

Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)

February 13, 2025

Name of Listed Company: **Kaneka Corporation**

Stock Exchange Listing: Tokyo

Code Number: 4118

URL <https://www.kaneka.co.jp/en/>

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Scheduled date of dividend distribution: —

Note: Figures have been rounded down to the nearest million yen.

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

(from April 1, 2024 to December 31, 2024)

(1) Consolidated operating results (% indicates year-on-year change)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Apr.1, 2024 – Dec. 31, 2024	603,048	6.8	29,135	34.8	26,068	34.7	17,736	32.0
Apr.1, 2023 – Dec. 31, 2023	564,728	(0.4)	21,611	(21.8)	19,351	(27.3)	13,438	(28.9)

Note: Comprehensive income: ¥23,144 million [(18.6%)] for the nine months ended December 31, 2024
¥28,437 million [2.3%] for the nine months ended December 31, 2023

	Basic net income per share	Diluted net income per share
Apr.1, 2024 – Dec. 31, 2024	¥ 280.67	¥ 279.81
Apr.1, 2023 – Dec. 31, 2023	207.04	206.45

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio
As of December 31, 2024	¥ million 908,623	¥ million 484,478	51.0%
As of March 31, 2024	870,205	474,383	52.1

Reference: Equity (Shareholders' equity + Accumulated other comprehensive income):
¥463,596 million as of December 31, 2024
¥453,463 million as of March 31, 2024

2. Dividends

	Annual dividends				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
Apr.1, 2023 – Mar. 31, 2024	¥ —	¥ 55.00	¥ —	¥ 55.00	¥ 110.00
Apr.1, 2024 – Mar. 31, 2025	—	60.00	—		
Apr.1, 2024 – Mar. 31, 2025 (Forecasts)				70.00	130.00

Note: Changes in dividend forecast during the quarter under review: Yes

3. Forecast for Consolidated Financial Results for the Fiscal Year Ending March 31, 2025

(from April 1, 2024 to March 31, 2025)

(Percentage figures represent changes from the corresponding periods of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	800,000	4.9	40,000	22.8	36,000	23.2	25,000	7.7	396.02

Note: Revisions to consolidated business performance forecasts during the quarter under review: Yes

※ Notes

(1) Changes in principal subsidiaries during the term: None

(2) Application of simplified methods of accounting and specific accounting methods: None

(3) Changes in accounting principles, changes in estimates, or restatements

1. Changes owing to revisions in accounting standards: Yes

2. Changes other than 1. above: None

3. Changes in accounting estimates: None

4. Restatements: None

Note: For details, please refer to the section entitled “(3) Notes to the Consolidated Financial Statements (Changes in Accounting Policy)” under “2. Quarterly Consolidated Financial Statements and Main Notes” on page 10.

(4) Number of shares issued (common stock)

1. Number of shares issued at the end of the period (including treasury stock):

2. Number of shares of treasury stock at the end of the period:

3. Average number of shares outstanding during the period (calculated cumulatively from the beginning of the fiscal year):

December 31, 2024	66,000,000 shares	March 31, 2024	66,000,000 shares
December 31, 2024	3,066,397 shares	March 31, 2024	1,851,007 shares
December 31, 2024	63,193,300 shares	December 31, 2023	64,908,638 shares

※ Review of the accompanying quarterly consolidated financial statements by certified public accountants or an audit firm : None

※ Explanations or other items pertaining to appropriate use of business performance forecasts

The business performance forecasts and certain other statements contained in this document are forward-looking statements, which are based on information currently available to the Company and certain assumptions determined to be reasonable by the Company. For a variety of reasons, actual performance may differ substantially from these forecasts. They do not constitute a guarantee that the Company will achieve these forecasts or other forward-looking statements. For cautionary items used in business performance forecasts, please refer to the section entitled “(3) Earnings Forecasts and Other Forward-looking Statements” under “1. Quarterly Consolidated Financial Results” on page 5.

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1. Quarterly Consolidated Financial Results

(1) Operating Results

➤ **State of Global Economy – Economy becoming increasingly uncertain in the face of a global turning point –**

As the recent series of changes of governments around the world have led to an unstable international situation, the world has reached a turning point. A policy to put national interest ahead of international cooperation has reduced solidarity in the world, making the course of the war uncertain. While being weighed by Europe's manufacturing slump, which is affected partly by energy policies in effect in the region, as well as by sluggish domestic demand in China, the global economy has become increasingly uncertain as the new U.S. administration is anticipated to accelerate a trend toward protectionism and escalate trade friction.

➤ **Kaneka Group's Business Performance – Sales and profits increased, with operating income returning to the ¥10 billion mark in 3Q (October 1 to December 31, 2024) –**

Under these circumstances, Kaneka Group's business performance for the first nine months (April 1 to December 31, 2024, "1Q-3Q") of the fiscal year ending March 31, 2025 was as follows. Consolidated net sales were ¥603,048 million (up 6.8% year-on-year), operating income was ¥29,135 million (up 34.8% year-on-year), ordinary income was ¥26,068 million (up 34.7% year-on-year), and net income attributable to owners of parent was ¥17,736 million (up 32.0% year-on-year).

Amid the ongoing uncertainty in the demand environment, the Group recorded year-on-year increases across key indicators, including net sales, operating income, ordinary income, and net income attributable to owners of parent. Among them, net sales hit a record high for both a quarter and a 1Q-3Q.

Business performance for the first nine months (April 1, 2024 to December 31, 2024) (Millions of yen)

	FY2023 1Q-3Q(Apr.-Dec.)	FY2024 1Q-3Q(Apr.-Dec.)	Difference (year-on-year)
Net sales	564,728	603,048	38,320 6.8%
Operating income	21,611	29,135	7,524 34.8%
Ordinary income	19,351	26,068	6,716 34.7%
Net income attributable to owners of parent	13,438	17,736	4,298 32.0%

Net sales by business segment

(Millions of yen)

	Net sales				Difference (year-on-year)
	FY2024				
	1Q	2Q	3Q	Total	
Material SU	86,042	83,862	85,603	255,508	17,588 7.4%
Quality of Life SU	45,058	48,354	50,872	144,285	12,888 9.8%
Health Care SU	18,372	18,022	19,043	55,437	2,034 3.8%
Nutrition SU	48,674	47,137	51,275	147,087	6,004 4.3%
Others	234	204	290	729	(196) (21.2%)
Total	198,382	197,580	207,084	603,048	38,320 6.8%

※SU : Solutions Unit

Operating income by business segment

(Millions of yen)

	Operating income				Difference (year-on-year)
	FY2024				
	1Q	2Q	3Q	Total	
Material SU	8,382	7,690	6,658	22,731	3,611 18.9%
Quality of Life SU	4,256	5,296	6,148	15,700	3,945 33.6%
Health Care SU	2,992	2,451	3,276	8,719	375 4.5%
Nutrition SU	3,903	2,545	3,695	10,144	1,748 20.8%
Others	111	66	154	332	(209) (38.6%)
Adjustment	(9,369)	(9,225)	(9,898)	(28,494)	(1,948) -
Total	10,276	8,824	10,033	29,135	7,524 34.8%

※SU : Solutions Unit

The momentum of strong business performance has continued since 1Q (April 1 to June 30, 2024). Material Solutions Unit, Quality of Life (QoL) Solutions Unit, and Nutrition Solutions Unit recorded a significant year-on-year increase in profits. Also, Health Care Solutions Unit reported a year-on-year increase in profits due to continued strong performance in the Medical business and a shipment resumption in the Pharma business while it was adversely affected by the postponement of some shipments to 4Q (January 1 to March 31, 2025). Overall, quarterly operating income returned to the ¥10 billion mark in 3Q. In 4Q, the growth momentum of all solutions units is expected to become stronger as sales in the Pharma business are likely to show a full-fledged recovery.

With further progress being made in shifting to leading-edge businesses, namely, Modified Silicone polymers, E & I Technology, PV & Energy management, Medical, Pharma, and Supplement Nutrition, we are steadily making strides forward in our portfolio transformation.

The operating performance by business segment was as follows:

① **Material Solutions Unit**

This unit recorded increased sales and profits due to the strong competitiveness shown by Modifiers and Modified Silicone polymers, despite a continued downturn in PVC market conditions in Asia.

- For Vinyls and Chlor-Alkali, although progress has been made in the price revision for PVC in Japan, profits decreased year on year due to the adverse impact of the downturn in the Asian market. Sales volume is likely to recover in 4Q.
- For Modifiers, profits increased significantly year on year as we succeeded in maintaining strong competitiveness. The sales of high-value-added products for non-PVC use and epoxy masterbatch (MX) have steadily expanded.
- For Modified Silicone polymers, robust sales at all locations, especially those in Europe, resulted in a year-on-year increase in profits. Our facilities in Belgium with increased production capacity also favorably contributed to the strong performance.
- For Green Planet, we have succeeded in expanding product adoption by major brand holders; for example, all of Starbucks stores in Japan will use Green Planet straws. We are accelerating our efforts to achieve large-scale production adoption by major brand holders in order to meet strong, worldwide expectations for Green Planet.

② **Quality of Life Solutions Unit**

This unit reported significant increases in both sales and profits, driven by high earnings posted by the E & I Technology business. We are seeing a steady recovery in earnings in the Foam & Residential Techs and Performance Fibers businesses as well.

- For Foam & Residential Techs, progress was made in the price revision in 3Q, resulting in an improvement in profitability.

- For E & I Technology, profits increased significantly year on year as the sales of polyimide films and acrylic resins remained at a high level. Solid demand for smartphones and TVs is likely to continue in 4Q.
- For PV & Energy management, the sales of high-efficiency photovoltaic modules for residential use remained firm. We will steadily expand and enhance the line-up of high-value-added products by increasing the sales of products for zero-energy building (ZEB), in which walls and windows generate electricity, as well as by driving forward with our research and development efforts for perovskite.
- For Performance Fibers, the sales of hair attachment products steadily recovered by expanding our sales area and creating demand by launching new products. We will focus on expanding our market in the flame-retardant fabric sector and strengthening our business foundation.

③ Health Care Solutions Unit

This unit reported year-on-year increases in both sales and profits, driven by continuing increased earnings in the Medical business. Sales in the Pharma business is expected to recover in 4Q.

- For Medical, the sales of new catheter products expanded significantly. Also, the sales of both blood purification devices and catheters remained strong, following a steady growth trajectory. A new plant for blood purification devices in Hokkaido (Tomatoh Manufacturing Site), which had commenced operations last year, has quickly started contributing to profitability.

In 3Q, we acquired an Israeli medical device company as our new subsidiary. With this acquisition, we will accelerate the expansion and enhancement of our product portfolio in the field of cerebrovascular treatment, thereby achieving exponential growth in the Medical business.

- For Pharma, sales are on a recovery track. Although profits in 3Q declined year on year owing to the remaining adverse impact of some shipments being postponed to 4Q, the shipments for both small molecule pharmaceuticals and biopharmaceuticals projects are likely to concentrate in 4Q.

④ Nutrition Solutions Unit

This unit reported significant year-on-year increases in both sales and profits owing to the continued solid performance of Supplemental Nutrition and Foods & Agris.

- For Supplemental Nutrition, the sales of the active form of coenzyme Q10 was strong as the inventory adjustments by customers in the U.S. ended. In the probiotics business, sales have been increased further in global markets.
- For Foods & Agris, further progress has been made in shifting to high-value-added products and improving profit margin, maintaining the momentum of strong profit growth. In “Business to Consumer” business, we have been working on the promotion of the e-commerce sales of “Business to Consumer” products more strongly by accelerating the expansion of the product line-up of “*Watashi no Chikara* (My Energy) – Q10 Yogurt” and other foods, the sales expansion of “Kaneka Q10 Fruit Gummies,” and the market launch of organic dairy products.

(2) Financial Position for the First Nine Months Ended December 31, 2024

➤ Assets, Liabilities, Net Assets

As of December 31, 2024, total assets were ¥908,623 million, up ¥38,418 million from the previous fiscal year-end. This is mainly due to, on top of an increase in inventories, an increase in noncurrent assets owing to increased capital investment.

Liabilities totaled ¥424,145 million, up ¥28,322 million, primarily reflecting an increase in loans payable.

Net assets were ¥484,478 million, up ¥10,095 million, owing chiefly to an increase in retained earnings, as well as to an increase in foreign currency translation adjustment resulting from the weakening of the yen. Equity ratio was 51.0%.

(3) Earnings Forecasts and Other Forward-looking Statements

The global economy is likely to see a continued trend of moderate growth, contributed by the mitigation of inflationary pressure, especially in the U.S. and Europe, and solid economic growth in India and ASEAN countries. However, current global economic trends have remained uncertain.

As for the Group's business performance, the strong momentum, which has remained strong since 1Q, will continue in 4Q.

We are planning a further sales expansion of new catheter products in Medical. In Pharma, the business is expected to get back on a growth curve driven by sales increase from large-scale projects for small molecule pharmaceuticals and biopharmaceuticals. Health Care SU has steadily grown. In QoL SU, we expect steady sales expansion of new products and the extension of our sales channels to all over Africa in Performance Fibers. Meanwhile, sales are likely to remain robust in E & I Technology against a backdrop of growing demand for AI-powered smartphones and the Chinese government's subsidy policy on the purchase of home electrical appliances. Nutrition SU is expected to maintain favorable business performance due to the continued strong sales of the active form of coenzyme Q10 in Supplemental Nutrition, combining with progress of Foods & Agris 's shift to high-value-added products. In Material SU, although the market volatility in Asia continues for Vinyls and Chlor-Alkali, we will focus on measures to enhance our competitiveness, particularly for Modifiers and Modified Silicone polymers, such as those to expand sales to new regions and new applications as well as to improve profit margin.

In light of the above circumstances, we have revised the forecast for full-year consolidated financial results announced on May 14, 2024, as shown in the tables below

Business performance for the fiscal year ending March 31, 2025 (April 1, 2024 to March 31, 2025)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
	¥ million	¥ million	¥ million	¥ million	¥
Previous forecast (A)	790,000	38,000	34,000	24,500	388.18
Current forecast (B)	800,000	40,000	36,000	25,000	396.02
Difference (B-A)	10,000	2,000	2,000	500	
Difference (%)	1.3	5.3	5.9	2.0	
(Reference: Year ended March 31, 2024)	762,302	32,579	29,222	23,220	357.90

Net sales and operating income by business segment for the fiscal year ending March 31, 2025 (Millions of yen)

	Net sales			Operating income		
	Previous forecast	Revised forecast	Difference	Previous forecast	Revised forecast	Difference
Material SU	325,000	340,000	15,000 4.6%	28,000	30,500	2,500 8.9%
Quality of Life SU	187,000	185,000	(2,000) (1.1%)	17,500	19,800	2,300 13.1%
Health Care SU	89,000	79,000	(10,000) (11.2%)	16,000	14,400	(1,600) (10.0%)
Nutrition SU	188,000	195,000	7,000 3.7%	13,000	13,800	800 6.2%
Others	1,000	1,000	- -	500	400	(100) (20.0%)
Adjustment	-	-	-	(37,000)	(38,900)	(1,900) -
Total	790,000	800,000	10,000 1.3%	38,000	40,000	2,000 5.3%

(4) Revision to Dividend Forecast

In view of the upward revision to the full-year net income forecast, we have revised the forecast for dividend per share for the fiscal year ending March 31, 2025. Specifically, the year-end dividend forecast has revised upward to ¥70 per share from the previous forecast (announced on May 14, 2024). Accordingly, we plan to pay ¥130 per share for the annual dividend for the fiscal year ending March 31, 2025.

In addition, for the period covered by the next management plan (Plan: The Three-Year Initiative 2025, FY2025-FY2027), we will implement a progressive dividend policy, in which dividends are maintained or increased on condition that financial soundness is satisfied.

	Annual Dividend per share (yen)		
	End of 2nd quarter	Fiscal Year-End	Total
Previous forecast	60	60	120
Revised forecast	—	70	130
Fiscal 2024 results	60	—	—
(Reference) Fiscal 2023 results (Fiscal 2023 ended March 31, 2024)	55	55	110

2. Quarterly Consolidated Financial Statements and Main Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	FY2023 As of March 31, 2024	FY2024 3rd Quarter As of December 31, 2024
Assets		
Current assets		
Cash and deposits	43,969	44,482
Notes and accounts receivable-trade, and contract assets	186,371	182,566
Merchandise and finished goods	94,734	107,097
Work in process	11,678	15,095
Raw materials and supplies	70,883	73,886
Other	23,122	24,685
Allowance for doubtful accounts	(1,898)	(1,926)
Total current assets	428,861	445,887
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	98,883	106,447
Machinery, equipment and vehicles, net	107,975	122,039
Other, net	124,460	115,116
Total property, plant and equipment	331,319	343,604
Intangible assets		
Goodwill	1,859	11,167
Other	18,973	19,579
Total intangible assets	20,832	30,746
Investments and other assets		
Investment securities	70,150	69,276
Other	19,331	19,392
Allowance for doubtful accounts	(290)	(283)
Total investments and other assets	89,191	88,385
Total noncurrent assets	441,344	462,736
Total assets	870,205	908,623

(Millions of yen)

	FY2023 As of March 31, 2024	FY2024 3rd Quarter As of December 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable-trade	104,212	106,062
Short-term loans payable	116,532	151,289
Current portion of bonds payable	5,000	-
Income taxes payable	4,963	3,965
Provision	123	3
Other	60,833	60,249
Total current liabilities	291,666	321,570
Noncurrent liabilities		
Bonds payable	15,000	15,000
Long-term loans payable	40,391	38,659
Provision	2,154	1,719
Net defined benefit liability	12,585	11,812
Other	34,023	35,382
Total noncurrent liabilities	104,156	102,574
Total liabilities	395,822	424,145
Net assets		
Shareholders' equity		
Capital stock	33,046	33,046
Capital surplus	29,173	29,539
Retained earnings	331,933	342,347
Treasury stock	(6,797)	(11,724)
Total shareholders' equity	387,355	393,208
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	32,632	32,225
Deferred gains or losses on hedges	(0)	-
Foreign currency translation adjustment	22,037	27,159
Remeasurements of defined benefit plans	11,438	11,002
Total accumulated other comprehensive income	66,107	70,387
Subscription rights to shares	648	658
Non-controlling interests	20,271	20,223
Total net assets	474,383	484,478
Total liabilities and net assets	870,205	908,623

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

(Millions of yen)

	FY2023 3rd Quarter	FY2024 3rd Quarter
	From April 1, 2023 to December 31, 2023	From April 1, 2024 to December 31, 2024
Net sales	564,728	603,048
Cost of sales	416,302	435,931
Gross profit	148,426	167,117
Selling, general and administrative expenses	126,814	137,981
Operating income	21,611	29,135
Non-operating income		
Dividends income	1,694	1,834
Foreign exchange gains	930	966
Equity in earnings of affiliates	136	117
Other	897	996
Total non-operating income	3,659	3,914
Non-operating expenses		
Interest expenses	2,476	3,009
Loss on retirement of noncurrent assets	1,191	2,152
Other	2,250	1,819
Total non-operating expenses	5,918	6,981
Ordinary income	19,351	26,068
Extraordinary income		
Gain on sales of investment securities	2,443	2,365
Gain on sale of businesses	520	-
Total extraordinary income	2,964	2,365
Extraordinary losses		
Loss on disaster	-	614
Total extraordinary losses	-	614
Income before income taxes	22,316	27,819
Income taxes-current	6,335	7,141
Income taxes-deferred	1,373	1,752
Total income taxes	7,708	8,893
Net income	14,607	18,925
Net income attributable to non-controlling interests	1,168	1,188
Net income attributable to owners of parent	13,438	17,736

Quarterly Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2023 3rd Quarter From April 1, 2023 to December 31, 2023	FY2024 3rd Quarter From April 1, 2024 to December 31, 2024
Net income	14,607	18,925
Other comprehensive income		
Valuation difference on available-for-sale securities	7,027	(481)
Deferred gains or losses on hedges	2	0
Foreign currency translation adjustment	7,069	5,137
Remeasurements of defined benefit plans, net of tax	(270)	(435)
Share of other comprehensive income of associates accounted for using equity method	0	(1)
Total other comprehensive income	13,829	4,218
Comprehensive income	28,437	23,144
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	26,782	22,016
Comprehensive income attributable to non-controlling interests	1,654	1,127

(3) Notes to the Quarterly Consolidated Financial Statements

(Changes in Accounting Policy)

The "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022; hereinafter, "Revised Accounting Standard 2022"), etc. has been applied from the beginning of the first three months of the fiscal year ending March 31, 2025.

The amendments to categories in which current income taxes should be recorded (taxes on other comprehensive income) are subjected to the transitional treatment prescribed in the provision of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the provision of paragraph 65-2 (2) of the Revised Implementation Guidance 2022. There are no effects on the consolidated financial statements due to the application of the accounting standards and guidance.

Regarding the amendments related to the revision of the treatment of profits and losses on sales of shares of subsidiaries between consolidated companies in the case of tax deferral, the Revised Implementation Guidance 2022 has been applied from the beginning of the first three months of the fiscal year ending March 31, 2025. The change in accounting policies was applied retrospectively to the consolidated financial statements for the first quarter of the previous fiscal year and the entire previous fiscal year. The change in the accounting policies had no impact on the consolidated financial statements for the first quarter of the previous fiscal year or the entire previous fiscal year.

(Segment Information)

I Term from April 1, 2023 to December 31, 2023

1) Sales and Income by Segment

	Reportable Segment					Others (Note 1)	Total	Adjustment	Amounts on consolidated financial statements (Note 2)
	Material Solutions Unit	Quality of Life Solutions Unit	Health Care Solutions Unit	Nutrition Solutions Unit	Total				
Sales									
Customers	237,919	131,397	53,403	141,082	563,802	925	564,728	—	564,728
Intersegment	176	30	—	30	237	855	1,093	(1,093)	—
Total	238,095	131,427	53,403	141,113	564,040	1,781	565,821	(1,093)	564,728
Segment profit	19,119	11,754	8,344	8,395	47,614	541	48,156	(26,545)	21,611

Notes: 1. "Others" is a business segment that is not included in the reportable segments and includes property insurance and life insurance business.

2. Segment profit is reconciled with operating income in the quarterly consolidated financial statements.

2) Reconciliation between Segment Totals and Amounts on Quarterly Consolidated Financial Statements (Adjustments)

Income	Amount
Segment total	47,614
Segment profit of Others	541
Elimination of intersegment transactions	1
Corporate expenses (Note)	(26,644)
Other adjustments	97
Operating income in the quarterly consolidated statements of income	21,611

Note: Corporate expenses primarily are expenses for basic R&D that are not allocable to any reportable segments.

II Term from April 1, 2024 to December 31, 2024

1) Sales and Income by Segment

(Millions of yen)

	Reportable Segment					Others (Note 1)	Total	Adjustment	Amounts on consolidated financial statements (Note 2)
	Material Solutions Unit	Quality of Life Solutions Unit	Health Care Solutions Unit	Nutrition Solutions Unit	Total				
Sales									
Customers	255,508	144,285	55,437	147,087	602,319	729	603,048	—	603,048
Intersegment	163	53	193	38	449	942	1,392	(1,392)	—
Total	255,671	144,339	55,631	147,126	602,768	1,672	604,441	(1,392)	603,048
Segment profit	22,731	15,700	8,719	10,144	57,296	332	57,629	(28,494)	29,135

Notes: 1. "Others" is a business segment that is not included in the reportable segments and includes property insurance and life insurance business.

2. Segment profit is reconciled with operating income in the quarterly consolidated financial statements.

3) Reconciliation between Segment Totals and Amounts on Quarterly Consolidated Financial Statements (Adjustments)

(Millions of yen)

Income	Amount
Segment total	57,296
Segment profit of Others	332
Elimination of intersegment transactions	0
Corporate expenses (Note)	(28,542)
Other adjustments	48
Operating income in the quarterly consolidated statements of income	29,135

Note: Corporate expenses primarily are expenses for basic R&D that are not allocable to any reportable segments.

(Notes in the Event of Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Going Concern Assumption)

Not applicable

(Notes on Quarterly Consolidated Statements of Cash Flows)

The quarterly consolidated statement of cash flows for the nine months ended December 31, 2024 has not been prepared. Depreciation (including amortization of intangible assets other than goodwill) and amortization of goodwill for the nine months ended December 31, 2023 and December 31, 2024 is as follows:

(Millions of yen)

	FY2023 3rd Quarter From April 1, 2023 to December 31, 2023	FY2024 3rd Quarter From April 1, 2024 to December 31, 2024
Depreciation	30,334	32,542
Amortization of Goodwill	501	544