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January 18, 2024

Nagase & Co., Ltd.

New Bio Research Center To Be Built on Kobe Port Island: Accelerating Open Innovation by Combining the Group's Strengths and Contributing to Solving Social Issues by Creating Timely New Materials Matching Needs

Nagase & Co., Ltd. (Chiyoda-ku, Tokyo; Representative Director, President and CEO: Hiroyuki Ueshima) has made the decision to consolidate the NAGASE Group's headquarters for fundamental bio research, the Nagase Bio-Innovation Center (Nishi-ku, Kobe; "NBIC")(*1), with the fundamental research functions of Nagase & Co.'s 100% subsidiary biomaterials manufacturer, Hayashibara Co., Ltd. (Head office: Okayama; Representative Director: Naoki Yasuba), and build a new laboratory to use as the headquarters for a new organization. This new laboratory will be built in the Kobe Biomedical Innovation Cluster on Kobe's Port Island, and is planned to open in April 2027 at the earliest.

Goal of Consolidation

With the NAGASE Group aiming to be "a company that solves manufacturing issues through materials," we are pursuing one of the growth strategies in the ACE 2.0 Medium-Term Management Plan, biomaterials development using research and development functions, establishing a new business, and aiming to make it a pillar for future revenue.

The goal of the consolidation of NBIC and Hayashibara's fundamental research functions is to maximize their ability to create new materials by combining the strengths of both, in order to provide new value. Starting from exploring topics, investigation into methods to breed and improve cultures, preliminary evaluations of physical properties and functionality, and modest scaling up of production will be carried out, with the goal of commercializing new materials and technologies to meet the world's needs. In cases where commercialization is difficult with only the resources within the group, collaboration with partner companies will also be actively looked into, moving forward biotechnology research and development both inside the company and as a whole.

Strengths of NBIC

The NBIC has cutting-edge technology in the area of biomanufacturing using microorganisms and a unique *Streptomyces* technology platform. In 2020, they developed a unique smart cell (*2) technology, and were a world pioneer in succeeding at mass production of ergothioneine, a rare amino acid found in mushrooms, which they are aiming to release to the market in FY2024.

Strengths of the Hayashibara Research Department

Hayashibara has the technology to develop and find methods to mass produce a wide variety of functional carbohydrates, such as trehalose, by combining microorganisms and enzymes with various ingredients. With its strength in exploratory technology to find new enzymes and material transformation technology through enzymatic reactions using these new enzymes, the Hayashibara Research Department maximizes the use of the power of nature to make mass production of functional carbohydrates possible, continuing to develop and provide sustainable materials as the centerpiece of the Group's bio-related businesses.

Planned Construction Site for New Laboratory: Kobe Biomedical Innovation Cluster

The Kobe Biomedical Innovation Cluster (KBIC) on Kobe's Port Island has easy access from within Japan and

overseas, and is home to numerous bio-related research institutes, including pharmaceutical companies. A total of 366 companies and organizations are part of the KBIC (*3), and industry, academia, and government collaboration should help with accelerating open innovation and acquiring skilled human resources.

With expanded ESG investment, increased awareness of the SDGs, and changes in consumer trends (towards being safe, healthy, natural, etc.), every industry has had growing needs, such as for a shift from organic synthesis processes to bio processes. The NAGASE Group, as “a company that solves manufacturing issues through materials” in the bio field as well, will contribute to a sustainable world where people live with peace of mind.

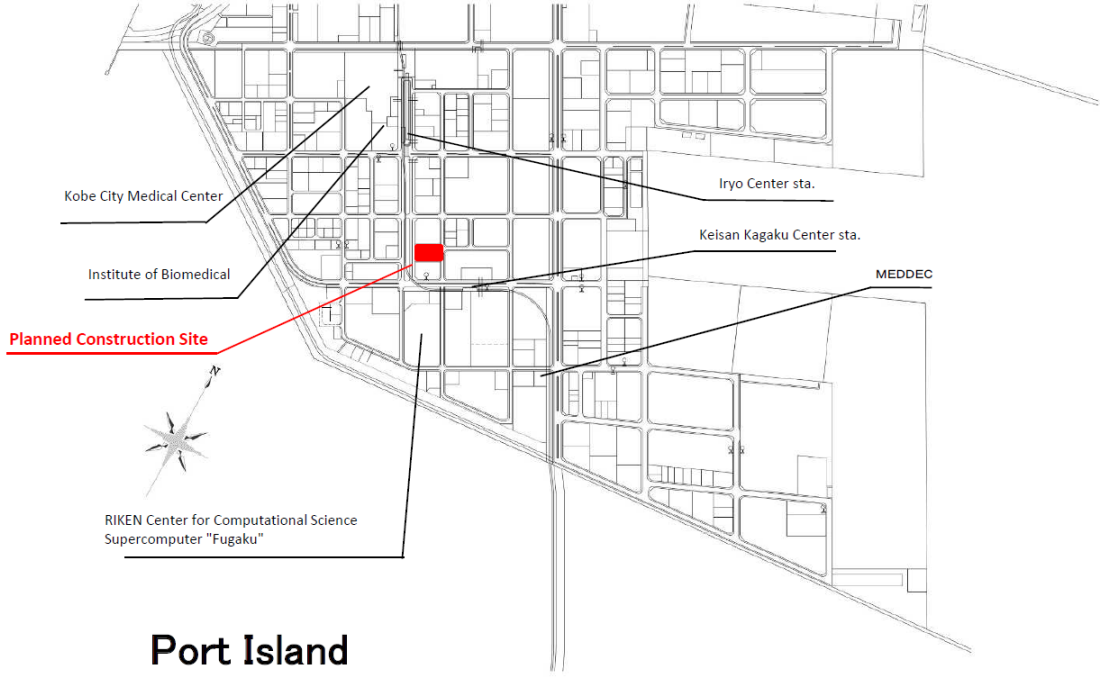
*1: Due to the aging of its facilities, the NBIC will be shut down after the completion of the new laboratory
*2: Through biotechnology and digital technology such as information analysis, cells (microorganisms) which have been designed to control biological functions such as metabolism to maximize their use
*3: As of the end of December 2023 (https://www.fbri-kobe.org/kbic/english/about/)

■New Laboratory Overview

On January 18, 2024, a land sale contract was concluded with the City of Kobe with the following details.

- Address: 6-4-1, Minatojima Minamimachi, Chuo-ku, Kobe, Hyogo
- Lot area: 6,792.43 square meters
- Land sale price: 1,188,675,000 yen

■Reference: Location



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■Nagase & Co. Overview

•Company Name: Nagase & Co., Ltd.

•Location of Head Office: Chiyoda-Ku, Tokyo

•Representative: Representative Director, President and CEO Hiroyuki Ueshima

•Description of Business: Import/export and domestic sales of chemicals, plastics, electronics materials, cosmetics and health foods.

•URL: https://www.nagase.co.jp/english/

■Hayashibara Overview

•Current Company Name: Hayashibara Co., Ltd. (until March 31, 2024)

•New Company Name: Nagase Viita Co., Ltd. (as of April 1, 2024)

•Location of Head Office: Kita-ku, Okayama

•Representative: Representative Director Naoki Yasuba

•Description of Business: Development, manufacturing and sales of food ingredients, pharmaceutical ingredients, cosmetic ingredients, health food ingredients, functional dyes, enzymes and phospholipids.

•URL: https://www.hayashibara.co.jp/data/en/

◆Inquiries

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