



August 3, 2022

Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2023 (Under IFRS)

Company name: Mitsubishi Chemical Group Corporation Listing: Tokyo Stock Exchange
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 Scheduled date to file quarterly securities report: August 9, 2022
 Scheduled date to commence dividend payments: —
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for securities analysts and institutional investors)

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

1. Consolidated financial results for the First Quarter of the Fiscal Year Ending March 31, 2023("FY2022") (from April 1, 2022 to June 30, 2022)

(1) Results of Operations:

(Percentages indicate year-on-year changes.)

	Sales Revenue		Core Operating Income *		Operating income		Net income		Net income attributable to owners of the parent		Comprehensive Income	
		%		%		%		%		%		%
Three months ended												
June 30, 2022	1,106,534	19.2	72,052	(18.7)	68,004	(21.9)	53,324	(9.9)	44,879	(10.1)	149,344	65.0
June 30, 2021	928,264	28.4	88,676	490.8	87,022	266.8	59,200	619.2	49,927	865.7	90,532	323.8

Reference: Income before taxes

Three months ended June 30, 2022: ¥75,055 million((12.0)%)

Three months ended June 30, 2021: ¥85,291 million(317.9%)

* Core operating income is calculated as operating income excluding certain gains and expenses attributable to non-recurring factors.

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended				
June 30, 2022	31.58		30.22	
June 30, 2021	35.14		32.31	

(2) Financial Position:

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of parent to total assets
As of				%
June 30, 2022	5,845,556	1,961,060	1,556,761	26.6
March 31, 2022	5,573,871	1,844,319	1,458,077	26.2

2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
Fiscal year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2022	—	15.00	—	15.00	30.00
March 31, 2023	—	15.00	—	15.00	30.00
March 31, 2023 (Forecast)	—	15.00	—	15.00	30.00

Note:

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

3. Forecast for the Current Fiscal Year

(Percentages indicate changes in comparison with the same period of the previous fiscal year)

	Sales Revenue		Core Operating Income		Operating income		Net income		Net income attributable to owners of the parent		Basic earnings per share
		%		%		%		%		%	Yen
First Half of FY2022	2,162,000	14.7	125,000	(19.9)	121,000	(21.0)	80,000	(21.5)	61,500	(27.8)	43.28
FY2022	4,436,000	11.5	275,000	1.0	277,000	(8.6)	194,000	(7.4)	153,000	(13.6)	107.66

Reference: Income before taxes

First Half of FY2022: ¥116,000 million((21.2)%), FY2022: ¥266,000 million((8.4)%)

Note:

Revisions to the forecast for the current fiscal year most recently announced: None

* Notes

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

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS : None

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

(iii) Changes in accounting estimates : None

(3) Number of issued shares (ordinary shares)

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

As of June 30, 2022	1,506,288,107 Shares	As of March 31, 2022	1,506,288,107 Shares

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

As of June 30, 2022	84,853,043 Shares	As of March 31, 2022	85,199,844 Shares

(iii) Average number of shares outstanding during the period

Three months ended June 30, 2022	1,421,314,077 Shares	Three months ended June 30, 2021	1,420,721,525 Shares

*Mitsubishi Chemical Group Corporation adopted a performance-based share compensation plan that uses executive compensation Board Incentive Plan (BIP) trusts. Mitsubishi Chemical Group Corporation stocks held by BIP trust are included in treasury shares.

(Reference)

Number of Company's shares in executive compensation BIP trust:

June 30, 2022	2,833,314 Shares
March 31, 2022	2,833,314 Shares

Disclosure regarding quarterly review procedures

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

*The forward-looking statements are based largely on the Company's expectations and information available as of the date hereof, and are subject to risks and uncertainties which may be beyond the Company's control. Actual results could differ materially due to numerous factors.

*Change of Trade Name

Based on the new management policy of "Forging the future" announced in December 2021, we have been promoting the shift to a "One Company, One Team" flat organizational structure since April 1, 2022. To represent our new organizational structure, which will execute in a unified manner across the Group, we have decided to change our trade name from "Mitsubishi Chemical Holdings Corporation" to "Mitsubishi Chemical Group Corporation" on July 1, 2022.

*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.

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1. Qualitative Information on Financial Results for the Term

(1) Business Performance

Performance Overview

In the business environment of the consolidated first quarter (April 1, 2022 - June 30, 2022; same hereafter) of the Mitsubishi Chemical Group (MCG), given the return to normal socio-economic activities, the global economy overall continued to trend upward. However, due to factors such as the prolonged state of affairs in Ukraine and the impact from lockdowns in China, in addition to a continued rise in raw material and fuel prices and chaos in the supply chain, the outlook remains murky, including concern of a downturn in the economy.

Against this backdrop, sales revenue in the consolidated quarter under review (April 1, 2022 - June 30, 2022; same hereafter) increased ¥178.2 billion, or 19.2%, to ¥1,106.5 billion. In the profit front, core operating income fell ¥16.6 billion, or 18.7%, to ¥72.1 billion. Operating income was down ¥19.0 billion, or 21.9%, to ¥68.0 billion. Income before taxes decreased ¥10.2 billion, or 12.0%, to ¥75.1 billion. And net income attributable to owners of the parent dropped ¥5.0 billion, or 10.1% to ¥44.9 billion.

Overview of Business Segments

The overview of financial results by business segment for the first quarter of fiscal 2022 is shown below. Segment gains or losses are stated as core operating income, which excludes gains or losses from non-recurring factors and including losses from business withdrawals, streamlining, and other factors.

Performance Products Segment, Performance Products Domain

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥36.4 billion, to ¥319.5 billion and core operating income declined ¥5.4 billion, to ¥21.2 billion.

In polymers and compounds, sales revenue climbed as MCG was able to pass on a rise in raw material costs to selling prices and despite a fall in sales volumes mainly for products used in automobile applications.

In films and molding materials, sales revenue increased. Although there was a decline in sales in tandem with the transfer of the alumina fiber business in March 2022, there was positive impact mainly from a correction to selling prices accompanying a rise in raw material costs as well as strong trends for molding materials demand.

In advanced solutions, sales revenue grew underpinned primarily by a correction to selling prices in tandem with a rise in raw material costs and also strong demand trends in the semiconductor-related business.

Core operating income in this segment decreased year-on-year. Although there was progress made in passing on cost to selling prices, mainly due to negative impact from a rise in raw material costs, there was an increase in costs in tandem with a recovery in sales activities following COVID-19.

In this segment in the consolidated first quarter under review, the following items were implemented by or occurred at MCG.

- In China, MCG decided to boost its production capacity for newly-developed low-swelling natural graphite anode materials from a current 2,000 tons/year to 12,000 tons/year to address brisk demand for anode materials used in lithium-ion batteries. The goal is to launch this new production capacity in the first half of fiscal 2023.

Chemicals Segment, Industrial Materials Domain

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥67.1 billion, to ¥359.0 billion and core operating income declined ¥15.9 billion, to ¥18.9 billion.

In MMA, sales revenue expanded owing to a rise in selling prices for MMA monomer primarily in tandem with higher raw material and fuel costs, and despite a slowdown in demand in Europe and Asia.

In petrochemicals, sales revenue improved. Although sales volumes decreased due to an increase in impact from scheduled maintenance and repairs at the ethylene production facility, selling prices rose owing mainly to an uptick in raw material and fuels costs and other factors.

In carbon products, sales revenue grew reflecting a climb in selling prices for cokes in tandem mainly with a rise in raw material and fuel costs.

Core operating income in this segment, despite an expansion in inventory valuations in tandem with a rise in raw material costs, decreased mainly due to an overall drop in sales volume, plus a contraction in the price gap between raw materials and products, primarily for polyolefin.

Industrial Gases Segment, Industrial Materials Domain

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥57.1 billion, to ¥273.9 billion and core operating income rose ¥5.7 billion, to ¥29.5 billion.

In industrial gases, sales revenue and core operating income both rose. This mainly reflects a rise in selling prices in tandem with a climb in fuel costs and forex impact, as well as strong demand for in Japan and overseas.

In this segment in the consolidated first quarter under review, the following items were implemented by or occurred at MCG.

- An agreement was signed with Petroleos del Peru (PetroPeru), the Peruvian National Oil Company (Head Office: Lima, Peru), related to the operations, maintenance and supply of hydrogen and nitrogen plants at the Talara refinery. This agreement was signed owing to the evaluation of performance at the HyCO business thus far and the proposals to PetroPeru. The goal is to supply hydrogen and nitrogen from the second half of fiscal 2022 onward.

Health Care Segment, Health Care Domain

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥5.0 billion, to ¥103.4 billion and core operating income declined ¥1.4 billion, to ¥3.3 billion.

In pharmaceuticals, sales revenue increased. Although there was negative impact from National Health Insurance drug price revisions in the domestic ethical pharmaceuticals business, this was primarily offset by a growth in sales volume for priority products. However, core operating income dropped chiefly due to an increase in R&D cost due to forex impact. Note that some royalty revenue from Novartis Pharma AG for *Gilenya*, a treatment agent for multiple sclerosis, has not been recognized as sales revenue in accordance with IFRS 15 (Revenue from Contracts with Customers) due to the start of arbitration proceedings since February 2019. In the consolidated first quarter under review, some royalty revenue was not recognized as sales revenue due to ongoing arbitration proceedings.

In this segment in the consolidated first quarter under review, the following items were implemented by or occurred at MCG.

- In May 2022, RADICAVA ORS® (Development code: MT-1186; Generic name: edaravone) was approved in the US for its indication as a treatment to treat amyotrophic lateral sclerosis (ALS). Thus far, the route of administration of edaravone was limited to intravenous infusion. However, the approval of RADICAVA ORS® is expected to alleviate the burden to ALS patients as it can be administered orally which will eliminate the pain of intravenous infusion and the need for outpatient visits.

- In June 2022, an additional indication for CANAGLU® 100mg tablets (Development code: TA-7284; Generic name: canagliflozin) was approved in Japan to treat chronic kidney disease due to complications from Type 2 diabetes mellitus (however, this excludes patients with end-stage renal disease or who are undergoing dialysis). This additional indication will contribute to an improvement in the quality of life (QOL) of patients suffering from renal disease.

Others

In comparison with the same quarter in the previous consolidated fiscal year, sales revenue increased ¥12.6 billion, to ¥50.7 billion and core operating income totaled ¥2.4 billion, flat from the previous year.

(2) Financial Position

Total assets at the end of the first quarter for the consolidated fiscal year under review totaled ¥5,845.6 billion, an increase of ¥271.7 billion compared with the end of the previous consolidated fiscal year. This is primarily attributable to an increase in the value of assets translated into yen at overseas consolidated subsidiaries owing to depreciation in the value of the yen, and an increase in inventories chiefly due to a rise in raw material costs.

2. Condensed Consolidated Financial Statements and Notes Concerning Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statement of Profit or Loss

Three months ended June 30, 2021 and 2022

	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Sales revenue	928,264	1,106,534
Cost of sales	(642,780)	(816,966)
Gross profit	285,484	289,568
Selling, general and administrative expenses	(201,406)	(220,100)
Other operating income	2,708	2,536
Other operating expenses	(4,354)	(7,986)
Share of profit of associates and joint ventures	4,590	3,986
Operating income	87,022	68,004
Financial income	4,185	12,918
Financial expenses	(5,916)	(5,867)
Income before taxes	85,291	75,055
Income taxes	(26,091)	(21,731)
Net income	59,200	53,324
Net income attributable to		
Owners of the parent	49,927	44,879
Non-controlling interests	9,273	8,445
Earnings per share(Yen)		
Basic earnings per share attributable to owners of the parent	35.14	31.58
Diluted earnings per share attributable to owners of the parent	32.31	30.22

(2) Condensed Consolidated Statement of Comprehensive Income

Three months ended June 30, 2021 and 2022

	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Net income	59,200	53,324
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	20,539	(2,868)
Remeasurements of defined benefit plans	2,944	(3,074)
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	(98)	61
Total items that will not be reclassified to profit or loss	23,385	(5,881)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	7,051	95,879
Net gain (loss) on derivatives designated as cash flow hedges	(606)	1,251
Share of other comprehensive income(loss) of associates and joint ventures for using the equity method	1,502	4,771
Total items that may be subsequently reclassified to profit or loss	7,947	101,901
Total other comprehensive income (net of tax)	31,332	96,020
Total comprehensive income	90,532	149,344
Total comprehensive income attributable to		
Owners of the parent	79,421	120,150
Non-controlling interests	11,111	29,194

(3) Condensed Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2022	June 30, 2022
Assets		
Current assets		
Cash and cash equivalents	245,789	253,032
Trade receivables	825,996	855,005
Inventories	745,248	819,200
Other financial assets	51,085	58,461
Other current assets	106,556	127,580
Subtotal	1,974,674	2,113,278
Assets held for sale	11,442	13,555
Total current assets	1,986,116	2,126,833
Non-current assets		
Property, plant and equipment	1,899,695	1,990,041
Goodwill	705,412	732,444
Intangible assets	448,805	471,545
Investments accounted for using the equity method	174,791	170,407
Other financial assets	233,533	231,975
Other non-current assets	60,923	56,266
Deferred tax assets	64,596	66,045
Total non-current assets	3,587,755	3,718,723
Total assets	5,573,871	5,845,556

(Millions of yen)

	March 31, 2022	June 30, 2022
Liabilities		
Current liabilities		
Trade payables	486,874	503,383
Bonds and borrowings	411,213	523,614
Income tax payable	34,875	24,187
Other financial liabilities	291,237	294,984
Provisions	15,601	16,695
Other current liabilities	178,613	171,328
Subtotal	1,418,413	1,534,191
Liabilities directly associated with assets held for sale	880	—
Total current liabilities	1,419,293	1,534,191
Non-current liabilities		
Bonds and borrowings	1,748,756	1,764,985
Other financial liabilities	112,554	120,004
Retirement benefit liabilities	103,941	105,259
Provisions	22,673	23,026
Other non-current liabilities	147,212	153,196
Deferred tax liabilities	175,123	183,835
Total non-current liabilities	2,310,259	2,350,305
Total liabilities	3,729,552	3,884,496
Equity		
Common stock	50,000	50,000
Additional paid-in capital	170,600	170,285
Treasury stock	(62,870)	(62,701)
Retained earnings	1,213,677	1,235,203
Other components of equity	86,670	163,974
Equity attributable to owners of the parent	1,458,077	1,556,761
Non-controlling interests	386,242	404,299
Total equity	1,844,319	1,961,060
Total liabilities and equity	5,573,871	5,845,556

(4) Condensed Consolidated Statement of Changes in Equity

Three months ended June 30, 2021

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2021	50,000	179,716	(63,244)	1,060,069
Net income	—	—	—	49,927
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	49,927
Purchase of treasury stock	—	—	(5)	—
Disposal of treasury stock	—	(228)	228	—
Cash dividends	—	—	—	(17,048)
Share-based payment transactions	—	106	—	—
Changes in interests in subsidiaries	—	10	—	—
Changes in scope of consolidation	—	—	—	23
Transfer from other components of equity to retained earnings	—	—	—	3,518
Total transactions with owners	—	(112)	223	(13,507)
Balance at June 30, 2021	50,000	179,604	(63,021)	1,096,489

Other components of equity

	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at April 1, 2021	56,707	—	(47,077)	168	9,798	1,236,339	334,809	1,571,148
Net income	—	—	—	—	—	49,927	9,273	59,200
Other comprehensive income	20,578	3,039	6,509	(632)	29,494	29,494	1,838	31,332
Total comprehensive income	20,578	3,039	6,509	(632)	29,494	79,421	11,111	90,532
Purchase of treasury stock	—	—	—	—	—	(5)	—	(5)
Disposal of treasury stock	—	—	—	—	—	—	—	—
Cash dividends	—	—	—	—	—	(17,048)	(6,455)	(23,503)
Share-based payment transactions	—	—	—	—	—	106	—	106
Changes in interests in subsidiaries	—	—	—	—	—	10	330	340
Changes in scope of consolidation	—	—	—	—	—	23	22	45
Transfer from other components of equity to retained earnings	(479)	(3,039)	—	—	(3,518)	—	—	—
Total transactions with owners	(479)	(3,039)	—	—	(3,518)	(16,914)	(6,103)	(23,017)
Balance at June 30, 2021	76,806	—	(40,568)	(464)	35,774	1,298,846	339,817	1,638,663

Three months ended June 30, 2022

(Millions of yen)

	Common stock	Additional paid-in capital	Treasury stock	Retained earnings
Balance at April 1, 2022	50,000	170,600	(62,870)	1,213,677
Net income	—	—	—	44,879
Other comprehensive income	—	—	—	—
Total comprehensive income	—	—	—	44,879
Purchase of treasury stock	—	—	(4)	—
Disposal of treasury stock	—	(173)	173	—
Cash dividends	—	—	—	(21,320)
Share-based payment transactions	—	154	—	—
Changes in interests in subsidiaries	—	(296)	—	—
Business combinations or business divestitures	—	—	—	—
Transfer from other components of equity to retained earnings	—	—	—	(2,033)
Total transactions with owners	—	(315)	169	(23,353)
Balance at June 30, 2022	50,000	170,285	(62,701)	1,235,203

Other components of equity

	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Total	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Balance at April 1, 2022	50,956	—	33,318	2,396	86,670	1,458,077	386,242	1,844,319
Net income	—	—	—	—	—	44,879	8,445	53,324
Other comprehensive income	(501)	(2,997)	77,384	1,385	75,271	75,271	20,749	96,020
Total comprehensive income	(501)	(2,997)	77,384	1,385	75,271	120,150	29,194	149,344
Purchase of treasury stock	—	—	—	—	—	(4)	—	(4)
Disposal of treasury stock	—	—	—	—	—	—	—	—
Cash dividends	—	—	—	—	—	(21,320)	(10,996)	(32,316)
Share-based payment transactions	—	—	—	—	—	154	—	154
Changes in interests in subsidiaries	—	—	—	—	—	(296)	(654)	(950)
Business combinations or business divestitures	—	—	—	—	—	—	513	513
Transfer from other components of equity to retained earnings	(964)	2,997	—	—	2,033	—	—	—
Total transactions with owners	(964)	2,997	—	—	2,033	(21,466)	(11,137)	(32,603)
Balance at June 30, 2022	49,491	—	110,702	3,781	163,974	1,556,761	404,299	1,961,060

(5) Condensed Consolidated Statement of Cash Flow

Three months ended June 30, 2021 and 2022

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from operating activities		
Income before taxes	85,291	75,055
Depreciation and amortization	62,383	66,374
Share of profit of associates and joint ventures	(4,590)	(3,986)
Interest and dividend income	(4,133)	(8,211)
Interest expense	5,423	5,562
(Increase) decrease in trade receivables	(2,076)	(5,603)
(Increase) decrease in inventories	(34,433)	(52,876)
Increase (decrease) in trade payables	20,641	1,654
Increase (decrease) in retirement benefit assets and liabilities, net	654	568
Others	(23,860)	(13,280)
Subtotal	105,300	65,257
Interest received	306	170
Dividends received	7,454	16,661
Interest paid	(5,494)	(6,487)
Income tax (paid) received, net	(25,647)	(52,110)
Net cash provided by (used in) operating activities	81,919	23,491
Cash flows from investing activities		
Purchase of property, plant and equipment	(51,781)	(64,585)
Proceeds from sales of property, plant and equipment	585	1,137
Purchase of intangible assets	(3,878)	(4,644)
Purchase of other financial assets	(1,252)	(320)
Proceeds from sales/redemption of other financial assets	4,663	4,286
Net cash outflow on acquisition of subsidiaries	(6,501)	(108)
Proceeds from transfer of business	1,372	1,579
Net (Increase) decrease of time deposits	393	(1,055)
Others	(1,026)	1,081
Net cash provided by (used in) investing activities	(57,425)	(62,629)

(Millions of yen)

	Three months ended June 30, 2021	Three months ended June 30, 2022
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(92,111)	30,366
Net increase (decrease) in commercial papers	(39,000)	63,000
Proceeds from long-term borrowings	37,667	4,375
Repayment of long-term borrowings	(36,504)	(30,927)
Proceeds from issuance of bonds	69,636	16,913
Redemption of bonds	(25,000)	(10,000)
Repayment of lease liabilities	(7,712)	(8,948)
Net (increase) decrease in treasury stock	(5)	(4)
Dividends paid to owners of the parent	(17,048)	(21,320)
Dividends paid to non-controlling interests	(6,555)	(11,129)
Others	(1)	552
Net cash provided by (used in) financing activities	(116,633)	32,878
Effect of exchange rate changes on cash and cash equivalents	2,058	13,366
Net increase (decrease) in cash and cash equivalents	(90,081)	7,106
Cash and cash equivalents at the beginning of the period	349,577	245,789
Net increase (decrease) in cash and cash equivalents resulting from transfer to assets held for sale	—	137
Net increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	253	—
Cash and cash equivalents at the end of the period	259,749	253,032

(6) Notes to Condensed Consolidated Financial Statements
(Segment Information)

Three months ended June 30, 2021

(Millions of yen)

	REPORTING SEGMENT					Others (Note 1)	Subtotal	Adjustment (Note 2)	Consolidated
	Performance Products	Chemicals	Industrial Gases	Health Care	Total				
Revenue									
External revenue	283,051	291,848	216,828	98,437	890,164	38,100	928,264	—	928,264
Inter-segment revenue	13,596	11,086	1,475	71	26,228	42,601	68,829	(68,829)	—
Total	296,647	302,934	218,303	98,508	916,392	80,701	997,093	(68,829)	928,264
Segment profit									
Core operating income (Note 3)	26,646	34,771	23,816	4,675	89,908	2,408	92,316	(3,640)	88,676

Notes:

- 1.The Others category consists of businesses not included in reporting segments and mainly includes engineering, transportation, and warehousing operations.
- 2.The segment profit (loss) adjustment includes corporate costs of ¥ (3,450) million not allocated to reporting segments and inter-segment eliminations of ¥(190) million. Corporate costs include expenditures on basic testing, research, and other activities not allocated to reporting segments.
- 3.Segment profit (loss) is Operating profit after excluding earnings from non-recurring factors, such as losses from business withdrawals and downsizings, representing core operating income.

Three months ended June 30, 2022

(Millions of yen)

	REPORTING SEGMENT					Others (Note 1)	Subtotal	Adjustment (Note 2)	Consolidated
	Performance Products	Chemicals	Industrial Gases	Health Care	Total				
Revenue									
External revenue	319,472	359,023	273,907	103,355	1,055,757	50,777	1,106,534	—	1,106,534
Inter-segment revenue	13,763	12,093	2,099	150	28,105	45,670	73,775	(73,775)	—
Total	333,235	371,116	276,006	103,505	1,083,862	96,447	1,180,309	(73,775)	1,106,534
Segment profit									
Core operating income (Note 3)	21,180	18,907	29,495	3,309	72,891	2,386	75,277	(3,225)	72,052

Notes:

- 1.The Others category consists of businesses not included in reporting segments and mainly includes engineering, transportation, and warehousing operations.
- 2.The segment profit (loss) adjustment includes corporate costs of ¥ (3,464) million not allocated to reporting segments and inter-segment eliminations of ¥ 239 million. Corporate costs include expenditures on basic testing, research, and other activities not allocated to reporting segments.
- 3.Segment profit (loss) is Operating profit after excluding earnings from non-recurring factors, such as losses from business withdrawals and downsizings, representing core operating income.

Adjustments to income before tax from segment operating results are as follows:

	(Millions of yen)	
	Three months ended June 30, 2021	Three months ended June 30, 2022
Segment profit	88,676	72,052
Loss on arbitration award	—	(3,398)
Impairment loss	(97)	(229)
Loss on sales and disposal of fixed assets	(320)	(208)
Others	(1,237)	(213)
Operating income	87,022	68,004
Financial income	4,185	12,918
Financial expenses	(5,916)	(5,867)
Income before taxes	85,291	75,055