Quarterly Financial Results for 2nd Quarter, Ended September 30, 2019
(Japanese GAAP, Consolidated)

November 12, 2019

Name of Listed Company: **Kaneka Corporation** Stock Exchange Listings: Tokyo, Nagoya

Code Number: 4118 URL http://www.kaneka.co.jp

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Scheduled date for submitting financial statements: November 13, 2019 Scheduled date of dividend distribution: December 5, 2019

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

1. Consolidated Business Performance for 2nd Quarter, Ended September 30, 2019
(from April 1, 2019 to September 30, 2019)

(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. 2019 – Sep. 2019	299,855	(2.0)	12,817	(28.9)	9,675	(39.3)	6,046	(43.4)
Apr. 2018 – Sep. 2018	306,053	4.7	18,016	13.5	15,943	10.0	10,686	11.1

Note: Comprehensive income (loss): ¥2,079 million (-86.5%) for the six months ended September 30, 2019
¥15,456 million (-17.8%) for the six months ended September 30, 2018

	Net income per share	Fully diluted net income per share
	¥	¥
Apr. 2019 – Sep. 2019	92.70	92.54
Apr. 2018 – Sep. 2018	163.00	162.75

Note: The Company conducted a consolidation of shares of common stock at the ratio of five shares to one share on October 1, 2018. However, net income per share and fully diluted net income per share have been calculated as though the share consolidation took place on April 1, 2018.

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	¥ million	¥ million	%
As of September 30, 2019	643,465	357,193	52.0
As of March 31, 2019	659,587	360,726	51.1

(Reference) Shareholders' equity: ¥334,602 million as of September 30, 2019
¥336,992 million as of March 31, 2019

2. Dividends

	Annual dividends				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
	¥	¥	¥	¥	¥
Apr. 2018 – Mar. 2019	—	9.00	—	55.00	—
Apr. 2019 – Mar. 2020	—	50.00			
Apr. 2019 – Mar. 2020 (Forecasts)			—	50.00	100.00

Note: Changes in dividend forecast during the quarter under review: No
The Company conducted a consolidation of shares of common stock at the ratio of five shares to one share on October 1, 2018. The 2nd Quarter dividend per share for the fiscal year ended March 31, 2019 shows the amount before the consolidation of shares and the annual dividend per share is shown as "—."

3. Forecast for Consolidated Business Performance for the Year Ending March 31, 2020
(from April 1, 2019 to March 31, 2020)

(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	625,000	0.6	32,000	(11.2)	26,000	(16.8)	18,000	(19.1)	275.98

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

4. Other

(1) Changes in principal subsidiaries during the term: No
(2) Application of simplified methods of accounting and specific accounting methods: No
(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: No
3. Changes in accounting estimates: No
4. Restatements: No

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" on page 12.

(4) Number of shares outstanding (common stock)

1. Number of shares issued at the end of the period (including treasury stock):	September 30, 2019	68,000,000 shares	March 31, 2019	68,000,000 shares
2. Number of shares of treasury stock at the end of the period:	September 30, 2019	2,773,471 shares	March 31, 2019	2,778,423 shares
3. Average number of shares during the period (calculated cumulatively from the beginning of the fiscal year)	September 30, 2019	65,223,202 shares	September 30, 2018	65,561,353 shares

Note: The Company conducted a consolidation of shares of common stock at the ratio of five shares to one share on October 1, 2018. However, the number of shares issued at the end of the period, the number of shares of treasury stock at the end of the period, and the average number of shares during the period have all been calculated as though the share consolidation took place on April 1, 2018.

(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 rationally determined based on information currently available to 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.

Supplementary Materials

Contents

1. Quarterly Consolidated Business Performance

(1) Consolidated Business Performance

The global economy showed clear signs of deceleration, as intensified U.S.-China trade friction not only affected the Chinese economy, but also rippled out to technologically interconnected global supply chains. In addition, the global economic slowdown reflected the turmoil surrounding Brexit and heightened geopolitical tensions in the Middle East.

In this business environment, the Kaneka Group’s business performance for the first six months under review (April 1, 2019 to September 30, 2019) was as follows. Due to weak demand in Asia and Europe, sluggish conditions in the automotive and electronics industries, and the impact of the yen’s appreciation, consolidated net sales amounted to ¥299,855 million (down 2.0% year on year), and operating income was ¥12,817 million (down 28.9% year on year). Ordinary income was ¥9,675 million (down 39.3% year on year). Net income attributable to owners of parent was ¥6,046 million (down 43.4% year on year).

The Material Solutions Unit and the E & I Technology Solutions Vehicle business were mainly responsible for the decreases in sales and earnings in the first half of the fiscal year. However, the tide is expected to turn in the second half, with a projected improvement in raw materials conditions, foreign exchange rates and demand in overseas markets. Moreover, the Health Care Solutions Unit and Nutrition Solutions Unit are expected to post steady growth. Based on this outlook, overall sales and earnings in the second half are expected to return to the previous year’s levels.

Operating performance by business segment was as follows:

1) Material Solutions Unit

In the Vinyls and Chlor-Alkali business, sales of PVC resins and specialty PVC resins saw lackluster market conditions in Japan, but overseas demand remained firm, notably in India. With market conditions remaining sluggish in Asia, caustic soda was a major factor behind the slowdown in the business performance of the Vinyls and Chlor-Alkali Solutions Vehicle. Market conditions are expected to recover early in the new year.

In the Performance Polymers business, application fields for modifiers have spread extensively around the world. For this reason, modifiers were strongly affected by declining demand due to the sluggish global economy. Epoxy masterbatch is expected to serve as a driving project for advancing structural reforms in the Performance Polymers Solutions Vehicle. In response to surging demand, the Group has been undertaking construction work to increase production capacity, with the aim of starting operations in July 2020.

In modified silicone polymers, sales trended firmly. Enhanced production capacity came online in Belgium in December 2018, contributing immensely to earnings. The Group is working to develop the Asian market, which is a new frontier for Performance Polymers Solutions Vehicle products. Sales to the Asian market have been growing. Notably, new production lines in Malaysia are expected to push up profit.

Kaneka Biodegradable Polymer PHBH has been gaining attention, as it was featured as a solution to the microplastics issue at the G20 summit. It was also highlighted by Prime Minister Shinzo Abe when he discussed his high expectations for Kaneka’s biodegradable polymer in his address at the Science and Technology in Society forum (STS forum) in October. PHBH is being increasingly adopted for use in a wide range of applications, such as straws, shopping bags, and packaging materials for customers including cosmetics manufacturers and convenience stores such as Seven-Eleven Japan Co., Ltd. Concurrently, progress is being made on projects with major overseas brand holders. The Group will start operating a 5,000-ton plant at the end of 2019. It also plans to decide on the construction of a full-fledged mass production plant within the fiscal year ending March 31, 2020, in order to address further growth in demand.

Overall, the Material Solutions Unit posted large decreases in sales and earnings.

2) Quality of Life Solutions Unit

In the Performance Fibers business, the African market has continued to expand. In developed countries outside Africa, such as the U.S., the Group's hair accessory products have gain strong recognition for their brand worthiness as high-functionality hair accessories. The Group has made headway on developing new sources of demand, and this business has been driving profitability. With surging demand projected to continue in the second half, the Group is working to improve productivity and increase production through debottlenecking measures, in order to meet new demand.

In the Foam & Residential Techs business, earnings improved substantially as the Group passed high raw materials costs onto sales prices. As an initiative to strengthen the business platform, the Group made efforts to develop distribution sites to improve the bottom line. These efforts led to improved earnings. In polyolefin foam, sales for automotive applications have declined in the short term due to the market turmoil caused by global trade tensions. However, global demand is expected to grow in response to the heightened need for lightweight materials going forward. With this future growth in demand in mind, the Group will strive to strengthen its business platform by increasing capacity and introducing new processes.

In the PV & Energy management business, the Group's high-efficiency photovoltaic module products have gained strong technical recognition and attracted significant market interest amid a rising tide of social concerns about global warming. As a result, sales of these products have been growing steadily, primarily to major homebuilders. The Group's proprietary photovoltaic modules for electricity-generating windows and walls are attracting strong interest as net zero energy management system materials for houses and buildings. The Group is working without delay to build a framework to boost production in response to growing demand for these new products. In September, the Group supplied high-performance solar panels to Seven-Eleven Japan Co., Ltd. for a verification test to operate a Seven-Eleven Japan store with renewable energy.

In the E & I Technology business, ultra-heat-resistant polyimide films and high thermal conductive graphite sheets were strongly affected by a slowdown in the smartphone market. In view of an ongoing paradigm shift driven by digital transformation, the Group will work to sell unique new products in new markets such as colorless polyimide film, new PIXEO products, and polyimide varnish for organic electroluminescent displays and 5G smartphones. These new products are positioned as core materials for the ongoing paradigm shift driven by digital transformation and are expected to grow going forward.

3) Health Care Solutions Unit

In the Medical Devices business, sales growth has been driven by new products such as high-functionality balloon catheters and digestive system catheters. Sales increased in the Japanese and overseas markets. Moreover, the Group plans to launch a new embolization coil product in Japan and overseas in the second half. The Group positions the Medical Devices business as a core business in the health field, which is a high priority area. Looking ahead, the Group seeks to expand sales in therapeutic fields such as drug-coated balloon catheters and electrode catheters. In addition, the Group aims to expand business in new medical domains including the fractional flow reserve product of a U.S. medical equipment company with which the Group has formed a new investment and strategic agreement.

In the Pharma business, the sales volume of small molecule pharmaceuticals declined in the first half, due to the timing of shipments to major customers was shifted to the second half. However, this should add momentum to a substantial recovery in profitability in the second half. Meanwhile, sales have grown firmly for biopharmaceuticals made by Kaneka Eurogentec S.A. With the completion of work on bolstering production capacity, the Group is developing new products with customers in the run-up to the full-scale start of operations in April 2020.

4) Nutrition Solutions Unit

In the Foods & Agris business, the Group conducted proactive proposal-based sales to major suppliers of bakery products, convenience stores, and food manufacturers. These activities drove expanded sales, leading to earnings growth. In addition, the products of Kaneka Sun Spice Corporation, a Group company, have enjoyed greater adoption for use in food with a growing need for spices as diets continue to diversify. In Indonesia, the tasty bread and confectionery culture of Japan is entering a period of booming expansion and the Group is rushing to build a new factory, with plans to start operations in May 2020. In the dairy products business, the Group has entered the market and garnered a positive reception for the “Milk for bread lovers,” and “Café au lait for bread lovers” products, along with “Belgian Yogurt Pur Natur,” a product launched in August that has been the focus of active promotions. The Group will move quickly to consider construction of a new dairy product plant. The Group will partner with dairy farmers to improve quality in areas such as health, and develop recycling-oriented dairy farming.

In the Supplemental Nutrition business, sales of the reduced form of coenzyme Q10 were firm in the U.S. The Group is globally expanding sales of lactic acid supplements produced by AB-Biotics, S.A., a consolidated subsidiary in Spain. These lactic acid supplements are regarded highly for their unique properties. The Group will enhance production and sales activities in the U.S., as part of efforts to speed up the global expansion of functional food products.

(2) Consolidated Financial Position

1) Status of Assets, Liabilities and Equity

Total assets were ¥643,465 million as of September 30, 2019, down ¥16,122 million compared with March 31, 2019, due to a decrease in notes and accounts receivable-trade. Liabilities totaled ¥286,272 million, down ¥12,589 million due to a decrease in notes and accounts payable-trade. Net assets were ¥357,193 million, down ¥3,533 million due to a decrease in foreign currency translation adjustment.

2) Consolidated Cash Flows

Net cash provided by operating activities during the first six months of the year was ¥16,160 million, mainly due to income before income taxes and depreciation and amortization, while net cash used in investing activities amounted to ¥20,920 million, mainly due to the purchase of property, plant and equipment. Net cash used in financing activities was ¥3,312 million, mainly owing to cash dividends paid. As a result, cash and cash equivalents as of September 30, 2019 totaled ¥31,750 million.

(3) Consolidated Business Forecasts

In October, the International Monetary Fund (IMF) reduced its outlook for global growth for 2019 to 3.0%, the lowest level since the financial crisis. Accordingly, the business environment will remain under pressure in the near term due to a deceleration in global economic conditions.

However, the Group foresees a recovery in demand for its unique high-performance products, primarily in overseas markets. These products are offered by units such as the Material Solutions Unit and E & I Technology Solutions Vehicle, which were the main factors behind the large decreases in sales and earnings in the first half. Against this backdrop, steady growth is forecast for the Performance Fibers Solutions Vehicle, Health Care Solutions Unit, and Nutrition Solutions Unit. Combined with raw materials conditions and foreign exchange rate movements, the Group expects earnings in the second half to return to the previous year's levels. That said, on a full-year basis, the decreases in sales and profit in the first half, centered on the Material Solutions Unit, will have a lingering impact on business performance. Consequently, the Group has decided to revise its forecasts for consolidated business performance for the fiscal year ending March 31, 2020, which were announced on May 14, 2019.

The Group remains committed to drawing out the unlimited possibilities of chemical materials, as well as contributing to the solution of global environmental problems, healthy and vibrant lives for people, and the formation of a sustainable society.

With regard to exchange rates and raw material prices, forecast figures assume an exchange rate of ¥108 to the U.S. dollar, ¥120 to the euro and a domestic naphtha price of ¥40,000 per kiloliter from October 1, 2019 onward.

Revisions to forecast for consolidated business performance in the term ending March 31, 2020
(from April 1, 2019 to March 31, 2020)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
	¥ million	¥ million	¥ million	¥ million	¥
Previous forecast (A)	650,000	40,000	35,000	23,000	354.00
Current forecast (B)	625,000	32,000	26,000	18,000	275.98
Change (B–A)	(25,000)	(8,000)	(9,000)	(5,000)	
Percentage change (%)	(3.8%)	(20.0%)	(25.7%)	(21.7%)	
(Reference: Year ended March 31, 2019)	621,043	36,041	31,268	22,238	339.15

Note: The above performance forecasts are regarded as reasonable on the basis of information available at the time of announcement. Readers should therefore be aware that actual results may vary from these forecasts due to various uncertainties.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY2018 Term ended March 31, 2019	FY2019 2nd Quarter Term ended September 30, 2019
Assets		
Current assets		
Cash and deposits	40,905	32,551
Notes and accounts receivable-trade	147,993	132,738
Short-term investment securities	232	215
Merchandise and finished goods	61,609	65,286
Work in process	9,365	9,822
Raw materials and supplies	41,459	42,058
Other	13,918	16,684
Allowance for doubtful accounts	(1,237)	(1,212)
Total current assets	314,245	298,146
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	79,815	84,173
Machinery, equipment and vehicles, net	106,395	109,144
Other, net	65,710	65,188
Total property, plant and equipment	251,922	258,505
Intangible assets		
Goodwill	3,981	3,534
Other	9,443	9,484
Total intangible assets	13,424	13,018
Investments and other assets		
Investment securities	61,273	54,795
Other	18,982	19,240
Allowance for doubtful accounts	(260)	(240)
Total investments and other assets	79,994	73,794
Total noncurrent assets	345,342	345,319
Total assets	659,587	643,465

(Millions of yen)

	FY2018 Term ended March 31, 2019	FY2019 2nd Quarter Term ended September 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	84,797	73,418
Short-term loans payable	67,668	73,792
Current portion of bonds	10,000	—
Income taxes payable	2,864	2,442
Provision	128	11
Other	48,453	45,462
Total current liabilities	213,912	195,126
Noncurrent liabilities		
Bonds payable	—	10,000
Long-term loans payable	45,122	39,994
Provision	266	261
Net defined benefit liability	34,985	34,810
Other	4,574	6,079
Total noncurrent liabilities	84,948	91,145
Total liabilities	298,861	286,272
Net assets		
Shareholders' equity		
Capital stock	33,046	33,046
Capital surplus	32,784	32,106
Retained earnings	272,944	275,570
Treasury stock	(11,601)	(11,581)
Total shareholders' equity	327,173	329,142
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,642	18,287
Deferred gains or losses on hedges	(110)	(89)
Foreign currency translation adjustment	(4,008)	(7,435)
Remeasurements of defined benefit plans	(5,705)	(5,302)
Total accumulated other comprehensive income	9,818	5,460
Subscription rights to shares	431	474
Noncontrolling interests	23,302	22,116
Total net assets	360,726	357,193
Total liabilities and net assets	659,587	643,465

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	FY2018 2nd Quarter From April 1, 2018 to September 30, 2018	FY2019 2nd Quarter From April 1, 2019 to September 30, 2019
Net sales	306,053	299,855
Cost of sales	219,774	216,103
Gross profit	86,278	83,752
Selling, general and administrative expenses	68,261	70,935
Operating income	18,016	12,817
Non-operating income		
Dividends income	914	875
Gain on sales of investment securities	―	400
Foreign exchange gains	157	―
Equity in earnings of affiliates	3	74
Gain on sales of noncurrent assets	427	―
Other	434	341
Total non-operating income	1,937	1,691
Non-operating expenses		
Interest expenses	999	916
Loss on retirement of noncurrent assets	1,223	904
Foreign exchange losses	―	697
Other	1,789	2,315
Total non-operating expenses	4,011	4,833
Ordinary income	15,943	9,675
Extraordinary losses		
Patent protection court cost	837	617
Total extraordinary losses	837	617
Income before income taxes	15,105	9,058
Income taxes-current	3,693	2,638
Income taxes-deferred	(96)	(294)
Total income taxes	3,596	2,343
Net income	11,509	6,714
Net income attributable to noncontrolling interests	823	668
Net income attributable to owners of parent	10,686	6,046

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2018 2nd Quarter From April 1, 2018 to September 30, 2018	FY2019 2nd Quarter From April 1, 2019 to September 30, 2019
Net income	11,509	6,714
Other comprehensive income		
Valuation difference on available-for-sale securities	1,623	(1,375)
Deferred gains or losses on hedges	(7)	21
Foreign currency translation adjustment	1,664	(3,683)
Remeasurements of defined benefit plans, net of tax	669	405
Share of other comprehensive income of associates accounted for using equity method	(3)	(1)
Total other comprehensive income	3,946	(4,634)
Comprehensive income	15,456	2,079
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	14,667	1,687
Comprehensive income attributable to noncontrolling interests	788	392

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	FY2018 2nd Quarter From April 1, 2018 to September 30, 2018	FY2019 2nd Quarter From April 1, 2019 to September 30, 2019
Net cash provided by (used in) operating activities		
Income before income taxes	15,105	9,058
Depreciation and amortization	15,926	16,787
Increase (decrease) in net defined benefit liability	1,135	447
Increase (decrease) in allowance for doubtful accounts	(2)	(19)
Interest and dividends income	(978)	(940)
Interest expenses	999	916
Equity in losses (earnings) of affiliates	(3)	(74)
Loss (gain) on disposal of noncurrent assets	(99)	197
Loss (gain) on sales of investment securities	—	(400)
Decrease (increase) in notes and accounts receivable-trade	(1,272)	14,608
Decrease (increase) in inventories	(7,208)	(5,508)
Increase (decrease) in notes and accounts payable-trade	822	(11,287)
Other, net	(72)	(4,400)
Subtotal	24,352	19,383
Interest and dividends income received	997	950
Interest expenses paid	(968)	(918)
Income taxes paid	(4,968)	(3,254)
Net cash provided by (used in) operating activities	19,413	16,160
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(20,006)	(23,745)
Proceeds from sales of property, plant and equipment	1,705	7
Purchase of intangible assets	(812)	(1,637)
Purchase of investment securities	(223)	(38)
Proceeds from sales and distributions of investment securities	0	425
Proceeds from redemption of investment securities	—	4,000
Purchase of shares of subsidiaries and associates	(1,898)	—
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	—	37
Payments of loans receivable	(1,135)	(840)
Collection of loans receivable	981	791
Other, net	(614)	79
Net cash provided by (used in) investing activities	(22,004)	(20,920)

(Millions of yen)

	FY2018 2nd Quarter From April 1, 2018 to September 30, 2018	FY2019 2nd Quarter From April 1, 2019 to September 30, 2019
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	7,586	3,519
Proceeds from long-term loans payable	1,799	595
Repayment of long-term loans payable	(4,780)	(1,690)
Proceeds from issuance of bonds	—	10,000
Redemption of bonds	—	(10,000)
Repayments of lease obligations	(64)	(164)
Purchase of treasury stock	(15)	(2)
Proceeds from sales of treasury stock	259	0
Cash dividends paid	(2,953)	(3,587)
Proceeds from stock issuance to minority shareholders	—	390
Dividends paid to noncontrolling interests	(210)	(188)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(0)	(2,184)
Net cash provided by (used in) financing activities	1,619	(3,312)
Effect of exchange rate change on cash and cash equivalents	(17)	(288)
Net increase (decrease) in cash and cash equivalents	(988)	(8,360)
Cash and cash equivalents at beginning of period	47,413	39,970
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	141
Cash and cash equivalents at end of period	46,425	31,750

(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)

At the Group's subsidiaries adopting IFRS, IFRS 16 Leases (hereinafter, "IFRS 16") has been applied from the three months ended June 30, 2019. Accordingly, lessees will, in principle, recognize all leases as assets and liabilities on the balance sheets. In applying IFRS 16, the Group has applied the method where the cumulative effect of applying this standard is recognized at the date of initial application in accordance with the transitional treatment of the standard. As a result, the ending balances of "Property, plant and equipment," "Other" under current liabilities and "Other" under noncurrent liabilities in the six months ended September 30, 2019 increased by ¥2,264 million, ¥269 million and ¥2,090 million, respectively. The application of IFRS 16 had a negligible impact on earnings for the six months ended September 30, 2019.

(Segment Information)

Ⅰ Term from April 1, 2018 to September 30, 2018

1) Sales and Income (Loss) by Segments

(Millions of yen)

	Segment information					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	124,391	78,883	23,680	78,546	305,501	551	306,053	—	306,053
Intersegment	669	12	—	13	696	533	1,229	(1,229)	—
Total	125,060	78,896	23,680	78,560	306,198	1,084	307,283	(1,229)	306,053
Segment profit	14,189	7,628	4,673	2,173	28,664	258	28,923	(10,906)	18,016

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	28,664
Segment profit of Others	258
Elimination of intersegment transactions	12
Companywide expenses (Note)	(10,943)
Other adjustments	25
Operating income in the quarterly consolidated statements of income	18,016

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

Ⅱ Term from April 1, 2019 to September 30, 2019

1) Sales and Income (Loss) by Segments

(Millions of yen)

	Segment information					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	120,414	78,911	21,957	78,010	299,294	561	299,855	—	299,855
Intersegment	519	9	—	15	544	557	1,102	(1,102)	—
Total	120,934	78,920	21,957	78,025	299,839	1,119	300,958	(1,102)	299,855
Segment profit	10,202	7,583	4,049	2,360	24,196	286	24,483	(11,666)	12,817

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	24,196
Segment profit of Others	286
Elimination of intersegment transactions	0
Companywide expenses (Note)	(11,673)
Other adjustments	6
Operating income in the quarterly consolidated statements of income	12,817

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