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Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2025
<Under Japanese GAAP>

August 5, 2024

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

NAGASE & CO., LTD. Stock exchange listing: Tokyo (Prime Market)
Code number: 8012 URL (https://www.nagase.co.jp/english/)
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Start of distribution of dividends (scheduled): -
Supplementary documents of quarterly financial results: Yes
Quarterly investors' meeting: Yes

(Note: Amounts have been rounded down to the nearest million yen.)

1. Consolidated Results for the First Quarter of the Fiscal Year Ending March 31, 2025 (April 1, 2024 to June 30, 2024)

(1) Consolidated Operating Results (% = year-on-year change)

	Net sales		Gross profit		Operating income		Ordinary income		Profit attributable to owners of the parent	
For the first quarter ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2024	239,201	6.8	45,788	18.3	10,734	54.3	10,949	49.2	7,415	69.8
June 30, 2023	224,062	2.0	38,707	-3.0	6,955	-36.0	7,338	-36.4	4,367	-45.2

(Note) Comprehensive income First quarter ended June 30, 2024: ¥21,409 million (44.0%)
First quarter ended June 30, 2023: ¥14,866 million (12.8% decrease)

	Earnings per share	Earnings per share (diluted)
For the first quarter ended	Yen	Yen
June 30, 2024	65.42	–
June 30, 2023	37.45	–

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2024	830,238	414,800	49.0	3,612.12
March 31, 2024	792,336	401,315	49.7	3,463.84

(Reference) Equity capital As of June 30, 2024: ¥ 406,947 million
As of March 31, 2024: ¥ 394,064 million

2. Dividends

	Annual Dividends per Share				
	1Q	2Q	3Q	Fiscal year end	Annual
For the year ended (or ending)	Yen	Yen	Yen	Yen	Yen
March 2024	–	40.00	–	40.00	80.00
March 2025	–				
March 2025 (forecast)		40.00	–	45.00	85.00

(Note) Revisions to the latest dividends forecast: No

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

(% = year-on-year change)

	Net sales		Gross profit		Operating income		Ordinary income		Profit attributable to owners of the parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	940,000	4.4	180,000	9.3	36,500	19.2	35,200	15.1	28,000	25.0	254.30

(Note) Revisions to the latest consolidated earnings forecast: No

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes
New: — (Company name:) Excluded: 1 (Company name: Nagase Specialty Materials NA LLC)

(2) Application of special accounting methods to the preparation of quarterly financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections
i. Changes in accordance with revisions to accounting and other standards: Yes
ii. Changes in items other than (i) above: No
iii. Changes in accounting estimates: No
iv. Restatement of prior period financial statements after error corrections: No

(4) Number of shares issued and outstanding (common stock)
i. Number of shares issued and outstanding as of the fiscal period end (including treasury stock)

June 30, 2024	114,908,285 shares	March 31, 2024	117,908,285 shares

ii. Number of treasury stock as of the fiscal period end

June 30, 2024	2,246,437 shares	March 31, 2024	4,143,115 shares

iii. Average number of shares during the period

June 30, 2024	113,344,753 shares	June 30, 2023	116,646,422 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* Cautionary Statement with Respect to Forecasts of Consolidated Business Results
The earnings forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2024)	First Quarter, Current Consolidated Fiscal Year (June 30, 2024)
ASSETS		
Current assets		
Cash and time deposits	59,410	58,395
Notes and accounts receivable and contract assets	321,126	333,353
Merchandise and finished goods	131,137	140,387
Work in process	2,594	2,667
Raw materials and supplies	14,259	16,540
Other	14,881	21,573
Less allowance for doubtful accounts	(940)	(1,062)
Total current assets	542,470	571,854
Non-current assets		
Property, plant and equipment	87,392	90,549
Intangible fixed assets		
Goodwill	27,884	28,274
Technology-based assets	2,761	2,367
Other	38,703	39,459
Total intangible fixed assets	69,349	70,101
Investments and other assets		
Investments in securities	76,225	79,071
Long-term loans receivable	326	693
Retirement benefit asset	6,217	6,261
Deferred tax assets	4,596	4,753
Other	5,935	7,117
Less allowance for doubtful accounts	(177)	(163)
Total investments and other assets	93,123	97,732
Total non-current assets	249,865	258,383
Total assets	792,336	830,238

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2024)	First Quarter, Current Consolidated Fiscal Year (June 30, 2024)
LIABILITIES		
Current liabilities		
Notes and accounts payable	156,352	166,026
Short-term loans	50,731	60,561
Current portion of long-term loans	6,946	5,050
Commercial paper	37,000	37,000
Current portion of bonds	10,000	10,000
Accrued income taxes	5,195	4,150
Accrued bonuses for employees	7,569	4,086
Accrued bonuses for directors	251	125
Other	28,628	31,460
Total current liabilities	302,675	318,462
Long-term liabilities		
Bonds	20,000	20,000
Long-term loans	27,533	34,938
Lease liabilities	12,492	12,875
Deferred tax liabilities	13,567	14,104
Retirement benefit liability	12,345	12,543
Provision for directors' stock benefit	60	133
Other	2,345	2,379
Total long-term liabilities	88,345	96,975
Total liabilities	391,021	415,437
NET ASSETS		
Shareholders' equity		
Common stock	9,699	9,699
Capital surplus	9,348	9,348
Retained earnings	303,328	299,230
Less treasury stock, at cost	(9,543)	(5,954)
Total shareholders' equity	312,832	312,323
Accumulated other comprehensive income		
Net unrealized holding gain on securities	33,763	35,250
Deferred gain on hedges	119	172
Translation adjustments	44,846	57,315
Remeasurements of defined benefit plans	2,503	1,885
Total accumulated other comprehensive income	81,232	94,623
Non-controlling interests	7,250	7,853
Total net assets	401,315	414,800
Total liabilities and net assets	792,336	830,238

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Quarterly Consolidated Statements of Income)

Three-month periods ended June 30, 2024 and 2023

(Millions of yen)

	Three-month period ended June 30, 2023 (April 1, 2023 - June 30, 2023)	Three-month period ended June 30, 2024 (April 1, 2024 - June 30, 2024)
Net sales	224,062	239,201
Cost of sales	185,355	193,413
Gross profit	38,707	45,788
Selling, general and administrative expenses	31,751	35,053
Operating income	6,955	10,734
Non-operating income		
Interest income	49	208
Dividend income	689	720
Rent income	60	82
Equity in earnings of affiliates	79	181
Foreign exchange gains	450	30
Other	127	93
Total non-operating income	1,456	1,316
Non-operating expenses		
Interest expenses	961	908
Other	112	193
Total non-operating expenses	1,074	1,101
Ordinary income	7,338	10,949
Extraordinary gains		
Gain on sales of non-current assets	38	32
Gain on sales of investment securities	129	—
Subsidy income	228	—
Other	47	9
Total extraordinary gains	444	42
Extraordinary losses		
Loss on sales of non-current assets	0	10
Loss on disposal of non-current assets	451	24
Loss on sales of investment securities	21	—
Loss on valuation of investments securities	864	—
Loss on discontinued operations	31	182
Total extraordinary losses	1,369	217
Income before income taxes	6,412	10,774
Income taxes	1,870	3,174
Profit for the period	4,541	7,600
Profit attributable to non-controlling interests	174	185
Profit attributable to owners of the parent	4,367	7,415

(Quarterly Consolidated Statements of Comprehensive Income)

Three-month periods ended June 30, 2024 and 2023

(Millions of yen)

	Three-month period ended June 30, 2023 (April 1, 2023 - June 30, 2023)	Three-month period ended June 30, 2024 (April 1, 2024 - June 30, 2024)
Profit for the period	4,541	7,600
Other comprehensive income		
Net unrealized holding gain on securities	5,331	1,488
Deferred gain on hedges	303	53
Translation adjustments	4,216	12,559
Remeasurements of defined benefit plans	163	(617)
Share of other comprehensive gain of affiliates accounted for by the equity method	309	326
Total other comprehensive income	10,324	13,809
Comprehensive income	14,866	21,409
Comprehensive income attributable to:		
Shareholders of the parent	14,446	20,806
Non-controlling interests	420	602

(3) Quarterly Consolidated Statements of Cash Flows

Three-month periods ended June 30, 2024 and 2023

(Millions of yen)

	Three-month period ended June 30, 2023 (April 1, 2023 - June 30, 2023)	Three-month period ended June 30, 2024 (April 1, 2024 - June 30, 2024)
Operating activities		
Income before income taxes	6,412	10,774
Depreciation and amortization other than amortization of goodwill	3,306	3,793
Amortization of goodwill	638	677
Subsidy income	(228)	—
Share of gain of entities accounted for using equity method	(79)	(181)
Loss on discontinued operations	31	182
Increase (decrease) in retirement benefit liability	140	(728)
Decrease (increase) in retirement benefit asset	169	(837)
Interest and dividend income	(738)	(929)
Interest expenses	961	908
Exchange gain, net	(576)	(1,393)
Gain on sales of investment securities, investments in capital, shares of subsidiaries and affiliates, and investments in capital of subsidiaries and affiliates, net	(108)	—
Loss on valuation of investment securities, investments in capital, shares of subsidiaries and affiliates, and investments in capital of subsidiaries and affiliates, net	864	—
Decrease (increase) in notes and accounts receivable	1,364	(3,789)
Decrease (increase) in inventories	11,534	(5,366)
Increase in notes and accounts payable	2,412	4,565
Other	(5,902)	(6,463)
Subtotal	20,203	1,213
Interest and dividends received	836	1,044
Interest paid	(1,116)	(984)
Subsidy income	228	—
Income taxes paid	(4,256)	(4,346)
Net cash provided by (used in) operating activities	15,894	(3,074)
Investing activities		
Purchases of property, plant and equipment	(2,159)	(3,680)
Proceeds from sales of property, plant and equipment	43	60
Purchases of intangible fixed assets	(1,398)	(392)
Purchases of investments in securities	(251)	(76)
Proceeds from sales of investments in securities	214	—
Purchases of investments in capital	—	(9)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	(244)	—
Increase in short-term loans receivable included in other current assets	(303)	(117)
Decrease (increase) in time deposits, net	104	(2,791)
Other	(7)	(1,194)
Net cash used in investing activities	(4,002)	(8,202)

(Millions of yen)

	Three-month period ended June 30, 2023 (April 1, 2023 - June 30, 2023)	Three-month period ended June 30, 2024 (April 1, 2024 - June 30, 2024)
Financing activities		
(Decrease) increase in short-term loans, net	(10,495)	6,455
Increase in commercial paper, net	5,000	—
Proceeds from long-term loans	—	7,000
Repayments of long-term loans	(8)	(1,910)
Purchase of treasury stock	(3,290)	(3,361)
Cash dividends paid	(4,696)	(4,562)
Other	(145)	(276)
Net cash (used in) provided by financing activities	(13,636)	3,344
Effects of exchange rate changes on cash and cash equivalents	3,372	4,043
Net increase (decrease) in cash and cash equivalents	1,628	(3,888)
Cash and cash equivalents at beginning of the year	40,331	59,185
Cash and cash equivalents at end of the period	41,960	55,297