

May 14, 2021

## Consolidated Financial Statements – Summary (Year ended March 31, 2021)

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:	<a href="https://www.gunze.co.jp">https://www.gunze.co.jp</a>
Stock Market Listing:	Tokyo
Representative Director:	Atsushi Hirochi, President and Representative Director
Contact:	Makoto Ogura, General Manager, Corporate Communications
Telephone:	+81 (6) 6348-1314
Ordinary General Meeting of Shareholders (Scheduled):	June 25, 2021
Start of Distribution of Dividends (Scheduled):	June 28, 2021
Filing of Securities Report ( <i>Yuka shoken hokokusho</i> ) (Scheduled):	June 28, 2021
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 FY2020 (Apr. 1, 2020 to Mar. 31, 2021)

#### (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 (%)
FY2020	123,649	(11.9)	4,673	(30.7)	5,094	(25.8)	2,147	(51.1)
FY2019	140,311	(0.3)	6,746	0.8	6,868	(4.0)	4,387	7.3

Note: Comprehensive income

FY2020: ¥8,334 million [378.7%]

FY2019: ¥1,741 million [11.2%]

	E.P.S. (¥)	Diluted E.P.S. (¥)	Return on equity (%)	Ordinary income to total assets (%)	Operating income to net sales (%)
FY2020	120.94	120.51	1.9	3.1	3.8
FY2019	245.00	243.88	4.0	4.1	4.8

Reference: Equity in income of affiliated companies

FY2020: -

FY2019: -

**(2) Consolidated Financial Position**

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
FY2020	159,629	115,178	71.1	6,419.62
FY2019	166,633	109,139	64.6	6,061.10

Reference: Total equity FY2020: ¥113,554 million FY2019: ¥107,566 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)
FY2020	8,595	1,169	(9,335)	9,717
FY2019	13,688	(8,262)	(4,886)	9,267

**2. Dividends**

	Dividends per share				
	1st quarter (¥)	2nd quarter (¥)	3rd quarter (¥)	Year-end (¥)	Full-year (¥)
FY2019	—	—	—	115.00	115.00
FY2020	—	—	—	115.00	115.00
FY2021 (projected)	—	—	—	140.00	140.00

	Total cash dividends paid (¥ million)	Payout ratio (consolidated) (%)	Dividends to net assets (consolidated) (%)
FY2019	2,042	46.9	1.9
FY2020	2,034	95.1	1.8
FY2021 (projected)		44.2	

**3. Projected FY2021 Consolidated Operating Results (Apr. 1, 2021 to Mar. 31, 2022)**

	Net sales		Operating income		Ordinary income	
	¥ millions	%	¥ millions	%	¥ millions	%
FY2021 full year	135,000	—	8,000	—	8,200	—

	Net income		EPS
	¥ millions	%	¥
FY2021 full year	5,600	—	316.59

Note: As the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) will be adopted from the beginning of the fiscal year ending March 2022, the projections shown above represent amounts calculated after adopting the said Accounting Standard, and percentages of change from the previous fiscal year are not indicated.

**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):  
 FY2020: 19,293,516 shares  
 FY2019: 19,293,516 shares
- (b) Treasury stock at the end of the period:  
 FY2020: 1,604,826 shares  
 FY2019: 1,546,409 shares
- (c) Average number of shares outstanding during the period:  
 FY2020: 17,758,226 shares  
 FY2019: 17,908,791 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 FY2020 (Apr. 1, 2020 to Mar. 31, 2021)

## (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 (%)
FY2020	93,624	(13.1)	890	(57.3)	3,242	(28.1)	1,280	(71.1)
FY2019	107,741	(1.8)	2,086	(11.4)	4,510	(6.8)	4,427	17.0

	E.P.S. (¥)	Diluted E.P.S. (¥)
FY2020	72.11	71.86
FY2019	247.21	246.07

## (2) Non-consolidated Financial Position

	Total assets (¥ million)	Net assets (¥ million)	Equity ratio (%)	Net assets per share (¥)
FY2020	138,466	109,611	79.0	6,187.72
FY2019	143,181	105,700	73.7	5,945.37

Reference: Total equity

FY2020: ¥109,452 million      FY2019: ¥105,513 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 the assumptions that form the basis of the projected results and notes regarding the use of projections, see “(4) Outlook for FY2021” in “1. Results of Operations” on pages 6-7 of attached materials.

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# 1. Results of Operations

## (1) Analysis of Full-Year Results

### Overview of FY2020

In the fiscal year that ended March 31, 2021, the Japanese economy suffered from considerable restrictions on personal spending and corporate activities caused by the spread of COVID-19. This situation arose out of the Japanese government's requests for business suspension, as well as from the need for people to avoid nonessential travel. Even now, the situation remains unpredictable due to resurgence of COVID-19, which resulted in the Japanese government's reissuance of the declaration of the state of emergency. In the stock market, however, the aggressive monetary-easing policy caused a significant rise in the Nikkei Stock Average, which hit its highest level since the collapse of the bubble economy. As such, the gap between the financial markets and the real economy has become a matter of concern.

In the second phase of the GUNZE Group's "CAN 20" medium-term management plan, the GUNZE Group has been promoting three pivotal strategies, based on the key concept of "Focus and Concentration." They are: implementation of segment-specific business strategies, creation of new businesses, and reinforcement of the management foundation. However, because of the heavy impact of the 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 the second phase of "CAN 20" up to the fiscal year ending March 31, 2022.

GUNZE's functional solutions business was adversely impacted by the spread of COVID-19 in various business fields. In the apparel business, although GUNZE worked hard to promote sales on the fast-growing e-commerce channel, the sales increase in this channel was not enough to offset the slump in in-store sales. The lifestyle creation business was also heavily affected by temporary closures of shopping centers and sports clubs.

Consequently, the GUNZE Group's consolidated net sales for the fiscal year under review amounted to ¥123,649 million (a year-over-year decrease of 11.9%). Consolidated operating income amounted to ¥4,673 million (a year-over-year decrease of 30.7%). Consolidated ordinary income was ¥5,094 million (a year-over-year decrease of 25.8%). Consolidated net income attributable to owners of the parent amounted to ¥2,147 million (a year-over-year decrease of 51.1%).

## Results by Business Segment

### [Functional Solutions]

In plastic films, shrink label films for beverage bottle applications experienced slow sales due to the need for people to avoid going on outings or attending events to contain the spread of COVID-19. However, sales of packaging films were strong because of increasing demand related to home cooking. In engineering plastics, products for the semiconductor market performed strongly, but products for office equipment suffered from sluggish sales. In electronic components, touch screen sales decreased due to stagnant demand for repeat orders for existing products, and postponements in new product launches. Medical material sales were put on the recovery track, despite the ongoing negative impact from the decrease in surgical operations and restricted access to medical institutions.

Consequently, the functional solutions business posted net sales of ¥49,673 million (a year-over-year decrease of 11.9%) and operating income of ¥4,852 million (a year-over-year decrease of 20.7%).

### [Apparel]

The apparel business as a whole was back on course for recovery, but suffered from slow in-store sales resulting from the reissuance of the declaration of the state of emergency and other factors. In innerwear, the e-commerce and drugstore channels performed strongly, helping to boost the sales growth of basic products and women's innerwear. In legwear, leggings performed well, but overall legwear sales were adversely affected by decreased opportunities for wearing stockings as people refrained from going on nonessential outings or attending events.

Consequently, the apparel business posted net sales of ¥62,640 million (a year-over-year decrease of 9.9%) and operating income of ¥2,306 million (a year-over-year decrease of 15.9%).

### [Lifestyle Creations]

In the real estate category, commercial facilities experienced a decrease in the number of visitors, caused by the resurgence of COVID-19. However, revenues from new properties positively contributed to the performance of the property leasing business. In the sports club business, the spread of COVID-19 caused a substantial drop in the number of members, which resulted in a delayed recovery even after the closure requests by the government were cancelled.

Consequently, the lifestyle creation business recorded net sales of ¥11,976 million (a year-over-year decrease of 19.9%) and operating income of ¥482 million (a year-

over-year decrease of 59.4%).

## **(2) Analysis of Financial Position**

### **Assets, Liabilities and Net Assets (Fiscal 2020 Overview)**

As of March 31, 2021, total assets were ¥159,629 million, a decrease of ¥7,003 million compared to the end of the previous fiscal year. The main components of an increase in total assets included a ¥1,272 million increase in machinery, equipment and vehicles, resulting from the operation of the new plastic film production facility in Vietnam. The main components of the decrease were a ¥3,940 million decrease in construction in progress due to the operation of the new factory, etc., a ¥1,877 million decrease in deferred income tax, a ¥958 million decrease in work in process, and a ¥763 million decrease in finished products and goods.

Total liabilities were ¥44,451 million, a decrease of ¥13,043 million compared to the end of the previous fiscal year. The main components of the decrease were a ¥7,350 million decrease in long- and short-term debt including commercial paper, a ¥2,440 million decrease in notes and accounts payable, and a ¥1,801 million decrease in liabilities related to retirement benefits.

Net assets were ¥115,178 million, an increase of ¥6,039 million compared to the end of the previous fiscal year. The main components of the increase included a ¥4,939 million increase in unrealized gain on available-for-sale securities, net income attributable to owners of the parent of ¥2,147 million recorded for the fiscal year under review, and a ¥1,306 million increase in accumulated adjustments related to retirement benefits. The main components of a decrease included dividend payments of ¥2,042 million.

## **(3) Summary of Cash Flows for FY2020**

### **1) Cash Flows**

As of March 31, 2021, consolidated cash and cash equivalents were ¥9,717 million, an increase of ¥449 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 ¥8,595 million, a decrease of ¥5,092 million compared to the previous fiscal year. The major components of cash inflows included income before income and other taxes of ¥3,356 million, depreciation and amortization of ¥6,155 million, as well as a ¥1,723 million decrease in inventories. The main components of cash outflows included a



¥2,250 million decrease in accounts payable, and ¥1,306 million spent for the payment of income and other taxes, etc.

Net cash used in investing activities decreased ¥9,431 million compared to the previous fiscal year. As a result, net cash provided by investing activities totaled ¥1,169 million. The main components of cash inflows included proceeds from sale of investments in securities amounting to ¥6,832 million. Main components of cash outflows included payments for purchase of fixed assets amounting to ¥4,796 million. Net cash provided by financing activities decreased by ¥4,449 million compared to the previous fiscal year. As a result, net cash used in financing activities totaled ¥9,335 million. The main components of cash outflows were a ¥6,420 million decrease in short-term debt and commercial paper, and ¥2,036 million spent for dividend payments.

## 2) Cash Flow Indicator Trends

	March 31, 2017	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021
Equity ratio (%)	63.8	64.9	64.6	64.6	71.1
Equity ratio on market value basis (%)	50.2	64.3	47.7	38.7	46.0
Debt coverage ratio (years)	2.1	3.2	2.3	1.8	2.0
Interest coverage ratio (times)	70.2	46.3	49.5	59.0	77.6

### 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 FY2021**

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 COVID-19 pandemic on the GUNZE Group’s business, we have decided to extend 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 are implementing 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 is striving to strengthen our intangible assets, including our core technological strengths, human resource capabilities, global responsiveness, and corporate brand value.

As for the functional solutions business, in plastic films the GUNZE Group will promote a project intended to build a Circular Factory (resource-circulating factory), along with the market launch of environmentally responsible products. While striving to move forward with production innovation through the implementation and rollout of digital technologies, our efforts will also be concentrated on expanding sales in overseas markets, particularly in the United States and China. In engineering plastics, in addition to increasing the share of our products in the office equipment market, we will aim for sales expansion of products for health/medical-related and industrial equipment applications. In medical materials, we will strengthen sales by specifying the United

States and China as overseas bases of focus. In Japan, we will seek to expand sales through use of Medical U&A, Inc., which became a GUNZE subsidiary in fiscal 2019, while also aiming for release of new highly promising products for the next fiscal year.

In the apparel business, 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. At the same time, efforts will be concentrated on the reformation of sales activities by drawing on digital technology in order to adapt to the new normal in the COVID-19 situation. In innerwear, the GUNZE Group will release new materials and new products that meet new consumer needs under the *YG* and *BODYWILD* brands. Consumer preferences are now returning to natural materials and casual-oriented trends, and reflecting increasing health awareness. Furthermore, the GUNZE Group will seek to expand sales of women's innerwear products by strengthening the foundation lineup in a way that clearly sets GUNZE apart from other brands. In legwear, the GUNZE Group will strive to enhance market responsiveness to accommodate changes in consumer needs. To this end, we will proactively release new products in the categories of leggings and bottoms, while also promoting cost structure reform by building an optimal production system.

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 field, a prolonged negative impact from COVID-19 is expected. Despite this situation, we will implement a membership expansion strategy that is tailored to specific regional/store characteristics, while taking meticulous care to implement thorough infection control measures.

#### **(5) Basic Policy on Distribution of Profits and Dividends for FY2020 and FY2021**

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.

The GUNZE Group recorded a considerable drop in profits during the fiscal year under review due to the heavy impact of the COVID-19 pandemic. However, this impact is temporary and has not led to any significant changes in our medium-term forecasts. Also, the GUNZE Group's total return ratio remains at 100%. Due to these reasons, the scheduled dividend for fiscal 2020 is ¥115 per share.

Moreover, the GUNZE Group plans to pay a dividend of ¥140 per share for fiscal

2021.

## **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 FY2019 (Mar. 31, 2020)	End of FY2020 (Mar. 31, 2021)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	9,267	9,717
Notes & accounts receivable, trade	28,099	27,715
Finished products and goods	21,857	21,094
Work in process	6,672	5,714
Raw materials and supplies	4,487	4,302
Short-term loans	604	580
Other current assets	3,393	2,983
Allowance for doubtful accounts	(5)	(17)
<b>Total current assets</b>	<b>74,377</b>	<b>72,090</b>
Fixed assets		
Property, plants and equipment		
Buildings and structures	119,227	122,045
Accumulated depreciation	(79,527)	(82,355)
Buildings and structures (Net)	39,699	39,689
Machinery, equipment and vehicles	93,576	94,587
Accumulated depreciation	(84,121)	(83,859)
Machinery, equipment and vehicles (Net)	9,455	10,727
Tools, furniture and fixtures	7,694	7,823
Accumulated depreciation	(6,224)	(6,430)
Tools, furniture and fixtures (Net)	1,470	1,393
Land	12,287	12,173
Leasehold assets	1,189	1,199
Accumulated depreciation	(898)	(1,036)
Leasehold assets (Net)	291	162
Construction in progress	4,717	776
<b>Total property, plants and equipment</b>	<b>67,921</b>	<b>64,923</b>
Intangible fixed assets		
Software	861	663
Other intangible fixed assets	913	948
<b>Total intangible fixed assets</b>	<b>1,774</b>	<b>1,612</b>
Investments and other assets		
Investments in securities	15,591	15,638
Long-term loans	7	3
Deferred income taxes	3,452	1,574
Other assets	3,577	3,859
Allowance for doubtful accounts	(69)	(71)
<b>Total investments and other assets</b>	<b>22,560</b>	<b>21,004</b>
<b>Total fixed assets</b>	<b>92,256</b>	<b>87,539</b>
<b>Total assets</b>	<b>166,633</b>	<b>159,629</b>

(Millions of yen)

	End of FY2019 (Mar. 31, 2020)	End of FY2020 (Mar. 31, 2021)
<b>Liabilities</b>		
Current liabilities		
Notes & accounts payable, trade	10,271	7,830
Short-term debt	5,513	4,913
Commercial paper	6,600	500
Current portion of long-term debt	560	7,301
Accrued income taxes	635	397
Allowance for employees' bonuses	1,437	1,436
Notes payable on acquisition of property, plants and equipment	548	96
Other current liabilities	8,701	8,387
<b>Total current liabilities</b>	<b>34,267</b>	<b>30,863</b>
Long-term liabilities		
Long-term debt	11,973	4,581
Allowance for loss on guarantees	148	44
Liabilities related to retirement benefits	5,446	3,645
Long-term deposits & guarantee deposits	4,965	4,750
Other long-term liabilities	692	566
<b>Total long-term liabilities</b>	<b>23,227</b>	<b>13,587</b>
<b>Total liabilities</b>	<b>57,494</b>	<b>44,451</b>
Net assets		
Shareholders' equity		
Common stock	26,071	26,071
Capital surplus	6,701	6,674
Retained earnings	84,351	84,456
Treasury stock	(6,727)	(6,904)
<b>Total shareholders' equity</b>	<b>110,397</b>	<b>110,298</b>
Accumulated other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(2,617)	2,321
Deferred gain on hedge	57	16
Revaluation differences on land	(45)	(45)
Foreign currency translation adjustments	507	389
Accumulated adjustments related to retirement benefits	(731)	575
<b>Total accumulated other comprehensive income</b>	<b>(2,830)</b>	<b>3,256</b>
Stock acquisition rights	187	158
Non-controlling interests	1,385	1,465
<b>Total net assets</b>	<b>109,139</b>	<b>115,178</b>
<b>Total liabilities and net assets</b>	<b>166,633</b>	<b>159,629</b>

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

### Consolidated Statements of Income

(Millions of yen)

	FY2019 (Apr. 1, 2019 to Mar. 31, 2020)	FY2020 (Apr. 1, 2020 to Mar. 31, 2021)
Net sales	140,311	123,649
Cost of sales	97,528	85,666
Gross profit	42,782	37,982
Selling, general & administrative expenses	36,036	33,309
Operating income	6,746	4,673
Non-operating income		
Interest income	43	36
Dividend income	529	439
Rental income	328	271
Income from subsidies	14	212
Other	218	194
Total non-operating income	1,135	1,155
Non-operating expenses		
Interest expenses	220	125
Rental expenses	306	264
Exchange loss	32	4
Operation preparation expenses	144	-
Expenses related to PCB waste treatment	40	87
Other	267	251
Total non-operating expenses	1,012	734
Ordinary income	6,868	5,094
Extraordinary income		
Gain on sale of fixed assets	1,058	170
Gain on sale of investment securities	256	1,466
Other	149	34
Total extraordinary income	1,464	1,671
Extraordinary loss		
Loss on sale or disposal of fixed assets	583	172
Loss on sale of investment securities	218	1,428
Impairment loss	867	402
Loss arising from COVID-19	-	963
Factory relocation expenses	390	139
Other	374	304
Total extraordinary loss	2,433	3,410
Income before income and other taxes	5,899	3,356
Income, residential and enterprise taxes	1,418	703
Adjustment for income and other taxes	(18)	390
Total income and other taxes	1,399	1,093
Net income	4,500	2,262
Net income attributable to non-controlling interests	112	115
Net income attributable to owners of the parent	4,387	2,147

## Consolidated Statements of Comprehensive Income

(Millions of yen)

	<b>FY2019</b> (Apr. 1, 2019 to Mar. 31, 2020)	<b>FY2020</b> (Apr. 1, 2020 to Mar. 31, 2021)
Net income	4,500	2,262
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(2,842)	4,939
Deferred gain (loss) on hedge	37	(40)
Foreign currency translation adjustments	(233)	(134)
Adjustments related to retirement benefits	279	1,306
Total other comprehensive income	(2,758)	6,071
Comprehensive income	1,741	8,334
<Breakdown>		
Comprehensive income attributable to owners of the parent	1,622	8,234
Comprehensive income attributable to non-controlling interests	118	99



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

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

FY2020 (April 1, 2020 to March 31, 2021)

(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	6,701	84,351	(6,727)	110,397
Changes in the period					
Dividends from retained earnings			(2,042)		(2,042)
Net income attributable to owners of the parent			2,147		2,147
Acquisition of treasury stock				(391)	(391)
Disposal of treasury stock		(26)		214	187
Net changes of items other than shareholders' equity					
Total changes in the period	-	(26)	105	(177)	(99)
Balance at the end of the period	26,071	6,674	84,456	(6,904)	110,298

	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	(2,617)	57	(45)	507	(731)	(2,830)
Changes in the period						
Dividends from retained earnings						
Net income attributable to owners of the parent						
Acquisition of treasury stock						
Disposal of treasury stock						
Net changes of items other than shareholders' equity	4,939	(40)	-	(118)	1,306	6,086
Total changes in the period	4,939	(40)	-	(118)	1,306	6,086
Balance at the end of the period	2,321	16	(45)	389	575	3,256

FY2020 (April 1, 2020 to March 31, 2021)

	Stock acquisition rights	Non- controlling interests	Total net assets
Balance at the beginning of the period	187	1,385	109,139
Changes in the period			
Dividends from retained earnings			(2,042)
Net income attributable to owners of the parent			2,147
Acquisition of treasury stock			(391)
Disposal of treasury stock			187
Net changes of items other than shareholders' equity	(28)	79	6,138
Total changes in the period	(28)	79	6,039
Balance at the end of the period	158	1,465	115,178

**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

	<b>FY2019</b> (Apr. 1, 2019 to Mar. 31, 2020)	<b>FY2020</b> (Apr. 1, 2020 to Mar. 31, 2021)
<b>Cash flows from operating activities</b>		
Income before income and other taxes	5,899	3,356
Depreciation and amortization	6,390	6,155
Impairment loss	867	402
Amortization of goodwill	133	133
Increase (decrease) in allowance for doubtful accounts	(3)	12
Increase (decrease) in liabilities related to retirement benefits	174	58
Increase (decrease) in allowance for employees' bonuses	62	0
Increase (decrease) in allowance for loss on guarantees	105	39
Interest and dividend income	(573)	(476)
Interest expenses	220	125
Exchange loss (gain)	(31)	4
Loss (gain) on sale or disposal of fixed assets	(469)	1
Loss (gain) on sale or valuation of investments in securities	(38)	(37)
Loss arising from COVID-19	-	963
Settlement income	(128)	-
Factory relocation expenses	390	139
Gain on negative goodwill	(21)	-
Other extraordinary losses	250	84
Other losses (gains)	(57)	(31)
Decrease (increase) in notes and accounts receivable	3,385	206
Decrease (increase) in inventories	(683)	1,723
Decrease (increase) in other current assets	(239)	448
Increase (decrease) in notes and accounts payable	400	(2,250)
Increase (decrease) in deposits and guarantee deposits	465	(215)
Increase (decrease) in other current liabilities	(404)	(276)
Increase (decrease) in other long-term liabilities	(471)	(44)
Subtotal	15,621	10,523
Interest and dividends received	573	478
Interest paid	(232)	(110)
Settlement received	128	-
Factory relocation expenses paid	(228)	(107)
Payments for loss arising from COVID-19	-	(881)
Income tax refund (paid)	(2,174)	(1,306)
Net cash provided by (used in) operating activities	13,688	8,595

(Millions of yen)

	<b>FY2019</b> (Apr. 1, 2019 to Mar. 31, 2020)	<b>FY2020</b> (Apr. 1, 2020 to Mar. 31, 2021)
<b>Cash flows from investing activities</b>		
Payments for purchase of fixed assets	(9,599)	(4,796)
Proceeds from sale of fixed assets	2,195	407
Payments for disposition of fixed assets	(438)	(85)
Payments for acquisition of investment securities	(1,276)	(975)
Proceeds from sale of investment securities	1,808	6,832
Payments for purchase of investments in subsidiaries	(84)	-
Net decrease (increase) in loans	68	(2)
Payments for acquisition of a subsidiaries' shares accompanied by changes in scope of consolidation	(1,080)	-
Other	145	(211)
Net cash provided by (used in) investing activities	(8,262)	1,169
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term debt and commercial paper	(379)	(6,420)
Proceeds from issuance of long-term debt	1,643	-
Repayments of long-term debt	(2,454)	(550)
Payments for purchase of treasury stock	(1,964)	(391)
Proceeds from sale of treasury stock	477	187
Cash dividends paid	(1,989)	(2,036)
Dividends paid to non-controlling interests	(34)	(20)
Other	(184)	(104)
Net cash provided by (used in) financing activities	(4,886)	(9,335)
Effect of exchange rate changes on cash & cash equivalents	(119)	20
Increase (decrease) in cash and cash equivalents	420	449
Cash and cash equivalents at the beginning of the period	8,102	9,267
Increase (decrease) in cash and cash equivalents due to change in scope of consolidation	744	-
Cash and cash equivalents at the end of the period	9,267	9,717

## **(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)**

Aiming to incentivize all GUNZE Group employees to improve the Company's corporate value in the medium- to long-term, the Company had 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 through a trust. This Plan was completed as of June 2020.

#### **(1) Incentive plan overview**

This Incentive Plan was available to all GUNZE Group employees who belonged to the Employee Shareholding Association. Under this plan, the Company established 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 estimated the number of shares that the Employee Shareholding Association was likely to acquire over the three years following the establishment of the trust, and purchased this amount in advance.

The Employee Shareholding Association Trust then continuously sold shares of the Company to the Employee Shareholding Association, and in the event that an amount equivalent to a net gain on sale of the Company's shares accumulated in the Employee Shareholding Association Trust at the end of the trust period, the amount in question was to be distributed in the form of residual assets to members of the Employee Shareholding Association who met the beneficiary eligibility criteria. Note that the Company would guarantee loans taken out to purchase the Company's shares and thus would repay any outstanding portion of the loans in the event that an amount equivalent to a loss on sale of shares 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 were recorded at the Employee Shareholding Association Trust's book value (excluding incidental expenses) as treasury stock under "net assets." The

book value of the treasury stock and the number of shares in the previous fiscal year were ¥92 million and 13,000 shares, respectively. No treasury stock was recorded in the fiscal year under review.

(3) Carrying amount of a loan recorded using the gross amount method

A gross carrying amount of a loan of ¥253 million was recorded at the end of the previous fiscal year. None of the loan in question was recorded at the end of the fiscal year under review.

**( COVID-19 Impact on Accounting Estimates )**

The GUNZE Group's accounting estimates for the impairment of fixed assets and determining recoverability for deferred tax assets are prepared based on information available to us at the time of preparing the consolidated financial statements.

Concerning the projected timing for the COVID-19 pandemic to be brought under control that is employed in preparing our accounting estimates, we are expecting the COVID-19 situation to continue into fiscal 2021 and beyond. Against this background, we are implementing strict countermeasures to control the spread of COVID-19 infections as well as promoting our business activities in a way optimized for the "new normal" situation necessitated by the COVID-19 pandemic. As such, we are expecting that we will experience a certain degree of impact up until March 2022, but that our business will gradually head toward a recovery after that time.

Please note that actual results may differ from accounting estimates because the spread of COVID-19 infections and the timing for bringing the COVID-19 pandemic under control remain uncertain.

**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

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.

FY2020 (April 1, 2020 to March 31, 2021)

(Millions of yen)

	Reportable segments				Adjustment (Note 1)	Consolidated (Note 2)
	Functional solutions	Apparel	Lifestyle creations	Total		
Net sales						
Sales to outside customers	49,363	62,439	11,846	123,649	-	123,649
Intersegment sales and transfers	309	201	130	641	(641)	-
Total	49,673	62,640	11,976	124,290	(641)	123,649
Segment profit	4,852	2,306	482	7,641	(2,968)	4,673
Segment assets	51,342	53,657	31,792	136,793	22,836	159,629
Other items						
Depreciation & amortization	2,486	1,230	1,962	5,678	476	6,155
Amortization of goodwill	88	45	-	133	-	133
Impairment loss	-	-	402	402	-	402
Increase in tangible and intangible fixed assets	6,386	814	414	7,615	230	7,845

Notes:

1. Adjustment comprises the following:

(1) The segment profit adjustment of – (minus) ¥2,968 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 ¥22,836 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

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.

FY2020 (April 1, 2020 to March 31, 2021)

### 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
104,311	19,337	123,649

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

#### (2) Property, plants and equipment

(Millions of yen)

Japan	Others	Total
56,487	8,435	64,923

### 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**

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

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

FY2020 (April 1, 2020 to March 31, 2021)

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

**Information on Goodwill Amortization and Unamortized Balance of Each Reportable Segment**

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

FY2020 (April 1, 2020 to March 31, 2021)

(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	191	247	—	439	—	439

**Information on Gain on Negative Goodwill of Each Reportable Segment**

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

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

FY2020 (April 1, 2020 to March 31, 2021)

None applicable

**Per Share Information**

	<b>FY2019</b> (April 1, 2019 to March 31, 2020)	<b>FY2020</b> (April 1, 2020 to March 31, 2021)
Net assets per share (¥)	6,061.10	6,419.62
Earnings per share (¥)	245.00	120.94
Diluted earnings per share (¥)	243.88	120.51

Note:

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

	<b>FY2019</b> (April 1, 2019 to March 31, 2020)	<b>FY2020</b> (April 1, 2020 to March 31, 2021)
Earnings per share		
Net income attributable to owners of the parent (¥ millions)	4,387	2,147
Amounts not allocated to common shareholders (¥ millions)	—	—
Net income attributable to owners of the parent allocated to common stock (¥ millions)	4,387	2,147
Average number of shares of common stock outstanding during each term (thousand shares)	17,908	17,758
Diluted earnings per share		
Adjustment to net income attributable to owners of the parent (¥ millions)	—	—
Increase in common stock (thousand shares)	82	63
[Stock acquisition rights] (thousand shares)	[82]	[63]

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

	<b>FY2019</b> (Mar. 31, 2020)	<b>FY2020</b> (Mar. 31, 2021)
Total net asset value (¥ millions)	109,139	115,178
Deduction from net assets (¥ millions)	1,572	1,623
[Non-controlling interests] (¥ millions)	[1,385]	[1,465]
[Stock acquisition rights] (¥ millions)	[187]	[158]
Term-end net asset value allocated to common stock (¥ millions)	107,566	113,554
Term-end number of shares of common stock used for calculation of net assets per share (thousand shares)	17,747	17,688

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 40,000 shares and 2,000 shares, respectively. The number of shares of treasury stock at the end of the previous fiscal year, which was deducted for the calculation of net assets per share, is 13,000 shares. There was no treasury stock at the end of the period under review, which was deducted for the calculation of net assets per share.

**Significant Subsequent Events**

None applicable.

## 4. Supplementary Information

**Overview of Consolidated Results****<Overview of Results>**

- Each business segment posted decreases in sales and profits due to the impact of COVID-19.
- The functional solutions business was adversely impacted by COVID-19 in various business fields, and is consequently posting decreases in sales and profits.
- The apparel business posted decreases in sales and profits. Although GUNZE worked hard to promote sales on the fast-growing EC channel, this was not enough to offset the slump in in-store sales.
- The lifestyle creation business posted decreases in sales and profits due to the heavy impact of temporary closures of shopping centers and sports clubs.

**<Special Treatments>**

- Loss arising from COVID-19: ¥900 million
- Impairment loss: ¥400 million

**<Cash Flows>**

- Cash from operating activities: ¥8.5 billion (a decrease of ¥5 billion from previous fiscal year)

**<Dividends>**

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

**<FY2021 Forecast>**

- Both sales and profits are expected to increase because GUNZE will intensify its efforts to launch environmentally responsible products in the plastic film field, and will promote the apparel business's expansion of EC channel sales and production innovation.
- Scheduled dividend payment for fiscal 2021 is ¥140 per share.

**(1) FY2020 Operating Results (Apr. 1, 2020 to Mar. 31, 2021)**

(Millions of yen)

	FY2020	Forecasts	FY2019	Change	
				<Upper figures in brackets %>	
				vs. forecasts	vs. FY2019
Net Sales	123,649	131,000	140,311	<(5.6)> (7,351)	<(11.9)> (16,662)
Operating Income	4,673	4,500	6,746	<3.8> 173	<(30.7)> (2,072)
Ordinary Income	5,094	4,500	6,868	<13.2> 594	<(25.8)> (1,773)
Net income attributable to owners of the parent	2,147	2,100	4,387	<2.2> 47	<(51.1)> (2,240)
Total Assets	159,629		166,633		<(4.2)> (7,003)
Inventories	31,110		33,017		<(5.8)> (1,907)
Fixed Assets	87,539		92,256		<(5.1)> (4,716)
Net Assets	115,178		109,139		<5.5> 6,039
Financing Income/Expenses	351		352		(1)
Interest/Dividends Received	476		573		(96)
Interest Expenses	(125)		(220)		95
Capital Expenditures	7,845		5,380		2,465
Depreciation and Amortization	6,289		6,502		(213)

**Acquisition of treasury stock, etc.**

(Thousands of shares)

(Amount)

Treasury stock acquired	100	¥391 million
Treasury stock disposed	42	¥214 million
Treasury stock held at the end of the previous fiscal year	1,546	¥6,727 million
Treasury stock held at the end of the period	1,604	¥6,904 million

\* Treasury stock acquired includes 99 thousand shares purchased at ¥386 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		FY2020		FY2019		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net Sales	Functional Solutions	49,673	40.0	56,361	40.0	(6,687)	(11.9)
	Apparel	62,640	50.4	69,491	49.4	(6,850)	(9.9)
	Lifestyle Creations	11,976	9.6	14,945	10.6	(2,969)	(19.9)
	Subtotal	124,290	100.0	140,798	100.0	(16,507)	(11.7)
	Elimination	(641)		(487)		(154)	-
	Consolidated	123,649		140,311		(16,662)	(11.9)
Operating Income	Functional Solutions	4,852	63.5	6,120	60.9	(1,267)	(20.7)
	Apparel	2,306	30.2	2,743	27.3	(436)	(15.9)
	Lifestyle Creations	482	6.3	1,187	11.8	(705)	(59.4)
	Subtotal	7,641	100.0	10,052	100.0	(2,410)	(24.0)
	Elimination	(2,968)		(3,306)		337	-
	Consolidated	4,673		6,746		(2,072)	(30.7)

**(3) Significant Financial Indicators**

Item		FY2020	FY2019	Change
Operating Income to Total Assets Ratio	%	2.9	4.0	(1.1)
Ordinary Income to Total Assets Ratio	%	3.1	4.1	(1.0)
Operating Income to Net Sales Ratio	%	3.8	4.8	(1.0)
Ordinary Income to Net Sales Ratio	%	4.1	4.9	(0.8)
Turnover of Total Assets	times	0.76	0.83	(0.07)
Equity Ratio	%	71.1	64.6	6.5
ROE	%	1.9	4.0	(2.1)
Earnings per Share	¥	120.94	245.00	(124.06)
Diluted Earnings per Share	¥	120.51	243.88	(123.37)
Net Assets per Share	¥	6,419.62	6,061.10	358.52

**(4) Cash Flows**

(Millions of yen)

Cash Flow Activity	FY2020	FY2019	Change	Breakdown of Major Components
Operating Activities	8,595	13,688	(5,092)	Income before income and other taxes: 3,356; Depreciation and amortization: 6,155; Decrease in inventories: 1,723; Decrease in accounts payable: (2,250); Payments of income and other taxes: (1,306)
Investing Activities	1,169	(8,262)	9,431	Proceeds from sale of investments in securities: 6,832; Payment of purchase of fixed assets: (4,796)
Financing Activities	(9,335)	(4,886)	(4,449)	Decrease in short-term debt and commercial paper: (6,420) Dividends paid: (2,036)
Foreign Currency Translation Adjustments	20	(119)	140	
Increase (Decrease) in Cash and Cash Equivalents	449	420	29	
Increase (Decrease) due to Change in Scope of Consolidation	-	744	(744)	
Cash and Cash Equivalents - End of Period	9,717	9,267	449	



**(5) Capital Expenditures and Depreciation and Amortization by Segment**

(Millions of yen)

Item	FY2020		FY2019		Y-over-Y Change	FY2021 Plan		Y-over-Y Change	
	Amount	Weight	Amount	Weight		Amount	Weight		
Capital Expenditures * Incl. intangible fixed assets	<International>	<3,219>		<256>		<600>			
	Functional Solutions	6,386	81.4	1,683	31.3	4,703	3,100	42.5	(3,286)
	<International>	<295>		<578>		<300>			
	Apparel	814	10.4	1,046	19.4	(232)	2,200	30.1	1,386
	Lifestyle Creations	414	5.3	2,297	42.7	(1,883)	900	12.3	486
	Corporate	230	2.9	352	6.5	(122)	1,100	15.1	870
	<International>	<3,514>		<835>		<900>			
	Total	7,845	100.0	5,380	100.0	2,465	7,300	100.0	(545)
Depreciation and Amortization * Incl. amortization of goodwill	Functional Solutions	2,575	40.9	2,408	37.0	167	2,700	42.2	125
	Apparel	1,275	20.3	1,378	21.2	(103)	1,400	21.9	125
	Lifestyle Creations	1,962	31.2	2,152	33.1	(190)	1,900	29.7	(62)
	Corporate	476	7.6	562	8.7	(86)	400	6.2	(76)
	Total	6,289	100.0	6,502	100.0	(213)	6,400	100.0	111

**Main Investment Plans for FY2021**

- Innerwear production equipment: ¥1,500 million
- Plastic film production equipment: ¥1,300 million

**(6) FY2021 Forecast**

(Millions of yen)

Item	FY2021 Forecast	FY2020
Net Sales	135,000	123,649
Operating Income	8,000	4,673
Ordinary Income	8,200	5,094
Net income attributable to owners of the parent	5,600	2,147

Note: As the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) will be adopted from the beginning of the fiscal year ending March 2022, the forecasts shown above represent amounts calculated after adopting the said Accounting Standard, and percentages of change from the previous fiscal year are not indicated.

**(7) Forecast of Results by Segment**

(Millions of yen)

Item	FY2021 Forecast		FY2020 Results		
	Amount	Weight	Amount	Weight	
Net Sales	Functional solutions	56,100	41.3	49,673	40.0
	Apparel	66,000	48.7	62,640	50.4
	Lifestyle creations	13,500	10.0	11,976	9.6
	Subtotal	135,600	100.0	124,290	100.0
	Elimination	(600)		(641)	
	Consolidated	135,000		123,649	
Operating Income	Functional solutions	7,200	63.7	4,852	63.5
	Apparel	3,200	28.3	2,306	30.2
	Lifestyle creations	900	8.0	482	6.3
	Subtotal	11,300	100.0	7,641	100.0
	Elimination	(3,300)		(2,968)	
	Consolidated	8,000		4,673	