

**3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022
(April 1, 2021 to March 31, 2022)**

(% = year-on-year change)

	Gross profit		Operating income		Ordinary income		Profit attributable to owners of the parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	130,000	13.4	30,000	36.9	31,000	35.6	22,500	19.5	185.11

(Note) Revisions to the latest consolidated earnings forecast: No

* Notes

(1) Changes in major subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): No

New: — (Company name:) Excluded: — (Company name:)

(2) Application of special accounting methods to the preparation of quarterly financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

i. Changes in accordance with revisions to accounting and other standards: Yes

ii. Changes in items other than (i) above: Yes

iii. Changes in accounting estimates: No

iv. Restatement of prior period financial statements after error corrections: No

(4) Number of shares issued and outstanding (common stock)

i. Number of shares issued and outstanding as of the fiscal period end (including treasury stock)

September 30, 2021	124,408,285 shares	March 31, 2021	124,408,285 shares
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ii. Number of treasury stock as of the fiscal period end

September 30, 2021	3,018,081 shares	March 31, 2021	933,995 shares
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iii. Average number of shares during the period

September 30, 2021	122,298,419 shares	September 30, 2020	124,011,496 shares
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* Quarterly financial statements are not subject to quarterly review.

*** Cautionary Statement with Respect to Forecasts of Consolidated Business Results**

The earnings forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts.

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2021)	Second Quarter, Current Consolidated Fiscal Year (September 30, 2021)
LIABILITIES		
Current liabilities		
Notes and accounts payable	119,941	127,147
Short-term loans	33,050	50,560
Current portion of long-term loans	12,025	5,531
Commercial paper	8,000	18,000
Current portion of bonds	—	10,000
Accrued income taxes	3,565	4,748
Accrued bonuses for employees	6,042	5,552
Accrued bonuses for directors	203	172
Other	23,310	21,440
Total current liabilities	206,139	243,154
Long-term liabilities		
Bonds	30,000	20,000
Long-term loans	34,514	36,063
Deferred tax liabilities	16,077	14,363
Retirement benefit liability	13,292	13,466
Other	2,131	1,942
Total long-term liabilities	96,016	85,834
Total liabilities	302,155	328,989
NET ASSETS		
Shareholders' equity		
Common stock	9,699	9,699
Capital surplus	10,646	10,639
Retained earnings	265,920	277,587
Less treasury stock, at cost	(1,503)	(5,046)
Total shareholders' equity	284,763	292,879
Accumulated other comprehensive income		
Net unrealized holding gain on securities	43,576	40,988
Deferred gain on hedges	72	52
Translation adjustments	1,006	5,674
Remeasurements of defined benefit plans	268	128
Total accumulated other comprehensive income	44,924	46,844
Non-controlling interests	8,743	9,985
Total net assets	338,431	349,709
Total liabilities and net assets	640,587	678,698

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

(Quarterly Consolidated Statements of Income)

Six-month periods ended September 30, 2021 and 2020

(Millions of yen)

	Six-month period ended September 30, 2020 (April 1, 2020 - September 30, 2020)	Six-month period ended September 30, 2021 (April 1, 2021 - September 30, 2021)
Net sales	286,376	373,762
Cost of sales	232,594	305,027
Gross profit	53,782	68,734
Selling, general and administrative expenses	44,847	49,234
Operating income	8,934	19,499
Non-operating income		
Interest income	67	76
Dividend income	591	725
Rent income	133	139
Equity in earnings of affiliates	—	12
Foreign exchange gains	570	524
Other	280	248
Total non-operating income	1,643	1,727
Non-operating expenses		
Interest expenses	481	565
Equity in losses of affiliates	225	—
Other	178	194
Total non-operating expenses	885	760
Ordinary income	9,692	20,467
Extraordinary gains		
Gain on sales of non-current assets	27	11
Gain on sales of investment securities	5,597	1,457
Other	—	271
Total extraordinary gains	5,624	1,740
Extraordinary losses		
Loss on sales of non-current assets	7	173
Loss on disposal of non-current assets	34	359
Impairment losses	38	—
Loss on sales of investment securities	10	—
Loss on valuation of investment securities	44	173
Loss on sales of shares of subsidiaries and affiliates	1	59
Other	—	163
Total extraordinary losses	138	930
Income before income taxes	15,179	21,276
Income taxes	4,655	5,776
Profit for the period	10,523	15,500
Profit attributable to non-controlling interests	336	877
Profit attributable to owners of the parent	10,187	14,622

(Quarterly Consolidated Statements of Comprehensive Income)

Six-month periods ended September 30, 2021 and 2020

(Millions of yen)

	Six-month period ended September 30, 2020 (April 1, 2020 - September 30, 2020)	Six-month period ended September 30, 2021 (April 1, 2021 - September 30, 2021)
Profit for the period	10,523	15,500
Other comprehensive income		
Net unrealized holding gain (loss) on securities	10,914	(2,588)
Deferred loss on hedges	(14)	(19)
Translation adjustments	(1,470)	5,040
Remeasurements of defined benefit plans	276	(139)
Share of other comprehensive (loss) income of affiliates accounted for by the equity method	(35)	56
Total other comprehensive income	9,670	2,349
Comprehensive income	20,194	17,849
Comprehensive income attributable to:		
Shareholders of the parent	19,868	16,568
Non-controlling interests	325	1,280

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Six-month period ended September 30, 2020 (April 1, 2020 - September 30, 2020)	Six-month period ended September 30, 2021 (April 1, 2021 - September 30, 2021)
Operating activities		
Income before income taxes	15,179	21,276
Depreciation and amortization other than amortization of goodwill	5,326	5,598
Loss on impairment of fixed assets	38	—
Amortization of goodwill	1,277	1,243
Increase in retirement benefit liability	687	77
Increase in retirement benefit asset	(429)	(435)
Interest and dividend income	(658)	(802)
Interest expenses	481	565
Exchange loss (gain), net	122	(259)
Gain on sales of investment securities, investments in capital, shares of subsidiaries and affiliates, and investments in capital of subsidiaries and affiliates, net	(5,584)	(1,398)
Decrease (increase) in notes and accounts receivable	11,697	(16,541)
Decrease (increase) in inventories	359	(22,765)
(Decrease) increase in notes and accounts payable	(9,837)	6,507
Other	(515)	(2,406)
Subtotal	18,144	(9,339)
Interest and dividends received	959	894
Interest paid	(514)	(588)
Income taxes paid	(5,344)	(4,591)
Net cash provided by (used in) operating activities	13,245	(13,625)
Investing activities		
Purchases of property, plant and equipment	(5,148)	(4,778)
Proceeds from sales of property, plant and equipment	42	304
Purchases of intangible fixed assets	(438)	(657)
Purchases of investments in securities	(3,044)	(741)
Proceeds from sales of investments in securities	5,746	1,613
Purchases of investments in capital	(52)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	587
Decrease (increase) on short-term loans receivable included in other current assets	266	(14)
Decrease (increase) in time deposits, net	121	(251)
Payments of leasehold and guarantee deposits	—	(1,352)
Other	(90)	342
Net cash used in investing activities	(2,598)	(4,947)
Financing activities		
(Decrease) increase in short-term loans, net	(3,889)	16,727
(Decrease) increase in commercial paper, net	(20,000)	10,000
Proceeds from long-term loans	4,383	1,900
Repayments of long-term loans	(1,003)	(6,931)
Purchase of treasury stock	(0)	(3,543)
Cash dividends paid	(2,728)	(2,963)
Cash dividends paid to non-controlling interests	(290)	(543)
Other	(104)	(228)
Net cash (used in) provided by financing activities	(23,632)	14,417
Effects of exchange rate changes on cash and cash equivalents	(461)	352
Net decrease in cash and cash equivalents	(13,447)	(3,803)
Cash and cash equivalents at beginning of the year	50,471	48,553
Cash and cash equivalents at end of the period	37,023	44,749