

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2022
<Under Japanese GAAP>

August 4, 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/>)

Representative: Kenji Asakura, Representative Director and President

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Filing of quarterly report (scheduled): August 13, 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 First Quarter of the Fiscal Year Ending March 31, 2022

(April 1, 2021 to June 30, 2021)

(1) Consolidated Operating Results

(% = year-on-year change)

	Net sales		Gross profit		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the first quarter ended June 30, 2021	184,389	36.9	34,589	32.7	9,738	165.1	10,660	151.6	7,169	5.3
June 30, 2020	134,649	-	26,058	2.6	3,673	(30.1)	4,237	(27.5)	6,807	63.8

(Notes) 1. Comprehensive income First quarter ended June 30, 2021: ¥10,814 million (8.7% decrease)

First quarter ended June 30, 2020: ¥11,850 million (—%)

2. At the beginning of the first quarter of the fiscal year ending March 31, 2022, the Company adopted *Accounting Standard for Revenue Recognition* (ASBJ Statement No.29, issued on March 31, 2020) and related implementation guidance. Results for the first quarter ended June 30, 2020 reflect a retrospective application of these standard and guidance. Accordingly, net sales for the first quarter ended June 30, 2020 is revised, and its year-on-year change is not presented.

	Earnings per share		Earnings per share (diluted)	
	Yen		Yen	
For the first quarter ended June 30, 2021	58.37		—	
June 30, 2020	54.90		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2021	662,953	344,028	50.4	2,738.38
March 31, 2021	640,587	338,431	51.5	2,670.09

(Reference) Equity capital As of June 30, 2021: ¥ 334,449 million

As of March 31, 2021: ¥ 329,687 million

2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Fiscal year end	Annual
For the year ended (or ending) March 2021	Yen —	Yen 22.00	Yen —	Yen 24.00	Yen 46.00
March 2022	—	—	—	—	—
March 2022 (forecast)	—	24.00	—	24.00	48.00

(Note) Revisions to the latest dividends forecast: No

**3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2022
(April 1, 2021 to March 31, 2022)**

(% = year-on-year change)

	Gross profit		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
Full fiscal year	130,000	13.4	30,000	36.9	31,000	35.6	22,500	19.5	185.05

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

* 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: Yes

(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: Yes

ii. Changes in items other than (i) above: Yes

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)

June 30, 2021	124,408,285 shares	March 31, 2021	124,408,285 shares
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ii. Number of treasury stock as of the fiscal period end

June 30, 2021	2,274,277 shares	March 31, 2021	933,995 shares
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iii. Average number of shares during the period

June 30, 2021	122,837,754 shares	June 30, 2020	124,011,553 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.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2021)	First Quarter, Current Consolidated Fiscal Year (June 30, 2021)
ASSETS		
Current assets		
Cash and time deposits	49,254	44,237
Notes and accounts receivable	242,558	254,343
Merchandise and finished goods	88,130	99,651
Work in process	1,654	1,965
Raw materials and supplies	7,457	8,478
Other	13,259	16,346
Less allowance for doubtful accounts	(563)	(871)
Total current assets	401,751	424,152
Non-current assets		
Property, plant and equipment	70,896	71,424
Intangible fixed assets		
Goodwill	30,216	30,350
Technology-based assets	7,488	7,094
Other	26,893	28,196
Total intangible fixed assets	64,598	65,641
Investments and other assets		
Investments in securities	93,719	91,122
Retirement benefit asset	2,929	2,981
Deferred tax assets	1,903	1,819
Other	4,900	5,924
Less allowance for doubtful accounts	(112)	(112)
Total investments and other assets	103,340	101,735
Total non-current assets	238,835	238,801
Total assets	640,587	662,953

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2021)	First Quarter, Current Consolidated Fiscal Year (June 30, 2021)
LIABILITIES		
Current liabilities		
Notes and accounts payable	119,941	125,953
Short-term loans	33,050	39,513
Current portion of long-term loans	12,025	5,705
Commercial paper	8,000	20,000
Current portion of bonds	-	10,000
Accrued income taxes	3,565	3,228
Accrued bonuses for employees	6,042	3,043
Accrued bonuses for directors	203	84
Other	23,310	24,582
Total current liabilities	206,139	232,111
Long-term liabilities		
Bonds	30,000	20,000
Long-term loans	34,514	36,015
Deferred tax liabilities	16,077	15,196
Retirement benefit liability	13,292	13,453
Other	2,131	2,147
Total long-term liabilities	96,016	86,813
Total liabilities	302,155	318,925
NET ASSETS		
Shareholders' equity		
Common stock	9,699	9,699
Capital surplus	10,646	10,646
Retained earnings	265,920	270,134
Less treasury stock, at cost	(1,503)	(3,739)
Total shareholders' equity	284,763	286,741
Accumulated other comprehensive income		
Net unrealized holding gain on securities	43,576	41,737
Deferred gain on hedges	72	55
Translation adjustments	1,006	5,716
Remeasurements of defined benefit plans	268	197
Total accumulated other comprehensive income	44,924	47,707
Non-controlling interests	8,743	9,579
Total net assets	338,431	344,028
Total liabilities and net assets	640,587	662,953

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

(Quarterly Consolidated Statements of Income)

Three-month periods ended June 30, 2021 and 2020

(Millions of yen)

	Three-month period ended June 30, 2020 (April 1, 2020 - June 30, 2020)	Three-month period ended June 30, 2021 (April 1, 2021 - June 30, 2021)
Net sales	134,649	184,389
Cost of sales	108,590	149,799
Gross profit	26,058	34,589
Selling, general and administrative expenses	22,385	24,851
Operating income	3,673	9,738
Non-operating income		
Interest income	40	41
Dividend income	385	576
Rent income	66	71
Foreign exchange gains	325	531
Other	155	91
Total non-operating income	974	1,312
Non-operating expenses		
Interest expenses	254	290
Equity in losses of affiliates	96	4
Other	59	95
Total non-operating expenses	410	390
Ordinary income	4,237	10,660
Extraordinary gains		
Gain on sales of non-current assets	0	2
Gain on sales of investment securities	5,597	571
Other	-	178
Total extraordinary gains	5,597	752
Extraordinary losses		
Loss on sales of non-current assets	-	155
Loss on disposal of non-current assets	12	242
Impairment losses	7	-
Loss on valuation of investment securities	14	3
Loss on sales of shares of subsidiaries and affiliates	1	-
Other	-	130
Total extraordinary losses	36	531
Income before income taxes	9,798	10,881
Income taxes	2,888	3,207
Profit for the period	6,909	7,674
Profit attributable to non-controlling interests	101	504
Profit attributable to owners of the parent	6,807	7,169

(Quarterly Consolidated Statements of Comprehensive Income)

Three-month periods ended June 30, 2021 and 2020

(Millions of yen)

	Three-month period ended June 30, 2020 (April 1, 2020 - June 30, 2020)	Three-month period ended June 30, 2021 (April 1, 2021 - June 30, 2021)
Profit for the period	6,909	7,674
Other comprehensive income		
Net unrealized holding gain (loss) on securities	5,228	(1,840)
Deferred gain (loss) on hedges	8	(16)
Translation adjustments	(428)	5,034
Remeasurements of defined benefit plans	138	(70)
Share of other comprehensive (loss) income of affiliates accounted for by the equity method	(5)	33
Total other comprehensive income	4,941	3,140
Comprehensive income	11,850	10,814
Comprehensive income attributable to:		
Shareholders of the parent	11,785	9,978
Non-controlling interests	64	835