

# FY2024 Second Quarter Financial Briefing

**NAGASE&CO.,LTD.**

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

**November 7, 2024**

*Embracing Authenticity,  
Embracing Change*

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Ueshima, Representative Director, President and CEO, will now present.






Good morning, everyone. I am Ueshima, Representative Director, President and CEO of NAGASE & CO., LTD.

Thank you very much for your continued support.



We will now begin our financial briefing for Q2 FY2024.

# Executive Summary

## FY2024 Second Quarter Results

-  Prinova Group profits declined due to ongoing challenging conditions in the manufacturing and allowance for doubtful accounts.
-  Nagase Viita profit declined due to weak sales in Functional Materials for cosmetics due to sluggish demand in China, the final consumption market
-  Trading business performed well in the Functional Materials, Advanced Materials & Processing, and Electronics & Energy segments due to moderate recovery in the semiconductor, electrical appliances and electronics industries, and other industries
-  Sales were strong for Nagase ChemteX formulated epoxy resin used in semiconductors for high-end servers in the generative AI market
-  We contributed to narrowing operating losses by withdrawing from the color formers business in the U.S., where we suffered large deficits, as part of our efforts in the Improve Area
  - We expect to improve profitability through ROIC management and increase gross profit margin from 17.5% to 19.2%

## FY2024 Earnings Projections

-  We forecast the lower-than-expected performance in the manufacturing business in the Prinova Group to continue in the second half of the year
-  We plan to add production lines, anticipating that sales of formulated epoxy resins for high-end server semiconductors (e.g., those used in generative AI) will remain strong in the second half of the year.
  - Our expectation to post record-high operating income remains unchanged, with no revisions to our overall consolidated forecast, despite performance variations across segments (individual segment forecasts remain subject to revision).

## Medium-Term Management Plan ACE 2.0

- Growth strategy initiatives
- Change in shareholder returns (increase in dividend for FY2024)
- Revision of Materiality to achieve sustainability

Here is an executive summary of what we would like to share with you today. First, in Q2 Y2024, there were two items that fell short of our initial expectations, and three items that exceeded them.

The first item below was the Prinova Group's business in the Life & Healthcare segment. As we explained in our presentation of Q1 results, operating income decreased YoY, due in part to continued difficult conditions in the manufacturing sector and the provision for doubtful accounts.

The second is Nagase Viita Co., Ltd.'s business, also in the Life and Healthcare segment. In Q1, the demand season for functional materials for cosmetics, demand was weak in the final consumption areas of cosmetics, especially in China, resulting in lower sales than expected at the beginning of the period. As a result, operating income decreased YoY.

On the other hand, as one of the items that exceeded the expectation, in the trading company business, all industries entered into a gradual recovery trend, and the adjustment of products and intermediate inventories that had been accumulated last year at customers was completed, resulting in strong orders in the functional materials, Advanced Materials & Processing, and Electronics & Energy segments.

The second is Nagase ChemteX Corporation's Liquid Molding Compounds. Its sales for semiconductors for high-end servers have been strong due to the higher-than-expected growth of the generated AI market.

Third, as part of our efforts in the area of improvement, we completed the process of withdrawing from the color formers business in the US, which had a large loss last year, and the reduction of operating loss has contributed.

Both the manufacturing and trading businesses improved their efficiency and profitability through internal efforts, resulting in an improvement in gross profit margin from 17.5% to 19.2%.

In the previous fiscal year, we listed in the summary as the items that were below the expectation the color formers business, the resin sales business in the Advanced Materials and Processing segment, and the manufacturing business at the Prinova Group's Utah plant. Among them, color formers business and resin sales business are improving.

Next, regarding the full-year forecast for FY2024, although we had expected market conditions for North American food ingredients related to the Prinova Group to recover, we expect that the market will remain sluggish in H2, as it did in H1. As for Liquid Molding Compounds for high-end servers for generation AI, we expect shipments in H2 to remain at the same level as in H1. In anticipation of market expansion in the next year and beyond, we have already completed the expansion of the line and started operation in H2.

Although there are strong and sluggish business depending on the business, overall, we expect record-high operating income.

Regarding the **ACE 2.0** mid-term management plan, I would like to explain our growth strategy initiatives, changes in shareholder returns, and a review of materiality.

# Business Environment by Segment



Industry	Full-Year FY2024 Initial Forecast		First Half Trends		Second Half Trends		Segment
Coatings	Automotive applications to remain strong, but generally flat overall		Growth in both automotive and construction applications was sluggish, remaining generally flat overall		Growth in Asia is likely to remain sluggish, despite a production recovery among manufacturers in Japan		Functional Materials
Color Formers	Oversupply to continue while market conditions remain sluggish		Withdrawal from the color formers business in the U.S. business in Japan is also in a reduced equilibrium.				
Semiconductors	Moderate recovery, full-scale recovery in the second half of the fiscal year, with sales of high-end applications to continue strong		Recovery varied by category, but saw strong demand for high-end applications		Demand for high-end applications to grow		Electronics & Energy
Display	Demand to recover year on year		Production of TV panels ended in Japan, while overseas production remained flat year on year		Likely to remain at first-half levels		
Smartphones	Expected growth year on year		High-end performance was strong year on year. Persistent sluggish middle- and low-end performance due to interim inventories		Likely to remain at first-half levels		Advanced Materials
OA and Games	Overall demand and resin market conditions to make a moderate recovery		Moderate recovery in demand and resin market conditions		Strong performance likely to continue through Q3, with an inventory adjustment phase in Q4		
Automobiles	Moderate recovery in automobile production to continue		Steady automobile production in the U.S., while production declined in Japan and Asia		Moderate recovery in Japan, while challenging conditions to continue in Asia		Mobility
Medical	Demand to increase while sales of raw materials decrease due to patent expiration of brand-name drugs, etc.		Slightly sluggish overall sales of brand-name and generic drugs, with minimal impact on our handled products		Likely to remain at first-half levels		Life & Healthcare
Cosmetics	Overall demand to continue to recover		Sluggish growth in final demand in China		Likely to remain at first-half levels		
Food	Demand in the U.S. market to continue to recover		Slower-than-expected demand recovery, with sluggish market price in the U.S. market		Recovery of demand in the U.S. to remain slow, with a gradual recovery in certain market price		

\*Based on the business environment of the Nagase Group, excluding one-time losses, etc. (Forecasts may not be consistent with general industry trends)

Here is a summary of the business environment for the 10 industries related to each segment.

The left column shows the industry situation assumed at the start of FY2024, the middle column shows the situation at the end of H1, and the right column shows the forecast for H2.

Three industries exceeded the initial expectation in H1. Smartphones, OA/gaming, and pharmaceuticals. On the other hand, recovery has been slower than expected in the four industries of coating materials, automobiles, cosmetics, and food.

In H2, we expect the trend to generally continue as it did in H1, with a slight upturn in the food sector.

# Contents

■ FY2024 Second Quarter Results and FY2024 Earnings Projections	P5~P24
■ Medium-Term Management Plan <b>ACE 2.0</b>	P25~P36

## Appendix:

- ✓Review : Management Conscious of Capital Costs and Share Prices -From the FY2023 Financial Briefing-
- ✓Sales, Gross Profit, and Operating Income by Quarter (Before Allocation of Corporate & Others)
- ✓Major Cash Inflows and Outflows for FY2021-FY2023

# FY2024 Second Quarter Results and FY2024 Earnings Projections

■ Consolidated Statements Income	P6
■ Gross Profit by Region	P7
■ Gross Profit by Business & Segment	P8
■ Operating Income by Business & Segment	P9
■ Sales, Gross Profit and Operating Income by Quarter	P10
■ Segment Overview	P11~P15
■ Overview of Major Manufacturing Subsidiaries	P16~P18
■ Consolidated Balance Sheets	P19
■ Consolidated Cash Flows	P20
■ FY2024 Earnings Projection	P21~P23
■ Shareholder Returns	P24

# Consolidated Statements Income

- ▶ Gross profit was the highest ever for the cumulative consolidated second quarter; gross profit margin improved across all business segments
- ▶ Operating income reached a record high in the cumulative consolidated second quarter and operating income margin improved, despite higher general and administrative expenses, including selling and personnel expenses stemming from increased logistics costs
- ▶ Despite challenges in the Prinova Group manufacturing business, consolidated performance overall was favorable compared to our full-year forecast

	FY2023 2Q	FY2024 2Q	Change	Vs.PY	Forecast	Achievement
<b>Sales</b>	4,501	4,809	307	107%	9,400	51%
<b>Gross profit</b>	788	921	132	117%	1,800	51%
<b>&lt;GP ratio&gt;</b>	17.5%	19.2%	1.6ppt	–	19.1%	–
<b>SG&amp;A expenses</b>	644	710	66	110%	1,435	–
<b>Operating income</b>	144	210	65	145%	365	58%
<b>&lt;OP ratio&gt;</b>	3.2%	4.4%	1.2ppt	–	3.9%	–
<b>Ordinary income</b>	142	202	60	142%	352	58%
<b>Profit Attributable to owners of the parent</b>	102	159	57	156%	280	57%
US\$ Exchange rate (period average)	@ 141.1	@ 152.8	@ 11.7	Weak yen	@ 148.0	
RMB Exchange rate (period average)	@ 19.7	@ 21.2	@ 1.4	Weak yen	@ 20.0	

※ Offset to sales and cost of sales from revenue recognition standards: FY2023 2Q -¥132.0 billion, FY2024 2Q -¥135.5 billion  
 ※ Impact from foreign exchange: Gross profit, +¥4.4 billion; Operating income, +¥0.7 billion

This is the consolidated statements of profit or loss.

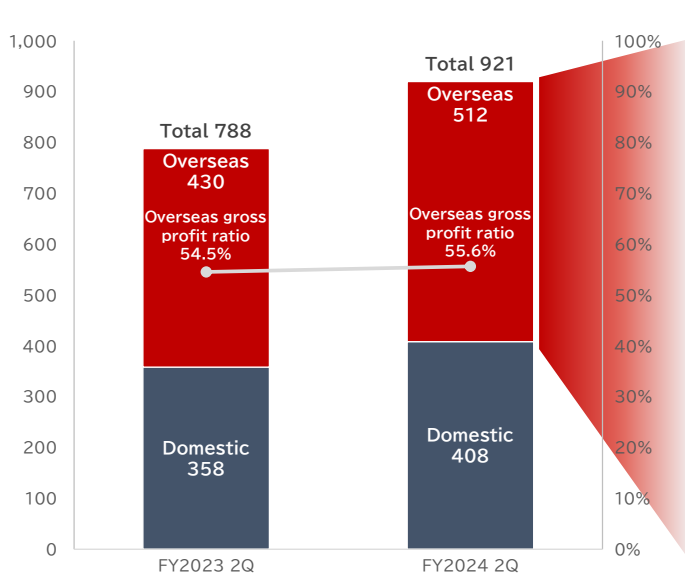
Net sales increased compared to the same period of the previous year, and gross profit and all other profits increased. Both gross profit and operating income for H1 are the highest ever recorded.

In addition, we have been working to improve profit margins since last year, and gross profit margins improved in all segments, with an overall improvement of 1.6% to 19.2%. Operating income was JPY21 billion due to an increase in gross profit as well as a reduction in losses in the color formers business. The operating margin also improved by 1.2% to 4.4%.

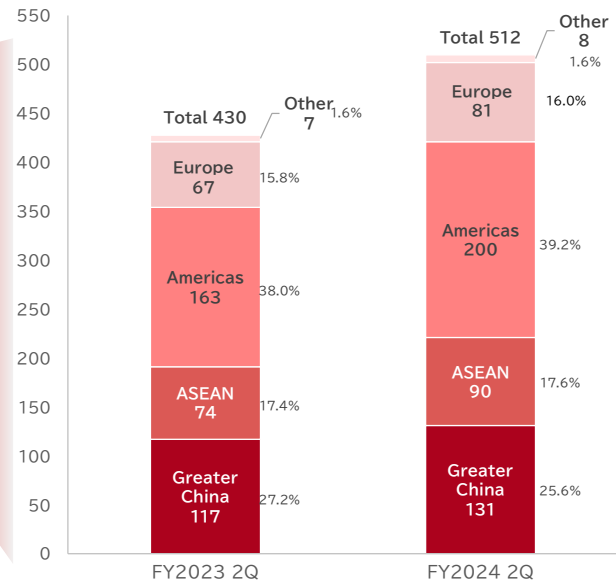
# Gross Profit by Region

- ▶ Higher profit both domestic and overseas
- ▶ Increase in domestic business sales, due to higher sales of raw materials and formulated epoxy resins for semiconductor industries
- ▶ Profits increased due to impacts of the weakening yen overseas, higher sales of food ingredients (mainly in Europe and the U.S.), and higher sales of resins in ASEAN countries

Domestic & Overseas Gross profit(100 millions of yen)



Overseas gross profit By Region(100 millions of yen)



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

This is gross profit by region.

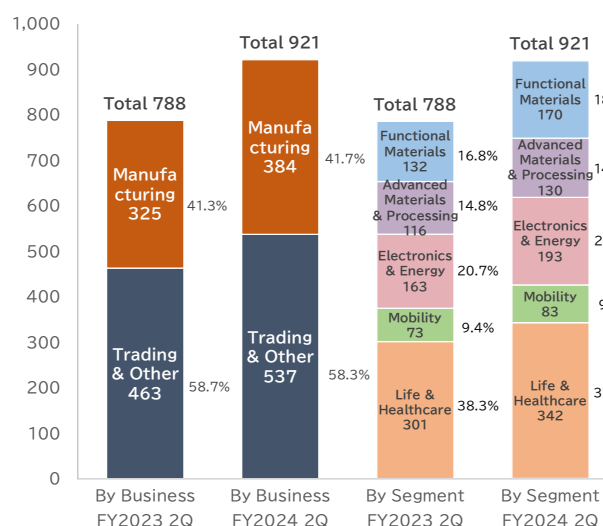
Profits increased both in Japan and overseas, and overseas profits increased in all regions.

Overseas sales accounted for 55.6% of total sales, up 1.1% from the same period last year. In particular, the Americas increased by JPY3.7 billion. In addition to the impact of the weak yen, strong sales of food materials contributed to this result.

# Gross Profit by Business & Segment

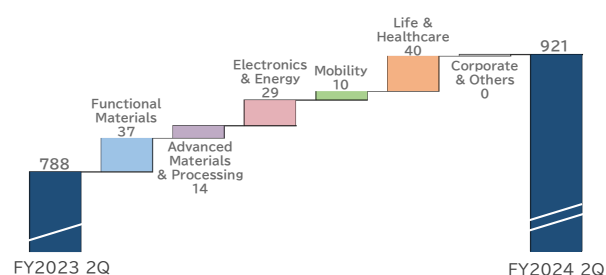
- ▶ Trading business profits increased to ¥7.4 billion due to strong performance in the Functional Materials, Advanced Materials & Processing, and Electronics & Energy segments , stemming from moderate recoveries, mainly in the semiconductor, electrical appliances , and electronics industries
- ▶ Manufacturing business profits increased ¥5.9 billion, mainly due to higher food ingredient sales at the Prinova Group in Life & Healthcare, narrowed losses in the Functional Materials color formers business, and higher sales of formulated epoxy resins at Nagase ChemteX in the Electronics & Energy business
- ▶ The Life & Healthcare, Functional Materials, and Electronics & Energy segments grew significantly (see Segment Overview for more details).

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

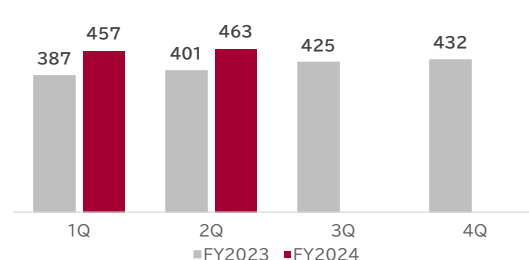


\* Calculation of segment composition ratios does not include Corporate & Others and eliminations

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



History of Gross Profit(100 millions of yen)



This is gross profit by business and segment.

In the trading business, the overall market is in a gradual recovery trend, with strong performance in chemicals, plastics, electronic components, etc., resulting in an increase of JPY7.4 billion in profit.

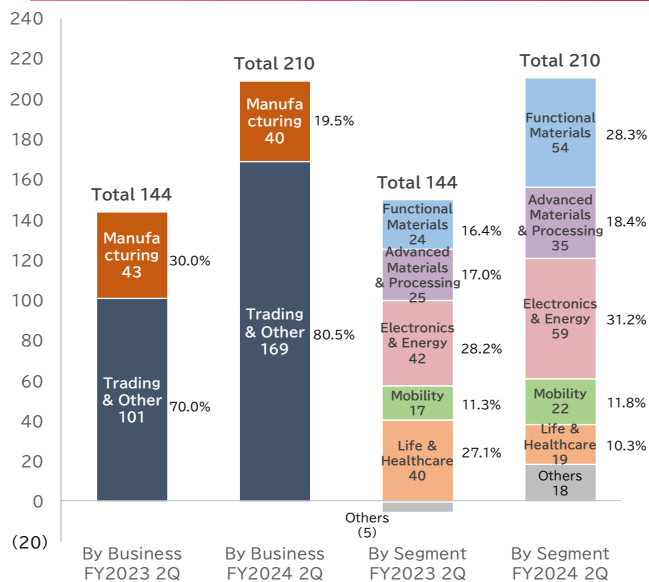
The Manufacturing business saw an increase in sales of food materials by the Prinova Group in the Life and Healthcare business segment, a loss reduction in the Functional Materials segment due to withdrawal from the color formers business in the US, and strong sales of Liquid Molding Compounds by Nagase ChemteX in the Electronics & Energy segment. This resulted in an increase of JPY5.9 billion in profit.



# Operating Income by Business & Segment

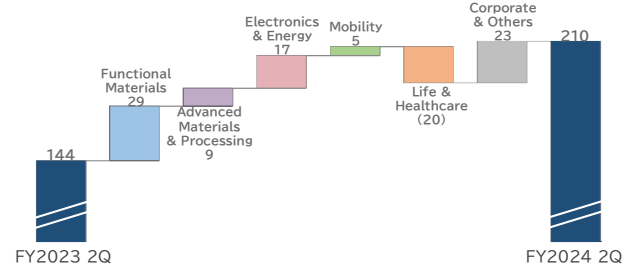
- ▶ Trading business profits increased approx. ¥6.8 billion due to an increase in gross profit and impacts of actuarial gains and losses
- ▶ Despite strong sales of formulated epoxy resins by Nagase ChemteX and narrowed losses in the color formers business, manufacturing business profits decreased by approx. ¥0.3 billion overall, mainly due to the impact of lower profit in the Prinova Group
- ▶ Corporate & Others profits increased, mainly due to the impact of actuarial gains and losses (retirement benefit actuarial differences: approx. ¥0.9 billion in expenses in fiscal 2023 and ¥3.5 billion in profit for fiscal 2024, equally prorated and recorded on a quarterly basis)

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

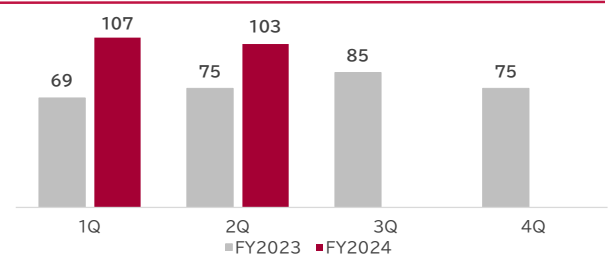


\* Calculation of segment composition ratios does not include Corporate & Others and eliminations

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



History of Operating Income (100 millions of yen)



This is operating income by business segment.

In the trading business, as I mentioned earlier, in addition to the strong performance of all business segments, the waterfall chart on the right side shows a large increase in profit, including a positive impact of JPY2.2 billion from actuarial differences in retirement benefits, which are included in other and company-wide expenses.

In the Manufacturing business, while Nagase ChemteX's strong sales of Liquid Molding Compounds and the reduction of losses in the color formers business, which I mentioned earlier, made a positive contribution, the Prinova Group's increase in general and administrative expenses and allowance for doubtful accounts led to a decrease of JPY300 million in profit.

## Sales, Gross Profit and Operating Income by Quarter

- ▶ Gross profit has remained strong since fiscal 2023
- ▶ Second-quarter operating income in the manufacturing business declined from the first quarter, primarily due to weak performance in the Prinova Group, while the trading business continued to perform well, despite the impact of a one-time gain recorded in Functional Materials in the first quarter.

Quarterly results							100 millions of yen	
		1Q	2Q	3Q	4Q	2Q YTD	FY2024 forecast	Achieve ment
Sales	FY2024	2,392	2,417			4,809	9,400	51%
	FY2023	2,240	2,261	2,275	2,224	4,501	9,001	
	YoY%	6.8%	6.9%			6.8%	4.4%	
Gross profit	FY2024	457	463			921	1,800	51%
	FY2023	387	401	425	432	788	1,647	
	YoY%	18.3%	15.3%			16.8%	9.3%	
<profit ratio>	FY2024	19.1%	19.2%			19.2%	19.1%	
	FY2023	17.3%	17.8%	18.7%	19.4%	17.5%	18.3%	
Manufacturing	FY2024	188	195			384		
	FY2023	165	160	183	185	325	695	
Trading	FY2024	269	267			537		
	FY2023	221	241	242	246	463	952	
Operating income	FY2024	107	103			210	365	58%
	FY2023	69	75	85	75	144	306	
	YoY%	54.3%	37.1%			45.4%	19.2%	
<profit ratio>	FY2024	4.5%	4.3%			4.4%	3.9%	
	FY2023	3.1%	3.3%	3.8%	3.4%	3.2%	3.4%	
Manufacturing	FY2024	24	16			40		
	FY2023	26	17	25	21	43	91	
Trading	FY2024	83	86			169		
	FY2023	43	58	59	54	101	214	

\*Manufacturing figures represent the aggregate totals of manufacturing subsidiaries.

\*Trading figures include the aggregate totals of NAGASE and our sales subsidiaries, as well as Corporate & Others and eliminations

\*Certain eliminations for FY2023 have been reclassified to manufacturing

This is a quarterly trend of net sales, gross profit, and operating income.

Q2 sales and gross profit increased compared to Q1. Operating income, on the other hand, decreased due to the impact of the bad debt allowance for the Prinova Group.

# Segment Overview: Functional Materials

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

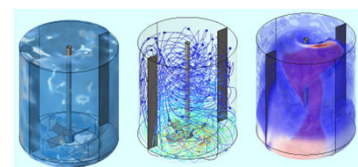
## [Key Measures]

### Performance Chemicals Dept.

- ▶ Capture business opportunities in the petrochemical industry and in response to market changes by leveraging our global procurement capabilities
- ▶ Propose sustainable materials and solutions (biodegradable bio-SAPs, chemical joint logistics matching, Mixing Concierges™, etc.)

### Speciality Chemicals Dept.

- ▶ Expand chemicals business for the semiconductor industry, where we expect market growth
- ▶ Create businesses leveraging unique technologies (flow synthesis, MOF\*, etc.)



Mixing Concierges™

:NAGASE develops and provides software to analyze and visualize liquids

Quarterly results		1Q	2Q	3Q	4Q	2Q YTD	100 millions of yen	
							FY2024 forecast	Achievement
							FY2023 Actual	
Sales	FY2024	405	388			794	1,588	50%
	FY2023	364	357	375	370	721	1,468	
	YoY%	11.4%	8.7%			10.0%	8.2%	
Gross profit	FY2024	88	81			170	326	52%
	FY2023	64	68	73	75	132	281	
	YoY%	37.8%	19.9%			28.5%	15.9%	
<profit ratio>	FY2024	21.8%	21.1%			21.4%	20.5%	
	FY2023	17.6%	19.1%	19.5%	20.4%	18.4%	19.2%	
Manufacturing	FY2024	6	6			12		
	FY2023	1	1	2	3	3	8	
Trading	FY2024	82	75			157		
	FY2023	62	66	71	71	129	272	
Operating income	FY2024	29	24			54	86	63%
	FY2023	10	14	19	17	24	61	
	YoY%	197.2%	67.7%			120.4%	39.6%	
<profit ratio>	FY2024	7.3%	6.3%			6.8%	5.4%	
	FY2023	2.7%	4.1%	5.1%	4.8%	3.4%	4.2%	
Manufacturing	FY2024	2	3			5		
	FY2023	(3)	(2)	(2)	(1)	(5)	(9)	
Trading	FY2024	27	21			48		
	FY2023	13	17	21	19	30	71	

From here, the overview by segment will begin.  
The first segment is the Functional Materials segment.

In the trading business, demand from the automobile and construction industries was weak, but sales of coating materials and other products increased due to rising market conditions. Sales of resist raw materials were also strong, reflecting the recovery of the semiconductor industry, resulting in an increase in profit.

In the Manufacturing business, the color formers business, which posted an operating loss in the previous fiscal year, reported an increase in profit due to the withdrawal from the business in the US and improved profitability in Japan as a result of internal efforts. The decrease in operating income from Q1 to Q2 is due to the recording of a one-time gain overseas in Q1.

## Segment Overview: Advanced Materials & Processing

- ▶ Gross profits increased primarily for the following reasons
  - Resin sales increased with the recovery in demand for office equipment and other applications in the electrical appliances and electronic industries
  - Sales of industrial hoses and civil engineering pipes increased at TOTAKU INDUSTRIES, Inc.
- ▶ Operating income increased due to improved gross profit

### [Key Measures]

#### Polymer Global Account Dept.

- ▶ Shift resources to priority (e.g., Mexico and India) in line with the transition in global brand owner production bases
- ▶ Expand transactions in environmental materials (NAGASE products and products from other companies)
- ▶ Improve efficiency of global business operations and optimize organizational structure



Manufacturing subsidiaries:  
TOTAKU INDUSTRIES, INC.

industrial hoses and civil engineering pipes

Quarterly results		1Q	2Q	3Q	4Q	2Q	100 millions of yen	
						YTD	FY2024 forecast	Achievement
Sales	FY2024	535	546			1,082		
	FY2023	485	536	477	485	1,022	2,049	53%
	YoY%	10.2%	1.9%			5.9%	1,985	
Gross profit	FY2024	65	65			130	255	51%
	FY2023	54	61	61	57	116	236	
	YoY%	20.1%	5.4%			12.3%	8.0%	
<profit ratio>	FY2024	12.3%	11.9%			12.1%	12.4%	
	FY2023	11.3%	11.5%	13.0%	11.9%	11.4%	11.9%	
	YoY%							
Manufacturing	FY2024	12	12			25	49	
	FY2023	11	12	14	11	23	49	
	YoY%							
Trading	FY2024	53	52			105	186	
	FY2023	43	49	47	46	93	186	
	YoY%							
Operating income	FY2024	15	19			35	59	60%
	FY2023	10	15	16	11	25	53	
	YoY%	56.3%	26.7%			38.5%	11.0%	
<profit ratio>	FY2024	3.0%	3.6%			3.3%	2.9%	
	FY2023	2.1%	2.9%	3.4%	2.3%	2.5%	2.7%	
	YoY%							
Manufacturing	FY2024	2	2			4	8	
	FY2023	1	2	3	0	4	8	
	YoY%							
Trading	FY2024	13	17			30	44	
	FY2023	8	13	12	10	21	44	
	YoY%							

## Advanced Materials and Processing segment.

In the trading business, sales and profits increased due to a recovery in demand, especially in the electrical and electronics industries, such as OA. In the manufacturing business, TOTAKU INDUSTRIES, INC., which manufactures industrial hoses and pipes for civil engineering use, as shown in the document, continued its strong performance from last year.

## Segment Overview: Electronics & Energy

- ▶ Gross profits increased primarily for the following reasons
  - Sales of semiconductor materials increased due to the moderate market recovery
  - Sales of formulated epoxy resins increased due to strong demand for semiconductors for high-end servers, stemming from robust demand in the generative AI market
  - Sales of materials for high-end smartphones, tablets, and other electronic devices increased due to a recovery in demand
- ▶ Operating income increased due to improved gross profit

### [Key Measures]

Quarterly results							100 millions of yen	Achievement
		1Q	2Q	3Q	4Q	2Q YTD	FY2024 forecast FY2023 Actual	
Sales	FY2024	400	398			799	1,542	52%
	FY2023	355	356	375	360	712	1,447	
	YoY%	12.8%	11.7%			12.3%	6.5%	
Gross profit	FY2024	95	97			193	386	50%
	FY2023	77	86	85	92	163	342	
	YoY%	23.7%	13.4%			18.3%	12.8%	
<profit ratio>	FY2024	23.8%	24.5%			24.2%	25.0%	
	FY2023	21.7%	24.2%	22.9%	25.8%	23.0%	23.6%	
Manufacturing	FY2024	33	35			68		
	FY2023	27	31	33	39	58	131	
Trading	FY2024	62	62			125		
	FY2023	50	54	52	53	104	210	
Operating income	FY2024	27	32			59	108	55%
	FY2023	17	24	21	25	42	88	
	YoY%	55.5%	30.9%			41.3%	22.0%	
<profit ratio>	FY2024	6.9%	8.1%			7.5%	7.0%	
	FY2023	5.0%	6.9%	5.6%	6.9%	5.9%	6.1%	
Manufacturing	FY2024	7	9			17		
	FY2023	4	8	8	11	13	34	
Trading	FY2024	19	22			42		
	FY2023	12	15	12	13	28	54	

### Electronics Dept.

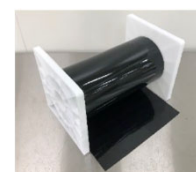
- ▶ Expansion of commercial products in the semiconductor market
  - Expand business based on expansion of domestic production
  - Expand business in Europe, the U.S., India, etc.
- ▶ Develop business for cutting-edge electronic devices

### Advanced Functional Materials Dept.

- ▶ Expand sales of Nagase ChemteX products for advanced semiconductors (LMC holds the dominant market share for molding compounds for advanced semiconductors)
- ▶ a-SMC aims to become the de facto standard for molding compounds for next-generation semiconductors
- ▶ Expand the recovery and recycling business of developer solution for semiconductors



LMC: Liquid Molding Compound



a-SMC: Advanced Sheet Molding Compound

## Electronics and Energy segment.

Although the recovery in the semiconductor industry as a whole has been uneven, both the trading business and the manufacturing business posted increases in both sales and profits. In the trading business, materials sales increased due to the gradual recovery of the semiconductor and high-end smartphone markets.

In the manufacturing business, the growth of the generative AI market has led to higher-than-expected sales of Liquid Molding Compounds from Nagase ChemteX for high-end server semiconductors, resulting in an increase in profit.

The Advanced Sheet Molding Compound, shown in the photo in the material, is a sheet encapsulation material developed for next-generation semiconductors. We will continue to strengthen our spec-in activities for our customers.

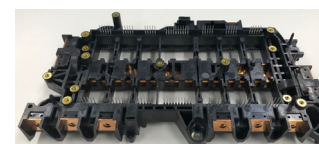
# Segment Overview: Mobility

- ▶ Gross profits increased primarily for the following reasons
  - Resin sales, which account for about half of gross profit, increased due to yen depreciation and rising market prices, despite a decline in automobile production volume
  - Sales of functional materials and functional components for interior and exterior fittings and electrification increased
- ▶ Operating income increased due to improved gross profit

## [Key Measures]

### Mobility Solutions Dept.

- ▶ Expand electrification-related materials and components further
- ▶ Invest resources in growth markets (e.g., North America and India)



Metal insert mold parts for automotive inverters



Established a manufacturing company in Mexico with Atecs Co., Ltd. to manufacture electrification components, etc.

Quarterly results		1Q	2Q	3Q	4Q	2Q YTD	100 millions of yen	Achievement
							FY2024 forecast	
							FY2023 Actual	
Sales	FY2024	321	338			660	1,326	50%
	FY2023	311	337	353	319	649	1,321	
	YoY%	3.1%	0.4%			1.7%	0.4%	
Gross profit	FY2024	40	43			83	165	51%
	FY2023	34	39	41	37	73	152	
	YoY%	17.8%	9.9%			13.5%	8.3%	
<profit ratio>	FY2024	12.5%	12.9%			12.7%	12.4%	
	FY2023	11.0%	11.8%	11.7%	11.6%	11.4%	11.5%	
Manufacturing	FY2024	—	—			—	—	
	FY2023	—	—	—	—	—	—	
Trading	FY2024	40	43			83	—	
	FY2023	34	39	41	37	73	152	
Operating income	FY2024	9	12			22	38	60%
	FY2023	6	10	11	7	17	36	
	YoY%	49.7%	23.3%			33.5%	5.1%	
<profit ratio>	FY2024	3.1%	3.8%			3.4%	2.9%	
	FY2023	2.1%	3.1%	3.3%	2.3%	2.6%	2.7%	
Manufacturing	FY2024	—	—			—	—	
	FY2023	—	—	—	—	—	—	
Trading	FY2024	9	12			22	—	
	FY2023	6	10	11	7	17	36	

## Mobility segment.

Sales of resins, which account for about half of our business, increased due to higher market prices, despite a decline in automobile production. In addition, sales volumes of functional materials and components for interior/exterior, EVs, and electrification also increased, resulting in an overall increase in sales and profit.

## Segment Overview: Life & Healthcare

- ▶ Gross profits increased primarily for the following reasons
  - Sales of Nagase Viita increased overall due to strong sales of food ingredients, despite lower sales of cosmetic materials stemming from sluggish sales overseas
  - Increased sales of intermediates and pharmaceutical raw materials
  - The Prinova Group saw an increase in food ingredient sales and an improvement in gross margin compared to the same period last year, when market conditions were weak
- ▶ Operating income decreased, despite an increase in gross profit, mainly due to higher general and administrative expenses (e.g., personnel expenses) stemming from allowance for doubtful accounts at the Prinova Group

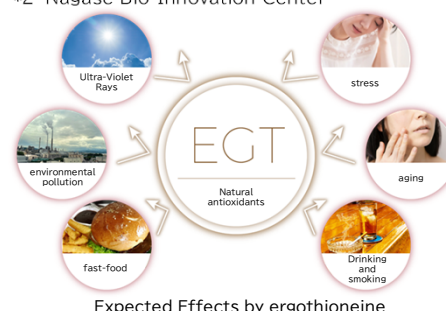
Quarterly results		1Q	2Q	3Q	4Q	2Q YTD	100 millions of yen FY2024 forecast FY2023 Actual	Achievement
Sales	FY2024	728	744			1,473	2,894	51%
	FY2023	723	673	693	687	1,396	2,777	
	YoY%	0.7%	10.7%			5.5%	4.2%	
Gross profit	FY2024	168	173			342	667	51%
	FY2023	156	145	163	168	301	634	
	YoY%	8.0%	19.0%			13.3%	5.1%	
<profit ratio>	FY2024	23.2%	23.3%			23.2%	23.0%	
	FY2023	21.6%	21.6%	23.6%	24.5%	21.6%	22.8%	
	YoY%							
Manufacturing	FY2024	136	141			278		
	FY2023	125	114	133	131	240	505	
	YoY%							
Trading	FY2024	32	31			64		
	FY2023	30	30	30	37	61	129	
	YoY%							
Operating income	FY2024	15	4			19	42	47%
	FY2023	27	13	19	20	40	80	
	YoY%	(44.5%)	(65.7%)			(51.3%)	(47.5%)	
<profit ratio>	FY2024	2.1%	0.6%			1.3%	1.5%	
	FY2023	3.8%	1.9%	2.8%	3.0%	2.9%	2.9%	
	YoY%							
Manufacturing	FY2024	11	2			13		
	FY2023	23	9	15	12	32	60	
	YoY%							
Trading	FY2024	4	1			5		
	FY2023	4	3	3	8	7	19	
	YoY%							

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

### [Key Measures]

#### Life & Healthcare Products Dept.

- ▶ Focus on expanding sales of in-house products in Japan and overseas
- ▶ Expand cross-sales through stronger collaboration among overseas group bases and offices
- ▶ Expand bio-materials  
(Creation of NVI\*1, NBIC\*2 bio-derived materials; e.g., ergothioneine mass produced using fermentation technology)
- ▶ Expand the Prinova Group manufacturing
  - \*1 Nagase Viita
  - \*2 Nagase Bio-Innovation Center



## Life and Healthcare segment.

In the trading business, gross profit increased due to strong sales of pharmaceutical raw materials, but operating income decreased due to an increase in new business development expenses.

In the manufacturing business, operating income decreased due to the fact that Nagase Vita's sales of functional materials for cosmetics declined due to the sluggish Chinese market, as well as the failure to achieve the capacity utilization rate at Prinova Group and higher costs including provision of allowance for doubtful accounts and labor costs.

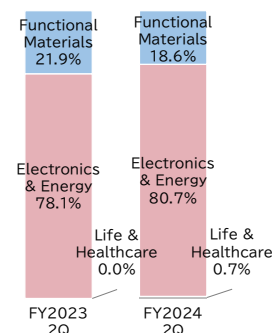


## Overview of Major Manufacturing Subsidiaries: Nagase ChemteX

- ▶ Gross profits increased primarily for the following reasons
  - Sales of formulated epoxy resins increased due to strong demand for semiconductors for high-end servers, stemming from robust demand in the generative AI market
  - Sales decreased for photolithography materials for use in displays
- ▶ Operating income increased due to improved gross profit

Quarterly results		1Q	2Q	3Q	4Q	2Q YTD	100 millions of yen	
							FY2024 forecast	Achievement
Sales	FY2024	66	64			130	FY2023 Actual	
	FY2023	57	65	66	62	122	259	50%
	YoY%	15.2%	(0.4%)			6.9%	251	
Gross profit	FY2024	20	20			41	85	48%
	FY2023	17	19	21	17	37	75	
	YoY%	20.4%	3.3%			11.3%	13.1%	
<profit ratio>	FY2024	31.6%	31.5%			31.5%	33.0%	
	FY2023	30.2%	30.3%	32.0%	27.9%	30.3%	30.1%	
	YoY%	43.8%	(22.9%)			3.8%	25.7%	
Operating income	FY2024	7	6			13	28	48%
	FY2023	5	7	8	0	13	22	
	YoY%	43.8%	(22.9%)			3.8%	25.7%	
<profit ratio>	FY2024	11.5%	9.4%			10.5%	10.9%	
	FY2023	9.2%	12.2%	12.6%	1.6%	10.8%	9.0%	

Ratio of Consolidated Gross Profit by Segment



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

From here, I would like to explain the performance of our three main manufacturing subsidiaries.

From now on, we will show the quarterly business performance of each company and the percentage of gross profit of each segment of the consolidated companies.

First is Nagase ChemteX.

Nagase ChemteX has been supplying chemicals on-site to Sakai Display Products Corporation, formerly Sharp Corporation's Sakai Plant, but will cease operations at the end of August due to customer reasons. The impact of this change led to a decline in sales of photolithography materials for displays, but this was offset by strong sales of Liquid Molding Compounds, resulting in an increase in both sales and income.



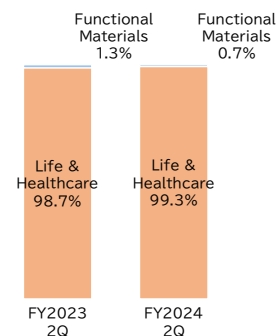
## Overview of Major Manufacturing Subsidiaries: Nagase Viita

- ▶ Gross profits increased primarily for the following reasons
  - Sales of food ingredients increased in Japan and overseas
  - Sales of cosmetic materials declined due to lower demand in China, the final demand region
- ▶ Operating income decreased, despite higher gross profits, due to increases in personnel expenses and other general and administrative expenses

100 millions of yen

Quarterly results		1Q	2Q	3Q	4Q	2Q YTD	FY2024 forecast	Achievement
							FY2023 Actual	
Sales	FY2024	86	87			174	356	49%
	FY2023	89	80	89	84	170	344	
	YoY%	(3.4%)	9.0%			2.4%	3.7%	
Gross profit	FY2024	33	32			65	135	48%
	FY2023	34	28	32	30	62	126	
	YoY%	(3.8%)	13.9%			4.2%	7.2%	
<profit ratio>	FY2024	38.2%	36.9%			37.6%	38.0%	
	FY2023	38.4%	35.3%	36.6%	36.4%	36.9%	36.7%	
Operating income	FY2024	13	12			25	52	48%
	FY2023	16	10	14	11	26	52	
	YoY%	(19.9%)	20.5%			(4.5%)	1.6%	
<profit ratio>	FY2024	15.3%	14.0%			14.6%	14.8%	
	FY2023	18.4%	12.7%	15.7%	13.4%	15.7%	15.1%	
Amortisation of goodwill, etc.	FY2024	7	7			15	29	
	FY2023	7	7	7	7	15	30	
	YoY%	0.0%	0.0%			0.0%	(3.4%)	
Operating income after amortised expenses	FY2024	5	4			10	23	44%
	FY2023	8	2	6	3	11	21	
	YoY%	(37.2%)	84.5%			(10.7%)	8.7%	

Ratio of Consolidated Gross Profit by Segment



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

## Next is Nagase Viita.

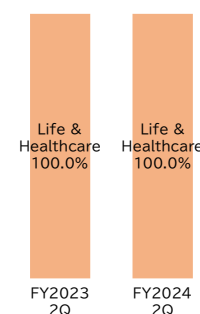
In Japan, sales of both food ingredients and cosmetic ingredients remained strong. Overseas, however, demand declined in China, the final consumption market, especially for cosmetic ingredients. As a result, sales increased and profit decreased.

## Overview of Major Manufacturing Subsidiaries: Prinova Group

- ▶ Gross profits increased primarily for the following reasons
  - Food ingredient sales saw an increase in volume and an improvement in gross profit margin
- ▶ Operating income decreased due to allowance of approx. ¥1.3 billion for doubtful accounts, arising from concerns over receivables collection from specific customers in the manufacturing business, along with higher personnel and other general and administrative expenses

Quarterly results							100 millions of yen	
		1Q	2Q	3Q	4Q	2Q YTD	FY2024 forecast	Achievement
Sales	FY2024	504	537			1,041	1,964	53%
	FY2023	516	473	476	472	989	1,937	
	YoY%	(2.2%)	13.5%			5.3%	1.4%	
Gross profit	FY2024	99	100			199	376	53%
	FY2023	87	82	95	96	169	361	
	YoY%	14.0%	21.9%			17.8%	4.2%	
<profit ratio>	FY2024	19.7%	18.7%			19.2%	19.2%	
	FY2023	16.9%	17.4%	20.0%	20.3%	17.2%	18.6%	
	YoY%	(31.7%)	(96.7%)			(57.6%)	(48.1%)	
Operating income	FY2024	13	0			13	32	42%
	FY2023	19	13	14	15	32	63	
	YoY%	(31.7%)	(96.7%)			(57.6%)	(48.1%)	
<profit ratio>	FY2024	2.7%	0.1%			1.3%	1.7%	
	FY2023	3.8%	2.8%	3.1%	3.3%	3.3%	3.3%	
	YoY%	12.2%	13.5%			12.9%	5.2%	
Amortisation of goodwill, etc.	FY2024	6	7			13	27	
	FY2023	6	6	6	6	12	25	
	YoY%	12.2%	13.5%			12.9%	5.2%	
Operating income after amortised expenses	FY2024	6	(6)			(0)	5	-
	FY2023	13	6	8	8	20	37	
	YoY%	(51.3%)	-			-	(84.8%)	

Ratio of Consolidated Gross Profit by Segment



\* FY2023 results did not include the impact of profit or loss due to eliminations other than amortization of goodwill, etc.; we changed the figures to include these factors from the perspective of appropriate performance disclosure

### Prinova Group.

In the trading business, sales of food ingredients increased in volume. There was also an impact of yen depreciation. As a result, gross profit increased.

On the other hand, in the manufacturing business, operating income declined significantly, due to a lack of orders and capacity utilization that did not reach target levels, as well as an increase in general and administrative expenses and an approximately JPY1.3 billion allowance for doubtful accounts due to concerns over the collection of receivables from the certain customer.

# Consolidated Balance Sheets

- ▶ Investment securities decreased due to the sale of strategic cross-shareholdings of approx. ¥3.2 billion and a decline in market value

100 millions of yen

	2024/03	2024/09	Change	Details
Total Current Assets	5,424	5,462	37	
(Cash&deposits)	594	544	(49)	
(Trade account receivable)	3,211	3,174	(37)	
(Inventories)	1,479	1,588	108	
Total non-current assets	2,498	2,504	6	
(Investments in security)	762	708	(54)	
<b>Total assets</b>	<b>7,923</b>	<b>7,966</b>	<b>43</b>	
Current Liab.	3,026	2,917	(109)	
(Trade account payable)	1,563	1,483	(80)	
Non-current Liab.	883	932	49	Non-Current Loan Pay. +66
<b>Total Liab.</b>	<b>3,910</b>	<b>3,849</b>	<b>(60)</b>	
Shareholders' equity	3,128	3,147	19	
Accum. Other Comprehensive Income	812	899	86	Translation Adjustment +143
Non-controlling interest	72	70	(2)	
<b>Total net assets</b>	<b>4,013</b>	<b>4,117</b>	<b>104</b>	
Working capital	3,127	3,279	151	
Shareholders' equity ratio	49.7%	50.8%	1.1ppt	
Interest-bearing debt	1,669	1,684	14	
NET D/E ratio	0.27	0.28	0.01	

This is the consolidated balance sheet.

During H1, we sold JPY3.2 billion of our strategic shareholdings, in line with our goal of selling JPY30 billion of them during the period of the **ACE 2.0** mid-term management plan. Investment securities decreased by JPY5.4 billion from the end of the previous fiscal year, partly due to a decline in stock prices. Working capital increased by JPY15.1 billion.

# Consolidated Cash Flows

- ▶ Operating cash flow amounted to ¥11.9 billion, primarily due to an increase in profit for the period from strong business performance

	100 millions of yen	
	FY2023 2Q	FY2024 2Q
Operating CF	382	119
(Income before income taxes)	148	230
(Depreciation and amortization)	79	89
(Change in working capital)	233	(88)
(Other)	(79)	(111)
Investing CF	(64)	(108)
(Fixed asset investment)	(82)	(76)
(Other)	18	(32)
Free CF	318	10
Financing CF	(366)	(110)
(Share buybacks)	(66)	(94)
(Dividends paid)	(52)	(50)
(Change in loans and bonds)	(182)	43
(Other)	(64)	(8)
Effects of exchange rate	50	(9)
Net increase / decrease in cash and cash equivalents	2	(109)

Here is the consolidated cash flow.

Operating cash flow was a net cash inflow of JPY11.9 billion due to income before income taxes of JPY23 billion, despite an increase in working capital. Investments cash flow resulted in a cash outflow of JPY10.8 billion, mainly due to the acquisition of fixed assets. Financing cash outflow was JPY11 billion, mainly due to the repurchase of treasury stock and dividend payments of JPY14.4 billion. As a result of the above, cash decreased by JPY10.9 billion.

# FY2024 Earnings Projection

- ▶ While our full-year earnings forecast remains unchanged in light of the following circumstances, we revised the forecast for each segment
- ▶ Semiconductor-related businesses performed well, driven by a moderate recovery in market conditions and higher-than-expected demand for generative AI
- ▶ Automobile-related businesses performed well due to rising market conditions and increased sales of highly profitable functional materials and components, despite slightly sluggish growth in automobile production volume
- ▶ Resin sales remained strong due to a stronger-than-expected recovery in demand from the electrical appliances and electronics industries, including office automation and smartphones
- ▶ We do not anticipate a full-year recovery in food-related businesses, primarily due to weak performance in the Prinova Group
- ▶ We expect selling, general and administrative expenses to increase overall with business growth and other factors, even though the amortization expense of retirement benefit actuarial differences will decrease (Retirement benefit actuarial differences: Approx. ¥0.9 billion expense in fiscal 2023 and approx. ¥3.5 billion income in fiscal 2024)

	FY2023 Results	FY2024 Forecast	Change	Vs.PY
100 millions of yen				
<b>Sales</b>	9,001	9,400	398	104%
<b>Gross profit</b>	1,647	1,800	152	109%
<GP ratio>	18.3%	19.1%	0.8ppt	-
<b>SG&amp;A expenses</b>	1,341	1,435	93	107%
<b>Operating income</b>	306	365	58	119%
<OP ratio>	3.4%	3.9%	0.5ppt	-
<b>Ordinary income</b>	305	352	46	115%
<b>Profit attributable to owners of the parent</b>	224	280	55	125%
US\$ Exchange rate (period average)	@ 144.6	@ 148.0	@ 3.4	Weak yen
RMB Exchange rate (period average)	@ 20.1	@ 20.0	@ 0.1	Strong yen

This is the full-year forecast for the FY2024.

In light of the intense external environment and many unstable factors, we have left the full-year results announced at the beginning of the fiscal year unchanged. Due to the differences in situation by segment, the segment forecasts have been revised. It will be explained on a next page.

## FY2024 Earnings Projection By segment (Revised)

- ▶ We revised figures upward for Functional Materials due to increased coating material sales, increased raw material sales for the semiconductor industry, and a better-than-expected improvement in profitability of the color former business
- ▶ We revised figures upward for Advanced Materials & Processing due to strong resin sales, driven primarily by a stronger-than-expected recovery in demand from the electrical and electronics industries, including in office equipment and other areas
- ▶ We revised figures upward for Electronics & Energy due to strong material sales for the semiconductor industry and stronger-than-expected sales at Nagase ChemteX for formulated epoxy resins for high-end server semiconductors
- ▶ We revised figures upward for Mobility, despite lower automobile production, due to improved profitability from higher market prices and strong sales of functional materials and components
- ▶ We revised figures downward for Life & Healthcare, despite strong food ingredient sales in the Prinova Group, due to the allowance of doubtful accounts and weaker-than-expected performance in manufacturing

		FY2023 Actual	FY2024 Forecast Before Revision	FY2024 Forecast After Revision	100 millions of yen	
					Change	Percentage Change
Functional Materials	Sales	1,468	1,550	1,588	38	2%
	Gross profit	281	306	326	20	7%
	<profit ratio>	19.2%	19.7%	20.5%	0.8ppt	—
	Operating income	61	68	86	18	26%
Advanced Materials & Processing	<profit ratio>	4.2%	4.4%	5.4%	1.0ppt	—
	Sales	1,985	2,072	2,049	(23)	(1%)
	Gross profit	236	248	255	7	3%
	<profit ratio>	11.9%	12.0%	12.4%	0.5ppt	—
Electronics & Energy	Operating income	53	55	59	4	7%
	<profit ratio>	2.7%	2.7%	2.9%	0.2ppt	—
	Sales	1,447	1,493	1,542	49	3%
	Gross profit	342	377	386	9	2%
Mobility	<profit ratio>	23.6%	25.3%	25.0%	(0.2ppt)	—
	Operating income	88	86	108	22	26%
	<profit ratio>	6.1%	5.8%	7.0%	1.2ppt	—
	Sales	1,321	1,387	1,326	(61)	(4%)
Life & Healthcare	Gross profit	152	160	165	5	3%
	<profit ratio>	11.5%	11.5%	12.4%	0.9ppt	—
	Operating income	36	32	38	6	19%
	<profit ratio>	2.7%	2.3%	2.9%	0.6ppt	—
Corporate&Others	Sales	2,777	2,897	2,894	(3)	(0%)
	Gross profit	634	710	667	(43)	(6%)
	<profit ratio>	22.8%	24.5%	23.0%	(1.5ppt)	—
	Operating income	80	94	42	(52)	(55%)
	<profit ratio>	2.9%	3.2%	1.5%	(1.8ppt)	—
Total	Sales	9,001	9,400	9,400	—	—
	Gross profit	1,647	1,800	1,800	—	—
	<profit ratio>	18.3%	19.1%	19.1%	—	—
	Operating income	306	365	365	—	—
	<profit ratio>	3.4%	3.9%	3.9%	—	—

This is our earnings forecast by segment.

Operating income has been revised upward in four of the five segments, the Functional Materials segment, the Advanced Materials and Processing segment, the electronics and energy segment, and the Mobility segment. On the other hand, the Life and Healthcare segment has been revised downward. I would like to explain about the Functional Materials segment and the Electronics and Energy segment, both of which have been revised upward significantly.

In the Functional Materials segment, as I explained, sales increased due to higher market prices for chemicals in general. In addition, there was a progress in reducing losses in the color formers business in Japan and the US, as well as the recognition of a one-time gain overseas, which led us to revise up operating income by JPY1.8 billion.

In the Electronics and Energy segment, although the recovery in the semiconductor industry has been uneven, sales of products and materials for AI semiconductors and high-end smartphones have been strong, leading to an upward revision of JPY2.2 billion in operating income.

On the other hand, in the Life and Healthcare segment, as I mentioned earlier, the Prinova Group has not been able to receive as many orders as expected, and it has been difficult to achieve the utilization ratio target. In addition, provision for bad debt was recorded and SG&A expenses increased. As a result, we revised operating income down by JPY5.2 billion.

## FY2024 Earnings Projections by Major Manufacturing Subsidiaries (Revised)

- ▶ Nagase ChemteX :Revised upward due to better-than-expected sales of formulated epoxy resins for high-end server semiconductors, driven by strong demand in the generative AI market, despite lower-than-expected sales of photolithography materials for displays and formulated epoxy resins for mobile devices
- ▶ Nagase Viita :Revised downward despite strong sales of food ingredients and domestic sales of cosmetic materials due to lower-than-expected demand for cosmetic materials in overseas markets
- ▶ Prinova Group :Revised downward due to allowance for doubtful accounts and weak performance in manufacturing, despite higher sales volume of food ingredients

100 millions of yen

		FY2023 Actual	FY2024 Forecast Before Revision	FY2024 Forecast After Revision	Change	Percentage Change
Nagase ChemteX Corporation	Sales	251	261	259	(2)	(1%)
	Gross profit	75	80	85	5	7%
	<profit ratio>	30.1%	30.7%	33.0%	2.4ppt	—
	Operating income	22	26	28	1	5%
	<profit ratio>	9.0%	10.3%	10.9%	0.6ppt	—
Nagase Viita Co., Ltd.	Sales	344	369	356	(13)	(4%)
	Gross profit	126	140	135	(4)	(3%)
	<profit ratio>	36.7%	37.9%	38.0%	0.1ppt	—
	Operating income	52	57	52	(4)	(7%)
	<profit ratio>	15.1%	15.4%	14.8%	(0.6ppt)	—
	Goodwill amortization etc.	30	29	29	0	—
Prinova Group	Operating income after amortization burden	21	27	23	(4)	(15%)
	Sales	1,937	2,091	1,964	(126)	(6%)
	Gross profit	361	421	376	(45)	(11%)
	<profit ratio>	18.6%	20.2%	19.2%	(1.0ppt)	—
	Operating income	63	81	32	(48)	(60%)
	<profit ratio>	3.3%	3.9%	1.7%	(2.2ppt)	—
	Goodwill amortization etc.	25	27	27	0	—
	Operating income after amortization burden	37	54	5	(48)	(89%)

\* FY2023 Prinova Group results did not include the impact of profit or loss due to eliminations other than amortization of goodwill, etc.; we changed the figures to include these factors from the perspective of appropriate performance disclosure

This is the earnings forecast for the main manufacturing subsidiaries.

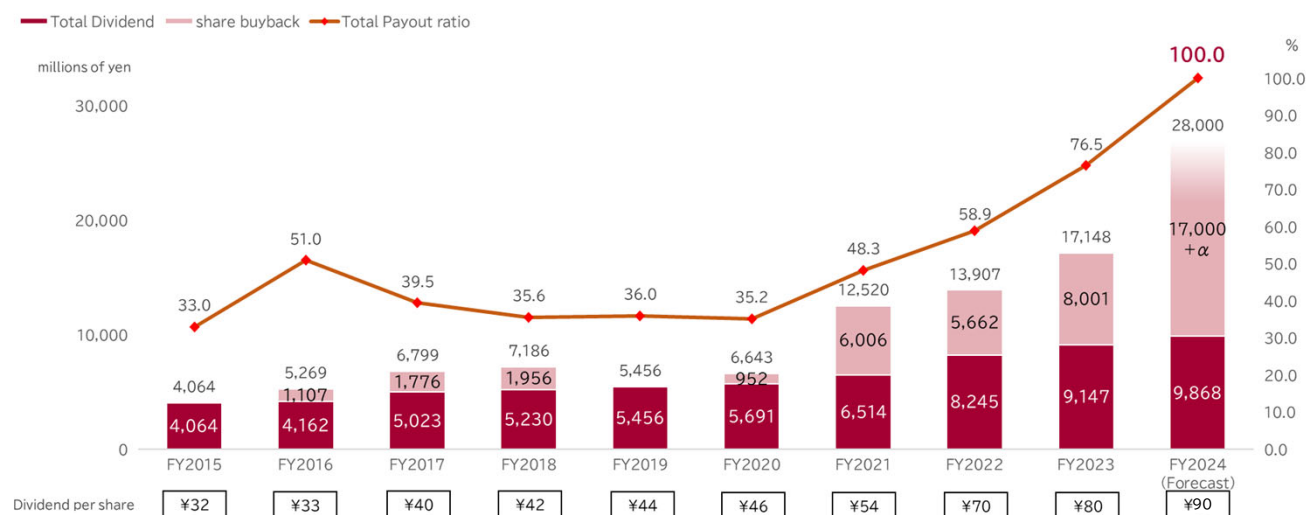
Nagase ChemteX has revised its forecast upward from that announced at the beginning of the fiscal year, as it expects sales of Liquid Molding Compounds for AI semiconductors to remain strong, although sheet epoxy for mid-end smartphones in China will continue to face difficult conditions in H2.

Nagase Viita revised the forecast downward because sales of cosmetic ingredients for the overseas market were lower than expected due to a decline in demand in China, although sales of food ingredients and cosmetic ingredients for the domestic market were in line with expectations.

As explained earlier, the Prinova Group has revised the forecast downward due to the weak performance of the sports nutrition contract manufacturing business and the recording of a JPY1.3 billion allowance for doubtful accounts in Q2.

# Shareholder Returns

- ▶ We plan to pay ¥90 per share for the full year, consisting of an interim dividend of ¥45 per share and a year-end dividend of ¥45 per share, ¥5 per share higher than our originally planned interim dividend of ¥40 per share for fiscal 2024 (forecasting a 15th consecutive year of dividend increases)
- ▶ No changes to our shareholder return policy of a 100% total return ratio in fiscal 2024 and fiscal 2025
- ▶ The repurchase of ¥10 billion in treasury stock, resolved in May 2024, was completed in October
- ▶ In November 2024, we resolved to conduct ¥7 billion in share buybacks (planned: November 2024 through December 2024)



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

This shows shareholders return.

As announced in May, our shareholder return policy for FY2024 and FY2025 is 100% total return ratio. Regarding share buybacks, the JPY10 billion buyback announced in May was completed in October. As announced yesterday, we will proceed with a new share buyback of JPY7 billion.

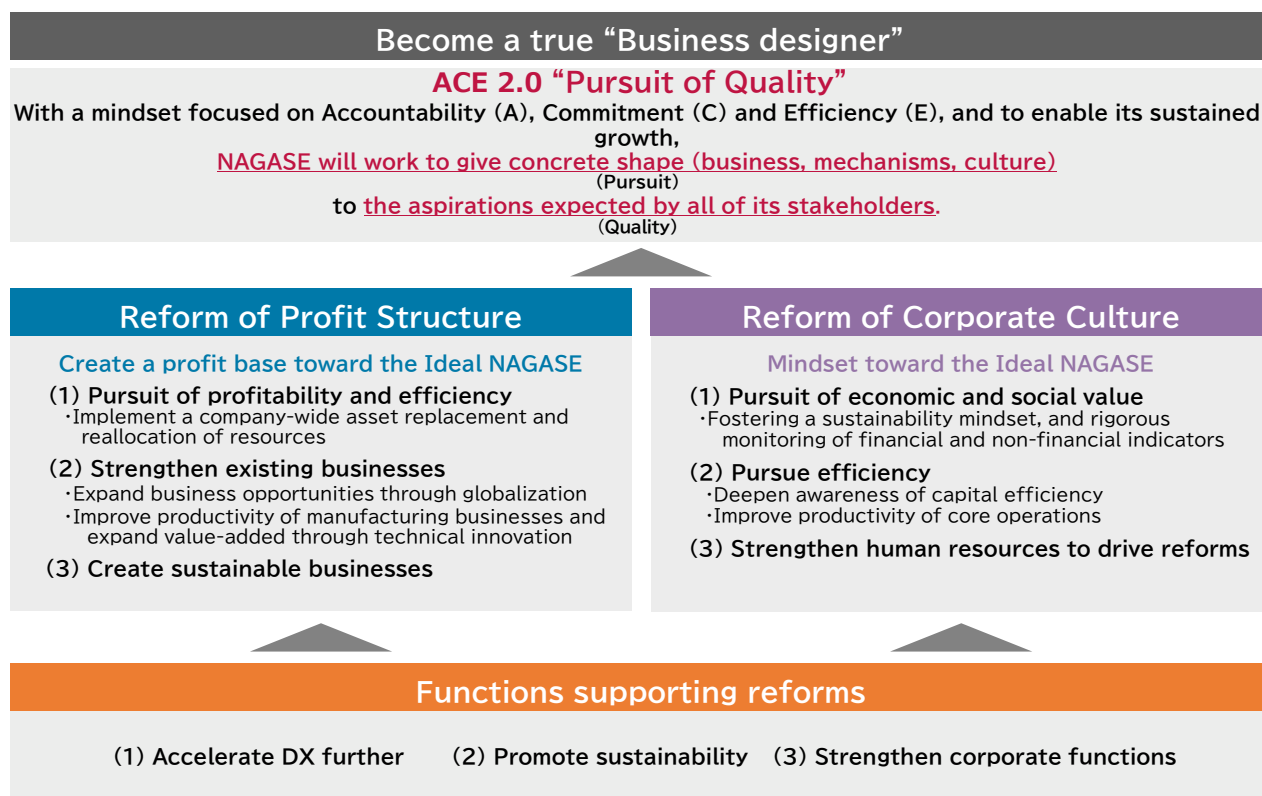
The Company plans to increase the interim dividend per share by JPY5 from the originally planned JPY40 to JPY45 for the interim and JPY45 for the year-end, for an annual dividend of JPY90 per share, which is expected to be the 15th consecutive year of dividend increase.



# Medium-Term Management Plan **ACE 2.0**

■ Medium-Term Management Plan <b>ACE 2.0</b> Basic Policies	P26
■ Growth Strategies for the Future	P27
■ Efforts in the Semiconductor Area	P28
■ Efforts in the Life Science Area	P29
■ Efforts in the Food Area -Prinova Group Status-	P30
■ Efforts in the Global South	P31
■ Improve Area in the First Half of FY2024	P32
■ Cash Allocation in FY2024 and FY2025	P33
■ Pursuit of Profitability and Efficiency -Shareholder Returns-	P34
■ Sustainability-Related Initiatives	P35
■ Revision of Materiality to achieve sustainability	P36

## ACE 2.0 Basic Policies



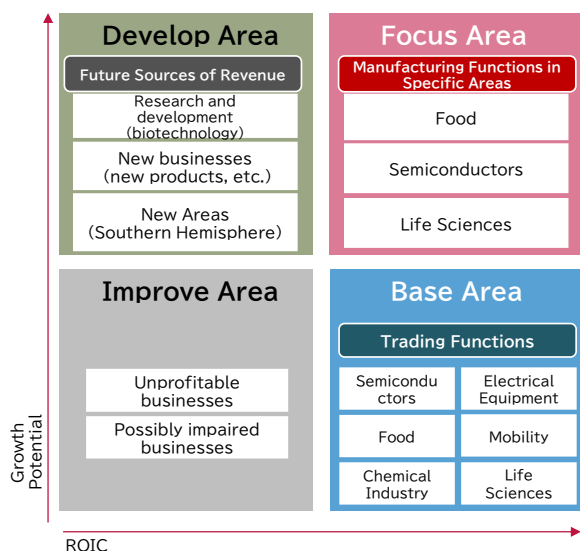
I would like to explain our medium-term management plan **ACE 2.0**.

This is a restatement of the basic policy of the **ACE 2.0** mid-term management plan. There is no change here.

# Growth Strategies for the Future

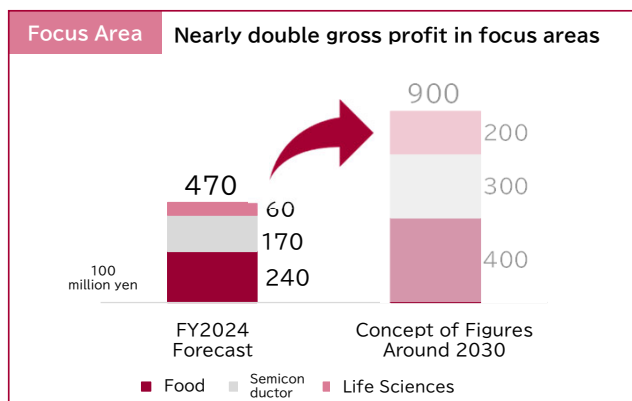
Make proactive investments in Focus Area of manufacturing (across the three areas of food, semiconductors, and life sciences) to expand profit scale and profit margin over the medium to long term

**Potential investments in Focus Area  
and Develop Area  
Approx. 80 billion yen  
(M&A and Capital investment)**



**Base Area** Obtain cash and high-value-added information to enhance Focus and Develop Areas

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



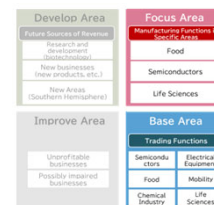
**Improve Area** Narrowing losses (See P.32 for details)

This is NAGASE's growth strategy for the future, which we announced last year.

In the manufacturing functions of our focus areas of food, semiconductors, and life sciences, we will aggressively invest resources to expand earnings. We hope to roughly double gross profit by around 2030. The breakdown is as follows: JPY40 billion in the food field, JPY30 billion in the semiconductor field, and JPY20 billion in the life science field.

# Efforts in the Semiconductor Area

The Focus Area works to establish a de facto standard in molding compounds for advanced semiconductors, while the Base Area expands commercial rights



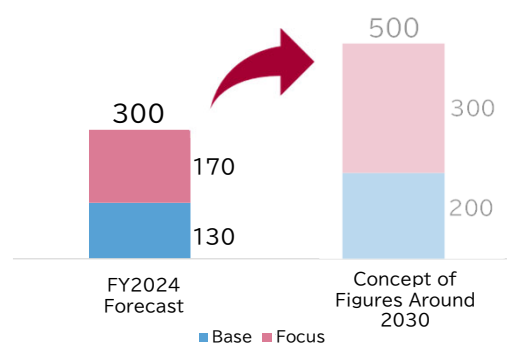
## Focus Area

- Establish position as the de facto standard in **molding compounds (LMC/a-SMC) for advanced semiconductors**
- Promote and expand **environmentally friendly proposals** with a system that **recovers and recycles developers**

## Base Area

- By serving as a coordinator for **Rapidus Corporation**, **enhance business rights further and leverage them for global expansion**
- **Strengthen** our expertise in chemical handling (transportation, storage, imports and exports) and **supply chain management**

Semiconductor Gross Profit  
(100 million yen)



From here, I would like to explain our efforts in each field, in the order of semiconductors, life sciences, and food.

First, the semiconductor field. Our semiconductor business, including the manufacturing and trading businesses, is the scale of about JPY30 billion in gross profit. We aim to expand this to JPY50 billion.

We will proceed with three strategies to expand our business. The first is encapsulating materials for semiconductors. We will focus on cutting-edge applications where AI semiconductors will drive growth, and we will set the de facto standard in Liquid Molding Compounds and next-generation sheet Molding Compounds.

Second, we will promote the business of recovering and recycling chemicals used in the manufacturing process to solve environmental issues in the semiconductor industry by leveraging the technology we have cultivated in the LCD industry.

Third, in the trading business, we will expand our network globally, such as by starting the Rapidus consolidation business, and will promote the acquisition of commercial rights not only in Japan but also overseas.

# Efforts in the Life Science Area

Decided to add diagnostics business through M&A,  
Aim to expand business by developing new materials  
in the Develop Area

## Focus Area

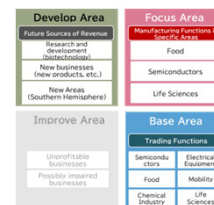
- Expand business in the pharmaceutical and cosmetic fields with Nagase Viita and Nagase ChemteX materials and technologies (e.g., AA2G™, Pullulan, Trehalose SG, and Hesperidin)

## Base Area

- Establish a system to comply with laws and regulations in each country and expand our global network

## Develop Area

- Began mass production of ergothioneine using fermentation technologies



Acquire Diagnostics and Other Businesses From Asahi Kasei Pharma Corporation

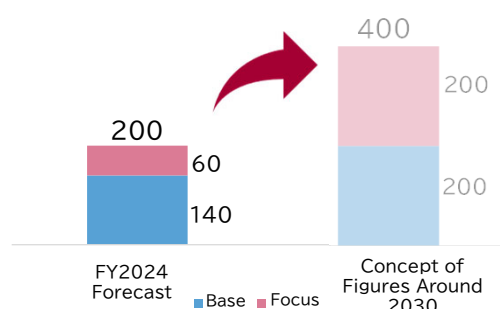
**Focus** Acquire enzyme production business at Ohito Pharmaceutical Plant

**Base** Aim to grow business through overseas sales by expanding product lineup and developing the Asahi Kasei pharma products in Brazil, ASEAN, and India

**Develop** Consolidate Nagase Group pharmaceutical-related businesses

Aim for gross profit of ¥4 billion around 2030

## Life Sciences Gross Profit (100 million yen)



Next one is life science.

In the life science field, we aim to expand gross profit from JPY20 billion to JPY40 billion in the manufacturing and trading businesses combined.

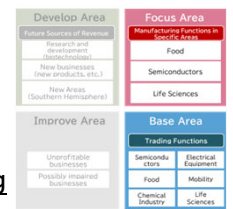
In the manufacturing business, a key area of focus, Nagase Viita's AA2G™, pullulan, and trehalose SG products will be used to expand the market for cosmetics and pharmaceuticals.

In addition, from the next fiscal year onward, we will move forward with the mass production of ergothioneine, a product under development. Ergothioneine is a rare amino acid with powerful antioxidant properties. Currently, it is expected to be effective in preventing dementia, etc.

Furthermore, as we released in September, we have decided to acquire the diagnostics business of Asahi Kasei Pharma Corporation. The Company will become a group with an effective date of July 1 of next year. In the diagnostics business, we will aim to expand the business globally by taking advantage of our overseas network. The NAGASE Group's pharmaceutical-related businesses, such as endotoxin-free compounds, will be integrated into this company. As for the scale of gross profit, we envision gross sales of JPY4 billion around 2030.

## Efforts in the Food Area -Prinova Group Status-

The growth trend in the sports nutrition market remains unchanged  
We are proactively advancing efforts to establish a profit-contributing structure at the Utah plant



### Manufacturing

- Work to acquire **new customers** with our newly expanded product lineup, although it will take time to contribute to profits due to major customers losing market shares
- Develop **new categories** such as health-conscious consumers

#### Product Lines Promoting New Efforts



**Pea Protein**  
Soy allergy products



**Beauty**  
Health maintenance beauty and wellness

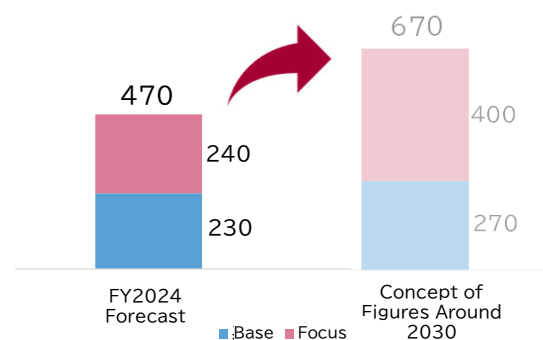


**GREENS**  
Vitamins and other nutrients

### Trading

- Expand business in **South America and Asia**, building on our success in North America and Europe, by leveraging our **unique food ingredient procurement capabilities**

#### Food Gross Profit (100 million yen)



## Food sector initiatives.

For the food segment, we aim to expand gross profit from JPY47 billion to JPY67 billion. Here we would like to explain the situation of the Prinova Group, the leader in the food sector.

In the trading business, the Prinova Group will leverage its procurement capabilities in food ingredients to expand its business from North America and Europe to South America and Southeast Asia in the future. In the Manufacturing business, the Group will continue to improve productivity and cultivate new customers in new categories to increase capacity utilization.

# Efforts in the Global South

Accelerate portfolio transformation through the rapid monetization in new businesses in India, Mexico, Brazil, and Indonesia

## Mexico

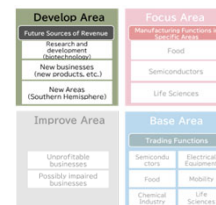
Japanese OEMs in the automobile industry, along with Japanese manufacturers and Taiwanese EMS providers in the electrical and electronics industries, are entering the market. Established a manufacturing business in Mexico with Atecs Co., Ltd. to manufacture automotive electrification components, etc.

Established ATECS INSERT MOLDING MEXICO S.A. DE C.V.

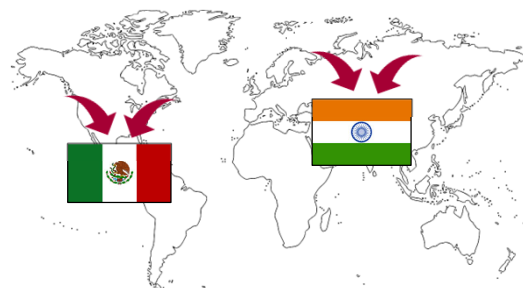
## India

We are allocating human resources to resin sales in India, where the manufacturing business is expanding. We are securing commercial rights in electronics, smartphones, automobile, and semiconductor-related businesses.

Expand resin sales framework to accommodate the allocation of manufacturing bases from China and ASEAN to India



The two countries with progress



Next is the area of development.

One of our areas of development is the creation of business in the Global South. The NAGASE Group will focus on India, Mexico, Brazil, and Indonesia as its Global South. We would like to introduce our efforts in Mexico and India this time.

In Mexico, where the automotive industry is growing rapidly, we will establish a joint venture with Atex, which is currently jointly promoting the manufacturing of electrification-related components in Japan and China, and will start manufacturing from 2026.

In India, we will accelerate the investment of human capital to build a foundation for the future market and acquire commercial rights for resin sales for home appliances, cell phones, and automobiles, which are expected to expand in the future.

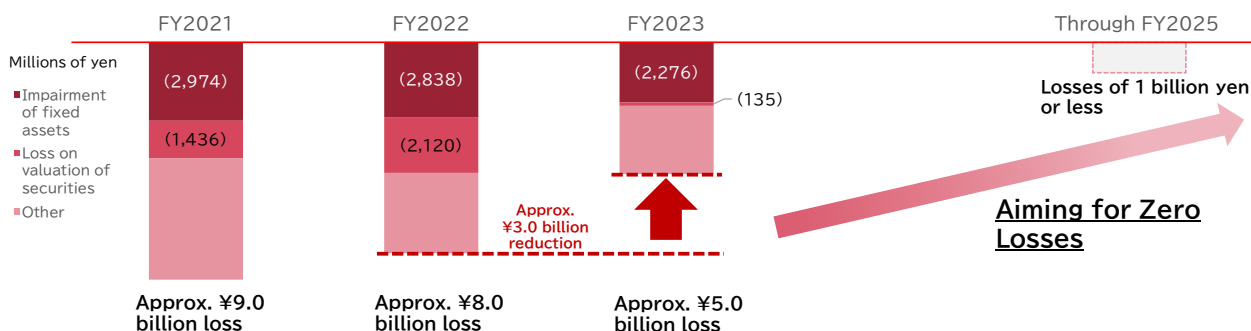
# Improve Area in the First Half of FY2024

Initiated prompt efforts to improve ROIC, focusing on areas where management decisions yield swift results

## Improvement Targets and Initiatives

- |  |   |
|--|---|
| <ol style="list-style-type: none"> <li>1. Operating loss among subsidiaries and equity in losses of affiliates</li> <li>2. Assets at risk for impairment loss</li> <li>3. Unprofitable transactions</li> </ol> | <p>Develop and implement improvement plans as early as possible.<br/>Study withdrawing from businesses not expected to improve.</p> <p>Strengthen monitoring of assets at risk of future impairment; minimize impairments</p> <p>List and monitor all cases; return rights for businesses not expected to improve</p> |
|--|---|

### [Operating Loss, Loss in Equity, Impairment Loss, and Unprofitable Transactions With Operating Subsidiaries]



Color formers business: Reduced operating losses significantly in the U.S. and Japan

- ▶ Decided to **end production in the U.S. at SOFIX LLC**, our manufacturing and sales base, and liquidate the company. Operating deficit amounted to **approx. ¥1.1 billion** in fiscal 2023
  - ▶ Aims to return to profitability for the full year in Japan by reducing unprofitable transactions at **Fukui Yamada Chemical Co., Ltd.**, a manufacturing subsidiary. Operating deficit amounted to **approx. ¥0.4 billion** in fiscal 2023
- Total Approx. ¥1.5 billion**

Next is the improvement area.

We have improved losses from JPY9 billion in FY2021 to JPY5 billion in FY2023.

As explained during the presentation of Q1 financial results, we have decided to withdraw from the color formers business in the US this fiscal year and have completed the work.

In Japan, internal efforts to improve efficiency and profitability are also expected to result in a loss reduction of JPY1.5 billion for the color formers business as a whole. We continue to review unprofitable businesses and will continue to make improvements with the goal of reducing losses to JPY1 billion or less by FY2025.



# Cash Allocation in FY2024 and FY2025

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

## Cash In

### Adjusted operating CF

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

### Asset Replacement

- ▶ Reduce strategic cross-shareholdings, etc.

### Expanding Interest-Bearing Debt Financing

- ▶ Obtain financing within a range that allows us to maintain credit ratings

Adjusted  
operating  
CF  
¥80~  
90 billion

Asset  
Replacement  
¥10~20  
billion

Loan  
¥110  
billion

Maximize  
Corporate  
Value

Growth  
Investments  
¥150  
billion

Shareholder  
Returns  
¥60~  
70 billion

## Cash Out

### Growth Investments

- ▶ Consider M&A deals in the range of several tens of billions of yen on an ongoing basis
- ▶ Strengthen specific functions in the three areas of the Focus areas and acquire missing parts
- ▶ Allocate approx. ¥6 billion to R&D each year

### Continue Increasing Dividends and Achieve a 100% Total Return Ratio

- ▶ Control net assets at around ¥400 billion

Next, let me explain the cash allocation.

This is a two-year cash allocation plan for FY2024 and FY2025.

First, as a cash inflow, we will accelerate asset turnover by increasing operating cash flow from JPY80 billion to JPY90 billion through business growth, selling Strategic cross-shareholdings, and liquidating unprofitable businesses and businesses that may be impaired.

Next, cash outlay is JPY150 billion as investment for growth. This includes M&A, R&D, repair and maintenance costs, and increased working capital in the order of tens of billions of yen.

With regard to shareholder returns, we have been committed to a 100% total return ratio for the past two years, and we will continue to return profits to shareholders in line with this policy. In addition, debt will be used to cover any shortfalls in investment in growth and in the implementation of shareholder returns. The Company's basic policy is to procure loans on the basis of maintaining an A flat credit rating.

## Pursuit of Profitability and Efficiency -Shareholder Returns-

- ▶ Raised the fiscal 2024 dividend per share from the initial plan of ¥85 (up ¥5 from the previous year) to ¥90 (up ¥10)
- ▶ Resolved to conduct an additional ¥7 billion in share buybacks (planned: November 2024 through December 2024) to achieve 100% total return ratio

### Increased FY2024 Dividend

Initial plan      ¥85

↓ +¥5

After revision    **¥90**

### No Change in Shareholder Returns Policy

Total return ratio      **100%**

Dividend      **Principle of continuous dividend increases**  
\* No Change

Share buybacks      **Implemented flexibly**

### Shareholder Returns Results and Forecasts

	FY2021 Results	FY2022 Results	FY2023 Results	FY2024 Forecast	FY2025 Forecast
Dividend per share (yen)	54	70	80	<b>90</b>	—
(Interim+Year-end)	(24+30)	(30+40)	(40+40)	<b>(45+45)</b>	—
share buybacks (100 million yen)	60	56	80	100+70+α	—
Total return ratio (%)	48.3	58.9	76.5	100%	100%

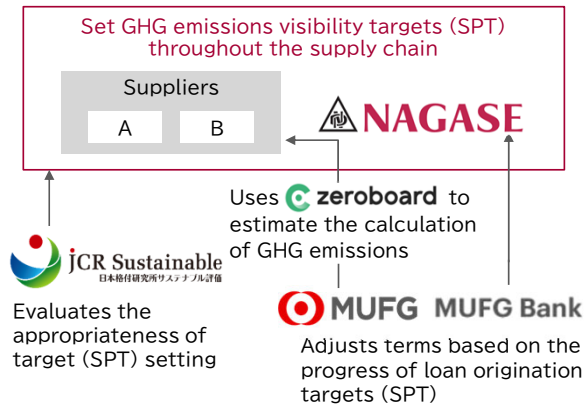
## Moving onto the shareholder returns.

As I explained earlier, there is no change in our shareholder return policy. In addition to improving profits through business growth, we will strive to optimize capital so that ROE of 8% or more, which is the KGI for **ACE 2.0**, can become the norm.

# Sustainability-Related Initiatives

## Sustainability-Linked Loan Execution

Contract Signing Date: October 28  
Borrowing Date: October 31  
Term: 10 years  
Arranger/Agent: MUFG Bank, Ltd.  
Lenders: 16 companies  
Amount: ¥20 billion  
Interest Rate: Varies depending on the achievement of established Sustainability Performance Targets (SPT)



## SBT<sup>※</sup> Commitment Letter

•Nagase & Co., Ltd. submitted a letter of commitment to the SBT Initiative in September 2024 to obtain accreditation for our short-term Science-Based Targets (SBTs)

•Set targets aligned with the Paris Agreement to advance supply chain decarbonization

※Science-Based Targets (SBT): Greenhouse gas emission reduction goals set by companies to align with the levels required under the Paris Agreement

External Organizations	Highest Score	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results	FY2023 Results
FTSE	5.0	1.2	1.9	2.7	3.5	4.2
MSCI	AAA	BB	BB	BBB	A	A
CDP	Climate Change	A	C	B	B	A-
	Water	A	C	B	A-	A
	Forest	A	C-	C	C	B
	Supply Chain Engagement	A	D	B	B	A
Ecovadis [NAGASE Group]	Platinum [100]	— [41]	Bronze	— [43]	Bronze	Silver

Next, I would like to explain our sustainability initiatives.













Regarding the Sustainability Linked Loan, we developed a framework with Mitsubishi UFJ Bank and Japan Credit Rating Agency, Ltd. and executed the loan in accordance with the framework.

Next, we submitted a letter of commitment to obtain SBT certification. We will aim to obtain SBT certification within two years. Please refer to the evaluation transition from external organizations as described.

# Revision of Materiality to achieve sustainability

- ▶ Updated Materiality Established During **ACE 2.0** Formulation in September 2024
- ▶ We made changes to our multi-stakeholder description, refining the wording to be more concise to ensure all employees are aware of the change
- ▶ We explore setting non-financial targets for our business lines, in addition to metrics related to employee engagement and carbon neutrality

## Original Materiality

	Delivered Values	Materiality	Related SDGs
Employees	<ul style="list-style-type: none"> <li>Provide a safe and friendly work environment.</li> <li>Provide a cheerful, happy, and engaging workplace.</li> <li>Create a corporate Group that is a sense of pride for employees and their families.</li> </ul>	<ul style="list-style-type: none"> <li>[Use diverse human resources: offer a workplace environment and corporate culture]</li> <li>Use advanced technologies to improve productivity and leverage diverse human resources.</li> <li>Provide a workplace environment and foster a corporate culture as a Group where employees with diverse backgrounds have mutual respect and motivate each other.</li> </ul>	  
Business Partners	<ul style="list-style-type: none"> <li>Establish a cooperative relationship by gaining deep understanding of business partners, which enables pursuit of a wide range of possibilities.</li> <li>Provide solutions to issues that need to be tackled throughout the value chain as well as social issues.</li> </ul>	<ul style="list-style-type: none"> <li>[Use of state-of-the-art technology to create new value]</li> <li>Create new value leveraging advanced technologies and a network of business partners.</li> <li>Provide a wide range of solutions based on understanding the true causes of the increasingly complex problems of business partners.</li> </ul>	  
Society and Consumers	<ul style="list-style-type: none"> <li>Contribute to the development of the local community through legal compliance and ethical management.</li> <li>Consider the rights, health and comfort of everyone involved in the supply chain.</li> <li>Provide products and services towards realization of a sustainable world.</li> </ul>	<ul style="list-style-type: none"> <li>[Solving Social and Environmental Issues, and Globalization]</li> <li>Solve problems that threaten safety and security, e.g., climate change and food and water shortage.</li> <li>Contribute to securing and improving food safety by utilizing biotech, AI and other advanced technologies.</li> <li>Fulfill health maintenance demands due to increasingly aging societies in advanced countries.</li> <li>Contribute to the acceleration of globalization and solve social issues in each region.</li> </ul>	  
Share holders	<ul style="list-style-type: none"> <li>Foster trust and a sense of security through a highly transparent management structure and timely and reasonable information disclosure.</li> <li>Maximize enterprise value by increasing both economic and social value and through continuous business creation.</li> </ul>	<ul style="list-style-type: none"> <li>[Corporate Governance]</li> <li>Establish a highly transparent corporate governance system.</li> <li>Make sustainable improvement of enterprise value by balancing economic value and social value.</li> </ul>	  

## NAGASE Group Materiality and Related SDGs

### Changes in the External Environmental With Significant Impacts

- Diversification of human resources
- Demographic changes
- Climate change and resource shortage
- Food and water scarcity
- Globalization
- Depletion of natural resources
- Geopolitical risks
- Growing awareness of human rights

### Employee Engagement Improvement



### Realize a Decarbonization



### Extend a healthy life expectancy



### Achieve a Sustainable supply chain



### Driving a Circular Economy



### Transparency in corporate governance



Finally, I am pleased to report that we have reviewed the materiality set forth when **ACE 2.0** was formulated.

In the past, materiality was formulated for each stakeholder, but this time we have been reviewing it based on internal discussions on what are the important social issues that are unique to NAGASE and can be addressed only by NAGASE. We have added three additional important issues that we can contribute to through our business: the extension of healthy life expectancy, the sustainability of supply chains, and the realization of a resource-recycling society.

This is the end of my explanation. We recognize that returning profits to our shareholders is an important management issue, and we will balance this with investment in future growth.

We look forward to your continued support of our group.

Thank you for your attention.



■Inquiries:

<https://www.nagase.co.jp/english/contact/ir/>

■NAGASE Group Investor Relations Website:

<https://www.nagase.co.jp/english/ir/>

These presentation materials contain projections based on forward-looking assumptions, forecasts, and plans as of November 7, 2024. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.

# Review: Management Conscious of Capital Costs and Share Prices

— From the FY2023 Financial Briefing —

## Policies to Enhance Corporate Value

Execute growth, financial, and capital strategies set forth in the Medium-Term Management Plan ACE 2.0

## Current Issue Recognition

- PBR has been below 1x since FY2007
- Cost of equity is more than 8.0% based on dialogue with investors
- Strategic cross-shareholdings of approx. 15% of net assets

## Matters to be Addressed

### Profitability and Efficiency

- Permeation of ROIC management: Improve gross profit margin and capital turnover
- Reduce unprofitable businesses and unprofitable transactions in business targeted for improvement
- Reduce strategic cross-shareholdings in phases

### Capital Costs

- Increase in Shareholder Returns: limited 100% total return ratio for two years
- Leverage debt in growth investments

### IR Activities

- Make active disclosures of and expand dialogue with investors

# Sales, Gross Profit, and Operating Income by Quarter

(Before Allocation of Corporate & Others)

- ▶ In FY2024, the Company began allocating company-wide shared expenses, excluding a portion of Nagase non-consolidated expenses, to business units under Corporate & Others
- ▶ We are allocating company-wide shared expenses, shifting to a system that enables a more realistic understanding of the profitability of each business unit
- ▶ For reference, this page shows quarterly changes before allocations to Corporate & Others

100 millions of yen								100 millions of yen								100 millions of yen													
Quarterly results		1Q	2Q	3Q	4Q	YTD	FY2024 forecast After Revision	FY2023 Actual		Quarterly results		1Q	2Q	3Q	4Q	YTD	FY2024 forecast After Revision	FY2023 Actual		Quarterly results		1Q	2Q	3Q	4Q	YTD	FY2024 forecast After Revision	FY2023 Actual	
Consolidated Total								Advanced Materials & Processing(Polymer Global Account Dept.)								Mobility(Mobility Solutions Dept.)													
Sales	FY2024	2,392	2,417			4,809	9,400	Sales	FY2024	535	546			1,082	2,049	Sales	FY2024	321	338			660	1,326						
	FY2023	2,240	2,261	2,275	2,224	4,501	9,001		FY2023	485	536	477	485	1,022	1,985		FY2023	311	337	353	319	649	1,321						
	YoY%	6.8%	6.9%			6.8%	4.4%		YoY%	10.2%	1.9%			5.9%	3.2%		YoY%	3.1%	0.4%			1.7%	0.4%						
Gross profit	FY2024	457	463			921	1,800	Gross profit	FY2024	65	65			130	255	Gross profit	FY2024	40	43			83	165						
	FY2023	387	401	425	432	788	1,647		FY2023	54	61	61	57	116	236		FY2023	34	39	41	37	73	152						
	YoY%	18.3%	15.3%			16.8%	9.3%		YoY%	20.1%	5.4%			12.3%	8.0%		YoY%	17.8%	9.9%			13.5%	8.3%						
<profit ratio>	FY2024	19.1%	19.2%			19.2%	19.1%	<profit ratio>	FY2024	12.3%	11.9%			12.1%	12.4%	<profit ratio>	FY2024	12.5%	12.9%			12.7%	12.4%						
	FY2023	17.3%	17.8%	18.7%	19.4%	17.5%	18.3%		FY2023	11.3%	11.5%	13.0%	11.9%	11.4%	11.9%		FY2023	11.0%	11.8%	11.7%	11.6%	11.4%	11.4%						
Operating income	FY2024	107	103			210	365	Operating income	FY2024	20	23			43	80	Operating income	FY2024	13	16			27	30						
	FY2023	69	75	85	75	144	306		FY2023	13	19	20	15	32	66		FY2023	9	13	14	10	23	49						
	YoY%	54.3%	37.1%			45.4%	19.2%		YoY%	50.2%	20.8%			32.8%	17.6%		YoY%	44.6%	17.2%			28.3%	15.5%						
<profit ratio>	FY2024	4.5%	4.3%			4.4%	3.9%	<profit ratio>	FY2024	3.8%	4.3%			4.0%	3.9%	<profit ratio>	FY2024	4.3%	4.8%			4.6%	4.3%						
	FY2023	3.1%	3.3%	3.8%	3.4%	3.2%	3.4%		FY2023	2.8%	3.6%	4.2%	3.1%	3.2%	3.4%		FY2023	3.0%	4.1%	4.2%	3.4%	3.6%	3.7%						
100 millions of yen								100 millions of yen								100 millions of yen													
Quarterly results		1Q	2Q	3Q	4Q	YTD	FY2024 forecast After Revision	FY2023 Actual		Quarterly results		1Q	2Q	3Q	4Q	YTD	FY2024 forecast After Revision	FY2023 Actual		Quarterly results		1Q	2Q	3Q	4Q	YTD	FY2024 forecast After Revision	FY2023 Actual	
Functional Materials(Performance Chemicals Dept., Specialty Chemicals Dept.)								Electronics & Energy(Electronics Dept., Advanced Functional Materials Dept.)								Life & Healthcare(Life & Healthcare Products Dept.)													
Sales	FY2024	405	388			794	1,588	Sales	FY2024	400	398			799	1,542	Sales	FY2024	728	744			1,473	2,894						
	FY2023	364	357	375	370	721	1,468		FY2023	355	356	375	360	712	1,447		FY2023	723	673	693	687	1,396	2,777						
	YoY%	11.4%	8.7%			10.0%	8.2%		YoY%	12.8%	11.7%			12.3%	6.5%		YoY%	0.7%	10.7%			5.5%	4.2%						
Gross profit	FY2024	88	81			170	326	Gross profit	FY2024	95	97			193	386	Gross profit	FY2024	168	173			342	667						
	FY2023	64	68	73	75	132	281		FY2023	77	86	85	92	163	342		FY2023	156	145	163	168	301	634						
	YoY%	37.8%	19.9%			28.5%	15.9%		YoY%	23.7%	13.4%			18.3%	12.8%		YoY%	8.0%	19.0%			13.3%	5.1%						
<profit ratio>	FY2024	21.8%	21.1%			21.4%	20.5%	<profit ratio>	FY2024	23.8%	24.5%			24.2%	25.0%	<profit ratio>	FY2024	23.2%	23.9%			23.2%	23.0%						
	FY2023	17.6%	19.1%	19.5%	20.4%	18.4%	19.2%		FY2023	21.7%	24.2%	22.9%	25.8%	23.0%	23.6%		FY2023	21.6%	21.6%	23.6%	24.5%	21.6%	22.8%						
Operating income	FY2024	37	31			68	121	Operating income	FY2024	34	38			73	143	Operating income	FY2024	21	9			31	71						
	FY2023	15	21	25	24	36	86		FY2023	23	31	27	31	54	113		FY2023	32	19	24	26	51	103						
	YoY%	140.7%	46.9%			86.3%	40.2%		YoY%	50.6%	24.4%			35.6%	26.2%		YoY%	(34.8%)	(48.2%)			(39.8%)	(31.2%)						
<profit ratio>	FY2024	9.1%	8.0%			8.6%	7.6%	<profit ratio>	FY2024	8.7%	9.7%			9.2%	9.3%	<profit ratio>	FY2024	2.9%	1.3%			2.1%	2.5%						
	FY2023	7.6%	6.0%	6.7%	6.6%	5.1%	5.9%		FY2023	6.5%	8.7%	7.3%	8.8%	7.6%	7.8%		FY2023	4.5%	2.9%	3.6%	3.9%	3.1%	3.7%						

# Major Cash Inflows and Outflows for FY2021-FY2023

100 millions of yen

Cash Inflow	FY2021	FY2022	FY2023	3-year Cumulative Total	Cash Outflow	FY2021	FY2022	FY2023	3-year Cumulative Total
Operating CF after adjustments*	525	363	476	1,364	Dividends and share buybacks	124	139	178	442
Proceeds from sales of strategic cross-shareholdings, etc.	92	96	71	260	Investment in DX, R&D, etc	71	68	78	218
Decrease in working capital	—	—	330	330	Increase in working capital	631	200	—	831
Proceeds from change in interest-bearing debt	401	—	—	401	Expenses from change in interest-bearing debt	—	25	234	260
Other income	7	9	9	26	Other growth investments, etc	156	173	188	518
					Other expenditures	25	20	76	121
Total	1,026	469	888	2,384	Total	1,008	628	756	2,392

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