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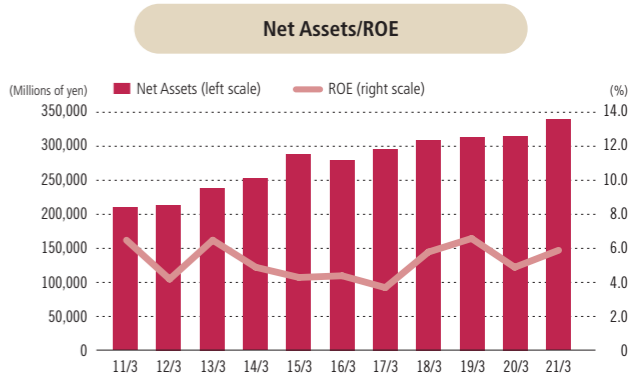
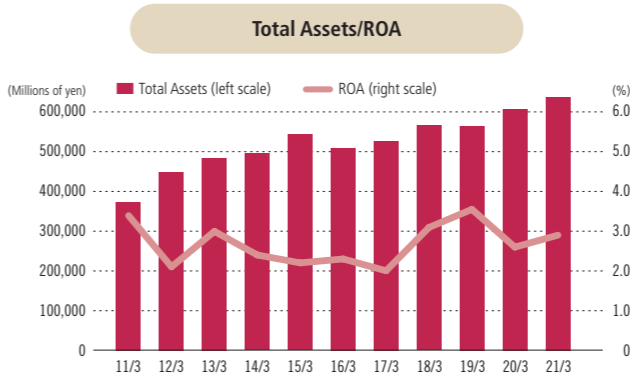
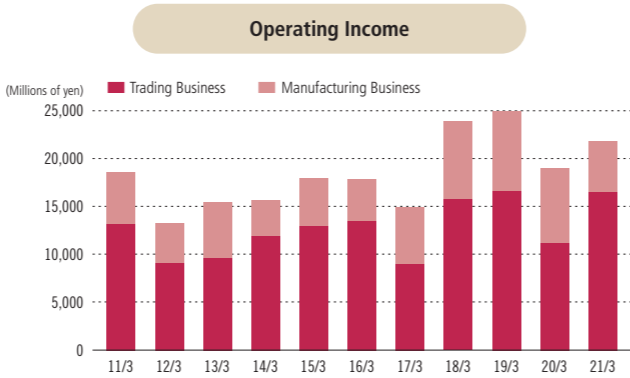
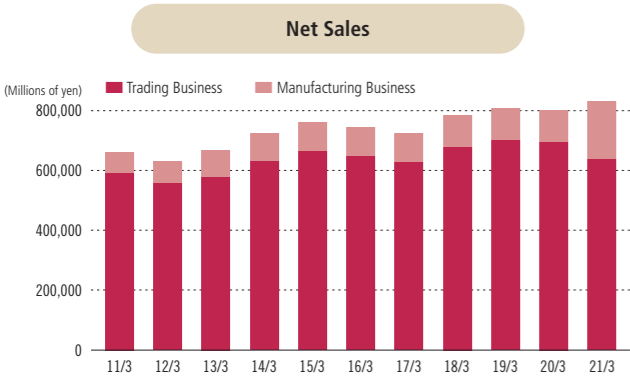
11-Year Financial Highlights

NAGASE & CO., LTD. and Consolidated Subsidiaries (Years ended March 31)

		2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
Medium-Term Management Plan		“CHANGE” 11				Change-S2014			ACE-2020			
		Investment Amount: ¥107.4 billion				Investment Amount: ¥41.1 billion		Investment Amount: ¥13.7 billion		Investment Amount: ¥129.1 billion		
Performance (Accounting Fiscal Year):		(Millions of yen)										
Net Sales		¥ 660,213	¥ 631,854	¥ 666,272	¥ 723,212	¥ 759,713	¥ 742,194	¥ 722,384	¥ 783,933	¥ 807,755	¥ 799,559	¥ 830,240
Segments	Functional Materials (formerly Chemicals)	253,290	177,126	167,017	169,973	168,238	157,149	153,546	174,922	179,627	169,318	155,166
	Advanced Materials & Processing (formerly Plastics)	222,100	217,929	214,214	239,224	254,165	255,505	242,609	262,831	275,203	267,078	269,151
	Electronics & Energy (formerly Electronics)	133,640	110,495	125,014	137,026	149,947	127,926	127,722	129,324	122,319	115,123	119,590
	Mobility (formerly Mobility & Energy)	—	76,113	83,068	99,441	109,851	115,351	112,956	129,708	139,235	126,000	111,530
	Life & Healthcare (formerly Life Sciences)	50,247	49,170	76,116	76,810	76,609	85,571	84,904	86,517	90,794	121,545	174,452
	Others	934	1,018	841	737	900	689	644	629	574	492	349
Region	Domestic	389,379	366,369	361,971	372,939	374,208	363,038	369,365	395,428	412,617	402,390	363,168
	Overseas	270,833	265,484	304,301	350,272	385,505	379,155	353,019	388,504	395,137	397,169	467,072
Gross Profit		73,008	71,628	82,583	88,936	91,991	91,663	91,503	102,675	105,441	104,901	114,600
Operating Income		18,732	13,427	15,578	15,789	18,153	18,024	15,030	24,118	25,226	19,167	21,916
Profit Attributable to Owners of the Parent		12,823	8,570	14,182	11,663	11,318	12,316	10,331	17,175	20,136	15,144	18,829
Financial Condition:												
Total Assets		¥ 375,336	¥ 450,842	¥ 486,747	¥ 498,141	¥ 546,525	¥ 512,081	¥ 530,775	¥ 569,456	¥ 567,346	¥ 611,477	¥ 640,587
Equity Capital		201,516	204,706	228,505	246,723	281,398	273,963	290,217	303,636	307,674	305,322	329,687
Interest-Bearing Debt		27,125	88,710	98,425	92,828	98,493	87,560	82,046	86,173	85,620	135,974	118,947
Per Share Data:		(Yen)										
Net Income (Basic)		¥ 99.76	¥ 66.69	¥ 111.31	¥ 91.86	¥ 89.10	¥ 96.96	¥ 81.65	¥ 136.34	¥ 161.30	¥ 122.12	¥ 151.91
Net Assets		1,568.04	1,592.87	1,803.31	1,942.20	2,215.18	2,156.67	2,301.10	2,424.97	2,481.01	2,462.04	2,670.09
Cash Dividends		22	24	26	28	30	32	33	40	42	44	46
Payout Ratio (%)		22.1	36.0	23.4	30.5	33.7	33.0	40.4	29.3	26.0	36.0	30.3
Shareholders’ Equity Dividend Rate (%)		1.42	1.52	1.52	1.50	1.44	1.46	1.48	1.69	1.71	1.78	1.79
Ratios:		(%)										
Overseas Sales to Net Sales		41.0	42.0	45.7	48.4	50.7	51.1	48.9	49.6	48.9	49.7	56.3
Manufacturing Ratio (Operating Income)		29.0	31.3	37.3	23.5	27.8	24.3	39.5	34.2	33.5	40.8	24.2
Operating Margin (Operating Income/Net Sales)		2.8	2.1	2.3	2.2	2.4	2.4	2.1	3.1	3.1	2.4	2.6
Return on Equity (ROE)		6.5	4.2	6.5	4.9	4.3	4.4	3.7	5.8	6.6	4.9	5.9
Shareholders’ Equity Ratio		53.7	45.4	46.9	49.5	51.5	53.5	54.7	53.3	54.2	49.9	51.5
Net DE Ratio (Times)		(0.1)	0.3	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.3	0.2

(Note 1) At the beginning of fiscal 2012, the NAGASE Group reorganized its then existing four product-based business segments into five business segments (Functional Materials, Advanced Materials & Processing, Electronics, Automotive & Energy, and Life & Healthcare) to more fully reflect the respective positions of each business in the value chain. For comparative purposes, fiscal 2011 figures have been calculated using the new business segments. The Colors & Imaging Department formerly under the Chemicals segment has been moved under the Advanced Materials & Processing segment. The Automotive & Energy segment was organized out of the Automotive Solutions Department (belonging to the Plastics segment) and the Energy Business Office, which was launched as an integrated entity from the Environment & Energy Office (under Others) and the Energy Device Office.

(Note 2) At the beginning of fiscal 2013, abrasives sales business for semiconductors and HDDs was moved to the Electronics segment from the Functional Materials segment, and the raw materials sales business for the cosmetics industry were moved from the Functional Materials segment to the Life & Healthcare segment. Actual fiscal 2012 results have been adjusted to enable comparison with fiscal 2013.
(Note 3) The Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28 issued February 16, 2018) were applied from the beginning of fiscal 2018. Following this change, deferred tax assets are now presented under "Investments and other assets," and deferred tax liabilities are presented under "Long-term liabilities."
(Note 4) From April 2019, the name of the Automotive & Energy segment has been changed to the Mobility & Energy segment.
(Note 5) From April 2021, the name of the Electronics segment has been changed to the Electronics & Energy segment, and the Mobility & Energy segment to the Mobility segment.



Six-Year Summary

NAGASE & CO., LTD. and Consolidated Subsidiaries (Fiscal years ended March 31, 2016–2021)

	(Millions of yen)					Thousands of U.S. Dollars (Note 1)	
	2016	2017	2018	2019	2020	2021	2021
For the Fiscal Year:							
Net Sales	¥742,194	722,384	¥783,933	¥807,755	¥799,559	¥830,240	\$7,499,232
Domestic	363,038	369,365	395,428	412,617	402,390	363,168	3,280,354
Overseas	379,155	353,019	388,504	395,137	397,168	467,072	4,218,878
Gross Profit	91,663	91,503	102,675	105,441	104,901	114,600	1,035,137
Operating Income	18,024	15,030	24,118	25,226	19,167	21,916	197,959
Income before Income Taxes and Non-Controlling Interests	15,239	16,100	24,049	28,204	24,200	29,272	264,402
Profit Attributable to Owners of the Parent	12,316	10,331	17,175	20,136	15,144	18,829	170,075
As of the Fiscal Year-End:							
Total Assets	¥512,081	¥530,775	¥569,456	¥567,346	¥611,477	¥640,587	\$5,786,171
Net Assets	279,149	295,198	308,804	312,609	313,243	338,431	3,056,914
Interest-Bearing Debt	87,560	82,046	86,173	85,620	135,974	11,947	107,913
Share Price (Yen/Dollars)	1,237	1,551	1,805	1,589	1,279	1,729	15,617
Market Value	157,604	197,610	229,971	202,451	162,955	215,101	1,942,923
Number of Shares Issued and Outstanding (Thousands of Shares)	127,408	127,408	127,408	127,408	124,408	127,408	—
Number of Shareholders	7,338	10,394	11,357	12,788	22,306	25,934	—
Number of Employees	6,267	6,241	6,312	6,143	7,207	6,940	—

	(Yen)					U.S. Dollars (Note 1)	
Per Share Data							
Profit Attributable to Owners of the Parent	¥ 96.96	¥ 81.65	¥ 136.34	¥ 161.30	¥ 122.12	¥ 151.91	\$ 1.37
Net Assets	2,156.67	2,301.10	2,424.97	2,481.01	2,462.04	2,670.09	24.12
Cash Dividends	32.00	33.00	40.00	42.00	44.00	46.00	0.42
Ratios							
Operating Margin (Operating Income/Net Sales) (%)	2.4	2.1	3.1	3.1	2.4	2.6	—
Ratio of Profit before Income Taxes and Non-Controlling Interests to Net Sales (%)	2.1	2.2	3.1	3.5	3.0	3.5	—
Return on Sales (ROS) (%)	1.7	1.4	2.2	2.5	1.9	2.7	—
Total Assets Turnover (Times)	1.4	1.4	1.4	1.4	1.3	1.3	—
Return on Assets (ROA) (%)	2.3	2.0	3.1	3.5	2.6	3.0	—
Return on Equity (ROE) (%)	4.4	3.7	5.8	6.6	4.9	5.9	—
Shareholders' Equity Ratio (%)	53.5	54.7	53.3	54.2	49.9	51.5	—
Net DE Ratio (Times)	0.2	0.1	0.1	0.1	0.3	0.2	—
Current Ratio (%)	200.1	192.9	183.1	181.2	189.3	194.9	—
Interest Coverage Ratio (Times) (Note: 2)	18.7	16.3	20.0	16.0	15.9	21.8	—

Note: 1. U.S. dollar amounts have been translated from yen, for convenience only, at the rate of ¥110.71 = U.S. \$1.00, the approximate rate of exchange prevailing on March 31, 2021.
Note: 2. Interest coverage ratio is calculated as (operating income + interest income + dividend income) / interest expense.

Management’s Discussion and Analysis of Operations and Finances

Business Lines and Scope of Consolidation

The NAGASE Group is led by NAGASE & CO., LTD. (the “Company” or “NAGASE”). The Company and its consolidated subsidiaries (collectively, the “NAGASE Group”) imports and exports a diverse array of products and engages in domestic transactions. In addition, the NAGASE Group manufactures and sells products and provides services. These businesses are conducted by 117 affiliated companies consisting of 83 subsidiaries and 34 affiliates. The NAGASE scope of consolidation includes 77 companies, as well as 26 affiliates accounted for by the equity method.

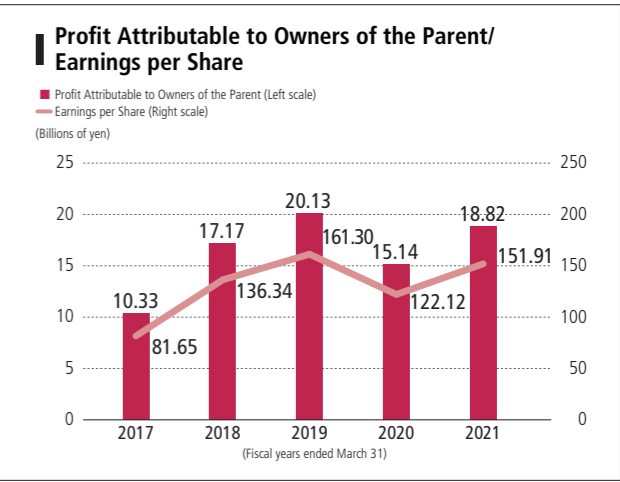
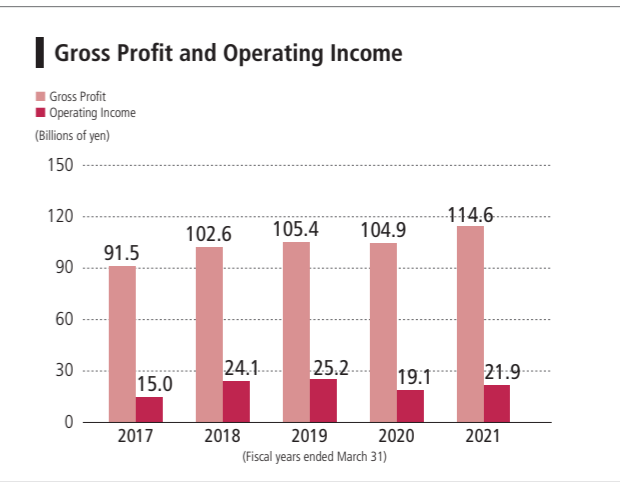
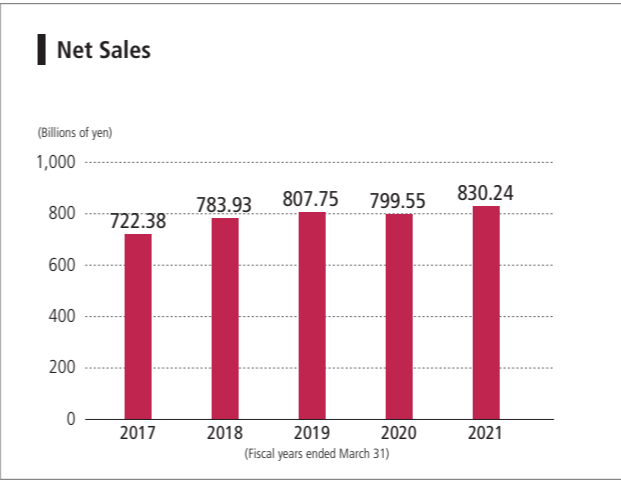
Overview of Consolidated Results

Net sales

During the consolidated fiscal year under review, the global economy slumped due to the global spread of COVID-19. However, it has picked up of late, albeit to varying degrees by region, with economic activities having resumed early on in China, for instance. As for the Japanese economy, industries such as tourism, travel, and restaurants were hit hard by restrictions on activities. Conversely, some industries did well, including those that adapted to changes in the consumption structure due in part to stay-at-home demand.

Among regions where the NAGASE Group operates, conditions have recovered to pre-pandemic levels in Greater China. Also, the gradual resumption of economic activities and economic stimulus are expected to accelerate recovery in the Americas and ASEAN. In contrast, repeated states of emergency have limited the economy's reopening in Japan. While vaccination programs and other measures to prevent the spread of COVID-19 are clearly affecting the extent of economic recovery in each country, the outlook remains uncertain, with infections accelerating in some regions. Overall, impact on the NAGASE Group’s earnings from COVID-19 was limited. Although we experienced considerable impact in the first quarter of the fiscal year, mainly in automobile-related business, that was offset by recoveries in electronics-related business and resins business from the second quarter of the fiscal year on the back of telecommuting demand.

In this environment, the Company recorded domestic sales of ¥363.16 billion (–9.8% year on year) for the consolidated fiscal year. Overseas sales amounted to ¥467.07 billion (+17.6%). In total, the Company recorded ¥830.24 billion in net sales (+3.8%).



Gross Profit and Profit Attributable to Owners of the Parent

The Company recorded gross profit of ¥114.6 billion (+9.2%), reflecting a contribution from the highly profitable Prinova Group. Operating income amounted to ¥21.91 billion (+14.3%), as increased outlays for sustainable growth, including for promoting digital transformation (DX), were offset by cost savings from voluntary curbs on activities in response to COVID-19. Ordinary income totaled ¥22.85 billion (+19.8%), and profit attributable to owners of the parent came to ¥18.82 billion (+24.3%). Earnings per share was ¥151.91, compared to ¥122.12 in the prior year.

Results by Business Segment

Functional Materials		
	(Millions of yen)	
Fiscal years ended March 31	2020	2021
Net Sales	¥169,318	¥155,166
Segment Income	5,364	4,888
Segment Assets	76,936	81,236
Depreciation and Amortization	413	472
Amortization of Goodwill	107	105
Goodwill	1,864	1,787
Investments in Equity Affiliates	1,895	1,981
Increase in Property, Plant, and Equipment and Intangible Fixed Assets	436	399

The Functional Materials segment recorded lower sales in both domestic and overseas markets. Though momentum is currently recovering, this mainly reflects a decrease in automobile production volumes in all regions except for Greater China due to the spread of COVID-19, especially in the first half of the fiscal year.

The Performance Chemicals business recorded lower sales overall. This primarily owes to lower sales of coating raw materials and urethane materials due to reduced automobile production volumes.

The Specialty Chemicals business recorded lower sales overall. Strong sales of electronics chemicals, mainly for semiconductor and other electronics industry applications, were outweighed by lower sales of products such as raw materials for industrial oil solutions and plastic materials that were significantly affected by automotive industry weakness.

As a result, the Functional Materials segment recorded sales of ¥155.16 billion, a ¥14.15 billion (−8.4%) decrease compared to the prior fiscal year. Operating income for the segment was ¥4.88 billion, a decrease of ¥0.47 billion (−8.9%).

Advanced Materials & Processing		
	(Millions of yen)	
Fiscal years ended March 31	2020	2021
Net Sales	¥267,078	¥269,151
Segment Income	8,526	7,311
Segment Assets	135,541	144,135
Depreciation and Amortization	754	1,040
Amortization of Goodwill	—	89
Goodwill	964	720
Investments in Equity Affiliates	1,722	1,728
Increase in Property, Plant, and Equipment and Intangible Fixed Assets	1,845	1,974

The Advanced Materials & Processing segment recorded slightly higher sales overall, as sales declined in Japan but rose overseas.

The Colors & Advanced Processing business recorded lower sales overall. This owes to a sharp decline in sales of digital print processing materials in Japan, the Americas, and Europe, and lower sales of dyes and additives, plastic resins for industrial and packaging applications, and conductive materials.

The Polymer Global Account business mainly sells plastics to the office equipment, appliance, and video game device markets. It recorded higher sales overall, with sales down in Japan but up overseas due to higher prices and brisker demand, mainly in the resins business.

As a result, the Advanced Materials & Processing segment recorded sales of ¥269.15 billion, a ¥2.07 billion (+0.8%) increase compared to the prior fiscal year. Operating income for the segment was ¥7.31 billion, a decrease of ¥1.21 billion (−14.2%). This mainly reflects a decline in profitability, owing to weaker market conditions for the digital print processing materials business.

Electronics		
	(Millions of yen)	
Fiscal years ended March 31	2020	2021
Net Sales	¥115,123	¥119,590
Segment Income	5,396	8,746
Segment Assets	58,879	63,855
Depreciation and Amortization	2,372	1,490
Amortization of Goodwill	132	40
Goodwill	484	451
Investments in Equity Affiliates	3,906	3,170
Increase in Property, Plant, and Equipment and Intangible Fixed Assets	3,235	1,195

The Electronics segment recorded higher sales overall. Growth in sales of modified epoxy resins and precision processing materials for mid-end semiconductor processing outweighed decreases in sales related to displays and equipment.

As a result, sales for the segment amounted to ¥119.59 billion, a ¥4.46 billion (+3.9%) increase compared to the prior consolidated fiscal year. Operating income rose ¥3.35 billion (+62.1%) to ¥8.74 billion. In addition to sales growth, this mainly reflects improved profitability at some manufacturing subsidiaries.

Note: The Electronics Segment was renamed the Electronics & Energy Segment as of April 1, 2021.

Mobility & Energy		
	(Millions of yen)	
Fiscal years ended March 31	2020	2021
Net Sales	¥126,000	¥111,530
Segment Income	1,890	1,543
Segment Assets	48,687	55,899
Depreciation and Amortization	204	285
Amortization of Goodwill	—	—
Goodwill	—	—
Investments in Equity Affiliates	1,242	1,237
Increase in Property, Plant, and Equipment and Intangible Fixed Assets	241	261

The Mobility Solutions business recorded lower sales in Japan and overseas. Amid a decline in automobile production volumes in all regions except for Greater China due to the COVID-19 pandemic, sales decreased for car electronics-related components in Japan and for resins business in all regions except for Greater China.

As a result, sales for the segment amounted to ¥111.53 billion, a ¥14.46 billion (−11.5%) decrease compared to the prior consolidated fiscal year. Operating income fell ¥0.34 billion (−18.4%) to ¥1.54 billion.

Note: The Mobility & Energy Segment was renamed the Mobility Segment as of April 1, 2021.

Life & Healthcare		
	(Millions of yen)	
Fiscal years ended March 31	2020	2021
Net Sales	¥121,545	¥174,452
Segment Income	3,973	6,512
Segment Assets	171,461	165,934
Depreciation and Amortization	4,571	5,788
Amortization of Goodwill	1,796	2,108
Goodwill	29,935	27,257
Investments in Equity Affiliates	3,064	2,995
Increase in Property, Plant, and Equipment and Intangible Fixed Assets	6,035	5,744

The Life & Healthcare segment recorded significantly higher sales overall. Though domestic sales declined, mainly due to less demand in connection with COVID-19, overseas sales increased as sales from the Prinova Group, which was acquired in the second quarter of prior consolidated fiscal year, contributed throughout the fiscal year under review. The newly established Food Ingredients business recorded substantially higher sales overall, with growth in the Prinova Group’s sales offsetting lower sales of TREHA™ and other products in the food ingredients field in Japan.

The Life & Healthcare Products business recorded lower sales overall. In the medical and pharmaceutical field, sales of pharmaceutical raw materials and intermediates and medical materials were higher. In the cosmetics and toiletries field, sales of hygiene product-related raw materials grew. On the other hand, sales of AA2G™ to customers in the skin care sector decreased in Japan and overseas. Also, sales in the formulation business declined to customers in the medical and pharmaceutical sectors, owing to the sale of a manufacturing subsidiary.

As a result, sales for the segment amounted to ¥174.45 billion, a ¥52.9 billion (+43.5%) increase compared to the prior fiscal year. Operating income rose ¥2.53 billion (+63.9%) to ¥6.51 billion.

Others

No special matters to disclose.

Financial Condition

Summary of Consolidated Cash Flows

Cash and cash equivalents (Cash) decreased ¥1.91 billion (−3.8%) compared to the end of the prior consolidated fiscal year, amounting to ¥48.55 billion. Cash from operating activities amounted to ¥20.39 billion and cash from investing activities came to ¥2.64 billion, while cash used in financing activities amounted to ¥25.86 billion. Changes in exchange rates also increased Cash.

Cash Flows from Operating Activities

Cash provided by operating activities for the fiscal year ended March 31, 2021 amounted to ¥20.39 billion. This was mainly due to ¥29.27 billion in income before income taxes, which was partly offset by a ¥10.05 billion decrease in Cash due to an increase in working capital.

Cash Flows from Investing Activities

Cash provided by investing activities for the fiscal year ended March 31, 2021 amounted to ¥2.64 billion. This was mainly due to ¥8.01 billion in proceeds from sale of share of subsidiaries resulting in change of scope of consolidation and ¥6.02 billion in proceeds from sales of investments in securities, which were partly offset by expenditures of ¥8.86 billion for purchases of property, plant and equipment and ¥3.26 billion for purchases of investments in securities.

Cash Flows from Financing Activities

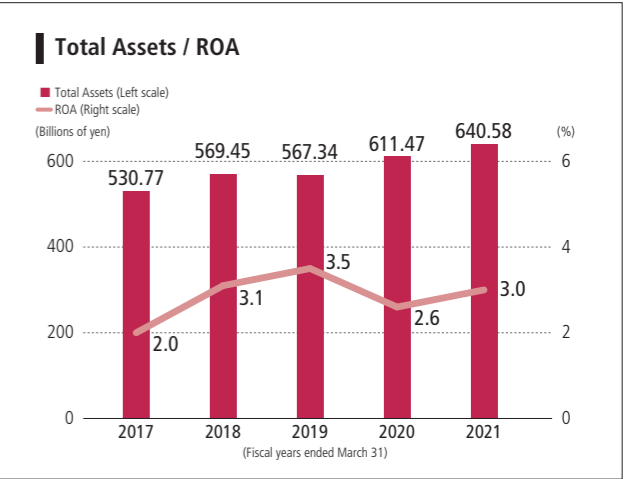
Cash used financing activities for the fiscal year ended March 31, 2021 amounted to ¥25.86 billion. This was mainly due to a ¥22.0 billion decrease in commercial paper, net and ¥5.45 billion in cash dividends paid, despite recording ¥4.35 billion in proceeds from long-term loans.

Cash Flow Summary					
	(Millions of yen)				
Fiscal years ended March 31	2016	2017	2018	2020	2021
Cash Flows from Operating Activities	¥ 14,527	¥ 21,013	¥17,375	¥ 33,074	¥ 20,391
Cash Flows from Investing Activities	(6,518)	(14,442)	(7,325)	(49,208)	2,643
Cash Flows from Financing Activities	(10,592)	(3,161)	(8,909)	24,334	(25,866)

Summary of the Consolidated Balance Sheet

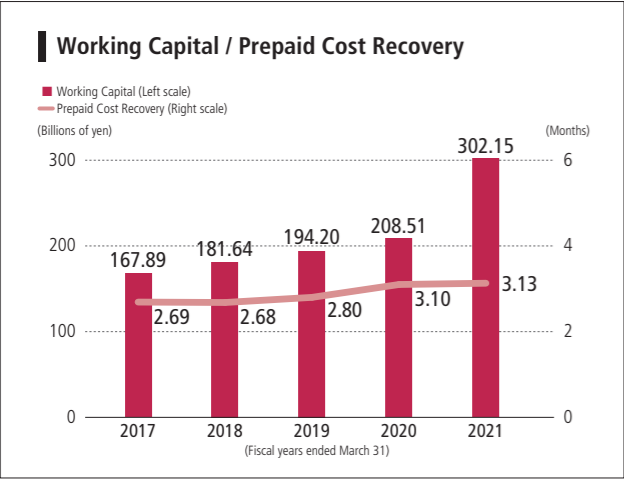
Assets

As of March 31, 2021, current assets amounted to ¥401.75 billion. This represents an increase of ¥22.39 billion compared to the end of the prior consolidated fiscal year, mainly due to increases in accounts receivable and inventories, which were partly offset by a decrease in cash and time deposits. Non-current assets amounted to ¥238.83 billion, up ¥6.71 billion from the end of the prior consolidated fiscal year. This increase mainly reflects an increase in investment in securities due to higher fair values of shares owned, which offset a decrease due to the amortization of intangible fixed assets and a decrease in property, plant and equipment due to the removal of certain domestic subsidiaries from the scope of consolidation. As a result, total assets increased ¥29.1 billion compared to the end of the prior consolidated fiscal year to ¥640.58 billion.



■ Liabilities

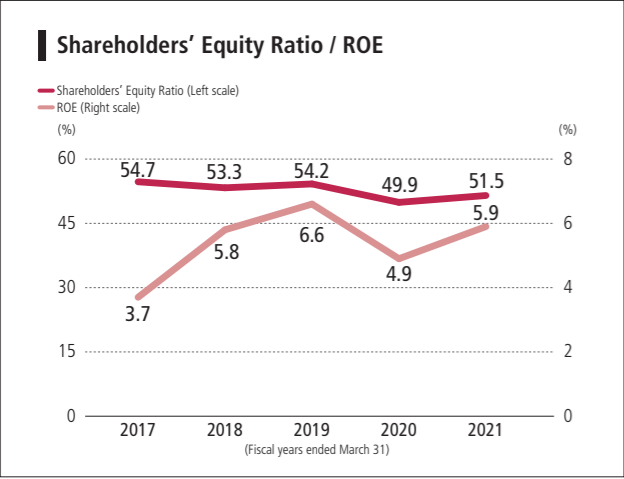
Liabilities amounted to ¥302.15 billion, an increase of ¥3.92 billion compared to the end of the prior consolidated fiscal year. This increase was mainly due to an increase in accounts payable, despite a decrease in commercial paper.



■ Net Assets

Net assets amounted to ¥338.43 billion, up ¥25.18 billion compared to the end of the prior consolidated fiscal year. This increase was mainly due to the recording of profit attributable to owners of the parent in the amount of ¥18.82 billion, and an increase in net unrealized holding gain on securities.

As a result, the Company recorded a shareholders' equity ratio of 51.5%, up 1.6 percentage points from 49.9% at the end of the prior consolidated fiscal year.



Capital Investment

During the consolidated fiscal year ended March 31, 2021, the NAGASE Group recorded ¥10.75 billion in capital investment (including purchases of intangible fixed assets). This included ¥2.71 billion in capital investment related to the new pullulan and enzyme wing of the Okayama No. 2 Plant of Hayashibara Co., Ltd. (Life & Healthcare segment). The NAGASE Group used cash on hand and funds procured from external sources for capital investments.

A breakdown of capital investment by segment is as follows.

Reportable Segments	(Millions of yen)
Functional Materials	¥ 399
Advanced Materials & Processing	1,974
Electronics	1,195
Mobility & Energy	261
Life & Healthcare	5,744
Others	1,179
Total	¥10,755

Research and Development Expenses

The NAGASE Group develops new technologies and products originating from our marketing activities. We also engage in research and development activities for the purpose of communicating technological information. These activities bring the comprehensive power of the NAGASE Group to bear in creating new businesses.

The New Value Creation (NVC) Office aims to build new business cores for the NAGASE Group by creating new value with an eye to trends in domains such as AI, IoT and communication technology. It is working on: the SaaS-based materials informatics service TABRASA™, the Axonerve™ IP core that brings faster processing and low latency to 5G network infrastructure, highly reliable supply chain platforms using block chain technology and portable sensors based on the five senses of humans, underlying technology for next-generation AI hardware, and disease prevention technology using AI.

To realize a sustainable society, the Nagase R&D Center leverages unique core technologies (actinomycete breeding and fermentation technology, NSTePP® (See Note)) and fundamental technologies for highly efficient production of rare animal -derived useful substances and plants that are currently difficult to synthesize in the aim for process innovation (=unavailable made available). Fermentation methods have the feature of being safe, secure and kinder on the environment compared to conventional extraction and chemosynthesis methods. We are currently pressing forward with examination of fermentation production using UV-absorbing substances derived from algae (mycosporine-like amino acids), rare antioxidant amino acids (ergothioneine) contained in mushrooms and barley, and functional substances from bio-dyes peculiar to actinomycetes. We are moving forward on development in the hope these useful substances may be widely used as functional foods, cosmetics, and industrial products. Each year we apply for and register many patents related to fundamental and peripheral technologies. In this way, the Center will leverage original technologies and make its mission leading the NAGASE Group's future business and creating the buds for new business.

Note: Abbreviation of Nagase Streptomyces Technology for Protein/Precious Products, a NAGASE registered trademark in Japan.

The Nagase Application Workshop (NAW) houses specialized technical staff and equipment for the evaluation and analysis of raw materials within the fields of plastics and coating materials, the development of applications, and the development of formulas composed of these raw materials to be used in end products. NAW combines the materials and processing techniques possessed by our partners and NAGASE Group manufacturing companies and proposes solutions in response to market needs captured via our marketing function, which leverages the NAGASE Group's network. In this, NAW supports the NAGASE Group's unique trading differentiation strategy and takes action with the aim of exercising its free thinking only capable in a laboratory operated by a trading company to contribute to development of sustainable new business.

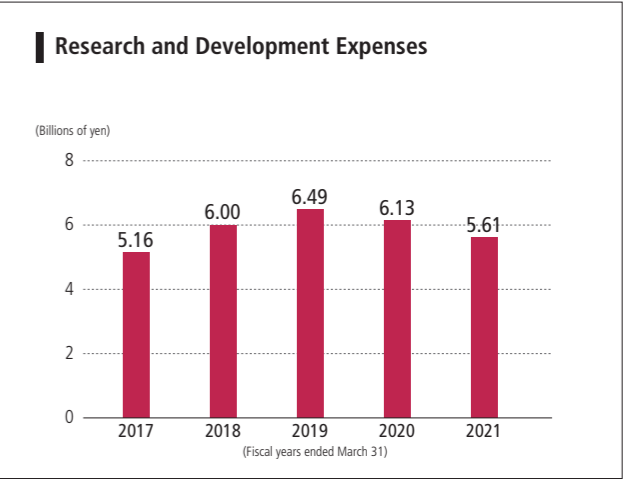
Nagase ChemteX Corporation (NCX) is focusing on cultivating new business in the biomaterials field. NCX is working in particular on developing low-endotoxin materials, which are increasingly in demand in the medical materials and medical device fields, and delving deeper into related technologies. Following the low-endotoxin pullulan using a refined version of pullulan product from Hayashibara Co., Ltd., NCX has been enhancing the lineup with low-endotoxin versions of other polysaccharides, proteins, and so forth. Also, we started operating the pilot plant we set up at its Harima Plant in the previous fiscal year and the freeze dryer NCX introduced in the current fiscal year, in an aim to speed up manufacturing process validation and sample fabrication. Going forward, NCX will work diligently to create products with high added value ahead of full-scale commercialization.

INKRON Oy develops and manufactures functional materials for optical devices and electrical devices using its unique siloxane synthesis technology. It has made particular progress on development of optical components for next-generation augmented reality (AR) and mixed reality (MR) devices for wearable displays and formed a partnership with a glass substrate manufacturer, nanoimprint (NIL) device manufacturer and diffraction waveguide design company to provide innovative solutions using NIL construction methods. Through nanoparticle dispersion technology accumulated over many years at Nagase ChemteX, mass production technology, a quality control system and complementary synergies, INKRON Oy contributes to customer innovation by providing a global supply of advanced materials used for next-generation devices.

Hayashibara Co., Ltd. is conducting research and development activities in a wide variety of areas encompassing fields such as foods, cosmetics, pharmaceuticals and medical treatment though to agriculture and industry in the belief that saccharides including TREHA™ and pullulan should be widely used. Focus products Fibryxa™ and Hayashibara Hesperidin™ S are gaining increasing recognition among consumers and we are bolstering their deployment among more foods with functional claims and engaging in development activities for new applications. In regard to new materials, maltotriose materials for pharmaceutical use were launched onto the market. Continuing on, we are also searching for new enzyme-producing bacteria from microorganisms and pressing forward with R&D into products that can be created using unique enzymes or new materials manufactured through microbial fermentation. Furthermore, in order to develop new materials as main next-generation products, we are considering production methods involving new materials and advancing activities such as market analysis, proposing potential use methods and applications, development all while taking into consideration patent and intellectual property strategies. As research and development activities in functional dyes, we are leveraging our abundant functional dye

library and continuing development activities focused on applied development through improvements to dye durability and the growing pharmaceutical and in-vitro diagnostics in the life sciences field in addition to the commercial field of photo and printing plates.

The total amount spent on R&D in the consolidated fiscal year under review was ¥6.13 billion.



Outlook for the Year Ending March 31, 2022

As for the NAGASE Group's operating environment in the fiscal year ending March 31, 2022, increasing COVID-19 vaccination rates are expected to drive economic reopening, mainly in developed countries, but uncertainty and opacity will probably persist with regard to impact on the Japanese economy from the spread of COVID-19 variants and U.S.-China tensions, among other things. Companies must address the new normal and geopolitical risks. They are also being called upon to continuously work on social and environmental issues.

Against this backdrop, we launched the ACE 2.0 medium-term management plan in April 2021. We drove forward many reforms via initiatives under ACE-2020, but recognize the need to take further steps to solidify those reforms. Also, paradigm shifts are becoming increasingly vital since the external environment continues to rapidly change. With that in mind, we named our new medium-term management plan ACE 2.0 to signify that it adheres to the basic concepts of ACE-2020 but has been upgraded.

While the pandemic's impact on the global economy will remain a concern, we set our earnings forecasts for the fiscal year ending March 31, 2022 as follows, based on the assumptions that vaccination will advance to a certain extent in countries around the world and economic activities will normalize from the second half of the fiscal year.

For automotive business, we expect continuation of the recovery that began in the second half of the fiscal year ending March 31, 2022, though impact from lower automobile production volumes due to semiconductor shortages is a concern. In the Life & Healthcare segment, we expect Prinova Group's sales to grow as the U.S. economy regains steam. We will aggressively invest in digital transformation and R&D with an eye to future growth, but envision expenditures in the first half of the fiscal year as flat from the previous fiscal year due to some ongoing COVID-19 restrictions on activities.

Regarding the outlook for the fiscal year ending March 31, 2022, we have calculated figures based on certain assumptions made on the latest information available and through rational judgment, but actual results may differ significantly depending on various factors such as the timing of convergence of COVID-19, economic trends domestically and overseas or exchange rate movements.

(Announced on May 11, 2021)		(Millions of yen)		
	Gross profit	Operating income	Ordinary income	Profit attributable to owners of the parent
Year ending March 31, 2022 (Projected)	¥120,000	¥23,000	¥24,000	¥18,000
Year ended March 31, 2021 (Actual)	114,600	21,916	22,854	18,829
Change	4.7%	4.9%	5.0%	(4.4)%

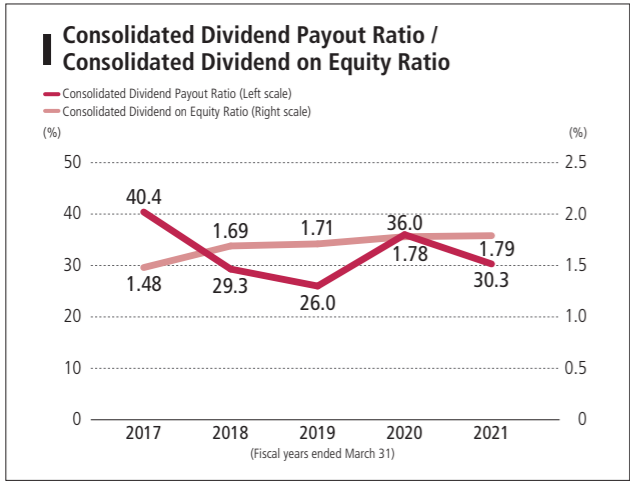
Profit Sharing Policy

■ Dividend Policy

Our basic policy is to continue paying higher dividends in line with our consolidated results and financial structure, while improving profitability and strengthening our management structure. To this end, we also take into account consolidated cash flows and investment status. In addition, we will consider flexibly executing share buybacks with an eye to efficiency.

We announced a year-end dividend of ¥24 per share for the fiscal year ended March 31, 2021. As a result, the scheduled full-year cash dividend amounted to ¥46 per share, including an interim dividend.

The Company's Articles of Incorporation stipulate that an interim dividend can be paid in accordance with Article 454, Paragraph 5 of the Companies Act. As a result, a dividend is paid twice each fiscal year, comprising an interim dividend based on a resolution by the Board of Directors and a year-end divided based on a resolution of the General Shareholders' Meeting.



Operating and Other Risks

The NAGASE Group is engaged in trading, marketing, research and development, manufacturing and processing in six business segments across the world: Functional Materials, Advanced Materials & Processing, Electronics, Mobility & Energy, Life & Healthcare, and Others. The nature of these businesses entails various risks that may have a material effect on investment decisions. We provide a discussion of the major risks below.

Any forward-looking statements are based on management decisions as of the end of the consolidated fiscal year under review.

(1) Overall Operating Risk

The NAGASE Group is engaged in activities that rely on the use of chemicals across a wide spectrum of products and services through our Functional Materials, Advanced Materials & Processing, Electronics, Mobility & Energy and Life & Healthcare businesses. These products and services include dyes/pigments, coating materials/inks, surfactants, OA, electrical equipment, home electronics, automobiles, LCDs, semiconductors, and pharmaceutical/medical applications. Accordingly, significant changes in the domestic or international commercial chemicals industries could affect the NAGASE Group's earnings and financial condition.

(2) Product Market Conditions

The NAGASE Group handles extensive petrochemicals manufactured from naphtha in our Functional Materials, Advanced Materials & Processing, and Mobility & Energy segments. Raw materials markets and demand-supply balance are two factors that result in unique market circumstances for each of our products. Fluctuations in these factors could affect our revenues and profits in related product lines. Also, some products manufactured by the NAGASE Group use raw materials derived from grains. Raw materials costs fluctuate widely due to changes in grain market prices; we may not be able to pass on increased raw materials costs through higher sales prices, which could affect our profits in related product lines.

(3) Impact of Fluctuations in Foreign Currency Exchange Rates

The NAGASE Group conducts import/export as well as non-trade business transactions denominated in foreign currencies. Fluctuations in currency markets have a significant impact when prices are converted to yen. While the NAGASE Group executes exchange contract hedges for these transactions to minimize exchange rate risk to the greatest extent possible, currency exchange rate fluctuations could have a significant impact on NAGASE Group earnings and financial conditions. The NAGASE Group owns foreign-domiciled corporations whose financial statements are prepared using local currencies. The conversion of these currencies to Japanese yen for consolidated reporting purposes entails currency conversion risk due to fluctuating exchange rates.

(4) Impact of Fluctuations in Interest Rates

The NAGASE Group obtains funds for operating and investing activities through loans from financial institutions; some of these loans are interest-bearing debt including variable interest terms. The NAGASE Group reduces interest rate fluctuation risk related to variable interest loans by utilizing interest-rate swap contracts. NAGASE Group earnings and financial conditions may be affected by future interest rate trends.

Interest rate fluctuations cause variations in discount rates used for retirement benefit obligations and plan asset investment income, having an impact on NAGASE Group business performance and financial position.

(5) Risks Involved in Operating Overseas

A significant and increasing percentage of NAGASE Group sales and production takes place overseas in locations such as Greater China, ASEAN, the Americas, and Europe. While NAGASE Group management keeps a close eye on local trends and conditions to respond appropriately, unforeseen events stemming from local government regulations, business customs, or other influences could have an impact on NAGASE Group business performance and financial condition.

(6) Impact of Changes in Stock Prices

The NAGASE Group maintains a portfolio of marketable securities, primarily equity shares of companies doing business with the NAGASE Group. These equity investments are subject to share price fluctuation risks. As a matter of policy, the NAGASE Group reduces risk by continuously reviewing and reorganizing its shareholdings. However, changes in share prices could have an impact on NAGASE Group earnings and financial condition. A decline in share prices could damage the value of pension plan assets managed by the Group, increasing retirement benefit costs and thereby reducing Group profits.

(7) Counterparty Credit Risk

The NAGASE Group extends credit to domestic and overseas purchasers in connection with various transactions. As a matter of policy, the NAGASE Group reduces credit risk by obtaining guarantees, collateral, and insurance, etc. according to the financial condition of the purchaser. Although the NAGASE Group strives to ensure stable, uninterrupted product procurement, financial weakness or bankruptcies among suppliers or others could damage the Group's ability to procure goods. Such circumstances could have an impact on the Group's earnings and financial condition.

(8) Risk of Investments

The NAGASE Group engages in investment activities to establish new companies, to invest in equipment at manufacturing subsidiaries, and to acquire other business entities. These types of investment activities involve certain risks, including the risk of failing to recover investments in cases where the Company is not able to record profits at initially planned levels, the risk that additional funding may be required, and the risk that the NAGASE Group will not be able to withdraw from investments according to the desired timing and method. Decisions to invest in new businesses are made after a careful study of the viability of business plans and profitability. At the same time, the NAGASE Group regularly monitors the performance of existing investments. However, even these management initiatives cannot completely negate potential investment risk, and such risk may have an impact on NAGASE Group earnings and financial condition.

(9) Risk of Asset Impairment

The NAGASE Group owns non-current assets such as business assets in manufacturing subsidiaries and goodwill. These assets entail the risk of impairment loss if asset value declines. The NAGASE Group records impairment losses when deemed necessary. However, even greater impairment losses may be incurred as a result of deteriorating business profits or other factors in the future, which may have an impact on NAGASE Group business performance and financial condition.

(10) Product Quality Risk

The NAGASE Group operates the Nagase R&D Center and manufacturing subsidiaries to offer high-value-added products to our customers. We pay detailed attention to the quality of the technologies and products that bear the name of NAGASE and our affiliates. We also bear manufacturers' liability for imported products, products manufactured on a contract basis, etc. Accordingly, the NAGASE Group treats these products with the same attention to detail and quality as if they were made in our own facilities. However, product defects could result in cessation of sales and/or product recalls, exposing the NAGASE Group to liability for damages, which could have an impact on NAGASE Group earnings and financial conditions.

(11) Risks Related to Product Laws

The NAGASE Group imports, exports, and sells domestically mainly chemicals and other products for a broad range of uses. To maintain international peace and safety, the chemicals and other items we export are subject to different laws, including the Foreign Exchange and Foreign Trade Control Law and the Export Trade Control Order. Imports and domestic sales are subject to the Chemical Substances Control Law and other related statutes, as well as similar regulations in foreign jurisdictions. To ensure compliance, the NAGASE Group has established internal Security Trade Control Regulations and Chemical/Product Control Regulations. However, a violation of such laws and statutes could result in restrictions on NAGASE Group business activities, having an impact on NAGASE Group earnings and financial condition.

(12) Risks Related to Information Systems and Information Security

The NAGASE Group recognizes the importance of ensuring robust information system safety and information security as it fulfils an important role in customers' supply chains. Accordingly, we have established relevant rules and mechanisms as part of a variety of ongoing measures to ensure stable information system operations and enhance information security. Even by taking such countermeasures, however, we cannot completely eliminate risks such as serious problems with information system infrastructure or communication lines, or information leakage, manipulation, or destruction as a result of computer viruses or unauthorized access due to cyberattacks. Such events could have an impact on NAGASE Group earnings and financial conditions by causing the temporary suspension of or otherwise significantly affecting the Group's business activities.

(13) Risks of Natural Disasters

The NAGASE Group has put emergency response systems in place, including the creation of a business contingency plan, the adoption of safety confirmation systems, setting up infrastructure to work from home, the creation of a disaster-response manual, earthquake-response measures, disaster-response training, and other measures to deal with natural disasters. However, as we conduct business across a great number of countries and regions, we are exposed to the risk of major natural disasters, COVID-19, H1N1 influenza and other communicable diseases, and other emergencies that could disrupt our supply chain. Such disruptions could prevent us from selling our products or damage the manufacturing capabilities of important NAGASE Group facilities. Such interruptions would result in opportunity loss, and could have a significant impact on NAGASE Group earnings and financial condition.

Consolidated Balance Sheet

NAGASE & CO., LTD. and Consolidated Subsidiaries (March 31, 2021 and 2020)

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Current assets:			
Cash and time deposits (Notes 18 and 24)	¥ 49,254	¥ 51,408	\$ 444,892
Notes and accounts receivable (Note 18)	242,558	221,116	2,190,931
Inventories (Notes 7 and 8)	97,242	95,702	878,349
Other current assets	13,259	11,859	119,763
Less allowance for doubtful accounts	(563)	(732)	(5,085)
Total current assets	401,751	379,354	3,628,859
Property, plant and equipment, at cost (Notes 9 and 10):			
Land	20,054	21,092	181,140
Buildings and structures	59,327	61,970	535,878
Machinery, equipment and vehicles	89,052	87,872	804,372
Leased assets	1,680	1,559	15,175
Construction in progress	2,298	7,855	20,757
	172,413	180,351	1,557,339
Less accumulated depreciation	(101,516)	(105,725)	(916,954)
Property, plant and equipment, net (Note 25)	70,896	74,626	640,376
Investments and other assets:			
Investments in securities (Notes 11 and 18):			
Unconsolidated subsidiaries and affiliates	8,997	9,661	81,266
Other	84,721	66,463	765,252
	93,719	76,124	846,527
Long-term loans receivable	211	391	1,906
Goodwill (Note 25)	30,216	33,230	272,929
Technology-based assets	7,488	9,064	67,636
Retirement benefit asset (Note 14)	2,929	1,754	26,457
Deferred tax assets (Note 15)	1,903	1,850	17,189
Other assets (Note 10)	31,582	35,172	285,268
Less allowance for doubtful accounts	(112)	(91)	(1,012)
Total investments and other assets	167,938	157,496	1,516,918
Total assets (Note 25)	¥ 640,587	¥ 611,477	\$5,786,171

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Current liabilities:			
Notes and accounts payable (Note 18)	¥119,941	¥108,285	\$1,083,380
Short-term loans (Notes 12 and 18)	33,050	30,590	298,528
Current portion of long-term loans and finance lease obligations (Notes 12 and 18)	12,089	1,345	109,195
Commercial papers (Notes 12 and 18)	8,000	30,000	72,261
Accrued income taxes (Note 15)	3,565	4,625	32,201
Accrued expenses	6,317	5,101	57,059
Accrued bonuses for employees	6,042	5,123	54,575
Accrued bonuses for directors and executive officers	203	170	1,834
Other current liabilities	16,928	15,190	152,904
Total current liabilities	206,139	200,434	1,861,973
Long-term liabilities:			
Bonds (Notes 12 and 18)	30,000	30,000	270,978
Long-term loans and finance lease obligations (Notes 12 and 18)	35,807	44,038	323,431
Deferred tax liabilities (Note 15)	16,077	9,280	145,217
Retirement benefit liability (Note 14)	13,292	13,677	120,061
Other long-term liabilities	838	804	7,569
Total long-term liabilities	96,016	97,800	867,275
Contingent liabilities (Note 22)			
Net assets:			
Shareholders' equity (Note 16):			
Common stock:			
Authorized — 346,980,000 shares			
Issued — 124,408,285 shares in 2021 and 127,408,285 shares in 2020	9,699	9,699	87,607
Capital surplus	10,646	10,646	96,161
Retained earnings (Notes 23 and 27)	265,920	257,067	2,401,951
Treasury stock, at cost (Note 17) — 933,995 shares in 2021 and 3,396,695 shares in 2020	(1,503)	(5,071)	(13,576)
Total shareholders' equity	284,763	272,342	2,572,152
Accumulated other comprehensive income:			
Net unrealized holding gain on securities (Note 11)	43,576	32,618	393,605
Deferred gain on hedges (Note 19)	72	3	650
Translation adjustments	1,006	1,051	9,087
Retirement benefit liability adjustments (Note 14)	268	(694)	2,421
Total accumulated other comprehensive income	44,924	32,979	405,781
Non-controlling interests	8,743	7,921	78,972
Total net assets	338,431	313,243	3,056,914
Total liabilities and net assets	¥640,587	¥611,477	\$5,786,171

See notes to consolidated financial statements.

Consolidated Statement of Income

NAGASE & CO., LTD. and Consolidated Subsidiaries (Years ended March 31, 2021 and 2020)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Net sales (Note 25)	¥830,240	¥799,559	\$7,499,232
Cost of sales (Note 8)	715,640	694,657	6,464,095
Gross profit	114,600	104,901	1,035,137
Selling, general and administrative expenses (Notes 20 and 21)	92,683	85,734	837,169
Operating income (Note 25)	21,916	19,167	197,959
Other income (expenses):			
Interest and dividend income	1,312	2,322	11,851
Interest expense	(1,064)	(1,355)	(9,611)
Equity in losses of affiliates	(327)	(538)	(2,954)
Gain on sales of shares of subsidiaries and affiliates	2,657	—	24,000
Gain on sales of investments in securities (Note 11)	5,774	9,723	52,154
Loss on sales of shares of subsidiaries and affiliates	1	—	9
Loss on devaluation of investments in securities (Note 11)	(155)	(1,028)	(1,400)
Gain on sales of property, plant and equipment	86	21	777
Loss on sales of property, plant and equipment	(23)	(46)	(208)
Loss on disposal of property, plant and equipment	(92)	(204)	(831)
Loss on impairment of fixed assets (Notes 10 and 25)	(1,824)	(3,116)	(16,475)
Subsidy income	163	52	1,472
Other, net	846	(796)	7,642
Profit before income taxes	29,272	24,200	264,402
Income taxes (Note 15):			
Current	7,851	7,395	70,915
Deferred	1,775	1,288	16,033
Profit	19,646	15,515	177,455
Profit attributable to:			
Non-controlling interests	(816)	(371)	(7,371)
Owners of parent	¥ 18,829	¥ 15,144	\$ 170,075

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

NAGASE & CO., LTD. and Consolidated Subsidiaries (Years ended March 31, 2021 and 2020)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Profit	¥19,646	¥ 15,515	\$177,455
Other comprehensive loss (Note 13):			
Net unrealized holding loss on securities	10,945	(9,231)	98,862
Deferred gain on hedges	69	11	623
Translation adjustments	7	(1,973)	63
Retirement benefit liability adjustments	963	(402)	8,698
Share of other comprehensive loss of affiliates accounted for by the equity method	254	(339)	2,294
	12,241	(11,935)	110,568
Comprehensive income	¥31,887	¥ 3,579	\$288,023
Total comprehensive income attributable to:			
Owners of parent	¥30,774	¥ 3,380	\$277,969
Non-controlling interests	1,112	199	10,044

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

NAGASE & CO., LTD. and Consolidated Subsidiaries (Years ended March 31, 2021 and 2020)

	Millions of yen											
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Deferred gain on hedges	Translation adjustments	Retirement benefit liability adjustments (Note 14)	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2019	¥9,699	¥10,647	¥247,617	¥(5,070)	¥262,892	¥41,857	¥ (7)	¥ 3,224	¥(292)	¥ 44,781	¥4,934	¥312,609
Profit attributable to owners of parent	—	—	15,144	—	15,144	—	—	—	—	—	—	15,144
Cash dividends	—	—	(5,704)	—	(5,704)	—	—	—	—	—	—	(5,704)
Purchases of treasury stock	—	—	—	(0)	(0)	—	—	—	—	—	—	—
Changes in parent's ownership interest due to transactions with non-controlling interests	—	(0)	—	—	(0)	—	—	—	—	—	—	—
Decrease in retained earnings resulting from changes in scope of consolidation	—	—	(93)	—	(93)	—	—	—	—	—	—	(93)
Increase in retained earnings resulting from changes in scope of equity method	—	—	103	—	103	—	—	—	—	—	—	103
Other changes	—	—	—	—	—	(9,238)	11	(2,172)	(402)	(11,802)	2,986	(8,815)
Balance at April 1, 2020	9,699	10,646	257,067	(5,071)	272,342	32,618	3	1,051	(694)	32,979	7,921	313,243
Profit attributable to owners of parent	—	—	18,829	—	18,829	—	—	—	—	—	—	18,829
Cash dividends	—	—	(5,456)	—	(5,456)	—	—	—	—	—	—	(5,456)
Purchases of treasury stock	—	—	—	(952)	(952)	—	—	—	—	—	—	(952)
Disposition of treasury stock	—	0	—	0	0	—	—	—	—	—	—	0
Retirement of treasury stock	—	(0)	(4,520)	4,520	—	—	—	—	—	—	—	—
Changes in parent's ownership interest due to transactions with non-controlling interests	—	(0)	—	—	(0)	—	—	—	—	—	—	(0)
Other changes	—	—	—	—	—	10,957	69	(45)	963	11,944	822	12,767
Balance at March 31, 2021	¥9,699	¥10,646	¥265,920	¥(1,503)	¥284,763	¥43,576	¥72	¥ 1,006	¥ 268	¥ 44,924	¥8,743	¥338,431

	Thousands of U.S. dollars (Note 1)											
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Deferred gain on hedges	Translation adjustments	Retirement benefit liability adjustments (Note 14)	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2020	\$87,607	\$96,161	\$2,321,985	\$(45,804)	\$2,459,958	\$294,626	\$ 27	\$9,493	\$(6,269)	\$297,886	\$71,547	\$2,829,401
Profit attributable to owners of parent	—	—	170,075	—	170,075	—	—	—	—	—	—	170,075
Cash dividends	—	—	(49,282)	—	(49,282)	—	—	—	—	—	—	(49,282)
Purchases of treasury stock	—	—	—	(8,599)	(8,599)	—	—	—	—	—	—	(8,599)
Disposition of treasury stock	—	0	—	0	0	—	—	—	—	—	—	0
Retirement of treasury stock	—	(0)	(40,827)	40,827	—	—	—	—	—	—	—	—
Changes in parent's ownership interest due to transactions with non-controlling interests	—	(0)	—	—	(0)	—	—	—	—	—	—	(0)
Other changes	—	—	—	—	—	(98,970)	623	(406)	8,698	107,885	7,425	115,319
Balance at March 31, 2021	\$87,607	\$96,161	\$2,401,951	\$(13,576)	\$2,572,152	\$393,605	\$650	\$9,087	\$ 2,421	\$405,781	\$78,972	\$3,056,914

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

NAGASE & CO., LTD. and Consolidated Subsidiaries (Years ended March 31, 2021 and 2020)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2021	2020	2021
Operating activities:			
Profit before income taxes	¥ 29,272	¥ 24,200	\$ 264,402
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization other than amortization of goodwill	11,008	10,089	99,431
Loss on impairment of fixed assets	1,824	3,116	16,475
Amortization of goodwill	2,344	2,037	21,172
Subsidy income	(163)	(52)	(1,472)
Increase in retirement benefit liability	1,395	645	12,600
Increase in retirement benefit asset	(1,174)	(1,645)	(10,604)
Interest and dividend income	(1,312)	(2,322)	(11,851)
Interest expense	1,064	1,355	9,611
Exchange gain, net	(24)	(121)	(217)
Gain on sales of investments in securities, investments in capital, shares of subsidiaries and affiliates, and investments in capital of subsidiaries and affiliates, net	(8,419)	(9,723)	(76,046)
Changes in operating assets and liabilities:			
Notes and accounts receivable	(17,641)	19,452	(159,344)
Inventories	(1,034)	3,187	(9,340)
Notes and accounts payable	8,623	(13,689)	77,888
Other, net	3,036	2,244	27,423
Subtotal	28,797	38,773	260,112
Interest and dividends received	1,950	2,714	17,614
Interest paid	(1,067)	(1,382)	(9,638)
Income taxes paid	(9,288)	(7,031)	(83,895)
Net cash provided by operating activities	20,391	33,074	184,184
Investing activities:			
Purchases of property, plant and equipment	(8,864)	(11,909)	(80,065)
Proceeds from sales of property, plant and equipment	448	87	4,047
Purchases of intangible fixed assets included in other assets	(704)	(464)	(6,359)
Purchases of investments in securities	(3,260)	(1,635)	(29,446)
Proceeds from sales of investments in securities	6,027	10,278	54,440
Purchases of investments in capital	(47)	(54)	(425)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(44,691)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	8,010	—	72,351
Decrease in short-term loans receivable included in other current assets, net	319	404	2,881
Decrease (increase) in time deposits, net	290	(887)	2,619
Subsidy income	163	52	1,472
Other, net	259	(388)	2,339
Net cash provided by (used in) investing activities	2,643	(49,208)	23,873
Financing activities:			
Increase (decrease) in short-term loans, net	658	(21,332)	5,943
(Decrease) Increase in commercial papers, net	(22,000)	18,000	(198,717)
Proceeds from long-term loans	4,350	25,454	39,292
Repayments of long-term loans	(1,891)	(1,131)	(17,081)
Proceeds from issuance of bonds	—	20,000	—
Redemption of bonds	—	(10,000)	—
Purchase of treasury stock	(952)	(0)	(8,599)
Cash dividends paid	(5,456)	(5,704)	(49,282)
Cash dividends paid to non-controlling interests	(290)	(219)	(2,619)
Other, net	(285)	(730)	(2,574)
Net cash (used in) provided by financing activities	(25,866)	24,334	(233,637)
Effect of exchange rate changes on cash and cash equivalents	913	(1,882)	8,247
Net (decrease) increase in cash and cash equivalents	(1,918)	6,317	(17,325)
Cash and cash equivalents at beginning of the year	50,471	44,017	455,885
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	—	136	—
Cash and cash equivalents at end of the year (Note 24)	¥ 48,553	¥ 50,471	\$ 438,560

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

NAGASE & CO., LTD. and Consolidated Subsidiaries (March 31, 2021)

1. BASIS OF PREPARATION

The accompanying consolidated financial statements of NAGASE & CO., LTD. (the “Company”) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

Certain amounts in the prior year’s consolidated financial statements have been reclassified to conform to the current year’s presentation. Such reclassifications had no effect on consolidated profit or net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and companies that it controls directly or indirectly. Affiliates over which the Company exercises significant influence in terms of their operating and financial policies have been accounted for by the equity method. All significant intercompany balances and transactions have been eliminated in consolidation.

Certain subsidiaries were excluded from the scope of consolidation because the effect of their sales, net profit or loss, total assets and retained earnings on the accompanying consolidated financial statements was immaterial. The unconsolidated subsidiaries and affiliates not accounted for by the entity method were excluded from the scope of application of the equity method, because their profit or loss and retained earnings attributable to the Company’s interest were not material to the consolidated financial statements.

Of the Company’s subsidiaries, 32 have a December 31 year-end, which is different from that of the Company. The financial statements of 11 subsidiaries have been included in consolidation based on a provisional statement of accounts for a full fiscal year ending March 31. As for the other 21 subsidiaries, adjustments have been made for any significant intercompany transactions that took place during the period between the year-end of these subsidiaries and the year-end of the Company.

Unrealized intercompany gains among the Company and the consolidated subsidiaries have been entirely eliminated and the portion attributable to non-controlling interests has been charged to non-controlling interests.

(b) Foreign Currency Translation

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except that receivables and payables hedged by qualified foreign currency forward exchange contracts are translated at the corresponding contract rates. All other assets and liabilities denominated in foreign currencies are translated at their historical rates. Gain or loss on each translation is credited or charged to income.

Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into yen at the rates in effect at the respective transaction dates. Foreign exchange gain or loss is credited or charged to income in the period in which such gain or loss is recognized for financial reporting purposes.

The balance sheet accounts of the overseas consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except that the components of net assets excluding non-controlling interests, net unrealized holding gain on securities, and deferred gain or loss

The U.S. dollar amounts in the accompanying consolidated financial statements have been translated from yen amounts solely for the convenience of the reader, as a matter of arithmetic computation only, at ¥110.71 = U.S.\$1.00, the rate of exchange prevailing on March 31, 2021. This translation should not be construed as a representation that the yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

As permitted by the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen for the years ended March 31, 2021 and 2020 have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements for the years ended March 31, 2021 and 2020 (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

on hedges are translated at their historical exchange rates. Revenue and expense accounts are translated at the average rates of exchange in effect during the year. Adjustments resulting from translating financial statements whose accounts are denominated in foreign currencies are not included in the determination of net income but are reported as “Translation adjustments” as a component of accumulated other comprehensive income or loss in the accompanying consolidated balance sheet.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments which are readily convertible to cash and subject to an insignificant risk of any change in their value, which were purchased with an original maturity of three months or less.

(d) Inventories

Inventories are stated at the lower of cost or the net selling value, cost being determined primarily by the moving-average method.

(e) Investments in Securities

Securities are classified into three categories: trading securities, held-to-maturity debt securities or other securities. Trading securities, consisting of debt and marketable equity securities, are stated at fair value. Gain and loss, both realized and unrealized, are credited or charged to income. Held-to-maturity debt securities are stated at their amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of accumulated other comprehensive income or loss. Non-marketable securities classified as other securities are carried at cost determined by the moving-average method.

(f) Property, Plant and Equipment and Depreciation (except for leased assets)

Property, plant and equipment are stated at cost.

Depreciation of property, plant and equipment is calculated by the straight-line method based on the estimated useful lives of the respective assets.

Buildings (other than structures attached to the buildings)	15 to 50 years
Machinery and equipment	2 to 20 years

(g) Intangible Assets (except for leased assets)

Technology-based assets recognized upon acquisition are amortized on a straight-line basis over 13 to 17 years.

Costs incurred for computer software obtained for internal use are capitalized and amortized on a straight-line basis over an estimated useful life of 5 years.

(h) Goodwill

Goodwill is amortized over a period not exceeding 20 years on a straight-line basis. When immaterial, goodwill is charged to income as incurred.

(i) Leased Assets

Leased assets under finance lease contracts which do not transfer ownership to the lessee are depreciated to a residual value of zero by the straight-line method over the respective lease terms.

(j) Allowance for Doubtful Accounts

The Company and its consolidated subsidiaries provide allowances for doubtful accounts based on their historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific doubtful accounts from customers experiencing financial difficulties.

(k) Income Taxes

Income taxes are calculated based on taxable income and charged to income on an accrual basis. Deferred tax assets and liabilities are computed based on the temporary differences between the financial reporting and the tax bases of the assets and liabilities that will result in taxable or deductible amounts in the future. Computations of deferred tax assets and liabilities are based on the tax rates which have been enacted as of the balance sheet date. The Company and certain domestic consolidated subsidiaries have adopted the consolidated taxation system (the Company is the taxable entity), which allows companies to make tax payments on the combined profits of the parent company and its wholly owned domestic subsidiaries.

(l) Accrued Bonuses for Employees

Accrued bonuses for employees are provided based on the estimated amount of bonuses to be paid to employees in the following fiscal year which is attributable to the current fiscal year.

(m) Accrued Bonuses for Directors and Executive Officers

Accrued bonuses for directors and executive officers are provided based on the estimated amount of bonuses to be paid to directors and executive officers in the following fiscal year which is attributable to the current fiscal year.

(n) Retirement Benefit Liability

Retirement benefit liability is provided based on the amount of the retirement benefit obligation less estimated pension plan assets at the end of the fiscal year. The estimated benefit is attributed to each period based on the plan’s benefit formula.

Prior service cost is charged to income in the fiscal year in which such cost is recognized for financial reporting purposes. Actuarial differences are principally credited or charged to income in the fiscal year following the fiscal year in which such differences are recognized for financial reporting purposes.

(o) Derivatives and Hedging Activities

Derivatives positions are carried at fair value with any changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as a component of net assets. Foreign currency receivables and payables hedged by qualified foreign currency forward exchange contracts are translated at the corresponding foreign exchange contract rates (“allocation method”). Interest-rate swaps which meet certain conditions are accounted

3. SIGNIFICANT ACCOUNTING ESTIMATES

Assessment of impairment of property, plant and equipment and intangible fixed assets

(a) Amounts recorded in the consolidated financial statements as of March 31, 2021 and for the year then ended

Property, plant and equipment	¥70,896 million
Intangible fixed assets	¥64,598 million
Impairment losses	¥1,824 million

for as if the interest rates applied to the swaps had originally applied to the underlying loans.

Derivative financial instruments are utilized principally in order to manage the risk arising from adverse fluctuation in foreign currency exchange rates and interest-rate swaps are also utilized to mitigate the risk of fluctuation in interest rates on loans. Hedging instruments are foreign currency forward exchange contracts, foreign currency deposits, foreign currency loans and interest-rate swaps. Hedged items are foreign currency receivables and payables, forecast transactions and interest rates on loans from financial institutions.

The Company and its consolidated subsidiaries (collectively, the “Group”) manage derivative transactions in accordance with internal management rules. Under these rules, the Group conducts foreign currency forward exchange contracts within a range of actual demand of accounts receivable, accounts payable and actual transactions in foreign currencies. Execution and management of interest-rate swaps are based on internal management rules and hedged items of interest-rate swaps are identified by individual contracts.

The Company and certain consolidated subsidiaries assess the effectiveness of the hedging activities based on a comparison of the accumulated fluctuations of the hedged items and those of the hedging instruments in the period from the start of the hedging activities to the assessment date. However, with regard to interest-rate swaps which meet certain conditions, the evaluation of effectiveness is omitted.

(p) Research and Development Costs

Research and development costs are charged to income when incurred.

(q) Distributions of Retained Earnings

Dividends and other distributions of retained earnings are approved by the shareholders at a meeting held subsequent to the end of the fiscal year to which such distributions are applicable. The accompanying consolidated financial statements do not, however, reflect the applicable distributions of retained earnings as approved by the shareholders subsequent to the fiscal year-end. (Refer to Note 27.)

(r) Application of Tax Effect Accounting for Transition from Consolidated Taxation System to Group Tax Sharing System

The Company and certain domestic consolidated subsidiaries have calculated the amounts of deferred tax assets and deferred tax liabilities in accordance with the provisions of tax laws in Japan prior to the amendments based on the treatments stipulated in Paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (Accounting Standards Board of Japan (“ASBJ”) Practical Issues Task Force No. 39, March 31, 2020) instead of applying the provision of Paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No. 28, February 16, 2018), regarding the transition to group tax sharing system provided for in “Act for Partial Amendment of the Income Tax Act, etc.” (Act No. 8 of 2020), and items for which the non-consolidated taxation system has been reviewed in line with the transition to the group tax sharing system.

(b) Information about significant accounting estimates pertaining to identified items

(i) Method of calculation

If an indication of impairment exists with regard to an asset or asset group, the Company determines whether to recognize an impairment loss based on undiscounted future cash flows. These undiscounted cash flows are calculated in consideration of economic useful lives of the primary assets, etc., under future business plans.

When recognizing an impairment loss for a particular year, the Company calculates the recoverable amount, which is the net selling value or the value in use, whichever is larger, and then reduces the book value to the recoverable amount. The difference is recorded as an impairment loss for the year. The discount rate used for the calculation of the value in use is in general set by linking the relevant business risk to the time value of money.

(ii) Key assumptions used for amount calculation

The key assumptions are the projected sales and costs of sales included in future business plans, and the discount rate used to calculate the value in use.

(iii) Effects on consolidated financial statements for the next fiscal year

Except the assets for which impairment losses were recognized in the consolidated statement of income for the current fiscal year, the book values of property, plant and equipment and intangible assets were considered recoverable at the end of the current fiscal year. However, due to the inherent uncertainty of accounting estimates, if the said key assumption should change beyond the projectable range, the recoverable amount may fall below the book value, and an impairment loss may arise.

4. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Accounting Standard and Implementation Guidance for Revenue Recognition

“Accounting Standard for Revenue Recognition”

(ASBJ Statement No. 29, issued on March 31, 2020)

“Implementation Guidance on Accounting Standard for Revenue Recognition” (ASBJ Guidance No. 30, issued on March 26, 2021)

“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, issued on March 31, 2020)

(a) Overview

The International Accounting Standards Board (hereinafter referred to as the “IASB”) and the Financial Accounting Standards Board (hereinafter referred to as the “FASB”) in the United States co-developed comprehensive accounting standards for revenue recognition and issued “Revenue from Contracts with Customers” (IFRS 15 by the IASB and Topic 606 by the FASB) in May 2014. The ASBJ developed comprehensive accounting standards on revenue recognition and issued them in conjunction with the implementation guidance based on fact that IFRS 15 is applied from fiscal years starting on or after January 1, 2018 and Topic 606 is applied from fiscal years starting after December 15, 2017.

As the basic policy in developing accounting standards for revenue recognition, the ASBJ defined the accounting standard starting with incorporating the basic principle of IFRS 15 from a standpoint of comparability between financial statements, which is one benefit of ensuring consistency with IFRS 15. Furthermore, the ASBJ added alternative accounting treatment without impairing comparability when there are matters to be considered related to accounting practices, etc. common in Japan.

(b) Scheduled date of adoption

The Company expects to adopt the accounting standards and related implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(c) Impact of the adoption of accounting standard and implementation guidance

In accordance with the Accounting Standard for Revenue Recognition and related implementation guidance, the Company will change the disclosure method from gross sales to net sales involving transactions in which the Company acts as an agent. This change decreases the amounts of the net sales and cost of sales recognized on the consolidated financial statements to a certain extent. However, the application of the accounting standard will have a minor impact on each profitability level, including gross profit, or retained earnings.

Accounting Standards for Fair Value Measurement, etc. “Accounting Standard for Fair Value Measurement”

(ASBJ Statement No. 30, issued on July 4, 2019)

“Accounting Standard for Measurement of Inventories”

(ASBJ Statement No. 9, revised on July 4, 2019)

“Accounting Standard for Financial Instruments”

(ASBJ Statement No. 10, revised on July 4, 2019)

“Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, issued on July 4, 2019)

“Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, issued on March 31, 2020)

(a) Overview

The ASBJ promoted an initiative to enhance comparability of the requirements between the Japanese generally accepted accounting standards and International Financial Reporting Standards, primarily with regard to guidance on the fair values of financial instruments and their disclosures, and issued “Accounting Standard for Fair Value Measurement,” etc., based on the fact that the IASB and the FASB have prescribed almost the similar detailed guidance (IFRS 13 “Fair Value Measurement” issued by IASB and Accounting Standard Codification Topic 820 “Fair Value Measurement” issued by FASB).

The ASBJ’s fundamental policies adopted for developing “Accounting Standard for Fair Value Measurement,” etc. are, in principle, to implement all the requirements of IFRS 13 from the viewpoint of enhancing the comparability of the financial statements of domestic and overseas companies by prescribing unified measurement methods, but also to prescribe exceptional treatments for individual matters so that comparability would not be impaired in consideration of accounting practices that have conventionally been adopted in Japan.

(b) Scheduled date of adoption

The Company expects to adopt the accounting standards and related implementation guidance from the beginning of the fiscal year ending March 31, 2022.

(c) Impact of the adoption of accounting standard and implementation guidance

The Company is currently evaluating the effect of the adoption of the accounting standards and related implementation guidance on its consolidated financial statements.

5. CHANGES IN PRESENTATION METHOD

Changes associated with the adoption of "Accounting Standard for Disclosure of Accounting Estimates"

From the current fiscal year, the Group adopted the "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020). Accordingly, disclosures relating to accounting estimates are included in the notes to the consolidated financial statements.

6. ADDITIONAL INFORMATION

Effects of COVID-19 Pandemic When Making Accounting Estimates

The Group makes accounting estimates relating to impairment loss on non-current assets and recoverability of deferred tax assets, etc., based on information available at the time the consolidated financial statements are prepared.

The impact of the spread of COVID-19 on the Group's earnings during the current fiscal year has been limited overall. The most prominent impact was on the first quarter results of the automobile-related business. However, since the second quarter, certain business recoveries have been observed (e.g. an electronics business recovery mainly in the Electronics segment supported by demand driven by teleworking and other factors, and a resins business recovery

However, comparative information for the previous fiscal year has not been disclosed in accordance with the transitional provisions set forth in Article 11 of the Accounting Standard for Disclosure of Accounting Estimates.

in the Advanced Materials & Processing segment).

Accounting estimates relating to the impact of the COVID-19 pandemic in and after fiscal 2021 are reflected in the Group's accounting treatment based on the assumption that the current unstable business environment will continue in the first half of fiscal 2021, and the normalization of economic activities will progress gradually in and after the second half due to the spread of vaccinations.

Many uncertain factors regarding the impact of COVID-19 remain, which may affect the financial position and operating performance of the Group in the next fiscal year and thereafter.

7. INVENTORIES

Inventories at March 31, 2021 and 2020 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Merchandise and finished goods	¥88,130	¥86,183	\$796,044
Work in process	1,654	1,789	14,940
Raw materials and supplies	7,457	7,730	67,356
Total	¥97,242	¥95,702	\$878,349

8. LOSS ON DEVALUATION OF INVENTORIES INCLUDED IN COST OF SALES

The balance of inventories at the end of the year is the amount after writing down book values due to decline in profitability and following loss on devaluation of inventories is included in cost of sales for the years ended March 31, 2021 and 2020:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Loss on devaluation of inventories included in cost of sales	¥1,829	¥1,310	\$16,521

9. REDUCTIONS IN ACQUISITION COSTS DUE TO SUBSIDIES

The amounts of subsidies received from the Japanese national government and deducted from the acquisition costs of property, plant and equipment at March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Land	¥ 190	¥ 190	\$ 1,716
Buildings and structures	401	530	3,622
Machinery, equipment and vehicles	726	652	6,558
Total	¥1,318	¥1,373	\$11,905

10. LOSS ON IMPAIRMENT OF FIXED ASSETS

Loss on impairment of fixed assets for the years ended March 31, 2021 and 2020 was as follows:

Major use	Classification	Area	Millions of yen	Thousands of U.S. dollars
			2021	2021
Business-use assets for manufacturing and selling of color formers	Buildings and structures, machinery, equipment and vehicles	Hokuriku	¥ 632	\$ 5,709
Business-use assets for manufacturing and selling of color formers	Buildings and structures, machinery, equipment and vehicles	Tennessee, USA	211	1,906
Business-use assets for polyimide film glass bonding business	Machinery, equipment and vehicles	Taipei, Taiwan	951	8,590
Business-use assets for manufacturing and selling of rechargeable battery systems	Buildings and structures, machinery, equipment and vehicles, and intangible assets included in other assets	Tokai	18	163
Business-use assets for processing of thin glass panels	Buildings and structures, machinery, equipment and vehicles	Fujian, China	2	18
Idle assets	Land	Tokai etc.	7	63
Total			¥1,824	\$16,475

Major use	Classification	Area	Millions of yen
			2020
Business-use assets for processing of thin glass panels	Buildings and structures, machinery, equipment and vehicles, and intangible assets included in other assets	Fujian, China	¥1,639
Business-use assets for manufacturing and selling of pharmaceutical products	Buildings and structures, machinery, equipment and vehicles	Kinki	903
Goodwill related to siloxane materials production and development business	Goodwill	Helsinki, Finland	570
Business-use assets for manufacturing and selling of rechargeable battery systems	Machinery, equipment and vehicles	Tokai	2
Idle assets	Land	Kinki	2
Total			¥3,116

The Company and its consolidated subsidiaries group fixed assets for business use principally based on its business management segment. They also group fixed assets to be disposed of and idle assets at each asset individually as smallest cash-generating units.

For the year ended March 31, 2021, due to decreasing profitability, the carrying values of certain fixed assets for business use were reduced to their recoverable amounts. As for idle assets, due to a declining fair value, the carrying fair values were reduced to their recoverable amounts.

The recoverable amounts were measured at the net selling value or the value in use. The recoverable amounts for business-use assets for the color former manufacturing and polyimide film and glass lamination were measured at the net selling value. The net selling value was calculated based on the appraisal value published by the tax authorities or the real estate appraisers, or estimated sales value.

For the year ended March 31, 2020, due to decreasing profitability, the carrying values of certain fixed assets for business use were reduced to their recoverable amounts. With respect to goodwill related to the siloxane

materials production and development business, the Company has made progress strengthening the foundation of development of optical component materials for the wearables market, but the financial results have not been as good as projected in the initial business plan. The Company wrote down the book value of these assets to their recoverable amounts, recording a loss on impairment of goodwill. As to idle assets, due to a declining fair value, the carrying fair values were reduced to their recoverable amounts.

The recoverable amounts were measured at the net selling value or the value in use. The recoverable amounts for business-use assets for processing of thin glass panels were measured at the net selling value. The recoverable amounts for business-use assets for manufacturing and selling of pharmaceutical products were measured at the value in use based on the present value of the future cash flows with a discount rate of 0.2%. Goodwill related to the siloxane materials production and development business was measured based on the value in use. The net selling value was calculated based on the appraisal value published by the tax authorities or the real estate appraisers, or estimated sales value.

11.INVESTMENTS IN SECURITIES

(a) Marketable securities classified as other securities at March 31, 2021 and 2020 are summarized as follows:

	Millions of yen					
	2021			2020		
	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:						
Equity securities	¥77,661	¥15,838	¥61,822	¥58,734	¥12,090	¥46,643
Securities whose carrying value does not exceed their acquisition costs:						
Equity securities	835	1,010	(174)	3,997	4,330	(333)
Total	¥78,496	¥16,848	¥61,648	¥62,731	¥16,421	¥46,310

	Thousands of U.S. dollars					
	2021			2020		
	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:						
Equity securities	\$701,481	\$143,058	\$558,414			
Securities whose carrying value does not exceed their acquisition costs:						
Equity securities	7,542	9,123	(1,572)			
Total	\$709,024	\$152,181	\$556,842			

“Acquisition costs” in the above table represent the carrying value after recognizing impairment losses.

(b) Securities classified as other securities for which market value was not determinable and not included in the table (a) at March 31, 2021 and 2020 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
	Carrying value	Carrying value	Carrying value
Market value not determinable:			
Unlisted equity securities	¥6,225	¥3,731	\$56,228
Total	¥6,225	¥3,731	\$56,228

(c) Proceeds from sales of, and gross realized gain and loss on, other securities for the years ended March 31, 2021 and 2020 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Proceeds from sales	¥6,217	¥10,419	\$56,156
Gain on sales	5,774	9,723	52,154
Loss on sales	10	—	90

(d) A breakdown of loss on devaluation of investments in securities for the years ended March 31, 2021 and 2020 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Loss on devaluation of investments in securities*			
Securities classified as other securities	¥155	¥1,023	\$1,400
Unconsolidated subsidiaries and affiliates	—	5	—
Total loss on devaluation of investments in securities	¥155	¥1,028	\$1,400

* Loss on devaluation of investments in securities is recorded on securities with market value whose market value at the end of the fiscal year has declined by 50% or more from its acquisition cost, or whose market value has declined by 30% or more but less than 50% based on the amount deemed unrecoverable.
In addition, loss on devaluation of investments in securities is recorded on securities for which it is extremely difficult to determine the market value by writing down the carrying value to fair value when the decline in fair value is deemed to be unrecoverable considering the financial position of the issuers, etc., of the securities.

12.SHORT-TERM LOANS, BONDS, LONG-TERM LOANS, COMMERCIAL PAPERS AND FINANCE LEASE OBLIGATIONS

Short-term loans at March 31, 2021 and 2020 principally represented loans and commercial papers in the form of deeds at weighted-average annual interest rates of 1.33% and 1.95% per annum, respectively.

Long-term loans, bonds and finance lease obligations at March 31, 2021 and 2020 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unsecured loans from banks and insurance companies, payable in Yen, U.S. dollars, and Euros due through 2032, at rates from 0.15% to 10.00%	¥ 46,539	¥43,898	\$ 420,369
Unsecured bonds in Yen, due 2022, at a rate of 0.539%	10,000	10,000	90,326
Unsecured bonds in Yen, due 2024, at a rate of 0.150%	10,000	10,000	90,326
Unsecured bonds in Yen, due 2029, at a rate of 0.290%	10,000	10,000	90,326
Lease obligations	1,357	1,485	12,257
	77,896	75,384	703,604
Less current portion	(12,089)	(1,345)	(109,195)
Total	¥ 65,807	¥74,038	\$ 594,409

The aggregate annual maturities of bonds, long-term loans and finance lease obligations subsequent to March 31, 2021 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2022	¥12,089	\$109,195
2023	19,461	175,784
2024	1,269	11,462
2025	15,170	137,025
2026	4,605	41,595
2027 and thereafter	25,300	228,525
Total	¥77,896	\$703,604

In order to achieve more efficient and flexible financing, the Company has concluded line-of-credit agreements with certain financial institutions. The status of these lines of credit at March 31, 2021 and 2020 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Lines of credit	¥20,000	¥20,000	\$180,652
Credit utilized	—	—	—

13.OTHER COMPREHENSIVE INCOME (LOSS)

Reclassification adjustments and tax effects allocated to each component of other comprehensive income (loss) for the years ended March 31, 2021 and 2020 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Net unrealized holding gain (loss) on securities:			
Amount arising during the year	¥20,238	¥ (3,391)	\$182,802
Reclassification adjustments for gains and losses realized in the statement of income	(4,760)	(9,706)	(42,995)
Amount before tax effect	15,477	(13,097)	139,798
Tax effect	(4,532)	3,865	(40,936)
Net unrealized holding gain (loss) on securities	10,945	(9,231)	98,862
Deferred gain on hedges:			
Amount arising during the year	92	42	831
Reclassification adjustments for gains and losses realized in the statement of income	7	(25)	63
Amount before tax effect	99	16	894
Tax effect	(30)	(4)	(271)
Deferred gain on hedges	69	11	623
Translation adjustments:			
Amount arising during the year	7	(1,973)	63
Reclassification adjustments for gains and losses realized in the statement of income	—	—	—
Amount before tax effect	7	(1,973)	63
Tax effect	—	—	—
Translation adjustments	7	(1,973)	63
Retirement benefit liability adjustments:			
Amount arising during the year	594	(879)	5,365
Reclassification adjustments for gains and losses realized in the statement of income	796	300	7,190
Amount before tax effect	1,390	(578)	12,555
Tax effect	(427)	175	(3,857)
Retirement benefit liability adjustments	963	(402)	8,698
Share of other comprehensive income (loss) of affiliates accounted for by the equity method:			
Amount arising during the year	254	(339)	2,294
Total other comprehensive loss	¥12,241	¥(11,935)	\$110,568

14.RETIREMENT BENEFIT PLANS

(a) Outline of retirement benefit plans for employees

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., defined benefit pension plans and lump-sum payment plans. Certain overseas consolidated subsidiaries also have defined benefit plans. Also, the Company and certain consolidated subsidiaries have defined contribution pension plans. In addition to the retirement benefit plans described above, the Company and its consolidated subsidiaries pay additional retirement benefits under certain conditions.

(b) Defined benefit plans

The changes in the retirement benefit obligation for the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Balance at the beginning of the year	¥34,228	¥34,440	\$309,168
Service cost	1,288	1,336	11,634
Interest cost	245	225	2,213
Actuarial differences	340	262	3,071
Retirement benefits paid	(1,270)	(1,383)	(11,471)
Changes in retirement benefit plans	—	(644)	—
Changes in scope of consolidation	(408)	—	(3,685)
Other	33	(8)	298
Balance at the end of the year	¥34,457	¥34,228	\$311,237

The changes in plan assets for the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Balance at the beginning of the year	¥22,305	¥22,088	\$201,472
Expected return on plan assets	452	436	4,083
Actuarial differences	934	(616)	8,436
Contributions by the Company and its consolidated subsidiaries	1,070	1,699	9,665
Retirement benefits paid	(684)	(692)	(6,178)
Changes in retirement benefit plans	—	(609)	—
Other	15	0	135
Balance at the end of the year	¥24,093	¥22,305	\$217,623

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2021 and 2020 for the Company’s and the consolidated subsidiaries’ defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Funded retirement benefit obligation	¥ 21,671	¥ 21,188	\$ 195,746
Plan assets at fair value	(24,093)	(22,305)	(217,623)
	(2,422)	(1,117)	(21,877)
Unfunded retirement benefit obligation	12,786	13,040	115,491
Net retirement benefit liability in the balance sheet	10,363	11,922	93,605
Retirement benefit liability	13,292	13,677	120,061
Retirement benefit asset	(2,929)	(1,754)	(26,457)
Net retirement benefit liability in the balance sheet	¥ 10,363	¥ 11,922	\$ 93,605

The components of retirement benefit expenses for the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Service cost	¥1,288	¥1,336	\$11,634
Interest cost	245	225	2,213
Expected return on plan assets	(452)	(436)	(4,083)
Amortization of actuarial differences	796	300	7,190
Retirement benefit expense	¥1,877	¥1,426	\$16,954

Actuarial differences included in other comprehensive income (loss) (before tax effect) for the years ended March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Actuarial differences	¥1,390	¥(578)	\$12,555

Unrecognized actuarial differences included in accumulated other comprehensive income (before tax effect) as of March 31, 2021 and 2020 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unrecognized actuarial differences	¥400	¥(990)	\$3,613

The allocation of plan assets, by major category, as a percentage of total plan assets at fair value as of March 31, 2021 and 2020 is as follows:

	2021	2020
Bonds	59%	63%
Equity securities	23	16
Alternative investments*	9	16
Other	9	5
Total	100%	100%

* "Alternative investments" consist of insurance-linked securities and private REITs.

The expected long-term rate of return on plan assets is determined as a result of consideration of both the portfolio allocation at present and in the future, and expected long-term rate of return from multiple plan assets at present and in the future.

The assumptions used in accounting for the above plans were as follows:

	2021	2020
Discount rate	0.8%	0.8%
Expected long-term rate of return on plan assets	2.0%	2.0%

(c) Defined contribution plans

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Contributions to defined contribution plans by the Company and its consolidated subsidiaries	¥494	¥457	\$4,462

15. INCOME TAXES

Income taxes applicable to the Company and its domestic consolidated subsidiaries consist of corporation, inhabitants’ and enterprise taxes, which, in the aggregate, resulted in statutory tax rates of approximately 30.6% for the years ended March 31, 2021 and 2020.

The effective tax rates reflected in the accompanying consolidated statement of income for the years ended March 31, 2021 and 2020 differ from the statutory tax rates for the following reasons:

	2021	2020
Statutory tax rates	30.6%	30.6%
Adjustments for:		
Expenses not deductible for income tax purposes	1.2	1.8
Dividends and other income deductible for income tax purposes	(8.9)	(8.4)
Net adjustment resulting from elimination of dividend income upon consolidation	8.6	7.5
Different tax rates applied at overseas subsidiaries	(3.2)	(1.7)
Tax credit	(1.1)	(1.4)
Amortization of goodwill	2.5	2.7
Loss on impairment of goodwill	—	0.7
Adjustment of book value of shares of subsidiaries for consolidated taxation system	2.7	—
Valuation allowance	0.8	3.4
Other, net	(0.3)	0.7
Effective tax rates	32.9%	35.9%

The significant components of the Company’s and its consolidated subsidiaries’ deferred tax assets and liabilities at March 31, 2021 and 2020 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Deferred tax assets:			
Accrued bonuses for employees	¥ 1,492	¥ 1,311	\$ 13,477
Allowance for doubtful accounts	194	180	1,752
Unrealized gain on inventories	609	540	5,501
Accrued enterprise taxes	265	301	2,394
Tax loss carryforwards	3,158	2,829	28,525
Retirement benefit liability	3,069	3,610	27,721
Investments in securities	1,274	1,271	11,508
Loss on impairment of fixed assets	1,027	2,160	9,276
Tax goodwill	—	2,107	—
Other	3,827	3,486	34,568
Gross deferred tax assets	14,919	17,801	134,757
Valuation allowance	(4,867)	(4,910)	(43,962)
Total deferred tax assets	10,052	12,891	90,796
Deferred tax liabilities:			
Technology-based assets	(2,280)	(2,760)	(20,594)
Deferred capital gain on property	(1,139)	(1,226)	(10,288)
Reserve for special depreciation	(150)	(204)	(1,355)
Undistributed earnings of subsidiaries and affiliates	(610)	(558)	(5,510)
Revaluation of land	(290)	(290)	(2,619)
Net unrealized holding gain on securities	(18,292)	(13,753)	(165,224)
Other	(1,462)	(1,527)	(13,206)
Total deferred tax liabilities	(24,226)	(20,321)	(218,824)
Net deferred tax liabilities	¥(14,174)	¥ (7,430)	\$(128,028)

16. SHAREHOLDERS’ EQUITY

The Corporation Law of Japan (the “Law”) provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account.

Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

The Company’s capital reserve included in capital surplus at March 31,

2021 amounted to ¥9,634 million (\$87,020 thousand). In addition, the Company’s legal reserve included in retained earnings at March 31, 2021 amounted to ¥2,424 million (\$21,895 thousand).

Under the Law, upon the issuance and sale of new shares of common stock, the entire amount of the proceeds is required to be accounted for as common stock, although a company may, by resolution of the Board of Directors, account for an amount not exceeding 50% of the proceeds of the sale of new shares as additional paid-in capital.

Movements in common stock during the years ended March 31, 2021 and 2020 are summarized as follows:

	Number of shares			
	2021			
	April 1, 2020	Increase	Decrease	March 31, 2021
Common stock	127,408,285	—	3,000,000	124,408,285
	2020			
	April 1, 2019	Increase	Decrease	March 31, 2020
Common stock	127,408,285	—	—	127,408,285

17.TREASURY STOCK

Movements in treasury stock during the years ended March 31, 2021 and 2020 are summarized as follows:

	Number of shares			
	2021			
	April 1, 2020	Increase	Decrease	March 31, 2021
Treasury stock	3,396,695	537,380	3,000,080	933,995
	2020			
	April 1, 2019	Increase	Decrease	March 31, 2020
Treasury stock	3,396,352	343	—	3,396,695

The increase in treasury stock includes 537,100 shares resulting from the purchases of treasury stock by resolution of the Board of Directors and 280 shares resulting from the purchase of shares less than one voting unit for the year ended March 31, 2021. The decrease in treasury stock includes 3,000,000 shares resulting from the retirement of treasury stock by resolution of the

Board of Directors and 80 shares resulting from the disposition of shares less than one voting unit for the year ended March 31, 2021.
The increase in treasury stock includes 343 shares resulting from the purchase of shares less than one voting unit for the year ended March 31, 2020.

18.FINANCIAL INSTRUMENTS

(a) Policy for financial instruments

The Group invests excess funds in highly secure and short-term financial assets, whose principal is guaranteed to be recoverable. With regard to financing policy, short-term working funds are raised by bank borrowings or issuance of commercial papers and long-term funds are raised by bank borrowings and the issuance of bonds. The policy for derivative transactions is that those are utilized to mitigate the fluctuation risk related to foreign currency exchange rates arising from the receivables and payables denominated in foreign currencies, and fluctuation risk related to interest rates with respect to loans payable, and derivative transactions are not carried out for speculative purposes.

(b) Types of financial instruments, related risk and risk management for financial instruments

Receivables such as trade notes and accounts receivable are exposed to customers’ credit risks. With regard to this risk, the Group manages the settlement date by each customer, and establishes credit limits by each customer based on the Group’s internal credit rating policy and monitors outstanding balances. The Group establishes system under which the credit status by each customer is reviewed at least once a year and the sales limit amount updated as necessary.

In the cases of notes and accounts receivable or payable denominated in foreign currencies, foreign currency forward exchange contracts are used to hedge the risk of fluctuation. However, for foreign currency transactions

denominated in the same currency involving either payables or receivables, foreign currency forward exchange contracts are used solely for the netted position.
Investments in securities are subject to market price fluctuation risk. However, these are mainly equity securities of other companies with which the Group has business relationships. The Group regularly monitors both their fair value and the financial condition of the issuer. The Group also reviews as needed the condition of its holdings with concern to the status of business and financial transactions.

Short-term loans are raised primarily in connection with business activities. Long-term loans and bonds are taken out principally for the purpose of making capital spending, investments and financing. Loans with variable interest rates are subject to the risk of fluctuating interest rates. However, to reduce such risk, the Group utilizes derivatives (interest-rate swap transactions) as a hedging instrument.

Derivatives include foreign currency forward exchange contracts to manage fluctuation risk in foreign currency exchange rates and interest-rate swaps to manage fluctuation risk of interest rates related to the interest payments for bank loans.

In addition, notes and accounts payable and bank loans are exposed to liquidity risk. However, the Group manages such risk by monitoring the balance of inflow and outflow of cash and establishing liquidity on hand in excess of half of the amount of monthly net sales.

(c) Fair value of financial instruments

The carrying value of financial instruments on the consolidated balance sheet, fair value and the differences as of March 31, 2021 and 2020, are shown in the following table. Financial instruments for which fair value is deemed extremely difficult to determine are not included.

	Millions of yen		
	2021		
	Carrying value	Fair value	Difference
Assets:			
Cash and time deposits	¥ 49,254	¥ 49,254	¥ —
Notes and accounts receivable	242,558	242,558	—
Investments in securities			
Other securities	78,496	78,496	—
Total assets	¥370,308	¥370,308	¥ —
Liabilities:			
Notes and accounts payable	¥119,941	¥119,941	¥ —
Short-term loans	33,050	33,050	—
Current portion of long-term loans	12,025	12,025	—
Commercial papers	8,000	8,000	—
Bonds	30,000	29,899	(101)
Long-term loans	34,514	34,528	13
Total liabilities	¥237,531	¥237,443	¥ (87)
Derivatives*:			
Not subject to hedge accounting	¥ (594)	¥ (594)	¥ —
Subject to hedge accounting	56	56	—
Total derivative transactions	¥ (537)	¥ (537)	¥ —

	Millions of yen		
	2020		
	Carrying value	Fair value	Difference
Assets:			
Cash and time deposits	¥ 51,408	¥ 51,408	¥ —
Notes and accounts receivable	221,116	221,116	—
Investments in securities			
Other securities	62,731	62,731	—
Total assets	¥335,256	¥335,256	¥ —
Liabilities:			
Notes and accounts payable	¥108,285	¥108,285	¥ —
Short-term loans	30,590	30,590	—
Current portion of long-term loans	1,277	1,277	—
Commercial papers	30,000	30,000	—
Bonds	30,000	29,879	(121)
Long-term loans	42,621	42,671	50
Total liabilities	¥242,774	¥242,703	¥ (70)
Derivatives*:			
Not subject to hedge accounting	¥ 99	¥ 99	¥ —
Subject to hedge accounting	(0)	(0)	—
Total derivative transactions	¥ 98	¥ 98	¥ —

	Thousands of U.S. dollars		
	2021		
	Carrying value	Fair value	Difference
Assets:			
Cash and time deposits	\$ 444,892	\$ 444,892	\$ —
Notes and accounts receivable	2,190,931	2,190,931	—
Investments in securities			
Other securities	709,024	709,024	—
Total assets	\$3,344,847	\$3,344,847	\$ —
Liabilities:			
Notes and accounts payable	\$1,083,380	\$1,083,380	\$ —
Short-term loans	298,528	298,528	—
Current portion of long-term loans	108,617	108,617	—
Commercial papers	72,261	72,261	—
Bonds	270,978	270,066	(912)
Long-term loans	311,751	311,878	117
Total liabilities	\$2,145,524	\$2,144,729	\$(786)
Derivatives*:			
Not subject to hedge accounting	\$ (5,365)	\$ (5,365)	\$ —
Subject to hedge accounting	506	506	—
Total derivative transactions	\$ (4,851)	\$ (4,851)	\$ —

* Receivables and payables arising from derivative transactions are presented as a net value with the amount in parentheses representing a net liability position.

The calculation methods of fair values of financial instruments and securities and derivative transactions are as follows:

Cash and time deposits

Their carrying value approximates the fair value.

Notes and accounts receivable

The fair value of notes and accounts receivable is based on their present values discounted by the interest rate determined taking into account the remaining period to maturity for each receivable classified by settlement date.

Investments in securities

The fair value of investments in securities is based on quoted market prices. Please refer to Note 11 regarding information on securities by holding purpose.

Notes and accounts payable

The fair value of notes and accounts payable is based on their present values discounted by the interest rate determined taking into account the remaining period to maturity for each payable classified by settlement date.

Short-term loans, current portion of long-term loans and commercial papers

Since these items are settled in a short period of time, their carrying value approximates the fair value.

Bonds

The fair value of bonds is based on the market price.

Long-term loans

The fair value of long-term loans with fixed interest rates is based on the present value of the total of principal and interest discounted by the interest rate to be applied assuming new loans under similar conditions to existing loans are made. Floating interest rates for long-term loans are hedged by interest-rate swap agreements and accounted for as loans with fixed interest rates. The fair value of those long-term loans is based on the present value of the total of principals, interests and net cash flows of swap agreements discounted by the interest rates, estimated reasonably, applicable to new loans under similar conditions.

Derivative transactions

Please refer to Note 19.

The carrying value of financial instruments without determinable market value at March 31, 2021 and 2020 is presented as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Unlisted equity securities	¥ 6,225	¥ 3,731	\$ 56,228
Investments in unconsolidated subsidiaries and affiliates	8,997	9,661	81,266
Total	¥15,222	¥13,392	\$137,494

The redemption schedule for time deposits and notes and accounts receivable with maturity dates at March 31, 2021 is summarized as follows:

	Millions of yen	
	Within 1 year	Over 1 year and less than 5 years
Time deposits	¥ 48,933	¥—
Notes and accounts receivable	242,558	—
Total	¥291,491	¥—

	Thousands of U.S. dollars	
	Within 1 year	Over 1 year and less than 5 years
Time deposits	\$ 441,993	\$—
Notes and accounts receivable	2,190,931	—
Total	\$2,632,924	\$—

With respect to the redemption schedule of bonds, long-term loans and finance lease obligations, please refer to Note 12.

19.DERIVATIVES AND HEDGING ACTIVITIES

The currency-related derivatives positions outstanding for which hedge accounting has not been applied at March 31, 2021 and 2020 are as follows:

		Millions of yen			
		2021			
Classification	Transaction	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value	Valuation gain (loss)
Over-the-counter transactions	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars	¥ 6,980	¥—	¥(130)	¥(130)
	Yen	2,540	—	(38)	(38)
	Euro	9,977	—	(402)	(402)
	RMB	1,241	—	(48)	(48)
	Others	190	—	(5)	(5)
	Buying:				
	U.S. dollars	1,263	—	(14)	(14)
	Yen	1,616	—	19	19
	Euro	442	—	22	22
	Others	108	—	3	3
	Total	¥24,362	¥—	¥(594)	¥(594)

		Millions of yen			
		2020			
Classification	Transaction	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value	Valuation gain (loss)
Over-the-counter transactions	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars	¥ 5,486	¥—	¥ 23	¥ 23
	Yen	2,177	—	49	49
	Euro	6,824	—	45	45
	RMB	891	—	7	7
	Others	146	—	2	2
	Buying:				
	U.S. dollars	1,297	—	(25)	(25)
	Yen	799	—	(2)	(2)
	Euro	47	—	0	0
	Others	68	—	(1)	(1)
	Total	¥17,738	¥—	¥ 99	¥ 99

		Thousands of U.S. dollars			
		2021			
Classification	Transaction	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value	Valuation gain (loss)
Over-the-counter transactions	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars	\$ 63,048	\$—	\$(1,174)	\$(1,174)
	Yen	22,943	—	(343)	(343)
	Euro	90,118	—	(3,631)	(3,631)
	RMB	11,209	—	(434)	(434)
	Others	1,716	—	(45)	(45)
	Buying:				
	U.S. dollars	11,408	—	(126)	(126)
	Yen	14,597	—	172	172
	Euro	3,992	—	199	199
	Others	976	—	27	27
	Total	\$220,052	\$—	\$(5,365)	\$(5,365)

The fair value of foreign currency forward exchange contracts is mainly computed using the prices provided by counterparty financial institutions.

The currency-related derivatives positions outstanding for which hedge accounting has been applied at March 31, 2021 and 2020 are as follows:

		Millions of yen			
		2021			
Method for hedge accounting	Transaction	Major hedged item	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value
Deferral hedge accounting	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable	¥ —	¥—	¥ —
	Euro		299	—	(6)
	RMB		447	—	(17)
	Others		41	—	(1)
	Buying:				
	U.S. dollars	Accounts payable	1,423	—	78
	Euro		149	—	2
	RMB		0	—	0
	Others		118	—	1
Allocation method for foreign currency forward exchange contracts (Note 2(o))	Foreign currency forward exchange contracts:				
	Selling:				
	Euro	Accounts receivable	10	—	(*)
	RMB		0	—	(*)
	Others		4	—	(*)
	Buying:				
	Euro	Accounts payable	155	—	(*)
	RMB		40	—	(*)
	Others		139	—	(*)
	Total		¥2,829	¥—	¥ 56

		Millions of yen			
		2020			
Method for hedge accounting	Transaction	Major hedged item	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value
Deferral hedge accounting	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable	¥ 12	¥—	¥ 0
	Euro		138	—	0
	RMB		241	—	2
	Others		94	—	1
	Buying:				
	U.S. dollars	Accounts payable	73	—	(0)
	Euro		132	—	(0)
	RMB		103	—	(1)
	Others		165	—	(2)
Allocation method for foreign currency forward exchange contracts (Note 2(o))	Foreign currency forward exchange contracts:				
	Selling:				
	Euro	Accounts receivable	3	—	(*)
	Others		0	—	(*)
	Buying:				
	Euro	Accounts payable	118	—	(*)
	THB		82	—	(*)
	Others		38	—	(*)
	Total		¥1,204	¥—	¥(0)

		Thousands of U.S. dollars			
		2021			
Method for hedge accounting	Transaction	Major hedged item	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value
Deferral hedge accounting	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable	\$ —	\$—	\$ —
	Euro		2,701	—	(54)
	RMB		4,038	—	(154)
	Others		370	—	(9)
	Buying:				
	U.S. dollars	Accounts payable	12,853	—	705
	Euro		1,346	—	18
	RMB		0	—	0
	Others		1,066	—	9
Allocation method for foreign currency forward exchange contracts (Note 2(o))	Foreign currency forward exchange contracts:				
	Selling				
	Euro	Accounts receivable	90	—	(*)
	RMB		0	—	(*)
	Others		36	—	(*)
	Buying:				
	Euro	Accounts payable	1,400	—	(*)
	RMB		361	—	(*)
	Others		1,256	—	(*)
	Total		\$25,553	\$—	\$ 506

The fair value of foreign currency forward exchange contracts is mainly computed using the prices provided by counterparty financial institutions.

(*): The fair value of foreign currency forward exchange contracts that qualify for the allocation method is included in the fair value of the underlying accounts receivable and payable.

The interest-related derivatives positions outstanding for which hedge accounting has been applied at March 31, 2021 and 2020 are as follows.

Millions of yen					
2021					
Method for hedge accounting	Transaction	Hedged item	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value
Swap rates applied to underlying long-term loans	Interest-rate swap transactions (pay—fixed, receive—variable)	Long-term loans	¥8,000	¥4,000	(**)

Millions of yen					
2020					
Method for hedge accounting	Transaction	Hedged item	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value
Swap rates applied to underlying long-term loans	Interest-rate swap transactions (pay—fixed, receive—variable)	Long-term loans	¥8,000	¥8,000	(**)

Thousands of U.S. dollars					
2021					
Method for hedge accounting	Transaction	Hedged item	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value
Swap rates applied to underlying long-term loans	Interest-rate swap transactions (pay—fixed, receive—variable)	Long-term loans	\$72,261	\$36,130	(**)

(**): Since interest-rate swap agreements are accounted for as if the interest rates applied to the swaps had originally applied to the underlying long-term loans, their fair values were included in the fair value of the long-term loans.

20. RESEARCH AND DEVELOPMENT COSTS

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2021 and 2020 totaled ¥5,613 million (\$50,700 thousand) and ¥6,133 million, respectively.

21. OPERATING LEASES

Future minimum lease payments subsequent to March 31, 2021 under noncancelable operating leases are as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2022	¥ 825	\$ 7,452
2023 and thereafter	4,180	37,756
Total	¥5,006	\$45,217

22. CONTINGENT LIABILITIES

At March 31, 2021, the Company and its consolidated subsidiaries were contingently liable as guarantors of loans of customers and other in the aggregate amount of ¥363 million (\$3,279 thousand), and as guarantors of loans of employees in the amount of ¥0 million (\$0 thousand).

In addition, at March 31, 2021, the Company and its consolidated subsidiaries had contingent liabilities arising from notes discounted with banks and notes endorsed in the amount of ¥174 million (\$1,572 thousand).

23. AMOUNTS PER SHARE

Amounts per share at March 31, 2021 and 2020 and for the years then ended are as follows:

	Yen		U.S. dollars
	2021	2020	2021
Profit attributable to owners of parent:			
Basic	¥ 151.91	¥ 122.12	\$ 1.37
Diluted	—	—	—
Net assets	2,670.09	2,462.04	24.12
Cash dividends applicable to the year	46.00	44.00	0.42

Basic profit attributable to owners of parent per share has been computed based on the profit attributable to owners of parent available for distribution to the shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year.

Diluted profit attributable to owners of parent per share for the years ended March 31, 2021 and 2020 has not been presented because no potentially dilutive shares of common stock were outstanding.

Net assets per share have been computed based on the number of shares of common stock outstanding at the year-end.
Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

The financial data used in the computation of basic profit attributable to owners of parent per share for the years ended March 31, 2021 and 2020 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Profit attributable to owners of parent	¥18,829	¥15,144	\$170,075
Profit available for distribution to shareholders of common stock	18,829	15,144	170,075
Weighted-average number of shares	123,955,784	124,011,793	

24. CASH AND TIME DEPOSITS

(a) A reconciliation of cash and time deposits in the accompanying consolidated balance sheet at March 31, 2021 and 2020 and cash and cash equivalents in the accompanying consolidated statements of cash flows for the years then ended is as follows:

	Millions of yen		Thousands of U.S. dollars
	2021	2020	2021
Cash and time deposits	¥49,254	¥51,408	\$444,892
Time deposits with maturities of more than three months	(701)	(936)	(6,332)
Cash and cash equivalents	¥48,553	¥50,471	\$438,560

(b) Summary of assets and liabilities of consolidated subsidiaries, which were initially consolidated as a result of acquisition of equity interests during the year ended March 31, 2020

1) Prinova Group, LLC

The following is a summary of assets and liabilities at the time of initial consolidation of 18 subsidiaries in total, including Prinova Group, LLC and its subsidiaries, which were newly included in the scope of consolidation as a result of the acquisition of equity interests of Prinova Group, LLC during the year ended March 31, 2020, and related acquisition costs and net disbursement for the acquisition.

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 34,884	\$ 320,537
Non-current assets	28,879	265,359
Goodwill	10,747	98,750
Current liabilities	(26,348)	(242,102)
Non-current liabilities	(988)	(9,078)
Non-controlling interests	(2,427)	(22,301)
Acquisition cost of equity interests	44,747	411,164
Cash and cash equivalents	(2,043)	(18,772)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	¥ 42,703	\$ 392,383

2) INTERFACIAL CONSULTANTS LLC

The following is the summary of assets and liabilities at the time of initial consolidation of two subsidiaries in total, including INTERFACIAL CONSULTANTS LLC and its affiliate, which were newly included in the scope of consolidation as a result of acquisition of equity interests of INTERFACIAL CONSULTANTS LLC during the year ended March 31, 2020, and related acquisition costs and net disbursement for the acquisition.

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 2,565	\$ 23,569
Non-current assets	3,306	30,378
Goodwill	866	7,957
Current liabilities	(493)	(4,530)
Non-current liabilities	(1,361)	(12,506)
Non-controlling interests	(499)	(4,585)
Acquisition cost of equity interests	4,382	40,265
Cash and cash equivalents	(2,394)	(21,998)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	¥ 1,987	\$ 18,258

(c) Summary of assets and liabilities of companies, which were excluded from the scope of consolidation as a result of sales of shares during the year ended March 31, 2021

1) Nagase Medicals Co., Ltd.

The following is the summary of assets and liabilities at the time of sales as well as the cost of selling the shares and income from the sales of shares associated with Nagase Medicals Co., Ltd. no longer being a consolidated subsidiary due to the sales of its shares for the year ended March 31, 2021.

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 2,434	\$ 21,985
Non-current assets	1,946	17,577
Current liabilities	(2,335)	(21,091)
Non-current liabilities	(3,010)	(27,188)
Gain on sales of shares	1,314	11,869
Selling price	350	3,161
Collection of loans to subsidiaries	4,014	36,257
Cash and cash equivalents	(0)	0
Proceeds from sales of shares of subsidiaries	¥ 4,364	\$ 39,418

2) Nagase Logistics Co., Ltd.

The following is the summary of assets and liabilities at the time of sales as well as the cost of selling the shares and income from the sales of shares associated with Nagase Logistics Co., Ltd. which became affiliates accounted for by the equity method due to the partial sales of its shares for the year ended March 31, 2021.

	Millions of yen	Thousands of U.S. dollars
Current assets	¥ 859	\$ 7,759
Non-current assets	1,810	16,349
Current liabilities	(2,068)	(18,679)
Non-current liabilities	(51)	(461)
Investment account after sales of shares	(82)	(741)
Gain on sales of shares	1,342	12,122
Selling price	1,810	16,349
Proceeds from borrowings of subsidiaries	1,870	16,891
Cash and cash equivalents	(34)	(307)
Proceeds from sales of shares of subsidiaries	¥ 3,646	\$ 32,933

25. SEGMENT INFORMATION

(a) Overview of reportable segments

The reportable segments of the Company comprise those entities for which obtaining separate financial reports is possible and that are subject to regular review by the Board of Directors, which decides upon the distribution of management resources and assesses their performance.

Reflecting the respective positions of each business in the value chain, as well as identifying the most closely aligned industries, the Company defines 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, Mobility & Energy, and Life & Healthcare (functioning within the corresponding industries).

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

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

The Advanced Materials & Processing segment is engaged in the sales of dyestuffs, pigments, functional pigments, digital print processing products, 3D printing products, thermoplastic resins, thermosetting resins, automobile refinish paints, conductive coatings, synthetic rubber, inorganic materials, plastics products, resin molding tools/dies, and more for the dye/additive, digital print processing material, fiber processing, raw resin material, resin molding, 3D printing, functional film and sheet, appliance and office automation device, electronics, packaging material, construction material, and other industries.

The Electronics segment is engaged in the sales of formulated epoxy resins,

precision abrasives, semiconductor assembly materials and devices, adhesives and encapsulant materials, display panel components and devices, chemical management equipment for display manufacturing processing, low-temperature/vacuum equipment, LEDs, and other products for the heavy electrical and light electrical, semiconductor, HDD, electronic component, automotive and aircraft, display, touch panel, environmental energy, and other industries.

The Mobility & Energy segment is engaged in the sales of plastic products in general, materials for secondary batteries, interior and exterior materials and components, materials for functional components, products for electrification, sensor components, in-vehicle electronics products, in-vehicle display-related components, self-driving-related products, design and manufacture of storage battery systems, proposals for energy management systems, solar panels, battery assessment services, optical wireless communication equipment, and other products for the mobility, mobility-related, storage battery, and energy industries.

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

(b) Calculation methods of net sales, income or loss, assets, and other items by reportable segments

The accounting policies of reportable segments are generally identical to those described in Note 2. Reportable segment income corresponds to operating income in the consolidated statement of income. Intersegment internal income and transfers are determined based on the values of transactions at actual market prices.

(c) Information on net sales, income or loss, assets and other items for each reportable segment

Information by reportable segments for the year ended March 31, 2021 is as follows:

	Millions of yen										
	2021										
	Reportable Segments										
	Functional Materials	Advanced Materials & Processing	Electronics	Mobility & Energy	Life & Healthcare	Total	Others	Total	Corporate	Adjustments	Consolidated
Sales to customers	¥155,166	¥269,151	¥119,590	¥111,530	¥174,452	¥829,891	¥ 349	¥830,240	¥ —	¥ —	¥830,240
Intersegment sales and transfers	2,249	2,113	2,234	3,015	399	10,013	5,059	15,072	—	(15,072)	—
Net sales	157,415	271,265	121,824	114,546	174,852	839,904	5,408	845,312	—	(15,072)	830,240
Segment income	4,888	7,311	8,746	1,543	6,512	29,002	157	29,160	(7,763)	519	21,916
Segment assets	81,236	144,135	63,855	55,899	165,934	511,061	2,738	513,800	161,684	(34,898)	640,587
Other items:											
Depreciation and amortization other than amortization of goodwill	472	1,040	1,490	285	5,788	9,076	104	9,180	1,828	—	11,008
Amortization of goodwill	105	89	40	—	2,108	2,344	—	2,344	—	—	2,344
Unamortized balance of goodwill	1,787	720	451	—	27,257	30,216	—	30,216	—	—	30,216
Investments in affiliates accounted for by the equity method	1,981	1,728	3,170	1,237	2,995	11,113	82	11,196	—	(1)	11,195
Increase in property, plant and equipment, net and intangible assets	399	1,974	1,195	261	5,744	9,576	11	9,588	1,167	—	10,755

	Millions of yen										
	2020										
	Reportable Segments										
	Functional Materials	Advanced Materials & Processing	Electronics	Mobility & Energy	Life & Healthcare	Total	Others	Total	Corporate	Adjustments	Consolidated
Sales to customers	¥169,318	¥267,078	¥115,123	¥126,000	¥121,545	¥799,066	¥ 492	¥799,559	¥ —	¥ —	¥799,559
Intersegment sales and transfers	1,867	2,180	1,816	2,849	480	9,194	5,374	14,568	—	(14,568)	—
Net sales	171,186	269,259	116,940	128,849	122,025	808,260	5,867	814,128	—	(14,568)	799,559
Segment income	5,364	8,526	5,396	1,890	3,973	25,151	180	25,331	(6,603)	439	19,167
Segment assets	76,936	135,541	58,879	48,687	171,461	491,506	4,699	496,205	152,181	(36,909)	611,477
Other items:											
Depreciation and amortization other than amortization of goodwill	413	754	2,372	204	4,571	8,316	208	8,525	1,563	—	10,089
Amortization of goodwill	107	—	132	—	1,796	2,037	—	2,037	—	—	2,037
Unamortized balance of goodwill	1,864	946	484	—	29,935	33,230	—	33,230	—	—	33,230
Investments in affiliates accounted for by the equity method	1,895	1,722	3,906	1,242	3,064	11,831	—	11,831	—	(2)	11,829
Increase in property, plant and equipment, net and intangible assets	436	1,845	3,235	241	6,035	11,794	24	11,818	1,010	—	12,829

Thousands of U.S. dollars											
2021											
	Reportable Segments						Others	Total	Corporate	Adjustments	Consolidated
	Functional Materials	Advanced Materials & Processing	Electronics	Mobility & Energy	Life & Healthcare	Total					
Sales to customers	\$1,401,554	\$2,431,135	\$1,080,210	\$1,007,407	\$1,575,756	\$7,496,080	\$ 3,152	\$7,499,232	\$ —	\$ —	\$7,499,232
Intersegment sales and transfers	20,314	19,086	20,179	27,233	3,604	90,444	45,696	136,139	—	(136,139)	—
Net sales	1,421,868	2,450,230	1,100,388	1,034,649	1,579,370	7,586,523	48,848	7,635,372	—	(136,139)	7,499,232
Segment income	44,151	66,037	78,999	13,937	58,820	261,964	1,418	263,391	(70,120)	4,688	197,959
Segment assets	733,773	1,301,915	576,777	504,914	1,498,817	4,616,214	24,731	4,640,954	1,460,428	(315,220)	5,786,171
Other items:											
Depreciation and amortization other than amortization of goodwill	4,263	9,394	13,459	2,574	52,281	81,980	939	82,919	16,512	—	99,431
Amortization of goodwill	948	804	361	—	19,041	21,172	—	21,172	—	—	21,172
Unamortized balance of goodwill	16,141	6,503	4,074	—	246,202	272,929	—	272,929	—	—	272,929
Investments in affiliates accounted for by the equity method	17,894	15,608	28,633	11,173	27,053	100,379	741	101,129	—	(9)	101,120
Increase in property, plant and equipment, net and intangible assets	3,604	17,830	10,794	2,358	51,883	86,496	99	86,605	10,541	—	97,146

(d) Geographical information

Net sales by country or region for the years ended March 31, 2021 and 2020 are summarized as follows:

Millions of yen			Thousands of U.S. dollars
	2020	2020	2021
Japan	¥363,168	¥402,390	\$3,280,354
Greater China	212,622	187,554	1,920,531
ASEAN	104,495	110,642	943,862
Americas	88,460	55,420	799,024
Europe	42,787	24,610	386,478
Other	18,705	18,939	168,955
Total	¥830,240	¥799,559	\$7,499,232

Notes:

1. Net sales are categorized by country or region based on the locations of customers.
2. Country or region is determined by geographical proximity.
3. Major countries in each region
(1) Greater China China, Hong Kong, and Taiwan
(2) ASEAN Thailand, and Vietnam
(3) Americas U.S.A., and Mexico
(4) Europe Germany and UK
(5) Other Korea

Property, plant and equipment by country or region as of March 31, 2021 and 2020 are summarized as follows:

Millions of yen			Thousands of U.S. dollars
	2021	2020	2021
Japan	¥61,846	¥64,301	\$558,631
Other	9,050	10,324	81,745
Total	¥70,896	¥74,626	\$640,376

(e) Information on loss on impairment of fixed assets per reportable segments

Loss on impairment of fixed assets for the years ended March 31, 2021 and 2020 is as follows:

	Millions of yen								
	2021								
	Reportable Segments						Others	Eliminations or corporate	Total
Functional Materials	Advanced Materials & Processing	Electronics	Mobility & Energy	Life & Healthcare	Total				
Loss on impairment of fixed assets	¥—	¥843	¥954	¥18	¥—	¥1,817	¥—	¥7	¥1,824

Due to decreasing profitability, the carrying values of the assets for the color former manufacturing business in the Advanced Materials & Processing segment were reduced to their recoverable amounts and impairment losses of ¥843 million were recognized.

With respect to the assets for polyimide film glass bonding business in the Electronics segment, which are held by a subsidiary in Taiwan, estimated future cash flows were less than their book values. As a result, the carrying values of these assets were reduced to their recoverable amounts and impairment losses of ¥951 million were recognized.

	Millions of yen								
	2020								
	Reportable Segments								
	Functional Materials	Advanced Materials & Processing	Electronics	Mobility & Energy	Life & Healthcare	Total	Others	Eliminations or corporate	Total
Loss on impairment of fixed assets	¥—	¥—	¥2,209	¥2	¥903	¥3,114	¥—	¥2	¥3,116

Due to decreasing profitability, the carrying values of the assets for processing of thin glass panels business in the Electronics segment were reduced to their recoverable amounts and impairment losses of ¥1,639 million were recognized. With respect to goodwill related to the siloxane materials production and development business in the same segment, the Company has made progress strengthening the foundation of development of optical component materials for the wearables market, but the financial results have not been as good as projected in the initial business plan. Accordingly, the Company wrote down the book value of the goodwill to their recoverable amounts, recording impairment losses of ¥570 million.

Due to decreasing profitability, the carrying values of the assets for manufacturing and selling of pharmaceutical products business in the Life & Healthcare segment were reduced to their recoverable amounts and impairment losses of ¥903 million were recognized.

Thousands of U.S. dollars								
2021								
Reportable Segments								
	Functional Materials	Advanced Materials & Processing	Electronics	Mobility & Energy	Life & Healthcare	Total	Others	Eliminations or corporate
								Total
Loss on impairment of fixed assets	\$—	\$7,614	\$8,617	\$163	\$—	\$16,412	\$—	\$63
								\$16,475

26.RELATED PARTY TRANSACTION

A consolidated subsidiary of the Company recorded the following transaction with a related party for the years ended March 31, 2021 and 2020:

Name of related party	Relationship with the related party	Description of the transaction	Account	Millions of yen		Thousands of U.S. dollars
				2021	2020	2021
315 Fullerton LLC*	A director of a consolidated subsidiary of the Company owns a majority of the voting rights of the company.	Rental of real estate**	Rent payment for real estate	¥34	¥22	\$307
Total				¥34	¥22	\$307

* Mr. Donald K. Thorp, a director of Prinova Group, LLC, which is a consolidated subsidiary of the Company, owns 77% of the voting rights.
** Rent is determined taking the transactions in the neighboring area into consideration.

27.SUBSEQUENT EVENTS

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2021, was approved at a meeting of the shareholders held on June 23, 2021:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥24.0 = U.S.\$0.22 per share)	¥2,963	\$26,764

Independent Auditor’s Report



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Independent Auditor’s Report

The Board of Directors
NAGASE & CO., LTD.

Opinion

We have audited the accompanying consolidated financial statements of NAGASE & CO.,LTD. and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2021, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor’s opinion thereon, and we do not provide a separate opinion on these matters.



Impairment of Property, Plant and Equipment related to Color Former Manufacturing Business of Fukui Yamada Chemical Co., Ltd.

Description of Key Audit Matter	Auditor's Response
<p>As described in “Loss on Impairment of Fixed Assets” in the Notes to the Consolidated Statement of Income and in “Information on Loss on Impairment of Fixed Assets per Reportable Segments” in the Notes to the Segment Information, the Company recorded an impairment loss of ¥632 million on Property, Plant and Equipment related to the Color Former Manufacturing Business of Fukui Yamada Chemical Co., Ltd. ("Fukui Yamada") for the fiscal year ended March 31, 2021.</p> <p>Property, Plant and Equipment are amortized on straight-line basis, but if there exists any indications of impairment, it is required to be determined whether an impairment loss is to be recognized by comparing the carrying amount with the undiscounted future cash flows from the asset or asset group. If, as a result of the assessment, it is determined that an impairment loss is to be recognized, the carrying amount is reduced to the recoverable amount and the reduction in the carrying amount is recognized as an impairment loss.</p> <p>With regard to the assets for the color former manufacturing business of Fukui Yamada, which belongs to Advanced Materials and Processing segment, the balance of supplies and demands for color formers has significantly been deteriorated, and the profit and loss from the future operating activities of this business is expected to become negative. Management believes that this trend will continue and therefore considered that indicators of impairment existed in this asset group as of March 31, 2021 and accordingly assessed whether an impairment loss had to be recognized.</p>	<p>We performed the following procedures, among others, in considering the impairment of Property, Plant and Equipment related to Fukui Yamada's color former manufacturing business.</p> <ul style="list-style-type: none"> To understand the business environment, including the impact of COVID-19, reviewed external information on market trends and future forecasts for thermal paper using color formers; Examined the consistency of future cash flows with the business plan approved by board of directors of Fukui Yamada; Compared the estimated period of future cash flows with the remaining economic useful life of major assets; To evaluate the effectiveness of the estimation process used to develop the business plan, compared the business plan of previous years with actual results and analyzed factors that caused deviations from the plan; Examined whether the factors that caused deviations from the above business plan were taken into account in estimating the future cash flows used to calculate the value in use; Inquired of the relevant departments that developed the business plan for the key assumptions such as unit prices of sales and raw material and reviewed related evidence and information that supported those assumptions; and Performed sensitivity analyses of key assumptions

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The future cash flows used in this assessment were estimated based on the business plan developed by Fukui Yamada and future uncertainties were taken into account.

The key assumptions in this estimate are unit prices of sales and raw materials, both of which are subject to uncertainty and require management's judgment. Therefore, we determined the impairment of the assets for the color former manufacturing business of Fukui Yamada to be a key audit matter.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

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- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

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Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2021 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 24, 2021

三ツ木 最文 
Yoshifumi Mitsugi
Designated Engagement Partner
Certified Public Accountant

渡邊 力夫 
Rikio Watanabe
Designated Engagement Partner
Certified Public Accountant

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Consolidated Subsidiaries, Affiliates and Offices

Category	Company name	Description of business	Location	Year of establishment
Japan				
Manufacturing and Processing				
●	Nagase ChemteX Corporation	Research, manufacture, and sale of enzymes, fermented products, pharmaceutical intermediates, disinfecting agents, functional polymers, epichlorohydrin derivatives, electronics materials, etc.	Osaka Pref.	1970
●	Hayashibara Co., Ltd.	Development, manufacture, and sale of food raw materials, pharmaceutical raw materials, cosmetics raw materials, health foods raw materials, functional dyes, etc.	Okayama Pref.	1932
●	DAITAI KAKO CO., LTD.	Manufacture and sale of special pattern paint, polyester resin-related products and FRP waterproof/anticorrosion-related products	Osaka Pref.	1949
●	Nagase Filter Co., Ltd.	Planning, production, processing, quality testing and sale of metal filters	Osaka Pref.	2006
●	Fukui Yamada Chemical Co., Ltd.	Manufacture of color former	Fukui Pref.	1985
●	Totaku Industries, Inc.	Manufacture and sale of plastic products	Osaka Pref.	1952
●	Setsunan Kasei Co., Ltd.	Coloring and sale of plastics	Osaka Pref.	1966
●	Nagase Techno-Engineering Co., Ltd.	Manufacture, sale and maintenance of low-temperature vacuum equipment, systems for chemical supply management and recycling processes, inspection systems, and the peripheral equipment for each of these	Tokyo Pref.	1989
●	CAPTEX Co., Ltd.	Manufacture and development of battery power source controllers, battery power sources and power source peripheral equipment	Aichi Pref.	2004
●	Honshu Rheem Co., Ltd.	Manufacture and sale of fiber drums, import and sale of food processing machines and materials	Kanagawa Pref.	1968
●	eX. Grade Co., Ltd.	Development, manufacture and sale of components for electronic equipment	Osaka Pref.	2003
●	SN Tech Corporation	Manufacture of developer, recycling business	Osaka Pref.	2008
●	Xenomax-Japan Co., Ltd.	Manufacture and sales of high heat-resistant polyimide film XENOMAX®	Fukui Pref.	2018
●	Sun Delta Corporation	Development of applications for synthetic plastic products and manufacture and sale of processed products	Tokyo Pref.	2005
●	Nissei Technology Corporation	Design, development, and manufacture of ultra-precision plastic lenses and optical units; manufacture of precision mechanical components and units	Hyogo Pref.	1953
●	Toyo Beauty Supply Corporation	Contract manufacture of cosmetics and health foods	Tokyo Pref.	1964
●	SCREEN DecoraPrint Co., Ltd.	Contract manufacturer of decorative printing	Kyoto Pref.	2019
	Aience Inc.	Development and construction of drainage and exhaust treatment systems	Osaka Pref.	2020
Sales and Servicing				
●	Nagase Chemical Co., Ltd.	Sale of dyestuffs, industrial chemicals, chemicals for manufacturing paper, plastics and machinery	Tokyo Pref.	1995
●	Nagase Chemspec Co., Ltd.	Sale and technical servicing of chemicals	Tokyo Pref.	1976
●	Nagase Plastics Co., Ltd.	Sale of raw materials for plastics and plastic products	Osaka Pref.	1975
●	Nagase Techno Service Co., Ltd.	Sales of kitting/logistics services, online catalog sales, recordable media, and RFID	Chiba Pref.	1991
●	Nagase Elex Co., Ltd.	Sale of raw materials for plastics and plastic products	Tokyo Pref.	1979
●	Nagase Abrasive Materials Co., Ltd.	Sale of abrasives, inorganic materials and related equipment	Osaka Pref.	1955
●	Nishinihon Nagase Co., Ltd.	Sale of dyestuffs, auxiliaries, industrial chemicals and plastics	Fukuoka Pref.	1969
●	Nagase Sanbio Co., Ltd.	Sales of medicine for agriculture and additives for fertilizers, feed and food	Tokyo Pref.	1987
●	Nagase Beauty Care Co., Ltd.	Sale of cosmetics and health foods	Tokyo Pref.	1991
●	Nagase Business Expert Co., Ltd.	Import/export and receivables/payables administration; shared services for receipts/disbursements	Tokyo Pref.	1996
●	Nagase Information Development, Ltd.	Software development and maintenance	Tokyo Pref.	1987
●	Senko Nagase Logistics co., Ltd.	Warehousing and distribution	Hyogo Pref.	1982
●	Nagase-OG Colors & Chemicals Co., Ltd.	Purchasing and information services related to dyes, industrial chemicals, etc.	Osaka Pref.	2012
●	Nagase Landauer, Ltd.	Radiation measuring services	Ibaraki Pref.	1974
	Senko Nagase Logistics Support Co., Ltd.	An exclusive stevedore for Senko Nagase Logistics co., Ltd.	Hyogo Pref.	1954
	Choko Co., Ltd.	Insurance agency	Osaka Pref.	1971

● Consolidated subsidiary ● Company accounted for under the equity method (As of July 2021)

Category	Company name	Description of business	Location	Year of establishment
Greater China and South Korea				
Manufacturing and Processing				
●	Nagase ChemteX (Wuxi) Corporation	Plastic manufacture and sale of adhesives and high-tech chemical products for electronics, technology services	China	2002
●	Nagase Engineering Service Korea Co., Ltd.	Equipment maintenance service and engineering	South Korea	1997
●	Prinova (Changzhou) Solutions Co., Ltd.	Manufacture and processing of premix products	China	2010
●	Guangzhou Kurabo Chemicals Co., Ltd.	Manufacture of molded urethane products for automobiles	China	2001
●	Toyo Quality One (Guangzhou) Co., Ltd.	Research and development, manufacturing, processing, sale, technology consulting, and after-sale service for major automotive parts	China	2004
●	Toyo Quality One Ningbo Co., Ltd.	Manufacture and sale of polyurethane foam	China	1993
●	Wuxi Chenghong Electronic Chemicals Co., Ltd.	Research, development, manufacture, and sales of electronics chemicals including semiconductors and flat panel displays (FPDs)	China	2013
●	Tokai Spring Mfg. (Foshan) Co., Ltd.	Development, manufacture, and sale of precision press products, spring, and standard molds	China	2005
	ON Textile Chemicals (Shanghai) Co., LTD.	Manufacture, sales, and export/import of textile-related products, dyeing processing agents	China	2003
	Mianyang Chenghong Electronic Chemicals Co., Ltd.	Research/development, manufacture and sales of electronics chemicals including of semiconductors and flat panel displays (FPDs)	China	2017
	Huizhou Sanli Three Synergy Precision Co., Ltd.	Manufacture of precision metal insert molding parts for automotive, new energy and power industries	China	2018
Sales and Servicing				
●	Nagase (China) Co., Ltd.	Investment, trade, import/export, processing, logistics, R&D, IT development, and various services	China	2019
●	Nagase (Hong Kong) Ltd.	Import/export, domestic sales, marketing	China	1971
●	Guangzhou Nagase Trading Co., Ltd. · Wuhan Branch Office/Chongqing Branch Office · Zhengzhou Branch Office, Shenzhen Branch Office, Xiamen Branch Office	Import/export, domestic sales, marketing	China China China	2002
●	Shanghai Nagase Trading Co., Ltd.	Import/export, domestic sales, marketing	China	1997
●	Tianjin Nagase International Trading Co., Ltd. · Dalian Branch Office, Qingdao Branch Office, Changchun Branch Office	Import/export, domestic sales, marketing	China China China	2003
●	Nagase (Taiwan) Co., Ltd.	Import/export, domestic sales, marketing	Taiwan	1988
●	Nagase Korea Corporation Dongtan Office	General import/export trading, retailing/wholesaling, import/export trade agency	South Korea	2001
●	Nagase Wahlee Plastics Corporation · Taichung Office, Kaohsiung Branch Office, Tainan Branch Office	Sale of resins and related products	Taiwan Taiwan	1990
●	NWP International Trading (Shenzhen) Co., Ltd. · Dongguan Branch Office, Guangzhou Branch Office, Xiamen Branch Office	Sale of plastic products in South China	China China China	2004
●	Shanghai Hua Chang Trading Co., Ltd. · Suzhou Branch Office, Ningbo Branch Office · Chengdu Branch Office, Chongqing Branch Office · Nanjing Branch	Sale of resins and related products	China China China China	1998
●	Prinova Solutions Asia Co., Limited	Invest and asset management	Hong Kong	2010
	ON Colors & Chemicals (Shanghai) Co., Ltd.	Sales of textile-related products, dyeing processing agents, related equipment; export/import and technology consulting, technological development of dyeing processing	China	2002
	NW Consultant Service (Shenzhen) Ltd.	Print quality management consultant	China	2008
	Nagase C&G Technology (Shanghai) Co., Ltd.	Construction and maintenance of chemical supply and management equipment	China	2006
	Datai (Shanghai) Chemical Trading Co., Ltd.	Sales of raw materials for paints	China	2013

Consolidated Subsidiaries, Affiliates and Offices

Category	Company name	Description of business	Location	Year of establishment
ASEAN and the Middle East				
Manufacturing and Processing				
●	Pac Tech Asia Sdn. Bhd.	Manufacture and sale of semiconductor manufacturing equipment, semiconductor wafer bumping contract manufacturing	Malaysia	2006
●	PT. Toyo Quality One Indonesia	Manufacture of flame lamination products	Indonesia	2008
●	Dainichi Color Vietnam Co., Ltd.	Manufacture and sale of color masterbatch blend for plastic	Vietnam	2006
●	Automotive Mold Technology Co., Ltd.	Manufacture of automotive molds and dies	Thailand	2000
●	MINDA KYORAKU LTD.	Manufacture of blow-formed automobile components	India	2011
●	Nafuko Co., Ltd.	Manufacture, import/export, and sale of packaging materials and related equipment	Thailand	1996
Sales and Servicing				
●	Nagase Singapore (Pte) Ltd. · Australia Branch · Bangladesh Liaison Office · Middle East Representative Office · Turkey (Izmir) Branch Office · Vietnam Representative Office Branch	Import/export, domestic sales, marketing	Singapore Australia Bangladesh United Arab Emirates Turkey Vietnam	1975
●	Nagase (Thailand) Co., Ltd. · Eastern Office · Yangon Branch · Pakistan Liaison Office	Import/export, domestic sales, marketing	Thailand Thailand Myanmar Pakistan	1989
●	Nagase (Malaysia) Sdn. Bhd. · Johor Bahru Office · Penang Office	Import/export, domestic sales, marketing	Malaysia Malaysia Malaysia	1981
●	PT. Nagase Impor-Ekspor Indonesia · Surabaya Branch	Import/export, domestic sales, marketing	Indonesia Indonesia	1998
●	Nagase Philippines Corporation	Import/export, domestic sales, marketing	Philippines	1997
●	Nagase Philippines International Services Corporation · Makati Office · Cebu Office	Domestic sales, import/export	Philippines Philippines Philippines	2005
●	Nagase Vietnam Co., Ltd. · Ho Chi Minh City Branch · Danang Branch	Import/export, domestic sales, marketing	Vietnam Vietnam Vietnam	2008
●	Nagase India Private Ltd. · North India Branch (Gurgaon) · South India Branch (Chennai)	Import/export, domestic sales, marketing	India India India	2006
●	Prinova Gida ve Kimya Ticareti Limited Sirketi	Sales of functional food ingredients	Turkey	2013
●	Prinova Australia and New Zealand PTY LTD	Sales of functional food ingredients	Australia	2019
	PT. Indonesia Mold Technology	Design changes and maintenance for large-scale plastic automobile component molds	Indonesia	2015

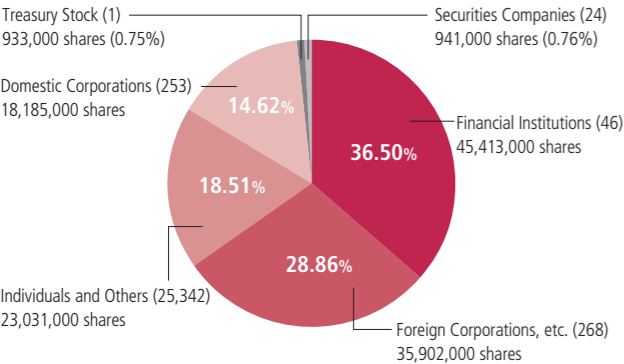
Category	Company name	Description of business	Location	Year of establishment
Americas				
Manufacturing and Processing				
●	Sofix LLC	Manufacture and sale of color formers	America	1990
●	Nagase ChemteX America Corporation	Research and development, manufacture, and sales of materials for commercial adhesives, conductive adhesives	America	1993
●	Pac Tech USA-Packaging Technologies Inc.	Semiconductor wafer bumping, manufacture and sale of semiconductor manufacturing equipment	America	2001
●	Infinite Material Solutions, LLC	Development and manufacture of water-soluble support materials for 3D printing	America	2018
●	Interfacial Consultants LLC	Contract products, manufacturing process development, composite substrate, manufacturing of various masterbatches	America	2014
●	Prinova Solutions LLC	Manufacture and processing of premix products	America	2006
●	Armada Nutrition LLC	Contracted manufacture of sports nutrition products	America	2015
●	Prinova Flavors LLC	Custom formulate and manufacture of food and feed flavors	America	2009
●	TQ-1 de MEXICO S.A. de C.V.	Manufacture and sale of urethane for automotive seat pads and automotive laminated frames and sale of automotive ethane foam	Mexico	2012
●	Cytech Products Inc.	Manufacture and sales of mold release agents for polyurethane resins, thermal paper additives and emulsion dispersing element	America	1988
●	3D Glass Solutions, Inc.	Development, manufacture, and sale of processed 3D glass products and contracting of 3D glass processing	America	2016
●	KN Platech America Corporation	Manufacture and sale of blow-formed plastic molding components and products	America	2010
Sales and Servicing				
●	Nagase Holdings America Corporation	Regional management, investment and asset management, professional service provided	America	2019
●	Nagase America LLC · Michigan Branch · California Branch	Import/export, domestic sales, marketing	America America America	1971
●	Nagase Specialty Materials NA LLC	Sales of raw materials for paints, inks, adhesives, resin compounds, personal care products	America	1985
●	Nagase Enterprise Mexico S.A. de C.V.	Import/export sales, intermediate trade, market development, information collection	Mexico	2010
●	Prinova Group LLC	Management, invest and asset management, professional service provided	America	2002
●	Prinova US LLC	Sales of functional food ingredients	America	2002
●	Prinova Aroma Chemicals LLC	Sales of aroma chemicals and essential oils	America	2002
●	Prinova Canada LLC	Invest and asset management	America	2015
●	Prinova Nutra Corp.	Sales of functional food ingredients	Canada	2008
●	Prinova Mexico S. de R.L. de C.V.	Sales of functional food ingredients	Mexico	2008
	Nagase do Brasil Comércio de Produtos Químicos Ltda.	Import/export sales, intermediate trade, market development, information collection	Brazil	2012
Europe				
Manufacturing and Processing				
●	Pac Tech-Packaging Technologies GmbH	Semiconductor wafer bumping, manufacture and sale of semiconductor manufacturing equipment	Germany	1995
●	Inkron Oy	Development, manufacture of functional materials for semiconductors and electronic devices	Finland	2013
●	Prinova Solutions Europe Limited	Manufacture and processing of premix products	England	1999
Sales and Servicing				
●	Nagase (Europa) GmbH · Hungarian Branch · London Branch · Lyon Branch	Import/export, domestic sales, marketing	Germany Hungary England France	1980
●	Prinova Europe Limited	Sales of functional food ingredients	England	2002
●	Prinova Spain, S.L.	Sales of functional food ingredients	Spain	2011
●	Prinova Benelux and France N.V.	Sales of functional food ingredients	Belgium	2012
●	Prinova Germany GmbH	Sales of functional food ingredients	Germany	2021

Investor Information

(As of March 31, 2021)

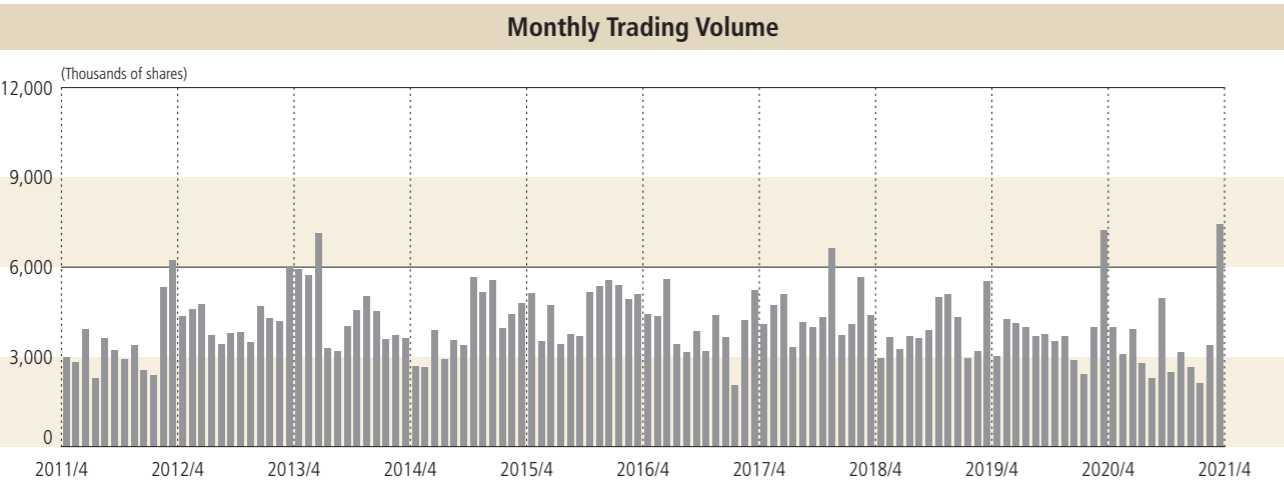
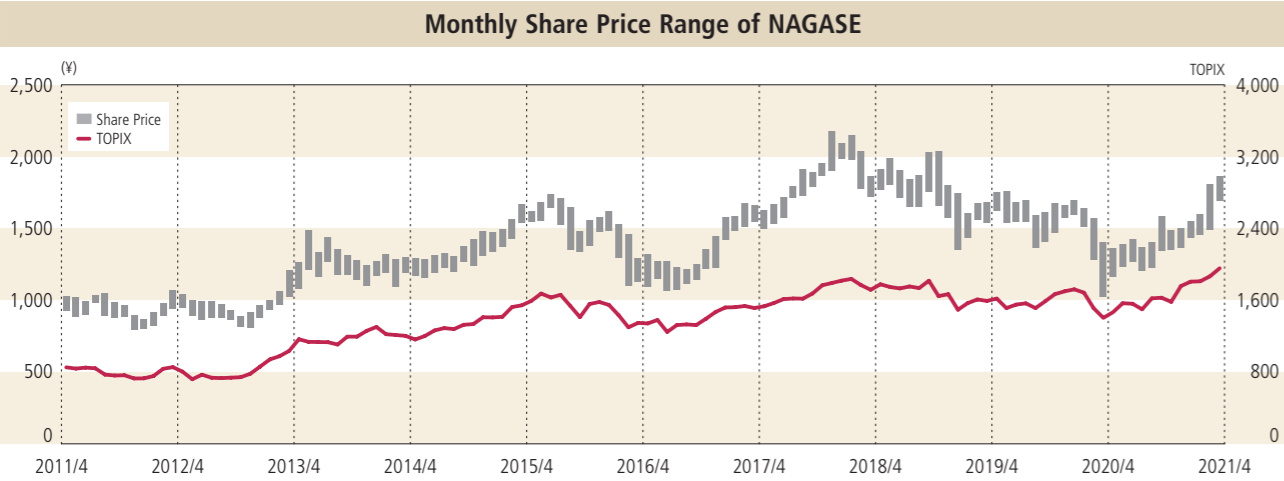
Stock Exchange	Tokyo (First Section)
Code	8012
Stock Status	The total number of shares issuable: 346,980,000 shares Issued Number of Shares: 124,408,285 shares
Number of Shareholders	25,934

Composition of Shareholders



Principal Shareholders		
Name	Number of Shares Held (Thousands)	Percentage of Total Shares Outstanding (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	9,726	7.88
Sumitomo Mitsui Trust Bank, Limited	5,776	4.68
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	5,477	4.44
Custody Bank of Japan, Ltd. (Trust Account)	5,435	4.40
Sumitomo Mitsui Banking Corporation	4,377	3.54
Nippon Life Insurance Company	3,589	2.91
Reiko Nagase	3,519	2.85
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	3,122	2.53
NAGASE & CO., LTD. Own Share Investment Association	2,927	2.37
Nagase Shunzo Co., Ltd.	2,688	2.18

Note: Percentage of total shares outstanding was computed excluding treasury stock (933 thousand shares).



Corporate Information

(As of March 31, 2021)

Overview	
Company Name	NAGASE & CO., LTD.
Founded	June 18, 1832
Establishment	December 9, 1917
Capital	¥9,699 million
Employees	875 (Consolidated: 6,940)
Main Business	Import/export and domestic sales of chemicals, plastics, electronics materials, cosmetics and health foods
Main Banks	Sumitomo Mitsui Banking Corporation, MUFG Bank, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited



Osaka Head Office Tokyo Head Office

Main Offices	Osaka Head Office:	1-1-17, Shinmachi, Nishi-ku, Osaka City, Osaka 550-8668 Tel: (81) 6-6535-2114
	Tokyo Head Office:	5-1, Nihonbashi-Kobunacho, Chuo-ku, Tokyo 103-8355 Tel: (81) 3-3665-3021
	Nagoya Branch Office:	3-14-18, Marunouchi, Naka-ku, Nagoya City, Aichi 460-8560 Tel: (81) 52-963-5615
	Nagase R&D Center:	Kobe High Tech Park, 2-2-3, Murotani, Nishi-ku, Kobe City, Hyogo 651-2241 Tel: (81) 78-992-3162
	Nagase Application Workshop:	2-4-45, Higashi Tsukaguchicho, Amagasaki City, Hyogo 661-0011 Tel: (81) 6-4961-6730

Engagement with External Evaluation Organizations

Through engagement with external evaluation organizations such as CDP, EcoVadis, Sedex, and RSPO, we analyze our risks and opportunities, and apply that to creating new value.

