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Consolidated Financial Results for the Nine Months Ended December 31, 2024 [Japanese GAAP]

February 12, 2025

Company name: The Nisshin Oillio Group, Ltd.
 Stock exchange listing: Tokyo
 Code number: 2602
 URL: <https://www.nisshin-oillio.com/english/>
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 Scheduled date of commencing dividend payments: —
 Availability of supplementary material on financial results: Yes
 Financial results briefing session: Yes (for analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2024

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2024	404,246	3.5	16,946	(12.9)	16,298	(12.9)	12,176	(12.0)
December 31, 2023	390,542	(8.1)	19,457	32.4	18,711	26.8	13,834	26.1

(Note) Comprehensive income: Nine months ended December 31, 2024: ¥14,417 million [(15.7)%]
 Nine months ended December 31, 2023: ¥17,105 million [160.6%]

	Basic earnings per share	Diluted earnings per share
Nine months ended December 31, 2024	Yen 375.64	Yen -
December 31, 2023	426.82	-

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of December 31, 2024	Million yen 405,495	Million yen 201,041	%
March 31, 2024	393,382	192,562	46.4

(Reference) Equity: As of December 31, 2024: ¥190,132 million
 As of March 31, 2024: ¥182,622 million

2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	-	60.00	-	110.00	170.00
Fiscal year ending March 31, 2025	-	90.00	-		
Fiscal year ending March 31, 2025 (Forecast)				90.00	180.00

(Note) Revision to the dividend forecast announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2025 (April 1, 2024, to March 31, 2025)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	535,000	4.2	21,000	0.8	20,000	(0.2)	14,500	(4.3)	447.36

(Note) Revision to the financial results forecast announced most recently: None

▪ Notes:

(1) Significant changes in the scope of consolidation during the period under review: None

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Related Notes, (4) Notes to the Quarterly Consolidated Financial Statements, Application of special accounting methods in the preparation of quarterly consolidated financial statements” on page 17.

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting estimates: None

4) Retrospective restatement: None

(4) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury stock):

December 31, 2024: 33,716,257 shares

March 31, 2024: 33,716,257 shares

2) Total number of treasury stock at the end of the period:

December 31, 2024: 1,295,612 shares

March 31, 2024: 1,304,040 shares

3) Average number of shares during the period (cumulative from the beginning of the fiscal year):

Nine months ended December 31, 2024: 32,416,851 shares

Nine months ended December 31, 2023: 32,412,410 shares

(Note) The Company's shares held by the Trust Account for Stock Delivery to Directors are included in treasury stocks.

- Review of the Japanese-language originals of the attached quarterly consolidated financial statements by certified public accountants or audit firms: None
- Explanation of the appropriate use of earnings forecasts and other notes: The forward-looking statements, including earnings forecasts, contained in this document are based on information currently available to the Company and certain assumptions deemed reasonable, and are not intended as a promise by the Company that they will be achieved. Actual results may differ materially due to a variety of factors. Please refer to “1. Overview of Business Performance, (3) Explanation of the Forecast Data, including Consolidated Results Forecast” on page 11 for the conditions that form the assumptions for the forecast of financial results and cautions concerning the use of the forecast of financial results.

Financial results briefing for analysts and institutional investors will be held as follows:

Date: February 12, 2025 (Wed.) (Only available in Japanese)

It will be an interactive conference call to explain the overview of the results and to answer questions. Supplementary materials will be posted on the Company’s website on the same day.

[Reference]

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1. Overview of Business Performance

Any forward-looking statement herein is based on management's judgment as of December 31, 2024.

(1) Overview of Business Performance during the First Nine Months of the Fiscal Year Ending March 31, 2025

During the first nine months of the fiscal year ending March 31, 2025, the global economy maintained solid growth as exemplified by the recovery in personal spending in various countries due largely to the easing of inflationary pressure coming off of the shift to monetary easing.

In Japan, despite some stagnation in the consumption, particularly of foodstuffs, under the impact of prolonged price increases, the economy recovered moderately as exhibited by the favorable performance of the service and other industries, against the backdrop of improved income and employment conditions, and an increase in inbound demand.

Under such circumstances, the Group continues to mobilize its core policy, "Transform ourselves into a corporate group that continuously creates diverse values through customer centricity," in advancing the Value Up+ medium-term management plan (FY2021-FY2024). The Group is accelerating its growth trajectory through its CSV targets that serve as growth drivers within each of the six key priorities. Leveraging the "Natural Power of Plants" as a foundation for value creation, the Group will also pursue sustainable growth while cultivating diverse values that can be shared with society.

The Group has set achieving an ROE level that exceeds the equity cost as its material business goal. ROIC has been used as a business performance metric since FY2022, and the Group has tirelessly worked to enhance its profitability and asset efficiency. Furthermore, the Group has developed a framework ("Achievement Chart") of KPIs and specific initiatives under the four pillars of "growth," "active investment," "sustainability," and "efficiency," and will continue to make progress to achieve its management targets at ROE of 8.0% or higher and ROIC of 5.0% or higher in FY2024.

The financial results for the first nine months of the fiscal year ending March 31, 2025, are as follows:

(Million yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Change	YoY (%)
Net sales	390,542	404,246	+13,704	103.5
Operating profit	19,457	16,946	(2,510)	87.1
Ordinary profit	18,711	16,298	(2,413)	87.1
Profit attributable to owners of parent	13,834	12,176	(1,657)	88.0

Overview by Segment

<< Oil and Fat >>

(Million yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Change	YoY (%)
Net sales	323,155	327,937	+4,781	101.5
Operating profit	17,675	12,399	(5,275)	70.2

In terms of the oil and meal category, eating out and tourism picked up due to a recovery in domestic flows of people, along with an increase in inbound demand, resulting in higher sales volumes of products for commercial-use and for food processing. Where sales prices are concerned, while prices of raw materials fell over the same period of the previous year, a harsh cost environment characterized by the rising costs involved with the oils and fats business as a whole, including logistics and depreciation of the yen against the US dollar, prompted us to push forward with the revision. However, due to conditions in the oil and meal product market and heightened awareness among consumers to maintain their lifestyle, the sales price revision ended up falling behind the timing that was initially envisioned. This, plus effects from higher olive oil costs, resulted in a decline in sales and profit. The oil and fat segment overall reported an increase in net sales, but despite higher sales and profit for processed oil and fat, the operating profit decreased.

◆ Oil and Meal

(Million yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Change	YoY (%)
Net sales	245,113	230,061	(15,052)	93.9
Operating profit	13,575	7,204	(6,370)	53.1

Procurement environment of raw materials

Although the yen weakened against the dollar compared to the same period of the previous fiscal year, soybean and rapeseed markets fell year on year. As a result, procurement costs for these materials declined compared with the same period of the previous fiscal year.

Market prices of major raw materials

Regarding soybeans, during the same period of the previous year, market prices progressed at a high level due to a decrease in planting area and high temperatures and dryness in production areas in the U.S. In comparison, during the nine months under review, expectations of a bumper soybean crop in the U.S. grew, and transactions with limited buoyancy in prices continued.

In 2024, since the beginning of the year, prices have been weak due largely to a gradual decline resulting from subsided concerns over reduced soybean production in Brazil. In May, during which large-scale flooding in southern Brazil was reported, prices were pushed up to the mid-US\$12 level, but the impact was temporary. Starting in August, expectations of a bumper crop in the U.S. held down market prices, which fluctuated around the US\$10 level.

There were moments where the market price for rapeseed rose to the C\$800 level due largely to high temperatures and dryness in Canada, a major area of production, during the same period of the previous year. However, during the nine months under review, the market price declined compared to the same period of the

previous year due to the easing of global supply and demand.

Since April, the growth of Canadian rapeseed progressed steadily, but production in Europe and Australia was expected to decline, and as a result, prices remained at the C\$600 level. Although there were factors sharply pushing down the price of rapeseed below the C\$600 level, including the decline in soybean prices on the Chicago Board of Trade and reports that China had launched an anti-dumping investigation into Canadian rapeseed, production in Canada decreased as well as that in Europe and Australia, and thus the price recovered to C\$600.

Exchange rates

The dollar-yen market saw the yen weaken against the U.S. dollar as the outlook for interest rate reductions in the U.S. was pushed back due to strong employment and economic results, and there was awareness of the gap in interest rates between Japan and the U.S. In particular, from the start of the year to July, the depreciation of the yen progressed in a near-monotonous fashion, with the dollar appreciating against the yen to the 161-yen level, something not seen in 37 and a half years. Subsequently, due to currency intervention and other actions by the government and Bank of Japan, there were moments in September when the yen passed 140 yen to the dollar. However, this did not last for long, and as of October, the value of the yen against the dollar returned to the 150-yen level due to awareness of the interest rate differential between Japan and the U.S. With the reelection of President Donald Trump, U.S. stocks rose and U.S. dollar buying activity intensified, causing the depreciation of the yen against the dollar to progress to the 158-yen level.

Sales of oil and fat

In commercial-use products, the Group continuously made efforts to improve the quality of solutions offered through “collaborative-sales-to-identify-needs” marketing, such as improving the quality of end products, reducing costs, and boosting productivity. Active proposals were made to expand sales of functional-solution oil for noodles and other products in value-added product categories. These include customer-solution-type frying oil, which reduces the acid value and coloration of the frying oil, and cooked-rice-solution oil, which has seen a rise in demand amid significant challenges with the quality issue of cooked rice. Sales volume increased due to the recovery of demand for dining out and tourism resulting from robust inbound demand and a trend of moderate recovery in reception and banquet demand heading into the end of the year. With respect to sales, amid rising logistics, energy, and other costs, we made efforts to maintain and set appropriate sales prices through price revisions. However, net sales declined due to unit sales prices of general-purpose products decreasing over the same period of the previous year.

In the food processing sector, in spite of visible effects of a decline in consumer mentality against rising prices, sales volume increased affected by production recovery trends in some industries thanks to inbound demand and other factors. On the other hand, while we pushed forward with price revisions against the backdrop of rising costs, unit sales prices decreased year on year. As a result, net sales declined.

For household-use products, in addition to *Nisshin Healthy Off*, which curtails oil absorption during deep-frying, we launched *Nisshin Healthy Clear*, an oil that reduces the oxidation of cooking oil and prolongs the flavor, in our continued efforts to increase the value of edible oils and reform the structure of cooking oils business. While the price of raw materials remained high for olive oil and other oils, efforts were made to revise sales prices for these products and facilitate the ongoing penetration of value-added products such as “pour-and-enjoy” fresh edible oils and “flavored oils” into the market. Despite these efforts, sales volume dropped due to more prevalent defensive spending patterns among consumers against a backdrop of price hikes. Moreover, despite our efforts to revise prices, there was an accelerated drop of unit sales prices for major products made with soybeans and rapeseed.

As a result, net sales decreased.

In terms of profit, rising costs for olive oil and a decrease in gross profit per unit for general-purpose products along with higher logistics costs led to a decrease in operating profit overall in the domestic oils and fats business.

Meal sales

As for soybean meal, sales volume was nearly on par with that of the same period of the previous fiscal year. In addition, the yen was weak against the dollar, but unit sales prices decreased due to sharply lower market prices for soybean meal, leading to a decrease in net sales.

As for rapeseed meal, the crushing volume increased from the same period of the previous fiscal year. As a result of efforts to expand sales while maintaining appropriate prices, sales volume increased. Unit sales prices fell, however, due to effects from lower prices for soybean meal and other factors, leading to a decrease in net sales.

◆ Processed Oil and Fat

(Million yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Change	YoY (%)
Net sales	78,042	97,876	+19,833	125.4
Operating profit	4,099	5,195	+1,095	126.7

As for overseas processed oil and fat, sales to Europe and to domestic customers by Intercontinental Specialty Fats Sdn. Bhd. in Malaysia were strong, and as a result, sales volume increased compared to the same period of the previous fiscal year. In addition, unit sales prices increased in response to rising market prices for palm oil, leading to an increase in net sales. In terms of profit, improved gross profit per unit combined with the increase in sales volume led to an increase in operating profit.

In the processed oil and fat sector in Japan, although market conditions remained challenging, net sales increased due to an increase in sales volume resulting from an expansion of new sales destinations as a result of aggressive proposals, higher demand for alternative fats in conjunction with soaring prices for cacao butter, and other factors. Additionally, in terms of profit, while there were factors serving to drive down operating profit, such as a surge in market prices of the likes of palm oil and rising logistics costs, the increase in sales volume and revised prices resulted in higher operating profit.

<< Processed Food and Materials >>

(Million yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Change	YoY (%)
Net sales	51,252	58,763	+7,511	114.7
Operating profit	1,002	3,510	+2,507	350.0

In the processed food and materials segment, net sales and operating profit increased due to sales of chocolate products and functional materials and foods at appropriate sales prices.

In chocolate products, Daito Cacao Co., Ltd. had higher sales volume compared to the same period of the previous fiscal year. Also, progress was made in setting appropriate sales prices against costs amid rising raw material prices, leading to increases in net sales and operating profit. At T.&C. Manufacturing Co., Pte. Ltd. of Singapore, despite higher sales prices, the volume of sales to existing customers fell compared to the same period

of the previous fiscal year due to sluggish demand for premixed products, resulting in higher net sales but lower operating profit. PT Indoagri Daitocacao of Indonesia had lower sales volume compared to the same period of the previous fiscal year due to the impact of a decrease in sales to main customers and other factors, but reported higher net sales and operating profit as a result of higher sales prices. Overall, the chocolate category saw both net sales and operating profit increase, mainly due to the performance of Daito Cacao Co., Ltd.

In functional materials and foods, having revamped its *Nisshin MCT Oil HC* series into a double health claim product, the Company implemented marketing for functionality that highlighted “reducing body fat and waist circumference” and “intensifying the burning of fat during day-to-day activities.” Simultaneously, the Company launched MCT products in collaboration with processed food manufacturers and raised awareness of the use of MCT oil to enhance energy intake. Consequently, the market for MCT oils at healthcare facilities grew and the sales volume of small amount, high energy products increased. However, net sales decreased due to decreases in unit sales prices in response to lower costs for MCT and other factors. On the other hand, operating profit increased due to sales at appropriate prices.

<< Fine Chemical >>

(Million yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024	Change	YoY (%)
Net sales	14,197	15,730	+1,533	110.8
Operating profit	1,045	1,441	+396	138.0

In the fine chemical segment, sales of cosmetic ingredients trended favorably, primarily in the makeup market. As a result, net sales and operating profit increased.

As for fine chemical products, customer development continued as we launched new ingredients for cosmetics and provided solution proposals through technical support globally. Also, not only ingredients for makeup products but also for skincare products are performing well, resulting in strong sales in the Chinese and South Korean markets in particular. At Industrial Química Lasem, S.A.U. (IQL) of Spain, its leading cosmetic oils demonstrated steady sales performance. Despite an increase in expenses due to the effects of inflation, net sales and operating profit increased.

Reference: Net sales (non-consolidated)

(Million yen)

		Nine months ended December 31, 2023	Nine months ended December 31, 2024	Change	YoY (%)
Oil and Fat	Oil and Meal	221,519	205,284	(16,234)	92.7
	Commercial-use and food processing	94,474	88,166	(6,307)	93.3
	Household-use	56,527	53,534	(2,993)	94.7
	Meal	70,517	63,583	(6,933)	90.2
	Processed Oil and Fat	11,144	11,883	+739	106.6
	Subtotal	232,663	217,168	(15,495)	93.3
Processed Food and Materials		16,337	15,525	(812)	95.0
Fine Chemical		5,068	5,849	+780	115.4
Other		300	322	+22	107.6
Total		254,370	238,866	(15,504)	93.9

(2) Overview of Financial Position

1) Assets, liabilities and net assets

Total assets on December 31, 2024, stood at ¥405,495 million, up by ¥12,112 million from the previous fiscal year-end. The main reasons for this increase were increases of ¥818 million in cash and deposits, ¥8,159 million in trade receivables, ¥653 million in inventories, and ¥4,837 million in property, plant, and equipment. This increase in total assets was partially offset by a decrease of ¥4,373 million in investment securities.

Liabilities stood at ¥204,453 million, up by ¥3,633 million from the previous fiscal year-end. The main reasons for the increase were increases of ¥1,581 million in trade payables and ¥22,857 million in short-term borrowings. This increase in liabilities was partially offset by decreases of ¥10,000 million in current portion of bonds payable, ¥2,551 million in income taxes payable, and ¥5,449 million in long-term borrowings.

Net assets stood at ¥201,041 million, an increase of ¥8,479 million from the previous fiscal year-end. The main factors were increases of ¥6,078 million in retained earnings and ¥1,405 million in accumulated other comprehensive income.

2) Status of cash flows

Cash and cash equivalents as of December 31, 2024, stood at ¥18,415 million, an increase of ¥1,931 million from the previous fiscal year-end.

<< Cash Flows from Operating Activities >>

Operating activities provided net cash of ¥10,067 million (¥27,452 million provided in the same period of the previous fiscal year). The main factors increasing cash were profit before income taxes of ¥18,718 million, depreciation of ¥7,746 million, a decrease in inventories of ¥1,347 million, and an increase in trade payables of ¥925 million. The main factors decreasing cash were gain on sale of investment securities of ¥2,682 million, an increase in trade receivables of ¥6,756 million, and income taxes paid of ¥7,743 million.

<< Cash Flows from Investing Activities >>

Investing activities used net cash of ¥8,082 million (¥9,289 million used in the same period of the previous fiscal year). The main factor increasing cash was proceeds from sale of investment securities of ¥3,668 million. There was also a decrease in cash due to purchase of investment securities of ¥644 million and purchase of property, plant, and equipment of ¥11,773 million.

<< Cash Flows from Financing Activities >>

Financing activities used net cash of ¥928 million (¥14,696 million used in the same period of the previous fiscal year). The main factor increasing cash was net increase in short-term borrowings of ¥16,670 million. The factors decreasing cash were repayments of long-term borrowings of ¥520 million, redemption of bonds of ¥10,000 million and dividends paid of ¥6,488 million.

(3) Explanation of the Forecast Data, including Consolidated Results Forecast

With regard to the consolidated results, there is no change in the figures of full-year consolidated earnings forecasts for FY2024 (fiscal year ending March 31, 2025), announced on May 10, 2024.

If we determine that changes in circumstances require us to revise the Group's earnings forecasts, we will disclose such revisions promptly.

2. Quarterly Consolidated Financial Statements and Related Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Assets		
Current assets		
Cash and deposits	20,434	21,252
Notes and accounts receivable - trade	101,927	110,086
Inventories	97,615	98,268
Other	12,885	15,271
Allowance for doubtful accounts	(108)	(55)
Total current assets	232,753	244,824
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	28,224	31,013
Machinery, equipment and vehicles, net	34,092	39,090
Land	27,492	27,517
Other, net	15,523	12,546
Total property, plant and equipment	105,332	110,169
Intangible assets		
Goodwill	186	156
Other	2,480	2,307
Total intangible assets	2,667	2,464
Investments and other assets		
Investment securities	39,812	35,439
Retirement benefit asset	8,399	8,161
Other	4,378	4,411
Allowance for doubtful accounts	(26)	(26)
Total investments and other assets	52,564	47,985
Total non-current assets	160,564	160,619
Deferred assets		
Bond issuance costs	64	51
Total deferred assets	64	51
Total assets	393,382	405,495

(Million yen)

	As of March 31, 2024	As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	47,783	49,365
Short-term borrowings	15,313	38,171
Current portion of bonds payable	10,000	-
Income taxes payable	4,515	1,963
Provisions	81	49
Other	32,674	30,130
Total current liabilities	110,369	119,680
Non-current liabilities		
Bonds payable	15,000	15,000
Long-term borrowings	56,632	51,183
Provisions	538	564
Retirement benefit liability	2,152	2,211
Other	16,127	15,813
Total non-current liabilities	90,451	84,773
Total liabilities	200,820	204,453
Net assets		
Shareholders' equity		
Share capital	16,332	16,332
Capital surplus	21,663	21,663
Retained earnings	128,650	134,728
Treasury shares	(4,068)	(4,043)
Total shareholders' equity	162,576	168,681
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,069	8,334
Deferred gains or losses on hedges	746	756
Foreign currency translation adjustment	7,271	11,619
Remeasurements of defined benefit plans	957	740
Total accumulated other comprehensive income	20,045	21,451
Non-controlling interests	9,940	10,909
Total net assets	192,562	201,041
Total liabilities and net assets	393,382	405,495

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Net sales	390,542	404,246
Cost of sales	331,509	345,530
Gross profit	59,032	58,716
Selling, general and administrative expenses	39,575	41,770
Operating profit	19,457	16,946
Non-operating income		
Interest income	122	220
Dividend income	354	351
Other	346	285
Total non-operating income	823	858
Non-operating expenses		
Interest expenses	798	983
Share of loss of entities accounted for using equity method	327	176
Foreign exchange losses	205	19
Loss on disposal of inventories	93	122
Other	143	205
Total non-operating expenses	1,568	1,505
Ordinary profit	18,711	16,298
Extraordinary income		
Gain on sale of non-current assets	872	-
Gain on sale of investment securities	71	2,682
Gain on change in equity	729	-
Total extraordinary income	1,673	2,682
Extraordinary losses		
Loss on sale of non-current assets	23	-
Loss on retirement of non-current assets	168	262
Total extraordinary losses	192	262
Profit before income taxes	20,193	18,718
Income taxes	5,984	5,676
Profit	14,208	13,042
Profit attributable to non-controlling interests	374	865
Profit attributable to owners of parent	13,834	12,176

Quarterly Consolidated Statements of Comprehensive Income

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Profit	14,208	13,042
Other comprehensive income		
Valuation difference on available-for-sale securities	2,132	(2,745)
Deferred gains or losses on hedges	(1,169)	94
Foreign currency translation adjustment	1,300	4,192
Remeasurements of defined benefit plans, net of tax	188	(216)
Share of other comprehensive income of entities accounted for using equity method	443	50
Total other comprehensive income	2,896	1,375
Comprehensive income	17,105	14,417
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,455	13,410
Comprehensive income attributable to non- controlling interests	649	1,006

(3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the nine months ended December 31, 2023	For the nine months ended December 31, 2024
Cash flows from operating activities		
Profit before income taxes	20,193	18,718
Depreciation	6,972	7,746
Amortization of goodwill	30	32
Interest and dividend income	(477)	(572)
Interest expenses	798	983
Share of loss (profit) of entities accounted for using equity method	327	176
Loss (gain) on sale and retirement of non-current assets	(680)	262
Loss (gain) on sale of investment securities	(71)	(2,682)
Loss (gain) on change in equity	(729)	-
Decrease (increase) in trade receivables	(11,049)	(6,756)
Decrease (increase) in inventories	4,891	1,347
Increase (decrease) in trade payables	7,554	925
Decrease (increase) in retirement benefit asset	(15)	238
Increase (decrease) in retirement benefit liability	65	58
Other, net	4,893	(2,278)
Subtotal	32,704	18,198
Interest and dividends received	488	568
Interest paid	(770)	(956)
Income taxes paid	(4,970)	(7,743)
Net cash provided by (used in) operating activities	27,452	10,067
Cash flows from investing activities		
Purchase of securities	(22)	-
Purchase of property, plant and equipment	(9,647)	(11,773)
Proceeds from sale of property, plant and equipment	1,351	15
Purchase of investment securities	(28)	(644)
Proceeds from sale of investment securities	217	3,668
Other, net	(1,159)	651
Net cash provided by (used in) investing activities	(9,289)	(8,082)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(19,336)	16,670
Proceeds from long-term borrowings	5,000	-
Repayments of long-term borrowings	(486)	(520)
Proceeds from issuance of bonds	5,000	-
Redemption of bonds	-	(10,000)
Dividends paid	(4,378)	(6,488)
Proceeds from sale of treasury shares	2	9
Purchase of treasury shares	(3)	(3)
Dividends paid to non-controlling interests	(29)	(40)
Other, net	(464)	(555)
Net cash provided by (used in) financing activities	(14,696)	(928)
Effect of exchange rate change on cash and cash equivalents	245	874
Net increase (decrease) in cash and cash equivalents	3,712	1,931
Cash and cash equivalents at beginning of period	10,899	16,483
Decrease in cash and cash equivalents resulting from corporate spin-off	(1,156)	-
Cash and cash equivalents at end of period	13,454	18,415

(4) Notes to the Quarterly Consolidated Financial Statements

Changes in accounting policies

[Application of the Accounting Standard for Current Income Taxes and other standards]

The Company has applied the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; referred to as the “2022 Revised Accounting Standard”) and other standards from the start of the first quarter of the fiscal year under review.

Regarding revisions to the classification in which income taxes should be recorded (taxation of other comprehensive income), the Company follows the transitional treatment specified in the proviso to paragraph 20-3 of the 2022 Revised Accounting Standard and the transitional treatment specified in the proviso to paragraph 65-2(2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; referred to as the “2022 Revised Implementation Guidance”).

Also, for revisions relating to reviews of the accounting treatment for consolidated financial statements when gains and losses on sale of shares in subsidiaries and the like resulting from transactions between consolidated companies are deferred for tax purposes, the Company has applied the 2022 Revised Implementation Guidance from the start of the first quarter of the fiscal year under review.

These changes in accounting policies have no impact on the quarterly consolidated financial statements and the consolidated financial statements.

Application of special accounting methods in the preparation of quarterly consolidated financial statements

[Deferral of cost variances]

Cost variances arising from seasonally fluctuating operating rates are deferred as current liabilities (other), because such variances are expected to be mostly eliminated by the end of the cost accounting period.

Notes on segment information

1. Overview of Reporting Segments

The Company has established operating divisions by product; each division conducts business activities by formulating comprehensive domestic and overseas strategies for the products it handles. Therefore, the Company's business consists of product segments based on the operating divisions, with three reporting segments: "Oil and Fat," "Processed Food and Materials," and "Fine Chemical."

Main products for each reporting segment can be found in the chart below:

Business Category		Main products
Oil and Fat	Oil and meal	Household-use (edible oils), edible oils for commercial use, oils and fats for food processing, oil meals
	Processed oil and fat	Processed palm oil products, confectionery fats, margarines, shortenings
Processed Food and Materials		Chocolate-related products, household-use (salad dressing), wellness foods (MCT high-energy food, elderly/nursing care food), MCT, lecithin, tocopherol, edible soybeans, soy protein
Fine Chemical		Ingredients for cosmetics and toiletries, chemical products, plant-based industrial oils, detergents, antibacterial agents, surfactants
Other		Information systems, sales promotions, sports facility operations, P&C insurance agency, real estate leasing

2. Information Regarding Amounts of Net Sales and Profit and Loss by Reporting Segment

Nine months ended December 31, 2023 (April 1, 2023, to December 31, 2023)

(Million yen)

	Reporting segment						Other (Note 1)	Total	Adjustments (Note 2)	Amount in the consolidated statements of income (Note 3)
	Oil and Fat			Processed Food and Materials	Fine Chemical	Total				
	Oil and meal	Processed oil and fat	Subtotal							
Net sales										
Sales to external customers	245,113	78,042	323,155	51,252	14,197	388,606	1,936	390,542	—	390,542
Intersegment sales and transfers	1,508	6,942	8,451	126	1,154	9,732	1,442	11,174	(11,174)	—
Total	246,622	84,985	331,607	51,379	15,352	398,338	3,378	401,717	(11,174)	390,542
Segment profit (loss)	13,575	4,099	17,675	1,002	1,045	19,722	366	20,089	(632)	19,457

Notes:

1. The Other category is for business segments that are not included in reporting segments, such as information systems.
2. Adjustment for segment profit of - ¥632 million includes unallocated expenses. These expenses mainly comprise general and administrative expenses that cannot be attributed to reporting segments.
3. Segment profit is adjusted against the operating profit recorded in the consolidated statements of income.

Nine months ended December 31, 2024 (April 1, 2024, to December 31, 2024)

(Million yen)

	Reporting segment						Other (Note 1)	Total	Adjustments (Note 2)	Amount in the consolidated statements of income (Note 3)
	Oil and Fat			Processed Food and Materials	Fine Chemical	Total				
	Oil and meal	Processed oil and fat	Subtotal							
Net sales										
Sales to external customers	230,061	97,876	327,937	58,763	15,730	402,432	1,814	404,246	—	404,246
Intersegment sales and transfers	1,852	8,362	10,215	137	1,054	11,407	1,689	13,096	(13,096)	—
Total	231,913	106,238	338,152	58,901	16,785	413,840	3,503	417,343	(13,096)	404,246
Segment profit (loss)	7,204	5,195	12,399	3,510	1,441	17,351	366	17,717	(771)	16,946

Notes:

1. The Other category is for business segments that are not included in reporting segments, such as information systems.
2. Adjustment for segment profit of - ¥771 million includes unallocated expenses. These expenses mainly comprise general and administrative expenses that cannot be attributed to reporting segments.
3. Segment profit is adjusted against the operating profit recorded in the consolidated statements of income.

3. Regional Information

Nine months ended December 31, 2023 (April 1, 2023, to December 31, 2023)

(Million yen)

	Japan	Asia	Other	Total
Net sales	309,447	42,093	39,000	390,542
Ratio to net sales	79.2%	10.8%	10.0%	100.0%

Note: Sales are classified into countries or regions based on customers' locations.

Nine months ended December 31, 2024 (April 1, 2024, to December 31, 2024)

(Million yen)

	Japan	Asia	Other	Total
Net sales	299,356	56,029	48,860	404,246
Ratio to net sales	74.1%	13.9%	12.0%	100.0%

Note: Sales are classified into countries or regions based on customers' locations.

Revenue recognition

Information breaking down revenue arising from contracts with customers

Nine months ended December 31, 2023 (April 1, 2023, to December 31, 2023)

(Million yen)

	Reporting segment						Other (Note)	Total
	Oil and Fat			Processed Food and Materials	Fine Chemical	Total		
	Oil and meal	Processed oil and fat	Subtotal					
Japan	242,924	10,223	253,147	46,232	8,131	307,511	1,673	309,184
Asia	2,133	32,357	34,491	5,007	2,595	42,093	—	42,093
Other	55	35,462	35,517	12	3,470	39,000	—	39,000
Revenue arising from contracts with customers	245,113	78,042	323,155	51,252	14,197	388,606	1,673	390,279
Other revenue	—	—	—	—	—	—	263	263
Sales to external customers	245,113	78,042	323,155	51,252	14,197	388,606	1,936	390,542

Note: The Other category is for business segments that are not included in reporting segments, such as information systems.

Nine months ended December 31, 2024 (April 1, 2024, to December 31, 2024)

(Million yen)

	Reporting segment						Other (Note)	Total
	Oil and Fat			Processed Food and Materials	Fine Chemical	Total		
	Oil and meal	Processed oil and fat	Subtotal					
Japan	226,577	10,744	237,321	52,267	7,952	297,542	1,525	299,067
Asia	3,394	42,733	46,127	6,484	3,418	56,029	—	56,029
Other	89	44,398	44,488	12	4,359	48,860	—	48,860
Revenue arising from contracts with customers	230,061	97,876	327,937	58,763	15,730	402,432	1,525	403,957
Other revenue	—	—	—	—	—	—	289	289
Sales to external customers	230,061	97,876	327,937	58,763	15,730	402,432	1,814	404,246

Note: The Other category is for business segments that are not included in reporting segments, such as information systems.

Notes on any significant fluctuation in the amount of shareholders' equity

There is no item to report.

Notes on going concern assumption

There is no item to report.

3. Other

On-Site Inspection by the Fair Trade Commission

On March 13, 2024, the Company was subjected to an on-site inspection by the Japan Fair Trade Commission for alleged violation of the Antimonopoly Act in connection with the sales of sesame oils. The Company is in earnest cooperation with this investigation.