9)
Acquisition of treasury stock				(1,964)	(1,964)
Disposal of treasury stock		(53)		530	477
Net changes of items other than shareholders' equity					
Total changes in the period	-	(53)	2,301	(1,433)	813
Balance at the end of the period	26,071	6,701	84,351	(6,727)	110,397

	Accumulated other comprehensive income					
	Unrealized gain on available-for-sale securities	Deferred gain (loss) on hedge	Revaluation reserve for land	Foreign currency translation adjustments	Accumulated adjustments related to retirement benefits	Total accumulated other comprehensive income
Balance at the beginning of the period	224	19	(54)	745	(1,011)	(76)
Changes in the period						
Dividends from retained earnings						
Net income attributable to owners of the parent						
Change in scope of consolidation						
Reversal of revaluation reserve for land						
Acquisition of treasury stock						
Disposal of treasury stock						
Net changes of items other than shareholders' equity	(2,842)	37	9	(237)	279	(2,753)
Total changes in the period	(2,842)	37	9	(237)	279	(2,753)
Balance at the end of the period	(2,617)	57	(45)	507	(731)	(2,830)

FY2019 (April 1, 2019 to March 31, 2020)

	Stock acquisition rights	Non- controlling interests	Total net assets
Balance at the beginning of the period	260	1,301	111,068
Changes in the period			
Dividends from retained earnings			(1,995)
Net income attributable to owners of the parent			4,387
Change in scope of consolidation			(81)
Reversal of revaluation reserve for land			(9)
Acquisition of treasury stock			(1,964)
Disposal of treasury stock			477
Net changes of items other than shareholders' equity	(73)	83	(2,743)
Total changes in the period	(73)	83	(1,929)
Balance at the end of the period	187	1,385	109,139

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2018 (Apr. 1, 2018 to Mar. 31, 2019)	FY2019 (Apr. 1, 2019 to Mar. 31, 2020)
Cash flows from operating activities		
Income before income and other taxes	6,295	5,899
Depreciation and amortization	6,532	6,390
Impairment loss	-	867
Amortization of goodwill	118	133
Increase (decrease) in allowance for doubtful accounts	159	(3)
Increase (decrease) in liabilities related to retirement benefits	626	174
Increase (decrease) in allowance for employees' bonuses	76	62
Increase (decrease) in allowance for loss on guarantees	43	105
Interest and dividend income	(517)	(573)
Interest expenses	229	220
Exchange loss (gain)	(178)	(31)
Loss (gain) on sale or disposal of fixed assets	110	(469)
Loss (gain) on sale or valuation of investments in securities	(157)	(38)
Loss (gain) on sale of shares of affiliated companies	450	-
Loss on valuation of shares of affiliated companies	277	110
Settlement income	-	(128)
Factory relocation expenses	-	390
Gain on negative goodwill	(0)	(21)
Other extraordinary losses (gains)	(3)	140
Other losses (gains)	(15)	(57)
Decrease (increase) in notes and accounts receivable	(450)	3,385
Decrease (increase) in inventories	(1,247)	(683)
Decrease (increase) in other current assets	246	(239)
Increase (decrease) in notes and accounts payable	(163)	400
Increase (decrease) in deposits and guarantee deposits	4	465
Increase (decrease) in other current liabilities	(524)	(404)
Increase (decrease) in other long-term liabilities	(93)	(471)
Subtotal	11,820	15,621
Interest and dividends received	517	573
Interest paid	(232)	(232)
Settlement received	-	128
Factory relocation expenses paid	-	(228)
Income tax refund (paid)	(614)	(2,174)
Net cash provided by (used in) operating activities	11,491	13,688

(Millions of yen)

	FY2018 (Apr. 1, 2018 to Mar. 31, 2019)	FY2019 (Apr. 1, 2019 to Mar. 31, 2020)
Cash flows from investing activities		
Payments for purchase of fixed assets	(5,891)	(9,599)
Proceeds from sale of fixed assets	857	2,195
Payments for disposition of fixed assets	(406)	(438)
Payments for acquisition of investment securities	(1,081)	(1,276)
Proceeds from sale of investment securities	1,132	1,808
Payments for purchase of investments in subsidiaries	(1,685)	(84)
Payments for acquisition of business	(469)	-
Net decrease (increase) in loans	99	68
Payments for sale of a subsidiaries' shares accompanied by changes in scope of consolidation	(108)	-
Payments for acquisition of a subsidiaries' shares accompanied by changes in scope of consolidation	-	(1,080)
Other	178	145
Net cash provided by (used in) investing activities	(7,373)	(8,262)
Cash flows from financing activities		
Increase (decrease) in short-term debt and commercial paper	40	(379)
Proceeds from issuance of long-term debt	3,000	1,643
Repayments of long-term debt	(5,363)	(2,454)
Payments for purchase of treasury stock	(1,327)	(1,487)
Cash dividends paid	(1,648)	(1,989)
Dividends paid to non-controlling interests	(7)	(34)
Other	(175)	(184)
Net cash provided by (used in) financing activities	(5,483)	(4,886)
Effect of exchange rate changes on cash & cash equivalents	(581)	(119)
Increase (decrease) in cash and cash equivalents	(1,946)	420
Cash and cash equivalents at the beginning of the period	9,477	8,102
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	571	744
Cash and cash equivalents at the end of the period	8,102	9,267

(5) Notes to Consolidated Financial Statements

Notes Regarding Assumptions of Continuing Operations

None applicable

Additional Information

(Granting Company Stock to Employees, etc. through a Trust)

GUNZE has introduced a “Trust-type Employee Stockholding Incentive Plan,” which is a program to grant shares of the Company’s common stock to the GUNZE Group Employee Shareholding Association (hereinafter referred to as “the Employee Shareholding Association”) through a trust. The objective is to incentivize all GUNZE Group employees to improve the Company’s corporate value in the medium- to long-term.

(1) Incentive plan overview

This Incentive Plan is available to all GUNZE Group employees who belong to the Employee Shareholding Association. Under this plan, the Company establishes a trust, called the “GUNZE Group Employee Shareholding Association Exclusive Trust” (hereinafter referred to as “the Employee Shareholding Association Trust”) through a trust bank. The Employee Shareholding Association Trust will estimate the number of shares that the Employee Shareholding Association is likely to acquire over the three years after the establishment of the trust, and will purchase this amount in advance.

The Employee Shareholding Association Trust will then continuously sell shares of the Company to the Employee Shareholding Association, and if an amount equivalent to net gain on sale of the Company’s shares has accumulated in the Employee Shareholding Association Trust at the end of the trust period, the said amount will be distributed as residual assets to members of the Employee Shareholding Association who meet the beneficiary eligibility criteria. Note that the Company will guarantee loans taken to purchase the Company’s shares and thus will repay any outstanding portion of the loans, if an amount equivalent to loss on sale of shares has accumulated in the Employee Shareholding Association Trust at the end of the trust period due to a drop in the market price of the Company’s shares.

(2) Residual Company shares held in the Employee Shareholding Association Trust

Any residual shares of the Company held in the Employee Shareholding Association Trust will be recorded at the Employee Shareholding Association Trust’s

book value (excluding incidental expenses) as treasury stock under “net assets.”

Book value of the treasury stock and number of shares:

FY2018: ¥441 million, 66,000 shares

FY2019: ¥92 million, 13,000 shares

(3) Book value of debt posted through the application of the total amount method

FY2018: ¥500 million

FY2019: ¥253 million

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 three reportable segments, namely Functional Solutions, Apparel and Lifestyle Creations.

The Functional Solutions segment produces and sells functional materials made by processing plastics, medical materials and machinery. 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 the accounting policies and procedures used for the preparation of consolidated financial statements.

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

FY2018 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments				Adjustment (Note 1)	Consolidated (Note 2)
	Functional solutions	Apparel	Lifestyle creations	Total		
Net sales						
Sales to outside customers	53,159	72,382	15,163	140,706	-	140,706
Intersegment sales and transfers	75	226	121	423	(423)	-
Total	53,234	72,609	15,285	141,129	(423)	140,706
Segment profit	6,160	2,507	1,241	9,908	(3,218)	6,690
Segment assets	47,763	58,086	35,995	141,845	27,786	169,632
Other items						
Depreciation & amortization	2,592	1,297	2,074	5,963	568	6,532
Amortization of goodwill	73	45	-	118	-	118
Gain on negative goodwill	-	-	0	0	-	0
Increase in tangible and intangible fixed assets	3,152	1,335	2,096	6,585	761	7,346

Notes:

1. Adjustment comprises the following:

- (1) The segment profit adjustment of – (minus) ¥3,218 million refers to the company's overall costs not allocated to reportable segments. Overall costs refer to SG&A expenses not attributable to reportable segments.
- (2) The segment asset adjustment of ¥27,786 million refers to company assets not allocated to reportable segments.

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

FY2019 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments				Adjustment (Note 1)	Consolidated (Note 2)
	Functional solutions	Apparel	Lifestyle creations	Total		
Net sales						
Sales to outside customers	56,205	69,297	14,808	140,311	-	140,311
Intersegment sales and transfers	155	194	137	487	(487)	-
Total	56,361	69,491	14,945	140,798	(487)	140,311
Segment profit	6,120	2,743	1,187	10,052	(3,306)	6,746
Segment assets	54,073	53,995	33,908	141,976	24,656	166,633
Other items						
Depreciation & amortization	2,341	1,333	2,152	5,827	562	6,390
Amortization of goodwill	88	45	-	133	-	133
Gain on negative goodwill	21	-	-	21	-	21
Impairment loss	-	-	867	867	-	867
Increase in tangible and intangible fixed assets	1,683	1,046	2,297	5,027	352	5,380

Notes:

1. Adjustment comprises the following:

- (1) The segment profit adjustment of – (minus) ¥3,306 million refers to the company's overall costs not allocated to reportable segments. Overall costs refer to SG&A expenses not attributable to reportable segments.
- (2) The segment asset adjustment of ¥24,656 million refers to company assets not allocated to reportable segments.

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

Related Information

FY2018 (April 1, 2018 to March 31, 2019)

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
116,133	24,572	140,706

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

(2) Property, plants and equipment

(Millions of yen)

Japan	Others	Total
59,557	6,926	66,483

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.

FY2019 (April 1, 2019 to March 31, 2020)

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
116,493	23,817	140,311

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

(2) Property, plants and equipment

(Millions of yen)

Japan	Others	Total
58,673	9,247	67,921

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 Fixed Assets of Each Reportable Segment

FY2018 (April 1, 2018 to March 31, 2019)

None applicable

FY2019 (April 1, 2019 to March 31, 2020)

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

Information on Goodwill Amortization and Unamortized Balance of Each Reportable Segment

FY2018 (April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segments				Corporate/ Elimination	Consolidated
	Functional solutions	Apparel	Lifestyle creations	Total		
Amortization during the period	73	45	—	118	—	118
Balance at the end of the period	369	337	—	706	—	706

FY2019 (April 1, 2019 to March 31, 2020)

(Millions of yen)

	Reportable segments				Corporate/ Elimination	Consolidated
	Functional solutions	Apparel	Lifestyle creations	Total		
Amortization during the period	88	45	—	133	—	133
Balance at the end of the period	280	292	—	573	—	573

Information on Gain on Negative Goodwill of Each Reportable Segment

FY2018 (April 1, 2018 to March 31, 2019)

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

FY2019 (April 1, 2019 to March 31, 2020)

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

Per Share Information

	FY2018 (April 1, 2018 to March 31, 2019)	FY2019 (April 1, 2019 to March 31, 2020)
Net assets per share (¥)	6,059.06	6,061.10
Earnings per share (¥)	225.60	245.00
Diluted earnings per share (¥)	224.26	243.88

Note:

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

	FY2018 (April 1, 2018 to March 31, 2019)	FY2019 (April 1, 2019 to March 31, 2020)
Earnings per share		
Net income attributable to owners of the parent (¥ millions)	4,087	4,387
Amounts not allocated to common shareholders (¥ millions)	—	—
Net income attributable to owners of the parent allocated to common stock (¥ millions)	4,087	4,387
Average number of shares of common stock outstanding during each term (thousand shares)	18,117	17,908
Diluted earnings per share		
Adjustment to net income attributable to owners of the parent (¥ millions)	—	—
Increase in common stock (thousand shares)	108	82
[Stock acquisition rights] (thousand shares)	[108]	[82]

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

	FY2018 (Mar. 31, 2019)	FY2019 (Mar. 31, 2020)
Total net asset value (¥ millions)	111,068	109,139
Deduction from net assets (¥ millions)	1,562	1,572
[Non-controlling interests] (¥ millions)	[1,301]	[1,385]
[Stock acquisition rights] (¥ millions)	[260]	[187]
Term-end net asset value allocated to common stock (¥ millions)	109,506	107,566
Term-end number of shares of common stock used for calculation of net assets per share (thousand shares)	18,073	17,747

3. Any residual shares of the Company held in the GUNZE Group Employee Shareholding Association Exclusive Trust, which were recorded as treasury stock under Shareholders' Equity are included in the number of shares of treasury stock to be deducted from the average number of the Company's shares outstanding during the period under review, which is used as the basis for calculating earnings per share and diluted earnings per share. They are also included in the number of shares of treasury stock to be deducted from the number of shares issued and outstanding at the end of the period, which is used as the basis for calculating net assets per share.

The average numbers of shares of treasury stock outstanding during the previous fiscal year and the period under review, which were deducted for the calculation of earnings per share and diluted earnings per share, are 92,000 shares and 40,000 shares, respectively. The numbers of shares of treasury stock at the end of the previous fiscal year and the period under review, which were deducted for the calculation of net assets per share, are 66,000 shares and 13,000 shares, respectively.

Significant Subsequent Events

None applicable.

4. Supplementary Information

Overview of Consolidated Results

<Overview of Results>

- The functional solutions business was adversely affected by the slowdown in the semiconductor market. M&A contributed to increased sales, but profits declined.
- The apparel business posted a decrease in sales due to a decline in consumer sentiment after the consumption tax hike. Other negative factors included natural disasters such as large typhoons and an unusually warm winter, as well as the spread of COVID-19. However, the reinforcement of product development capabilities, including legwear, helped the apparel business to record an increase in profits.

<Special Treatments>

- Gain on sale of fixed assets: ¥1 billion
- Impairment loss: (¥800 million)
- Factory relocation expenses: (¥300 million)

<Cash Flows>

- Cash from operating activities: ¥13.6 billion (an increase of ¥2.1 billion from previous fiscal year)

<Dividends>

- Scheduled dividend payment for current fiscal year: ¥115 per share□

<FY2020 Forecast>

- The forecast and scheduled dividend payment for fiscal 2020 have not been decided yet because of the inability to predict when the COVID-19 pandemic will end at this point in time, and the difficulty in making rational calculations.

(1) FY2019 Operating Results (Apr. 1, 2019 to Mar. 31, 2020) (Millions of yen)

	FY2019	Forecasts	FY2018	Change	
				<Upper figures in brackets %>	
				vs. forecasts	vs. FY2018
Net Sales	140,311	147,000	140,706	<(4.6)> (6,689)	<(0.3)> (394)
Operating Income	6,746	7,000	6,690	<(3.6)> (254)	<0.8> 56
Ordinary Income	6,868	6,800	7,152	<1.0> 68	<(4.0)> (283)
Net income attributable to owners of the parent	4,387	4,300	4,087	<2.0> 87	<7.3> 300
Total Assets	166,633		169,632		<(1.8)> (2,998)
Inventories	33,017		31,132		<6.1> 1,885
Fixed Assets	92,256		96,602		<(4.5)> (4,346)
Net Assets	109,139		111,068		<(1.7)> (1,929)
Financing Income/Expenses	352		288		64
Interest/Dividends Received	573		517		55
Interest Expenses	(220)		(229)		8
Capital Expenditures	5,380		7,346		(1,966)
Depreciation and Amortization	6,502		6,650		(148)

Acquisition of treasury stock, etc.

(Thousands of shares)

(Amount)

Treasury stock acquired	421	¥1,964 million
Treasury stock disposed	95	¥530 million
Treasury stock held at the end of the previous fiscal year	1,220	¥5,293 million
Treasury stock held at the end of the period	1,546	¥6,727 million

* Treasury stock acquired includes 420 thousand shares purchased at ¥1,958 million as resolved at the Board of Directors meeting.

* The number of shares of treasury stock includes shares of Company stock held by the GUNZE Group Employee Shareholding Association Exclusive Trust.

(2) Results by Business Segment

(Millions of yen)

Segment		FY2019		FY2018		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net Sales	Functional Solutions	56,361	40.0	53,234	37.7	3,126	5.9
	Apparel	69,491	49.4	72,609	51.4	(3,117)	(4.3)
	Lifestyle Creations	14,945	10.6	15,285	10.9	(339)	(2.2)
	Subtotal	140,798	100.0	141,129	100.0	(331)	(0.2)
	Elimination	(487)		(423)		(63)	-
	Consolidated	140,311		140,706		(394)	(0.3)
Operating Income	Functional Solutions	6,120	60.9	6,160	62.2	(39)	(0.6)
	Apparel	2,743	27.3	2,507	25.3	236	9.4
	Lifestyle Creations	1,187	11.8	1,241	12.5	(53)	(4.4)
	Subtotal	10,052	100.0	9,908	100.0	143	1.5
	Elimination	(3,306)		(3,218)		(87)	-
	Consolidated	6,746		6,690		56	0.8

(3) Significant Financial Indicators

Item		FY2019	FY2018	Change
Operating Income to Total Assets Ratio	%	4.0	3.9	0.1
Ordinary Income to Total Assets Ratio	%	4.1	4.2	(0.1)
Operating Income to Net Sales Ratio	%	4.8	4.8	-
Ordinary Income to Net Sales Ratio	%	4.9	5.1	(0.2)
Turnover of Total Assets	times	0.83	0.83	-
Equity Ratio	%	64.6	64.6	-
ROE	%	4.0	3.7	0.3
Earnings per Share	¥	245.00	225.60	19.40
Diluted Earnings per Share	¥	243.88	224.26	19.62
Net Assets per Share	¥	6,061.10	6,059.06	2.04

(4) Cash Flows

(Millions of yen)

Cash Flow Activity	FY2019	FY2018	Change	Breakdown of Major Components
Operating Activities	13,688	11,491	2,196	Income before income and other taxes: 5,899; Depreciation and amortization: 6,390; Income and other taxes paid: (2,174)
Investing Activities	(8,262)	(7,373)	(888)	Sale of fixed assets: 2,195 Purchase of fixed assets: (9,599)
Financing Activities	(4,886)	(5,483)	597	Proceeds from issuance of long-term debt: 1,643; Repayment of long-term debt: (2,454); Dividends paid: (1,989); Acquisition of treasury stock: (1,487)
Foreign Currency Translation Adjustments	(119)	(581)	462	
Increase (Decrease) in Cash and Cash Equivalents	420	(1,946)	2,367	
Increase (Decrease) due to Change in Scope of Consolidation	744	571	173	
Cash and Cash Equivalents - End of Period	9,267	8,102	1,165	

(5) Capital Expenditures and Depreciation and Amortization by Segment

(Millions of yen)

Item		FY2019		FY2018		Y-over-Y Change	FY2020 Plan		Y-over-Y Change
		Amount	Weight	Amount	Weight		Amount	Weight	
Capital Expenditures	<International>	<256>		<288>			<3,600>		
	Functional Solutions	1,683	31.3	3,152	42.9	(1,469)	8,000	72.1	6,317
	<International>	<578>		<398>			<500>		
	Apparel	1,046	19.4	1,335	18.2	(289)	1,900	17.1	854
	Lifestyle Creations	2,297	42.7	2,096	28.5	201	800	7.2	(1,497)
	Corporate	352	6.5	761	10.4	(409)	400	3.6	48
* Incl. intangible fixed assets	<International>	<835>		<686>			<4,100>		
	Total	5,380	100.0	7,346	100.0	(1,966)	11,100	100.0	5,720
Depreciation and Amortization	Functional Solutions	2,408	37.0	2,665	40.1	(257)	2,700	41.5	292
	Apparel	1,378	21.2	1,342	20.2	36	1,400	21.5	22
	Lifestyle Creations	2,152	33.1	2,073	31.2	79	1,900	29.2	(252)
	Corporate	562	8.7	568	8.5	(6)	500	7.8	(62)
	Total	6,502	100.0	6,650	100.0	(148)	6,500	100.0	(2)
* Incl. amortization of goodwill									

Main Investment Plans for FY2020

- Plastic film production equipment: ¥4,200 million
- Engineering plastics production equipment: ¥2,600 million
- Innerwear production equipment: ¥1,300 million

(6) FY2020 Forecast

The spread of COVID-19 has become a factor that will impact the GUNZE Group's business performance in the future, and it's still unknown when the pandemic will end. This makes it difficult to make a rational forecast of the Group's consolidated results, so the forecast for fiscal 2020 has not been decided yet. As soon as it becomes possible to calculate the forecast, we will immediately release it.

(7) Extending the Period of Medium-term Management Plan (Second Phase of "CAN 20")

In June 2014, the GUNZE Group announced its medium-term management plan, "CAN 20," which targets the years leading up to March 31, 2021. However, because of the heavy impact of the COVID-19 pandemic on the GUNZE Group's business, the GUNZE Group has decided to place top priority on measures to minimize the impact of COVID-19 in fiscal 2020. As such, the period of the medium-term management plan will be extended up to the fiscal year ending March 31, 2022.