

Consolidated Financial Statements for the Fiscal Year Ended March 31, 2023
<Under Japanese GAAP>

May 9, 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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Annual general meeting of stockholders: June 20, 2023

Start of distribution of dividends (scheduled): June 21, 2023

Securities report filing (scheduled): June 21, 2023

Supplementary documents: Yes

Investors' meeting: Yes

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

1. Consolidated Results for the Fiscal Year Ended March 31, 2023

(April 1, 2022 to March 31, 2023)

(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	%
FYE March 2023	912,896	17.0	155,410	11.4	33,371	-5.4	32,528	-10.9	23,625	-8.9
FYE March 2022	780,557	24.8	139,494	21.7	35,263	60.9	36,497	59.7	25,939	37.8

(Note) Comprehensive income FYE March 2023: ¥37,994 million (32.8%)
FYE March 2022: ¥28,608 million (10.3% decrease)

	Earnings per share	Earnings per share (diluted)	Return on equity	Ordinary income/total assets	Operating income/net sales
	Yen	Yen	%	%	%
FYE March 2023	199.54	—	6.6	4.3	3.7
FYE March 2022	213.46	—	7.7	5.3	4.5

(Reference) Equity in earnings of affiliates FYE March 2023: ¥318 million
FYE March 2022: (¥1,031) million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
FYE March 2023	762,688	378,388	48.2	3,139.26
FYE March 2022	739,720	355,092	46.5	2,868.22

(Reference) Equity capital FYE March 2023: ¥367,675 million
FYE March 2022: ¥344,261 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of the year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FYE March 2023	9,414	(8,031)	(17,247)	40,331
FYE March 2022	(17,776)	(7,664)	27,282	53,336

2. Dividends

	Annual Dividends per Share					Total dividends paid (full fiscal year)	Payout ratio (consolidated)	Dividends/ net assets (consolidated)
	1Q	2Q	3Q	Fiscal year end	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
FYE March 2022	–	24.00	–	30.00	54.00	6,514	25.1	1.9
FYE March 2023	–	30.00	–	40.00	70.00	8,245	34.9	2.3
FYE March 2024 (forecast)	–	40.00	–	40.00	80.00		38.0	

(Note) A year-end dividend for FYE March 2022 includes regular dividend of ¥24 per share and special dividend of ¥6 per share.

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024

(April 1, 2023 to March 31, 2024)

(% = year-on-year change)

	Net sales		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	%	Millions of yen	%	Yen
Full fiscal year	958,000	4.9	171,000	10.0	34,500	3.4	32,600	0.2	24,000	1.6	209.35

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

- Changes in accordance with revisions to accounting and other standards: Yes
- Changes in items other than (i) above: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements after error corrections: No

(Note) For details, please refer to 3. Consolidated Financial Statements and Notes (5) Notes Related to Consolidated Financial Statements (Change in Accounting Policy), on P.17 of this document.

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

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

March 31, 2023	117,908,285 shares	March 31, 2022	120,908,285 shares
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ii. Number of treasury stock as of the fiscal period end

March 31, 2023	786,718 shares	March 31, 2022	881,767 shares
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iii. Average number of shares during the period

March 31, 2023	118,398,261 shares	March 31, 2022	121,522,286 shares
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(Note) The number of treasury shares as of the fiscal period end includes Company shares held by the Stock-Granting Trust for Directors (292,200 shares as of March 31, 2023). Treasury stock deducted from the calculation of the average number of shares during the period includes Company shares held by the Stock-Granting Trust for Directors (22,477 shares as of March 31, 2023).

*** These consolidated financial statements are not subject to audit by an independent audit corporation**

* 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. Business Performance, (4) Future Outlook, on P.6 of this document.

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1. Business Performance

(1) Review of Business Performance

a. General Summary of Results

During the consolidated fiscal year under review, the global economy continued to recover, supported by the resumption of economic activities after the COVID-19 pandemic. However, concerns remained regarding economic slowdowns due to rising geopolitical risks associated with the prolonged deterioration of the situation in Ukraine, soaring resource prices, and rising interest rates.

As an overview of the regions in which our group does business, in Greater China, the rapid spread of infections immediately after the elimination of the Zero-COVID policy affected manufacturing operations and other businesses. Both the economy and economic activity are on a path toward recovery, however, as infections in the country have since been contained. In the Americas, the economy slowed moderately due to higher corporate costs caused by inflation and the tightening of monetary policy to control inflation. These policies led to restrained investment in housing and capital equipment. The ASEAN economy experienced certain negative factors, including higher import prices due to currency weakening caused by higher interest rates in the U.S. However, consumer spending is increasing and the regional economy is growing at a firm pace. In Japan, despite inflationary trends due to the passing on of higher raw materials and energy costs, domestic demand grew and the economy found a path toward recovery, supported by the easing of COVID-19 restrictions and inbound demand as a result of the weaker yen.

In this environment, earnings for the current consolidated fiscal year were as follows.

	(Millions of yen)			
	Prior Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)	Change	Change (%)
Net sales	780,557	912,896	132,339	17.0
Gross profit	139,494	155,410	15,915	11.4
Operating income	35,263	33,371	(1,891)	(5.4)
Ordinary income	36,497	32,528	(3,969)	(10.9)
Profit before income taxes	39,557	33,137	(6,419)	(16.2)
Profit attributable to owners of the parent	25,939	23,625	(2,314)	(8.9)

- Despite the weaker 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 an 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 ¥2.3 billion to ¥23.6 billion, mainly due to the decrease in operating income as well as an increase in interest expenses resulting from higher interest rates.

b. Segment Summary

The following describes performance by segment.

Functional Materials

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)	Change	Change (%)
Net sales	99,874	112,092	12,218	12.2
Gross profit	19,819	22,372	2,552	12.9
Operating income	7,823	8,810	986	12.6

- Sales increased for coating and urethane raw materials, due in part to soaring market prices and the weaker 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)

	Prior Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)	Change	Change (%)
Net sales	257,283	265,024	7,740	3.0
Gross profit	32,313	31,767	(546)	(1.7)
Operating income	10,858	9,342	(1,515)	(14.0)

- Despite the positive impact of the weaker 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 previous fiscal year
- Sales of pigments and additives were flat; however, sales of resins for industrial and packaging applications were firm
- 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)

	Prior Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)	Change	Change (%)
Net sales	128,131	136,975	8,844	6.9
Gross profit	29,767	30,770	1,003	3.4
Operating income	10,278	9,273	(1,004)	(9.8)

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

Mobility

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)	Change	Change (%)
Net sales	103,389	125,560	22,171	21.4
Gross profit	12,718	14,432	1,713	13.5
Operating income	4,131	4,794	662	16.0

- 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)

	Prior Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)	Change	Change (%)
Net sales	191,634	273,161	81,527	42.5
Gross profit	44,757	55,907	11,150	24.9
Operating income	9,429	10,581	1,151	12.2

- 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 and cosmetic materials
- Operating income increased due to an increase in gross profit

Others

No special matters to disclose.

(2) Review of Financial Position

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)	Change	Change (%)
Current assets	514,286	530,132	15,846	3.1
Non-current assets	225,434	232,556	7,121	3.2
Total assets	739,720	762,688	22,968	3.1
Liabilities	384,628	384,300	(327)	(0.1)
Net assets	355,092	378,388	23,295	6.6
Shareholders' equity ratio (%)	46.5	48.2	+1.7p	—

- Current assets increased mainly due to an increase in inventories and accounts receivable, despite a decrease in cash and deposits
- Non-current assets increased due to an increase in property, plant and equipment and intangible fixed assets, despite a decrease from sales of investments in securities
- Liabilities decreased due to decrease in accounts payable and short-term loans, offset in part by increases in commercial paper, lease obligations, etc.
- Net assets increased mainly due to the recording of profit attributable to owners of the parent and an increase in translation adjustments, despite a decrease in net unrealized holding gain on securities.
- As a result, the Company recorded a shareholders' equity ratio of 48.2%, up 1.7 points compared to 46.5% from the end of the prior consolidated fiscal year

(3) Summary of Cash Flows

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
Cash flows from operating activities	(17,776)	9,414
Cash flows from investing activities	(7,664)	(8,031)
Cash flows from financing activities	27,282	(17,247)

- Net cash provided by operating activities was mainly due to ¥33.1 billion income before taxes and ¥12.3 billion in reserve of funds due to depreciation and amortization, offset in part by a ¥20.0 billion decrease in cash due to an increase in working capital and ¥14.2 billion in income taxes paid.
- Net cash used in investing activities was mainly due to ¥12.0 billion in purchases of property, plant and equipment and ¥4.8 billion in purchases of intangible fixed assets, offset in part by the proceeds of ¥7.4 billion from sales of investments in securities and ¥2.0 billion from sales of shares of subsidiaries resulting in change in scope of consolidation
- Net cash used in financing activities was mainly due to ¥8.6 billion in repayments of long-term loans, ¥7.1 billion in payments of dividends, and ¥5.6 billion in purchases of treasury stock, offset in part by proceeds of ¥5.0 billion in long-term loans

	FYE March 2019	FYE March 2020	FYE March 2021	FYE March 2022	FYE March 2023
Shareholders' equity ratio	54.2%	49.9%	51.5%	46.5%	48.2%
Shareholders' equity ratio based on market value	34.7%	25.9%	33.3%	29.5%	31.3%
Interest-bearing debt to cash flow ratio (years)	4.9	4.1	5.8	-	19.1
Interest coverage ratio (times)	10.4	23.9	19.1	-	3.1

Shareholders' equity ratio: Equity capital/total assets

Shareholders' equity ratio based on market value: Market capitalization/total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt/operating cash flow

Interest coverage ratio: Operating cash flow/interest payments

(Note) 1. Indicators are calculated based on consolidated figures.

2. Market capitalization is calculated using the closing price at the end of the year multiplied by the number of outstanding shares at the end of the year (less treasury stock at cost).
3. Operating cash flow is net cash provided by operating activities as shown in the consolidated statements of cash flows. Interest-bearing debt is all liabilities in the consolidated balance sheets for which interest is payable. Interest payments are the amount of interest paid as presented in the consolidated statements of cash flows.
4. Interest-bearing debt to cash flow ratio or interest coverage ratio are not presented for the fiscal year ended March 31, 2022, as operating cash flow was negative.

(4) Future Outlook

a. Performance Forecast for the Fiscal Year Ending March 2024

We project that the environment surrounding the NAGASE Group in the next fiscal year will see an economic uptick with the normalization of social and economic activities under an assumption of the new normal. At the same time, prices are expected to remain high for crude oil, other energy resources, and raw materials due to the prolonged deterioration of the situation in Ukraine. Concerns also remain regarding global inflation and tightening measures that might constrain consumer spending and economic activities. In this environment, we expect business fields related to the NAGASE Group will be affected by adjustments of inventory accumulated due to supply chain disruptions. On the other hand, we also anticipate the impact of economic normalization driven by inbound travel and other factors, and we have formulated the following assumptions for the next fiscal year.

In the food-related business, which we identified as a focus business under the Medium-term Management Plan **ACE 2.0**, we expect profitability to improve due to increased sales from the full-scale operation of Prinova Group's sports nutrition contract manufacturing plant and projected inbound effects at Hayashibara. In the semiconductor-related products business, high-end models have entered into an inventory adjustment phase in the supply chain which we expect will recover toward the end of the fiscal year. In the automobile-related business, we expect shortages in the supply of certain general-purpose semiconductors to persist. However, we believe performance will remain strong as intermediate inventories of plastic materials and other materials will be liquidated, while automobile production volume should recover. As we advance various measures, including investments in research and development and investments related to DX, we will engage in company-wide business replacements and reallocations of resources, improving profitability and efficiency to secure a certain level of profit increase.

These forecasts have been developed based on foreign exchange rates of ¥135 to the U.S. dollar and ¥20 to the RMB.

Further, these forecasts were calculated based on information available at the time and on reasonable determinations of conditions. Actual results may vary significantly due to a variety of factors, including business conditions overseas and in Japan and exchange rate trends. Any issues that require disclosure in the future will be disclosed promptly if important developments relating to our forecasts for the fiscal year ending March 2024 occur.

We are reviewing and carefully considering our key goal indicators (KGIs) and key performance indicators (KPIs) under our Medium-Term Management Plan **ACE 2.0** in light of changes in the external environment and other factors.

(Millions of yen)

	Net sales	Gross profit	Operating income	Ordinary income	Profit attributable to owners of the parent
FYE March 2024 Forecast	958,000	171,000	34,500	32,600	24,000
FYE March 2023 Actual	912,897	155,410	33,371	32,528	23,625
Change	+4.9%	+10.0%	+3.4%	+0.2%	+1.6%

b. Operating Income Forecast by Segment

(Millions of yen)

	FYE March 2023 Actual	FYE March 2024 Forecast	Change
Functional Materials	8,811	8,900	+1.0%
Advanced Materials & Processing	9,342	11,000	+17.7%
Electronics & Energy	9,274	10,600	+14.3%
Mobility	4,795	5,100	+6.4%
Life & Healthcare	10,581	11,300	+6.8%
Others	(9,431)	(12,400)	-
Total Operating Income	33,371	34,500	+3.4%

(5) Dividend Policy and Dividends for the Fiscal Years Ending March 2023 and 2024

Dividends are paid based on consolidated cash flows and investment conditions. Our basic policy is to pay continuously increasing dividends in consideration of consolidated earnings and financial structure, while improving profitability and strengthening our corporate structure. In addition, we will consider the flexible implementation of share buybacks with an eye toward efficiency.

Based on this policy, and after considering our business performance and financial position for the current consolidated fiscal year, we revised the year-end dividend for the current consolidated fiscal year to ¥40 per share, an increase of ¥10 per share compared with the previous forecast of ¥30 per share. As a result, the scheduled full-year cash dividend including the interim dividend will amount to ¥70 per share, an increase of ¥16 per share from the prior fiscal year.

After a comprehensive consideration of our stability and continuity of dividend payments, we forecast a full-year dividend of ¥80 per share for the next fiscal year. This dividend will consist of a ¥40 per share interim dividend and a ¥40 per share year-end dividend.

2. Basic Policy on the Selection of Accounting Standards

The NAGASE Group intends to use Japanese accounting standards for the time being to allow for inter-company comparability. We have been studying the adoption of International Financial Reporting Standards (IFRS) for some time, and we plan to make the appropriate policy choice in the future, considering external trends and other factors.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
ASSETS		
Current assets		
Cash and time deposits	54,211	40,897
Notes and accounts receivable	289,862	302,105
Merchandise and finished goods	142,590	152,504
Work in process	2,401	2,446
Raw materials and supplies	12,533	14,770
Other	13,935	18,429
Less allowance for doubtful accounts	(1,248)	(1,021)
Total current assets	514,286	530,132
Non-current assets		
Property, plant and equipment		
Buildings and structures	61,430	64,095
Accumulated depreciation	(36,003)	(37,018)
Buildings and structures (net)	25,427	27,076
Machinery, equipment and vehicles	64,794	65,005
Accumulated depreciation	(47,271)	(47,686)
Machinery, equipment and vehicles (net)	17,523	17,318
Land	20,398	18,839
Other	30,318	42,415
Accumulated depreciation	(21,112)	(23,585)
Other (net)	9,205	18,829
Total property, plant and equipment	72,554	82,064
Intangible fixed assets		
Goodwill	29,492	29,004
Technology-based assets	5,912	4,337
Other	29,664	35,587
Total intangible fixed assets	65,070	68,928
Investments and other assets		
Investments in securities	75,600	69,743
Long-term loans receivable	24	17
Retirement benefit asset	3,139	2,645
Deferred tax assets	3,572	3,857
Other	5,583	5,475
Less allowance for doubtful accounts	(112)	(176)
Total investments and other assets	87,809	81,562
Total non-current assets	225,434	232,556
Total assets	739,720	762,688

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2022)	Current Consolidated Fiscal Year (March 31, 2023)
LIABILITIES		
Current liabilities		
Notes and accounts payable	149,036	140,438
Short-term loans	73,121	66,117
Current portion of long-term loans	8,752	1,056
Commercial paper	25,000	38,000
Current portion of bonds	10,000	-
Accrued income taxes	7,100	2,913
Accrued bonuses for employees	7,648	6,985
Accrued bonuses for directors	497	371
Other	26,678	30,321
Total current liabilities	307,836	286,203
Long-term liabilities		
Bonds	20,000	30,000
Long-term loans	28,244	32,697
Lease liabilities	1,011	9,763
Deferred tax liabilities	12,310	10,360
Retirement benefit liability	13,238	13,197
Provision for directors' stock benefit	-	65
Other	1,987	2,012
Total long-term liabilities	76,791	98,097
Total liabilities	384,628	384,300
NET ASSETS		
Shareholders' equity		
Common stock	9,699	9,699
Capital surplus	10,639	10,636
Retained earnings	280,015	290,279
Less treasury stock, at cost	(1,534)	(1,550)
Total shareholders' equity	298,820	309,064
Accumulated other comprehensive income		
Net unrealized holding gain on securities	31,732	28,928
Deferred gain on hedges	178	(7)
Translation adjustments	13,690	30,414
Remeasurements of defined benefit plans	(161)	(726)
Total accumulated other comprehensive income	45,441	58,610
Non-controlling interests	10,830	10,713
Total net assets	355,092	378,388
Total liabilities and net assets	739,720	762,688

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

(Consolidated Statements of Income)

(Millions of yen)

	Prior Consolidated Fiscal Year (April 1, 2021 - March 31, 2022)	Current Consolidated Fiscal Year (April 1, 2022 - March 31, 2023)
Net sales	780,557	912,896
Cost of sales	641,062	757,486
Gross profit	139,494	155,410
Selling, general and administrative expenses		
Selling expenses	19,907	22,953
Employee salaries and allowances	33,977	38,839
Provision for accrued bonuses for employees	4,522	4,421
Provision for accrued bonuses for directors	287	396
Depreciation and amortization other than amortization of goodwill	6,716	7,554
Retirement benefit expenses	769	1,443
Provision for retirement benefits for directors	42	24
Allowance for doubtful accounts	612	333
Amortization of goodwill	2,478	2,545
Other	34,918	43,526
Total selling, general and administrative expenses	104,231	122,038
Operating income	35,263	33,371
Non-operating income		
Interest income	156	197
Dividend income	1,395	1,537
Rent income	272	243
Foreign exchange gains	1,283	12
Equity in earnings of affiliates	-	318
Other	822	656
Total non-operating income	3,929	2,967
Non-operating expenses		
Interest expenses	1,176	3,211
Equity in losses of affiliates	1,031	-
Other	486	598
Total non-operating expenses	2,695	3,810
Ordinary income	36,497	32,528
Extraordinary gains		
Gain on sales of non-current assets	16	144
Gain on receipt of donated non-current assets	719	-
Gain on sales of investment securities	7,037	6,587
Gain on sales of shares of subsidiaries and affiliates	-	52
Gain on sales of investments in capital of subsidiaries and affiliates	314	147
Gain on change in equity	-	449
Subsidy income	75	25
Other	229	-
Total extraordinary gains	8,392	7,406
Extraordinary losses		
Loss on sales of non-current assets	177	87
Loss on disposal of non-current assets	453	998
Loss on impairment of fixed assets	2,974	2,838
Loss on sales of investment securities	6	7
Loss on valuation of investments securities	1,436	2,120
Loss on sales of shares of subsidiaries and affiliates	59	466
Other	224	277
Total extraordinary losses	5,333	6,797

	(Millions of yen)	
	Prior Consolidated Fiscal Year (April 1, 2021 - March 31, 2022)	Current Consolidated Fiscal Year (April 1, 2022 - March 31, 2023)
Income before income taxes	39,557	33,137
Income taxes - current	12,826	9,621
Income taxes - deferred	(141)	(694)
Total income taxes	12,684	8,927
Profit for the period	26,872	24,210
Profit attributable to non-controlling interests	932	584
Profit attributable to owners of the parent	25,939	23,625

(Consolidated Statements of Comprehensive Income)

(Millions of yen)

	Prior Consolidated Fiscal Year (April 1, 2021 - March 31, 2022)	Current Consolidated Fiscal Year (April 1, 2022 - March 31, 2023)
Profit for the period	26,872	24,210
Other comprehensive income		
Net unrealized holding loss on securities	(11,844)	(2,794)
Deferred gain (loss) on hedges	106	(186)
Translation adjustments	13,623	16,852
Remeasurements of defined benefit plans	(430)	(564)
Share of other comprehensive gain of affiliates accounted for by the equity method	282	477
Total other comprehensive income	1,736	13,784
Comprehensive income	28,608	37,994
Comprehensive income attributable to:		
Shareholders of the parent	26,482	36,838
Non-controlling interests	2,126	1,156

(3) Consolidated Statements of Changes in Shareholders' Equity

Prior Consolidated Fiscal Year (April 1, 2021 - March 31, 2022)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity
Balance, beginning of period	9,699	10,646	265,920	(1,503)	284,763
Changes					
Cash dividends			(5,876)		(5,876)
Profit attributable to owners of the parent			25,939		25,939
Purchase of treasury stock				(6,006)	(6,006)
Disposal of treasury stock		0		0	0
Cancellation of treasury stock		(0)	(5,975)	5,975	-
Equity transactions with non-controlling interests		(0)			(0)
Changes in scope of consolidation		(6)			(6)
Changes in scope of equity affiliates			7		7
Changes other than shareholders' equity accounts (net)					
Total changes	-	(6)	14,094	(30)	14,057
Balance, end of period	9,699	10,639	280,015	(1,534)	298,820

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Deferred gain on hedges	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance, beginning of period	43,576	72	1,006	268	44,924	8,743	338,431
Changes							
Cash dividends							(5,876)
Profit attributable to owners of the parent							25,939
Purchase of treasury stock							(6,006)
Disposal of treasury stock							0
Cancellation of treasury stock							-
Equity transactions with non-controlling interests							(0)
Changes in scope of consolidation							(6)
Changes in scope of equity affiliates							7
Changes other than shareholders' equity accounts (net)	(11,843)	106	12,684	(430)	516	2,086	2,603
Total changes	(11,843)	106	12,684	(430)	516	2,086	16,661
Balance, end of period	31,732	178	13,690	(161)	45,441	10,830	355,092

Current Consolidated Fiscal Year (April 1, 2022 - March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity
Balance, beginning of period	9,699	10,639	280,015	(1,534)	298,820
Changes					
Cash dividends			(7,150)		(7,150)
Profit attributable to owners of the parent			23,625		23,625
Purchase of treasury stock				(5,662)	(5,662)
Cancellation of treasury stock			(5,645)	5,645	-
Equity transactions with non-controlling interests		(0)			(0)
Changes in scope of consolidation		(3)			(3)
Changes in scope of equity affiliates			(330)		(330)
Changes in fiscal year-end of consolidated subsidiaries			(234)		(234)
Changes other than shareholders' equity accounts (net)					
Total changes	-	(3)	10,264	(16)	10,244
Balance, end of period	9,699	10,636	290,279	(1,550)	309,064

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Deferred gain on hedges	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance, beginning of period	31,732	178	13,690	(161)	45,441	10,830	355,092
Changes							
Cash dividends							(7,150)
Profit attributable to owners of the parent							23,625
Purchase of treasury stock							(5,662)
Cancellation of treasury stock							-
Equity transactions with non-controlling interests							(0)
Changes in scope of consolidation							(3)
Changes in scope of equity affiliates							(330)
Changes in fiscal year-end of consolidated subsidiaries							(234)
Changes other than shareholders' equity accounts (net)	(2,804)	(186)	16,723	(564)	13,169	(117)	13,051
Total changes	(2,804)	(186)	16,723	(564)	13,169	(117)	23,295
Balance, end of period	28,928	(7)	30,414	(726)	58,610	10,713	378,388

(4) Consolidated Statements of Cash Flows

	(Millions of yen)	
	Prior Consolidated Fiscal Year (April 1, 2021 - March 31, 2022)	Current Consolidated Fiscal Year (April 1, 2022 - March 31, 2023)
Operating Activities		
Income before income taxes	39,557	33,137
Depreciation and amortization other than amortization of goodwill	11,216	12,377
Loss on impairment of fixed assets	2,974	2,838
Amortization of goodwill	2,478	2,545
Subsidy income	(75)	(25)
Share of loss (gain) of entities accounted for using equity method	1,031	(318)
Gain on change in equity	-	(449)
Decrease in retirement benefit liability	(599)	(609)
Increase in retirement benefit asset	(869)	(55)
Interest and dividend income	(1,551)	(1,734)
Interest expenses	1,176	3,211
Exchange gain, net	(778)	(891)
Gain on sales of investment securities, investments in capital, shares of subsidiaries and affiliates, and investments in capital of subsidiaries and affiliates, net	(7,285)	(6,312)
Loss on valuation of investment securities, investments in capital, shares of subsidiaries and affiliates, and investments in capital of subsidiaries and affiliates, net	1,436	2,120
Increase in notes and accounts receivable	(34,234)	(5,171)
Increase in inventories	(49,346)	(1,275)
Increase (decrease) in notes and accounts payable	20,465	(13,584)
Other	4,859	(1,462)
Subtotal	(9,544)	24,341
Interest and dividends received	1,926	2,418
Interest paid	(1,202)	(3,058)
Income taxes paid	(8,956)	(14,286)
Net cash (used in) provided by operating activities	(17,776)	9,414
Investing activities		
Purchases of property, plant and equipment	(8,830)	(12,029)
Proceeds from sales of property, plant and equipment	326	540
Purchases of intangible fixed assets included in other assets	(1,624)	(4,888)
Purchases of investments in securities	(1,317)	(437)
Proceeds from sales of investments in securities	7,736	7,474
Proceeds from sales of investments in capital	890	178
Purchases of shares of subsidiaries resulting in change in scope of consolidation	(3,848)	-
Proceeds from sales of shares of subsidiaries resulting in change of scope of consolidation	587	2,040
Increase in short-term loans receivable included in other current assets, net	(83)	(623)
(Increase) decrease in time deposits, net	(137)	337
Proceeds from subsidy income	75	25
Payments of leasehold and guarantee deposits	(1,352)	-
Other	(86)	(650)
Net cash used in investing activities	(7,664)	(8,031)

	(Millions of yen)	
	Prior Consolidated Fiscal Year (April 1, 2021 - March 31, 2022)	Current Consolidated Fiscal Year (April 1, 2022 - March 31, 2023)
Financing activities		
Increase (decrease) in short-term loans, net	33,325	(11,961)
Increase in commercial paper, net	17,000	13,000
Proceeds from long-term loans	1,900	5,000
Repayments of long-term loans	(12,039)	(8,623)
Proceeds from issuance of bonds	-	10,000
Redemption of bonds	-	(10,000)
Purchase of treasury stock	(6,006)	(5,662)
Cash dividends paid	(5,876)	(7,150)
Cash dividends paid to non-controlling interests	(543)	(1,133)
Other	(477)	(716)
Net cash provided by (used in) financing activities	27,282	(17,247)
Effects of exchange rate changes on cash and cash equivalents	2,942	3,064
Net increase (decrease) in cash and cash equivalents	4,783	(12,800)
Cash and cash equivalents at beginning of the year	48,553	53,336
Decrease in cash and cash equivalents resulting from changes in fiscal year-end of consolidated subsidiaries	-	(204)
Cash and cash equivalents, at end of the period	53,336	40,331

(5) Notes Related to Consolidated Financial Statements

(Assumption for Going Concern)

No matters to report.

(Change in Accounting Policy)

(Application of Accounting Standard for Fair Value Measurement)

As of the beginning of the current consolidated fiscal year, the Company has adopted *Implementation Guidance on Accounting Standard for Fair Value Measurement* (ASBJ Guidance No. 31, June 17, 2021). In accordance with the transitional treatment prescribed in Paragraph 27-2 of ASBJ Guidance No.31., new accounting policies prescribed by the guidance have been adopted prospectively. This change in accounting treatment has no effect on our consolidated financial statements.

(Adoption of U.S. FASB Accounting Standards Codification (ASC) No. 842, *Leases*)

Certain foreign consolidated subsidiaries that adopted U.S. GAAP apply ASC No. 842, *Leases*, beginning with the current consolidated fiscal year. As a result, the subsidiaries in question generally recognize all leases of lessees as assets and liabilities on its balance sheet.

In applying this accounting standard, the subsidiary recognized the cumulative effect as of the date of adoption, which is permitted under the transitional provisions.

As a result, *Other* under Non-current assets, *Other* in Current liabilities, and *Lease obligations* under Non-current liabilities increased ¥8,206 million, ¥1,391 million, and ¥7,875 million, respectively, as of the end of the current consolidated fiscal year. The impact of this accounting treatment on operating income, ordinary income, income before income taxes, and net income for the current consolidated fiscal year is immaterial.

(Additional Information)

(Stock-Based Compensation Plan)

Effective as of the current consolidated fiscal year, the Company has adopted a stock-based compensation plan ("Plan") for directors (excluding outside directors) and executive officers (collectively, "Eligible Individuals"). The purpose of the Plan is to establish a clear link between compensation for Eligible Individuals and Company performance and share value, as well as for Eligible Individuals to share the benefits and risks associated with fluctuations in NAGASE share price with shareholders. In this way, the NAGASE Group intends to raise awareness about contributing to improved business performance and increased corporate value over the medium to long term.

(1) Overview

The Plan is a stock-based compensation plan under which a trust ("Trust") established by monetary contribution from the Company acquires Company shares. The Company grants points to each Eligible Individual, and the Trust delivers the number of Company shares equivalent to the points earned by each Eligible Individual. In principle, said delivery is made at the time of the retirement the Eligible Individual.

(2) Company shares remaining in the Trust

Company shares remaining in the Trust are recorded as treasury stock under net assets in the balance sheet based on the carrying value in the Trust (excluding incidental expenses). The carrying value of said treasury stock as of the end of the current consolidated fiscal year was ¥619 million and the treasury stock in question amounted to 292,200 shares.

(Segment Information, etc.)

a. Segment Information

1. Reportable Segments

The Company's reportable segments are those units comprising the NAGASE Group for which separate financial information is available and for which the board of directors makes regular decisions regarding resource allocation and operating performance.

The Company classifies reportable segments according to the location of the business in the value chain and the market(s) targeted. Accordingly, the Company has defined five segment categories: Functional Materials (located at the top of the value chain), Advanced Materials & Processing (located in the next stage of the value chain), Electronics & Energy, Mobility, and Life & Healthcare (these last three segments functioning across all industries).

The following describes the major products and services handled by each reportable segment.

The Functional Materials segment is engaged in the sales of materials for paints/inks, and adhesives, urethane materials and auxiliary materials, plastic materials, plastic additives, industrial oil solutions, water processing raw materials, surfactant raw materials, fluorochemicals, encapsulant materials, 5G materials, silicone materials, environmental solutions and environment-related commercial products, sintered metal filters, and more for the paints/inks, resins, urethane foam, organic synthesis, surfactants, electronics chemicals, communications equipment, water processing, metal processing, plastic and film processing, and other industries.

The Advanced Materials & Processing Segment is engaged in the sales of dyestuffs, pigments, additives, processed pigments, dispersing elements, functional pigments, thermal paper materials, toner and inkjet materials, thermoplastic resins, thermosetting resins, automobile refinish paints, conductive coatings, synthetic rubber, inorganic materials, plastics products, resin molding tools/dies, and more for the dye/additive, coatings, ink, plastic compounds, masterbatch, stationery, digital print processing material, digital printing, fiber processing, raw resin material, resin molding, functional film and sheet, appliance and office automation device, electronics, packaging material, daily commodities, household goods, hygiene materials, construction material, and other industries.

The Electronics & Energy Segment is engaged in the sales of formulated epoxy resins, fluorine products, precision abrasives, semiconductor assembly materials and devices, adhesives and encapsulant materials, display panel components and devices, chemical management equipment for display manufacturing processes, low-temperature/vacuum equipment, liquid state analysis equipment, LEDs, 3D printing products, design and manufacture of storage battery systems, solar panels, optical wireless communication equipment, and other products for the semiconductor, electronic component, AR/VR, environmental energy, 3D printing, heavy electrical and light electrical, HDD, automotive and aircraft, display, touch panel, housing, lighting, storage battery, energy, renewable energy, security device, large-scale commercial facility, and other industries. Its main services include energy management system proposals, battery assessments, and health care services.

The Mobility Segment is engaged in the sales of plastic products in general, materials for secondary batteries, interior and exterior materials and components, materials for functional components, products for electrification, sensor components, in-vehicle electronics products, in-vehicle display-related components, self-driving-related products, and other products for the overall mobility industry and related industries.

The Life & Healthcare segment is engaged in the sale of pharmaceutical/agricultural chemicals and materials, research products, in vitro diagnostics, enzymes, food additives, food ingredients, sports nutrition products, nutrient premixes, additives for cosmetics, feeds, surfactants, and medical appliances for the pharmaceutical, food and beverage, cosmetics, agricultural, toiletries, and health care industries. The segment offers radiation measurement and sleep measurement as one of its main services. In addition, this segment sells cosmetics, health foods, and beauty foods directly to consumers.

2. Net Sales, Income (Loss), Assets, Liabilities, and Other Items by Segment

Accounting treatment in each reportable segment follows the principles and procedures of the accounting treatments used to prepare the Company's consolidated financial statements.

Income in reportable segments is defined as operating income. Intersegment sales/transfers are based on actual market prices.

3. Information Related to Net Sales, Income (Loss), Assets, Liabilities, and Other Items by Segment

Prior Consolidated Fiscal Year (April 1, 2021 to March 31, 2022)

(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	99,874	257,283	128,131	103,389	191,634	780,313	244	780,557	-	-	780,557
Intersegment sales/transfers	711	777	2,319	2,389	452	6,649	4,649	11,298	-	(11,298)	-
Total	100,585	258,060	130,450	105,778	192,087	786,962	4,893	791,856	-	(11,298)	780,557
Segment income (loss)	7,823	10,858	10,278	4,131	9,429	42,521	100	42,621	(7,690)	331	35,263
Segment assets	83,793	164,249	77,163	68,492	218,060	611,759	2,838	614,598	190,048	(64,926)	739,720
Other items											
Depreciation and amortization	465	1,447	1,479	342	5,959	9,694	16	9,711	1,505	-	11,216
Amortization of goodwill	111	178	42	-	2,145	2,478	-	2,478	-	-	2,478
Unamortized balance of goodwill	1,853	-	452	-	27,186	29,492	-	29,492	-	-	29,492
Investments in equity affiliates	1,300	1,828	2,761	1,403	3,139	10,432	95	10,528	-	(0)	10,528
Increase in property, plant, and equipment and intangible fixed assets	562	1,742	1,610	558	2,435	6,909	25	6,934	3,791	-	10,725

(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. Segment assets under Corporate are assets not allocable 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 profit as presented in "Consolidated".

Current Consolidated Fiscal Year (April 1, 2022 to March 31, 2023)

(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	112,092	265,024	136,975	125,560	273,161	912,815	81	912,896	—	—	912,896
Intersegment sales/transfers	853	755	2,580	2,257	490	6,936	7,439	14,376	—	(14,376)	—
Total	112,946	265,779	139,555	127,817	273,651	919,751	7,521	927,273	—	(14,376)	912,896
Segment income (loss)	8,810	9,342	9,273	4,794	10,581	42,802	108	42,910	△9,932	394	33,371
Segment assets	87,094	156,840	77,666	74,739	240,442	636,782	3,221	640,004	189,535	(66,850)	762,688
Other items											
Depreciation and amortization	477	1,440	1,608	468	6,536	10,531	19	10,551	1,826	—	12,377
Amortization of goodwill	134	—	51	—	2,359	2,545	—	2,545	—	—	2,545
Unamortized balance of goodwill	1,890	—	442	—	26,671	29,004	—	29,004	—	—	29,004
Investments in equity affiliates	1,334	1,920	2,562	1,259	3,268	10,344	104	10,449	—	(0)	10,448
Increase in property, plant, and equipment and intangible fixed assets	421	2,177	1,908	279	5,737	10,524	7	10,531	6,642	—	17,174

- (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. Segment assets under Corporate are assets not allocable 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 profit as presented in “Consolidated”.

b. Other Information

Prior Consolidated Fiscal Year (April 1, 2021 to March 31, 2022)

1. Products and Services

Omitted, as the same information has been disclosed under Segment Information.

2. Geographical Information

(1) Net sales

Group net sales consist primarily of revenues recognized from contracts with customers. The following provides detail of net sales for each reportable segment, broken down by geographic region.

(Millions of yen)

	Reportable Segments					Others (Note) 3	Total	Composition (%)
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare			
Japan	40,971	69,123	50,640	31,555	57,825	244	250,360	32.1
Greater China	11,987	117,092	54,354	30,534	3,594	-	217,562	27.9
ASEAN	26,580	58,949	7,267	29,416	3,493	-	125,707	16.1
Americas	16,703	6,172	5,221	10,249	79,243	-	117,589	15.1
Europe	2,634	4,598	4,071	1,466	47,083	-	59,855	7.7
Other	996	1,347	6,575	167	394	-	9,481	1.1
Revenues from contracts with customers	99,874	257,283	128,131	103,389	191,634	244	780,557	100.0
Net sales to customers	99,874	257,283	128,131	103,389	191,634	244	780,557	100.0

(Note) 1. Net sales are categorized by country or region, according to the location of the customer.

2. Major countries and regions in each category other than Japan

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

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

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

(4) Europe.....U.K., Germany

(5) Other..... Korea

3. "Others" is a business segment consisting of businesses not included in Reportable Segments, and includes information processing services and professional services.

(2) Property, plant and equipment

(Millions of yen)

Japan	Other	Total
62,185	10,369	72,554

3. Major Customers

Information not presented here, since no single customer accounts for 10% or more of consolidated net sales.

Current Consolidated Fiscal Year (April 1, 2022 to March 31, 2023)

1. Products and Services

Omitted, as the same information has been disclosed under Segment Information.

2. Geographical Information

(1) Net sales

Group net sales consist primarily of revenues recognized from contracts with customers. The following provides detail of net sales for each reportable segment, broken down by geographic region.

(Millions of yen)

	Reportable Segments					Others (Note) 3	Total	Composition (%)
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare			
Japan	44,808	61,641	51,955	39,817	67,103	81	265,407	29.1
Greater China	13,288	115,304	56,943	33,499	3,276	-	222,312	24.4
ASEAN	29,358	73,801	7,540	36,541	5,507	-	152,750	16.7
Americas	20,969	6,893	6,929	14,039	122,538	-	171,370	18.8
Europe	2,660	5,606	4,712	1,321	74,386	-	88,686	9.7
Other	1,007	1,775	8,893	342	349	-	12,368	1.3
Revenues from contracts with customers	112,092	265,024	136,975	125,560	273,161	81	912,896	100.0
Net sales to customers	112,092	265,024	136,975	125,560	273,161	81	912,896	100.0

(Note) 1. Net sales are categorized by country or region, according to the location of the customer.

2. Major countries and regions in each category other than Japan

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

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

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

(4) Europe..... U.K., Germany

(5) Other..... Korea

3. "Others" is a business segment consisting of businesses not included in Reportable Segments, and includes information processing services, and professional service

(2) Property, plant and equipment

(Millions of yen)

Japan	Other	Total
59,807	22,257	82,064

3. Major Customers

Information not presented here, since no single customer accounts for 10% or more of consolidated net sales.

c. Impairment Losses of Non-Current Assets for Each Reportable Segment

Prior Consolidated Fiscal Year (April 1, 2021 to March 31, 2022)

(Millions of yen)

	Reportable Segments						Others	Corporate/ Elimination	Total
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total			
Impairment loss	-	2,974	-	-	-	2,974	-	-	2,974

(Note) The Company no longer expects the profitability originally anticipated for the product and manufacturing process development business related to resins in the Advanced Materials & Processing segment. Therefore, the Company has written down the book value of goodwill and other intangible fixed assets related to this business to their recoverable amounts, recording impairment losses in the amount of ¥2,911 million.

Current Consolidated Fiscal Year (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Reportable Segments						Others	Corporate/ Elimination	Total
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total			
Impairment loss	-	2,825	12	-	-	2,838	-	-	2,838

(Note) The Company conducted a review of the future business plans for the business assets in products and manufacturing process development business related to resins and for the development and manufacturing business in connection with water-soluble support materials for 3D printing, both in the Advanced Materials & Processing segment. As a result, we determined future cash flow will be less than book value. Therefore, the Company wrote down the book value of these assets to their recoverable amounts and recorded an impairment loss of ¥2,285 million and ¥539 million, respectively.

d. Amortization and Unamortized Balance of Goodwill for Each Reportable Segment

Prior Consolidated Fiscal Year (April 1, 2021 to March 31, 2022)

Omitted, as the same information has been disclosed under Segment Information.

Current Consolidated Fiscal Year (April 1, 2022 to March 31, 2023)

Omitted, as the same information has been disclosed under Segment Information.

e. Information About Gain on Negative Goodwill for Each Reportable Segment

Prior Consolidated Fiscal Year (April 1, 2021 to March 31, 2022)

No matters to report.

Current Consolidated Fiscal Year (April 1, 2022 to March 31, 2023)

No matters to report.

(Per-Share Data)

	Prior Consolidated Fiscal Year (April 1, 2021 - March 31, 2022)	Current Consolidated Fiscal Year (April 1, 2022 - March 31, 2023)
Net assets per share	¥2,868.22	¥3,139.26
Earnings per share	¥213.46	¥199.54

(Note) 1. Information for diluted earnings per share is not presented, as the Company does not issue any stock with dilutive effects.

2. Basic earnings per share calculations are as shown below.

	Prior Consolidated Fiscal Year (April 1, 2021 - March 31, 2022)	Current Consolidated Fiscal Year (April 1, 2022 - March 31, 2023)
Profit attributable to owners of the parent (millions of yen)	25,939	23,625
Profit attributable to common stock owners of the parent (millions of yen)	25,939	23,625
Average number of outstanding shares of common stock (shares)	121,522,286	118,398,261

(Significant Subsequent Events)

(Purchase of Treasury Stock)

At a meeting held May 9, 2023, 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 Article 165, Paragraph 3 of the same Act.

(1) Reasons for the purchase of treasury stock

As part of the Company's efforts to improve capital efficiency from both business and financial perspectives under the Medium-term Management Plan **ACE 2.0**, the Company determined to acquire treasury stock. This aims to enhance its corporate value through greater capital efficiency as a result of comprehensive consideration of the current valuation of its shares in the capital market, financial soundness and investment capacity for growth, and other factors.

(2) Details of shares to be purchased

a. Class of shares to be purchased	Common shares
b. Total number of shares that may be purchased	6,000,000 shares (maximum) (Equivalent to 5.11% of outstanding shares, excluding treasury stock)
c. Total value of shares that may be purchased	8 billion yen (maximum)
d. Purchase period	From May 10, 2023 to December 22, 2023
e. Purchase method	Market purchases

*Reference: Treasury stock held as of April 30, 2023

Total number of shares issued (excluding treasury stock)	117,413,767 shares
Total number of treasury stock	494,518 shares