



Closing Announcement of Second Quarter of the Fiscal Year Ending March 31, 2022 [Japanese Standards] (Consolidated)

October 28, 2021

Name of Listed Company:	Arisawa Mfg. Co., Ltd.	Listed on the Tokyo Stock Exchange
Code No.:	5208	(URL http://www.arisawa.co.jp/)
Representative:	Representative Director and CEO:	Yuta Arisawa
Contact Person:	Senior Operating Officer,	
	Corporate Planning Department:	Takeshi Masuda
Scheduled Date of Submitting Financial Report:	November 12, 2021	TEL: 025-524-7101
Whether supplementary explanation materials for the closing are prepared:	No	Scheduled Date of Commencement of Dividend Payment:
Whether explanation meeting is held for the closing:	Yes (for analysts)	December 2, 2021

(Indicated by rounding off an amount less than 1 million yen)

1. Consolidated Results in Second Quarter of the Fiscal Year Ending March 31, 2022 (From April 1, 2021 to September 30, 2021)

(1) Consolidated Operating Results (Cumulative)

(% indication shows the increase or decrease rate from the same period in the previous year)

	Sales		Operating profit		Ordinary profit		Net profit attributable to owners of the parent	
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%
Second Quarter of the Fiscal Year Ending March 31, 2022	21,744	---	2,048	---	2,287	---	1,754	---
Second Quarter of the Fiscal Year Ended March 31, 2021	22,203	△1.8	1,375	4.1	1,347	△6.4	853	---

(Note) Comprehensive income: Second Quarter of the Fiscal Year Ending March 31, 2022: 1,798 million yen (39.2 %) Second Quarter of the Fiscal Year Ended March 31, 2021: 1,291 million yen (--- %)

	Net profit per share		Fully diluted net profit per share	
	(Yen, Sen)		(Yen, Sen)	
Second Quarter of the Fiscal Year Ending March 31, 2022	52.38		52.34	
Second Quarter of the Fiscal Year Ended March 31, 2021	25.67		25.63	

From the beginning of the year ending March 31, 2022, the “Accounting Standard for Revenue Recognition”, etc., have been applied. Therefore, the rate of increase or decrease from the actual figures before the application of this Standard, etc., is not stated.

(2) Consolidated Financial Conditions

	Total assets	Net assets	Net worth ratio	Net asset per share
	(million yen)	(million yen)	%	(Yen, Sen)
Second Quarter of the Fiscal Year Ending March 31, 2022	68,828	47,407	67.6	1,397.98
Fiscal Year Ended March 31, 2021	67,257	47,444	68.8	1,388.50

(Reference) Net worth: Second Quarter of the Fiscal Year Ending March 31, 2022: 46,536 million yen Fiscal Year Ended March 31, 2021: 46,284 million yen

2. Status of Dividends

	Annual dividends				
	End of 1 st quarter	End of 2 nd quarter	End of 3 rd quarter	End of year	Annual
	(Yen, Sen)	(Yen, Sen)	(Yen, Sen)	(Yen, Sen)	(Yen, Sen)
Fiscal Year Ended March 31, 2021	---	0.00	---	39.00	39.00
Fiscal Year Ending March 31, 2022	---	5.00			
Fiscal Year Ending March 31, 2022 (Forecast)			---	48.00	53.00

(Note) Existence of adjustment from the most recently announced dividend forecast: Yes

(Note) Breakdown of dividends at the end of second quarter in the year ending March 31, 2022: Special Dividend: 5 yen 00 sen

For dividends at the end of second quarter, and year-end, please refer to the “Notice of Adjustment of Forecast of Business Results for the Full-year, Determination of Interim Dividend and Adjustment of Forecast of Year-end Dividend” which was disclosed on this day (October 28, 2021).

3. Forecast of Consolidated Business Results for Fiscal Year Ending March 31, 2022 (From April 1, 2021 to March 31, 2022)

(% indication shows the increase or decrease rate from the previous period)

	Sales		Operating profit		Ordinary profit		Net profit attributable to owners of the parent		Net profit per share
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%	(Yen, Sen)
Full Year	43,400	---	3,300	---	3,700	---	2,700	---	81.11

(Note) Existence of adjustment from the most recently announced forecast of business results: Yes

From the beginning of the year ending March 31, 2022, the “Accounting Standard for Revenue Recognition”, etc., have been applied. Therefore, the rate of increase or decrease from the actual figures before the application of this Standard, etc., is not stated.

For details of adjustment of Forecast of Business Results for the Full-year, please refer to the “Notice of Adjustment of Forecast of Business Results for the Full-year, Determination of Interim Dividend and Adjustment of Forecast of Year-end Dividend” which was disclosed on this day (October 28, 2021).

* Notes

- (1) Changes in material subsidiaries during the current consolidated cumulative quarter (changes in specified subsidiaries accompanying changes in scope of consolidation): None
 New: --- (Company Name:) Exclusion: --- (Company Name:)
- (2) Application of accounting particular to preparation of quarterly consolidated financial statements: Yes
 (Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes (4) Notes to Quarterly Consolidated Financial Statements (Application of Accounting Particular to Preparation of Quarterly Consolidated Financial Statements)” on page 10 in the attached materials.
- (3) Changes in accounting policy, changes in accounting estimates and restatement
- | | |
|---|------|
| 1) Changes in accounting policy in connection with the amendment of accounting standards, etc.: | Yes |
| 2) Changes in accounting policy other than 1) above: | None |
| 3) Changes in accounting estimate: | None |
| 4) Restatement: | None |

(4) Number of outstanding shares (common stocks)

1) Number of outstanding shares at the end of year (including treasury stocks):	2Q of Fiscal Year Ending March 31, 2022:	33,590,324 shares	Fiscal Year Ended March 31, 2021:	34,470,524 shares
2) Number of treasury stocks at the end of year:	2Q of Fiscal Year Ending March 31, 2022:	301,809 shares	Fiscal Year Ended March 31, 2021:	1,136,189 shares
3) Average number of shares during the year (cumulative quarter):	2Q of Fiscal Year Ending March 31, 2022:	33,332,128 shares	2Q of Fiscal Year Ended March 31, 2021:	33,251,980 shares

* The quarterly closing announcement is not subject to quarterly review by a certified public accountant or an audit corporation.

* Explanation about Appropriate Use of the Forecast of Business Results and other Matters to be Noted

Description regarding the future such as the forecast of business results stated in this material is based on information which the Company has currently obtained and certain assumptions that the Company determines to be reasonable, although actual results may significantly differ from the forecast depending on various factors.

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1. Qualitative Information concerning Current Quarterly Closing Announcement

(1) Explanation about Business Results

The Japanese economy in the current consolidated cumulative second quarter remained under severe conditions as the state of emergency was extended due to the impact from the spread of COVID-19 infections and economic activities were restrained. Regarding the outlook, while there are bright signs due to the increase in the rate of vaccinations and the lifting of the state of emergency, uncertainty remains as a result of the increasing downside risk on business performance and results of the Company such as the soaring prices of crude oil and raw materials, etc.

Under such circumstances, for the Company Group (the Company, consolidated subsidiaries and the companies to which the equity method is applied), although sales of industrial application structural materials decreased, sales of electronic materials have been steady, and therefore, for the business results in the current cumulative second year, sales were ¥21,744 million (a decrease of 2.1% as compared with the same period in the previous year*). For profit and loss, operating profit was ¥2,048 million (an increase of 49.0% of the same*), ordinary profit was ¥2,287 million (an increase of 69.7% of the same*) and quarterly net profit attributable to owners of the parent was ¥1,745 million (an increase of 104.5% of the same*).

Business results of each segment were as follows.

(Electronic materials)

Due to the steady progress in sales of flexible printed circuit board materials, etc., sales were ¥15,342 million (an increase of 2.9% of the same*) and segment profit was ¥1,839 million (an increase of 37.5% of the same*).

(Industrial application structural materials)

Due to a decrease in sales of aircraft materials, etc., sales were ¥3,368 million (a decrease of 22.5% of the same*) and segment profit was ¥362 million (a decrease of 24.0% of the same*).

(Electric insulation materials)

Due to an increase in sales of insulation materials for heavy electric machinery, sales were ¥1,244 million (an increase of 7.6% of the same*) and segment profit was ¥138 million (an increase of 103.7% of the same*).

(Display materials)

Due to an increase in sales of devices utilizing polarization by ColorLink Japan, Ltd., etc., sales were ¥1,571 million (an increase of 17.9% of the same*) and segment profit was ¥366 million (an increase of 612.0% of the same*).

(Other)

Sales were ¥218 million (a decrease of 52.0% of the same*).

* From the beginning of the current fiscal year ending March 31, 2022, the “Accounting Standard for Revenue Recognition”, etc., have been applied. The rate of increase or decrease in parentheses shows a simple comparison between the actual results in the current period and those in the previous period before application of the “Accounting Standard for Revenue Recognition”, etc.

(2) Explanation about Financial Conditions

Total assets at the end of the current consolidated second quarter were ¥68,828 million, an increase of ¥1,570 million as compared with the end of the previous consolidated fiscal year. This was mainly due to increases in merchandise and finished goods of ¥1,082 million and in raw materials and stores of ¥1,026 million, etc. Liabilities were ¥21,420 million, an increase of ¥167 million as compared with the end of the previous consolidated fiscal year. This was mainly due to increases in notes and accounts payable of ¥661 million and corporate income tax, etc., payable of ¥542 million, etc. Net assets were ¥47,407 million, a decrease of ¥37 million as compared with the end of the previous consolidated fiscal year.

(3) Explanation about Future Forecast Information, including Forecast of Consolidated Business Results

Due to the expected profit from sales of investment securities, etc., we adjusted the forecast of consolidated business results for the full-year as set forth below.

Adjustment of forecast of consolidated business results for the full-year of the fiscal year ending March 31, 2022

(From April 1, 2021 to March 31, 2022)

	Sales (million yen)	Operating profit (million yen)	Ordinary profit (million yen)	Net profit attributable to owners of the parent (million yen)	Net profit per share (yen)
Previously announced forecast (A)	43,900	3,300	3,500	2,100	62.96
This forecast adjustment (B)	43,400	3,300	3,700	2,700	81.11
Increase or decrease (B-A)	△500	0	200	600	
Increase or decrease ratio (%)	△1.1	0	5.7	28.6	
(Reference) Results of the previous year (Fiscal Year Ended March 31, 2021)	46,439	3,118	3,578	2,160	64.94

(Note) The above forecast of business results are based on information currently obtained by the Company and certain assumptions determined to be reasonable, although actual results may vary significantly depending on various factors in the future.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheet

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2021)	Current Consolidated Second Quarter (As of September 30, 2021)
Assets		
Current Assets		
Cash and deposits	13,215,508	13,161,073
Notes and accounts receivable	16,766,218	---
Notes receivable, accounts receivable and contract assets	---	17,196,140
Securities	1,242,430	2,284,767
Merchandise and finished goods	3,896,377	4,978,459
Work-in-progress	2,175,632	2,234,270
Raw materials and stores	3,026,247	4,052,756
Accrued refunded corporation tax, etc.	1,415,974	---
Other	778,645	800,839
Allowance for doubtful accounts	△161,830	△132,083
Total Current Assets	42,355,204	44,576,224
Fixed Assets		
Tangible fixed assets	13,217,395	13,306,093
Intangible fixed assets	244,870	253,356
Investments and other assets		
Investment securities	10,666,038	9,839,819
Other	788,832	868,126
Allowance for doubtful accounts	△14,923	△15,539
Total investments and other assets	11,439,946	10,692,406
Total Fixed Assets	24,902,213	24,251,856
Total Assets	67,257,417	68,828,080

(Unit: thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2021)	Current Consolidated Second Quarter (As of September 30, 2021)
Liabilities		
Current Liabilities		
Notes and accounts payable	6,657,426	7,318,910
Bonds to be redeemed within a year	36,800	36,800
Short-term borrowings	3,606,087	3,905,621
Current portion of long-term borrowings	182,724	182,724
Corporate income tax, etc., payable	277,821	819,885
Reserve for bonuses	535,756	655,909
Reserve for officers' bonuses	3,870	2,178
Other	2,817,772	2,642,601
Total Current Liabilities	14,118,258	15,564,629
Fixed Liabilities		
Bonds payable	54,400	36,000
Long-term borrowings	3,761,507	4,008,647
Provision for share-based remuneration	---	19,452
Net defined benefit liabilities	607,032	581,242
Asset retirement obligations	89,466	91,324
Other	1,181,934	1,119,124
Total Fixed Liabilities	5,694,340	5,855,791
Total Liabilities	19,812,598	21,420,421
Net Assets		
Shareholders' equity		
Capital	7,623,638	7,629,915
Capital surplus	4,403,396	3,971,325
Earned surplus	33,374,092	32,938,543
Treasury stock	△1,159,364	△299,919
Total shareholders' equity	44,241,763	44,239,864
Accumulated other comprehensive income		
Valuation difference on other securities	1,569,049	1,337,445
Deferred hedge profit or loss	△8,237	△4,254
Foreign currency translation adjustments	486,242	960,189
Accumulated adjustment for retirement benefits	△3,959	3,556
Total accumulated other comprehensive income	2,043,095	2,296,936
Stock acquisition right	193,962	183,373
Non-controlling interest	965,997	687,484
Total Net Assets	47,444,819	47,407,659
Total Liabilities and Net Assets	67,257,417	68,828,080

(2) Quarterly Consolidated Profit and Loss Statement and Quarterly Consolidated Statement of Comprehensive Income
 (Quarterly Consolidated Profit and Loss Statement)
 (Consolidated Cumulative Second Quarter)

(Unit: thousand yen)

	Previous Consolidated Cumulative Second Quarter (From April 1, 2020 to September 30, 2020)	Current Consolidated Cumulative Second Quarter (From April 1, 2021 to September 30, 2021)
Sales	22,203,695	21,744,712
Cost of Goods Sold	18,486,327	17,055,141
Gross Profit on Sales	3,717,368	4,689,570
Selling, General and Administrative Expenses	2,342,126	2,640,857
Operating Profit	1,375,241	2,048,713
Non-operating Income		
Interest income	148,698	94,145
Dividend income	50,910	39,520
Profit on redemption of investment securities	21,199	101,189
Other	124,004	149,092
Total Non-operating Income	344,812	383,946
Non-operating Expenses		
Interest expenses	54,147	56,448
Rent expenses	44,313	41,648
Other	273,895	47,461
Total Non-operating Expenses	372,355	145,558
Ordinary Profit	1,347,698	2,287,101
Extraordinary Profits		
Profit on sale of fixed assets	---	1,298
Profit on sale of investment securities	---	226,398
Other	26,431	43,094
Total Extraordinary Profits	26,431	270,791
Extraordinary Losses		
Loss on retirement of fixed assets	6,793	12,246
Provision for reserve for share-based remuneration	---	14,098
Other	---	4,053
Total Extraordinary Losses	6,793	30,398
Net profit before taxes, etc.	1,367,336	2,527,494
Corporate income tax, etc.	411,729	713,386
Net profit	955,607	1,814,108
Net profit attributable to non-controlling interests	101,942	68,273
Net profit attributable to owners of the parent	853,665	1,745,834

(Quarterly Consolidated Statement of Comprehensive Income)
(Consolidated Cumulative Second Quarter)

(Unit: thousand yen)

	Previous Consolidated Cumulative Second Quarter (From April 1, 2020 to September 30, 2020)	Current Consolidated Cumulative Second Quarter (From April 1, 2021 to September 30, 2021)
Net profit	955,607	1,814,108
Other comprehensive income		
Valuation difference on other securities	533,739	△231,595
Deferred hedge profit or loss	3,287	3,982
Foreign currency translation adjustments	△237,964	191,193
Adjustment for retirement benefits	36,471	7,515
Share of other comprehensive income of companies to which equity method is applied	568	13,210
Total other comprehensive income	336,103	△15,693
Comprehensive income	1,291,711	1,798,415
(Breakdown)		
Comprehensive income attributable to owners of the parent	1,297,997	1,999,675
Comprehensive income attributable to non- controlling interests	△6,286	△201,260

(3) Quarterly Consolidated Cash Flow Statement

(Unit: thousand yen)

	Previous Consolidated Cumulative Second Quarter (From April 1, 2020 to September 30, 2020)	Current Consolidated Cumulative Second Quarter (From April 1, 2021 to September 30, 2021)
Cash flow from operating activities		
Net profit before taxes, etc.	1,367,336	2,527,494
Depreciation expense	1,001,911	1,052,170
Stock compensation expenses	32,393	25,092
Profit on reversal of stock acquisition rights	△26,431	△43,094
Increase/decrease in allowance for doubtful accounts (△: decrease)	13,859	△21,682
Increase/decrease in reserve for bonuses (△: decrease)	△43,022	120,153
Increase/decrease in provision for product warranties (△: decrease)	△1	△39
Increase/decrease in reserve for officers' bonuses (△: decrease)	△2,543	△1,692
Increase/decrease in provision for share-based remuneration (△: decrease)	---	19,452
Increase/decrease in net defined benefit liabilities (△: decrease)	34,592	△14,975
Profit/loss on redemption of investment securities (△: profit)	24,209	△99,764
Interest and dividend income	△199,608	△133,665
Subsidy income	---	△28,226
Interest expenses	54,147	56,448
Foreign currency exchange profit/loss (△: profit)	86,004	△61,162
Investment profit/loss by equity method (△: profit)	39,991	△238
Profit/loss on sale of securities and investment securities (△: profit)	---	△222,344
Profit/loss on sale of fixed assets (△: profit)	---	△1,298
Loss on retirement of tangible fixed assets	712	6,645
Increase/decrease in accounts receivable (△: increase)	696,277	333,086
Increase/decrease in inventories (△: increase)	△991,765	△2,233,961
Increase/decrease in trades payable (△: decrease)	△77,199	496,080
Increase/decrease in consumption tax, etc., payable (△: decrease)	△222,039	△17,513
Increase/decrease in other assets (△: increase)	△193,353	70,968
Increase/decrease in other liabilities (△: decrease)	32,259	△204,433
Subtotal	1,627,729	1,623,501
Interest and dividends received	215,039	148,501
Interest paid	△90,224	△70,130
Subsidy income received	---	28,226
Corporate income tax, etc., paid or refund (△: paid)	△3,233,587	1,137,813
Cash flow from operating activities	△1,481,043	2,867,912

(Unit: thousand yen)

	Previous Consolidated Cumulative Second Quarter (From April 1, 2020 to September 30, 2020)	Current Consolidated Cumulative Second Quarter (From April 1, 2021 to September 30, 2021)
Cash flow from investing activities		
Expenditure for placement in term deposits	△478,489	---
Revenue from refund of term deposits	200,000	1,460,600
Expenditure for acquisition of securities	△900,000	---
Revenue from sale of securities	900,000	---
Expenditure for acquisition of tangible fixed assets	△788,318	△882,873
Revenue from sale of tangible fixed assets	---	1,298
Expenditure for acquisition of intangible fixed assets	△36,720	△36,602
Expenditure for acquisition of investment securities	△497,421	△102,918
Revenue from sale of investment securities	458,033	1,455,717
Expenditure for lending	△19,000	---
Revenue from collection of loans	4,510	4,510
Increase/decrease in investments and other assets (△: increase)	2,571	△10,324
Cash flow from investing activities	△1,154,833	1,889,408
Cash flow from financing activities		
Net increase/decrease in short-term borrowings (△: decrease)	△141,144	126,916
Revenue from long-term borrowings	593,706	519,377
Expenditure for repayment of long-term borrowings	△384,452	△476,362
Expenditure for repayment of lease liabilities	△32,815	△39,858
Expenditure for redemption of bonds	△18,400	△18,400
Expenditure for repayment of long-term accrued amount	△52,988	△31,094
Proceeds from stocks issued	12,360	10,612
Expenditure for acquisition of treasury stock	△173	△82,836
Expenditure for acquisition of the shares of a subsidiary not accompanying a change in the scope of consolidation	---	△779,045
Dividends paid	△992,745	△1,293,664
Dividends paid to non-controlling interests	△155,966	△68,154
Cash flow from financing activities	△1,172,618	△2,132,510
Translation differences in cash and cash equivalents	△66,199	238,997
Increase/decrease in cash and cash equivalents (△: decrease)	△3,874,695	2,863,808
Cash and cash equivalents at beginning of year	14,725,985	11,488,288
Cash and cash equivalents at end of quarter	10,851,289	14,352,096

(4) Notes to Quarterly Consolidated Financial Statements

(Notes to Assumptions on a Going Concern)

No applicable matter.

(Explanatory Note in Case of Significant Changes in the Amount of Shareholders' Equity)

The Company carried out retirement of treasury stocks of ¥900,000 shares as of August 31, 2021, based on the resolution of the board of directors' meeting held on July 29, 2021. As a result, retained earnings and treasury stocks decreased by ¥918,310 thousand respectively during the current consolidated cumulative second quarter and retained earnings were ¥32,938,543 thousand and treasury stocks were ¥299,919 thousand at the end of the current consolidated second quarter.

(Application of Accounting Particular to Preparation of Quarterly Consolidated Financial Statements)

(Calculation of tax expenses)

For tax expenses, the effective tax rate is reasonably estimated after application of tax effect accounting for net profit before taxes in the consolidated fiscal year including the current consolidated second quarter and these are calculated by multiplying the quarterly net profit before taxes by the estimated effective tax rate.

(Changes in Accounting Policy)

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

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the “Revenue Recognition Accounting Standard”), etc., have been applied from the beginning of the consolidated first quarter and the Company recognizes revenue at the amount expected to be received in exchange for goods or services when control of the promised goods or services is transferred to the customer.

As a result, for transactions where the role of the Company falls under an agent of sales of products to customers, total amount of considerations received from customers have previously been recognized as revenue, but the method has been changed to recognize revenue at the net amount, subtracting the amount paid to third parties from the total amount of considerations. In addition, with regard to transactions of providing parts to suppliers with compensation for which the Company bears a repurchase obligation, the amount equivalent to the ending inventory of those parts retained by suppliers are recognized as liabilities. Further, with regard to transactions related to purchasing parts from suppliers for which the Company bears a sell-back obligation, sales and cost of goods sold have previously been recorded at the time of sell-back to suppliers of parts, but the method was changed to recognize only the net amount equivalent to processing cost as revenue. Further, for sales to some customers, in connection with transfer of control over assets to customers for a certain period, the method of recognizing revenue for a certain period according to the progress of manufacture was adopted.

For application of the Revenue Recognition Accounting Standard, etc., the Company complies with the transitional treatment prescribed in the Revenue Recognition Accounting Standard, paragraph 84, proviso. The cumulative effects resulting from retroactive application of the new accounting policy before the beginning of the consolidated first quarter are added to or subtracted from earned surplus at the beginning of the consolidated first quarter and the new accounting policy has been applied from the balance at the beginning of the period; provided, however, that by applying the method prescribed in the Revenue Recognition Accounting Standard, paragraph 86, the new accounting policy has not been retroactively applied to contracts for which almost all revenue has been recognized in accordance with the previous accounting before the beginning of the consolidated first quarter. With respect to contract amendments which were made before the beginning of the consolidated first quarter, accounting was made under the terms of contract after reflecting all contract amendments by applying the method prescribed in the Revenue Recognition Accounting Standard, paragraph 86, (1) and the cumulative effects were added to or subtracted from earned surplus at the beginning of the consolidated first quarter.

As a result, in the current second quarter consolidated cumulative period, sales decreased by ¥1,980,305 thousand and cost of goods sold decreased by ¥1,949,532 thousand and operating profit, ordinary profit and net profit before taxes, etc., decreased by ¥30,773 thousand respectively. The balance of earned surplus at the beginning of the current quarter increased by ¥39,939 thousand.

As the Revenue Recognition Accounting Standard, etc., have been applied, “notes and accounts receivable” indicated in “current assets” in the consolidated balance sheet for the previous consolidated fiscal year are included in “notes receivable, accounts receivable and contract assets” from the consolidated first quarter. According to the transitional treatment prescribed in the Revenue Recognition Accounting Standards, paragraph 89-2, reclassification has not been made by the new indication method regarding the previous consolidated fiscal year. In addition, in accordance with the transitional treatment prescribed in the “Accounting Standard for

Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020), paragraph 28-15, the information related to the disaggregation of the revenue accruing from contracts with customers for the previous consolidated cumulative second quarter was not stated.

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

“Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the “Fair Value Measurement Standard”), etc., have been applied from the beginning of the consolidated first quarter. In accordance with the transitional treatment prescribed in the Fair Value Measurement Standard, paragraph 19 and the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019), paragraph 44-2, the new accounting policy prescribed in the Fair Value Measurement Standard, etc., is applied into the future. There is no impact due to this application.

(Additional Information)

(Accounting Estimate)

There was no material change in the assumptions, including the timing of the convergence of the novel coronavirus infections etc., and accounting estimates, which were stated in the Financial Report for previous business year.

(Segment Information, etc.)

[Segment Information]

I Previous consolidated cumulative second quarter (From April 1, 2020 to September 30, 2020)

1. Information about the amount of sales and profit/loss by reportable segment

(Unit: thousand yen)

	Reportable segment					Other (Note)	Total
	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Total		
Sales							
Sales to external customers	14,915,327	4,343,397	1,156,852	1,333,137	21,748,714	454,981	22,203,695
Intersegment sales or transfers	---	---	---	---	---	417,951	417,951
Total	14,915,327	4,343,397	1,156,852	1,333,137	21,748,714	872,932	22,621,646
Segment profit	1,337,718	476,594	67,945	51,407	1,933,666	134,753	2,068,419

(Note) The category "Other" means business segments which are not included in the reportable segments and includes related goods sales, logistics related businesses and other businesses, etc.

2. Difference between the total amount of profit/loss of reportable segments and the amount shown in the quarterly consolidated profit and loss statement and major details for the difference (matters concerning difference adjustment)

(Unit: thousand yen)

Profit	Amount
Total of reportable segments	1,933,666
Profit in category "Other"	134,753
Elimination of intersegment transactions	49
Expenses of entire company (Note)	△666,686
Adjustment of inventories	△26,540
Operating profit in quarterly consolidated profit and loss statement	1,375,241

(Note) Expenses of the entire company are mainly general and administrative expenses not attributable to reportable segments.

3. Information about loss on impairment of fixed assets or goodwill, etc., by reportable segment

No applicable matter.

II Current consolidated cumulative second quarter (From April 1, 2021 to September 30, 2021)

1. Information related to the amount of sales and profit/loss by reportable segment

(Unit: thousand yen)

	Reportable segment					Other (Note)	Total
	Electronic materials	Industrial application structural materials	Electric insulation materials	Display materials	Total		
Sales							
Sales to external customers	15,342,174	3,368,208	1,244,599	1,571,438	21,526,420	218,291	21,744,712
Intersegment sales or transfers	---	---	---	---	---	415,842	415,842
Total	15,342,174	3,368,208	1,244,599	1,571,438	21,526,420	634,134	22,160,555
Segment profit	1,839,473	362,226	138,434	366,016	2,706,150	95,613	2,801,763

(Note) The category "Other" means business segments which are not included in the reportable segments and includes related goods sales, logistics related businesses and other businesses, etc.

2. Difference between the total amount of profit/loss of reportable segments and the amount shown in the quarterly consolidated profit and loss statement and major details for the difference (matters concerning difference adjustment)

(Unit: thousand yen)

Profit	Amount
Total of reportable segments	2,706,150
Profit in category "Other"	95,613
Elimination of intersegment transactions	8,095
Expenses of entire company (Note)	△736,930
Adjustment of inventories	△24,214
Operating profit in quarterly consolidated profit and loss statement	2,048,713

(Note) Expenses of the entire company are mainly general and administrative expenses not attributable to reportable segments.

3. Information about loss on impairment of fixed assets or goodwill, etc., by reportable segment

No applicable matter.

4. Information about changes, etc., in reporting segment

As stated in the changes in accounting policy, the Accounting Standard for Revenue Recognition, etc., have been applied from the beginning of the consolidated first quarter to change the accounting of revenue recognition, measurement method of profit or loss of business segment was changed in a similar manner.

As a result, as compared with the previous method, sales of electronic materials decreased by ¥1,254,869 thousand, sales of industrial application structural materials decreased by ¥639,898 thousand, segment profit decreased by ¥37,855 thousand, sales of electronic insulation materials decreased by ¥6,762 thousand, segment profit increased by ¥7 thousand, sales of display materials decreased by ¥78,774 thousand and segment profit increased by ¥7,074 thousand.

(Important Events after Closing the Accounts)
(Material Capital Investment)

The Company adopted a resolution at the board of directors' meeting held on October 28, 2021 that ThinFlex Corporation in Taiwan (hereinafter refer to as ThinFlex), a consolidated subsidiary of the Company, would make an investment at its China base to enhance facilities.

1. Overview of Capital Investment

In order to capture the growth of the flexible printed circuit board business in Asia, mainly in Greater China, a new production line will be established at TopFlex Corporation in China, a wholly-owned subsidiary of ThinFlex.

The new production line will start operations in the second half of 2023 and we will enhance production facilities incrementally.

2. Amount of Capital Investment

Amount of investment will be ¥2,200 million in 2022 and the total will be ¥3,500 million, together with future enhancement.

3. Future Outlook

in the second half of 2023, and the impact on the business results in the year ending March 31, 2022 will be minor.