

Consolidated Financial Statements for the Three Months Ended June 30, 2025 <Under Japanese GAAP>

August 5, 2025

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/>)

Representative: Hiroyuki Ueshima, Representative Director and President

Contact: Kazuhiro Hanba, Executive Officer, General Manager, Corporate Management Department

TEL: +81-3-3665-3103

Start of distribution of dividends (scheduled): -

Supplementary documents of financial results: Yes

Holding of financial results briefing: Yes

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

1. Consolidated Results for the Three Months Ended June 30, 2025 (April 1, 2025 to June 30, 2025)

(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	%
Three months ended June 30, 2025	237,314	-0.8	44,331	0.4	10,249	-4.5	10,662	-2.6	7,507	1.2
June 30, 2024	239,201	6.8	44,153	—	10,734	54.3	10,949	49.2	7,415	69.8

(Notes) 1. Comprehensive income For the three months ended June 30, 2025: ¥1,768 million (-91.7%)

For the three months ended June 30, 2024: ¥21,409 million (44.0%)

2. Due to a change in accounting policy, gross profit for the three months ended June 30, 2024, has been restated retrospectively. Accordingly, the year-on-year percentage change for the first quarter is not presented.

	Earnings per share	Earnings per share (diluted)
	Yen	Yen
Three months ended June 30, 2025	69.62	—
June 30, 2024	65.42	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2025	811,598	398,715	48.2	3,663.94
March 31, 2025	808,143	406,459	49.4	3,679.09

(Reference) Equity capital As of June 30, 2025: ¥391,156 million

As of March 31, 2025: ¥399,052 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 2025	—	45.00	—	45.00	90.00
March 2026	—	—	—	—	—
March 2026 (forecast)	—	45.00	—	50.00	95.00

(Note) Revisions to the latest dividends forecast: No

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% = year-on-year change)

	Net sales		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	%	Millions of yen	%	Yen
	955,000	1.1	181,000	3.7	39,500	1.1	38,500	0.3	31,500	23.4	300.99

(Notes) 1. Revisions to the latest consolidated earnings forecast: No

2. Due to a change in accounting policy, the year-on-year percentage change in gross profit is calculated using the retrospectively adjusted figures for the corresponding period of the previous fiscal year.

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

New: 7 (Company name: APLIQUIMICA APLICACOES QUIMICAS ESPECIAIS LTDA
SACHEM Japan Holding GK
SACHEM Japan GK
SN Tech Corporation
SACHEM Wuxi Co., Ltd.
SACHEM Korea Ltd.
NAGASE WAHLEE INDIA PRIVATE LIMITED)

Excluded: 1 (Company name: Nagase Abrasive Materials Co., Ltd.)

(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: Yes
- 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, 2025	109,908,285 shares	March 31, 2025	114,908,285 shares
---------------	--------------------	----------------	--------------------

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

June 30, 2025	3,149,976 shares	March 31, 2025	6,443,222 shares
---------------	------------------	----------------	------------------

iii. Average number of shares during the period

June 30, 2025	107,835,802 shares	June 30, 2024	113,344,753 shares
---------------	--------------------	---------------	--------------------

(Note) The number of treasury shares as of the fiscal period end includes Company shares held by the Stock-Granting Trust for Directors (282,400 shares as of June 30, 2025 and 282,400 shares as of March 31, 2025). 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 (282,400 shares for the period ended June 30, 2025 and 288,500 shares for the period ended June 30, 2024).

*Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: None

* 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)

	As of March 31, 2025	As of June 30, 2025
ASSETS		
Current assets		
Cash and time deposits	66,310	49,858
Notes and accounts receivable and contract assets	311,251	311,643
Merchandise and finished goods	146,834	149,045
Work in process	2,320	2,861
Raw materials and supplies	17,068	16,559
Other	17,387	19,563
Less allowance for doubtful accounts	(1,048)	(1,147)
Total current assets	560,126	548,384
Non-current assets		
Property, plant and equipment	91,671	98,114
Intangible fixed assets		
Goodwill	25,400	33,419
Technology-based assets	1,289	1,207
Other	39,121	37,400
Total intangible fixed assets	65,811	72,027
Investments and other assets		
Investments in securities	72,028	74,423
Long-term loans receivable	1,257	1,219
Retirement benefit asset	6,072	6,111
Deferred tax assets	5,700	5,475
Other	6,653	6,837
Less allowance for doubtful accounts	(1,179)	(996)
Total investments and other assets	90,534	93,071
Total non-current assets	248,017	263,213
Total assets	808,143	811,598

(Millions of yen)

	As of March 31, 2025	As of June 30, 2025
LIABILITIES		
Current liabilities		
Notes and accounts payable	151,269	152,059
Short-term loans	42,310	54,373
Current portion of long-term loans	6,039	5,850
Commercial paper	19,500	23,000
Accrued income taxes	3,753	3,415
Accrued bonuses for employees	8,518	4,290
Accrued bonuses for directors	394	133
Other	37,791	36,357
Total current liabilities	269,576	279,480
Long-term liabilities		
Bonds	40,000	40,000
Long-term loans	53,454	53,428
Lease liabilities	11,471	10,984
Deferred tax liabilities	13,275	13,530
Retirement benefit liability	12,289	12,420
Provision for directors' stock benefit	111	175
Other	1,503	2,861
Total long-term liabilities	132,106	133,401
Total liabilities	401,683	412,882
NET ASSETS		
Shareholders' equity		
Common stock	9,699	9,699
Capital surplus	9,348	9,348
Retained earnings	312,244	299,453
Less treasury stock, at cost	(19,579)	(8,794)
Total shareholders' equity	311,712	309,707
Accumulated other comprehensive income		
Net unrealized holding gain on securities	30,665	31,740
Deferred gain on hedges	6	44
Translation adjustments	56,864	49,712
Remeasurements of defined benefit plans	(196)	(48)
Total accumulated other comprehensive income	87,340	81,449
Non-controlling interests	7,406	7,559
Total net assets	406,459	398,715
Total liabilities and net assets	808,143	811,598

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

(Quarterly Consolidated Statements of Income)

Three-month periods ended June 30, 2025 and 2024

(Millions of yen)

	Three-month period ended June 30, 2024 (April 1, 2024 - June 30, 2024)	Three-month period ended June 30, 2025 (April 1, 2025 - June 30, 2025)
Net sales	239,201	237,314
Cost of sales	195,047	192,982
Gross profit	44,153	44,331
Selling, general and administrative expenses	33,418	34,081
Operating income	10,734	10,249
Non-operating income		
Interest income	208	193
Dividend income	720	850
Rent income	82	35
Equity in earnings of affiliates	181	216
Foreign exchange gains	30	21
Other	93	164
Total non-operating income	1,316	1,481
Non-operating expenses		
Interest expenses	908	740
Other	193	327
Total non-operating expenses	1,101	1,067
Ordinary income	10,949	10,662
Extraordinary gains		
Gain on sales of non-current assets	32	11
Gain on sales of investment securities	—	106
Other	9	0
Total extraordinary gains	42	117
Extraordinary losses		
Loss on sales of non-current assets	10	8
Loss on disposal of non-current assets	24	33
Loss on sales of investment securities	—	0
Loss on valuation of investments securities	—	157
Loss on business withdrawal	182	70
Total extraordinary losses	217	269
Income before income taxes	10,774	10,511
Income taxes	3,174	2,800
Profit for the period	7,600	7,710
Profit attributable to non-controlling interests	185	203
Profit attributable to owners of the parent	7,415	7,507

(Quarterly Consolidated Statements of Comprehensive Income)

Three-month periods ended June 30, 2025 and 2024

(Millions of yen)

	Three-month period ended June 30, 2024 (April 1, 2024 - June 30, 2024)	Three-month period ended June 30, 2025 (April 1, 2025 - June 30, 2025)
Profit for the period	7,600	7,710
Other comprehensive income		
Net unrealized holding gain on securities	1,488	1,078
Deferred gain on hedges	53	38
Translation adjustments	12,559	(7,057)
Remeasurements of defined benefit plans	(617)	148
Share of other comprehensive income of affiliates accounted for by the equity method	326	(149)
Total other comprehensive income (loss)	13,809	(5,941)
Comprehensive income	21,409	1,768
Comprehensive income attributable to:		
Shareholders of the parent	20,806	1,615
Non-controlling interests	602	152

(3) Quarterly Consolidated Statements of Cash Flows

Three-month periods ended June 30, 2025 and 2024

(Millions of yen)

	Three-month period ended June 30, 2024 (April 1, 2024 - June 30, 2024)	Three-month period ended June 30, 2025 (April 1, 2025 - June 30, 2025)
Operating activities		
Income before income taxes	10,774	10,511
Depreciation and amortization other than amortization of goodwill	3,793	3,661
Amortization of goodwill	677	655
Share of gain of entities accounted for using equity method	(181)	(216)
Loss on business withdrawal	182	70
(Decrease) increase in retirement benefit liability	(728)	128
(Increase) decrease in retirement benefit asset	(837)	36
Interest and dividend income	(929)	(1,043)
Interest expenses	908	740
Exchange (gain) loss, net	(1,393)	1,293
Gain on sales of investment securities	—	(105)
Loss on valuation of investment securities	—	157
Increase in notes and accounts receivable	(3,789)	(700)
Increase in inventories	(5,366)	(3,758)
Increase in notes and accounts payable	4,565	827
Other	(6,463)	(8,423)
Subtotal	1,213	3,834
Interest and dividends received	1,044	1,086
Interest paid	(984)	(899)
Income taxes paid	(4,346)	(3,317)
Net cash (used in) provided by operating activities	(3,074)	703
Investing activities		
Purchases of property, plant and equipment	(3,680)	(5,363)
Proceeds from sales of property, plant and equipment	60	146
Purchases of intangible fixed assets	(392)	(972)
Purchases of investments in securities	(76)	(609)
Proceeds from sales of investments in securities	—	155
Purchases of investments in capital	(9)	—
Purchases of shares of subsidiaries resulting in change in scope of consolidation	—	(12,519)
(Increase) decrease in short-term loans receivable included in other current assets	(117)	323
Increase in time deposits, net	(2,791)	—
Other	(1,194)	(101)
Net cash used in investing activities	(8,202)	(18,941)

(Millions of yen)

	Three-month period ended June 30, 2024 (April 1, 2024 - June 30, 2024)	Three-month period ended June 30, 2025 (April 1, 2025 - June 30, 2025)
Financing activities		
Increase in short-term loans, net	6,455	12,849
Increase in commercial paper, net	—	3,500
Proceeds from long-term loans	7,000	—
Repayments of long-term loans	(1,910)	(12)
Purchase of treasury stock	(3,361)	(4,627)
Cash dividends paid	(4,562)	(4,893)
Other	(276)	(677)
Net cash provided by financing activities	3,344	6,138
Effects of exchange rate changes on cash and cash equivalents	4,043	(4,373)
Net decrease in cash and cash equivalents	(3,888)	(16,471)
Cash and cash equivalents at beginning of the year	59,185	65,903
Cash and cash equivalents at end of the period	55,297	49,431