

FYE March 2021 First Quarter Financial Highlights

NAGASE & CO., LTD.

August 4, 2020

Agenda

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Consolidated Statements of Income

- **Net sales:** Sales declined because of the impact of the growth of the COVID-19 pandemic.
- **Operating income:** Income declined mainly due to the decline in income among existing group companies and increased costs incurred to promote DX for medium- to long-term growth, though gross profit increased due to the high profitability of Prinova Group.
- **Profit attributable to owners of the parent:** Profit increased, mainly due to the recording of profits stemming from the sale of certain shares owned by the Company.

(100 millions of yen)

| | 19/06 | 20/06 | Change | Vs. PY | Orig. Forecast (full year) |
|--|---------|---------|--------|------------|-------------------------------|
| Net sales | 1,929 | 1,805 | (124) | 94% | 7,540 |
| Gross profit | 253 | 260 | + 6 | 103% | 1,070 |
| <GP ratio> | 13.2% | 14.4% | +1.3% | — | 14.2% |
| SG&A expenses | 201 | 223 | + 22 | 111% | 920 |
| Operating income | 52 | 36 | (15) | 70% | 150 |
| Ordinary income | 58 | 42 | (16) | 72% | 155 |
| Profit attributable to owners of the parent | 41 | 68 | + 26 | 164% | 125 |
| US\$ Exchange rate (period average) | @ 109.9 | @ 107.6 | @ 2.3 | strong yen | @106.0 |
| RMB Exchange rate (period average) | @ 16.1 | @ 15.2 | @ 0.9 | strong yen | @ 14.7 |

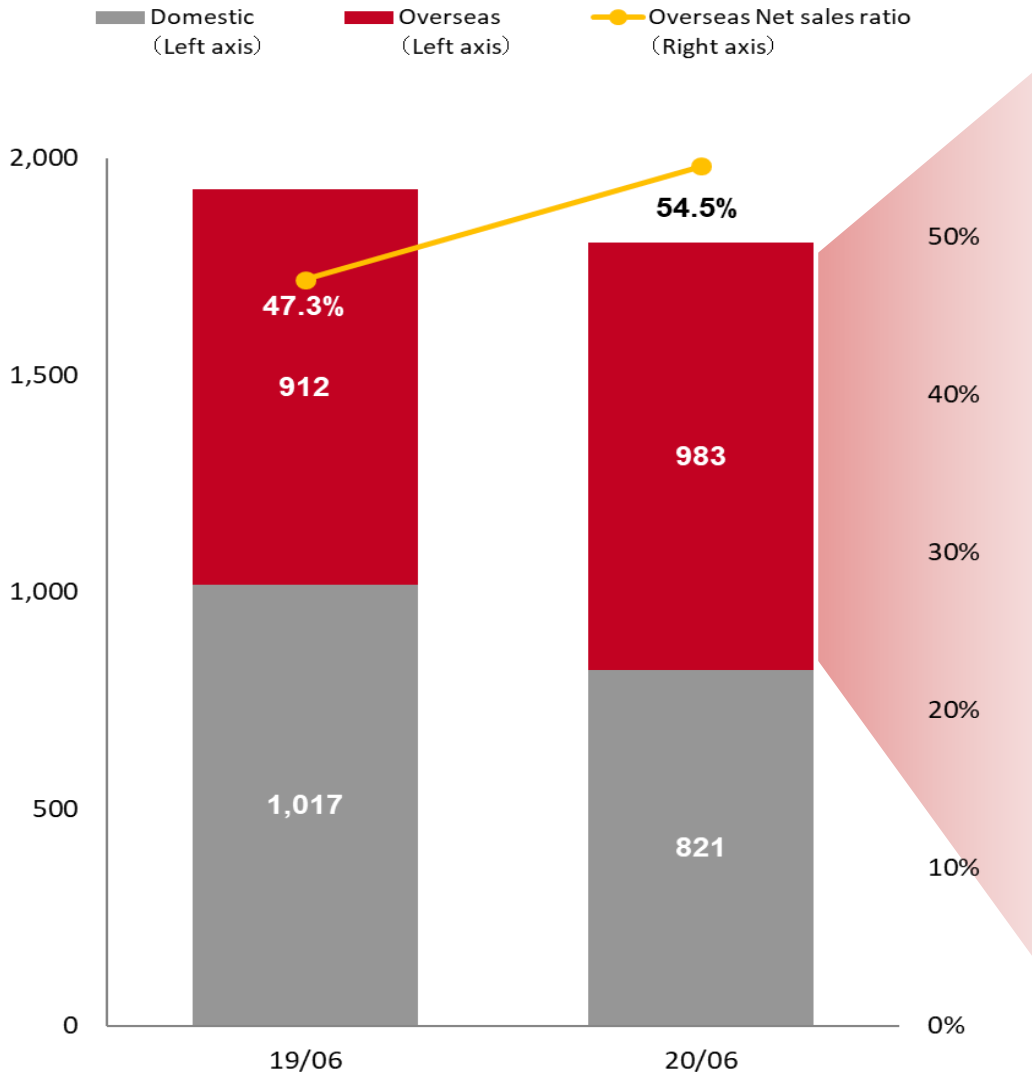
【 Foreign exchange rate impact on 20/06 net sales and operating income results】

Net sales: ¥(3.2)billion (approx.) Operating income: ¥(60)million(approx.)

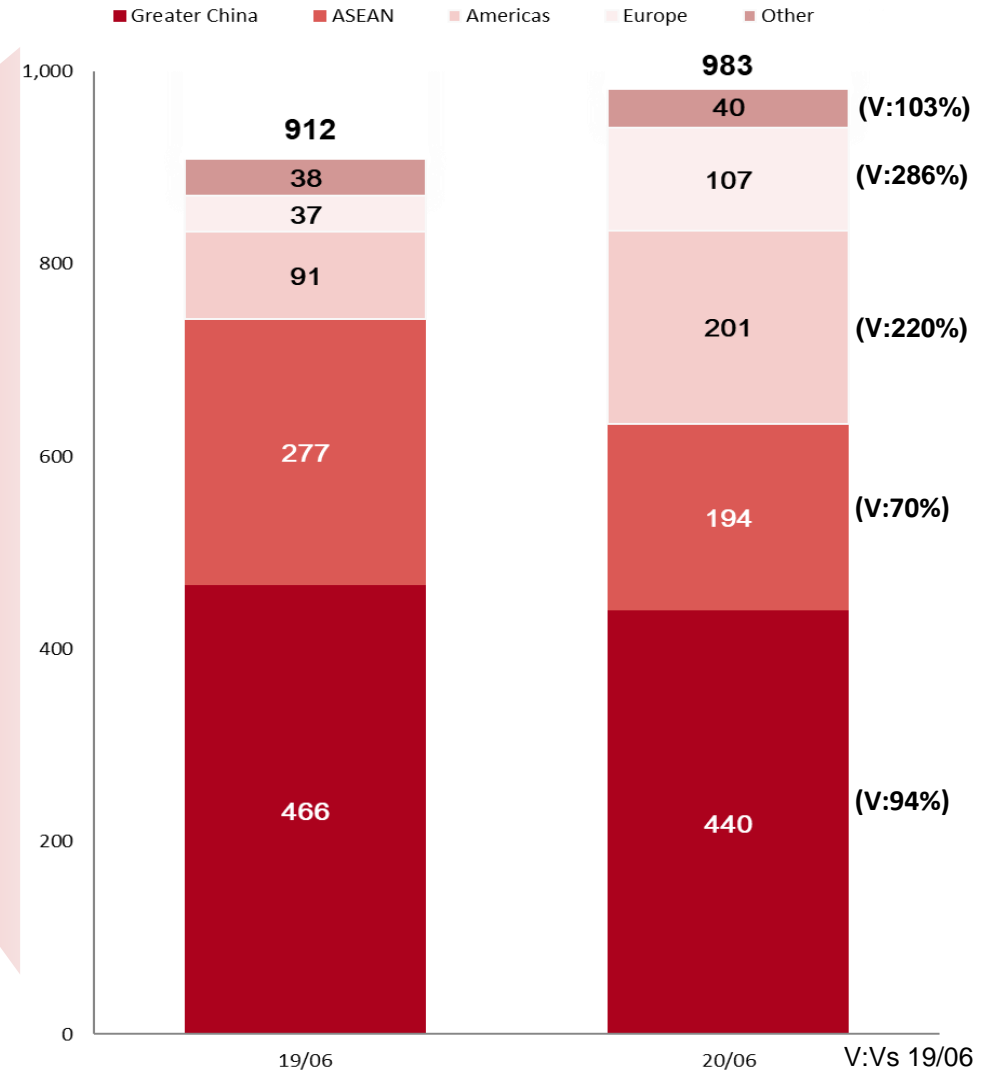
Net Sales by Region (Domestic, Overseas)

■ Sales in particular in Japan and ASEAN decreased due to the impact of the growing COVID-19 epidemic, though sales in Europe and America increased sharply due to the addition of sales from the Prinova Group (overseas ratio of total sales: 54.5%).

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



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

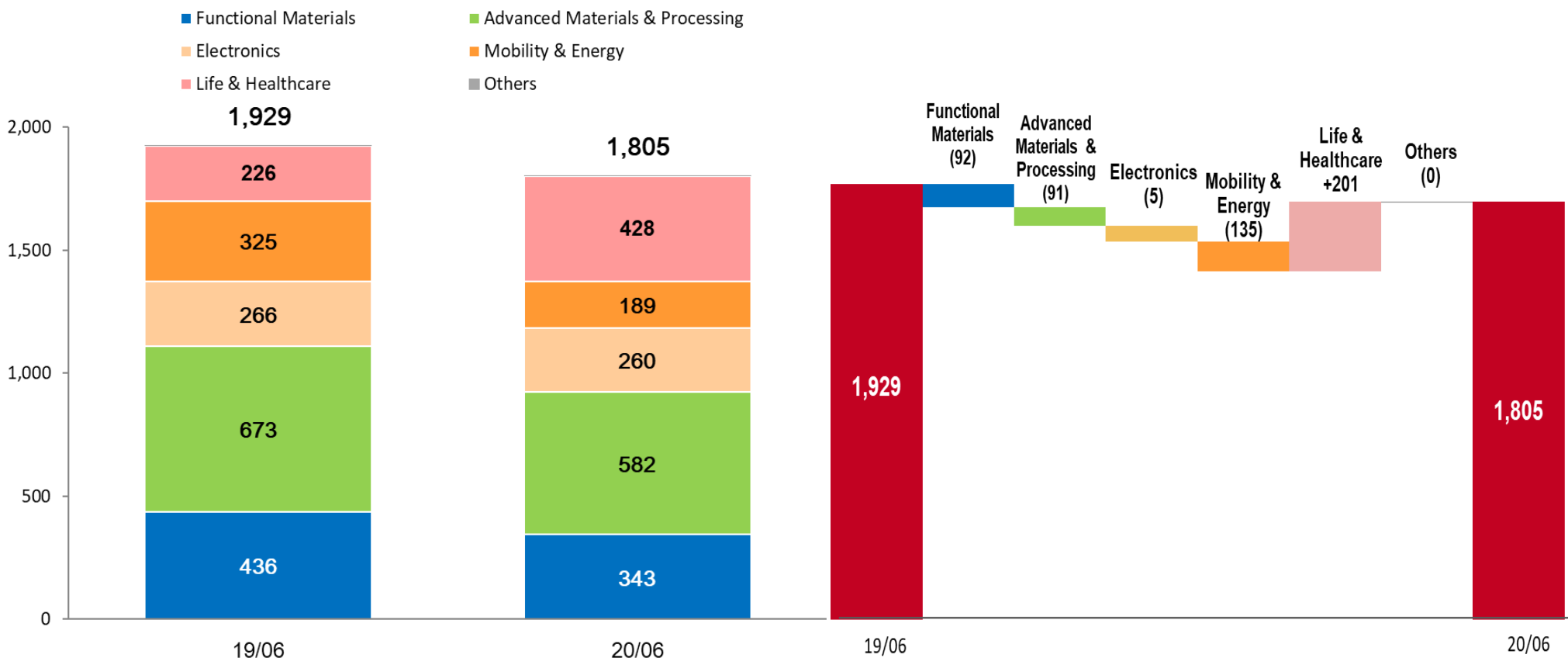


Net Sales: Two-Year Comparison (by Segment)

- **Mobility & Energy:** Sales declined due to a decrease in the sales of car electronics-related products and resins business, mainly caused by lower automotive production in Japan and overseas attributable to the impact of the COVID-19 pandemic.
- **Life & Healthcare:** Sales increased mainly due to increased sales of pharmaceutical raw materials/intermediates and medical materials, and due to the addition of sales from the Prinova Group, which compensated for the decline in the sales of TREHA™, AA2G™, etc. The decline was mainly due to a lower demand caused by the impact of the COVID-19 pandemic.

Net Sales by Segment (100 millions of yen)

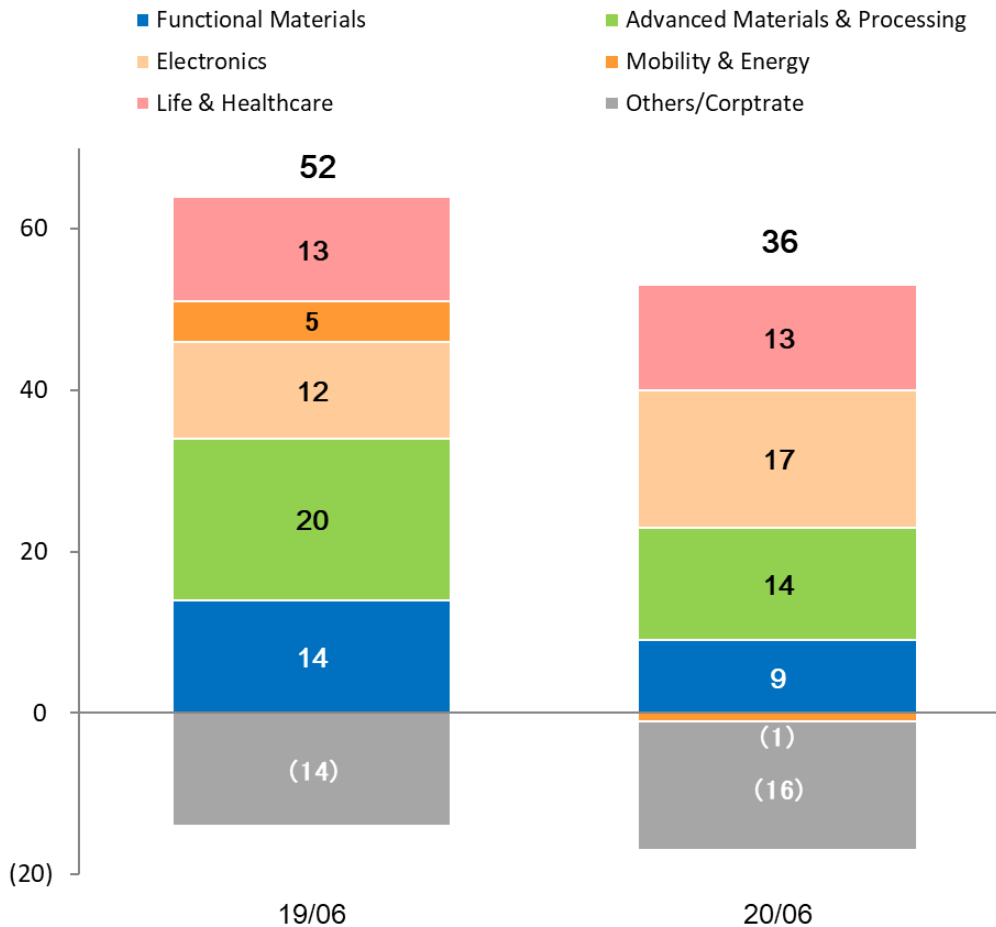
Change in Net Sales by Segment (100 millions of yen)



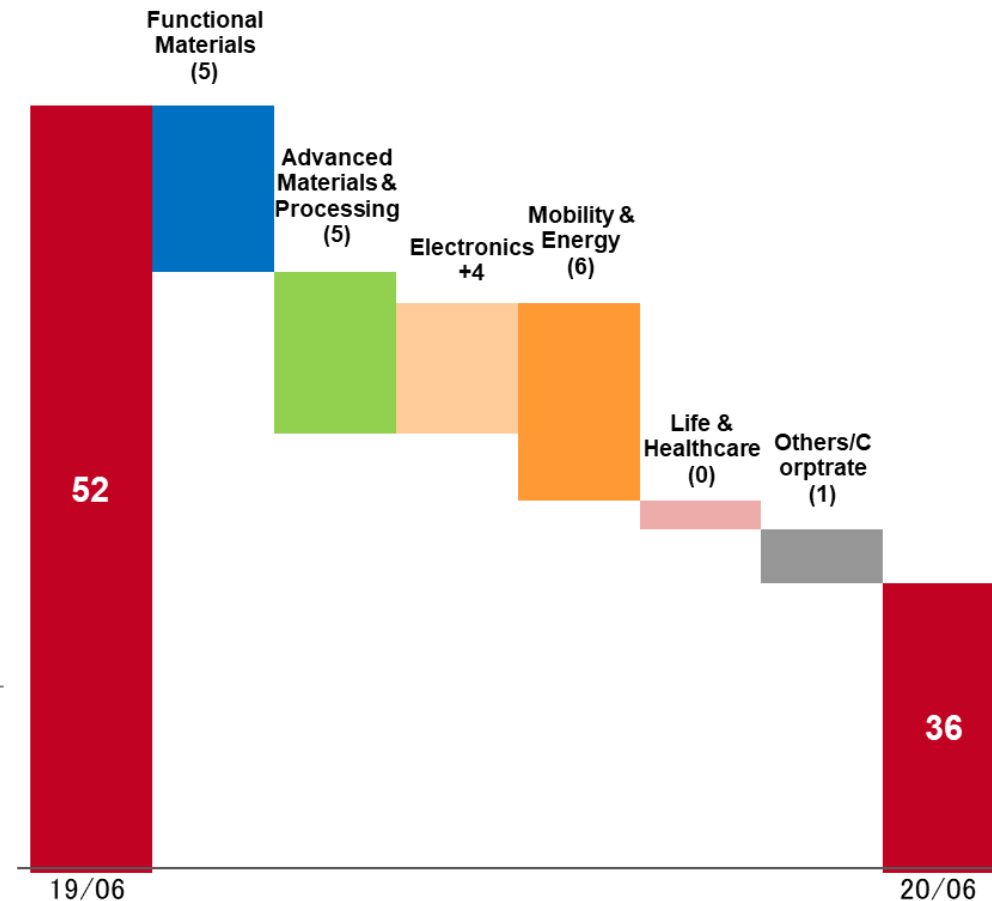
Operating income: Two-Year Comparison (by Segment)

- **Electronics:** Despite reduced sales, increased profitability in certain manufacturing subsidiaries led to higher profit.
- **Life & Healthcare:** Despite increased sales, weaker profitability among the Company's manufacturing subsidiaries in Japan led to slightly lower profit.

Operating income by Segment (100 millions of yen)



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



Consolidated Balance Sheets

■ Assets decreased ¥11.5 billion due to decreases in cash and deposits, accounts receivable, etc., though investments in securities increased due to a rise in the fair value of stock owned by the Company.

■ Liabilities decreased ¥20.6 billion due to decreased accounts payable.

■ Shareholders' Equity Ratio up 2.5 points to 52.4%.

Assets

Liabilities and Net Assets

(100 millions of yen)

| | 20/03 | 20/06 | Change |
|---------------------------------|--------------|--------------|---------------|
| Total current assets | 3,793 | 3,615 | (178) |
| Cash and time deposits | 514 | 417 | (96) |
| Notes and accounts receivable | 2,211 | 2,048 | (162) |
| Inventories | 956 | 1,017 | + 60 |
| Other | 111 | 131 | + 20 |
| Total non-current assets | 2,321 | 2,384 | + 62 |
| Property, plant and equipment | 743 | 737 | (5) |
| Intangible fixed assets | 725 | 709 | (16) |
| Investments, other assets | 852 | 937 | + 85 |
| Investments in securities | 761 | 849 | + 87 |
| Other | 91 | 88 | (2) |
| Total assets | 6,114 | 5,999 | (115) |

| | 20/03 | 20/06 | Change |
|--|--------------|--------------|---------------|
| Total current liabilities | 2,004 | 1,843 | (160) |
| Notes and accounts payable | 1,082 | 947 | (134) |
| Short-term loans and current portion of CP | 618 | 625 | + 7 |
| Other | 302 | 269 | (33) |
| Total long-term liabilities | 978 | 932 | (45) |
| Long-term loans and Bonds | 726 | 652 | (73) |
| Net defined benefit liability | 136 | 138 | + 1 |
| Other (Deferred tax liabilities, etc.) | 115 | 141 | + 26 |
| Total liabilities | 2,982 | 2,775 | (206) |
| Total net assets | 3,132 | 3,223 | + 91 |
| Shareholders'equity | 2,723 | 2,764 | + 40 |
| Accumulated other comprehensive income | 329 | 379 | + 49 |
| Net unrealized holding gain on securities | 326 | 378 | + 52 |
| Translation adjustment | 10 | 6 | (4) |
| Other | (6) | (5) | + 1 |
| Non-controlling interests | 79 | 79 | + 0 |
| Total liabilities and net assets | 6,114 | 5,999 | (115) |

FYE March 2021 Earnings Projections

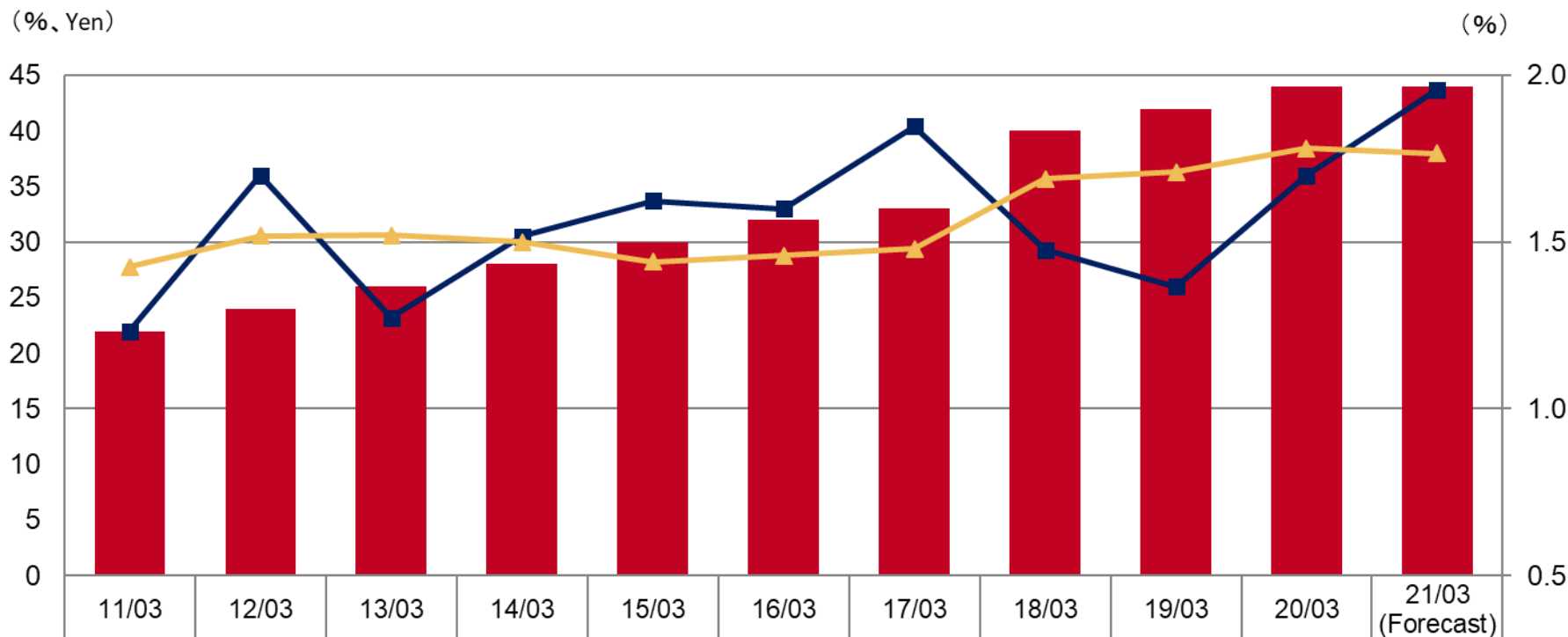
- In the Life & Healthcare Segment, we foresee a significant increase in sales, since the strong sales of the Prinova Group is expected to make contributions throughout the entire fiscal year and the company's sales of vitamins, amino acids, and other products are expected to be strong mainly in Europe and America.
- In other segments, however, we forecast sales to decline considerably because of the impact of COVID-19 spreading globally
- Based on the above, we forecast lower sales and profits overall (there are no changes to the earnings forecasts released in May 2020)

[Assumptions]

- The economy will gradually recover in the second half, though there is concern that the recovery of the economy may be delayed by the impact of the COVID-19 epidemic.
- Foreign exchange rates: ¥106 to the U.S. dollar and ¥14.7 to the RMB

| | 20/03 Actual | 21/03 Full Year Forecast | Change | Vs. PY |
|---|-----------------|-----------------------------|--------|-----------------------|
| | | | | (100 millions of yen) |
| Net sales | 7,995 | 7,540 | (455) | 94% |
| Gross profit | 1,049 | 1,070 | +21 | 102% |
| <GP ratio > | 13.1% | 14.2% | +1.1% | — |
| SG&A expenses | 857 | 920 | +63 | 107% |
| Operating income | 191 | 150 | (41) | 78% |
| Ordinary income | 190 | 155 | (35) | 81% |
| Profit attributable to owners of the parent | 151 | 125 | (26) | 83% |
| US\$ Exchange rate (period average) | @108.7 | @106.0 | @2.7 | Strong yen |
| RMB Exchange rate (period average) | @15.6 | @14.7 | @0.9 | Strong yen |

■ Expecting ¥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.



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

These presentation materials contain forwardlooking projections based on assumptions, forecasts, and plans as of August 4 , 2020. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.