

Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2024
<Under Japanese GAAP>

February 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)

Code number: 8012 URL (<https://www.nagase.co.jp/english/>)

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Filing of quarterly report (scheduled): February 9, 2024

Start of distribution of dividends (scheduled): -

Supplementary documents of quarterly financial results: Yes

Quarterly investors' meeting: No

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

1. Consolidated Results for the Third Quarter of the Fiscal Year Ending March 31, 2024

(April 1, 2023 to December 31, 2023)

(1) Consolidated Operating Results

(% = year-on-year change)

	Net sales		Gross profit		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the third quarter ended December 31, 2023	677,732	-2.6	121,492	2.5	23,019	-16.1	23,179	-15.5	18,001	-10.2
December 31, 2022	695,680	21.2	118,476	13.8	27,438	-2.5	27,445	-9.0	20,037	-9.9

(Note) Comprehensive income

Third quarter ended December 31, 2023: ¥40,067 million (11.8% decrease)

Third quarter ended December 31, 2022: ¥45,427 million (66.1%)

	Earnings per share		Earnings per share (diluted)	
	Yen		Yen	
For the third quarter ended December 31, 2023	156.19		-	
December 31, 2022	168.78		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2023	788,364	395,120	49.3	3,412.94
March 31, 2023	762,688	378,388	48.2	3,139.26

(Reference) Equity capital

As of December 31, 2023: ¥ 388,274 million

As of March 31, 2023: ¥ 367,675 million

2. Dividends

	Annual Dividends per Share				
	1Q	2Q	3Q	Fiscal year end	Annual
For the year ended (or ending)	Yen				
March 2023	-	30.00	-	40.00	70.00
March 2024	-	40.00	-		
March 2024 (forecast)				40.00	80.00

(Note) Revisions to the latest dividends forecast: No

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024

(April 1, 2023 to March 31, 2024)

(% = 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	900,000	-1.4	163,000	4.9	30,000	-10.1	29,000	-10.8	22,500	-4.8	195.86

(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): No

New: — (Company name:) Excluded: — (Company name:)

(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: Yes

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, 2023	117,908,285 shares	March 31, 2023	117,908,285 shares
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ii. Number of treasury stock as of the fiscal period end

December 31, 2023	4,142,899 shares	March 31, 2023	786,718 shares
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iii. Average number of shares during the period

December 31, 2023	115,255,985 shares	December 31, 2022	118,717,386 shares
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* Quarterly financial statements are not subject to quarterly review.

* Cautionary Statement with Respect to Forecasts of Consolidated Business Results

The earnings forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2023)	Third Quarter, Current Consolidated Fiscal Year (December 31, 2023)
ASSETS		
Current assets		
Cash and time deposits	40,897	53,268
Notes and accounts receivable and contract assets	302,105	322,418
Merchandise and finished goods	152,504	131,478
Work in process	2,446	2,866
Raw materials and supplies	14,770	14,309
Other	18,429	18,765
Less allowance for doubtful accounts	(1,021)	(774)
Total current assets	530,132	542,332
Non-current assets		
Property, plant and equipment	82,064	87,512
Intangible fixed assets		
Goodwill	29,004	28,991
Technology-based assets	4,337	3,155
Other	35,587	39,774
Total intangible fixed assets	68,928	71,921
Investments and other assets		
Investments in securities	69,743	74,638
Long-term loans receivable	17	25
Retirement benefit asset	2,645	2,897
Deferred tax assets	3,857	3,741
Other	5,475	5,486
Less allowance for doubtful accounts	(176)	(191)
Total investments and other assets	81,562	86,597
Total non-current assets	232,556	246,031
Total assets	762,688	788,364

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2023)	Third Quarter, Current Consolidated Fiscal Year (December 31, 2023)
LIABILITIES		
Current liabilities		
Notes and accounts payable	140,438	157,010
Short-term loans	66,117	49,810
Current portion of long-term loans	1,056	7,943
Commercial paper	38,000	42,000
Accrued income taxes	2,913	4,049
Accrued bonuses for employees	6,985	4,504
Accrued bonuses for directors	371	163
Other	30,321	31,090
Total current liabilities	286,203	296,573
Long-term liabilities		
Bonds	30,000	30,000
Long-term loans	32,697	26,129
Lease liabilities	9,763	13,089
Deferred tax liabilities	10,360	11,593
Retirement benefit liability	13,197	13,323
Provision for directors' stock benefit	65	37
Other	2,012	2,498
Total long-term liabilities	98,097	96,671
Total liabilities	384,300	393,244
NET ASSETS		
Shareholders' equity		
Common stock	9,699	9,699
Capital surplus	10,636	9,348
Retained earnings	290,279	298,999
Less treasury stock, at cost	(1,550)	(9,543)
Total shareholders' equity	309,064	308,504
Accumulated other comprehensive income		
Net unrealized holding gain on securities	28,928	32,201
Deferred (loss) gain on hedges	(7)	84
Translation adjustments	30,414	47,709
Remeasurements of defined benefit plans	(726)	(225)
Total accumulated other comprehensive income	58,610	79,770
Non-controlling interests	10,713	6,845
Total net assets	378,388	395,120
Total liabilities and net assets	762,688	788,364

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

(Quarterly Consolidated Statements of Income)

Nine-month periods ended December 31, 2023 and 2022

(Millions of yen)

	Nine-month period ended December 31, 2022 (April 1, 2022 – December 31, 2022)	Nine-month period ended December 31, 2023 (April 1, 2023 – December 31, 2023)
Net sales	695,680	677,732
Cost of sales	577,204	556,240
Gross profit	118,476	121,492
Selling, general and administrative expenses	91,038	98,472
Operating income	27,438	23,019
Non-operating income		
Interest income	74	352
Dividend income	1,401	1,418
Rent income	184	178
Equity in earnings of affiliates	402	400
Foreign exchange gains	115	629
Other	332	530
Total non-operating income	2,510	3,510
Non-operating expenses		
Interest expenses	2,144	2,841
Other	359	509
Total non-operating expenses	2,503	3,350
Ordinary income	27,445	23,179
Extraordinary gains		
Gain on sales of non-current assets	140	76
Gain on sales of investment securities	2,617	3,013
Gain on sales of shares of subsidiaries and affiliates	52	—
Subsidy income	—	507
Other	1	45
Total extraordinary gains	2,812	3,642
Extraordinary losses		
Loss on sales of non-current assets	38	29
Loss on disposal of non-current assets	487	885
Loss on sales of investment securities	7	21
Loss on valuation of investment securities	1,349	9
Loss on sales of shares of subsidiaries and affiliates	466	—
Other	85	152
Total extraordinary losses	2,435	1,099
Income before income taxes	27,822	25,722
Income taxes	7,193	7,382
Profit for the period	20,628	18,339
Profit attributable to non-controlling interests	591	337
Profit attributable to owners of the parent	20,037	18,001

(Quarterly Consolidated Statements of Comprehensive Income)

Nine-month periods ended December 31, 2023 and 2022

(Millions of yen)

	Nine-month period ended December 31, 2022 (April 1, 2022 – December 31, 2022)	Nine-month period ended December 31, 2023 (April 1, 2023 – December 31, 2023)
Profit for the period	20,628	18,339
Other comprehensive income		
Net unrealized holding (loss) gain on securities	(2,606)	3,267
Deferred (loss) gain on hedges	(144)	91
Translation adjustments	26,944	17,448
Remeasurements of defined benefit plans	135	500
Share of other comprehensive income of affiliates accounted for by the equity method	468	419
Total other comprehensive income	24,798	21,728
Comprehensive income	45,427	40,067
Comprehensive income attributable to:		
Shareholders of the parent	44,065	39,161
Non-controlling interests	1,361	905