

FYE March 2020 Financial Highlights

NAGASE & CO., LTD.
May 14, 2020

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Consolidated Statements of Income

- Net sales: Sales were largely level. The Group added sales from the Prinova Group, newly-acquired by the Company in the consolidated second quarter of the fiscal year, but sales also suffered from trade friction between the US and China and the growing COVID-19 epidemic.
- Operating income: Income was down because of such factors as rising expenses associated with acquiring the Prinova Group and because of investment in leading-edge technology for medium- to long-term growth. Moreover, the Prinova Group's contribution to profitability during the fiscal year was limited because of the temporary costs associated with merging our businesses costs associated with merging our businesses

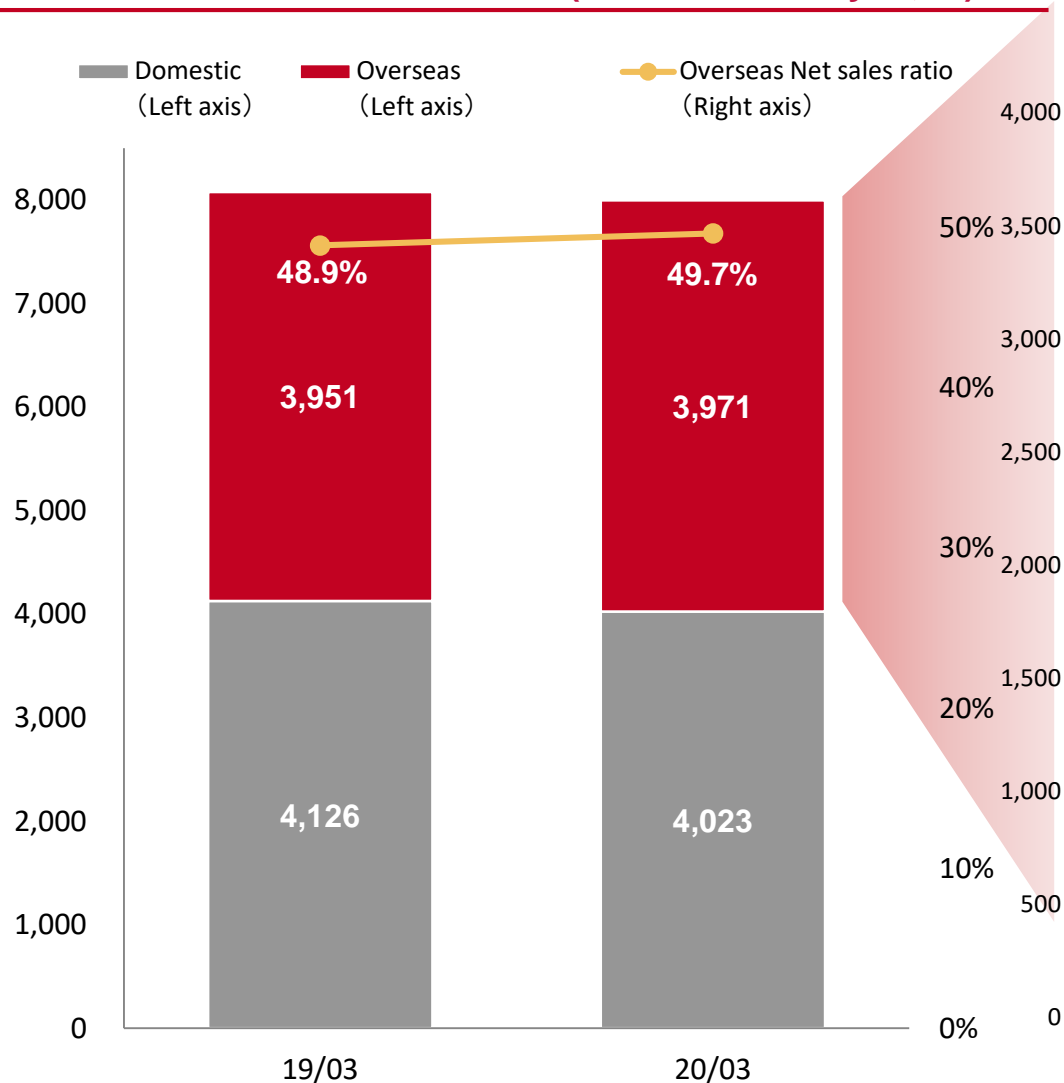
	19/03	20/03	Change	Vs. PY	Revised Forecast (full year)
Net sales	8,077	7,995	△ 81	99%	8,200
Gross profit	1,054	1,049	△ 5	99%	1,080
<GP ratio>	13.1%	13.1%	+0.1%	—	13.2%
SG&A expenses	802	857	+ 55	107%	865
Operating income	252	191	△ 60	76%	215
Ordinary income	266	190	△ 75	72%	220
Profit attributable to owners of the parent	201	151	△ 49	75%	173
US\$ Exchange rate (period average)	@ 110.9	@ 108.7	@ 2.2	strong yen	@108.0
RMB Exchange rate (period average)	@ 16.5	@ 15.6	@ 0.9	strong yen	@ 15.4

【 Foreign exchange rate impact on 20/03 net sales and operating income results 】
 Net sales: △¥12.6 billion (approx.); Operating income: △¥500million (approx.)

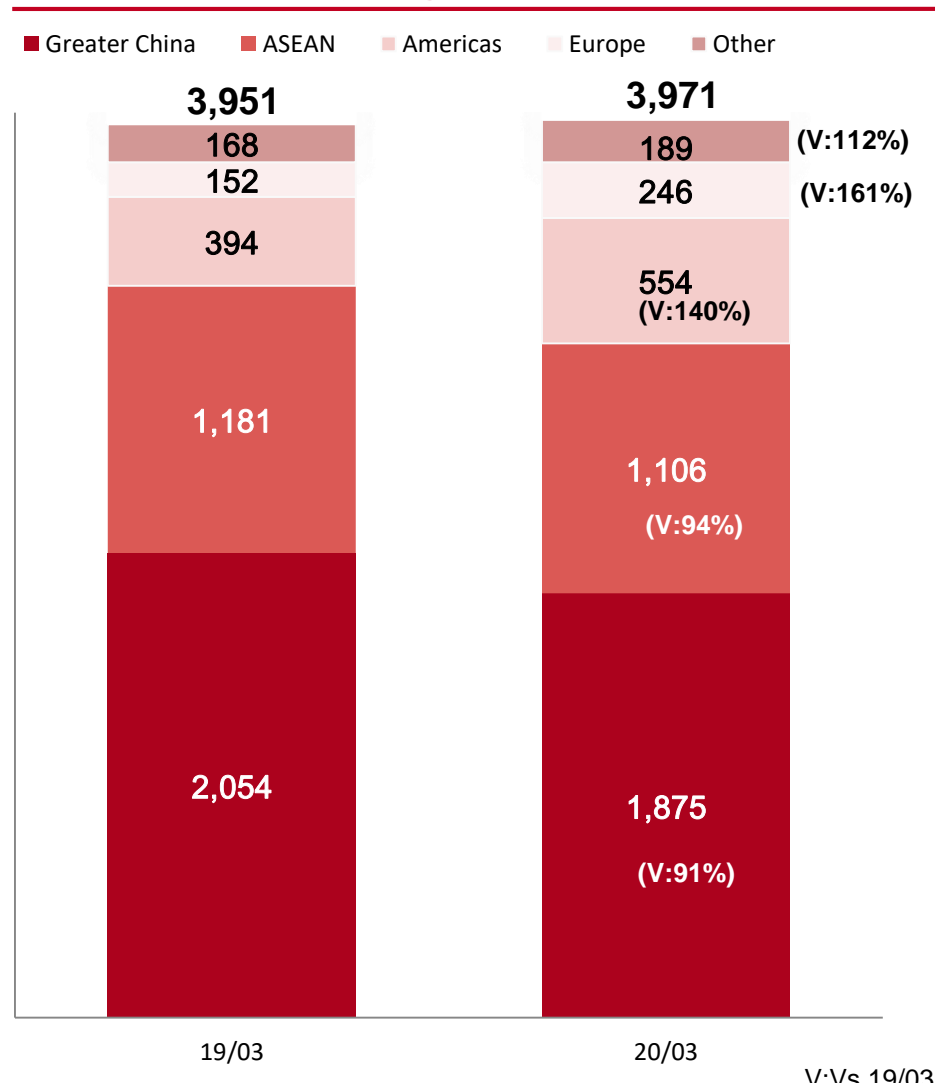
Net Sales by Region (Domestic, Overseas)

■ In Asia including Japan, sales were down, but with the acquisition of the Prinova Group, net sales in North America and Europe rose (overseas ratio of total sales: 49.7%)

Domestic & Overseas Sales (100 millions of yen, %)



Overseas Sales by Region (100 millions of yen, %)



Net Sales: Two-Year Comparison (by Segment)

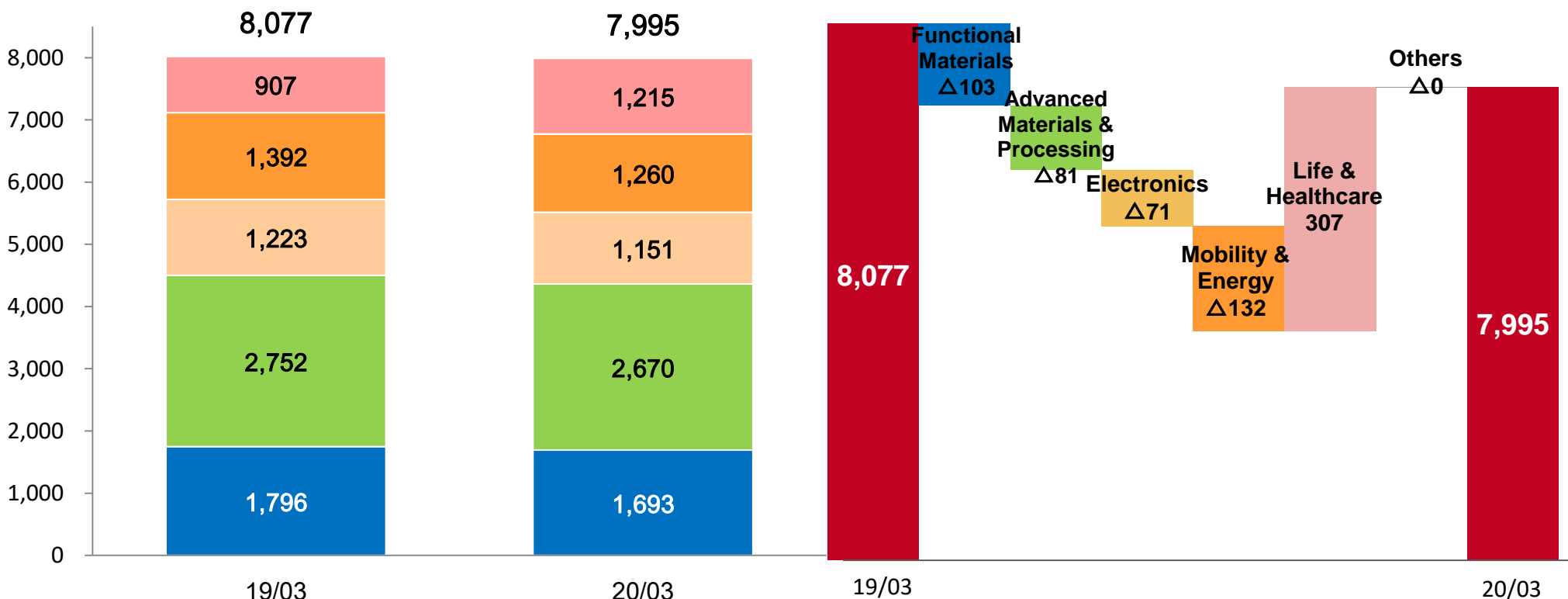
■ **Mobility & Energy:** Lower sales due to factors like lower sales of plastic materials in Japan and overseas as the number of automobiles produced decreased

■ **Life & Healthcare:** Sales increased. Although sales of AA2G™ decreased, sales of TREHA™, pharmaceutical raw materials and intermediates, and medical materials increased, and we added sales from the Prinova Group, newly-acquired by the Company in the consolidated second quarter of the fiscal year

Net Sales by Segment (100 millions of yen)

Change in Net Sales by Segment (100 millions of yen)

- Functional Materials
- Advanced Materials & Processing
- Electronics
- Automotive & Energy
- Life & Healthcare
- Others/Corporate

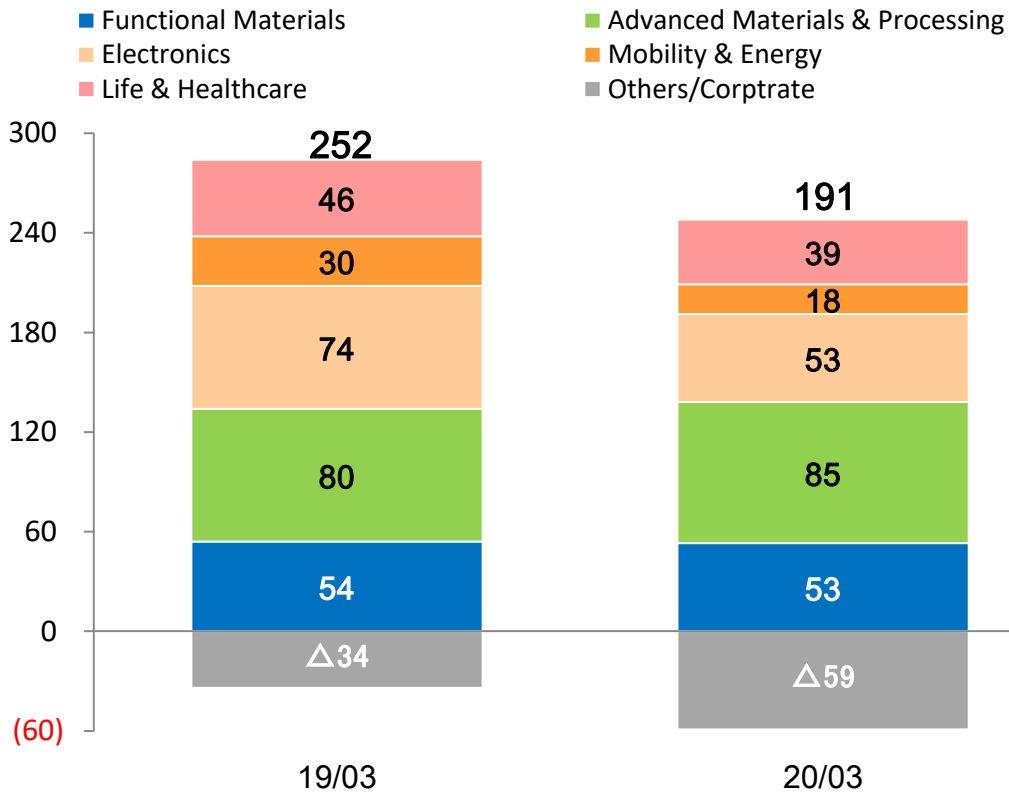


* As of April 1, 2019, the Automotive & Energy Segment has been renamed the Mobility & Energy Segment

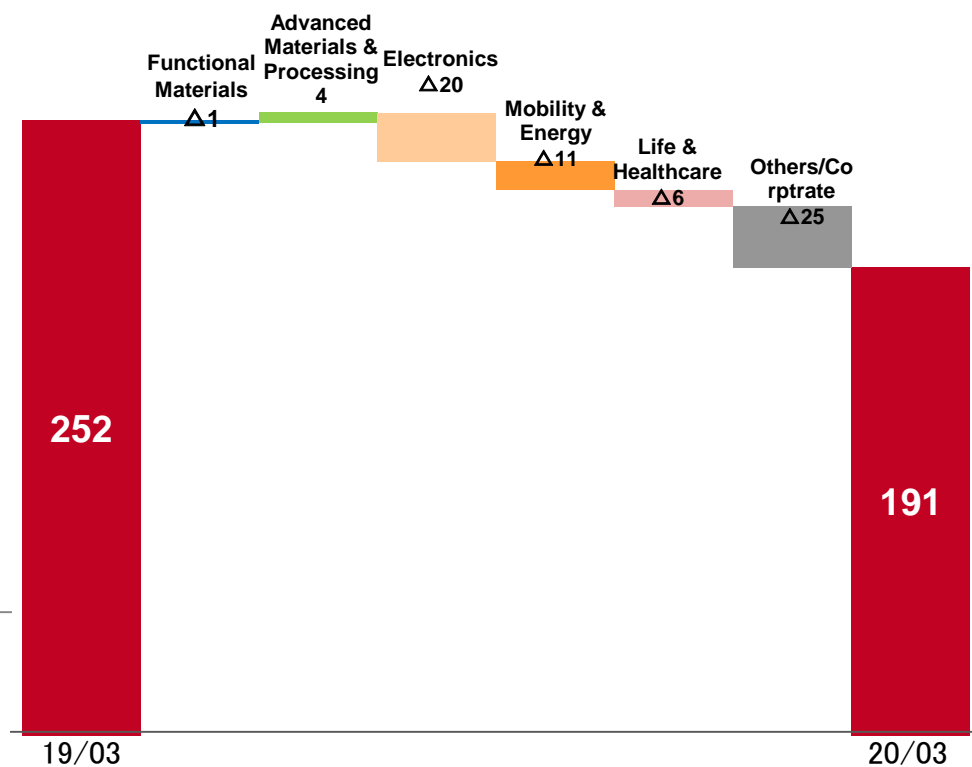
Operating income: Two-Year Comparison (by Segment)

- **Advanced Materials & Processing:** Despite reduced sales, increased profitability in the Company's manufacturing subsidiaries in Japan led to higher profit
- **Electronics:** Lower profits due to declining sales and worsening profitability of the thin processing business for glass substrate in China
- **Life & Healthcare:** Despite increased sales, profitability decreased because of temporary costs associated with merging businesses and the worsening of profitability at some of the Company's Japanese manufacturing subsidiaries
- **Other/Corporate:** Lower profits, mainly due to increased expenses in connection with the Prinova acquisition and investment in leading-edge technology for medium- to long-term growth

Operating income by Segment (100 millions of yen)



Change in Operating income by Segment (100 millions of yen)



* As of April 1, 2019, the Automotive & Energy Segment has been renamed the Mobility & Energy Segment

Consolidated Balance Sheets

■ Assets increased ¥44.1 billion due to an increase of assets and the recording of goodwill and other intangible assets related to the new consolidation of subsidiaries, though this was offset somewhat by a decrease in investments in securities stemming from the sale of certain shares owned by the Company and lower fair values of shares owned

■ Liabilities increased ¥43.4 billion due to increase in long-term loans and bonds as a result of procuring funds for the Prinova Group acquisition

■ Shareholders' equity ratio down 4.3 points to 49.9%

Assets

	19/03	20/03	Change
Total current assets	3,658	3,793	+ 135
Cash and time deposits	440	514	+ 73
Notes and accounts receivable	2,304	2,211	△ 93
Inventories	810	956	+ 146
Other	102	111	+ 8
Total non-current assets	2,015	2,321	+ 306
Property, plant and equipment	664	743	+ 78
Intangible fixed assets	372	725	+ 353
Investments, other assets	977	852	△ 125
Investments in securities	902	761	△ 141
Other	75	91	+ 15
Total assets	5,673	6,114	+ 441

Liabilities and Net Assets

(100 millions of yen)

	19/03	20/03	Change
Total current liabilities	2,018	2,004	△ 14
Notes and accounts payable	1,172	1,082	△ 89
Short-term loans and current portion of CP	579	618	+ 39
Other	266	302	+ 35
Total long-term liabilities	528	978	+ 449
Long-term loans and Bonds	275	726	+ 450
Net defined benefit liability	124	136	+ 12
Other (Deferred tax liabilities, etc.)	128	115	△ 13
Total liabilities	2,547	2,982	+ 434
Total net assets	3,126	3,132	+ 6
Shareholders' equity	2,628	2,723	+ 94
Accumulated other comprehensive income	447	329	△ 118
Net unrealized holding gain on securities	418	326	△ 92
Translation adjustment	32	10	△ 21
Other	△ 2	△ 6	△ 3
Non-controlling interests	49	79	+ 29
Total liabilities and net assets	5,673	6,114	+ 441

Consolidated Cash Flows

Cash Flows

(100 millions of yen)

	20/03	Main factors	19/03
Net cash provided by (used in) operating activities	330	Profit before income taxes +242 Depreciation and amortization other than amortization of goodwill, amortization of goodwill +121 Working capital ▲89 Income tax paid ▲70	173
Net cash provided by (used in) investing activities	▲ 492	Proceeds from sales of investments in securities ▲446 Purchases of tangible and intangible fixed assets ▲123 Income from sale of investment securities +102	▲ 73
Net cash provided by (used in) financing activities	243	Increase (decrease) in long-term loans +243 Increase (decrease) in corporate bond +100 Cash dividends paid ▲57	▲ 89
Effects of exchange rate changes on cash and cash equivalents	▲ 18		1
Net increase (decrease) in cash and cash equivalents	63		12
Cash and cash equivalents at beginning of the year	440		428
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—		▲0
Increase in cash and cash equivalents accompanying consolidation	1		—
Cash and cash equivalents, at end of the period	504		440

FYE March 2021 Earnings Projections

- In the Life & Healthcare Segment, we foresee a significant increase in sales. This will be driven by the Prinova Group, now able to contribute for an entire fiscal year, and by favorable trends in North America and Europe, especially sales of vitamins, amino acids, and other products
- In other segments, however, we forecast sales to decrease considerably because of the impact of COVID-19 spreading globally
- Based on the above, we project lower sales and profits overall

[Assumptions]

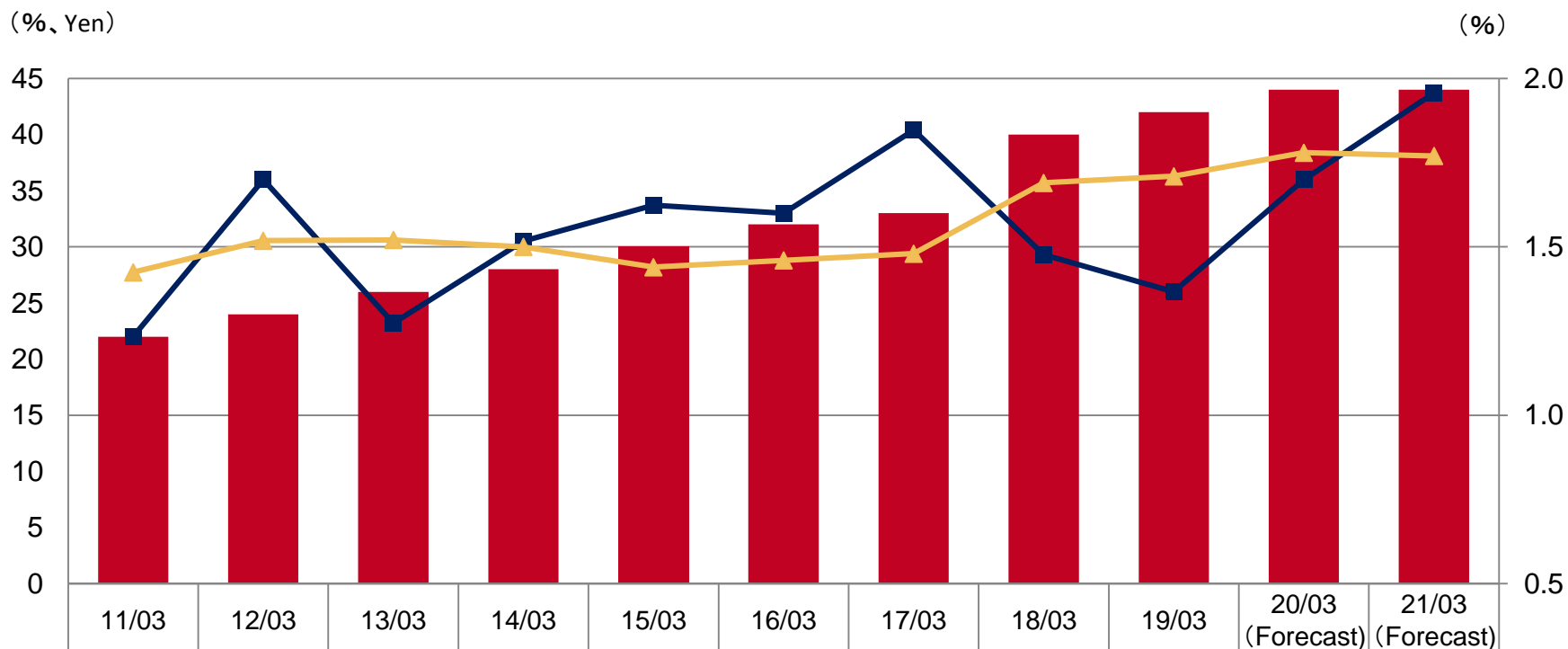
- The economic impact of the COVID-19 epidemic will largely abate in the second half
- Foreign exchange rates: ¥106 to the U.S. dollar and ¥14.7 to the RMB

(100 millions of yen)

	20/03	21/03	
	Actual (A)	Full Year Forecas (B)	Vs. PY (B/A)
Net sales	7,995	7,540	94%
Operating income	191	150	78%
Ordinary income	190	155	81%
Profit attributable to owners of the parent	151	125	83%
US\$ Exchange rate (period average)	@108.7	@106.0	—
RMB Exchange rate (period average)	@15.6	@14.7	—

■ **Current fiscal year:** Expecting to pay dividends of ¥44 per share for the full year, consisting of a ¥22 per share interim dividend and a ¥22 per share year-end dividend

■ **Next fiscal year:** Expecting to pay dividends of ¥44 per share for the full year, consisting of a ¥22 per share interim dividend and a ¥22 per share year-end dividend



*1 FYE March 2018 dividends include a special dividend of ¥5 per share.

*2 20/03 year-end dividend to be submitted for approval to general meeting of shareholders scheduled for June 2020



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

These presentation materials contain forward-looking projections based on assumptions, forecasts, and plans as of May 14 , 2020. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.