

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending September 30, 2022 [Japan GAAP]

February 7, 2022

Company name: Sanyo Trading Co., Ltd. Listed on: Tokyo Stock Exchange 1st Section
 Stock exchange code: 3176 URL <https://www.sanyo-trading.co.jp/>
 Representative: Masanobu Shintani, President & CEO
 Contact: Hiroshi Shirai, Director, Executive Officer & Head of Administration Divisions
 Tel. +81-3-3518-1111

Filing of quarterly report (scheduled): February 8, 2022
 Start of distribution of dividends (scheduled): –
 Supplementary documents of quarterly financial results: No
 Quarterly investors' meeting: No

(Amounts have been rounded down to the nearest million yen.)

1. Consolidated Results for the First Quarter of the Fiscal Year Ending September 30, 2022 (October 1, 2021 to December 31, 2021)

(1) Consolidated Operating Results (First Three Months)

(% = year-on-year change)

	Net sales		Operating income		Ordinary income		Earnings attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Q1 ended December 31, 2021	24,127	11.7	1,498	(13.0)	1,746	(4.9)	1,100	(10.3)
December 31, 2020	21,609	2.0	1,721	9.3	1,836	3.1	1,226	10.1

(Note) Comprehensive income: Q1 ended December 31, 2021: 1,198 million yen (11.5% decrease)
 Q1 ended December 31, 2020: 1,354 million yen (0.7% decrease)

	Earnings per share (basic)	Earnings per share (diluted)
	Yen	Yen
Q1 ended December 31, 2021	38.35	38.10
December 31, 2020	42.81	42.51

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2021	51,413	35,523	68.3
As of September 30, 2021	50,834	34,725	67.5

(Reference) Total equity: As of December 31, 2021: 35,093 million yen
 As of September 30, 2021: 34,292 million yen

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	4Q-end	Annual
	Yen	Yen	Yen	Yen	Yen
FYE September 2021	–	19.00	–	20.00	39.00
FYE September 2022	–				
FYE September 2022 (estimate)		19.00	–	20.00	39.00

(Note) Revisions to the latest dividends forecast: No

3. Forecast of Consolidated Results for the Fiscal Year Ending September 30, 2022 (October 1, 2021 to September 30, 2022)

(% = year-on-year change)

	Net sales		Operating income		Ordinary income		Earnings attributable to owners of the parent	Earnings per share (basic)
	Million yen	%	Million yen	%	Million yen	%	Million yen	Yen
Full fiscal year	94,000	4.7	5,800	5.3	6,300	1.8	4,200 (1.3)	146.38

(Note) 1. Revisions to the latest consolidated earnings forecast: No

2. The Company formulates a management plan and evaluates results annually, and does not make a consolidated earnings outlook for the first half.

* Notes

(1) Changes in important subsidiaries during the period: No

(changes in specified subsidiaries accompanying changes in the scope of consolidation)

New – (Company name) , Excluding – (Company name)

(2) Application of special accounting methods to the preparation of quarterly financial statements: Yes

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Major Notes (3) Notes to Quarterly Consolidated Financial Statements (Application of accounting processes specific to the preparation of quarterly consolidated financial statements)” on page 8 of the attached report.

(3) Changes in accounting principles and accounting estimates, and restatement of prior period financial statements after error corrections

(i) Changes in accordance with revisions to accounting and other standards: Yes

(ii) Changes in items other than (i): None

(iii) Changes in accounting estimates: None

(iv) Restatement of prior period financial statements after error corrections: None

(4) Number of shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding as of the fiscal period end (including treasury stock)

As of December 31, 2021: 29,007,708 shares

As of September 30, 2021: 29,007,708 shares

(ii) Number of treasury stock as of the fiscal period end

As of December 31, 2021: 315,120 shares

As of September 30, 2021: 315,120 shares

(iii) Average number of shares during the period (first three months)

Q1 FYE September 2022: 28,692,588 shares

Q1 FYE September 2021: 28,641,388 shares

* These quarterly consolidated financial statements are not subject to quarterly review procedures by certified public accountants or an auditing firm.

* A Cautionary Note on Forward-Looking Statements

The earnings forecasts presented in this document are based upon currently available information and assumptions deemed rational and the Company does not guarantee their achievement. A variety of factors could cause actual results to differ materially from forecasts. For details about the assumptions in the earnings forecasts, notes on the use of the earnings forecasts, and other matters, please refer to 1. Qualitative Information on Quarterly Results (3) Explanation of Consolidated Earnings Forecasts and Other Future Predictions on page 3 of the attached report.

○ Table of Contents of Attached Report

1. Qualitative Information on Quarterly Results	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	3
(3) Explanation of Consolidated Earnings Forecasts and Other Future Predictions	3
2. Quarterly Consolidated Financial Statements and Major 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 related to the going concern assumption).....	8
(Notes on significant fluctuations in shareholders' equity).....	8
(Application of accounting processes specific to the preparation of quarterly consolidated financial statements).....	8
(Changes in accounting policies).....	8
(Segment information, etc.).....	10
(Revenue recognition).....	11

1. Qualitative Information on Quarterly Results

(1) Explanation of Operating Results

During the first three months (October 1, 2021 to December 31, 2021) of the consolidated fiscal year ending September 30, 2022, the Japanese economy showed signs of recovery in consumer spending and corporate earnings chiefly due to progress in COVID-19 vaccinations. However, there were downward pressures such as rising raw materials prices reflecting high resource prices, a reduction in automotive production due to the shortage of semiconductors, and disruption of logistics.

Since the beginning of 2022, however, the Omicron variant has spread, and COVID-19 quasi-emergency measures started to be taken once again. Concerns over the effects of the infections increased. Uncertainties remained overseas, including Ukraine tensions, U.S. monetary policy, and trends in the Chinese economy.

Under these conditions, consolidated results for the first three months under review were net sales of ¥24,127 million (up 11.7% year on year), operating income of ¥1,498 million (down 13.0% year on year), ordinary income of ¥1,746 million (down 4.9% year on year), and earnings attributable to owners of the parent of ¥1,100 million (down 10.3% year on year).

The Group has applied Accounting Standards for Revenue Recognition (Accounting Standards Board of Japan (ASBJ) Statement No. 29 issued on March 31, 2020). Net sales and operating income of the first quarter of the consolidated fiscal year under review decreased by ¥9 million and ¥2 million respectively, compared to net sales and operating income calculated by the conventional method. For more information, please refer to “2. Matters related to changes in reportable segments” under (3) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies) and (Segment information, etc.) Segment information of 2. Quarterly Consolidated Financial Statements and Major Notes.

Results for each business segment are described below.

(i) Chemicals

Tight supply conditions and steep rises in purchasing prices continued for rubber merchandise. However, demand was strong in a range of industries, including the auto industry. Sales of chemical-related products were affected by rises in the prices of mainstay products, but demand for raw materials for paints, inks and adhesives was firm. Of life science products, exports of electronic materials and films to South Korea and North America, respectively, were strong.

As a result, the Chemicals segment recorded net sales of ¥8,633 million (up 19.8% year on year) and operating income of ¥598 million (up 40.5% year on year).

(ii) Machinery & Industrial Products

Sales of merchandise related to industrial products were affected by reductions in production at domestic auto manufacturers chiefly due to semiconductor shortages, although there were signs that the impact was easing. Of products related to machinery and the environment, sales of merchandise related to feed processing machines were strong, but no sales of main units were recorded in wood biomass-related businesses. In merchandise categorized as scientific equipment, sales of particle dispersion testers and equipment related to surface properties were strong. In merchandise related to resource development, geothermal development equipment achieved strong sales.

As a result, the Machinery & Industrial Products segment recorded net sales of ¥8,443 million (down 1.4% year on year) and operating income of ¥942 million (down 18.0% year on year).

(iii) Overseas Subsidiaries

At SANYO CORPORATION OF AMERICA, sales of highly functional resins remained firm, but operating income fell significantly from a year earlier due to additional tariffs imposed on auto parts made in China and an increase in selling, general and administrative expenses. At SANYO TRADING (SHANGHAI) CO., LTD., certain businesses were adversely affected by semiconductor shortages, but sales of auto parts were firm, while sales of rubber materials and lithium-ion battery materials were strong. At SANYO TRADING ASIA CO., LTD. (Thailand), sales were firm, but operating income declined due to the significant effects of rising purchase prices reflecting a weaker baht and a rise in marine transportation expenses. At SUN PHOENIX MEXICO S.A. de C.V., results were weak as expenses for the marine transportation of auto

parts from China continued to rise sharply. At P.T. SANYO TRADING INDONESIA, sales of chemicals, primarily rubber products, and auto parts were strong, which resulted in rises in sales and income. At SANYO TRADING INDIA PRIVATE LIMITED, which the Company included in the scope of consolidation in the current fiscal year, strong sales of auto parts contributed to income.

As a result, the Overseas Subsidiaries segment recorded net sales of ¥7,013 million (up 20.6% year on year) and operating income of ¥336 million (down 7.8% year on year).

(2) Explanation of Financial Position

(Assets)

Current assets increased ¥1,191 million from the end of the previous fiscal year, to ¥43,725 million, primarily because of a rise in trade receivables resulting from an increase in net sales and increases primarily in merchandise and finished goods and in advance payments to suppliers despite a significant decrease in cash and deposits.

Non-current assets decreased ¥612 million from the end of the previous fiscal year, to ¥7,687 million, reflecting falls in property, plant and equipment and intangible assets due to depreciation and a decline in investment securities resulting from the consolidation of a non-consolidated subsidiary in the fiscal year under review.

Total assets at the end of the first quarter of the fiscal year under review stood at ¥51,413 million (an increase of ¥579 million from the end of the previous fiscal year).

(Liabilities)

Current liabilities decreased ¥210 million from the end of the previous fiscal year, to ¥14,457 million, resulting chiefly from a decrease in trade payables and a decline in income taxes payable due to the payment of income taxes despite an increase in borrowings.

Non-current liabilities decreased ¥8 million from the end of the previous fiscal year, to ¥1,433 million, chiefly due to a decrease in deferred tax liabilities caused by declines in the market values of investment securities.

Liabilities at the end of the first quarter of the fiscal year under review came to ¥15,890 million (a decrease of ¥218 million from the end of the previous fiscal year).

(Net assets)

Shareholders' equity increased, reflecting a rise in retained earnings resulting from earnings attributable to owners of the parent and change in scope of consolidation.

Net assets at the end of the first quarter of the fiscal year under review stood at ¥35,523 million (an increase of ¥798 million from the end of the previous fiscal year).

(3) Explanation of Consolidated Earnings Forecasts and Other Future Predictions

The consolidated results forecasts for the fiscal year ending September 30, 2022 are unchanged from those announced on November 5, 2021.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	Fiscal 2021 (As of September 30, 2021)	First quarter of fiscal 2022 (As of December 31, 2021)
Assets		
Current assets		
Cash and deposits	8,663,587	5,951,636
Notes and accounts receivable - trade	15,185,494	—
Notes and accounts receivable - trade, and contract assets	—	17,467,083
Electronic record receivables	1,368,600	1,854,430
Merchandise and finished goods	15,668,609	16,537,150
Work in process	8,148	10,259
Raw materials and supplies	2,649	36,480
Other	1,674,528	1,906,141
Allowance for doubtful accounts	(36,982)	(37,211)
Total current assets	42,534,636	43,725,970
Non-current assets		
Property, plant and equipment	3,154,366	3,200,804
Intangible assets		
Goodwill	529,323	482,684
Other	334,679	297,479
Total intangible assets	864,002	780,163
Investments and other assets		
Investment securities	3,283,299	2,712,880
Other	1,025,682	1,022,342
Allowance for doubtful accounts	(27,337)	(28,220)
Total investments and other assets	4,281,643	3,707,002
Total non-current assets	8,300,013	7,687,970
Total assets	50,834,649	51,413,940

(Thousand yen)

	Fiscal 2021 (As of September 30, 2021)	First quarter of fiscal 2022 (As of December 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	9,399,644	9,231,952
Short-term borrowings	2,172,004	2,673,568
Current portion of long-term borrowings	90,040	90,040
Income taxes payable	938,024	660,613
Provisions	73,095	192,321
Other	1,994,933	1,608,872
Total current liabilities	14,667,743	14,457,368
Non-current liabilities		
Long-term borrowings	169,960	160,784
Provisions	46,066	47,299
Retirement benefit liability	902,240	907,985
Other	323,291	317,008
Total non-current liabilities	1,441,559	1,433,077
Total liabilities	16,109,302	15,890,446
Net assets		
Shareholders' equity		
Share capital	1,006,587	1,006,587
Capital surplus	398,863	398,863
Retained earnings	32,097,778	32,851,568
Treasury shares	(151,591)	(151,591)
Total shareholders' equity	33,351,637	34,105,428
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	891,444	778,705
Foreign currency translation adjustment	49,860	209,230
Total accumulated other comprehensive income	941,304	987,936
Share acquisition rights	111,370	111,370
Non-controlling interests	321,033	318,759
Total net assets	34,725,346	35,523,494
Total liabilities and net assets	50,834,649	51,413,940

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly consolidated statement of income

(First three months)

(Thousand yen)

	Three-month period ended December 31, 2020 (from October 1, 2020 to December 31, 2020)	Three-month period ended December 31, 2021 (from October 1, 2021 to December 31, 2021)
Net sales	21,609,536	24,127,625
Cost of goods sold	17,478,660	20,005,385
Gross income	4,130,876	4,122,239
Selling, general and administrative expenses	2,409,258	2,624,123
Operating income	1,721,617	1,498,116
Non-operating income		
Interest income	6,251	3,047
Dividend income	23,406	26,115
Foreign exchange gains	86,916	208,481
Other	12,878	18,519
Total non-operating income	129,452	256,164
Non-operating expenses		
Interest expenses	6,929	3,970
Sales discounts	2,242	—
Loss on sales of trade receivables	1,564	1,871
Other	3,580	2,227
Total non-operating expenses	14,318	8,069
Ordinary income	1,836,752	1,746,211
Extraordinary income		
Gain on sales of investment securities	15,514	—
Total extraordinary income	15,514	—
Earnings before income taxes	1,852,267	1,746,211
Income taxes	622,006	640,120
Earnings	1,230,260	1,106,090
Earnings attributable to non-controlling interests	4,074	5,686
Earnings attributable to owners of the parent	1,226,186	1,100,404

Quarterly consolidated statement of comprehensive income
(First three months)

(Thousand yen)

	Three-month period ended December 31, 2020 (from October 1, 2020 to December 31, 2020)	Three-month period ended December 31, 2021 (from October 1, 2021 to December 31, 2021)
Earnings	1,230,260	1,106,090
Other comprehensive income		
Valuation difference on available-for-sale securities	54,043	(112,837)
Foreign currency translation adjustment	70,327	205,298
Total other comprehensive income	124,371	92,460
Comprehensive income	1,354,632	1,198,551
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	1,350,666	1,192,961
Comprehensive income attributable to non-controlling interests	3,965	5,589

(3) Notes to Quarterly Consolidated Financial Statements

(Notes related to the going concern assumption)

None

(Notes on significant fluctuations in shareholders' equity)

None

(Application of accounting processes specific to the preparation of quarterly consolidated financial statements)

Tax expenses are calculated by reasonably estimating the effective tax rate after the application of deferred tax accounting on earnings before income taxes in the consolidated fiscal year including the first quarter under review, and multiplying earnings before income taxes by said estimated effective tax rate.

(Changes in accounting policies)

1. Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, issued March 31, 2020; hereinafter, the "Revenue Recognition Accounting Standard"), etc. from the beginning of first quarter of the fiscal year under review. Under the Revenue Recognition Accounting Standard, revenue is recognized when control over promised goods or services is transferred to customers, at an amount that the Company is expected to receive in exchange for the said goods or services. Applying the alternative handling prescribed in Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, issued March 26, 2021), the Company is recognizing revenues from the domestic sale of merchandise or finished goods at the points of their shipment in cases where control over the concerned merchandise or finished goods moves to customers in a normal period after their shipment.

The principal changes resulting from the above are as follows.

- Revenue recognition for chargeable subcontracting

The Company derecognized inventories related to supplies sold to the subcontractor. However, in chargeable subcontracting where the Company is considered to effectively have repurchase obligations, the Company continues to recognize inventories and recognizes a liability related to the chargeable subcontracting for the amount equivalent to the inventories of the supplies remaining at the subcontractor at the end of the fiscal year.

- Revenue recognition for export sales

In export sales, compared to the previous method of recognizing revenue at the point of loading for shipment, the Company has changed to a method of recognizing revenue when risk burden is transferred to a customer according to trade conditions specified by Intercoms, etc.

- Revenue recognition for consideration given to customers and sales discounts

Part of the consideration given by the Company to customers, such as incentives, was accounted for as cost of goods sold. The Company has changed that and deducts the part of consideration from the transaction value. Sales discounts were accounted for as non-operating expenses. The Company has changed that and deducts the amounts of sales discounts from net sales.

- Revenue recognition for construction contracts

The Company applied the completed-contract method for construction contracts and has changed to the percentage-of-completion method for transactions in which performance obligations are deemed to be satisfied over a certain period time, and recognize revenue as the performance obligations are satisfied. The Company uses the input method to estimate progress in the fulfillment of performance obligations.

In adopting the Revenue Recognition Accounting Standard, etc., the Company followed the transitional treatment stipulated in the provision of Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of retrospectively applying the new accounting policy to periods prior to the beginning of the first quarter under review has been added to or subtracted from retained earnings at the beginning of the first

quarter under review, and the new accounting policy has been applied from the said beginning balance of retained earnings.

As a result, net sales for the first quarter of the fiscal year under review decreased by ¥9,277 thousand, and cost of goods sold by ¥6,443 thousand. Non-operating expenses decreased by ¥2,478 thousand, ordinary profit and earnings before income taxes declined by ¥356 thousand each. In addition, retained earnings at the beginning of the fiscal year under review declined by ¥16,975 thousand.

Because the Revenue Recognition Accounting Standard, etc. has been applied, “Notes and accounts receivable - trade,” which was included in “Current assets” in the consolidated balance sheets for the previous fiscal year, began to be included in “Notes, accounts receivable-trade and contract assets” from the first quarter of the consolidated fiscal year under review. “Advances received,” which was included in “Other” in “Current liabilities” in the consolidated balance sheets for the previous fiscal year, is included in “Contract liabilities” in “Other” from the first quarter of the consolidated fiscal year under review. In accordance with the transitional treatment stipulated in Paragraph 89-2 of the Revenue Recognition Accounting Standard, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation. Furthermore, in accordance with the transitional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, issued March 31, 2020), a breakdown of revenue from contracts with customers for the first quarter of the previous fiscal year is omitted.

2. Application of Accounting Standard for Fair Value Measurement, etc.

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, issued July 4, 2019; hereinafter, the “Fair Value Measurement Accounting Standard”), etc. from the beginning of first quarter of the fiscal year under review, and in accordance with the transitional treatment stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, issued July 4, 2019), the Company shall apply the new accounting policies stipulated in the Fair Value Measurement Accounting Standard, etc. prospectively. This change has no impact on the quarterly consolidated financial statements.

(Segment information, etc.)

[Segment information]

I. First three months of fiscal year ended September 30, 2021 (from October 1, 2020 to December 31, 2020)

1. Information related to net sales and income (loss) by reportable segment

(Thousand yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Quarterly consolidated statement of income (Note 3)
	Chemicals	Machinery & Industrial Products	Overseas Subsidiaries	Total				
Net sales								
Sales to external customers	7,206,070	8,560,627	5,813,986	21,580,684	28,997	21,609,681	(144)	21,609,536
Intersegment internal sales and transfers	903,732	154,782	329,568	1,388,082	8,242	1,396,325	(1,396,325)	—
Total	8,109,803	8,715,409	6,143,554	22,968,766	37,239	23,006,006	(1,396,469)	21,609,536
Segment income (loss)	425,870	1,149,443	364,690	1,940,004	(35,373)	1,904,630	(183,012)	1,721,617

(Note) 1. The category “Other” includes the business segments not included in the reportable segments, such as real estate leasing.

2. The adjustment consists of the following items.

(1) An adjustment of net sales to external customers of -¥144 thousand is a foreign currency translation adjustment in relation to management accounting.

(2) An adjustment of segment income (loss) of -¥183,012 thousand includes selling, general and administrative expenses that are not allocated to reportable segments of -¥189,809 thousand and a foreign currency translation adjustment of -¥4,347 thousand in relation to management accounting.

3. Segment income (loss) is reconciled with operating income in the quarterly consolidated statement of income.

2. Information on impairment loss in non-current assets and goodwill by reportable segment

(Significant changes in amount of goodwill)

During the first quarter of the fiscal year under review, SANYO LIFE MATERIAL CO., LTD., which is a consolidated subsidiary of the Company, acquired NKS Corporation by way of absorption-type merger. As a result, goodwill increased ¥27,736 thousand in the Chemicals segment.

II. First three months of fiscal year ending September 30, 2022 (from October 1, 2021 to December 31, 2021)

1. Information related to net sales and income (loss) by reportable segment

(Thousand yen)

	Reportable segments				Other (Note 1)	Total	Adjustment (Note 2)	Quarterly consolidated statement of income (Note 3)
	Chemicals	Machinery & Industrial Products	Overseas Subsidiaries	Total				
Net sales								
Sales to external customers	8,633,020	8,443,142	7,013,315	24,089,478	24,807	24,114,285	13,339	24,127,625
Intersegment internal sales and transfers	1,131,517	190,623	502,061	1,824,202	15,285	1,839,487	(1,839,487)	—
Total	9,764,537	8,633,765	7,515,377	25,913,680	40,092	25,953,773	(1,826,148)	24,127,625
Segment income (loss)	598,370	942,428	336,146	1,876,946	(35,154)	1,841,791	(343,675)	1,498,116

(Note) 1. The category “Other” includes the business segments not included in the reportable segments, such as real estate leasing.

2. The adjustment consists of the following items.

- (1) An adjustment of net sales to external customers of ¥13,339 thousand is a foreign currency translation adjustment in relation to management accounting.
- (2) An adjustment of segment income (loss) of -¥343,675 thousand includes selling, general and administrative expenses that are not allocated to reportable segments of -¥199,092 thousand and a foreign currency translation adjustment of -¥60,059 thousand in relation to management accounting.

3. Segment income (loss) is reconciled with operating income in the quarterly consolidated statement of income.

2. Matters related to changes in reportable segments

As stated in Changes in accounting policies, the Company began applying the Revenue Recognition Accounting Standard, etc., and changed the method of accounting in connection with revenue recognition from the first quarter of the fiscal year under review. Accordingly, the Company changed the method of calculating income and losses for its business segments.

As a result of said change, net sales in the Chemicals, Machinery & Industrial Products, and Other segments for the first three months ended December 31, 2021 were ¥6,680 thousand more, ¥15,681 thousand less, and ¥277 thousand less, respectively, than net sales calculated by the previous method. Segment income in the Chemicals, Machinery & Industrial Products, and Other segments was ¥920 thousand more, ¥3,478 thousand less, and ¥277 thousand less, respectively.

(Revenue recognition)

A breakdown of revenue generated from contracts with customers

First three months of fiscal year ending September 30, 2022 (from October 1, 2021 to December 31, 2021)

(Thousand yen)

	Reportable segments				Other (Note 1)	Total
	Chemicals	Machinery & Industrial Products	Overseas Subsidiaries	Total		
Japan	7,325,649	7,428,839	9,532	14,764,020	24,807	14,788,827
Asia	942,128	241,416	3,826,763	5,010,307	—	5,010,307
North America	265,982	290,814	2,902,932	3,459,728	—	3,459,728
Other	99,259	482,070	274,087	855,416	—	855,416
Revenue from contracts with customers	8,633,020	8,443,142	7,013,315	24,089,478	24,807	24,114,285
Other revenue	—	—	—	—	13,339	13,339
Sales to external customers	8,633,020	8,443,142	7,013,315	24,089,478	38,146	24,127,625

(Note) 1. The category “Other” includes the business segments not included in the reportable segments, such as real estate leasing.

2. Revenue from contracts with customers is classified by country or region based on the locations of customers.