

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

(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.9 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: 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

(Note) For details, please refer to 2. *Quarterly Consolidated Financial Statements and Notes*, (3) *Notes Related to Quarterly Consolidated Financial Statements (Change in Accounting Policy)*, on P.9 of this document

(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 |
|---------------|--------------------|----------------|--------------------|

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

| | | | |
|---------------|------------------|----------------|----------------|
| June 30, 2023 | 2,175,451 shares | March 31, 2023 | 786,718 shares |
|---------------|------------------|----------------|----------------|

iii. Average number of shares during the period

| | | | |
|---------------|--------------------|---------------|--------------------|
| June 30, 2023 | 116,646,422 shares | June 30, 2022 | 119,507,343 shares |
|---------------|--------------------|---------------|--------------------|

(Note) The number of treasury stock as of the fiscal period end includes Company shares held by the Stock-Granting Trust for Directors (292,200 shares as of June 30, 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 (292,200 shares as of June 30, 2023).

*** 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.4 of this document.

Attachments

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1. Qualitative Information

(1) Review of Business Performance

a. General Summary of Results

The global economy continued to recover during the first quarter of the current consolidated fiscal year as economic and social activities normalized. However, concerns remained about a future economic slowdown due to soaring resource prices caused by the prolonged situation in Ukraine and the impact of monetary tightening policies, mainly in Europe and the United States.

As an overview of the regions in which our group does business, in Greater China, economic activity and the economy began to recover after the repeal of the Zero-COVID Policy. The pace of recovery is slowing now, however, due to sluggish exports caused by the global economic slowdown. In the Americas, employment growth and personal consumption have been resilient, but monetary tightening restrained demand and contributed to an economic slowdown. In ASEAN, the pace of growth in each country slowed due to sluggish growth in external demand as a result of the slowdown in the global economy. Pressure on household and domestic business demand due to high prices and rising interest rates also had a negative impact. In Japan, social activities are gradually recovering as measures against COVID-19 have been largely left to individual judgment. Personal consumption is increasing, particularly in the services sector, while inbound demand is also recovering in the wake of the elimination of border control measures and business sentiment is recovering gradually.

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

| (Millions of yen) | | | | |
|--|--|--|---------|------------|
| | Three-month period ended June 30, 2022 | Three-month period ended June 30, 2023 | Change | Change (%) |
| Net sales | 219,571 | 224,062 | 4,491 | 2.0 |
| Gross profit | 39,904 | 38,707 | (1,197) | (3.0) |
| Operating income | 10,871 | 6,955 | (3,915) | (36.0) |
| Ordinary income | 11,542 | 7,338 | (4,203) | (36.4) |
| Profit before income taxes | 11,438 | 6,412 | (5,025) | (43.9) |
| Profit attributable to owners of the parent | 7,969 | 4,367 | (3,601) | (45.2) |

- Although net sales for the first quarter of the current consolidated fiscal year increased due in part to the weakening yen, gross profit margin declined due to lower profitability among certain manufacturing subsidiaries, etc., resulting in lower gross profit.
- Operating income declined due to a decrease in gross profit and an increase in selling, general and administrative expenses. For details, see *b. Segment Summary*.
- Profit attributable to owners of the parent decreased ¥3.6 billion to ¥4.3 billion, mainly due to the increase in interest expenses and loss on valuation of investment securities as well as the decrease in operating income.

b. Segment Summary

The following describes performance by segment.

Functional Materials

| (Millions of yen) | | | | |
|-------------------|--|--|---------|------------|
| | Three-month period ended June 30, 2022 | Three-month period ended June 30, 2023 | Change | Change (%) |
| Net sales | 28,654 | 26,026 | (2,628) | (9.2) |
| Gross profit | 5,816 | 5,137 | (678) | (11.7) |
| Operating income | 2,388 | 1,620 | (767) | (32.1) |

- Sales decreased for coating materials.
- Sales decreased for raw materials for industrial oil solutions and resins
- Sales decreased for raw materials for the electronics industry, including semiconductor-related products
- Operating income decreased due to a decrease in gross profit

Advanced Materials & Processing

(Millions of yen)

| | Three-month period ended June 30, 2022 | Three-month period ended June 30, 2023 | Change | Change (%) |
|------------------|--|--|---------|------------|
| Net sales | 65,131 | 58,974 | (6,157) | (9.5) |
| Gross profit | 8,161 | 6,746 | (1,414) | (17.3) |
| Operating income | 2,599 | 1,247 | (1,351) | (52.0) |

- Resin sales declined due to lower demand in the office equipment, appliance, and video game device market and the impact of inventory adjustments by customers
- Sales of pigments and additives remained sluggish
- Sales of digital print processing materials were lower, as was profitability in the manufacturing business
- Operating income decreased due to a decrease in gross profit

Electronics & Energy

(Millions of yen)

| | Three-month period ended June 30, 2022 | Three-month period ended June 30, 2023 | Change | Change (%) |
|------------------|--|--|--------|------------|
| Net sales | 33,933 | 35,538 | 1,605 | 4.7 |
| Gross profit | 7,893 | 7,720 | (172) | (2.2) |
| Operating income | 2,617 | 2,320 | (296) | (11.3) |

- Despite weakening semiconductor market conditions, sales of materials to the semiconductor industry increased due to product line expansion
- While demand for formulated epoxy resins increased for server applications, performance was lower overall due to a decline in semiconductor-related and electronics-related products for mobile device applications
- Sales related to photolithography materials for display applications are recovering but remained sluggish
- Operating income decreased due to a decrease in gross profit

Mobility

(Millions of yen)

| | Three-month period ended June 30, 2022 | Three-month period ended June 30, 2023 | Change | Change (%) |
|------------------|--|--|--------|------------|
| Net sales | 27,018 | 31,136 | 4,118 | 15.2 |
| Gross profit | 3,215 | 3,414 | 198 | 6.2 |
| Operating income | 932 | 947 | 14 | 1.5 |

- Sales increased for resins due to the boosted automobile production.
- 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)

| | Three-month period ended June 30, 2022 | Three-month period ended June 30, 2023 | Change | Change (%) |
|------------------|--|--|--------|------------|
| Net sales | 64,814 | 72,386 | 7,571 | 11.7 |
| Gross profit | 14,796 | 15,636 | 840 | 5.7 |
| Operating income | 4,144 | 3,254 | (890) | (21.5) |

- Prinova Group profitability and sales declined due to a drop in the market for food ingredients
- Sales of Hayashibara's AA2G™ and other cosmetics materials increased in response to higher demand
- Sales increased for pharmaceutical raw materials and intermediates
- Operating income decreased, despite higher gross profit, as food ingredient sales profitability declined at the Prinova Group where personnel expense and other selling, general and administrative expenses increased and profit contribution from the new Utah plant was delayed

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, 2023) | First Quarter, Current Consolidated Fiscal Year (June 30, 2023) | Change | Change (%) |
|--------------------------------|--|--|---------|------------|
| Current assets | 530,132 | 533,659 | 3,526 | 0.7 |
| Non-current assets | 232,556 | 241,148 | 8,592 | 3.7 |
| Net assets | 762,688 | 774,807 | 12,119 | 1.6 |
| Liabilities | 384,300 | 389,539 | 5,238 | 1.4 |
| Net assets | 378,388 | 385,268 | 6,880 | 1.8 |
| Shareholders' equity ratio (%) | 48.2 | 48.3 | + 0.1 p | — |

- Current assets slightly increased mainly due to an increase in accounts receivable, despite a decrease in inventories, etc.
- Non-current assets increased due to an increase in property, plant and equipment and the fair values of investments in securities
- Liabilities increased mainly due to an increase in commercial paper and accounts payable, despite a decrease in short-term loans
- Net assets increased mainly due to an increase in net unrealized holding gain on securities and translation adjustments, despite decreases from purchases of treasury stock
- As a result, the Company recorded a shareholders' equity ratio of 48.3%, up 0.1 points compared to 48.2% 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, 2023 to March 31, 2024) from the figures announced on May 9, 2023.

2. Quarterly Consolidated Financial Statements and Notes

(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 |

(3) Notes Related to Quarterly Consolidated Financial Statements

(Assumption for Going Concern)

No matters to report.

(Change in Accounting Policy)

(Adoption of U.S. FASB Accounting Standards Codification (ASC) No. 326, *Financial Instruments-Credit Losses*)

Certain foreign consolidated subsidiaries that adopted U.S. GAAP apply ASC No. 326, *Financial Instruments-Credit Losses*, beginning with the current consolidated first quarter. As a result, the subsidiaries in question are required to revise the methods used to measure financial instruments and recognize impairment of financial assets using the expected credit loss model.

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

The impact of this accounting treatment on the quarterly consolidated statements of income is immaterial.

(Significant Fluctuations in Shareholders' Equity)

Following a resolution by the Company's board of directors at a meeting held May 9, 2023, the Company acquired 1,388,600 shares of treasury stock in the cumulative first quarter of the current consolidated fiscal year. As a result, treasury stock increased by ¥3,289 million, with treasury stock holdings of ¥4,840 million as of the end of the consolidated first 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 first quarter, and multiplying profit before income taxes for the first 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.

(Additional Information)

(Stock-Based Compensation Plan)

Effective as of the previous 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 consolidated first quarter was ¥619 million and the treasury stock in question amounted to 292,200 shares.

(Segment Information, etc.)

Segment Information

I Three-month period ended June 30, 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 | 28,654 | 65,131 | 33,933 | 27,018 | 64,814 | 219,553 | 18 | 219,571 | — | — | 219,571 |
| Intersegment sales/transfers | 283 | 198 | 284 | 386 | 128 | 1,282 | 1,372 | 2,654 | — | (2,654) | — |
| Total | 28,937 | 65,329 | 34,218 | 27,405 | 64,943 | 220,835 | 1,391 | 222,226 | — | (2,654) | 219,571 |
| Segment income (loss) | 2,388 | 2,599 | 2,617 | 932 | 4,144 | 12,682 | (13) | 12,668 | (1,982) | 185 | 10,871 |

(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 Three-month period ended June 30, 2023 (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 | 26,026 | 58,974 | 35,538 | 31,136 | 72,386 | 224,062 | 0 | 224,062 | — | — | 224,062 |
| Intersegment sales/transfers | 188 | 164 | 922 | 852 | 197 | 2,326 | 1,837 | 4,163 | — | (4,163) | — |
| Total | 26,214 | 59,138 | 36,461 | 31,989 | 72,548 | 226,388 | 1,837 | 228,226 | — | (4,163) | 224,062 |
| Segment income (loss) | 1,620 | 1,247 | 2,320 | 947 | 3,254 | 9,390 | 92 | 9,482 | (2,644) | 117 | 6,955 |

(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”.