

## 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/>)

Representative: Hiroyuki Ueshima, Representative Director and President

Contact: Yoshihisa Shimizu, Executive Officer, General Manager, Corporate Management Department

TEL: +81-3-3665-3103

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		Yen	Yen	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

(Note) For details, please refer to 2. *Quarterly Consolidated Financial Statements and Notes*, (3) *Notes Related to Quarterly Consolidated Financial Statements (Special Accounting Treatment Applied in the Preparation of Quarterly Consolidated Financial Statements)*, on P.9 of this document

(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

(Note) For details, please refer to 2. *Quarterly Consolidated Financial Statements and Notes*, (3) *Notes Related to Quarterly Consolidated Financial Statements (Change in Accounting Policy)*, on P.9 of this document

(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
-------------------	--------------------	----------------	--------------------

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

December 31, 2023	4,142,899 shares	March 31, 2023	786,718 shares
-------------------	------------------	----------------	----------------

iii. Average number of shares during the period

December 31, 2023	115,255,985 shares	December 31, 2022	118,717,386 shares
-------------------	--------------------	-------------------	--------------------

(Note) The number of treasury stock as of the fiscal period end includes Company shares held by the Stock-Granting Trust for Directors (288,500 shares as of December 31, 2023). Treasury stock deducted from the calculation of the average number of shares during the period includes Company shares held by the Stock-Granting Trust for Directors (290,350 shares as of December 31, 2023).

**\* 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.

For matters related to earnings forecasts, please refer to 1. *Qualitative Information*, (3) *Qualitative Information Related to Consolidated Earnings Forecasts*, on P.4 of this document.

## Attachments

1. Qualitative Information	2
(1) Review of Business Performance	2
(2) Review of Financial Position	4
(3) Qualitative Information Related to Consolidated Earnings Forecasts	4
2. Quarterly Consolidated Financial Statements and Notes	5
(1) Quarterly Consolidated Balance Sheets	5
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	7
Quarterly Consolidated Statements of Income	
Nine-month periods ended December 31, 2023 and 2022	7
Quarterly Consolidated Statements of Comprehensive Income	
Nine-month periods ended December 31, 2023 and 2022	8
(3) Notes Related to Quarterly Consolidated Financial Statements	9
(Assumption for Going Concern)	9
(Change in Accounting Policy)	9
(Significant Fluctuations in Shareholders' Equity)	9
(Special Accounting Treatment Applied in the Preparation of Quarterly Consolidated Financial Statements)	9
(Additional Information)	9
(Segment Information, etc.)	11

## 1. Qualitative Information

### (1) Review of Business Performance

#### a. General Summary of Results

During the cumulative consolidated third quarter of the current fiscal year, concerns remained about a global economic slowdown due to the effects of ongoing monetary tightening policies in Europe and the United States and prolonged real estate recession in China.

As an overview of the regions in which our group does business, concerns remained in Greater China of an economic slowdown due to the prolonged real estate recession and sluggish corporate capital investment. In the Americas, concerns remained about a future economic slowdown due to ongoing monetary tightening policies resulting from inflationary pressures. In ASEAN, the economy has been steady, mainly due to domestic and inbound demand. In Japan, the economy is gradually improving due to a recovery in consumer spending, particularly in the service-related sector, and inbound demand.

In this environment, earnings for the cumulative consolidated third quarter of the current fiscal year are as follows.

(Millions of yen)				
	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023	Change	Change (%)
Net sales	695,680	677,732	(17,948)	(2.6)
Gross profit	118,476	121,492	3,016	2.5
Operating income	27,438	23,019	(4,418)	(16.1)
Ordinary income	27,445	23,179	(4,265)	(15.5)
Profit before income taxes	27,822	25,722	(2,099)	(7.5)
Profit attributable to owners of the parent	20,037	18,001	(2,035)	(10.2)

- Gross profit increased for the cumulative consolidated third quarter due in part to the weakening yen.
- Operating income declined due to an increase in selling, general and administrative expenses despite an increase in gross profit. For details see *b. Segment Summary*.
- Profit attributable to owners of the parent decreased ¥2.0 billion to ¥18.0 billion, mainly due to a decrease in loss on valuation of investment securities despite an increase in interest expenses.

#### b. Segment Summary

The following describes performance by segment.

Note that as of the third quarter of the current fiscal year under review, the categorizations for reportable segments have been partially amended. Year-on-year amounts and ratios for the cumulative consolidated third quarter of the previous fiscal year are calculated after rearranging reportable segment classifications to match those of the cumulative consolidated third quarter of the current fiscal year.

\*For the details of the changes in business segmentation, please refer to (*Segment Information Etc.*) on P.10 of this document

### Functional Materials

(Millions of yen)

	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023	Change	Change (%)
Net sales	119,500	109,707	(9,793)	(8.2)
Gross profit	22,962	20,568	(2,394)	(10.4)
Operating income	7,996	6,183	(1,813)	(22.7)

- Sales decreased for coating materials.
- Sales decreased for raw materials for the electronics industry, including semiconductor-related products
- Sales of digital print processing materials were lower, as was profitability in the manufacturing business
- Operating income decreased due to a decrease in gross profit

### Advanced Materials & Processing

(Millions of yen)

	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023	Change	Change (%)
Net sales	170,851	149,973	(20,877)	(12.2)
Gross profit	18,800	17,845	(955)	(5.1)
Operating income	6,446	5,295	(1,150)	(17.9)

- Sales of resin declined due to lower demand in the office equipment, appliance, and video game device market and the impact of inventory adjustments by customers
- Operating income decreased due to a decrease in gross profit

### Electronics & Energy

(Millions of yen)

	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023	Change	Change (%)
Net sales	103,826	108,742	4,915	4.7
Gross profit	23,275	24,929	1,654	7.1
Operating income	7,287	8,171	883	12.1

- Despite weakening semiconductor market conditions, sales of materials to the semiconductor industry increased due to product line expansion
- Sales increased due to higher demand for formulated epoxy resins, mainly for server applications and mobile device applications
- Sales increased for photolithography materials for display applications
- Operating income increased due to an increase in gross profit

### Mobility

(Millions of yen)

	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023	Change	Change (%)
Net sales	96,551	100,210	3,659	3.8
Gross profit	11,113	11,532	418	3.8
Operating income	3,797	3,835	38	1.0

- Sales increased for resins, mainly due to boosted automobile production and expanded market share among existing customers.
- Sales increased for functional materials and functional components for interior and exterior fittings and electrification
- Operating income increased due to an increase in gross profit

## Life & Healthcare

(Millions of yen)

	Nine-month period ended December 31, 2022	Nine-month period ended December 31, 2023	Change	Change (%)
Net sales	204,886	208,991	4,104	2.0
Gross profit	42,214	46,571	4,356	10.3
Operating income	8,580	7,670	(909)	(10.6)

- Overall Prinova Group sales increased due to operations of the new plant in Utah
- Sales of Hayashibara's cosmetics materials increased
- Sales increased for pharmaceutical raw materials and intermediates
- Operating income decreased, despite higher gross profit, as personnel expense and other selling, general and administrative expenses increased at the Prinova Group and profit contribution from the new Utah plant was delayed

## Others

No special matters to disclose.

## (2) Review of Financial Position

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2023)	Third Quarter, Current Consolidated Fiscal Year (December 31, 2023)	Change	Change (%)
Current assets	530,132	542,332	12,200	2.3
Non-current assets	232,556	246,031	13,475	5.8
Net assets	762,688	788,364	25,675	3.4
Liabilities	384,300	393,244	8,943	2.3
Net assets	378,388	395,120	16,732	4.4
Shareholders' equity ratio (%)	48.2	49.3	+1.1 p	—

- Current assets increased due to an increase in cash and time deposits and accounts receivable, despite a decrease in inventories, etc.
- Non-current assets increased due to an increase in property, plant and equipment and intangible fixed assets, and the fair values of investments in securities
- Liabilities increased mainly due to an increase in accounts payable, commercial paper, and lease liabilities, despite a repayment in short-term loans
- Net assets increased mainly due to the recording of quarterly profit attributable to owners of the parent and an increase in translation adjustments, despite decreases from purchases of treasury stock and payments of dividends
- As a result, the Company recorded a shareholders' equity ratio of 49.3%, up 1.1 points compared to 48.2% from the end of the prior consolidated fiscal year

## (3) Qualitative Information Related to Consolidated Earnings Forecasts

We made no changes to the consolidated earnings forecast for the current fiscal year (April 1, 2023 to March 31, 2024) from the figures announced on November 1, 2023.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2023)	Third Quarter, Current Consolidated Fiscal Year (December 31, 2023)
<b>ASSETS</b>		
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)
<b>LIABILITIES</b>		
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
<b>Total current liabilities</b>	<b>286,203</b>	<b>296,573</b>
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
<b>Total long-term liabilities</b>	<b>98,097</b>	<b>96,671</b>
<b>Total liabilities</b>	<b>384,300</b>	<b>393,244</b>
<b>NET ASSETS</b>		
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)
<b>Total shareholders' equity</b>	<b>309,064</b>	<b>308,504</b>
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)
<b>Total accumulated other comprehensive income</b>	<b>58,610</b>	<b>79,770</b>
Non-controlling interests	10,713	6,845
<b>Total net assets</b>	<b>378,388</b>	<b>395,120</b>
<b>Total liabilities and net assets</b>	<b>762,688</b>	<b>788,364</b>

## (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

### **(3) Notes Related to Quarterly Consolidated Financial Statements**

#### **(Assumption for Going Concern)**

No matters to report.

#### **(Change in Accounting Policy)**

(Adoption of U.S. FASB Accounting Standards Codification (ASC) No. 326, *Financial Instruments-Credit Losses*)

Certain foreign consolidated subsidiaries that adopted U.S. GAAP apply ASC No. 326, *Financial Instruments-Credit Losses*, at the beginning of the consolidated first quarter of the current fiscal year. As a result, the subsidiaries in question are required to revise the methods used to measure financial instruments and recognize impairment of financial assets using the expected credit loss model.

In applying this accounting standard, the subsidiary recognized the cumulative effect as of the date of adoption, which is permitted under the transitional provisions.

The impact of this accounting treatment on the quarterly consolidated statements of income is immaterial.

#### **(Changes in Significant Hedge Accounting Methods)**

The Company previously used the allocation method for foreign currency receivables and payables with foreign exchange contracts, if said receivables and payables qualified for the allocation method. However, from the consolidated third quarter of the current fiscal year, the Company switched accounting methods to the principle accounting method.

As the Company reforms its enterprise system, the Company reviewed its management of foreign exchange contracts and changed this approach to reflect derivative transactions more appropriately in Company financial statements.

Note that as impact from this change in accounting methods is minor, the change is not applied retroactively.

#### **(Significant Fluctuations in Shareholders' Equity)**

Following a resolution by the Company's board of directors at a meeting held May 9, 2023, the Company acquired 3,359,600 shares of treasury stock in the cumulative third quarter of the current consolidated fiscal year. As a result, treasury stock increased by ¥7,999 million, with treasury stock holdings of ¥9,543 million as of the end of the consolidated third quarter.

#### **(Special Accounting Treatment Applied in the Preparation of Quarterly Consolidated Financial Statements)**

##### **(Calculation of Tax Expenses)**

Tax expenses are calculated by rationally estimating an effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year, including the current third quarter, and multiplying profit before income taxes for the third quarter by the estimated effective tax rate.

In the event that the calculated tax expenses using this estimated effective tax rate lead to significantly unreasonable results, this shall be calculated by multiplying the statutory effective tax rate after adjusting significant non-temporary differences by the profit before income taxes.

Deferred income taxes are included in income tax.

#### **(Additional Information)**

##### **(Stock-Based Compensation Plan)**

Effective as of the previous consolidated fiscal year, the Company has adopted a stock-based compensation plan ("Plan") for directors (excluding outside directors) and executive officers (collectively, "Eligible Individuals"). The purpose of the Plan is to establish a clear link between compensation for Eligible Individuals and Company performance and share value, as well as for Eligible Individuals to share the benefits and risks associated with fluctuations in NAGASE share price with shareholders. In this way, the NAGASE Group intends to raise awareness about contributing to improved business performance and increased corporate value over the medium to long term.

(1) Overview

The Plan is a stock-based compensation plan under which a trust ("Trust") established by monetary contribution from the Company acquires Company shares. The Company grants points to each Eligible Individual, and the Trust delivers the number of Company shares equivalent to the points earned by each Eligible Individual. In principle, said delivery is made at the time of the retirement of the Eligible Individual.

(2) Company shares remaining in the Trust

Company shares remaining in the Trust are recorded as treasury stock under net assets in the balance sheet based on the carrying value in the Trust (excluding incidental expenses). The carrying value of said treasury stock as of the end of the consolidated third quarter was ¥612 million and the treasury stock in question amounted to 288,500 shares.

**(Segment Information, etc.)**

**Segment Information**

I Nine-month period ended December 31, 2022 (consolidated)

1. Information related to net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable Segments						Others (Note) 1	Total	Corporate (Note) 2	Adjustments (Note) 3	Consolidated (Note) 4
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total					
Net sales											
Sales to customers	119,500	170,851	103,826	96,551	204,886	695,616	64	695,680	—	—	695,680
Intersegment sales/transfers	626	610	3,058	1,602	369	6,268	5,427	11,695	—	(11,695)	—
Total	120,127	171,461	106,885	98,153	205,255	701,885	5,491	707,376	—	(1,695)	695,680
Segment income (loss)	7,996	6,446	7,287	3,797	8,580	34,108	114	34,222	(7,058)	274	27,438

(Note) 1. “Others” is a business segment consisting of businesses not included in Reportable Segments, and includes information processing services and professional services.

2. Corporate segment income (loss) represents expenses not allocated to Reportable Segments or Others.
3. Adjustments are eliminations of intersegment transactions.
4. The sum of segment income (loss) Total, Corporate, and Adjustments is equivalent to operating income as presented in “Consolidated”.

II Nine-month period ended December 31, 2023 (consolidated)

1. Information related to net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable Segments						Others (Note) 1	Total	Corporate (Note) 2	Adjustments (Note) 3	Consolidated (Note) 4
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total					
Net sales											
Sales to customers	109,707	149,973	108,742	100,210	208,991	677,625	106	677,732	—	—	677,732
Intersegment sales/transfers	1,573	524	2,388	2,243	353	7,083	5,562	12,646	—	(12,646)	—
Total	111,281	150,498	111,130	102,454	209,345	684,709	5,669	690,378	—	(12,646)	677,732
Segment income (loss)	6,183	5,295	8,171	3,835	7,670	31,156	186	31,342	(8,821)	498	23,019

(Note) 1. “Others” is a business segment consisting of businesses not included in Reportable Segments, and includes information processing services and professional services.

2. Corporate segment income (loss) represents expenses not allocated to Reportable Segments or Others.
3. Adjustments are eliminations of intersegment transactions.
4. The sum of segment income (loss) Total, Corporate, and Adjustments is equivalent to operating income as presented in “Consolidated”.

2. Matters Related to Changes in Reportable Segment  
(Change in Business Segments)

As of the beginning of the third quarter of the current consolidated fiscal year, the Company consolidated our original 11 business Departments into 7 to streamline business operations through expanding the scale and functions of each department. This consolidation of business departments resulted in the following changes to business segments.

The Color & Advanced Processing Department of the Advanced Materials & Processing segment was abolished and integrated into the Performance Chemicals Department of the Functional Materials segment, and the Polymers Global Account Department of the Advanced Materials & Processing segment.

Segment information provided for the cumulative consolidated third quarter of the previous fiscal year is based on post-change classification methods.

The following describes the major products and services handled by each reportable segment.

The Functional Materials segment is engaged in the sales of paints/inks, dyestuffs, pigments, additives, processed pigments, dispersing elements, functional pigments, thermal paper materials, toner and inkjet materials, materials for adhesives, urethane materials and auxiliary materials, plastic materials, plastic additives, industrial oil solutions, water processing raw materials, surfactant raw materials, fluorochemicals, encapsulant materials, 5G materials, silicone materials, environmental solutions and environment-related commercial products, sintered metal filters, and more for the paints/inks, dye/additive, resins, urethane foam, organic synthesis, surfactants, electronics chemicals, digital print processing materials, communications equipment, water processing, metal processing, plastic and film processing, and other industries.

The Advanced Materials & Processing Segment is engaged in the sales of thermoplastic resins, thermosetting resins, plastics products, resin molding tools/dies, and more for the plastic compounds, masterbatch, stationery, raw resin material, resin molding, functional film and sheet, appliance and office automation device, electronics, packaging material, daily commodities, household goods, hygiene materials, construction material, and other industries.

The Electronics & Energy Segment is engaged in the sales of formulated epoxy resins, fluorine products, precision abrasives, semiconductor assembly materials and devices, adhesives and encapsulant materials, display panel components and devices, chemical management equipment for display manufacturing processes, low-temperature/vacuum equipment, liquid state analysis equipment, LEDs, 3D printing products, design and manufacture of storage battery systems, solar panels, and other products for the semiconductor, electronic component, AR/VR, environmental energy, 3D printing, heavy electrical and light electrical, HDD, automotive and aircraft, display, touch panel, housing, lighting, storage battery, energy, renewable energy, security device, large-scale commercial facility, and other industries. Its main services include energy management system proposals, battery assessments, and health care services.

The Mobility Segment is engaged in the sales of plastic products in general, materials for secondary batteries, interior and exterior materials and components, materials for functional components, products for electrification, sensor components, in-vehicle electronics products, in-vehicle display-related components, self-driving-related products, and other products for the overall mobility industry and related industries.

The Life & Healthcare segment is engaged in the sale of pharmaceutical/agricultural chemicals and materials, research products, in vitro diagnostics, enzymes, food additives, food ingredients, sports nutrition products, nutrient premixes, additives for cosmetics, feeds, surfactants, and medical appliances for the pharmaceutical, food and beverage, cosmetics, agricultural, toiletries, and health care industries. The segment offers radiation measurement and sleep measurement as one of its main services. In addition, this segment sells cosmetics, health foods, and beauty foods directly to consumers.