

Consolidated Financial Statements for the Third Quarter of the Fiscal Year Ending March 31, 2023 <Under Japanese GAAP>

February 8, 2023

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 (Prime Market)

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

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Filing of quarterly report (scheduled): February 10, 2023

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, 2023

(April 1, 2022 to December 31, 2022)

(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 third quarter ended | | | | | | | | | | |
| December 31, 2022 | 695,680 | 21.2 | 118,476 | 13.8 | 27,438 | -2.5 | 27,445 | -9.0 | 20,037 | -9.9 |
| December 31, 2021 | 574,139 | 26.5 | 104,107 | 24.4 | 28,151 | 75.2 | 30,170 | 75.8 | 22,230 | 34.3 |

(Note) Comprehensive income

Third quarter ended December 31, 2022: ¥45,427 million (66.1%)

Third quarter ended December 31, 2021: ¥27,354 million (9.1% decrease)

| | Earnings per share | | Earnings per share (diluted) | |
|-----------------------------|--------------------|--|------------------------------|--|
| | Yen | | Yen | |
| For the third quarter ended | | | | |
| December 31, 2022 | 168.78 | | - | |
| December 31, 2021 | 182.40 | | - | |

(2) Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|-------------------|-----------------|-----------------|----------------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| December 31, 2022 | 801,429 | 387,236 | 47.0 | 3,199.33 |
| March 31, 2022 | 739,720 | 355,092 | 46.5 | 2,868.22 |

(Reference) Equity capital

As of December 31, 2022: ¥ 376,319 million

As of March 31, 2022: ¥ 344,261 million

2. Dividends

| | Annual Dividends per Share | | | | |
|--------------------------------|----------------------------|-------|----|-----------------|--------|
| | 1Q | 2Q | 3Q | Fiscal year end | Annual |
| For the year ended (or ending) | Yen | | | | |
| March 2022 | - | 24.00 | - | 30.00 | 54.00 |
| March 2023 | - | 30.00 | - | | |
| March 2023 (forecast) | | | | 30.00 | 60.00 |

(Note) Revisions to the latest dividends forecast: No

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2023

(April 1, 2022 to March 31, 2023)

(% = 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 | 159,000 | 14.0 | 38,000 | 7.8 | 39,000 | 6.9 | 28,500 | 9.9 | 241.35 |

(Note) Revisions to the latest consolidated earnings forecast: No

* 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

(Note) For details, please refer to 2. *Quarterly Consolidated Financial Statements and Notes*, (3) *Notes Related to Quarterly Consolidated Financial Statements (Special Accounting Treatment Applied in the Preparation of Quarterly Consolidated Financial Statements)*, on P.10 of this document.

(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, 2022 | 120,908,285 shares | March 31, 2022 | 120,908,285 shares |
|-------------------|--------------------|----------------|--------------------|

ii. Number of treasury stock as of the fiscal period end

| | | | |
|-------------------|------------------|----------------|----------------|
| December 31, 2022 | 3,283,731 shares | March 31, 2022 | 881,767 shares |
|-------------------|------------------|----------------|----------------|

iii. Average number of shares during the period

| | | | |
|-------------------|--------------------|-------------------|--------------------|
| December 31, 2022 | 118,717,386 shares | December 31, 2021 | 121,878,419 shares |
|-------------------|--------------------|-------------------|--------------------|

*** 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.

For matters related to earnings forecasts, please refer to 1. *Qualitative Information*, (3) *Qualitative Information Related to Consolidated Earnings Forecasts*, on P.5 of this document.

Attachments

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1. Qualitative Information

(1) Review of Business Performance

a. General Summary of Results

While the turmoil in global logistics began resolving gradually, continued monetary tightening policies in the U.S. and other countries during the cumulative consolidated third quarter increased the sense of caution regarding slowdowns in the global economy.

As an overview of the regions in which our group does business, economic activity slowed in Greater China under zero-COVID policies, and infections spread rapidly after the lifting of the policy, resulting in a weakening economy in the region. In the Americas, consumer price inflation slowed; however, concerns remained of an economic slowdown due to rising corporate costs caused by continued interest rate hikes, as well as reticence related to housing and capital investment. In ASEAN, both domestic and foreign demand rose steadily due to the normalization of economic activities in the wake of relaxed activity restrictions. In Japan, we are seeing a correction in exchange rates in response to foreign exchange intervention by the government and the Bank of Japan and revisions in monetary easing measures. However, the outlook remains uncertain due to the global economic downturn and continued high resource prices that may depress the Japanese economy.

In this environment, earnings for the cumulative consolidated third quarter of the current fiscal year are as follows.

(Millions of yen)

| | Nine-month period ended December 31, 2021 | Nine-month period ended December 31, 2022 | Change | Change (%) |
|--|---|---|---------|------------|
| Net sales | 574,139 | 695,680 | 121,541 | 21.2 |
| Gross profit | 104,107 | 118,476 | 14,369 | 13.8 |
| Operating income | 28,151 | 27,438 | (713) | (2.5) |
| Ordinary income | 30,170 | 27,445 | (2,725) | (9.0) |
| Profit before income taxes | 31,831 | 27,822 | (4,008) | (12.6) |
| Profit attributable to owners of the parent | 22,230 | 20,037 | (2,193) | (9.9) |

- Despite the weakening of the yen, operating income fell, mainly due to a decline in gross profit margin and an increase in selling, general and administrative expenses.
- In terms of segment performance, the Life & Healthcare segment recorded a significant increase in profit, driven by the Prinova Group, while the Functional Materials and Mobility segments also recorded strong results. In contrast, the Advanced Materials & Processing and Electronics & Energy segments recorded a decline in profits. For details, see *b. Segment Summary*.
- Profit attributable to owners of the parent decreased ¥2.1 billion to ¥20.0 billion, mainly due to the decrease in operating income. Higher interest expenses resulting from an increase in borrowings stemming from an increase in working capital and higher interest rates also contributed to this result.

b. Segment Summary

The following describes performance by segment.

Functional Materials

(Millions of yen)

| | Nine-month period ended December 31, 2021 | Nine-month period ended December 31, 2022 | Change | Change (%) |
|------------------|---|---|--------|------------|
| Net sales | 74,412 | 85,871 | 11,458 | 15.4 |
| Gross profit | 14,721 | 17,183 | 2,461 | 16.7 |
| Operating income | 5,956 | 6,751 | 794 | 13.3 |

- Sales increased for coating and urethane raw materials, due in part to soaring market prices and the weakening of the yen
- Sales increased for raw materials for industrial oil solutions and resins
- Sales increased for raw materials for the electronics industry, including semiconductor-related products
- Operating income increased due to an increase in gross profit

Advanced Materials & Processing

(Millions of yen)

| | Nine-month period ended December 31, 2021 | Nine-month period ended December 31, 2022 | Change | Change (%) |
|------------------|---|---|---------|------------|
| Net sales | 191,861 | 204,480 | 12,619 | 6.6 |
| Gross profit | 24,539 | 24,553 | 13 | 0.1 |
| Operating income | 8,894 | 7,654 | (1,240) | (13.9) |

- Despite the positive impact of the weak yen on sales, profitability decreased for resin sales to the office equipment, appliance, and video game device market due to a reactionary decline stemming from increased profit ratios in connection with soaring market conditions in the year-ago period
- Sales trended strong in areas like dyes and additives, and resins for industrial and packaging applications
- Sales decreased for conductive materials and digital print processing materials
- Operating income decreased due to higher selling, general and administrative expenses

Electronics & Energy

(Millions of yen)

| | Nine-month period ended December 31, 2021 | Nine-month period ended December 31, 2022 | Change | Change (%) |
|------------------|---|---|--------|------------|
| Net sales | 95,643 | 103,826 | 8,183 | 8.6 |
| Gross profit | 22,531 | 23,275 | 743 | 3.3 |
| Operating income | 7,945 | 7,287 | (657) | (8.3) |

- Sales increased for materials related to semiconductors
- Sales of photolithography materials for displays were slow
- Sales of formulated epoxy resins were strong for semiconductor applications, but slow for mobile devices
- Although gross profit increased, operating income decreased due to higher selling, general and administrative expenses

Mobility

(Millions of yen)

| | Nine-month period ended December 31, 2021 | Nine-month period ended December 31, 2022 | Change | Change (%) |
|------------------|---|---|--------|------------|
| Net sales | 73,890 | 96,551 | 22,660 | 30.7 |
| Gross profit | 9,321 | 11,113 | 1,792 | 19.2 |
| Operating income | 3,109 | 3,797 | 688 | 22.1 |

- Sales increased for resins due to the boosted automobile production and the weaker yen, etc.
- Sales increased for functional materials and functional components for interior and exterior fittings and electrification
- Operating income increased due to an increase in gross profit

Life & Healthcare

(Millions of yen)

| | Nine-month period ended December 31, 2021 | Nine-month period ended December 31, 2022 | Change | Change (%) |
|------------------|---|---|--------|------------|
| Net sales | 138,150 | 204,886 | 66,736 | 48.3 |
| Gross profit | 32,915 | 42,214 | 9,299 | 28.3 |
| Operating income | 7,365 | 8,580 | 1,214 | 16.5 |

- Prinova Group performance remained firm as a whole, due in part to particularly strong sales of food materials in the first half of the year.
- Sales increased for Hayashibara's food materials, primarily TREHA™, while sales of cosmetics materials, primarily for AA2G™, decreased due to lower demand, mainly overseas
- Sales increased for pharmaceutical raw materials and intermediates
- Operating income increased due to an increase in gross profit

Others

No special matters to disclose.

(2) Review of Financial Position

a. Assets, Liabilities and Net Assets

(Millions of yen)

| | Prior Consolidated Fiscal Year (March 31, 2022) | Third Quarter, Current Consolidated Fiscal Year (December 31, 2022) | Change | Change (%) |
|--------------------------------|---|--|---------|------------|
| Current assets | 514,286 | 568,214 | 53,927 | 10.5 |
| Non-current assets | 225,434 | 233,215 | 7,780 | 3.5 |
| Net assets | 739,720 | 801,429 | 61,708 | 8.3 |
| Liabilities | 384,628 | 414,192 | 29,563 | 7.7 |
| Net assets | 355,092 | 387,236 | 32,144 | 9.1 |
| Shareholders' equity ratio (%) | 46.5 | 47.0 | + 0.5 p | — |

- Current assets increased mainly due to an increase in inventories and accounts receivable, despite a decrease in cash and deposits
- Non-current assets increased slightly due to an increase in property, plant and equipment and intangible fixed assets, despite a decrease from sales of investments in securities
- Liabilities increased mainly due to an increase in commercial paper and accounts payable
- Net assets increased mainly due to the recording of quarterly profit attributable to owners of the parent and an increase in translation adjustments, despite decreases from purchases of treasury stock and payments of dividends
- As a result, the Company recorded a shareholders' equity ratio of 47.0%, up 0.5 points compared to 46.5% from the end of the prior consolidated fiscal year

(3) Qualitative Information Related to Consolidated Earnings Forecasts

We made no changes to the consolidated earnings forecast for the current fiscal year (April 1, 2022 to March 31, 2023) from the figures announced on May 10, 2022. We have also made no changes to segment earnings forecasts from those announced on November 4, 2022.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

| | Prior Consolidated Fiscal Year (March 31, 2022) | Third Quarter, Current Consolidated Fiscal Year (December 31, 2022) |
|--------------------------------------|--|---|
| ASSETS | | |
| Current assets | | |
| Cash and time deposits | 54,211 | 43,956 |
| Notes and accounts receivable | 289,862 | 324,014 |
| Merchandise and finished goods | 142,590 | 163,578 |
| Work in process | 2,401 | 2,521 |
| Raw materials and supplies | 12,533 | 16,594 |
| Other | 13,935 | 18,792 |
| Less allowance for doubtful accounts | (1,248) | (1,243) |
| Total current assets | 514,286 | 568,214 |
| Non-current assets | | |
| Property, plant and equipment | 72,554 | 75,626 |
| Intangible fixed assets | | |
| Goodwill | 29,492 | 30,742 |
| Technology-based assets | 5,912 | 4,731 |
| Other | 29,664 | 38,470 |
| Total intangible fixed assets | 65,070 | 73,944 |
| Investments and other assets | | |
| Investments in securities | 75,600 | 71,128 |
| Long-term loans receivable | 24 | 17 |
| Retirement benefit asset | 3,139 | 3,393 |
| Deferred tax assets | 3,572 | 3,540 |
| Other | 5,583 | 5,662 |
| Less allowance for doubtful accounts | (112) | (98) |
| Total investments and other assets | 87,809 | 83,644 |
| Total non-current assets | 225,434 | 233,215 |
| Total assets | 739,720 | 801,429 |

(Millions of yen)

| | Prior Consolidated Fiscal Year (March 31, 2022) | Third Quarter, Current Consolidated Fiscal Year (December 31, 2022) |
|--|--|---|
| LIABILITIES | | |
| Current liabilities | | |
| Notes and accounts payable | 149,036 | 158,791 |
| Short-term loans | 73,121 | 70,977 |
| Current portion of long-term loans | 8,752 | 4,055 |
| Commercial paper | 25,000 | 53,000 |
| Current portion of bonds | 10,000 | — |
| Accrued income taxes | 7,100 | 2,827 |
| Accrued bonuses for employees | 7,648 | 5,344 |
| Accrued bonuses for directors | 497 | 291 |
| Other | 26,678 | 27,232 |
| Total current liabilities | 307,836 | 322,519 |
| Long-term liabilities | | |
| Bonds | 20,000 | 30,000 |
| Long-term loans | 28,244 | 33,669 |
| Deferred tax liabilities | 12,310 | 8,920 |
| Retirement benefit liability | 13,238 | 13,330 |
| Other | 2,998 | 5,752 |
| Total long-term liabilities | 76,791 | 91,672 |
| Total liabilities | 384,628 | 414,192 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Common stock | 9,699 | 9,699 |
| Capital surplus | 10,639 | 10,636 |
| Retained earnings | 280,015 | 292,668 |
| Less treasury stock, at cost | (1,534) | (6,154) |
| Total shareholders' equity | 298,820 | 306,849 |
| Accumulated other comprehensive income | | |
| Net unrealized holding gain on securities | 31,732 | 29,115 |
| Deferred gain on hedges | 178 | 34 |
| Translation adjustments | 13,690 | 40,345 |
| Remeasurements of defined benefit plans | (161) | (25) |
| Total accumulated other comprehensive income | 45,441 | 69,469 |
| Non-controlling interests | 10,830 | 10,917 |
| Total net assets | 355,092 | 387,236 |
| Total liabilities and net assets | 739,720 | 801,429 |

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

(Quarterly Consolidated Statements of Income)

Nine-month periods ended December 31, 2022 and 2021

(Millions of yen)

| | Nine-month period ended December 31, 2021 (April 1, 2021 – December 31, 2021) | Nine-month period ended December 31, 2022 (April 1, 2022 – December 31, 2022) |
|--|---|---|
| Net sales | 574,139 | 695,680 |
| Cost of sales | 470,031 | 577,204 |
| Gross profit | 104,107 | 118,476 |
| Selling, general and administrative expenses | 75,955 | 91,038 |
| Operating income | 28,151 | 27,438 |
| Non-operating income | | |
| Interest income | 108 | 74 |
| Dividend income | 1,240 | 1,401 |
| Rent income | 206 | 184 |
| Equity in earnings of affiliates | 118 | 402 |
| Foreign exchange gains | 964 | 115 |
| Other | 561 | 332 |
| Total non-operating income | 3,199 | 2,510 |
| Non-operating expenses | | |
| Interest expenses | 861 | 2,144 |
| Other | 319 | 359 |
| Total non-operating expenses | 1,181 | 2,503 |
| Ordinary income | 30,170 | 27,445 |
| Extraordinary gains | | |
| Gain on sales of non-current assets | 12 | 140 |
| Gain on sales of investment securities | 2,324 | 2,617 |
| Gain on sales of shares of subsidiaries and affiliates | — | 52 |
| Gain on sales of investments in capital of subsidiaries and affiliates | 42 | — |
| Other | 304 | 1 |
| Total extraordinary gains | 2,684 | 2,812 |
| Extraordinary losses | | |
| Loss on sales of non-current assets | 176 | 38 |
| Loss on disposal of non-current assets | 407 | 487 |
| Loss on sales of investment securities | 6 | 7 |
| Loss on valuation of investment securities | 171 | 1,349 |
| Loss on sales of shares of subsidiaries and affiliates | 59 | 466 |
| Other | 201 | 85 |
| Total extraordinary losses | 1,023 | 2,435 |
| Income before income taxes | 31,831 | 27,822 |
| Income taxes | 8,544 | 7,193 |
| Profit for the period | 23,286 | 20,628 |
| Profit attributable to non-controlling interests | 1,056 | 591 |
| Profit attributable to owners of the parent | 22,230 | 20,037 |

(Quarterly Consolidated Statements of Comprehensive Income)

Nine-month periods ended December 31, 2022 and 2021

(Millions of yen)

| | Nine-month period ended December 31, 2021 (April 1, 2021 – December 31, 2021) | Nine-month period ended December 31, 2022 (April 1, 2022 – December 31, 2022) |
|---|---|---|
| Profit for the period | 23,286 | 20,628 |
| Other comprehensive income | | |
| Net unrealized holding loss on securities | (3,849) | (2,606) |
| Deferred loss on hedges | (33) | (144) |
| Translation adjustments | 7,919 | 26,944 |
| Remeasurements of defined benefit plans | (208) | 135 |
| Share of other comprehensive income of affiliates accounted for by the equity method | 240 | 468 |
| Total other comprehensive income | 4,067 | 24,798 |
| Comprehensive income | 27,354 | 45,427 |
| Comprehensive income attributable to: | | |
| Shareholders of the parent | 25,596 | 44,065 |
| Non-controlling interests | 1,758 | 1,361 |

(3) Notes Related to Quarterly Consolidated Financial Statements

(Assumption for Going Concern)

No matters to report.

(Significant Fluctuations in Shareholders' Equity)

Following a resolution by the Company's board of directors at a meeting held February 9, 2022, the Company acquired 2,401,600 shares of treasury stock in the cumulative third quarter of the current consolidated fiscal year. As a result, treasury stock increased by ¥4,619 million, with treasury stock holdings of ¥6,154 million as of the end of the consolidated third quarter.

(Special Accounting Treatment Applied in the Preparation of Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

Tax expenses are calculated by rationally estimating an effective tax rate after applying tax effect accounting to profit before income taxes for the consolidated fiscal year, including the current third quarter, and multiplying profit before income taxes for the third quarter by the estimated effective tax rate.

In the event that the calculated tax expenses using this estimated effective tax rate lead to significantly unreasonable results, this shall be calculated by multiplying the statutory effective tax rate after adjusting significant non-temporary differences by the profit before income taxes.

Deferred income taxes are included in income tax.

(Segment Information, etc.)

Segment Information

I Nine-month period ended December 31, 2021 (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 & Energy | Mobility | Life & Healthcare | Total | | | | | |
| Net sales | | | | | | | | | | | |
| Sales to customers | 74,412 | 191,861 | 95,643 | 73,890 | 138,150 | 573,958 | 180 | 574,139 | — | — | 574,139 |
| Intersegment sales/transfers | 528 | 570 | 1,789 | 1,752 | 333 | 4,974 | 3,443 | 8,418 | — | (8,418) | — |
| Total | 74,940 | 192,431 | 97,433 | 75,643 | 138,483 | 578,933 | 3,624 | 582,557 | — | (8,418) | 574,139 |
| Segment income (loss) | 5,956 | 8,894 | 7,945 | 3,109 | 7,365 | 33,271 | 139 | 33,411 | (5,517) | 258 | 28,151 |

(Note) 1. “Others” is a business segment consisting of businesses not included in Reportable Segments, and includes 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”.

II Nine-month period ended December 31, 2022 (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 & Energy | Mobility | Life & Healthcare | Total | | | | | |
| Net sales | | | | | | | | | | | |
| Sales to customers | 85,871 | 204,480 | 103,826 | 96,551 | 204,886 | 695,616 | 64 | 695,680 | — | — | 695,680 |
| Intersegment sales/transfers | 692 | 594 | 3,058 | 1,602 | 369 | 6,317 | 5,427 | 11,744 | — | (11,744) | — |
| Total | 86,563 | 205,074 | 106,885 | 98,153 | 205,255 | 701,933 | 5,491 | 707,425 | — | (11,744) | 695,680 |
| Segment income (loss) | 6,751 | 7,654 | 7,287 | 3,797 | 8,580 | 34,071 | 114 | 34,185 | (7,058) | 311 | 27,438 |

(Note) 1. “Others” is a business segment consisting of businesses not included in Reportable Segments, and includes 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)

(Cancellation of Treasury Stock)

At a meeting held February 8, 2023, 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. Number of shares to be canceled | 3,000,000 shares (Equivalent to 2.48% of outstanding shares, including treasury stock) |
| c. Effective date of the cancellation | February 28, 2023 |

*Reference: Total number of shares issued and outstanding after the cancellation 117,908,285 shares