

Consolidated Financial Results for the Three Months Ended March 31, 2022 [IFRS]

May 11, 2022

Company name: Kao Corporation
 Stock code: 4452 (URL: www.kao.com/global/en/investor-relations/library/results/)
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 Scheduled starting date of the dividend payments: -
 Supplementary documents of the financial results: Yes
 Financial results information meeting: Yes (for institutional investors and analysts)

(Millions of yen, except per share amounts)
 (Amounts less than one million yen are rounded)

1. Consolidated financial results for the three months ended March 31, 2022 (from January 1, 2022 to March 31, 2022)

(1) Consolidated operating results

	(Percentages indicate year-on-year changes)			
	Three months ended March 31, 2022	%	Three months ended March 31, 2021	%
Net sales	346,795	8.2	320,558	(5.1)
Operating income	22,952	(25.8)	30,937	(21.2)
Income before income taxes	25,654	(24.3)	33,901	(9.1)
Net income	18,770	(28.4)	26,228	(3.4)
Net income attributable to owners of the parent	18,244	(29.1)	25,719	(3.5)
Comprehensive income	48,106	(4.7)	50,480	263.0
Basic earnings per share (Yen)	38.50		53.61	
Diluted earnings per share (Yen)	38.50		53.60	

(2) Consolidated financial position

	March 31, 2022	December 31, 2021
Total assets	1,685,136	1,704,007
Total equity	997,957	983,877
Equity attributable to owners of the parent	977,690	965,137
Ratio of equity attributable to owners of the parent to total assets	58.0%	56.6%
Equity attributable to owners of the parent per share (Yen)	2,063.11	2,036.66

2. Dividends

	Year ending December 31, 2022 (Forecast)	Year ending December 31, 2022	Year ended December 31, 2021
Annual cash dividends per share (Yen)			
1st quarter end		-	-
2nd quarter end	74.00		72.00
3rd quarter end	-		-
Fiscal year end	74.00		72.00
Total	148.00		144.00

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

**3. Forecast of consolidated operating results for the year ending December 31, 2022
(from January 1, 2022 to December 31, 2022)**

(Millions of yen, except per share amounts)
(Percentages indicate year-on-year changes)

	Year ending	
	December 31, 2022	%
Net sales	1,490,000	5.0
Operating income	160,000	11.5
Income before income taxes	160,000	6.7
Net income attributable to owners of the parent	117,000	6.7
Basic earnings per share (Yen)	249.99	-

4. Others

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation): None
- (2) Changes in accounting policies and changes in accounting estimates
- 1) Changes in accounting principles required by IFRS: None
 - 2) Changes in accounting principles due to reasons other than 1): None
 - 3) Changes in accounting estimates: None
- (3) Number of issued shares outstanding at the end of this period (ordinary shares)

	March 31, 2022	December 31, 2021
Number of issued shares including treasury shares	475,000,000	475,000,000
Number of treasury shares	1,109,430	1,117,195
	Three months ended March 31, 2022	Three months ended March 31, 2021
Weighted average number of shares outstanding during this period	473,887,316	479,743,737

Notice regarding execution of quarterly review procedures

This quarterly financial results report is exempt from quarterly review by certified public accountants or accounting firms.

Explanation regarding the appropriate use of forecast of operating results and other special items

Forward-looking statements such as earnings forecasts and other projections contained in this release are based on information available at the time of disclosure and assumptions that management believes to be reasonable, and do not constitute guarantees of future performance. Actual results may differ materially from expectations due to various factors.

Please refer to page 6, "Qualitative Information on Financial Results for the Three Months Ended March 31, 2022 - 2. Description of Information on Outlook, Including Forecasts of Consolidated Results" for the suppositions that form the assumptions for earnings forecasts and cautions concerning the use of earnings forecasts.

Qualitative Information on Financial Results for the Three Months Ended March 31, 2022

Note: Changes and comparisons are all with the same period a year earlier unless otherwise noted. Like-for-like growth rates below exclude the effect of translation of local currencies into Japanese yen.

1. Description of Operating Results

(Billions of yen, except operating margin and per share amounts)

Three months ended March 31	2022	2021	Growth
Net sales	346.8	320.6	8.2% Like-for-like: 4.8%
Operating income	23.0	30.9	(25.8%)
Operating margin (%)	6.6	9.7	-
Income before income taxes	25.7	33.9	(24.3%)
Net income	18.8	26.2	(28.4%)
Net income attributable to owners of the parent	18.2	25.7	(29.1%)
Basic earnings per share (Yen)	38.50	53.61	(28.2%)

While the global economy was on a recovery track, the business environment remained unclear due to impacts including hikes in raw material prices since last year, rapid exchange rate fluctuations, as well as the Russia-Ukraine crisis and the spread of variants of COVID-19.

According to retail sales and consumer purchasing survey data, the consumer products (household and personal care products and cosmetics) market in Japan, which is the Kao Group's key market, were slightly higher year-on-year during the period from January to March 2022.

Amid these circumstances, the Kao Group is steadily advancing the management strategy announced in February 2022, including the capital allocation policy and brand management reform, among other factors.

As a result, net sales increased 8.2% compared with the same period a year earlier to 346.8 billion yen. On a like-for-like basis, net sales increased 4.8%. Operating income was 23.0 billion yen, a decrease of 8.0 billion yen compared with the same period a year earlier, and income before income taxes was 25.7 billion yen, a decrease of 8.2 billion yen. Net income was 18.8 billion yen, a decrease of 7.5 billion yen.

The main exchange rates used for translating the financial statement items (income and expenses) of foreign consolidated subsidiaries and associates were as shown below.

	First quarter Jan. – Mar.
U.S. dollar	116.30 (105.96)
Euro	130.45 (127.74)
Chinese yuan	18.32 (16.35)

Note: Figures in parentheses represent the exchange rates for the same period a year earlier.

Summary of Segment Information

Consolidated Results by Segment

(Billions of yen)

Three months ended March 31	Net sales				Operating income			Operating margin (%)	
	2022	2021	Growth %	Like-for-like %	2022	2021	Change	2022	2021
Hygiene and Living Care Business	113.9	112.3	1.5	(1.0)	6.8	13.2	(6.4)	6.0	11.7
Health and Beauty Care Business	80.4	81.5	(1.4)	(4.5)	6.3	11.3	(5.0)	7.8	13.8
Life Care Business	12.2	11.8	3.5	1.6	(0.2)	0.8	(0.9)	(1.5)	6.4
Cosmetics Business	56.4	51.0	10.5	6.8	0.2	(3.0)	3.3	0.4	(5.9)
Consumer Products Business	262.9	256.6	2.4	(0.4)	13.2	22.2	(9.1)	5.0	8.7
Chemical Business	94.2	73.1	28.9	23.9	9.9	8.8	1.2	10.5	12.0
Total	357.1	329.7	8.3	4.9	23.1	31.0	(7.9)	-	-
Elimination and Reconciliation	(10.3)	(9.1)	-	-	(0.1)	(0.0)	(0.1)	-	-
Consolidated	346.8	320.6	8.2	4.8	23.0	30.9	(8.0)	6.6	9.7

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Consolidated Net Sales Composition

Three months ended March 31		Japan	Asia	Americas	Europe	(Billions of yen) Consolidated
Fabric and Home Care Products	2022	59.7	10.7	0.9	-	71.3
	2021	59.8	9.7	0.7	-	70.2
	Growth %	(0.3)	10.7	23.5	-	1.5
	Like-for-like %	(0.3)	4.4	20.1	-	0.6
Sanitary Products	2022	18.2	24.5	0.0	-	42.7
	2021	19.9	22.1	0.0	-	42.1
	Growth %	(8.9)	10.8	(47.5)	-	1.4
	Like-for-like %	(8.9)	1.2	(49.0)	-	(3.6)
Hygiene and Living Care Business	2022	77.8	35.2	0.9	-	113.9
	2021	79.8	31.8	0.7	-	112.3
	Growth %	(2.4)	10.8	20.4	-	1.5
	Like-for-like %	(2.4)	2.2	17.1	-	(1.0)
Health and Beauty Care Business	2022	43.7	8.2	18.4	10.1	80.4
	2021	46.9	7.5	18.2	8.9	81.5
	Growth %	(6.7)	8.8	0.9	13.5	(1.4)
	Like-for-like %	(6.7)	0.3	(7.8)	9.9	(4.5)
Life Care Business	2022	9.7	0.0	2.4	0.0	12.2
	2021	9.7	0.0	2.0	0.0	11.8
	Growth %	(0.0)	144.8	19.6	25.1	3.5
	Like-for-like %	(0.0)	122.3	9.0	17.2	1.6
Cosmetics Business	2022	34.9	15.3	1.4	4.8	56.4
	2021	33.9	12.2	1.3	3.5	51.0
	Growth %	2.7	25.5	3.1	36.9	10.5
	Like-for-like %	2.7	12.6	(6.1)	31.5	6.8
Consumer Products Business	2022	166.2	58.7	23.1	14.9	262.9
	2021	170.4	51.5	22.4	12.4	256.6
	Growth %	(2.5)	14.0	3.4	20.1	2.4
	Like-for-like %	(2.5)	4.4	(5.3)	16.0	(0.4)
Chemical Business	2022	32.4	24.4	15.6	21.8	94.2
	2021	28.5	17.0	10.7	16.8	73.1
	Growth %	13.4	43.9	45.9	29.3	28.9
	Like-for-like %	13.4	32.8	33.2	26.6	23.9
Elimination of intersegment	2022	(8.9)	(0.9)	(0.0)	(0.5)	(10.3)
	2021	(7.9)	(0.8)	(0.0)	(0.5)	(9.1)
Consolidated	2022	189.7	82.3	38.7	36.2	346.8
	2021	191.0	67.7	33.1	28.8	320.6
	Growth %	(0.7)	21.5	17.2	25.7	8.2
	Like-for-like %	(0.7)	11.5	7.1	22.4	4.8

Note: Figures for the Consumer Products Business present sales to external customers and figures for the Chemical Business include sales to the Consumer Products Business in addition to external customers. Sales by geographic region are classified based on the location of the sales recognized.

Net sales to foreign customers were 47.5% of net sales compared with 43.1% for the same period a year earlier.

Consumer Products Business

Sales increased 2.4% compared with the same period a year earlier to 262.9 billion yen. On a like-for-like basis, sales decreased 0.4%.

As countries or regions were moving toward economic normalization, lifting various regulations to prevent the spread of COVID-19, the business was affected by hikes in raw material prices worldwide, the delay in market recovery due to the spread of variants of COVID-19 in Japan and other factors, and the logistics disruption in the United States. Amid these circumstances, various negotiations for substantive price increases are going smoothly in Japan and price increases outside Japan have started to gradually show results.

In Japan, sales decreased 2.5% to 166.2 billion yen.

In Asia, sales increased 14.0% to 58.7 billion yen. On a like-for-like basis, sales increased 4.4%.

In the Americas, sales increased 3.4% to 23.1 billion yen. On a like-for-like basis, sales decreased 5.3%. In Europe, sales increased 20.1% to 14.9 billion yen. On a like-for-like basis, sales increased 16.0%.

Operating income decreased 9.1 billion yen compared with the same period a year earlier to 13.2 billion yen due to the impacts of hikes in raw material prices and other factors.

Note: The Kao Group's Consumer Products Business consists of the Hygiene and Living Care Business, the Health and Beauty Care Business, the Life Care Business and the Cosmetics Business.

Hygiene and Living Care Business

Sales increased 1.5% compared with the same period a year earlier to 113.9 billion yen. On a like-for-like basis, sales decreased 1.0%.

In fabric care products, sales of laundry detergent increased compared with the same period a year earlier, due to strengthened marketing activities and other factors in Japan in a severely competitive environment. Sales remained firm in Asia.

In home care products, sales slightly decreased compared with the same period a year earlier due to the impact of a market shrinkage reflecting the absence of the increase in high demand last year. Amid these circumstances, *CuCute* dishwashing detergent significantly increased its market share due to improved products launched in Japan.

In sanitary products, sales increased compared with the same period a year earlier. Sales of *Laurier* sanitary napkins remained strong in China and Indonesia, and sales also increased in Japan compared with the same period a year earlier. Sales of *Merries* baby diapers remained strong in Indonesia due to the increase in distribution stores and strengthened sales promotion activities for e-commerce, but overall sales decreased

compared with the same period a year earlier due to the impacts of market shrinkage and other factors in Japan and China.

Operating income decreased 6.4 billion yen compared with the same period a year earlier to 6.8 billion yen due to the significant impact of hikes in raw material prices.

Health and Beauty Care Business

Sales decreased 1.4% compared with the same period a year earlier to 80.4 billion yen. On a like-for-like basis, sales decreased 4.5%.

Sales of skin care products decreased compared with the same period a year earlier. In Japan, sales of hand soap and other hygiene-related products grew, but sales of UV care and other seasonal products were impacted by the resurgence of the COVID-19 pandemic. In the United States, sales were impacted by logistics disruption and decreased compared with the same period a year earlier.

Sales of hair care products decreased compared with the same period a year earlier. In Japan, the severely competitive environment continued. In the products for hair salons in the Americas and Europe, sales of *Oribe*, a brand for high-end hair salons in the United States, performed strongly mainly driven by e-commerce sales while sales of *Goldwell*, professional hair care brand, were affected by inventory adjustment by an agency. In Europe, sales remained steady due to normalization of economic activities. In addition, price increases outside Japan began to show results.

Sales of personal health products slightly decreased compared with the same period a year earlier. Sales of *MegRhythm* thermo products grew steadily, but sales of bath additives decreased compared with the same period a year earlier.

Operating income decreased 5.0 billion yen compared with the same period a year earlier to 6.3 billion yen.

Life Care Business

Sales increased 3.5% compared with the same period a year earlier to 12.2 billion yen. On a like-for-like basis, sales increased 1.6%.

In commercial-use hygiene products, market was on a recovery track in Japan compared with the same period a year earlier, and sales grew as the demand for kitchen cleaning agent, hand sanitizers and other products grew in the food service industry and lodging facilities and other establishments. In the United States, customer industries grew, underpinned by a robust economy, and sales increased compared with the same period a year earlier.

In health drinks, *Healthya* products, which are foods for specified health uses, acquired more loyal users steadily but that was not enough to compensate for a decrease in sales among conventional mass retailers,

and sales decreased compared with the same period a year earlier.

Operating income was negative 0.2 billion yen, a decrease of 0.9 billion yen from the same period a year earlier.

Cosmetics Business

Sales increased 10.5% compared with the same period a year earlier to 56.4 billion yen. On a like-for-like basis, sales increased 6.8%.

In the Cosmetics Business, sales increased compared with the same period a year earlier due to the launch of products offering new value and other factors, while the market recovery was delayed more than expected in Japan due to renewal of requests for people to voluntarily refrain from going outside because of the spread of variants of COVID-19. Furthermore, fixed cost reductions as well as the structural reforms of the makeup business advanced steadily. In Asia, on the other hand, sales of *freepius*, which is hypoallergenic and contains Japanese and Chinese botanical extracts, and *Curél*, a derma care brand, continued strong in China and sales of *SENSAI* and *Molton Brown* grew substantially in Europe.

Operating income was 0.2 billion yen, an increase of 3.3 billion yen from the same period a year earlier.

Chemical Business

Sales increased 28.9% compared with the same period a year earlier to 94.2 billion yen. On a like-for-like basis, sales increased 23.9%.

Sales of oleo chemicals increased, due in part to continued efforts to adjust selling prices in line with rising prices of natural fats and oils.

Sales of performance chemicals were affected due to the impact of a stagnation in demand in the automobile-related and other fields, although sales grew due to advancements made in adjusting selling prices in line with rising prices of raw materials.

In specialty chemicals, hard disc-related products remained firm, and toner and toner binder grew benefited from recovery in demand.

Operating income increased 1.2 billion yen compared with the same period a year earlier to 9.9 billion yen.

2. Description of Information on Outlook, Including Forecasts of Consolidated Results

Although the business environment is expected to remain uncertain due to hikes in raw material prices and other factors, the Kao Group aims to achieve the figures announced in its forecast by implementing further cost reduction activities and strategic price increases, among other initiatives. Therefore, there is no change from the forecast of consolidated results announced on February 3, 2022.

The main exchange rates used in the forecast of consolidated results are one U.S. dollar to 110 yen, one euro to 129 yen and one Chinese yuan to 17 yen.

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Condensed Consolidated Statement of Financial Position

(Millions of yen)

	March 31, 2022	December 31, 2021	Change
Assets			
Current assets			
Cash and cash equivalents	281,929	336,069	(54,140)
Trade and other receivables	207,860	216,209	(8,349)
Inventories	258,008	228,070	29,938
Other financial assets	6,521	6,094	427
Income tax receivables	6,202	2,508	3,694
Other current assets	22,361	20,842	1,519
Total current assets	782,881	809,792	(26,911)
Non-current assets			
Property, plant and equipment	433,103	428,609	4,494
Right-of-use assets	140,971	144,057	(3,086)
Goodwill	187,226	183,498	3,728
Intangible assets	56,448	52,636	3,812
Investments accounted for using the equity method	9,301	10,050	(749)
Other financial assets	23,726	23,588	138
Deferred tax assets	40,876	41,348	(472)
Other non-current assets	10,604	10,429	175
Total non-current assets	902,255	894,215	8,040
Total assets	1,685,136	1,704,007	(18,871)

(Millions of yen)

	March 31, 2022	December 31, 2021	Change
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	225,631	229,086	(3,455)
Bonds and borrowings	46,294	6,156	40,138
Lease liabilities	19,934	19,929	5
Other financial liabilities	3,460	6,329	(2,869)
Income tax payables	12,722	24,078	(11,356)
Provisions	1,798	2,041	(243)
Contract liabilities	29,143	31,143	(2,000)
Other current liabilities	93,024	103,135	(10,111)
Total current liabilities	432,006	421,897	10,109
Non-current liabilities			
Bonds and borrowings	81,640	121,581	(39,941)
Lease liabilities	117,819	121,016	(3,197)
Other financial liabilities	7,391	7,070	321
Retirement benefit liabilities	29,321	29,843	(522)
Provisions	8,224	8,187	37
Deferred tax liabilities	6,082	5,830	252
Other non-current liabilities	4,696	4,706	(10)
Total non-current liabilities	255,173	298,233	(43,060)
Total liabilities	687,179	720,130	(32,951)
Equity			
Share capital	85,424	85,424	-
Capital surplus	105,730	105,633	97
Treasury shares	(3,903)	(3,960)	57
Other components of equity	24,377	(3,723)	28,100
Retained earnings	766,062	781,763	(15,701)
Equity attributable to owners of the parent	977,690	965,137	12,553
Non-controlling interests	20,267	18,740	1,527
Total equity	997,957	983,877	14,080
Total liabilities and equity	1,685,136	1,704,007	(18,871)

Condensed Consolidated Statement of Income

(Millions of yen)

	Notes	Three months ended March 31, 2022	Three months ended March 31, 2021	Change
Net sales	1	346,795	320,558	26,237
Cost of sales		(220,624)	(189,822)	(30,802)
Gross profit		126,171	130,736	(4,565)
Selling, general and administrative expenses	2	(103,577)	(100,688)	(2,889)
Other operating income		3,558	3,994	(436)
Other operating expenses		(3,200)	(3,105)	(95)
Operating income	1	22,952	30,937	(7,985)
Financial income		2,412	2,803	(391)
Financial expenses		(566)	(665)	99
Share of profit in investments accounted for using the equity method		856	826	30
Income before income taxes		25,654	33,901	(8,247)
Income taxes		(6,884)	(7,673)	789
Net income		18,770	26,228	(7,458)
Attributable to:				
Owners of the parent		18,244	25,719	(7,475)
Non-controlling interests		526	509	17
Net income		18,770	26,228	(7,458)
Earnings per share				
Basic (Yen)		38.50	53.61	
Diluted (Yen)		38.50	53.60	

Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2021	Change
Net income	18,770	26,228	(7,458)
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	85	261	(176)
Share of other comprehensive income of investments accounted for using the equity method	18	213	(195)
Total of items that will not be reclassified to profit or loss	103	474	(371)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	28,962	23,530	5,432
Share of other comprehensive income of investments accounted for using the equity method	271	248	23
Total of items that may be reclassified subsequently to profit or loss	29,233	23,778	5,455
Other comprehensive income, net of taxes	29,336	24,252	5,084
Comprehensive income	48,106	50,480	(2,374)
Attributable to:			
Owners of the parent	46,577	49,309	(2,732)
Non-controlling interests	1,529	1,171	358
Comprehensive income	48,106	50,480	(2,374)

Condensed Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent											Total equity
	Other components of equity							Total	Retained earnings	Total	Non-controlling interests	
	Share capital	Capital surplus	Treasury shares	Subscription rights to shares	Exchange differences on translation of foreign operations	Net gain (loss) on derivatives designated as cash flow hedges	Net gain (loss) on revaluation of financial assets measured at fair value through other comprehensive income					
January 1, 2022	85,424	105,633	(3,960)	175	(9,678)	(0)	5,780	(3,723)	781,763	965,137	18,740	983,877
Net income	-	-	-	-	-	-	-	-	18,244	18,244	526	18,770
Other comprehensive income	-	-	-	-	28,224	6	103	28,333	-	28,333	1,003	29,336
Comprehensive income	-	-	-	-	28,224	6	103	28,333	18,244	46,577	1,529	48,106
Disposal of treasury shares	-	-	59	(45)	-	-	-	(45)	(13)	1	-	1
Purchase of treasury shares	-	-	(2)	-	-	-	-	-	-	(2)	-	(2)
Share-based payment transactions	-	97	-	-	-	-	-	-	-	97	-	97
Dividends	-	-	-	-	-	-	-	-	(34,120)	(34,120)	(2)	(34,122)
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	(188)	(188)	188	-	-	-
Total transactions with the owners	-	97	57	(45)	-	-	(188)	(233)	(33,945)	(34,024)	(2)	(34,026)
March 31, 2022	85,424	105,730	(3,903)	130	18,546	6	5,695	24,377	766,062	977,690	20,267	997,957
January 1, 2021	85,424	106,618	(3,865)	268	(49,368)	(0)	5,724	(43,376)	778,886	923,687	14,507	938,194
Net income	-	-	-	-	-	-	-	-	25,719	25,719	509	26,228
Other comprehensive income	-	-	-	-	23,115	1	474	23,590	-	23,590	662	24,252
Comprehensive income	-	-	-	-	23,115	1	474	23,590	25,719	49,309	1,171	50,480
Disposal of treasury shares	-	-	97	(54)	-	-	-	(54)	(42)	1	-	1
Purchase of treasury shares	-	-	(30,539)	-	-	-	-	-	-	(30,539)	-	(30,539)
Dividends	-	-	-	-	-	-	-	-	(33,666)	(33,666)	(333)	(33,999)
Transfer from other components of equity to retained earnings	-	-	-	-	-	-	(136)	(136)	136	-	-	-
Total transactions with the owners	-	-	(30,442)	(54)	-	-	(136)	(190)	(33,572)	(64,204)	(333)	(64,537)
March 31, 2021	85,424	106,618	(34,307)	214	(26,253)	1	6,062	(19,976)	771,033	908,792	15,345	924,137

Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2021
Cash flows from operating activities		
Income before income taxes	25,654	33,901
Depreciation and amortization	21,601	21,704
Interest and dividend income	(370)	(317)
Interest expense	460	529
Share of profit in investments accounted for using the equity method	(856)	(826)
(Gains) losses on sale and disposal of property, plant and equipment, and intangible assets	571	458
(Increase) decrease in trade and other receivables	18,235	21,336
(Increase) decrease in inventories	(22,041)	(15,375)
Increase (decrease) in trade and other payables	(10,904)	(11,578)
Increase (decrease) in retirement benefit liabilities	(1,366)	(2,098)
Other	(21,843)	(22,569)
Subtotal	9,141	25,165
Interest received	357	325
Dividends received	2,044	2,092
Interest paid	(419)	(502)
Income taxes paid	(21,236)	(27,599)
Net cash flows from operating activities	(10,113)	(519)
Cash flows from investing activities		
Payments into time deposits	(196)	(673)
Proceeds from withdrawal of time deposits	172	1,774
Purchase of property, plant and equipment	(13,589)	(16,117)
Purchase of intangible assets	(2,495)	(2,383)
Other	426	1,403
Net cash flows from investing activities	(15,682)	(15,996)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(120)	140
Proceeds from long-term borrowings	-	10,000
Repayments of long-term borrowings	(10)	(10,389)
Repayments of lease liabilities	(5,356)	(5,229)
Purchase of treasury shares	(2)	(30,539)
Dividends paid to owners of the parent	(33,446)	(32,940)
Dividends paid to non-controlling interests	(3)	(3)
Other	(6)	(5)
Net cash flows from financing activities	(38,943)	(68,965)
Net increase (decrease) in cash and cash equivalents	(64,738)	(85,480)
Cash and cash equivalents at the beginning of the period	336,069	353,176
Effect of exchange rate changes on cash and cash equivalents	10,598	8,648
Cash and cash equivalents at the end of the period	281,929	276,344

Notes to Condensed Consolidated Financial Statements
1. Segment Information

(1) Summary of reportable segments

Major products by reportable segment are as follows:

Reportable Segments		Major Products	
Consumer Products Business	Hygiene and Living Care Business	Fabric care products	Laundry detergents, Fabric treatments
		Home care products	Kitchen cleaning products, House cleaning products, Paper cleaning products
		Sanitary products	Sanitary napkins, Baby diapers
	Health and Beauty Care Business	Skin care products	Soaps, Facial cleansers, Body cleansers
		Hair care products	Shampoos, Conditioners, Hair styling agents, Hair coloring agents, Men's products
		Personal health products	Bath additives, Oral care products, Thermo products
	Life Care Business	Life care products	Commercial-use hygiene products, Health drinks
	Cosmetics Business	Cosmetics	Counseling cosmetics, Self-selection cosmetics
Chemical Business	Oleo chemicals	Fatty alcohols, Fatty amines, Fatty acids, Glycerin, Commercial-use edible fats and oils	
	Performance chemicals	Surfactants, Plastics additives, Superplasticizers for concrete admixtures, Asphalt additives	
	Specialty chemicals	Toner and toner binder for copiers and printers, Ink and water-based pigment inkjet ink, Fragrances and aroma chemicals	

(2) Sales and results of reportable segments

Three months ended March 31, 2022	Reportable Segments							(Millions of yen)	
	Consumer Products Business					Chemical Business	Total	Reconciliations ¹	Consolidated
	Hygiene and Living Care Business	Health and Beauty Care Business	Life Care Business	Cosmetics Business	Subtotal				
Net sales									
Sales to customers	113,930	80,412	12,231	56,360	262,933	83,862	346,795	-	346,795
Intersegment sales and transfers ²	-	-	-	-	-	10,313	10,313	(10,313)	-
Total net sales	113,930	80,412	12,231	56,360	262,933	94,175	357,108	(10,313)	346,795
Operating income (loss)	6,818	6,279	(186)	244	13,155	9,921	23,076	(124)	22,952
% of net sales	6.0	7.8	(1.5)	0.4	5.0	10.5	-	-	6.6
Financial income									2,412
Financial expenses									(566)
Share of profit in investments accounted for using the equity method									856
Income before income taxes									25,654

Notes:

1. The operating income (loss) reconciliation of -124 million yen includes corporate expenses not allocated to reportable segments, as well as elimination of intersegment inventory transactions.
2. Intersegment sales and transfers are mainly calculated based on market price and manufacturing cost.

Three months ended March 31, 2021	Reportable Segments							(Millions of yen)	
	Consumer Products Business					Chemical Business	Total	Reconciliations ¹	Consolidated
	Hygiene and Living Care Business	Health and Beauty Care Business	Life Care Business	Cosmetics Business	Subtotal				
Net sales									
Sales to customers	112,295	81,545	11,816	50,993	256,649	63,909	320,558	-	320,558
Intersegment sales and transfers ²	-	-	-	-	-	9,141	9,141	(9,141)	-
Total net sales	112,295	81,545	11,816	50,993	256,649	73,050	329,699	(9,141)	320,558
Operating income (loss)	13,181	11,293	755	(3,015)	22,214	8,759	30,973	(36)	30,937
% of net sales	11.7	13.8	6.4	(5.9)	8.7	12.0	-	-	9.7
Financial income									2,803
Financial expenses									(665)
Share of profit in investments accounted for using the equity method									826
Income before income taxes									33,901

Notes:

1. The operating income (loss) reconciliation of -36 million yen includes corporate expenses not allocated to reportable segments, as well as elimination of intersegment inventory transactions.
2. Intersegment sales and transfers are mainly calculated based on market price and manufacturing cost.

2. Selling, General and Administrative Expenses

The breakdown of selling, general and administrative expenses is as follows:

(Millions of yen)

	Three months ended March 31, 2022	Three months ended March 31, 2021
Advertising	14,870	14,594
Sales promotion	9,337	10,050
Employee benefits	39,429	38,205
Depreciation	4,295	4,602
Amortization	1,994	2,104
Research and development	15,578	14,908
Other	18,074	16,225
Total	103,577	100,688

Note regarding Assumption of Going Concern

None applicable.