

Financial Results for the 3rd Quarter of the Fiscal Year Ending March 31, 2022

February 7, 2022

Listed stock exchanges: Tokyo Stock Exchange

Company name: Unitika Ltd.

Code number: 3103

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Expected commencement date for paying dividend: –

Preparation of supplementary explanation documents for quarterly financial results: No

Holding of an analyst meeting for quarterly financial results: No

(Figures rounded down to nearest million yen.)

1. Consolidated performance for 3rd quarter of fiscal year ending March 31, 2022 (April 1, 2021 to December 31, 2021)

(1) Consolidated performance (accumulation)

(Percentages represent changes from same period in previous year.)

	Net sales		Operating profit		Ordinary profit		Quarterly profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Q3 of FY ending March 31, 2022	83,991	—	4,895	9.8	4,525	53.7	3,136	(32.1)
Q3 of FY ended March 31, 2021	81,653	(8.0)	4,459	15.8	2,943	0.9	4,622	—

(Note) Comprehensive income Q3 of FY ending March 31, 2022: 4,006 million yen [(22.3%)]

Q3 of FY ended March 31, 2021: 5,159 million yen [—%]

	Quarterly profit per share	Diluted quarterly profit per share
	Yen	Yen
Q3 of FY ending March 31, 2022	50.20	25.37
Q3 of FY ended March 31, 2021	75.97	36.55

(Note) The “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. have been applied from the beginning of the first quarter of the consolidated fiscal year ending March 31, 2022. Accordingly, net sales for the third quarter of the consolidated fiscal year ending March 31, 2022 show the amount after the above-mentioned accounting standard, etc. have been applied, and the year-on-year percentage change in net sales for the third quarter of the consolidated fiscal year ending March 31, 2022 has been omitted from the table above.

(2) Consolidated financial situation

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
Q3 of FY ending March 31, 2022	194,027	44,877	22.2
FY ended March 31, 2021	190,403	41,192	20.7

(Reference) Shareholders' equity 3rd quarter of fiscal year ending March 31, 2022: 43,081 million yen

Fiscal year ended March 31, 2021: 39,476 million yen

2. Dividend payment

	Annual dividend per share				
	End of Q1	End of Q2	End of Q3	Year end	Total
	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2021	—	0.00	—	0.00	0.00
FY ending March 31, 2022	—	0.00	—		
FY ending March 31, 2022 (forecast)				0.00	0.00

(Note) Revision of the latest dividend forecast: None

(Note) The abovementioned *Dividend payment* refers to dividends paid to the holders of common stock. For details of dividend payment to the holders of class shares (unlisted), the rights of which are different from those of common stock, please refer to *Dividend payment to the holders of class shares* mentioned below.

3. Forecast of consolidated performance for fiscal year ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(Percentages represent changes from same period in previous year.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY ending March 31, 2022	116,500	—	6,600	9.7	5,400	0.3	4,000	3.5	63.80

(Note) Revision of the latest forecasts of operational results: No

(Note) The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. have been applied from the beginning of the first quarter of the consolidated fiscal year ending March 31, 2022. Accordingly, the above-mentioned forecast of consolidated performance for the fiscal year ending March 31, 2022 shows the amounts after the above-mentioned accounting standard, etc. have been applied, and the year-on-year percentage change in net sales for the full year of the consolidated fiscal year ending March 31, 2022 has been omitted from the table above.

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying change of scope of consolidation): No

New companies: — (company name)

Excluded companies: — (company name)

(2) Adoption of special accounting methods for preparing quarterly consolidated financial statements: No

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

① Changes in accounting policies due to revisions of accounting standards: Yes

② Changes of accounting policies other than the above: No

③ Changes in accounting estimates: No

④ Retrospective restatement: No

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Main Notes (3) Notes on quarterly consolidated financial statements (Changes in accounting policies)” on page 8 of the attachment.

(4) Number of shares outstanding (Common stock)

① Number of shares outstanding at end of term (including treasury stock):

3rd quarter of the fiscal year ending March 31, 2022: 57,752,343 shares

Fiscal year ended March 31, 2021: 57,752,343 shares

② Number of treasury stocks at end of term

3rd quarter of the fiscal year ending March 31, 2022: 95,675 shares

Fiscal year ended March 31, 2021: 95,236 shares

③ Average number of shares outstanding during the term (quarterly consolidated accumulated period)

3rd quarter of the fiscal year ending March 31, 2022: 57,656,940 shares

3rd quarter of the fiscal year ended March 31, 2021: 57,657,784 shares

* This brief report of quarterly financial statements is not subject to audit procedures by a certified public accountant or an independent auditor.

* Explanation on appropriate use of forecasts of performance and other special items

(Note on forward-looking statements)

The forward-looking statements in this document concerning forecasting of performance etc. are based on currently available information and assumptions considered by the Company to be reasonable. Such statements are neither promises nor guarantees of future performance. The actual performance may be significantly different from forecasts due to numerous factors. Concerning assumptions used as a basis for forecasting business performance and precautionary statements when using the forecast of performance, please refer to “1. Qualitative Information on Quarterly Results (3) Explanation of future forecast information including forecast of consolidated performance” on page 3 of the attachment.

Dividend payment to the holders of class shares

The breakdown of dividends per share related to class shares, the rights of which are different from those of common stock, is as follows:

	Annual dividends				
	End of Q1	End of Q2	End of Q3	Year end	Total
Class A share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2021	—	0.00	—	12,000.00	12,000.00
FY ending March 31, 2022	—	0.00	—		
FY ending March 31, 2022 (forecast)				12,000.00	12,000.00
Class B share	Yen	Yen	Yen	Yen	Yen
FY ended March 31, 2021	—	0.00	—	23,740.00	23,740.00
FY ending March 31, 2022	—	0.00	—		
FY ending March 31, 2022 (forecast)				23,740.00	23,740.00

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1. Qualitative Information on Quarterly Results

(1) Explanation of operational results

The “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. have been applied from the beginning of the first quarter of the consolidated fiscal year ending March 31, 2022 (April 1, 2021 to June 30, 2021). Accordingly, the Company’s accounting method for revenue recognition for the first nine-month period of the consolidated fiscal year ending March 31, 2022 (April 1, 2021 to December 31, 2021) differed from that for the first nine-month period of the previous consolidated fiscal year (April 1, 2020 to December 31, 2020). Thereby, in the explanation on operational results for the first nine-month period of the consolidated fiscal year ending March 31, 2022, the Company explained net sales without describing the year-on-year amount and percentage changes.

During the first nine-month period of the consolidated fiscal year under review, regarding the Japanese economy, demand recovered for manufacturing industries and service businesses after the declaration of a State of Emergency was called off. On the other hand, the global economy accelerated its recovery pace since the spread of new coronavirus infection (hereinafter “COVID-19”) temporally came to a halt. However, the global economic outlook continued to be uncertain toward the end of the period. This was because of growing concerns over the possibility that the recovery of demand would suddenly stop due to the rapid spread of COVID-19 variant infections, mainly in Europe and the U.S., a worldwide supply shortage of components and raw materials and subsequent rise in their prices, sea transportation bottlenecks and a succeeding increase in transportation costs, and concerns over geopolitical tensions between the U.S. and China.

Under these circumstances, the Unitika Group has been endeavoring to realize the building of strong business portfolios, promotion of global business development, and a change in business culture and mind-set—the Group’s basic policies that place the strengthening of the foundation for a growth phase as the highest priority under “G-STEP30, the 1st,” a medium-term management plan.

Consequently, the Group reported net sales of 83,991 million yen (versus net sales of 81,653 million yen in the previous year), operating profit of 4,895 million yen (up 9.8% year on year), ordinary profit of 4,525 million yen (up 53.7% year on year), and profit attributable to owners of parent of 3,136 million yen (down 32.1% year on year) in the first nine-month period of the consolidated fiscal year under review. The application of the Accounting Standard for Revenue Recognition, etc. caused net sales to decrease by 2,260 million yen.

Here is an overview of the business results by segment.

[Polymers Segment]

The Polymers Segment suffered negative impacts of rising raw material and fuel prices,. However, the segment saw demand, which declined in the previous year due to the COVID-19 pandemic, recover and sales grow steadily throughout the period under review.

In the Films business, the packaging sector saw sales grow in food package applications due to continuous demand from staying at home despite the negative impact of soaring raw material and fuel prices. Furthermore, sales of environmentally friendly food package films, which contribute to the reduction of CO₂ emissions, also increased steadily. In the industrial sector, sales were robust, mainly in electric and electronic applications, while sales of high-value-added products, such as “UNIPEEL,” a silicon-free release PET film, also increased steadily. Accordingly, the Films business saw net sales and profit grow.

In the Plastics business, sales as a whole increased, supported by a continuous strong demand in electric and electronic applications despite a delay in recovery of demand in automotive applications. Demand for nylon resins and “U-Polymer,” a polyarylate resin, was robust in electrical and electronics applications. Sales of “XecoT,” a high-heat-resistant aromatic polyamide resin, grew steadily since the resin was newly adopted in automotive applications and electric and electronic applications. Sales of raw materials for other functional resins were also strong. Accordingly, the Plastics business saw net sales and profit grow.

Consequently, the Polymers segment posted operating profit of 5,553 million yen (up 31.8% year on year) on net sales of 37,881 million yen (versus net sales of 30,685 million yen in the previous year). The application of the Accounting Standard for Revenue Recognition, etc. caused net sales to increase by 2,448 million yen.

[Performance Materials Segment]

The Performance Materials Segment saw sales as a whole grow since demand, which decreased due to the COVID-19 pandemic in the previous year, recovered in the construction and civil engineering applications. However, the segment had tough times since it suffered negative impact of a rise in cost caused by rising raw material and fuel prices and turmoil in the ocean freight network.

In the Activated Carbon Fibers business, sales for mainstay water purifier applications were steady due to the expansion of demand for housing-equipment-related applications, supported by staying at home and spending and a rise in health consciousness. Furthermore, sales for VOC removal applications and environment-related applications grew strongly.

In the Glass Fibers business, in the industrial materials sector, demand continued recovering in electric- and electronic-related material applications. Demand for building and civil engineering applications, such as tents and sheets, also picked up from the decline in demand caused by the COVID-19 pandemic in the previous year. In the electronic materials sector, sales of IC cloth remained robust for semiconductor applications, such as products for information terminal equipment and peripheral equipment. Sales of high-value-added products, including super-thin products and materials with low thermal expansion, remained strong.

In the Glass Beads business, sales for road applications remained flat from the previous year because of a slow recovery of demand in some areas. Sales for reflective material applications grew in Japan and abroad. Sales for industrial applications were also steady in blasting applications.

In the Non-woven Fabrics business, demand stabilized for daily product applications, such as medical gowns, and for sanitary material applications, such as disinfectant sheets, which increased sharply in the previous year. Sales for general industrial materials and building applications moderately recovered from the decline in sales due to the impact of the COVID-19 pandemic in the previous year. However, sales for automotive applications decreased due to the impact of the semiconductor supply shortage. Sales for skin care applications continued to be sluggish due to the impact of restraint on the flow of people.

In the Industrial Materials business, sales of polyester staple fibers grew steadily due to robust demand for filter applications. Furthermore, sales of ultra-high-strength polyester filament yarns increased, supported by a recovery of demand for building and civil engineering applications, which declined in the previous year due to the COVID-19 pandemic. However, the profitability of the Industrial Materials business suffered from a rise in production costs caused by soaring raw material and fuel prices and chaos in ocean shipping supply chains.

Consequently, the Performance Materials segment posted operating profit of 67 million yen (down 85.3% year on year) on net sales of 25,499 million yen (versus net sales of 21,798 million yen in the previous year). The application of the Accounting Standard for Revenue Recognition, etc. caused net sales to increase by 1,751 million yen.

[Fibers and Textiles Segment]

The Garments, Lifestyle Materials and Bedding business continued to suffer the impact of the COVID-19 pandemic. There were some signs of recovery in demand for some industries in the uniform sector, a mainstay of this business, while demand remained very weak in the women's and sport clothing and bedding sectors. In addition, demand for medical gowns, whose orders grew in the previous year, leveled off, causing sales of the Garments, Lifestyle Materials and Bedding to decrease.

Consequently, the Fibers & Textiles business posted an operating loss of 689 million yen (versus an operating loss of 133 million yen in the previous year) on net sales of 20,563 million yen (versus net sales of 29,147 million yen in the previous year). The application of the Accounting Standard for Revenue Recognition, etc. caused net sales to decrease by 6,460 million yen.

[Others]

The Others category posted an operating loss of 29 million yen (versus an operating loss of 50 million yen in the previous year) on net sales of 46 million yen (versus net sales of 22 million yen in the previous year). The application of the Accounting Standard for Revenue Recognition, etc. didn't have impact on net sales.

(2) Explanation of financial position

Total assets increased by 3,624 million yen from the end of the previous consolidated year to 194,027 million yen mainly due to a rise in notes and accounts receivable-trade, and contract assets, inventories, and property, plant and equipment despite a decrease in cash and deposits. Liabilities fell by 60 million yen from the end of the previous consolidated year to 149,150 million yen. This was primarily due to a decline in long-term borrowings despite a rise in notes and accounts payable-trade. Net assets increased by 3,685 million yen from the end of the previous consolidated year to 44,877 million yen. This was mainly due to a rise in retained earnings caused by the posting of profit attributable to owners of parent.

(3) Explanation of future forecast information including forecast of consolidated performance

The Company has not revised the forecast of consolidated performance for the full year of the fiscal year ending March 31, 2022 announced by the "Quarterly Report of Financial Results for the 2nd Quarter of the Fiscal Year Ending March 31, 2022" on November 9, 2021.

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly consolidated balance sheets

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2021)	Q3 of current consolidated fiscal year ending March 2022 (December 31, 2021)
Assets		
Current assets		
Cash and deposits	23,370	18,752
Notes and accounts receivable – trade	29,182	—
Notes and accounts receivable-trade, and contract assets	—	31,539
Inventories	26,033	29,531
Other	2,595	2,694
Allowance for doubtful accounts	(91)	(130)
Total current assets	81,088	82,387
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	20,108	20,963
Land	62,647	62,562
Other, net	20,255	21,591
Total property, plant and equipment	103,010	105,117
Intangible assets		
Other	1,991	2,204
Total intangible assets	1,991	2,204
Investments and other assets		
Other	4,378	4,388
Allowance for doubtful accounts	(65)	(70)
Total investments and other assets	4,312	4,317
Total non-current assets	109,314	111,639
Total assets	190,403	194,027

(Unit: Millions of yen)

	Previous consolidated fiscal year (March 31, 2021)	Q3 of current consolidated fiscal year ending March 2022 (December 31, 2021)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	13,606	16,541
Short-term borrowings	2,130	2,105
Current portion of long-term borrowings	2,664	2,653
Income taxes payable	923	150
Provision for bonuses	1,770	953
Provision for product repairs	40	35
Other	10,210	10,074
Total current liabilities	31,346	32,514
Non-current liabilities		
Long-term borrowings	92,002	89,820
Retirement benefit liability	14,324	14,929
Other	11,537	11,885
Total non-current liabilities	117,864	116,636
Total liabilities	149,211	149,150
Net assets		
Shareholders' equity		
Share capital	100	100
Capital surplus	13,126	13,126
Retained earnings	25,695	28,510
Treasury shares	(57)	(57)
Total shareholders' equity	38,865	41,680
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	480	461
Deferred gains or losses on hedges	16	(0)
Revaluation reserve for land	6,313	6,313
Foreign currency translation adjustment	(4,374)	(3,753)
Remeasurements of defined benefit plans	(1,823)	(1,620)
Total accumulated other comprehensive income	611	1,401
Non-controlling interests	1,715	1,795
Total net assets	41,192	44,877
Total liabilities and net assets	190,403	194,027

- (2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income
 (Quarterly consolidated statements of income)
 (Nine-month period ended December 31, 2021)

(Unit: Millions of yen)

	Nine-month period ended December 31, 2020 (April 1, 2020 to December 31, 2020)	Nine-month period ended December 31, 2021 (April 1, 2021 to December 31, 2021)
Net sales	81,653	83,991
Cost of sales	61,604	62,823
Gross profit	20,049	21,167
Selling, general and administrative expenses	15,590	16,271
Operating profit	4,459	4,895
Non-operating income		
Interest income	28	28
Dividend income	74	58
Share of profit of entities accounted for using equity method	—	25
Foreign exchange gains	—	364
Subsidy income	266	130
Other	275	206
Total non-operating income	644	812
Non-operating expenses		
Interest expenses	891	837
Share of loss of entities accounted for using equity method	16	—
Foreign exchange losses	974	—
Other	279	345
Total non-operating expenses	2,160	1,183
Ordinary profit	2,943	4,525
Extraordinary income		
Gain on sales of non-current assets	181	95
Insurance claim income	3,398	556
Total extraordinary income	3,579	652
Extraordinary losses		
Loss on disposal of non-current assets	654	779
Loss on tax purpose reduction entry of non-current assets	—	398
Other	424	28
Total extraordinary losses	1,079	1,206
Profit before income taxes	5,443	3,971
Income taxes – current	622	563
Income taxes – deferred	187	278
Total income taxes	810	842
Profit	4,633	3,129
Profit (loss) attributable to non-controlling interests	11	(7)
Profit attributable to owners of parent	4,622	3,136

(Quarterly consolidated statements of comprehensive income)

(Nine-month period ended December 31, 2021)

(Unit: Millions of yen)

	Nine-month period ended December 31, 2020 (April 1, 2020 to December 31, 2020)	Nine-month period ended December 31, 2021 (April 1, 2021 to December 31, 2021)
Profit	4,633	3,129
Other comprehensive income		
Valuation difference on available-for-sale securities	37	(19)
Deferred gains or losses on hedges	23	(16)
Foreign currency translation adjustment	154	709
Remeasurements of defined benefit plans, net of tax	310	203
Total other comprehensive income	525	877
Comprehensive income	5,159	4,006
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	5,166	3,926
Comprehensive income attributable to non-controlling interests	(7)	80

(3) Notes on quarterly consolidated financial statements

(Notes on assumption of going concern)

Not applicable

(Notes on significant changes in shareholders' equity)

Not applicable

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter "Revenue Recognition Standard"), etc. have been applied from the beginning of the first quarter of the consolidated fiscal year ending March 31, 2022. The Company recognizes revenue in the amount that it expects to receive in exchange for promised goods or services at a point in time when the control of the goods or services is transferred to customers.

Thereby, if the Company's performance obligation is to arrange for the provision of goods or services promised to customers by another party, the Company, as an agent, recognizes revenue on a net basis.

Consequently, net sales and cost of sales for the first nine-month period of the consolidated fiscal year ending March 31, 2022 each decreased by 2,260 million yen.

The Revenue Recognition Standard, etc. were applied in accordance with the transitional treatment set forth in the proviso of Paragraph 84 of the Revenue Recognition Standard. However, these changes had no impact on the balance of retained earnings at the beginning of the consolidated fiscal year ending March 31, 2022.

Due to the application of the Revenue Recognition Standard, etc., "Notes and accounts receivable-trade" in "Current assets" on the consolidated balance sheets for the previous consolidated fiscal year were stated as "Notes and accounts receivable-trade, and contract assets" from the first quarter of the consolidated fiscal year ending March 31, 2022. According to the transitional treatment set forth in Paragraph 89-2 of the Revenue Recognition Standard, comparative information for the previous consolidated fiscal year was not reclassified by the new method of presentation. Furthermore, in compliance with the transitional treatment set forth in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue generated from contracts with customers for the first nine-month period of the previous consolidated fiscal year was not shown.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019; hereinafter "Fair Value Measurement Standard"), etc. have been applied from the beginning of the first quarter of the consolidated fiscal year ending March 31, 2022. In accordance with the transitional treatment prescribed in Paragraph 19 of the Fair Value Measurement Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company has decided to apply the new accounting policies set forth by the Fair Value Measurement Standard into the future. These changes had no impact on the quarterly consolidated financial statements.

(Additional information)

(Application of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system)

As to items subject to transition to the group tax sharing system, established under the "Act for Partial Revision of the Income Tax Act" (Act No. 8 of 2020), and items reviewed under the non-consolidated taxation system in conjunction with the transition to the group tax sharing system, the Company and some of its consolidated subsidiaries in Japan have not applied the provisions in Paragraph 44 of the "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28, February 16, 2018) in accordance with the treatment under Paragraph 3 of the "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Issues Task Force (PITF) No. 39, March 31, 2020), and the amounts of deferred tax assets and deferred tax liabilities were based on the provisions of the Income Tax Act before the revision.

(Impact of the COVID-19 pandemic)

As to the assumption on the impact of the COVID-19 pandemic that the Group described in the Securities Report (material accounting estimates) for the previous consolidated fiscal year, there were no material changes in the first nine-month period of the consolidated fiscal year ending March 31, 2022.

(Segment information, etc.)

[Segment Information]

I. Nine-month period ended December 31, 2020 (April 1, 2020 to December 31, 2020)

1. Information on net sales, income or loss by reportable segment

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount posted in Quarterly consolidated statements of income (Note 3)
	Polymers	Performance Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	30,685	21,798	29,147	81,631	22	81,653	—	81,653
Inter-segment sales or transfers	5,490	3,380	228	9,099	—	9,099	(9,099)	—
Total	36,176	25,179	29,375	90,730	22	90,752	(9,099)	81,653
Segment income (loss)	4,212	456	(133)	4,535	(50)	4,485	(26)	4,459

- (Notes) 1. The *Other* segment includes business segments that are not included in reportable segments.
2. Adjustment of *Segment income (loss)* is attributable to the elimination of inter-segment transactions.
3. *Segment income (loss)* is adjusted with operating profit in quarterly consolidated statements of income.

II. Nine-month period ended December 31, 2021 (April 1, 2021 to December 31, 2021)

1. Information on net sales, income or loss by reportable segment

(Unit: Millions of yen)

	Reportable segment				Other (Note 1)	Total	Adjustment (Note 2)	Amount posted in Quarterly consolidated statements of income (Note 3)
	Polymers	Performance Materials	Fibers & Textiles	Total				
Net sales								
Net sales to outside customers	37,881	25,499	20,563	83,944	46	83,991	—	83,991
Inter-segment sales or transfers	3,935	1,267	161	5,364	—	5,364	(5,364)	—
Total	41,816	26,766	20,725	89,308	46	89,355	(5,364)	83,991
Segment income (loss)	5,553	67	(689)	4,930	(29)	4,900	(4)	4,895

- (Notes) 1. The *Other* segment includes business segments that are not included in reportable segments.
2. Adjustment of *Segment income (loss)* is attributable to the elimination of inter-segment transactions.
3. *Segment income (loss)* is adjusted with operating profit in consolidated statements of income.

2. Matters concerning the revision of reportable segments

(Application of Revenue Recognition Standard, etc.)

As described in (Changes in accounting policies), the Company has changed its accounting method for revenue recognition by applying the Revenue Recognition Standard, etc. from the beginning of the first quarter of the consolidated fiscal year ending March 31, 2022.

Consequently, in the first nine-month period of the consolidated fiscal year ending March 31, 2022, compared to those under the previous accounting method, net sales of the “Polymers” business and the “Performance Materials” business increased by 2,448 million yen and 1,751 million yen, respectively, while net sales of the “Fibers & Textiles” business decreased by 6,460 million yen.