

Over a period of more than 190 years, NAGASE has constantly maintained the highest standards of integrity, delivering the products and services that are needed by our customers, and by society as a whole.

What we have built up over that time is the trust that our partners and society place in us.

Going forward, besides working to solve the problems of today, the NAGASE Group will be delivering “next” by addressing the new problems affecting society and the whole of humanity through the provision of new materials.

“The Earth is borrowed from future generations.”

To help realize a sustainable future society, NAGASE will continue to steadily enhance the trust that people place in us, working together with partners throughout the world to build a future where people can live with peace of mind.

**NAGASE's  
Management Philosophy**

誠実正道

**Maintaining the highest standards of integrity**

We recognize our responsibility to society and offer beneficial products and services while maintaining the highest standards of integrity. Through our growth, we will contribute to society and enrich the lives of our employees.

# NAGASE's History of Value Creation



## 1832-

### Founding

The NAGASE Group traces its roots to 1832 when founder Denbei Nagase established Urokogataya, a dyestuffs wholesale business that handled safflower, *funori* seaweed and starches in Nishijin, Kyoto. Later on, we established a foothold in the chemical industry by starting to handle synthetic dyes in addition to natural dyes.



Founder Denbei Nagase



General Electric Co. (GE)

## 1901-

### Forging Ties with Leading Overseas Manufacturers

Entering the 1900s, the NAGASE Group started doing business with overseas manufacturers to pursue the possibilities of chemicals. As it expanded its import business, NAGASE established an office in Lyon, France in 1901. That spurred the expansion of partnerships with overseas manufacturers, including Basel Chemical Co. of Switzerland, as well as Eastman Kodak Co. (now Kodak) and DuPont of the U.S. While importing state-of-the-art products from overseas, including technology not yet available in Japan, and making great strides as a trading company specializing in chemical products, the NAGASE Group delivered new value.

## 1970-

### Enhancing Functions as a Manufacturer

Since its founding, the NAGASE Group has engaged in diverse operations. In 1970, it established Nagase-CIBA Ltd. (now Nagase ChemteX Corporation) as a joint venture with Ciba for manufacturing epoxy resins. The following year, it established Engineering Plastics, Ltd. in a 50-50 joint venture with GE. It also built several new plants as part of steps to strengthen and expand its manufacturing, processing, and other functions as a manufacturer.



Panoramic view of Ciba in 1893



Nagase Bio-Innovation Center

## 1990-

### Demonstrating Superior R&D Capabilities

From the 1990s, the NAGASE Group began enhancing its R&D functions in earnest. In 1990, it established the Nagase R&D Center (now the Nagase Bio-Innovation Center) as a base for R&D into bio-related materials. In the 2000s, it established Nagase ChemteX (Wuxi) Corporation in China as an epoxy resin plant for Nagase ChemteX Corporation. It also made Pac Tech-Packaging Technologies GmbH of Germany a subsidiary. In 2007, it opened the Nagase Application Workshop, an open innovation laboratory, in a push to also secure an advantage in R&D functions.

## 2010-

### Gearing Up the Food Ingredients Business

In the 2010s, biotechnology also started to gain more attention. In 2012, the NAGASE Group made the biotechnology specialist Hayashibara Co., Ltd. a subsidiary to strengthen its food ingredients business. In 2019, it made Prinova Group LLC, a U.S.-based company that sells and processes food ingredients and has a global sales network, a subsidiary. By generating synergies among the new Group companies, NAGASE brought its food ingredients business into full swing and global development.



Prinova Group LLC



## 2020-

### Promoting Sustainability

Following on from the establishment of the Sustainability Committee and the formulation of the Sustainability Basic Policy in 2020, the Group set non-financial targets in the Medium-term Management Plan ACE 2.0. The Group aims to help solve social and environmental issues to realize the sustainable growth of both the Group itself and society as a whole. In April 2023, Hayashibara Co., Ltd. was merged with the biochemical products division of Nagase ChemteX Corporation, thereby realizing a further strengthening of the Group's biotech business. The NAGASE Group is building up the Group's foundations in order to contribute toward the realization of a sustainable society.

Fiscal year ended March 31, 1967  
(non-consolidated)

Net sales: **¥65.0** billion  
Total assets: ¥27.5 billion  
Operating income: ¥1.8 billion

Fiscal year ended March 31, 1987  
(non-consolidated)

Net sales: **¥430.5** billion  
Total assets: ¥193.6 billion  
Operating income: ¥6.4 billion

Fiscal year ended March 31, 2007  
(consolidated)

Net sales: **¥701.3** billion  
Total assets: ¥422.8 billion  
Operating income: ¥21.6 billion

Fiscal year ended March 31, 2023  
(consolidated)

Net sales: **¥912.8** billion  
Total assets: ¥762.6 billion  
Operating income: ¥33.3 billion

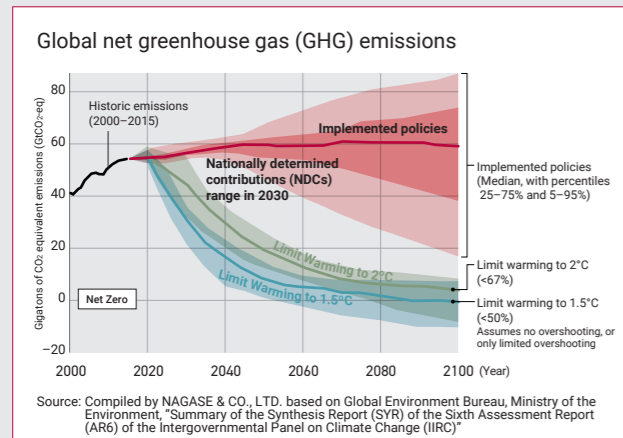


## The External Business Environment Affecting NAGASE

When formulating the Medium-Term Management Plan ACE 2.0 which was announced in May 2021, the NAGASE Group performed analysis of the external business environment. The most important issues affecting NAGASE and its stakeholders were identified as: climate change and resource shortages, industrial reorganization, technological innovation, and demographic changes. Viewing these changes in the external environment as new business opportunities, NAGASE will be working to contribute toward the resolution of global environmental and social issues.



With the trend toward decarbonization accelerating throughout the world, business enterprises are expected to reduce emissions throughout the value chain. At the same time, as the global population continues to increase and the conflict in Ukraine drags on, problems relating to energy supply and food resources are becoming more serious.



### Opportunities

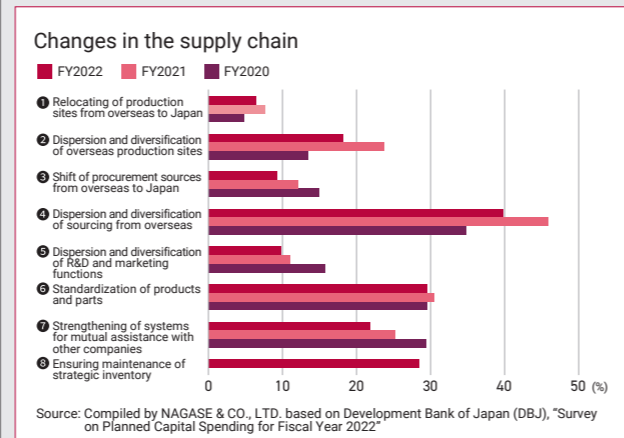
NAGASE is working to create new markets that can help to solve society's problems, by making effective use of the technological knowhow that only the NAGASE Group possesses, including industry-leading data, knowledge and biotechnology, and decarbonization solutions.

### Examples

- The NAGASE Group's bio-related technologies > **For more details, see P. 29-30**
- Plastic usage reduction through TIMELESS® gas control technology > **For more details, see P. 33**
- Carbon footprint (CFP) calculation consulting for the cosmetics and pharmaceuticals industries > **For more details, see P. 42**
- Forest credit and value creation for local communities and the forestry sector > **For more details, see P. 42**



The industrial structure continues to be transformed, due to the competitive environment, changing customer trends, and deregulation. New trends are emerging as a result of developments such as increasingly vigorous open innovation, and the range of business partners available for NAGASE for collaboration is expanding.



### Opportunities

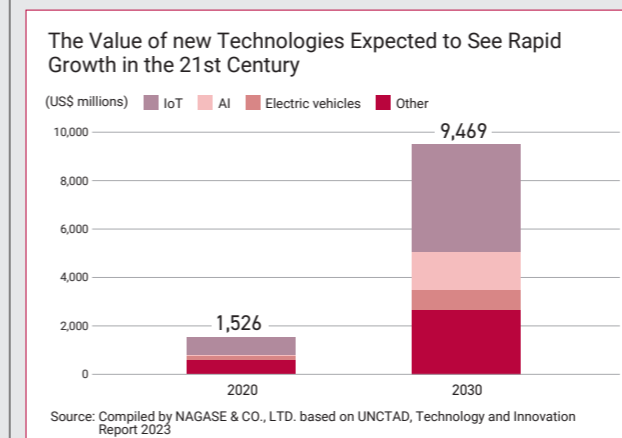
At a time when customers are consolidating their purchasing with fewer suppliers and overhauling their transaction processes, the NAGASE Group is winning high plaudits within the sector for its technology, knowhow, and problem-solving capabilities. By adopting a proactive stance toward sustainability and investment in digitalization, NAGASE is accelerating the process of providing new value.

### Examples

- AI-supported joint logistics matching services for chemical products > **For more details, see P. 34**
- The NAGASE Group's individual businesses by segments > **For more details, see P. 61-67**



With the global competitive environment becoming increasingly challenging, it is getting more difficult to sustain growth with existing business models. In addition, the COVID-19 pandemic accelerated the revolution in digital technology, and companies have needed to explore new business opportunities.



### Opportunities

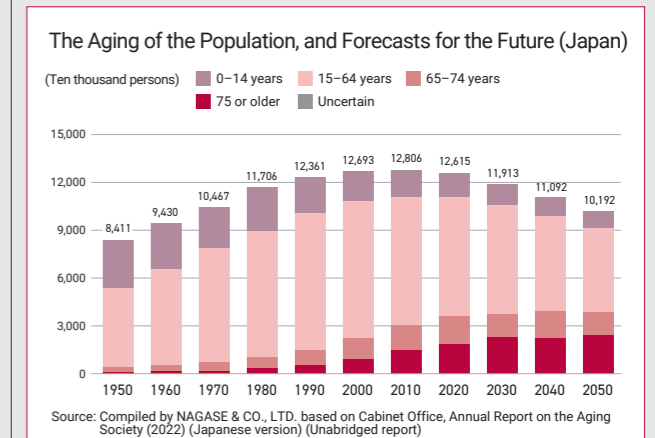
NAGASE is proceeding with technology innovation that leverages its strengths, including the integration of materials with digital transformation (DX), development of the semiconductor market, and the development of cloud-based management for chemical product documentation, demand for which is high in the relevant industries.

### Examples

- The NAGASE Group's semiconductor-related businesses > **For more details, see P. 32**
- The NAGASE Group's DX initiatives > **see P. 45-46**



According to the United Nations' State of World Population 2023 report, the world's population reached 8 billion people in 2022. Population structure is changing due to rising lifespans, particularly in the developed nations, and due to declining birthrates.



### Opportunities

NAGASE is leveraging its extensive networks and strong product development capabilities to secure new business opportunities deriving from increased lifespans and rising health consciousness.

### Examples

- The NAGASE Group's food materials business > **For more details, see P. 31**
- The NAGASE Group's life and healthcare related businesses > **For more details, see P. 75-76**

## NAGASE's Strengths

The key source of strength that the NAGASE Group has cultivated, and which has supported its sustained growth and been the foundation for its value creation, is six types of capital: financial, human, intellectual, manufactured, social and relationship, and natural. By integrating these different forms of capital, Nagase the NAGASE Group is addressing various social problems through its businesses.

Management capital

### Financial capital

Financial soundness and strict financial discipline

- Shareholders' equity: 309 billion yen (FYE March 31, 2023)
- Growth investments: 150 billion yen (5-year target in the ACE 2.0 Medium-term Management Plan)
- **R&I: "A" rating**
- **Issuance of Sustainability Linked Bonds: 10 billion yen (FY2022)**

### Human capital

Business Designers that integrate the NAGASE Group's diverse functions to solve problems

- **NAGASE's Management Philosophy**  
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- **Consolidated Number of Employees 7,220**

### Intellectual capital

Leveraging knowhow across a wide range of fields to create new business in collaboration with partners

- Creating innovation through biotechnological expertise (Nagase Bio-Innovation Center)
- Evaluating and analyzing new technologies and material, and driving the development of new applications, as a development partner for our customers (Nagase Application Workshop)
- Promoting innovation within the Nagase Group, and building core businesses for the future (Future Co-creation Office)
- **Submitting joint patent applications with over 200 partners from industry, government and the university sector, including start-ups, over the past 20 years**

### Manufactured capital

Increasing value-added through enhanced productivity, technical innovation, and group synergy

- Establishment of the Group Manufacturing Management Innovation Office (2022)
- **A total of 45 manufacturing sites in 15 countries and regions (as of March 31, 2023)**

### Social and relationship capital

Partnerships and supply-chains built on trust

- **Approximately 18,000 partner companies**
- **A global network of 108 business locations in 25 countries and regions (as of March 31, 2023)**

### Natural capital

Initiatives aimed at enhancing the sustainability of the global environment

- **Energy use 238,059MWh (Fiscal year ended March 31, 2023)**
- **Total water intake 3,673ML (Fiscal year ended March 31, 2023)**

## NAGASE's unique functions

By combining our capacities as a trading company with our unique capacities in manufacturing, processing, R&D, business investment, and DX, NAGASE functions as a "business designer," delivering sustainable value to society while developing our unique businesses.

