

Quarterly Consolidated Financial Statements

For the second quarter (Q2) of the fiscal year ending March 31, 2022
(Cumulative results for April 1, 2021 – September 30, 2021)



Quarterly consolidated financial statements

i) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of September 30, 2021
Assets		
Current assets		
Cash and deposits	10,130	12,602
Notes and accounts receivable - trade	16,769	–
Notes and accounts receivable - trade, and contract assets	–	18,648
Merchandise and finished goods	6,211	6,752
Work in process	229	348
Raw materials and supplies	2,752	2,439
Other	985	1,012
Allowance for doubtful accounts	△52	△55
Total current assets	37,026	41,749
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,323	7,277
Machinery, equipment and vehicles, net	13,023	13,282
Tools, furniture and fixtures, net	1,029	956
Land	10,332	11,005
Construction in progress	549	336
Total property, plant and equipment	32,258	32,858
Intangible assets		
Other	1,373	1,855
Total intangible assets	1,373	1,855
Investments and other assets		
Investment securities	3,403	3,607
Shares of subsidiaries and associates	18,599	19,439
Retirement benefit asset	998	973
Other	4,848	3,348
Allowance for doubtful accounts	△17	△18
Total investments and other assets	27,832	27,350
Total non-current assets	61,464	62,063
Total assets	98,490	103,812

(Millions of yen)

As of March 31, 2021 As of September 30, 2021

Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,438	7,348
Short-term borrowings	11,647	9,561
Income taxes payable	296	582
Provision for bonuses	514	677
Other	3,883	4,708
Total current liabilities	22,780	22,879
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	20,051	24,415
Lease obligations	716	915
Provision for environmental measures	3	3
Retirement benefit liability	2,993	3,052
Deferred tax liabilities	244	319
Other	2,121	2,308
Total non-current liabilities	27,129	32,015
Total liabilities	49,910	54,895
Net assets		
Shareholders' equity		
Share capital	14,074	14,074
Capital surplus	16,696	16,696
Retained earnings	21,045	19,521
Treasury shares	△1,564	△1,564
Total shareholders' equity	50,252	48,728
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,253	1,375
Deferred gains or losses on hedges	92	122
Foreign currency translation adjustment	△3,025	△1,245
Remeasurements of defined benefit plans	△351	△401
Total accumulated other comprehensive income	△2,029	△149
Non-controlling interests	357	338
Total net assets	48,580	48,917
Total liabilities and net assets	98,490	103,812

ii) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income

(Quarterly consolidated statements of income)

(Millions of yen)

	Q2 of previous fiscal year (Cumulative results for April 1, 2020 – September 30, 2020)	Q2 of current fiscal year (Cumulative results for April 1, 2021 – September 30, 2021)
Net sales	28,423	30,943
Cost of sales	24,792	24,792
Gross profit	3,630	6,151
Selling, general and administrative expenses	5,190	4,998
Operating profit (loss)	△1,559	1,152
Non-operating income		
Interest income	6	7
Dividend income	57	46
Subsidy income	15	107
Other	251	234
Total non-operating income	331	397
Non-operating expenses		
Interest expenses	214	153
Share of loss of entities accounted for using equity method	1,111	1,980
Taxes and dues	54	43
Other	376	235
Total non-operating expenses	1,756	2,412
Ordinary loss	△2,985	△863
Extraordinary income		
Gain on sale of non-current assets	3	–
Total extraordinary income	3	–
Extraordinary losses		
Loss on sale of non-current assets	2	–
Loss on abandonment of non-current assets	4	21
Total extraordinary losses	6	21
Loss before income taxes	△2,987	△884
Income taxes - current	166	510
Income taxes - deferred	△644	△40
Total income taxes	△477	469
Loss	△2,509	△1,354
Loss attributable to non-controlling interests	△31	△34
Loss attributable to owners of parent	△2,478	△1,319

(Quarterly consolidated statements of comprehensive income)

(Millions of yen)

	Q2 of previous fiscal year (Cumulative results for April 1, 2020 – September 30, 2020)	Q2 of current fiscal year (Cumulative results for April 1, 2021 – September 30, 2021)
Loss	△2,509	△1,354
Other comprehensive income		
Valuation difference on available-for-sale securities	317	121
Deferred gains or losses on hedges	314	29
Foreign currency translation adjustment	△195	595
Remeasurements of defined benefit plans, net of tax	11	15
Share of other comprehensive income of entities accounted for using equity method	△183	1,140
Total other comprehensive income	264	1,902
Comprehensive income	△2,245	548
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△2,215	560
Comprehensive income attributable to non-controlling interests	△29	△12

iii) Quarterly consolidated statements of cash flows

(Millions of yen)

	Q2 of previous fiscal year (Cumulative results for April 1, 2020 – September 30, 2020)	Q2 of current fiscal year (Cumulative results for April 1, 2021 – September 30, 2021)
Cash flows from operating activities		
Loss before income taxes	△2,987	△884
Depreciation	2,374	2,363
Share of loss (profit) of entities accounted for using equity method	1,111	1,980
Decrease (increase) in trade receivables	2,732	△830
Increase (decrease) in trade payables	△1,499	581
Decrease (increase) in inventories	464	△535
Other, net	330	511
Subtotal	2,526	3,186
Interest and dividends received	62	65
Interest paid	△189	△70
Income taxes paid	△214	△288
Income taxes refund	140	86
Net cash provided by (used in) operating activities	2,326	2,980
Cash flows from investing activities		
Net decrease (increase) in time deposits	216	△49
Purchase of property, plant and equipment	△2,912	△1,036
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	602
Other, net	△134	△25
Net cash provided by (used in) investing activities	△2,830	△508
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	△1,531	–
Proceeds from long-term borrowings	3,472	5,813
Repayments of long-term borrowings	△2,783	△5,624
Dividends paid	△255	△205
Other, net	△381	△454
Net cash provided by (used in) financing activities	△1,479	△470
Effect of exchange rate change on cash and cash equivalents	△93	139
Net increase (decrease) in cash and cash equivalents	△2,077	2,140
Cash and cash equivalents at beginning of period	12,945	9,945
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	20	–
Cash and cash equivalents at end of period	10,887	12,085

Changes in accounting policies

(Application of the Accounting Standard for Revenue Recognition, etc.)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29 issued March 31, 2020; hereinafter, "Revenue Recognition Accounting Standard"), etc. shall be applied from the beginning of the first quarter of the current fiscal year. Accordingly, when control of promised goods or services is transferred to the customer, revenue shall be recognized in an amount expected to be received in exchange for said goods or services. As a result, the Company has decided to recognize revenue on a pro rata basis over the term of the agreement for services that continue over a certain period of time.

The application of the Revenue Recognition Accounting Standard, etc. is in accordance with the transitional treatment stipulated in the provisions of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative amount of impact from retroactively applying the new accounting policy prior to the beginning of the first quarter of the current consolidated fiscal year shall be added to or subtracted from retained earnings at the beginning of the period, and the new accounting policy shall be applied from the balance at the beginning of the said period. However, applying the method set forth in paragraph 86 of the Revenue Recognition Accounting Standard, the new accounting policy has not been applied retrospectively to contracts which substantially all revenue amounts have been recognized in accordance with previous treatment prior to the beginning of the first quarter of the current consolidated fiscal year. In addition, applying the method stipulated in paragraph 86 of the Revenue Recognition Accounting Standards and paragraph (1), accounts processing has been done to the contract modifications made prior to the beginning of the period under review based on the contractual terms after reflecting all contract modifications.

As a result, there is no impact on the Company's quarterly consolidated financial statements because of this change. In addition, there is no cumulative impact as there are no corresponding transactions in retained earnings at the beginning of the fiscal year, and no adjustments are made to retained earnings at the beginning of the first quarter of the current consolidated fiscal year.

Due to the application of the Revenue Recognition Accounting Standards, etc., "notes and accounts receivable – trade," which had been presented under "current assets" in the consolidated balance sheets for the previous fiscal year, will be included in, and presented under, "notes and accounts receivable – trade, and contract assets" as of the period under review. In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standard, the previous fiscal year has not been reclassified in accordance with the new presentation method. In addition, the breakdown of the revenue generated from contracts with customers is presented in the Segment Information to be described.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30 issued July 4, 2019; hereinafter, "Fair Value Measurement Accounting Standard"), etc. shall be applied from the beginning of the first quarter of the current consolidated fiscal year and, in accordance with the transitional treatment stipulated in Fair Value Measurement Accounting Standard, Paragraph 19 and Accounting Standard for Financial Instruments (ASBJ Statement No. 10 issued July 4, 2019), Paragraph 44-2, new accounting policies stipulated in the Fair Value Measurement Accounting Standard, etc. shall be applied in the future. There is no impact on the Company's quarterly consolidated financial statements.

Segment information

I Q2 of previous fiscal year (Cumulative results for April 1, 2020 - September 30, 2020)

1. Disclosure of net sales and profit/loss (Δ) for each reportable segment

(Millions of yen)

	Reportable segments					Adjustment (Note 1)	Amount recorded on the quarterly consolidated financial statements (Note 2)
	Glass bottles business	Plastic containers business	Logistics business	New glass business	Total		
Net Sales							
Net sales to external customers	18,230	3,077	5,197	1,917	28,423	–	28,423
Intersegment sales and transfers	0	338	4,008	2	4,350	Δ 4,350	–
Total	18,230	3,416	9,205	1,920	32,773	Δ 4,350	28,423
Segment profit/loss (Δ)	Δ 2,127	112	180	Δ 38	Δ 1,872	313	Δ 1,559

[Notes] (1) Segment profit/loss (Δ) adjustment of 313 million yen includes intersegment eliminations of 58 million yen and other adjustments of 255 million yen. Other adjustments include corporate expenses not attributable to reportable segments and adjustments of non-operating income/expenses recorded in reportable segments.

(2) Segment profit/loss (Δ) is adjusted with operating profit in the quarterly consolidated statements of income.

2. Information on impairment loss of non-current assets and goodwill for each reportable segments

There are no applicable items.

II Q2 of current fiscal year (Cumulative results for April 1, 2021 - September 30, 2021)

1. Disclosure of net sales, profit/loss (Δ) and revenue breakdown for each reportable segment

(Millions of yen)

	Reportable segments					Adjustment (Note 1)	Amount recorded on the quarterly consolidated financial statements (Note 2)
	Glass bottles business	Plastic containers business	Logistics business	New glass business	Total		
Net Sales							
Revenue generated from contracts with customers	19,689	3,579	5,100	2,026	30,395	–	30,395
Other revenue	–	–	548	–	548	–	548
Net sales to external Customers	19,689	3,579	5,648	2,026	30,943	–	30,943
Intersegment sales and transfers	0	343	3,787	3	4,135	Δ 4,135	–
Total	19,690	3,922	9,436	2,030	35,079	Δ 4,135	30,943
Segment profit	282	415	311	88	1,098	54	1,152

[Notes] (1) Segment profit adjustment of 54 million yen includes intersegment eliminations of 58 million yen and other adjustments of Δ 3 million yen. Other adjustments include corporate expenses not attributable to reportable segments and adjustments of non-operating income/expenses recorded in reportable segments.

(2) Segment profit is adjusted with operating profit in the quarterly consolidated statements of income.

(3) From the second quarter of the current fiscal year, Nakayama Transport Co., Ltd. (logistics business) and Maruishi Transport Co., Ltd. (logistics business) have been included in the scope of consolidation because our consolidated subsidiary Yamamura Logistics Co., Ltd. acquired all of the shares. As the deemed acquisition date is September 30, 2021, only the balance sheet is consolidated for the second quarter of the current fiscal year.

2. Notes of changes in reportable segments

As stated in "Changes in accounting policies," the Revenue Recognition Accounting Standard, etc. has been applied from the beginning of the first quarter of the current consolidated fiscal year, and the accounting method for revenue recognition has been changed. As a result, the method of calculating profit or loss for business segments has also been changed.

There is no impact on the quarterly consolidated financial statements for the first quarter of the current fiscal year result from these changes.

3. Information on impairment loss of non-current assets and goodwill for each reportable segments
(Significant changes in goodwill amount)

(Millions of yen)

	Glass bottles business	Plastic containers business	Logistics business	New glass business	Total
Increase in goodwill	—	—	486	—	486