FYE March 2021
Third Quarter
Financial Highlights

NAGASE & CO., LTD.

February 5, 2021

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Agenda

Consolidated Statements of Income	3
Net Sales by Region (Domestic, Overseas)	4
Net Sales: Two-Year Comparison (by Segment)	5
Operating Income: Two-Year Comparison (by Segment)	6
Consolidated Balance Sheets	7
FYE March 2021 Earnings Projections	8
Earnings Projections (by Segment)	9
Dividends	10

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Consolidated Statements of Income

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- **Net sales: Sales increased, despite the impact of the COVID-19 pandemic. Sales recovered quickly to pre-pandemic levels in China and continue to recover, while Japan and ASEAN began to experience gradual recoveries in the second quarter. In addition, the Prinova Group, acquired in the second quarter of the prior consolidated fiscal year, contributed a full period of sales.**
- **Income increased, despite an increase in costs to promote DX and other measures for sustainable growth, as gross profit rose due to the contribution of the highly profitable Prinova Group and expenses decreased due to voluntary restraints on activities stemming from COVID-19.**
- **Profit attributable to owners of the parent: Profit increased, mainly due to the recording of profits stemming from the transfer of shares of subsidiaries and the sale of strategic cross-shareholdings.**

(100 millions of yen)

	19/12	20/12	Change	Vs. PY	Orig. Forecast (full year)
Net sales	6,017	6,045	+ 28	100%	7,540
Gross profit	778	837	+ 58	108%	1,070
<GP ratio>	*12.9%*	*13.8%*	*+0.9%*	—	*14.2%*
SG&A expenses	627	676	+ 48	108%	920
Operating income	150	160	+ 10	107%	150
Ordinary income	157	171	+ 14	109%	155
Profit attributable to owners of the parent	120	165	+ 45	137%	125
US$ Exchange rate (period average)	@ 108.7	@ 106.1	@ 2.6	strong yen	@106.0
RMB Exchange rate (period average)	@ 15.6	@ 15.4	@ 0.2	strong yen	@ 14.7

【 Foreign exchange rate impact on 20/12 net sales and operating income results】
Net sales:¥(4.4)billion (approx.)　　Operating income: ¥(100)million(approx.)

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Net Sales by Region (Domestic, Overseas)

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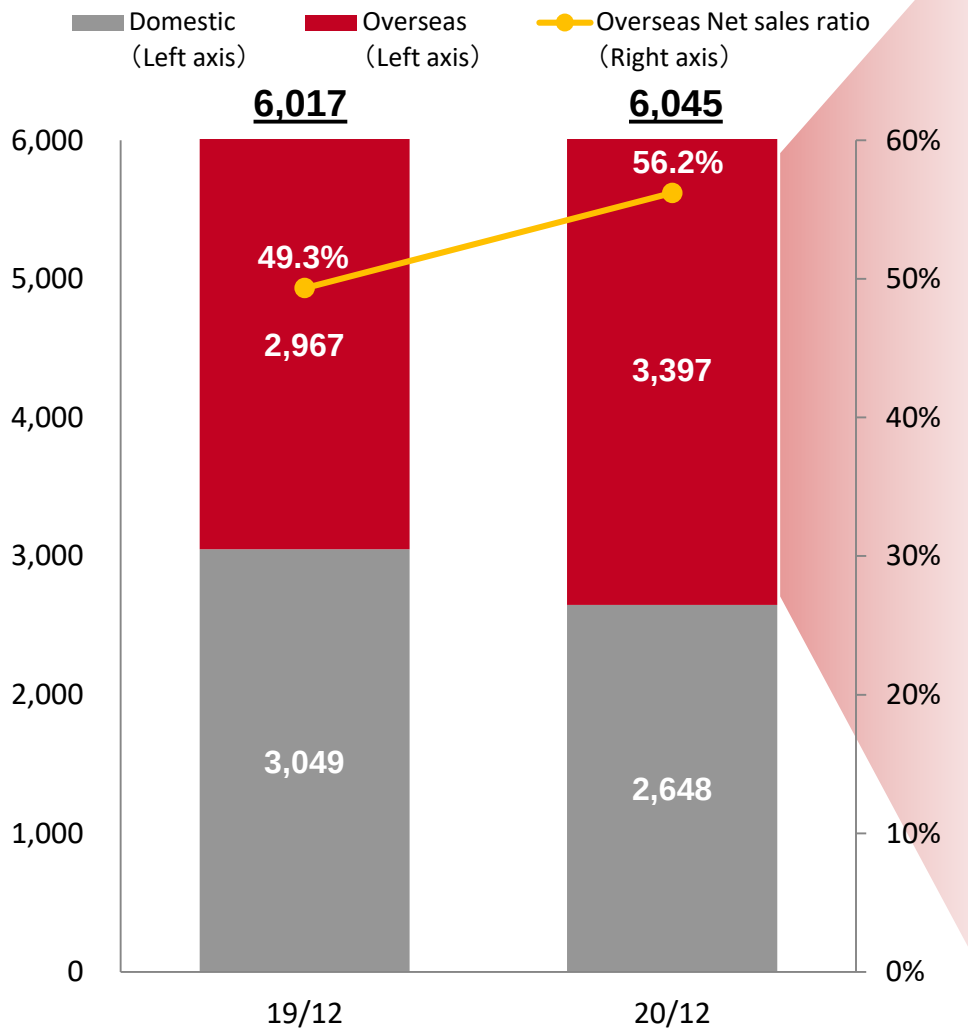
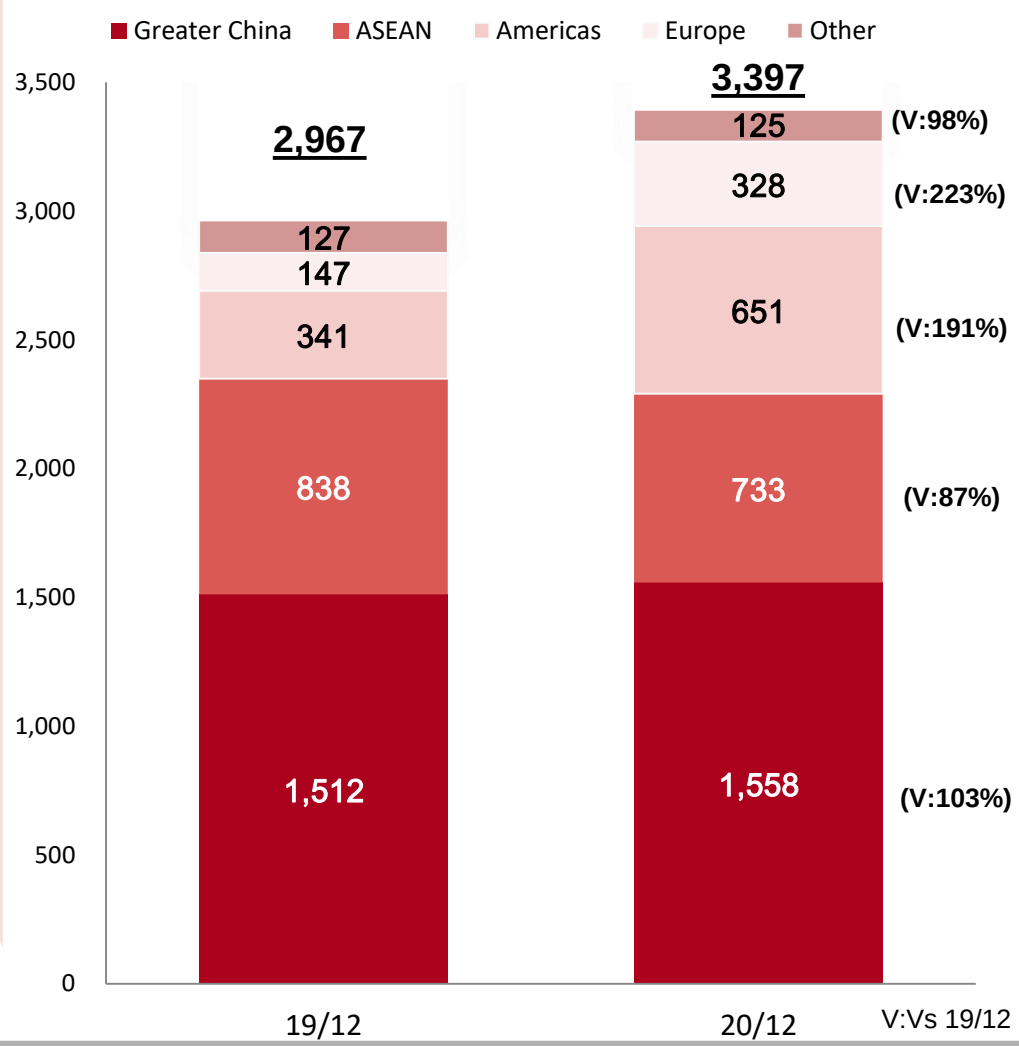
■ Sales declined in particular in Japan and ASEAN due to the impact of the growing COVID-19 pandemic, though sales in Europe and America increased sharply due to the addition of sales from the Prinova Group (overseas ratio of total sales: 56.2%).

■ Greater China recovered to pre-pandemic levels, while Japan and ASEAN gradually recovered beginning in the second quarter.

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



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



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Net Sales: Two-Year Comparison (by Segment)

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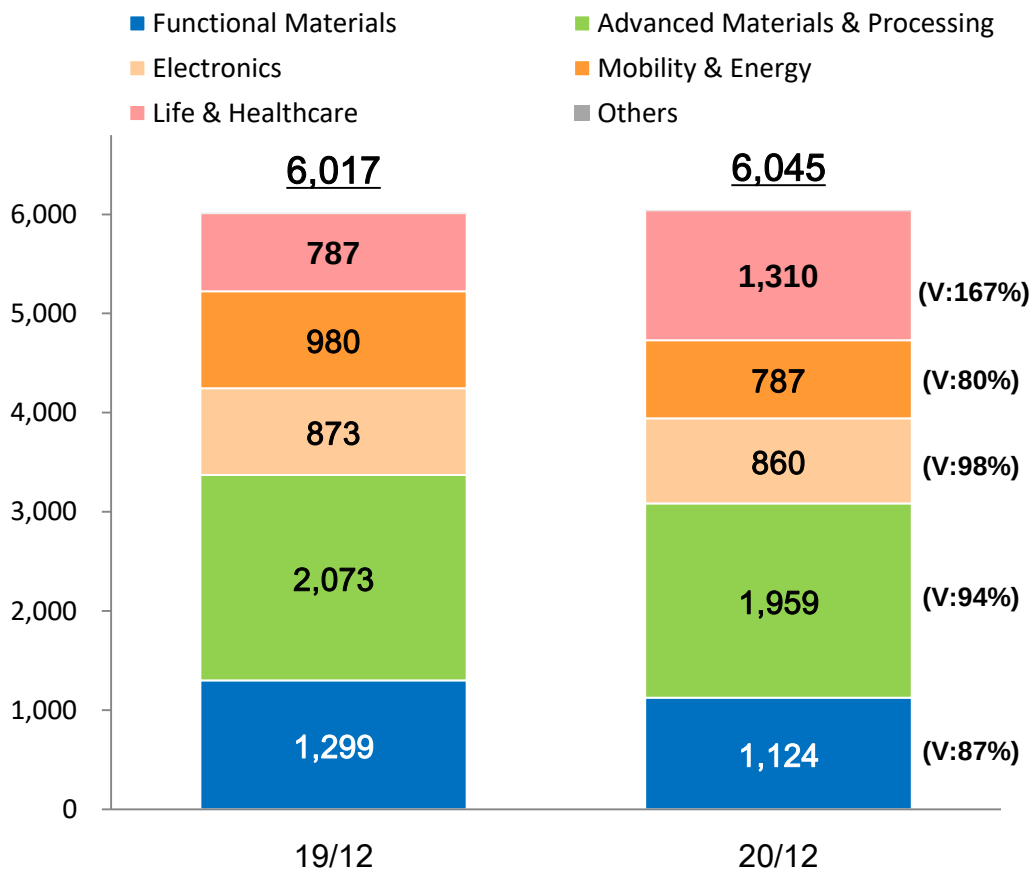
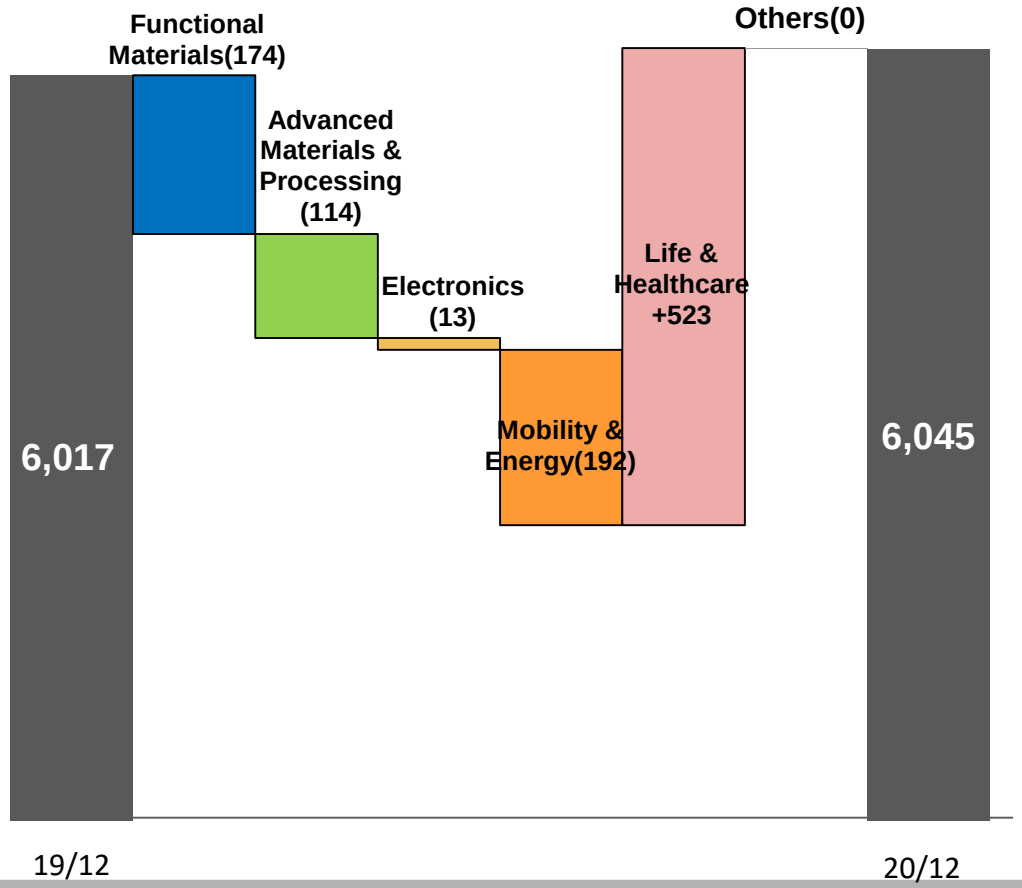
- **Mobility & Energy: Sales declined due to a decrease in the sales of car electronics-related products in Japan and in the resins business in all regions except Greater China, mainly caused by lower automotive production in all regions except Greater China.**
- **Life & Healthcare: Sales increased mainly due to increased sales of pharmaceutical raw materials/intermediates and medical materials and of hygiene products-related materials, and due to the addition of sales from the Prinova Group, factors that compensated for the decline in the sales of TREHA™ and other food materials (other than Prinova Group) and AA2G™ and other cosmetics-related materials. 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)



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Operating income: Two-Year Comparison (by Segment)

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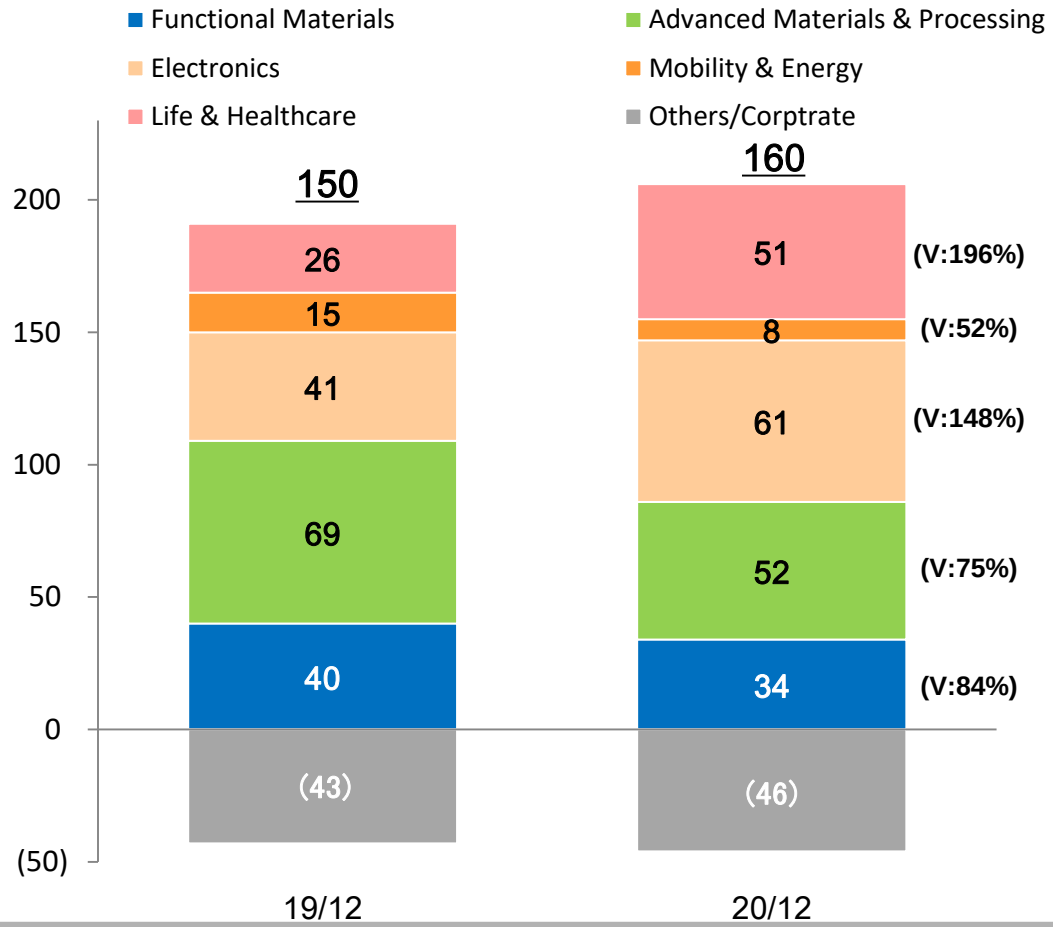
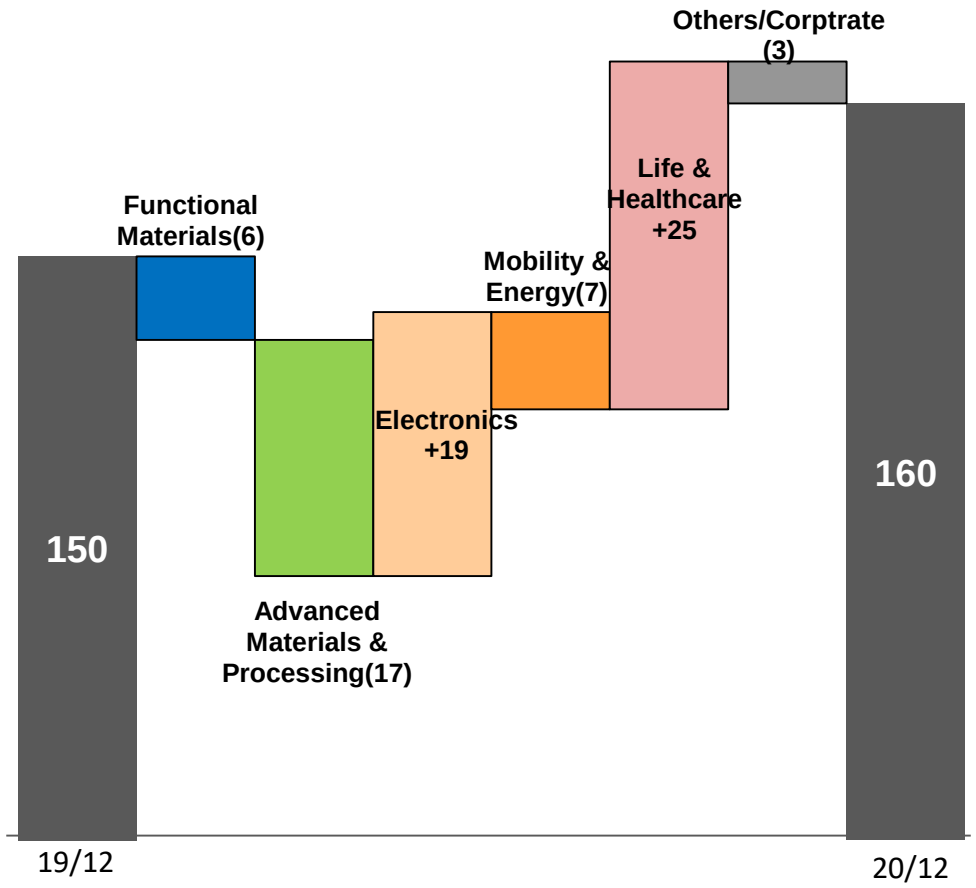
- **Advanced Materials & Processing: Lower profits due to declining sales and degraded market conditions in the digital print processing materials business.**
- **Electronics: Despite reduced sales, increased profitability in certain manufacturing subsidiaries led to higher profit.**

Operating income by Segment (100 millions of yen)



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



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Consolidated Balance Sheets

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- **Assets increased by ¥24.2 billion, despite decreases in cash and deposits, inventories, etc. The increase was mainly due to an increase in accounts receivable and an increase in investments in securities stemming from a rise in the fair values of shares owned by the Company.**
- **Liabilities decreased by ¥80 million, mainly due to decreases in commercial paper and short-term loans, despite an increase in accounts payable.**
- **Shareholders' Equity Ratio up 1.9 points to 51.8%.**

Assets

	20/03	20/12	Change
Total current assets	**3,793**	**3,886**	**+ 92**
Cash and time deposits	514	454	(60)
Notes and accounts receivable	2,211	2,437	+ 226
Inventories	956	882	(74)
Other	111	111	+ 0
Total non-current assets	**2,321**	**2,471**	**+ 149**
Property, plant and equipment	743	716	(26)
Intangible fixed assets	725	666	(59)
Investments, other assets	852	1,087	+ 235
Investments in securities	761	996	+ 234
Other	91	91	+ 0
Total assets	**6,114**	**6,357**	**+ 242**

Liabilities and Net Assets

(100 millions of yen)

	20/03	20/12	Change
Total current liabilities	**2,004**	**1,959**	**(45)**
Notes and accounts payable	1,082	1,218	+ 135
Short-term loans and current portion of CP	618	463	(154)
Other	302	276	(26)
Total long-term liabilities	**978**	**1,022**	**+ 44**
Long-term loans and Bonds	726	689	(36)
Retirement benefit liability	136	136	+ 0
Other (Deferred tax liabilities, etc.)	115	195	+ 80
Total liabilities	**2,982**	**2,981**	**(0)**
Total net assets	**3,132**	**3,375**	**+ 243**
Shareholders'equity	2,723	2,834	+ 110
Accumulated other comprehensive income	329	459	+ 129
Net unrealized holding gain on securities	326	474	+ 148
Translation adjustment	10	(12)	(22)
Other	(6)	(3)	+ 3
Non-controlling interests	79	82	+ 3
Total liabilities and net assets	**6,114**	**6,357**	**+ 242**

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FYE March 2021 Earnings Projections

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- While the economic impact of the COVID-19 pandemic remains serious, China maintained an economic recovery after quickly resuming economic activity.
- Businesses in Japan and ASEAN experienced a greater-than-expected recovery, while expenses decreased due to voluntary restraints on activities caused by the COVID-19 pandemic.
- As part of the priority policy of Portfolio Optimization described in our ACE-2020 mid-term management plan, we have transferred stock of subsidiaries and sold strategic cross-shareholdings from the perspective of the best owner of such shares. As a result, we recorded a gain on sale of stock.
- While the business environment surrounding the NAGASE Group remains uncertain, we expect a certain level of profits for the fourth quarter. Therefore, we have made an upward revision to our full-year earnings forecasts.

(100 millions of yen)

	20/03	21/03			
	Actual (A)	Previous Forecast (B)	Revised Forecast (C)	Change (C-A)	Vs.PY (C/A)
Net sales	7,995	7,540	8,110	+114	101%
Gross profit	1,049	1,070	1,120	+70	107%
＜GP ratio＞	*13.1%*	*14.2%*	*13.8%*	*+0.7%*	
SG&A expenses	857	920	920	+62	107%
Operating income	191	150	200	+8	104%
Ordinary income	190	155	210	+19	110%
Profit attributable to owners of the parent	151	125	170	+18	112%
US$ Exchange rate (period average)	@108.7	@106.0	@105.0	@3.7 Strong yen	—
RMB Exchange rate (period average)	@15.6	@14.7	@15.5	@0.1 Strong yen	—

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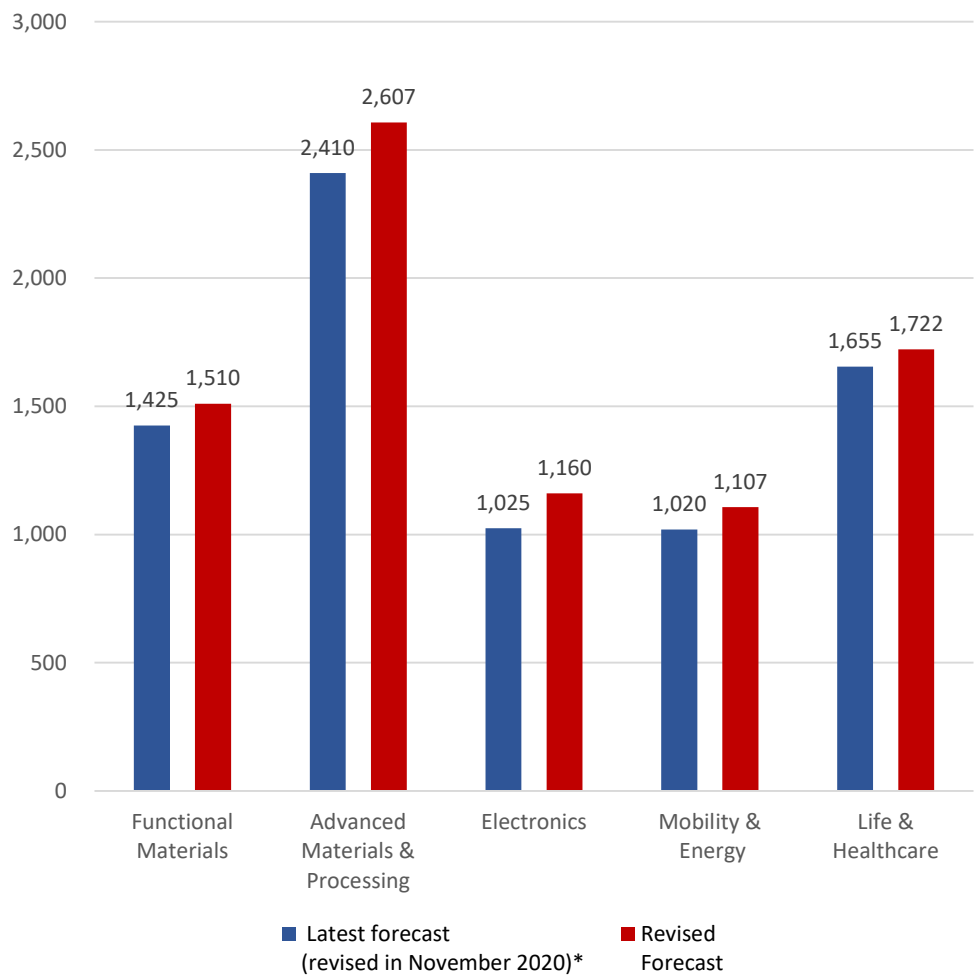
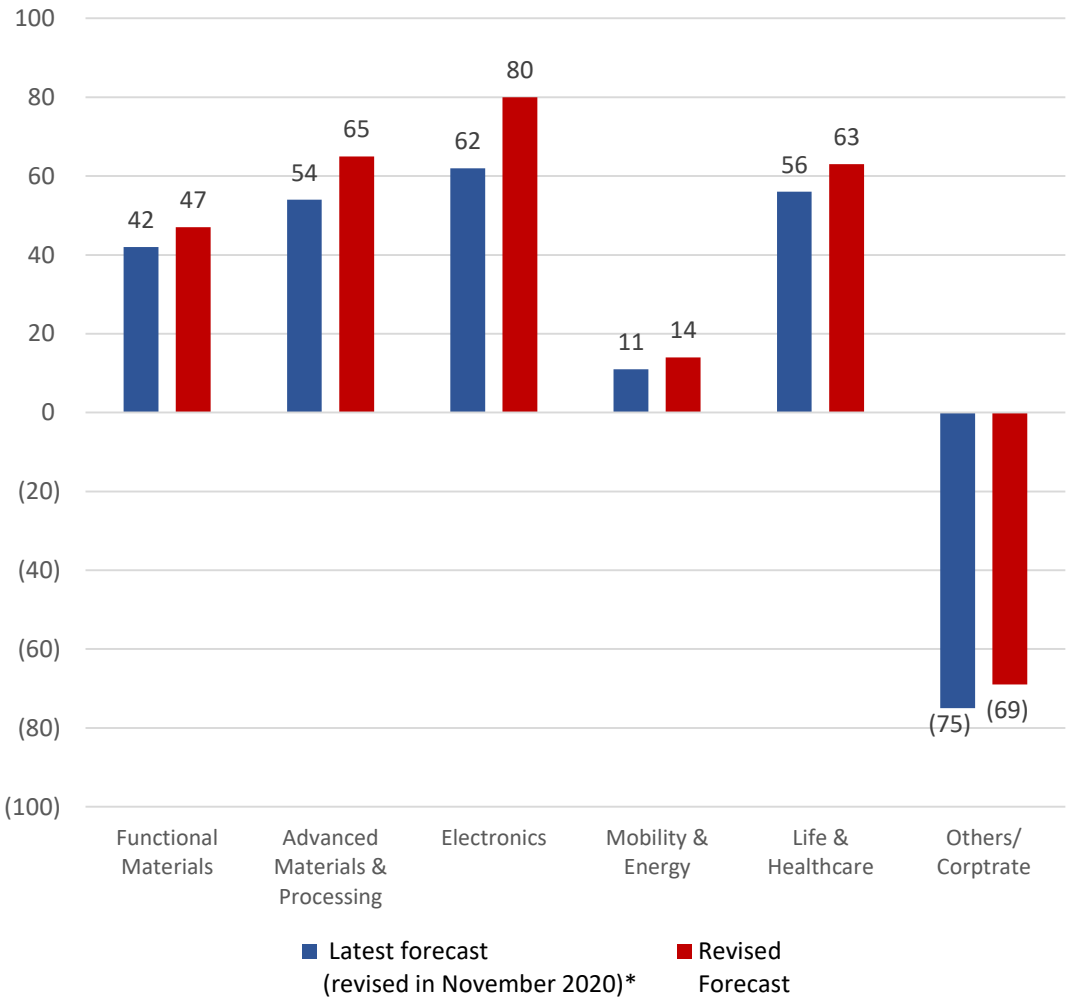
Earnings Projections (by Segment)

Net Sales Forecast by Segment (100 millions of yen)



Operating Income Forecast by Segment (100 millions of yen)



* Latest forecast (revised in November 2020): Please refer to the material on P.18 of the FYE March 2021 Second Quarter Financial Briefing announced on November 26, 2020. （https://www.nagase.co.jp/english/assetfiles/tekijikaiji/20201225.pdf）

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Dividends

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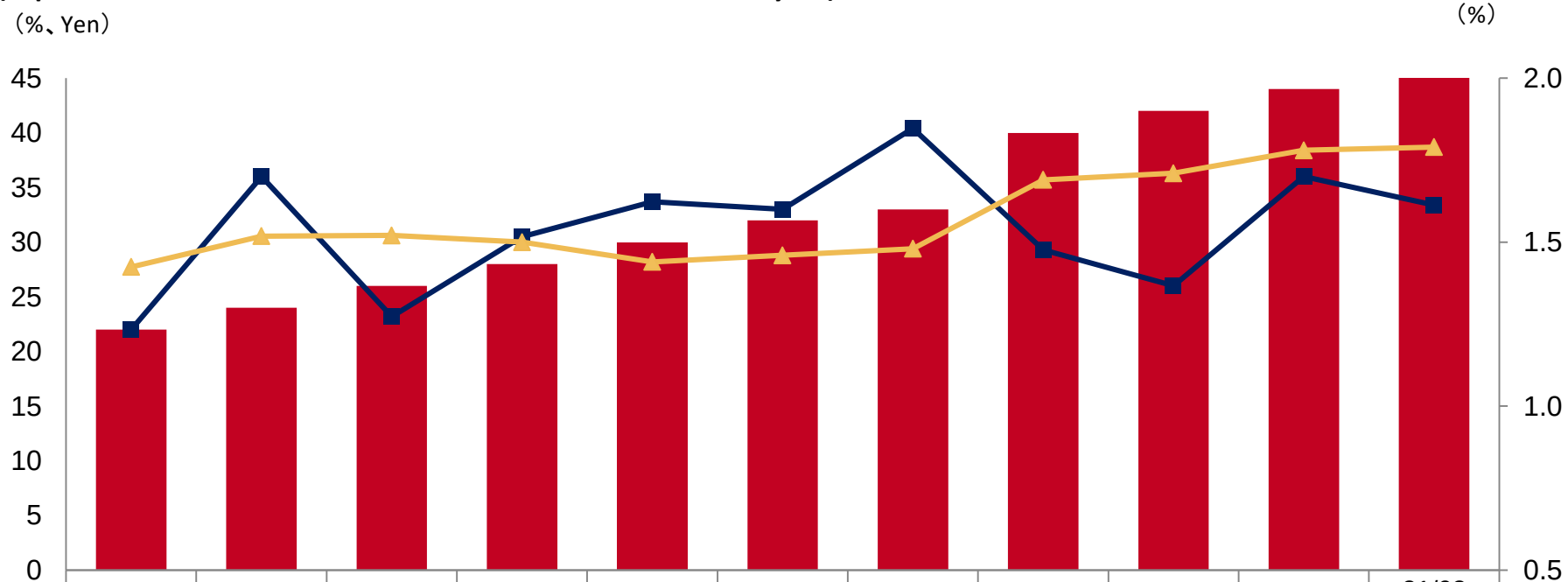
■ **We decided to increase our year-end dividend by ¥2 (from ¥22 to ¥24) based on our basic dividend policy and taking into account business performance, financial position, etc.**

■ **We expect to pay a dividend of ¥46 per share for the full year, consisting of a ¥22 per share interim dividend and a ¥24 per share year-end dividend.(expected increase in dividends for an 11th consecutive fiscal year)**



	11/03	12/03	13/03	14/03	15/03	16/03	17/03	18/03	19/03	20/03	21/03 (Forecast)
Dividend per Share (left axis)	22	24	26	28	30	32	33	40	42	44	46
Payout Ratio (left axis)	22.0	36.0	23.2	30.5	33.7	33.0	40.4	29.3	26.0	36.0	33.4
DOE (right axis)	1.42	1.52	1.52	1.50	1.44	1.46	1.48	1.69	1.71	1.78	1.79

*1 FYE March 2018 dividends include a special dividend of ¥5 per share.
*2 21/03 year end dividend to be submitted for approval to the 106th Annual Shareholders' Meeting scheduled for June 2021.

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These presentation materials contain forwardlooking projections based on assumptions, forecasts, and plans as of February 5 , 2021. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.

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