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Consolidated Financial Statements for the Six Months Ended September 30, 2024
<Under Japanese GAAP>

November 6, 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)
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Filing of semi-annual securities report (scheduled): November 12, 2024
Start of distribution of dividends (scheduled): December 2, 2024
Supplementary documents of financial results: Yes
Holding of financial results briefing: Yes (for analysts and institutional investors)

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

1. Consolidated Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 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	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2024	480,976	6.8	92,144	16.8	21,054	45.4	20,297	42.5	15,977	55.9
September 30, 2023	450,199	-1.2	78,896	-0.6	14,483	-27.2	14,245	-29.8	10,247	-34.3

(Note) Comprehensive income For the six months ended September 30, 2024: ¥24,888 million (20.5% decrease)
For the six months ended ended September 30, 2023: ¥31,306 million (15.0% decrease)

	Earnings per share	Earnings per share (diluted)
Six months ended	Yen	Yen
September 30, 2024	142.08	–
September 30, 2023	88.48	–

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2024	796,695	411,716	50.8	3,655.20
March 31, 2024	792,336	401,315	49.7	3,463.84

(Reference) Equity capital As of September 30, 2024: ¥404,710 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	–	45.00			
March 2025 (forecast)			–	45.00	90.00

(Notes) 1. Revisions to the latest dividends forecast: No
2. For details, please refer to *Notice Regarding Dividends of Surplus (Interim, Increased)* announced on November 6, 2024.

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) Changes in major subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): Yes
New: — (Company name:) Excluded: 1 (Company name: Nagase Specialty Materials NA LLC)

(2) Application of special accounting methods to the preparation of semi-annual 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)

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

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

September 30, 2024	4,186,657 shares	March 31, 2024	4,143,115 shares

iii. Average number of shares during the period

September 30, 2024	112,455,860 shares	September 30, 2023	115,817,285 shares

*** Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.**

*** 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.

Semi-Annual Consolidated Financial Statements

(1) Semi-Annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
ASSETS		
Current assets		
Cash and time deposits	59,410	54,484
Notes and accounts receivable and contract assets	321,126	317,416
Merchandise and finished goods	131,137	139,294
Work in process	2,594	2,782
Raw materials and supplies	14,259	16,773
Other	14,881	17,814
Less allowance for doubtful accounts	(940)	(2,360)
Total current assets	542,470	546,204
Non-current assets		
Property, plant and equipment	87,392	90,968
Intangible fixed assets		
Goodwill	27,884	27,977
Technology-based assets	2,761	1,973
Other	38,703	40,391
Total intangible fixed assets	69,349	70,343
Investments and other assets		
Investments in securities	76,225	70,802
Long-term loans receivable	326	1,209
Retirement benefit asset	6,217	6,304
Deferred tax assets	4,596	4,873
Other	5,935	6,150
Less allowance for doubtful accounts	(177)	(161)
Total investments and other assets	93,123	89,178
Total non-current assets	249,865	250,490
Total assets	792,336	796,695

(Millions of yen)

	As of March 31, 2024	As of September 30, 2024
LIABILITIES		
Current liabilities		
Notes and accounts payable	156,352	148,340
Short-term loans	50,731	50,412
Current portion of long-term loans	6,946	5,045
Commercial paper	37,000	34,000
Current portion of bonds	10,000	10,000
Accrued income taxes	5,195	5,753
Accrued bonuses for employees	7,569	7,284
Accrued bonuses for directors	251	203
Other	28,628	30,665
Total current liabilities	302,675	291,704
Long-term liabilities		
Bonds	20,000	20,000
Long-term loans	27,533	34,138
Lease liabilities	12,492	12,458
Deferred tax liabilities	13,567	11,480
Retirement benefit liability	12,345	12,637
Provision for directors' stock benefit	60	81
Other	2,345	2,477
Total long-term liabilities	88,345	93,274
Total liabilities	391,021	384,978
NET ASSETS		
Shareholders' equity		
Common stock	9,699	9,699
Capital surplus	9,348	9,348
Retained earnings	303,328	307,792
Less treasury stock, at cost	(9,543)	(12,043)
Total shareholders' equity	312,832	314,796
Accumulated other comprehensive income		
Net unrealized holding gain on securities	33,763	29,673
Deferred gain (loss) on hedges	119	(184)
Translation adjustments	44,846	59,154
Remeasurements of defined benefit plans	2,503	1,269
Total accumulated other comprehensive income	81,232	89,913
Non-controlling interests	7,250	7,006
Total net assets	401,315	411,716
Total liabilities and net assets	792,336	796,695

(2) Semi-Annual Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Semi-Annual Consolidated Statements of Income)

Six-month periods ended September 30, 2024 and 2023

(Millions of yen)

	Six-month period ended September 30, 2023 (April 1, 2023 - September 30, 2023)	Six-month period ended September 30, 2024 (April 1, 2024 - September 30, 2024)
Net sales	450,199	480,976
Cost of sales	371,302	388,832
Gross profit	78,896	92,144
Selling, general and administrative expenses	64,413	71,090
Operating income	14,483	21,054
Non-operating income		
Interest income	130	557
Dividend income	778	842
Rent income	117	162
Equity in earnings of affiliates	217	449
Foreign exchange gains	539	—
Other	236	121
Total non-operating income	2,020	2,133
Non-operating expenses		
Interest expenses	1,924	1,935
Foreign exchange losses	—	605
Other	334	347
Total non-operating expenses	2,258	2,889
Ordinary income	14,245	20,297
Extraordinary gains		
Gain on sales of non-current assets	55	281
Gain on sales of investment securities	923	2,790
Subsidy income	500	257
Other	45	9
Total extraordinary gains	1,524	3,388
Extraordinary losses		
Loss on sales of non-current assets	3	12
Loss on disposal of non-current assets	696	342
Loss on sales of investment securities	21	18
Loss on valuation of investments securities	104	—
Loss on discontinued operations	—	229
Other	63	29
Total extraordinary losses	888	632
Income before income taxes	14,881	23,004
Income taxes	4,256	6,642
Profit for the period	10,625	16,362
Profit attributable to non-controlling interests	377	384
Profit attributable to owners of the parent	10,247	15,977

(Semi-Annual Consolidated Statements of Comprehensive Income)

Six-month periods ended September 30, 2024 and 2023

(Millions of yen)

	Six-month period ended September 30, 2023 (April 1, 2023 - September 30, 2023)	Six-month period ended September 30, 2024 (April 1, 2024 - September 30, 2024)
Profit for the period	10,625	16,362
Other comprehensive income		
Net unrealized holding gain (loss) on securities	3,797	(4,081)
Deferred gain (loss) on hedges	307	(306)
Translation adjustments	15,753	14,109
Remeasurements of defined benefit plans	331	(1,233)
Share of other comprehensive gain of affiliates accounted for by the equity method	491	38
Total other comprehensive income	20,681	8,526
Comprehensive income	31,306	24,888
Comprehensive income attributable to:		
Shareholders of the parent	30,184	24,658
Non-controlling interests	1,121	229

(3) Semi-Annual Consolidated Statements of Cash Flows

Six-month periods ended September 30, 2024 and 2023

(Millions of yen)

	Six-month period ended September 30, 2023 (April 1, 2023 - September 30, 2023)	Six-month period ended September 30, 2024 (April 1, 2024 - September 30, 2024)
Operating activities		
Income before income taxes	14,881	23,004
Depreciation and amortization other than amortization of goodwill	6,662	7,624
Amortization of goodwill	1,288	1,363
Subsidy income	(500)	(257)
Share of gain of entities accounted for using equity method	(217)	(449)
Loss on discontinued operations	—	229
Increase (decrease) in retirement benefit liability	501	(1,501)
Decrease (increase) in retirement benefit asset	246	(1,674)
Interest and dividend income	(908)	(1,399)
Interest expenses	1,924	1,935
Exchange gain (loss), net	(1,314)	634
Gain on sales of investment securities, investments in capital, shares of subsidiaries and affiliates, and investments in capital of subsidiaries and affiliates, net	(902)	(2,771)
(Increase) decrease in notes and accounts receivable	(11,599)	5,459
Decrease (increase) in inventories	24,901	(6,003)
Increase (decrease) in notes and accounts payable	10,002	(8,328)
Other	(2,054)	940
Subtotal	42,910	18,805
Interest and dividends received	1,024	1,751
Interest paid	(2,040)	(2,009)
Proceeds from subsidy income	500	257
Income taxes paid	(4,161)	(6,841)
Net cash provided by operating activities	38,232	11,964
Investing activities		
Purchases of property, plant and equipment	(4,947)	(6,589)
Proceeds from sales of property, plant and equipment	93	639
Purchases of intangible fixed assets	(2,438)	(605)
Purchases of investments in securities	(394)	(451)
Proceeds from sales of investments in securities	1,604	3,279
Purchases of investments in capital	(202)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	(244)	—
(Increase) decrease in short-term loans receivable included in other current assets	(245)	229
Decrease (increase) in time deposits, net	322	(6,242)
Other	40	(1,128)
Net cash used in investing activities	(6,411)	(10,869)
Financing activities		
(Decrease) increase in short-term loans, net	(16,269)	2,240
Decrease in commercial paper, net	(2,000)	(3,000)
Proceeds from long-term loans	—	7,000
Repayments of long-term loans	(17)	(1,920)
Purchase of treasury stock	(6,677)	(9,481)
Cash dividends paid	(4,696)	(4,562)
Cash dividends paid to non-controlling interests	(603)	(474)
Payments for purchases of shares of subsidiaries not resulting in change in scope of consolidation	(6,002)	—
Other	(422)	(880)
Net cash used in financing activities	(36,689)	(11,077)

(Millions of yen)

	Six-month period ended September 30, 2023 (April 1, 2023 - September 30, 2023)	Six-month period ended September 30, 2024 (April 1, 2024 - September 30, 2024)
Effects of exchange rate changes on cash and cash equivalents	5,082	(972)
Net increase (decrease) in cash and cash equivalents	213	(10,955)
Cash and cash equivalents at beginning of the year	40,331	59,185
Cash and cash equivalents at end of the period	40,545	48,230