Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.

August 6, 2021

Consolidated Financial Results for the Three Months Ended June 30, 2021 (Under Japanese GAAP)

Company name: YUASA TRADING CO., LTD.
Listing: Tokyo Stock Exchange
Securities code: 8074
URL: https://www.yuasa.co.jp
Representative: Hiroyuki Tamura, Representative Director, President & CEO
Inquiries: Hideki Tani, General Manager Finance Dept.
Telephone: +81-3-6369-1366
Scheduled date to file quarterly securities report: August 10, 2021
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly financial results: None
Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

(1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2021	94,925	–	833	(43.4)	1,134	(35.2)	732	(36.9)
June 30, 2020	94,338	(12.8)	1,471	(18.7)	1,750	(15.1)	1,161	(17.4)

Notes: 1. YUASA TRADING CO., LTD. (the "Company") has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year, and each figure for the three months ended June 30, 2021, is the figure after applying said accounting standard and relevant revised ASBJ regulations. The percentage of year-on-year change is not shown for net sales. If said standard were not applied, net sales would be ¥99,414 million (up 5.4% year on year).

2. Comprehensive income For the three months ended June 30, 2021: ¥220 million [(86.5)%]
For the three months ended June 30, 2020: ¥1,637 million [54.8%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2021	33.16	32.94
June 30, 2020	52.30	51.94

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2021	226,560	88,900	39.0
March 31, 2021	237,487	90,242	37.7

Reference: Equity
As of June 30, 2021: ¥88,293 million
As of March 31, 2021: ¥89,601 million

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	–	30.00	–	70.00	100.00
Fiscal year ending March 31, 2022	–				
Fiscal year ending March 31, 2022 (Forecast)		49.00	–	74.00	123.00

Note: Revisions to the forecast of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending September 30, 2021	218,100	–	4,600	12.9	5,000	9.1	3,280	10.8	148.63
Full year	471,000	–	11,700	30.2	12,500	24.9	8,200	18.3	371.56

Notes: 1. Revisions to the earnings forecasts most recently announced: None

2. The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year, and the consolidated earnings forecasts above are based on the figures after applying said accounting standard and relevant revised ASBJ regulations. The percentage of year-on-year change is not shown for net sales. If said standard were not applied, net sales would be ¥227,700 million for the six months ending September 30, 2021 (up 12.6% year on year) and ¥492,000 million for the full year (up 13.8% year on year).

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued shares (common shares)

(i) Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2021	23,155,882 shares
As of March 31, 2021	23,155,882 shares

(ii) Number of treasury shares at the end of the period

As of June 30, 2021	1,055,533 shares
As of March 31, 2021	1,071,190 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2021	22,100,444 shares
Three months ended June 30, 2020	22,208,242 shares

Note: The shares of the Company held by the "Board Incentive Plan (BIP) Trust" are included in the number of treasury shares at the end of the period (196,129 shares as of June 30, 2021 and 196,129 shares as of March 31, 2021). Also, the shares of the Company held by the "Board Incentive Plan (BIP) Trust" are included in treasury shares that are deducted for calculation of the average number of shares outstanding during the period (cumulative from the beginning of the fiscal year) (196,129 shares for the three months ended June 30, 2021 and 79,375 shares for the three months ended June 30, 2020).

* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Caution regarding forward-looking statements)

The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and on certain assumptions deemed to be reasonable. These statements do not purport that the Company pledges to realize such statements. Actual business and other results may differ substantially due to various factors. For the suppositions that form the assumptions for earnings forecasts and cautions concerning the use thereof, please refer to "1. Qualitative information regarding settlement of accounts for the first three months, (3) Explanation of consolidated earnings forecasts and other forward-looking statements" on page 5 of the attached material.

Attached Materials

1. Qualitative Information Regarding Results for the First Three Months

(1) Explanation of operating results

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year. Therefore, the following explanation of the operating results shows the actual values of the net sales for the same quarter during the previous fiscal year, which do not retroactively apply the “Accounting Standard for Revenue Recognition,” without showing the net sales compared to the same quarter during the previous fiscal year (%).

For details, please refer to “Change in Accounting Policy” of “(3) Notes to quarterly consolidated financial statements” in “2. Quarterly consolidated financial statements and significant notes thereto.”

The prospects for the Japanese economy during the three months under review (April 1, 2021 to June 30, 2021) remain uncertain with the reissuing of a declaration of a state of emergency and the spread of infection with variants as the spread of the novel coronavirus infection (COVID-19) continues despite the fact that vaccinations have begun.

In the industrial field, there are signs of recovery in capital investment, and production activity is also trending strongly around the semiconductor and automobile related industries. Moreover, in the construction and housing field, the number of new housing starts gradually recovered with a focus on condominiums.

Economic activity stagnated overseas due to the impact of the spread of COVID-19 in some Southeast Asian countries despite signs of economic recovery centered on the U.S. and China.

Under such circumstances, the Group started the second year of the “Growing Together 2023” Mid-term Management Plan covering the three years from April 2020 to March 2023, which constitutes the second stage of realizing the “YUASA VISION 360” in anticipation of the 360th anniversary of the Company’s founding in 2026. Aiming for growth as a “TSUNAGU Service Integrated Shosha Group,” we executed various policies under the basic policies of a “growth business strategy,” “core business strategy,” and “strengthening management foundation” while also strengthening our initiatives directed at “ESG” and “SDGs.”

Regarding the “growth business strategy,” we concentrated on the development of new products and services such as climate change, prevention of infection, and labor-saving measures based on the understanding that growth businesses are businesses that solve social issues.

As the “core business strategy,” we merged YUASA TECHNICAL ENGINEERING CO., LTD. and YUASA PROMATEC CO., LTD. in April 2021 to launch YUASA NEOTEC CO., LTD. as well as advance group management efficiency and business expansion while also promoting initiatives directed at the one-stop display of comprehensive strength.

Under “strengthening management foundation,” we will establish our competitive superiority utilizing data and IT technologies with the goal of transforming into a digital trading company shifting “From Single Item Business to Integrated Product-Service” through the promotion of DX. Moreover, we will focus our efforts on carbon neutrality directed at a decarbonized society, formulate a “sustainability declaration” and “action plan” around October 2021 to continue to evolve our sustainability management, and further strengthen our “ESG” and “SDGs” initiatives.

Net sales for the three months under review was ¥94,925 million (¥94,338 million in the same quarter of the previous fiscal year). Operating profit was ¥833 million (down 43.4% year on year), ordinary profit was ¥1,134 million (down 35.2 % year on year), and profit attributable to owners of parent was ¥732 million (down 36.9% year on year).

Furthermore, net sales shows the actual value for the same quarter of the previous fiscal year, which does not retroactively apply the “Accounting Standard for Revenue Recognition.”

Results by reportable segment are as follows:

<Industrial Equipment & Tools Division>

Regarding the Industrial Equipment & Tools Division, the factory operation rate rose due to the improvement in economic activity, and a recovery was seen in the demand for cutting tools, measuring equipment, and control equipment, etc. Moreover, demand directed at semiconductor related industries continued to trend strongly centered around automobile related industries and 5G (fifth generation mobile communication system).

Under these circumstances, we strived to improve logistics functions such as implementing campaigns through our “Growing Navi” EC site and strengthening our immediate delivery system. Moreover, in addition to security products for factories and other new products, as a result of focusing on environmentally-friendly and energy-saving compressors and generators aimed at the decarbonized society as well as the proposal and expanded sales of control related equipment while also proposing products for promoting DX, net sales was ¥16,186 million (¥13,619 million in the same quarter of the previous fiscal year).

<Machine Tools Division>

Regarding the Machine Tools Division, the domestic demand for machine tools continued to recover in semiconductor related industries centered around 5G base stations and servers for data centers. Demand also recovered in automobile related industries despite production delays due to supply shortages of some semiconductors. In addition, while increased demand for robots was seen in various industries, construction machinery related demand recovered with a focus on China. While restrictions on sales activities are still continuing overseas due to the impact of the spread of COVID-19, foreign and domestic orders for machine tools expanded due to the signs of demand recovery in the U.S., China, and Vietnam.

Under these circumstances, we sold equipment for the medical and food machinery related industries and proposed automation systems to reduce costs and increase production capacity. Moreover, as a result of focusing on uncovering potential demand through equipment proposals utilizing various subsidies, net sales was ¥17,709 million (¥19,844 million in the same quarter of the previous fiscal year) due to a small backlog of orders scheduled to be recorded as sales during the three months under review despite the increase in the amount of orders received.

<Housing, Air & Fluidic Control Systems Division>

Regarding the Housing, Air & Fluidic Control Systems Division, a recovery was seen in sales of housing, property management and air conditioning equipment due to the recovery in the number of new housing starts. In particular, sales of ventilating facility related equipment expanded due to the increase in “ventilation” needs as a measure to prevent the spread of COVID-19. Moreover, demand for storage battery related equipment trended strongly in the renewable energy field in anticipation of home consumption and the expiration of FIT (feed-in tariff system).

Under these circumstances, we strengthened the sales of valves, pumps, and other non-housing field products and air conditioning equipment with high energy-saving performance while also focusing on expanding the sales of products to prevent infection. Furthermore, as a result of expanding the sales of storage batteries, power conditioners, and other peripheral equipment as well as new merchandise endowed with an excess power purchasing scheme while also striving to strengthen our engineering functions in renewable energy related products, net sales was ¥34,641 million (¥32,243 million in the same quarter of the previous fiscal year).

<Building Supplies & Exterior Division>

Regarding the Building Supplies & Exterior, a decrease in new demand was seen around finishing hardware and scenic exterior merchandise with the postponement of construction, suspension of new projects, and the reevaluation of redevelopment projects around the metropolitan area due to the impact of the spread of COVID-19. Meanwhile, investments in public facilities such as natural disaster measures, guard rails and other measures to prevent traffic accidents grew steadily. Moreover, the need for storage and delivery boxes due to the expansion in stay-at-home demand swelled, and the number of units sold increased.

Under these circumstances, net sales was ¥10,267 million (¥12,326 million in the same quarter of the previous fiscal year) as a result of focusing on expanding the sales of jointly developed bollards (car barriers) with flooding sensors, water sealing plates, aluminum fencing to replace concrete fencing with a risk of overturning, and other products to combat natural disasters, and resilience products.

<Construction Machines Division>

Regarding the Construction Machines Division, demand related to disaster recovery construction trended favorably while the demand for infrastructure improvement, disaster prevention/risk reduction construction, and other civil engineering related products pertaining to public works was steady. Meanwhile, sales to rental companies were sluggish as the prospects for private capital investment remained uncertain.

Under these circumstances, we expanded the handling of products emphasizing safety measures at construction sites according to the Fundamental Plan for National Resilience and strengthened the sales of compact construction machinery and temporary civil engineering construction materials, etc. Moreover, as a result of striving to enhance our comprehensive strength through an expansion of the group network while also focusing on expanding the sales of the used construction machinery auction business, net sales was ¥6,095 million (¥7,455 million in the same quarter of the previous fiscal year).

<Energy Division>

Regarding the Energy Division, the price of crude oil continued to rise, and the impact was seen in the price of gasoline and other petroleum products despite the continuing decrease in the demand for petroleum products due to the adoption of fuel efficient vehicles, etc.

Under these circumstances, we strived to strengthen car washing, automobile inspection, coating, and other car care services in the gas station retail business deployed around the Tokai region. Moreover, as a result of focusing on expanding sales of marine vessel and transportation fuel in the wholesale business, net sales was ¥4,162 million (¥3,332 million in the same quarter of the previous fiscal year).

<Others>

Regarding other divisions, sales of air purifiers, circulators, and other related products trended strongly as the demand for products to prevent infection increased in the consumer goods business. Meanwhile, electric fans and other seasonal home appliances faced challenging sales conditions due to the impact of unseasonable weather. In the timber business, we focused on the sale of domestic materials as challenging sales conditions known as the “wood shock” continued due to the rise in prices with the expansion of demand in the U.S. and China and the rise in transportation costs and arrival delays, etc. caused by the container shortage.

As a result, net sales of other division was ¥5,862 million (¥5,515 million in the same quarter of the previous fiscal year).

(2) Explanation of financial position

As of June 30, 2021, total assets were ¥226,560 million, a decrease of ¥10,926 million from the end of the previous fiscal year. This is due to the fact that inventories increased by ¥4,111 million while notes and accounts receivable - trade, and contract assets was ¥92,446 million (notes and accounts receivable - trade was ¥107,874 million at the end of the previous fiscal year).

Total liabilities were ¥137,660 million, a decrease of ¥9,585 million from the end of the previous fiscal year. This is due to the fact that notes and accounts payable - trade decreased by ¥9,184 million.

Total net assets were ¥88,900 million, a decrease of ¥1,341 million from the end of the previous fiscal year. This is due to the fact that retained earnings decreased by ¥827 million.

As a result, the equity-to-asset ratio was 39.0% (37.7% at the end of the previous fiscal year).

(3) Explanation of consolidated earnings forecasts and other forward-looking statements

Regarding the consolidated earnings forecasts for the first six months of the fiscal year ending March 31, 2022 and the full business year, the earnings forecasts are unchanged from the announcement in the “Summary of Consolidated Financial Results for the Year Ended March 31, 2021” dated May 14, 2021.

Furthermore, the earnings forecasts were created based on information which is currently available on the day of the announcement, and the actual performance and results may differ from the forecast values and outlook.

2. Quarterly consolidated financial statements and significant notes thereto

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Assets		
Current assets		
Cash and deposits	42,567	42,912
Notes and accounts receivable - trade	107,874	–
Notes and accounts receivable - trade, and contract assets	–	92,446
Electronically recorded monetary claims - operating	18,678	19,032
Inventories	14,574	18,686
Other	2,159	2,689
Allowance for doubtful accounts	(77)	(57)
Total current assets	185,777	175,709
Non-current assets		
Property, plant and equipment	15,665	15,756
Intangible assets		
Goodwill	2,910	2,712
Other	2,237	2,155
Total intangible assets	5,148	4,868
Investments and other assets		
Retirement benefit asset	12,205	12,204
Other	19,141	18,437
Allowance for doubtful accounts	(449)	(415)
Total investments and other assets	30,896	30,227
Total non-current assets	51,710	50,851
Total assets	237,487	226,560

(Millions of yen)

	As of March 31, 2021	As of June 30, 2021
Liabilities		
Current liabilities		
Notes and accounts payable - trade	90,009	80,824
Electronically recorded obligations - operating	33,945	34,682
Short-term borrowings	3,744	3,148
Income taxes payable	995	113
Provision for bonuses	2,383	1,149
Provision for bonuses for directors (and other officers)	66	–
Other	6,937	8,615
Total current liabilities	138,081	128,534
Non-current liabilities		
Long-term borrowings	728	634
Provision for share awards	139	156
Provision for share awards for directors (and other officers)	127	141
Retirement benefit liability	947	991
Other	7,220	7,202
Total non-current liabilities	9,163	9,126
Total liabilities	147,245	137,660
Net assets		
Shareholders' equity		
Share capital	20,644	20,644
Capital surplus	6,815	6,830
Retained earnings	54,749	53,922
Treasury shares	(1,735)	(1,716)
Total shareholders' equity	80,474	79,680
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,334	3,906
Deferred gains or losses on hedges	20	(14)
Foreign currency translation adjustment	(272)	(75)
Remeasurements of defined benefit plans	5,044	4,796
Total accumulated other comprehensive income	9,126	8,613
Share acquisition rights	272	238
Non-controlling interests	368	368
Total net assets	90,242	88,900
Total liabilities and net assets	237,487	226,560

(2) Consolidated statement of income and consolidated statement of comprehensive income
Consolidated statement of income (cumulative)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Net sales	94,338	94,925
Cost of sales	85,026	85,244
Gross profit	9,311	9,680
Selling, general and administrative expenses	7,840	8,847
Operating profit	1,471	833
Non-operating income		
Interest income	294	343
Dividend income	113	94
Other	134	141
Total non-operating income	541	579
Non-operating expenses		
Interest expenses	238	222
Other	24	55
Total non-operating expenses	262	278
Ordinary profit	1,750	1,134
Extraordinary income		
Gain on sale of non-current assets	0	3
Gain on sale of investment securities	0	76
Gain on extinguishment of tie-in shares	16	–
Total extraordinary income	16	80
Extraordinary losses		
Loss on retirement of non-current assets	3	1
Loss on valuation of investment securities	–	0
Loss on COVID-19	69	11
Total extraordinary losses	72	13
Profit before income taxes	1,694	1,200
Income taxes	539	467
Profit	1,155	733
Profit (loss) attributable to non-controlling interests	(6)	0
Profit attributable to owners of parent	1,161	732

Consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2020	Three months ended June 30, 2021
Profit	1,155	733
Other comprehensive income		
Valuation difference on available-for-sale securities	804	(428)
Deferred gains or losses on hedges	1	(35)
Foreign currency translation adjustment	(178)	197
Remeasurements of defined benefit plans, net of tax	(145)	(247)
Total other comprehensive income	482	(513)
Comprehensive income	1,637	220
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,645	219
Comprehensive income attributable to non-controlling interests	(7)	1

(3) Notes to quarterly consolidated financial statements

Notes on going concern assumption

No item to report.

Notes on significant changes in the amount of shareholders’ equity

No item to report.

Change in Accounting Policy

Application of Accounting Standard for Revenue Recognition, Etc.

The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year, and it has recognized revenue at the time the control of promised goods or services is transferred to the customer at the amount expected to be received upon exchange of said goods or services. As a result of this application, for transactions in which the Company’s role in the sale to the customer corresponds to that of an agent, the Company has changed its method of recognizing revenue from the total amount of consideration received from the customer, less the amount paid to the supplier of the goods, to a net amount.

In addition, the Company applies the alternative treatment prescribed in paragraph 98 of the “Guidance on Accounting Policies for Revenue Recognition,” and recognizes revenue at the time of shipment if the period between the time of shipment and the time of transfer of goods to the customer is a normal period for domestic sales of goods.

The application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the first quarter of the current fiscal year was added to or deducted from the opening balance of retained earnings of the first quarter of the current fiscal year, and thus the new accounting policy was applied from such opening balance; however, that the new accounting policy was not retrospectively applied to contracts for which nearly all the revenue amounts had been recognized according to the previous treatment in periods prior to the beginning of the first quarter of the current fiscal year, by applying the method provided for in paragraph 86 of the Accounting Standard for Revenue Recognition.

As a result of this change, for the first three months of the current fiscal year, net sales decreased by ¥4,489 million, cost of sales decreased by ¥4,399 million, while operating profit, ordinary profit and profit before income taxes each decreased by ¥89 million. There is no impact on the balance of retained earnings at the beginning of the current fiscal year.

Due to the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, “Notes and accounts receivable - trade” under current assets of the consolidated balance sheet as of the end of the previous fiscal year has been presented in “Notes and accounts receivable - trade, and contract assets” under current assets from the quarterly consolidated balance sheet as of the end of the first quarter of the current fiscal year. In accordance with the transitional treatment provided for in paragraph 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been reclassified in accordance with the new approach to presentation.

Application of Accounting Standard for Fair Value Measurement and Its Implementation Guidance

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019), etc. from the beginning of the first quarter of the fiscal year ending March 31, 2022, and it has applied new accounting policies stipulated in the “Accounting Standard for Fair Value Measurement,” etc. prospectively, in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). This has no effect on the quarterly consolidated financial statements.

Additional information

Application of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System

As for items regarding the transition to the group tax sharing system introduced in the "Act Partially Amending the Income Tax Act" (Act No. 8 of 2020) and items revised on non-consolidated taxation system in connection with the transition to the group tax sharing system, the Company and some consolidated subsidiaries in Japan have not applied the provisions of paragraph 44 of the "Guidance on Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Guidance No. 28, February 16, 2018) as allowed by the provisions of paragraph 3 of the "Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ PITF No. 39, March 31, 2020). Accordingly, amounts of deferred tax assets and deferred tax liabilities are determined in accordance with the provisions of the tax law before revision.

Accounting estimates related to the impact of the spread of COVID-19

Although COVID-19 has had an impact on our business performance, we have determined that it will have no impact on our accounting estimates, such as impairment accounting for non-current assets and the recoverability of deferred tax assets.

Furthermore, we have formulated our business forecast for the current consolidated fiscal year based on the assumption that the spread of COVID-19 will not become more severe than it currently is and that it will gradually subside. However, if the impact of COVID-19 becomes even more severe going forward and interferes with the business activities of the Group, it may affect the consolidated financial statements for the following quarter and beyond.

Segment information

I. Three months ended June 30, 2020 (from April 1, 2020 to June 30, 2020)

1. Information on the amount of net sales and profit/loss for each reportable segment

(Millions of yen)

	Reportable segments							Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the quarterly consolidated statement of income (Note 3)
	Industrial Equipment & Tools	Machine Tools	Housing, Air & Fluidic Control Systems	Building Supplies & Exterior	Construction Machines	Energy	Total				
Net sales											
Sales to external customers	13,619	19,844	32,243	12,326	7,455	3,332	88,822	5,515	94,338	–	94,338
Intersegment sales or transfers	1,949	604	1,187	1,027	635	7	5,411	15	5,427	(5,427)	–
Total	15,568	20,449	33,431	13,353	8,091	3,339	94,234	5,531	99,765	(5,427)	94,338
Segment profit	227	579	753	353	126	71	2,111	32	2,144	(673)	1,471

Notes:
1. The classification “Other” is a segment of business not included in the reportable segments and includes businesses selling lifestyle-related products and wood products.
2. The adjustment of the segment profit of negative ¥673 million represents mainly costs related to the administration division of the Company that has not been attributed to a reportable segment.
3. Segment profit is adjusted to operating profit as recorded on the quarterly consolidated statement of income.

2. Information on impairment losses on non-current assets, goodwill, etc. for each reportable segment

No item to report.

II. Three months ended June 30, 2021 (from April 1, 2021 to June 30, 2021)

1. Information on the amount of net sales and profit/loss for each reportable segment

(Millions of yen)

	Reportable segments							Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded in the quarterly consolidated statement of income (Note 3)
	Industrial Equipment & Tools	Machine Tools	Housing, Air & Fluidic Control Systems	Building Supplies & Exterior	Construction Machines	Energy	Total				
Net sales											
Sales to external customers	16,186	17,709	34,641	10,267	6,095	4,162	89,063	5,862	94,925	–	94,925
Intersegment sales or transfers	2,954	768	1,906	939	989	7	7,565	151	7,716	(7,716)	–
Total	19,141	18,478	36,547	11,207	7,084	4,170	96,629	6,013	102,642	(7,716)	94,925
Segment profit	210	329	611	283	48	35	1,519	65	1,584	(751)	833

Notes:
1. The classification “Other” is a segment of business not included in the reportable segments and includes businesses selling lifestyle-related products and wood products.
2. The adjustment of the segment profit of negative ¥751 million represents mainly costs related to the administration division of the Company that has not been attributed to a reportable segment.
3. Segment profit is adjusted to operating profit as recorded on the quarterly consolidated statement of income.

2. Information on impairment losses on non-current assets, goodwill, etc. for each reportable segment

No item to report.

3. Matters related to changes in reportable segments

As stated in the “Changes in Accounting Policy,” the Company has applied the Accounting Standard for Revenue Recognition from the beginning of the first quarter of the current fiscal year and changed the accounting method for revenue recognition, and accordingly, the calculation method for net sales and profit or loss by business segment has been changed.