

FYE March 2021 Financial Highlights

NAGASE & CO., LTD.
May 11, 2021

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Consolidated Statements Income

- Net sales: Despite the considerable impact of COVID-19 on our automobile-related business during the first quarter, our electronics-related business and resins business experienced a recovery beginning in the second quarter, driven by demand for telework and other factors. In addition, the Prinova Group, acquired in the second quarter of the prior consolidated fiscal year, contributed a full year of sales to the group this fiscal year
- Operating income: Income increased, despite increased investments for digital transformation (DX) and other projects toward sustainable growth, due to an increase in gross profit stemming from the contribution of Prinova Group high-profit sales and a decrease in expenses due to voluntary restraints on activities affected by COVID-19
- Profit attributable to owners of the parent: Profit attributable to owners of the parent: Profit increased, mainly due to the recording of profits stemming from the transfer of shares of subsidiaries and the sale of strategic cross-shareholdings

(100 millions of yen)

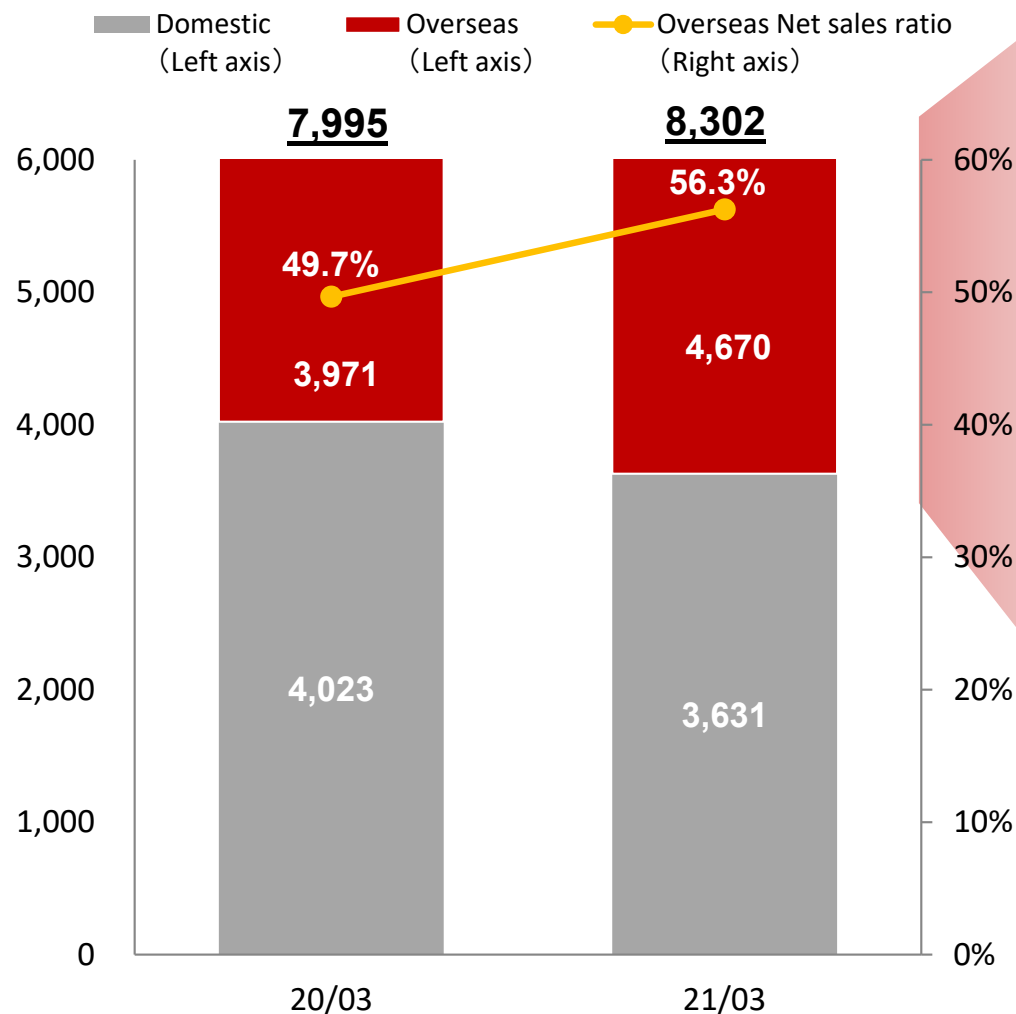
	20/03	21/03	Change	Vs. PY	Revised Forecast (Full year)	Achievement
Net sales	7,995	8,302	+ 306	104%	8,110	102%
Gross profit	1,049	1,146	+ 96	109%	1,120	102%
<GP ratio>	13.1%	13.8%	+0.7%	—	13.8%	—
SG&A expenses	857	926	+ 69	108%	920	—
Operating income	191	219	+ 27	114%	200	110%
Ordinary income	190	228	+ 37	120%	210	109%
Profit attributable to owners of the parent	151	188	+ 36	124%	170	111%
US\$ Exchange rate (period average)	@ 108.7	@ 106.1	@ 2.6	strong yen	@105.0	—
RMB Exchange rate (period average)	@ 15.6	@ 15.7	@ 0.1	weak yen	@ 15.5	—

【 Foreign exchange rate impact on 21/03 net sales and operating income results 】
 Net sales: ¥(3.6) billion (approx.) Operating income: ¥(0.0) billion (approx.)

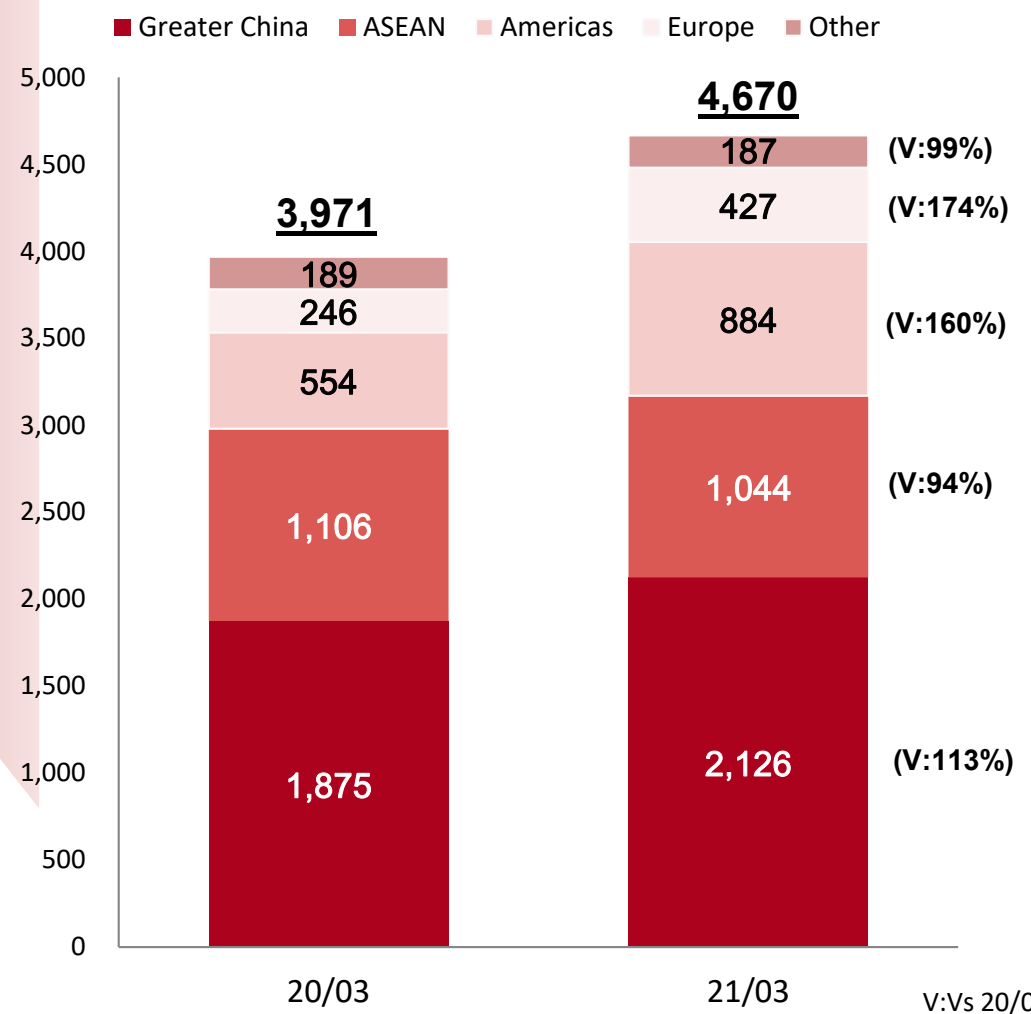
Net Sales by Region(Domestic,Overseas)

- Sales declined in particular in Japan and ASEAN due to the impact of the growing COVID-19 pandemic, though sales in Europe and America increased sharply due to the addition of sales from the Prinova Group (overseas ratio of total sales: 56.3%)
- Greater China recorded sales in excess of pre-COVID-19 levels

Domestic & Overseas Sales(100 millions of yen,%)



Overseas Sales by Region(100 millions of yen,%)

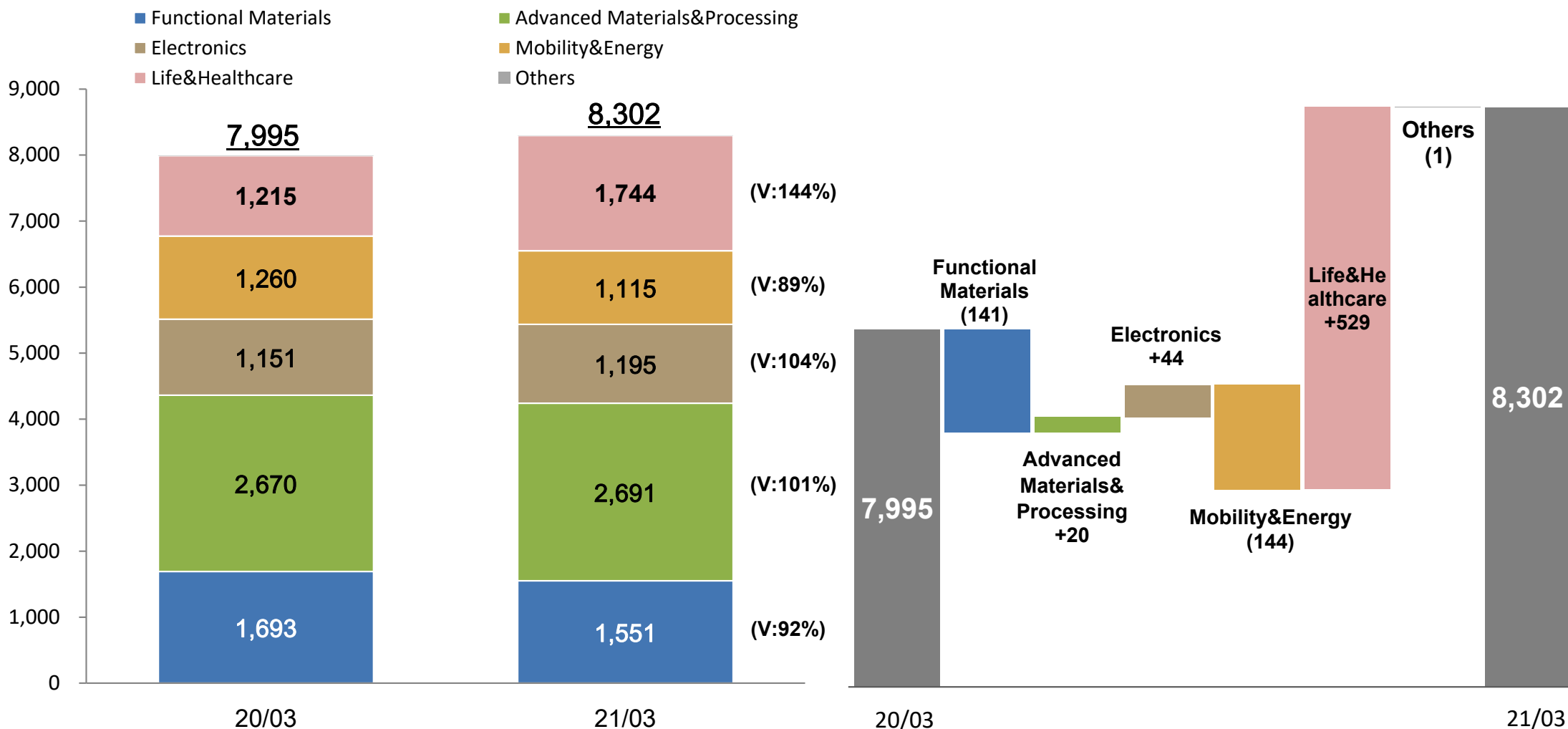


Net Sales: Two-Year Comparison (by segment)

- Functional Materials/Mobility & Energy : Sales decreased due to the impact of the decline in automotive production volume, particularly in the first half of the year
- Life & Healthcare : Sales increased due to addition of Prinova Group sales, despite decrease in sales of TREHA™ and other food materials (excluding the Prinova Group) and AA2G™ and other cosmetics-related materials caused by the COVID-19 pandemic

Net Sales by Segment (100 millions of yen)

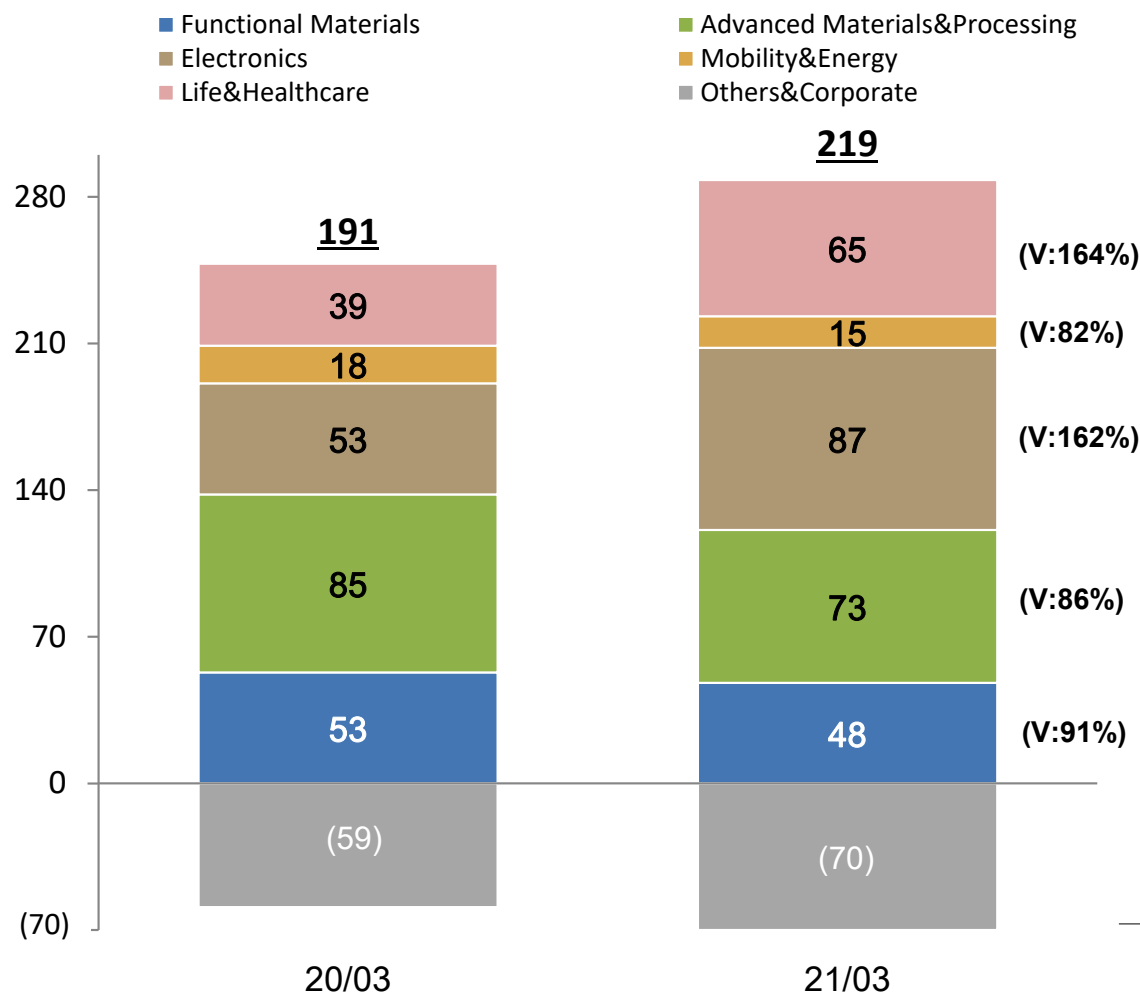
Change in Net Sales by Segment (100 millions of yen)



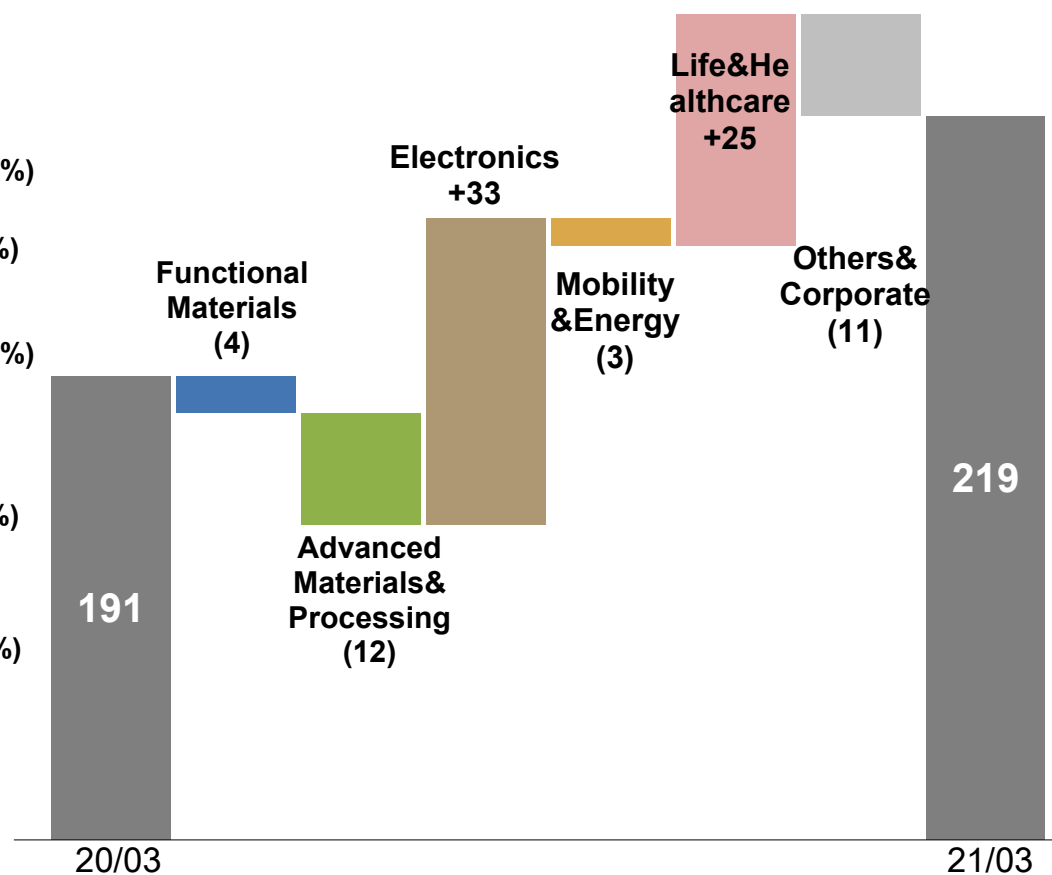
Operating income: Two-Year Comparison (by segment) NAGASE

- **Advanced Materials & Processing:** Lower profits, despite a recovery in demand and higher market prices in the resins business, caused by deteriorating profitability in the digital print processing materials business resulting from market conditions
- **Electronics:** Higher profits, mainly due to increased sales and improved profitability in certain manufacturing subsidiaries

Operating income by Segment (100 millions of yen)



Change in Operating income by segment (100 millions of yen)



Consolidated Balance Sheets

- Assets increased ¥29.1 billion due to an increase in accounts receivable and inventories, as well as an increase in investments in securities resulting from a rise in the fair values of shares owned by the Company
- Liabilities increased ¥3.9 billion, mainly due to an increase in accounts payable, despite a decrease in commercial paper
- Shareholders' equity ratio increased 1.6 points, from 49.9% at the end of the prior consolidated fiscal year to 51.5%

Assets

	20/03	21/03	Change
Total current assets	3,793	4,017	+ 223
Cash and time deposits	514	492	(21)
Notes and accounts receivable	2,211	2,425	+ 214
Inventories	957	972	+ 15
Other	111	126	+ 15
Total non-current assets	2,321	2,388	+ 67
Property, plant and equipment	746	708	(37)
Intangible fixed assets	724	645	(79)
Investments, other assets	849	1,033	+ 183
Investments in securities	761	937	+ 175
Other	88	96	+ 7
Total assets	6,114	6,405	+ 291

Liabilities and Net Assets

(100 millions of yen)

	20/03	21/03	Change
Total current liabilities	2,004	2,061	+ 57
Notes and accounts payable	1,082	1,199	+ 116
Short-term loans and current portion of CP	618	530	(87)
Other	302	331	+ 28
Total long-term liabilities	978	960	(17)
Long-term loans and Bonds	726	645	(81)
Retirement benefit liability	136	132	(3)
Other (Deferred tax liabilities, etc.)	115	182	+ 67
Total liabilities	2,982	3,021	+ 39
Total net assets	3,132	3,384	+ 251
Shareholders' equity	2,723	2,847	+ 124
Accumulated other comprehensive income	329	449	+ 119
Net unrealized holding gain on securities	326	435	+ 109
Translation adjustment	10	10	(0)
Other	(6)	3	+ 10
Non-controlling interests	79	87	+ 8
Total liabilities and net assets	6,114	6,405	+ 291

Consolidated Cash Flows

Cash Flows

(100 millions of yen)

	21/03	Main factors	20/03
Net cash provided by (used in) operating activities	203	Profit before income taxes +292 Depreciation and amortization/amortization of goodwill +133 Change in working capital (100) Income taxes paid (92)	330
Net cash provided by (used in) investing activities	26	Sale of shares of subsidiaries resulting from a change in scope of consolidation +80 Proceeds from sales of investments in securities +60 Purchase of tangible and intangible fixed assets (95) Purchase of investments in securities (32)	(492)
Net cash provided by (used in) financing activities	(258)	Net decrease in commercial paper (220) Cash dividends paid (54) Purchase of treasury stock (9) Proceeds from long-term loans +43	243
Effects of exchange rate changes on cash and cash equivalents	9		(18)
Net increase (decrease) in cash and cash equivalents	(19)		63
Cash and cash equivalents at beginning of the year	504		440
Increase in cash and cash equivalents accompanying consolidation	—		1
Cash and cash equivalents, at end of the period	485		504

FYE March 2022 Earnings Projections

- Despite remaining concerns about the impact of COVID-19 on the global economy, we expect economic activity to normalize beginning in the second half of fiscal 2021, as vaccinations progress to a certain extent in various countries
- Despite concerns about the impact of semiconductor shortages on production volume, we expect to see further recovery in our automobile-related business, which has continued since the second half of fiscal 2020
- While we intend to continue making R&D and DX-related investments for future growth, we expect that COVID-19-related restraints on activities will continue to a certain extent. Therefore, we forecast expenses for the first half of fiscal 2021 to be at the same level as fiscal 2020

(100 millions of yen)

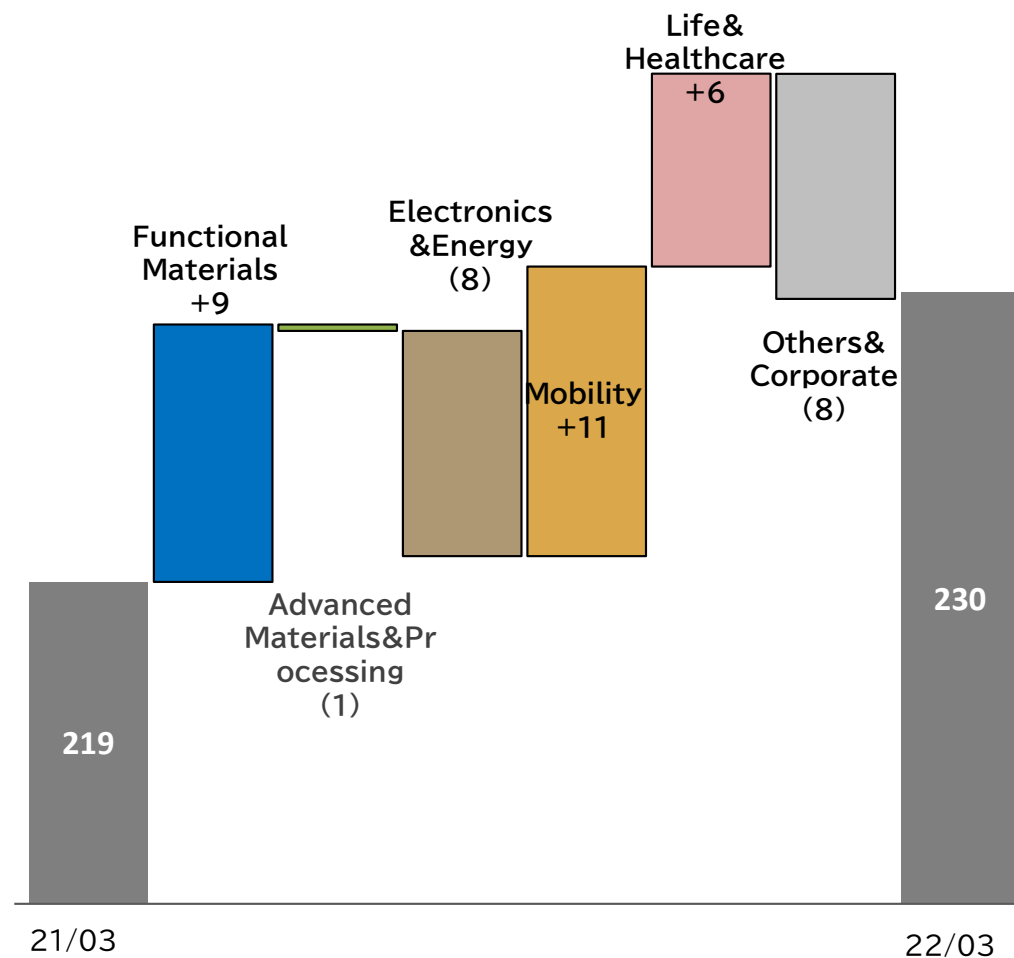
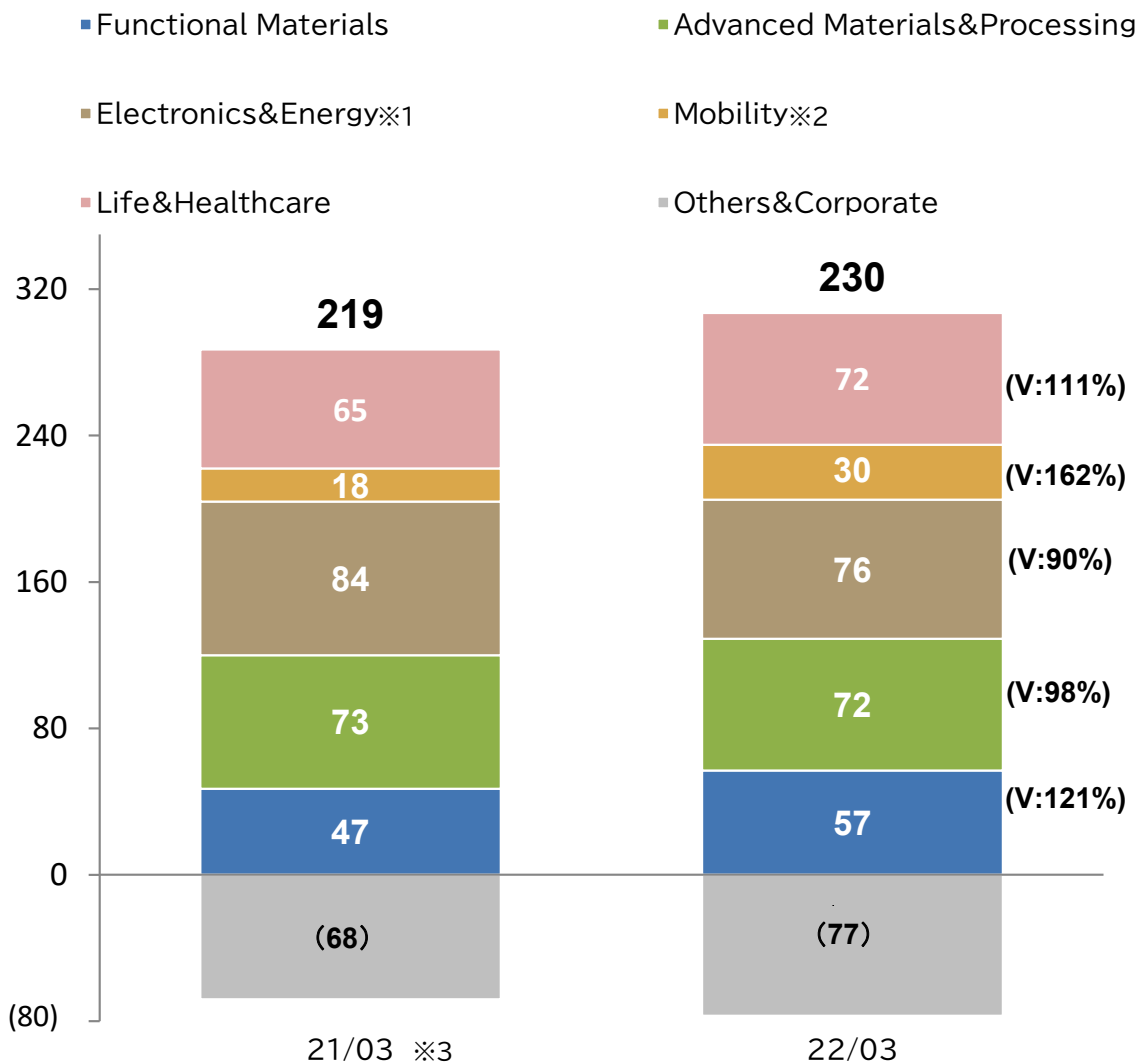
	21/03 Actual	22/03 Full Year Forecast	Change	Vs.PY
Gross profit ※	1,146	1,200	+53	105%
SG&A expenses	926	970	+43	105%
Operating income	219	230	+10	105%
Ordinary income	228	240	+11	105%
Profit attributable to owners of the parent	188	180	(8)	96%
US\$ Exchange rate (period average)	@106.1	@104.0	@2.1 Strong yen	
RMB Exchange rate (period average)	@15.7	@15.4	@0.3 Strong yen	

*Beginning in fiscal 2021, the Company will disclose gross profit instead of net sales in our consolidated earnings forecasts

FYE March 2022 Operating income Projections (by Segment)

Operating income Projections by Segment (100 millions of yen)

Changes in Operating income by segment (100 millions of yen)



*1 As of April 1, 2021, the Electronics Segment has been renamed as the Electronics & Energy Segment.

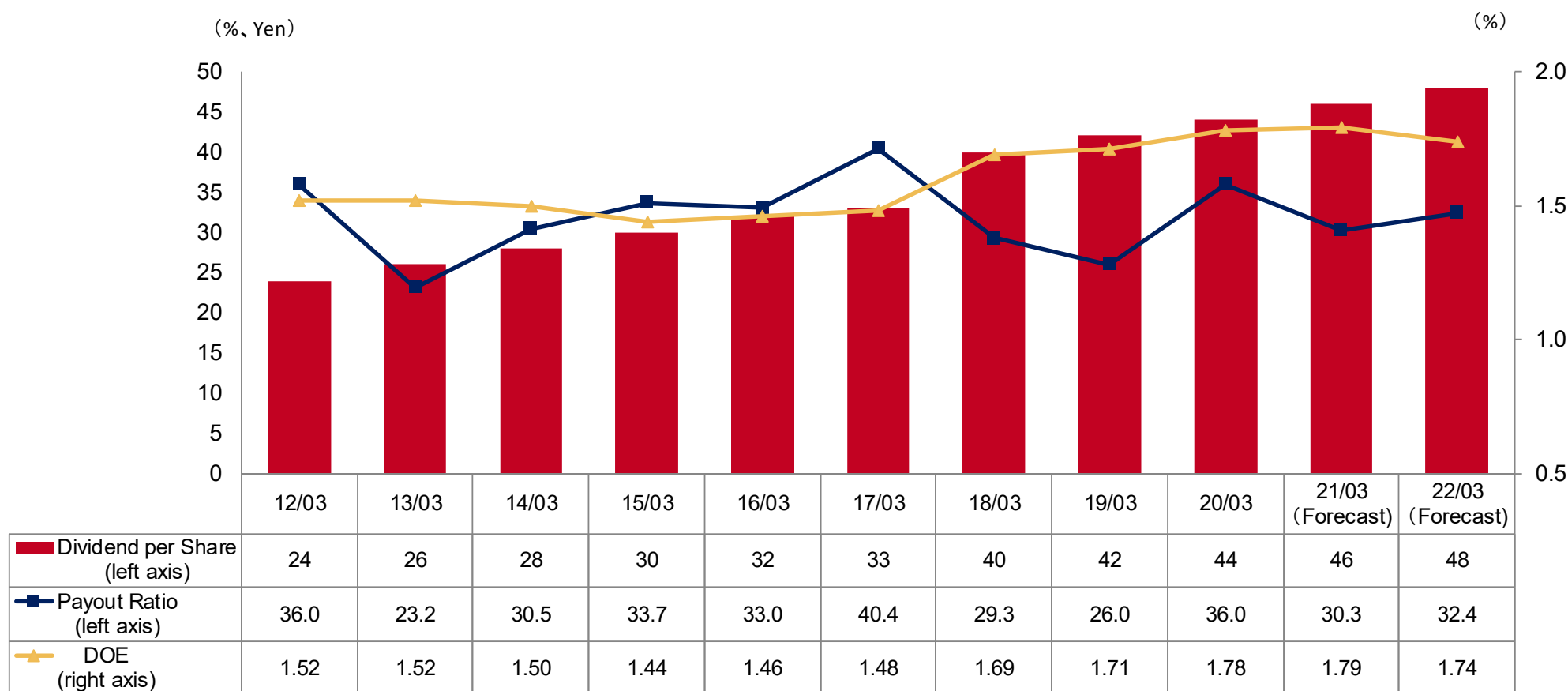
*2 As of April 1, 2021, the Mobility & Energy Segment has been renamed the Mobility Segment.

*3 Due to organizational changes effective April 1, 2021, we have changed our business segment classification method.

Figures for the fiscal year ended March 2021 reflect this change in classification method.

Dividends

- Current fiscal year: We expect to pay dividends of ¥46 per share for the full year, consisting of a ¥22 per share interim dividend and a ¥24 per share year-end dividend
- Next fiscal year: We expect to pay a dividend of ¥48 per share for the full year, consisting of a ¥24 per share interim dividend and a ¥24 per share year-end dividend. (expected increase in dividends for a 12th consecutive fiscal year)



*1 FYE March 2018 dividends include a special dividend of ¥5 per share.

*2 FYE March 2021 year-end dividend to be submitted for approval to the 106th general meeting of shareholders scheduled for June 2021.



Bringing it all together

<https://www.nagase.co.jp/english/>

These presentation materials contain projections based on forward-looking assumptions, forecasts, and plans as of May 11, 2021. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.