

# Consolidated Financial Results for the Nine Months Ended September 30, 2022 [Japanese GAAP]



November 11, 2022

Company name: Okura Industrial Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 4221  
 URL: <https://www.okr-ind.co.jp/>  
 Representative: Susumu Kanda, Operating Officer, President, Representative Director  
 Contact: Eiji Fukuda, Operating Officer, Director; General Manager, Finance and Business Administration  
 Department, Corporate Center  
 Phone: +81-877-56-1111  
 Scheduled date of filing quarterly securities report: November 11, 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 Nine Months Ended September 30, 2022 (January 1, 2022 - September 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	%
Nine months ended September 30, 2022	57,541	–	3,063	–	3,558	–	2,563	–
September 30, 2021	65,070	10.7	4,594	69.2	4,907	71.7	3,694	95.8

(Note) Comprehensive income: Nine months ended September 30, 2022: ¥2,667 million [–%]

Nine months ended September 30, 2021: ¥4,195 million [139.1%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended September 30, 2022	214.80	–
September 30, 2021	309.72	–

(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 nine months ended September 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 September 30, 2022	90,103	54,370	60.3
As of December 31, 2021	85,869	52,524	61.1

(Reference) Equity: As of September 30, 2022: ¥54,347 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)				85.00	85.00

(Note) Revision to the forecast for dividends announced most recently: Yes

For the revision to the forecast for dividends, please see “Notice Concerning Revision to the Forecast for Dividends” announced today (November 11, 2022).

## 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):
 

September 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:
 

September 30, 2022:	478,839 shares
December 31, 2021:	485,864 shares
  - 3) Average number of shares during the period:
 

Nine months ended September 30, 2022:	11,933,228 shares
Nine months ended September 30, 2021:	11,926,959 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.

## Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information .....	3
2. Quarterly Consolidated Financial Statements and Principal Notes .....	4
(1) Quarterly Consolidated Balance Sheets .....	4
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	6
(3) Notes to Quarterly Consolidated Financial Statements .....	8
(Notes on going concern assumption) .....	8
(Notes in the case of significant changes in shareholders' equity) .....	8
(Changes in accounting policies) .....	8
(Additional information) .....	8
(Segment information, etc.) .....	10

## 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 nine 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 nine months ended September 30, 2022, despite the impact of increased consumer spending and easing of supply constraints due to the improved situation of the novel coronavirus (COVID-19) pandemic in Japan, the Japanese economy remained generally flat due to soaring resource prices and increasing costs associated with the further depreciation of the yen. Although there are expectations that supply constraints will ease and economic activity will normalize, the economic outlook remains uncertain because it is still difficult to predict the impact of the situation in Ukraine and the novel coronavirus on the global economy.

Under these circumstances, the Group posted net sales of 57,541 million yen for the nine months ended September 30, 2022 (65,070 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 and expand sales to existing 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 in the Plastic Film Division and the fact that these price increases could not be fully absorbed despite efforts to transfer the increased amounts to product prices, as well as the decrease in optical film-related sales within the New Materials Division, operating profit was 3,063 million yen (4,594 million yen for the same period of the previous fiscal year) and ordinary profit was 3,558 million yen (4,907 million yen for the same period of the previous fiscal year). Profit attributable to owners of parent was 2,563 million yen (3,694 million yen for the same period of the previous fiscal year).

Net sales decreased by 14,750 million yen and operating profit decreased by 32 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 nine months ended September 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 transfer of the increases in raw material prices, etc. to product prices had progressed, net sales amounted to 38,227 million yen (35,483 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 2,562 million yen (3,648 million yen for the same period of the previous fiscal year), because although there was progress with the efforts to transfer the rise in raw materials prices to product prices, they were unable to absorb the repeated rises. Net sales decreased by 50 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, and orders received for optical film products for mobile use showed signs of recovery, inventory adjustments had to be made due to the sudden decline of the market for optical film products for large LCD panels, which had remained robust in the previous fiscal year. As a result, net sales were 8,395 million yen (20,946 million yen for the same period of the previous fiscal year). Operating profit was 1,206 million yen (2,066 million yen for the same period of the previous fiscal year) due to a decrease in sales volume 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 14,544 million yen due to the application of the Revenue Recognition Accounting Standard.

[Housing Materials]

Due to factors including an increase in sales volume of particleboard products thanks to efforts to acquire new customers and expand sales to existing customers, as well as sales promotion efforts for the environmentally-friendly “comori” form, the sale of which began in the previous fiscal year, net sales amounted to 9,861 million yen (7,836 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 682 million yen (425 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 142 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 1,057 million yen (804 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 277 million yen (99 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 13 million yen due to the application of the Revenue Recognition Accounting Standard.

(2) Explanation of Financial Position

Total assets at the end of the third quarter of the fiscal year under review increased by 4,233 million yen compared to the end of the previous fiscal year to 90,103 million yen. This was mainly due to an increase in trade receivables of 2,774 million yen, an increase in inventories of 2,454 million yen, a decrease in cash and deposits of 830 million yen, and a decrease in property, plant and equipment of 253 million yen.

On the other hand, liabilities increased by 2,388 million yen compared to the end of the previous fiscal year to 35,733 million yen, mainly due to an increase in trade payables of 4,672 million yen, a decrease in accounts payable - other of 942 million yen, a decrease in borrowings of 766 million yen, and a decrease in income taxes payable of 582 million yen.

Net assets increased by 1,845 million yen from the end of the previous fiscal year to 54,370 million yen, mainly due to an increase in retained earnings of 1,728 million yen.

As a result of the above, the equity ratio decreased by 0.8 percentage points from the end of the previous fiscal year to 60.3%.

(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 September 30, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	9,765	8,934
Notes and accounts receivable - trade	21,095	22,566
Electronically recorded monetary claims - operating	5,592	6,895
Merchandise and finished goods	4,429	5,457
Work in process	1,085	1,354
Raw materials and supplies	4,251	5,382
Real estate for sale	196	222
Other	543	424
Allowance for doubtful accounts	(0)	(0)
Total current assets	46,959	51,238
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	12,736	12,471
Machinery, equipment and vehicles, net	8,591	7,996
Land	5,795	5,796
Construction in progress	885	1,573
Other, net	495	413
Total property, plant and equipment	28,505	28,252
Intangible assets	720	666
Investments and other assets		
Investment securities	8,696	8,811
Deferred tax assets	389	528
Other	597	605
Allowance for doubtful accounts	(0)	—
Total investments and other assets	9,684	9,946
Total non-current assets	38,910	38,865
<b>Total assets</b>	<b>85,869</b>	<b>90,103</b>

(Million yen)

	As of December 31, 2021	As of September 30, 2022
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	16,236	20,909
Short-term borrowings	1,914	1,603
Current portion of long-term borrowings	570	463
Accounts payable - other	3,959	3,017
Income taxes payable	1,068	486
Provision for bonuses	–	652
Other	4,221	3,518
Total current liabilities	27,971	30,650
Non-current liabilities		
Long-term borrowings	827	480
Deferred tax liabilities	0	0
Retirement benefit liability	3,632	3,684
Other	914	918
Total non-current liabilities	5,374	5,082
Total liabilities	33,345	35,733
Net assets		
Shareholders' equity		
Share capital	8,619	8,619
Capital surplus	9,070	9,071
Retained earnings	32,140	33,869
Treasury shares	(841)	(828)
Total shareholders' equity	48,989	50,731
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,237	3,294
Foreign currency translation adjustment	202	246
Remeasurements of defined benefit plans	72	74
Total accumulated other comprehensive income	3,512	3,616
Non-controlling interests	22	22
Total net assets	52,524	54,370
Total liabilities and net assets	85,869	90,103



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

## Quarterly Consolidated Statements of Income

Nine months ended September 30

(Million yen)

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2022
Net sales	65,070	57,541
Cost of sales	53,577	47,349
Gross profit	11,493	10,191
Selling, general and administrative expenses		
Sales commission	36	56
Transportation and storage costs	2,032	2,071
Salaries	1,559	1,571
Bonuses	308	272
Provision for bonuses	179	171
Remuneration for directors (and other officers)	242	245
Retirement benefit expenses	102	86
Depreciation	145	147
Research and development expenses	758	864
Provision of allowance for doubtful accounts	(0)	(0)
Other	1,534	1,641
Total selling, general and administrative expenses	6,898	7,128
Operating profit	4,594	3,063
Non-operating income		
Interest income	0	3
Dividend income	141	220
Subsidy income	132	21
Foreign exchange gains	46	210
Miscellaneous income	95	99
Total non-operating income	416	555
Non-operating expenses		
Interest expenses	65	17
Commission expenses	23	26
Miscellaneous losses	14	16
Total non-operating expenses	103	60
Ordinary profit	4,907	3,558
Extraordinary income		
Gain on sale of non-current assets	335	1
Gain on sale of investment securities	13	–
Total extraordinary income	348	1
Extraordinary losses		
Loss on sale and retirement of non-current assets	84	56
Extra retirement payments	0	0
Total extraordinary losses	85	57
Profit before income taxes	5,170	3,502
Income taxes - current	1,744	1,130
Income taxes - deferred	(268)	(188)
Total income taxes	1,475	941
Profit	3,694	2,560
Profit (loss) attributable to non-controlling interests	0	(2)
Profit attributable to owners of parent	3,694	2,563

Quarterly Consolidated Statements of Comprehensive Income

Nine months ended September 30

(Million yen)

	For the nine months ended September 30, 2021	For the nine months ended September 30, 2022
Profit	3,694	2,560
Other comprehensive income		
Valuation difference on available-for-sale securities	445	57
Foreign currency translation adjustment	28	47
Remeasurements of defined benefit plans, net of tax	27	2
Total other comprehensive income	500	107
Comprehensive income	4,195	2,667
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,192	2,667
Comprehensive income attributable to non-controlling interests	2	0

### (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 nine months ended September 30, 2022, net sales decreased by 14,750 million yen, cost of sales decreased by 14,718 million yen, and operating profit decreased by 32 million yen.

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

(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, with the transfer agreement scheduled to be concluded in September 2022, and the transfer of the property scheduled to take place in October. However, the transfer agreement was instead concluded on November 1, 2022, and the transfer of the property was completed on the same day.

1. Reasons for the transfer

The Company transferred 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 <sup>2</sup> Building 8,005.19 m <sup>2</sup>	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	November 1, 2022
Delivery of the property	November 1, 2022

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.

(Segment information, etc.)

I For the nine months ended September 30, 2021 (January 1, 2021 to September 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	35,483	20,946	7,836	64,266	804	65,070	–	65,070
Inter-segment net sales or transfers	2	–	15	18	544	562	(562)	–
Total	35,486	20,946	7,851	64,284	1,348	65,633	(562)	65,070
Segment profit	3,648	2,066	425	6,140	99	6,239	(1,644)	4,594

(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 1,644 million yen includes negative 1 million yen in eliminations of inter-segment transactions and negative 1,643 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 nine months ended September 30, 2022 (January 1, 2022 to September 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	38,227	8,395	9,861	56,484	1,057	57,541	–	57,541
Inter-segment net sales or transfers	2	–	7	10	600	610	(610)	–
Total	38,230	8,395	9,868	56,494	1,658	58,152	(610)	57,541
Segment profit	2,562	1,206	682	4,451	277	4,728	(1,665)	3,063

(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 1,665 million yen includes negative 1 million yen in eliminations of inter-segment transactions and negative 1,664 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 nine months ended September 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 nine months ended September 30, 2022, net sales decreased by 50 million yen and segment profit decreased by 30 million yen in the “Plastic Film,” net sales decreased by 14,544 million yen in the “New Materials,” net sales decreased by 142 million yen and segment profit decreased by 1 million yen in the “Housing Materials,” and net sales decreased by 13 million yen in “Other,” as compared with the previous method.