

# **Business Report**

**Consolidated Financial Statements  
for the First Quarter of FY2024  
(Ending March 31, 2025)**

**GUNZE LIMITED**  
TSE Prime (Code:3002)

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# **I. Financial Statements for the First Quarter of FY2024 (Ending March 31, 2025)**

# I-1. Consolidated Financial Statements for FY2024 1Q

## Consolidated operating results

(Millions of yen)

	FY2024 1Q Bottom profit margin	FY2023 1Q Bottom profit margin	Y over Y	
			Increase (Decrease)	Change (%)
Net sales	33,382	31,706	1,676	5.3
Operating profit	2,083 6.2%	1,515 4.8%	568	37.5
Ordinary profit	2,272 6.8%	1,640 5.2%	631	38.5
Profit attributable to owners of parent	1,600 4.8%	1,586 5.0%	14	0.9

FY2023 1Q  
Extraordinary income:  
Gain on sales of securities 657

FY2024 1Q  
Extraordinary income:  
Gain on sales of securities 144

## Consolidated financial position

	FY2024 1Q	End of FY2023	Increase (Decrease)
Total assets	165,028	161,971	3,057
Net assets	118,665	118,642	23
Equity ratio	71.9%	73.2%	(1.3%)
Interest-bearing debt	12,998	9,004	3,994
BPS (JPY)	7,114.32	7,112.73	1.59

## I-2. FY2024 1Q Segment Summary

In addition to the favorable performance of the Functional Solutions business, where the materials-related business is on the road to recovery, and the Medical business, where new products and sales to China are expanding, sales and profit increased due to structural reforms in the Apparel business and Sports club business.

### Highlights of segment performance

#### Functional Solutions

##### Increase sales and profit

Plastic films were affected by sluggish demand in the U.S., but domestic sales remained strong. In addition to a recovery in the market for Engineering plastics for office automation equipment, demand for semiconductor-related products remained strong.

#### Medical

##### Increase sales and profit

In Japan, market penetration of new products such as absorbable adhesion barrier sheets increased.

Overseas, sales to China increased, particularly for bioabsorbable reinforcement felt.

#### Apparel

##### Slight increase in sales and profit

Despite the impact of foreign exchange, profit increased due to the effects of business restructuring and other factors.

Annual products were sluggish, but seasonal products performed well.

D-to-C sales such as EC and direct managed store continued to perform strongly.

#### Lifestyle Creations

##### Lower sales and profit

The Real Estate business, sales decreased due to the impact of sales from the underutilized land redevelopment project in the previous period and the impact of depreciation on shopping malls.

The Sports Club business, sales declined due to the closure of underperforming stores, but profitability improved.

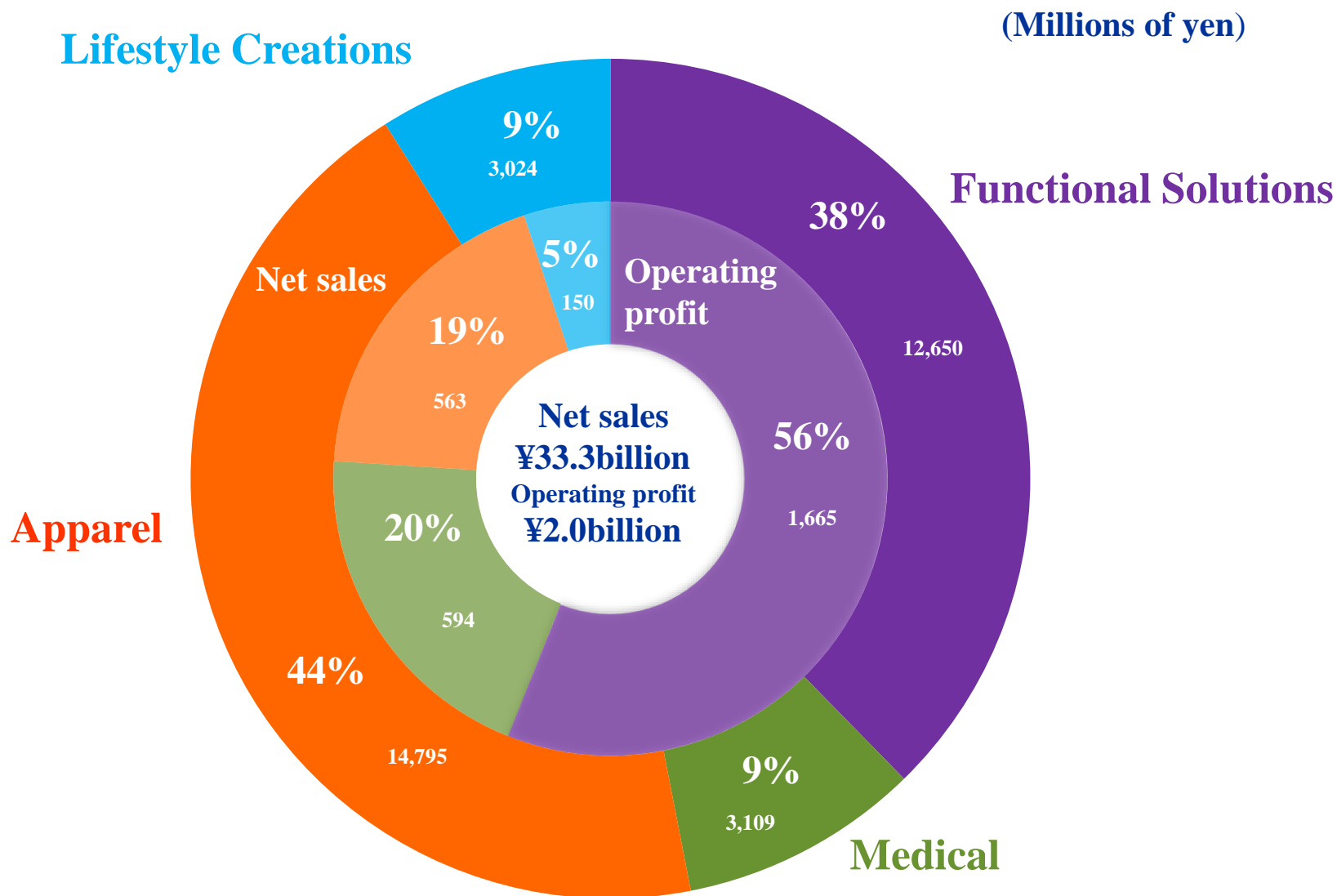
# I-3. FY2024 1Q Performance by Segment

## Consolidated Results

(Millions of yen)

	Net sales			Operating profit Bottom: profit margin		
	FY2024 1Q	FY2023 1Q	YoY	FY2024 1Q	FY2023 1Q	YoY
Functional Solutions	12,650	11,326	11.7% 1,323	1,665 13.2%	1,423 12.6%	17.0% 242
Medical	3,109	2,420	28.5% 689	594 19.1%	463 19.1%	28.2% 130
Apparel	14,795	14,583	1.5% 211	563 3.8%	343 2.4%	64.0% 219
Lifestyle Creations	3,024	3,557	(15.0%) (532)	150 5.0%	172 4.8%	(13.0%) (22)
Total	33,382	31,706	5.3% 1,676	2,083 6.2%	1,515 4.8%	37.5% 568

## I-4. Consolidated Financial Statements for FY2024 1Q by Segment



Total includes corporate expenses not included in segment profit

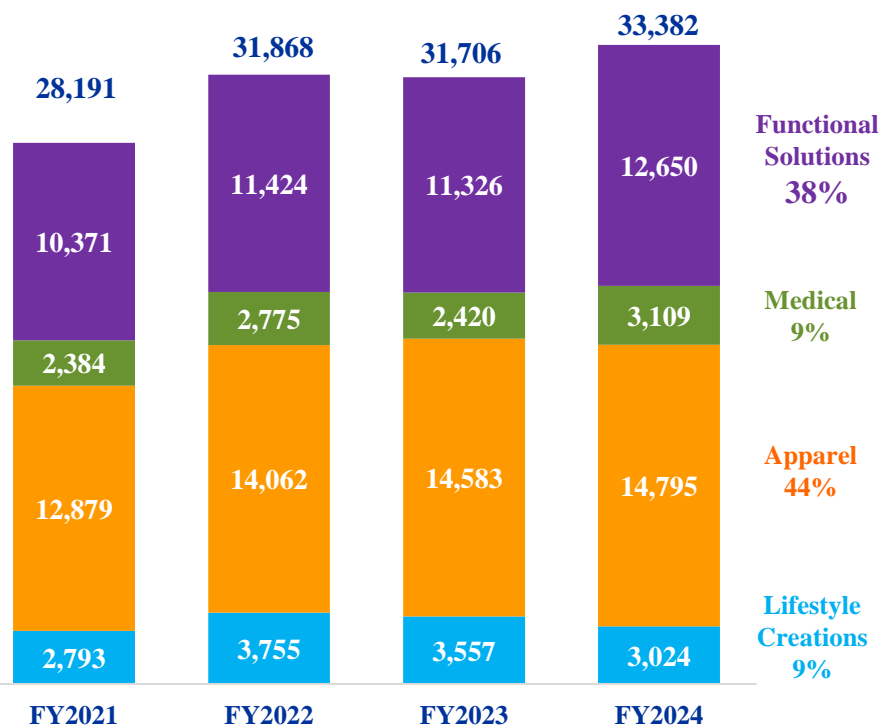
# I-5. Net Sales & Operating Profit for FY2024 1Q

Net sales **33,382** YOY +5.3%

(Millions of yen)

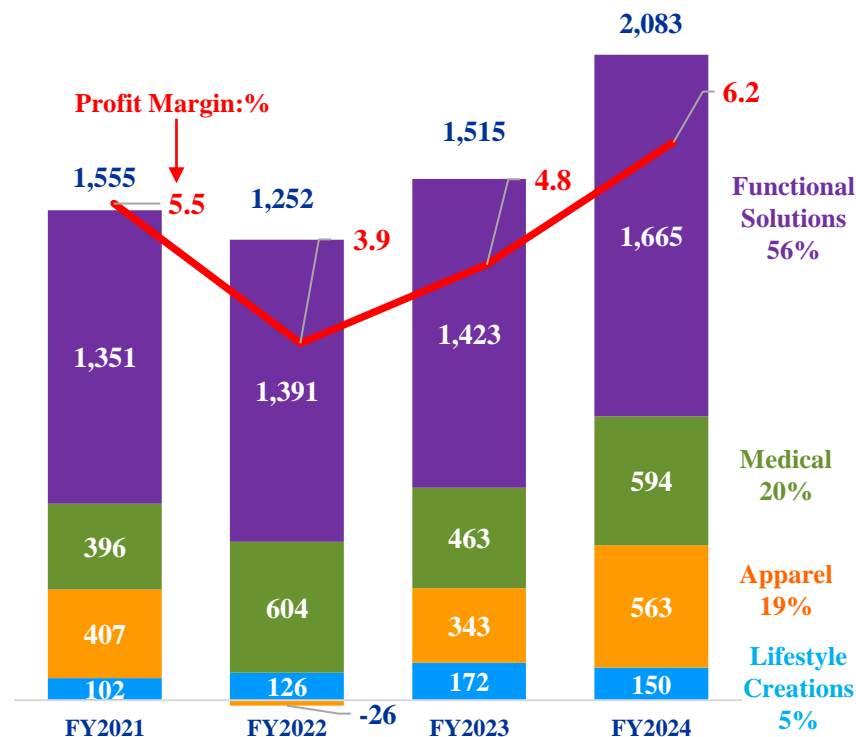
Operating profit **2,083** YOY +37.5%

## <Sales by Business Segment>



Continued growth in Functional Solutions and Medical

## <Operating profit by Business Segment>



Total includes corporate expenses not included in segment profit.

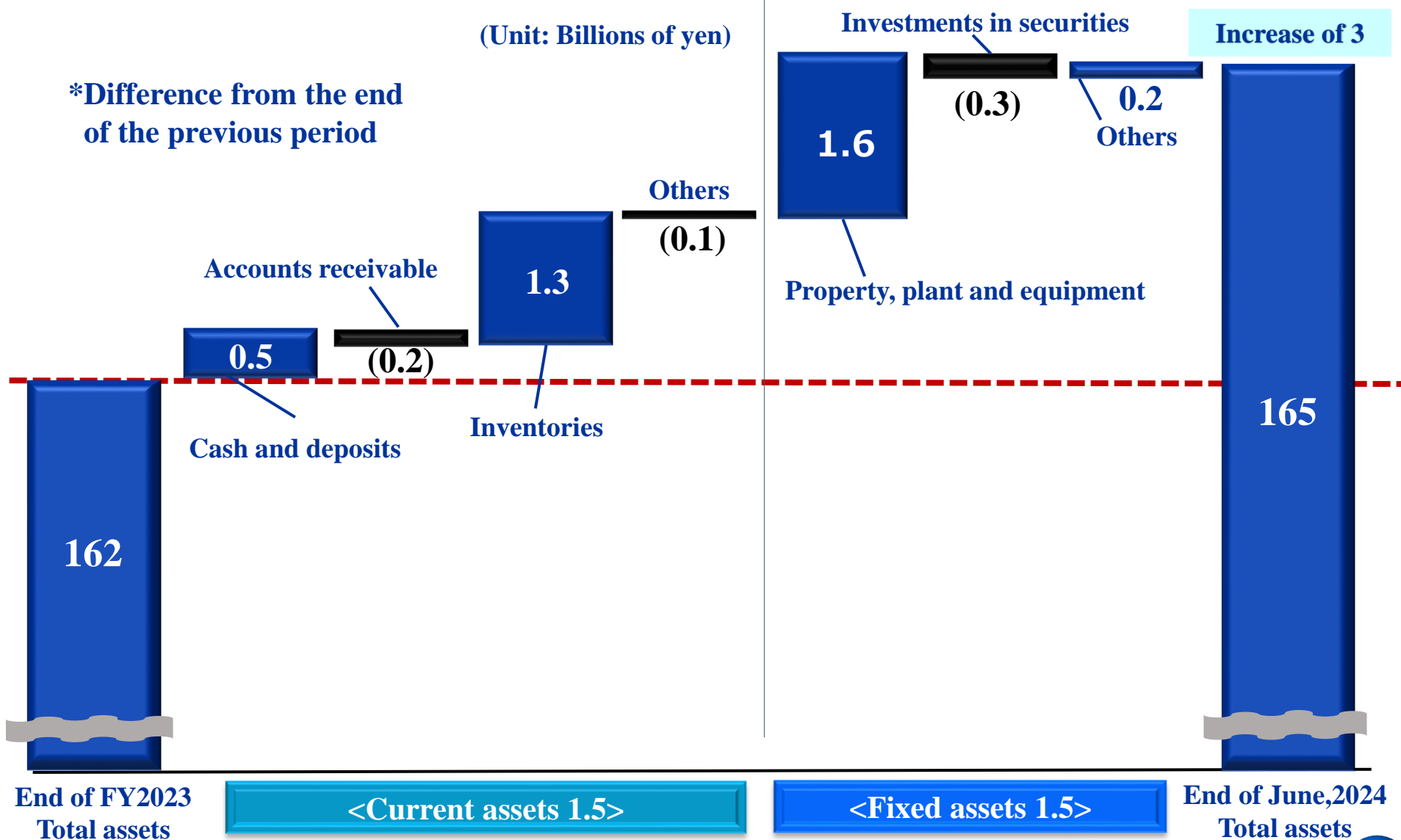
Growth in Functional Solutions and Medical, as well as the impact of structural reforms in Apparel, profits are on track to increase.



# I-6. Details of Changes in Assets

(Unit: Billions of yen)

\*Difference from the end of the previous period



## **II. Business Summary for the First Quarter**

# II-1. Business Review for the First Quarter

## ◆ Functional Solutions 1

### ■ Plastic films

Market inventories have been exhausted and demand is recovering.  
 The resource recycling factory is in full operation and recycling centers are being established.

Position

Profit  
increased

Category	Main Products	Topics
Shrink film domestic	<p>Hybrid styrene shrink film is made by coextrusion of PET and PS. It has both well shrinkage and shrink characteristics. Olefin shrink film has a low specific gravity and easy to recycle.</p> 	<p>Beverage sales were strong, supported by good weather and inbound demand but product price increases tend to discourage purchases.          “GEOPLAS® “ the most lightweight shrink film adopted for beverage shrink labels.</p>
Flexible packaging	<p>The products have excellent gas barrier and pinhole resistance for food industry.</p> 	<p>In Japan, sales of seasonal products were strong due to the prolonged hot weather.          Exports saw a recovery in orders for balloons and other products as inventory adjustments continued.</p>
Industrial Packaging	<p>For semiconductor manufacturing , EV batteries, and wallpaper industry etc.</p> 	<p>Semiconductor sales are strong as the PC and smartphone markets recover.</p>
OPP films	<p>Excellent anti-fog characteristic for food package.</p> 	<p>Strong sales of bagged vegetables like bean sprouts and cut vegetables.</p>
Shrink film overseas	<p>Shrink films can be supplied world wide. The company has three production site in USA, China, and Vietnam.</p>	<p>USA: Inflation affected purchases of big ticket items.          Vietnam: Amid sluggish consumption, competing local manufacturers attacked prices.          China: Sluggish demand for household goods was offset by demand for beverages.</p>



- Shrink film domestic
- Flexible packaging
- Industrial Packaging
- OPP Films
- Shrink film Overseas

## II-2. Business Review for the First Quarter

### ◆ Functional Solutions(2)

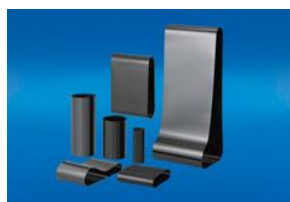
#### Engineering plastics

While building on the foundation of products for the OA market, strive to strengthen non-OA categories such as semiconductors and medical markets to achieve business growth.

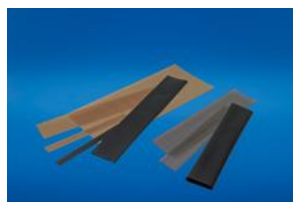
Position

Profit  
increased

◆ Category	Main Products	Topics
OA Functional products	Fluorine thin film tubes for fusing belts/rolls. The intermediate transfer belt has the top share in the global market.	Sales of office MFPs were stable as economic activities normalized, reflecting the recovery trend in the printer market.
Non-OA products	Functional parts used in manufacturing processes in the industrial market.	Semiconductor products were covered even in a stagnant market through new sales channels such as China.



■ Seamless belt



■ Fluorine thin-walled tubing



■ Filter support materials



■ Tear-resistant fluoropolymer tubing



OA Functional  
products

Non-OA products

#### Electronic components

Shares in a Chinese subsidiary and the commercial rights to the touch panel in Japan and the U.S. are expected to be transferred in October 2024.

Position

Profit  
improvement

◆ Category	Main Products	Topics
Touch screens	Assembly and sales of capacitive touch panels.	Affected by the slowdown of the Chinese economy in the industrial equipment market.



# II-3. Business Review for the First Quarter

## ◆ Medical

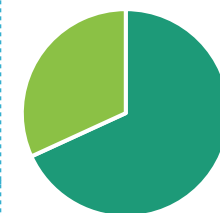
### ■ Medical

Aim to provide innovative "biomaterials × devices".

Expand the ratio of overseas sales of in-house products, the ratio of domestic in-house products, and the ratio of domestic sales of new products.






Position

**Growth  
&  
expansion**



Domestic

Overseas

◆ category	Main products	Topics
Bioabsorbable reinforcement felt	Suitable for reinforcing sutures and preventing air leakage during surgery Effective as a scaffold material for tissue regeneration. 	China: Sales are progressing well, with increased cooperation with distributors and increased use in hospitals.
Bone fixation devices	Bioabsorbable bone grafting Material with special processing. 	Japan: Market share increased due to new product launches. China: Affected by the impact of people's reluctance to spend due to high medical costs.
Artificial dermis	Absorbable artificial skin using collagen. 	Japan & USA: New business development is progressing and sales are increasing.
Absorbable adhesion barrier sheet	Absorbable anti-adhesion material consisting of gelatin in film form with an uneven surface. 	Increased local sales in Japan. Respond to increased competition from our competitors and strengthen sales in the Tokyo metropolitan area.
Purchased products like medical laser and so on	Medical devices for cosmetics, plastic surgery, wound care and so on. 	Human amniotic membrane skin prosthesis: Expanding into the treatment of recalcitrant ulcers. Medical Lasers: Recovery driven by replacement demand.

## II-4. Business Review for the First Quarter

### ◆ Apparel 1

Promote a comprehensive brand strategy through a cross-industry organizational restructuring aimed at improving competitiveness and attracting new customers with products that meet customer needs in addition to the shift to DtoC business. Strengthen the production system to support the growth of differentiated technologies and expand automation efforts.

Position

Profit increased

### Innerwear

- EC and directly managed stores continue to perform well.

Men's

ASEDORON: Strong sales as a brand to meet summer demand by strengthening sales promotion.

YG: "in/T", innerwear for T-shirts, remained strong mainly through EC channels.

BODY WILD: SPA sales steady, but mass retailers struggle.

Women's

KIREILABO: Sales of "Fitte" and "Yutarila," differentiated seasonal innerwear with cups, grew.

Tuché: Sales of bras and panties were steady, but innerwear struggled, especially in mass retailers.

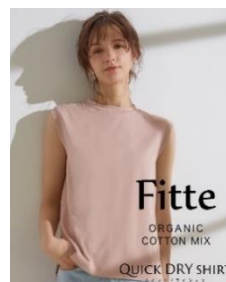
Sales trend in 1Qs



ASEDORON



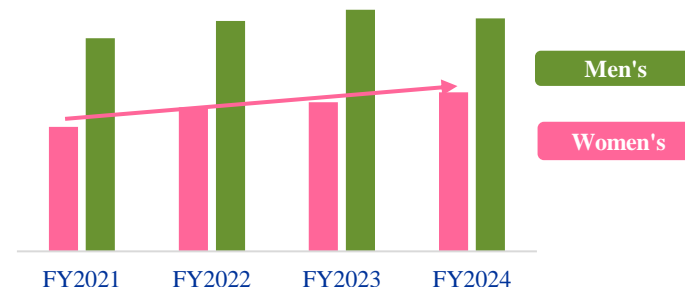
YG



KIREILABO



Tuché



## II-5. Business Review for the First Quarter

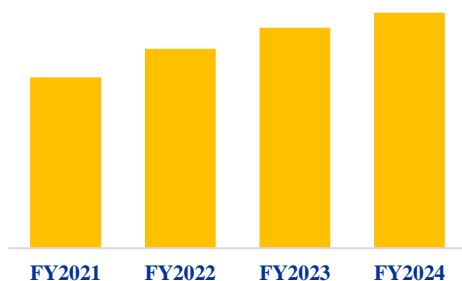
### ◆ Apparel 2

#### Legwear

- Continue structural reforms to improve profitability.

The main product "SABRINA" is promoted as a total brand by strengthening the range of socks available.  
Pantyhose: Affected by the response to the renewal of new products for 23SS.  
Stylish bottoms and leggings: Struggling due to changing trends and lower demand for indoor wear.

Sales trend in 1Qs



**SABRINA**  
foot-cover



**Collaboration Leggings**  
(Ballelite)

## II-6. Business Review for the First Quarter

Position

Profit  
improvement

### ◆ Lifestyle Creations

#### Real estate business

Promote improved profitability of commercial facilities and strengthen property-specific management with a focus on investment efficiency.

##### ● Shopping center business

Tsukashin (Amagasaki, Hyogo): The number of visitors is coming due to the recovering flow of people and the effects of the Renewal.



Tsukashin shopping center

##### ● Real estate leasing business

Decrease due to sales of the Nagai City Station Development Project (Yamagata) recorded in the previous fiscal year.

#### Sports club business

Turn around underperforming stores and restore profitability by growing the school business and differentiating the fitness business.

Close 5 underperforming stores (Feb-Jun) to improve profitability.

The school business will work to increase membership, and the fitness business will focus on differentiating itself from 24-hour fitness clubs.

Work on school swimming and health promotion projects for local governments on a contract basis.



School business

#### Green business

Aggressive efforts to increase fixed volume to meet greening demand for Osaka Expo and other events and reduce CO2 emissions.

Tree sales have been stable due to the delivery of large projects such as the Osaka Expo.



Soil from underwear manufacturing waste material



## **III. Outlook for FY2024**

# III-1. FY2024 Forecast

**No revision of forecast**

(Millions of yen)

Item	FY2024		FY2023		Change	
	Forecast	Profit ratio	Results	Profit ratio	Amount	%
Net sales	140,000		132,885		7,115	5.4%
Operating profit	9,000	6.4%	6,777	5.1%	2,223	32.8%
Ordinary profit	9,000	6.4%	6,774	5.1%	2,226	32.9%
Profit attributable to owners of parent	7,500	5.4%	5,109	3.8%	2,391	46.8%

## III-2. FY2024 Forecast by Segment

**No revision of forecast** (Millions of yen)

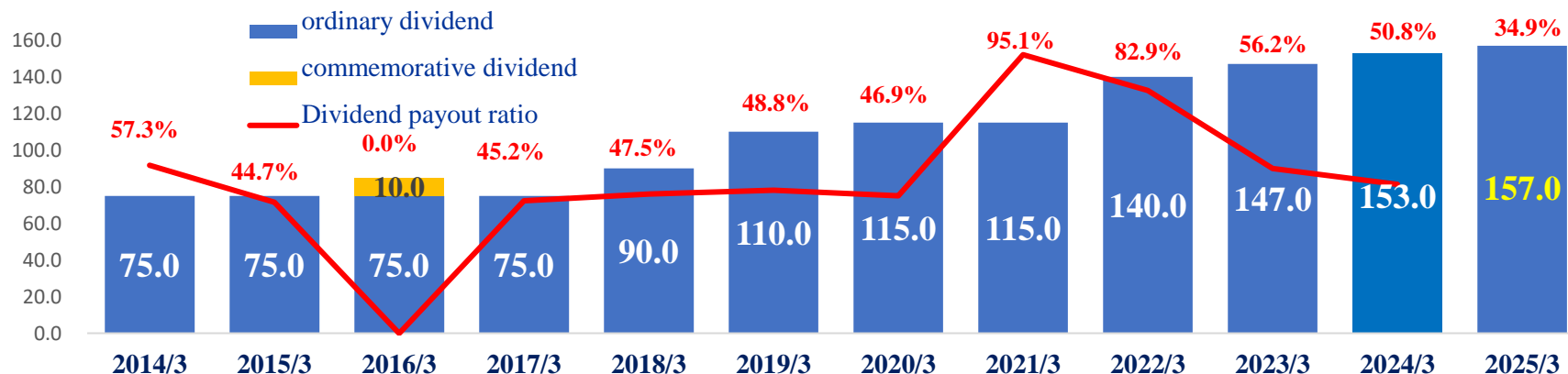
	Net sales			Operating Profit Bottom: Profit margin		
	FY2024	FY2023	Change	FY2024	FY2023	Change
Functional Solutions	49,700	48,975	725 1.5%	7,200 14.5%	6,028 12.3%	1,172 19.4%
Medical	13,000	11,697	1,303 11.1%	2,500 19.2%	1,991 17.0%	509 25.6%
Apparel	65,200	60,114	5,086 8.5%	1,900 2.9%	1,465 2.4%	435 29.7%
Lifestyle Creations	12,900	12,826	74 0.6%	1,100 8.5%	833 6.5%	267 32.1%
Total	140,000	132,885	7,115 5.4%	9,000 6.4%	6,777 5.1%	2,223 32.8%

# III-3. Distribution of Earnings to Shareholders

## Dividend per share and dividend payout ratio

(Unit: JPY)

Forecast



## Treasury Stock

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



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



# GUNZE

## Comfort Solutions for Life

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