*Notes

(1) Change in significant subsidiaries during the period
(changes in specified subsidiaries affecting the scope of consolidation): None
Newly added: — (Company name: —)　　Excluded: — (Company name: —)

(2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements:
None

(3) Changes in accounting policies, changes in accounting estimates, and restatements
(eon ofAPDŢIÃFTäTDe9aÑ,–eÂIÎ)HÎ(S@ (g(n)8.-3 /9)-12.1 ())]TJ9.9-16.1 (f)9.EMC 48.1 (5>4.1225C /P03((e)h)5.1 (e)-/P)5.4 (7)

[Attached documents]

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1. Qualitative Information on Quarterly Results

(1) Explanation of consolidated operating results position

In the first half of this consolidated fiscal year, in the global economy, economic activity that had stalled due to the spread of COVID-19 recovered in China, followed by the US, Europe and other countries, in part due to the rollout of vaccines. However, there are concerns about the impact that a semiconductor shortage, skyrocketing fuel prices, and a prolonged dispute between the US and China, among other factors, could have on the future, and it is still impossible to make predictions for the Japanese economy.

In this environment, in addition to a recovery in sales in the secondary alloy segment of the Aluminum Ingot and Chemicals business and the Automobiles business, demand related to machinery and electronics was also solid. As a result, net sales surpassed the previous year’s levels in all segments.

In the first half of the Group’s consolidated fiscal year, net sales rose by 37,549 million yen (18.9%), from 198,499 million yen in the same period of the previous fiscal year to 236,048 million yen. Operating profit rose 6,146 million yen (77.8%), from 7,895 million yen in the previous fiscal year to 14,041 million yen. Ordinary profit rose 6,551 million yen (85.5%), from 7,660 million yen in the previous fiscal year to 14,211 million yen. Profit attributable to owners of parent increased by 6,093 million yen (129.1%), from 4,720 million yen in the previous fiscal year to 10,813 million yen, as a result partly of increase in ordinary profit as well as recognition of extraordinary income arising from acquisition of additional shares in an equity-method affiliate owned by the Company’s subsidiary and which was made a consolidated subsidiary.

Recently, it was found that products that did not meet the standards provided in the Ministry Order on Certification of Conformity with Japanese Industrial Standards for mineral and inTw T*[of)13.7 (C)1s,a6.9(c)4.2un inc1 (f)13. (n)12 (d i)6.9tn [illegible] fiscal year to 4,697 million yen.

<Fabricated products and other>

In the transport-related sector, sales in the truck bodies business fell short of the previous year’s levels due to a decline in sales of completed cars to truck manufacturers as a result of a drop in chassis production attributable to an insufficient supply of truck parts, including semiconductors. In terms of profitability, in addition to a drop in sales, an increase in materials prices, such as a steep rise in the price of aluminum metal, also had an impact, resulting in a decline in income compared with the previous year.

With respect to a portion of domestic sale of products for which revenue was previously recognized at the time of shipment, the accounting method has changed to recognize revenue at the time the product is accepted by the customer.

Construction contracts

For construction contracts, previously, the percentage of completion method was applied to construction contracts for which the outcome was deemed certain with respect to the progress portion, and the completed contract method was applied to other construction contracts. This has changed to revenue recognition over a certain period of time as performance obligation is satisfied, except for construction contracts that are of small amount and very short period.

In estimating the rate of progress in fulfillment of performance obligation, actual cost incurred as a percentage of total estimated cost is calculated (input method) where a reasonable measurement of the outcome of performance obligation can be made. For construction contracts that are of small amount and very short period, revenue is recognized at a point in time when performance obligations have been completely satisfied.

Agent transactions

For transactions in which the Company's role is to serve as an agent in the sale of products to customers, previously, the total amount of consideration received from customers was recognized as revenue. This has changed to recognizing revenue as the net amount calculated by deducting the amount paid to third parties from the total amount of consideration received.

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(4) Notes regarding the quarterly consolidated financial statements

(Notes on premise of going concern)

Not applicable

(Notes on significant changes in the amount of shareholders’ equity)

Not applicable

(Segment information, etc.)

I. First Half of the Fiscal Year Ended March 31, 2021 (April 1, 2020, to September 30, 2020)

1. Infor S Srr.

(Significant change in the amount of goodwill)

In the “aluminum foil, powder, and paste” segment, goodwill increased by 2,960 million yen as a result of additional acquisition, on August 5, 2021, of 17.6% of the outstanding shares of Svam Toyal Packaging Industries Private Limited by Toyo Aluminium K.K., a Group subsidiary, and its consolidation as a Group company. Note that the amount of goodwill is provisional because allocation of acquisition cost was not yet completed as of the end of the first half of the consolidated fiscal year under review.

3. Quarterly Consolidated Financial Statements and Important Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2021	As of Sept. 30, 2021
Assets		
Current assets		
Cash and deposits	61,229	54,604
Notes and accounts receivable – trade	133,773	-
Notes and accounts receivable – trade and contract assets	-	134,384
Merchandise and finished goods	27,394	32,587
Work in progress	18,424	21,945
Raw material and supplies	19,776	21,624
Other	10,570	13,776
Allowance for doubtful accounts	(385)	(303)
Total current assets	270,781	278,617
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	59,119	60,691
Machinery and equipment, net	49,507	51,653
Tools, furniture and fixtures, net	6,234	6,140
Land	54,690	54,629
Construction in progress	9,555	5,539
Total property, plant and equipment	179,105	178,652
Intangible assets		
Goodwill	1,111	3,849
Other intangible assets	5,962	6,152
Total intangible assets	7,073	10,001
Investments and other assets		
Other assets	50,541	49,898
Allowance for doubtful accounts	(545)	(577)

	As of March 31, 2021	As of Sept. 30, 2021
Liabilities		
Current liabilities		

(Millions of yen)

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

Quarterly Consolidated Statements of Income (April 1, 2021 – September 30, 2021)

(Millions of yen)

	Six months ended Sept. 30, 2020	Six months ended Sept. 30, 2021
Net sales	198,499	236,048
Cost of sales	158,755	188,201
Gross profit	39,744	47,847
Selling, general and administrative expenses	31,849	33,806
Operating profit	7,895	14,041
Non-operating profit		
Share of profit of entities accounted for using equity method	263	866
Other	1,689	1,379
Total non-operating profit	1,952	2,245
Non-operating expenses		
Interest expense	548	513
Other	1,639	1,562
Total non-operating expenses	2,187	2,075
Ordinary profit	7,660	14,211
Extraordinary income		
Gain on step acquisitions	-	1,526
Total extraordinary income	-	1,526
Profit before income taxes	7,660	15,737
Income taxes - current	2,270	2,914
Income taxes - deferred	194	1,170
Total income taxes	2,464	4,084
Profit	5,196	11,653
Profit attributable to non-controlling interests	476	840
Profit attributable to owners of parent	4,720	10,813

Quarterly Consolidated Statements of Comprehensive Income

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended Sept. 30, 2020	Six months ended Sept. 30, 2021
Cash flows from operating activities		
Profit before income taxes	7,660	15,737
Depreciation	9,268	9,792
Amortization of goodwill	222	222
Loss (gain) on step acquisitions	-	(1,526)
Increase (decrease) in allowance for doubtful accounts	37	(62)
Increase (decrease) in retirement benefit liability	310	258
Increase (decrease) in provision for environmental measures	(963)	(2,582)
Interest and dividend income	(220)	(196)
Interest expenses	547	513
Share of loss (profit) of entities accounted for using equity method	(263)	(866)
Decrease (increase) in trade receivables	16,206	1,994
Decrease (increase) in inventories	1,403	(9,446)
Increase (decrease) in trade payables	(5,602)	(1,502)
Other	(1,492)	(3,323)