

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2025 <Under Japanese GAAP>

May 8, 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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Annual general meeting of stockholders: June 18, 2025

Start of distribution of dividends (scheduled): June 19, 2025

Securities report filing (scheduled): June 17, 2025

Supplementary documents: Yes

Investors' meeting: Yes (for analysts and institutional investors)

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

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2025 (April 1, 2024 to March 31, 2025)

(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 | % |
| FYE March 2025 | 944,961 | 5.0 | 181,291 | 10.1 | 39,078 | 27.6 | 38,382 | 25.5 | 25,521 | 13.9 |
| FYE March 2024 | 900,149 | (1.4) | 164,719 | 6.0 | 30,618 | (8.2) | 30,591 | (6.0) | 22,402 | (5.2) |

(Note) Comprehensive income

FYE March 2025: ¥32,299 million (-30.3%)

FYE March 2024: ¥46,335 million (22.0%)

| | Earnings per share | Earnings per share (diluted) | Return on equity | Ordinary income/ total assets | Operating income/net sales |
|----------------|--------------------|------------------------------|------------------|----------------------------------|-------------------------------|
| | Yen | Yen | % | % | % |
| FYE March 2025 | 230.39 | — | 6.4 | 4.8 | 4.1 |
| FYE March 2024 | 194.96 | — | 5.9 | 3.9 | 3.4 |

(Reference) Equity in earnings of affiliates

FYE March 2025: ¥979 million

FYE March 2024: ¥568 million

(2) Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|----------------|-----------------|-----------------|----------------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FYE March 2025 | 808,143 | 406,459 | 49.4 | 3,679.09 |
| FYE March 2024 | 792,336 | 401,315 | 49.7 | 3,463.84 |

(Reference) Equity capital

FYE March 2025: ¥399,052 million

FYE March 2024: ¥394,064 million

(3) Consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents, end of the year |
|----------------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| FYE March 2025 | 36,321 | (11,615) | (18,212) | 65,903 |
| FYE March 2024 | 72,959 | (11,627) | (48,046) | 59,185 |

2. Dividends

| | Annual Dividends per Share | | | | | Total dividends paid (full fiscal year) | Payout ratio (consolidated) | Dividends/ net assets (consolidated) |
|---------------------------|----------------------------|-------|-----|--------------------|--------|--|--------------------------------|--|
| | 1Q | 2Q | 3Q | Fiscal year end | Annual | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| FYE March 2024 | — | 40.00 | — | 40.00 | 80.00 | 9,147 | 40.8 | 2.4 |
| FYE March 2025 | — | 45.00 | — | 45.00 | 90.00 | 9,888 | 38.7 | 2.5 |
| FYE March 2026 (forecast) | — | 45.00 | — | 50.00 | 95.00 | | 30.5 | |

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% = 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 | 955,000 | 1.1 | 181,000 | (0.2) | 39,500 | 1.1 | 38,500 | 0.3 | 31,500 | 23.4 | 300.99 |

(Note) The Company plans to revise certain classifications between cost of sales and selling, general and administrative expenses for the Prinova Group from the beginning of the fiscal year ending March 31, 2026. We calculated percentage change based on figures for the same period of the previous year before reclassification, which do not reflect said reclassification. See *1. Business Performance (4) Future Outlook* for more information on reclassified results for the fiscal year ended March 31, 2025, and a comparison with forecasts for the fiscal year ending March 31, 2026.

* 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 name: Nagase Specialty Materials NA LLC, SOFIX LLC)

(Note) For details, please refer to *3. Consolidated Financial Statements and Notes, (5) Notes Related to Consolidated Financial Statements (Changes in the scope of consolidation and application of the equity method)*, on P.16 of this document.

- (2) 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: None

iii. Changes in accounting estimates: None

iv. Restatement of prior period financial statements after error corrections: None

(Note) For details, please refer to *3. Consolidated Financial Statements and Notes, (5) Notes Related to Consolidated Financial Statements (Changes in Accounting Policy)*, on P.16 of this document.

- (3) Number of shares issued and outstanding (common stock)

- i. Number of shares issued and outstanding as of the fiscal period end (including treasury stock)

| | | | |
|----------------|--------------------|----------------|--------------------|
| March 31, 2025 | 114,908,285 shares | March 31, 2024 | 117,908,285 shares |
|----------------|--------------------|----------------|--------------------|

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

| | | | |
|----------------|------------------|----------------|------------------|
| March 31, 2025 | 6,443,222 shares | March 31, 2024 | 4,143,115 shares |
|----------------|------------------|----------------|------------------|

- iii. Average number of shares during the period

| | | | |
|----------------|--------------------|----------------|--------------------|
| March 31, 2025 | 110,774,626 shares | March 31, 2024 | 114,911,971 shares |
|----------------|--------------------|----------------|--------------------|

(Note) The number of treasury shares as of the fiscal period end includes Company shares held by the Stock-Granting Trust for Directors (28,400 shares as of March 31, 2025 and 288,500 shares as of March 31, 2024). Treasury shares deducted from the calculation of the average number of shares during the period includes Company shares held by the Stock-Granting Trust for Directors (284,746 shares as of March 31, 2025 and 289,923 shares as of March 31, 2024).

*** These consolidated financial statements are not subject to audit by an independent audit corporation**

* 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. Business Performance, (4) Future Outlook*, on P.5 of this document.

Attachments

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1. Business Performance

(1) Review of Business Performance

a. General Summary of Results

The global economy remained uncertain during the consolidated fiscal year amid heightened geopolitical risks, trends in monetary policies in major countries, concerns over a slowdown in the Chinese economy, and new trade and tariff policies implemented by the United States.

Looking at the regions where the NAGASE Group operates, in Greater China, supply and demand adjustments in the real estate market have been prolonged, and signs of economic recovery remain sluggish. In the Americas, while prices are showing a stable trend, high interest rates persist, and uncertainty remains regarding the economic outlook. In ASEAN, the economy remains firm, supported by robust domestic and inbound demand. In Japan, although corporate performance and employment remain stable, personal consumption is cautious due to the impact of rising prices, and the pace of economic recovery remains moderate. In all regions, uncertainty remains as U.S. trade and tariff policies may impact the international trade order and supply chains.

In this environment, earnings for the current consolidated fiscal year were as follows.

| | (Millions of yen) | | | |
|--|---|---|--------|------------|
| | Prior Consolidated Fiscal Year (March 31, 2024) | Current Consolidated Fiscal Year (March 31, 2025) | Change | Change (%) |
| Net sales | 900,149 | 944,961 | 44,811 | 5.0 |
| Gross profit | 164,719 | 181,291 | 16,572 | 10.1 |
| Operating income | 30,618 | 39,078 | 8,459 | 27.6 |
| Ordinary income | 30,591 | 38,832 | 7,791 | 25.5 |
| Profit before income taxes | 32,665 | 38,130 | 5,465 | 16.7 |
| Profit attributable to owners of the parent | 22,402 | 25,521 | 3,118 | 13.9 |

- All profit stages increased partly due to yen depreciation.
- Operating income increased due to an increase in gross profit. For details see *b. Segment Summary*.
- Profit attributable to owners of the parent increased by ¥3.1 billion to ¥25.5 billion despite recording a loss on discontinued operations related to the exit from the glass substrate thinning business in China, which was decided in fiscal year 2020, as well as a loss on valuation of investment securities. This increase was mainly due to higher operating income.

b. Segment Summary

The following describes performance by segment.

As of the first quarter of the current consolidated fiscal year, we changed the method of allocating corporate expenses to reflect the performance of reportable segments more appropriately.

*For the details of the business segmentation, please refer to (*Segment Information Etc.*) on P.16 of this document

Functional Materials

| | (Millions of yen) | | | |
|------------------|---|---|--------|------------|
| | Prior Consolidated Fiscal Year (March 31, 2024) | Current Consolidated Fiscal Year (March 31, 2025) | Change | Change (%) |
| Net sales | 146,804 | 153,746 | 6,941 | 4.7 |
| Gross profit | 28,123 | 32,511 | 4,388 | 15.6 |
| Operating income | 6,158 | 9,213 | 3,054 | 49.6 |

Gross profit increased mainly due to the following factors.

- Coating materials sales increased due to higher market prices, despite flat demand in automotive and architectural applications
 - Sales increased for raw materials for semiconductor materials
 - Losses narrowed in the color former business due to the suspension of production in the U.S. and the review of unprofitable transactions and streamlining of manufacturing bases in Japan
- Operating income increased due to an increase in gross profit.

Advanced Materials & Processing

(Millions of yen)

| | Prior Consolidated Fiscal Year (March 31, 2024) | Current Consolidated Fiscal Year (March 31, 2025) | Change | Change (%) |
|------------------|---|---|--------|------------|
| Net sales | 198,543 | 210,627 | 12,084 | 6.1 |
| Gross profit | 23,614 | 26,179 | 2,565 | 10.9 |
| Operating income | 5,313 | 6,684 | 1,370 | 25.8 |

Gross profit increased mainly due to the following factors.

- Resin sales increased due to recovery in demand in the electrical and electronics industry, including office automation equipment
- Sales of industrial hoses and civil engineering pipes increased at Totaku Industries, Inc.

Operating income increased due to an increase in gross profit

Electronics & Energy

(Millions of yen)

| | Prior Consolidated Fiscal Year (March 31, 2024) | Current Consolidated Fiscal Year (March 31, 2025) | Change | Change (%) |
|------------------|---|---|--------|------------|
| Net sales | 144,758 | 161,315 | 16,557 | 11.4 |
| Gross profit | 34,226 | 40,050 | 5,824 | 17.0 |
| Operating income | 8,852 | 12,302 | 3,450 | 39.0 |

Gross profit increased mainly due to the following factors.

- Sales of materials for high-end smartphones, tablets, and other electronic devices increased due to a recovery in demand
- Sales of materials for the semiconductors increased due to a moderate market recovery
- Sales of formulated epoxy resins of Nagase ChemteX increased due to strong demand for semiconductors used in AI servers

Operating income increased due to an increase in gross profit.

Mobility

(Millions of yen)

| | Prior Consolidated Fiscal Year (March 31, 2024) | Current Consolidated Fiscal Year (March 31, 2025) | Change | Change (%) |
|------------------|---|---|--------|------------|
| Net sales | 132,117 | 132,091 | (26) | (0.0) |
| Gross profit | 15,235 | 16,505 | 1,270 | 8.3 |
| Operating income | 3,614 | 4,238 | 624 | 17.3 |

Gross profit increased mainly due to the following factors.

- Resin sales, which account for about half of gross profit, increased due to yen depreciation and rising market prices, despite a decline in volume
- 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)

| | Prior Consolidated Fiscal Year (March 31, 2023) | Current Consolidated Fiscal Year (March 31, 2024) | Change | Change (%) |
|------------------|---|---|---------|------------|
| Net sales | 277,779 | 287,079 | 9,299 | 3.3 |
| Gross profit | 63,436 | 66,099 | 2,662 | 4.2 |
| Operating income | 8,006 | 3,423 | (4,582) | (57.2) |

Gross profit increased mainly due to the following factors.

- Sales increased for pharmaceutical raw materials and intermediates
- 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 profit margin compared to the previous consolidated fiscal year, when market conditions were weak

Operating income decreased, despite an increase in gross profit, mainly due to higher selling, general and administrative expenses stemming from allowance for doubtful accounts and higher personnel expenses at the Prinova Group, which were recorded in the second quarter.

Others

No special matters to disclose.

(2) Review of Financial Position

(Millions of yen)

| | Prior Consolidated Fiscal Year (March 31, 2024) | Current Consolidated Fiscal Year (March 31, 2025) | Change | Change (%) |
|--------------------------------|---|---|---------|------------|
| Current assets | 542,470 | 560,126 | 17,655 | 3.3 |
| Non-current assets | 249,865 | 248,017 | (1,848) | (0.7) |
| Total assets | 792,336 | 808,143 | 15,807 | 2.0 |
| Liabilities | 391,021 | 401,683 | 10,662 | 2.7 |
| Net assets | 401,315 | 406,459 | 5,144 | 1.3 |
| Shareholders' equity ratio (%) | 49.7 | 49.4 | -0.3p | — |

- Current assets increased due to an increase in inventories, despite a decrease in accounts receivable, etc.
- Non-current assets decreased due to a decrease in intangible fixed assets and sales of investments in securities despite an increase in property, plant and equipment
- Liabilities increased due to an increase in new long-term loans and new bond issuances despite a decrease due to the repayment of commercial paper and short-term loans
- Net assets increased mainly due to the recording of 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 49.4%, down 0.3 points compared to 49.7% from the end of the prior consolidated fiscal year

(3) Summary of Cash Flows

(Millions of yen)

| | Prior Consolidated Fiscal Year (March 31, 2024) | Current Consolidated Fiscal Year (March 31, 2025) |
|--------------------------------------|--|--|
| Cash flows from operating activities | 72,959 | 36,321 |
| Cash flows from investing activities | (11,627) | (11,615) |
| Cash flows from financing activities | (48,046) | (18,212) |

- Net cash provided by operating activities was mainly the result of ¥38.1 billion income before income taxes and ¥15.3 billion due to depreciation and amortization, offset in part by a ¥8.2 billion decrease in cash due to an increase in working capital, and ¥12.2 billion in income taxes paid
- Net cash used in investing activities was mainly the result of cash outlays of ¥12.5 billion for the purchase of property, plant and equipment and ¥2.6 billion for the purchase of intangible assets, offset in part by ¥3.3 billion in proceeds from the sales of investments in securities
- Net cash used in financing activities was mainly the result of ¥17.5 billion net decrease in commercial papers, cash outlays of ¥17.0 billion due to purchases of treasury stock and ¥10.0 billion due to redemption of bonds, and ¥9.5 billion in dividend payments, offset in part by proceeds from ¥32.0 billion of long-term loans and ¥20.0 billion of bond issuances.

| | FYE March 2021 | FYE March 2022 | FYE March 2023 | FYE March 2024 | FYE March 2025 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|
| Shareholders' equity ratio | 51.5% | 46.5% | 48.2% | 49.7% | 49.4% |
| Shareholders' equity ratio based on market value | 33.3% | 29.5% | 31.3% | 36.7% | 35.6% |
| Interest-bearing debt to cash flow ratio (years) | 5.8 | - | 19.1 | 2.3 | 4.8 |
| Interest coverage ratio (times) | 19.1 | - | 3.1 | 18.9 | 9.9 |

Shareholders' equity ratio: Equity capital/total assets

Shareholders' equity ratio based on market value: Market capitalization/total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/operating cash flow

Interest coverage ratio: Operating cash flow/interest payments

(Note) 1. Indicators are calculated based on consolidated figures.

2. Market capitalization is calculated using the closing price at the end of the year multiplied by the number of outstanding shares at the end of the year (less treasury stock at cost).
3. Operating cash flow is net cash provided by operating activities as shown in the consolidated statements of cash flows. Interest-bearing debt is all liabilities in the consolidated balance sheets for which interest is payable. Interest payments are the amount of interest paid as presented in the consolidated statements of cash flows.
4. Interest-bearing debt to cash flow ratio or interest coverage ratio are not presented for the fiscal year ended March 31, 2022, as operating cash flow was negative.

(4) Future Outlook

a. Performance Forecast for the Fiscal Year Ending March 2026

The outlook for the business environment surrounding the NAGASE Group in the next fiscal year remains uncertain due to the anticipated impact of U.S. trade and tariff policies and their influence on the global economy, as well as repeated changes in such policies.

Global inflation remains elevated, and geopolitical risks also persist. These factors may adversely affect corporate earnings and personal consumption, raising concerns over the global economic outlook. Observers also expect supply chain restructuring, including a revision in the location of manufacturing bases in response to heightened geopolitical risks, to continue.

Given this environment, we expect many of the business sectors related to the NAGASE Group will perform steadily. We formulated our earnings forecast for the next fiscal year based on the following assumptions. The potential impact of U.S. trade and tariff policies is not included in these assumptions due to the difficulty of making a reasonable estimate.

In our food-related business, we expect recovery at the Prinova Group. Although the food ingredients market is showing no clear signs of bottoming out, we will continue to improve productivity in the Nutrition business (contract manufacturing of sports nutrition). Nagase Viita expects strong sales of food and cosmetic ingredients.

In the semiconductor-related business, sales of modified epoxy resin products by Nagase ChemteX for semiconductors used in AI servers are expected to continue to perform well. The automobile-related business and resin sales are expected to remain generally flat.

These forecasts have been developed based on foreign exchange rates of ¥143 to the U.S. dollar and ¥19 to the RMB.

Further, these forecasts were calculated based on information available at the time and on reasonable determinations of conditions. Actual results may vary significantly due to a variety of factors, including business conditions overseas and in Japan and exchange rate trends. Any issues that require disclosure in the future will be disclosed promptly if important developments relating to our forecasts for the fiscal year occur.

(Millions of yen)

| | Net sales | Gross profit | Operating income | Ordinary income | Profit attributable to owners of the parent |
|---|-----------|--------------|------------------|-----------------|---|
| FYE March 2026 Forecast | 955,000 | 181,000 | 39,500 | 38,500 | 31,500 |
| FYE March 2025 Actual (Before Reclassification) | 944,961 | 181,291 | 39,078 | 38,382 | 25,521 |
| FYE March 2025 Actual (After Reclassification (Estimate)) | 944,961 | 173,291 | 39,078 | 38,382 | 25,521 |
| Change | +1.1% | +4.4% | +1.1% | +0.3% | +23.4% |

(Note) The Company plans to revise certain classifications between cost of sales and selling, general and administrative expenses for the Prinova Group from the beginning of the fiscal year ending March 31, 2026. The percentage change reflects a comparison with the reclassified figures for the fiscal year ended March 31, 2025. The figures for the fiscal year ending March 31, 2025 (after reclassification), are estimates and may change in the future.

b. Operating Income Forecast by Segment

(Millions of yen)

| | FYE March 2024 Actual | FYE March 2025 Forecast | Change |
|---------------------------------|-----------------------|-------------------------|---------|
| Functional Materials | 9,213 | 8,800 | (4.5%) |
| Advanced Materials & Processing | 6,684 | 6,900 | +3.2% |
| Electronics & Energy | 12,302 | 12,900 | 4.9% |
| Mobility | 4,238 | 4,200 | (0.9%) |
| Life & Healthcare | 3,423 | 7,300 | +113.2% |
| Others | 3,215 | (600) | - |
| Total Operating Income | 39,078 | 39,500 | +1.1% |

(5) Dividend Policy and Dividends for the Fiscal Years Ending March 2025 and 2026

At a meeting held May 8, 2024, the Company's board of directors resolved to revise the Company's shareholder return policy to a 100% total return ratio. This policy represents a limited measure for the two years through fiscal 2025, the final year of our Medium-Term Management Plan ACE 2.0, in order to achieve the ACE 2.0 quantitative ROE target of at least 8.0%.

The Company intends to pay dividends in the same manner as before, following a basic policy of continuing dividend increases in consideration of consolidated earnings and financial structure, while also considering consolidated cash flows and investment conditions. At the same time, the Company will strive to improve profitability and strengthen our corporate structure.

The Company capped the amount of share buybacks at the level of policy holding share sales during the course of ACE 2.0. However, based on the preceding policy, we intend to carry out share buybacks opportunistically and with an eye to efficiency.

The Company plans to pay a year-end dividend of ¥45 per share for the current fiscal year, resulting in an annual dividend of ¥90 per share including the interim dividend. This dividend represents an increase of ¥10 per share compared with the previous fiscal year.

After a comprehensive consideration of our stability and continuity of dividend payments, we forecast a full-year dividend of ¥95 per share for the next fiscal year. This dividend will consist of a ¥45 per share interim dividend and a ¥50 per share year-end dividend.

2. Basic Policy on the Selection of Accounting Standards

The NAGASE Group intends to use Japanese accounting standards for the time being to allow for inter-company comparability.

We have been studying the adoption of International Financial Reporting Standards (IFRS) for some time, and we plan to make the appropriate policy choice in the future, considering external trends and other factors.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

| | (Millions of yen) | |
|---|--|--|
| | Prior Consolidated Fiscal Year (March 31, 2024) | Current Consolidated Fiscal Year (March 31, 2025) |
| ASSETS | | |
| Current assets | | |
| Cash and time deposits | 59,410 | 66,310 |
| Notes and accounts receivable and contract assets | 321,126 | 311,251 |
| Merchandise and finished goods | 131,137 | 146,834 |
| Work in process | 2,594 | 2,320 |
| Raw materials and supplies | 14,259 | 17,068 |
| Other | 14,881 | 17,387 |
| Less allowance for doubtful accounts | (940) | (1,048) |
| Total current assets | 542,470 | 560,126 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 63,432 | 59,437 |
| Accumulated depreciation | (36,734) | (32,679) |
| Buildings and structures (net) | 26,697 | 26,757 |
| Machinery, equipment and vehicles | 67,471 | 64,625 |
| Accumulated depreciation | (50,883) | (46,855) |
| Machinery, equipment and vehicles (net) | 16,588 | 17,770 |
| Land | 20,221 | 20,114 |
| Other | 50,107 | 54,425 |
| Accumulated depreciation | (26,222) | (27,396) |
| Other (net) | 23,884 | 27,028 |
| Total property, plant and equipment | 87,392 | 91,671 |
| Intangible fixed assets | | |
| Goodwill | 27,884 | 25,400 |
| Technology-based assets | 2,761 | 1,289 |
| Other | 38,703 | 39,121 |
| Total intangible fixed assets | 69,349 | 65,811 |
| Investments and other assets | | |
| Investments in securities | 76,225 | 72,028 |
| Long-term loans receivable | 326 | 1,257 |
| Retirement benefit asset | 6,217 | 6,072 |
| Deferred tax assets | 4,596 | 5,700 |
| Other | 5,935 | 6,653 |
| Less allowance for doubtful accounts | (177) | (1,179) |
| Total investments and other assets | 93,123 | 90,534 |
| Total non-current assets | 249,865 | 248,017 |
| Total assets | 792,336 | 808,143 |

(Millions of yen)

| | Prior Consolidated Fiscal Year (March 31, 2024) | Current Consolidated Fiscal Year (March 31, 2025) |
|--|--|--|
| LIABILITIES | | |
| Current liabilities | | |
| Notes and accounts payable | 156,352 | 151,269 |
| Short-term loans | 50,731 | 42,310 |
| Current portion of long-term loans | 6,946 | 6,039 |
| Commercial paper | 37,000 | 19,500 |
| Current portion of bonds | 10,000 | — |
| Income taxes payable | 5,195 | 3,753 |
| Accrued bonuses for employees | 7,569 | 8,518 |
| Accrued bonuses for directors | 251 | 394 |
| Other | 28,628 | 37,791 |
| Total current liabilities | 302,675 | 269,576 |
| Long-term liabilities | | |
| Bonds | 20,000 | 40,000 |
| Long-term loans | 27,533 | 53,454 |
| Lease liabilities | 12,492 | 11,471 |
| Long-term income taxes payable | — | 22 |
| Deferred tax liabilities | 13,567 | 13,275 |
| Retirement benefit liability | 12,345 | 12,289 |
| Provision for directors' stock benefit | 60 | 111 |
| Other | 2,345 | 1,481 |
| Total long-term liabilities | 88,345 | 132,106 |
| Total liabilities | 391,021 | 401,683 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Common stock | 9,699 | 9,699 |
| Capital surplus | 9,348 | 9,348 |
| Retained earnings | 303,328 | 312,244 |
| Less treasury stock, at cost | (9,543) | (19,579) |
| Total shareholders' equity | 312,832 | 311,712 |
| Accumulated other comprehensive income | | |
| Net unrealized holding gain on securities | 33,763 | 30,665 |
| Deferred gain on hedges | 119 | 6 |
| Translation adjustments | 44,846 | 56,864 |
| Remeasurements of defined benefit plans | 2,503 | (196) |
| Total accumulated other comprehensive income | 81,232 | 87,340 |
| Non-controlling interests | 7,250 | 7,406 |
| Total net assets | 401,315 | 406,459 |
| Total liabilities and net assets | 792,336 | 808,143 |

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

(Consolidated Statements of Income)

(Millions of yen)

| | Prior Consolidated Fiscal Year (April 1, 2023 - March 31, 2024) | Current Consolidated Fiscal Year (April 1, 2024 - March 31, 2025) |
|---|---|---|
| Net sales | 900,149 | 944,961 |
| Cost of sales | 735,430 | 763,670 |
| Gross profit | 164,719 | 181,291 |
| Selling, general and administrative expenses | | |
| Selling expenses | 22,433 | 24,410 |
| Employee salaries and allowances | 43,704 | 47,238 |
| Provision for accrued bonuses for employees | 4,447 | 5,247 |
| Provision for accrued bonuses for directors | 270 | 404 |
| Depreciation and amortization other than amortization of goodwill | 9,231 | 10,644 |
| Retirement benefit expenses | 2,275 | (2,115) |
| Allowance for doubtful accounts | 282 | 1,340 |
| Amortization of goodwill | 2,627 | 2,722 |
| Other | 48,827 | 52,318 |
| Total selling, general and administrative expenses | 134,100 | 142,212 |
| Operating income | 30,618 | 39,078 |
| Non-operating income | | |
| Interest income | 610 | 1,047 |
| Dividend income | 1,553 | 1,941 |
| Rent income | 248 | 311 |
| Foreign exchange gains | 635 | — |
| Equity in earnings of affiliates | 568 | 979 |
| Other | 705 | 489 |
| Total non-operating income | 4,321 | 4,770 |
| Non-operating expenses | | |
| Interest expenses | 3,744 | 3,734 |
| Foreign exchange losses | — | 492 |
| Other | 604 | 1,239 |
| Total non-operating expenses | 4,348 | 5,465 |
| Ordinary income | 30,591 | 38,382 |
| Extraordinary gains | | |
| Gain on sales of non-current assets | 83 | 2,159 |
| Gain on sales of investment securities | 5,591 | 2,792 |
| Gain on liquidation of subsidiaries and affiliates | — | 74 |
| Subsidy income | 512 | 258 |
| Other | 46 | 8 |
| Total extraordinary gains | 6,234 | 5,294 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 41 | 388 |
| Loss on disposal of non-current assets | 1,422 | 575 |
| Loss on impairment of fixed assets | 2,276 | 1,173 |
| Loss on sales of investment securities | 21 | 19 |
| Loss on valuation of investment securities | 135 | 1,234 |
| Loss on sales of investments in capital of subsidiaries and affiliates | — | 108 |
| Loss on discontinued operations | 263 | 2,048 |
| Total extraordinary losses | 4,160 | 5,547 |
| Income before income taxes | 32,665 | 38,130 |
| Income taxes - current | 10,627 | 10,958 |
| Income taxes - deferred | (815) | 901 |
| Total income taxes | 9,812 | 11,859 |
| Profit for the period | 22,853 | 26,270 |
| Profit attributable to non-controlling interests | 450 | 748 |
| Profit attributable to owners of the parent | 22,402 | 25,521 |

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

| | Prior Consolidated Fiscal Year (April 1, 2023 - March 31, 2024) | Current Consolidated Fiscal Year (April 1, 2024 - March 31, 2025) |
|---|---|---|
| Profit for the period | 22,853 | 26,270 |
| Other comprehensive income | | |
| Net unrealized holding gain (loss) on securities | 4,827 | (3,091) |
| Deferred gain (loss) on hedges | 126 | (113) |
| Translation adjustments | 14,738 | 11,824 |
| Remeasurements of defined benefit plans | 3,229 | (2,699) |
| Share of other comprehensive income of affiliates accounted for by the equity method | 560 | 109 |
| Total other comprehensive income | 23,482 | 6,028 |
| Comprehensive income | 46,335 | 32,299 |
| Comprehensive income attributable to: | | |
| Shareholders of the parent | 45,024 | 31,668 |
| Non-controlling interests | 1,310 | 630 |

(3) Consolidated Statements of Changes in Shareholders' Equity

Prior Consolidated Fiscal Year (April 1, 2023 - March 31, 2024)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|------------------------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Less treasury stock, at cost | Total shareholders' equity |
| Balance, beginning of period | 9,699 | 10,636 | 290,279 | (1,550) | 309,064 |
| Cumulative effects of changes in accounting policies | | | (72) | | (72) |
| Restated balance | 9,699 | 10,636 | 290,207 | (1,550) | 308,992 |
| Changes | | | | | |
| Cash dividends | | | (9,281) | | (9,281) |
| Profit attributable to owners of the parent | | | 22,402 | | 22,402 |
| Purchase of treasury stock | | | | (8,001) | (8,001) |
| Disposition of treasury stock | | | | 7 | 7 |
| Equity transactions with non-controlling interests | | (1,287) | | | (1,287) |
| Changes other than shareholders' equity accounts (net) | | | | | |
| Total changes | - | (1,287) | 13,121 | (7,993) | 3,840 |
| Balance, end of period | 9,699 | 9,348 | 303,328 | (9,543) | 312,832 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|--|---|-------------------------|-------------------------|---|--|---------------------------|------------------|
| | Net unrealized holding gain on securities | Deferred gain on hedges | Translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance, beginning of period | 28,928 | (7) | 30,414 | (726) | 58,610 | 10,713 | 378,388 |
| Cumulative effects of changes in accounting policies | | | | | | | (72) |
| Restated balance | 28,928 | (7) | 30,414 | (726) | 58,610 | 10,713 | 378,315 |
| Changes | | | | | | | |
| Cash dividends | | | | | | | (9,281) |
| Profit attributable to owners of the parent | | | | | | | 22,402 |
| Purchase of treasury stock | | | | | | | (8,001) |
| Disposition of treasury stock | | | | | | | 7 |
| Equity transactions with non-controlling interests | | | | | | | (1,287) |
| Changes other than shareholders' equity accounts (net) | 4,834 | 126 | 14,431 | 3,229 | 22,622 | (3,462) | 19,159 |
| Total changes | 4,834 | 126 | 14,431 | 3,229 | 22,622 | (3,462) | 22,999 |
| Balance, end of period | 33,763 | 119 | 44,846 | 2,503 | 81,232 | 7,250 | 401,315 |

Current Consolidated Fiscal Year (April 1, 2024 - March 31, 2025)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|------------------------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Less treasury stock, at cost | Total shareholders' equity |
| Balance, beginning of period | 9,699 | 9,348 | 303,328 | (9,543) | 312,832 |
| Changes | | | | | |
| Cash dividends | | | (9,557) | | (9,557) |
| Profit attributable to owners of the parent | | | 25,521 | | 25,521 |
| Purchase of treasury stock | | | | (17,000) | (17,000) |
| Disposition of treasury stock | | | | 12 | 12 |
| Cancellation of treasury stock | | | (6,951) | 6,951 | - |
| Changes in scope of equity method | | | (96) | | (96) |
| Changes other than shareholders' equity accounts (net) | | | | | |
| Total changes | - | - | 8,916 | (10,036) | (1,120) |
| Balance, end of period | 9,699 | 9,348 | 312,244 | (19,579) | 311,712 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|--|---|-------------------------|-------------------------|---|--|---------------------------|------------------|
| | Net unrealized holding gain on securities | Deferred gain on hedges | Translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance, beginning of period | 33,763 | 119 | 44,846 | 2,503 | 81,232 | 7,250 | 401,315 |
| Changes | | | | | | | |
| Cash dividends | | | | | | | (9,557) |
| Profit attributable to owners of the parent | | | | | | | 25,521 |
| Purchase of treasury stock | | | | | | | (17,000) |
| Disposition of treasury stock | | | | | | | 12 |
| Cancellation of treasury stock | | | | | | | - |
| Changes in scope of equity method | | | | | | | (96) |
| Changes other than shareholders' equity accounts (net) | (3,097) | (113) | 12,018 | (2,699) | 6,107 | 156 | 6,264 |
| Total changes | (3,097) | (113) | 12,018 | (2,699) | 6,107 | 156 | 5,144 |
| Balance, end of period | 30,665 | 6 | 56,864 | (196) | 87,340 | 7,406 | 406,459 |

(4) Consolidated Statements of Cash Flows

| | (Millions of yen) | |
|---|--|--|
| | Prior Consolidated Fiscal Year (April 1, 2023 - March 31, 2024) | Current Consolidated Fiscal Year (April 1, 2024 - March 31, 2025) |
| Operating Activities | | |
| Income before income taxes | 32,665 | 38,130 |
| Depreciation and amortization other than amortization of goodwill | 13,998 | 15,329 |
| Loss on impairment of fixed assets | 2,276 | 1,173 |
| Amortization of goodwill | 2,627 | 2,722 |
| Subsidy income | (512) | (258) |
| Share of gain of entities accounted for using equity method | (568) | (979) |
| Loss on discontinued operations | 263 | 2,048 |
| Increase (decrease) in retirement benefit liability | 3,775 | (798) |
| Decrease (increase) in retirement benefit asset | 495 | (3,347) |
| Interest and dividend income | (2,164) | (2,989) |
| Interest expenses | 3,744 | 3,734 |
| Exchange gain, net | (1,652) | (689) |
| Gain on sales of property, plant and equipment, net | (42) | (1,771) |
| Gain on sales of investment securities, investments in capital, shares of subsidiaries and affiliates, and investments in capital of subsidiaries and affiliates, net | (5,570) | (2,773) |
| Loss on valuation of investment securities, investments in capital, shares of subsidiaries and affiliates, and investments in capital of subsidiaries and affiliates, net | 135 | 1,234 |
| (Increase) decrease in notes and accounts receivable | (7,373) | 11,502 |
| Decrease (increase) in inventories | 31,626 | (13,093) |
| Increase (decrease) in notes and accounts payable | 8,844 | (6,617) |
| Other | (32) | 5,700 |
| Subtotal | 82,537 | 48,259 |
| Interest and dividends received | 2,589 | 3,708 |
| Interest paid | (3,865) | (3,676) |
| Proceeds from subsidy income | 512 | 258 |
| Income taxes paid | (8,814) | (12,228) |
| Net cash provided by operating activities | 72,959 | 36,321 |
| Investing activities | | |
| Purchases of property, plant and equipment | (14,019) | (12,554) |
| Proceeds from sales of property, plant and equipment | 585 | 2,623 |
| Purchases of intangible fixed assets included in other assets | (3,735) | (2,630) |
| Purchases of investments in securities | (623) | (953) |
| Proceeds from sales of investments in securities | 7,154 | 3,315 |
| Purchases of investments in capital | (205) | — |
| Proceeds from sales of investments in capital | — | 256 |
| Purchases 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 | (316) | 403 |
| Decrease (increase) in time deposits, net | 378 | (219) |
| Other | (601) | (1,856) |
| Net cash used in investing activities | (11,627) | (11,615) |

| | (Millions of yen) | |
|---|--|--|
| | Prior Consolidated Fiscal Year (April 1, 2023 - March 31, 2024) | Current Consolidated Fiscal Year (April 1, 2024 - March 31, 2025) |
| Financing activities | | |
| Decrease in short-term loans, net | (22,408) | (7,909) |
| Decrease in commercial paper, net | (1,000) | (17,500) |
| Proceeds from long-term loans | 1,000 | 32,036 |
| Repayments of long-term loans | (1,055) | (6,941) |
| Proceeds from issuance of bonds | — | 20,000 |
| Redemption of bonds | — | (10,000) |
| Purchase of treasury stock | (8,001) | (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 | (6,025) | — |
| Other | (670) | (847) |
| Net cash used in financing activities | (48,046) | (18,212) |
| Effects of exchange rate changes on cash and cash equivalents | 5,569 | 223 |
| Net increase in cash and cash equivalents | 18,854 | 6,717 |
| Cash and cash equivalents at beginning of the year | 40,331 | 59,185 |
| Cash and cash equivalents, at end of the period | 59,185 | 65,903 |

(5) Notes Related to Consolidated Financial Statements

(Assumption for Going Concern)

No matters to report.

(Changes in the scope of consolidation and application of the equity method)

Major changes in the scope of consolidation

(Decrease)

- Nagase Specialty Materials NA LLC (dissolved in an absorption-type merger, in which consolidated subsidiary Nagase America LLC was the surviving company, on April 1, 2024)
- SOFIX LLC (liquidated on December 3, 2024)

Major changes in the scope of application of the equity method

(Decrease)

- Wuxi Chenghong Electronic Chemicals Co., LTD (Due to the partial sale of investment capital on December 11, 2024)

(Changes in Accounting Policy)

(Application of Accounting Standard for Current Income Taxes)

The Company adopted the Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022; "Revised Accounting Standard 2022") at the beginning of the current consolidated fiscal year.

We recorded revisions related to the classification of income taxes (taxes on other comprehensive income) in accordance with the transitional treatment provided in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the proviso of Paragraph 65-2(2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; "Revised Guidance 2022"). This change in accounting policy has no impact on our consolidated financial statements.

At the start of the current consolidated fiscal year, the Company adopted Revised Guidance 2022 to revise the treatment in the consolidated financial statements when tax deferrals are applied for gains or losses on the sale of subsidiary company shares, etc., between consolidated companies. We applied this change in accounting policy retrospectively, and we prepared the consolidated financial statements for the previous year on a retrospective basis. Deferred tax assets or liabilities are recorded on the financial statements of the company selling shares of the subsidiary in question for temporary differences related to gains or losses on the sale in question when recording the tax effects in cases where the gain or loss on the sale of subsidiary company shares, etc., between consolidated companies is deferred for tax purposes. In this case, we decided to reverse the deferred tax assets or deferred tax liabilities related to the temporary difference in question, rather than the past treatment in which the amount of deferred tax assets or deferred tax liabilities related to the temporary difference in question was not adjusted in the consolidated financial statements. This change in accounting policy has no impact on our consolidated financial statements.

(Additional Information)

(Stock-Based Compensation Plan)

Effective as of fiscal year ending March 2023, 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 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 and number of said treasury stock amounted to ¥612 million and 288,500 shares at the end of the previous fiscal year and ¥599 million and 282,400 shares at the end of the current consolidated fiscal year.

(Segment Information, etc.)

a. Segment Information

1. Reportable Segments

The Company's reportable segments are those units comprising the NAGASE Group for which separate financial information is available and for which the board of directors makes regular decisions regarding resource allocation and operating performance.

The Company classifies reportable segments according to the location of the business in the value chain and the market(s) targeted. Accordingly, the Company has defined five segment categories: Functional Materials (located at the top of the value chain), Advanced Materials & Processing (located in the next stage of the value chain), Electronics & Energy, Mobility, and Life & Healthcare (functioning in the value chain of their respective industries).

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, conductive coatings, 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, stationery, functional film and sheet, hygiene materials, 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 office equipment, home appliance, electrical equipment, mobile communications, games, packaging, cosmetics, construction materials, 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, 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, renewable energy, large-scale commercial facility, and other industries.

The Mobility segment is engaged in the sales of plastic products in general, materials for secondary batteries, interior and exterior materials, 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 materials, research products, diagnostics reagents, food ingredients, food additives, processing aids for enzymes, etc., sports nutrition products, nutrient premixes, cosmetic materials, additives for cosmetics, surfactants, and agricultural, fisheries, and livestock-related materials to the pharmaceutical, food and beverage, cosmetics, agricultural, toiletries, and health care, and other industries. The segment offers endotoxin removal and radiation measurement as its main services. In addition, this segment sells cosmetics, health foods, and beauty foods directly to consumers.

2. Net Sales, Income (Loss), Assets, Liabilities, and Other Items by Segment

Accounting treatment in each reportable segment follows the principles and procedures of the accounting treatments used to prepare the Company's consolidated financial statements.

Income in reportable segments is defined as operating income. Intersegment sales/transfers are based on actual market prices.

At the beginning of the current consolidated fiscal year, we changed the method of allocating corporate expenses to reflect the performance of reportable segments more appropriately. Segment information in the table below for the previous consolidated fiscal year is based on the allocation method after the change.

Non-current assets are not allocated to reportable segments. The allocation of related expenses to the relevant segments follows reasonable criteria.

3. Information Related to Net Sales, Income (Loss), Assets, Liabilities, and Other Items by Segment
Prior Consolidated Fiscal Year (April 1, 2023 to March 31, 2024)

(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 | 146,804 | 198,543 | 144,758 | 132,117 | 277,779 | 900,003 | 146 | 900,149 | — | — | 900,149 |
| Intersegment sales/transfers | 1,709 | 792 | 3,068 | 2,798 | 471 | 8,839 | 7,251 | 16,090 | — | (16,090) | — |
| Total | 148,513 | 199,335 | 147,826 | 134,915 | 278,251 | 908,842 | 7,398 | 916,240 | — | (16,090) | 900,149 |
| Segment income (loss) | 8,629 | 6,804 | 11,327 | 4,933 | 10,321 | 42,016 | 79 | 42,095 | (12,007) | 529 | 30,618 |
| Segment assets | 131,559 | 104,394 | 84,087 | 74,881 | 245,132 | 640,056 | 3,142 | 643,198 | 203,748 | (54,610) | 792,336 |
| Other items | | | | | | | | | | | |
| Depreciation and amortization | 916 | 725 | 1,803 | 388 | 7,291 | 11,126 | 18 | 11,145 | 2,853 | — | 13,998 |
| Amortization of goodwill | 143 | — | 54 | — | 2,429 | 2,627 | — | 2,627 | — | — | 2,627 |
| Unamortized balance of goodwill | 1,992 | — | 444 | — | 25,447 | 27,884 | — | 27,884 | — | — | 27,884 |
| Investments in equity affiliates | 2,649 | 1,128 | 2,994 | 1,332 | 3,351 | 11,456 | 111 | 11,567 | — | (4) | 11,563 |
| Increase in property, plant, and equipment and intangible fixed assets | 1,262 | 1,159 | 3,189 | 325 | 4,367 | 10,304 | 60 | 10,364 | 9,648 | — | 20,012 |

(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. Segment assets under Corporate are assets not allocable to reportable segments or Others. The reportable segments exclude depreciation and amortization expenses incurred within the Corporate segment. However, we combine depreciation and amortization expenses associated with segments other than Corporate with other expenses and allocate to the reportable segments.

3. Adjustments are eliminations of intersegment transactions.

4. The sum of Segment income (loss) Total, Corporate, and Adjustments is equivalent to operating profit as presented in “Consolidated”.

Current Consolidated Fiscal Year (April 1, 2024 to March 31, 2025)

(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 | 153,746 | 210,627 | 161,315 | 132,091 | 287,079 | 944,860 | 101 | 944,961 | — | — | 944,961 |
| Intersegment sales/transfers | 1,215 | 783 | 2,221 | 2,028 | 491 | 6,740 | 7,046 | 13,787 | — | (13,787) | — |
| Total | 154,962 | 211,411 | 163,536 | 134,120 | 287,570 | 951,601 | 7,147 | 958,749 | — | (13,787) | 944,961 |
| Segment income | 9,213 | 6,684 | 12,302 | 4,238 | 3,423 | 35,862 | 239 | 36,102 | 2,443 | 533 | 39,078 |
| Segment assets | 123,699 | 110,117 | 84,961 | 68,727 | 262,916 | 650,422 | 3,824 | 654,246 | 211,926 | (58,029) | 808,143 |
| Other items | | | | | | | | | | | |
| Depreciation and amortization | 762 | 778 | 1,997 | 228 | 7,713 | 11,479 | 68 | 11,548 | 3,781 | — | 15,329 |
| Amortization of goodwill | 151 | — | 57 | — | 2,513 | 2,722 | — | 2,722 | — | — | 2,722 |
| Unamortized balance of goodwill | 1,819 | — | 382 | — | 23,198 | 25,400 | — | 25,400 | — | — | 25,400 |
| Investments in equity affiliates | 2,685 | 1,011 | 2,765 | 1,425 | 3,533 | 11,422 | 122 | 11,544 | — | (3) | 11,541 |
| Increase in property, plant, and equipment and intangible fixed assets | 1,269 | 1,291 | 2,811 | 677 | 3,987 | 10,037 | 439 | 10,476 | 5,733 | — | 16,209 |

(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. Segment assets under Corporate are assets not allocable to reportable segments or Others. The reportable segments exclude depreciation and amortization expenses incurred within the Corporate segment. However, we combine depreciation and amortization expenses associated with segments other than Corporate with other expenses and allocate to the reportable segments.

3. Adjustments are eliminations of intersegment transactions.

4. The sum of Segment income (loss) Total, Corporate, and Adjustments is equivalent to operating profit as presented in “Consolidated”.

b. Other Information

Prior Consolidated Fiscal Year (April 1, 2023 to March 31, 2024)

1. Products and Services

Omitted, as the same information has been disclosed under Segment Information.

2. Geographical Information

(1) Net sales

Group net sales consist primarily of revenues recognized from contracts with customers. The following provides detail of net sales for each reportable segment, broken down by geographic region.

(Millions of yen)

| | Reportable Segments | | | | | Others (Note) 3 | Total | Composition (%) |
|---|-------------------------|---------------------------------------|-------------------------|----------|----------------------|--------------------|---------|--------------------|
| | Functional Materials | Advanced Materials & Processing | Electronics & Energy | Mobility | Life & Healthcare | | | |
| Japan | 64,933 | 34,694 | 56,442 | 42,163 | 70,490 | 146 | 268,872 | 29.9 |
| Greater China | 17,881 | 96,356 | 59,803 | 31,724 | 3,866 | - | 209,632 | 23.3 |
| ASEAN | 34,198 | 60,586 | 7,403 | 37,665 | 6,200 | - | 146,053 | 16.2 |
| Americas | 22,847 | 4,509 | 8,880 | 18,716 | 123,756 | - | 178,710 | 19.9 |
| Europe | 5,899 | 1,133 | 4,021 | 1,562 | 73,068 | - | 85,685 | 9.5 |
| Other | 1,044 | 1,263 | 8,206 | 285 | 396 | - | 11,196 | 1.2 |
| Revenues from contracts with customers | 146,804 | 198,543 | 144,758 | 132,117 | 277,779 | 146 | 900,149 | 100.0 |
| Net sales to customers | 146,804 | 198,543 | 144,758 | 132,117 | 277,779 | 146 | 900,149 | 100.0 |

(Note) 1. Net sales are categorized by country or region, according to the location of the customer.

2. Major countries and regions in each category other than Japan

(1) Greater China..... China, Hong Kong, Taiwan

(2) ASEAN..... Thailand, Vietnam, Indonesia

(3) Americas..... U.S., Mexico

(4) Europe..... U.K., Germany

(5) Other..... Korea

3. "Others" is a business segment consisting of businesses not included in Reportable Segments, and includes information processing services, and professional service

(2) Property, plant and equipment

(Millions of yen)

| Japan | Americas | Other | Total |
|--------|----------|-------|--------|
| 58,943 | 21,458 | 6,990 | 87,392 |

3. Major Customers

Information not presented here, since no single customer accounts for 10% or more of consolidated net sales.

Current Consolidated Fiscal Year (April 1, 2024 to March 31, 2025)

1. Products and Services

Omitted, as the same information has been disclosed under Segment Information.

2. Geographical Information

(1) Net sales

Group net sales consist primarily of revenues recognized from contracts with customers. The following provides detail of net sales for each reportable segment, broken down by geographic region.

(Millions of yen)

| | Reportable Segments | | | | | Others (Note) 3 | Total | Composition (%) |
|---|-------------------------|---------------------------------------|-------------------------|----------|----------------------|--------------------|---------|--------------------|
| | Functional Materials | Advanced Materials & Processing | Electronics & Energy | Mobility | Life & Healthcare | | | |
| Japan | 71,237 | 35,795 | 56,726 | 41,574 | 72,169 | 101 | 277,605 | 29.4 |
| Greater China | 19,665 | 94,774 | 69,579 | 28,937 | 4,561 | - | 217,517 | 23.0 |
| ASEAN | 31,598 | 72,465 | 10,428 | 38,842 | 7,257 | - | 160,593 | 17.0 |
| Americas | 22,767 | 4,427 | 10,190 | 20,910 | 128,606 | - | 186,902 | 19.8 |
| Europe | 7,427 | 1,281 | 5,351 | 1,540 | 74,077 | - | 89,678 | 9.5 |
| Other | 1,048 | 1,883 | 9,038 | 286 | 408 | - | 12,664 | 1.3 |
| Revenues from contracts with customers | 153,746 | 210,627 | 161,315 | 132,091 | 287,079 | 101 | 944,961 | 100.0 |
| Net sales to customers | 153,746 | 210,627 | 161,315 | 132,091 | 287,079 | 101 | 944,961 | 100.0 |

(Note) 1. Net sales are categorized by country or region, according to the location of the customer.

2. Major countries and regions in each category other than Japan

(1) Greater China..... China, Hong Kong, Taiwan

(2) ASEAN..... Thailand, Vietnam, Indonesia

(3) Americas..... U.S., Mexico

(4) Europe..... U.K., Germany

(5) Other..... Korea

3. "Others" is a business segment consisting of businesses not included in Reportable Segments, and includes information processing services, and professional service

(2) Property, plant and equipment

(Millions of yen)

| Japan | Americas | Other | Total |
|--------|----------|-------|--------|
| 62,858 | 21,072 | 7,740 | 91,671 |

3. Major Customers

Information not presented here, since no single customer accounts for 10% or more of consolidated net sales.

c. Impairment Losses of Non-Current Assets for Each Reportable Segment

Prior Consolidated Fiscal Year (April 1, 2023 to March 31, 2024)

(Millions of yen)

| | Reportable Segments | | | | | | Others | Corporate/ Elimination | Total |
|--------------------|-------------------------|---------------------------------------|-------------------------|----------|----------------------|-------|--------|---------------------------|-------|
| | Functional Materials | Advanced Materials & Processing | Electronics & Energy | Mobility | Life & Healthcare | Total | | | |
| Impairment loss | 2,276 | - | - | - | - | 2,276 | - | - | 2,276 |

(Note) The Functional Materials segment recorded impairment losses of ¥2,276 million for business assets etc. related to color former manufacturing business due to declining profitability. The Company wrote down the book value of these assets to their recoverable amounts.

Current Consolidated Fiscal Year (April 1, 2024 to March 31, 2025)

(Millions of yen)

| | Reportable Segments | | | | | | Others | Corporate/ Elimination | Total |
|--------------------|-------------------------|---------------------------------------|-------------------------|----------|----------------------|-------|--------|---------------------------|-------|
| | Functional Materials | Advanced Materials & Processing | Electronics & Energy | Mobility | Life & Healthcare | Total | | | |
| Impairment loss | - | - | - | - | 1,173 | 1,173 | - | - | 1,173 |

(Note) The Life & Healthcare segment recorded impairment losses of ¥1,173 million for goodwill and other assets related to the pharmaceuticals and cosmetic ingredients sales business in the U.S., as the initially expected earnings are no longer deemed achievable. The Company wrote down the book value of these assets to their recoverable amounts.

d. Amortization and Unamortized Balance of Goodwill for Each Reportable Segment

Prior Consolidated Fiscal Year (April 1, 2023 to March 31, 2024)

Omitted, as the same information has been disclosed under Segment Information.

Current Consolidated Fiscal Year (April 1, 2024 to March 31, 2025)

Omitted, as the same information has been disclosed under Segment Information.

e. Information About Gain on Negative Goodwill for Each Reportable Segment

Prior Consolidated Fiscal Year (April 1, 2023 to March 31, 2024)

No matters to report.

Current Consolidated Fiscal Year (April 1, 2024 to March 31, 2025)

No matters to report.

(Per-Share Data)

| | Prior Consolidated Fiscal Year (April 1, 2023 - March 31, 2024) | Current Consolidated Fiscal Year (April 1, 2024 - March 31, 2025) |
|----------------------|---|---|
| Net assets per share | ¥3,463.84 | ¥3,679.09 |
| Earnings per share | ¥194.96 | ¥230.39 |

- (Note) 1. Information for diluted earnings per share is not presented, as the Company does not issue any stock with dilutive effects.
2. Shares of the Company held by the Stock-Granting Trust for Directors are recorded as treasury stock under shareholders' equity. These shares are included in treasury stock subtracted from the total number of shares issued as of the end of the fiscal year for calculating net assets per share (288,500 shares in the previous consolidated fiscal year; 282,400 shares in the current consolidated fiscal year). In addition, the aforementioned shares are included in treasury stock subtracted from the calculation of average number of shares during the fiscal period used for calculating earnings per share (289,923 shares in the previous consolidated fiscal year; 284,746 shares in the current consolidated fiscal year).
3. Basic earnings per share calculations are as shown below.

| | Prior Consolidated Fiscal Year (April 1, 2023 - March 31, 2024) | Current Consolidated Fiscal Year (April 1, 2024 - March 31, 2025) |
|--|---|---|
| Profit attributable to owners of the parent (millions of yen) | 22,402 | 25,521 |
| Profit attributable to common stock owners of the parent (millions of yen) | 22,402 | 25,521 |
| Average number of outstanding shares of common stock (shares) | 114,911,971 | 110,774,626 |

(Significant Subsequent Events)

(Repurchase of Own Shares)

At a meeting held on May 8, 2025, the Company's board of directors resolved to repurchase its own shares based on the provisions of Article 156 of the Companies Act, applied mutatis mutandis to Article 165, Paragraph 3 of the same Act.

(1) Reasons for the repurchase of own shares

The Company's board of directors, at a meeting held on May 8, 2024, made a resolution to change Shareholder Returns Policy in Medium-Term Management Plan **ACE 2.0**. and to implement a total payout ratio of 100% as a limited measure for the two years until the final year of **ACE 2.0**. Pursuant to this policy, the Company will repurchase its own shares.

(2) Details of shares to be repurchased

| | |
|---|---|
| a. Class of shares to be repurchased | Common shares |
| b. Total number of shares that may be repurchased | 7,500,000 shares (maximum) (Equivalent to 6.90% of outstanding shares, excluding treasury shares) |
| c. Total value of shares that may be repurchased | 12 billion yen (maximum) |
| d. Repurchase period | From May 9, 2025 to October 31, 2025 |
| e. Repurchase method | Market purchases |

(Cancellation of Own Shares)

At a meeting held May 8, 2025, the Company's board of directors resolved to cancel its own shares based on the provisions of Article 178 of the Companies Act.

| | |
|---|---|
| a. Class of shares to be cancelled | Common shares |
| b. Total number of shares that may be cancelled | 5,000,000 shares (Equivalent to 4.35% of outstanding shares, including treasury shares) |
| c. Effective date of the cancellation | May 30, 2025 |

Reference: Treasury shares held as of April 30, 2025

Total number of shares issued (excluding treasury shares) 108,747,429 shares

Total number of treasury shares 6,160,856 shares

(*) The number of treasury shares as of April 30, 2025 does not include 282,400 Company shares held by the Stock-Granting Trust for Directors.