

# FY2024 Third Quarter Financial Briefing

**NAGASE&CO.,LTD.**

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

**February 6, 2025**

*Embracing Authenticity,  
Embracing Change*

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## <References>

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

# Consolidated Statements Income

- ▶ Gross profit was the highest ever for the cumulative consolidated third quarter; gross profit margin improved across all business segments
- ▶ Operating income reached a record high in the cumulative consolidated third quarter and operating income margin improved, despite higher general and administrative expenses, including selling and personnel expenses stemming from increased logistics costs
- ▶ Extraordinary gains or losses includes loss on withdrawal from the glass substrate thinning business in China (approx. 2.0 billion yen), gain on sales of strategic cross-shareholdings (approx. 2.7 billion yen), and gain on sales of fixed assets (approx. 2.1 billion yen).

100 millions of yen

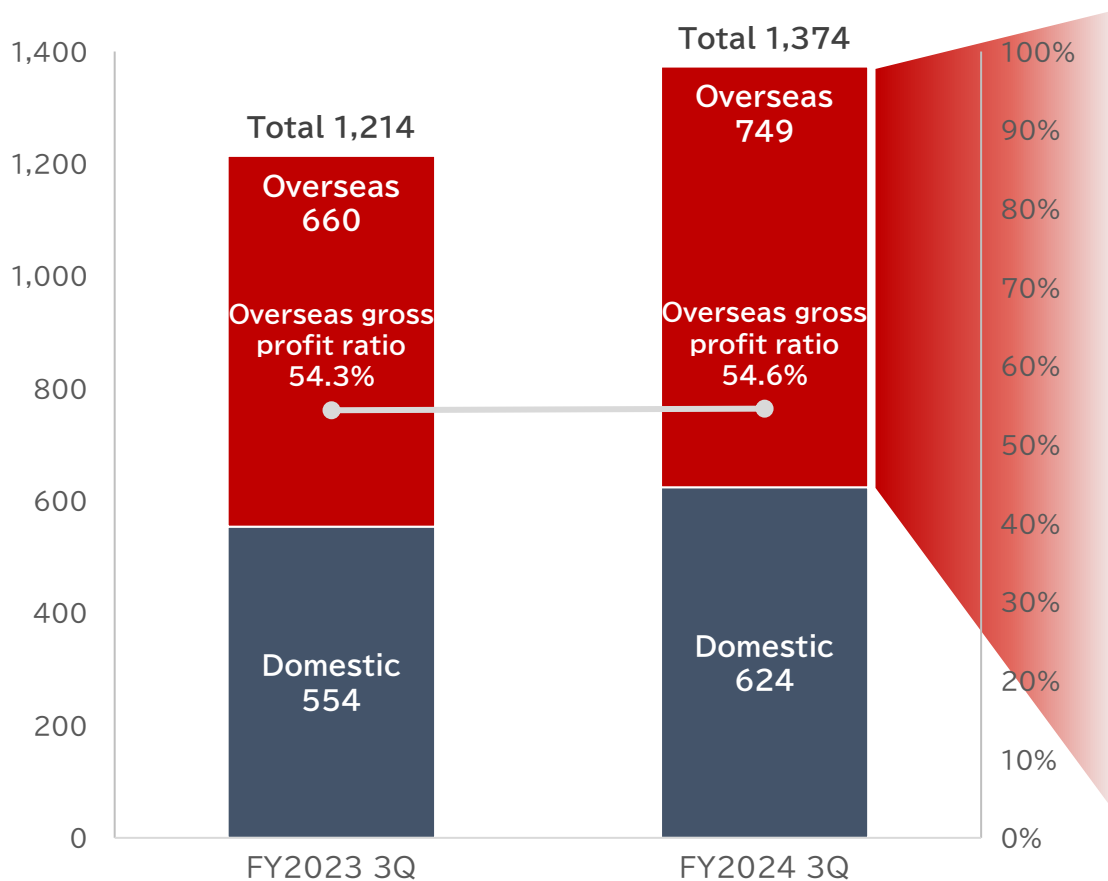
	FY2023 3Q	FY2024 3Q	Change	Vs.PY	Forecast	Achievement
<b>Sales</b>	6,777	7,180	403	106%	9,400	76%
<b>Gross profit</b>	1,214	1,374	159	113%	1,800	76%
<GP ratio>	17.9%	19.1%	1.2ppt	–	19.1%	–
<b>SG&amp;A expenses</b>	984	1,064	79	108%	1,435	–
<b>Operating income</b>	230	310	79	135%	365	85%
<OP ratio>	3.4%	4.3%	0.9ppt	–	3.9%	–
<b>Ordinary income</b>	231	307	75	132%	352	87%
<b>Profit Attributable to owners of the parent</b>	180	217	37	121%	280	78%
US\$ Exchange rate (period average)	@ 143.3	@ 152.6	@ 9.3	Weak yen	@ 148.0	
RMB Exchange rate (period average)	@ 20.0	@ 21.2	@ 1.2	Weak yen	@ 20.0	

※ Offset to sales and cost of sales from revenue recognition standards: FY2023 3Q -¥205.3 billion, FY2024 3Q -¥209.3 billion  
 ※ Impact from foreign exchange: Gross profit, +¥5.1 billion; Operating income, +¥0.9 billion

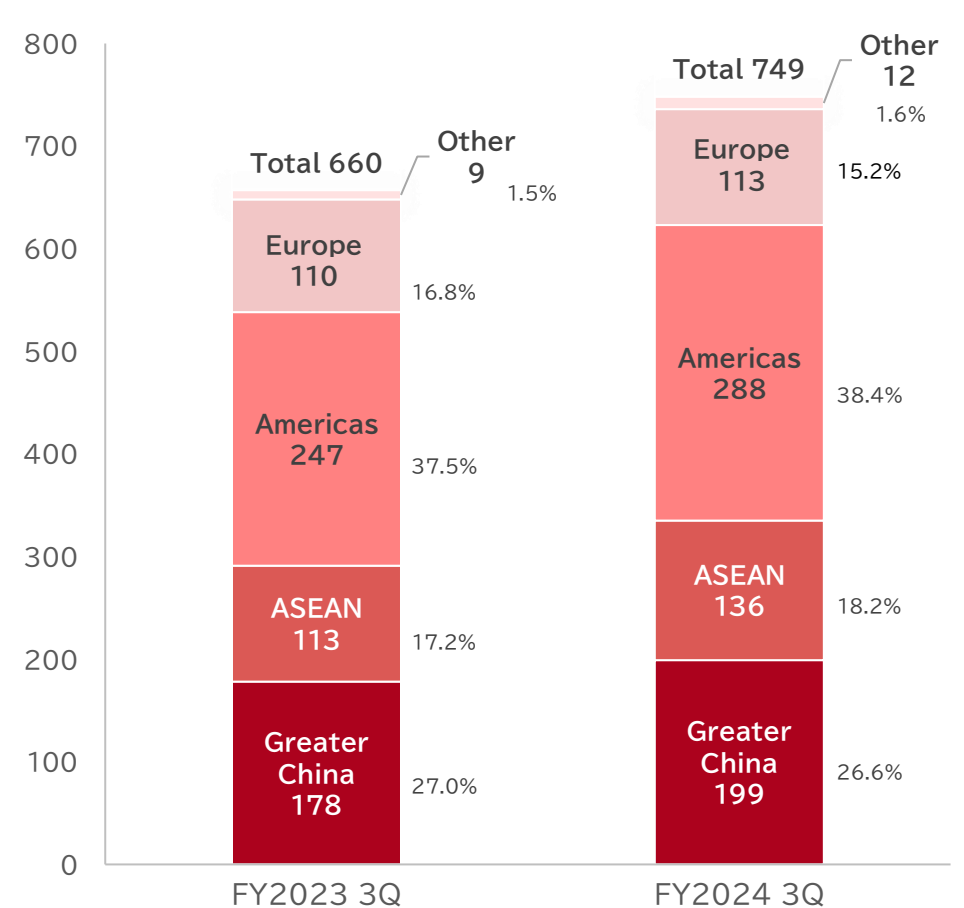
# Gross Profit by Region

- ▶ Higher profit both domestic and overseas
- ▶ Increase in domestic business sales, due to higher sales (including exports) 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)

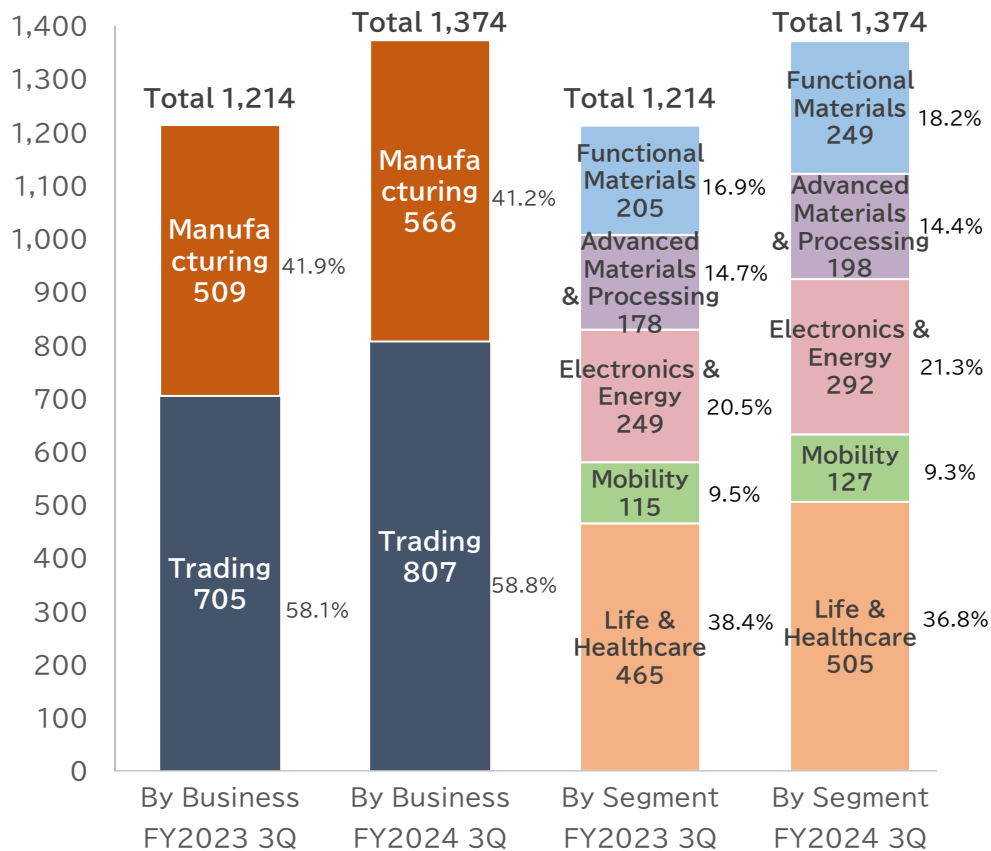


※Domestic figures under Domestic & Overseas Gross Profit include inter-regional adjustments

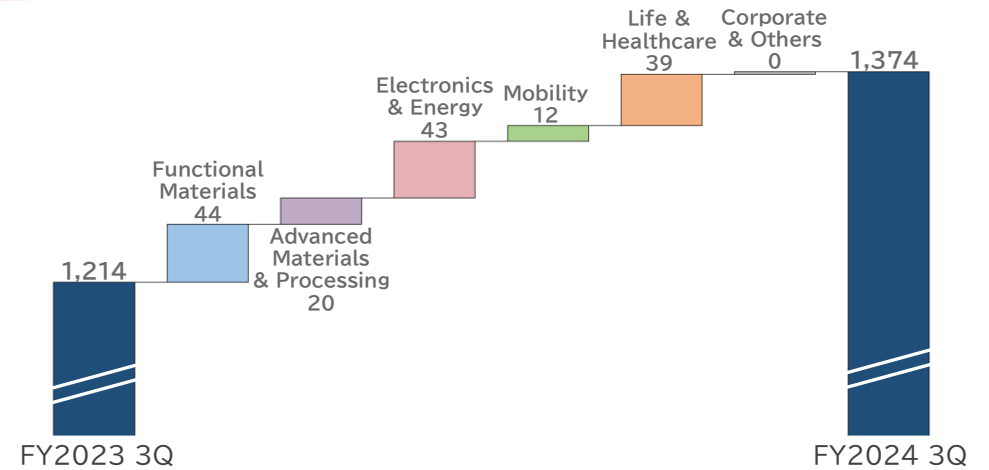
# Gross Profit by Business & Segment

- ▶ Trading business profits increased to ¥10.2 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 ¥5.7 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 Functional Materials, and Electronics & Energy, Life & Healthcare segments grew significantly (see Segment Overview for more details).

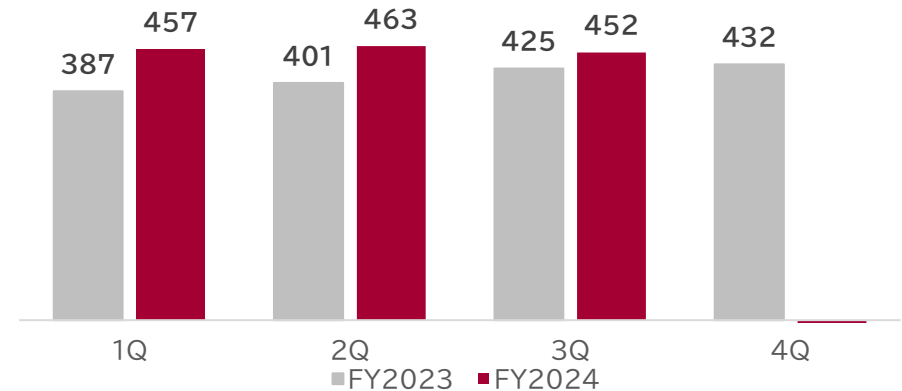
Gross Profit By Business & Segment (100 millions of yen)



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



History of Gross Profit(100 millions of yen)

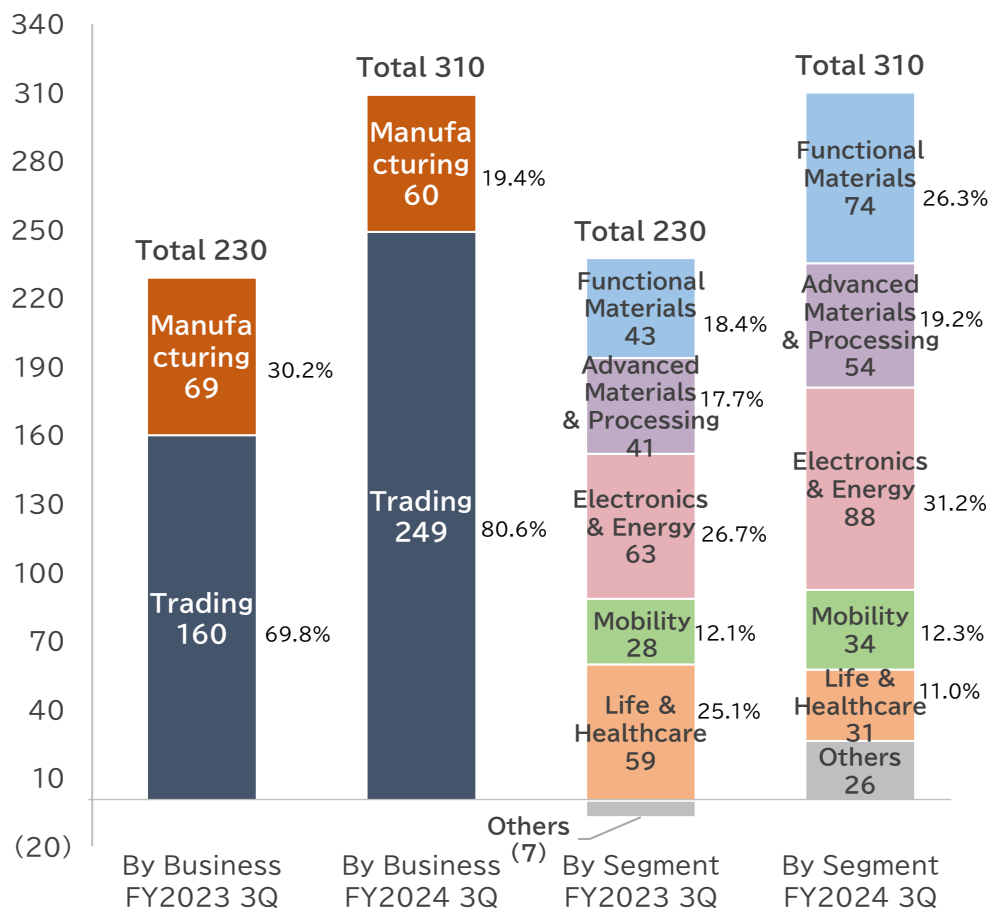


\* Calculation of segment composition ratios does not include Corporate & Others and eliminations

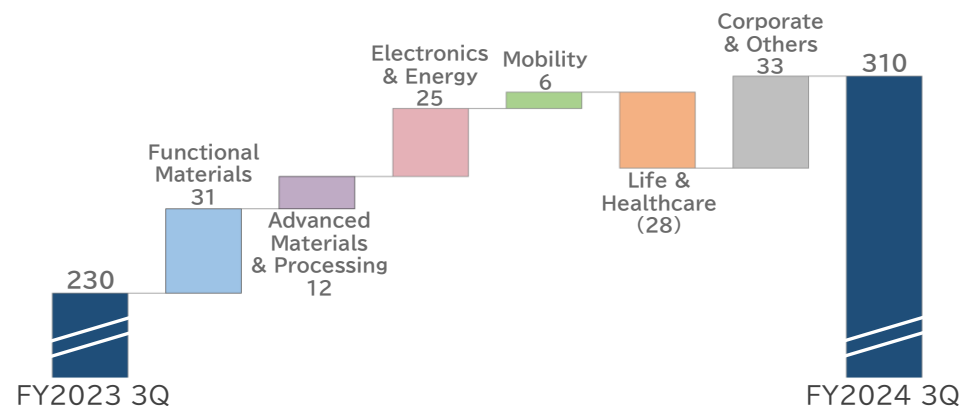
# Operating Income by Business & Segment

- ▶ Trading business profits increased approx. ¥8.9 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. ¥0.9 billion overall, mainly due to 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)

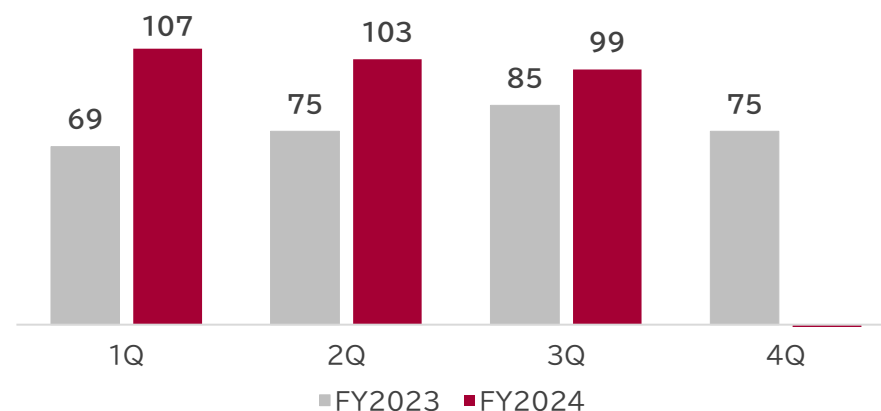
Operating Income by Business & Segment(100 millions of yen)



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



History of Operating Income (100 millions of yen)



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



# Sales, Gross Profit and Operating Income by Quarter

- ▶ Gross profit in the third quarter was strong in the trading business, driven by Electronics and Energy, but profit growth in the manufacturing business was sluggish, mainly in the Prinova Group, resulting in an overall decrease in profit compared to the second quarter.
- ▶ Operating income for the third quarter declined compared to the second quarter due to a decrease in gross profit.

100 millions of yen

Quarterly results			1Q	2Q	3Q	4Q	3Q YTD	FY2024	Achieve
								forecast	ment
								FY2023	
								Actual	
Sales	FY2024		2,392	2,417	2,370		7,180	9,400	76%
	FY2023		2,240	2,261	2,275	2,224	6,777	9,001	
	YoY%		6.8%	6.9%	4.2%		5.9%	4.4%	
Gross profit	FY2024		457	463	452		1,374	1,800	76%
	FY2023		387	401	425	432	1,214	1,647	
	YoY%		18.3%	15.3%	6.3%		13.1%	9.3%	
<profit ratio>	FY2024		19.1%	19.2%	19.1%		19.1%	19.1%	
	FY2023		17.3%	17.8%	18.7%	19.4%	17.9%	18.3%	
Manufacturing	FY2024		188	195	182		566		
	FY2023		165	160	183	185	509	695	
Trading	FY2024		269	267	270		807		
	FY2023		221	241	242	246	705	952	
Operating income	FY2024		107	103	99		310	365	85%
	FY2023		69	75	85	75	230	306	
	YoY%		54.3%	37.1%	16.5%		34.7%	19.2%	
<profit ratio>	FY2024		4.5%	4.3%	4.2%		4.3%	3.9%	
	FY2023		3.1%	3.3%	3.8%	3.4%	3.4%	3.4%	
Manufacturing	FY2024		24	16	19		60		
	FY2023		26	17	25	21	69	91	
Trading	FY2024		83	86	80		249		
	FY2023		43	58	59	54	160	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

# Segment Overview: Functional Materials

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

Quarterly results		1Q	2Q	3Q	4Q	3Q YTD	100 millions of yen	
							FY2024 forecast	Achiev ement
							FY2023 Actual	
Sales	FY2024	405	388	372		1,166	1,588	73%
	FY2023	364	357	375	370	1,097	1,468	
	YoY%	11.4%	8.7%	(0.7%)		6.4%	8.2%	
Gross profit	FY2024	88	81	79		249	326	77%
	FY2023	64	68	73	75	205	281	
	YoY%	37.8%	19.9%	8.5%		21.4%	15.9%	
<profit ratio>	FY2024	21.8%	21.1%	21.3%		21.4%	20.5%	
	FY2023	17.6%	19.1%	19.5%	20.4%	18.7%	19.2%	
Manufacturing	FY2024	6	6	4		17		
	FY2023	1	1	2	3	5	8	
Trading	FY2024	82	75	74		232		
	FY2023	62	66	71	71	200	272	
Operating income	FY2024	29	24	20		74	86	87%
	FY2023	10	14	19	17	43	61	
	YoY%	197.2%	67.7%	7.4%		71.1%	39.6%	
<profit ratio>	FY2024	7.3%	6.3%	5.5%		6.4%	5.4%	
	FY2023	2.7%	4.1%	5.1%	4.8%	4.0%	4.2%	
Manufacturing	FY2024	2	3	0		6		
	FY2023	(3)	(2)	(2)	(1)	(7)	(9)	
Trading	FY2024	27	21	20		68		
	FY2023	13	17	21	19	51	71	

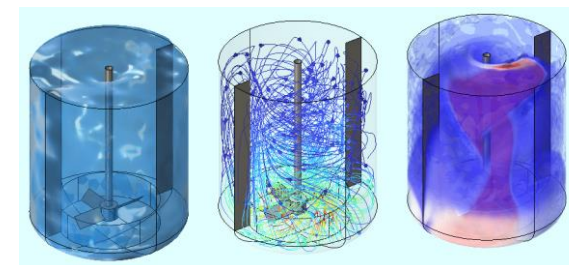
## [Key Measures]

### Performance Chemicals Dept.

- ▶ Capture business opportunities in the electrochemical 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



# 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

## [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



100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	3Q YTD	FY2024	Achiev
							forecast	ement
							FY2023	Actual
Sales	FY2024	535	546	528		1,610	2,049	79%
	FY2023	485	536	477	485	1,499	1,985	
	YoY%	10.2%	1.9%	10.7%		7.4%	3.2%	
Gross profit	FY2024	65	65	67		198	255	78%
	FY2023	54	61	61	57	178	236	
	YoY%	20.1%	5.4%	9.1%		11.2%	8.0%	
<profit ratio>	FY2024	12.3%	11.9%	12.8%		12.3%	12.4%	
	FY2023	11.3%	11.5%	13.0%	11.9%	11.9%	11.9%	
Manufacturing	FY2024	12	12	15		40		
	FY2023	11	12	14	11	37	49	
Trading	FY2024	53	52	52		157		
	FY2023	43	49	47	46	140	186	
Operating income	FY2024	15	19	19		54	59	92%
	FY2023	10	15	16	11	41	53	
	YoY%	56.3%	26.7%	16.3%		29.8%	11.0%	
<profit ratio>	FY2024	3.0%	3.6%	3.6%		3.4%	2.9%	
	FY2023	2.1%	2.9%	3.4%	2.3%	2.8%	2.7%	
Manufacturing	FY2024	2	2	4		9		
	FY2023	1	2	3	0	7	8	
Trading	FY2024	13	17	14		45		
	FY2023	8	13	12	10	34	44	



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

# Segment Overview: Electronics & Energy

- ▶ Gross profits increased primarily for the following reasons
  - Sales of materials for high-end smartphones, tablets, and other electronic devices increased due to a recovery in demand
  - Sales of semiconductor materials increased due to the moderate market recovery
  - Sales of Nagase ChemteX's formulated epoxy resins increased due to strong sales for semiconductors for AI server semiconductors
- ▶ Operating income increased due to improved gross profit

## [Key Measures]

### Electronics Dept.

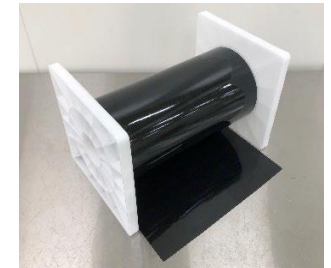
- ▶ Expansion of commercial products in the semiconductor market
  - Expand business based on expansion of domestic production
  - Expand business in Europe, the U.S., India, etc.
- ▶ Develop business for cutting-edge electronic devices

### 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

100 millions of yen  
FY2024 forecast  
Achievement

FY2023 Actual

1,542 79%

1,447

6.5%

386 76%

342

12.8%

25.0%

23.6%

131

210

108 82%

88

22.0%

7.0%

6.1%

34

54

### Quarterly results

		1Q	2Q	3Q	4Q	3Q YTD		
Sales	FY2024	400	398	413		1,212		
	FY2023	355	356	375	360	1,087		
	YoY%	12.8%	11.7%	10.1%		11.5%		6.5%
Gross profit	FY2024	95	97	99		292		
	FY2023	77	86	85	92	249		
	YoY%	23.7%	13.4%	15.7%		17.4%		12.8%
<profit ratio>	FY2024	23.8%	24.5%	24.0%		24.1%		25.0%
	FY2023	21.7%	24.2%	22.9%	25.8%	22.9%		23.6%
Manufacturing	FY2024	33	35	34		102		
	FY2023	27	31	33	39	92		131
Trading	FY2024	62	62	65		190		
	FY2023	50	54	52	53	157		210
Operating income	FY2024	27	32	28		88		
	FY2023	17	24	21	25	63		
	YoY%	55.5%	30.9%	35.9%		39.5%		22.0%
<profit ratio>	FY2024	6.9%	8.1%	7.0%		7.3%		7.0%
	FY2023	5.0%	6.9%	5.6%	6.9%	5.8%		6.1%
Manufacturing	FY2024	7	9	7		25		
	FY2023	4	8	8	11	22		34
Trading	FY2024	19	22	20		63		
	FY2023	12	15	12	13	40		54

# 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		3Q					FY2024 Achiev	
		1Q	2Q	3Q	4Q	YTD	forecast	ement
Sales	FY2024	321	338	343		1,003	1,326	76%
	FY2023	311	337	353	319	1,002	1,321	
	YoY%	3.1%	0.4%	(2.7%)		0.2%	0.4%	
Gross profit	FY2024	40	43	43		127	165	77%
	FY2023	34	39	41	37	115	152	
	YoY%	17.8%	9.9%	5.4%		10.6%	8.3%	
<profit ratio>	FY2024	12.5%	12.9%	12.7%		12.7%	12.4%	
	FY2023	11.0%	11.8%	11.7%	11.6%	11.5%	11.5%	
Manufacturing	FY2024	—	—	—		—		
	FY2023	—	—	—	—	—	—	
Trading	FY2024	40	43	43		127		
	FY2023	34	39	41	37	115	152	
Operating income	FY2024	9	12	12		34	38	92%
	FY2023	6	10	11	7	28	36	
	YoY%	49.7%	23.3%	5.1%		22.0%	5.1%	
<profit ratio>	FY2024	3.1%	3.8%	3.6%		3.5%	2.9%	
	FY2023	2.1%	3.1%	3.3%	2.3%	2.9%	2.7%	
Manufacturing	FY2024	—	—	—		—		
	FY2023	—	—	—	—	—	—	
Trading	FY2024	9	12	12		34		
	FY2023	6	10	11	7	28	36	

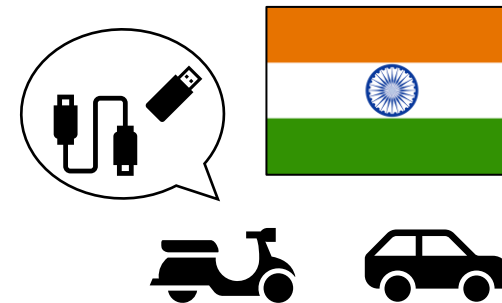
## [Key Measures]

### 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 joint venture in India, Gurugram (Gurgaon) with Japan Aviation Electronics Industry, Ltd. to sell USB and connectors for Motorcycle/Automobile Vehicles

# Segment Overview: Life & Healthcare

- ▶ Gross profits increased primarily for the following reasons
  - Increased sales of intermediates and pharmaceutical raw materials
  - Sales of Nagase Viita increased overall due to strong sales of food ingredients, despite lower sales of cosmetic materials stemming from sluggish sales overseas
  - 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 the increase in gross profit, due to higher general and administrative expenses such as allowance for doubtful accounts in the second quarter and personnel expenses at the Prinova Group

100 millions of yen

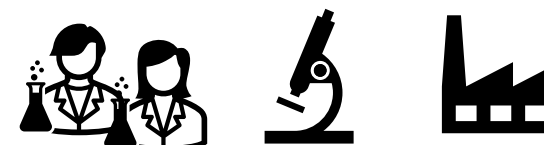
Quarterly results		1Q	2Q	3Q	4Q	3Q	FY2024 Achiev forecast	FY2023 Actual	FY2024 YoY%
						YTD			
Sales	FY2024	728	744	712		2,185	2,894	76%	
	FY2023	723	673	693	687	2,089	2,777		
	YoY%	0.7%	10.7%	2.7%		4.6%	4.2%		
Gross profit	FY2024	168	173	163		505	667	76%	
	FY2023	156	145	163	168	465	634		
	YoY%	8.0%	19.0%	(0.4%)		8.5%	5.1%		
<profit ratio>	FY2024	23.2%	23.3%	22.9%		23.1%	23.0%		
	FY2023	21.6%	21.6%	23.6%	24.5%	22.3%	22.8%		
Manufacturing	FY2024	136	141	128		406			
	FY2023	125	114	133	131	374	505		
Trading	FY2024	32	31	35		99			
	FY2023	30	30	30	37	91	129		
Operating income	FY2024	15	4	11		31	42	74%	
	FY2023	27	13	19	20	59	80		
	YoY%	(44.5%)	(65.7%)	(40.3%)		(47.8%)	(47.5%)		
<profit ratio>	FY2024	2.1%	0.6%	1.6%		1.4%	1.5%		
	FY2023	3.8%	1.9%	2.8%	3.0%	2.9%	2.9%		
Manufacturing	FY2024	11	2	6		20			
	FY2023	23	9	15	12	48	60		
Trading	FY2024	4	1	4		10			
	FY2023	4	3	3	8	11	19		

## [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

Acquisition of Asahi Kasei Pharma's  
Diagnostics Operations  
Scheduled to take effect in July 2025



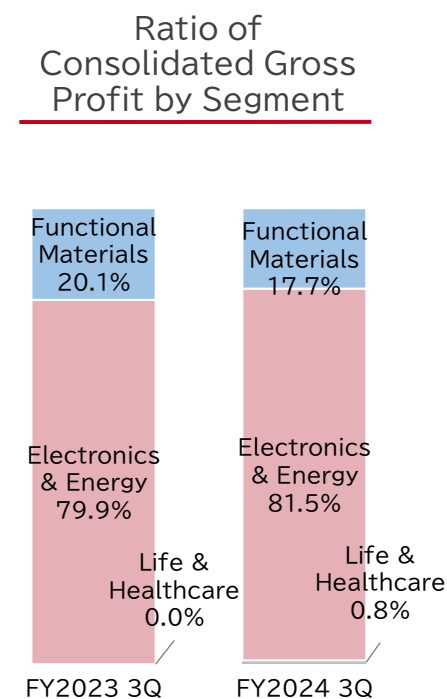
Started on-site exchanges and other activities in preparation for joining the group  
Aim for gross profit of ¥4 billion around 2030

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

# Overview of Major Manufacturing Subsidiaries: Nagase ChemteX

- ▶ Gross profits increased primarily for the following reasons
  - Sales of formulated epoxy resins increased due to strong sales for semiconductors for AI server
  - Sales decreased for photolithography materials for use in displays
- ▶ Operating income increased due to improved gross profit, despite an increase in general and administrative expenses such as personnel costs and amortization costs associated with the replacement of the core system

Quarterly results		100 millions of yen					Ratio of Consolidated Gross Profit by Segment	
		1Q	2Q	3Q	4Q	YTD	FY2024 forecast	Achievement
Sales	FY2024	66	64	66		197	259	76%
	FY2023	57	65	66	62	189	251	
	YoY%	15.2%	(0.4%)	(1.0%)		4.1%	3.2%	
Gross profit	FY2024	20	20	22		63	85	74%
	FY2023	17	19	21	17	58	75	
	YoY%	20.4%	3.3%	5.1%		9.0%	13.1%	
<profit ratio>	FY2024	31.6%	31.5%	33.9%		32.3%	33.0%	
	FY2023	30.2%	30.3%	32.0%	27.9%	30.9%	30.1%	
Operating income	FY2024	7	6	7		21	28	76%
	FY2023	5	7	8	0	21	22	
	YoY%	43.8%	(22.9%)	(5.5%)		0.2%	25.7%	
<profit ratio>	FY2024	11.5%	9.4%	12.0%		11.0%	10.9%	
	FY2023	9.2%	12.2%	12.6%	1.6%	11.4%	9.0%	



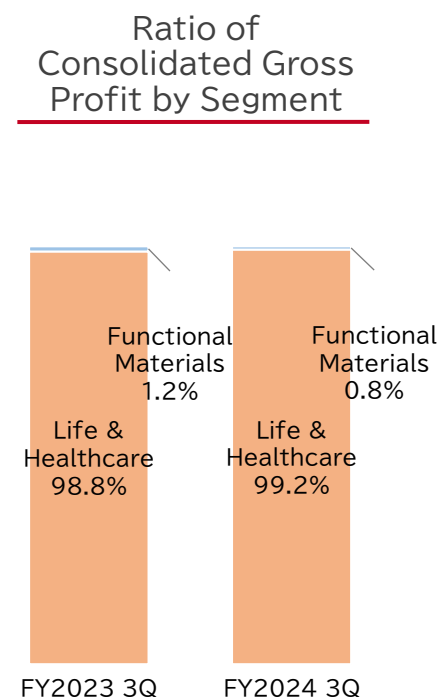
\* We handle the sales functions of Nagase ChemteX through our company and our sales subsidiaries, accounting a portion of the profits under Trading



# Overview of Major Manufacturing Subsidiaries: Nagase Viita

- ▶ Gross profits increased primarily for the following reasons
  - Sales of food ingredients increased both in Japan and overseas
  - Domestic sales of cosmetic materials increased, but overseas sales remained sluggish due to a decline in demand in China, the final demand region, resulting in an overall decrease in sales.
  - Operating income decreased, despite higher gross profits, due to increases in personnel expenses and other general and administrative expenses

Quarterly results						100 millions of yen		
		1Q	2Q	3Q	4Q	3Q		
						YTD	FY2024 forecast	
							Achievement	
							FY2023 Actual	
Sales	FY2024	86	87	92		267	356	75%
	FY2023	89	80	89	84	259	344	
	YoY%	(3.4%)	9.0%	4.0%		3.0%	3.7%	
Gross profit	FY2024	33	32	34		99	135	74%
	FY2023	34	28	32	30	95	126	
	YoY%	(3.8%)	13.9%	4.6%		4.3%	7.2%	
<profit ratio>	FY2024	38.2%	36.9%	36.8%		37.3%	38.0%	
	FY2023	38.4%	35.3%	36.6%	36.4%	36.8%	36.7%	
Operating income	FY2024	13	12	13		39	52	74%
	FY2023	16	10	14	11	40	52	
	YoY%	(19.9%)	20.5%	(2.1%)		(3.7%)	1.6%	
<profit ratio>	FY2024	15.3%	14.0%	14.8%		14.7%	14.8%	
	FY2023	18.4%	12.7%	15.7%	13.4%	15.7%	15.1%	
Amortisation of goodwill, etc.	FY2024	7	7	7		23	29	
	FY2023	7	7	7	7	23	30	
	YoY%	0.0%	0.0%	0.0%		0.0%	(3.4%)	
Operating income after amortised expenses	FY2024	5	4	6		16	23	70%
	FY2023	8	2	6	3	17	21	
	YoY%	(37.2%)	84.5%	(4.5%)		(8.5%)	8.7%	



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

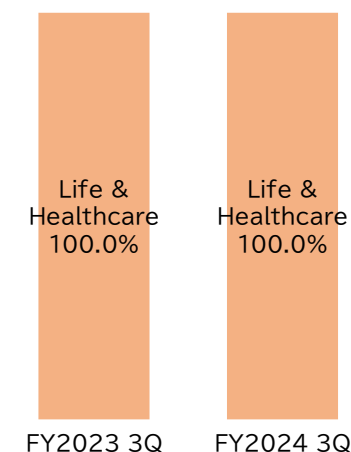


# Overview of Major Manufacturing Subsidiaries: Prinova Group

- ▶ 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, which was recorded in the second quarter due to arising from concerns over receivables collection from specific customers in the manufacturing business, along with higher personnel and other general and administrative expenses, despite an increase in gross profit

Quarterly results		100 millions of yen					Ratio of Consolidated Gross Profit by Segment	
		1Q	2Q	3Q	4Q	3Q YTD	FY2024 forecast	Achievement
Sales	FY2024	504	537	488		1,530	1,964	78%
	FY2023	516	473	476	472	1,465	1,937	
	YoY%	(2.2%)	13.5%	2.7%		4.4%	1.4%	
Gross profit	FY2024	99	100	92		292	376	78%
	FY2023	87	82	95	96	264	361	
	YoY%	14.0%	21.9%	(2.6%)		10.5%	4.2%	
<profit ratio>	FY2024	19.7%	18.7%	19.0%		19.1%	19.2%	
	FY2023	16.9%	17.4%	20.0%	20.3%	18.1%	18.6%	
Operating income	FY2024	13	0	10		24	32	74%
	FY2023	19	13	14	15	47	63	
	YoY%	(31.7%)	(96.7%)	(30.7%)		(49.1%)	(48.1%)	
<profit ratio>	FY2024	2.7%	0.1%	2.1%		1.6%	1.7%	
	FY2023	3.8%	2.8%	3.1%	3.3%	3.2%	3.3%	
Amortisation of goodwill, etc.	FY2024	6	7	6		20	27	
	FY2023	6	6	6	6	18	25	
	YoY%	12.2%	13.5%	3.4%		9.6%	5.2%	
Operating income after amortised expenses	FY2024	6	(6)	3		3	5	59%
	FY2023	13	6	8	8	28	37	
	YoY%	(51.3%)	-	(57.9%)		(88.1%)	(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

# Consolidated Balance Sheets

- ▶ Increase in fixed liabilities due to acquisition of treasury stock and refinancing of short-term interest-bearing debt to long-term interest-bearing debt in light of rising interest rates in the medium term, etc.

	2024/03	2024/12	Change	100 millions of yen Details
Total Current Assets	5,424	5,673	248	
(Cash&deposits)	594	608	13	
(Trade account receivable)	3,211	3,361	149	
(Inventories)	1,479	1,551	71	
Total non-current assets	2,498	2,458	(39)	
(Investments in security)	762	737	(24)	
<b>Total assets</b>	<b>7,923</b>	<b>8,132</b>	<b>208</b>	
Current Liab.	3,026	2,755	(271)	CP -190
(Trade account payable)	1,563	1,633	70	Current Portion of Bonds -100
Non-current Liab.	883	1,385	501	Non-Current Loan Pay. +322 Bonds Payable+200
<b>Total Liab.</b>	<b>3,910</b>	<b>4,140</b>	<b>230</b>	
Shareholders' equity	3,128	3,079	(49)	
Accum. Other Comprehensive Income	812	835	23	
Non-controlling interest	72	76	3	
<b>Total net assets</b>	<b>4,013</b>	<b>3,991</b>	<b>(22)</b>	
Working capital	3,127	3,278	150	
Shareholders' equity ratio	49.7%	48.1%	(1.6ppt)	
Interest-bearing debt	1,669	1,783	114	
NET D/E ratio	0.27	0.30	0.03	

# Consolidated Cash Flows

- ▶ Operating cash flow amounted to ¥21.4 billion, primarily due to an increase in profit for the period from strong business performance

100 millions of yen

	FY2023 3Q	FY2024 3Q
Operating CF	579	214
(Income before income taxes)	257	322
(Depreciation and amortization)	121	135
(Change in working capital)	306	(111)
(Other)	(105)	(132)
Investing CF	(79)	(70)
(Fixed asset investment)	(127)	(120)
(Other)	47	49
Free CF	499	143
Financing CF	(405)	(177)
(Share buybacks)	(80)	(170)
(Dividends paid)	(98)	(100)
(Change in loans and bonds)	(161)	99
(Other)	(64)	(6)
Effects of exchange rate	32	45
Net increase / decrease in cash and cash equivalents	127	12

# FY2024 Earnings Projection (No Change)

- ▶ Semiconductor-related businesses performed well, driven by a moderate recovery in market conditions and increased demand for semiconductor for AI servers
- ▶ Automobile-related businesses is 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 are strong due to 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
<b>Sales</b>	9,001	9,400	398	104%
<b>Gross profit</b>	1,647	1,800	152	109%
<GP ratio>	18.3%	19.1%	0.8ppt	-
<b>SG&amp;A expenses</b>	1,341	1,435	93	107%
<b>Operating income</b>	306	365	58	119%
<OP ratio>	3.4%	3.9%	0.5ppt	-
<b>Ordinary income</b>	305	352	46	115%
<b>Profit attributable to owners of the parent</b>	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

# FY2024 Earnings Projection By segment (No Change)

- ▶ Higher sales and profit in Functional Materials, due to increased sales of coating materials and raw materials for semiconductor materials, as well as improved profitability of the color former business
- ▶ Higher sales and profit in Advanced Materials & Processing, due to strong resin sales, driven primarily by a recovery in demand from the electrical and electronics industries, including in office equipment and other areas
- ▶ Higher sales and profit in Electronics & Energy, due to strong material sales for the semiconductor industry and strong sales at Nagase ChemteX for formulated epoxy resins for AI server semiconductors
- ▶ Higher sales and profit in Mobility, despite lower automobile production, due to improved profitability from higher market prices and strong sales of functional materials and components
- ▶ Lower operating income in Life & Healthcare, due to the allowance of doubtful accounts and weak performance of manufacturing business, despite higher sales and gross profit due to strong performance of food ingredient sales in the Prinova Group

100 millions of yen

		FY2023 Actual	FY2024 Forecast	Change	Vs.PY
Functional Materials	Sales	1,468	1,588	119	108%
	Gross profit	281	326	44	116%
	<profit ratio>	19.2%	20.5%	1.4ppt	—
	Operating income	61	86	24	140%
	<profit ratio>	4.2%	5.4%	1.2ppt	—
Advanced Materials & Processing	Sales	1,985	2,049	63	103%
	Gross profit	236	255	18	108%
	<profit ratio>	11.9%	12.4%	0.6ppt	—
	Operating income	53	59	5	111%
	<profit ratio>	2.7%	2.9%	0.2ppt	—
Electronics & Energy	Sales	1,447	1,542	94	107%
	Gross profit	342	386	43	113%
	<profit ratio>	23.6%	25.0%	1.4ppt	—
	Operating income	88	108	19	122%
	<profit ratio>	6.1%	7.0%	0.9ppt	—
Mobility	Sales	1,321	1,326	4	100%
	Gross profit	152	165	12	108%
	<profit ratio>	11.5%	12.4%	0.9ppt	—
	Operating income	36	38	1	105%
	<profit ratio>	2.7%	2.9%	0.1ppt	—
Life & Healthcare	Sales	2,777	2,894	116	104%
	Gross profit	634	667	32	105%
	<profit ratio>	22.8%	23.0%	0.2ppt	—
	Operating income	80	42	(38)	52%
	<profit ratio>	2.9%	1.5%	(1.4ppt)	—
Corporate&Others	Sales	1	1	(0)	68%
	Gross profit	0	1	0	120%
	Operating income	(13)	32	45	—
Total	Sales	9,001	9,400	398	104%
	Gross profit	1,647	1,800	152	109%
	<profit ratio>	18.3%	19.1%	0.8ppt	—
	Operating income	306	365	58	119%
	<profit ratio>	3.4%	3.9%	0.5ppt	—

## FY2024 Earnings Projections by Major Manufacturing Subsidiaries (No Change)

- ▶ Nagase ChemteX : Higher sales and profit, due to strong sales of formulated epoxy resins for AI server semiconductors, despite lower sales of photolithography materials for displays and formulated epoxy resins for mobile devices
- ▶ Nagase Viita : Higher sales and profit, due to strong sales of food ingredients and domestic sales of cosmetic materials, despite lower sales for cosmetic materials in overseas markets
- ▶ Prinova Group : Lower operating income, due to the allowance of doubtful accounts and weak performance of manufacturing business, despite higher sales and gross profit due to strong performance of food ingredient sales

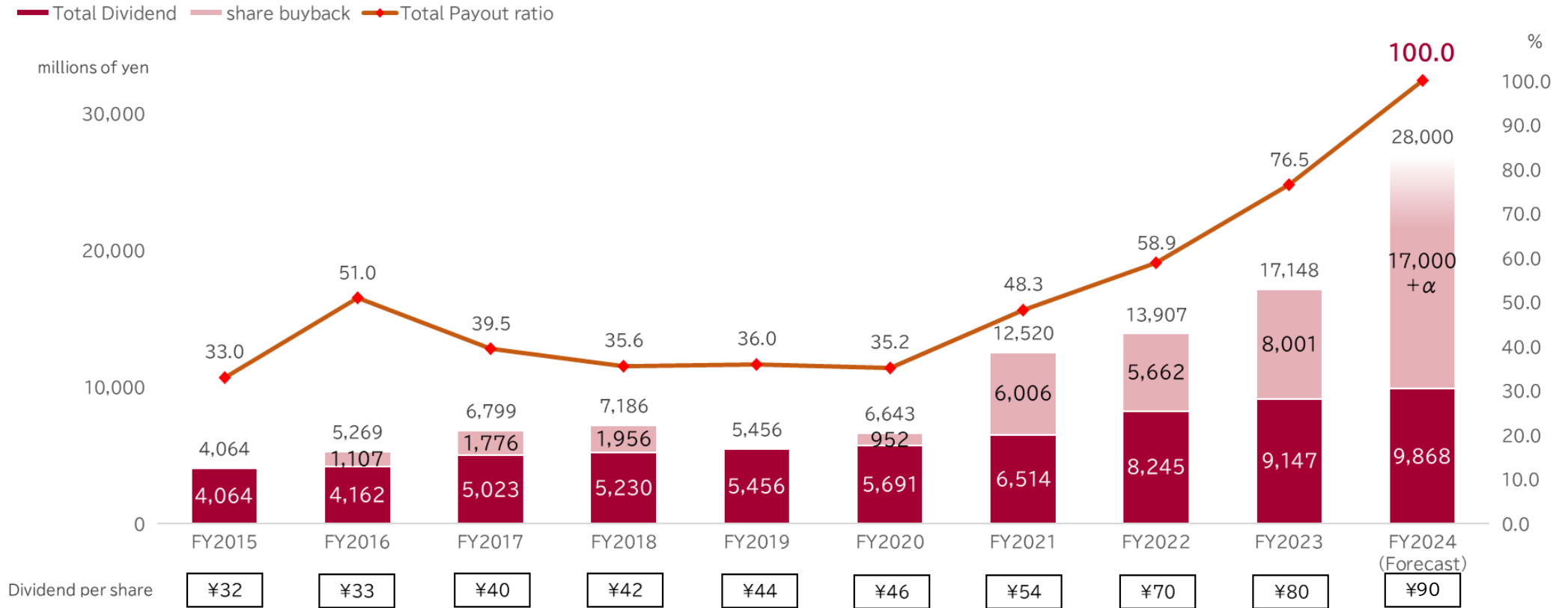
		100 millions of yen			
		FY2023 Actual	FY2024 Forecast	Change	Vs.PY
Nagase ChemteX Corporation	Sales	251	259	8	103%
	Gross profit	75	85	9	113%
	<profit ratio>	30.1%	33.0%	2.9ppt	—
	Operating income	22	28	5	126%
	<profit ratio>	9.0%	10.9%	2.0ppt	—
Nagase Viita Co., Ltd.	Sales	344	356	12	104%
	Gross profit	126	135	9	107%
	<profit ratio>	36.7%	38.0%	1.3ppt	—
	Operating income	52	52	0	102%
	<profit ratio>	15.1%	14.8%	(0.3ppt)	—
	Goodwill amortization etc.	30	29	(1)	97%
	Operating income after amortization burden	21	23	1	109%
Prinova Group	Sales	1,937	1,964	26	101%
	Gross profit	361	376	15	104%
	<profit ratio>	18.6%	19.2%	0.5ppt	—
	Operating income	63	32	(30)	52%
	<profit ratio>	3.3%	1.7%	(1.6ppt)	—
	Goodwill amortization etc.	25	27	1	105%
	Operating income after amortization burden	37	5	(31)	15%

\* 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



# Shareholder Returns

- ▶ We plan to pay ¥90 per share for fiscal 2024, consisting of an interim dividend of ¥45 per share and a year-end dividend of ¥45 per share (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 ¥17.0 billion yen in treasury stock



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

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## ■Inquiries:

<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 February 6, 2025. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.

# 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	FY2024 Forecast	FY2023 Actual
<b>Consolidated Total</b>								
Sales	FY2024	2,392	2,417	2,370		7,180	9,400	
	FY2023	2,240	2,261	2,275	2,224	6,777	9,001	
	YoY%	6.8%	6.9%	4.2%		5.9%	4.4%	
Gross profit	FY2024	457	463	452		1,374	1,800	
	FY2023	387	401	425	432	1,214	1,647	
	YoY%	18.3%	15.3%	6.3%		13.1%	9.3%	
<profit ratio>	FY2024	19.1%	19.2%	19.1%		19.1%	19.1%	
	FY2023	17.3%	17.8%	18.7%	19.4%	17.9%	18.3%	
Operating income	FY2024	107	103	99		310	365	
	FY2023	69	75	85	75	230	306	
	YoY%	54.3%	37.1%	16.5%		34.7%	19.2%	
<profit ratio>	FY2024	4.5%	4.3%	4.2%		4.3%	3.9%	
	FY2023	3.1%	3.3%	3.8%	3.4%	3.4%	3.4%	

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	YTD	FY2024 Forecast	FY2023 Actual
<b>Advanced Materials &amp; Processing(Polymer Global Account Dept.)</b>								
Sales	FY2024	535	546	528		1,610	2,049	
	FY2023	485	536	477	485	1,499	1,985	
	YoY%	10.2%	1.9%	10.7%		7.4%	3.2%	
Gross profit	FY2024	65	65	67		198	255	
	FY2023	54	61	61	57	178	236	
	YoY%	20.1%	5.4%	9.1%		11.2%	8.0%	
<profit ratio>	FY2024	12.3%	11.9%	12.8%		12.3%	12.4%	
	FY2023	11.3%	11.5%	13.0%	11.9%	11.9%	11.9%	
Operating income	FY2024	20	23	23		67	80	
	FY2023	13	19	20	15	52	68	
	YoY%	50.2%	20.8%	17.2%		26.9%	17.6%	
<profit ratio>	FY2024	3.8%	4.3%	4.5%		4.2%	3.9%	
	FY2023	2.8%	3.6%	4.2%	3.1%	3.5%	3.4%	

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	YTD	FY2024 Forecast	FY2023 Actual
<b>Mobility(Mobility Solutions Dept.)</b>								
Sales	FY2024	321	338	343		1,003	1,326	
	FY2023	311	337	353	319	1,002	1,321	
	YoY%	3.1%	0.4%	(2.7%)		0.2%	0.4%	
Gross profit	FY2024	40	43	43		127	165	
	FY2023	34	39	41	37	115	152	
	YoY%	17.8%	9.9%	5.4%		10.6%	8.3%	
<profit ratio>	FY2024	12.5%	12.9%	12.7%		12.7%	12.4%	
	FY2023	11.0%	11.8%	11.7%	11.6%	11.5%	11.5%	
Operating income	FY2024	13	16	16		46	57	
	FY2023	9	13	14	10	38	49	
	YoY%	44.6%	17.2%	9.0%		20.8%	15.5%	
<profit ratio>	FY2024	4.3%	4.8%	4.7%		4.6%	4.3%	
	FY2023	3.0%	4.1%	4.2%	3.4%	3.8%	3.7%	

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	YTD	FY2024 Forecast	FY2023 Actual
<b>Functional Materials(Performance Chemicals Dept., Speciality Chemicals Dept.)</b>								
Sales	FY2024	405	388	372		1,166	1,588	
	FY2023	364	357	375	370	1,097	1,468	
	YoY%	11.4%	8.7%	(0.7%)		6.4%	8.2%	
Gross profit	FY2024	88	81	79		249	326	
	FY2023	64	68	73	75	205	281	
	YoY%	37.8%	19.9%	8.5%		21.4%	15.9%	
<profit ratio>	FY2024	21.8%	21.1%	21.3%		21.4%	20.5%	
	FY2023	17.6%	19.1%	19.5%	20.4%	18.7%	19.2%	
Operating income	FY2024	37	31	28		96	121	
	FY2023	15	21	25	24	61	86	
	YoY%	140.7%	46.9%	11.8%		55.9%	40.2%	
<profit ratio>	FY2024	9.1%	8.0%	7.6%		8.3%	7.6%	
	FY2023	4.2%	6.0%	6.7%	6.6%	5.6%	5.9%	

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	YTD	FY2024 Forecast	FY2023 Actual
<b>Electronics &amp; Energy(Electronics Dept., Advanced Functional Materials Dept.)</b>								
Sales	FY2024	400	398	413		1,212	1,542	
	FY2023	355	356	375	360	1,087	1,447	
	YoY%	12.8%	11.7%	10.1%		11.5%	6.5%	
Gross profit	FY2024	95	97	99		292	386	
	FY2023	77	86	85	92	249	342	
	YoY%	23.7%	13.4%	15.7%		17.4%	12.8%	
<profit ratio>	FY2024	23.8%	24.5%	24.0%		24.1%	25.0%	
	FY2023	21.7%	24.2%	22.9%	25.8%	22.9%	23.6%	
Operating income	FY2024	34	38	36		110	143	
	FY2023	23	31	27	31	81	113	
	YoY%	50.6%	24.4%	33.2%		34.8%	26.2%	
<profit ratio>	FY2024	8.7%	9.7%	8.8%		9.1%	9.3%	
	FY2023	6.5%	8.7%	7.3%	8.8%	7.5%	7.8%	

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	YTD	FY2024 Forecast	FY2023 Actual
<b>Life &amp; Healthcare(Life &amp; Healthcare Products Dept.)</b>								
Sales	FY2024	728	744	712		2,185	2,894	
	FY2023	723	673	693	687	2,089	2,777	
	YoY%	0.7%	10.7%	2.7%		4.6%	4.2%	
Gross profit	FY2024	168	173	163		505	667	
	FY2023	156	145	163	168	465	634	
	YoY%	8.0%	19.0%	(0.4%)		8.5%	5.1%	
<profit ratio>	FY2024	23.2%	23.3%	22.9%		23.1%	23.0%	
	FY2023	21.6%	21.6%	23.6%	24.5%	22.3%	22.8%	
Operating income	FY2024	21	9	17		48	71	
	FY2023	32	19	24	26	76	103	
	YoY%	(34.8%)	(48.2%)	(28.8%)		(36.2%)	(31.2%)	
<profit ratio>	FY2024	2.9%	1.3%	2.5%		2.2%	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)

# Business Environment by Segment



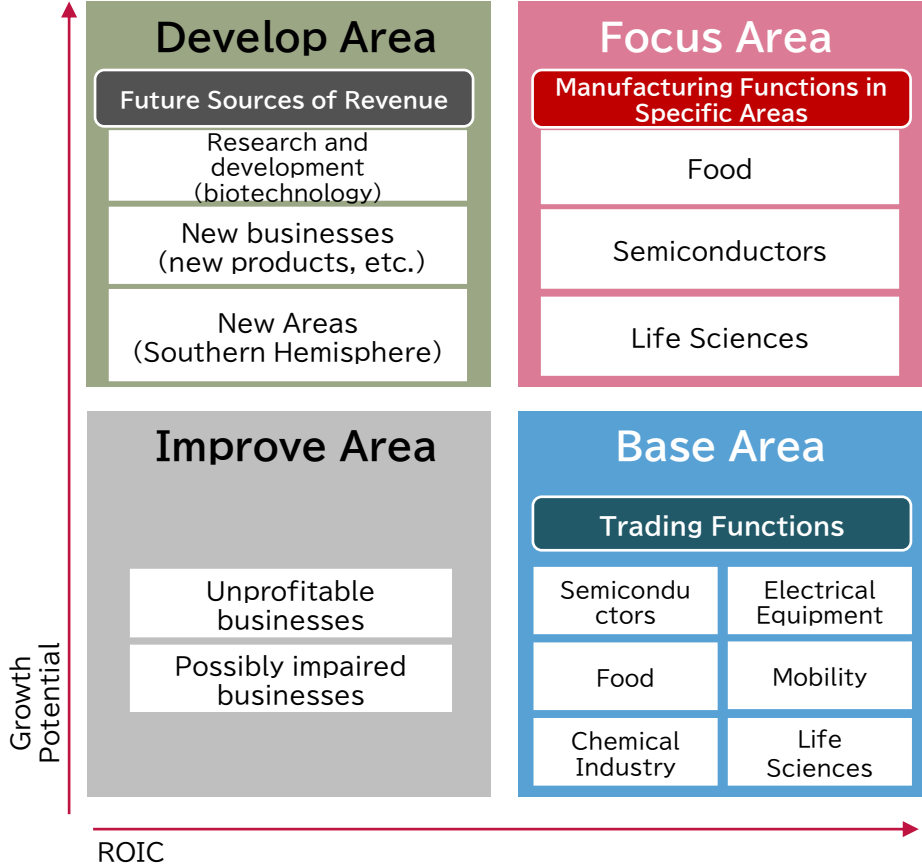
Industry	Full-Year FY2024 Initial Forecast		First Half Trends		Second Half Trends		Segment
Coatings	Automotive applications to remain strong, but generally flat overall		Growth in both automotive and construction applications was sluggish, remaining generally flat overall		Growth in Asia is likely to 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. business 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)

# Growth Strategies for the Future

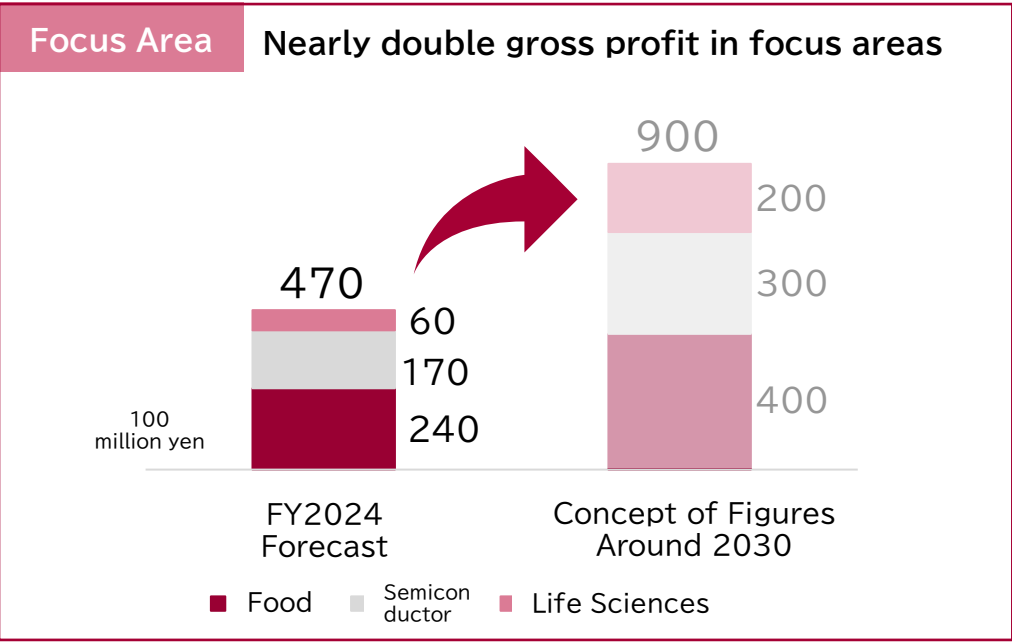
Make proactive investments in Focus Area of manufacturing (across the three areas of food, semiconductors, and life sciences) to expand profit scale and profit margin over the medium to long term

**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

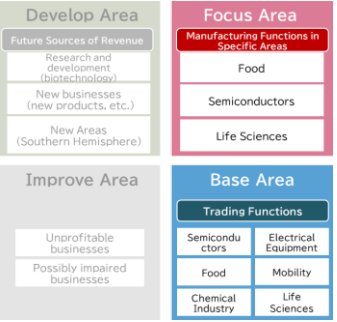
**Develop Area** Take on new challenges in areas that will become future sources of revenue



**Improve Area** Narrowing losses

# 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



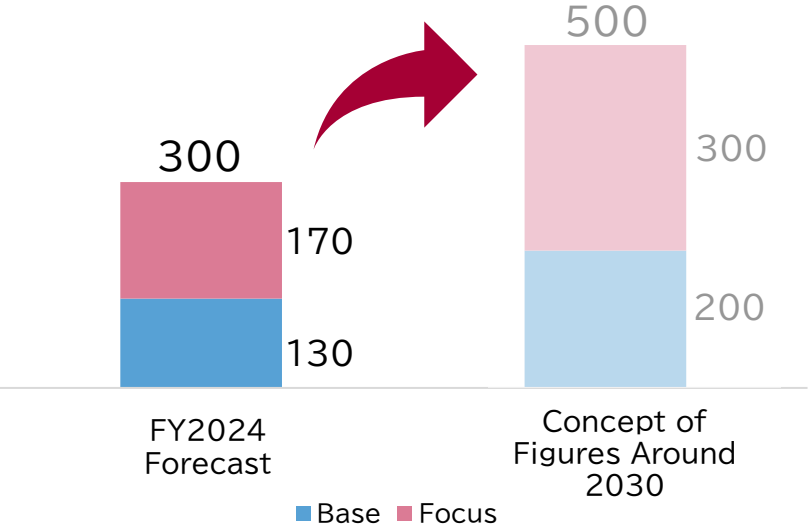
## Focus Area

- 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**

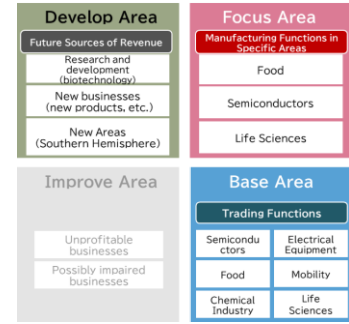
## Semiconductor Gross Profit (100 million yen)





# 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

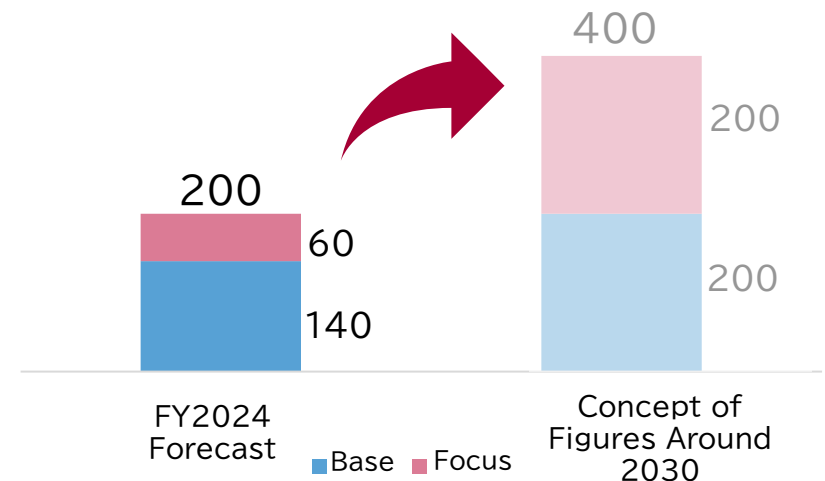
- Began mass production of ergothioneine using fermentation technologies

## Acquire Diagnostics and Other Businesses From Asahi Kasei Pharma Corporation

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

Aim for gross profit of ¥4 billion around 2030

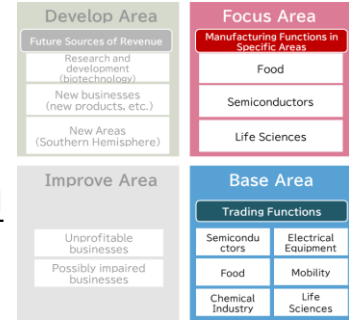
## Life Sciences Gross Profit (100 million yen)



# 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

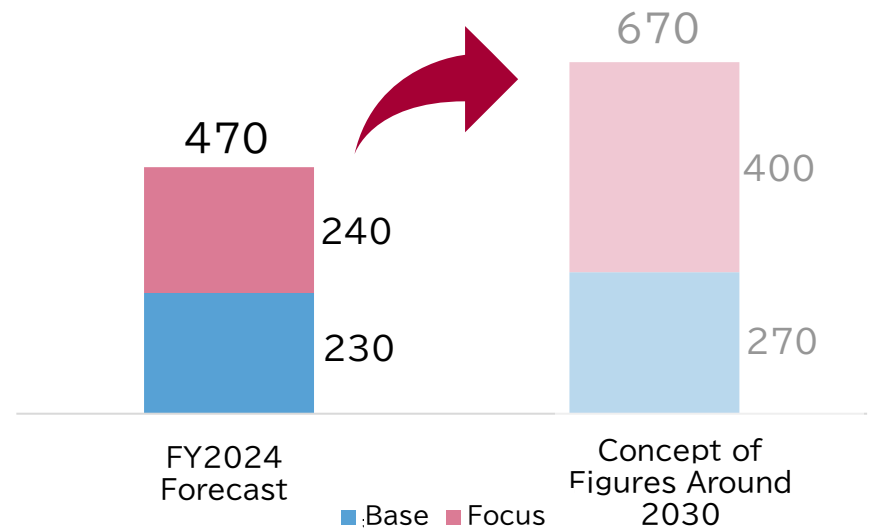


**GREENS**  
Vitamins and other nutrients

## 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)



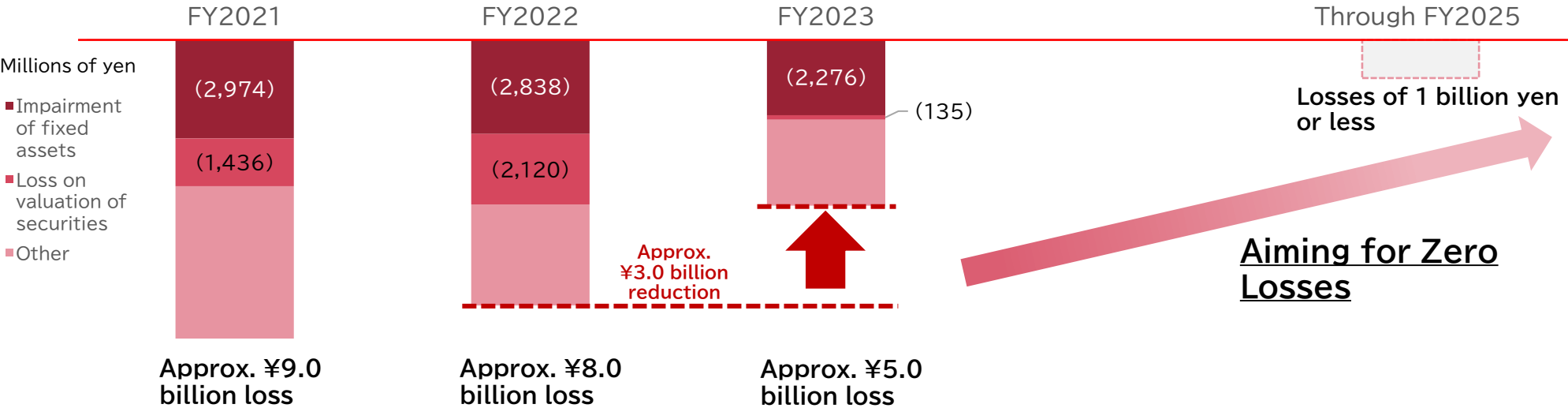
# Improve Area in the First Half of FY2024

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

# Cash Allocation in FY2024 and FY2025

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

## Cash In

### Adjusted operating CF

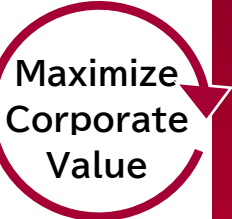
- ▶ Add back depreciation, R&D, and other investment-related expenses to operating income
- ▶ Exclude working capital fluctuations

### 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



# Major Cash Inflows and Outflows for FY2021-FY2023

	FY2021	FY2022	FY2023	3-year Cumulative Total		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
<b>Total</b>	<b>1,026</b>	<b>469</b>	<b>888</b>	<b>2,384</b>	<b>Total</b>	<b>1,008</b>	<b>628</b>	<b>756</b>	<b>2,392</b>

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

# 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