

Consolidated Financial Results for the Six Months Ended June 30, 2022 [IFRS]

August 3, 2022

Company name: Kao Corporation Tokyo Stock Exchange in Japan
 Stock code: 4452 (URL: www.kao.com/global/en/investor-relations/library/results/)
 Representative: Yoshihiro Hasebe, President and CEO
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 Scheduled starting date of the dividend payments: September 1, 2022
 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 six months ended June 30, 2022 (from January 1, 2022 to June 30, 2022)

(1) Consolidated operating results

	(Percentages indicate year-on-year changes)			
	Six months ended June 30, 2022	%	Six months ended June 30, 2021	%
Net sales	733,901	8.7	675,179	1.2
Operating income	53,661	(23.9)	70,551	(5.3)
Income before income taxes	60,472	(18.4)	74,133	0.5
Net income	39,759	(25.6)	53,455	3.7
Net income attributable to owners of the parent	38,888	(26.0)	52,538	3.8
Comprehensive income	110,587	38.3	79,988	94.2
Basic earnings per share (Yen)	82.17		110.12	
Diluted earnings per share (Yen)	82.16		110.12	

(2) Consolidated financial position

	June 30, 2022	December 31, 2021
Total assets	1,761,180	1,704,007
Total equity	1,039,738	983,877
Equity attributable to owners of the parent	1,015,822	965,137
Ratio of equity attributable to owners of the parent to total assets	57.7%	56.6%
Equity attributable to owners of the parent per share (Yen)	2,163.56	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	1,570,000	10.7
Operating income	145,000	1.0
Income before income taxes	156,000	4.0
Net income attributable to owners of the parent	111,000	1.2
Basic earnings per share (Yen)	236.53	-

Note: Revisions to the consolidated operating results forecast most recently announced: Yes

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)

	June 30, 2022	December 31, 2021
Number of issued shares including treasury shares	475,000,000	475,000,000
Number of treasury shares	5,485,649	1,117,195
	Six months ended June 30, 2022	Six months ended June 30, 2021
Weighted average number of shares outstanding during this period	473,275,863	477,079,090

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 7, "Qualitative Information on Financial Results for the Six Months Ended June 30, 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 Six Months Ended June 30, 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)			
Six months ended June 30	2022	2021	Growth
Net sales	733.9	675.2	8.7% Like-for-like: 4.2%
Operating income	53.7	70.6	(23.9%)
Operating margin (%)	7.3	10.4	-
Income before income taxes	60.5	74.1	(18.4%)
Net income	39.8	53.5	(25.6%)
Net income attributable to owners of the parent	38.9	52.5	(26.0%)
Basic earnings per share (Yen)	82.17	110.12	(25.4%)

Although the global economy was on a recovery track, the business environment remained unclear, with factors including hikes in raw material prices and rapid exchange rate fluctuations, as well as the Russia-Ukraine crisis and the spread of variants of COVID-19. In particular, prices of petrochemical raw materials continued to rise to unprecedented levels.

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, grew slightly during the period from January to June 2022, compared with the same period a year earlier.

Amid these circumstances, the Kao Group has been steadily advancing the management strategy announced in February 2022, including its capital allocation policy, brand management reform and adjustments to selling prices, among other factors.

Net sales increased 8.7% compared with the same period a year earlier to 733.9 billion yen. On a like-for-like basis, net sales increased 4.2%. Operating income was 53.7 billion yen, a decrease of 16.9 billion yen compared with the same period a year earlier, and income before income taxes was 60.5 billion yen, a decrease of 13.7 billion yen. Net income was 39.8 billion yen, a decrease of 13.7 billion yen.

To improve capital efficiency and further increase shareholders' returns, the Board of Directors of Kao Corporation (the "Company") resolved at a meeting held on May 11, 2022 to repurchase the Company's stock during the period from May 12 to August 31, up to a maximum of 12,000,000 shares or a total amount of 50.0 billion yen. As of June 30, 2022, the total number of repurchased shares was 4,398,000 at a total amount of 22.6 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.	Second quarter Apr. – Jun.
U.S. dollar	116.30 (105.96)	129.69 (109.47)
Euro	130.45 (127.74)	138.14 (131.90)
Chinese yuan	18.32 (16.35)	19.63 (16.95)

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

Summary of Segment Information

Consolidated Results by Segment

Six months ended June 30	(Billions of yen)								
	Net sales				Operating income			Operating margin (%)	
	2022	2021	Growth %	Like-for-like %	2022	2021	Change	2022	2021
Hygiene and Living Care Business	238.3	234.8	1.5	(1.4)	13.1	26.0	(13.0)	5.5	11.1
Health and Beauty Care Business	176.8	174.0	1.6	(2.9)	18.2	26.3	(8.1)	10.3	15.1
Life Care Business	25.8	24.9	3.8	1.0	(0.1)	1.6	(1.7)	(0.4)	6.3
Cosmetics Business	116.0	110.6	4.9	1.0	2.2	(0.5)	2.7	1.9	(0.4)
Consumer Products Business	556.9	544.2	2.3	(1.3)	33.3	53.4	(20.1)	6.0	9.8
Chemical Business	199.1	150.4	32.4	25.1	20.1	16.8	3.4	10.1	11.1
Total	756.0	694.6	8.8	4.4	53.5	70.2	(16.7)	-	-
Elimination and Reconciliation	(22.1)	(19.4)	-	-	0.2	0.4	(0.2)	-	-
Consolidated	733.9	675.2	8.7	4.2	53.7	70.6	(16.9)	7.3	10.4

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Consolidated Net Sales Composition

Six months ended June 30		Japan	Asia	Americas	Europe	(Billions of yen) Consolidated
Fabric and Home Care Products	2022	132.6	20.9	1.7	-	155.2
	2021	132.7	19.7	1.4	-	153.8
	Growth %	(0.1)	6.5	24.9	-	0.9
	Like-for-like %	(0.1)	(2.6)	17.6	-	(0.3)
Sanitary Products	2022	37.0	46.0	0.0	-	83.1
	2021	38.7	42.2	0.1	-	81.0
	Growth %	(4.4)	9.1	(42.0)	-	2.6
	Like-for-like %	(4.4)	(2.8)	(45.2)	-	(3.6)
Hygiene and Living Care Business	2022	169.6	67.0	1.8	-	238.3
	2021	171.5	61.9	1.4	-	234.8
	Growth %	(1.1)	8.3	22.4	-	1.5
	Like-for-like %	(1.1)	(2.7)	15.3	-	(1.4)
Health and Beauty Care Business	2022	95.9	16.4	43.1	21.3	176.8
	2021	100.4	15.3	38.3	19.9	174.0
	Growth %	(4.5)	7.1	12.5	7.3	1.6
	Like-for-like %	(4.5)	(3.8)	(1.4)	2.8	(2.9)
Life Care Business	2022	20.3	0.0	5.4	0.1	25.8
	2021	20.2	0.0	4.6	0.1	24.9
	Growth %	0.3	49.4	19.0	1.4	3.8
	Like-for-like %	0.3	35.0	4.3	(4.9)	1.0
Cosmetics Business	2022	73.7	29.7	2.9	9.7	116.0
	2021	72.3	27.5	2.6	8.1	110.6
	Growth %	1.9	8.2	10.8	19.0	4.9
	Like-for-like %	1.9	(4.6)	(2.9)	13.1	1.0
Consumer Products Business	2022	359.4	113.2	53.2	31.1	556.9
	2021	364.4	104.7	47.0	28.1	544.2
	Growth %	(1.4)	8.1	13.3	10.7	2.3
	Like-for-like %	(1.4)	(3.3)	(0.4)	5.8	(1.3)
Chemical Business	2022	68.2	50.1	34.2	46.6	199.1
	2021	59.3	34.8	22.4	33.9	150.4
	Growth %	15.0	44.2	52.6	37.3	32.4
	Like-for-like %	15.0	29.3	33.5	32.7	25.1
Elimination of intersegment	2022	(19.0)	(1.9)	(0.1)	(1.1)	(22.1)
	2021	(16.7)	(1.6)	(0.0)	(1.0)	(19.4)
Consolidated	2022	408.7	161.4	87.3	76.5	733.9
	2021	407.0	137.9	69.3	60.9	675.2
	Growth %	0.4	17.1	26.0	25.5	8.7
	Like-for-like %	0.4	4.8	10.5	20.8	4.2

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 46.3% of net sales compared with 42.2% for the same period a year earlier.

Consumer Products Business

Sales increased 2.3% compared with the same period a year earlier to 556.9 billion yen. On a like-for-like basis, sales decreased 1.3%.

Attempts to balance pandemic countermeasures and normalization of economic activity were getting into full swing around the world, mainly in the Americas and Europe. In Japan, various regulations were relaxed and a market recovery gradually began to become apparent, but the effects of hikes in raw material prices and rising logistics expenses were substantial. Under these circumstances, the Kao Group sought to minimize their impact by conducting various initiatives for substantive price increases and promoting cost reductions. The Kao Group also proactively raised prices outside Japan. In China, lockdowns from April significantly impacted business performance.

In Japan, sales decreased 1.4% to 359.4 billion yen.

In Asia, sales increased 8.1% to 113.2 billion yen. On a like-for-like basis, sales decreased 3.3%.

In the Americas, sales increased 13.3% to 53.2 billion yen. On a like-for-like basis, sales decreased 0.4%. In Europe, sales increased 10.7% to 31.1 billion yen. On a like-for-like basis, sales increased 5.8%.

Operating income decreased 20.1 billion yen compared with the same period a year earlier to 33.3 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 238.3 billion yen. On a like-for-like basis, sales decreased 1.4%.

Sales of fabric care products were almost unchanged. In Japan, to minimize the impact of hikes in raw material prices, the Kao Group conducted strategic price increases at the time of the launch of improved laundry detergents and stepped up marketing activities, resulting in steady sales. In Asia, sales decreased due to the impact of the lockdowns in China that began in April.

In home care products, sales in Japan decreased slightly due to the impact of market shrinkage, but market share grew substantially for *CuCute* dishwashing detergent and *Bath Magiclean* bathroom cleaner.

In sanitary products, sales increased. Sales of *Laurier* sanitary napkins remained strong in Indonesia and increased in Japan. Sales of *Merries* baby diapers decreased. Sales in Indonesia were strong as a result of ramping up sales promotion activities. In Japan, implementation of price increases from April proceeded

as planned. On the other hand, sales decreased in China due to market shrinkage and insufficient fostering of locally produced products.

Operating income decreased 13.0 billion yen compared with the same period a year earlier to 13.1 billion yen due to the substantial impact of hikes in raw material prices.

Health and Beauty Care Business

Sales increased 1.6% compared with the same period a year earlier to 176.8 billion yen. On a like-for-like basis, sales decreased 2.9%.

Sales of skin care products decreased. In Japan, sales of UV care and other seasonal products grew steadily, due in part to the impact of the early end of the rainy season and a heat wave. On the other hand, sales of hand sanitizers decreased as the market continued to shrink but market share increased. In the United States, logistics disruptions gradually trended toward resolution.

Sales of hair care products decreased. Sales of products for hair salons in the Americas and Europe remained strong. *ORIBE*, a brand for high-end hair salons in the United States, performed strongly, mainly driven by e-commerce sales in addition to growth of the core salon channel. In Japan, as the environment for mass-market products remains fiercely competitive, the Kao Group will promote fundamental business transformation.

Sales of personal health products decreased. Sales of *MegRhythm* thermo products grew steadily, but sales of bath additives decreased.

Operating income decreased 8.1 billion yen compared with the same period a year earlier to 18.2 billion yen due to the substantial impact of hikes in raw material prices and other factors.

Life Care Business

Sales increased 3.8% compared with the same period a year earlier to 25.8 billion yen. On a like-for-like basis, sales increased 1.0%.

In commercial-use hygiene products, the market in Japan recovered significantly. In particular, sales grew as demand for kitchen cleaning agents and guest room amenities rose in the food service industry and lodging facilities and other establishments. In the United States, sales increased as customer industries grew, underpinned by a robust economy.

In health drinks, loyal users of *Healthya* products, which are foods for specified health uses, increased in the e-commerce channel, but not enough to compensate for a decrease in sales among conventional mass retailers, and sales decreased.

Operating income was negative 0.1 billion yen, a decrease of 1.7 billion yen from the same period a year earlier, due to the impact of hikes in raw material prices.

Cosmetics Business

Sales increased 4.9% compared with the same period a year earlier to 116.0 billion yen. On a like-for-like basis, sales increased 1.0%.

In the Cosmetics Business, amid lower-than-expected market recovery in Japan, new products from the global strategy brands "G11", including *SUQQU* prestige skin care and makeup and *KATE* makeup brands, sold strongly. In addition, fixed cost reductions as well as structural reforms of the makeup business have been advancing steadily. In China, delays in logistics due to lockdowns had a substantial impact. In Europe, *SENSAI* and *Molton Brown* sales growth significantly exceeded the market.

Operating income was 2.2 billion yen, an increase of 2.7 billion yen from the same period a year earlier.

Chemical Business

Sales increased 32.4% compared with the same period a year earlier to 199.1 billion yen. On a like-for-like basis, sales increased 25.1%.

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

Sales of performance chemicals were impacted by a decline in demand in the automobile-related field, but sales grew due to advancements in adjusting selling prices in line with rising prices of raw materials.

In information materials, sales of toner and toner binder grew by steadily capturing recovery in demand, and sales of hard disk-related products remained firm.

Operating income increased 3.4 billion yen compared with the same period a year earlier to 20.1 billion yen.

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

Revised Forecast of Consolidated Operating Results for the Fiscal Year Ending December 31, 2022

(Billions of yen, except per share amounts)

	Net sales	Operating income	Income before income taxes	Net income attributable to owners of the parent	Basic earnings per share (Yen)
Revised forecast (A)	1,570.0	145.0	156.0	111.0	236.53
Previously announced forecast (B)*	1,490.0	160.0	160.0	117.0	249.99
Change (A-B)	80.0	(15.0)	(4.0)	(6.0)	—
Percentage change (%)	5.4	(9.4)	(2.5)	(5.1)	—
(Reference) Results for the previous fiscal year (ended December 31, 2021)	1,418.8	143.5	150.0	109.6	230.59

* Forecast of consolidated operating results for the fiscal year ending December 31, 2022, announced on May 11, 2022

As mentioned in the description of operating results, hikes in raw material prices and lockdowns in China had an extremely severe impact on operating results for the six months ended June 30, 2022.

The severe business environment is expected to continue in the third quarter and thereafter due to the impact of raw material price hikes, higher logistics expenses and concerns about an inflation-triggered economic slowdown, among other factors.

Under these circumstances, the Kao Group will conduct strategic price increases globally and thoroughly implement cost structure reforms and other measures, but it has determined that it will be difficult to achieve the operating results forecast announced on May 11, 2022 and has therefore revised its forecast of consolidated operating results.

The main exchange rates used in the forecast of consolidated results are one U.S. dollar to 130 yen, one euro to 138 yen and one Chinese yuan to 20 yen.

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Condensed Consolidated Statement of Financial Position

(Millions of yen)

	June 30, 2022	December 31, 2021	Change
Assets			
Current assets			
Cash and cash equivalents	280,527	336,069	(55,542)
Trade and other receivables	225,216	216,209	9,007
Inventories	284,135	228,070	56,065
Other financial assets	7,857	6,094	1,763
Income tax receivables	7,038	2,508	4,530
Other current assets	22,053	20,842	1,211
Total current assets	826,826	809,792	17,034
Non-current assets			
Property, plant and equipment	450,580	428,609	21,971
Right-of-use assets	144,502	144,057	445
Goodwill	194,154	183,498	10,656
Intangible assets	59,059	52,636	6,423
Investments accounted for using the equity method	10,240	10,050	190
Other financial assets	22,910	23,588	(678)
Deferred tax assets	41,230	41,348	(118)
Other non-current assets	11,679	10,429	1,250
Total non-current assets	934,354	894,215	40,139
Total assets	1,761,180	1,704,007	57,173

(Millions of yen)

	June 30, 2022	December 31, 2021	Change
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	238,362	229,086	9,276
Bonds and borrowings	71,700	6,156	65,544
Lease liabilities	20,265	19,929	336
Other financial liabilities	2,583	6,329	(3,746)
Income tax payables	22,345	24,078	(1,733)
Provisions	1,465	2,041	(576)
Contract liabilities	35,820	31,143	4,677
Other current liabilities	95,761	103,135	(7,374)
Total current liabilities	488,301	421,897	66,404
Non-current liabilities			
Bonds and borrowings	55,382	121,581	(66,199)
Lease liabilities	120,755	121,016	(261)
Other financial liabilities	7,339	7,070	269
Retirement benefit liabilities	29,762	29,843	(81)
Provisions	8,356	8,187	169
Deferred tax liabilities	6,498	5,830	668
Other non-current liabilities	5,049	4,706	343
Total non-current liabilities	233,141	298,233	(65,092)
Total liabilities	721,442	720,130	1,312
Equity			
Share capital	85,424	85,424	-
Capital surplus	105,710	105,633	77
Treasury shares	(26,327)	(3,960)	(22,367)
Other components of equity	64,130	(3,723)	67,853
Retained earnings	786,885	781,763	5,122
Equity attributable to owners of the parent	1,015,822	965,137	50,685
Non-controlling interests	23,916	18,740	5,176
Total equity	1,039,738	983,877	55,861
Total liabilities and equity	1,761,180	1,704,007	57,173

Condensed Consolidated Statement of Income

(Millions of yen)

	Notes	Six months ended June 30, 2022	Six months ended June 30, 2021	Change
Net sales	1	733,901	675,179	58,722
Cost of sales		(467,741)	(397,754)	(69,987)
Gross profit		266,160	277,425	(11,265)
Selling, general and administrative expenses	2	(215,017)	(208,753)	(6,264)
Other operating income		8,882	8,892	(10)
Other operating expenses		(6,364)	(7,013)	649
Operating income	1	53,661	70,551	(16,890)
Financial income		6,577	3,537	3,040
Financial expenses		(1,199)	(1,297)	98
Share of profit in investments accounted for using the equity method		1,433	1,342	91
Income before income taxes		60,472	74,133	(13,661)
Income taxes		(20,713)	(20,678)	(35)
Net income		39,759	53,455	(13,696)
Attributable to:				
Owners of the parent		38,888	52,538	(13,650)
Non-controlling interests		871	917	(46)
Net income		39,759	53,455	(13,696)
Earnings per share				
Basic (Yen)		82.17	110.12	
Diluted (Yen)		82.16	110.12	

Condensed Consolidated Statement of Comprehensive Income

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2021	Change
Net income	39,759	53,455	(13,696)
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	77	512	(435)
Share of other comprehensive income of investments accounted for using the equity method	(126)	184	(310)
Total of items that will not be reclassified to profit or loss	(49)	696	(745)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	70,078	25,589	44,489
Share of other comprehensive income of investments accounted for using the equity method	799	248	551
Total of items that may be reclassified subsequently to profit or loss	70,877	25,837	45,040
Other comprehensive income, net of taxes	70,828	26,533	44,295
Comprehensive income	<u>110,587</u>	<u>79,988</u>	<u>30,599</u>
Attributable to:			
Owners of the parent	107,190	78,380	28,810
Non-controlling interests	3,397	1,608	1,789
Comprehensive income	<u>110,587</u>	<u>79,988</u>	<u>30,599</u>

Condensed Consolidated Statement of Changes in Equity

(Millions of yen)

	Equity attributable to owners of the parent											Total equity
	Share capital	Capital surplus	Treasury shares	Other components of equity				Total	Retained earnings	Total	Non-controlling interests	
				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	-	-	-	-	-	-	-	-	38,888	38,888	871	39,759
Other comprehensive income	-	-	-	-	68,340	11	(49)	68,302	-	68,302	2,526	70,828
Comprehensive income	-	-	-	-	68,340	11	(49)	68,302	38,888	107,190	3,397	110,587
Disposal of treasury shares	-	(120)	216	(74)	-	-	-	(74)	(21)	1	-	1
Purchase of treasury shares	-	(0)	(22,583)	-	-	-	-	-	-	(22,583)	-	(22,583)
Share-based payment transactions	-	190	-	-	-	-	-	-	-	190	-	190
Dividends	-	-	-	-	-	-	-	-	(34,120)	(34,120)	(359)	(34,479)
Changes in the ownership interest in subsidiaries	-	7	-	-	-	-	-	-	-	7	2,138	2,145
Transfer from other components of equity to retained earnings	-	-	-	(28)	-	-	(347)	(375)	375	-	-	-
Total transactions with the owners	-	77	(22,367)	(102)	-	-	(347)	(449)	(33,766)	(56,505)	1,779	(54,726)
June 30, 2022	85,424	105,710	(26,327)	73	58,662	11	5,384	64,130	786,885	1,015,822	23,916	1,039,738
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	-	-	-	-	-	-	-	-	52,538	52,538	917	53,455
Other comprehensive income	-	-	-	-	25,143	3	696	25,842	-	25,842	691	26,533
Comprehensive income	-	-	-	-	25,143	3	696	25,842	52,538	78,380	1,608	79,988
Disposal of treasury shares	-	(334)	51,682	(78)	-	-	-	(78)	(51,268)	2	-	2
Purchase of treasury shares	-	-	(51,787)	-	-	-	-	-	-	(51,787)	-	(51,787)
Share-based payment transactions	-	185	-	-	-	-	-	-	-	185	-	185
Dividends	-	-	-	-	-	-	-	-	(33,676)	(33,676)	(796)	(34,472)
Changes in the ownership interest in subsidiaries	-	(1,021)	-	-	-	-	-	-	-	(1,021)	1,584	563
Transfer from other components of equity to retained earnings	-	-	-	(3)	-	-	(338)	(341)	341	-	-	-
Total transactions with the owners	-	(1,170)	(105)	(81)	-	-	(338)	(419)	(84,603)	(86,297)	788	(85,509)
June 30, 2021	85,424	105,448	(3,970)	187	(24,225)	3	6,082	(17,953)	746,821	915,770	16,903	932,673

Condensed Consolidated Statement of Cash Flows

(Millions of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2021
Cash flows from operating activities		
Income before income taxes	60,472	74,133
Depreciation and amortization	44,023	43,641
Interest and dividend income	(826)	(631)
Interest expense	944	1,020
Share of profit in investments accounted for using the equity method	(1,433)	(1,342)
(Gains) losses on sale and disposal of property, plant and equipment, and intangible assets	1,210	1,476
(Increase) decrease in trade and other receivables	14,207	24,710
(Increase) decrease in inventories	(36,657)	(16,924)
Increase (decrease) in trade and other payables	(5,248)	(9,073)
Increase (decrease) in retirement benefit liabilities	(1,887)	(4,097)
Other	(22,857)	(18,434)
Subtotal	51,948	94,479
Interest received	728	571
Dividends received	2,396	2,173
Interest paid	(932)	(1,020)
Income taxes paid	(26,396)	(31,617)
Net cash flows from operating activities	27,744	64,586
Cash flows from investing activities		
Payments into time deposits	(4,625)	(6,200)
Proceeds from withdrawal of time deposits	5,842	7,066
Purchase of property, plant and equipment	(36,986)	(32,650)
Purchase of intangible assets	(4,691)	(4,357)
Other	411	1,488
Net cash flows from investing activities	(40,049)	(34,653)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(160)	160
Proceeds from long-term borrowings	-	10,091
Repayments of long-term borrowings	(1,351)	(11,159)
Repayments of lease liabilities	(10,831)	(10,700)
Purchase of treasury shares	(22,583)	(51,787)
Dividends paid to owners of the parent	(34,148)	(33,708)
Dividends paid to non-controlling interests	(207)	(321)
Other	2,042	802
Net cash flows from financing activities	(67,238)	(96,622)
Net increase (decrease) in cash and cash equivalents	(79,543)	(66,689)
Cash and cash equivalents at the beginning of the period	336,069	353,176
Effect of exchange rate changes on cash and cash equivalents	24,001	9,640
Cash and cash equivalents at the end of the period	280,527	296,127

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	Oleochemicals, Fat and oil derivatives, Surfactants, Fragrance	
	Performance chemicals	Water-reducing admixture for concrete, Casting sand binders, Plastics additives, Process chemicals for various industries	
	Information materials	Toners/Toner binders, Inkjet ink colorants, Ink, Fine polishing agents and cleaner for hard disk, Materials and process chemicals for semiconductor	

(2) Sales and results of reportable segments

Six months ended June 30, 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	238,335	176,751	25,804	115,989	556,879	177,022	733,901	-	733,901
Intersegment sales and transfers ²	-	-	-	-	-	22,090	22,090	(22,090)	-
Total net sales	238,335	176,751	25,804	115,989	556,879	199,112	755,991	(22,090)	733,901
Operating income (loss)	13,066	18,204	(104)	2,183	33,349	20,116	53,465	196	53,661
% of net sales	5.5	10.3	(0.4)	1.9	6.0	10.1	-	-	7.3
Financial income									6,577
Financial expenses									(1,199)
Share of profit in investments accounted for using the equity method									1,433
Income before income taxes									60,472

Notes:

1. The operating income (loss) reconciliation of 196 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.

Six months ended June 30, 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	234,772	173,959	24,867	110,576	544,174	131,005	675,179	-	675,179
Intersegment sales and transfers ²	-	-	-	-	-	19,398	19,398	(19,398)	-
Total net sales	234,772	173,959	24,867	110,576	544,174	150,403	694,577	(19,398)	675,179
Operating income (loss)	26,048	26,296	1,571	(477)	53,438	16,756	70,194	357	70,551
% of net sales	11.1	15.1	6.3	(0.4)	9.8	11.1	-	-	10.4
Financial income									3,537
Financial expenses									(1,297)
Share of profit in investments accounted for using the equity method									1,342
Income before income taxes									74,133

Notes:

1. The operating income (loss) reconciliation of 357 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)	
	Six months ended June 30, 2022	Six months ended June 30, 2021
Advertising	35,814	35,317
Sales promotion	20,631	21,057
Employee benefits	79,736	77,027
Depreciation	8,646	9,243
Amortization	4,255	4,202
Research and development	30,480	29,593
Other	35,455	32,314
Total	215,017	208,753

Note regarding Assumption of Going Concern

None applicable.