

Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 [Japanese GAAP]



February 10, 2022

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 Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of general shareholders' meeting: March 24, 2022
 Scheduled date of commencing dividend payments: March 25, 2022
 Scheduled date of filing securities report: March 24, 2022
 Availability of supplementary explanatory materials on annual financial results: Available
 Schedule of annual financial results briefing session: Scheduled

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (January 1, 2021 - December 31, 2021)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2021	88,420	9.2	5,123	19.5	5,531	22.7	3,417	19.2
December 31, 2020	80,958	(5.2)	4,286	15.2	4,509	15.8	2,865	(1.2)

(Note) Comprehensive income: Fiscal year ended December 31, 2021: ¥4,133 million [25.4%]

Fiscal year ended December 31, 2020: ¥3,295 million [0.9%]

Fiscal year ended	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
	Yen	Yen	%	%	%
December 31, 2021	286.49	–	6.7	6.6	5.8
December 31, 2020	240.41	–	6.0	5.4	5.3

(Reference) Equity in earnings of affiliated companies: Fiscal year ended December 31, 2021: ¥– million

Fiscal year ended December 31, 2020: ¥– million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2021	85,869	52,524	61.1	4,401.20
As of December 31, 2020	82,651	49,094	59.4	4,115.91

(Reference) Equity: As of December 31, 2021: ¥52,501 million

As of December 31, 2020: ¥49,075 million

(3) Consolidated Cash Flows

Fiscal year ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
December 31, 2021	6,345	(2,763)	(3,041)	9,765
December 31, 2020	9,298	(4,356)	(3,341)	9,179

2. Dividends

	Annual dividends					Total dividends (annual)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended December 31, 2020	–	0.00	–	60.00	60.00	715	25.0	1.5
Fiscal year ended December 31, 2021	–	0.00	–	70.00	70.00	835	24.4	1.6
Fiscal year ending December 31, 2022 (Forecast)	–	0.00	–	75.00	75.00		25.6	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2022 (January 1, 2022 - December 31, 2022)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	36,100	–	2,000	–	2,150	–	1,450	–	121.55
Full year	75,500	–	4,800	–	5,100	–	3,500	–	293.40

(Note) The Company has applied “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the fiscal year ending December 31, 2022. The above amounts show figures after the said accounting standards have been applied, and percent changes from the previous corresponding period are not presented.

* Notes:

- (1) Changes in significant subsidiaries during the period under review: None
(Changes in specified subsidiaries resulting in changes in scope of consolidation)
- (2) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: None
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (3) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2021:	12,414,870 shares
December 31, 2020:	12,414,870 shares
 - 2) Total number of treasury shares at the end of the period:

December 31, 2021:	485,864 shares
December 31, 2020:	491,530 shares
 - 3) Average number of shares during the period:

Fiscal year ended December 31, 2021:	11,927,442 shares
Fiscal year ended December 31, 2020:	11,921,120 shares

(Reference) Summary of Non-consolidated Financial Results**1. Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2021 (January 1, 2021 - December 31, 2021)****(1) Non-consolidated Operating Results** (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2021	63,035	12.2	3,720	54.9	4,622	50.5	2,920	37.4
December 31, 2020	56,202	(3.4)	2,401	28.0	3,070	23.6	2,125	16.3

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
December 31, 2021	244.84	–
December 31, 2020	178.31	–

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
December 31, 2021	85,251	44,372	52.0	3,719.72
December 31, 2020	81,686	41,613	50.9	3,490.06

(Reference) Equity: As of December 31, 2021: ¥44,372 million

As of December 31, 2020: ¥41,613 million

* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

*** Explanation of the proper use of financial results forecast and other notes**

Forward-looking statements such as financial results forecast in this document are based on information currently available and certain assumptions that Company regards as reasonable. Actual results may significantly differ from such estimates due to various factors.

For details on the earnings forecasts of the Company, please see “Overview of Operating Results, etc.” on page 2 of the attachments.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Period under Review

1) Consolidated operating results for the period under review

During the consolidated fiscal year ended December 31, 2021, the Japanese economy continued to improve against the backdrop of the resumption of economic activities due to progress made in vaccinations and the decrease in the number of newly infected people, despite the rising price of crude oil and lumber, semiconductor shortages and other increased costs, and the impact of the novel coronavirus (COVID-19). However, there are concerns about how the domestic economy will cope with the rapid worldwide spread of the Omicron strain of COVID-19, and uncertainty about the impact of rising raw material prices and semiconductor shortages has increased anxiety about the future.

Under these circumstances, the Group posted net sales of 88,420 million yen (up 9.2% year on year) for the consolidated fiscal year under review, mainly due to strong orders for optical products in the New Materials Division and increased sales volumes for industrial-use and agricultural-use films in the Plastic Film Division.

In terms of profit, despite the impact of rising raw material prices, the significant increase in sales and improved productivity in the New Materials and Housing Materials Divisions resulted in operating profit of 5,123 million yen (up 19.5% year on year) and ordinary profit of 5,531 million yen (up 22.7% year on year). Profit attributable to owners of parent was 3,417 million yen (up 19.2% year on year), mainly due to the recording of an impairment loss in the New Materials Division.

Business results by segment are as follows.

[Plastic Film]

Although sales volume of general packaging films and garbage bags decreased due to changes in market conditions caused by environmental issues, sales volume increased due to rising demand for industrial-use films and efforts to expand sales of agricultural-use films, resulting in net sales of 47,829 million yen (up 2.9% year on year). Operating profit was 4,267 million yen (down 4.3% year on year) due to the rise in raw material prices and the delay in transferring them to product prices.

[New Materials]

Net sales amounted to 28,524 million yen (up 21.8% year on year), as optical films for large LCD panels and products for smartphones remained strong throughout the year. Operating profit was 2,373 million yen (up 109.2% year on year) as a result of the increase in net sales and efforts to further improve productivity.

[Housing Materials]

Net sales stood at 6,912 million yen (up 10.5% year on year) due to an increase in sales volume as a result of efforts to expand applications of particleboard products and the capture of renovation demand. Operating profit rose due to the continued stable operation of particleboard production. However, it was affected by the further surge in raw material prices from the fourth quarter onward, and the rise was limited to 456 million yen (up 22.7% year on year).

[Other]

The lumber processing (pre-cutting) business saw an increase in sales due to a temporary concentration of orders in response to a shortage of lumber products in the market, although the hotel business continued to be affected by COVID-19, which resulted in sluggish sales of lodging and banquets. As a result, overall net sales of other businesses were 5,154 million yen (up 7.9% year on year). Operating profit amounted to 302 million yen (up 17.8% year on year) due to the increase in net sales and reduction of fixed costs.

2) Non-consolidated business results for the period under review

Net sales for the fiscal year under review totaled 63,035 million yen (up 12.2% year on year), mainly due to strong orders for optical products in the New Materials Division and increased sales volumes for industrial-use and agricultural-use films in the Plastic Film Division. In terms of profit, despite the impact of rising raw material prices, the significant increase in sales and improved productivity in the New Materials and Housing Materials Divisions resulted in operating profit of 3,720 million yen (up 54.9% year on year) and ordinary profit of 4,622 million yen (up 50.5% year on year). Profit was 2,920 million yen (up 37.4% year on year), mainly due to the recording of an impairment loss in the New Materials Division.

(2) Overview of Financial Position for the Period under Review

Assets, liabilities and net assets

Total assets at the end of the consolidated fiscal year under review increased by 3,218 million yen compared to the end of the previous consolidated fiscal year, to 85,869 million yen. This was mainly due to an increase in inventories of 1,878 million yen and an increase in trade receivables of 1,355 million yen.

On the other hand, liabilities decreased by 211 million yen compared to the end of the previous fiscal year, to 33,345 million yen, mainly due to a decrease in borrowings of 2,318 million yen, an increase in accounts payable-other of 1,061 million yen, and an increase in trade payables of 985 million yen.

Net assets increased by 3,429 million yen from the end of the previous fiscal year to 52,524 million yen, mainly due to an increase in retained earnings of 2,701 million yen and an increase in valuation difference on available-for-sale securities of 543 million yen.

As a result of the above, the equity ratio increased by 1.8 percentage points from the end of the previous fiscal year to 61.1%.

(3) Overview of Cash Flows for the Period under Review

Cash and cash equivalents (hereinafter referred to as “cash”) on a consolidated basis at the end of the fiscal year under review increased by 586 million yen compared to the end of the previous fiscal year, to 9,765 million yen.

The status of each cash flow and their factors during the fiscal year under review are as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to 6,345 million yen.

This was mainly due to cash inflows from profit before income taxes of 4,937 million yen and depreciation of 4,502 million yen, and a cash outflow from an increase in inventories of 1,860 million yen.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to 2,763 million yen.

This was mainly due to a cash outflow from the purchase of property, plant and equipment, such as manufacturing equipment.

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to 3,041 million yen.

This was mainly due to cash outflows from a decrease in borrowings of 2,326 million yen and dividends paid of 712 million yen.

(4) Future Outlook

During the consolidated fiscal year under review, the Japanese economy continued to improve against the backdrop of the resumption of economic activities due to progress made in vaccinations and the decrease in the number of newly infected people, despite the rising price of crude oil and lumber, semiconductor shortages and other increased costs, and the impact of the COVID-19.

Under these circumstances, the Group's forecast for the next fiscal year is for net sales of 75.5 billion yen. In terms of profit, we forecast operating profit of 5.0 billion yen, ordinary profit of 5.3 billion yen, and profit attributable to owners of parent of 3.5 billion yen. The above forecasts are the amounts after the application of the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., from the fiscal year ending December 31, 2022. As a result, changes from the actual results for the fiscal year ended December 31, 2021, which was prior to the application of this standard, are not shown.

2. Basic Policy on Selection of Accounting Standards

The Group's policy, for the time being, is to prepare consolidated financial statements under Japanese GAAP, taking into consideration the comparability of consolidated financial statements from period to period and from company to company.

With regard to the adoption of IFRS, the Group's policy is to respond appropriately in consideration of various domestic and international circumstances.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of December 31, 2020	As of December 31, 2021
Assets		
Current assets		
Cash and deposits	9,179	9,765
Notes and accounts receivable - trade	20,430	21,095
Electronically recorded monetary claims - operating	4,901	5,592
Merchandise and finished goods	3,791	4,429
Work in process	917	1,085
Raw materials and supplies	3,197	4,251
Real estate for sale	178	196
Other	588	543
Allowance for doubtful accounts	(0)	(0)
Total current assets	43,184	46,959
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	13,411	12,736
Machinery, equipment and vehicles, net	8,784	8,591
Land	5,994	5,795
Construction in progress	766	885
Other, net	519	495
Total property, plant and equipment	29,476	28,505
Intangible assets	791	720
Investments and other assets		
Investment securities	7,965	8,696
Deferred tax assets	628	389
Other	604	597
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	9,199	9,684
Total non-current assets	39,466	38,910
Total assets	82,651	85,869

(Million yen)

	As of December 31, 2020	As of December 31, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,250	16,236
Short-term borrowings	3,321	1,914
Current portion of long-term borrowings	962	570
Accounts payable - other	2,898	3,959
Income taxes payable	822	1,068
Other	4,244	4,221
Total current liabilities	27,499	27,971
Non-current liabilities		
Long-term borrowings	1,348	827
Deferred tax liabilities	17	0
Retirement benefit liability	3,734	3,632
Other	957	914
Total non-current liabilities	6,057	5,374
Total liabilities	33,557	33,345
Net assets		
Shareholders' equity		
Share capital	8,619	8,619
Capital surplus	9,068	9,070
Retained earnings	29,439	32,140
Treasury shares	(850)	(841)
Total shareholders' equity	46,276	48,989
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,694	3,237
Foreign currency translation adjustment	161	202
Remeasurements of defined benefit plans	(56)	72
Total accumulated other comprehensive income	2,798	3,512
Non-controlling interests	18	22
Total net assets	49,094	52,524
Total liabilities and net assets	82,651	85,869

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

(Million yen)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Net sales	80,958	88,420
Cost of sales	67,721	73,912
Gross profit	13,236	14,508
Selling, general and administrative expenses		
Sales commission	76	52
Transportation and storage costs	2,672	2,732
Salaries	2,070	2,087
Bonuses	582	651
Remuneration for directors (and other officers)	319	322
Retirement benefit expenses	142	136
Depreciation	205	199
Research and development expenses	949	1,047
Provision of allowance for doubtful accounts	(0)	(0)
Other	1,932	2,156
Total selling, general and administrative expenses	8,950	9,384
Operating profit	4,286	5,123
Non-operating income		
Interest income	2	0
Dividend income	175	206
Foreign exchange gains	—	65
Insurance claim income	3	—
Subsidy income	136	141
Miscellaneous income	89	134
Total non-operating income	406	548
Non-operating expenses		
Interest expenses	100	84
Foreign exchange losses	29	—
Commission expenses	21	25
Miscellaneous losses	30	30
Total non-operating expenses	182	140
Ordinary profit	4,509	5,531
Extraordinary income		
Gain on sale of non-current assets	2	334
Gain on sale of investment securities	9	13
Total extraordinary income	12	348
Extraordinary losses		
Loss on sale and retirement of non-current assets	107	173
Impairment losses	—	750
Loss on sale of investment securities	0	18
Loss on valuation of investment securities	290	—
Extra retirement payments	3	0
Loss on temporary closure	35	—
Total extraordinary losses	437	943
Profit before income taxes	4,084	4,937
Income taxes - current	1,110	1,598
Income taxes - deferred	103	(78)
Total income taxes	1,214	1,519
Profit	2,870	3,417
Profit attributable to non-controlling interests	4	0
Profit attributable to owners of parent	2,865	3,417

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Profit	2,870	3,417
Other comprehensive income		
Valuation difference on available-for-sale securities	367	543
Foreign currency translation adjustment	3	43
Remeasurements of defined benefit plans, net of tax	53	129
Total other comprehensive income	425	716
Comprehensive income	3,295	4,133
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,290	4,130
Comprehensive income attributable to non-controlling interests	4	3

(3) Consolidated Statements of Changes in Equity

Fiscal year ended December 31, 2020 (from January 1, 2020 to December 31, 2020)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,619	9,068	27,230	(864)	44,053
Changes during period					
Dividends of surplus			(655)		(655)
Profit attributable to owners of parent			2,865		2,865
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(1)		15	13
Gain of treasury stock disposal					
Transfer of loss on disposal of treasury shares		1	(1)		—
Net changes in items other than shareholders' equity					
Total changes during period	—	—	2,208	14	2,223
Balance at end of period	8,619	9,068	29,439	(850)	46,276

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,326	158	(110)	2,373	14	46,441
Changes during period						
Dividends of surplus						(655)
Profit attributable to owners of parent						2,865
Purchase of treasury shares						(1)
Disposal of treasury shares						13
Gain of treasury stock disposal						
Transfer of loss on disposal of treasury shares						—
Net changes in items other than shareholders' equity	367	3	53	424	4	429
Total changes during period	367	3	53	424	4	2,652
Balance at end of period	2,694	161	(56)	2,798	18	49,094

Fiscal year ended December 31, 2021 (from January 1, 2021 to December 31, 2021)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	8,619	9,068	29,439	(850)	46,276
Changes during period					
Dividends of surplus			(715)		(715)
Profit attributable to owners of parent			3,417		3,417
Purchase of treasury shares				(2)	(2)
Disposal of treasury shares				11	11
Gain of treasury stock disposal		2			2
Transfer of loss on disposal of treasury shares					
Net changes in items other than shareholders' equity					
Total changes during period	—	2	2,701	9	2,713
Balance at end of period	8,619	9,070	32,140	(841)	48,989

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	2,694	161	(56)	2,798	18	49,094
Changes during period						
Dividends of surplus						(715)
Profit attributable to owners of parent						3,417
Purchase of treasury shares						(2)
Disposal of treasury shares						11
Gain of treasury stock disposal						2
Transfer of loss on disposal of treasury shares						
Net changes in items other than shareholders' equity	543	40	129	713	3	716
Total changes during period	543	40	129	713	3	3,429
Balance at end of period	3,237	202	72	3,512	22	52,524

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Cash flows from operating activities		
Profit before income taxes	4,084	4,937
Impairment losses	—	750
Depreciation	4,836	4,502
Increase (decrease) in allowance for doubtful accounts	(2)	(0)
Increase (decrease) in retirement benefit liability	54	34
Interest and dividend income	(177)	(207)
Interest expenses	100	84
Foreign exchange losses (gains)	22	(55)
Loss (gain) on sale of investment securities	(9)	5
Loss (gain) on valuation of investment securities	290	—
Loss (gain) on sale and retirement of non-current assets	45	(248)
Decrease (increase) in trade receivables	113	(1,344)
Decrease (increase) in inventories	771	(1,860)
Increase (decrease) in trade payables	(337)	977
Other, net	(45)	18
Subtotal	9,747	7,594
Interest and dividends received	177	207
Interest paid	(100)	(83)
Income taxes paid	(525)	(1,371)
Net cash provided by (used in) operating activities	9,298	6,345
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,403)	(3,498)
Proceeds from sale of property, plant and equipment	7	705
Proceeds from governmental subsidy income	268	121
Purchase of investment securities	(10)	(11)
Proceeds from sale of investment securities	19	58
Proceeds from collection of loans receivable	3	2
Other, net	(241)	(140)
Net cash provided by (used in) investing activities	(4,356)	(2,763)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(2,064)	(1,410)
Proceeds from long-term borrowings	730	80
Repayments of long-term borrowings	(1,352)	(996)
Purchase of treasury shares	(1)	(2)
Dividends paid	(652)	(712)
Net cash provided by (used in) financing activities	(3,341)	(3,041)
Effect of exchange rate change on cash and cash equivalents	(27)	44
Net increase (decrease) in cash and cash equivalents	1,574	586
Cash and cash equivalents at beginning of period	7,605	9,179
Cash and cash equivalents at end of period	9,179	9,765

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in presentation method)

[Consolidated statements of income]

“Commission expenses,” which was included in “miscellaneous losses” under “non-operating expenses” in the previous fiscal year, is presented as a separate item in the fiscal year under review due to its increased monetary importance. In order to reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, 52 million yen presented as “miscellaneous losses” under “non-operating expenses” in the consolidated statements of income for the previous fiscal year has been reclassified as “commission expenses” of 21 million yen and “miscellaneous losses” of 30 million yen.

(Additional information)

[Application of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System]

For items for which transition to the group tax sharing system created in the Act for Partial Amendment to the Income Tax Act, etc. (Act No. 8 of 2020) was made and for which the non-consolidated taxation system was reviewed in step with transition to the group tax sharing system, the Company and its consolidated subsidiaries in Japan do not apply the provisions in Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (Accounting Standards Board of Japan (ASBJ) Guidance No. 28, February 16, 2018) based on the treatment in Paragraph 3 of the Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (ASBJ Practical Issues Task Force (PITF) No. 39, March 31, 2020), and the amounts of deferred tax assets and deferred tax liabilities are based on the provisions of the Income Tax Act before amendment.

[Accounting estimate in line with the spread of COVID-19]

Although it is still difficult to reasonably predict the future situation with infections and the timing for when the pandemic will abate, we have made accounting estimates based on the assumption that COVID-19 will have no significant impact, since the impact on the overall business performance of the Group in the consolidated fiscal year under review is minimal.

[Changes in reportable segments]

The Group currently has three main businesses, “Plastic Film,” “New Materials” and “Housing Materials,” as its reportable segments. The business segments not included in the reportable segments are mainly the hotel business, lumber processing business, residential land development and building construction business, information system development business, and real estate leasing business, which are aggregated and disclosed under “Other.”

“Housing Materials” is commencing new businesses and launching new products in cooperation with the lumber processing, residential land development and building construction businesses. During the fiscal year under review, sales of the products put on the market increased steadily, and the collaboration between businesses is deepening. In light of this, from the following fiscal year, the lumber processing and residential land development and building construction businesses, which were previously included in the “Other” segment, will be included in the existing “Housing Materials” segment.

Information on net sales, profit (loss), assets, liabilities and other items by reportable segment for the fiscal year under review based on the new segmentation is as follows.

For the fiscal year ended December 31, 2021 (January 1, 2021 to December 31, 2021)

(Million yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Plastic Film	New Materials	Housing Materials	Total				
Net sales								
Net sales to outside customers	47,829	28,524	10,891	87,245	1,175	88,420	—	88,420
Inter-segment net sales or transfers	3	—	50	53	748	802	(802)	—
Total	47,832	28,524	10,941	87,298	1,924	89,223	(802)	88,420
Segment profit	4,267	2,373	591	7,233	166	7,400	(2,276)	5,123
Segment assets	43,831	14,295	9,861	67,988	1,883	69,872	15,997	85,869
Other items								
Depreciation	2,466	1,076	452	3,994	290	4,284	217	4,502
Increase in property, plant and equipment and intangible assets	2,561	1,131	295	3,988	108	4,097	576	4,673

- (Notes) 1. The “Other” category is a business segment that is not included in the reportable segments and includes the hotel business, information processing system development business, and real estate leasing business.
2. The segment profit adjustment of negative 2,276 million yen includes negative 1 million yen in eliminations of inter-segment transactions and negative 2,275 million yen in corporate expenses that are not allocated to each reportable segment. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.
3. Segment profit is adjusted with operating profit in the consolidated statements of income.

(Segment information, etc.)

[Segment information]

1. Overview of reportable segments

The Group's reportable segments are the constituent units of the Group for which separate financial information is available and which are subject to periodic review by the Board of Directors in order to determine the allocation of management resources and evaluate business performance.

The Group conducts its business activities according to the products and services it handles, and has three reportable segments: Plastic Film, New Materials, and Housing Materials businesses.

The Plastic Film segment produces and sells polyethylene film, polypropylene film, and other synthetic resin products; the New Materials segment produces and sells optical functional film and other LCD-related materials; and the Housing Materials segment produces and sells particleboard, processed boards, and other building materials.

2. Calculation method for the amount of net sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting method for the reported business segments is the same as the accounting method used in the preparation of the consolidated financial statements.

Profit (loss) in reportable segments is based on operating profit (loss).

Inter-segment net sales are based on generally accepted transaction values.

3. Information for the amount of net sales, profit or loss, assets, liabilities and other items by reportable segment

For the fiscal year ended December 31, 2020 (January 1, 2020 to December 31, 2020)

(Million yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Plastic Film	New Materials	Housing Materials	Total				
Net sales								
Net sales to outside customers	46,501	23,424	6,254	76,179	4,778	80,958	—	80,958
Inter-segment net sales or transfers	3	—	30	33	670	704	(704)	—
Total	46,504	23,424	6,284	76,213	5,449	81,663	(704)	80,958
Segment profit	4,458	1,134	372	5,965	256	6,222	(1,936)	4,286
Segment assets	42,788	14,696	6,705	64,191	4,726	68,917	13,733	82,651
Other items								
Depreciation	2,807	1,073	373	4,255	411	4,666	170	4,836
Increase in property, plant and equipment and intangible assets	2,317	513	404	3,235	223	3,459	238	3,698

(Notes) 1. The "Other" category is a business segment that is not included in the reportable segments and includes the hotel business, lumber processing business, residential land development and building construction business, information processing system development business, and real estate leasing business.

2. The segment profit adjustment of negative 1,936 million yen includes negative 1 million yen in eliminations of inter-segment transactions and negative 1,934 million yen in corporate expenses that are not allocated to each reportable segment. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.

3. Segment profit is adjusted with operating profit in the consolidated statements of income.

For the fiscal year ended December 31, 2021 (January 1, 2021 to December 31, 2021)

(Million yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated financial statements (Note 3)
	Plastic Film	New Materials	Housing Materials	Total				
Net sales								
Net sales to outside customers	47,829	28,524	6,912	83,266	5,154	88,420	—	88,420
Inter-segment net sales or transfers	3	—	34	37	821	859	(859)	—
Total	47,832	28,524	6,946	83,304	5,976	89,280	(859)	88,420
Segment profit	4,267	2,373	456	7,098	302	7,401	(2,277)	5,123
Segment assets	43,831	14,295	7,057	65,184	4,687	69,872	15,997	85,869
Other items								
Depreciation	2,466	1,076	328	3,870	413	4,284	217	4,502
Increase in property, plant and equipment and intangible assets	2,561	1,131	287	3,980	116	4,097	576	4,673

(Notes) 1. The “Other” category is a business segment that is not included in the reportable segments and includes the hotel business, lumber processing business, residential land development and building construction business, information processing system development business, and real estate leasing business.

2. The segment profit adjustment of negative 2,277 million yen includes negative 2 million yen in eliminations of inter-segment transactions and negative 2,275 million yen in corporate expenses that are not allocated to each reportable segment. Corporate expenses mainly consist of general and administrative expenses that do not belong to any reportable segment.

3. Segment profit is adjusted with operating profit in the consolidated statements of income.

[Related information]

For the fiscal year ended December 31, 2020 (January 1, 2020 to December 31, 2020)

1 Information by products and services

This information has been omitted because the same information is disclosed in segment information.

2 Information by region

(1) Net sales

This information is omitted because net sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan accounts for more than 90% of the property, plant and equipment on the consolidated balance sheets.

3 Information by principal customers

(Million yen)

Name	Net sales	Relevant segment names
Sumitomo Chemical Company, Limited	14,135	Plastic Film, New Materials

For the fiscal year ended December 31, 2021 (January 1, 2021 to December 31, 2021)

1 Information by products and services

This information has been omitted because the same information is disclosed in segment information.

2 Information by region

(1) Net sales

This information is omitted because net sales to external customers in Japan account for more than 90% of net sales in the consolidated statements of income.

(2) Property, plant and equipment

This information is omitted because the amount of property, plant and equipment located in Japan accounts for more than 90% of the property, plant and equipment on the consolidated balance sheets.

3 Information by principal customers

(Million yen)

Name	Net sales	Relevant segment names
Sumitomo Chemical Company, Limited	17,854	Plastic Film, New Materials

[Information on impairment loss on non-current assets by reportable segment]

For the fiscal year ended December 31, 2020 (January 1, 2020 to December 31, 2020)

Not applicable.

For the fiscal year ended December 31, 2021 (January 1, 2021 to December 31, 2021)

(Million yen)

	Reportable segment				Other (Note)	Corporate / Eliminations	Total
	Plastic Film	New Materials	Housing Materials	Total			
Impairment loss	—	750	—	750	—	—	750

(Note) The “Other” category is a business segment that is not included in the reportable segments and includes the hotel business, lumber processing business, residential land development and building construction business, information processing system development business, and real estate leasing business.

[Information on amortization of goodwill and unamortized balance by reportable segment]

Not applicable.

[Information on gain on negative goodwill by reportable segment]

Not applicable.

(Per share information)

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Net assets per share	¥4,115.91	¥4,401.20
Basic earnings per share	¥240.41	¥286.49

(Notes) 1. Diluted earnings per share is not shown because there are no potential shares.

2. The basis for the calculation of net assets per share is as follows.

	As of December 31, 2020	As of December 31, 2021
Net assets	¥49,094 million	¥52,524 million
Deduction from net assets	¥18 million	¥22 million
[Non-controlling interests]	[¥18 million]	[¥22 million]
Net assets for common shareholders at end of fiscal year	¥49,075 million	¥52,501 million
Number of common shares used to calculate net assets per share	11,923 thousand shares	11,929 thousand shares

3. The basis for the calculation of basic earnings per share is as follows.

	For the fiscal year ended December 31, 2020	For the fiscal year ended December 31, 2021
Basic earnings per share		
Profit attributable to owners of parent	¥2,865 million	¥3,417 million
Amount not attributable to common shareholders	—	—
Profit attributable to owners of parent attributable to common shares	¥2,865 million	¥3,417 million
Average number of common shares outstanding during the fiscal year	11,921 thousand shares	11,927 thousand shares

(Significant subsequent events)

[Absorption-type merger between consolidated subsidiaries]

At a meeting of its Board of Directors held on July 27, 2021, the Company resolved to conduct an absorption-type merger with Kansai Okura Co., Ltd., a consolidated subsidiary of the Company, as the surviving company, and Kanto Okura Co., Ltd., also a consolidated subsidiary of the Company, as the dissolving company, effective January 1, 2022.

1. Overview of transaction

(1) Name of companies and other business details of combining companies

1) Surviving company

Name	Kansai Okura Co., Ltd.
Business description	Manufacturing, processing and sales of synthetic resin products

2) Merged company

Name	Kanto Okura Co., Ltd.
Business description	Manufacturing, processing and sales of synthetic resin products

(2) Date of combination

January 1, 2022

(3) Legal framework of business combination

An absorption-type merger in which Kansai Okura Co., Ltd. is the surviving company and Kanto Okura Co., Ltd. is the dissolving company

(4) Name of company after combination

KS Okura Co., Ltd.

(5) Other matters concerning the overview of the transaction

In recent years, the structure of the market has been changing due to environmental issues such as marine pollution and decarbonization, as well as the impact of the spread of COVID-19, and there are rising needs for environmental responsiveness being placed on packaging films. Therefore, the Company will (1) expand the range of environmentally friendly products by combining the technological capabilities of the two companies; (2) take a more muscular approach and heighten cost competitiveness by consolidating the manufacturing facilities of the two companies; and (3) strengthen sales efforts in the Kanto region to raise our presence in the Kanto market. These are the three objectives of the merger.

2. Overview of the accounting treatment to be implemented

In accordance with the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, released January 16, 2019) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, released January 16, 2019), the Company accounts for the transaction as a transaction under common control.