

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

August 4, 2022

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 10, 2022

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, 2023

(April 1, 2021 to June 30, 2022)

(1) Consolidated Operating Results

(% = year-on-year change)

	Net sales		Gross profit		Operating income		Ordinary income		Profit attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the first quarter ended June 30, 2022	219,571	19.1	39,904	15.4	10,871	11.6	11,542	8.3	7,969	11.2
June 30, 2021	184,389	36.9	34,589	32.7	9,738	165.1	10,660	151.6	7,169	5.3

(Note) Comprehensive income

First quarter ended June 30, 2022: ¥17,047 million (57.6%)

First quarter ended June 30, 2021: ¥10,814 million (8.7% decrease)

	Earnings per share		Earnings per share (diluted)	
	Yen		Yen	
For the first quarter ended June 30, 2022	66.69		—	
June 30, 2021	58.37		—	

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2022	782,013	366,387	45.4	2,980.41
March 31, 2022	739,720	355,092	46.5	2,868.22

(Reference) Equity capital

As of June 30, 2022: ¥ 354,673 million

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

2. Dividends

	Annual dividends per share				
	1Q	2Q	3Q	Fiscal year end	Annual
	Yen	Yen	Yen	Yen	Yen
For the year ended (or ending) March 2022	—	24.00	—	30.00	54.00
March 2023	—				
March 2023 (forecast)		30.00	—	30.00	60.00

(Note) Revisions to the latest dividends forecast: No

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

(April 1, 2022 to March 31, 2023)

(% = year-on-year change)

	Gross profit		Operating income		Ordinary income		Profit attributable to owners of the parent		Earnings per share
Full fiscal year	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	159,000	14.0	38,000	7.8	39,000	6.9	28,500	9.9	241.35

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

* Notes

- (1) Changes in major subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): No

New: — (Company name:) Excluded: — (Company name:)

- (2) Application of special accounting methods to the preparation of quarterly financial statements: Yes

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

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

- (4) Number of shares issued and outstanding (common stock)

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

June 30, 2022	120,908,285 shares	March 31, 2022	120,908,285 shares
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- ii. Number of treasury stock as of the fiscal period end

June 30, 2022	1,906,567 shares	March 31, 2022	881,767 shares
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- iii. Average number of shares during the period

June 30, 2022	119,507,343 shares	June 30, 2021	122,837,754 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, 2022)	First Quarter, Current Consolidated Fiscal Year (June 30, 2022)
ASSETS		
Current assets		
Cash and time deposits	54,211	52,152
Notes and accounts receivable	289,862	303,861
Merchandise and finished goods	142,590	160,643
Work in process	2,401	2,516
Raw materials and supplies	12,533	14,259
Other	13,935	20,554
Less allowance for doubtful accounts	(1,248)	(1,198)
Total current assets	514,286	552,789
Non-current assets		
Property, plant and equipment	72,554	75,729
Intangible fixed assets		
Goodwill	29,492	29,986
Technology-based assets	5,912	5,518
Other	29,664	31,827
Total intangible fixed assets	65,070	67,333
Investments and other assets		
Investments in securities	75,600	73,757
Long-term loans receivable	24	21
Retirement benefit asset	3,139	3,194
Deferred tax assets	3,572	3,627
Other	5,583	5,673
Less allowance for doubtful accounts	(112)	(112)
Total investments and other assets	87,809	86,162
Total non-current assets	225,434	229,224
Total assets	739,720	782,013

	(Millions of yen)	
	Prior Consolidated Fiscal Year (March 31, 2022)	First Quarter, Current Consolidated Fiscal Year (June 30, 2022)
LIABILITIES		
Current liabilities		
Notes and accounts payable	149,036	151,875
Short-term loans	73,121	79,517
Current portion of long-term loans	8,752	8,329
Commercial paper	25,000	49,000
Current portion of bonds	10,000	—
Accrued income taxes	7,100	3,663
Accrued bonuses for employees	7,648	4,140
Accrued bonuses for directors	497	156
Other	26,678	29,903
Total current liabilities	307,836	326,586
Long-term liabilities		
Bonds	20,000	30,000
Long-term loans	28,244	28,879
Deferred tax liabilities	12,310	11,708
Retirement benefit liability	13,238	13,443
Other	2,998	5,007
Total long-term liabilities	76,791	89,038
Total liabilities	384,628	415,625
NET ASSETS		
Shareholders' equity		
Common stock	9,699	9,699
Capital surplus	10,639	10,639
Retained earnings	280,015	284,149
Less treasury stock, at cost	(1,534)	(3,400)
Total shareholders' equity	298,820	301,089
Accumulated other comprehensive income		
Net unrealized holding gain on securities	31,732	30,147
Deferred gain on hedges	178	512
Translation adjustments	13,690	23,043
Remeasurements of defined benefit plans	(161)	(118)
Total accumulated other comprehensive income	45,441	53,584
Non-controlling interests	10,830	11,714
Total net assets	355,092	366,387
Total liabilities and net assets	739,720	782,013

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

(Quarterly Consolidated Statements of Income)

Three-month periods ended June 30, 2022 and 2021

(Millions of yen)

	Three-month period ended June 30, 2021 (April 1, 2021 - June 30, 2021)	Three-month period ended June 30, 2022 (April 1, 2022 - June 30, 2022)
Net sales	184,389	219,571
Cost of sales	149,799	179,666
Gross profit	34,589	39,904
Selling, general and administrative expenses	24,851	29,033
Operating income	9,738	10,871
Non-operating income		
Interest income	41	18
Dividend income	576	672
Rent income	71	62
Equity in gains of affiliates	—	83
Foreign exchange gains	531	328
Other	91	186
Total non-operating income	1,312	1,352
Non-operating expenses		
Interest expenses	290	490
Equity in losses of affiliates	4	—
Other	95	191
Total non-operating expenses	390	681
Ordinary income	10,660	11,542
Extraordinary gains		
Gain on sales of non-current assets	2	123
Gain on sales of investment securities	571	43
Other	178	—
Total extraordinary gains	752	166
Extraordinary losses		
Loss on sales of non-current assets	155	3
Loss on disposal of non-current assets	242	179
Loss on sales of investment securities	—	7
Loss on valuation of investment securities	3	79
Other	130	—
Total extraordinary losses	531	270
Income before income taxes	10,881	11,438
Income taxes	3,207	3,194
Profit for the period	7,674	8,244
Profit attributable to non-controlling interests	504	275
Profit attributable to owners of the parent	7,169	7,969

(Quarterly Consolidated Statements of Comprehensive Income)

Three-month periods ended June 30, 2022 and 2021

(Millions of yen)

	Three-month period ended June 30, 2021 (April 1, 2021 - June 30, 2021)	Three-month period ended June 30, 2022 (April 1, 2022 - June 30, 2022)
Profit for the period	7,674	8,244
Other comprehensive income		
Net unrealized holding loss on securities	(1,840)	(1,582)
Deferred (loss) gain on hedges	(16)	333
Translation adjustments	5,034	9,542
Remeasurements of defined benefit plans	(70)	43
Share of other comprehensive income of affiliates accounted for by the equity method	33	466
Total other comprehensive income	3,140	8,802
Comprehensive income	10,814	17,047
Comprehensive income attributable to:		
Shareholders of the parent	9,978	16,112
Non-controlling interests	835	934