

Quarterly Financial Results for the 2nd Quarter, Ended September 30, 2022 (Japanese GAAP, Consolidated)

November 9, 2022

Name of Listed Company: **Kaneka Corporation**

Stock Exchange Listings: Tokyo

Code Number: 4118

URL <https://www.kaneka.co.jp/en/>

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Scheduled date for submitting financial statements: November 11, 2022 Scheduled date of dividend distribution: December 5, 2022

Note: Figures have been rounded down to the nearest million yen.

1. Consolidated Business Performance for the 2nd Quarter, Ended September 30, 2022

(from April 1, 2022 to September 30, 2022)

(1) Consolidated business performance (cumulative) (% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Apr. 2022 – Sep. 2022	380,602	15.2	20,813	(9.6)	22,518	7.8	16,568	12.2
Apr. 2021 – Sep. 2021	330,267	23.8	23,015	227.2	20,891	420.0	14,766	496.2

Note: Comprehensive income: ¥26,605 million (40.2%) for the six months ended September 30, 2022

¥18,972 million (188.4%) for the six months ended September 30, 2021

	Net income per share	Fully diluted net income per share
	¥	¥
Apr. 2022 – Sep. 2022	252.67	252.04
Apr. 2021 – Sep. 2021	226.35	225.75

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of September 30, 2022	775,529	434,031	53.6
As of March 31, 2022	726,959	412,204	53.3

Reference: Shareholders' equity: ¥415,425 million as of September 30, 2022

¥387,150 million as of March 31, 2022

2. Dividends

	Annual dividends				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
Apr. 2021 – Mar. 2022	¥ —	¥ 50.00	¥ —	¥ 60.00	¥ 110.00
Apr. 2022 – Mar. 2023	—	55.00			
Apr. 2022 – Mar. 2023 (Forecasts)			—	55.00	110.00

Note: Changes in dividend forecast during the quarter under review: No

3. Forecast for Consolidated Business Performance for the Year Ending March 31, 2023

(from April 1, 2022 to March 31, 2023)

(Percentage figures represent changes from the corresponding periods of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	760,000	9.9	40,000	(8.2)	39,000	(4.5)	27,000	1.9	410.05

Note: Revisions to consolidated business performance forecasts during the quarter under review: Yes

※ Notes

- (1) Changes in principal subsidiaries during the term: None
- (2) Application of simplified methods of accounting and specific accounting methods: None
- (3) Changes in accounting principles, changes in estimates, or restatements
 - 1. Changes owing to revisions in accounting standards: Yes
 - 2. Changes other than 1. above: None
 - 3. Changes in accounting estimates: None
 - 4. Restatements: None

Note: For details, please refer to the section entitled “(4) Notes to the Consolidated Financial Statements (Changes in Accounting Principles)” under “2. Quarterly Consolidated Financial Statements and Main Notes” on page 14.

(4) Number of shares outstanding (common stock)

- 1. Number of shares issued at the end of the period (including treasury stock):
- 2. Number of shares of treasury stock at the end of the period:
- 3. Average number of shares during the period (calculated cumulatively from the beginning of the fiscal year):

September 30, 2022	68,000,000 shares	March 31, 2022	68,000,000 shares
September 30, 2022	999,274 shares	March 31, 2022	2,761,323 shares
September 30, 2022	65,573,827 shares	September 30, 2021	65,239,185 shares

※These financial statements are exempt from audit procedures

※Explanations or other items pertaining to appropriate use of business performance forecasts

The business performance forecasts and certain other statements contained in this document are forward-looking statements, which are based on information currently available to the Company and certain assumptions determined to be reasonable by the Company. For a variety of reasons, actual performance may differ substantially from these forecasts. They do not constitute a guarantee that the Company will achieve these forecasts or other forward-looking statements. For cautionary items used in business performance forecasts, please refer to the section entitled “(3) Consolidated Business Forecasts” under “1. Quarterly Consolidated Business Performance” on page 5.

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1. Quarterly Consolidated Business Performance

(1) Consolidated Business Performance

➤ **State of the Global Economy - Growing Uncertainty About the Future -**

In the first six months (April 1 to September 30, 2022, "1H"), while the social impact of COVID-19 eased, the global economic situation remained unstable due to the turmoil caused by the Ukrainian crisis, steep rises and falls of energy and raw material prices, economic slowdown due to accelerating global inflation and rising interest rates, and the significant depreciation of the yen.

➤ **Kaneka Group's Business Performance - Increase in Ordinary Income and Quarterly Net Income due to Growth in Leading-edge Businesses -**

In this business environment, Kaneka Group's business performance for 1H was as follows. Consolidated net sales were ¥380,602 million (up 15.2% year-on-year), operating income was ¥20,813 million (down 9.6% year-on-year), ordinary income was ¥22,518 million (up 7.8% year-on-year), and net income attributable to owners of parent was ¥16,568 million (up 12.2% year-on-year).

Business performance for the first six months (April 1, 2022 to September 30, 2022)			(Millions of yen)
	FY2021 1H (Apr.-Sep.)	FY2022 1H (Apr.-Sep.)	Difference (year-on-year)
Net sales	330,267	380,602	50,335 15.2%
Operating income	23,015	20,813	(2,202) (9.6%)
Ordinary income	20,891	22,518	1,627 7.8%
Net income attributable to owners of parent	14,766	16,568	1,801 12.2%

Net sales and operating income by segment for the first six months (April 1, 2022 to September 30, 2022) (Millions of yen)

	Net sales				Operating income			
	FY2022			Difference (year-on-year)	FY2022			Difference (year-on-year)
	1Q	2Q	1H		1Q	2Q	1H	
Material SU	88,919	83,975	172,895	32,005 22.7%	10,756	7,947	18,703	739 4.1%
Quality of Life SU	45,000	42,194	87,195	4,460 5.4%	4,600	4,069	8,669	(654) (7.0%)
Health Care SU	16,623	17,369	33,993	7,375 27.7%	3,856	3,653	7,510	2,257 43.0%
Nutrition SU	41,879	44,091	85,970	6,490 8.2%	806	1,296	2,103	17 0.8%
Others	316	231	547	2 0.5%	186	95	282	31 12.5%
Adjustment	-	-	-	-	(7,994)	(8,460)	(16,455)	(4,593)
Total	192,739	187,863	380,602	50,335 15.2%	12,212	8,601	20,813	(2,202) (9.6%)

※SU : Solutions Unit

As the global economic slowdown intensified in the second quarter (July 1 to September 30, 2022, "2Q"), we were affected by market supply-demand adjustments and market declines in Vinyls and Chlor-Alkali, Modifiers and E & I Technology. Despite this, our leading-edge businesses (Health Care, etc.) grew steadily as our unique differentiating technologies expanded the market. We are making steady progress in transforming our business portfolio.

※Foundation businesses ... Vinyls and Chlor-Alkali, Modifiers, Foam & Residential Techs, Performance Fibers, Foods

Leading-edge businesses... Modified Silicone polymers, E & I Technology, Pharma, Medical, Supplemental Nutrition, Agris, PV & Energy management

The operating performance by business segment was as follows:

① **Material Solutions Unit**

- As a whole, this unit recorded increases in both sales and profits, exceeding the previous year's 1H.
- For Vinyls and Chlor-Alkali, although the Asian PVC spot-market weakened from 2Q, caustic soda led the performance, exceeding sales of the previous fiscal year. Going forward, adjusting supply and demand in the Asian market will be a key factor.
 - For Modifiers, a sharp slowdown in rigid PVC usage for housing in Europe and the U.S. from 2Q led to less sales in 1H than the previous 1H. We are strengthening our Research & Business activities and development of non-PVC applications.
 - For Modified Silicone polymers, steady sales linked to usage of sealants and adhesives maintained the same levels as the previous fiscal year. As this Solutions Vehicle is expected to grow steadily, we decided in August to increase capacity in Belgium. We are considering another capacity increase at the end of this fiscal year.
 - Regarding KANEKA Biodegradable Polymer Green Planet™, joint developments with major brand holders in Japan, Europe and the U.S. are progressing well. We will concentrate R&D efforts into innovative technologies that use hydrogen-oxidizing bacteria to produce Green Planet™ from CO₂ and H₂ to realize the social implementation of "biomanufacturing", a prioritized policy of the government.

② **Quality of Life Solutions Unit**

- This unit recorded higher sales but lower profits due to the impact of supply-demand adjustments in E & I Technology.
- Foam & Residential Techs focused on price revisions. Domestic demand is steadily recovering after bottoming out in the first quarter (April 1 to June 30, 2022, "1Q"). On the other hand, overseas, the automotive sector has been slow to recover due to ongoing disruptions in the supply chains of semiconductors and other parts.
 - Along with soaring crude oil and coal prices, an energy crisis (electricity shortage) is becoming apparent worldwide. Against this backdrop, inquiries for our PV are increasing. Policy initiatives such as the Tokyo Metropolitan Government's requirement for installing PV in preparation for the "2030 Carbon Half" are being rolled out nationwide, and sales of high-efficiency photovoltaic modules for housing are growing. We decided to increase production of heterojunction PV. We are also actively working on PV installation for self-consignment and other measures for reducing CO₂.
 - For E & I Technology, sales were significantly impacted by the overall supply-demand adjustments in the smartphone and large-screen TV markets. As a result, business performance dropped below the previous year's level. However, we decided to increase production capacity for resins for acrylic films by 40% in anticipation of the market expanding from here on. We are focusing on developing new leading products such as 5G, flexible displays, and image sensor components, and such development epitomizes Kaneka's unique ability to anticipate the market ahead of time.
 - For Performance Fibers, sales results were on par with the previous year. Demand for hair accessory products is anticipated to decrease due to coming inflation, but we will work to expand demand by launching new differentiating products. Sales of products for flame-retardant materials grew in Asia.

③ Health Care Solutions Unit

This unit recorded substantial increases in both sales and profits.

- For Medical, we continue to see constant growth in domestic and overseas sales of blood purification devices and catheters, which are our main products. We tripled production capacity at our plant in Vietnam. We will steadily strengthen our sales structure in the U.S., which is a major market, and accelerate the global development of our Medical business. We doubled the production of our COVID-19 PCR diagnostic reagents. We will also expand our production for COVID-19 antigen testing kits.
- Pharma is expanding its biopharmaceutical CDMO business at a favorable rate, and this includes COVID-19 vaccines in Kaneka Eurogentec S.A. We are preparing to increase capacity of mRNA manufacturing facilities in order to expand our business foundation. Sales related to a large new project for an antiviral drug as well as sales of Protein A chromatography resin that is used in refining antibody drugs also made a significant contribution to business results.

④ Nutrition Solutions Unit

In this unit, the business performance in 1H recovered from 2Q and was on a par with the previous year.

- AB-Biotics's probiotics business performance grew significantly. We are reinforcing the sales structure of global production. Production of the active form of coenzyme Q10 is approaching full capacity, and we are considering to increase production. We are enhancing our functional foods product lineup.
- For Foods & Agris, there is a widespread pullback in consumer spending due to media coverage of food price hikes and other factors. Despite bad weather conditions such as large typhoons, earnings recovered due to price revisions and a growth in sales of products with high added value. Functional foods launched in August that include “Watashi no Chikara (My Energy)™ - Q10 Yogurt” and “Watashi no Chikara (My Energy)™ - Q10 Yogurt drink type”, are seeing growing sales thanks to their high reputation in the marketplace and the media. We will continue enhancing our products that focus on flavor and health.

(2) Consolidated Financial Position

- Financial position (assets, liabilities and net assets)

At the end of 2Q, total assets were ¥775,529 million, up ¥48,569 million from the previous fiscal year-end, mainly due to an increase in inventory assets. Liabilities totaled ¥341,498 million, up ¥26,742 million, primarily reflecting an increase in loans payable. Net assets were ¥434,031 million, up ¥21,827 million, owing chiefly to an increase in retained earnings and foreign currency translation adjustments.

- Consolidated Cash Flows

Net cash provided by operating activities during 1H was ¥10,412 million mainly due to income before income taxes and depreciation and amortization. Net cash used in investment activities amounted to ¥20,975 million, mainly due to the purchases of property, plants, and equipment. Net cash provided by financing activities amounted to ¥3,684 million, mainly owing to an increase in loans payable. As a result, cash and cash equivalents as of September 30, 2022 totaled ¥35,151 million.

(3) Consolidated Business Forecasts

The IMF lowered its July forecast for 2022 global GDP growth to 3.2% and its October forecast for 2023 to 2.7%. Along with economic slowdowns in the EU region and the U.S., signs of recession are emerging in China and other Asian economies, and the global economy as a whole is expected to experience a strong sense of regression.

Based on the business performance up until 2Q and the business environment outlook, the Group has revised its forecast for consolidated business performance announced on May 12, 2022.

Revisions to the forecast for consolidated business performance for the fiscal year ending March 31, 2023 (April 1, 2022 to March 31, 2023)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Previous forecast (A)	¥ million 740,000	¥ million 48,000	¥ million 43,000	¥ million 28,000	¥ 420.60
Current forecast (B)	760,000	40,000	39,000	27,000	410.05
Change (B-A)	20,000	(8,000)	(4,000)	(1,000)	
Percent change (%)	2.7	(16.7)	(9.3)	(3.6)	
(Reference: Year ended March 31, 2022)	691,530	43,562	40,816	26,487	406.01

For the third quarter (October 1 to December 31, 2022, "3Q") and beyond, the key factor will be how intensively and how long the supply-demand adjustments will continue in the Europe, U.S. and Asia markets for Material Solutions Unit. It is anticipated that supply-demand adjustments will continue in electronics-related markets, such as smartphones and TVs. Consumption demand in the inflationary African market is also expected to delay its recovery.

Meanwhile, Foam & Residential Techs Solutions Vehicle and Foods & Agris Solutions Vehicle, which were strongly affected by rising raw material prices up until 2Q, are expected to steadily improve their profitability as prices are revised. In addition, the Health Care Solutions Unit is expected to continue its steady growth, mainly by continuing to grow sales of new, differentiating products. As a result, sales and profits are expected to continually increase.

Although we decided to revise our forecasts for business performance by segment as described below, we expect to gain increases in both sales and profits in all segments except the Material Solutions Unit. We will steadily transform our portfolio by increasing the proportion of revenue from leading-edge businesses.

Amid an increasingly uncertain business environment, we will maximize our "Adaptability" and leverage our strong global and local network capabilities in overseas markets to improve the competitiveness of our foundation businesses (Vinyls and Chlor-Alkali, Modifiers, Performance Fibers, etc.) and accelerate the growth of our leading-edge businesses (Health Care Solutions Unit, Modified Silicone polymers, etc.), while steadily strengthening our revenue base.

Forecasts for consolidated business performance by segment for the fiscal year ending March 31, 2023

(April 1, 2022 to March 31, 2023)

(Millions of yen)

	Net sales			Operating income		
	Previous forecast	Revised forecast	Difference	Previous forecast	Revised forecast	Difference
Material SU	320,000	340,000	20,000 6.3%	34,000	31,000	(3,000) (8.8%)
Quality of Life SU	185,000	175,000	(10,000) (5.4%)	20,500	17,000	(3,500) (17.1%)
Health Care SU	69,500	71,000	1,500 2.2%	15,800	16,000	200 1.3%
Nutrition SU	164,500	173,000	8,500 5.2%	6,800	6,800	- -
Others	1,000	1,000	- -	500	500	- -
Adjustment	-	-	-	(29,600)	(31,300)	(1,700) -
Total	740,000	760,000	20,000 2.7%	48,000	40,000	(8,000) (16.7%)

※SU : Solutions Unit

With regard to the exchange rates and raw material prices, forecast figures assume an exchange rate of ¥140 to the U.S. dollar, ¥140 to the euro and a domestic naphtha price of ¥75,000 per kiloliter from October 1, 2022 onward.

- ※ The above performance forecasts for the Kaneka Group are regarded as reasonable based on information available at the time of the announcement. Readers should be aware that actual results may vary significantly from these forecasts due to various factors.

2. Quarterly Consolidated Financial Statements and Main Notes**(1) Quarterly Consolidated Balance Sheets**

(Millions of yen)

	FY2021 As of March 31, 2022	FY2022 2nd Quarter As of September 30, 2022
Assets		
Current assets		
Cash and deposits	41,735	35,850
Notes and accounts receivable-trade, and contract assets	164,128	169,965
Short-term investment securities	217	139
Merchandise and finished goods	69,183	88,957
Work in process	12,171	12,368
Raw materials and supplies	59,128	65,580
Other	17,897	19,614
Allowance for doubtful accounts	(1,552)	(1,478)
Total current assets	362,910	390,998
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	92,052	96,843
Machinery, equipment and vehicles, net	110,339	112,013
Other, net	68,883	82,074
Total property, plant and equipment	271,275	290,931
Intangible assets		
Goodwill	2,559	2,573
Other	12,417	13,072
Total intangible assets	14,977	15,645
Investments and other assets		
Investment securities	58,609	56,270
Other	19,488	21,965
Allowance for doubtful accounts	(300)	(280)
Total investments and other assets	77,796	77,954
Total noncurrent assets	364,049	384,531
Total assets	726,959	775,529

(Millions of yen)

	FY2021 As of March 31, 2022	FY2022 2nd Quarter As of September 30, 2022
Liabilities		
Current liabilities		
Notes and accounts payable-trade	92,068	92,814
Short-term loans payable	89,992	103,315
Income taxes payable	3,466	4,877
Provision	134	5
Other	48,839	46,830
Total current liabilities	234,502	247,843
Noncurrent liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	28,627	28,407
Provision	2,626	2,461
Net defined benefit liability	31,559	31,276
Other	7,439	21,508
Total noncurrent liabilities	80,253	93,654
Total liabilities	314,755	341,498
Net assets		
Shareholders' equity		
Capital stock	33,046	33,046
Capital surplus	31,392	32,205
Retained earnings	309,507	320,459
Treasury stock	(11,528)	(4,120)
Total shareholders' equity	362,417	381,591
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,331	19,485
Deferred gains or losses on hedges	(4)	4
Foreign currency translation adjustment	4,381	14,934
Remeasurements of defined benefit plans	(975)	(589)
Total accumulated other comprehensive income	24,732	33,834
Subscription rights to shares	619	622
Non-controlling interests	24,435	17,983
Total net assets	412,204	434,031
Total liabilities and net assets	726,959	775,529

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	FY2021 2nd Quarter From April 1, 2021 to September 30, 2021	FY2022 2nd Quarter From April 1, 2022 to September 30, 2022
Net sales	330,267	380,602
Cost of sales	233,586	277,284
Gross profit	96,680	103,317
Selling, general and administrative expenses	73,664	82,503
Operating income	23,015	20,813
Non-operating income		
Dividends income	777	928
Foreign exchange gains	—	3,365
Equity in earnings of affiliates	72	93
Other	503	395
Total non-operating income	1,353	4,783
Non-operating expenses		
Interest expenses	530	750
Loss on retirement of noncurrent assets	593	692
Foreign exchange losses	56	—
Other	2,298	1,634
Total non-operating expenses	3,478	3,077
Ordinary income	20,891	22,518
Income before income taxes	20,891	22,518
Income taxes-current	4,547	5,563
Income taxes-deferred	825	(107)
Total income taxes	5,373	5,456
Net income	15,517	17,062
Net income attributable to non-controlling interests	750	493
Net income attributable to owners of parent	14,766	16,568

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2021 2nd Quarter From April 1, 2021 to September 30, 2021	FY2022 2nd Quarter From April 1, 2022 to September 30, 2022
Net income	15,517	17,062
Other comprehensive income		
Valuation difference on available-for-sale securities	1,806	(1,854)
Deferred gains or losses on hedges	(12)	8
Foreign currency translation adjustment	1,248	10,994
Remeasurements of defined benefit plans, net of tax	412	391
Share of other comprehensive income of associates accounted for using equity method	(0)	2
Total other comprehensive income	3,454	9,543
Comprehensive income	18,972	26,605
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	18,101	25,670
Comprehensive income attributable to non-controlling interests	870	935

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	FY2021 2nd Quarter From April 1, 2021 to September 30, 2021	FY2022 2nd Quarter From April 1, 2022 to September 30, 2022
Net cash provided by (used in) operating activities		
Income before income taxes	20,891	22,518
Depreciation and amortization	18,875	19,563
Increase (decrease) in net defined benefit liability	608	(108)
Increase (decrease) in allowance for doubtful accounts	(46)	(121)
Interest and dividends income	(834)	(1,075)
Interest expenses	530	750
Equity in losses (earnings) of affiliates	(72)	(93)
Loss (gain) on disposal of noncurrent assets	155	366
Decrease (increase) in notes and accounts receivable-trade	(4,604)	(2,272)
Decrease (increase) in inventories	(13,712)	(21,725)
Increase (decrease) in notes and accounts payable-trade	5,810	(1,184)
Other, net	(70)	(2,960)
Subtotal	27,532	13,657
Interest and dividends income received	843	1,100
Interest expenses paid	(539)	(753)
Income taxes paid	(7,734)	(3,591)
Net cash provided by (used in) operating activities	20,102	10,412
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(16,893)	(19,979)
Proceeds from sales of property, plant and equipment	—	80
Purchase of intangible assets	(1,205)	(1,105)
Purchase of investment securities	(40)	(85)
Proceeds from sales and distributions of investment securities	818	0
Payments of loans receivable	(384)	(98)
Collection of loans receivable	198	78
Other, net	599	134
Net cash provided by (used in) investing activities	(16,908)	(20,975)

(Millions of yen)

	FY2021 2nd Quarter From April 1, 2021 to September 30, 2021	FY2022 2nd Quarter From April 1, 2022 to September 30, 2022
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(2,007)	14,380
Proceeds from long-term loans payable	9,034	109
Repayment of long-term loans payable	(6,932)	(5,451)
Repayments of lease obligations	(285)	(480)
Purchase of treasury stock	(2)	(763)
Proceeds from sales of treasury stock	0	0
Cash dividends paid	(3,261)	(3,914)
Proceeds from stock issuance to non-controlling shareholders	0	0
Dividends paid to non-controlling interests	(88)	(192)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(60)	(3)
Net cash provided by (used in) financing activities	(3,603)	3,684
Effect of exchange rate change on cash and cash equivalents	418	1,317
Net increase (decrease) in cash and cash equivalents	8	(5,561)
Cash and cash equivalents at beginning of period	46,360	40,712
Cash and cash equivalents at end of period	46,368	35,151

(4) Notes to the Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable

(Notes in the Event of Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Changes in Accounting Principles)

ASC Topic 842 "Leases" has been applied to overseas subsidiaries that apply US GAAP from the current first quarter consolidated accounting period. The impact of the application of this accounting standard on quarterly consolidated financial statements is negligible.

(Segment Information)

I Term from April 1, 2021 to September 30, 2021

1) Sales and Income by Segment

(Millions of yen)

	Reporting segments					Others (Note 1)	Total	Adjustment	Figures in consolidated financial statements (Note 2)
	Material Solutions Unit	Quality of Life Solutions Unit	Health Care Solutions Unit	Nutrition Solutions Unit	Total				
Sales									
Customers	140,889	82,735	26,617	79,479	329,722	545	330,267	-	330,267
Intersegment	407	20	-	23	451	532	983	(983)	-
Total	141,297	82,755	26,617	79,503	330,173	1,077	331,250	(983)	330,267
Segment profit	17,964	9,324	5,252	2,085	34,626	251	34,877	(11,861)	23,015

Notes: 1. "Others" is a business segment that is not included in the reporting segments and includes property insurance and life insurance business.

2. Segment profit is reconciled with operating income in the quarterly consolidated financial statements.

2) Reconciliations between Segment Total and Quarterly Consolidated Statements of Income (Adjustments)

(Millions of yen)

Income	Amount
Segment total	34,626
Segment profit of Others	251
Elimination of intersegment transactions	(7)
Companywide expenses (Note)	(11,899)
Other adjustments	45
Operating income in the quarterly consolidated statements of income	23,015

Note: Companywide expenses primarily are expenses for basic R&D that are not allocable to any reporting segment.

II Term from April 1, 2022 to September 30, 2022

1) Sales and Income by Segment

(Millions of yen)

	Reporting segments					Others (Note 1)	Total	Adjustment	Figures in consolidated financial statements (Note 2)
	Material Solutions Unit	Quality of Life Solutions Unit	Health Care Solutions Unit	Nutrition Solutions Unit	Total				
Sales									
Customers	172,895	87,195	33,993	85,970	380,054	547	380,602	-	380,602
Intersegment	162	18	-	29	210	551	761	(761)	-
Total	173,057	87,214	33,993	86,000	380,265	1,098	381,363	(761)	380,602
Segment profit	18,703	8,669	7,510	2,103	36,986	282	37,268	(16,455)	20,813

Notes: 1. "Others" is a business segment that is not included in the reporting segments and includes property insurance and life insurance business.

2. Segment profit is reconciled with operating income in the quarterly consolidated financial statements.

2) Reconciliations between Segment Total and Quarterly Consolidated Statements of Income (Adjustments)

(Millions of yen)

Income	Amount
Segment total	36,986
Segment profit of Others	282
Elimination of intersegment transactions	0
Companywide expenses (Note)	(16,517)
Other adjustments	61
Operating income in the quarterly consolidated statements of income	20,813

Note: Companywide expenses primarily are expenses for basic R&D that are not allocable to any reporting segment.