

Quarterly Consolidated Financial Statements

For the third quarter (Q3) of the fiscal year ending March 31, 2022

(Cumulative results for April 1, 2021 – December 31, 2021)



Quarterly consolidated financial statements

i) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2021	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	10,130	12,699
Notes and accounts receivable - trade	16,769	–
Notes and accounts receivable - trade, and contract assets	–	18,666
Merchandise and finished goods	6,211	6,205
Work in process	229	320
Raw materials and supplies	2,752	2,505
Other	985	829
Allowance for doubtful accounts	△52	△56
Total current assets	37,026	41,171
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	7,323	7,153
Machinery, equipment and vehicles, net	13,023	12,642
Tools, furniture and fixtures, net	1,029	931
Land	10,332	11,005
Construction in progress	549	466
Total property, plant and equipment	32,258	32,199
Intangible assets		
Other	1,373	1,820
Total intangible assets	1,373	1,820
Investments and other assets		
Investment securities	3,403	3,068
Shares of subsidiaries and associates	18,599	18,668
Retirement benefit asset	998	939
Other	4,848	3,405
Allowance for doubtful accounts	△17	△23
Total investments and other assets	27,832	26,059
Total non-current assets	61,464	60,079
Total assets	98,490	101,251

(Millions of yen)

As of March 31, 2021 As of December 31, 2021

Liabilities		
Current liabilities		
Notes and accounts payable - trade	6,438	6,776
Short-term borrowings	11,647	10,145
Income taxes payable	296	470
Provision for bonuses	514	277
Other	3,883	5,071
Total current liabilities	22,780	22,740
Non-current liabilities		
Bonds payable	1,000	1,000
Long-term borrowings	20,051	24,669
Lease obligations	716	845
Provision for environmental measures	3	3
Retirement benefit liability	2,993	3,052
Deferred tax liabilities	244	316
Other	2,121	2,324
Total non-current liabilities	27,129	32,212
Total liabilities	49,910	54,953
Net assets		
Shareholders' equity		
Share capital	14,074	14,074
Capital surplus	16,696	16,696
Retained earnings	21,045	17,906
Treasury shares	△1,564	△1,565
Total shareholders' equity	50,252	47,113
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,253	1,018
Deferred gains or losses on hedges	92	69
Foreign currency translation adjustment	△3,025	△1,858
Remeasurements of defined benefit plans	△351	△369
Total accumulated other comprehensive income	△2,029	△1,140
Non-controlling interests	357	325
Total net assets	48,580	46,298
Total liabilities and net assets	98,490	101,251

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

(Quarterly consolidated statements of income)

(Millions of yen)

	Q3 of previous fiscal year (Cumulative results for April 1, 2020 – December 31, 2020)	Q3 of current fiscal year (Cumulative results for April 1, 2021 – December 31, 2021)
Net sales	43,567	46,937
Cost of sales	37,537	38,140
Gross profit	6,029	8,796
Selling, general and administrative expenses	7,869	7,751
Operating profit (loss)	△1,840	1,045
Non-operating income		
Interest income	11	13
Dividend income	68	58
Subsidy income	78	136
Other	368	370
Total non-operating income	528	579
Non-operating expenses		
Interest expenses	300	235
Share of loss of entities accounted for using equity method	1,516	3,374
Taxes and dues	82	69
Other	506	437
Total non-operating expenses	2,404	4,117
Ordinary loss	△3,717	△2,491
Extraordinary income		
Gain on sale of non-current assets	5	8
Gain on sale of investment securities	–	2
Total extraordinary income	5	11
Extraordinary losses		
Loss on sale of non-current assets	4	–
Loss on abandonment of non-current assets	71	24
Loss on sale of investment securities	–	6
Total extraordinary losses	75	31
Loss before income taxes	△3,787	△2,511
Income taxes - current	249	567
Income taxes - deferred	△769	△93
Total income taxes	△519	474
Loss	△3,267	△2,986
Loss attributable to non-controlling interests	△42	△51
Loss attributable to owners of parent	△3,225	△2,934

(Quarterly consolidated statements of comprehensive income)

(Millions of yen)

	Q3 of previous fiscal year (Cumulative results for April 1, 2020 – December 31, 2020)	Q3 of current fiscal year (Cumulative results for April 1, 2021 – December 31, 2021)
Loss	△3,267	△2,986
Other comprehensive income		
Valuation difference on available-for-sale securities	321	△235
Deferred gains or losses on hedges	425	△23
Foreign currency translation adjustment	△358	521
Remeasurements of defined benefit plans, net of tax	17	12
Share of other comprehensive income of entities accounted for using equity method	△56	640
Total other comprehensive income	349	915
Comprehensive income	△2,917	△2,071
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	△2,876	△2,044
Comprehensive income attributable to non-controlling interests	△41	△26

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 Q3 of previous fiscal year (Cumulative results for April 1, 2020 - December 31, 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	28,407	4,401	7,879	2,879	43,567	–	43,567
Intersegment sales and transfers	0	481	6,213	3	6,700	Δ 6,700	–
Total	28,408	4,883	14,092	2,883	50,267	Δ 6,700	43,567
Segment profit/loss (Δ)	Δ 2,706	132	361	Δ 34	Δ 2,246	406	Δ 1,840

[Notes] (1) Segment profit/loss (Δ) adjustment of 406 million yen includes intersegment eliminations of 91 million yen and other adjustments of 315 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 Q3 of current fiscal year (Cumulative results for April 1, 2021 - December 31, 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	29,576	5,064	8,569	2,913	46,123	–	46,123
Other revenue	–	–	813	–	813	–	813
Net sales to external Customers	29,576	5,064	9,383	2,913	46,937	–	46,937
Intersegment sales and transfers	0	489	5,811	5	6,306	Δ 6,306	–
Total	29,576	5,553	15,194	2,919	53,244	Δ 6,306	46,937
Segment profit	Δ 58	458	426	102	928	116	1,045

[Notes] (1) Segment profit/loss (Δ) adjustment of 116 million yen includes intersegment eliminations of 84 million yen and other adjustments of 32 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.

(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. The statements of income is consolidated from the third 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

There are no applicable items.