NAGASE
Delivering next.

FY2024 Second Quarter Financial Briefing

NAGASE&CO.,LTD.

Stock exchange listing : Tokyo (Prime Market)
Code number : 8012

November 6, 2024

Embracing Authenticity,
Embracing Change

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Executive Summary

FY2024 Second Quarter Results	↘ Prinova Group profits declined due to ongoing challenging conditions in the manufacturing and allowance for doubtful accounts. ↘ Nagase Viita profit declined due to weak sales in Functional Materials for cosmetics due to sluggish demand in China, the final consumption market ↗ Trading business performed well in the Functional Materials, Advanced Materials & Processing, and Electronics & Energy segments due to moderate recovery in the semiconductor, electrical appliances and electronics industries, and other industries ↗ Sales were strong for Nagase ChemteX formulated epoxy resin used in semiconductors for high-end servers in the generative AI market ↗ We contributed to narrowing operating losses by withdrawing from the color formers business in the U.S., where we suffered large deficits, as part of our efforts in the Improve Area ● We expect to improve profitability through ROIC management and increase gross profit margin from 17.5% to 19.2%
FY2024 Earnings Projections	↘ We forecast the lower-than-expected performance in the manufacturing business in the Prinova Group to continue in the second half of the year ↗ We plan to add production lines, anticipating that sales of formulated epoxy resins for high-end server semiconductors (e.g.,those used in generative AI) will remain strong in the second half of the year. ● Our expectation to post record-high operating income remains unchanged, with no revisions to our overall consolidated forecast, despite performance variations across segments (individual segment forecasts remain subject to revision).
Medium-Term Management Plan **ACE 2.0**	● Growth strategy initiatives ● Change in shareholder returns (increase in dividend for FY2024) ● Revision of Materiality to achieve sustainability

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Business Environment by Segment

Industry	Full-Year FY2024 Initial Forecast	First Half Trends	Second Half Trends	Segment
Coatings	Automotive applications to remain strong, but generally flat overall	Growth in both automotive and construction applications was sluggish, remaining generally flat overall	Growth in Asia is likely to remain sluggish, despite a production recovery among manufacturers in Japan	Functional Materials
Color Formers	Oversupply to continue while market conditions remain sluggish	Withdrew from the color formers business in the U.S. usiness in Japan is also in a reduced equilibrium.		
Semiconductors	Moderate recovery, full-scale recovery in the second half of the fiscal year, with sales of high-end applications to continue strong	Recovery varied by category, but saw strong demand for high-end applications	Demand for high-end applications to grow	Electronics & Energy
Display	Demand to recover year on year	Production of TV panels ended in Japan, while overseas production remained flat year on year	Likely to remain at first-half levels	
Smartphones	Expected growth year on year	High-end performance was strong year on year. Persistent sluggish middle- and low-end performance due to interim inventories	Likely to remain at first-half levels	Advanced Materials
OA and Games	Overall demand and resin market conditions to make a moderate recovery	Moderate recovery in demand and resin market conditions	Strong performance likely to continue through Q3, with an inventory adjustment phase in Q4	
Automobiles	Moderate recovery in automobile production to continue	Steady automobile production in the U.S., while production declined in Japan and Asia	Moderate recovery in Japan, while challenging conditions to continue in Asia	Mobility
Medical	Demand to increase while sales of raw materials decrease due to patent expiration of brand-name drugs, etc.	Slightly sluggish overall sales of brand-name and generic drugs, with minimal impact on our handled products	Likely to remain at first-half levels	Life & Healthcare
Cosmetics	Overall demand to continue to recover	Sluggish growth in final demand in China	Likely to remain at first-half levels	
Food	Demand in the U.S. market to continue to recover	Slower-than-expected demand recovery, with sluggish market price in the U.S. market	Recovery of demand in the U.S. to remain slow, with a gradual recovery in certain market price	

*Based on the business environment of the Nagase Group, excluding one-time losses, etc. (Forecasts may not be consistent with general industry trends)

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Consolidated Statements Income

- Gross profit was the highest ever for the cumulative consolidated second quarter; gross profit margin improved across all business segments
- Operating income reached a record high in the cumulative consolidated second quarter and operating income margin improved, despite higher general and administrative expenses, including selling and personnel expenses stemming from increased logistics costs
- Despite challenges in the Prinova Group manufacturing business, consolidated performance overall was favorable compared to our full-year forecast

100 millions of yen

	FY2023 2Q	FY2024 2Q	Change	Vs.PY	Forecast	Achievement
Sales	4,501	4,809	307	107%	9,400	51%
Gross profit	788	921	132	117%	1,800	51%
<GP ratio>	17.5%	19.2%	1.6ppt	–	19.1%	–
SG&A expenses	644	710	66	110%	1,435	–
Operating income	144	210	65	145%	365	58%
<OP ratio>	3.2%	4.4%	1.2ppt	–	3.9%	
Ordinary income	142	202	60	142%	352	58%
Profit Attributable to owners of the parent	102	159	57	156%	280	57%
US$ Exchange rate (period average)	@ 141.1	@ 152.8	@ 11.7	Weak yen	@ 148.0	
RMB Exchange rate (period average)	@ 19.7	@ 21.2	@ 1.4	Weak yen	@ 20.0	

※ Offset to sales and cost of sales from revenue recognition standards: FY2023 2Q -¥132.0 billion, FY2024 2Q -¥135.5 billion
※ Impact from foreign exchange: Gross profit, +¥4.4 billion; Operating income, +¥0.7 billion

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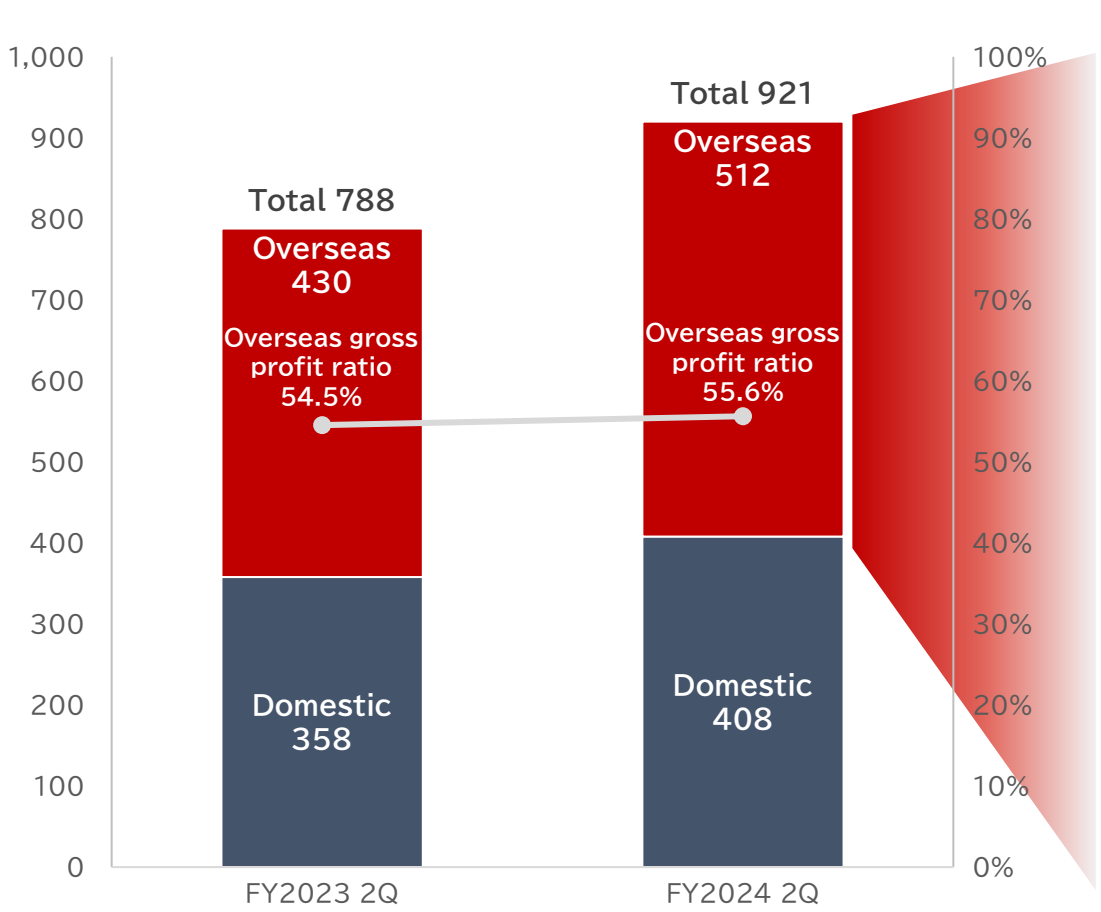
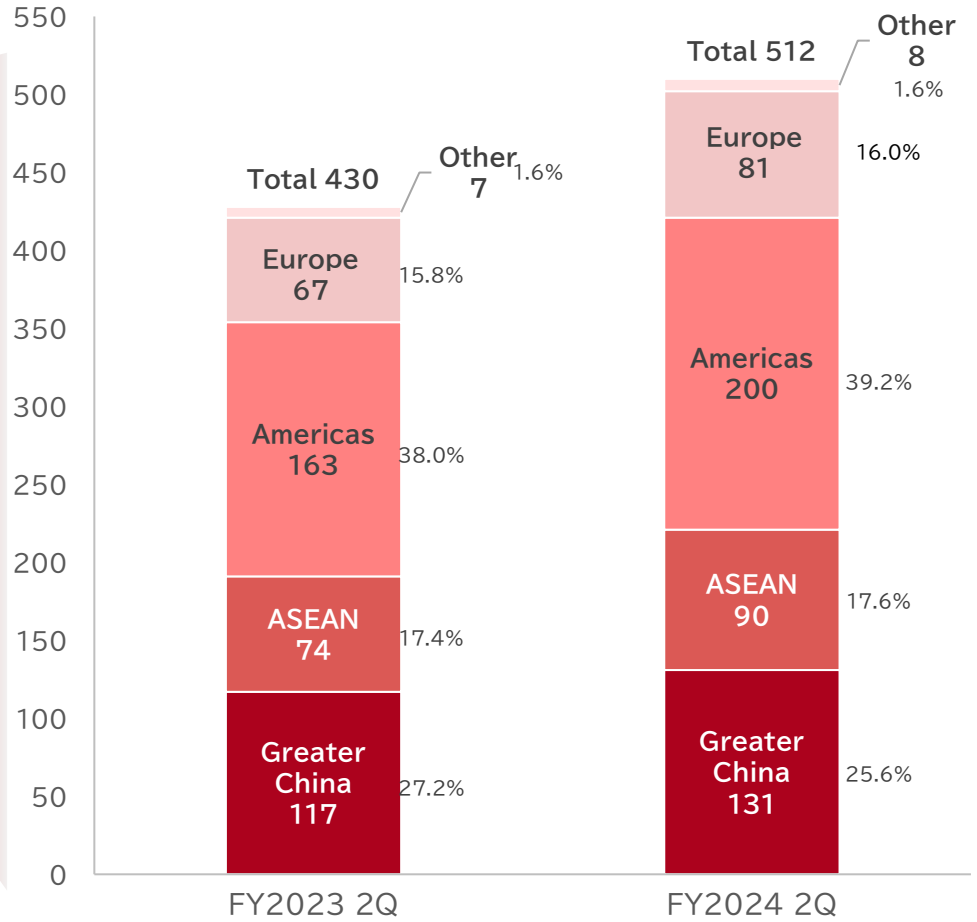
Gross Profit by Region

- Higher profit both domestic and overseas
- Increase in domestic business sales, due to higher sales of raw materials and formulated epoxy resins for semiconductor industries
- Profits increased due to impacts of the weakening yen overseas, higher sales of food ingredients (mainly in Europe and the U.S.), and higher sales of resins in ASEAN countries

Domestic & Overseas Gross profit(100 millions of yen)



Overseas gross profit By Region(100 millions of yen)



※Domestic figures under Domestic & Overseas Gross Profit include inter-regional adjustments

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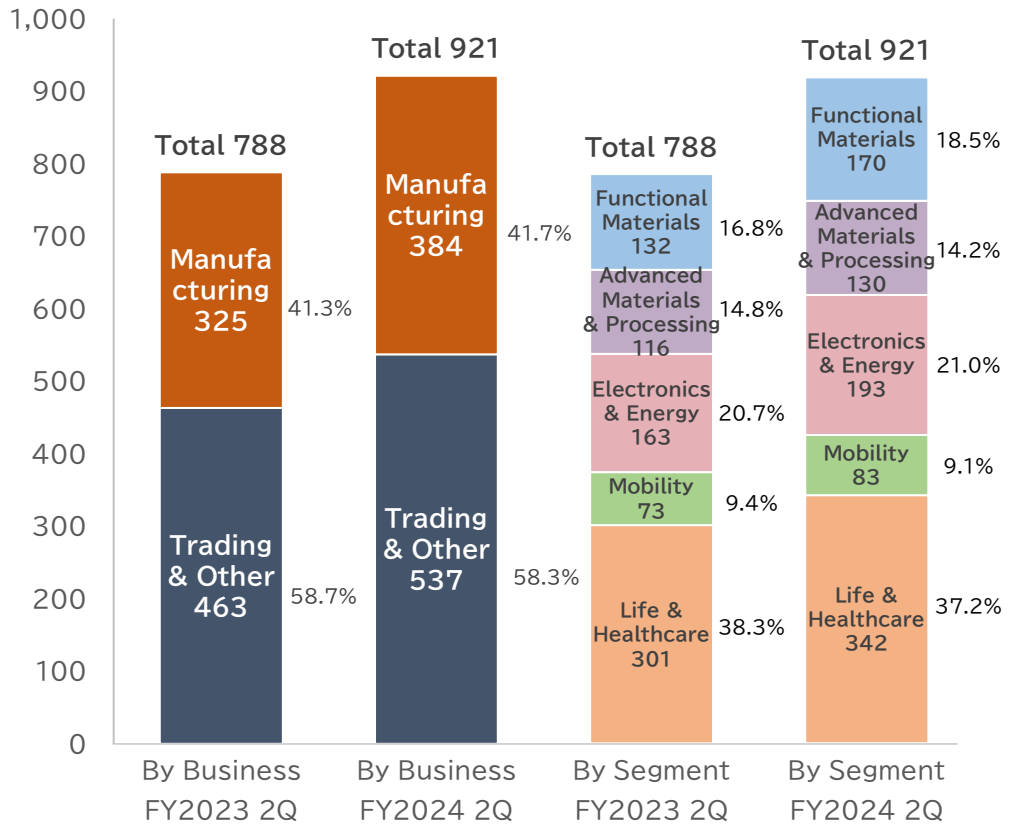
Gross Profit by Business & Segment

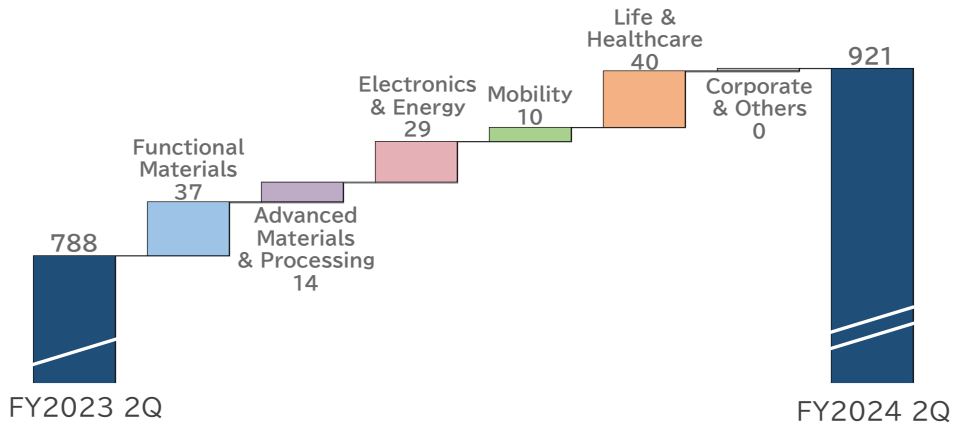
- Trading business profits increased to ¥7.4 billion due to strong performance in the Functional Materials, Advanced Materials & Processing, and Electronics & Energy segments , stemming from moderate recoveries, mainly in the semiconductor, electrical appliances , and electronics industries
- Manufacturing business profits increased ¥5.9 billion, mainly due to higher food ingredient sales at the Prinova Group in Life & Healthcare, narrowed losses in the Functional Materials color formers business, and higher sales of formulated epoxy resins at Nagase ChemteX in the Electronics & Energy business
- The Life & Healthcare, Functional Materials, and Electronics & Energy segments grew significantly (see Segment Overview for more details).

Gross Profit By Business & Segment (100 millions of yen)

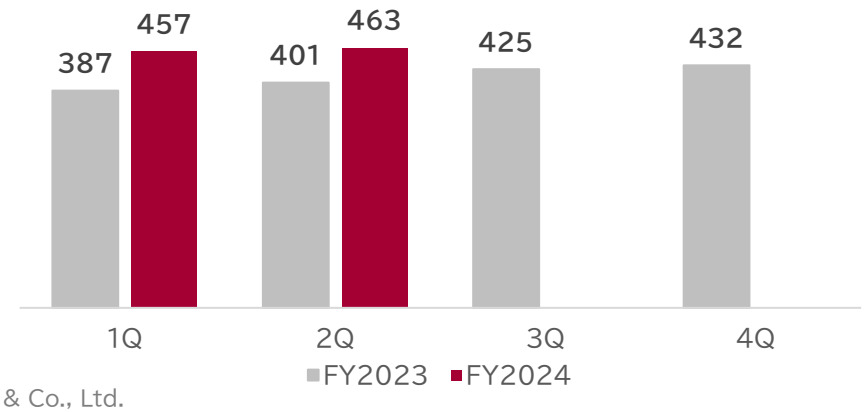


＊Calculation of segment composition ratios does not include Corporate & Others and eliminations

Change in Gross Profit By Segment (100 millions of yen)



History of Gross Profit(100 millions of yen)



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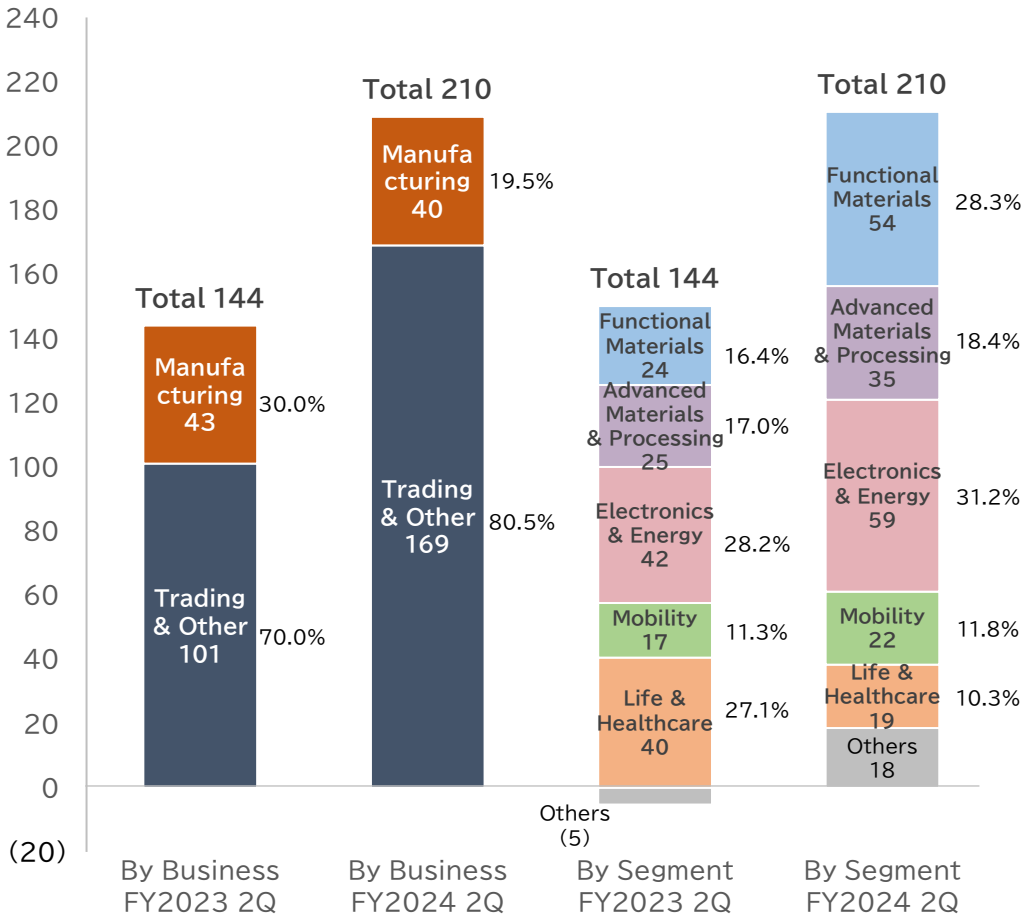
Operating Income by Business & Segment

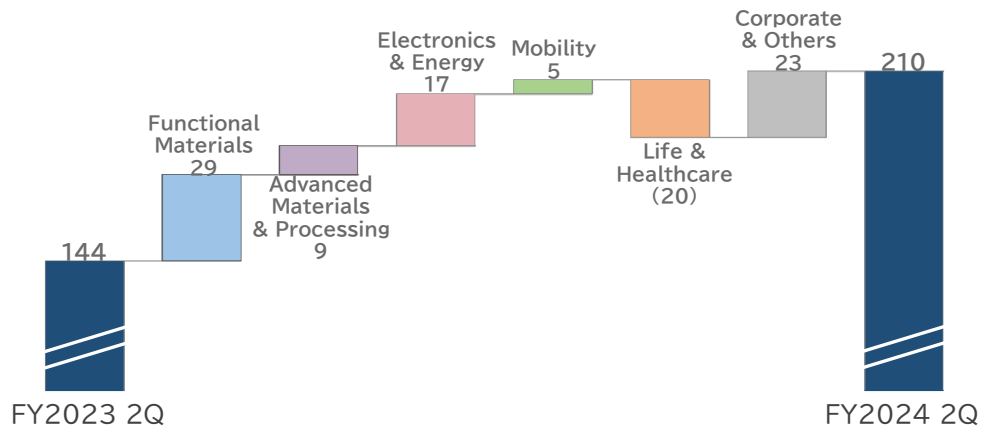
- Trading business profits increased approx. ¥6.8 billion due to an increase in gross profit and impacts of actuarial gains and losses
- Despite strong sales of formulated epoxy resins by Nagase ChemteX and narrowed losses in the color formers business, manufacturing business profits decreased by approx. ¥0.3 billion overall, mainly due to the impact of lower profit in the Prinova Group
- Corporate & Others profits increased, mainly due to the impact of actuarial gains and losses (retirement benefit actuarial differences: approx. ¥0.9 billion in expenses in fiscal 2023 and ¥3.5 billion in profit for fiscal 2024, equally prorated and recorded on a quarterly basis)

Operating Income by Business & Segment (100 millions of yen)

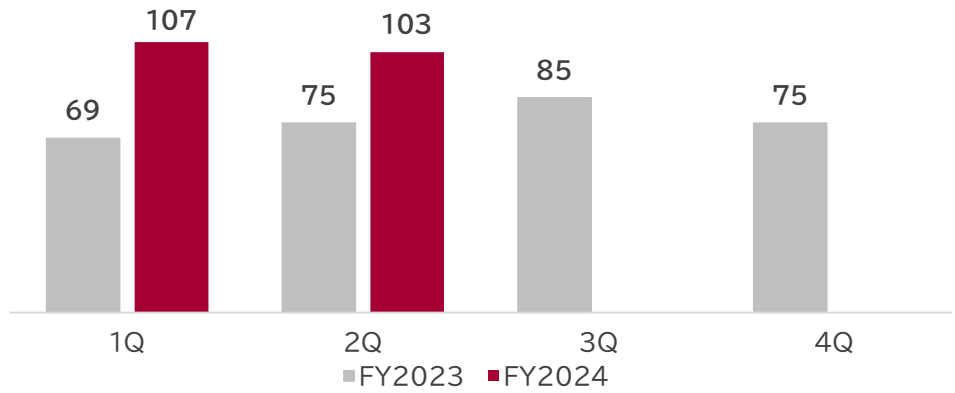


＊Calculation of segment composition ratios does not include Corporate & Others and eliminations

Change in Operating Income By Segment (100 millions of yen)



History of Operating Income (100 millions of yen)



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Sales, Gross Profit and Operating Income by Quarter

- Gross profit has remained strong since fiscal 2023
- Second-quarter operating income in the manufacturing business declined from the first quarter, primarily due to weak performance in the Prinova Group, while the trading business continued to perform well, despite the impact of a one-time gain recorded in Functional Materials in the first quarter.

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	2Q YTD	FY2024 forecast / FY2023 Actual	Achievement
Sales	FY2024	2,392	2,417			4,809	9,400	51%
	FY2023	2,240	2,261	2,275	2,224	4,501	9,001	
	YoY%	6.8%	6.9%			6.8%	4.4%	
Gross profit	FY2024	457	463			921	1,800	51%
	FY2023	387	401	425	432	788	1,647	
	YoY%	18.3%	15.3%			16.8%	9.3%	
<profit ratio>	FY2024	19.1%	19.2%			19.2%	19.1%	
	FY2023	17.3%	17.8%	18.7%	19.4%	17.5%	18.3%	
Manufacturing	FY2024	188	195			384		
	FY2023	165	160	183	185	325	695	
Trading	FY2024	269	267			537		
	FY2023	221	241	242	246	463	952	
Operating income	FY2024	107	103			210	365	58%
	FY2023	69	75	85	75	144	306	
	YoY%	54.3%	37.1%			45.4%	19.2%	
<profit ratio>	FY2024	4.5%	4.3%			4.4%	3.9%	
	FY2023	3.1%	3.3%	3.8%	3.4%	3.2%	3.4%	
Manufacturing	FY2024	24	16			40		
	FY2023	26	17	25	21	43	91	
Trading	FY2024	83	86			169		
	FY2023	43	58	59	54	101	214	

*Manufacturing figures represent the aggregate totals of manufacturing subsidiaries.
*Trading figures include the aggregate totals of NAGASE and our sales subsidiaries, as well as Corporate & Others and eliminations
*Certain eliminations for FY2023 have been reclassified to manufacturing

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Segment Overview: Functional Materials

- Gross profits increased primarily for the following reasons
  - Coating materials sales increased due to higher market prices, despite sales remaining flat for automotive and architectural applications
  - Sales of raw materials for semiconductor materials increased
  - Losses narrowed in the color former business due to the suspension of production in the U.S. and business restructuring and streamlining of manufacturing bases in Japan
- Operating income increased due to improved gross profit

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	2Q YTD	FY2024 forecast / FY2023 Actual	Achievement
Sales	FY2024	405	388			794	1,588	50%
	FY2023	364	357	375	370	721	1,468	
	YoY%	11.4%	8.7%			10.0%	8.2%	
Gross profit	FY2024	88	81			170	326	52%
	FY2023	64	68	73	75	132	281	
	YoY%	37.8%	19.9%			28.5%	15.9%	
<profit ratio>	FY2024	21.8%	21.1%			21.4%	20.5%	
	FY2023	17.6%	19.1%	19.5%	20.4%	18.4%	19.2%	
Manufacturing	FY2024	6	6			12		
	FY2023	1	1	2	3	3	8	
Trading	FY2024	82	75			157		
	FY2023	62	66	71	71	129	272	
Operating income	FY2024	29	24			54	86	63%
	FY2023	10	14	19	17	24	61	
	YoY%	197.2%	67.7%			120.4%	39.6%	
<profit ratio>	FY2024	7.3%	6.3%			6.8%	5.4%	
	FY2023	2.7%	4.1%	5.1%	4.8%	3.4%	4.2%	
Manufacturing	FY2024	2	3			5		
	FY2023	(3)	(2)	(2)	(1)	(5)	(9)	
Trading	FY2024	27	21			48		
	FY2023	13	17	21	19	30	71	

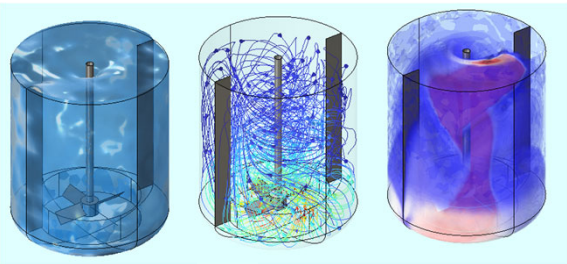
[Key Measures]

Performance Chemicals Dept.

- Capture business opportunities in the etrochemical industry and in response to market changes by leveraging our global procurement capabilities
- Propose sustainable materials and solutions (biodegradable bio-SAPs, chemical joint logistics matching, Mixing Concierges™, etc.)

Speciality Chemicals Dept.

- Expand chemicals business for the semiconductor industry, where we expect market growth
- Create businesses leveraging unique technologies (flow synthesis, MOF*, etc.)



Mixing Concierges™
:NAGASE develops and provides software to analyze and visualize liquids

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Segment Overview: Advanced Materials & Processing

- Gross profits increased primarily for the following reasons
  - Resin sales increased with the recovery in demand for office equipment and other applications in the electrical appliances and electronic industries
  - Sales of industrial hoses and civil engineering pipes increased at TOTAKU INDUSTRIES, Inc.
- Operating income increased due to improved gross profit

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	2Q YTD	FY2024 forecast / FY2023 Actual	Achievement
Sales	FY2024	535	546			1,082	2,049	53%
	FY2023	485	536	477	485	1,022	1,985	
	YoY%	10.2%	1.9%			5.9%	3.2%	
Gross profit	FY2024	65	65			130	255	51%
	FY2023	54	61	61	57	116	236	
	YoY%	20.1%	5.4%			12.3%	8.0%	
<profit ratio>	FY2024	12.3%	11.9%			12.1%	12.4%	
	FY2023	11.3%	11.5%	13.0%	11.9%	11.4%	11.9%	
Manufacturing	FY2024	12	12			25		
	FY2023	11	12	14	11	23	49	
Trading	FY2024	53	52			105		
	FY2023	43	49	47	46	93	186	
Operating income	FY2024	15	19			35	59	60%
	FY2023	10	15	16	11	25	53	
	YoY%	56.3%	26.7%			38.5%	11.0%	
<profit ratio>	FY2024	3.0%	3.6%			3.3%	2.9%	
	FY2023	2.1%	2.9%	3.4%	2.3%	2.5%	2.7%	
Manufacturing	FY2024	2	2			4		
	FY2023	1	2	3	0	4	8	
Trading	FY2024	13	17			30		
	FY2023	8	13	12	10	21	44	

[Key Measures]

Polymer Global Account Dept.

- Shift resources to priority (e.g., Mexico and India) in line with the transition in global brand owner production bases

- Expand transactions in environmental materials (NAGASE products and products from other companies)
- Improve efficiency of global business operations and optimize organizational structure

Manufacturing subsidiaries:
TOTAKU INDUSTRIES, INC.
industrial hoses and civil engineering pipes

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Segment Overview: Electronics & Energy

- Gross profits increased primarily for the following reasons
  - Sales of semiconductor materials increased due to the moderate market recovery
  - Sales of formulated epoxy resins increased due to strong demand for semiconductors for high-end servers, stemming from robust demand in the generative AI market
  - Sales of materials for high-end smartphones, tablets, and other electronic devices increased due to a recovery in demand
- Operating income increased due to improved gross profit

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	2Q YTD	FY2024 forecast / FY2023 Actual	Achievement
Sales	FY2024	400	398			799	1,542	52%
	FY2023	355	356	375	360	712	1,447	
	YoY%	12.8%	11.7%			12.3%	6.5%	
Gross profit	FY2024	95	97			193	386	50%
	FY2023	77	86	85	92	163	342	
	YoY%	23.7%	13.4%			18.3%	12.8%	
<profit ratio>	FY2024	23.8%	24.5%			24.2%	25.0%	
	FY2023	21.7%	24.2%	22.9%	25.8%	23.0%	23.6%	
Manufacturing	FY2024	33	35			68		
	FY2023	27	31	33	39	58	131	
Trading	FY2024	62	62			125		
	FY2023	50	54	52	53	104	210	
Operating income	FY2024	27	32			59	108	55%
	FY2023	17	24	21	25	42	88	
	YoY%	55.5%	30.9%			41.3%	22.0%	
<profit ratio>	FY2024	6.9%	8.1%			7.5%	7.0%	
	FY2023	5.0%	6.9%	5.6%	6.9%	5.9%	6.1%	
Manufacturing	FY2024	7	9			17		
	FY2023	4	8	8	11	13	34	
Trading	FY2024	19	22			42		
	FY2023	12	15	12	13	28	54	

[Key Measures]

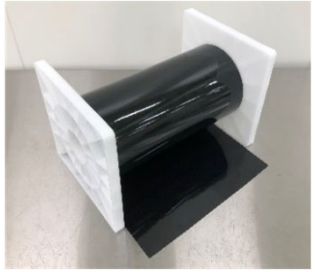
Electronics Dept.

- Expansion of commercial products in the semiconductor market
  - Expand business based on expansion of domestic production
  - Expand business in Europe, the U.S., India, etc.
- Develop business for cutting-edge electronic devices

Advanced Functional Materials Dept.

- Expand sales of Nagase ChemteX products for advanced semiconductors(LMC holds the dominant market share for molding compounds for advanced semiconductors)
- a-SMC aims to become the de facto standard for molding compounds for next-generation semiconductors
- Expand the recovery and recycling business of developer solution for semiconductors

LMC: Liquid Molding Compound



a-SMC: Advanced Sheet Molding Compound

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Segment Overview: Mobility

- Gross profits increased primarily for the following reasons
  - Resin sales, which account for about half of gross profit, increased due to yen depreciation and rising market prices, despite a decline in automobile production volume
  - Sales of functional materials and functional components for interior and exterior fittings and electrification increased
- Operating income increased due to improved gross profit

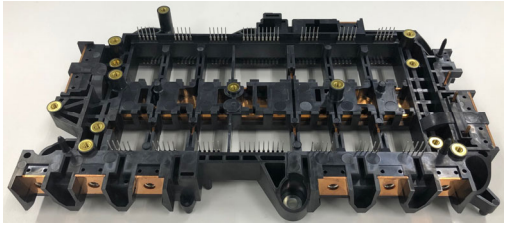
100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	2Q YTD	FY2024 forecast / FY2023 Actual	Achievement
Sales	FY2024	321	338			660	1,326	50%
	FY2023	311	337	353	319	649	1,321	
	YoY%	3.1%	0.4%			1.7%	0.4%	
Gross profit	FY2024	40	43			83	165	51%
	FY2023	34	39	41	37	73	152	
	YoY%	17.8%	9.9%			13.5%	8.3%	
<profit ratio>	FY2024	12.5%	12.9%			12.7%	12.4%	
	FY2023	11.0%	11.8%	11.7%	11.6%	11.4%	11.5%	
Manufacturing	FY2024	—	—			—		
	FY2023	—	—	—	—	—	—	
Trading	FY2024	40	43			83		
	FY2023	34	39	41	37	73	152	
Operating income	FY2024	9	12			22	38	60%
	FY2023	6	10	11	7	17	36	
	YoY%	49.7%	23.3%			33.5%	5.1%	
<profit ratio>	FY2024	3.1%	3.8%			3.4%	2.9%	
	FY2023	2.1%	3.1%	3.3%	2.3%	2.6%	2.7%	
Manufacturing	FY2024	—	—			—		
	FY2023	—	—	—	—	—	—	
Trading	FY2024	9	12			22		
	FY2023	6	10	11	7	17	36	

[Key Measures]

Mobility Solutions Dept.

- Expand electrification-related materials and components further
- Invest resources in growth markets (e.g., North America and India)



Metal insert mold parts for automotive inverters

Established a manufacturing company in Mexico with Atecs Co., Ltd. to manufacture electrification components, etc.

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Segment Overview: Life & Healthcare

- Gross profits increased primarily for the following reasons
  - Sales of Nagase Viita increased overall due to strong sales of food ingredients, despite lower sales of cosmetic materials stemming from sluggish sales overseas
  - Increased sales of intermediates and pharmaceutical raw materials
  - The Prinova Group saw an increase in food ingredient sales and an improvement in gross margin compared to the same period last year, when market conditions were weak
- Operating income decreased, despite an increase in gross profit, mainly due to higher general and administrative expenses (e.g., personnel expenses) stemming from allowance for doubtful accounts at the Prinova Group

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	2Q YTD	FY2024 forecast / FY2023 Actual	Achievement
Sales	FY2024	728	744			1,473	2,894	51%
	FY2023	723	673	693	687	1,396	2,777	
	YoY%	0.7%	10.7%			5.5%	4.2%	
Gross profit	FY2024	168	173			342	667	51%
	FY2023	156	145	163	168	301	634	
	YoY%	8.0%	19.0%			13.3%	5.1%	
<profit ratio>	FY2024	23.2%	23.3%			23.2%	23.0%	
	FY2023	21.6%	21.6%	23.6%	24.5%	21.6%	22.8%	
Manufacturing	FY2024	136	141			278		
	FY2023	125	114	133	131	240	505	
Trading	FY2024	32	31			64		
	FY2023	30	30	30	37	61	129	
Operating income	FY2024	15	4			19	42	47%
	FY2023	27	13	19	20	40	80	
	YoY%	(44.5%)	(65.7%)			(51.3%)	(47.5%)	
<profit ratio>	FY2024	2.1%	0.6%			1.3%	1.5%	
	FY2023	3.8%	1.9%	2.8%	3.0%	2.9%	2.9%	
Manufacturing	FY2024	11	2			13		
	FY2023	23	9	15	12	32	60	
Trading	FY2024	4	1			5		
	FY2023	4	3	3	8	7	19	

* Each profit measure for Trading includes the effect of eliminations, but certain eliminations for FY2023 have been reclassified to Manufacturing

[Key Measures]

Life & Healthcare Products Dept.

- Focus on expanding sales of in-house products in Japan and overseas
- Expand cross-sales through stronger collaboration among overseas group bases and offices
- Expand bio-materials

(Creation of NVI*1, NBIC*2 bio-derived materials; e.g., ergothioneine mass produced using fermentation technology)

- Expand the Prinova Group manufacturing

*1 Nagase Viita
*2 Nagase Bio-Innovation Center

Expected Effects by ergothioneine

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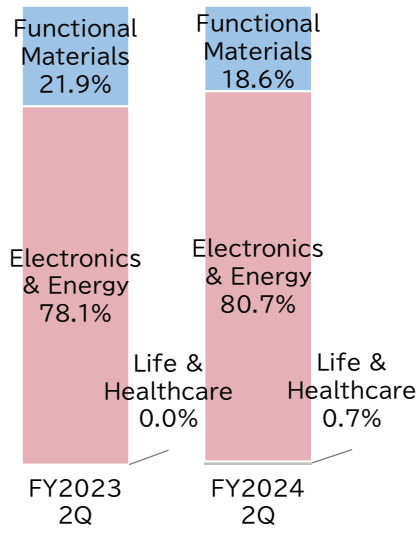
Overview of Major Manufacturing Subsidiaries: Nagase ChemteX

- Gross profits increased primarily for the following reasons
  - Sales of formulated epoxy resins increased due to strong demand for semiconductors for high-end servers, stemming from robust demand in the generative AI market
  - Sales decreased for photolithography materials for use in displays
- Operating income increased due to improved gross profit

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	2Q YTD	FY2024 forecast / FY2023 Actual	Achievement
Sales	FY2024	66	64			130	259	50%
	FY2023	57	65	66	62	122	251	
	YoY%	15.2%	(0.4%)			6.9%	3.2%	
Gross profit	FY2024	20	20			41	85	48%
	FY2023	17	19	21	17	37	75	
	YoY%	20.4%	3.3%			11.3%	13.1%	
<profit ratio>	FY2024	31.6%	31.5%			31.5%	33.0%	
	FY2023	30.2%	30.3%	32.0%	27.9%	30.3%	30.1%	
Operating income	FY2024	7	6			13	28	48%
	FY2023	5	7	8	0	13	22	
	YoY%	43.8%	(22.9%)			3.8%	25.7%	
<profit ratio>	FY2024	11.5%	9.4%			10.5%	10.9%	
	FY2023	9.2%	12.2%	12.6%	1.6%	10.8%	9.0%	

Ratio of Consolidated Gross Profit by Segment



＊We handle the sales functions of Nagase ChemteX through our company and our sales subsidiaries, accounting a portion of the profits under Trading

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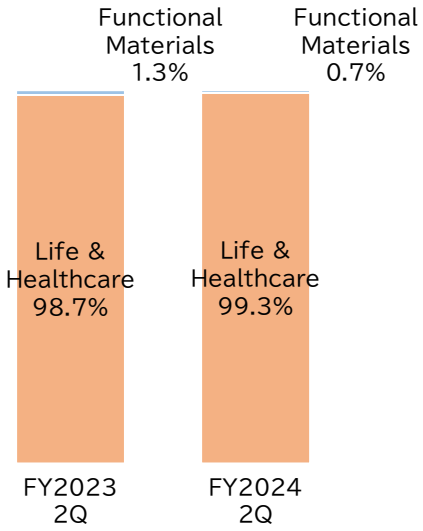
Overview of Major Manufacturing Subsidiaries: Nagase Viita

- Gross profits increased primarily for the following reasons
  - Sales of food ingredients increased in Japan and overseas
  - Sales of cosmetic materials declined due to lower demand in China, the final demand region
- Operating income decreased, despite higher gross profits, due to increases in personnel expenses and other general and administrative expenses

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	2Q YTD	FY2024 forecast / FY2023 Actual	Achievement
Sales	FY2024	86	87			174	356	49%
	FY2023	89	80	89	84	170	344	
	YoY%	(3.4%)	9.0%			2.4%	3.7%	
Gross profit	FY2024	33	32			65	135	48%
	FY2023	34	28	32	30	62	126	
	YoY%	(3.8%)	13.9%			4.2%	7.2%	
<profit ratio>	FY2024	38.2%	36.9%			37.6%	38.0%	
	FY2023	38.4%	35.3%	36.6%	36.4%	36.9%	36.7%	
Operating income	FY2024	13	12			25	52	48%
	FY2023	16	10	14	11	26	52	
	YoY%	(19.9%)	20.5%			(4.5%)	1.6%	
<profit ratio>	FY2024	15.3%	14.0%			14.6%	14.8%	
	FY2023	18.4%	12.7%	15.7%	13.4%	15.7%	15.1%	
Amortisation of goodwill, etc.	FY2024	7	7			15	29	
	FY2023	7	7	7	7	15	30	
	YoY%	0.0%	0.0%			0.0%	(3.4%)	
Operating income after amortised expenses	FY2024	5	4			10	23	44%
	FY2023	8	2	6	3	11	21	
	YoY%	(37.2%)	84.5%			(10.7%)	8.7%	

Ratio of Consolidated Gross Profit by Segment



＊We handle partial sales functions of Nagase Viita through our company and our sales subsidiaries,accounting a portion of the profits under Trading

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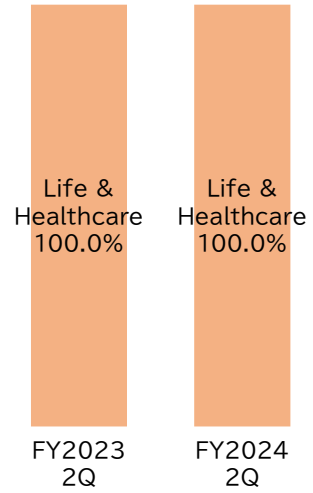
Overview of Major Manufacturing Subsidiaries: Prinova Group

- Gross profits increased primarily for the following reasons
  - Food ingredient sales saw an increase in volume and an improvement in gross profit margin
- Operating income decreased due to allowance of approx. ¥1.3 billion for doubtful accounts, arising from concerns over receivables collection from specific customers in the manufacturing business, along with higher personnel and other general and administrative expenses

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	2Q YTD	FY2024 forecast / FY2023 Actual	Achievement
Sales	FY2024	504	537			1,041	1,964	53%
	FY2023	516	473	476	472	989	1,937	
	YoY%	(2.2%)	13.5%			5.3%	1.4%	
Gross profit	FY2024	99	100			199	376	53%
	FY2023	87	82	95	96	169	361	
	YoY%	14.0%	21.9%			17.8%	4.2%	
<profit ratio>	FY2024	19.7%	18.7%			19.2%	19.2%	
	FY2023	16.9%	17.4%	20.0%	20.3%	17.2%	18.6%	
Operating income	FY2024	13	0			13	32	42%
	FY2023	19	13	14	15	32	63	
	YoY%	(31.7%)	(96.7%)			(57.6%)	(48.1%)	
<profit ratio>	FY2024	2.7%	0.1%			1.3%	1.7%	
	FY2023	3.8%	2.8%	3.1%	3.3%	3.3%	3.3%	
Amortisation of goodwill, etc.	FY2024	6	7			13	27	
	FY2023	6	6	6	6	12	25	
	YoY%	12.2%	13.5%			12.9%	5.2%	
Operating income after amortised expenses	FY2024	6	(6)			(0)	5	-
	FY2023	13	6	8	8	20	37	
	YoY%	(51.3%)	-			-	(84.8%)	

Ratio of Consolidated Gross Profit by Segment



* FY2023 results did not include the impact of profit or loss due to eliminations other than amortization of goodwill, etc.; we changed the figures to include these factors from the perspective of appropriate performance disclosure

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Consolidated Balance Sheets

- Investment securities decreased due to the sale of strategic cross-shareholdings of approx. ¥3.2 billion and a decline in market value

100 millions of yen

	2024/03	2024/09	Change	Details
Total Current Assets	5,424	5,462	37	
(Cash&deposits)	594	544	(49)	
(Trade account receivbable)	3,211	3,174	(37)	
(Inventories)	1,479	1,588	108	
Total non-current assets	2,498	2,504	6	
(Investments in security)	762	708	(54)	
Total assets	7,923	7,966	43	
Current Liab.	3,026	2,917	(109)	
(Trade account payable)	1,563	1,483	(80)	
Non-current Liab.	883	932	49	Non-Current Loan Pay. +66
Total Liab.	3,910	3,849	(60)	
Shareholders' equity	3,128	3,147	19	
Accum. Other Comprehensive Income	812	899	86	Translation Adjustment +143
Non-controlling interest	72	70	(2)	
Total net assets	4,013	4,117	104	
Working capital	3,127	3,279	151	
Shareholders' equity ratio	49.7%	50.8%	1.1ppt	
Interest-bearing debt	1,669	1,684	14	
NET D/E ratio	0.27	0.28	0.01	

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Consolidated Cash Flows

- Operating cash flow amounted to ¥11.9 billion, primarily due to an increase in profit for the period from strong business performance

100 millions of yen

	FY2023 2Q	FY2024 2Q
Operating CF	382	119
(Income before income taxes)	148	230
(Depreciation and amortization)	79	89
(Change in working capital)	233	(88)
(Other)	(79)	(111)
Investing CF	(64)	(108)
(Fixed asset investment)	(82)	(76)
(Other)	18	(32)
Free CF	318	10
Financing CF	(366)	(110)
(Share buybacks)	(66)	(94)
(Dividends paid)	(52)	(50)
(Change in loans and bonds)	(182)	43
(Other)	(64)	(8)
Effects of exchange rate	50	(9)
Net increase / decrease in cash and cash equivalents	2	(109)

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FY2024 Earnings Projection

- While our full-year earnings forecast remains unchanged in light of the following circumstances, we revised the forecast for each segment
- Semiconductor-related businesses performed well, driven by a moderate recovery in market conditions and higher-than-expected demand for generative AI
- Automobile-related businesses performed well due to rising market conditions and increased sales of highly profitable functional materials and components, despite slightly sluggish growth in automobile production volume
- Resin sales remained strong due to a stronger-than-expected recovery in demand from the electrical appliances and electronics industries, including office automation and smartphones
- We do not anticipate a full-year recovery in food-related businesses, primarily due to weak performance in the Prinova Group
- We expect selling, general and administrative expenses to increase overall with business growth and other factors, even though the amortization expense of retirement benefit actuarial differences will decrease (Retirement benefit actuarial differences: Approx. ¥0.9 billion expense in fiscal 2023 and approx. ¥3.5 billion income in fiscal 2024)

100 millions of yen

	FY2023 Results	FY2024 Forecast	Change	Vs.PY
Sales	9,001	9,400	398	104%
Gross profit	1,647	1,800	152	109%
<GP ratio>	18.3%	19.1%	0.8ppt	-
SG&A expenses	1,341	1,435	93	107%
Operating income	306	365	58	119%
<OP ratio>	3.4%	3.9%	0.5ppt	-
Ordinary income	305	352	46	115%
Profit attributable to owners of the parent	224	280	55	125%
US$ Exchange rate (period average)	@ 144.6	@ 148.0	@ 3.4	Weak yen
RMB Exchange rate (period average)	@ 20.1	@ 20.0	@ 0.1	Strong yen

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FY2024 Earnings Projection By segment (Revised)

- We revised figures upward for Functional Materials due to increased coating material sales, increased raw material sales for the semiconductor industry, and a better-than-expected improvement in profitability of the color former business
- We revised figures upward for Advanced Materials & Processing due to strong resin sales, driven primarily by a stronger-than-expected recovery in demand from the electrical and electronics industries, including in office equipment and other areas
- We revised figures upward for Electronics & Energy due to strong material sales for the semiconductor industry and stronger-than-expected sales at Nagase ChemteX for formulated epoxy resins for high-end server semiconductors
- We revised figures upward for Mobility, despite lower automobile production, due to improved profitability from higher market prices and strong sales of functional materials and components
- We revised figures downward for Life & Healthcare, despite strong food ingredient sales in the Prinova Group, due to the allowance of doubtful accounts and weaker-than-expected performance in manufacturing

100 millions of yen

		FY2023 Actual	FY2024 Forecast Before Revision	FY2024 Forecast After Revision	Change	Percentage Change
Functional Materials	Sales	1,468	1,550	1,588	38	2%
	Gross profit	281	306	326	20	7%
	<profit ratio>	19.2%	19.7%	20.5%	0.8ppt	—
	Operating income	61	68	86	18	26%
	<profit ratio>	4.2%	4.4%	5.4%	1.0ppt	—
Advanced Materials & Processing	Sales	1,985	2,072	2,049	(23)	(1%)
	Gross profit	236	248	255	7	3%
	<profit ratio>	11.9%	12.0%	12.4%	0.5ppt	—
	Operating income	53	55	59	4	7%
	<profit ratio>	2.7%	2.7%	2.9%	0.2ppt	—
Electronics & Energy	Sales	1,447	1,493	1,542	49	3%
	Gross profit	342	377	386	9	2%
	<profit ratio>	23.6%	25.3%	25.0%	(0.2ppt)	—
	Operating income	88	86	108	22	26%
	<profit ratio>	6.1%	5.8%	7.0%	1.2ppt	—
Mobility	Sales	1,321	1,387	1,326	(61)	(4%)
	Gross profit	152	160	165	5	3%
	<profit ratio>	11.5%	11.5%	12.4%	0.9ppt	—
	Operating income	36	32	38	6	19%
	<profit ratio>	2.7%	2.3%	2.9%	0.6ppt	—
Life & Healthcare	Sales	2,777	2,897	2,894	(3)	(0%)
	Gross profit	634	710	667	(43)	(6%)
	<profit ratio>	22.8%	24.5%	23.0%	(1.5ppt)	—
	Operating income	80	94	42	(52)	(55%)
	<profit ratio>	2.9%	3.2%	1.5%	(1.8ppt)	—
Corporate&Others	Sales	1	1	1	0	0%
	Gross profit	0	(1)	1	2	—
	Operating income	(13)	30	32	2	7%
Total	Sales	9,001	9,400	9,400	—	—
	Gross profit	1,647	1,800	1,800	—	—
	<profit ratio>	18.3%	19.1%	19.1%	—	—
	Operating income	306	365	365	—	—
	<profit ratio>	3.4%	3.9%	3.9%	—	—

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FY2024 Earnings Projections by Major Manufacturing Subsidiaries (Revised)

- Nagase ChemteX :Revised upward due to better-than-expected sales of formulated epoxy resins for high-end server semiconductors, driven by strong demand in the generative AI market, despite lower-than-expected sales of photolithography materials for displays and formulated epoxy resins for mobile devices
- Nagase Viita :Revised downward despite strong sales of food ingredients and domestic sales of cosmetic materials due to lower-than-expected demand for cosmetic materials in overseas markets
- Prinova Group :Revised downward due to allowance for doubtful accounts and weak performance in manufacturing, despite higher sales volume of food ingredients

100 millions of yen

		FY2023 Actual	FY2024 Forecast Before Revision	FY2024 Forecast After Revision	Change	Percentage Change
Nagase ChemteX Corporation	Sales	251	261	259	(2)	(1%)
	Gross profit	75	80	85	5	7%
	<profit ratio>	30.1%	30.7%	33.0%	2.4ppt	–
	Operating income	22	26	28	1	5%
	<profit ratio>	9.0%	10.3%	10.9%	0.6ppt	–
Nagase Viita Co., Ltd.	Sales	344	369	356	(13)	(4%)
	Gross profit	126	140	135	(4)	(3%)
	<profit ratio>	36.7%	37.9%	38.0%	0.1ppt	–
	Operating income	52	57	52	(4)	(7%)
	<profit ratio>	15.1%	15.4%	14.8%	(0.6ppt)	–
	Goodwill amortization etc.	30	29	29	0	–
	Operating income after amortization burden	21	27	23	(4)	(15%)
Prinova Group	Sales	1,937	2,091	1,964	(126)	(6%)
	Gross profit	361	421	376	(45)	(11%)
	<profit ratio>	18.6%	20.2%	19.2%	(1.0ppt)	–
	Operating income	63	81	32	(48)	(60%)
	<profit ratio>	3.3%	3.9%	1.7%	(2.2ppt)	–
	Goodwill amortization etc.	25	27	27	0	–
	Operating income after amortization burden	37	54	5	(48)	(89%)

＊FY2023 Prinova Group results did not include the impact of profit or loss due to eliminations other than amortization of goodwill, etc.; we changed the figures to include these factors from the perspective of appropriate performance disclosure

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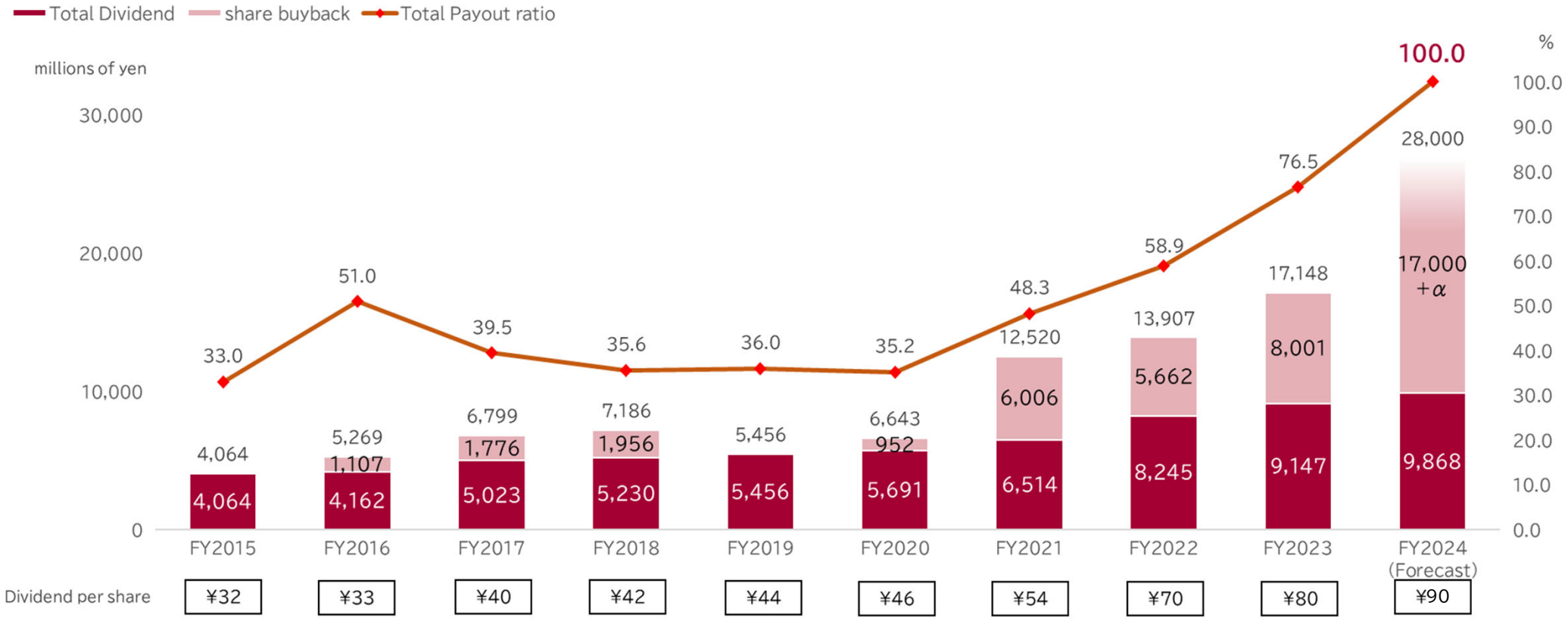
Shareholder Returns

- We plan to pay ¥90 per share for the full year, consisting of an interim dividend of ¥45 per share and a year-end dividend of ¥45 per share, ¥5 per share higher than our originally planned interim dividend of ¥40 per share for fiscal 2024 (forecasting a 15th consecutive year of dividend increases)
- No changes to our shareholder return policy of a 100% total return ratio in fiscal 2024 and fiscal 2025
- The repurchase of ¥10 billion in treasury stock, resolved in May 2024, was completed in October
- In November 2024, we resolved to conduct ¥7 billion in share buybacks (planned: November 2024 through December 2024)



＊FY2024 year-end dividend to be submitted for approval to the 110th general meeting of shareholders scheduled for June 2025.

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Medium-Term Management Plan **ACE 2.0**

■ Medium-Term Management Plan **ACE 2.0** Basic Policies P26

■ Growth Strategies for the Future P27

■ Efforts in the Semiconductor Area P28

■ Efforts in the Life Science Area P29

■ Efforts in the Food Area -Prinova Group Status- P30

■ Efforts in the Global South P31

■ Improve Area in the First Half of FY2024 P32

■ Cash Allocation in FY2024 and FY2025 P33

■ Pursuit of Profitability and Efficiency -Shareholder Returns- P34

■ Sustainability-Related Initiatives P35

■ Revision of Materiality to achieve sustainability P36

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ACE 2.0 Basic Policies

Become a true "Business designer"

ACE 2.0 "Pursuit of Quality"

With a mindset focused on Accountability (A), Commitment (C) and Efficiency (E), and to enable its sustained growth,
NAGASE will work to give concrete shape (business, mechanisms, culture)
(Pursuit)
to the aspirations expected by all of its stakeholders.
(Quality)

Reform of Profit Structure

Create a profit base toward the Ideal NAGASE

(1) Pursuit of profitability and efficiency
- Implement a company-wide asset replacement and reallocation of resources

(2) Strengthen existing businesses
- Expand business opportunities through globalization
- Improve productivity of manufacturing businesses and expand value-added through technical innovation

(3) Create sustainable businesses

Reform of Corporate Culture

Mindset toward the Ideal NAGASE

(1) Pursuit of economic and social value
- Fostering a sustainability mindset, and rigorous monitoring of financial and non-financial indicators

(2) Pursue efficiency
- Deepen awareness of capital efficiency
- Improve productivity of core operations

(3) Strengthen human resources to drive reforms

Functions supporting reforms

(1) Accelerate DX further (2) Promote sustainability (3) Strengthen corporate functions

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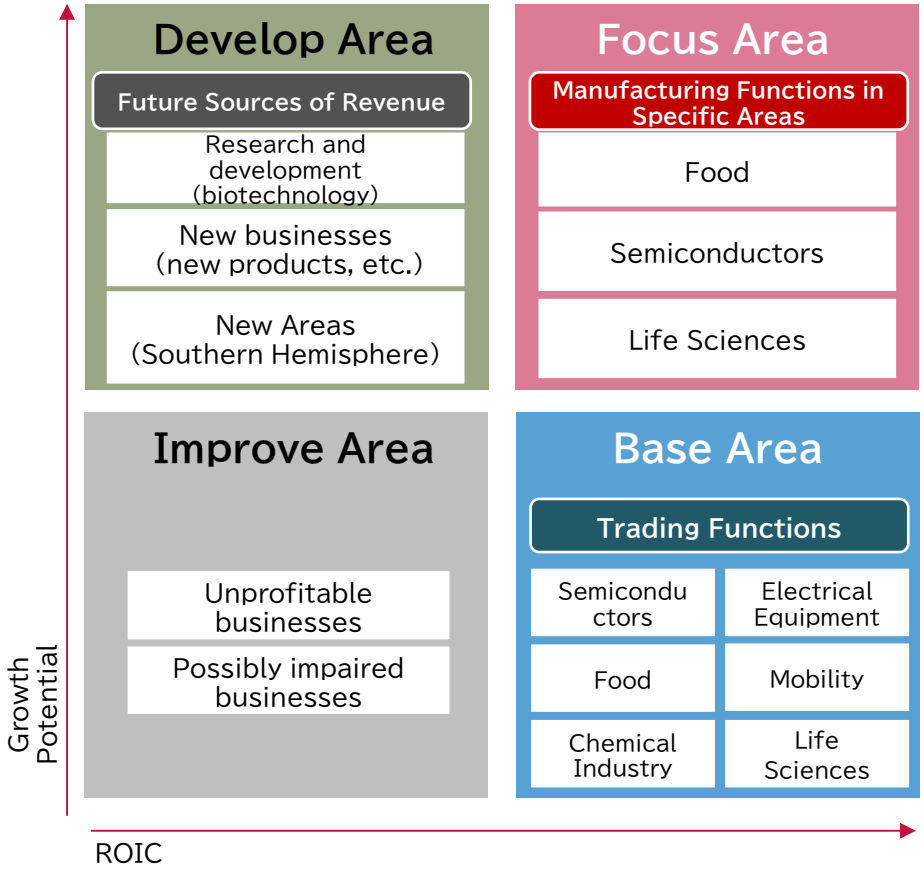
Growth Strategies for the Future

Make proactive investments in Focus Area of manufacturing (across the three areas of food, semiconductors, and life sciences) to expand profit scale and profit margin over the medium to long term

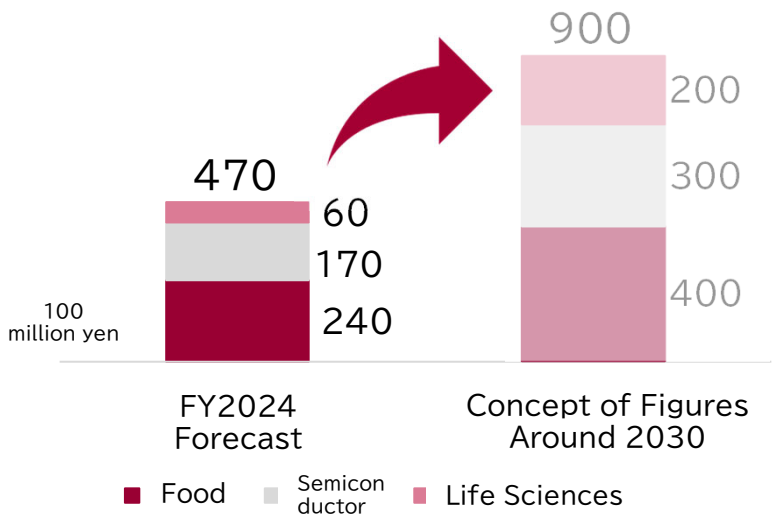
Potential investments in Focus Area and Develop Area
Approx. 80 billion yen
(M&A and Capital investment)



Base Area — Obtain cash and high-value-added information to enhance Focus and Develop Areas

Develop Area — Take on new challenges in areas that will become future sources of revenue

Focus Area — Nearly double gross profit in focus areas



Improve Area — Narrowing losses (See P.32 for details)

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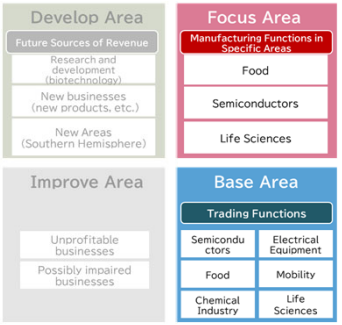
Efforts in the Semiconductor Area



The Focus Area works to establish a de facto standard in molding compounds for advanced semiconductors, while the Base Area expands commercial rights

Focus Area

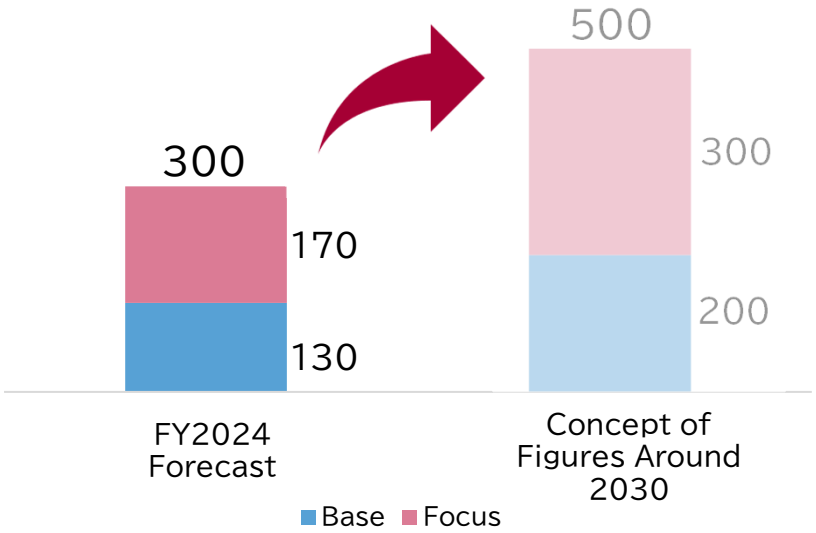
- Establish position as the de facto standard in molding compounds (LMC/a-SMC) for advanced semiconductors
- Promote and expand environmentally friendly proposals with a system that recovers and recycles developers

Base Area

- By serving as a coordinator for Rapidus Corporation, enhance business rights further and leverage them for global expansion
- Strengthen our expertise in chemical handling (transportation, storage, imports and exports) and supply chain management

Semiconductor Gross Profit

(100 million yen)



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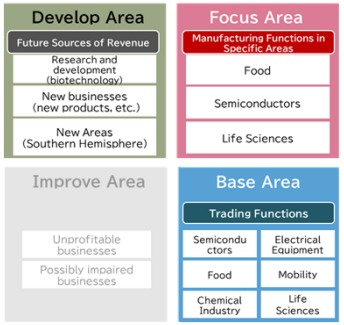
Efforts in the Life Science Area



Decided to add diagnostics business through M&A, Aim to expand business by developing new materials in the Develop Area

Focus Area

・Expand business in the pharmaceutical and cosmetic fields with Nagase Viita and Nagase ChemteX materials and technologies (e.g., AA2G™, Pullulan, Trehalose SG, and Hesperidin)

Base Area

・Establish a system to comply with laws and regulations in each country and expand our global network

Develop Area

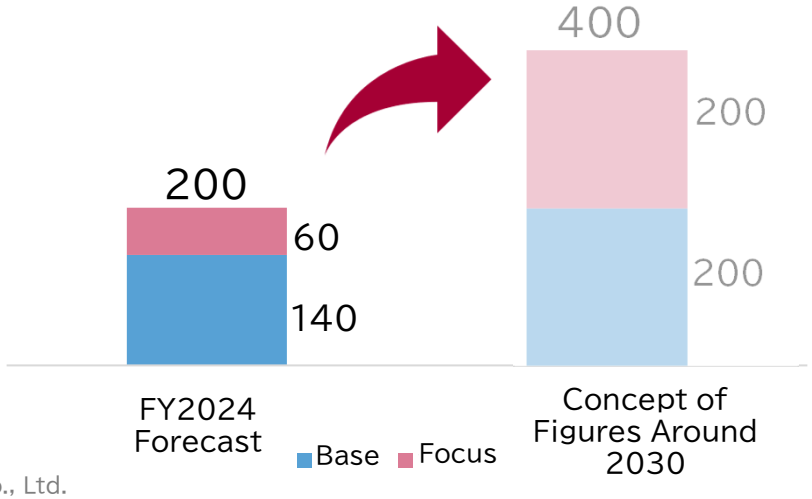
・Began mass production of ergothioneine using fermentation technologies

Acquire Diagnostics and Other Businesses From Asahi Kasei Pharma Corporation

Focus	Acquire enzyme production business at Ohito Pharmaceutical Plant
Base +	Aim to grow business through overseas sales by expanding product lineup and developing the Asahi Kasei pharma products in Brazil, ASEAN, and India
Develop	Consolidate Nagase Group pharmaceutical-related businesses

Aim for gross profit of ¥4 billion around 2030

Life Sciences Gross Profit (100 million yen)



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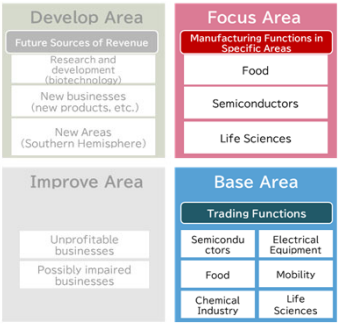
Efforts in the Food Area -Prinova Group Status-



The growth trend in the sports nutrition market remains unchanged

We are proactively advancing efforts to establish a profit-contributing structure at the Utah plant

Manufacturing

- Work to acquire new customers with our newly expanded product lineup, although it will take time to contribute to profits due to major customers losing market shares
- Develop new categories such as health-conscious consumers

Product Lines Promoting New Efforts

Pea Protein
Soy allergy products

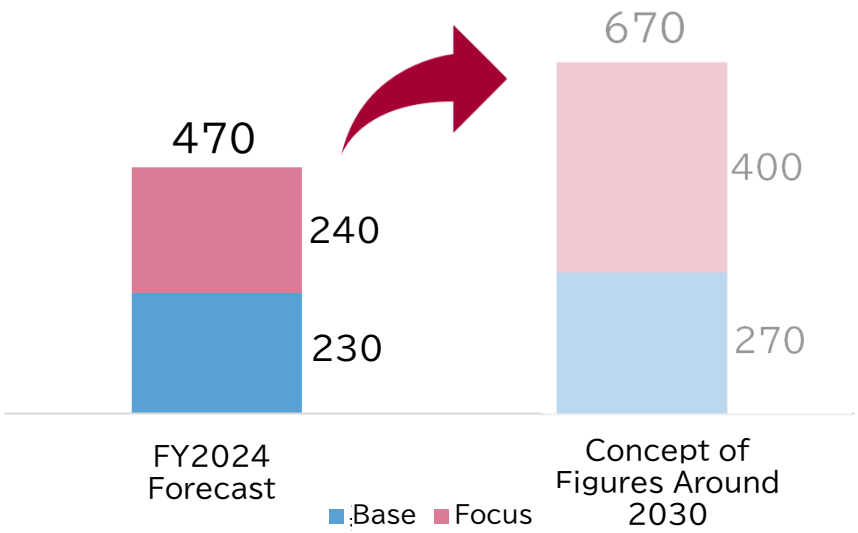
Beauty
Health maintenance beauty and wellness

GREENS
Vitamins and other nutrients

Trading

- Expand business in South America and Asia, building on our success in North America and Europe, by leveraging our unique food ingredient procurement capabilities

Food Gross Profit (100 million yen)



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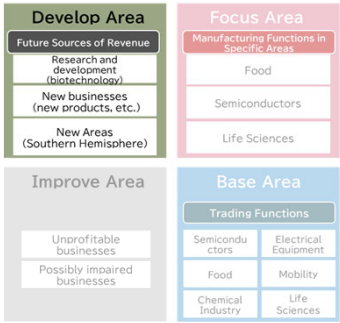
Efforts in the Global South



Accelerate portfolio transformation through the rapid monetization in new businesses in India, Mexico, Brazil, and Indonesia

Mexico

Japanese OEMs in the automobile industry, along with Japanese manufacturers and Taiwanese EMS providers in the electrical and electronics industries, are entering the market.
Established a manufacturing business in Mexico with Atecs Co., Ltd. to manufacture automotive electrification components, etc.

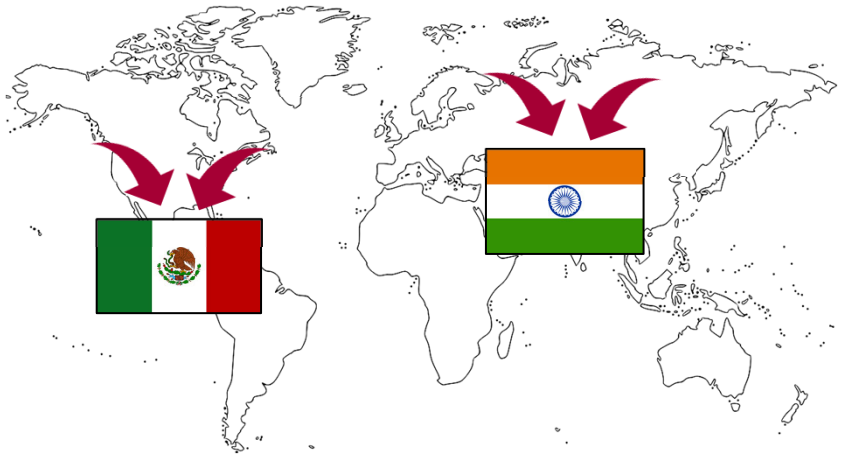
Established ATECS INSERT MOLDING MEXICO S.A. DE C.V.

India

We are allocating human resources to resin sales in India, where the manufacturing business is expanding.
We are securing commercial rights in electronics, smartphones, automobile, and semiconductor-related businesses.

Expand resin sales framework to accommodate the allocation of manufacturing bases from China and ASEAN to India

The two countries with progress



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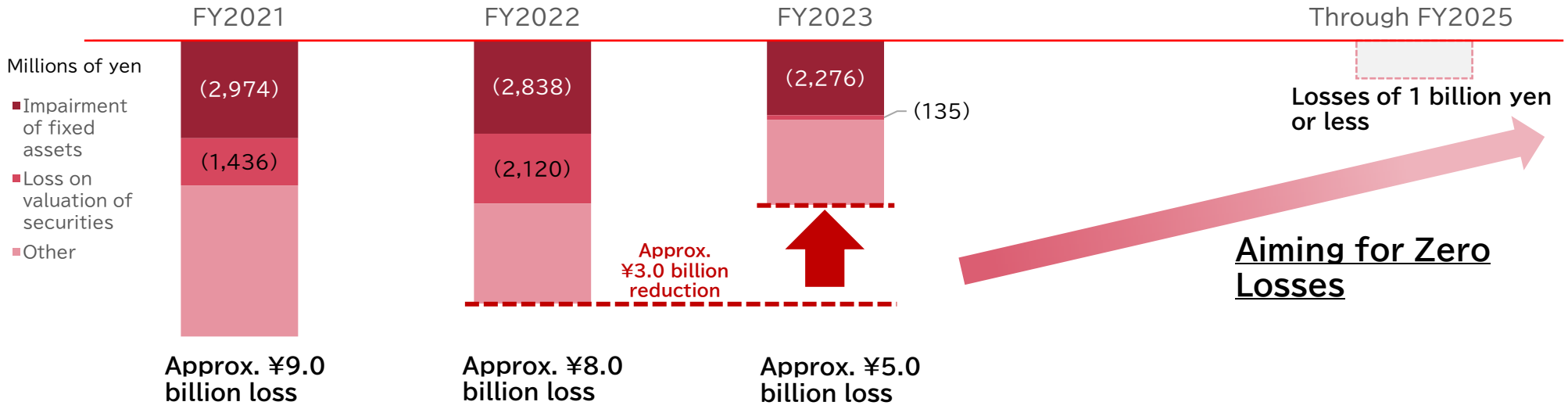
Improve Area in the First Half of FY2024

Initiated prompt efforts to improve ROIC, focusing on areas where management decisions yield swift results

Improvement Targets and Initiatives

1. Operating loss among subsidiaries and equity in losses of affiliates	Develop and implement improvement plans as early as possible. Study withdrawing from businesses not expected to improve.
2. Assets at risk for impairment loss	Strengthen monitoring of assets at risk of future impairment; minimize impairments
3. Unprofitable transactions	List and monitor all cases; return rights for businesses not expected to improve

【Operating Loss, Loss in Equity, Impairment Loss, and Unprofitable Transactions With Operating Subsidiaries】



Color formers business: Reduced operating losses significantly in the U.S. and Japan

- Decided to end production in the U.S. at SOFIX LLC, our manufacturing and sales base, and liquidate the company. Operating deficit amounted to approx. ¥1.1 billion in fiscal 2023
- Aims to return to profitability for the full year in Japan by reducing unprofitable transactions at Fukui Yamada Chemical Co., Ltd, a manufacturing subsidiary. Operating deficit amounted to approx. ¥0.4 billion in fiscal 2023

} Total Approx. ¥1.5 billion

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Cash Allocation in FY2024 and FY2025

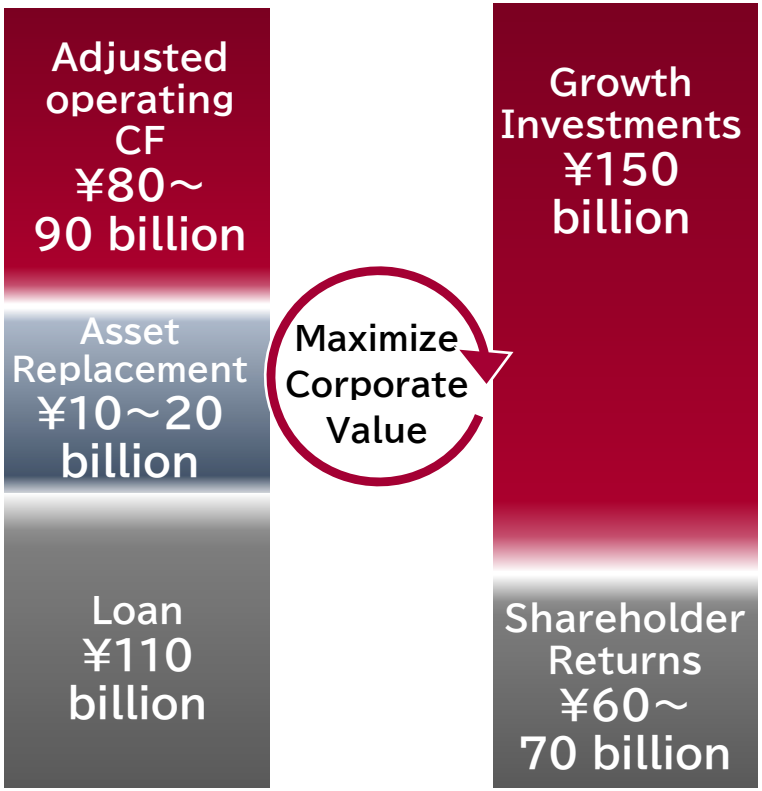
Leverage interest-bearing debt to pursue growth investments and shareholder returns

Cash In

Adjusted operating CF
- Add back depreciation, R&D, and other investment-related expenses to operating income
- Exclude working capital fluctuations

Asset Replacement
- Reduce strategic cross-shareholdings, etc.

Expanding Interest-Bearing Debt Financing
- Obtain financing within a range that allows us to maintain credit ratings



Cash Out

Growth Investments
- Consider M&A deals in the range of several tens of billions of yen on an ongoing basis
- Strengthen specific functions in the three areas of the Focus areas and acquire missing parts
- Allocate approx. ¥6 billion to R&D each year

Continue Increasing Dividends and Achieve a 100% Total Return Ratio
- Control net assets at around ¥400 billion

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Pursuit of Profitability and Efficiency -Shareholder Returns-

- Raised the fiscal 2024 dividend per share from the initial plan of ¥85 (up ¥5 from the previous year) to ¥90 (up ¥10)
- Resolved to conduct an additional ¥7 billion in share buybacks (planned: November 2024 through December 2024) to achieve 100% total return ratio

Increased FY2024 Dividend

Initial plan ¥85

+¥5

After revision **¥90**

No Change in Shareholder Returns Policy

Total return ratio **100%**

Dividend **Principle of continuous dividend increases**
＊No Change

Share buybacks **Implemented flexibly**

Shareholder Returns Results and Forecasts

	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Forecast	FY2025 Forecast
Dividend per share (yen)	54	70	80	90	—
(Interim+Year-end)	(24+30)	(30+40)	(40+40)	(45+45)	—
share buybacks (100 million yen)	60	56	80	100+70+α	—
Total return ratio (%)	48.3	58.9	76.5	100%	100%

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Sustainability-Related Initiatives

Sustainability-Linked Loan Execution

Contract Signing Date: October 28

Borrowing Date: October 31

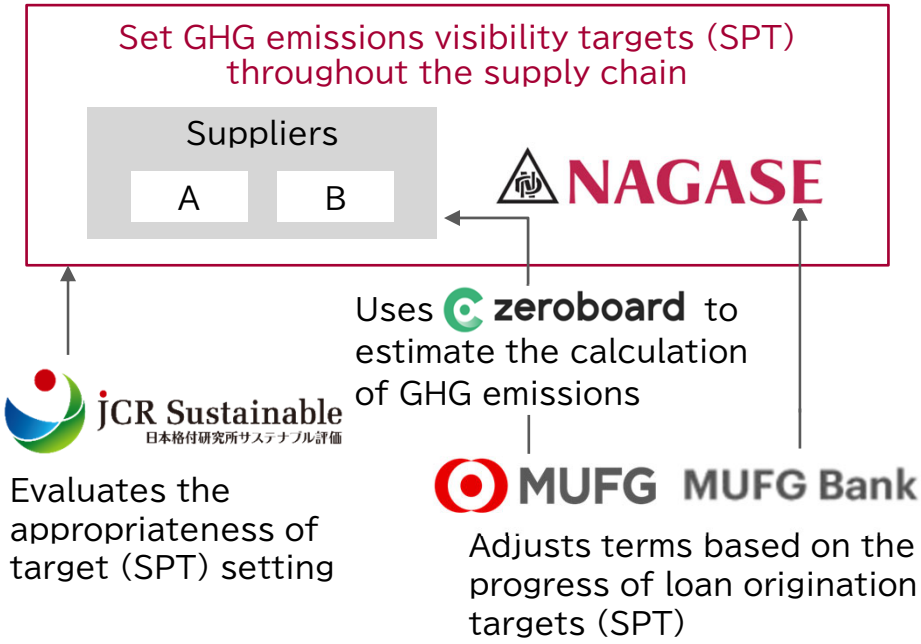
Term: 10 years

Arranger/Agent: MUFG Bank, Ltd.

Lenders: 16 companies

Amount: ¥20 billion

Interest Rate: Varies depending on the achievement of established Sustainability Performance Targets (SPT)



SBT※ Commitment Letter

- Nagase & Co., Ltd. submitted a letter of commitment to the SBT Initiative in September 2024 to obtain accreditation for our short-term Science-Based Targets (SBTs)
- Set targets aligned with the Paris Agreement to advance supply chain decarbonization

※Science-Based Targets (SBT): Greenhouse gas emission reduction goals set by companies to align with the levels required under the Paris Agreement

External Organizations		Highest Score	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Results
FTSE		5.0	1.2	1.9	2.7	3.5	4.2
MSCI		AAA	BB	BB	BBB	A	A
CDP	Climate Change	A	C	B	B	A-	A-
	Water	A	C	B	A-	A	A
	Forest	A	C-	C	C	B	B
	Supply Chain Engagement	A	D	B	B	A	A
Ecovadis [NAGASE Group]		Platinum [100]	— [41]	Bronze	— [43]	Bronze	Silver

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Revision of Materiality to achieve sustainability

- Updated Materiality Established During ACE 2.0 Formulation in September 2024
- We made changes to our multi-stakeholder description, refining the wording to be more concise to ensure all employees are aware of the change
- We explore setting non-financial targets for our business lines, in addition to metrics related to employee engagement and carbon neutrality

Original Materiality

	Delivered Values	Materiality	Related SDGs
Employees	• Provide a safe and friendly work environment. • Provide a cheerful, happy, and engaging workplace. • Create a corporate Group that is a sense of pride for employees and their families.	[Use diverse human resources; offer a workplace environment and corporate culture] • Use advanced technologies to improve productivity and leverage diverse human resources. • Provide a workplace environment and foster a corporate culture as a Group where employees with diverse backgrounds have mutual respect and motivate each other.	8, 16
Business Partners	• Establish a cooperative relationship by gaining deep understanding of business partners, which enables pursuit of a wide range of possibilities. • Provide solutions to issues that need to be tackled throughout the value chain as well as social issues.	[Use of state-of-the-art technology to create new value] • Create new value leveraging advanced technologies and a network of business partners. • Provide a wide range of solutions based on understanding the true causes of the increasingly complex problems of business partners.	9, 17
Society and Consumers	• Contribute to the development of the local community through legal compliance and ethical management. • Consider the rights, health and comfort of everyone involved in the supply chain. • Provide products and services towards realization of a sustainable world.	[Solving Social and Environmental Issues, and Globalization] • Solve problems that threaten safety and security, e.g., climate change and food and water shortage. • Contribute to securing and improving food safety by utilizing biotech, AI and other advanced technologies. • Fulfill health maintenance demands due to increasingly aging societies in advanced countries. • Contribute to the acceleration of globalization and solve social issues in each region.	7, 9, 12, 13
Share holders	• Foster trust and a sense of security through a highly transparent management structure and timely and reasonable information disclosure. • Maximize enterprise value by increasing both economic and social value and through continuous business creation.	[Corporate Governance] • Establish a highly transparent corporate governance system. • Make sustainable improvement of enterprise value by balancing economic value and social value.	16

NAGASE Group Materiality and Related SDGs

Changes in the External Environmental With Significant Impacts

- Diversification of human resources
- Demographic changes
- Climate change and resource shortage
- Food and water scarcity
- Globalization
- Depletion of natural resources
- Geopolitical risks
- Growing awareness of human rights

- Employee Engagement Improvement — 8 DECENT WORK AND ECONOMIC GROWTH
- Realize a Decarbonization — 7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION
- Extend a healthy life expectancy — 2 ZERO HUNGER; 3 GOOD HEALTH AND WELL-BEING
- Achieve a Sustainable supply chain — 7 AFFORDABLE AND CLEAN ENERGY; 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
- Driving a Circular Economy — 6 CLEAN WATER AND SANITATION; 12 RESPONSIBLE CONSUMPTION AND PRODUCTION
- Transparency in corporate governance — 16 PEACE, JUSTICE AND STRONG INSTITUTIONS

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https://www.nagase.co.jp/english/contact/ir/

■NAGASE Group Investor Relations Website:

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These presentation materials contain projections based on forward-looking assumptions, forecasts, and plans as of November 6, 2024
Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.

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Review: Management Conscious of Capital Costs and Share Prices

— From the FY2023 Financial Briefing —

Policies to Enhance Corporate Value

Execute growth, financial, and capital strategies set forth in the Medium-Term Management Plan ACE 2.0

Current Issue Recognition

- PBR has been below 1x since FY2007
- Cost of equity is more than 8.0% based on dialogue with investors
- Strategic cross-shareholdings of approx. 15% of net assets

Matters to be Addressed

Profitability and Efficiency	• Permeation of ROIC management: Improve gross profit margin and capital turnover • Reduce unprofitable businesses and unprofitable transactions in business targeted for improvement • Reduce strategic cross-shareholdings in phases
Capital Costs	• Increase in Shareholder Returns: limited 100% total return ratio for two years • Leverage debt in growth investments
IR Activities	• Make active disclosures of and expand dialogue with investors

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Sales, Gross Profit, and Operating Income by Quarter
(Before Allocation of Corporate & Others)

- In FY2024, the Company began allocating company-wide shared expenses, excluding a portion of Nagase non-consolidated expenses, to business units under Corporate & Others
- We are allocating company-wide shared expenses, shifting to a system that enables a more realistic understanding of the profitability of each business unit
- For reference, this page shows quarterly changes before allocations to Corporate & Others

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	YTD	2Q FY2024 forecast After Revision / FY2023 Actual
Consolidated Total							
Sales	FY2024	2,392	2,417			4,809	9,400
	FY2023	2,240	2,261	2,275	2,224	4,501	9,001
	YoY%	6.8%	6.9%			6.8%	4.4%
Gross profit	FY2024	457	463			921	1,800
	FY2023	387	401	425	432	788	1,647
	YoY%	18.3%	15.3%			16.8%	9.3%
<profit ratio>	FY2024	19.1%	19.2%			19.2%	19.1%
	FY2023	17.3%	17.8%	18.7%	19.4%	17.5%	18.3%
Operating income	FY2024	107	103			210	365
	FY2023	69	75	85	75	144	306
	YoY%	54.3%	37.1%			45.4%	19.2%
<profit ratio>	FY2024	4.5%	4.3%			4.4%	3.9%
	FY2023	3.1%	3.3%	3.8%	3.4%	3.2%	3.4%

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	YTD	2Q FY2024 forecast After Revision / FY2023 Actual
Advanced Materials & Processing(Polymer Global Account Dept.)							
Sales	FY2024	535	546			1,082	2,049
	FY2023	485	536	477	485	1,022	1,985
	YoY%	10.2%	1.9%			5.9%	3.2%
Gross profit	FY2024	65	65			130	255
	FY2023	54	61	61	57	116	236
	YoY%	20.1%	5.4%			12.3%	8.0%
<profit ratio>	FY2024	12.3%	11.9%			12.1%	12.4%
	FY2023	11.3%	11.5%	13.0%	11.9%	11.4%	11.9%
Operating income	FY2024	20	23			43	80
	FY2023	13	19	20	15	32	68
	YoY%	50.2%	20.8%			32.8%	17.6%
<profit ratio>	FY2024	3.8%	4.3%			4.0%	3.9%
	FY2023	2.8%	3.6%	4.2%	3.1%	3.2%	3.4%

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	YTD	2Q FY2024 forecast After Revision / FY2023 Actual
Mobility(Mobility Solutions Dept.)							
Sales	FY2024	321	338			660	1,326
	FY2023	311	337	353	319	649	1,321
	YoY%	3.1%	0.4%			1.7%	0.4%
Gross profit	FY2024	40	43			83	165
	FY2023	34	39	41	37	73	152
	YoY%	17.8%	9.9%			13.5%	8.3%
<profit ratio>	FY2024	12.5%	12.9%			12.7%	12.4%
	FY2023	11.0%	11.8%	11.7%	11.6%	11.4%	11.5%
Operating income	FY2024	13	16			30	57
	FY2023	9	13	14	10	23	49
	YoY%	44.6%	17.2%			28.3%	15.5%
<profit ratio>	FY2024	4.3%	4.8%			4.6%	4.3%
	FY2023	3.0%	4.1%	4.2%	3.4%	3.6%	3.7%

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	YTD	2Q FY2024 forecast After Revision / FY2023 Actual
Functional Materials(Performance Chemicals Dept., Speciality Chemicals Dept.)							
Sales	FY2024	405	388			794	1,588
	FY2023	364	357	375	370	721	1,468
	YoY%	11.4%	8.7%			10.0%	8.2%
Gross profit	FY2024	88	81			170	326
	FY2023	64	68	73	75	132	281
	YoY%	37.8%	19.9%			28.5%	15.9%
<profit ratio>	FY2024	21.8%	21.1%			21.4%	20.5%
	FY2023	17.6%	19.1%	19.5%	20.4%	18.4%	19.2%
Operating income	FY2024	37	31			68	121
	FY2023	15	21	25	24	36	86
	YoY%	140.7%	46.9%			86.3%	40.2%
<profit ratio>	FY2024	9.1%	8.0%			8.6%	7.6%
	FY2023	4.2%	6.0%	6.7%	6.6%	5.1%	5.9%

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	YTD	2Q FY2024 forecast After Revision / FY2023 Actual
Electronics & Energy(Electronics Dept., Advanced Functional Materials Dept.)							
Sales	FY2024	400	398			799	1,542
	FY2023	355	356	375	360	712	1,447
	YoY%	12.8%	11.7%			12.3%	6.5%
Gross profit	FY2024	95	97			193	386
	FY2023	77	86	85	92	163	342
	YoY%	23.7%	13.4%			18.3%	12.8%
<profit ratio>	FY2024	23.8%	24.5%			24.2%	25.0%
	FY2023	21.7%	24.2%	22.9%	25.8%	23.0%	23.6%
Operating income	FY2024	34	38			73	143
	FY2023	23	31	27	31	54	113
	YoY%	50.6%	24.4%			35.6%	26.2%
<profit ratio>	FY2024	8.7%	9.7%			9.2%	9.3%
	FY2023	6.5%	8.7%	7.3%	8.8%	7.6%	7.8%

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	YTD	2Q FY2024 forecast After Revision / FY2023 Actual
Life & Healthcare(Life & Healthcare Products Dept.)							
Sales	FY2024	728	744			1,473	2,894
	FY2023	723	673	693	687	1,396	2,777
	YoY%	0.7%	10.7%			5.5%	4.2%
Gross profit	FY2024	168	173			342	667
	FY2023	156	145	163	168	301	634
	YoY%	8.0%	19.0%			13.3%	5.1%
<profit ratio>	FY2024	23.2%	23.3%			23.2%	23.0%
	FY2023	21.6%	21.6%	23.6%	24.5%	21.6%	22.8%
Operating income	FY2024	21	9			31	71
	FY2023	32	19	24	26	51	103
	YoY%	(34.8%)	(48.2%)			(39.8%)	(31.2%)
<profit ratio>	FY2024	2.9%	1.3%			2.1%	2.5%
	FY2023	4.5%	2.9%	3.6%	3.9%	3.7%	3.7%

*Allocations of each expense to seven business units according to one or more of the following criteria

(1) Equal allocation to each division

(2) Allocation according to business scale (sales and gross profit)

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Major Cash Inflows and Outflows for FY2021-FY2023

100 millions of yen

Cash Inflow	FY2021	FY2022	FY2023	3-year Cumulative Total	Cash Outflow	FY2021	FY2022	FY2023	3-year Cumulative Total
Operating CF after adjustments*	525	363	476	1,364	Dividends and share buybacks	124	139	178	442
Proceeds from sales of strategic cross-shareholdings, etc.	92	96	71	260	Investment in DX, R&D, etc	71	68	78	218
Decrease in working capital	—	—	330	330	Increase in working capital	631	200	—	831
Proceeds from change in interest-bearing debt	401	—	—	401	Expenses from change in interest-bearing debt	—	25	234	260
Other income	7	9	9	26	Other growth investments, etc	156	173	188	518
					Other expenditures	25	20	76	121
Total	1,026	469	888	2,384	Total	1,008	628	756	2,392

* Operating CF excluding the impact of changes in working capital, DX and R&D costs recorded as expenses, etc.

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