

FYE March 2022 Second Quarter

# Financial Briefing

NAGASE&CO.,LTD.  
November 22,2021

■ FYE March 2022 Second Quarter Results,

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Earnings Projection

P3~P18

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■ Promotion of our sustainability initiatives P19~P22

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■ Prinova Group Growth Strategy

P23~P38

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## FYE March 2022 Second Quarter Results, Earnings Projection

# Consolidated statements income

- ▶ Gross profit
  - Higher profit in all segments, with all stages of profit below gross profit reaching record highs for a cumulative Second quarter
  - In particular, the automobile-related business, resins and electronics-related businesses, and the Prinova Group's nutrition-related business performed well
- ▶ Operating income
  - In response to the increase in gross profit, income increased significantly year-on-year; the economic impact of the COVID-19 epidemic had been significant in the same period of the previous year
- ▶ Profit attributable to owners of the parent
  - Income increased due to significant increase up to ordinary income despite decrease in gain on sales of cross-shareholdings

100 millions of yen

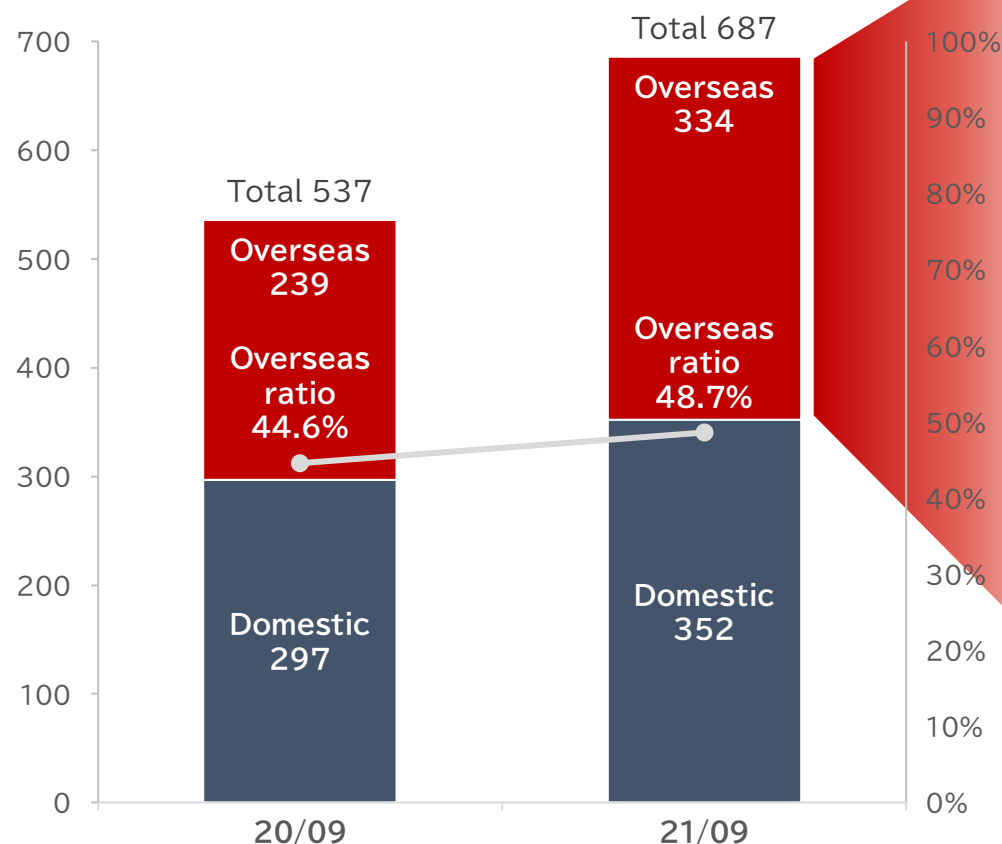
	20/09	21/09	Change	Vs.PY	Forecast	Achievement
<b>S a l e s</b>	2,863	3,737	+ 873	131%	—	—
<b>Gross profit</b>	537	687	+ 149	128%	1,300	53%
<b>&lt;GP ratio&gt;</b>	18.8%	18.4%	(0.4pt)	—	—	—
<b>S G &amp; A e x p e n s e s</b>	448	492	+ 43	110%	1,000	—
<b>Operating i n c o m e</b>	89	194	+ 105	218%	300	65%
<b>Ordinary i n c o m e</b>	96	204	+ 107	211%	310	66%
<b>Profit attributable to owners of the p a r e n t</b>	101	146	+ 44	144%	225	65%
US\$ Exchange rate (period average)	@ 106.9	@ 109.8	@ 2.9	Weak yen	@109.5	
RMB Exchange rate (period average)	@ 15.3	@ 17.0	@ 1.7	Weak yen	@16.9	

※ Offset to sales and cost of sales from application of revenue recognition standards: Sep. 2020, -¥94.7 billion; Sep. 2021, -¥117.1 billion  
 ※ Impact from foreign exchange: Gross profit, +¥1,000 million; Operating income, +¥300 million

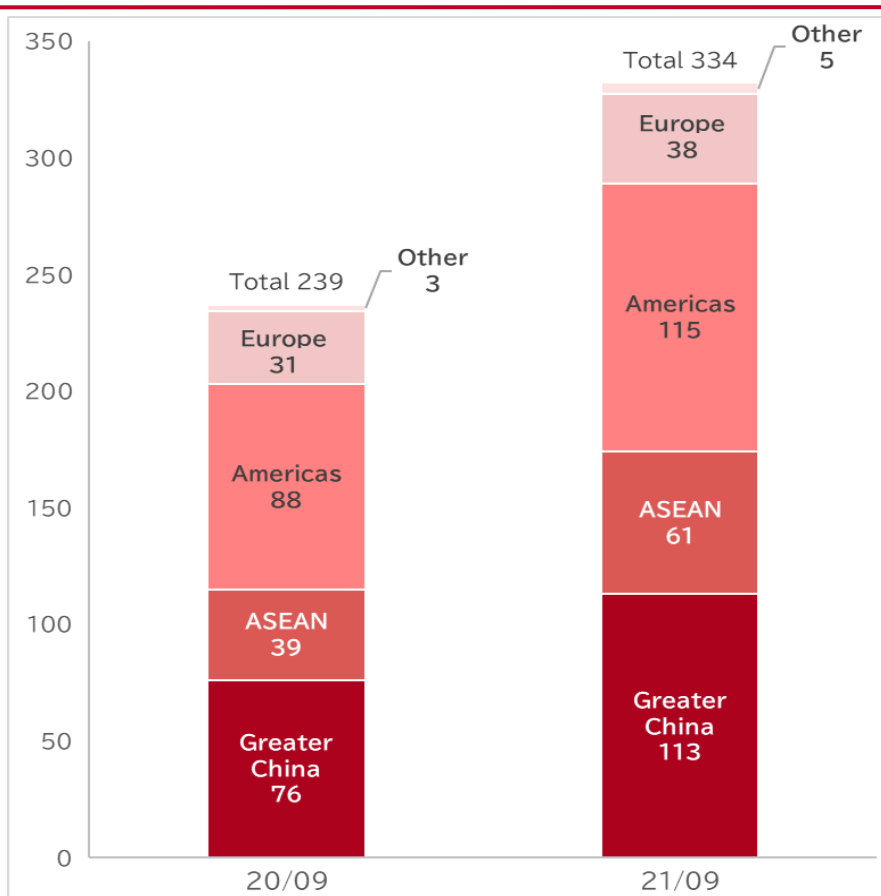
# Gross Profit By Region

- ▶ Higher profit both domestic and overseas
- ▶ Domestic : In particular, the automobile-related business and electronics-related business for mobile devices/displays performed well
- ▶ Overseas: The resins business, mainly for office equipment, appliances, and video game devices and focused on Greater China and ASEAN, and the nutrition-related business in Europe and the Americas performed well

Domestic & Overseas Gross profit(100 millions of yen)



Overseas gross profit By Region(100 millions of yen)



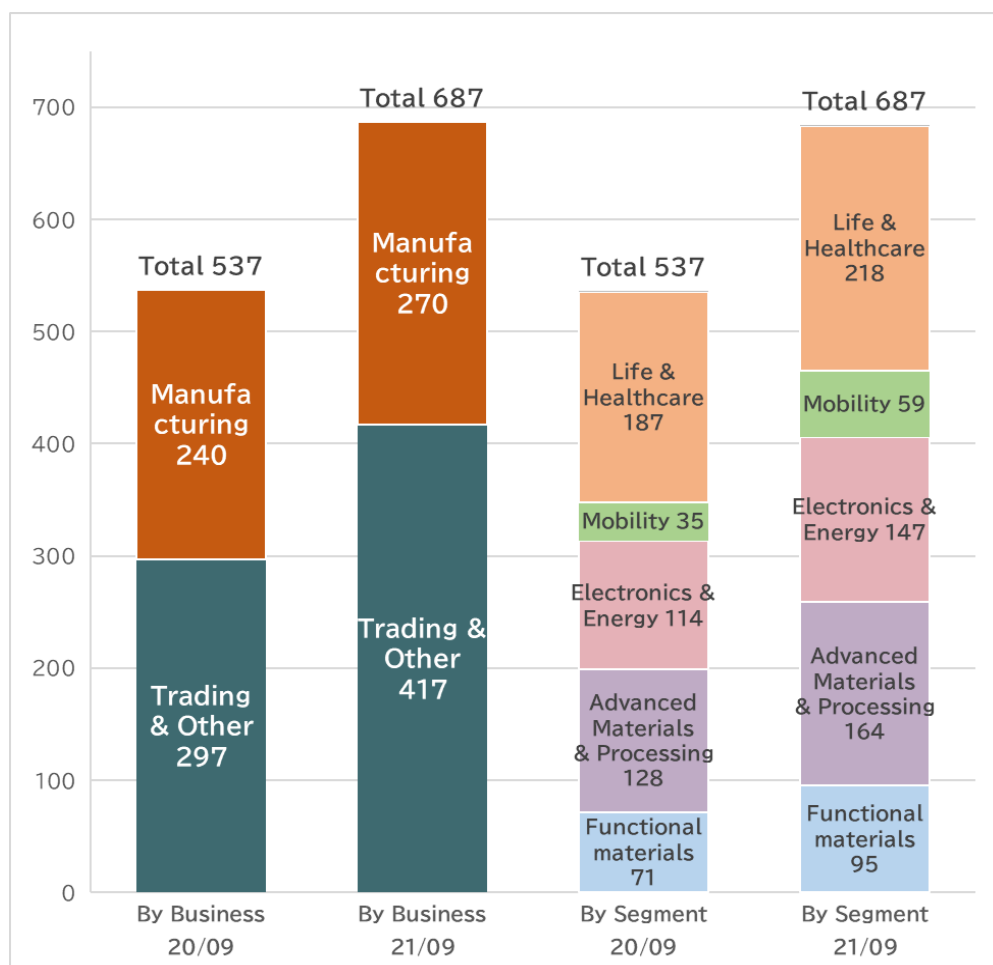
※From FYE March 2022, the usual overseas net sales per-destination region have been replaced by per-region information for gross profit, aggregated for each location of consolidated

※Domestic figures under Domestic & Overseas Gross Profit include inter-regional adjustments

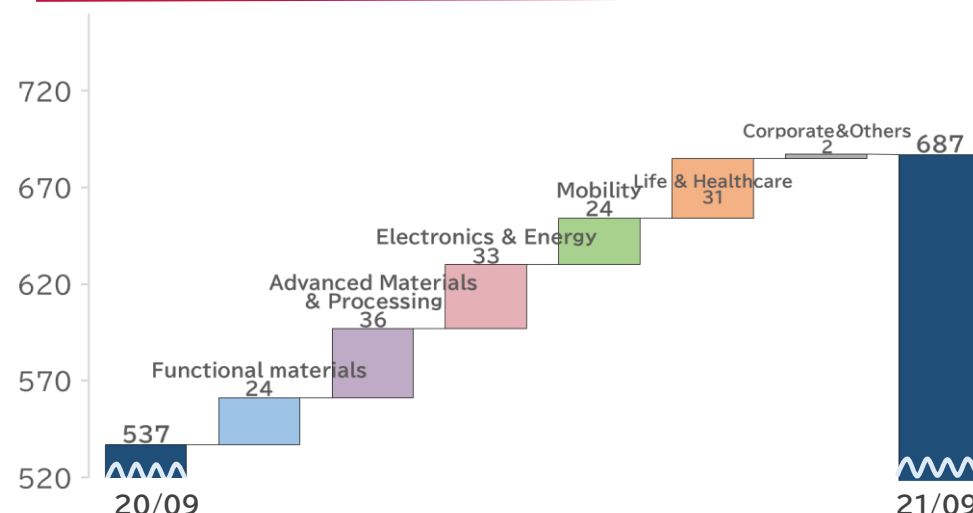
# Gross Profit By Business & Segment

- ▶ Higher profits in all segments, with a cumulative second quarter gross profits reaching record highs
  - ▶ Advanced Materials & Processing: Profitability improved due to strong demand in the resins business and rising market conditions
  - ▶ Life & Healthcare: Profits increased due to strong performance in the Prinova Group's nutrition-related business and strong sales of cosmetics-related materials
- ※Comparison information for segment values reflects impact from business segmentation changes implemented on April 1, 2021.

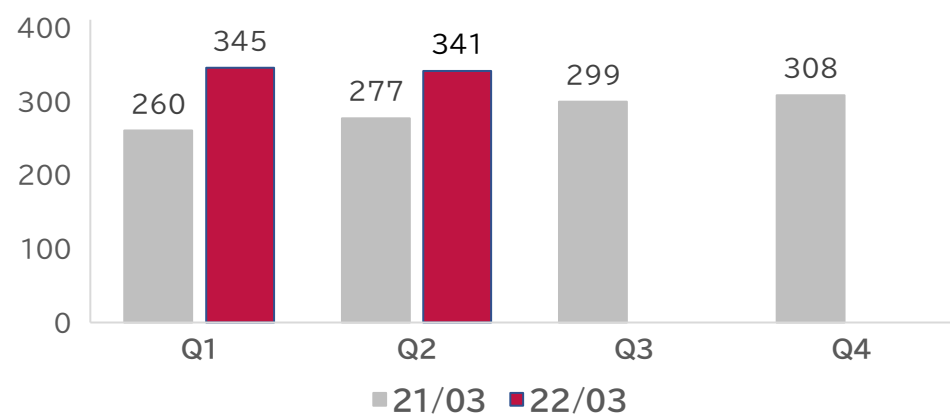
Gross Profit By Business & Segment (100 millions of yen)



Change in Gross Profit By Segment (100 millions of yen)



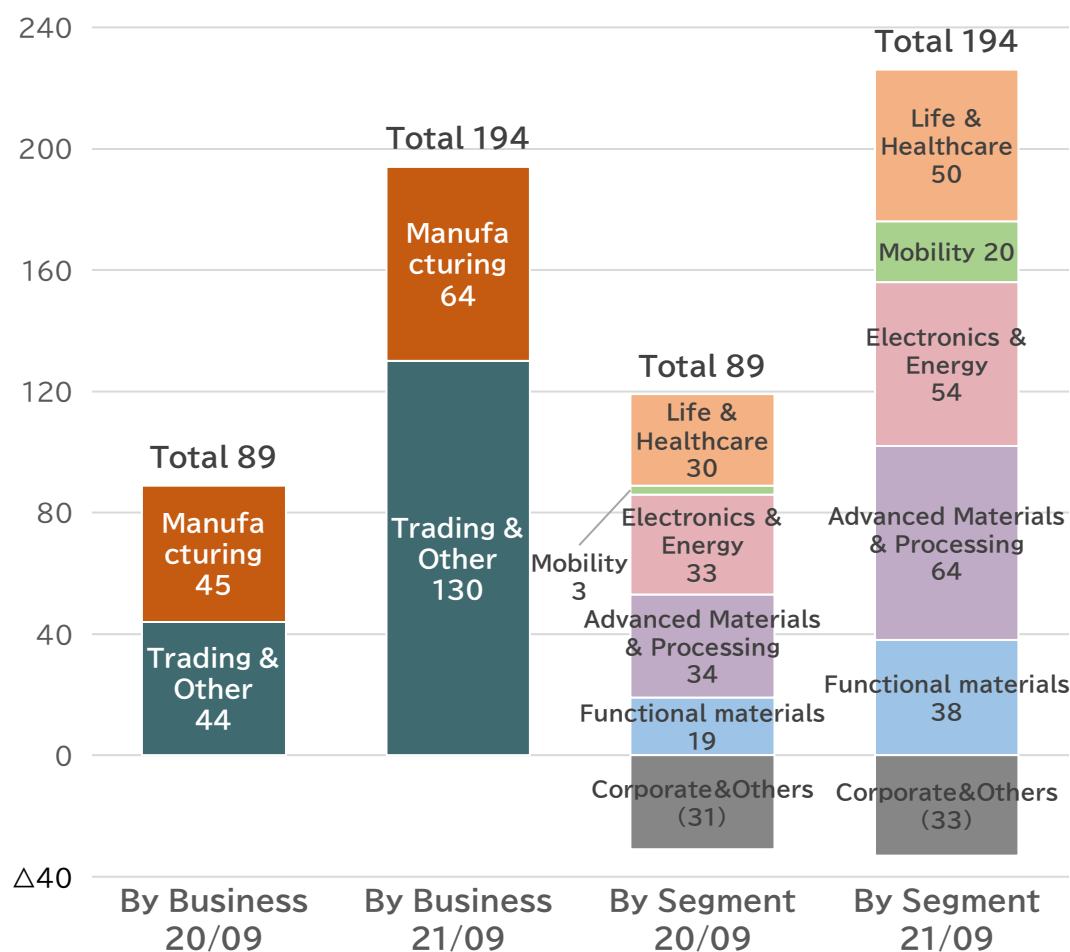
History of Gross Profit(100 millions of yen)



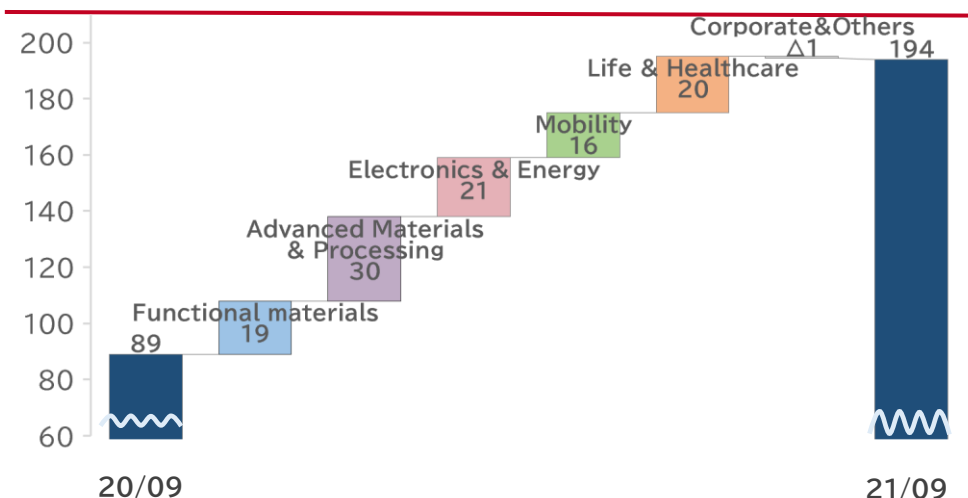
# Operating Income by Business & Segment

- ▶ Due to higher gross profit across all business segments, operating income reached a new record high for a cumulative consolidated second quarter, continuing record highs from the first quarter
- ▶ we continue to invest for sustainable future growth, including in DX-related areas
- ▶ Establish the NAGASE Biotech Office as a groupwide development organization responsible for gathering group bio-related knowledge and creating sustainable businesses.

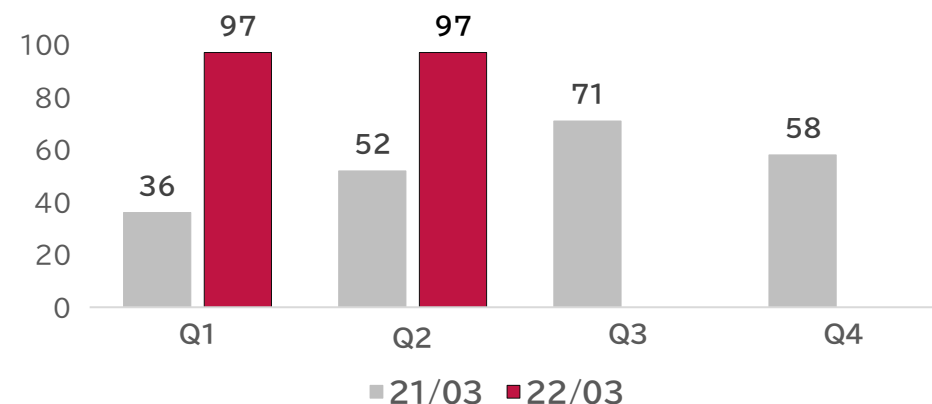
Operating Income by Business & Segment(100 millions of yen)



Change in Operating Income By Segment (100 millions of yen)



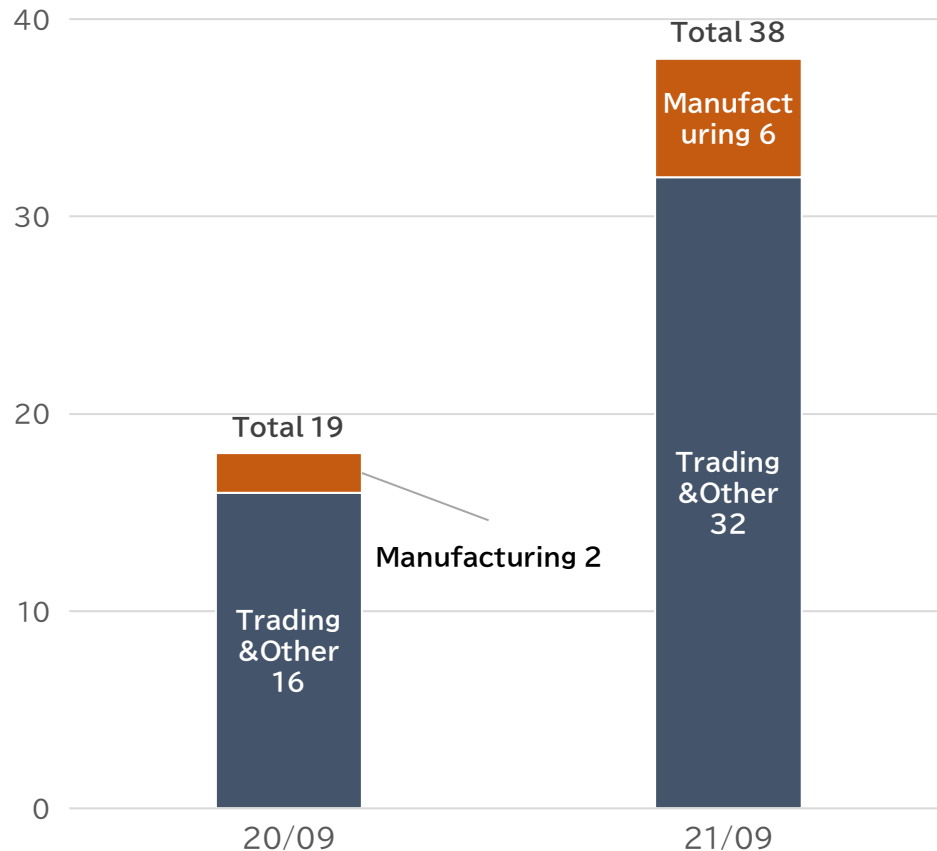
History of Operating Income(100 millions of yen)



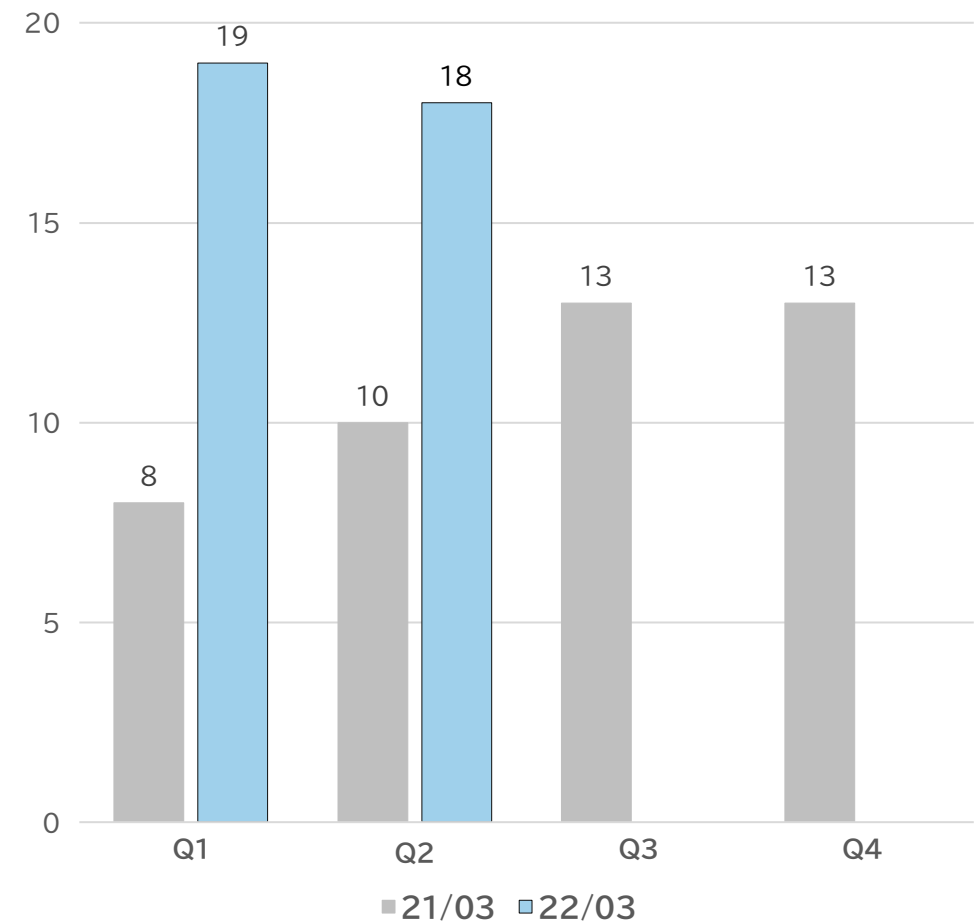
# Functional Materials Segment Operating Income Overview

- ▶ Raw materials sales increased for coating and urethane raw materials as well as those related to industrial oil solutions and plastic materials, driven by an increase in automotive production
- ▶ Sales trended strong in areas like electronics chemicals for the electronics industry, such as for semiconductor-related products
- ▶ Profits increased year-on-year; the economic impact of the COVID-19 epidemic had been significant in the same period of the previous year, primarily in the automobile-related business

Operating income by business(100 millions of yen)



History of operating income (100 millions of yen)

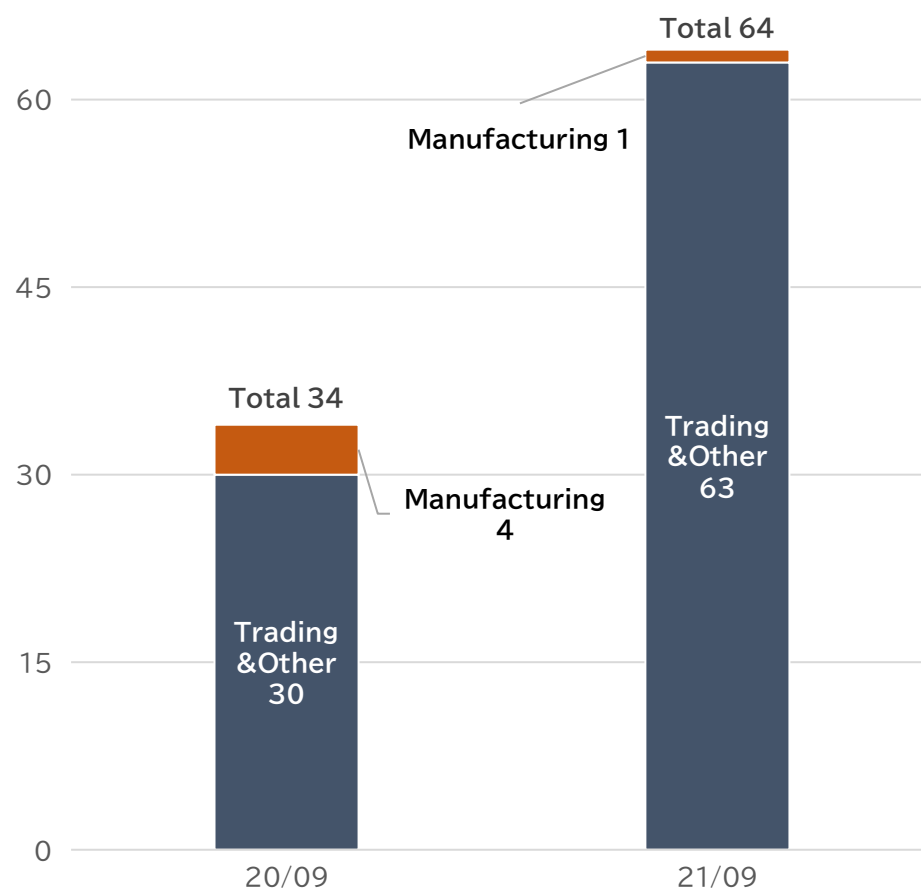




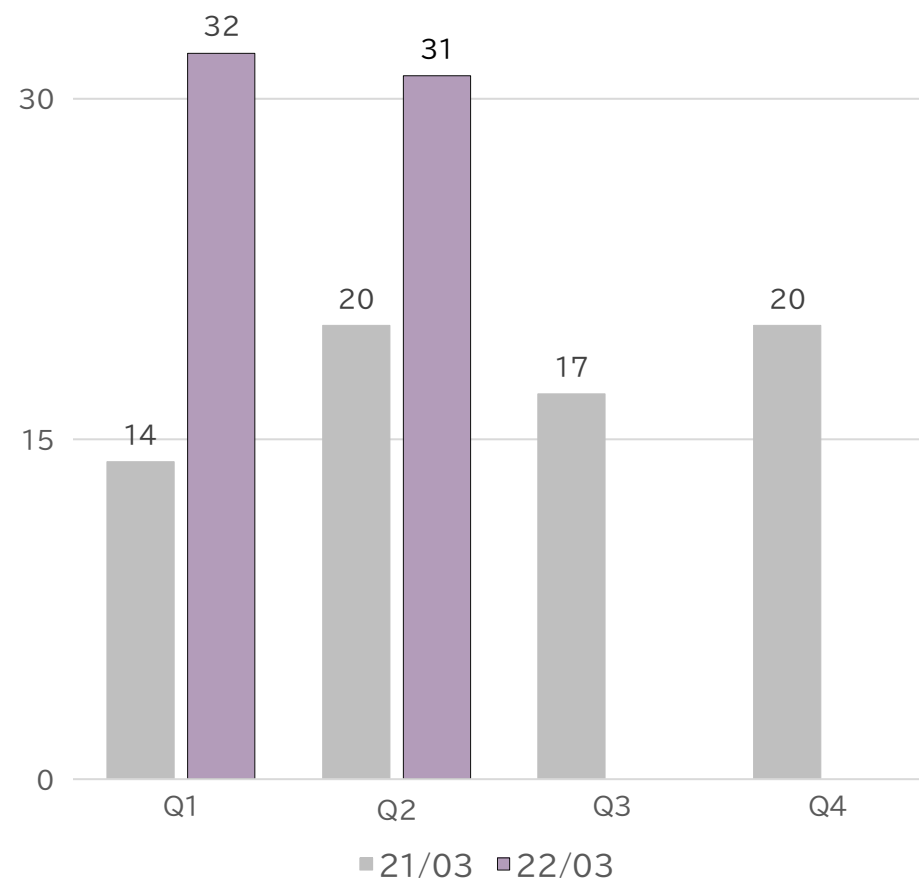
# Advanced material & Processing Segment Operating Income Overview

- ▶ The resins business, mainly in products for the office equipment, appliance, and video game device industry, performed well thanks to increased demand in Japan and overseas, primarily in China, as well as rising market conditions
- ▶ Digital print processing materials sales continued to be sluggish due to impact from declining market conditions from the second half of the previous fiscal year
- ▶ Profits increased significantly year-on-year thanks to strong demand in the resins business both domestically and overseas, as well as improvement on profitability from rising market conditions

Operating income by business (100 millions of yen)



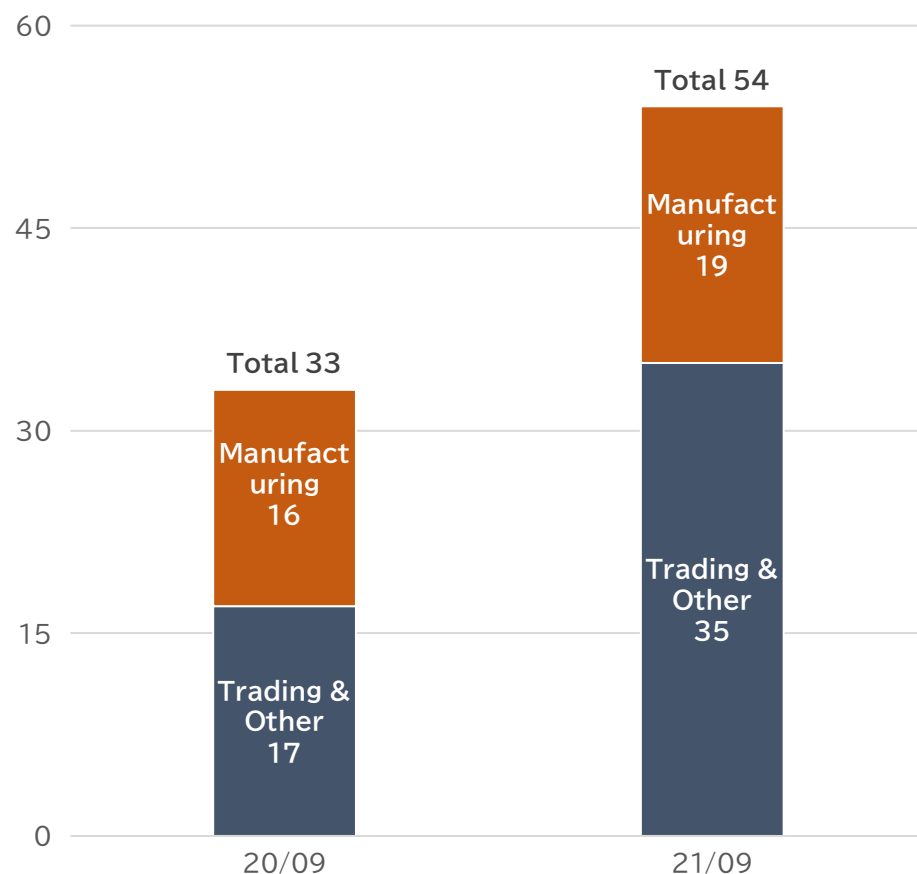
History of operating income (100 millions of yen)



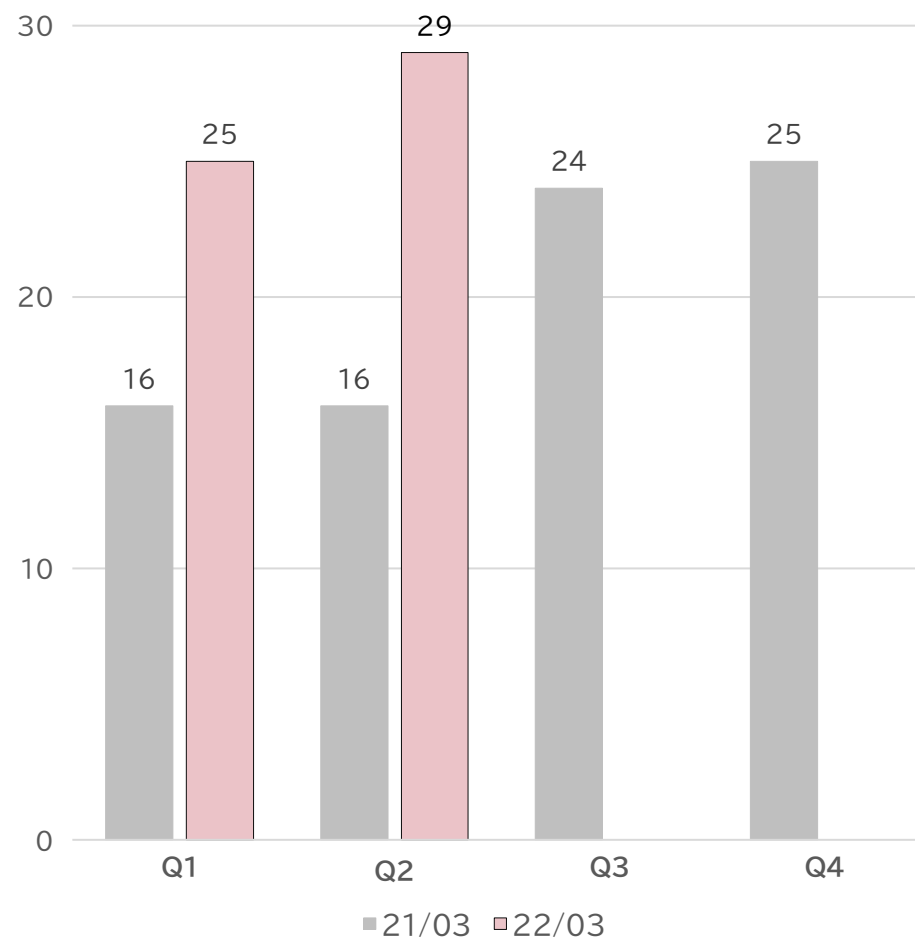
# Electronics & Energy Segment Operating Income Overview

- ▶ Sales increased for display-related materials and precision processing-related materials for semiconductors
- ▶ Sales of formulated epoxy resins-related products increased, primarily for mobile devices and semiconductors
- ▶ Establish a structure for a next-generation communications-related business, aiming for medium-term growth after upfront development costs

Operating income by business(100 millions of yen)



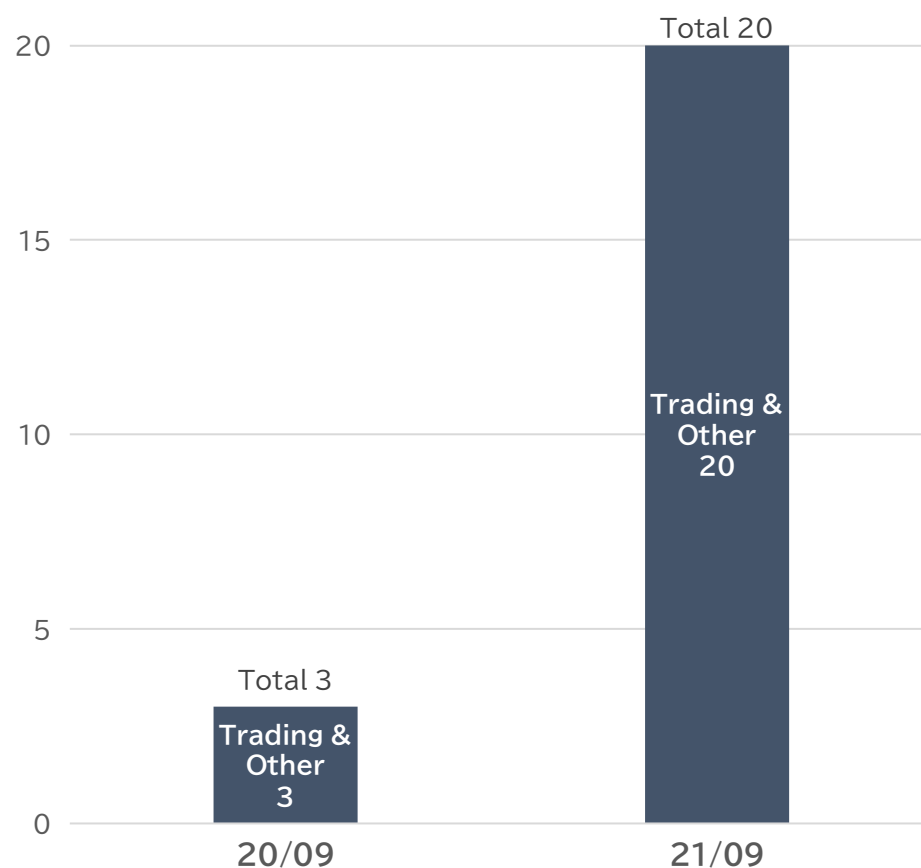
History of operating income (100 millions of yen)



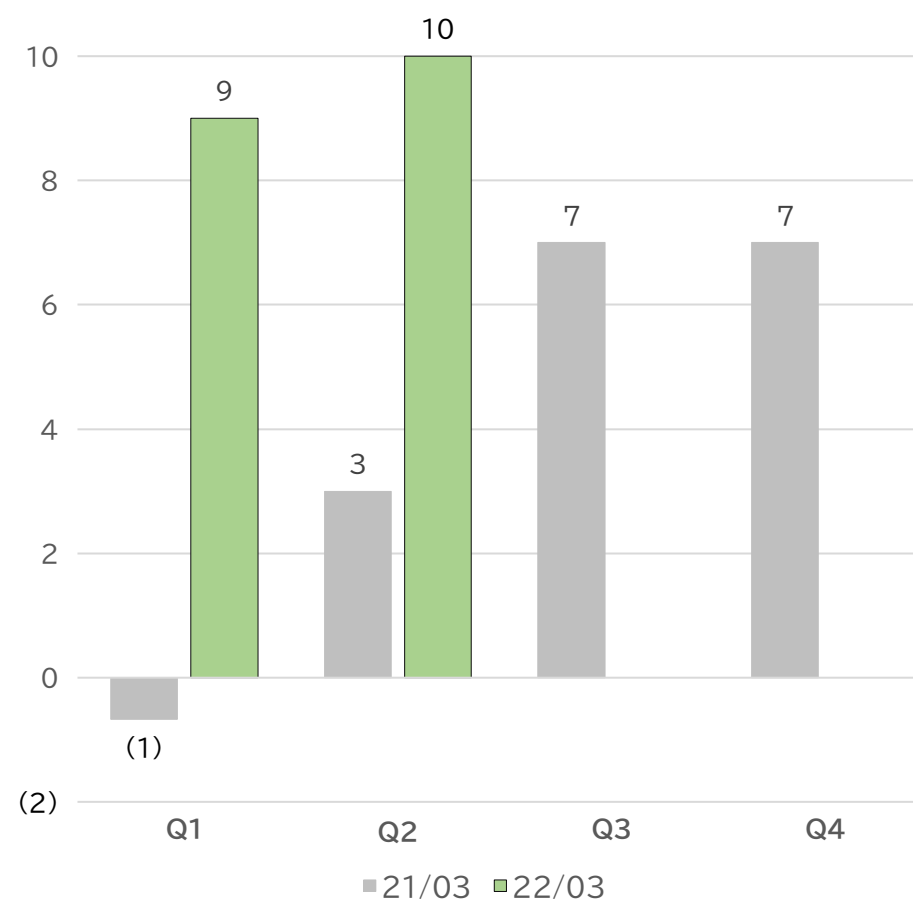
# Mobility Segment Operating Income Overview

- ▶ Sales increased in the resins business domestically and overseas, primarily in ASEAN, and profitability increased thanks to rising market conditions
- ▶ Sales increased in functional materials and functional components for interior and exterior fittings and electrification
- ▶ Profits increased significantly year-on-year amid recovery in automotive production

Operating income by business(100 millions of yen)



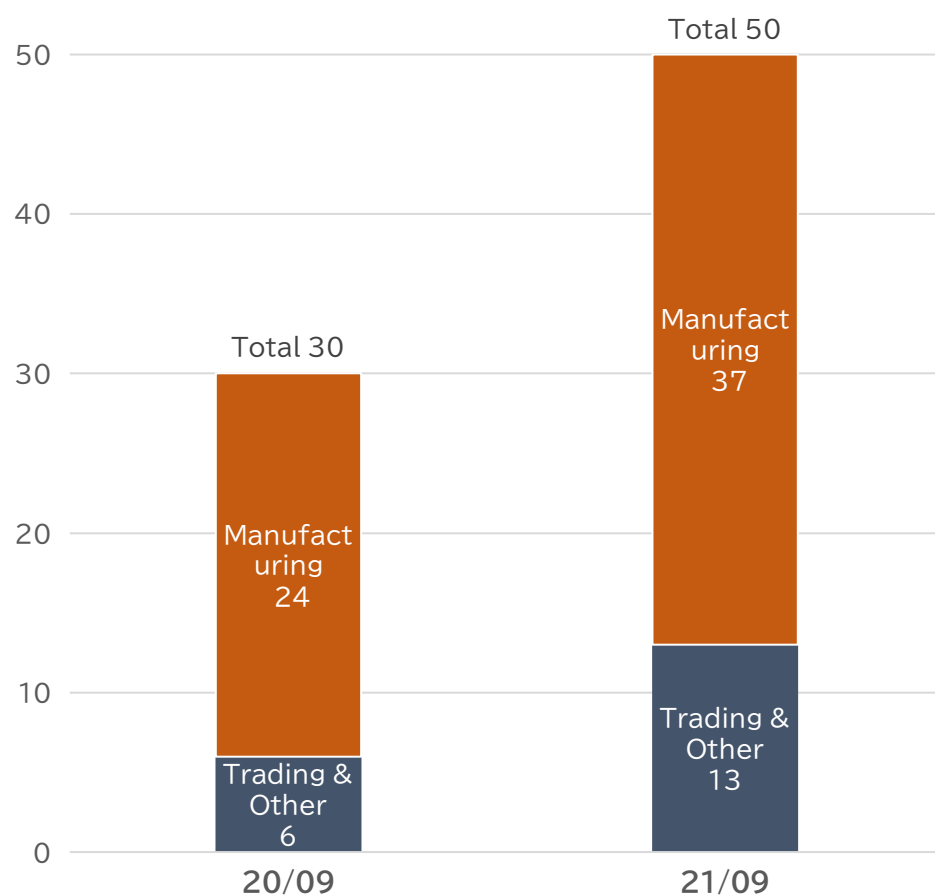
History of operating income (100 millions of yen)



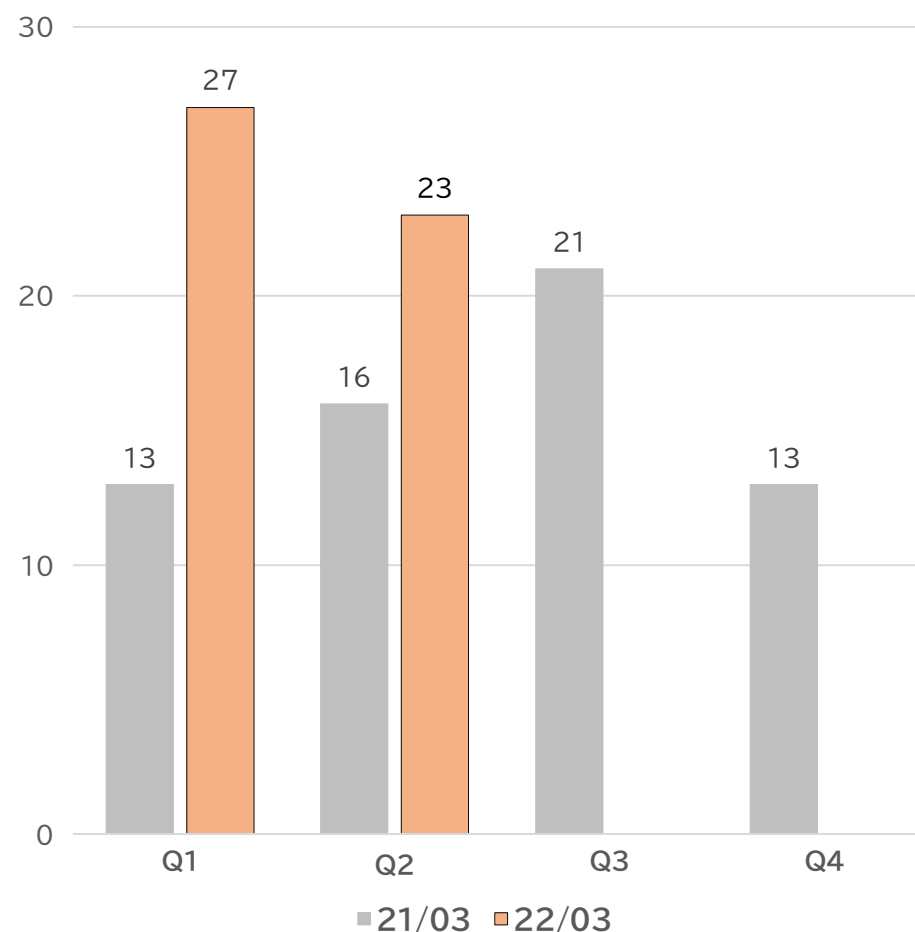
# Life & Health Care Segment Operating Income Overview

- ▶ Materials sales, manufacturing, and processing all trended strongly in the nutrition-related business, primarily focused on the Prinova Group
- ▶ Sales increased related to food materials, primarily TREHA™, in cosmetics materials, primarily AA2G™, and related to pharmaceutical raw materials and intermediates
- ▶ Profits increased significantly year-on-year; the economic impact of the COVID-19 epidemic had been significant in the same period of the previous year, primarily in food materials and cosmetics-related material

Operating income by business(100 millions of yen)



History of operating income (100 millions of yen)



# State of Major Manufacturing Subsidiaries

- ▶ Nagase ChemteX Corporation: Profits increased with strong sales related to formulated epoxy resins primarily for mobile devices and semiconductors, as well as for products like photolithography materials for displays
- ▶ Hayashibara Co., Ltd.: Profits increased with demand for the TREHA™ food material and with recovery in demand for the AA2G™ cosmetics material
- ▶ Prinova Group: Profits increased with continued strong sales of nutrition materials thanks to U.S. economic recovery as well as with recovery of manufacturing and processing

		100 millions of yen			
		20/09	21/09	Change	Vs.PY
Nagase ChemteX Corporation	Sales	120	146	25	121%
	Gross profit	37	47	10	127%
	Operating income	14	23	9	164%
Hayashibara Co., Ltd	Sales	114	130	15	114%
	Gross profit	49	54	4	109%
	Operating income	21	23	1	108%
	Goodwill amortization etc.	15	15	-	100%
	Operating income after amortization burden	5	7	1	127%
Prinova Group	Sales	444	557	113	126%
	Gross profit	85	106	21	126%
	Operating income	25	37	12	148%
	Goodwill amortization etc.	9	9	(0)	100%
	Operating income after amortization burden	15	27	12	180%

# Consolidated Balance Sheets

- ▶ Current assets: Accounts receivable and inventories increased due to favorable performance (working capital increased)
- ▶ Net assets : Shareholders' equity increased slightly due to booking profit from the quarter despite purchases of treasury stock, payments of dividends, and decline in market value of investments in securities
- ▶ Net D/E ratio: Increased to 0.28 with increase in short-term borrowings due to demand for funds from increased working capital

100 millions of yen

	21/03	21/09	Change	Details
Total Current Assets	4,017	4,415	398	
(Cash&deposits)	492	456	(35)	
(Notes&account Receivable)	2,425	2,607	181	
(Inventories)	972	1,218	246	
Total non-current assets	2,388	2,371	(17)	
(Investments in security)	937	904	(32)	
Total assets	6,405	6,786	381	
Current Liab.	2,061	2,431	370	Short-term loans/CP+275 Current Portion of Bonds+100
Non-current Liab.	960	858	(101)	
Total Liab.	3,021	3,289	268	
Shareholders' equity	2,847	2,928	81	Purchase of treasury stock (35)
Accum. Other Comprehensive Income	449	468	19	Translation adjustment+46 Net unrealized holding gain on securities (25)
Non-controlling interest	87	99	12	
Total net assets	3,384	3,497	112	
Working capital	2,198	2,554		
Shareholders' equity ratio	51.5%	50.1%		
NET D/E ratio	0.23	0.28		

# Consolidated Cash Flows

- ▶ Operating CF: Net cash used of ¥13.6 billion as working capital increased due to strong business performance overall
- ▶ Investing CF: Net cash used of ¥4.9 billion due to investments, mainly in property, plant and equipment, offset in part by proceeds from sales of investments in securities
- ▶ Financing CF: Net cash provided of ¥14.4 billion, mainly due to an increase in short-term loans in connection with an increase in working capital, offset in part by repayments of long-term loans and purchases of treasury stock

	100 millions of yen	
	20/09	21/09
Operating CF	132	(136)
Investing CF	(25)	(49)
Free CF	106	(185)
Financing CF	(236)	144
Effects of exchange rate changes on cash and cash equivalents	(4)	3
Net Change in cash and cash equivalents	(134)	(38)

Depreciation and amortization of tangible and intangible assets	66	68
Fixed asset investment	(86)	(75)
Change in working capital	22	(327)

# FYE March 2022 Earnings Projection

- ▶ Strong first half performance exceeding initial expectations in the resins, automobile-related, and electronics-related business, as well as the Prinova Group
- ▶ We expect second half profits to be lower than the first half. This forecast mainly reflects a softening of the resin market, a decrease in demand due to weakening of demand for in-home consumption, concerns regarding a decrease in automobile production due to shortages in the supply of semiconductors, components, etc., and an increase in business expenditures due to a normalization in economic activities.
- ▶ While we expect a slowdown in the second half of the fiscal year, we project full-year profit to increase year on year for all profit measures below gross profit  
(No changes to the earnings projections released in August 2021)

100 millions of yen

	21/03 Actual	22/03 Forecast	Change	Percent Change
<b>Gross profit</b>	1,146	1,300	153	113%
<b>SG&amp;A expenses</b>	926	1,000	73	108%
<b>Operating income</b>	219	300	80	137%
<b>Ordinary income</b>	228	310	81	136%
<b>Profit attributable to owners of the parent</b>	188	225	36	119%
US\$ Exchange rate (period average)	@ 106.1	@ 109.5		
RMB Exchange rate (period average)	@ 15.7	@ 16.9		



# FYE March 2022 Earnings Projection(By segment)

▶ We expect second half profits to be lower than the first half across all segments, although we expect year-on-year profit growth across all segments on a full-year basis. This forecast mainly reflects a softening of the resin market, a decrease in demand due to weakening demand for in-home consumption, concerns regarding a decrease in automobile production, and an increase in business expenditures across all business segments due to a normalization in economic activities

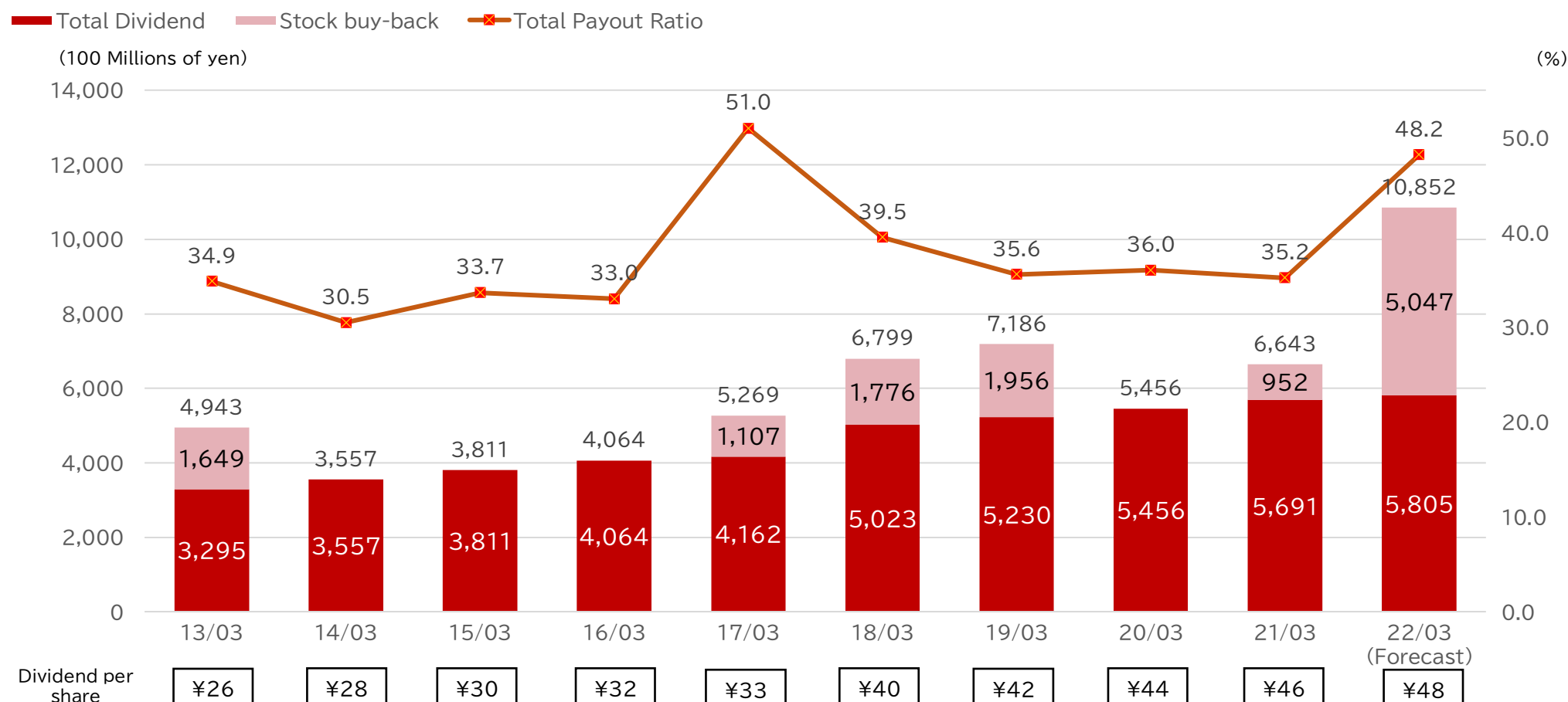
(No changes to the earnings projections released in August 2021)

100 millions of yen

		21/3 Actual	22/3 Forecast	Change	Percent Change
Functional materials	Gross profit	155	177	21	114%
	Operating income	47	66	18	140%
Advanced Materials & Processing	Gross profit	268	295	26	110%
	Operating income	73	96	22	131%
Electronics & Energy	Gross profit	255	274	18	107%
	Operating income	84	88	3	105%
Mobility	Gross profit	89	112	22	125%
	Operating income	18	34	15	184%
Life & Healthcare	Gross profit	374	437	62	117%
	Operating income	65	93	27	143%
Corporate&Others	Gross profit	1	5	3	271%
	Operating income	(68)	(77)	(8)	112%
Total	Gross profit	1,146	1,300	153	113%
	Operating income	219	300	80	137%

# Shareholder Returns

- ▶ Current fiscal year: We expect to pay a dividend of ¥48 per share for the full year, consisting of a ¥24 per share interim dividend and a ¥24 per share year-end dividend (expected increase in dividends for a 12th consecutive fiscal year)
- ▶ Currently mid-acquisition of treasury stock of ¥6 billion (February 8, 2021 to February 4, 2022; as of Sep. 30, 2021, acquisition completed for ¥4.4 billion)



※ 18/03 year-end dividend include a special dividend of ¥5 per share.

※ 22/03 year-end dividend to be submitted for approval to the 107th general meeting of shareholders scheduled for June 2022.

# Promotion of our sustainability initiatives

# Establishing a Sustainability Advancement Structure

- Establish a structure to advance sustainability throughout the group
- Launch the Employee Engagement Improvement and Carbon-Neutral Projects as a corporate projects

## Board of Directors

### Committee/Project

Established in June 2020

#### Sustainability Committee

※Chairman: Asakura  
Representative Director, President

#### Employee Engagement Improvement Project

Established in September 2021

※Owner: Asakura  
Representative Director, President

#### Carbon-Neutral Project

Established in July 2021

※Owner: Kamada  
Director

### Corporate Projects

Issues for the NAGASE Group to Address

### Business Execution Organization

Established in April 2021

#### Corporate Communication Dept. Corporate Sustainability Office

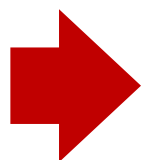
- ▶Emission reduction
- ▶LCA Visualization
- ▶Food Systems
- ▶Circular Economy
- ▶Disclose of related information for ESG assessment

### Individual Projects

Issues to be addressed through collaboration among related organizations

# Corporate Projects

		Employee Engagement Improvement Project	Carbon-Neutral Project
Objectives	Materiality	<p><b>[Use diverse human resources; offer a workplace environment and corporate culture]</b></p> <p>Provide a <b>workplace environment</b> and foster a <b>corporate culture</b> as a Group where employees with diverse backgrounds have mutual respect and motivate each other.</p>	<p><b>[Solving Social and Environmental Issues, and Globalization]</b></p> <p>Solve problems that threaten safety and security, e.g., <b>climate change</b> and food and water shortage</p>
		<p>Employee engagement: A state in which the company (organization) and employees mutually understand and elevate each other</p> <p>(1) Improve understanding of and spread employee engagement</p> <p>(2) Encourage open communication between the company (organization) and employees</p> <p>(3) Identify, improve, and eliminate obstacles to improved employee engagement</p>	<p><b>We need to formulate a long-term (2050, 2030, 2025) policy proposal (targets, measures, etc.) for carbon neutral</b></p>
	Background	Increased importance due to changes in the external environment, diversification of individual values, and intensifying competition for human resources	The external environment is changing dramatically, and addressing climate change is essential for sustainable enhancement of corporate value. Specific policies to reduce carbon emissions toward carbon neutrality are needed.
	Progress	<u>Implementing engagement survey</u> for all NAGASE employees	<p><b>This fiscal year...</b></p> <p><u>Publish a statement of support for TCFD</u></p> <p><u>Set and disclose long-term goals</u></p>

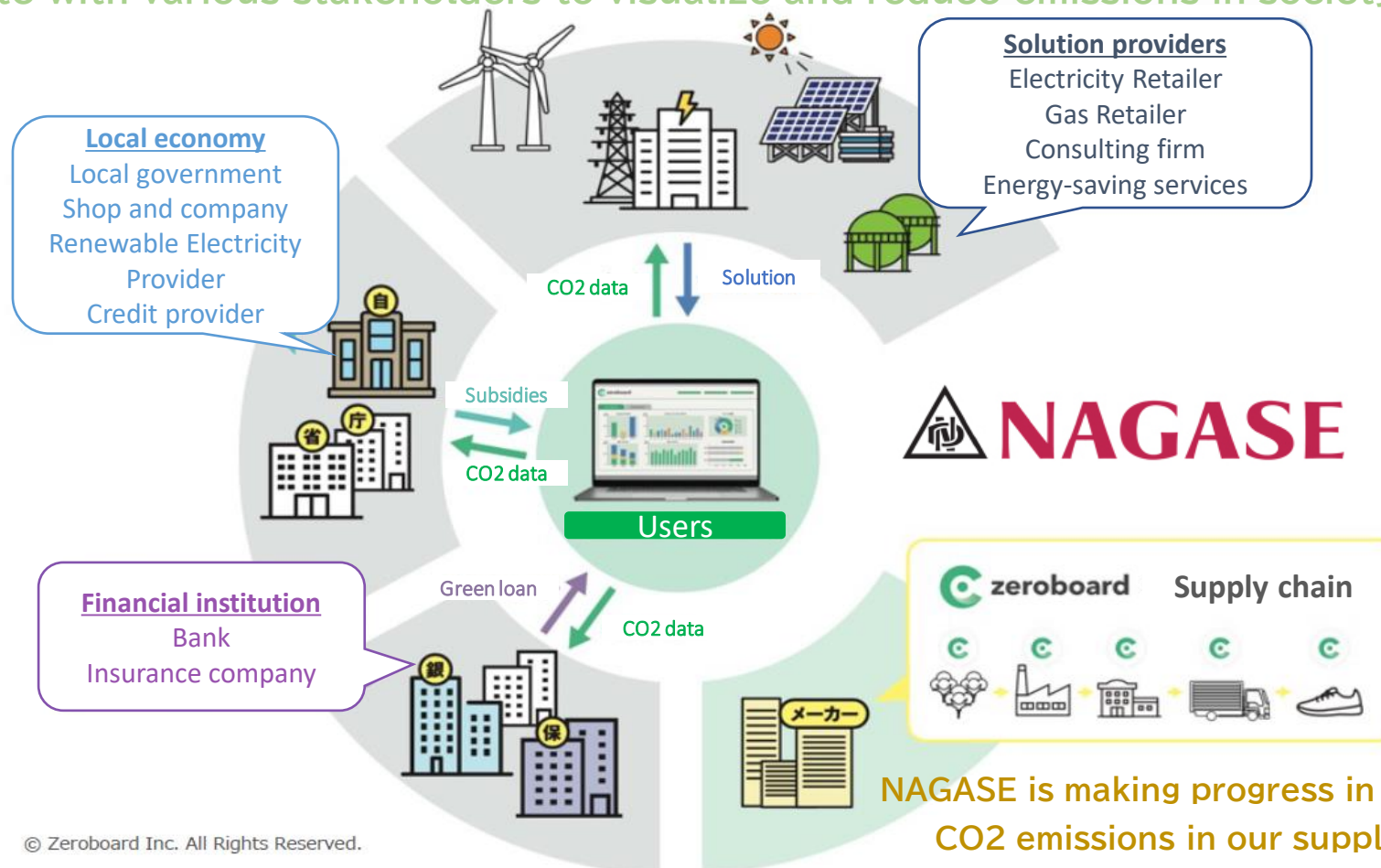


**We are currently establishing activity policies and setting KPIs for non-financial targets based on materiality for the period covered by ACE 2.0**

# Visualizing Emissions in the Supply Chain, Alliance With Zeroboard, Inc.

- Business alliance with Zeroboard, Inc., a provider of cloud services for calculating and visualizing CO2 emissions
- We will market the Zeroboard service, identify customer needs, and develop and provide solutions for reducing CO2 emissions.

Collaborate with various stakeholders to visualize and reduce emissions in society as a whole



NAGASE is making progress in visualizing CO2 emissions in our supply chain

# Prinova Group Growth Strategy

Prinova Group's Position Within the ACE 2.0 Medium-Term P3  
Management Plan

Prinova Group Corporate Overview P4

Prinova Group's Strengths P5

Prinova Group's Business Overview P6

Business Model (Supply Chain) P7

Acquisition, PMI and Progress to Date P8

Leveraging NAGASE Group's Strengths P9

**ACE 2.0** Growth Strategy P10-P16

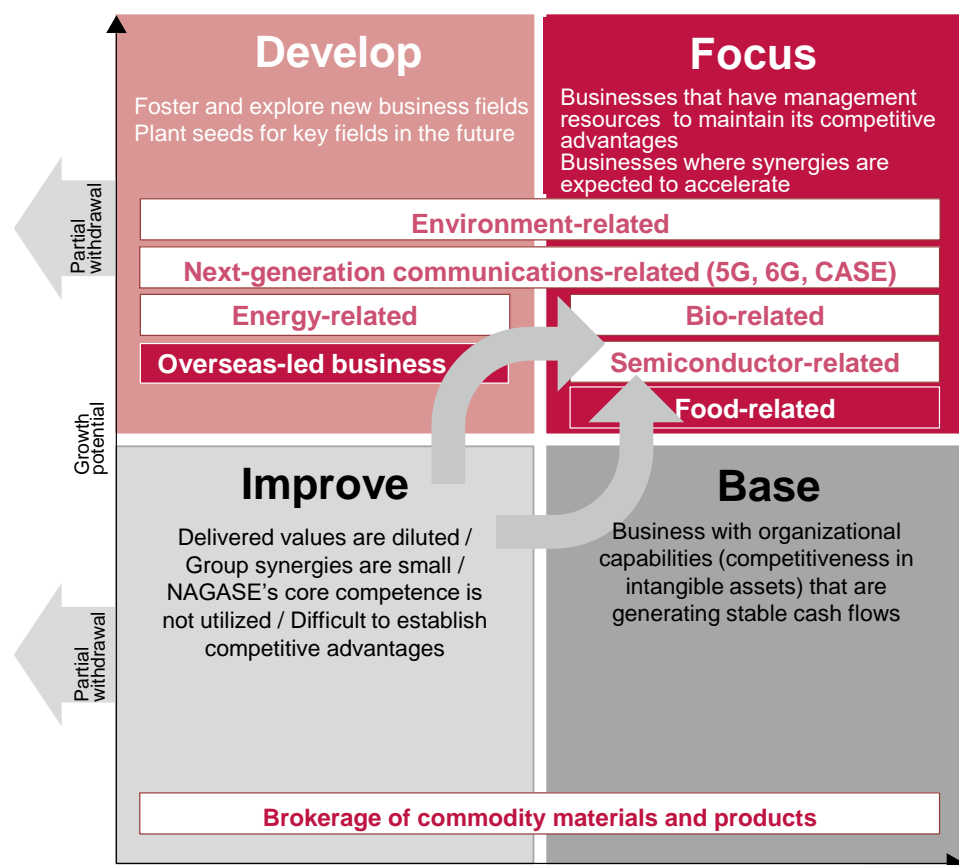


# Prinova Group's Position Within the ACE 2.0 Medium-Term Management Plan

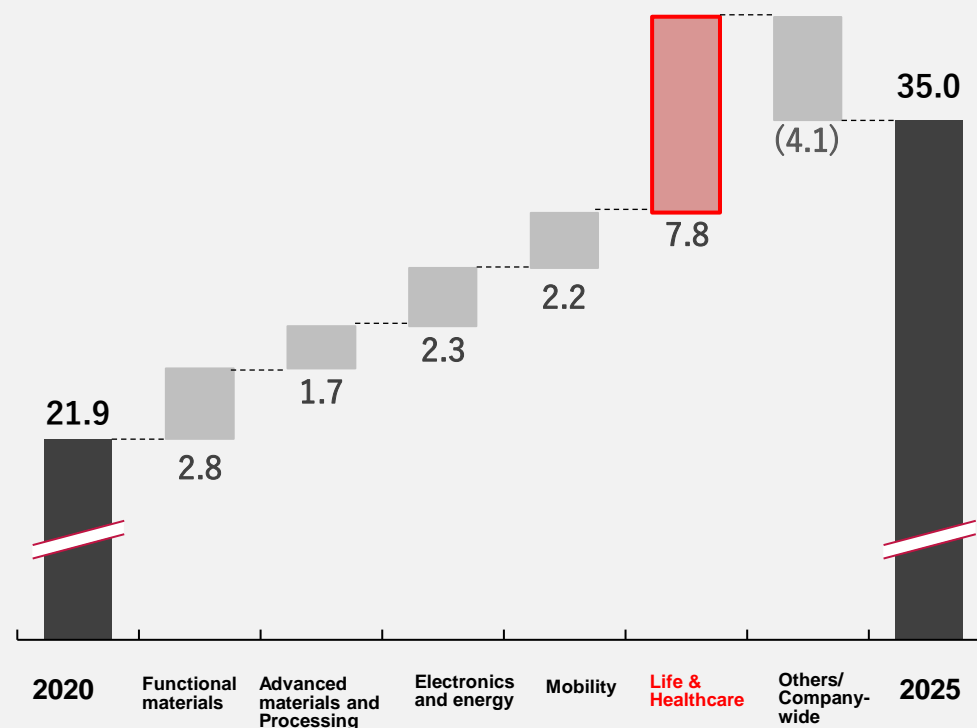
- The food-related business is one of the focus areas in ACE 2.0.
- Initiatives for overseas-led businesses are also an important measure for future growth

- **Prinova Group**: a company that will play a central role in the growth of our Life & Healthcare segment which includes the food-related business

## Approach to Business Portfolio



## Change in Operating Income by Segment (billion yen)



ROIC Company-wide capital costs

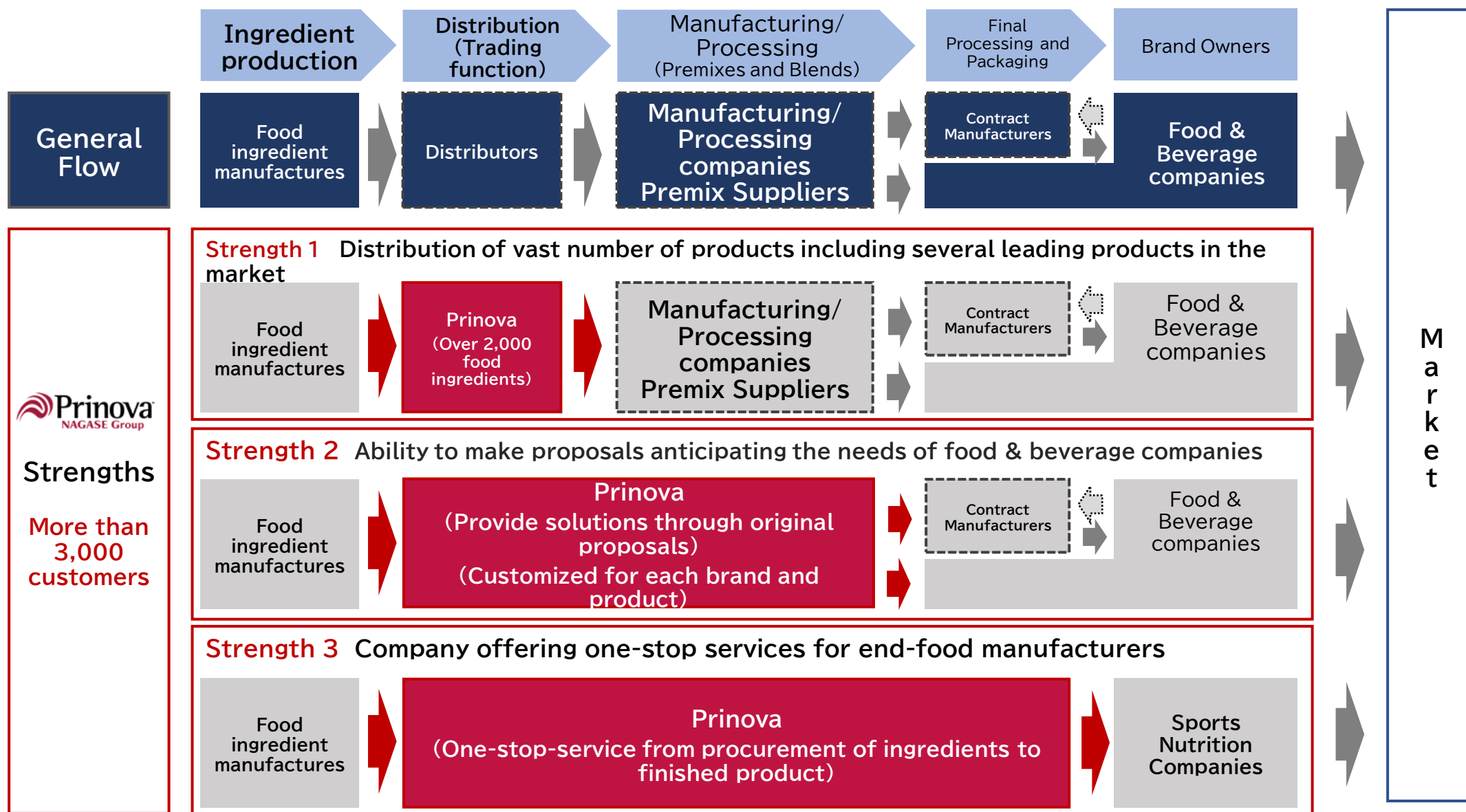
# Prinova Group Corporate Overview

Name	Prinova Group LLC
Head Office	Illinois, USA
Founded	1978
Scope	Sales : 86.6 billion yen Operating Profit : 4.7billion yen (FYE December 2020)
Employees	1,200 (as of September 2021)
Manufacturing Locations	U.S. (4), U.K. (1), China (1)
Sales Offices	U.S., U.K., and 11 other countries
Products	Food ingredients (vitamins, amino acids, etc.) Flavors, premixes and contract manufacturing (sports nutrition)
Business Lines	Distribution of food ingredients and flavors, production and processing of premixes, contract manufacturing








# Prinova Group's Strengths

- One of the leading global distributors of food ingredients
- Production of premixes and flavors, and contract manufacturing of finished products (US, Europe, China)

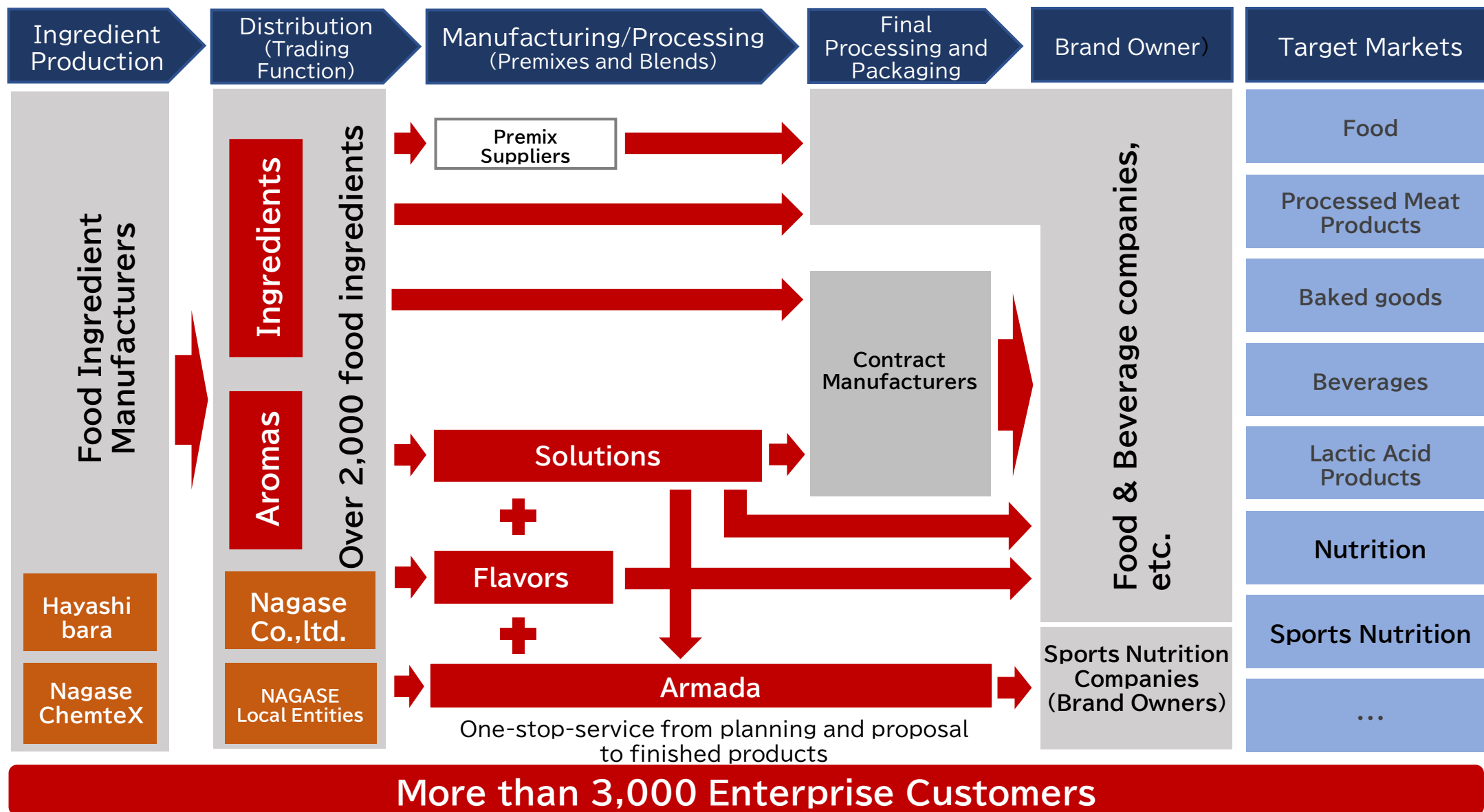


# Prinova Group's Business Overview

	Function	Value	Added Value	Competitors	Applications, Major Products
<b>Flavors</b> 	Manufacturing	Reliable flavors developed by certified flavorists (added-value for Prinova's manufacturing capabilities)	High	Few	<b>【Examples of Applications】</b> Confectionery (e.g., gummies, chocolates, candies), beverages (e.g., soft drinks), dairy products (e.g., ice cream, yogurt), baking (enriched flour)
<b>Armada</b> 	Nutritional Product Formulation and Manufacturing Solutions	One-stop-solutions from product planning to manufacturing finished products	Enhanced functions add values	Greater functions mean less competition	<b>【 Major Products 】</b> Sports nutrition products in the finished form(powder and capsule) with quality assurance and regulatory compliance
<b>Solutions</b> 	Blending (Premix), Micronization (Contract manufacturing)	Production of premixes, and micronizing, combining a wide range of ingredients to provide solutions that meet customer needs			<b>【Major Products】</b> Customized powder premixes (amino acid, vitamins and minerals) and liquid premixes
<b>Aromas</b> 	Distribution	Reliable supply of aromas and essential oils to the food and nutrition markets			<b>【Major Products】</b> Aromas and essential oils
<b>Ingredients</b> 	Distribution	Distribution of more than 2,000 food ingredients to the food and nutrition market, offering reliable supply, quality and price			<b>【Major Products】</b> Vitamins, amino acids, acidulants, food extracts, sweeteners, umami seasoning, polysaccharides, nutrient enhancers, phosphates
			Low	Many	

# Business Model (Supply Chain)

Covering the entire supply chain from procurement of ingredients to premixing, micronizing, and manufacturing final products





# Acquisition, PMI and Progress to Date

**2019**

## Aug: Prinova Group Acquisition

### Start of PMI process

- 13 working groups
- 90 PMI members



### Governance Structure

- Reviewed management structure, authority and rules
- Implemented management accounting and CMS
- Implemented internal control system and confirmed its effectiveness

### Creation of Group Synergies

- Started sales of Hayashibara and Nagase ChemteX products
- Reduced cost through centralized purchasing of raw materials
- Started collaboration to expand into Asia

### Operating profit

**FY2019 Actual**  
approximately 4 billion yen

**2020**

## Launch of DX initiatives

- Built marketing platform



- Armada business remained sluggish due to closures of sports gyms due to COVID-19 pandemic
- At the same time, overall profits increased during COVID-19 pandemic due to growth in demand for food ingredients in response to rising health consciousness

**FY2020 Actual**  
4.7billion yen

**2021**

## Governance Structure

- Established whistleblowing system

## M&A activities

- Acquired North America's leading specialty sweetener distributor

## Production Capacity Expansion

- Began set up of new plant for Armada business

## Digital Marketing

- Launched new website focused on better customer experience

- Armada business recovered due to the reopening of sports gyms and other factors
- Despite a difficult supply chain situation in the market, Prinova utilized its procurement capabilities and speed to win new businesses, resulting in growth of revenue and profit

**FY2021 Projection**  
7 billion yen

\*The above figures are the results of the Prinova Group and do not include amortization of goodwill and other items that will occur upon consolidation.

\*FY2019 operating income excludes special expenses related to M&A

## Strategic Vision



### 2032

(200<sup>th</sup> Anniversary of Nagase)

With a global manufacturing and distribution footprint and a vertically integrated supply chain network, Prinova will partner with its customers to provide innovation and unprecedented customer service to help feed the world and make it healthier.

### 2025

Prinova will leverage the power of the NAGASE network and all their capabilities to continue to grow globally, expand market reach and enhance product offerings both organically and via acquisition. This focus will continue to shift towards building strong relationships with customers in higher margin value added services, while still growing the base distribution business with an increasing on-line presence and strong supplier relationships.

## Expand Manufacturing and Processing Businesses

### ◆ Expand business with existing customers and acquire new customers in the U.S. and European markets

- Expand business with major brands and acquire new customers by leveraging global footprint, procurement capabilities, and speed

### ◆ Expand manufacturing & processing capabilities, flavor technologies and product offerings to meet customer needs

- Armada business: Respond to a wide variety of customer needs in addition to current powder and capsule products
- Solutions business: Respond to a wide variety of customer needs, including liquids, powders, and customized particle size enhancement

### ◆ Strengthen manufacturing and production capabilities

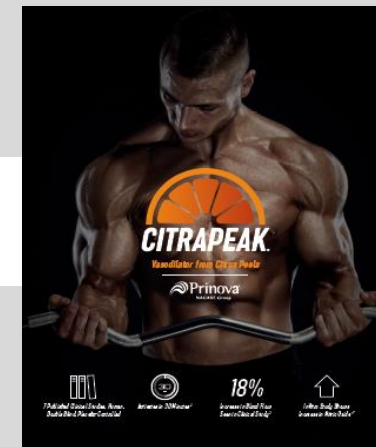
- Pursue acquisition of new value-added functions and increase production capacity
- Expand business platform by increasing product portfolio and by acquiring quality customers

## Create Group Synergies

### ◆ Increase the sales of NAGASE Group's Hayashibara products in the U.S. and Europe through

Prinova's distribution network, expand Hayashibara's and other functional ingredients to the Solutions and Armada businesses

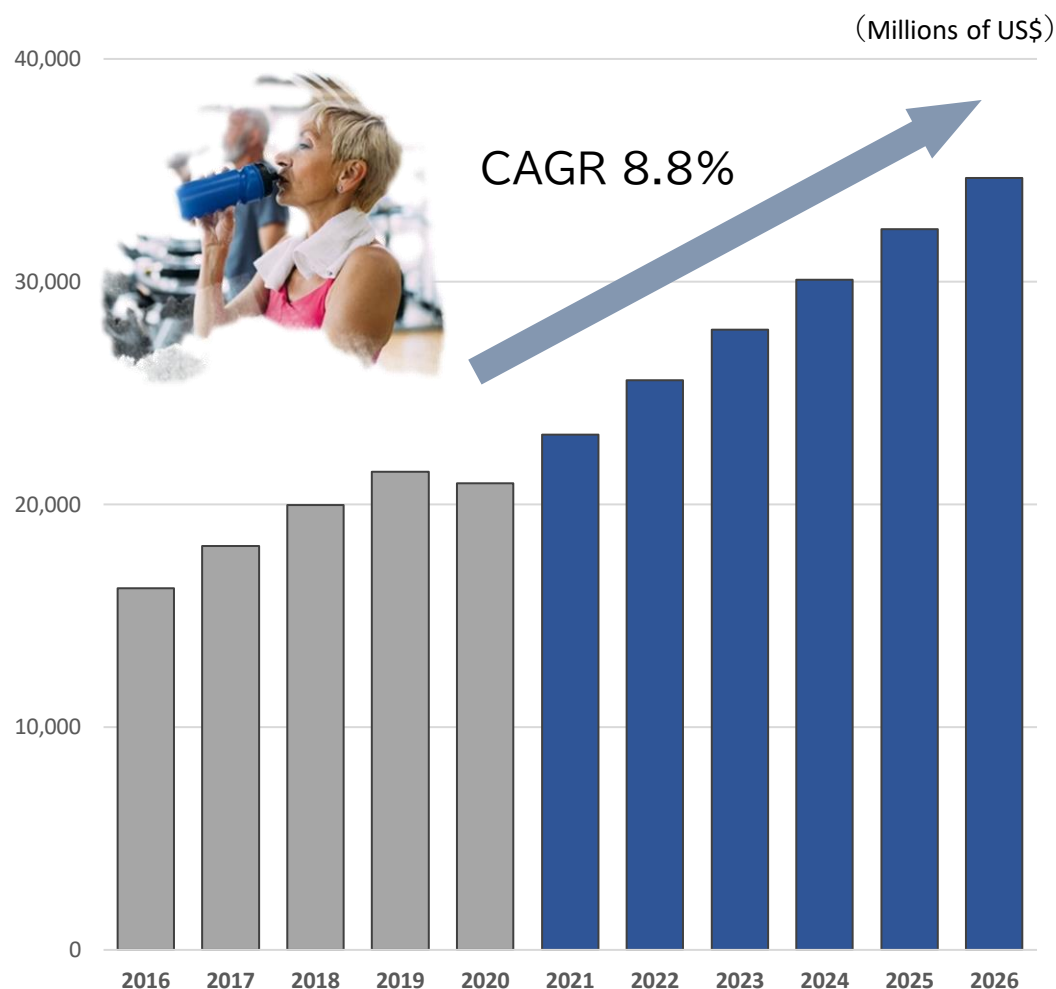
### ◆ Sell Prinova products in Asia and Latin America by utilizing the NAGASE Group's global network





## Sports Nutrition Market is Expected to Grow Globally

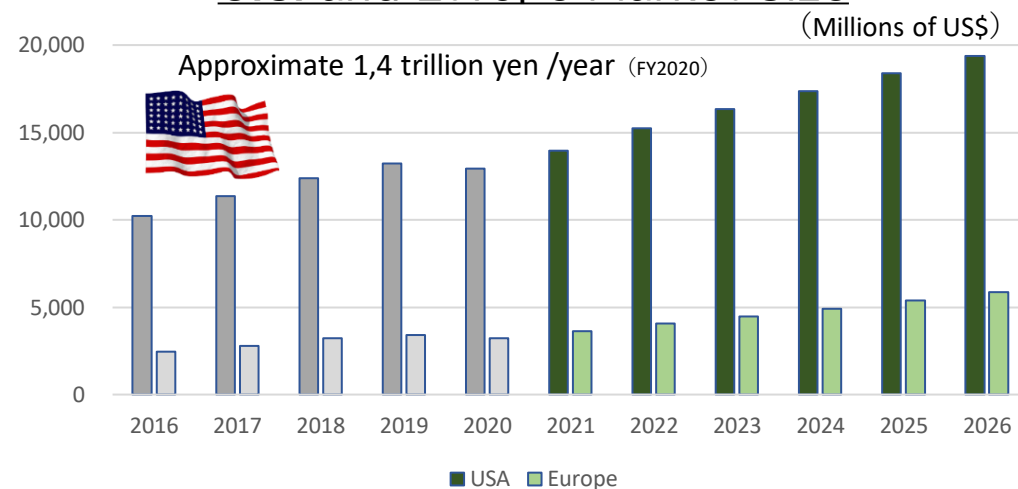
### Global Market Size



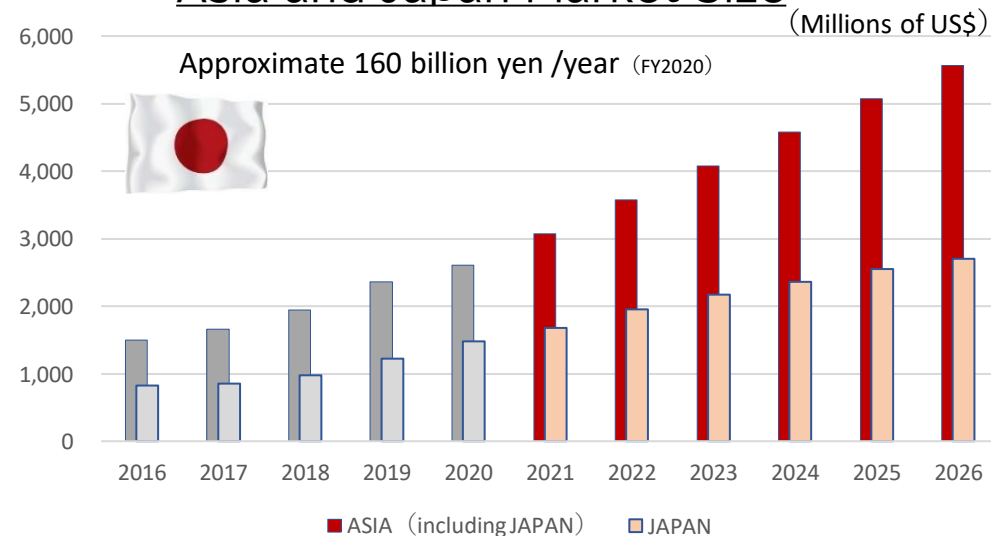
\*Source: Euromonitor

\*Global, European and Asian markets sizes exclude some regions.

### U.S. and Europe Market Size



### Asia and Japan Market Size



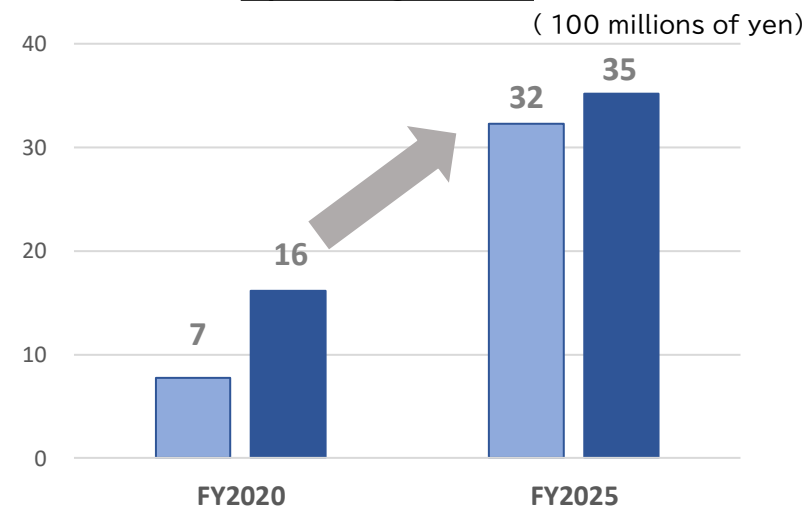
1

## New Armada Plant in Utah, U.S.A. will start operations in Spring, 2022

- Existing plant in Tennessee is operating at a high level
- Expanding manufacturing capacity of Armada business as the sports nutrition market continues to grow
- Considering expansion into Solutions business, including premix

	Current Plant (Tennessee)	New Plant (Phase 1) (Utah)
Production Capacity	Approximately 700MT/Month	Approximately 700MT/Month
Sales	Approximately US\$190 million	Approximately US\$190 million
Floorspace	Approximately 31,000 m <sup>2</sup>	Approximately 40,000 m <sup>2</sup>

### Operating income



\*US\$1 Converted rate  
FY2020:107.76 Yen FY2025:108.7 Yen

2

## Acquired The Ingredient House, one of North America's leading specialty sweeteners distributors

- One of North America's leading distributors of sweeteners to food and beverage manufacturers
- Acquire blue-chip customers (major brands) in the beverage industry and opportunities to expand into the beverage business
- Expand customer base of the Ingredients business by expanding the Prinova Group's portfolio of approximately 2,000 ingredients
- Enhance the value proposition of the Solutions business and the Armada business by expanding the product portfolio of the Ingredients business which is the foundation of the Prinova Group



# Create Group Synergies



Solutions UK  
(United Kingdom)

Hayashibara Products  
Nagase ChemteX products  
Japanese products outside  
of the NAGASE Group

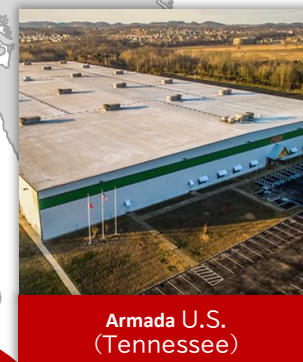


Solutions china  
(Changzhou)

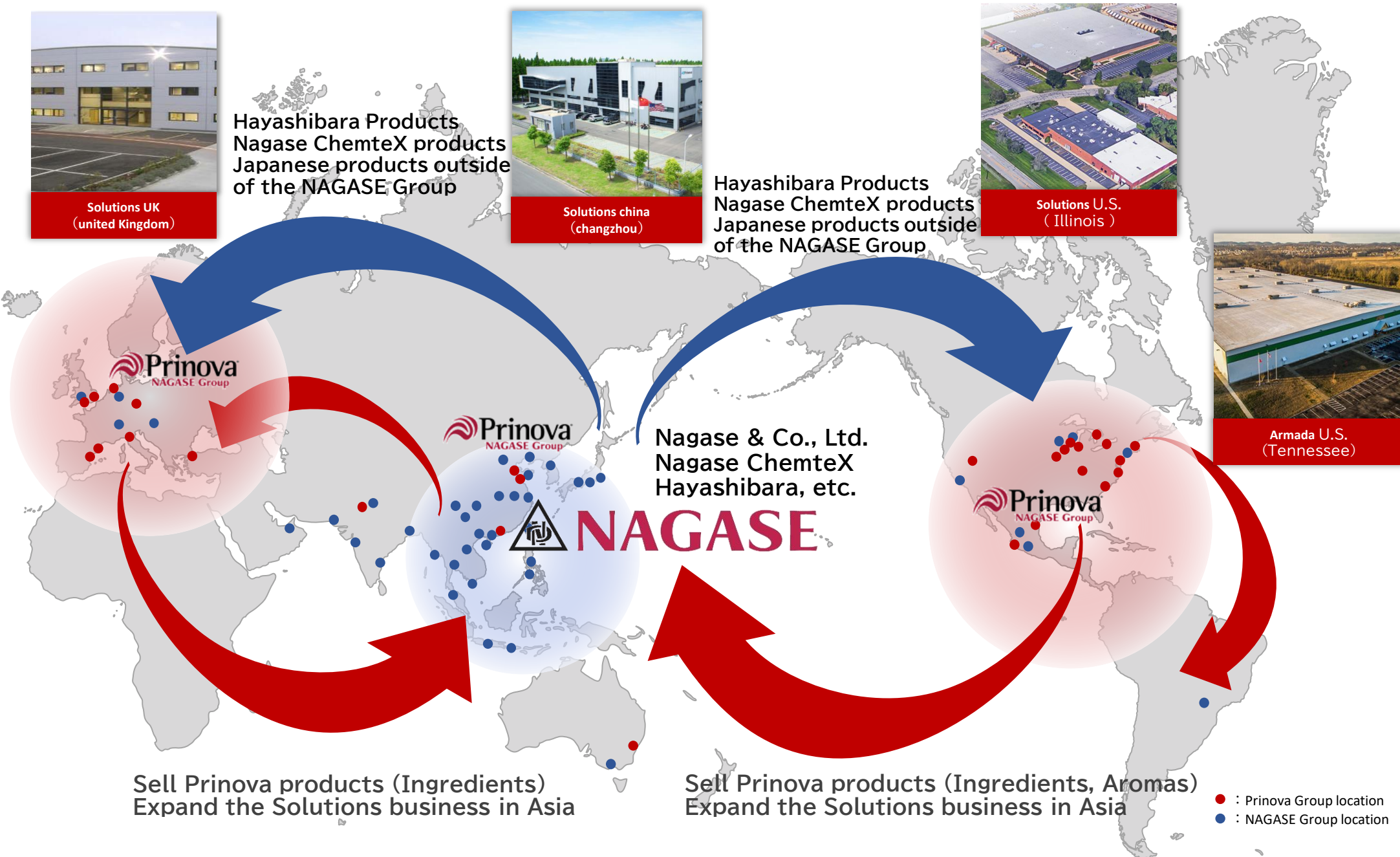
Hayashibara Products  
Nagase ChemteX products  
Japanese products outside  
of the NAGASE Group



Solutions U.S.  
(Illinois)

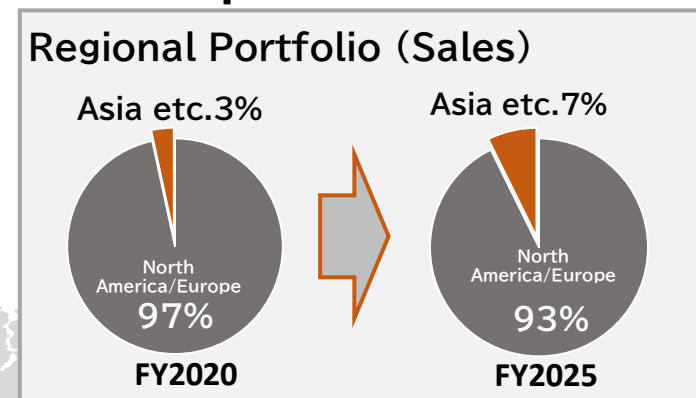
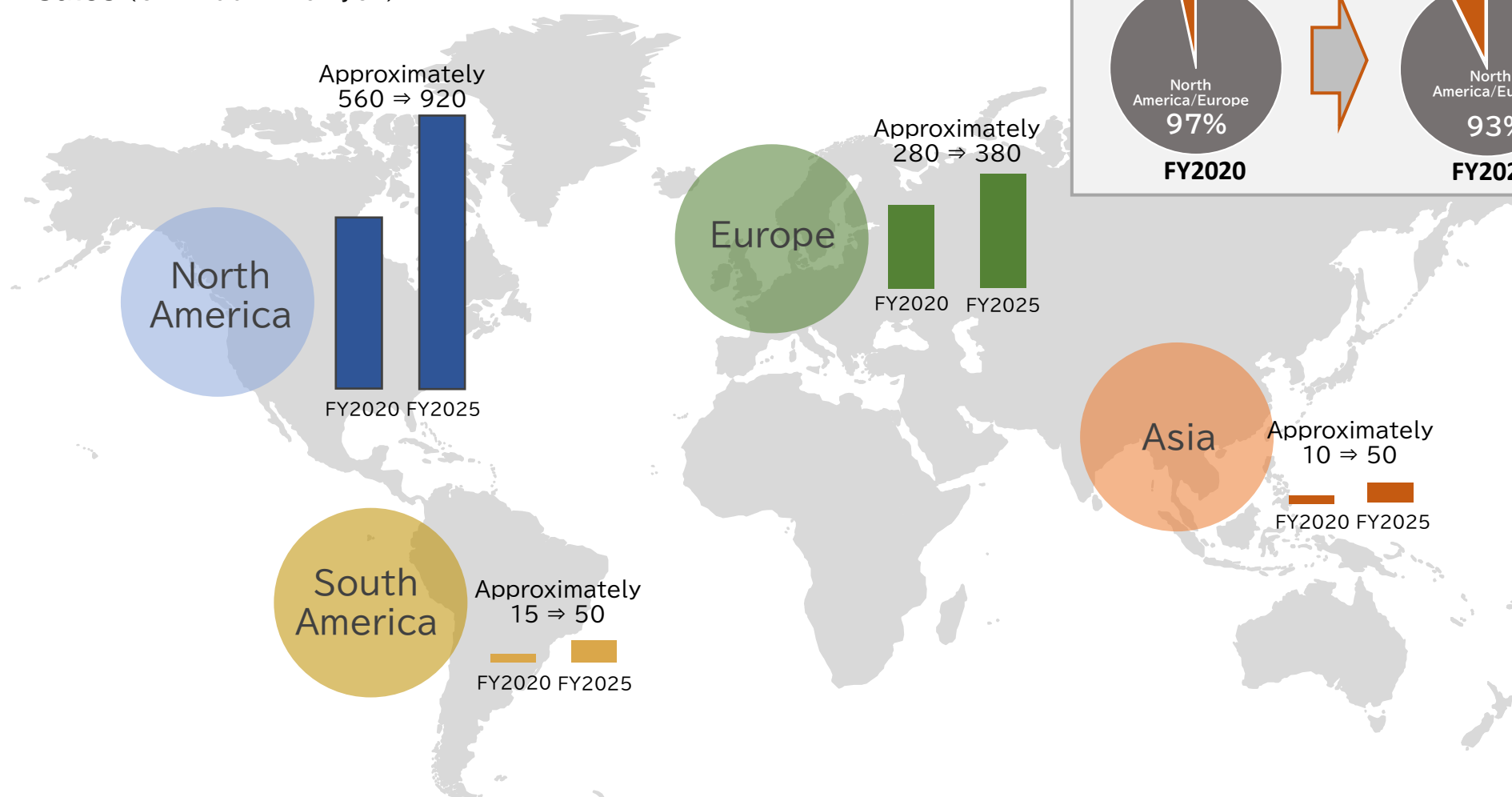


Armada U.S.  
(Tennessee)



**Accelerate expansion into other regions such as Asia during ACE 2.0, in addition to business expansion in North America and Europe**

Sales (Unit:100 million yen)

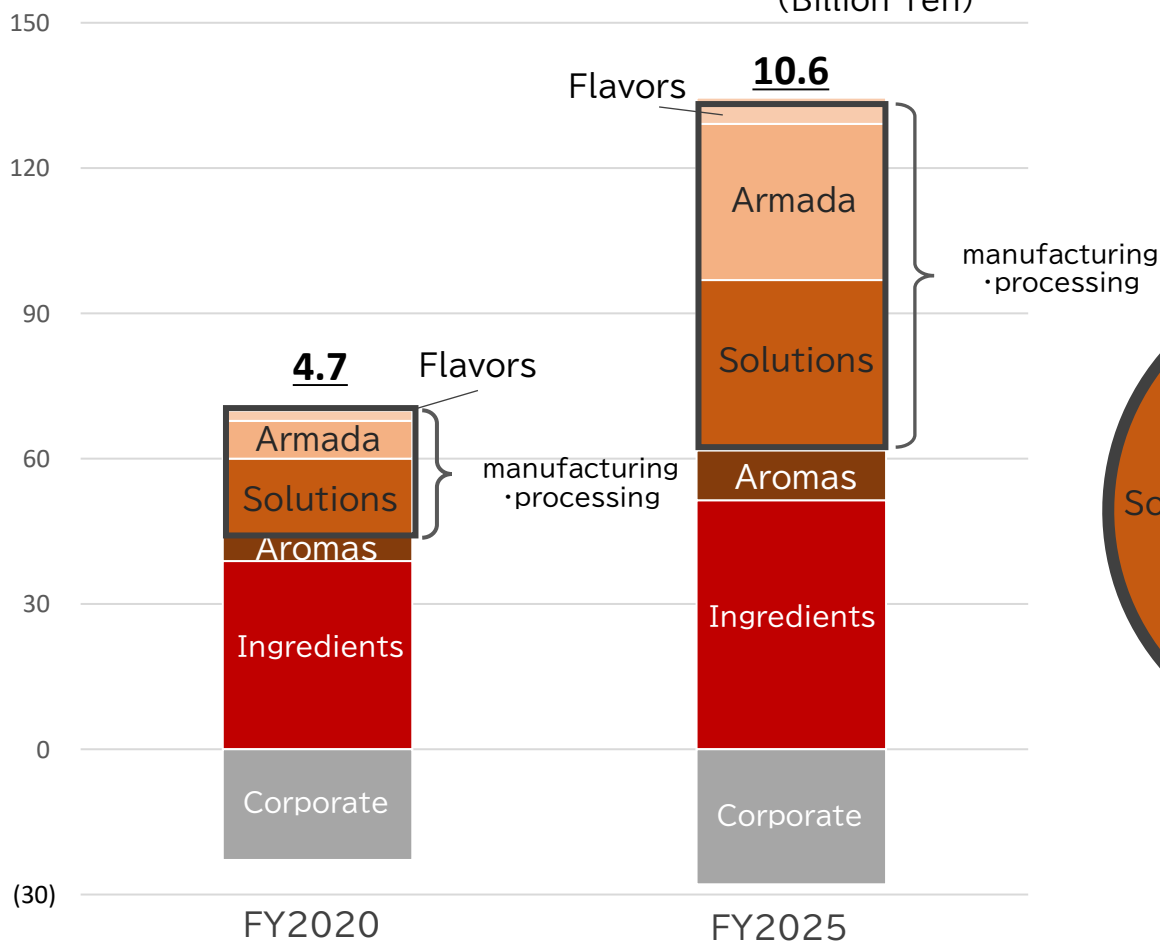


\*US\$1 Exchange rate FY2020: 107.76 Yen  
FY2025: 108.7 Yen

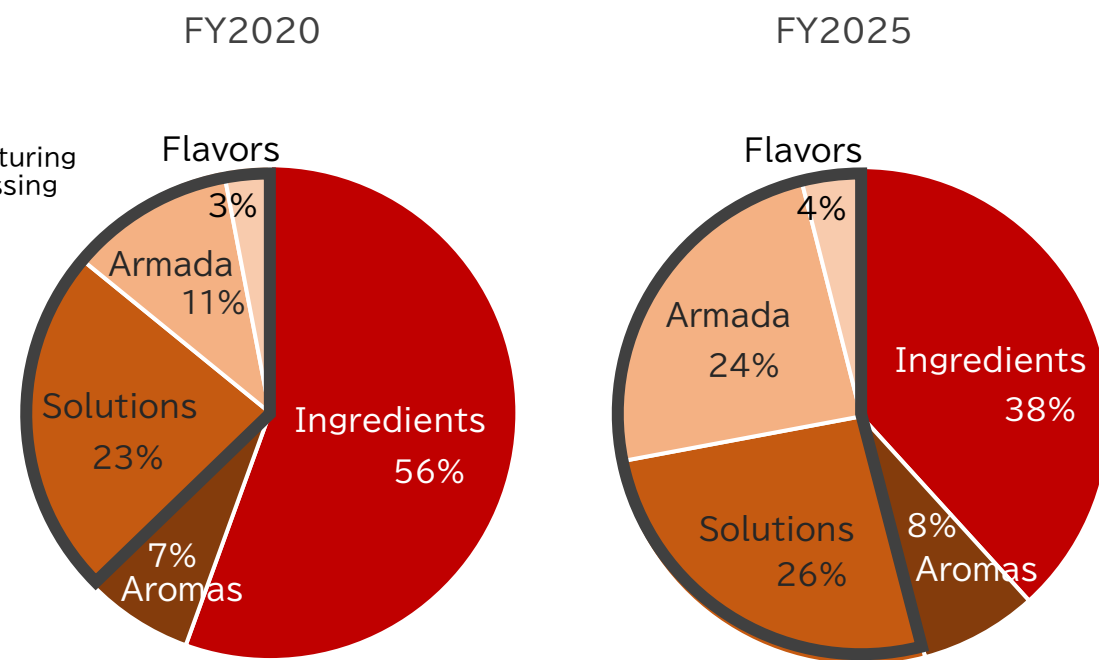
Expand high value-added manufacturing and processing businesses with the foundation of distribution businesses such as the Ingredients business

## Operating income

(Billion Yen)



## Business Portfolio(Operating income)



Expand the Armada, Solutions Manufacturing and Processing Businesses

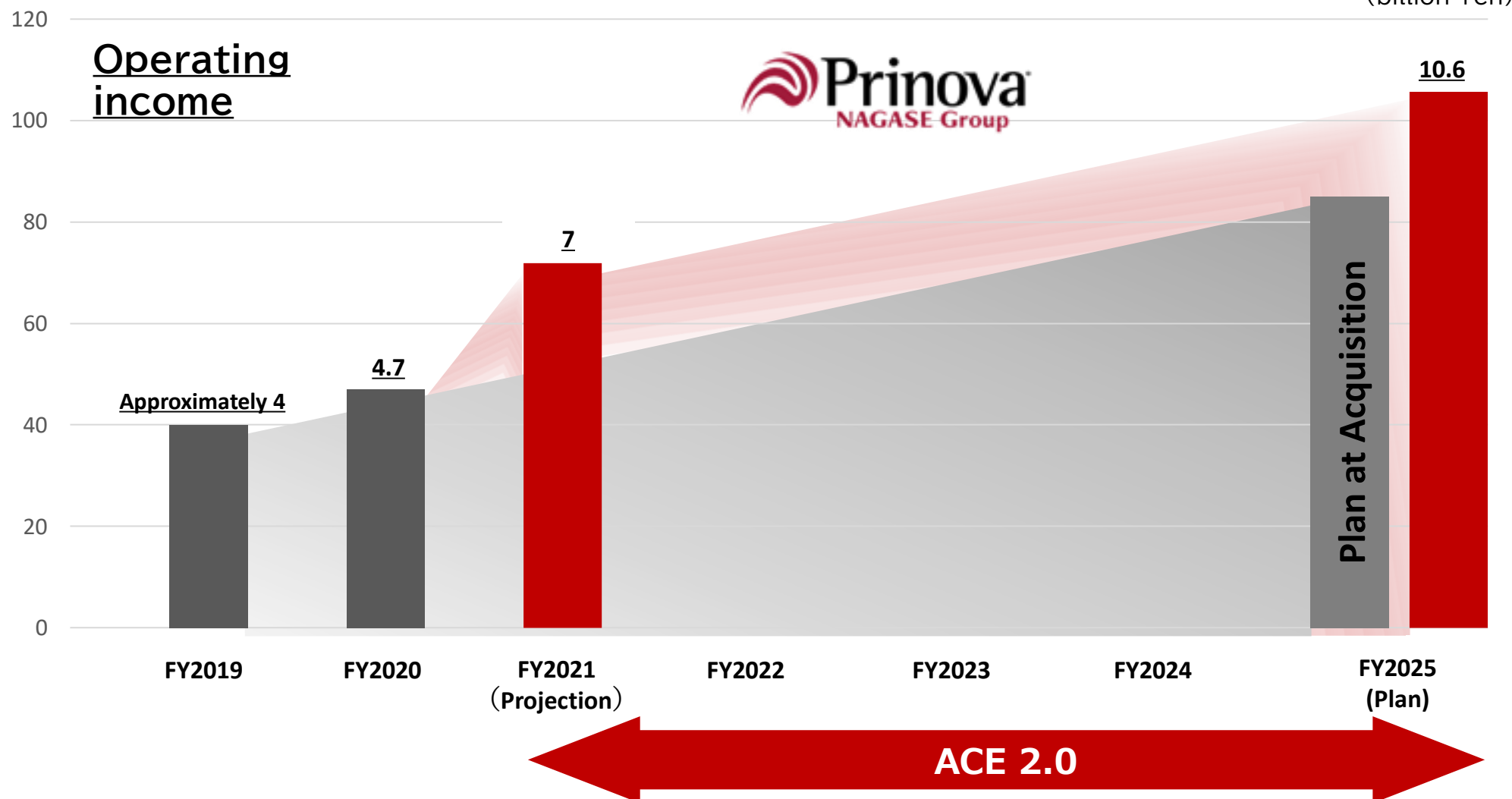
\*The above figures are the results of the Prinova Group and do not include amortization of goodwill and other items that will occur upon consolidation.

\*US\$1 Exchange rate FY2020: 107.76 Yen FY2025: 108.7 Yen

## ACE 2.0 Earnings Projection

**Aim to exceed 10 billion yen in operating income during ACE 2.0 period  
(226% vs. FY2020 level)**

**Growth expected to be higher than planned at the time of acquisition**  
(billion Yen)



\*The above figures are the results of the Prinova Group and do not include amortization of goodwill and other items that will occur upon consolidation.

\*FY2019 operating income excludes special expenses related to M&A.

\*FY2025 Exchange rate 108.7 Yen



<https://www.nagase.co.jp/english/>

These presentation materials contain projections based on forward-looking assumptions, forecasts, and plans as of November 22, 2021. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.