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May 14, 2026

Consolidated Financial Results for the Fiscal Year Ended March 31, 2026 (Under Japanese GAAP)



Company name: GUNZE LIMITED

Listing: Tokyo Stock Exchange

Securities code: 3002

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President and Representative Director

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Scheduled date of annual general meeting of shareholders: June 25, 2026

Scheduled date to commence dividend payments: June 26, 2026

Scheduled date to file annual securities report: June 24, 2026

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2026	130,918	(4.5)	4,882	(38.4)	4,920	(39.9)	509	(91.9)
March 31, 2025	137,117	3.2	7,921	16.9	8,180	20.8	6,279	22.9

Note: Comprehensive income For the fiscal year ended March 31, 2026: ¥ 4,344 million [(20.5)%]
For the fiscal year ended March 31, 2025: ¥ 5,462 million [(26.2)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended March 31, 2026	Yen 15.83	Yen 15.80	% 0.4	% 3.1	% 3.7
March 31, 2025	189.70	189.27	5.3	5.1	5.8

Reference: Share of profit (loss) of entities accounted for using equity method

For the fiscal year ended March 31, 2026: ¥ (23) million

For the fiscal year ended March 31, 2025: ¥ - million

Note: As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock. "Basic earnings per share" and "Diluted earnings per share" have been calculated on the assumption that the said stock split had been conducted at the beginning of the fiscal year ended March 31, 2025.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of March 31, 2026	Millions of yen 153,612	Millions of yen 113,746	% 72.8	Yen 3,565.39
March 31, 2025	159,677	120,982	74.6	3,667.20

Reference: Equity

As of March 31, 2026: ¥ 111,756 million

As of March 31, 2025: ¥ 119,074 million

Note: As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock. "Net assets per share" have been calculated on the assumption that the said stock split had been conducted at the beginning of the fiscal year ended March 31, 2025.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2026	17,271	(11,585)	(6,320)	9,936
March 31, 2025	11,572	(7,485)	(5,184)	10,541

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2025	-	0.00	-	390.00	390.00	6,331	102.8	5.4
Fiscal year ended March 31, 2026	-	0.00	-	216.00	216.00	6,770	1,364.5	6.0
Fiscal year ending March 31, 2027 (Forecast)	-	0.00	-	216.00	216.00		130.2	

Notes 1. Breakdown of the year-end dividend for the fiscal year ended March 31, 2026:

Ordinary dividend: 147.00 yen; Special dividend: 69.00 yen

Breakdown of the year-end dividend for the fiscal year ending March 31, 2027 (Forecast):

Ordinary dividend: 147.00 yen; Special dividend: 69.00 yen

2. As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock.

The figures for the fiscal years ended March 31, 2025 are the amounts of actual dividends paid out before the said stock split.

The figures for the fiscal year ending March 31, 2026 and 2027 (Forecast) are the amounts of dividends forecasted to be paid out after the said stock split.

3. Consolidated financial result forecasts for the fiscal year ending March 31, 2027 (from April 1, 2026 to March 31, 2027)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	132,000	0.8	8,800	80.3	8,400	70.7	5,200	921.6	165.90

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

Newly included: - companies()
Excluded: 2 companies(Tsuyama Gunze Co., Ltd, Gunze Electronics USA Corp.)

(2) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: None

(ii) Changes in accounting policies due to other reasons: Yes

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(3) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2026	31,587,032 shares
As of March 31, 2025	34,587,032 shares

(ii) Number of treasury shares at the end of the period

As of March 31, 2026	242,076 shares
As of March 31, 2025	2,116,804 shares

(iii) Average number of shares outstanding during the period

Fiscal Year ended March 31, 2026	32,209,001 shares
Fiscal Year ended March 31, 2025	33,101,196 shares

Note: As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock. “Total number of issued shares at the end of the period,” “Number of treasury shares at the end of the period,” and “Average number of shares outstanding during the period” have been calculated on the assumption that the said stock split had been conducted at the beginning of the fiscal year ended March 31, 2025.

[Reference] Overview of non-consolidated financial results**1. Non-consolidated financial results for the fiscal year ended March 31, 2026 (from April 1, 2025 to March 31, 2026)****(1) Non-consolidated operating results**

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended								
March 31, 2026	92,412	(4.7)	(197)	-	4,735	(23.7)	1,545	(67.0)
March 31, 2025	96,954	3.6	1,976	13.0	6,203	(0.6)	4,679	(15.4)

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2026	47.97	47.88
March 31, 2025	141.36	141.05

Note: As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock. “Basic earnings per share” and “Diluted earnings per share” have been calculated on the assumption that the said stock split had been conducted at the beginning of the fiscal year ended March 31, 2025.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2026	129,737	99,990	77.0	3,186.96
March 31, 2025	136,384	109,168	80.0	3,358.69

Reference: Equity

As of March 31, 2026:	¥	99,895 million
As of March 31, 2025:	¥	109,057 million

Note: As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock. “Net assets per share” have been calculated on the assumption that the said stock split had been conducted at the beginning of the fiscal year ended March 31, 2025.

* Financial results reports are exempt from audit conducted by certified public accountants or an audit firm.

* Proper use of earnings forecasts, and other special 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 FY2026” of “1.Results of Operations” on page 5 of attached materials.

(Attachment)

Table of Contents

1. Results of Operations	2
(1) Analysis of Full-Year Results.....	2
(2) Analysis of Financial Position	3
(3) Summary of Cash Flows for FY2025	4
(4) Outlook for FY2026	5
(5) Basic Policy on Distribution of Profits and Dividends for FY2025 and FY2026	6
2. Basic Policy for Selection of Accounting Standards	6
3. Consolidated Financial Statements and Primary Notes.....	7
(1) Consolidated Balance Sheet.....	7
(2) Consolidated Statements of Income and Comprehensive Income	9
Consolidated Statement of Income	9
Consolidated Statement of Comprehensive Income.....	10
(3) Consolidated Statement of Changes in Equity	11
(4) Consolidated Statement of Cash Flows.....	13
(5) Notes to Consolidated Financial Statements	15
(Notes Regarding Assumptions of Continuing Operations)	15
(Changes in accounting policies).....	15
(Notes to consolidated statements of income).....	15
(Segment Information, etc.)	16
(Per Share Information)	21
(Significant Subsequent Events)	22

1. Results of Operations

(1) Analysis of Full-Year Results

(Overview of the Fiscal Year Ended March 31, 2026)

During the fiscal year ended March 31, 2026 (April 1, 2025 – March 31, 2026), the Japanese economy faced situations where consumers' tendency to save money and restraint on purchase prices continued, driven by sluggish export growth due to rising geopolitical risks, including the worsening of Japan-China relations, as well rising prices caused by soaring resource prices and the yen's depreciation, despite the improving trend in real wages. In addition, the outlook for the business environment surrounding the Company remained unclear, reflecting the further increase in the risk of material price fluctuations caused by tensions in the Middle East and the prolonged situation in Ukraine.

Amid this operating environment, in its medium-term management plan "VISION 2030 Stage 2," launched this fiscal year, the GUNZE Group has defined this period as "three years for transformation" to continue to be the company of choice globally by advancing a sustainable business foundation, and began to strengthen and expand the functional solutions business and medical business, and restructure the apparel business and lifestyle creations business.

The GUNZE Group's operating results for the fiscal year under review are as follows:

Net sales:	¥130,918 million	(down by 4.5% compared to the previous fiscal year)
Operating profit:	¥4,882 million	(down by 38.4% compared to the previous fiscal year)
Ordinary profit:	¥4,920 million	(down by 39.9% compared to the previous fiscal year)
Profit attributable to owners of parent:	¥509 million	(down by 91.9% compared to the previous fiscal year)

Net sales decreased by ¥6,199 million attributable to the impact of sales of electronic components, for which operations were wound down at the end of the previous fiscal year, a decline in overseas sales of plastic films, and a decline in apparel sales through the existing channels, including mass retailers.

Operating profit decreased by ¥3,038 million due to the impact of inventory valuation losses for inventory optimization in the apparel business under structural reforms, as well as sluggish sales of products in China and an increase in fixed costs for the medical business, and ordinary profit decreased by ¥3,260 million. Profit attributable to owners of parent decreased by ¥5,769 million mainly due to the recording of business restructuring expenses in the apparel business for the three months ended June 30, 2025.

(Results by Business Segment)

[Functional Solutions]

The functional solutions business recorded net sales of ¥47,543 million (down by 8.9% compared to the previous fiscal year) and an operating profit of ¥7,234 million (up by 0.4% compared to the previous fiscal year).

<Major factors in the changes>

- In plastic films, sales were affected by sluggish consumption and the downward pressure on prices in the overseas market, although operating profit increased mainly due to the rollout of new environmentally responsible products in Japan.
- In engineering plastics, sales were affected by prolonged inventory adjustments in the semiconductor market.
- Net sales decreased by approximately ¥2,900 million due to the wind-down of the electronic components business, but operating profit improved by approximately ¥300 million.

[Medical]

The medical business recorded net sales of ¥13,197 million (up by 1.9% compared to the previous fiscal year) and an operating profit of ¥1,474 million (down by 39.3% compared to the previous fiscal year).

<Major factors in the changes>

- Expansion of sales of absorbable medical materials including adhesion prevention agent progressed in Japan, despite the impact of price competition.
- Sales of products in China were affected by regulations on high-cost medical care and the restrained purchase of

Japanese products amid the deterioration of Japan–China relations.

- Inventory valuation losses on medical lasers were recorded due to business downsizing.
- The business was affected by the increase in fixed costs, including capital expenditures and personnel increases, aimed at the growth of the business.

[Apparel]

The apparel business recorded net sales of ¥58,597 million (down by 3.6% compared to the previous fiscal year) and an operating loss of ¥1,334 million (compared to an operating profit of ¥753 million for the previous fiscal year) due to an increase of approximately ¥1,900 million in inventory valuation losses.

<Major factors in the changes>

- The business structural reforms progressed as planned, including the consolidation of production and logistics bases and the streamlining of indirect operations. At the end of the fiscal year under review, inventory valuation losses on non-continuing products were recorded in line with the strategy to focus on specific areas.
- While expansion of apparel-related sales through direct-to-consumer channels progressed driven primarily by *Asedoron* and differentiated ladies' innerwear, sales through the existing channels, including mass retailers, were affected by the reduction in sales floor space and consumers' reluctance to make purchases.

[Lifestyle Creations]

The lifestyle creations business recorded net sales of ¥12,530 million (up by 4.4% compared to the previous fiscal year) and an operating profit of ¥1,232 million (up by 24.7% compared to the previous fiscal year).

<Major factors in the changes>

- The real estate category performed well, as the number of visitors increased due to the effects of commercial facility renovations.
- The sports club business significantly improved its operating profit due to the recovery of sales at existing stores and the reduction of unprofitable stores.

(2) Analysis of Financial Position

(Assets, Liabilities and Net Assets)

As of March 31, 2026, total assets were ¥153,612 million, a decrease of ¥6,064 million compared to the end of the previous fiscal year. The main components of the increase included a ¥3,540 million increase in buildings and structures, net, mainly due to factory expansion in the engineering plastics and medical businesses, and a ¥3,289 million increase in retirement benefit asset, while the main components of the decrease included a ¥2,455 million decrease in notes and accounts receivable - trade, and contract assets, a ¥5,128 million decrease in merchandise and finished goods, and a ¥2,748 million decrease in construction in progress.

Total liabilities were ¥39,865 million, an increase of ¥1,170 million compared to the end of the previous fiscal year. The main components of the increase included a ¥4,991 million increase in long- and short-term borrowings including commercial papers, while the main components of the decrease included a ¥1,579 million decrease in other in current liabilities (accounts payable - other, etc.) and a ¥1,529 million decrease in retirement benefit liability.

Net assets were ¥113,746 million, a decrease of ¥7,235 million compared to the end of the previous fiscal year. The main components of the increase included a ¥2,950 million increase in remeasurements of defined benefit plans, while the main components of the decrease included dividends paid of ¥6,331 million and ¥5,007 million spent for the purchase of treasury shares.

(3) Summary of Cash Flows for FY2025

1) Cash Flows

As of March 31, 2026, consolidated cash and cash equivalents were ¥9,936 million, a decrease of ¥604 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 ¥17,271 million, an increase of ¥5,698 million compared to the previous fiscal year. The major components of cash inflows included operating profit of ¥4,882 million, depreciation of ¥7,260 million, and a decrease in inventories of ¥5,359 million.

Net cash used in investing activities totaled ¥11,585 million, a decrease of ¥4,100 million compared to the previous fiscal year. The main components of cash outflows included purchase of non-current assets amounting to ¥12,149 million.

Net cash used in financing activities totaled ¥6,320 million, a decrease of ¥1,135 million compared to the previous fiscal year. The main components of cash inflows included proceeds from long-term borrowings amounting to ¥5,304 million. The main components of cash outflows included ¥6,307 million spent for dividends paid and purchase of treasury shares amounting to ¥5,007 million.

2) Cash Flow Indicator Trends

	March 31, 2022	March 31, 2023	March 31, 2024	March 31, 2025	March 31, 2026
Equity ratio (%)	71.4	69.8	73.2	74.6	72.8
Equity ratio on market value basis (%)	40.9	46.1	56.8	53.6	75.5
Debt coverage ratio (years)	1.2	8.6	0.9	0.8	0.8
Interest coverage ratio (times)	61.3	7.8	42.6	135.6	236.7

Notes:

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

The equity ratio on a market value basis is equal to market capitalization divided by total assets.

The debt coverage ratio is equal to interest-bearing liabilities divided by operating cash flows.

The interest coverage ratio is equal to operating cash flows 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 shares).

- Operating cash flows equal the total net cash flows from operating activities as stated in the Consolidated Statements of Cash Flows. Interest-bearing liabilities include all liabilities on which interest is paid, as stated in the Consolidated Balance Sheets. Interest payments are equal to the interest paid as stated in the Consolidated Statements of Cash Flows.

(4) Outlook for FY2026

(Medium-term management strategy)

With the 2030 Vision of “Create new value and deliver a ‘feeling of comfort’ to customers, contributing to a sustainable society” and the key phrase of “Transform and Challenge,” the GUNZE Group has been pursuing the Medium-term Management Plan “VISION 2030” since FY2022, which aims to contribute to society and also achieve the GUNZE Group’s sustainable growth through sustainable management capable of generating both economic and social value.

In “VISION 2030 Stage 2,” which covers the three-year period from FY2025 to FY2027, the GUNZE Group positions this period as three years for “transformation” to be the company capable of sustainable growth, and promotes efforts to strengthen the corporate constitution.

Specifically, the GUNZE Group is making efforts to revitalize the business into one that will generate profit through the implementation of “apparel restructuring,” as well as working on “Business Process Reengineering” and “strengthening of global competitiveness and technology” as themes in FY2026, the second year of the Vision. The GUNZE Group will strive to realize the ideal state it aims to achieve in 2030 through the maximization of human capital via human resources system reform, the pursuit of the improved operational efficiency to strengthen the business structure, hiring talent, the incorporation of international perspectives in business activities, the challenge of business transformation leveraging DX, and the enhancement of differentiations technologies.

(Segment-specific strategic challenges)

In the functional solutions business, we are working to achieve sustainable growth and create social value.

In the plastic films field, we uphold the business vision of “Roll out a circular model on a global scale based on the objective of generating both social and economic value.” With the goal of contributing to the achievement of a sustainable society, we are making efforts to establish a circular model centered on the Circular Factory (resource-circulating factory), along with aiming to expand our sales channels through the proactive market launch of environmentally responsible products. We seek to realize growth in both revenue and profit by breaking away from the traditional production and consumption model and transforming into the Circular Manufacturer premised on resource reutilization.

In the engineering plastics field, with the business vision of “Contribute to a better environment and a more comfortable life by combining our proprietary technologies,” we strive to generate stable profits through our products in the mainstay office equipment market. We have also expanded the Konan Factory to meet the increase in demand in the medical and semiconductor fields going forward. Furthermore, we are pioneering new markets in the environmental field through products for the energy field launched as a new strategic business unit (SBU).

In the medical business, with the business vision of “Create a vision of a bright future by offering innovative ‘biomaterials x devices,’” we aim to grow into a globally operating medical device company while trying to steadily grow sales with a product portfolio focused on artificial skins, reinforcement felts, and adhesion prevention agents.

In order to accelerate the growth of the business, we are implementing strategies tailored to the specific market characteristics of various regions. In Japan and China, we will actively develop and launch new products in addition to expanding sales of existing products with the aim of increasing our market share. In Europe and the United States, we are strengthening our sales framework through the development and cultivation of local agents and distributors and working to penetrate the markets. Furthermore, in the Middle East, South America, and Asia regions, we aim for rapid and secure market entries through the research into regulatory trends and market needs in various countries.

In the apparel business, we position the two-year period from FY2025 to FY2026 as a phase of structural reform, and make efforts for revitalization by launching the AX project as the apparel restructuring team, and have achieved steady results. We will complete the product price revision and SKU reduction, transforming our product lineup in which we can leverage our strengths, enhance capital efficiency by strengthening our efforts to reorganize production and logistics systems, streamline indirect operations, and promote local production for local consumption, and revitalize the business into one that will generate profit sustainably.

In the lifestyle creations business, we are promoting property management that emphasizes investment efficiency to make improvements to low-profit assets in the real estate business. In the landscaping and greening business, we will actively work to fix CO₂ with plants to capture the demand for greenery in development projects and reduce CO₂ in the air. In the sports club business, we will implement rigorous measures to address issues with our stores. We will also strive to expand the school business, provide unique services tailored to specific regional/store characteristics, and develop new types of businesses.

Based on the above, for the next fiscal year (April 1, 2026 to March 31, 2027), we forecast consolidated net sales of ¥132,000 million, operating profit of ¥8,800 million, ordinary profit of ¥8,400 million, and profit attributable to owners of parent of ¥5,200 million.

Forecast of Results by Segment

(Million yen)

	Net sales			Operating profit		
	FY2026 Forecast	FY2025 Results	Change (%) Change	FY2026 Forecast	FY2025 Results	Change (%) Change
Functional solutions	49,300	47,543	3.7% 1,757	8,300	7,234	14.7% 1,066
Medical	14,400	13,197	9.1% 1,203	1,800	1,474	22.1% 326
Apparel	56,600	58,597	(3.4)% (1,997)	1,300	(1,334)	- 2,634
Lifestyle creations	13,000	12,530	3.8% 470	1,300	1,232	5.5% 68
Elimination	(1,300)	(950)	(350)	(3,900)	(3,723)	(177)
Consolidated total	132,000	130,918	0.8% 1,082	8,800	4,882	80.3% 3,918

(5) Basic Policy on Distribution of Profits and Dividends for FY2025 and FY2026

Returning earnings to shareholders in a stable and continuous manner is one of the most important management policies at the Company. We will provide a dividend with a target dividend on equity ratio (DOE) at 4.0% or over. In addition, in pursuit of sustainable enhancement of our corporate value, we will flexibly carry out shareholder return (special dividends / share buybacks) with a payout ratio exceeding 100% until our consolidated ROE becomes 8% or higher. Under the policy, the Company plans to pay dividends of ¥216 per share (an ordinary dividend of ¥147 and a special dividend of ¥69) for FY2025.

For FY2026, the Company also plans to pay dividends of ¥216 per share (an ordinary dividend of ¥147 and a special dividend of ¥69).

2. Basic Policy for Selection of Accounting Standards

As a basic policy for the time being, GUNZE will continue preparing its consolidated financial statements in accordance with Japanese accounting standards. As for the application of the International Financial Reporting Standards (IFRS), GUNZE will strive to collect related information and handle the matter appropriately.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheet

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Assets		
Current assets		
Cash and deposits	10,541	9,936
Notes and accounts receivable - trade, and contract assets	25,015	22,560
Merchandise and finished goods	24,233	19,104
Work in process	7,606	7,527
Raw materials and supplies	6,631	6,479
Short-term loans receivable	107	131
Other	3,862	3,561
Allowance for doubtful accounts	(23)	(35)
Total current assets	77,974	69,266
Non-current assets		
Property, plant and equipment		
Buildings and structures	111,875	118,281
Accumulated depreciation	(75,092)	(77,958)
Buildings and structures, net	36,783	40,323
Machinery, equipment and vehicles	90,287	90,054
Accumulated depreciation	(77,140)	(76,382)
Machinery, equipment and vehicles, net	13,147	13,671
Tools, furniture and fixtures	9,538	10,169
Accumulated depreciation	(7,049)	(7,610)
Tools, furniture and fixtures, net	2,488	2,558
Land	10,205	9,986
Leased assets	1,421	1,417
Accumulated depreciation	(1,258)	(1,286)
Leased assets, net	162	131
Construction in progress	4,977	2,228
Total property, plant and equipment	67,764	68,899
Intangible assets		
Software	1,489	1,264
Other	296	121
Total intangible assets	1,786	1,385
Investments and other assets		
Investment securities	3,924	3,530
Long-term loans receivable	44	129
Retirement benefit asset	2,856	6,145
Deferred tax assets	2,374	1,284
Other	3,065	3,176
Allowance for doubtful accounts	(114)	(205)
Total investments and other assets	12,151	14,060
Total non-current assets	81,702	84,346
Total assets	159,677	153,612

(Millions of yen)

	As of March 31, 2025	As of March 31, 2026
Liabilities		
Current liabilities		
Notes and accounts payable - trade	8,138	7,164
Short-term borrowings	577	875
Commercial papers	-	2,000
Current portion of long-term borrowings	2,611	5,710
Income taxes payable	349	605
Provision for bonuses	1,499	1,441
Notes payable - facilities	1,203	555
Provision for business restructuring	96	786
Other	10,074	8,495
Total current liabilities	24,551	27,636
Non-current liabilities		
Long-term borrowings	5,668	5,261
Provision for loss on business of subsidiaries and associates	-	7
Retirement benefit liability	4,133	2,603
Long-term leasehold and guarantee deposits received	3,935	3,913
Other	406	443
Total non-current liabilities	14,143	12,228
Total liabilities	38,694	39,865
Net assets		
Shareholders' equity		
Share capital	26,071	26,071
Capital surplus	6,560	6,571
Retained earnings	85,297	69,755
Treasury shares	(5,273)	(761)
Total shareholders' equity	112,656	101,636
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	883	979
Deferred gains or losses on hedges	88	532
Revaluation reserve for land	(13)	(13)
Foreign currency translation adjustment	5,194	5,407
Remeasurements of defined benefit plans	264	3,214
Total accumulated other comprehensive income	6,418	10,120
Share acquisition rights	110	95
Non-controlling interests	1,796	1,894
Total net assets	120,982	113,746
Total liabilities and net assets	159,677	153,612

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Net sales	137,117	130,918
Cost of sales	93,934	91,042
Gross profit	43,182	39,875
Selling, general and administrative expenses	35,260	34,992
Operating profit	7,921	4,882
Non-operating income		
Interest income	66	46
Dividend income	238	158
Rental income from non-current assets	424	516
Foreign exchange gains	-	17
Other	221	209
Total non-operating income	952	947
Non-operating expenses		
Interest expenses	85	78
Share of loss of entities accounted for using equity method	-	23
Rental expenses on non-current assets	408	499
Foreign exchange losses	26	-
Other	172	309
Total non-operating expenses	693	910
Ordinary profit	8,180	4,920
Extraordinary income		
Gain on sale of non-current assets	667	311
Gain on sale of investment securities	1,852	44
Gain on liquidation of subsidiaries and associates	677	-
Subsidy income	200	396
Other	60	-
Total extraordinary income	3,458	753
Extraordinary losses		
Loss on sale and retirement of non-current assets	411	346
Loss on tax purpose reduction entry of non-current assets	181	396
Impairment losses	459	-
Business restructuring expenses	1,351	3,311
Other	143	473
Total extraordinary losses	2,547	4,528
Profit before income taxes	9,091	1,144
Income taxes - current	1,039	925
Income taxes - deferred	1,721	(365)
Total income taxes	2,760	559
Profit	6,330	585
Profit attributable to non-controlling interests	51	75
Profit attributable to owners of parent	6,279	509

Consolidated Statement of Comprehensive Income

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Profit	6,330	585
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,554)	95
Deferred gains or losses on hedges	(67)	443
Foreign currency translation adjustment	1,193	209
Remeasurements of defined benefit plans, net of tax	(438)	2,950
Share of other comprehensive income of entities accounted for using equity method	-	60
Total other comprehensive income	(867)	3,759
Comprehensive income	5,462	4,344
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,294	4,212
Comprehensive income attributable to non-controlling interests	168	132

(3) Consolidated Statement of Changes in Equity

For the fiscal year ended March 31, 2025

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	26,071	6,565	81,576	(2,974)	111,239
Changes during period					
Dividends of surplus			(2,552)		(2,552)
Profit attributable to owners of parent			6,279		6,279
Change in ownership interest of parent due to transactions with non-controlling interests		(3)			(3)
Purchase of treasury shares				(2,379)	(2,379)
Disposal of treasury shares		(1)	(5)	80	72
Net changes in items other than shareholders' equity					
Total changes during period	-	(5)	3,721	(2,299)	1,417
Balance at end of period	26,071	6,560	85,297	(5,273)	112,656

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	2,438	156	(13)	4,118	702	7,403	124	1,700	120,467
Changes during period									
Dividends of surplus									(2,552)
Profit attributable to owners of parent									6,279
Change in ownership interest of parent due to transactions with non-controlling interests									(3)
Purchase of treasury shares									(2,379)
Disposal of treasury shares									72
Net changes in items other than shareholders' equity	(1,554)	(67)	-	1,075	(438)	(984)	(14)	96	(902)
Total changes during period	(1,554)	(67)	-	1,075	(438)	(984)	(14)	96	514
Balance at end of period	883	88	(13)	5,194	264	6,418	110	1,796	120,982

For the fiscal year ended March 31, 2026

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	26,071	6,560	85,297	(5,273)	112,656
Changes during period					
Dividends of surplus			(6,331)		(6,331)
Profit attributable to owners of parent			509		509
Change in scope of equity method			(279)		(279)
Purchase of treasury shares				(5,007)	(5,007)
Disposal of treasury shares		10		78	88
Cancellation of treasury shares			(9,441)	9,441	-
Net changes in items other than shareholders' equity					
Total changes during period	-	10	(15,542)	4,511	(11,020)
Balance at end of period	26,071	6,571	69,755	(761)	101,636

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	883	88	(13)	5,194	264	6,418	110	1,796	120,982
Changes during period									
Dividends of surplus									(6,331)
Profit attributable to owners of parent									509
Change in scope of equity method									(279)
Purchase of treasury shares									(5,007)
Disposal of treasury shares									88
Cancellation of treasury shares									-
Net changes in items other than shareholders' equity	95	443	-	212	2,950	3,702	(15)	97	3,784
Total changes during period	95	443	-	212	2,950	3,702	(15)	97	(7,235)
Balance at end of period	979	532	(13)	5,407	3,214	10,120	95	1,894	113,746

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from operating activities		
Profit before income taxes	9,091	1,144
Depreciation	6,822	7,260
Impairment losses	459	-
Amortization of goodwill	45	45
Increase (decrease) in allowance for doubtful accounts	9	11
Increase (decrease) in retirement benefit liability	(865)	(565)
Share of loss (profit) of entities accounted for using equity method	-	23
Increase (decrease) in provision for bonuses	84	(59)
Interest and dividend income	(305)	(204)
Interest expenses	85	72
Foreign exchange losses (gains)	12	(8)
Loss (gain) on sale and retirement of non-current assets	(254)	60
Loss (gain) on sale and valuation of investment securities	(1,852)	36
Business restructuring expenses	1,351	3,311
Loss on valuation of shares of subsidiaries and associates	49	143
Loss (gain) on liquidation of subsidiaries and associates	(677)	-
Other extraordinary loss (income)	13	238
Other loss (gain)	(6)	(9)
Decrease (increase) in accounts receivable - trade, and contract assets	3,038	2,473
Decrease (increase) in inventories	322	5,359
Decrease (increase) in other current assets	109	944
Increase (decrease) in trade payables	(164)	(926)
Increase (decrease) in leasehold and guarantee deposits received	(60)	(101)
Increase (decrease) in other current liabilities	(2,962)	(128)
Increase (decrease) in other non-current liabilities	(62)	(14)
Subtotal	14,281	19,106
Interest and dividends received	309	266
Interest paid	(85)	(72)
Payments for business restructuring expenses	(955)	(1,312)
Income taxes refund (paid)	(1,977)	(715)
Net cash provided by (used in) operating activities	11,572	17,271

(Millions of yen)

	For the fiscal year ended March 31, 2025	For the fiscal year ended March 31, 2026
Cash flows from investing activities		
Purchase of non-current assets	(10,196)	(12,149)
Proceeds from sale of non-current assets	1,159	668
Payments for retirement of non-current assets	(314)	(248)
Purchase of investment securities	(1,306)	(1,355)
Proceeds from sale of investment securities	3,821	1,394
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	(681)	-
Decrease (increase) in loans receivable	(102)	(109)
Other, net	135	214
Net cash provided by (used in) investing activities	(7,485)	(11,585)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings and commercial papers	297	2,293
Proceeds from long-term borrowings	-	5,304
Repayments of long-term borrowings	(511)	(2,606)
Purchase of treasury shares	(2,379)	(5,007)
Proceeds from sale of treasury shares	58	73
Dividends paid	(2,542)	(6,307)
Dividends paid to non-controlling interests	(63)	(34)
Other, net	(44)	(34)
Net cash provided by (used in) financing activities	(5,184)	(6,320)
Effect of exchange rate change on cash and cash equivalents	820	29
Net increase (decrease) in cash and cash equivalents	(276)	(604)
Cash and cash equivalents at beginning of period	10,818	10,541
Cash and cash equivalents at end of period	10,541	9,936

(5) Notes to Consolidated Financial Statements

(Notes regarding assumptions of continuing operations)

Not applicable.

(Changes in accounting policies)

Profits and expenses of overseas subsidiaries were previously converted into Japanese yen at the spot exchange rate prevailing on the date of account settlement of such subsidiaries; however, the method has been changed to converting them into Japanese yen based on the average exchange rate during the period, effective from the beginning of the fiscal year ended March 31, 2026.

This change was conducted in order to mitigate the impact of temporary fluctuations in exchange rates on periodic profits and losses and more appropriately reflect the profits and losses of overseas subsidiaries incurred throughout the accounting period in the consolidated financial statements, as the importance of overseas subsidiaries is expected to increase in the future as a result of the Company's global expansion.

As the impact of this change is insignificant, the change in accounting policy has not been applied retrospectively.

(Notes to consolidated statements of income)

* Business restructuring expenses

FY2024 (April 1, 2024 – March 31, 2025)

The GUNZE Group recognized as business restructuring expenses ¥1,081 million in loss associated with the wind-down of business including the transfer of shares of a consolidated subsidiary of the electronic components business, ¥185 million in loss associated with restructuring of production and logistics bases and store closures at domestic subsidiaries in the apparel business, and ¥84 million in loss associated with store closures in the sports club business.

FY2025 (April 1, 2025 – March 31, 2026)

The GUNZE Group recognized as business restructuring expenses ¥3,311 million in loss associated with consolidation and restructuring of production and logistics bases and the implementation of voluntary retirement in the apparel business.

(Segment information, etc.)

[Segment Information]

1. Summary of Reportable Segments

GUNZE's reportable segments refer to the components of GUNZE that provide separate financial data to the board of directors for decisions on allocation of management resources and evaluation of business results on a regular basis.

GUNZE's corporate structure consists of business organizations (internal companies/business divisions, etc.) classified according to the type of products or services, and each business organization formulates strategies for the products/services it handles and promotes business activities.

Therefore, GUNZE consists of segments based on business organizations classified by the type of products/services, and discloses financial information about four reportable segments, namely Functional Solutions, Medical, Apparel and Lifestyle Creations.

The Functional Solutions segment produces and sells functional materials made by processing plastics and machinery. The Medical segment produces and sells medical materials. The Apparel segment is engaged in the production and sales of apparel as well as threads and accessories. The Lifestyle Creations segment is engaged in operation and management of commercial facilities and sports clubs, sales of trees and plants, as well as the solar power generation business.

2. Net Sales, Profit/Loss, Asset/Liabilities and Others of Each Reportable Segment and Calculation Method

Accounting treatment for business segment reporting is the same as "Significant accounting policies for the preparation of consolidated financial statements."

3. Information on Net Sales, Profit/Loss, Assets/Liabilities and Others of Each Reportable Segment
FY2024 (April 1, 2024 – March 31, 2025)

(Millions of yen)

	Reportable segments					Adjustment (Note 1)	Consoli- dated (Note 2)
	Functional solutions	Medical	Apparel	Lifestyle creations	Total		
Net sales							
Sales to customers	51,618	12,947	60,597	11,953	137,117	-	137,117
Intersegment sales and transfers	585	1	185	51	824	(824)	-
Total	52,204	12,949	60,782	12,005	137,941	(824)	137,117
Segment profit	7,205	2,430	753	988	11,377	(3,456)	7,921
Segment assets	56,410	14,774	49,557	24,503	145,245	14,431	159,677
Other items							
Depreciation	2,803	575	1,387	1,516	6,282	539	6,822
Amortization of goodwill	-	-	45	-	45	-	45
Impairment losses	-	-	459	-	459	-	459
Increase in property, plant and equipment, and intangible assets	1,784	2,315	1,961	842	6,903	634	7,538

Notes:

1. Adjustment comprises the following:

- (1) The ¥(3,456) million segment profit adjustment consists of overall costs not allocated to reportable segments. Overall costs refer to SG&A expenses not allocated to reportable segments.
- (2) The ¥14,431 million segment asset adjustment consists of overall costs not allocated to reportable segments.

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

FY2025 (April 1, 2025 – March 31, 2026)

(Millions of yen)

	Reportable segments					Adjustment (Note 1)	Consoli- dated (Note 2)
	Functional solutions	Medical	Apparel	Lifestyle creations	Total		
Net sales							
Sales to customers	46,898	13,196	58,334	12,487	130,918	-	130,918
Intersegment sales and transfers	644	0	262	42	950	(950)	-
Total	47,543	13,197	58,597	12,530	131,868	(950)	130,918
Segment profit (loss)	7,234	1,474	(1,334)	1,232	8,606	(3,723)	4,882
Segment assets	55,860	14,110	43,224	23,794	136,990	16,621	153,612
Other items							
Depreciation	2,933	723	1,434	1,560	6,652	607	7,260
Amortization of goodwill	-	-	45	-	45	-	45
Impairment losses (Note 3)	-	-	1,118	-	1,118	-	1,118
Increase in property, plant and equipment, and intangible assets	5,866	2,492	2,762	1,034	12,154	372	12,527

Notes:

1. Adjustment comprises the following:

- (1) The ¥(3,723) million segment profit adjustment consists of overall costs not allocated to reportable segments. Overall costs refer to SG&A expenses not allocated to reportable segments.
 - (2) The ¥16,621 million segment asset adjustment consists of overall costs not allocated to reportable segments.
2. Segment profit total was adjusted to be consistent with the operating profit recorded on the Consolidated Statements of Income.
3. Impairment losses are included in business restructuring expenses on the Consolidated Statements of Income.

[Related Information]

FY2024 (April 1, 2024 to March 31, 2025)

1. Information by Product/Service

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

2. Geographic Information

(1) Net sales

(Millions of yen)

Japan	Others	Total
109,047	28,069	137,117

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

(2) Property, plant and equipment

(Millions of yen)

Japan	Others	Total
59,452	8,312	67,764

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.

FY2025 (April 1, 2025 to March 31, 2026)

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
103,392	27,525	130,918

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

(2) Property, plant and equipment

(Millions of yen)

Japan	Others	Total
60,464	8,434	68,899

3. Major Customer Information

This information is not presented because no single customer represents 10% or more of the company’s total net sales reported on the Consolidated Statements of Income.

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

FY2024 (April 1, 2024 to March 31, 2025)

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

FY2025 (April 1, 2025 to March 31, 2026)

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

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

FY2024 (April 1, 2024 to March 31, 2025)

(Millions of yen)

	Reportable segments					Corporate/ Elimination	Consolidated
	Functional solutions	Medical	Apparel	Lifestyle creations	Total		
Amortization during the period	-	-	45	-	45	-	45
Balance at the end of the period	-	-	67	-	67	-	67

FY2025 (April 1, 2025 to March 31, 2026)

(Millions of yen)

	Reportable segments					Corporate/ Elimination	Consolidated
	Functional solutions	Medical	Apparel	Lifestyle creations	Total		
Amortization during the period	-	-	45	-	45	-	45
Balance at the end of the period	-	-	22	-	22	-	22

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

FY2024 (April 1, 2024 to March 31, 2025)

Not applicable.

FY2025 (April 1, 2025 to March 31, 2026)

Not applicable.

(Per share information)

	FY2024 (April 1, 2024 to March 31, 2025)	FY2025 (April 1, 2025 to March 31, 2026)
Net assets per share (¥)	3,667.20	3,565.39
Earnings per share (¥)	189.70	15.83
Diluted earnings per share (¥)	189.27	15.80

Notes:

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

	FY2024 (April 1, 2024 to March 31, 2025)	FY2025 (April 1, 2025 to March 31, 2026)
Earnings per share		
Profit attributable to owners of parent (¥ millions)	6,279	509
Amounts not allocated to common shareholders (¥ millions)	-	-
Profit attributable to owners of parent allocated to common stock (¥ millions)	6,279	509
Average number of shares of common stock outstanding during each term (thousand shares)	33,101	32,209
Diluted earnings per share		
Adjustment to profit attributable to owners of parent (¥ millions)	-	-
Increase in common stock (thousand shares)	74	62
[Share acquisition rights] (thousand shares)	[74]	[62]

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

	FY2024 (March 31, 2025)	FY2025 (March 31, 2026)
Total net asset value (¥ millions)	120,982	113,746
Deduction from net assets (¥ millions)	1,907	1,989
[Non-controlling interests] (¥ millions)	[1,796]	[1,894]
[Share acquisition rights] (¥ millions)	[110]	[95]
Term-end net asset value allocated to common stock (¥ millions)	119,074	111,756
Term-end number of shares of common stock used for calculation of net assets per share (thousand shares)	32,470	31,344

3. As of April 1, 2025, the Company conducted a 2-for-1 stock split of its common stock. "Net assets per share," "Earnings per share," and "Diluted earnings per share" have been calculated on the assumption that the said stock split had been conducted at the beginning of the fiscal year ended March 31, 2025.

(Significant subsequent events)
Not applicable.