

Consolidated Financial Results for the Six Months Ended June 30, 2022 [Japanese GAAP]



August 10, 2022

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 Stock exchange listing: Tokyo Stock Exchange
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 Scheduled date of filing quarterly securities report: August 10, 2022
 Scheduled date of commencing dividend payments: –
 Availability of supplementary explanatory materials on quarterly financial results: Available
 Schedule of quarterly financial results briefing session: Scheduled

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

1. Consolidated Financial Results for the Six Months Ended June 30, 2022 (January 1, 2022 - June 30, 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	%
Six months ended June 30, 2022	38,336	–	2,194	–	2,541	–	1,830	–
June 30, 2021	42,218	10.7	3,318	64.2	3,565	67.5	2,626	89.9

(Note) Comprehensive income: Six months ended June 30, 2022: ¥1,775 million [–%]
 Six months ended June 30, 2021: ¥2,895 million [230.4%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended June 30, 2022	153.44	–
June 30, 2021	220.20	–

(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 six months ended June 30, 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 June 30, 2022	86,012	53,477	62.1
As of December 31, 2021	85,869	52,524	61.1

(Reference) Equity: As of June 30, 2022: ¥53,453 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	–	0.00			
Fiscal year ending December 31, 2022 (Forecast)			–	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
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):

June 30, 2022:	12,414,870 shares
December 31, 2021:	12,414,870 shares
 - 2) Total number of treasury shares at the end of the period:

June 30, 2022:	478,814 shares
December 31, 2021:	485,864 shares
 - 3) Average number of shares during the period:

Six months ended June 30, 2022:	11,932,023 shares
Six months ended June 30, 2021:	11,925,948 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 six 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, (4) Notes to Quarterly Consolidated Financial Statements, (Changes in accounting policies).”

(1) Explanation of Operating Results

During the six months ended June 30, 2022, the Japanese economy showed signs of picking up due to an increase in consumer spending resulting from the easing of movement restrictions in Japan, despite soaring costs caused by rising prices of resources such as crude oil and lumber and the further depreciation of the yen. Although there are expectations that economic activity will normalize, the economic outlook remains uncertain due to the situation in Ukraine and a further possible impact of the novel coronavirus (COVID-19) on the global economy.

Under these circumstances, the Group posted net sales of 38,336 million yen for the six months ended June 30, 2022 (42,218 million yen for the same period of the previous fiscal year), due to robust sales of agricultural-use films 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 repeated rises in raw material prices and the delay in transferring the increased amount to product prices in the Plastic Film Division, operating profit was 2,194 million yen (3,318 million yen for the same period of the previous fiscal year) and ordinary profit was 2,541 million yen (3,565 million yen for the same period of the previous fiscal year). Profit attributable to owners of parent was 1,830 million yen (2,626 million yen for the same period of the previous fiscal year).

Net sales decreased by 7,421 million yen and operating profit decreased by 22 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 six months ended June 30, 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 and that of industrial-use process films also fell due to the impact of a global semiconductor shortage, because sales of agricultural-use films were strong and the rise in raw material prices, etc. had been partially transferred to product prices, net sales amounted to 25,453 million yen (23,782 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 1,680 million yen (2,734 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 35 million yen due to the application of the Revenue Recognition Accounting Standard.

[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 a decrease in orders received for optical film products for mobile use from the beginning of the fiscal year under review and inventory adjustments starting from February for optical film products for large LCD panels, orders of which

remained robust in the previous fiscal year. As a result, net sales were 5,812 million yen (12,934 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 970 million yen (1,259 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 electricity utility charges which offset the impact of improved productivity due to concentrated efforts to improve yields.

Net sales decreased by 7,275 million yen due to the application of the Revenue Recognition Accounting Standard.

[Housing Materials]

Due to factors including an increase in 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, net sales amounted to 6,424 million yen (4,964 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 454 million yen (316 million yen for the same period of the previous fiscal year) due in part to the increase in net sales and the continued stable production of particleboards, despite the ongoing impact of the rising raw material prices.

Net sales decreased by 101 million yen due to the application of the Revenue Recognition Accounting Standard.

[Other]

Although the hotel business continued to suffer the impact of COVID-19 from the previous fiscal year, sales partially recovered thanks to the effect of programs to support local tourism businesses, including discounts for prefectural residents, and the information processing system development business remained robust. As a result, overall net sales of other businesses were 644 million yen (536 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 171 million yen (60 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 9 million yen due to the application of the Revenue Recognition Accounting Standard.

(2) Explanation of Financial Position

1) Assets, liabilities and net assets

Total assets at the end of the second quarter of the fiscal year under review increased by 143 million yen compared to the end of the previous fiscal year to 86,012 million yen. This was mainly due to a decrease in cash and deposits of 1,917 million yen, an increase in trade receivables of 1,361 million yen, an increase in inventories of 1,328 million yen, and a decrease in property, plant and equipment of 412 million yen.

On the other hand, liabilities decreased by 810 million yen compared to the end of the previous fiscal year to 32,535 million yen, mainly due to an increase in trade payables of 1,513 million yen, a decrease in accounts payable - other of 951 million yen, a decrease in borrowings of 627 million yen, and a decrease in income taxes payable of 453 million yen.

Net assets increased by 953 million yen from the end of the previous fiscal year to 53,477 million yen, mainly due to an increase in retained earnings of 995 million yen.

As a result of the above, the equity ratio increased by 1.0 percentage point from the end of the previous fiscal year to 62.1%.

2) Cash flows for the period under review

Cash and cash equivalents (hereinafter referred to as “cash”) at the end of the six-month period under review decreased by 1,917 million yen compared to the end of the previous fiscal year to 7,848 million yen.

The status of each cash flow and their factors during the six-month period under review are as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to 2,044 million yen (3,985 million yen provided in the same period of the previous fiscal year).

This was mainly due to cash inflows from profit before income taxes of 2,520 million yen, depreciation of 2,065 million yen and an increase in trade payables of 1,518 million yen, and cash outflows from an increase in trade receivables of 1,350 million yen, an increase in inventories of 1,308 million yen, and income taxes paid of 1,110 million yen.

(Cash Flows from Investing Activities)

Net cash used in investing activities amounted to 2,606 million yen (1,058 million yen used in the same period of the previous fiscal year).

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

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to 1,466 million yen (2,041 million yen used in the same period of the previous fiscal year).

This was mainly due to cash outflows from dividends paid of 831 million yen and a decrease in borrowings of 634 million yen.

(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 June 30, 2022
Assets		
Current assets		
Cash and deposits	9,765	7,848
Notes and accounts receivable - trade	21,095	21,253
Electronically recorded monetary claims - operating	5,592	6,794
Merchandise and finished goods	4,429	4,633
Work in process	1,085	1,201
Raw materials and supplies	4,251	5,237
Real estate for sale	196	218
Other	543	476
Allowance for doubtful accounts	(0)	(0)
Total current assets	46,959	47,664
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,736	12,558
Machinery, equipment and vehicles, net	8,591	8,011
Land	5,795	5,796
Construction in progress	885	1,275
Other, net	495	450
Total property, plant and equipment	28,505	28,092
Intangible assets	720	689
Investments and other assets		
Investment securities	8,696	8,573
Deferred tax assets	389	393
Other	597	598
Allowance for doubtful accounts	(0)	(0)
Total investments and other assets	9,684	9,565
Total non-current assets	38,910	38,347
Total assets	85,869	86,012

(Million yen)

	As of December 31, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	16,236	17,750
Short-term borrowings	1,914	1,606
Current portion of long-term borrowings	570	511
Accounts payable - other	3,959	3,008
Income taxes payable	1,068	614
Other	4,221	3,894
Total current liabilities	27,971	27,385
Non-current liabilities		
Long-term borrowings	827	567
Deferred tax liabilities	0	-
Retirement benefit liability	3,632	3,663
Other	914	918
Total non-current liabilities	5,374	5,149
Total liabilities	33,345	32,535
Net assets		
Shareholders' equity		
Share capital	8,619	8,619
Capital surplus	9,070	9,071
Retained earnings	32,140	33,136
Treasury shares	(841)	(828)
Total shareholders' equity	48,989	49,998
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,237	3,134
Foreign currency translation adjustment	202	246
Remeasurements of defined benefit plans	72	74
Total accumulated other comprehensive income	3,512	3,455
Non-controlling interests	22	23
Total net assets	52,524	53,477
Total liabilities and net assets	85,869	86,012

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Six months ended June 30

(Million yen)

	For the six months ended June 30, 2021	For the six months ended June 30, 2022
Net sales	42,218	38,336
Cost of sales	34,372	31,429
Gross profit	7,845	6,906
Selling, general and administrative expenses		
Sales commission	24	33
Transportation and storage costs	1,352	1,398
Salaries	1,034	1,045
Bonuses	308	272
Remuneration for directors (and other officers)	162	160
Retirement benefit expenses	67	56
Depreciation	94	100
Research and development expenses	488	562
Provision of allowance for doubtful accounts	(0)	(0)
Other	996	1,080
Total selling, general and administrative expenses	4,527	4,711
Operating profit	3,318	2,194
Non-operating income		
Interest income	0	1
Dividend income	97	139
Foreign exchange gains	39	150
Subsidy income	118	17
Miscellaneous income	67	84
Total non-operating income	323	393
Non-operating expenses		
Interest expenses	45	12
Commission expenses	19	22
Miscellaneous losses	11	12
Total non-operating expenses	76	46
Ordinary profit	3,565	2,541
Extraordinary income		
Gain on sale of non-current assets	189	0
Gain on sale of investment securities	13	-
Total extraordinary income	202	0
Extraordinary losses		
Loss on sale and retirement of non-current assets	65	22
Extra retirement payments	0	-
Total extraordinary losses	66	22
Profit before income taxes	3,701	2,520
Income taxes - current	1,115	670
Income taxes - deferred	(40)	20
Total income taxes	1,075	690
Profit	2,626	1,829
Profit (loss) attributable to non-controlling interests	0	(1)
Profit attributable to owners of parent	2,626	1,830

Quarterly Consolidated Statements of Comprehensive Income

Six months ended June 30

(Million yen)

	For the six months ended June 30, 2021	For the six months ended June 30, 2022
Profit	2,626	1,829
Other comprehensive income		
Valuation difference on available-for-sale securities	225	(103)
Foreign currency translation adjustment	24	47
Remeasurements of defined benefit plans, net of tax	18	1
Total other comprehensive income	268	(54)
Comprehensive income	2,895	1,775
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,893	1,773
Comprehensive income attributable to non-controlling interests	2	1

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended June 30, 2021	For the six months ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	3,701	2,520
Depreciation	2,135	2,065
Increase (decrease) in allowance for doubtful accounts	(0)	(0)
Increase (decrease) in retirement benefit liability	16	31
Interest and dividend income	(97)	(140)
Interest expenses	45	12
Foreign exchange losses (gains)	(34)	(119)
Loss (gain) on sale of investment securities	(13)	-
Loss (gain) on sale and retirement of non-current assets	(174)	2
Decrease (increase) in trade receivables	218	(1,350)
Decrease (increase) in inventories	(656)	(1,308)
Increase (decrease) in trade payables	(177)	1,518
Other, net	(148)	(208)
Subtotal	4,814	3,023
Interest and dividends received	97	139
Interest paid	(45)	(7)
Income taxes paid	(881)	(1,110)
Net cash provided by (used in) operating activities	3,985	2,044
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,652)	(2,556)
Proceeds from sale of property, plant and equipment	548	0
Proceeds from governmental subsidy income	120	19
Purchase of investment securities	(5)	(5)
Proceeds from sale of investment securities	19	-
Proceeds from collection of loans receivable	1	0
Other, net	(90)	(65)
Net cash provided by (used in) investing activities	(1,058)	(2,606)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(790)	(314)
Proceeds from long-term borrowings	80	-
Repayments of long-term borrowings	(618)	(319)
Purchase of treasury shares	(1)	(0)
Dividends paid	(712)	(831)
Net cash provided by (used in) financing activities	(2,041)	(1,466)
Effect of exchange rate change on cash and cash equivalents	28	110
Net increase (decrease) in cash and cash equivalents	914	(1,917)
Cash and cash equivalents at beginning of period	9,179	9,765
Cash and cash equivalents at end of period	10,093	7,848

(4) 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 six months ended June 30, 2022, net sales decreased by 7,421 million yen, cost of sales decreased by 7,399 million yen, and operating profit decreased by 22 million yen.

The Company does not state information on the breakdown of revenue from contracts with customers for the six months ended June 30, 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 six months ended June 30, 2022 is minimal.

(Segment information, etc.)

I For the six months ended June 30, 2021 (January 1, 2021 to June 30, 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	23,782	12,934	4,964	41,681	536	42,218	–	42,218
Inter-segment net sales or transfers	1	–	13	15	358	373	(373)	–
Total	23,783	12,934	4,978	41,696	895	42,591	(373)	42,218
Segment profit	2,734	1,259	316	4,310	60	4,370	(1,052)	3,318

- (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 1,052 million yen includes negative 1 million yen in eliminations of inter-segment transactions and negative 1,051 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 six months ended June 30, 2022 (January 1, 2022 to June 30, 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	25,453	5,812	6,424	37,691	644	38,336	–	38,336
Inter-segment net sales or transfers	1	–	5	7	407	415	(415)	–
Total	25,455	5,812	6,430	37,698	1,052	38,751	(415)	38,336
Segment profit	1,680	970	454	3,105	171	3,277	(1,082)	2,194

- (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 1,082 million yen includes negative 0 million yen in eliminations of inter-segment transactions and negative 1,081 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 six months ended June 30, 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 six months ended June 30, 2022, net sales decreased by 35 million yen and segment profit decreased by 21 million yen in the “Plastic Film,” net sales decreased by 7,275 million yen in the “New Materials,” net sales decreased by 101 million yen and segment profit decreased by 1 million yen in the “Housing Materials,” and net sales decreased by 9 million yen in “Other,” as compared with the previous method.

(Significant subsequent events)

(Transfer of non-current assets)

At a meeting of its Board of Directors held on July 25, 2022, the Company resolved to transfer its non-current assets as follows. The Company will execute a transfer agreement in September 2022.

1. Reasons for the transfer

The Company will transfer its non-current assets for the purpose of improving asset efficiency and reinforcing its financial structure through the effective use of its management resources.

2. Details of the assets to be transferred

Location	Class of asset	Current status
1-4 Hatta, Higashi-ku, Fukuoka-shi, Fukuoka, etc.	Land 18,370.61 m ² Building 8,005.19 m ²	Real estate for lease

3. Outline of the transferee

Information on the transferee and the transfer price will not be disclosed in accordance with the arrangements made with the transferee. There are no significant capital, personnel and business relationships between the transferee and the Company. The transferee is not a related party of the Company.

4. Schedule of the transfer

Resolution of the Board of Directors	July 25, 2022
Execution of the agreement	September 2022 (scheduled)
Delivery of the property	October 2022 (scheduled)

5. Impact on profit or loss

The Company expects to record gain on sale of non-current assets of 1,540 million yen as extraordinary income in the fourth quarter ending December 31, 2022. The amount of gain on sale of non-current assets is an estimated amount of the transfer price less the carrying amount and estimated costs and other expenses, etc. related to the transfer.