

## Consolidated Financial Statements – Summary (Six months ended September 30, 2022)

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
Securities Code:	3002
Stock Market Listings:	Tokyo
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Filing of Quarterly Securities Report ( <i>Shihanki hokokusho</i> ) (Scheduled):	November 11, 2022
Start of Distribution of Dividend (Scheduled):	–
Preparation of Supplementary Materials for Quarterly Financial Results:	Yes
Holding of Presentation of Quarterly Financial Results:	Yes (for institutional investors/analysts)

### 1. Consolidated Operating Results for the six months ended September 30, 2022 (April 1, 2022 to September 30, 2022)

#### (1) Consolidated operating results

(Amounts less than one million yen are omitted)

(Percentages represent year-over-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	¥ millions	%	¥ millions	%	¥ millions	%	¥ millions	%
Six months ended September 30, 2022	67,350	13.4	2,806	(16.0)	3,087	(18.1)	2,206	(55.9)
September 30, 2021	59,391	–	3,340	–	3,771	–	5,002	–

Note: Comprehensive income

Six months ended September 30, 2022: ¥4,703 million [(0.8)%]

Six months ended September 30, 2021: ¥4,740 million [–%]

	EPS	Diluted EPS
Six months ended September 30, 2022	¥ 127.68	¥ 127.38
September 30, 2021	285.63	284.79

Note: GUNZE has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other related standards. Accordingly, year-over-year increases/decreases (%) of the figures for the six months ended September 30, 2021 are not provided.

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	¥ millions	¥ millions	%	¥
As of September 30, 2022	164,217	117,080	70.1	6,654.01
As of March 31, 2022	158,216	114,790	71.4	6,535.42

Reference: Total equity

As of September 30, 2022: ¥115,073 million

As of March 31, 2022: ¥112,903 million

## 2. Dividends

	Annual dividends per share (¥)				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	¥	¥	¥	¥	¥
FY2021	—	—	—	140.00	140.00
FY2022	—	—			
FY2022 (projected)			—	145.00	145.00

(Note) Revision to the projected dividends announced most recently: None

## 3. Projected results for FY2022 (April 1, 2022 to March 31, 2023)

	Net sales		Operating profit		Ordinary profit	
	¥ millions	%	¥ millions	%	¥ millions	%
FY2022 full year	136,000	9.4	6,000	23.0	6,000	11.1

	Profit		EPS
	¥ millions	%	¥
FY2022 full year	3,700	25.9	214.04

(Note) Revision to the projected results announced most recently: None

## Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries during the period accompanied by changes in the scope of consolidation): No
  - (2) Application of an accounting method specific to the preparation of quarterly consolidated financial statements: Yes
  - (3) 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
  - (4) Number of shares issued and outstanding (common stock)
    - (a) Number of shares at the end of period (including treasury stock):
      - As of September 30, 2022: 18,293,516 shares
      - As of March 31, 2022: 18,293,516 shares
    - (b) Treasury stock at the end of period:
      - As of September 30, 2022: 999,718 shares
      - As of March 31, 2022: 1,017,897 shares
    - (c) Average number of shares during the period:
      - Six months ended September 30, 2022: 17,280,751 shares
      - Six months ended September 30, 2021: 17,512,340 shares
- \* This summary of quarterly consolidated results is exempt from the quarterly review procedures by certified public accountants or an audit corporation.
- \* Notes regarding the proper use of projections of the 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 “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” of “1. Qualitative Information on Quarterly Financial Results for the Period under Review” on page 3 of attached materials.

(Attachment)

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## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Business Results

#### (Overview of the period under review)

During the six months ended September 30, 2022 (April 1, 2022 - September 30, 2022), the Japanese economy was largely on a recovery track, as social and economic activities returned toward normal primarily owing to the progress of COVID-19 vaccinations. The economic outlook, however, remains unclear, what with rising prices due to the yen's rapid depreciation, on top of soaring raw material and fuel prices as the situation in Ukraine prolongs.

Amid this operating environment, the GUNZE Group set about pursuing four basic strategies of "Creation of new value," "Capital cost-focused management," "Evolution of corporate constitution," and "Environmentally responsible management" to kick off its new medium-term management plan, "VISION 2030 stage 1." By segment, the functional solutions business performed strongly overall, although the soaring raw material and fuel prices had an impact on the business. The apparel business experienced a decline in profitability on the back of the weak yen and skyrocketing raw material prices, despite the recovery trend in sales. The lifestyle creations business, on the other hand, posted an increase in sales thanks to the redevelopment of idle land.

As a result of the above, for the period under review, net sales increased by 13.4% year-on-year to ¥67,350 million, operating profit decreased by 16.0% year-on-year to ¥2,806 million, ordinary profit decreased by 18.1% year-on-year to ¥3,087 million, and profit attributable to owners of parent decreased by 55.9% year-on-year to ¥2,206 million on a consolidated basis. The substantial decline in profit attributable to owners of parent is attributable to the recording of ¥4,505 million in gain on sale of non-current assets (extraordinary income) following sales of real estate in the corresponding period of the previous fiscal year.

#### (Results by Business Segment)

##### [Functional Solutions]

In the plastic films subsector, sales of packaging films remained strong, although the soaring raw material and fuel prices had an impact on the business. The engineering plastics subsector, too, performed strongly, buoyed by increased demand for products aligned with the semiconductor market and a recovery in sales of products for office equipment as workers return to offices. In the electronic components subsector, touch screen sales were brisk in the Chinese market. Meanwhile, the medical materials subsector remained firm owing to new product launches and strong exports to the Chinese market.

As a result of the above, the functional solutions business recorded net sales of ¥30,389 million (up by 14.1% year-on-year) and operating profit of ¥4,193 million (up by 9.4% year-on-year).

##### [Apparel]

The apparel business saw its sales grow overall as the market began recovering after the end of the declared state of emergency and the lifting of all pandemic-related restrictions, as well as brisk sales in e-commerce and the SPA channel, but its profitability is deteriorating owing to the rising raw material prices and the yen's sharp depreciation. As such, the Company has begun revising its prices. In the innerwear subsector, the differentiated product line of foundation garments and Femtech ("female" + "technology") lines performed briskly. The legwear subsector, on the other hand, recorded a year-on-year sales growth, but its profitability still needs to be improved.

As a result of the above, the apparel business recorded net sales of ¥30,082 million (up by 9.6% year-on-year) and operating profit of ¥190 million (down by 75.1% year-on-year).

##### [Lifestyle Creations]

The real estate subsector recorded revenue growth as sales of an idle land redevelopment project were recorded.

Both the shopping center business and the sports club subsector are back on the recovery track following the lifting of pandemic restrictions.

As a result of the above, the lifestyle creations business recorded net sales of ¥7,172 million (up by 28.1% year-on-year) and operating profit of ¥198 million (up by 32.9% year-on-year).

## (2) Explanation of Financial Position

As of September 30, 2022, total assets were ¥164,217 million, an increase of ¥6,001 million compared to the end of the previous fiscal year. The main components of the rise in total assets included a ¥2,539 million increase in notes and accounts receivable - trade, and contract assets, a ¥1,671 million increase in merchandise and finished goods, a ¥1,620 million increase in buildings and structures primarily owing to the construction of a circular (resource recycling) factory for the plastic films subsector, a ¥1,540 million increase in other under current assets (advance payments to suppliers, etc.), a ¥1,101 million increase in raw materials and supplies, and a ¥1,077 million increase in investment securities, while the main components of the decline in total assets included a ¥4,641 million decrease in cash and deposits.

Total liabilities were ¥47,136 million, an increase of ¥3,711 million compared to the end of the previous fiscal year. The main components of the rise in total liabilities included a ¥3,215 million increase in long- and short-term borrowings including commercial papers, while the main components of the decline in total liabilities included a ¥1,205 million decrease in income taxes payable.

Net assets were ¥117,080 million, an increase of ¥2,289 million compared to the end of the previous fiscal year. The main components of the rise included the recording of profit attributable to owners of parent amounting to ¥2,206 million and a ¥2,050 million increase in foreign currency translation adjustment, while the main components of the decline included a ¥2,418 million decrease due to dividends paid.

## (Cash Flows)

As of September 30, 2022, consolidated cash and cash equivalents were ¥9,828 million, a decrease of ¥4,641 million compared to the end of the previous fiscal year. Below is an overview of cash flows and reasons for changes during the period under review.

Net cash used in operating activities for the period under review totaled ¥2,048 million, a decrease of ¥5,492 million compared to the corresponding period of the previous year. The major components of cash inflows included profit before income taxes of ¥3,145 million and depreciation of ¥2,895 million, while the main components of cash outflows included a ¥2,124 million increase in inventories, income taxes paid of ¥1,998 million, a ¥1,683 million increase in notes and accounts receivable - trade and contract assets, and a ¥799 million decrease in trade payables.

Net cash used in investing activities was ¥2,676 million, a decrease of ¥10,099 million compared to the corresponding period of the previous fiscal year. The main components of cash outflows included purchase of non-current assets amounting to ¥2,311 million and purchase of investment securities amounting to ¥1,525 million.

Net cash used in financing activities totaled ¥360 million, an increase of ¥6,440 million compared to the corresponding period of the previous fiscal year. The main components of cash inflows included a ¥2,489 million increase in short-term borrowings and commercial papers, while the main components of cash outflows included ¥2,406 million spent for dividends paid.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

Because the consolidated financial results for the period under review have been almost in line with expectations, the Company has decided not to change its earlier consolidated financial results forecast for the fiscal year ending March 31, 2023, which was announced on May 13, 2022.

## 2. Quarterly Consolidated Financial Statements and Primary Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	14,469	9,828
Notes and accounts receivable - trade, and contract assets	26,634	29,174
Merchandise and finished goods	21,361	23,032
Work in process	6,702	7,109
Raw materials and supplies	5,630	6,732
Other	4,412	5,953
Allowance for doubtful accounts	(11)	(6)
Total current assets	79,199	81,822
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,864	35,484
Machinery, equipment and vehicles, net	10,064	10,162
Land	10,526	10,551
Other, net	5,034	5,393
Total property, plant and equipment	59,490	61,593
Intangible assets	1,343	1,201
Investments and other assets		
Investment securities	11,964	13,041
Other	6,270	6,619
Allowance for doubtful accounts	(51)	(60)
Total investments and other assets	18,183	19,600
Total non-current assets	79,016	82,394
<b>Total assets</b>	<b>158,216</b>	<b>164,217</b>

(Million yen)

	As of March 31, 2022	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,928	9,849
Short-term borrowings	5,018	5,912
Commercial papers	–	2,500
Current portion of long-term borrowings	2,402	2,460
Income taxes payable	2,139	933
Provision for bonuses	1,361	1,348
Provision for loss on transfer of business	218	218
Other	11,153	11,852
<b>Total current liabilities</b>	<b>31,221</b>	<b>35,075</b>
Non-current liabilities		
Long-term borrowings	2,317	2,080
Retirement benefit liability	3,750	3,874
Long-term leasehold and guarantee deposits received	4,389	4,322
Other	1,746	1,783
<b>Total non-current liabilities</b>	<b>12,203</b>	<b>12,061</b>
<b>Total liabilities</b>	<b>43,425</b>	<b>47,136</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	26,071	26,071
Capital surplus	6,566	6,566
Retained earnings	81,184	80,949
Treasury shares	(4,399)	(4,320)
<b>Total shareholders' equity</b>	<b>109,423</b>	<b>109,267</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,393	1,541
Deferred gains or losses on hedges	(35)	74
Revaluation reserve for land	(26)	(13)
Foreign currency translation adjustment	1,964	4,015
Remeasurements of defined benefit plans	183	188
<b>Total accumulated other comprehensive income</b>	<b>3,480</b>	<b>5,806</b>
Share acquisition rights	131	131
Non-controlling interests	1,755	1,875
<b>Total net assets</b>	<b>114,790</b>	<b>117,080</b>
<b>Total liabilities and net assets</b>	<b>158,216</b>	<b>164,217</b>



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

### Quarterly Consolidated Statements of Income

For the six months ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Net sales	59,391	67,350
Cost of sales	40,062	47,336
Gross profit	19,329	20,013
Selling, general and administrative expenses	15,988	17,206
Operating profit	3,340	2,806
Non-operating income		
Interest income	25	22
Dividend income	234	268
Rental income from non-current assets	142	215
Foreign exchange gains	3	170
Subsidy income	296	54
Other	50	99
Total non-operating income	752	831
Non-operating expenses		
Interest expenses	45	80
Rental expenses on non-current assets	140	208
Expenses for suspension of operation	50	83
Other	86	179
Total non-operating expenses	321	551
Ordinary profit	3,771	3,087
Extraordinary income		
Gain on sale of non-current assets	4,505	352
Gain on sale of investment securities	759	0
Other	–	7
Total extraordinary income	5,264	359
Extraordinary losses		
Loss on sale and retirement of non-current assets	157	135
Loss on sale of investment securities	102	–
Loss on sales of investments in capital	–	40
Impairment losses	881	–
Loss on COVID	276	115
Other	220	11
Total extraordinary losses	1,638	301
Profit before income taxes	7,397	3,145
Income taxes	2,339	914
Profit	5,058	2,231
Profit attributable to non-controlling interests	55	24
Profit attributable to owners of parent	5,002	2,206

Quarterly Consolidated Statements of Comprehensive Income

For the six months ended September 30

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
Profit	5,058	2,231
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,220)	147
Deferred gains or losses on hedges	(16)	109
Foreign currency translation adjustment	997	2,211
Remeasurements of defined benefit plans, net of tax	(78)	4
Total other comprehensive income	(317)	2,472
Comprehensive income	4,740	4,703
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,623	4,518
Comprehensive income attributable to non-controlling interests	116	185

### (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
<b>Cash flows from operating activities</b>		
Profit before income taxes	7,397	3,145
Depreciation	3,022	2,895
Impairment losses	881	–
Amortization of goodwill	66	66
Increase (decrease) in allowance for doubtful accounts	(13)	(6)
Increase (decrease) in retirement benefit liability	(390)	(499)
Increase (decrease) in provision for bonuses	(32)	(23)
Interest and dividend income	(259)	(291)
Interest expenses	45	80
Foreign exchange losses (gains)	21	3
Loss (gain) on sale and retirement of non-current assets	(4,347)	(217)
Loss (gain) on sale and valuation of investment securities	(656)	(0)
Loss on COVID	276	115
Other loss (gain)	(6)	(6)
Decrease (increase) in notes and accounts receivable - trade and contract assets	2,153	(1,683)
Decrease (increase) in inventories	(3,542)	(2,124)
Decrease (increase) in other current assets	(400)	65
Increase (decrease) in trade payables	384	(799)
Increase (decrease) in leasehold and guarantee deposits received	(210)	(127)
Increase (decrease) in other current liabilities	(303)	(664)
Increase (decrease) in other non-current liabilities	(11)	(65)
Subtotal	4,074	(136)
Interest and dividends received	259	282
Interest paid	(63)	(99)
Payments for loss on COVID	(256)	(96)
Income taxes refund (paid)	(570)	(1,998)
Net cash provided by (used in) operating activities	3,444	(2,048)
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	(2,139)	(2,311)
Proceeds from sale of non-current assets	7,819	553
Payments for retirement of non-current assets	(83)	(121)
Purchase of investment securities	(519)	(1,525)
Proceeds from sale of investment securities	2,341	619
Decrease (increase) in loans receivable	6	(0)
Other, net	(1)	109
Net cash provided by (used in) investing activities	7,423	(2,676)

(Million yen)

	For the six months ended September 30, 2021	For the six months ended September 30, 2022
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowings and commercial papers	2,910	2,489
Repayments of long-term borrowings	(6,080)	(438)
Purchase of treasury shares	(1,585)	(1)
Proceeds from sale of treasury shares	60	71
Dividends paid	(2,025)	(2,406)
Dividends paid to non-controlling interests	(31)	(65)
Other, net	(48)	(8)
Net cash provided by (used in) financing activities	(6,800)	(360)
Effect of exchange rate change on cash and cash equivalents	402	443
Net increase (decrease) in cash and cash equivalents	4,469	(4,641)
Cash and cash equivalents at beginning of period	9,717	14,469
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	456	–
Cash and cash equivalents at end of period	14,643	9,828

(4) Notes to Quarterly Consolidated Financial Statements

(Notes regarding assumptions of continuing operations)

None applicable

(Notes in the case of significant changes in shareholders' equity)

None applicable

(Application of an accounting method specific to the preparation of quarterly consolidated financial statements)

(Calculation of income tax expenses)

The Company calculates income tax expenses by reasonably estimating the effective tax rate expected to be imposed on profit before income taxes for the fiscal year ending March 31, 2023 and then multiplying profit before income taxes for the six months ended September 30, 2022 by the effective tax rate thus estimated.

However, in cases where calculating tax expenses using the estimated effective tax rate yields a result that is notably lacking rationality, tax expenses will be calculated using the statutory effective tax rate.

(Changes in accounting policies, changes or restatement of accounting estimates)

None applicable

(Additional information)

(Transition from the consolidated taxation system to the group tax sharing system)

GUNZE and some of its domestic consolidated subsidiaries have transitioned from the consolidated taxation system to the group tax sharing system starting from the first quarter of the fiscal year ending March 31, 2023. Accordingly, income taxes, local corporation taxes, and tax effect accounting are accounted for and disclosed in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Issues Task Force (PITF) No. 42, August 12, 2021; hereinafter "PITF No. 42"). Pursuant to the provision of Paragraph 32 (1) of PITF No. 42, the Company deems that this change in accounting policies on account of the application of PITF No. 42 will have no impact.

(Segment information, etc.)

[Segment Information]

Six Months Ended September 30, 2021 (April 1, 2021 - September 30, 2021)

1. Information on Net Sales and Profit/Loss of Each Reportable Segment

(Millions of yen)

	Reportable segments				Adjustment (Note 1)	Consolidated (Note 2)
	Functional solutions	Apparel	Lifestyle creations	Total		
Net sales						
Sales to customers	26,502	27,354	5,534	59,391	—	59,391
Intersegment sales and transfers	127	91	63	282	(282)	—
Total	26,630	27,445	5,597	59,673	(282)	59,391
Segment profit	3,833	763	149	4,746	(1,405)	3,340

Notes:

1. The - (minus) ¥1,405 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. Segment profit total was adjusted to be consistent with the operating profit recorded on the Quarterly Consolidated Statements of Income.

2. Information on Impairment Loss of Non-current Assets or Goodwill, etc. of Each Reportable Segment

(Significant impairment loss of non-current assets)

Following the decision to sell assets related to the Lifestyle Creations Segment, the Company has reported impairment losses in the amount of ¥881 million for the six months ended September 30, 2022.

Six Months Ended September 30, 2022 (April 1, 2022 - September 30, 2022)

1. Information on Net Sales and Profit/Loss of Each Reportable Segment

(Millions of yen)

	Reportable segments				Adjustment (Note 1)	Consolidated (Note 2)
	Functional solutions	Apparel	Lifestyle creations	Total		
Net sales						
Sales to customers	30,217	29,998	7,133	67,350	—	67,350
Intersegment sales and transfers	171	83	38	294	(294)	—
Total	30,389	30,082	7,172	67,644	(294)	67,350
Segment profit	4,193	190	198	4,582	(1,775)	2,806

Notes:

1. The - (minus) ¥1,775 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. Segment profit total was adjusted to be consistent with the operating profit recorded on the Quarterly Consolidated Statements of Income.

(Significant subsequent events)

None applicable

### 3. Supplementary Information

#### Overview of Consolidated Results

##### <Overview of Results>

- The functional solutions business performed strongly overall, achieving increases both in sales and profits, although it was affected by higher raw material and fuel prices.
- The apparel business saw an increase in sales but a decrease in profits due to deteriorating profitability caused by the yen's rapid depreciation and soaring raw material prices, although sales were on a recovery trend.
- The lifestyle creation business achieved increases both in sales and profits, thanks primarily to the redevelopment of idle land.

##### <Forecasts for the Fiscal Year Ending March 31, 2023>

- Because operating profit for the six months ended September 30, 2022 has been almost in line with forecasts, the Company has decided not to change the previously announced financial results forecast for the fiscal year ending March 31, 2023.
- Annual dividend payment is scheduled to be ¥145 per share. (¥140 per share in the previous fiscal year)

##### (1) Operating Results for the Six Months Ended September 30, 2022 (April 1, 2022 to September 30, 2022)

(Millions of yen)

	Six months ended September 30, 2022	Six months ended September 30, 2021	Change [Upper figures in brackets %]
Net sales	67,350	59,391	[13.4] 7,958
Operating profit	2,806	3,340	[(16.0)] (533)
Ordinary profit	3,087	3,771	[(18.1)] (684)
Profit attributable to owners of parent	2,206	5,002	[(55.9)] (2,795)
Total assets	164,217	160,100	[(2.6)] 4,116
Inventories	36,873	35,020	[(5.3)] 1,853
Non-current assets	82,394	80,183	[(2.8)] 2,211
Net assets	117,080	116,565	[(0.4)] 514
Financing income/expenses	210	214	(4)
Interest/Dividends received	291	259	31
Interest expenses	(80)	(45)	(35)
Capital expenditures	3,326	1,505	1,821
Depreciation	2,962	3,089	(127)

##### Acquisition of treasury shares, etc.

(Thousands of shares)

(Amount)

Treasury shares acquired	0	¥1 million
Treasury shares disposed	18	¥80 million
Treasury shares held at the end of the previous fiscal year	1,017	¥4,399 million
Treasury shares held at the end of the period	999	¥4,320 million

## (2) Results by Business Segment

(Millions of yen)

Segment		Six months ended September 30, 2022		Six months ended September 30, 2021		Change	
		Amount	Weight	Amount	Weight	Amount	%
Net sales	Functional Solutions	30,389	44.9	26,630	44.6	3,759	14.1
	Apparel	30,082	44.5	27,445	46.0	2,637	9.6
	Lifestyle Creations	7,172	10.6	5,597	9.4	1,574	28.1
	Subtotal	67,644	100.0	59,673	100.0	7,971	13.4
	Elimination	(294)		(282)		(12)	–
	Consolidated	67,350		59,391		7,958	13.4
Operating profit	Functional Solutions	4,193	91.5	3,833	80.8	359	9.4
	Apparel	190	4.1	763	16.1	(572)	(75.1)
	Lifestyle Creations	198	4.4	149	3.1	49	32.9
	Subtotal	4,582	100.0	4,746	100.0	(163)	(3.5)
	Elimination	(1,775)		(1,405)		(370)	–
	Consolidated	2,806		3,340		(533)	(16.0)

## (3) Significant Financial Indicators

Item		Six months ended September 30, 2022	Six months ended September 30, 2021	Change
Operating profit to total assets ratio	%	1.7	2.1	(0.4)
Ordinary profit to total assets ratio	%	1.9	2.4	(0.5)
Operating profit to net sales ratio	%	4.2	5.6	(1.4)
Ordinary profit to net sales ratio	%	4.6	6.3	(1.7)
Equity ratio	%	70.1	71.6	(1.5)
ROE	%	1.9	4.4	(2.5)
Earnings per share	¥	127.68	285.63	(157.95)
Diluted earnings per share	¥	127.38	284.79	(157.41)
Net assets per share	¥	6,654.01	6,612.62	41.39

## (4) Cash Flows

(Millions of yen)

Cash Flow Activity	Six months ended September 30, 2022	Six months ended September 30, 2021	Change	Breakdown of Major Components
Operating activities	(2,048)	3,444	(5,492)	Profit before income taxes: 3,145; Depreciation: 2,895; Increase in inventories: (2,124); Income taxes paid: (1,998); Increase in notes and accounts receivable - trade, etc.: (1,683); Decrease in trade payables: (799)
Investing activities	(2,676)	7,423	(10,099)	Purchase of non-current assets: (2,311); Purchase of investment securities: (1,525)
Financing activities	(360)	(6,800)	6,440	Increase in short-term borrowings and commercial papers: 2,489; Dividends paid: (2,406)
Effect of exchange rate change on cash and cash equivalents	443	402	40	
Net increase (decrease) in cash and cash equivalents	(4,641)	4,469	(9,111)	
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	–	456	(456)	
Cash and cash equivalents at end of period	9,828	14,643	(4,814)	



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

(Millions of yen)

Item		FY2022 Plan			FY2021		YoY Change
		Amount	Weight	Results for six months ended September 30, 2022	Amount	Weight	
Capital expenditures * Incl. intangible assets	<International>	(300)		(67)	(214)		
	Functional Solutions	6,400	56.1	2,588	1,721	28.9	4,679
	<International>	(400)		(156)	(1,324)		
	Apparel	2,200	19.3	303	2,244	37.7	(44)
	Lifestyle Creations	2,000	17.5	138	867	14.6	1,133
	Corporate	800	7.1	297	1,114	18.7	(314)
	<International>	(700)		(223)	(1,538)		
	Total	11,400	100.0	3,326	5,947	100.0	5,453
Depreciation * Incl. amortization of goodwill	Functional Solutions	3,000	47.6	1,395	2,653	42.8	347
	Apparel	1,400	22.2	608	1,367	22.1	33
	Lifestyle Creations	1,500	23.8	630	1,698	27.4	(198)
	Corporate	400	6.4	328	472	7.6	(72)
	Total	6,300	100.0	2,962	6,191	100.0	109

## Main Investment Plans for FY2022

- Plastic film production resource-circulating factory and equipment: ¥3,500 million
- Innerwear production equipment: ¥1,400 million
- Engineering plastics production building and equipment: ¥1,200 million

## (6) FY2022 Forecast

(Millions of yen)

Item	FY2022 Forecast	FY2021 Results	Change	
			Amount	Change (%)
Net sales	136,000	124,314	11,686	9.4
Operating profit	6,000	4,880	1,120	23.0
Ordinary profit	6,000	5,399	601	11.1
Profit attributable to owners of parent	3,700	2,939	761	25.9

## (7) Forecast of Results by Segment

(Millions of yen)

Item		FY2022 Forecast		FY2021 Results		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net sales	Functional Solutions	59,300	43.4	56,138	44.9	3,162	5.6
	Apparel	61,400	44.9	57,197	45.8	4,203	7.3
	Lifestyle Creations	16,000	11.7	11,576	9.3	4,424	38.2
	Subtotal	136,700	100.0	124,912	100.0	11,788	9.4
	Elimination	(700)		(598)		(102)	–
	Consolidated	136,000		124,314		11,686	9.4
Operating profit	Functional Solutions	9,000	92.8	8,032	101.3	968	12.1
	Apparel	(300)	(3.1)	(557)	(7.0)	257	–
	Lifestyle Creations	1,000	10.3	453	5.7	547	120.8
	Subtotal	9,700	100.0	7,929	100.0	1,771	22.3
	Elimination	(3,700)		(3,049)		(651)	–
	Consolidated	6,000		4,880		1,120	23.0

The above figures remain unchanged from the financial results forecast for the fiscal year ending March 31, 2023, which was announced on May 13, 2022.