

Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2022 <Under Japanese GAAP>

February 9, 2022

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 (First Section)

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

Representative: Kenji Asakura, Representative Director and President

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Filing of quarterly report (scheduled): February 14, 2022

Start of distribution of dividends (scheduled): -

Supplementary documents of quarterly financial results: Yes

Quarterly investors' meeting: No

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

1. Consolidated Results for the Third Quarter of the Fiscal Year Ending March 31, 2022

(April 1, 2021 to December 31, 2021)

(1) Consolidated Operating Results

(% = year-on-year change)

	Net sales		Gross profit		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the third quarter ended December 31, 2021	574,139	26.5	104,107	24.4	28,151	75.2	30,170	75.8	22,230	34.3
December 31, 2020	453,993	—	83,714	7.6	16,065	6.7	17,159	9.2	16,556	37.4

(Notes) 1. Comprehensive income Third quarter ended December 31, 2021: ¥27,354 million (9.1% decrease)

Third quarter ended December 31, 2020: ¥30,089 million (102.4%)

2. At the beginning of the first quarter of the fiscal year ending March 2022, the Company adopted the *Accounting Standard for Revenue Recognition* (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020). Results for the third quarter of the fiscal year ended March 2021 reflect a retroactive application of this accounting standard. As a result, net sales affected by this retroactive application do not show the year-on-year rate of change in the third quarter of the fiscal year ended March 2021.

	Earnings per share		Earnings per share (diluted)	
	Yen		Yen	
For the third quarter ended December 31, 2021	182.40		—	
December 31, 2020	133.51		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2021	725,313	354,866	47.5	2,855.86
March 31, 2021	640,587	338,431	51.5	2,670.09

(Reference) Equity capital As of December 31, 2021: ¥ 344,403 million

As of March 31, 2021: ¥ 329,687 million

2. Dividends

	Annual Dividends per Share				
	1Q	2Q	3Q	Fiscal year end	Annual
For the year ended (or ending)	Yen				
March 2021	—	22.00	—	24.00	46.00
March 2022	—	24.00	—	—	—
March 2022 (forecast)	—	—	—	30.00	54.00

(Note) Revisions to the latest dividends forecast: Yes

**3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022
(April 1, 2021 to March 31, 2022)**

(% = year-on-year change)

	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	%	Yen
Full fiscal year	138,000	20.4	35,000	59.7	36,500	59.7	25,000	32.8	205.73

- (Notes) 1. Revisions to the latest consolidated earnings forecast: Yes
2. For details, please refer to 1. *Qualitative Information*, (3) *Qualitative Information Related to Consolidated Earnings Forecasts*, on P.6 of this document.

*** Notes**

- (1) Changes in major subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): No

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

- (2) Application of special accounting methods to the preparation of quarterly financial statements: Yes

(Note) For details, please refer to 2. *Quarterly Consolidated Financial Statements and Notes*, (3) *Notes Related to Quarterly Consolidated Financial Statements (Special Accounting Treatment Applied in the Preparation of Quarterly Consolidated Financial Statements)*, on P.11 of this document.

- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

- i. Changes in accordance with revisions to accounting and other standards: Yes
- ii. Changes in items other than (i) above: Yes
- iii. Changes in accounting estimates: No
- iv. Restatement of prior period financial statements after error corrections: No

(Note) For details, please refer to 2. *Quarterly Consolidated Financial Statements and Notes* (3) *Notes Related to Quarterly Consolidated Financial Statements (Change in Accounting Policy)*, on P.11 of this document.

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

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

December 31, 2021	124,408,285 shares	March 31, 2021	124,408,285 shares
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- ii. Number of treasury stock as of the fiscal period end

December 31, 2021	3,812,728 shares	March 31, 2021	933,995 shares
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- iii. Average number of shares during the period

December 31, 2021	121,878,419 shares	December 31, 2020	124,011,458 shares
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*** Quarterly financial statements are not subject to quarterly review.**

*** Cautionary Statement with Respect to Forecasts of Consolidated Business Results**

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

For matters related to earnings forecasts, please refer to 1. *Qualitative Information*, (3) *Qualitative Information Related to Consolidated Earnings Forecasts*, on P.6 of this document.

(Significant Subsequent Events)

(Purchase of Treasury Stock)

At a meeting held February 9, 2022, the Company's board of directors resolved to purchase treasury stock 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 purchase of treasury stock

As part of the Company's efforts to improve capital efficiency from both business and financial perspectives under the Medium-term Management Plan **ACE 2.0**, which started in fiscal 2021, the Company determined to acquire treasury stock. This aims to enhance its corporate value through greater capital efficiency as a result of comprehensive consideration of the current valuation of its shares in the capital market, financial soundness and investment capacity for growth, and other factors.

(2) Details of shares to be purchased

a. Class of shares to be purchased	Common shares
b. Total number of shares that may be purchased	4,300,000 shares (maximum) (Equivalent to 3.57% of outstanding shares, excluding treasury stock)
c. Total value of shares that may be purchased	6 billion yen (maximum)
d. Purchase period	From February 10, 2022 to February 8, 2023
e. Purchase method	Market purchases

(Cancellation of Treasury Stock)

At a meeting held February 9, 2022, the Company's board of directors resolved to cancel treasury stock based on the provisions of Article 178 of the Companies Act.

a. Class of shares to be canceled	Common shares
b. Number of shares to be canceled	3,500,000 shares (Equivalent to 2.81% of outstanding shares, including treasury stock)
c. Effective date of the cancellation	February 28, 2022

*Reference: Treasury stock held as of January 31, 2022

Total number of shares issued (excluding treasury stock)	120,558,859 shares
Total number of treasury stock	3,849,426 shares