Quarterly Financial Results for 3rd Quarter, Ended December 31, 2019
(Japanese GAAP, Consolidated)

February 12, 2020

Name of Listed Company: **Kaneka Corporation** Stock Exchange Listings: Tokyo, Nagoya
Code Number: 4118 URL http://www.kaneka.co.jp
Representative: Mamoru Kadokura Title: President, Representative Director
Contact Person: Osamu Ishida Title: Officer – Investor & Public Relations Department Phone: +81-3-5574-8090
Scheduled date for submitting financial statements: February 13, 2020 Scheduled date of dividend distribution: —

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

1. Consolidated Business Performance for 3rd Quarter, Ended December 31, 2019
(from April 1, 2019 to December 31, 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 – Dec. 2019	452,467	(3.2)	18,891	(29.0)	15,139	(34.0)	9,232	(37.1)
Apr. 2018 – Dec. 2018	467,615	4.9	26,619	1.0	22,937	(5.6)	14,681	(6.7)

Note: Comprehensive income: ¥10,264 million (-13.3%) for the nine months ended December 31, 2019
¥11,837 million (-60.0%) for the nine months ended December 31, 2018

	Net income per share	Fully diluted net income per share
	¥	¥
Apr. 2019 – Dec. 2019	141.55	141.28
Apr. 2018 – Dec. 2018	223.90	223.54

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 December 31, 2019	665,580	360,432	50.8
As of March 31, 2019	659,587	360,726	51.1

(Reference) Shareholders' equity: ¥337,903 million as of December 31, 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	610,000	(1.8)	28,000	(22.3)	22,500	(28.0)	15,500	(30.3)	237.64

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 "(3) Notes to the Consolidated Financial Statements (Changes in Accounting Principles)" under "2. Quarterly Consolidated Financial Statements" on page 10.

(4) Number of shares outstanding (common stock)

1. Number of shares issued at the end of the period (including treasury stock):	December 31, 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:	December 31, 2019	2,774,012 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)	December 31, 2019	65,224,272 shares	December 31, 2018	65,573,247 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 is entering the age of the networked society, where economic activity is connected on a global scale. From this perspective, during the three months from October to December 2019 (the “3rd quarter”), the intensified U.S.-China trade friction became a major cause of economic deceleration as its impact spread out to technologically interconnected global supply chains. A loss of momentum in economic conditions for the 3rd quarter was also due to the U.K.’s exit from the E.U., and heightened geopolitical risks such as tensions between the U.S. and Iran.

Entering the 4th quarter, the economic recovery gradually found firmer footing, as U.S.-China trade friction eases, the effects of the U.K.’s exit from the E.U. fade, and the situation in the Middle East settles, as well as expectations of political stabilization in the U.S. However, the outbreak of novel coronavirus in January has seen concern over the risk of a downturn spreading to an unexpected degree. The situation could have a grave impact on the global economy.

The Kaneka Group’s business performance has seen decreases in sales and profit, centered on the Material Solutions Unit, due to the impacts of weak demand in Asia and Europe and sluggish conditions in the automotive and electronics industries. The slowdown in the economies of overseas markets where the Company has been focusing its efforts was a major factor in these results. In this business environment, the Kaneka Group’s business performance for the first nine months under review (April 1, 2019 to December 31, 2019) was as follows. Consolidated net sales amounted to ¥452,467 million (down 3.2% year on year), and operating income was ¥18,891 million (down 29.0% year on year). Ordinary income was ¥15,139 million (down 34.0% year on year). Net income attributable to owners of parent was ¥9,232 million (down 37.1% year on year).

Operating performance by business segment was as follows:

1) Material Solutions Unit

In the Vinyls and Chlor-Alkali business, market conditions for caustic soda remain sluggish, as the slowdown in the Chinese economy is still exerting a strong influence. Meanwhile, sales of PVC resins and specialty PVC resins increased since overseas demand remained firm, notably in India despite lackluster market conditions in Japan. The Vinyls and Chlor-Alkali Solutions Vehicle recovered to the same level as the previous fiscal year in the 3rd quarter, and is expected to recover further in the 4th quarter. However, with the impact of the global economic deceleration throughout the year, the Solutions Vehicle has yet to make a full recovery.

In the Performance Polymers business, modifiers have been strongly affected by declining demand and trading volume in Japan and overseas due to the U.S.-China trade friction. The Performance Polymers (MOD) Solutions Vehicle is working to create a new high-value-added market through development of new, large-scale products and investment. At the vanguard of business structural change is the advanced development of epoxy masterbatch. The special properties of epoxy masterbatch technology, which meets cutting edge market needs such as structural adhesive for automobiles and electronics applications, have been highly rated and sales are increasing sharply. To meet vigorous demand which outstrips the capacity of our plants, the Group has been working to increase production through debottlenecking measures, and aiming to complete construction of additional capacity that will double it, with the aim of starting operations in July 2020.

In modified silicone polymers, sales trended firmly in Europe, where enhanced production capacity in Belgium contributed immensely to earnings. The Performance Polymers (MS) Solutions Vehicle is a unique product that has strong potential for technological differentiation, and the Group is working steadily to develop the Asian market as a new frontier. Notably, new production lines in the Malaysian plant that opened in 2018 are pushing up earnings.

Kaneka Biodegradable Polymer PHBH has been featured as a solution to the issue of microplastics by international bodies such as the G20 and in the media, including CNN. This has led to a flood of inquiries from global corporations with a high interest in environmental issues. As an innovative material that has the potential to change social systems, 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. Meanwhile, a large number of new projects have started overseas with major brand holders. Sales inquiries have vastly exceeded the capacity of the 5,000-ton plant that was completed in December 2019, and the Group has commenced preparations for the construction of a full-scale mass production plant with a capacity of 20,000 tons.

2) Quality of Life Solutions Unit

In the Performance Fibers business, the African market has expanded considerably, and the Group has made headway on developing new sources of demand in advanced countries as well, which has been driving earnings in this segment. To meet surging demand, the Group will bolster production through debottlenecking measures, while examining options for expanding facilities at the Takasago Plant, where production capacity can be ramped up the fastest.

In the Foam & Residential Techs business, earnings from expandable polystyrene resin and extruded polystyrene foam board increased as the launch of new products such as thin high thermal insulation coupled with expanded demand. The Group is taking steps to reinforce the business platform with a view to increasing profitability, such as reorganizing sites to improve distribution efficiency. In polyolefin foam, global demand increases amid a rise in needs for energy saving, weight reduction, and safety in the automotive and mobility fields. The Group will accelerate the strengthening of its business platform, such as strengthening production capacity in Thailand and Belgium and introducing new processes.

In the PV & Energy management business, discussions have begun about making renewable energy, particularly solar power systems, the main power source in Japan’s energy policy amid concerns over global warming. As a result, sales of these products have been growing steadily, primarily to major homebuilders. The Group and Taisei Corporation have jointly developed innovative construction methods with multifunctionality and design properties enabling exterior walls and windows to generate electricity, and highly efficient, see-through photovoltaic cells using this technology have been adopted for the New National Stadium Japan. The Group is working without delay to build a framework to boost production in response to growing demand for these new products, which are net zero energy management system materials for houses and buildings.

In the E & I Technology business, polyimide films and graphite sheets were strongly affected by a slowdown in the smartphone market. The E & I Technology Solutions Vehicle is working with end digital device manufacturers on joint development of materials that cannot be imitated by other companies, such as CMOS sensor materials used for supporting autonomous driving systems in automobiles. The Group will strengthen R&D activities for unique new products that will support digital transformation, such as organic electroluminescent displays and 5G smartphones, for which demand is expected to grow going forward.

3) Health Care Solutions Unit

In the Medical Devices business, sales of new products such as high -functionality catheters are increasing in the Japanese and overseas markets. The Group is looking to increase the capacity of its Vietnam plant to meet surging demand. The embolization coil that was launched in Japan in November has seen steady sales growth, and is also scheduled for launch in the U.S. Going forward, the Group aims to aggressively expand its business in new therapeutic fields such as drug-coated balloon catheters, electrode catheters, and fractional flow reserve products. To achieve rapid expansion of the Medical Devices Solutions Vehicle, the Group will actively seek capital and business alliances with U.S. and European medical equipment companies.

In the Pharma business, a large shipment of small molecule pharmaceuticals was shifted to the 4th quarter, which had a major impact on the 3rd quarter operating results of the Health Care Solutions Unit. Sales of active pharmaceutical ingredients used in generic pharmaceutical products and biopharmaceuticals are expanding steadily. Increased production capacity at Osaka Synthetic Chemical Laboratories, Inc. will begin to contribute to earnings going forward. Construction to bolster production capacity at Kaneka Eurogentec S.A. is now complete, and preparations for full-scale operations are proceeding swiftly.

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, as tastes continue to diversify, the Company’s spice market is growing and the products of Kaneka Sun Spice Corporation have enjoyed adoption in an increasing number of products, contributing to earnings growth. In Indonesia, where the tasty bread and confectionery culture of Japan is entering a period of booming expansion, the Group’s new factory is on schedule to start operations in May 2020, which will expand earnings. The Group has garnered a positive reception in the market for its "Milk for bread lovers," "Café au lait for bread lovers" and "Belgian Yogurt Pur Natur," products, and will use their momentum to quickly start a new dairy product business. The Group will move quickly to consider construction of a new dairy product plant, and aims to partner with dairy farmers to develop recycling-oriented dairy farming.

In the Supplemental Nutrition business, amid growing public awareness around health, the Group made AB-Biotics, S.A., of Spain a wholly owned subsidiary as a step towards creating a new, Kaneka-style supplement business model centered on its branded reduced form of coenzyme Q10. AB-Biotics’ lactic acid supplements are regarded highly for their unique properties, and their global sales are increasing. Going forward, the Group will cooperate with the food business and carefully distribute scientific information about the effects of the supplements, aiming to diversify its supplement products. The Group will quickly establish production of lactic acid in the U.S. and rapidly set up sales in the U.S. and Japan.

(2) Consolidated Financial Position

1) Status of Assets, Liabilities and Equity

Total assets were ¥665,580 million as of December 31, 2019, up ¥5,992 million compared with March 31, 2019, due to an increase in property, plant and equipment. Liabilities totaled ¥305,148 million, up ¥6,286 million due to an increase in notes and accounts payable-trade and loans payable. Net assets were ¥360,432 million, down ¥294 million due to a decrease in foreign currency translation adjustment.

(3) Consolidated Business Forecasts

During the 3rd quarter, geopolitical risks and the slowdown of economic momentum started by the U.S.-China trade friction expanded on the global scale. Globally interconnected corporate activities have also suffered an inevitable significant setback from these impacts.

The Company's earnings were expected to improve in the 3rd quarter, after reaching a bottom in the 2nd quarter. Regrettably, however, the recovery has been subdued at a lower level than planned. For the 4th quarter, encouraging signs of economic recovery have emerged with a background of progress in dialogue between the U.S. and Chinese government and subsidence of geopolitical risks. However, the coronavirus issue has expanded with unexpected speed and scale. It is having a grave impact on the recovery of the global economy and business momentum. While there are clear signs of increasing momentum in earnings recovery in each business unit for the 4th quarter after bottoming out in the 2nd quarter, a sense of uncertainty in business sentiment and recognition of the uncertain business environment are growing day by day. Under these conditions, the Company has factored in a certain level of risk of a downturn due to the impact of the coronavirus, and in so doing has revised its earnings forecast downward.

Although the recovery of momentum in the 3rd quarter occurred after the revision of earnings forecasts on November 12, in the 4th quarter business conditions are on a clear track to recovery, barring the corona virus issue. The Solutions Vehicles excluding Foam & Residential Techs and Foods & Agris, which experience seasonal drops in earnings, and Performance Fibers, where the Takasago Plant is undergoing regular maintenance, are showing clear signs of momentum recovery. The Group now expects to see a significant recovery trend in overseas markets for the Material Solutions Unit, a recovery in the smartphone market for the E & I Technology Solutions Vehicle, improvements in the Medical Devices and Pharma & Supplemental Nutrition Solutions Vehicles, which continue to see stable market expansion, and an increase in earnings with progress in structural reforms of the PV & Energy management Solutions Vehicle. The Group will continue making every effort to change its portfolio to increase profitability. While the corona virus issue has been partially factored into the Group's forecast, it is not yet at a level where all of the downside risk to earnings can be projected.

With regard to exchange rates and raw material prices for the 4th quarter, the forecast figures assume an exchange rate of ¥109 to the U.S. dollar, ¥121 to the euro and a domestic naphtha price of ¥44,000 per kiloliter.

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)	625,000	32,000	26,000	18,000	275.98
Current forecast (B)	610,000	28,000	22,500	15,500	237.64
Change (B–A)	(15,000)	(4,000)	(3,500)	(2,500)	
Percentage change (%)	(2.4%)	(12.5%)	(13.5%)	(13.9%)	
(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 3rd Quarter Term ended December 31, 2019
Assets		
Current assets		
Cash and deposits	40,905	34,769
Notes and accounts receivable-trade	147,993	142,825
Short-term investment securities	232	109
Merchandise and finished goods	61,609	66,483
Work in process	9,365	9,550
Raw materials and supplies	41,459	42,597
Other	13,918	18,881
Allowance for doubtful accounts	(1,237)	(1,254)
Total current assets	314,245	313,962
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	79,815	84,357
Machinery, equipment and vehicles, net	106,395	109,951
Other, net	65,710	68,516
Total property, plant and equipment	251,922	262,825
Intangible assets		
Goodwill	3,981	3,508
Other	9,443	9,974
Total intangible assets	13,424	13,483
Investments and other assets		
Investment securities	61,273	58,715
Other	18,982	16,839
Allowance for doubtful accounts	(260)	(245)
Total investments and other assets	79,994	75,308
Total noncurrent assets	345,342	351,617
Total assets	659,587	665,580

(Millions of yen)

	FY2018 Term ended March 31, 2019	FY2019 3rd Quarter Term ended December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable-trade	84,797	86,725
Short-term loans payable	67,668	79,126
Current portion of bonds	10,000	—
Income taxes payable	2,864	1,751
Provision	128	8
Other	48,453	47,468
Total current liabilities	213,912	215,079
Noncurrent liabilities		
Bonds payable	—	10,000
Long-term loans payable	45,122	39,162
Provision	266	268
Net defined benefit liability	34,985	34,662
Other	4,574	5,973
Total noncurrent liabilities	84,948	90,068
Total liabilities	298,861	305,148
Net assets		
Shareholders' equity		
Capital stock	33,046	33,046
Capital surplus	32,784	31,074
Retained earnings	272,944	275,494
Treasury stock	(11,601)	(11,583)
Total shareholders' equity	327,173	328,033
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,642	20,915
Deferred gains or losses on hedges	(110)	(105)
Foreign currency translation adjustment	(4,008)	(5,830)
Remeasurements of defined benefit plans	(5,705)	(5,110)
Total accumulated other comprehensive income	9,818	9,870
Subscription rights to shares	431	478
Noncontrolling interests	23,302	22,050
Total net assets	360,726	360,432
Total liabilities and net assets	659,587	665,580

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	FY2018 3rd Quarter From April 1, 2018 to December 31, 2018	FY2019 3rd Quarter From April 1, 2019 to December 31, 2019
Net sales	467,615	452,467
Cost of sales	337,368	326,724
Gross profit	130,246	125,743
Selling, general and administrative expenses	103,626	106,851
Operating income	26,619	18,891
Non-operating income		
Dividends income	1,490	1,483
Gain on sales of investment securities	119	400
Equity in earnings of affiliates	—	117
Gain on sales of noncurrent assets	427	315
Other	796	475
Total non-operating income	2,834	2,793
Non-operating expenses		
Interest expenses	1,542	1,317
Loss on retirement of noncurrent assets	2,058	1,379
Foreign exchange losses	366	650
Loss on earnings of affiliates	30	—
Other	2,518	3,198
Total non-operating expenses	6,516	6,545
Ordinary income	22,937	15,139
Extraordinary losses		
Patent protection court cost	1,285	864
Total extraordinary losses	1,285	864
Income before income taxes	21,652	14,275
Income taxes-current	4,479	3,257
Income taxes-deferred	1,202	718
Total income taxes	5,682	3,976
Net income	15,970	10,299
Net income attributable to noncontrolling interests	1,288	1,066
Net income attributable to owners of parent	14,681	9,232

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2018 3rd Quarter From April 1, 2018 to December 31, 2018	FY2019 3rd Quarter From April 1, 2019 to December 31, 2019
Net income	15,970	10,299
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,732)	1,292
Deferred gains or losses on hedges	(15)	5
Foreign currency translation adjustment	(389)	(1,932)
Remeasurements of defined benefit plans, net of tax	1,010	598
Share of other comprehensive income of associates accounted for using equity method	(6)	1
Total other comprehensive income	(4,133)	(35)
Comprehensive income	11,837	10,264
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,729	9,284
Comprehensive income attributable to noncontrolling interests	1,107	979

(3) 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 nine months ended December 31, 2019 increased by ¥2,283 million, ¥282 million and ¥2,101 million, respectively. The application of IFRS 16 had a negligible impact on earnings for the nine months ended December 31, 2019.

(Segment Information)

Ⅰ Term from April 1, 2018 to December 31, 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	191,126	119,632	35,093	120,954	466,806	809	467,615	—	467,615
Intersegment	944	17	—	25	987	814	1,801	(1,801)	—
Total	192,070	119,649	35,093	120,979	467,793	1,623	469,417	(1,801)	467,615
Segment profit	19,623	11,804	7,352	4,077	42,857	371	43,229	(16,609)	26,619

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	42,857
Segment profit of Others	371
Elimination of intersegment transactions	12
Companywide expenses (Note)	(16,677)
Other adjustments	54
Operating income in the quarterly consolidated statements of income	26,619

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 December 31, 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	180,661	118,652	33,251	119,096	451,662	805	452,467	—	452,467
Intersegment	773	15	—	31	820	822	1,643	(1,643)	—
Total	181,435	118,667	33,251	119,128	452,482	1,628	454,111	(1,643)	452,467
Segment profit	14,669	11,363	6,048	3,976	36,056	394	36,451	(17,559)	18,891

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	36,056
Segment profit of Others	394
Elimination of intersegment transactions	(0)
Companywide expenses (Note)	(17,569)
Other adjustments	10
Operating income in the quarterly consolidated statements of income	18,891

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