

Consolidated Financial Statements for the Nine Months Ended December 31, 2024 <Under Japanese GAAP>

February 6, 2025

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/>)

Representative: Hiroyuki Ueshima, Representative Director and President

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Start of distribution of dividends (scheduled): -

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 Nine Months Ended December 31, 2024 (April 1, 2024 to December 31, 2024)

(1) Consolidated Operating Results

(% = year-on-year change)

	Net sales		Gross profit		Operating income		Ordinary income		Profit attributable to owners of the parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2024	718,044	5.9	137,411	13.1	31,002	34.7	30,700	32.4	21,712	20.6
December 31, 2023	677,732	-2.6	121,492	2.5	23,019	-16.1	23,179	-15.5	18,001	-10.2

(Note) Comprehensive income

For the nine months ended December 31, 2024: ¥24,949 million (37.7% decrease)

For the nine months ended December 31, 2023: ¥40,067 million (11.8% decrease)

	Earnings per share	Earnings per share (diluted)
Nine months ended	Yen	Yen
December 31, 2024	194.79	—
December 31, 2023	156.19	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2024	813,207	399,110	48.1	3,609.26
March 31, 2024	792,336	401,315	49.7	3,463.84

(Reference) Equity capital

As of December 31, 2024: ¥391,478 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

(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) Changes in major subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): Yes

New: — (Company name:)

Excluded: 2 (Company names: Nagase Specialty Materials NA LLC, SOFIX 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)

December 31, 2024	114,908,285 shares	March 31, 2024	117,908,285 shares
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- ii. Number of treasury stock as of the fiscal period end

December 31, 2024	6,443,125 shares	March 31, 2024	4,143,115 shares
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- iii. Average number of shares during the period

December 31, 2024	111,467,485 shares	December 31, 2023	115,255,985 shares
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*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)

	As of March 31, 2024	As of December 31, 2024
ASSETS		
Current assets		
Cash and time deposits	59,410	60,806
Notes and accounts receivable and contract assets	321,126	336,117
Merchandise and finished goods	131,137	136,935
Work in process	2,594	2,881
Raw materials and supplies	14,259	15,291
Other	14,881	17,308
Less allowance for doubtful accounts	(940)	(2,010)
Total current assets	542,470	567,330
Non-current assets		
Property, plant and equipment	87,392	89,153
Intangible fixed assets		
Goodwill	27,884	26,125
Technology-based assets	2,761	1,579
Other	38,703	37,138
Total intangible fixed assets	69,349	64,844
Investments and other assets		
Investments in securities	76,225	73,763
Long-term loans receivable	326	1,331
Retirement benefit asset	6,217	6,346
Deferred tax assets	4,596	4,863
Other	5,935	5,735
Less allowance for doubtful accounts	(177)	(161)
Total investments and other assets	93,123	91,879
Total non-current assets	249,865	245,877
Total assets	792,336	813,207

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
LIABILITIES		
Current liabilities		
Notes and accounts payable	156,352	163,367
Short-term loans	50,731	46,573
Current portion of long-term loans	6,946	51
Commercial paper	37,000	18,000
Current portion of bonds	10,000	—
Accrued income taxes	5,195	5,436
Accrued bonuses for employees	7,569	5,485
Accrued bonuses for directors	251	261
Other	28,628	36,395
Total current liabilities	302,675	275,570
Long-term liabilities		
Bonds	20,000	40,000
Long-term loans	27,533	59,828
Lease liabilities	12,492	11,519
Deferred tax liabilities	13,567	11,849
Retirement benefit liability	12,345	12,829
Provision for directors' stock benefit	60	89
Other	2,345	2,409
Total long-term liabilities	88,345	138,525
Total liabilities	391,021	414,096
NET ASSETS		
Shareholders' equity		
Common stock	9,699	9,699
Capital surplus	9,348	9,348
Retained earnings	303,328	308,435
Less treasury stock, at cost	(9,543)	(19,579)
Total shareholders' equity	312,832	307,903
Accumulated other comprehensive income		
Net unrealized holding gain on securities	33,763	32,012
Deferred gain on hedges	119	201
Translation adjustments	44,846	50,709
Remeasurements of defined benefit plans	2,503	651
Total accumulated other comprehensive income	81,232	83,574
Non-controlling interests	7,250	7,632
Total net assets	401,315	399,110
Total liabilities and net assets	792,336	813,207

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

(Quarterly Consolidated Statements of Income)

Nine-month periods ended December 31, 2024 and 2023

(Millions of yen)

	Nine-month period ended December 31, 2023 (April 1, 2023 - December 31, 2023)	Nine-month period ended December 31, 2024 (April 1, 2024 - December 31, 2024)
Net sales	677,732	718,044
Cost of sales	556,240	580,632
Gross profit	121,492	137,411
Selling, general and administrative expenses	98,472	106,409
Operating income	23,019	31,002
Non-operating income		
Interest income	352	799
Dividend income	1,418	1,816
Rent income	178	241
Equity in earnings of affiliates	400	804
Foreign exchange gains	629	—
Other	530	249
Total non-operating income	3,510	3,911
Non-operating expenses		
Interest expenses	2,841	2,788
Foreign exchange losses	—	457
Other	509	966
Total non-operating expenses	3,350	4,213
Ordinary income	23,179	30,700
Extraordinary gains		
Gain on sales of non-current assets	76	2,172
Gain on sales of investment securities	3,013	2,789
Gain on liquidation of subsidiaries and affiliates	—	73
Subsidy income	507	258
Other	45	9
Total extraordinary gains	3,642	5,303
Extraordinary losses		
Loss on sales of non-current assets	29	151
Loss on disposal of non-current assets	885	457
Loss on sales of investment securities	21	18
Loss on valuation of investments securities	9	1,014
Loss on sales of investments in capital of subsidiaries and affiliates	—	107
Loss on discontinued operations	152	2,033
Total extraordinary losses	1,099	3,781
Income before income taxes	25,722	32,221
Income taxes	7,382	9,930
Profit for the period	18,339	22,291
Profit attributable to non-controlling interests	337	578
Profit attributable to owners of the parent	18,001	21,712

(Quarterly Consolidated Statements of Comprehensive Income)

Nine-month periods ended December 31, 2024 and 2023

(Millions of yen)

	Nine-month period ended December 31, 2023 (April 1, 2023 - December 31, 2023)	Nine-month period ended December 31, 2024 (April 1, 2024 - December 31, 2024)
Profit for the period	18,339	22,291
Other comprehensive income		
Net unrealized holding gain (loss) on securities	3,267	(1,746)
Deferred gain on hedges	91	87
Translation adjustments	17,448	6,020
Remeasurements of defined benefit plans	500	(1,851)
Share of other comprehensive gain of affiliates accounted for by the equity method	419	148
Total other comprehensive income	21,728	2,658
Comprehensive income	40,067	24,949
Comprehensive income attributable to:		
Shareholders of the parent	39,161	24,093
Non-controlling interests	905	855

(3) Quarterly Consolidated Statements of Cash Flows

Nine-month periods ended December 31, 2024 and 2023

(Millions of yen)

	Nine-month period ended December 31, 2023 (April 1, 2023 - December 31, 2023)	Nine-month period ended December 31, 2024 (April 1, 2024 - December 31, 2024)
Operating activities		
Income before income taxes	25,722	32,221
Depreciation and amortization other than amortization of goodwill	10,222	11,487
Amortization of goodwill	1,955	2,040
Subsidy income	(507)	(258)
Share of gain of entities accounted for using equity method	(400)	(804)
Loss on discontinued operations	152	2,033
Increase in retirement benefit liability	186	148
Decrease (increase) in retirement benefit asset	416	(2,511)
Interest and dividend income	(1,770)	(2,616)
Interest expenses	2,841	2,788
Exchange gain, net	(1,138)	(778)
Gain on sales of property, plant and equipment, net	(46)	(2,020)
Gain on sales of investment securities, investments in capital, shares of subsidiaries and affiliates, and investments in capital of subsidiaries and affiliates, net	(2,992)	(2,770)
Loss on valuation of investment securities, investments in capital, shares of subsidiaries and affiliates, and investments in capital of subsidiaries and affiliates, net	9	1,014
Increase in notes and accounts receivable	(11,657)	(10,209)
Decrease (increase) in inventories	30,653	(4,876)
Increase in notes and accounts payable	11,609	3,974
Other	448	3,581
Subtotal	65,705	32,444
Interest and dividends received	1,937	3,017
Interest paid	(2,990)	(2,794)
Proceeds from subsidy income	507	258
Income taxes paid	(7,226)	(11,515)
Net cash provided by operating activities	57,933	21,410
Investing activities		
Purchases of property, plant and equipment	(8,573)	(9,417)
Proceeds from sales of property, plant and equipment	584	2,421
Purchases of intangible fixed assets	(3,184)	(1,839)
Purchases of investments in securities	(520)	(785)
Proceeds from sales of investments in securities	4,068	3,279
Purchases of investments in capital	(204)	—
Proceeds from sales of investments in capital	—	256
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, net	(300)	312
Decrease (increase) in time deposits, net	377	(166)
Other	40	(1,116)
Net cash used in investing activities	(7,954)	(7,054)

(Millions of yen)

	Nine-month period ended December 31, 2023 (April 1, 2023 - December 31, 2023)	Nine-month period ended December 31, 2024 (April 1, 2024 - December 31, 2024)
Financing activities		
Decrease in short-term loans, net	(20,139)	(6,117)
Increase (decrease) in commercial paper, net	4,000	(19,000)
Proceeds from long-term loans	—	32,037
Repayments of long-term loans	(45)	(6,930)
Proceeds from issuance of bonds	—	20,000
Redemption of bonds	—	(10,000)
Purchase of treasury stock	(8,000)	(17,018)
Cash dividends paid	(9,281)	(9,557)
Cash dividends paid to non-controlling interests	(603)	(474)
Payments for purchases of shares of subsidiaries not resulting in change in scope of consolidation	(6,016)	—
Other	(452)	(642)
Net cash used in financing activities	(40,539)	(17,703)
Effects of exchange rate changes on cash and cash equivalents	3,276	4,591
Net increase in cash and cash equivalents	12,715	1,243
Cash and cash equivalents at beginning of the year	40,331	59,185
Cash and cash equivalents at end of the period	53,047	60,429