

Consolidated Financial Statements for the First Quarter of the Fiscal Year Ending March 31, 2024 <Under Japanese GAAP>

August 3, 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): August 9, 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 First Quarter of the Fiscal Year Ending March 31, 2024

(April 1, 2023 to June 30, 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	%
For the first quarter ended June 30, 2023	224,062	2.0	38,707	-3.0	6,955	-36.0	7,338	-36.4	4,367	-45.2
June 30, 2022	219,571	19.1	39,904	15.4	10,871	11.6	11,542	8.3	7,969	11.2

(Note) Comprehensive income First quarter ended June 30, 2023: ¥14,866 million (12.8% decrease)
First quarter ended June 30, 2022: ¥17,047 million (57.6%)

	Earnings per share		Earnings per share (diluted)	
	Yen		Yen	
For the first quarter ended June 30, 2023	37.45		-	
June 30, 2022	66.69		-	

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2023	774,807	385,268	48.3	3,232.75
March 31, 2023	762,688	378,388	48.2	3,139.26

(Reference) Equity capital As of June 30, 2023: ¥ 374,134 million
As of March 31, 2023: ¥ 367,675 million

2. Dividends

	Annual Dividends per Share				
	1Q	2Q	3Q	Fiscal year end	Annual
For the year ended (or ending)	Yen				
March 2023	-	30.00	-	40.00	70.00
March 2024	-	-	-	-	-
March 2024 (forecast)	-	40.00	-	40.00	80.00

(Note) Revisions to the latest dividends forecast: No

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

(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

(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: 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)

June 30, 2023	117,908,285 shares	March 31, 2023	117,908,285 shares
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ii. Number of treasury stock as of the fiscal period end

June 30, 2023	2,175,451 shares	March 31, 2023	786,718 shares
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iii. Average number of shares during the period

June 30, 2023	116,646,422 shares	June 30, 2022	119,507,343 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, 2023)	First Quarter, Current Consolidated Fiscal Year (June 30, 2023)
ASSETS		
Current assets		
Cash and time deposits	40,897	42,450
Notes and accounts receivable and contract assets	302,105	306,224
Merchandise and finished goods	152,504	145,515
Work in process	2,446	2,814
Raw materials and supplies	14,770	13,865
Other	18,429	23,656
Less allowance for doubtful accounts	(1,021)	(867)
Total current assets	530,132	533,659
Non-current assets		
Property, plant and equipment	82,064	83,199
Intangible fixed assets		
Goodwill	29,004	28,960
Technology-based assets	4,337	3,943
Other	35,587	36,586
Total intangible fixed assets	68,928	69,489
Investments and other assets		
Investments in securities	69,743	76,783
Long-term loans receivable	17	29
Retirement benefit asset	2,645	2,699
Deferred tax assets	3,857	3,678
Other	5,475	5,446
Less allowance for doubtful accounts	(176)	(176)
Total investments and other assets	81,562	88,459
Total non-current assets	232,556	241,148
Total assets	762,688	774,807

(Millions of yen)

	Prior Consolidated Fiscal Year (March 31, 2023)	First Quarter, Current Consolidated Fiscal Year (June 30, 2023)
LIABILITIES		
Current liabilities		
Notes and accounts payable	140,438	146,527
Short-term loans	66,117	60,085
Current portion of long-term loans	1,056	2,962
Commercial paper	38,000	43,000
Accrued income taxes	2,913	2,956
Accrued bonuses for employees	6,985	3,534
Accrued bonuses for directors	371	78
Other	30,321	31,069
Total current liabilities	286,203	290,214
Long-term liabilities		
Bonds	30,000	30,000
Long-term loans	32,697	31,285
Lease liabilities	9,763	10,995
Deferred tax liabilities	10,360	11,536
Retirement benefit liability	13,197	13,081
Provision for directors' stock benefit	65	73
Other	2,012	2,351
Total long-term liabilities	98,097	99,324
Total liabilities	384,300	389,539
NET ASSETS		
Shareholders' equity		
Common stock	9,699	9,699
Capital surplus	10,636	10,635
Retained earnings	290,279	289,951
Less treasury stock, at cost	(1,550)	(4,840)
Total shareholders' equity	309,064	305,446
Accumulated other comprehensive income		
Net unrealized holding gain on securities	28,928	34,262
Deferred (loss) gain on hedges	(7)	296
Translation adjustments	30,414	34,692
Remeasurements of defined benefit plans	(726)	(562)
Total accumulated other comprehensive income	58,610	68,688
Non-controlling interests	10,713	11,133
Total net assets	378,388	385,268
Total liabilities and net assets	762,688	774,807

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

(Quarterly Consolidated Statements of Income)

Three-month periods ended June 30, 2023 and 2022

(Millions of yen)

	Three-month period ended June 30, 2022 (April 1, 2022 - June 30, 2022)	Three-month period ended June 30, 2023 (April 1, 2023 - June 30, 2023)
Net sales	219,571	224,062
Cost of sales	179,666	185,355
Gross profit	39,904	38,707
Selling, general and administrative expenses	29,033	31,751
Operating income	10,871	6,955
Non-operating income		
Interest income	18	49
Dividend income	672	689
Rent income	62	60
Equity in earnings of affiliates	83	79
Foreign exchange gains	328	450
Other	186	127
Total non-operating income	1,352	1,456
Non-operating expenses		
Interest expenses	490	961
Other	191	112
Total non-operating expenses	681	1,074
Ordinary income	11,542	7,338
Extraordinary gains		
Gain on sales of non-current assets	123	38
Gain on sales of investment securities	43	129
Subsidy income	—	228
Other	—	47
Total extraordinary gains	166	444
Extraordinary losses		
Loss on sales of non-current assets	3	0
Loss on disposal of non-current assets	179	451
Loss on sales of investment securities	7	21
Loss on valuation of investments securities	79	864
Other	—	31
Total extraordinary losses	270	1,369
Income before income taxes	11,438	6,412
Income taxes	3,194	1,870
Profit for the period	8,244	4,541
Profit attributable to non-controlling interests	275	174
Profit attributable to owners of the parent	7,969	4,367

(Quarterly Consolidated Statements of Comprehensive Income)

Three-month periods ended June 30, 2023 and 2022

(Millions of yen)

	Three-month period ended June 30, 2022 (April 1, 2022 - June 30, 2022)	Three-month period ended June 30, 2023 (April 1, 2023 - June 30, 2023)
Profit for the period	8,244	4,541
Other comprehensive income		
Net unrealized holding (loss) gain on securities	(1,582)	5,331
Deferred gain on hedges	333	303
Translation adjustments	9,542	4,216
Remeasurements of defined benefit plans	43	163
Share of other comprehensive gain of affiliates accounted for by the equity method	466	309
Total other comprehensive income	8,802	10,324
Comprehensive income	17,047	14,866
Comprehensive income attributable to:		
Shareholders of the parent	16,112	14,446
Non-controlling interests	934	420