

Consolidated Financial Results for the Three Months Ended March 31, 2022 [Japanese GAAP]



May 13, 2022

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 Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of filing quarterly securities report: May 13, 2022
 Scheduled date of commencing dividend payments: –
 Availability of supplementary explanatory materials on quarterly financial results: Not available
 Schedule of quarterly financial results briefing session: Not scheduled

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

1. Consolidated Financial Results for the Three Months Ended March 31, 2022 (January 1, 2022 - March 31, 2022)

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

| | Net sales | | Operating profit | | Ordinary profit | | Profit attributable to owners of parent | |
|--------------------|-------------|-----|------------------|------|-----------------|-------|---|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Three months ended | | | | | | | | |
| March 31, 2022 | 18,412 | – | 837 | – | 948 | – | 698 | – |
| March 31, 2021 | 20,483 | 5.9 | 1,786 | 97.8 | 1,936 | 108.4 | 1,339 | 106.4 |

(Note) Comprehensive income: Three months ended March 31, 2022: ¥678 million [–%]
 Three months ended March 31, 2021: ¥1,952 million [–%]

| | Basic earnings per share | Diluted earnings per share |
|--------------------|--------------------------|----------------------------|
| | Yen | Yen |
| Three months ended | | |
| March 31, 2022 | 58.57 | – |
| March 31, 2021 | 112.36 | – |

(Note) The Company has applied the “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 amounts for the three months ended March 31, 2022 are those after the said accounting standards have been applied, and changes from the previous corresponding period are not presented.

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio |
|-------------------------|--------------|-------------|--------------|
| | Million yen | Million yen | % |
| As of March 31, 2022 | 85,141 | 52,367 | 61.5 |
| As of December 31, 2021 | 85,869 | 52,524 | 61.1 |

(Reference) Equity: As of March 31, 2022: ¥52,343 million
 As of December 31, 2021: ¥52,501 million

2. Dividends

| | Annual dividends | | | | |
|---|------------------|-----------------|-----------------|----------|-------|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Fiscal year ended December 31, 2021 | – | 0.00 | – | 70.00 | 70.00 |
| Fiscal year ending December 31, 2022 | – | | | | |
| Fiscal year ending December 31, 2022 (Forecast) | | 0.00 | – | 75.00 | 75.00 |

(Note) Revision to the forecast for dividends announced most recently: None

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) Revision to the financial results forecast announced most recently: None

(Note) The Company has applied the “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) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
 - 1) Changes in accounting policies due to the revision of accounting standards: Yes
 - 2) Changes in accounting policies other than 1) above: None
 - 3) Changes in accounting estimates: None
 - 4) Retrospective restatement: None
- (4) Total number of issued shares (common shares)
 - 1) Total number of issued shares at the end of the period (including treasury shares):

| | |
|--------------------|-------------------|
| March 31, 2022: | 12,414,870 shares |
| December 31, 2021: | 12,414,870 shares |
 - 2) Total number of treasury shares at the end of the period:

| | |
|--------------------|----------------|
| March 31, 2022: | 486,065 shares |
| December 31, 2021: | 485,864 shares |
 - 3) Average number of shares during the period:

| | |
|------------------------------------|-------------------|
| Three months ended March 31, 2022: | 11,928,916 shares |
| Three months ended March 31, 2021: | 11,923,190 shares |

* These quarterly consolidated financial results are outside the scope of quarterly review 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 “Qualitative Information on Quarterly Financial Results” on page 2 of the attachments.

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1. Qualitative Information on Quarterly Financial Results

The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the “Revenue Recognition Accounting Standard”), etc. from the beginning of the first quarter of the fiscal year under review. As a result, the accounting treatment for revenue is different from the one used for the first three months of the previous fiscal year. Accordingly, year-on-year changes (%) are not stated in the descriptions in the Explanation of Operating Results below.

The details of the effects of the application of the Revenue Recognition Accounting Standard, etc. on the financial position and operating results are as described in “2. Quarterly Consolidated Financial Statements and Principal Notes, (3) Notes to Quarterly Consolidated Financial Statements, (Changes in accounting policies).”

(1) Explanation of Operating Results

During the three months ended March 31, 2022, the Japanese economy was stagnant due to cost increases associated with rising prices of resources such as crude oil and lumber, and an impact of the novel coronavirus (COVID-19) caused by the spread of the Omicron strain. In addition, the economic outlook remains uncertain due to concerns about the spread of rising resource prices arising from Russia’s incursion into Ukraine commenced in February to the financial market, etc.

Under these circumstances, the Group posted net sales of 18,412 million yen for the three months ended March 31, 2022 (20,483 million yen for the same period of the previous fiscal year), due to robust sales in the Plastic Film Division as well as increased sales in the Housing Materials Division thanks to concentrated efforts such as to acquire new customers. Net sales before the application of the Revenue Recognition Accounting Standard increased as compared with the same period of the previous fiscal year.

In terms of profit, due to factors such as the rise in raw material prices and the delay in transferring the increased amount to product prices in the Plastic Film Division, operating profit was 837 million yen (1,786 million yen for the same period of the previous fiscal year) and ordinary profit was 948 million yen (1,936 million yen for the same period of the previous fiscal year). Profit attributable to owners of parent was 698 million yen (1,339 million yen for the same period of the previous fiscal year).

Net sales decreased by 3,339 million yen and operating profit decreased by 12 million yen due to the application of the Revenue Recognition Accounting Standard, etc.

Starting from the first quarter of the fiscal year under review, categories for reportable segments have been changed, and accordingly the lumber processing business and residential land development and building construction business, which were previously included in the “Other” segment, are included in the existing “Housing Materials” segment. Comparison and analysis by segment for the three months ended March 31, 2022 are based on the new segmentation.

Operating results by segment are as follows.

[Plastic Film]

Although sales volume of food-packaging shrink films and general packaging films decreased, sales of industrial-use process films and agricultural-use films were strong and the rise in raw material prices, etc. had been transferred to product prices, resulting in net sales of 12,327 million yen (11,830 million yen for the same period of the previous fiscal year). Net sales before the application of the Revenue Recognition Accounting Standard increased as compared with the same period of the previous fiscal year. However, operating profit was 731 million yen (1,497 million yen for the same period of the previous fiscal year), because our efforts to transfer the rise in raw materials prices to product prices were not quick enough to keep up with the repeated rises. Net sales decreased by 19 million yen due to the application of the Revenue Recognition Accounting Standard, etc.

[New Materials]

Although demand increased and sales of new products were promoted for functional materials such as parts and materials for office automation (OA) equipment and adhesives, there was a significant impact of the facts that orders received for optical films for mobile use decreased from the beginning of the fiscal year under review and

that inventory adjustments for optical films for large LCD panels, demand for which was strong in the previous fiscal year, begun in February. As a result, net sales were 2,754 million yen (5,947 million yen for the same period of the previous fiscal year). Net sales before the application of the Revenue Recognition Accounting Standard were almost flat compared to the same period of the previous fiscal year. Operating profit was 397 million yen (585 million yen for the same period of the previous fiscal year) due to a decrease in net sales related to optical films and an increase in development expenses which offset the impact of improved productivity due to concentrated efforts to improve yields.

Net sales decreased by 3,250 million yen due to the application of the Revenue Recognition Accounting Standard.

[Housing Materials]

Amid robust renovation demand, as a result of increased sales volume of particleboards thanks to efforts to acquire new customers and expand sales to existing customers, as well as sales promotion efforts for environmentally friendly form “comori,” the sale of which began in the previous fiscal year, the net sales amounted to 3,048 million yen (2,430 million yen for the same period of the previous fiscal year). Net sales before the application of the Revenue Recognition Accounting Standard increased as compared with the same period of the previous fiscal year. Operating profit was 198 million yen (184 million yen for the same period of the previous fiscal year) due in part to the continued stable production of particleboards despite the ongoing impact of the rising raw material prices.

Net sales decreased by 63 million yen due to the application of the Revenue Recognition Accounting Standard.

[Other]

Although the hotel business continued to suffer sluggish sales of lodging and banquets due to the impact of COVID-19, the information processing system development business remained robust. As a result, overall net sales of other businesses were 282 million yen (275 million yen for the same period of the previous fiscal year). Net sales before the application of the Revenue Recognition Accounting Standard increased as compared with the same period of the previous fiscal year. Operating profit amounted to 49 million yen (28 million yen for the same period of the previous fiscal year) due in part to the increase in net sales and reduction of fixed costs.

Net sales decreased by 5 million yen due to the application of the Revenue Recognition Accounting Standard.

(2) Explanation of Financial Position

Total assets at the end of the first quarter of the fiscal year under review decreased by 728 million yen compared to the end of the previous fiscal year, to 85,141 million yen. This was mainly due to a decrease in trade receivables of 1,675 million yen and an increase in inventories of 999 million yen.

On the other hand, liabilities decreased by 571 million yen compared to the end of the previous fiscal year, to 32,774 million yen, mainly due to a decrease in income taxes payable of 736 million yen, an increase in provision for bonuses of 631 million yen, and a decrease in other current liabilities of 629 million yen.

Net assets decreased by 156 million yen from the end of the previous fiscal year to 52,367 million yen, mainly due to a decrease in retained earnings of 136 million yen.

As a result of the above, the equity ratio increased by 0.3 percentage points from the end of the previous fiscal year to 61.5%.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There have been no changes to the consolidated financial results forecast announced on February 10, 2022.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

| | As of December 31, 2021 | As of March 31, 2022 |
|---|-------------------------|----------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 9,765 | 9,833 |
| Notes and accounts receivable - trade | 21,095 | 19,654 |
| Electronically recorded monetary claims - operating | 5,592 | 5,357 |
| Merchandise and finished goods | 4,429 | 4,614 |
| Work in process | 1,085 | 1,155 |
| Raw materials and supplies | 4,251 | 4,998 |
| Real estate for sale | 196 | 193 |
| Other | 543 | 407 |
| Allowance for doubtful accounts | (0) | (0) |
| Total current assets | 46,959 | 46,215 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures, net | 12,736 | 12,522 |
| Machinery, equipment and vehicles, net | 8,591 | 8,341 |
| Land | 5,795 | 5,796 |
| Construction in progress | 885 | 1,277 |
| Other, net | 495 | 463 |
| Total property, plant and equipment | 28,505 | 28,400 |
| Intangible assets | 720 | 700 |
| Investments and other assets | | |
| Investment securities | 8,696 | 8,644 |
| Deferred tax assets | 389 | 581 |
| Other | 597 | 598 |
| Allowance for doubtful accounts | (0) | (0) |
| Total investments and other assets | 9,684 | 9,824 |
| Total non-current assets | 38,910 | 38,925 |
| Total assets | 85,869 | 85,141 |

(Million yen)

| | As of December 31, 2021 | As of March 31, 2022 |
|---|-------------------------|----------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 16,236 | 16,832 |
| Short-term borrowings | 1,914 | 1,616 |
| Current portion of long-term borrowings | 570 | 540 |
| Accounts payable - other | 3,959 | 3,994 |
| Income taxes payable | 1,068 | 332 |
| Provision for bonuses | – | 631 |
| Other | 4,221 | 3,592 |
| Total current liabilities | 27,971 | 27,540 |
| Non-current liabilities | | |
| Long-term borrowings | 827 | 673 |
| Deferred tax liabilities | 0 | – |
| Retirement benefit liability | 3,632 | 3,649 |
| Other | 914 | 911 |
| Total non-current liabilities | 5,374 | 5,233 |
| Total liabilities | 33,345 | 32,774 |
| Net assets | | |
| Shareholders' equity | | |
| Share capital | 8,619 | 8,619 |
| Capital surplus | 9,070 | 9,070 |
| Retained earnings | 32,140 | 32,004 |
| Treasury shares | (841) | (841) |
| Total shareholders' equity | 48,989 | 48,853 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 3,237 | 3,192 |
| Foreign currency translation adjustment | 202 | 225 |
| Remeasurements of defined benefit plans | 72 | 73 |
| Total accumulated other comprehensive income | 3,512 | 3,490 |
| Non-controlling interests | 22 | 23 |
| Total net assets | 52,524 | 52,367 |
| Total liabilities and net assets | 85,869 | 85,141 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Three months ended March, 31

(Million yen)

| | For the three months ended March 31, 2021 | For the three months ended March 31, 2022 |
|---|--|--|
| Net sales | 20,483 | 18,412 |
| Cost of sales | 16,475 | 15,214 |
| Gross profit | 4,008 | 3,198 |
| Selling, general and administrative expenses | | |
| Sales commission | 13 | 13 |
| Transportation and storage costs | 670 | 686 |
| Salaries | 508 | 515 |
| Provision for bonuses | 148 | 164 |
| Remuneration for directors (and other officers) | 82 | 75 |
| Retirement benefit expenses | 34 | 29 |
| Depreciation | 46 | 50 |
| Research and development expenses | 230 | 280 |
| Provision of allowance for doubtful accounts | (0) | (0) |
| Other | 488 | 544 |
| Total selling, general and administrative expenses | 2,221 | 2,360 |
| Operating profit | 1,786 | 837 |
| Non-operating income | | |
| Interest income | 0 | 0 |
| Dividend income | 31 | 55 |
| Foreign exchange gains | 38 | 49 |
| Subsidy income | 96 | 5 |
| Miscellaneous income | 32 | 31 |
| Total non-operating income | 200 | 141 |
| Non-operating expenses | | |
| Interest expenses | 23 | 7 |
| Commission expenses | 16 | 18 |
| Miscellaneous losses | 10 | 5 |
| Total non-operating expenses | 50 | 31 |
| Ordinary profit | 1,936 | 948 |
| Extraordinary income | | |
| Gain on sale of non-current assets | 0 | 0 |
| Total extraordinary income | 0 | 0 |
| Extraordinary losses | | |
| Loss on sale and retirement of non-current assets | 39 | 15 |
| Extra retirement payments | 0 | - |
| Total extraordinary losses | 40 | 15 |
| Profit before income taxes | 1,896 | 932 |
| Income taxes - current | 738 | 417 |
| Income taxes - deferred | (181) | (182) |
| Total income taxes | 556 | 234 |
| Profit | 1,339 | 698 |
| Profit (loss) attributable to non-controlling interests | 0 | (0) |
| Profit attributable to owners of parent | 1,339 | 698 |

Quarterly Consolidated Statements of Comprehensive Income

Three months ended March, 31

(Million yen)

| | For the three months ended March 31, 2021 | For the three months ended March 31, 2022 |
|--|--|--|
| Profit | 1,339 | 698 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 584 | (45) |
| Foreign currency translation adjustment | 19 | 24 |
| Remeasurements of defined benefit plans, net of tax | 9 | 0 |
| Total other comprehensive income | 612 | (19) |
| Comprehensive income | 1,952 | 678 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,951 | 677 |
| Comprehensive income attributable to non-controlling interests | 1 | 1 |

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in the case of significant changes in shareholders' equity)

Not applicable.

(Changes in accounting policies)

[Application of the Accounting Standard for Revenue Recognition, etc.]

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Accounting Standard"), etc. from the beginning of the first quarter of the fiscal year under review. The Company recognizes revenue when control of promised goods or services is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for the goods or services.

The main changes resulting from the application are as follows:

- The Company changed an amount of revenue to be recognized for a buy-sell transaction, in which the Company purchases raw materials, etc. from a customer and processes them and then sells the product to the customer, from the total amount of consideration which includes the purchase price of the raw materials, etc. to the net amount.
- The Company changed an amount of revenue to be recognized for a transaction in which the role of the Group in provision of merchandise to a customer falls under the category of agent, from the total amount of consideration received from the customer to the net amount.

In the application of the Revenue Recognition Accounting Standard, etc., the Company follows the transitional treatment stipulated in the proviso in Paragraph 84 of the Revenue Recognition Accounting Standard. There is no impact on retained earnings at the beginning of the first quarter of the fiscal year under review owing to this application.

As a result, for the three months ended March 31, 2022, net sales decreased by 3,339 million yen, cost of sales decreased by 3,326 million yen, and operating profit decreased by 12 million yen.

The Company does not state information on the breakdown of revenue from contracts with customers for the first three months ended March 31, 2021 in accordance with the transitional treatment as provided for in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020).

[Application of the Accounting Standard for Fair Value Measurement, etc.]

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Fair Value Measurement Accounting Standard"), etc. from the beginning of the first quarter of the fiscal year under review, applying new accounting policies defined in the Fair Value Measurement Accounting Standard over the future in accordance with the transitional treatment as provided for in Paragraph 19 of the Fair Value Measurement Accounting Standard and in Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). The application has no impact on the Company's quarterly consolidated financial statements.

(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 first quarter of the fiscal year under review is minimal.

(Segment information, etc.)

I For the three months ended March 31, 2021 (January 1, 2021 to March 31, 2021)

Information on the amount of net sales and profit or loss by reportable segment

(Million yen)

| | Reportable segment | | | | Other (Note 1) | Total | Adjustment (Note 2) | Amount recorded in quarterly consolidated statements of income (Note 3) |
|--------------------------------------|--------------------|------------------|----------------------|--------|-------------------|--------|------------------------|---|
| | Plastic Film | New Materials | Housing Materials | Total | | | | |
| Net sales | | | | | | | | |
| Net sales to outside customers | 11,830 | 5,947 | 2,430 | 20,207 | 275 | 20,483 | — | 20,483 |
| Inter-segment net sales or transfers | 0 | — | 5 | 6 | 168 | 175 | (175) | — |
| Total | 11,830 | 5,947 | 2,436 | 20,214 | 444 | 20,659 | (175) | 20,483 |
| Segment profit | 1,497 | 585 | 184 | 2,267 | 28 | 2,296 | (509) | 1,786 |

(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 509 million yen includes negative 1 million yen in eliminations of inter-segment transactions and negative 508 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 quarterly consolidated statements of income.

II For the three months ended March 31, 2022 (January 1, 2022 to March 31, 2022)

1. Information on the amount of net sales and profit or loss by reportable segment

(Million yen)

| | Reportable segment | | | | Other (Note 1) | Total | Adjustment (Note 2) | Amount recorded in quarterly consolidated statements of income (Note 3) |
|--------------------------------------|--------------------|------------------|----------------------|--------|-------------------|--------|------------------------|---|
| | Plastic Film | New Materials | Housing Materials | Total | | | | |
| Net sales | | | | | | | | |
| Net sales to outside customers | 12,327 | 2,754 | 3,048 | 18,130 | 282 | 18,412 | — | 18,412 |
| Inter-segment net sales or transfers | 0 | — | 1 | 2 | 207 | 209 | (209) | — |
| Total | 12,328 | 2,754 | 3,049 | 18,132 | 490 | 18,622 | (209) | 18,412 |
| Segment profit | 731 | 397 | 198 | 1,328 | 49 | 1,377 | (540) | 837 |

(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 540 million yen includes negative 0 million yen in eliminations of inter-segment transactions and negative 539 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 quarterly consolidated statements of income.

2. Matters concerning changes in reportable segments, etc.

“Housing Materials” has commenced new businesses and launched new products in cooperation with the lumber processing business and residential land development and building construction business. During the previous

fiscal year, sales of the products put on the market increased steadily, and the collaboration between these businesses has been deepening. In light of this, from the fiscal year under review, the lumber processing business and residential land development and building construction business, which were previously included in the “Other” segment, are included in the existing “Housing Materials” segment.

The segment information stated for the first three months ended March 31, 2021 has been created using the new segmentation.

In addition, as stated in “Changes in accounting policies,” the Company has applied the Revenue Recognition Accounting Standard, etc. from the beginning of the first quarter of the fiscal year under review and changed the accounting method for revenue recognition. The measurement method for the profit or loss by business segment has been changed accordingly.

As a result of this change, for the three months ended March 31, 2022, net sales decreased by 19 million yen and segment profit decreased by 12 million yen in the “Plastic Film,” net sales decreased by 3,250 million yen in the “New Materials,” net sales decreased by 63 million yen and segment profit decreased by 0 million yen in the “Housing Materials,” and net sales decreased by 5 million yen in “Other,” as compared with the previous method.