

Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2021 <Under Japanese GAAP>

February 5, 2021

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

NAGASE & CO., LTD.

Stock exchange listing: Tokyo (First Section)

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

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Filing of quarterly report (scheduled): February 10, 2021

Start of distribution of dividends (scheduled): -

Supplementary documents of quarterly financial results: Yes

Quarterly investors' meeting: No

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

1. Consolidated Results for the Third Quarter of the Fiscal Year Ending March 31, 2021

(April 1, 2020 to December 31, 2020)

(1) Consolidated Operating Results

(% = year-on-year change)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the third quarter ended December 31, 2020	604,541	0.5	16,065	6.7	17,159	9.2	16,556	37.4
December 31, 2019	601,721	(2.4)	15,053	(28.1)	15,709	(29.3)	12,049	(25.2)

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

Third quarter ended December 31, 2019: ¥14,866 million (116.4%)

	Earnings per share		Earnings per share (diluted)	
	Yen		Yen	
For the third quarter ended December 31, 2020	133.51		-	
December 31, 2019	97.16		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2020	635,739	337,585	51.8	2,655.88
March 31, 2020	611,477	313,243	49.9	2,462.04

(Reference) Equity capital As of December 31, 2020: ¥329,359 million

As of March 31, 2020: ¥305,322 million

2. Dividends

	Annual Dividends per Share				
	1Q	2Q	3Q	Fiscal year end	Annual
For the year ended (or ending)	Yen				
March 2020	-	22.00	-	22.00	44.00
March 2021	-	22.00	-	-	-
March 2021 (forecast)	-	-	-	24.00	46.00

(Note) Revisions to the latest dividends forecast: Yes

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2021
(April 1, 2020 to March 31, 2021)

(% = year-on-year change)

Full fiscal year	Net sales		Operating income		Ordinary income		Profit attributable to owners of the parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	811,000	1.4	20,000	4.3	21,000	10.0	17,000	12.3	137.18

(Note) Revisions to the latest consolidated earnings forecast: Yes

Our consolidated earnings forecast for the fiscal year ending March 2021 is based on the assumption that the COVID-19 pandemic will have a considerable impact on NAGASE Group earnings during the consolidated fourth quarter.

*** Notes**

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

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

(2) Application of special accounting methods to the preparation of quarterly financial statements: No

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

i. Changes in accordance with revisions to accounting and other standards: No

ii. Changes in items other than (i) above: No

iii. Changes in accounting estimates: No

iv. Restatement of prior period financial statements after error corrections: No

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

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

December 31, 2020	127,408,285 shares	March 31, 2020	127,408,285 shares
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ii. Number of treasury stock as of the fiscal period end

December 31, 2020	3,396,914 shares	March 31, 2020	3,396,695 shares
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iii. Average number of shares during the period

December 31, 2020	124,011,458 shares	December 31, 2019	124,011,848 shares
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*** Quarterly financial statements are not subject to quarterly review.**

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

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

Please refer to 1. *Qualitative Information* (3) *Qualitative Information Related to Consolidated Earnings Forecasts* on P.4 of this document.

Attachments

1. Qualitative Information	2
(1) Business Performance	2
(2) Financial Position	3
(3) Qualitative Information Related to Consolidated Earnings Forecasts	4
2. Quarterly Consolidated Financial Statements and Notes	6
(1) Quarterly Consolidated Balance Sheets	6
(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income	8
Quarterly Consolidated Statements of Income	
Nine-month periods ended December 31, 2020 and 2019	8
Quarterly Consolidated Statements of Comprehensive Income	
Nine-month periods ended December 31, 2020 and 2019	9
(3) Notes Related to Quarterly Consolidated Financial Statements	10
(Assumption for Going Concern)	10
(Significant Fluctuations in Shareholders' Equity)	10
(Additional Information)	10
(Segment Information, etc.)	11
(Significant Subsequent Events)	13
3. Supplementary Information	14
(1) Overseas Sales	14

1. Qualitative Information

(1) Business Performance

a. General Summary of Results

The global economy for the current consolidated third quarter saw different situations for each country. While the economic impact of the COVID-19 pandemic remains serious, China maintained an economic recovery after resuming economic activity quickly in the wake of the pandemic. Economic activities resumed gradually in the Japanese economy since the second quarter, while consumer activities have also been recovering at a gradual pace. However, conditions continue to be unpredictable, as some economic activities have been curtailed due to the impact of the reemergence of COVID-19 infections. Among the regions where the NAGASE Group conducts business, Greater China has recovered to pre-pandemic levels. Japan and ASEAN have been tracing a gradual recovery, while economic activity remains sluggish in the Americas and Europe, and the future continues to be uncertain.

In this environment, the Company recorded domestic sales of ¥264.81 billion (-13.2% year on year) for the cumulative consolidated third quarter. Overseas sales amounted to ¥339.72 billion (+14.5%), reflecting the entire nine-month sales of the Prinova Group, which the Company acquired in the second quarter of the prior consolidated fiscal year. In total, the Company recorded net sales of ¥604.54 billion (+0.5%).

The company recorded gross profit of ¥83.71 billion (+7.6%) due to the contributions of the highly profitable Prinova Group. Despite rising costs related to our pursuit of digital transformation (DX) and other activities toward sustainable growth, operating income amounted to ¥16.06 billion (+6.7%), mainly due to cost savings associated with voluntary constraints on activities caused by the COVID-19 pandemic. Ordinary income amounted to ¥17.15 billion (+9.2%). Profit attributable to owners of the parent amounted to ¥16.55 billion (+37.4%), mainly due to gain on sales related to the transfer of subsidiary stock and sales of cross-shareholdings.

b. Segment Summary

Functional Materials

The Functional Materials segment recorded lower sales in both domestic and overseas markets. This result was mainly due to lower automotive production in all regions (except Greater China) affected by the spread of the COVID-19 pandemic. This was particularly true for the first half of the year, despite a more recent trend in recovery.

The Performance Chemicals business recorded lower sales due to lower sales in coating raw materials and urethane materials as a result of lower automotive production.

The Speciality Chemicals business recorded lower sales overall, despite firm sales of electronics chemicals mainly for the semiconductor and other electronics industries, mainly due to the performance of industrial oil solutions and plastic materials, which were sharply impacted by the weak automotive industry.

As a result, sales for the segment amounted to ¥112.48 billion, representing a ¥17.43 billion (-13.4%) decrease compared to the same period in the prior fiscal year. Operating income fell ¥640 million (-15.7%) compared to the prior cumulative consolidated third quarter, amounting to ¥3.44 billion.

Advanced Materials & Processing

The Advanced Materials & Processing segment recorded lower sales in the domestic market due to the broad impact of the COVID-19 on the resins and other businesses. Although sales in Greater China increased due to the early resumption of economic activities, overall overseas sales decreased slightly due to a decline in sales in other regions.

The Colors & Advanced Processing business recorded lower sales overall, due to sharply decreased sales of digital print processing materials in Japan, the Americas, and Europe. Sales of dyes and additives, plastic resins for industrial and packaging applications, and conductive materials were also lower.

The Polymer Global Account business, which mainly sells plastics to the office equipment, appliance, and video game device markets, recorded lower sales overall. This result was mainly due to sales declines in Japan and ASEAN, despite an increase in

sales in Greater China.

As a result, sales for the segment amounted to ¥195.92 billion, representing a ¥11.42 billion (-5.5%) decrease compared to the same period in the prior fiscal year. Operating income declined ¥1.72 billion (-24.8%) compared to the previous cumulative consolidated third quarter to ¥5.23 billion, impacted primarily by weaker profitability due to declining market conditions in the digital print processing materials business.

Electronics

Despite increased sales of precision processing-related materials used in connection with intermediate processing in semiconductors and a slight increase in sales related to formulated epoxy resins used in heavy electrical and light electrical applications, the Electronics segment recorded slightly lower net sales overall, driven by lower sales of materials related to displays, photolithography, and equipment.

As a result, sales for the segment amounted to ¥86.01 billion, representing a ¥1.31 billion (-1.5%) decrease compared to the same period in the prior fiscal year. Operating income was ¥6.11 billion, an increase of ¥1.97 billion (+47.7%) year on year, mainly due to improved profitability among the Company's manufacturing subsidiaries.

Mobility & Energy

The Mobility Solutions business recorded lower sales both in Japan and overseas. This result was due to lower sales of car electronics-related products in Japan and lower sales in the resins business in all regions (except Greater China), stemming from lower automotive production (excluding Greater China) caused by the COVID-19 pandemic.

As a result, sales for the segment amounted to ¥78.74 billion for the cumulative consolidated third quarter, representing a ¥19.27 billion (-19.7%) decrease year on year. Operating income fell ¥740 million (-47.8%) compared to the prior cumulative consolidated third quarter, amounting to ¥810 million.

Life & Healthcare

The Life & Healthcare segment recorded significantly higher sales overall, due to higher sales overseas driven by the addition of sales from the Prinova Group acquired by the Company in the prior consolidated second quarter, though domestic sales decreased mainly due to lower demand attributable to the impact of the COVID-19 pandemic.

The new Food Ingredients business recorded significantly higher sales overall, boosted by the addition of sales from the Prinova Group despite reduced sales of TREHA™ and other products in the food materials field in Japan and overseas.

The Life & Healthcare business recorded gains in sales of pharmaceutical raw materials and intermediates and medical materials in the medical and pharmaceutical field along with rising sales of hygiene products-related materials in the skin care and toiletries field. Overall sales were lower, however, as sales of AA2G™ in the skin care and toiletries field decreased in Japan and overseas. Pharmaceutical production business sales to the medical and pharmaceutical field also decreased due to the sale of a Company's manufacturing subsidiary.

As a result, sales for the segment amounted to ¥131.09 billion, which was a ¥52.37 billion (+66.5%) increase compared to the cumulative consolidated third quarter of the prior fiscal year. Operating income grew ¥2.51 billion (+95.8%) year on year, reaching ¥5.14 billion.

Other

No special matters to disclose.

(2) Financial Position

As of the end of the consolidated third quarter, current assets amounted to ¥388.63 billion. This represents an increase of ¥9.29 billion compared to the end of the prior consolidated fiscal year, mainly due to an increase in accounts receivable, which was offset in part by decreases in cash and deposits and inventories. Non-current assets amounted to ¥247.1 billion, up ¥14.96 billion from the end of the prior consolidated fiscal year. This increase was mainly due to an increase in investment in

securities stemming from a rise in the fair value of shares owned by the Company, offset in part by amortization of intangible fixed assets and a decrease in property, plant and equipment in connection with the exclusion of certain domestic subsidiaries from the scope of consolidation. As a result, total assets increased ¥24.26 billion compared to the end of the prior consolidated fiscal year to ¥635.73 billion.

Liabilities amounted to ¥298.15 billion, a decrease of ¥80 million compared to the end of the prior consolidated fiscal year. This result was mainly due to decreases in commercial paper and short-term loans, offset in part by an increase in accounts payable.

Net assets amounted to ¥337.58 billion, up ¥24.34 billion compared to the end of the prior consolidated fiscal year. This increase was mainly due to the recording of profit attributable to owners of the parent in the amount of ¥16.55 billion, as well as an increase in net unrealized holding gain on securities.

As a result, the Company recorded a shareholders' equity ratio of 51.8%, up 1.9 points over the 49.9% at the end of the prior consolidated fiscal year.

(3) Qualitative Information Related to Consolidated Earnings Forecasts

During the cumulative consolidated third quarter, the global spread of COVID-19 continued to have a serious impact on the economy. However, China resumed economic activities early on and continues to recover, experiencing firm performance in the electronics, electrical, and automobile businesses. During the consolidated third quarter, Japan and ASEAN also experienced better-than-projected recoveries and lower costs associated with voluntary restraints on activities in response to COVID-19. Overall, our performance has recovered to a greater degree than we projected at the beginning of the consolidated fiscal year. We recorded a gain on sale in connection with the transfer of subsidiary shares and the sale of cross-shareholdings. We entered these stock transactions from the perspective of the best owner of such shares, as part of the priority policy of Portfolio Optimization described in our *ACE-2020* mid-term management plan. As a result of these factors, performance in every profit measure as of the end of the third quarter of the fiscal year ending March 31, 2021, exceeded the full-year consolidated forecast we announced on May 14, 2020.

While the business environment surrounding the NAGASE Group remains uncertain, we expect a certain level of profits for the fourth quarter. Therefore, we have decided to make an upward revision to our full-year earnings forecasts as indicated below.

For these forecasts, we changed our assumed foreign exchange rates from ¥106 to ¥105 to the U.S. dollar and from ¥14.7 to ¥15.5 to the RMB.

a. Revision to full-year earnings forecast (April 1, 2020 - March 31, 2021)

(Millions of yen)				
	Previous Forecast (A)	Revised Forecast (B)	Change (B-A)	Change (%)
Net sales	754,000	811,000	57,000	7.6%
Operating income	15,000	20,000	5,000	33.3%
Ordinary income	15,500	21,000	5,500	35.5%
Profit attributable to owners of the parent	12,500	17,000	4,500	36.0%

b. Revised net sales and operating income forecasts by segment (April 1, 2020 - March 31, 2021)

(Net sales by segment)

(Millions of yen)

	Most-Recent Forecast (A)*	Revised Forecast (B)	Change (B-A)	Change (%)
Functional Materials	142,500	151,000	8,500	6.0%
Advanced Materials & Processing	241,000	260,700	19,700	8.2%
Electronics	102,500	116,000	13,500	13.2%
Mobility & Energy	102,000	110,700	8,700	8.5%
Life & Healthcare	165,500	172,200	6,700	4.0%
Others	500	400	(100)	(20.0%)
Total Sales	754,000	811,000	57,000	7.6%

(Operating income by segment)

(Millions of yen)

	Most-Recent Forecast (A)*	Revised Forecast (B)	Change (B-A)	Change (%)
Functional Materials	4,200	4,700	500	11.9%
Advanced Materials & Processing	5,400	6,500	1,100	20.4%
Electronics	6,200	8,000	1,800	29.0%
Mobility & Energy	1,100	1,400	300	27.3%
Life & Healthcare	5,600	6,300	700	12.5%
Others	(7,500)	(6,900)	600	—
Total operating income	15,000	20,000	5,000	33.3%

*Figures from FYE March 2021 Second Quarter Financial Briefing, P.18

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2020)	Third Quarter, Current Consolidated Fiscal Year (December 31, 2020)
ASSETS		
Current assets		
Cash and time deposits	51,408	45,406
Notes and accounts receivable	221,116	243,779
Merchandise and finished goods	86,166	79,693
Work in process	1,789	1,751
Raw materials and supplies	7,730	6,838
Other	11,859	11,786
Less allowance for doubtful accounts	(732)	(624)
Total current assets	379,337	388,631
Non-current assets		
Property, plant and equipment	74,309	71,683
Intangible fixed assets		
Goodwill	35,246	32,611
Technology-based assets	9,064	7,882
Other	28,286	26,168
Total intangible fixed assets	72,597	66,662
Investments and other assets		
Investments in securities	76,124	99,623
Long-term loans receivable	391	206
Retirement benefit asset	1,754	2,230
Deferred tax assets	2,085	1,793
Other	4,967	4,999
Less allowance for doubtful accounts	(91)	(91)
Total investments and other assets	85,232	108,761
Total non-current assets	232,139	247,107
Total assets	611,477	635,739

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2020)	Third Quarter, Current Consolidated Fiscal Year (December 31, 2020)
LIABILITIES		
Current liabilities		
Notes and accounts payable	108,285	121,838
Short-term loans	30,590	26,619
Current portion of long-term loans	1,277	7,777
Commercial paper	30,000	12,000
Accrued income taxes	4,625	2,019
Accrued bonuses for employees	5,123	3,114
Accrued bonuses for directors	170	107
Other	20,360	22,432
Total current liabilities	200,434	195,910
Long-term liabilities		
Bonds	30,000	30,000
Long-term loans	42,621	38,997
Deferred tax liabilities	9,280	17,724
Retirement benefit liability	13,677	13,686
Other	2,221	1,834
Total long-term liabilities	97,800	102,243
Total liabilities	298,234	298,154
NET ASSETS		
Shareholders' equity		
Common stock	9,699	9,699
Capital surplus	10,646	10,646
Retained earnings	257,067	268,168
Less treasury stock, at cost	(5,071)	(5,071)
Total shareholders' equity	272,342	283,442
Accumulated other comprehensive income		
Net unrealized holding gain on securities	32,618	47,466
Deferred gain (loss) on hedges	3	(44)
Translation adjustments	1,051	(1,224)
Remeasurements of defined benefit plans	(694)	(280)
Total accumulated other comprehensive income	32,979	45,916
Non-controlling interests	7,921	8,226
Total net assets	313,243	337,585
Total liabilities and net assets	611,477	635,739

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income

(Quarterly Consolidated Statements of Income)

Nine-month periods ended December 31, 2020 and 2019

(Millions of yen)

	Nine-month period ended December 31, 2019 (April 1, 2019 - December 31, 2019)	Nine-month period ended December 31, 2020 (April 1, 2020 - December 31, 2020)
Net sales	601,721	604,541
Cost of sales	523,899	520,827
Gross profit	77,821	83,714
Selling, general and administrative expenses	62,767	67,648
Operating income	15,053	16,065
Non-operating income		
Interest income	107	101
Dividend income	1,865	1,023
Rent income	199	199
Foreign exchange gains	-	518
Other	314	493
Total non-operating income	2,487	2,336
Non-operating expenses		
Interest expenses	1,078	770
Equity in losses of affiliates	156	189
Foreign exchange losses	130	-
Other	466	283
Total non-operating expenses	1,831	1,242
Ordinary income	15,709	17,159
Extraordinary gains		
Gain on sales of non-current assets	20	70
Gain on sales of investment securities	3,763	5,769
Gain on sales of shares of subsidiaries and affiliates	-	2,657
Subsidy income	27	-
Total extraordinary gains	3,810	8,497
Extraordinary losses		
Loss on sales of non-current assets	43	7
Loss on disposal of non-current assets	146	64
Impairment losses	1,041	29
Loss on sales of investment securities	-	10
Loss on valuation of investment securities	22	163
Loss on sales of shares of subsidiaries and affiliates	-	1
Other	-	82
Total extraordinary losses	1,254	359
Income before income taxes	18,266	25,298
Income taxes - current	4,585	6,150
Income taxes - deferred	1,365	2,037
Total income taxes	5,950	8,187
Profit for the period	12,315	17,110
Profit attributable to non-controlling interests	266	553
Profit attributable to owners of the parent	12,049	16,556

(Quarterly Consolidated Statements of Comprehensive Income)

Nine-month periods ended December 31, 2020 and 2019

(Millions of yen)

	Nine-month period ended December 31, 2019 (April 1, 2019 - December 31, 2019)	Nine-month period ended December 31, 2020 (April 1, 2020 - December 31, 2020)
Profit for the period	12,315	17,110
Other comprehensive income		
Net unrealized holding gain on securities	3,811	14,838
Deferred gain (loss) on hedges	20	(48)
Translation adjustments	(1,287)	(2,113)
Remeasurements of defined benefit plans	155	414
Share of other comprehensive loss of affiliates accounted for by the equity method	(149)	(112)
Total other comprehensive income	2,550	12,979
Comprehensive income	14,866	30,089
Comprehensive income attributable to:		
Shareholders of the parent	14,740	29,494
Non-controlling interests	126	594

(3) Notes Related to Quarterly Consolidated Financial Statements

(Assumption for Going Concern)

No matters to report.

(Significant Fluctuations in Shareholders' Equity)

No matters to report.

(Additional Information)

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

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

(Effects of COVID-19 Pandemic When Making Accounting Estimates)

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

The impact of the spread of COVID-19 on the Group's earnings during the cumulative consolidated third quarter has been limited overall. The most prominent impact was on the first quarter results of the automobile-related business. However, since the second quarter, China has maintained an economic recovery after resuming economic activities quickly. In the third quarter, Japan and ASEAN experienced better-than-expected recoveries. However, we still cannot foresee when a cessation of the spread of COVID-19 will occur. Given the expected decrease in automobile production due to a shortage in the supply of semiconductors, we project that the spread of COVID-19 will once again have a considerable impact on NAGASE Group earnings during the consolidated fourth quarter.

In light of the preceding, the Group's accounting process is based on the assumption that the impact of COVID-19 will result in a continued unstable business environment from the consolidated fourth quarter of fiscal 2020 through the end of fiscal 2021, as has been the case with fiscal 2020.

Many uncertain factors regarding the impact of COVID-19 remain, which may affect the financial condition and operating performance of the Group in the consolidated fourth quarter and thereafter.

(Segment Information, etc.)

Segment Information

I Nine-month period ended December 31, 2019 (consolidated)

1. Information related to net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable Segments						Others (Note) 1	Total	Corporate (Note) 2	Adjustments (Note) 3	Consolidated (Note) 4
	Functional Materials	Advanced Materials & Processing	Electronics	Mobility & Energy	Life & Healthcare	Total					
Net sales											
Sales to customers	129,917	207,356	87,329	98,020	78,718	601,341	379	601,721	-	-	601,721
Intersegment sales/transfers	1,374	1,666	1,428	2,211	370	7,051	4,113	11,164	-	(11,164)	-
Total	131,291	209,022	88,757	100,231	79,089	608,392	4,492	612,885	-	(11,164)	601,721
Segment income (loss)	4,090	6,961	4,140	1,561	2,628	19,381	164	19,546	(4,793)	301	15,053

(Note) 1. "Others" is a business segment consisting of businesses not included in Reportable Segments, and includes logistics services, information processing services, and professional services.

2. Corporate segment income (loss) represents expenses not allocated to Reportable Segments or Others.
3. Adjustments are eliminations of intersegment transactions.
4. The sum of segment income (loss) Total, Corporate, and Adjustments is equivalent to operating income as presented in "Consolidated".

2. Information about assets for each reportable segment

(Significant increases in assets due to acquisition of subsidiaries)

During the consolidated second quarter, the Company acquired equity in Prinova Group, LLC, adding a total of 18 companies including Prinova Group, LLC and its subsidiaries to the scope of consolidation. In connection with this transaction, assets of the Life & Healthcare segment increased ¥73,000 million compared to the end of the prior consolidated fiscal year.

3. Information about impairment loss of non-current assets or goodwill, etc. for each reportable segment

(Significant impairment losses of non-current assets)

In the Electronics segment, as a result of worsening profitability of the thin processing business for glass substrate, the carrying amounts of the related business assets were reduced to their recoverable amounts. The recorded loss on impairment of fixed assets in this instance was ¥1,039 million in the cumulative consolidated third quarter.

(Significant changes in goodwill)

During the consolidated second quarter, the Company acquired equity in Prinova Group, LLC, adding a total of 18 companies including Prinova Group, LLC and its subsidiaries to the scope of consolidation. In connection with this transaction, the Company recorded goodwill within the Life & Healthcare segment. Following the finalization of the provisional accounting treatment, goodwill amounted to ¥10,747 million at the end of the consolidated fiscal year.

II Nine-month period ended December 31, 2020 (consolidated)

1. Information related to net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable Segments						Others (Note) 1	Total	Corporate (Note) 2	Adjustments (Note) 3	Consolidated (Note) 4
	Functional Materials	Advanced Materials & Processing	Electronics	Mobility & Energy	Life & Healthcare	Total					
Net sales											
Sales to customers	112,480	195,927	86,011	78,745	131,092	604,259	282	604,541	-	-	604,541
Intersegment sales/transfers	1,287	1,571	1,266	2,037	294	6,457	4,160	10,617	-	(10,617)	-
Total	113,768	197,499	87,278	80,782	131,387	610,716	4,443	615,159	-	(10,617)	604,541
Segment income (loss)	3,448	5,235	6,115	815	5,145	20,760	280	21,041	(5,383)	408	16,065

(Note) 1. "Others" is a business segment consisting of businesses not included in Reportable Segments, and includes logistics services, information processing services, and professional services.

2. Corporate segment income (loss) represents expenses not allocated to Reportable Segments or Others.

3. Adjustments are eliminations of intersegment transactions.

4. The sum of segment income (loss) Total, Corporate, and Adjustments is equivalent to operating income as presented in "Consolidated".

(Significant Subsequent Events)

(Purchase of Treasury Stock)

At a meeting held February 5, 2021, the Company's board of directors resolved to purchase treasury stock based on the provisions of Article 156 of the Companies Act, applied mutatis mutandis to Paragraph 3, Article 165 of the same Act.

(1) Reasons for the purchase of treasury stock

To improve corporate value and shareholder profits through improved capital efficiency.

(2) Purchase details

a. Class of shares to be purchased	Common shares
b. Total number of shares to be purchased	4,500,000 shares (maximum) (Equivalent to 3.63% of outstanding shares, excluding treasury stock)
c. Total purchase amount	6 billion yen (maximum)
d. Purchase period	From February 8, 2021 to February 4, 2022
e. Purchase method	Market purchases

(Cancellation of treasury stock)

At a meeting held February 5, 2021, the Company's board of directors resolved to cancel treasury stock based on the provisions of Article 178 of the Companies Act.

a. Class of shares to be canceled	Common shares
b. Total number of shares to be canceled	3,000,000 shares (Equivalent to 2.35% of outstanding shares, including treasury stock)
c. Effective date of the cancellation	February 26, 2021

*Reference Treasury Stock held as of December 31, 2020

Total number of shares issued (excluding treasury stock)	124,011,371 shares
Total number of treasury stock	3,396,914 shares

3. Supplementary Information

(1) Overseas Sales

I Nine-month period ended December 31, 2019 (consolidated)

	Greater China	ASEAN	Americas	Europe	Other	Total
I Overseas sales (Millions of yen)	151,279	83,863	34,170	14,702	12,775	296,791
II Consolidated sales (Millions of yen)						601,721
III Ratio of overseas sales to consolidated sales (%)	25.2	13.9	5.7	2.4	2.1	49.3

II Nine-month period ended December 31, 2020 (consolidated)

	Greater China	ASEAN	Americas	Europe	Other	Total
I Overseas sales (Millions of yen)	155,845	73,369	65,151	32,802	12,560	339,729
II Consolidated sales (Millions of yen)						604,541
III Ratio of overseas sales to consolidated sales (%)	25.8	12.1	10.8	5.4	2.1	56.2

(Note) 1. Overseas sales consist of net sales of the Company and consolidated subsidiaries in other countries or regions.

2. Countries/regions are determined by geographical proximity.

3. Major countries in each region

(1) Greater China.....China, Hong Kong, Taiwan

(2) ASEAN.....Thailand, Vietnam

(3) Americas.....U.S., Mexico

(4) Europe.....Germany, UK

(5) Other.....Korea