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## Consolidated Financial Results for the Six Months Ended September 30, 2024 [Japanese GAAP]

November 6, 2024

Company name: GUNZE LIMITED

Listing: Tokyo

Securities code: 3002

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Scheduled date to file semi-annual securities report: November 13, 2024

Scheduled date to commence dividend payments: -

Preparation of supplementary material on financial results: Yes

Holding of financial results briefing: Yes

President and Representative Director  
Corporate Officer, General Manager, Corporate

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

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

#### (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	%
Six months ended September 30, 2024	67,329	3.3	3,566	10.4	3,667	11.8	2,956	11.3
September 30, 2023	65,153	(3.3)	3,230	15.1	3,280	6.3	2,657	20.4

(Note) Comprehensive income: Six months ended September 30, 2024: ¥ 4,753 million [ (7.6)%]  
Six months ended September 30, 2023: ¥ 5,143 million [ 9.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended September 30, 2024	177.24	176.83
September 30, 2023	155.85	155.49

#### (2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of September 30, 2024	166,857	122,660	72.4	7,234.84
March 31, 2024	161,971	120,467	73.2	7,112.73

(Reference) Equity: As of September 30, 2024: ¥ 120,766 million  
As of March 31, 2024: ¥ 118,642 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	-	-	153.00	153.00
Fiscal year ending March 31, 2025	-	-			
Fiscal year ending March 31, 2025 (Forecast)			-	157.00	157.00

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

(Note) Breakdown of the 2nd quarter dividend for the fiscal year ending March 31, 2025 :

Commemorative dividend	- yen
Special dividend	- yen

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025(April 1, 2024 to March 31, 2025)

(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	140,000	5.4	9,000	32.8	9,000	32.9	7,500	46.8	449.44

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

\* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included:	-	(Company name:	)
Excluded:	-	(Company name:	)

(2) Adoption of accounting treatment specific to the preparation of semi-annual consolidated financial statements: Yes

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

- 1) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- 2) Changes in accounting policies due to other reasons: None
- 3) Changes in accounting estimates: None
- 4) Restatement: None

(4) Number of issued shares (common shares)

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

September 30, 2024:	17,293,516 shares
March 31, 2024:	17,293,516 shares

2) Number of treasury shares at the end of the period:

September 30, 2024:	601,227 shares
March 31, 2024:	613,226 shares

3) Average number of shares outstanding during the period:

Six months ended September 30, 2024:	16,683,506 shares
Six months ended September 30, 2023:	17,053,657 shares

\* Semi-annual financial results reports are exempt from review 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 “(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information” of “1. Qualitative Information on Semi-annual Financial Results for the Period under Review” on page 4 of attached materials.

(Attachment)  
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## 1. Qualitative Information on Semi-annual Financial Results for the Period under Review

### (1) Explanation of Business Results

(Overview of Results for the Period under Review)

During the six months ended September 30, 2024 (April 1, 2024 - September 30, 2024), the Japanese economy faced a situation where the economic outlook remained unclear due to factors such as the globally unstable political situation and rapid exchange rate fluctuations. In addition, although real wages are on an upward trend due to the rise in prices associated with soaring labor and logistics costs in addition to raw material prices, consumers' awareness of the need to protect their lives has been firmly established. Amid this operating environment, the GUNZE Group continued to pursue the four basic strategies of "Creation of new value," "Capital cost-focused management," "Evolution of corporate constitution," and "Environmentally responsible management" in the last year of its medium-term management plan, "VISION 2030 stage 1."

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

Net sales:	¥67,329 million	(up by 3.3% year-on-year)
Operating profit:	¥3,566 million	(up by 10.4% year-on-year)
Ordinary profit:	¥3,667 million	(up by 11.8% year-on-year)
Profit attributable to owners of parent:	¥2,956 million	(up by 11.3% year-on-year)

Net sales increased due to the strong performance of the functional solutions business where the materials market was on a recovery trend and the medical business where new products and products for China expanded. Operating profit, ordinary profit, and profit attributable to owners of parent increased as a whole primarily owing to the profit increase in the functional solutions business and the medical business, as well as the restructuring of the sports clubs, although the apparel business posted a decline in profits primarily due to the impact of the yen's depreciation since the beginning of the year.

(Results by Business Segment)

#### [Functional Solutions]

The functional solutions business recorded net sales of ¥25,635 million (up by 5.7% year-on-year) and an operating profit of ¥3,251 million (up by 10.7% year-on-year).

<Major factors in the changes>

- In plastic films, sales in Japan remained strong, although the business was impacted by stagnant demand overseas.
- In engineering plastics, in addition to the recovery of the office equipment market, products for semiconductors performed strongly.

#### [Medical]

The medical business recorded net sales of ¥6,468 million (up by 17.8% year-on-year) and an operating profit of ¥1,279 million (up by 40.9% year-on-year).

<Major factors in the changes>

- Expansion of sales of adhesion prevention agent and absorbable medical materials including bone fixation devices progressed in Japan.
- Although aesthetic and medical market was on a gradual recovery trend, the Company struggled due to intensified competition.
- Sales of products for China, with a focus on the tissue reinforcement felt, expanded.

## [Apparel]

The apparel business recorded net sales of ¥29,869 million (up by 1.7% year-on-year) and an operating profit of ¥417 million (down by 46.1% year-on-year) primarily due to the impact of increased purchasing cost caused by the yen's depreciation.

<Major factors in the changes>

- In the apparel business, although expansion of sales through e-commerce progressed, sales of men's innerwear stagnated due to the shift to private branding by mass retailers.
- Profit decreased, affected by the impact of higher costs due to production cutbacks and higher labor and other costs, in addition to the impact of the yen's depreciation since the beginning of the year.

## [Lifestyle Creations]

The lifestyle creation business recorded net sales of ¥5,737 million (down by 10.8% year-on-year) and an operating profit of ¥303 million (up by 2.1% year-on-year).

<Major factors in the changes>

- The real estate category recorded a decline in revenue due to the impact of sales of idle land redevelopment in the previous fiscal year.
- The sports club business improved the profitability, although its revenue decreased due to the re-examining of unprofitable stores.

## (2) Explanation of Financial Position

As of September 30, 2024, total assets were ¥166,857 million, an increase of ¥4,886 million compared to the end of the previous fiscal year. The main components of the increase included a ¥3,889 million increase in other, net in property, plant and equipment (construction in progress, etc.), a ¥2,527 million increase in cash and deposits, and a ¥1,274 million increase in merchandise and finished goods, while the main components of a decrease included a ¥2,052 million decrease in notes and accounts receivable - trade, and contract assets.

Total liabilities were ¥44,197 million, an increase of ¥2,693 million compared to the end of the previous fiscal year. The main components of the increase included a ¥3,269 million increase in long- and short-term borrowings including commercial papers.

Net assets were ¥122,660 million, an increase of ¥2,192 million compared to the end of the previous fiscal year. The main components of the increase included the recording of profit attributable to owners of parent amounting to ¥2,956 million and a ¥2,327 million increase in foreign currency translation adjustment, while the main components of a decrease included dividends paid of ¥2,552 million.

### (Cash Flows)

As of September 30, 2024, consolidated cash and cash equivalents were ¥13,345 million, an increase of ¥2,527 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 provided by operating activities for the period under review totaled ¥5,651 million, an increase of ¥2,099 million compared to the corresponding period of the previous fiscal year. The major components of cash inflows included profit before income taxes of ¥4,344 million, depreciation of ¥3,389 million, and decrease in accounts receivable - trade, and contract assets of ¥2,582 million. The main components of cash outflows included a ¥1,488 million increase in inventories, income taxes paid of ¥1,443 million, and a ¥1,377 million decrease in other current liabilities.

Net cash used in investing activities was ¥4,254 million, a decrease of ¥4,191 million compared to the corresponding period of the previous fiscal year. The main components of cash inflows included proceeds from sale of investment securities amounting to ¥968 million. The main components of cash outflows included purchase of non-current assets amounting to ¥5,418 million.

Net cash provided by financing activities totaled ¥571 million, an increase of ¥5,394 million compared to the corresponding period of the previous fiscal year. The main components of cash inflows included increase in short-term borrowings and commercial papers of ¥3,632 million. The main components of cash outflows included ¥2,539 million spend 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, 2025, which was announced on May 14, 2024.

Semi-annual Consolidated Financial Statements  
Semi-annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	10,818	13,345
Notes and accounts receivable - trade, and contract assets	27,588	25,536
Merchandise and finished goods	24,706	25,980
Work in process	7,425	7,980
Raw materials and supplies	6,026	6,396
Other	4,245	3,393
Allowance for doubtful accounts	(13)	(13)
Total current assets	80,796	82,619
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	36,191	36,085
Machinery, equipment and vehicles, net	13,601	13,398
Land	10,479	10,387
Other, net	3,325	7,214
Total property, plant and equipment	63,597	67,085
Intangible assets	1,928	1,779
Investments and other assets		
Investment securities	6,833	5,992
Other	8,884	9,451
Allowance for doubtful accounts	(69)	(71)
Total investments and other assets	15,648	15,372
Total non-current assets	81,174	84,237
Total assets	161,971	166,857

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	8,286	8,572
Short-term borrowings	252	607
Commercial papers	-	3,300
Current portion of long-term borrowings	462	520
Income taxes payable	1,357	1,285
Provision for bonuses	1,405	1,419
Provision for business restructuring	1,783	1,501
Other	11,342	10,665
Total current liabilities	24,890	27,872
Non-current liabilities		
Long-term borrowings	8,230	7,786
Retirement benefit liability	3,937	3,997
Long-term leasehold and guarantee deposits received	3,986	4,019
Other	458	521
Total non-current liabilities	16,613	16,324
Total liabilities	41,503	44,197
<b>Net assets</b>		
Shareholders' equity		
Share capital	26,071	26,071
Capital surplus	6,565	6,566
Retained earnings	81,576	81,981
Treasury shares	(2,974)	(2,916)
Total shareholders' equity	111,239	111,702
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,438	1,973
Deferred gains or losses on hedges	156	22
Revaluation reserve for land	(13)	(13)
Foreign currency translation adjustment	4,118	6,446
Remeasurements of defined benefit plans	702	633
Total accumulated other comprehensive income	7,403	9,063
Share acquisition rights	124	119
Non-controlling interests	1,700	1,774
Total net assets	120,467	122,660
Total liabilities and net assets	161,971	166,857



## Semi-annual Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Net sales	65,153	67,329
Cost of sales	44,640	46,299
Gross profit	20,513	21,029
Selling, general and administrative expenses	17,283	17,462
Operating profit	3,230	3,566
Non-operating income		
Interest income	41	31
Dividend income	251	155
Rental income from non-current assets	227	253
Foreign exchange gains	22	-
Other	78	72
Total non-operating income	621	512
Non-operating expenses		
Interest expenses	155	42
Rental expenses on non-current assets	219	244
Foreign exchange losses	-	2
Other	195	122
Total non-operating expenses	571	412
Ordinary profit	3,280	3,667
Extraordinary income		
Gain on sale of non-current assets	7	395
Gain on sale of investment securities	700	455
Other	-	60
Total extraordinary income	707	910
Extraordinary losses		
Loss on sale and retirement of non-current assets	122	155
Business restructuring expenses	-	56
Other	-	22
Total extraordinary losses	122	234
Profit before income taxes	3,865	4,344
Income taxes	1,196	1,353
Profit	2,669	2,990
Profit attributable to non-controlling interests	11	33
Profit attributable to owners of parent	2,657	2,956

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
Profit	2,669	2,990
Other comprehensive income		
Valuation difference on available-for-sale securities	595	(464)
Deferred gains or losses on hedges	311	(133)
Foreign currency translation adjustment	1,543	2,431
Remeasurements of defined benefit plans, net of tax	23	(69)
Total other comprehensive income	2,473	1,763
Comprehensive income	5,143	4,753
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,058	4,617
Comprehensive income attributable to non-controlling interests	84	136

## Semi-annual Consolidated Statements of Cash Flows

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
<b>Cash flows from operating activities</b>		
Profit before income taxes	3,865	4,344
Depreciation	3,018	3,389
Amortization of goodwill	37	22
Increase (decrease) in allowance for doubtful accounts	0	(0)
Increase (decrease) in retirement benefit liability	(172)	(512)
Increase (decrease) in provision for bonuses	23	1
Interest and dividend income	(293)	(186)
Interest expenses	155	42
Foreign exchange losses (gains)	6	26
Loss (gain) on sale and retirement of non-current assets	115	(238)
Loss (gain) on sale and valuation of investment securities	(700)	(455)
Business restructuring expenses	-	56
Other loss (gain)	(6)	(11)
Decrease (increase) in accounts receivable - trade, and contract assets	(266)	2,582
Decrease (increase) in inventories	(1,928)	(1,488)
Decrease (increase) in other current assets	611	597
Increase (decrease) in trade payables	(1,486)	234
Increase (decrease) in leasehold and guarantee deposits received	(194)	(26)
Increase (decrease) in other current liabilities	(546)	(1,377)
Increase (decrease) in other non-current liabilities	(3)	(4)
Subtotal	2,234	6,996
Interest and dividends received	285	186
Interest paid	(193)	(43)
Payments for business restructuring expenses	-	(43)
Income taxes refund (paid)	1,225	(1,443)
Net cash provided by (used in) operating activities	3,552	5,651
<b>Cash flows from investing activities</b>		
Purchase of non-current assets	(3,626)	(5,418)
Proceeds from sale of non-current assets	25	550
Payments for retirement of non-current assets	(98)	(133)
Purchase of investment securities	(980)	(333)
Proceeds from sale of investment securities	4,549	968
Decrease (increase) in loans receivable	(18)	(28)
Other, net	85	141
Net cash provided by (used in) investing activities	(63)	(4,254)

(Millions of yen)

	For the six months ended September 30, 2023	For the six months ended September 30, 2024
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term borrowings and commercial papers	(1,877)	3,632
Repayments of long-term borrowings	(456)	(501)
Purchase of treasury shares	(2)	(4)
Proceeds from sale of treasury shares	78	63
Dividends paid	(2,495)	(2,539)
Dividends paid to non-controlling interests	(50)	(63)
Other, net	(17)	(14)
Net cash provided by (used in) financing activities	(4,822)	571
Effect of exchange rate change on cash and cash equivalents	672	558
Net increase (decrease) in cash and cash equivalents	(660)	2,527
Cash and cash equivalents at beginning of period	11,547	10,818
Cash and cash equivalents at end of period	10,886	13,345

**(4) Notes to Semi-annual 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 semi-annual 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, 2025 and then multiplying profit before income taxes for the six months ended September 30, 2024 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

(Segment information, etc.)

[Segment Information]

Six Months Ended September 30, 2023 (April 1, 2023 - September 30, 2023)

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

(Millions of yen)

	Reportable segments					Adjustment (Note1)	Consolidated (Note 2)
	Functional solutions	Medical	Apparel	Lifestyle creations	Total		
Net sales							
Sales to customers	23,968	5,491	29,294	6,398	65,153	–	65,153
Intersegment sales and transfers	283	0	78	30	392	(392)	–
Total	24,251	5,492	29,373	6,428	65,546	(392)	65,153
Segment profit	2,937	907	775	297	4,918	(1,687)	3,230

Notes:

1. The ¥(1,687) 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 Semi-annual Consolidated Statements of Income.

Six Months Ended September 30, 2024 (April 1, 2024 - September 30, 2024)

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	Medical	Apparel	Lifestyle creations	Total		
Net sales							
Sales to customers	25,351	6,467	29,799	5,710	67,329	–	67,329
Intersegment sales and transfers	283	1	69	26	380	(380)	–
Total	25,635	6,468	29,869	5,737	67,709	(380)	67,329
Segment profit	3,251	1,279	417	303	5,251	(1,684)	3,566

Notes:

1. The ¥(1,684) 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 Semi-annual Consolidated Statements of Income.

(Significant subsequent events)

None applicable

### 3. Supplementary Information

#### Overview of Consolidated Results

##### <Overview of Results>

- **Net sales**

Net sales increased due to the strong performance of the functional solutions business where the materials market was on a recovery trend and the medical business where new products and products for China expanded.

- **Operating profit, ordinary profit, and profit attributable to owners of parent**

Operating profit, ordinary profit, and profit attributable to owners of parent increased as a whole primarily owing to the profit increase in the functional solutions business and the medical business, as well as the restructuring of the sports clubs, although the apparel business posted a decline in profits primarily due to the impact of the yen's depreciation since the beginning of the year.

##### <Main Extraordinary Income or Losses>

- Gain on sale of investment securities: ¥0.4 billion

##### <Forecasts for the Fiscal Year Ending March 31, 2025>

- Because the consolidated financial results for the six months ended September 30, 2024 have been almost in line with expectations, the Company has decided not to change its previously announced consolidated financial results forecast.
- Annual dividend payment is scheduled to be ¥157 per share. (¥153 per share in the previous fiscal year)

#### (1) Operating Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

(Millions of yen)

	Six months ended September 30, 2024	Six months ended September 30, 2023	Change <Upper figures in brackets %>
Net sales	67,329	65,153	<3.3> 2,175
Operating profit	3,566	3,230	<10.4> 336
Ordinary profit	3,667	3,280	<11.8> 386
Profit attributable to owners of parent	2,956	2,657	<11.3> 299
Financing income/expenses	144	137	6
Interest/Dividends received	186	293	<(106)>
Interest expenses	(42)	(155)	<113>
Capital expenditures	2,099	1,765	334
Depreciation	3,412	3,056	356
	As of September 30, 2024	As of March 31, 2024	Change <Upper figures in brackets %>
Total assets	166,857	161,971	<3.0> 4,886
Inventories	40,357	38,157	<5.8> 2,199
Non-current assets	84,237	81,174	<3.8> 3,063
Net assets	122,660	120,467	<1.8> 2,192

**Acquisition of treasury shares, etc.**

(Thousands of shares)

(Millions of yen)

Treasury shares acquired	0	4
Treasury shares disposed	12	62
Treasury shares held at the end of the previous fiscal year	613	2,974
Treasury shares held at the end of the period	601	2,916

**(2) Results by Business Segment**

(Millions of yen)

Segment		Six months ended September 30, 2024		Six months ended September 30, 2023		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net sales	Functional Solutions	25,635	37.9	24,251	37.0	1,383	5.7
	Medical	6,468	9.5	5,492	8.4	975	17.8
	Apparel	29,869	44.1	29,373	44.8	496	1.7
	Lifestyle Creations	5,737	8.5	6,428	9.8	(691)	(10.8)
	Subtotal	67,709	100.0	65,546	100.0	2,163	3.3
	Elimination	(380)		(392)		12	-
	Consolidated	67,329		65,153		2,175	3.3
Operating profit	Functional Solutions	3,251	61.9	2,937	59.7	313	10.7
	Medical	1,279	24.4	907	18.5	371	40.9
	Apparel	417	7.9	775	15.8	(357)	(46.1)
	Lifestyle Creations	303	5.8	297	6.0	6	2.1
	Subtotal	5,251	100.0	4,918	100.0	333	6.8
	Elimination	(1,684)		(1,687)		3	-
	Consolidated	3,566		3,230		336	10.4

**(3) Significant Financial Indicators**

Item		Six months ended September 30, 2024	Six months ended September 30, 2023	Change
Operating profit to total assets ratio	%	2.2	2.0	0.2
Ordinary profit to total assets ratio	%	2.2	2.0	0.2
Operating profit to net sales ratio	%	5.3	5.0	0.3
Ordinary profit to net sales ratio	%	5.4	5.0	0.4
Equity ratio	%	72.4	71.9	0.5
ROE	%	2.5	2.3	0.2
Earnings per share	¥	177.24	155.85	21.39
Diluted earnings per share	¥	176.83	155.49	21.34
Net assets per share	¥	7,234.84	6,936.93	297.91



**(4) Cash Flows**

(Millions of yen)

Cash Flow Activity	Six months ended September 30, 2024	Six months ended September 30, 2023	Change	Breakdown of Major Components
Operating activities	5,651	3,552	2,099	Profit before income taxes: 4,344; Depreciation: 3,389; Increase in inventories: (1,488)
Investing activities	(4,254)	(63)	(4,191)	Proceeds from sale of investment securities: 968; Purchase of non-current assets: (5,418)
Financing activities	571	(4,822)	5,394	Increase in short-term borrowings and commercial papers: 3,632; Dividends paid: (2,539)
Effect of exchange rate change on cash and cash equivalents	558	672	(114)	
Net increase (decrease) in cash and cash equivalents	2,527	(660)	3,188	
Cash and cash equivalents at end of period	13,345	10,886	2,459	

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

(Millions of yen)

Item		FY2024 Plan			FY2023		YoY Change
		Amount	Weight	Results for six months ended September 30, 2024	Amount	Weight	
Capital expenditures *Incl. intangible assets	Functional Solutions	2,300	21.3	802	4,672	51.1	(2,372)
	Medical	4,300	39.8	315	403	4.4	3,897
	Apparel	2,500	23.1	314	1,888	20.6	612
	Lifestyle Creations	1,100	10.2	472	1,597	17.5	(497)
	Corporate	600	5.6	196	584	6.4	16
	Total	10,800	100.0	2,099	9,147	100.0	1,653
Depreciation *Incl. amortization of goodwill	Functional Solutions	2,900	40.8	1,416	2,478	39.9	422
	Medical	600	8.5	257	453	7.3	147
	Apparel	1,600	22.5	730	1,346	21.7	254
	Lifestyle Creations	1,500	21.1	766	1,440	23.2	60
	Corporate	500	7.1	243	488	7.9	12
	Total	7,100	100.0	3,412	6,208	100.0	892

**Main Investment Plans for FY2024**

- Measures to expand medical factory and increase production of medical products: ¥3,800 million
- Apparel production efficiency equipment and system renewal: ¥1,100 million
- Plastic film production resource-circulation factory and production efficiency equipment: ¥1,000 million
- Renovation of the commercial facilities: ¥200 million

**(6) FY2024 Forecast**

(Millions of yen)

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

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

(Millions of yen)

Item		FY2024 Forecast		FY2023 Results		Change	
		Amount	Weight	Amount	Weight	Amount	Change (%)
Net sales	Functional Solutions	49,700	35.3	48,975	36.7	725	1.5
	Medical	13,000	9.2	11,697	8.8	1,303	11.1
	Apparel	65,200	46.3	60,114	45.0	5,086	8.5
	Lifestyle Creations	12,900	9.2	12,826	9.5	74	0.6
	Subtotal	140,800	100.0	133,614	100.0	7,186	5.4
	Elimination	(800)		(728)		(72)	-
	Consolidated	140,000		132,885		7,115	5.4
Operating profit	Functional Solutions	7,200	56.7	6,028	58.4	1,172	19.4
	Medical	2,500	19.7	1,991	19.3	509	25.6
	Apparel	1,900	15.0	1,465	14.2	435	29.7
	Lifestyle Creations	1,100	8.6	833	8.1	267	32.1
	Subtotal	12,700	100.0	10,318	100.0	2,382	23.1
	Elimination	(3,700)		(3,541)		(159)	-
	Consolidated	9,000		6,777		2,223	32.8

The above figures remain unchanged from the financial results forecast for the fiscal year ending March 31, 2025, which was announced on May 14, 2024.