President Ueshima will now begin the presentation.

Ueshima: Thank you very much. I am Hiroyuki Ueshima, and I assumed the position of president in April. I appreciate your support.

Let me provide an overview of the fiscal year-end financial results for 2022.

Contents

Our discussion will be divided into three parts.

First, I will cover the fiscal year-end summary for 2022 and the full-year forecast for 2023.

Second, I will provide an overview of our medium-term management plan **ACE 2.0**.

Finally, I will share my thoughts on assuming the role of president.

FYE March 2023 Results, FYE March 2024 Earnings Projection

Consolidated statements income

- Gross profit : Overall profit increased, despite lower gross profit margin due to lower profitability at certain manufacturing subsidiaries, etc.
- Operating income : Gross profit increased, but profit decreased due to rising logistics costs and increased SG&A associated with increased activity
- Profit Attributable to owners of the parent : Profit Attributable to owners of the parent also decreased, reflecting lower operating income and lower ordinary income, mainly due to higher interest expenses

100 millions of yen

	22/03	23/03	Change	Vs.PY	Forecast	Achievement
Sales	7,805	9,128	+ 1,323	117%	–	–
Gross profit	1,394	1,554	+ 159	111%	1,590	98%
<GP ratio>	17.9%	17.0%	(0.8ppt)	–	–	–
SG&A expenses	1,042	1,220	+ 178	117%	1,210	–
Operating income	352	333	(18)	95%	380	88%
Ordinary income	364	325	(39)	89%	390	83%
Profit Attributable to owners of the parent	259	236	(23)	91%	285	83%
US$ Exchange rate (period average)	@ 112.4	@ 135.5	@ 23.1	Weak yen	@140.0	
RMB Exchange rate (period average)	@ 17.5	@ 19.7	@ 2.2	Weak yen	@20.0	

※ Offset to sales and cost of sales from revenue recognition standards: March 2022, -¥244.8 billion; March 2023, -¥268.9 billion
※ Impact from foreign exchange: Gross profit, +¥12.1 billion; Operating income, +¥2.9 billion

Here are the consolidated income statements for the fiscal year 2022.

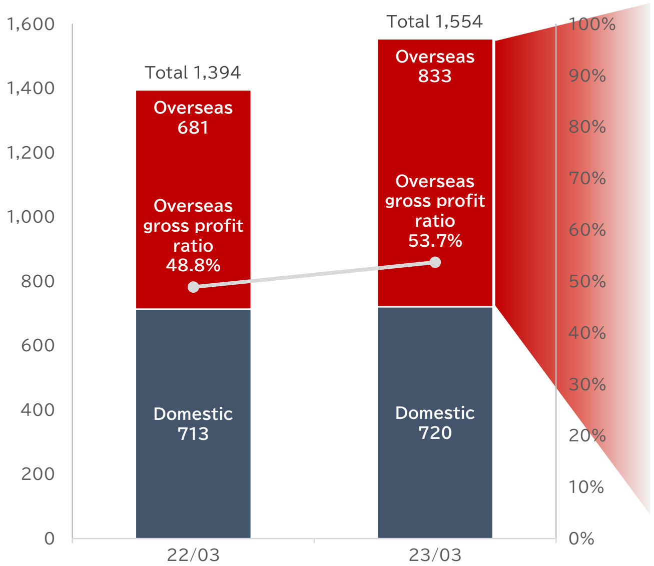
We recorded sales of JPY912.8 billion, 117% of the previous year' s level, an operating income of JPY33.3 billion, 95% of the previous year' s level, and a profit attributable to owners of the parent of JPY23.6 billion, 91% of the previous year' s level. Our sales have reached a record high.

Our gross profit margin has declined due to lower sales at our high-margin manufacturing subsidiaries, Nagase ChemteX and Hayashibara.

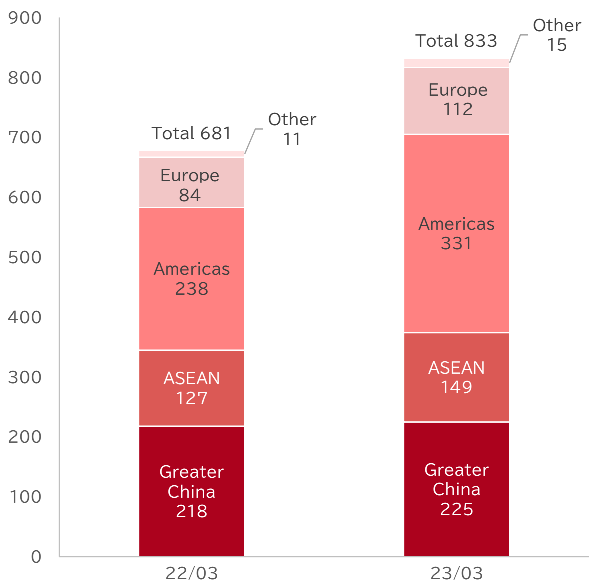
Gross Profit By Region

- Higher profit both domestic and overseas
- Profit increased due to higher sales of raw materials and materials to the semiconductor industry in Japan and overseas
- Profit increased significantly in the Americas and Europe due to expansion in the Prinova Group businesses
- Profit increased in Greater China, despite the lockdowns, due to the weaker yen

Domestic & Overseas Gross profit(100 millions of yen)



Overseas gross profit By Region(100 millions of yen)



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

Here we have the gross profit by location.

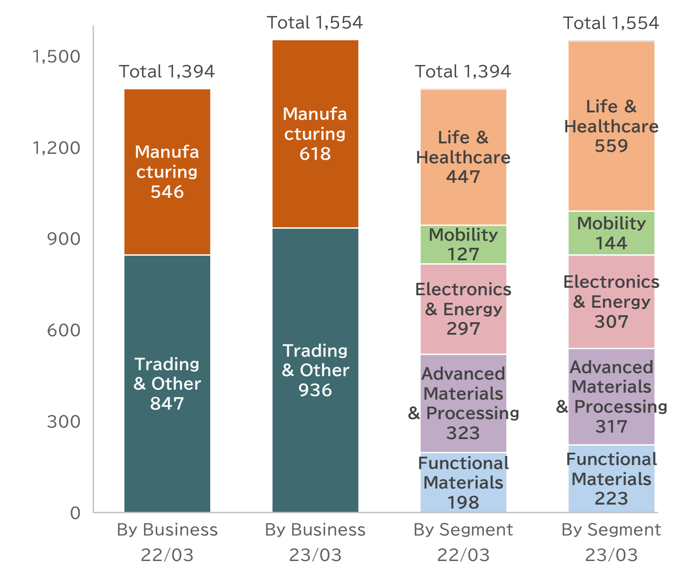
We saw an increase from JPY139.4 billion to JPY155.4 billion, a rise of approximately JPY16 billion. Both domestic and international profits have increased.

The graph on the right shows the breakdown by each overseas area. All areas have seen growth. The overseas ratio stands at 53.7%, exceeding 50% for the first time for NAGASE and achieving a record high.

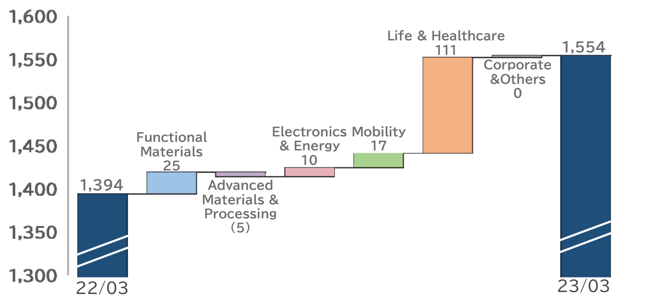
Gross Profit By Business & Segment

- General increase in sales in Functional Materials, including sales of coating and urethane raw materials, as well as sales of raw materials for semiconductor-related products and other electronics industry products
- Profit decreased in part due to lower profitability in Advanced Materials & Processing, despite the positive impact of the weak yen, as sales volume of resins declined and the segment experienced a reactionary decline stemming from increased profit ratios in connection with soaring market conditions in the year-ago period
- Electronics & Energy sales increased for materials used in semiconductors
- Life & Healthcare recorded an increase in food ingredients business in the Prinova Group

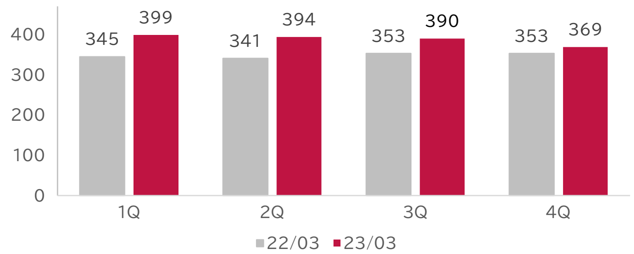
Gross Profit By Business & Segment (100 millions of yen)



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



History of Gross Profit(100 millions of yen)



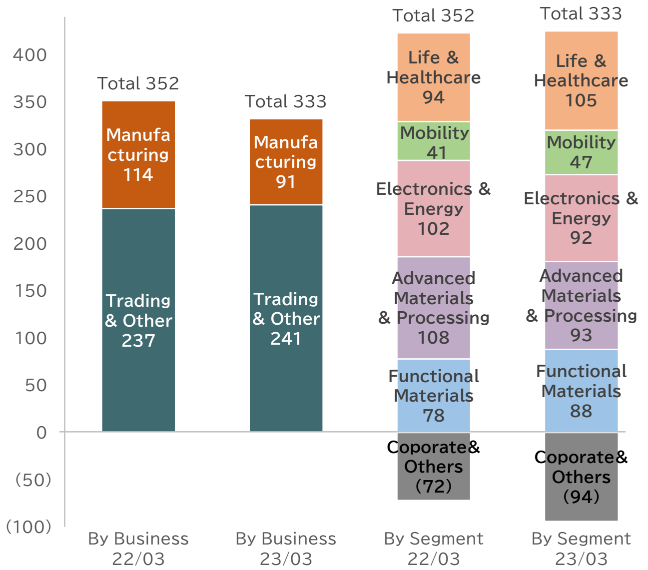
Next is the gross profit by business type and segment.

We have divided the businesses into trading and manufacturing. Both trading and manufacturing businesses have increased their profits. The total increase is about JPY16 billion, of which Prinova accounts for a plus JPY9.3 billion, comprising about 60% of the increase in profit.

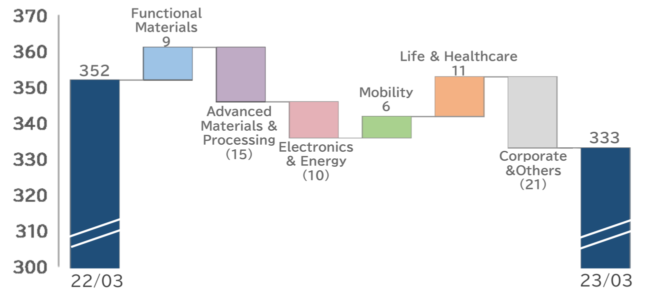
Operating Income by Business & Segment

- Profit decreased overall due to an increase in selling, general and administrative expenses in connection with higher distribution costs and increased activities
- Advanced Materials & Processing recorded lower profit, partly due to a reactionary decline from the stemming from increased profit ratios in connection with soaring market conditions in the previous fiscal year, as well as higher selling, general and administrative expenses
- Life & Healthcare profit increased especially due to strong performance of food ingredients sales in the Prinova Group
- We continue to invest for sustainable future growth, including in DX-related areas

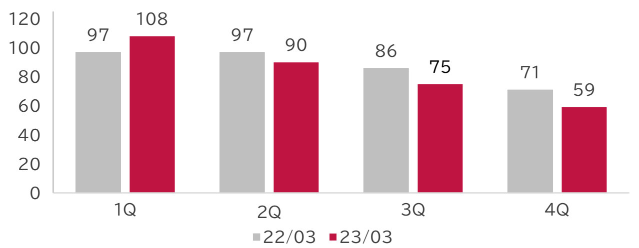
Operating Income by Business & Segment(100 millions of yen)



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



History of Operating Income(100 millions of yen)



The next slide is an overview of operating income by business type and segment.

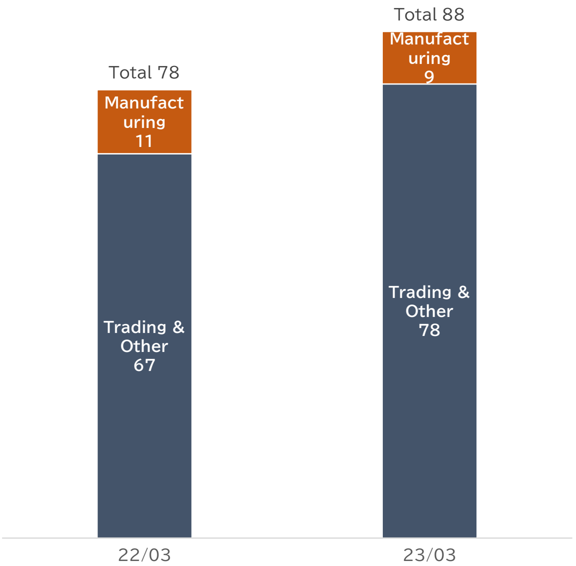
While the trading business has seen an increase in profits, the manufacturing business has seen a decrease. The main reasons for the decrease in profits for the manufacturing business are a JPY1.9 billion decrease at Nagase ChemteX and a JPY700 million decrease at Hayashibara. I will explain the details later.

Corporate and others saw a decrease in profit of JPY2.1 billion, impacted by investments in DX for future sustainable growth, and actuarial differences in retirement benefits.

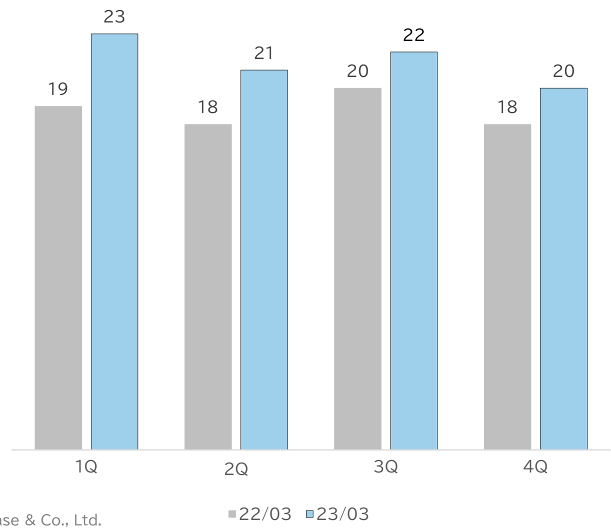
Functional Materials Segment Operating Income Overview

- Sales of coating and urethane raw materials for the automobile and other industries increased, due in part to soaring market prices and the weaker yen
- Sales increased for raw materials for semiconductor-related products and other electronics industry products, as did sales of raw materials for industrial oil solutions and plastic materials
- Performance remained strong overall, and profit increased year on year

Operating income by business(100 millions of yen)



History of operating income (100 millions of yen)



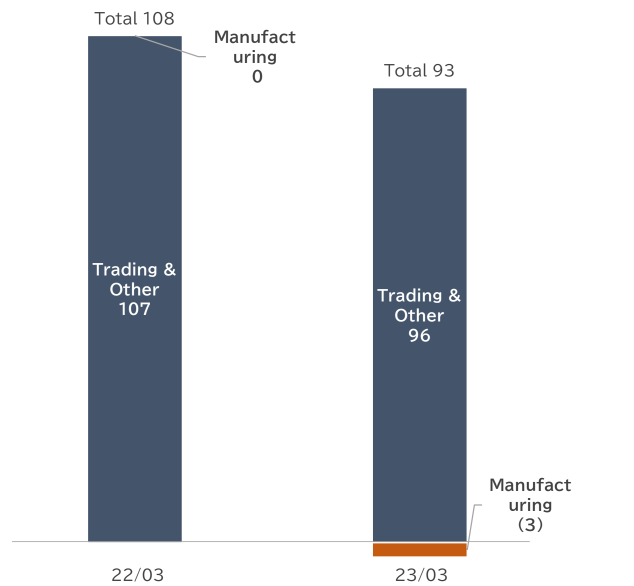
Next is an overview of operating income by segment.

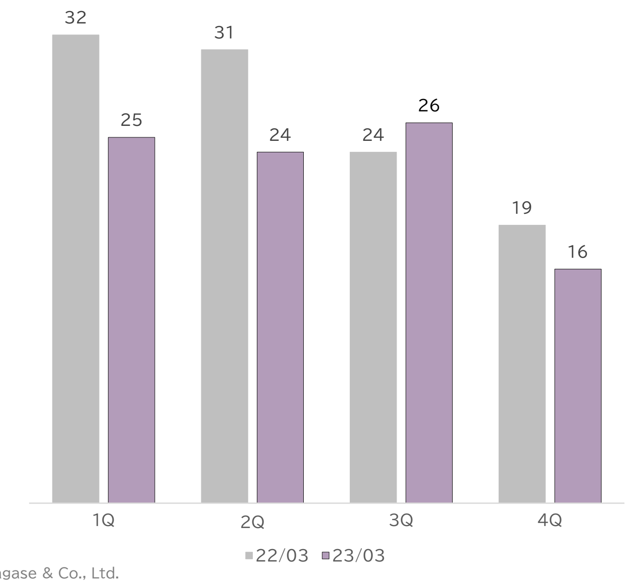
First is the Functional Materials segment. This is primarily a chemical sales segment. There was an increase of about JPY1 billion, from JPY7.8 billion to JPY8.8 billion. The trading business experienced increased sales and a profit increase of JPY1.1 billion due to market conditions, exchange rate impacts, and strong sales of raw materials to the automotive and semiconductor industries.

On the other hand, manufacturing experienced a decrease in profit of JPY200 million. This was affected by Nagase ChemteX’ s DENACOL, which had a strong performance in FY2021 in the 3D printer applications market, but subsequently faced a downturn in FY2022 due to customer inventory adjustments.

Advanced Materials & Processing Segment Operating Income Overview

- Despite the impact of the weak yen on resin sales to the office equipment, appliance, and video game device market, profitability decreased due to a reactionary decline stemming from increased profit ratios in connection with soaring market conditions in the previous fiscal year
- Sales of digital print processing materials continued to be weak in manufacturing businesses
- Profit was lower year on year due to a decrease in resin sales, lower profitability in manufacturing businesses, and an increase in selling, general and administrative expenses





Next, we have the Advanced materials & Processing segment. This segment primarily focuses on resin sales.

We saw a decrease in operating income from JPY10.8 billion to JPY9.3 billion, a reduction of JPY1.5 billion. For the trading business, resin sales were significantly affected by a decrease in sales volume in China due to the impact of the Shanghai lockdown.

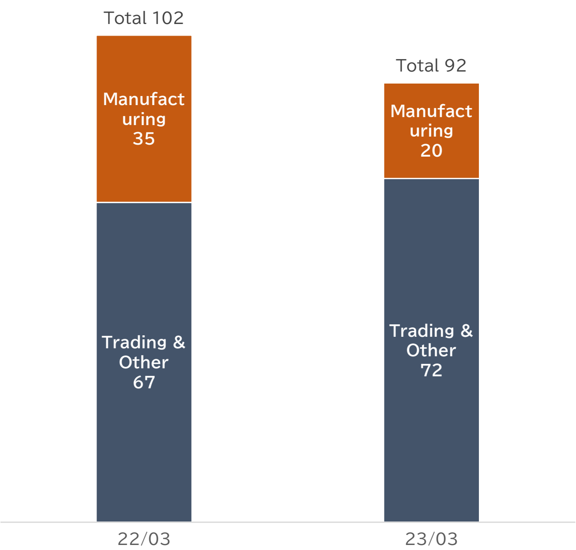
In terms of profitability, FY2021 had a trend of price increases, which resulted in a higher-than-usual profit margin from inventory sales. In FY2022, as market conditions stabilized, the profit margin slightly decreased compared to the previous year, resulting in a decrease in profit of JPY1.1 billion.

The manufacturing business recorded a loss of JPY300 million. This is due to Fukui Yamada Chemical, which belongs to this segment and engages in organic synthesis. The Company has established a new plant to augment the BCP measures and expand capacity for Nagase ChemteX. The resulting increase in costs, including the plant's depreciation, has led to this decrease in profits. Nonetheless, we project that this plant will start contributing positively to profits from FY2023 onward.

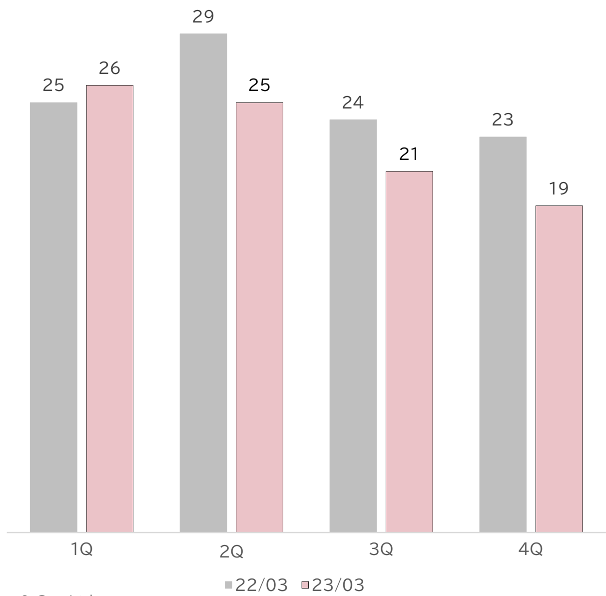
Electronics & Energy Segment Operating Income Overview

- Sales increased for materials for semiconductors
- Sales of formulated epoxy resins was slow for semiconductor applications and mobile devices
- Profit decreased year on year due to the significant impact of weak sales in manufacturing businesses in connection with formulated epoxy resin-related products for mobile devices

Operating income by business(100 millions of yen)



History of operating income (100 millions of yen)



Next is the Electronics & Energy segment.

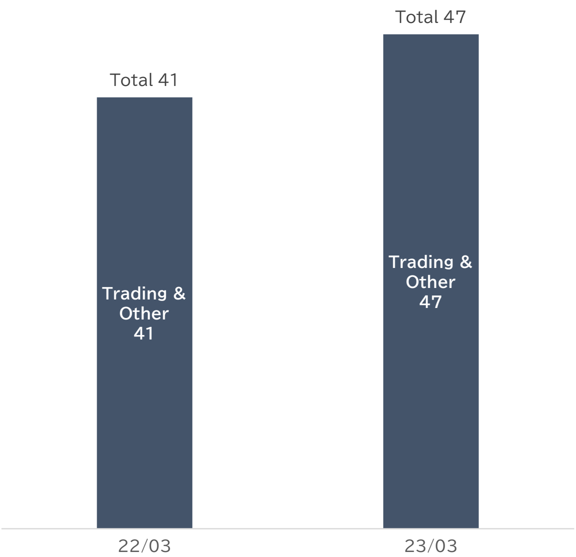
Operating income fell from JPY10.2 billion to JPY9.2 billion, a decrease of JPY1 billion. The JPY400 million increase in the trading business was due to sales of process materials for the semiconductor industry, which slightly decreased in H2 but were positive for the full year.

On the other hand, the manufacturing business saw a decrease of JPY1.4 billion. Nagase ChemteX recorded a loss of JPY1.6 billion, affected by a significant decrease in demand for sheet materials used for SAW filters in smartphones, due to the rapid decrease and contraction of the smartphone market in China.

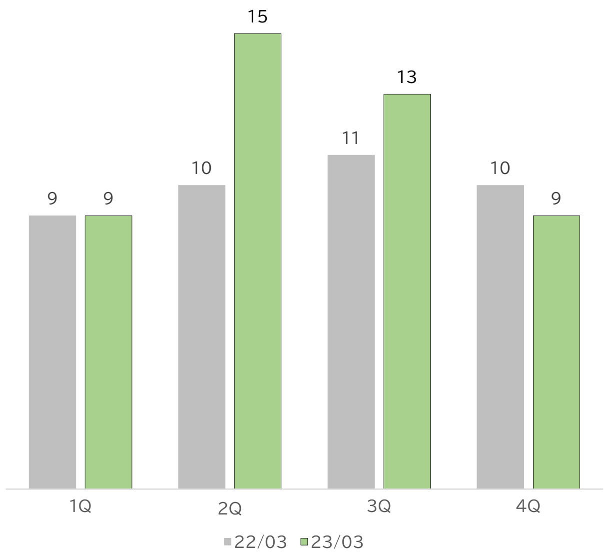
Mobility Segment Operating Income Overview

- Sales increased for resins, mainly due to an increase in automobile production and the impact of the weakening yen
- Sales increased in functional materials and functional components for interior and exterior fittings and electrification
- Profit increased year on year due to generally strong sales

Operating income by business(100 millions of yen)



History of operating income (100 millions of yen)



Next is the Mobility segment.

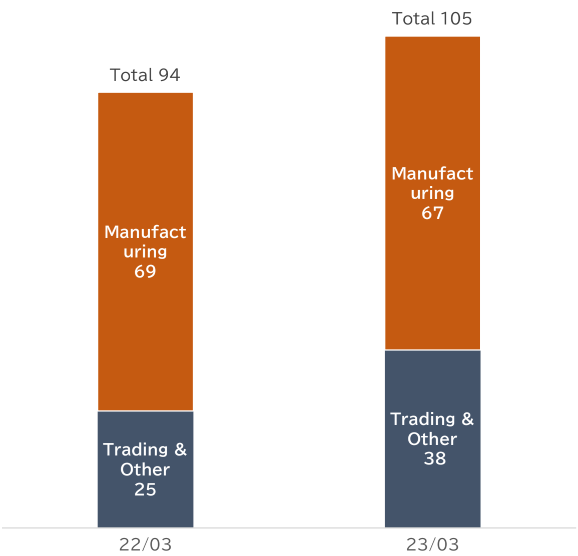
We saw an increase from JPY4.1 billion to JPY4.7 billion, an increase of JPY600 million. This is all in the trading business. Despite the impact of the Shanghai lockdown, the overall number of vehicles produced by Japanese automakers increased compared to the previous year, at 105% of the previous year’s level domestically and 100% of the previous year’s level overseas, resulting in increased sales and profits.

Also, we have been progressing with portfolio reshuffling, and products for functional parts used in EVs and electrification applications continue to perform well, boosting profits.

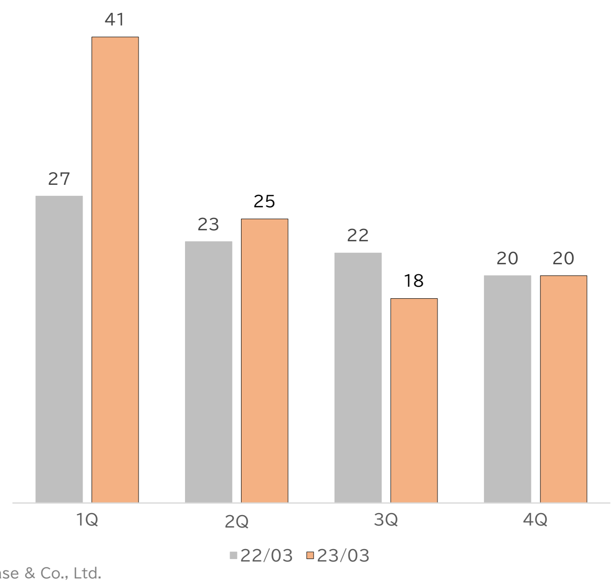
Life & Healthcare Segment Operating Income Overview

- Prinova Group sales of food ingredients were particularly strong in the first quarter, and remained strong overall in the second quarter and later, despite some adjustments in supply and demand
- Prinova Group manufacturing and processing business profitability declined due to increased costs associated with the start up of a new plant
- Hayashibara sales of food ingredients (mainly TREHA™) increased; however, sales of cosmetics materials (mainly AA2G™) decreased due to lower demand overseas and other factors
- Profit increased, despite a decrease in profit at Hayashibara, mainly due to higher profits in the Prinova Group and strong performance in the trading company business related to pharmaceuticals and cosmetics

Operating income by business(100 millions of yen)



History of operating income (100 millions of yen)



Next is the Life & Healthcare segment.

We saw an increase in operating income from JPY9.4 billion to JPY10.5 billion, an increase of JPY1.1 billion. The trading business saw a JPY1.2 billion increase due to strong sales of domestic cosmetic raw materials and pharmaceutical raw materials.

On the other hand, for the manufacturing business, domestic sales of Hayashibara went well, but overseas sales were sluggish. Additionally, we have been unable to fully pass the soaring raw material and utility costs onto the product unit price, which is suppressing profits.

Furthermore, Q1 saw Prinova reap substantial profits, fueled partly by a special anticipatory demand from our customers in response to Russia's invasion of Ukraine. The conditions have evened out since the start of Q2.

Additionally, as previously mentioned, Prinova's new Utah factory began operations in October of FY2022. The initial expenses, including depreciation and associated labor costs, have preceded its revenue, resulting in decreased profits.

State of Major Manufacturing Subsidiaries

- Nagase ChemteX: Lower profit due to weak sales of formulated epoxy resins for use in semiconductors and mobile devices
- Hayashibara: Lower profit due to lower sales of cosmetic material AA2G™ and lower profitability of food material TREHA™, stemming from higher raw materials and energy prices
- Prinova Group: Profit increased due to higher materials sales, even as manufacturing and processing businesses saw lower profitability due to costs associated with the start-up of a new plant

100 millions of yen

		22/03	23/03	Change	Vs.PY
Nagase ChemteX Corporation	Sales	289	253	(35)	88%
	Gross profit	89	68	(20)	77%
	Operating income	37	18	(19)	48%
Hayashibara Co.,Ltd.	Sales	265	281	15	106%
	Gross profit	108	103	(4)	96%
	Operating income	45	37	(7)	84%
	Goodwill amortization etc.	30	30	-	100%
	Operating income after amortization burden	14	7	(7)	50%
Prinova Group	Sales	1,209	1,927	718	159%
	Gross profit	218	312	93	143%
	Operating income	69	80	11	116%
	Goodwill amortization etc.	20	24	3	120%
	Operating income after amortization burden	49	56	7	114%

Next is an overview of the performance of our major manufacturing subsidiaries.

The situation with Hayashibara and Prinova is as I explained earlier.

For Nagase ChemteX, in FY2022, as I mentioned earlier, orders for sheet materials for SAW filters for smartphones in China decreased, and liquid sealing materials for semiconductors also decreased due to a sudden cooling of demand H2. As a result, both sales and profits have decreased.

Consolidated Balance Sheets

- Current assets: While levels remained high, accounts receivable and inventories began to decline from a peak in Q3
- Net assets: Increase, despite dividend payments and share buyback, due to profit for the period and an increase in foreign currency translation adjustments due to the weaker yen
- NET D/E ratio: Despite an increase compared to the end of the previous year, the increase in interest-bearing debt peaked, falling to 0.38 times from 0.40 times in the previous quarter

100 millions of yen

	22/03	23/03	Change	Details
Total Current Assets	5,142	5,301	158	
(Cash&deposits)	542	408	(133)	
(Trade account receivbable)	2,898	3,021	122	
(Inventories)	1,575	1,697	121	
Total non-current assets	2,254	2,325	71	
(Investments in security)	756	697	(58)	
Total assets	7,397	7,626	229	
Current Liab.	3,078	2,862	(216)	Current Portion of Bonds(100), Short-term loans/CP +59
(Trade account payable)	1,490	1,404	(85)	
Non-current Liab.	767	980	213	Corporate Bonds+100, Lease long-term debt +87
Total Liab.	3,846	3,843	(3)	
Shareholders' equity	2,988	3,090	102	
Accum. Other Comprehensive Income	454	586	131	Translation adjustment+167, Appraisal Loss on Investment Securities(28)
Non-controlling interest	108	107	(1)	
Total net assets	3,550	3,783	232	

Working capital	2,983	3,313	330
Shareholders' equity ratio	46.5%	48.2%	1.7%
NET D/E ratio	0.33	0.38	0.05

Next is the consolidated balance sheet.

Accounts receivable and inventory assets have increased compared to FY2021, but they have been decreasing since the peak in Q3. Interest-bearing debt has been decreasing since peaking in Q2.

The net D/E ratio is 0.38x, which is within the range of less than 0.5x as stated in our medium-term management plan **ACE 2.0.**

Consolidated Cash Flows

- Operating CF : Net operating cash flow of ¥9.4 billion due to a decrease in working capital stemming from slowing sales in Q4 and inventory reductions
- Investing CF : Net cash used of ¥8.0 billion, despite proceeds from sales of investment securities, etc., mainly due to purchase of property, plant and equipment and intangible assets
- Financing CF : Net cash used of ¥17.2 billion, mainly due to dividend payments and share buybacks

100 millions of yen

	22/03	23/03
Operating CF	(177)	94
Investing CF	(76)	(80)
Free CF	(254)	13
Financing CF	272	(172)
Effects of exchange rate changes on cash and cash equivalents	29	30
Net change in cash and cash equivalents	+ 47	(128)

Depreciation and amortization of tangible and intangible assets	136	149
Fixed asset investment	(169)	(173)
Change in working capital	(631)	(200)

Next is the consolidated cash flow.

We will explain this later in the part about our medium-term management plan **ACE 2.0.**

FYE March 2024 Earnings Projection

- We expect raw materials and resource prices to remain high, due in part to the protracted conflict between Russia and Ukraine
- We expect the business environment to remain challenging, given inflation in many countries, consumer spending impacted negatively by tightening measures, and the suppression of economic activities
- Under these circumstances, we expect to see higher profit for the next full year due to steady growth in the automobile-related business, continued growth in the food-related business, and a recovery in profitability in our manufacturing businesses, which faced a difficult situation in the previous fiscal year

100 millions of yen

	23/03 Actual	24/03 Forecast	Change	Vs.PY
Sales	9,128	9,580	451	105%
Gross profit	1,554	1,710	155	110%
<GP ratio>	17.0%	17.8%	+0.8ppt	-
SG&A expenses	1,220	1,365	144	112%
Operating income	333	345	11	103%
Ordinary income	325	326	0	100%
Profit attributable to owners of the parent	236	240	3	102%
US$ Exchange rate (period average)	@ 135.5	@ 135.0		
RMB Exchange rate (period average)	@ 19.7	@ 20.0		

※Impact on operating income of 1 yen change in exchange rate: US$ approx. 100 million yen, RMB approx. 400 million yen

Next, I will explain the full-year earnings forecast for FY2023.

In response to requests we received from you in the past, we have started disclosing our consolidated sales forecast beginning this term. We forecast sales of JPY958 billion, 105% of the previous year’s level, operating income of JPY34.5 billion, 103% of the previous year’s level, and profit attributable to owners of the parent of JPY24 billion, 102% of the previous year’s level. We are projecting an increase in both sales and profits.

While we project H1 will continue to be very challenging following the trend of Q4 of the previous year, we expect the economy to recover in H2, and unlike in typical years, we forecast that profit in H2 will exceed H1.

In addition, general and administrative expenses are expected to increase due to the recovery of business activities and the associated cost increases and increase in personnel expenses with the end of the coronavirus pandemic, as well as the continuation of investment expenses for the future. Nevertheless, we will manage these costs carefully by thoroughly assessing cost-effectiveness.

Furthermore, we plan to continue the sale of cross-shareholdings in FY2023 at a scale of JPY6 billion and have included a certain amount of gain on sale of shares in our forecast.

FYE March 2024 Earnings Projection By segment

- We expect Functional Materials and Mobility to remain firm, mainly in response to an increase in automobile production volume
- We expect higher profit in Advanced Materials & Processing to increase, driven mainly by a recovery in resin sales volume (declined in the previous year due to lockdowns in China) and an improvement in the earnings of our manufacturing subsidiaries
- We expect higher profit in Electronics & Energy, mainly due to recovery in sales of formulated epoxy resins for mobile devices and other products
- We expect higher profit in Life & Healthcare, driven mainly by full-scale operations at the new Prinova Group plant engaged in sports nutrition contract manufacturing, a return to profitability at Hayashibara, etc.
- We expect Others & Corporate to be impacted by increased development costs for future profits and increased amortization of retirement benefit actuarial differences

100 millions of yen

		23/03 Actual	24/03 Forecast	Change	Vs.PY
Functional Materials	Sales	1,120	1,150	29	103%
	Gross profit	223	229	5	102%
	Operating income	88	89	0	101%
Advanced Materials & Processing	Sales	2,650	2,700	49	102%
	Gross profit	317	343	25	108%
	Operating income	93	110	16	118%
Electronics & Energy	Sales	1,369	1,500	130	110%
	Gross profit	307	338	30	110%
	Operating income	92	106	13	114%
Mobility	Sales	1,255	1,356	100	108%
	Gross profit	144	156	11	108%
	Operating income	47	51	3	106%
Life & Healthcare	Sales	2,731	2,873	141	105%
	Gross profit	559	643	83	115%
	Operating income	105	113	7	107%
Corporate&Others	Sales	0	1	0	122%
	Gross profit	1	1	(0)	62%
	Operating income	(94)	(124)	(29)	–
Total	Sales	9,128	9,580	451	105%
	Gross profit	1,554	1,710	155	110%
	Operating income	333	345	11	103%

NAGASE | Delivering next.

Next, we have the performance outlook by segment.

For Functional Materials, we are planning on the assumption that the market prices for chemicals will remain high. Although we anticipate a reduction in orders due to customer inventory adjustments in H1, we believe this will recover in H2.

For Advanced Materials & Processing, we expect an increase in the volume of resin sales due to the recovery of the Chinese market.

For the Electronics & Energy segment, we anticipate a gradual recovery in smartphone sheet materials. On the other hand, we expect the semiconductor situation to be tougher than expected in H1, and we are anticipating recovery from H2.

For Mobility, we expect further increases in automobile production numbers and sales of functional components and products for EV and electrification purposes.

In the Life & Healthcare segment, we expect Prinova' s Utah plant to contribute to profits from H2 due to full-scale operation. We expect Hayashibara to increase sales and profits due to an increase in demand for fragrant materials resulting from the recovery of the Chinese market and the recovery of inbound demand in Japan.

For Corporate & Others, we expect an increase in DX-related expenses, which we have been working on for some time, and an increase in personnel costs due to actuarial differences in retirement benefits, among others. However, we want to decide whether to proceed depending on the situation.

FYE March 2024 Earnings Projection of Major Manufacturing Subsidiaries

- Nagase ChemteX: We expect formulated epoxy resin products for mobile devices to recover beginning in the second half of the year; however, the impact of integrating fermentation and enzymes business with Hayashibara and the likelihood of increased fixed costs will limit the extent of profit growth
- Hayashibara: We expect a significant increase in profit due to the full-year contribution of price revisions in response to increased raw materials and utility costs, as well as increased sales of AA2G™, a cosmetic material for overseas markets
- Prinova Group: We expect market declines and lower demand in sales of food ingredients, but profits should increase due to the full-scale operation of the Utah plant that conducts contract manufacturing for sports nutrition products

100 millions of yen

		23/03	24/03 Forecast	Change	Vs.PY
Nagase ChemteX Corporation	Sales	253	252	(1)	99%
	Gross profit	68	71	2	104%
	Operating income	18	20	1	110%
Hayashibara Co.,Ltd.	Sales	281	367	85	131%
	Gross profit	103	131	27	127%
	Operating income	37	50	12	133%
	Goodwill amortization etc.	30	30	-	100%
	Operating income after amortization burden	7	19	12	275%
Prinova Group	Sales	1,927	2,035	107	106%
	Gross profit	312	367	54	118%
	Operating income	80	84	3	105%
	Goodwill amortization etc.	24	24	0	103%
	Operating income after amortization burden	56	59	3	106%

Next is the performance outlook for our major manufacturing subsidiaries.

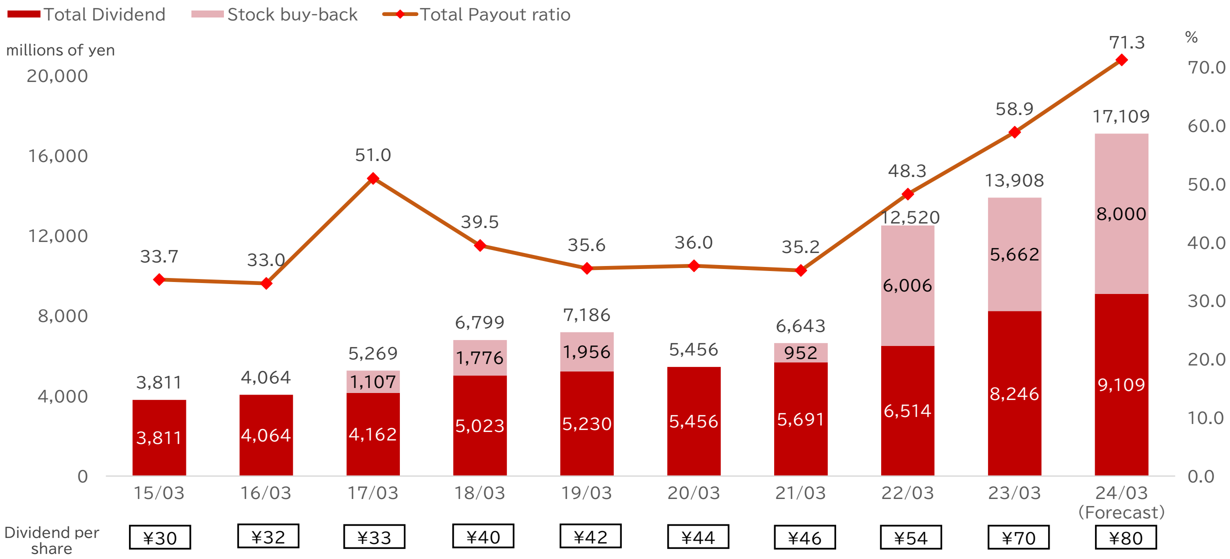
We expect Nagase ChemteX to remain flat in terms of both sales and profits, taking into account the impact of the integration of the fermentation and enzyme business with Hayashibara from this fiscal year and an increase in fixed costs.

As I explained earlier, Hayashibara anticipates a significant recovery based on the recovery of the Chinese economy and inbound demand in Japan.

For Prinova, although we expect a decrease in the profit on sale of nutrition materials due to a slowdown in the US economy, decreased demand, and falling market prices, we expect the manufacturing business to increase profits due to the full-year performance contribution of the Utah plant, among other factors. Overall, we continue to anticipate growth.

Shareholder Returns

- We plan to pay ¥70 per share for the full year, consisting of an interim dividend of ¥30 per share and a year-end dividend of ¥40 per share, ¥10 per share higher than our originally planned year-end dividend of ¥30 per share for FYE March 2023
- Based on policy under **ACE 2.0**, we plan to increase dividends per share by ¥10 to an annual dividend of ¥80 per share in FYE March 2024 (representing a 14th consecutive year of dividend increases)
- We resolved to repurchase ¥8.0 billion of treasury stock in May 2023, and we expect to achieve a total return ratio of 71% in FYE March 2024 (repurchase period scheduled between May 2023 and December 2023)



※ 23/03 year-end dividend to be submitted for approval to the 108th general meeting of shareholders scheduled for June 2023.

NAGASE | Delivering next.

Now, let's discuss the status of shareholder returns.

I will explain the details in the next part on **ACE 2.0**, but for FY2023, we plan to increase dividends by JPY10 per share. This would mark the 14th consecutive period of dividend increases.

Medium-Term Management Plan **ACE 2.0**

https://www.nagase.co.jp/english/assetfiles/tekijikaiji/20210802-1.pdf

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From here, let me explain the progress of our medium-term management plan **ACE 2.0**.

ACE 2.0 Basic Policies

Become a true "Business designer"

ACE 2.0 "Pursuit of Quality"

With a mindset focused on Accountability (A), Commitment (C) and Efficiency (E), and to enable its sustained growth,
NAGASE will work to give concrete shape (business, mechanisms, culture)
(Pursuit)
to the aspirations expected by all of its stakeholders.
(Quality)

Reform of Profit Structure

Create a profit base toward the Ideal NAGASE

(1) Pursuit of profitability and efficiency
- Implement a company-wide asset replacement and reallocation of resources

(2) Strengthen existing businesses
- Expand business opportunities through globalization
- Improve productivity of manufacturing businesses and expand value-added through technical innovation

(3) Create sustainable businesses (N-Sustainable business)

Reform of Corporate Culture

Mindset toward the Ideal NAGASE

(1) Pursuit of economic and social value
- Fostering a sustainability mindset, and rigorous monitoring of financial and non-financial indicators

(2) Pursue efficiency
- Deepen awareness of capital efficiency
- Improve productivity of core operations

(3) Strengthen human resources to drive reforms

Functions supporting reforms

(1) Accelerate DX further **(2) Promote sustainability** **(3) Strengthen corporate functions**

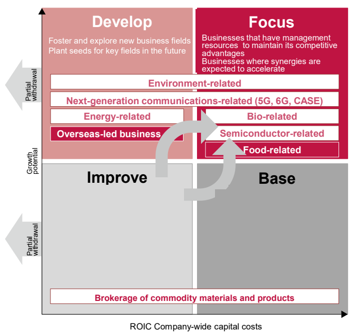
Here is a reiteration of the basic policies of **ACE 2.0.**

We aim for "Pursuit of Quality" and advance two reforms: reform of profit structure, and reform of corporate culture. There is no change to these.

Pursuit of Profitability and Efficiency

- In addition to generating stable cash in base businesses, we made progress in growing and strengthening the structure of the focus businesses that we expect to grow further
- We secured capital resources from terminated or sold-off businesses
- Our manufacturing businesses have faced difficult conditions, particularly Nagase ChemteX and Hayashibara, due to the impact of soaring raw materials and utility prices, not to mention a decline in sales due to adjustments in demand for certain high-profit products; however, we expect profitability to recover in FYE March 2024

Growth of Focus Businesses and Portfolio Replacement



(reference ;) (100 millions of yen)

Results of Manufacturing	FY2020 Results	FY2021 Results	FY2022 Results
Gross Profit	475	546	617
Operating income	138	169	144

*Results calculated using simple sums

[Food-Related]

Expand the Prinova Group market share and launch new plant operations; accelerate the marketing of Hayashibara Fibryxa™

・Expanded trading company market share and strengthened our structure for further growth in the manufacturing businesses, including the launch of operations at the Utah plant

・Accelerated marketing of soluble fiber Fibryxa™ for beverage applications and developed new applications

[Semiconductor-Related]

Pursue spec-in activities in the semiconductor industry

・Expanded trading company sales of processing materials

・Pursued spec-in activities for semiconductor manufacturing in Japan

[Bio-Related]

Integrate fermentation and enzymes groups, and pursue the development and marketing of bio-derived products

・Conducted a reorganization to enhance group synergies by integrating the fermentation and enzymes businesses of Hayashibara and Nagase ChemteX.

・Pursued efforts to launch Green DENACOL™, a bio-derived epoxy compound from Nagase ChemteX.

・Succeeded in developing a bio-based super absorbent polymer (SAP) by combining Hayashibara's enzyme technology with Nagase ChemteX's resin manufacturing technology. Pursued efforts to bring the product to market.

・Continued efforts to mass-produce ergothioneine, a rare amino acid.

[Business Replacement]

Transfer two subsidiaries to reconfigure business portfolio

・Sold shares of Setsunan Kasei Co., Ltd., a plastics compounding company, and Daitai Kako Co., Ltd, a paint manufacturing company.

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Let me explain our pursuit of profitability and efficiency.
First, let me talk about our focus businesses. We have identified food, semiconductors, and bio as our focus sectors.

Regarding food, we have made investments in Prinova's sports nutrition contract manufacturing business. We started production at a new factory in October last year and expect it to contribute to profits in H2 of the fiscal year. Secondly, in the food sector, we are accelerating the development of Fibryxa™, a water-soluble dietary fiber product, for beverage applications at Hayashibara. We will further deepen our marketing efforts and promote its adoption in new applications.

Next, in semiconductors, we are working on expanding the sales of process materials such as chemicals used in the pre-manufacturing stages of semiconductor production. We will also promote the expansion of liquid sealing materials from Nagase ChemteX in the post-manufacturing process. Furthermore, we will strengthen and promote the development of new products and spec-in activities for semiconductor and other electronic device manufacturing in Japan.

The third area is bio-related. We have integrated the Fukuchiyama factory of Nagase ChemteX, which has fermentation and enzyme business assets and knowledge, with Hayashibara to aim for business efficiency. In the research department, ergothioneine is a rare amino acid expected to have anti-aging, antioxidant, and DNA damage prevention effects, and we are continuing efforts to mass-produce it.

Furthermore, in our group-wide initiative on green materials, we have successfully developed a bio-derived epoxy compound, Green Denacol™, and a bio-derived superabsorbent polymer, DENAGREEN™, at Nagase ChemteX. We will focus on marketing these in the future. We have also started the development of enzymes for semiconductor manufacturing processes, which we have moved from Nagase ChemteX to Hayashibara.
That's all about our focus businesses.
Regarding the reshuffling of our businesses, we have sold Setsunan Kasei, which was engaged in resin compounding, and Daitai Kako, which was manufacturing paints.

Pursue Profitability and Efficiency - Expand Shareholder Returns and Sales of Cross-Shareholdings

Expand Shareholder Returns

	FY2021 Results	FY2022 Results	FY2023 Forecast
Dividend per share(yen) (interim + year-end)	54 (24+30)	70 (30+40)	80 (40+40)
Share buybacks (100 millions of yen)	60	56	80
Total Payout ratio(%)	48.3	58.9	71.3

Shareholder Return Policy Under **ACE 2.0**
Dividends: Continue to increase dividends
Repurchase Treasury Stock : Implement flexibility
※Limited to 30.0 billion yen which is the target amount of cross-shareholding sold Under **ACE 2.0**

・In FYE March 2023, we increased the annual dividend per share by 16 yen compared with the previous fiscal year
We plan to increase dividends by 10 yen per share in FYE March 2024
・Approved a new resolution in May 2023 for share buybacks We expect FYE March 2024 total return ratio to be 71%

Expand shareholder returns to improve capital efficiency in tandem with rising profit levels; improve capital efficiency through business and financial strategies

Sales of Cross-Shareholdings

	FY2020	FY2021	FY2022
Number of holdings (companies)	180 Listed 130 Unlisted 50	137 Listed 85 Unlisted 52	132 Listed 78 Unlisted 54
Balance at end of period (billions of yen)	816 Listed 773 Unlisted 43	632 Listed 593 Unlisted 38	569 Listed 547 Unlisted 21
Percentage of net assets	24.1%	17.8%	15.0%

【FY2022】

Sold shares of 13 holdings for 7.3 billion yen
(Number of holdings includes holdings sold in part)

(Reference: Sold shares in a total of 49 holdings in FYE March 2022 for 7.8 billion yen)

We plan further divestments to reach the 30.0 billion yen divestment target described under ACE 2.0

Next, I would like to report on our efforts to enhance shareholder returns and sell cross-shareholdings in pursuit of efficiency.

Although the full-year results for FY2022 unfortunately fell short of our projections, we will enhance our shareholder returns from the perspective of improving capital efficiency in the future. For FY2022, we plan to increase the annual dividend by JPY16 per share from the previous year to JPY70 per share, increasing the year-end dividend per share from the original forecast of JPY30 to JPY40.

The acquisition of our own shares, for which we resolved JPY6 billion in February 2022, has already been completed. Furthermore, in FY2023, we will increase the amount by an additional JPY2 billion from the previous year and proceed with the acquisition of our own shares up to a limit of JPY8 billion per year.

Our return policy under **ACE 2.0** includes continuous dividend increases and the acquisition of our own shares as needed. We will continue to improve capital efficiency by keeping business strategy and financial strategy as our two main wheels.

Furthermore, we plan to continue selling cross-shareholdings in FY2023, aiming for JPY6 billion.

Pursuit of Profitability and Efficiency - Funds Allocation

- During FYE March 2023, we generated proceeds of 36.3 billion yen, excluding changes in working capital and deducting investments (expenses) such as DX and R&D
- We generated proceeds of 9.6 billion yen from the sale of cross-shareholdings and the sale of shares in subsidiaries and affiliates in connection with portfolio replacement
- Major growth investments include the construction of a new Prinova Group plant (Utah, U.S.A.) for the contract manufacturing of sports nutrition products
- We continue to balance growth investments with increased returns through a combination of share buybacks and dividends, using funds from the sale of cross-shareholdings

100 millions of yen

Cash inflow	FY2021	FY2022	Cash outflow	FY2021	FY2022
Operating CF after adjustments*	525	363	Dividends and share buybacks	124	139
Proceeds from sales of cross-shareholdings, etc.	92	96	Investment in DX, R&D, etc.	71	68
Proceeds from change in interest-bearing debt	401	—	Increase in working capital	631	200
Other income	7	9	Other growth investments, etc.	156	173
			Outlays for change in interest-bearing debt	—	25
			Other expenditures	25	20
Total	1,026	469	Total	1,008	628

* Operating CF excluding the impact of changes in working capital, DX and R&D costs recorded as expenses, etc.

Next, I will explain the situation regarding funds allocation.

We were able to stably generate cash as operating cash flow in FY2022.

For cash uses, we implemented a return of JPY13.9 billion through dividends and share buybacks, and invested JPY44.1 billion for future growth, including DX, R&D expenses, and working capital.

Working capital has increased in both FY2021 and FY2022, but we will strive to reduce inventory in order to decrease working capital.

Pursuit of Profitability and Efficiency - Indicators

- WACC increased by 0.2ppt year on year, mainly due to an increase in the risk-free rate
- ROIC decreased 0.9ppt year on year due to a decrease in net income and an increase in invested capital
- We aim to achieve stable ROIC > WACC by improving profitability and capital efficiency

	FY2020	FY2021	Change	FY2022	FY2025 Target
ROE	5.9%	7.7%	(1.1)	6.6%	8.0% or higher
WACC	5.7%	5.5%	+0.2	5.7%	5.0% or lower
ROIC	4.2%	5.3%	(0.9)	4.4%	5.0% to 5.5%
NET D/E Ratio	0.23	0.33	+0.05	0.38	0.5 or lower
Net assets (100 millions of yen)	3,384	3,550	+232	3,783	
Interest-bearing debt (100 millions of yen)	1,189	1,665	+131	1,796	

Here’s the progress in our key performance indicators.

Regarding the status of each indicator related to efficiency, as listed, we aim to improve profitability and capital efficiency, striving for a stable situation where ROIC consistently exceeds WACC.

Functions supporting reforms

Pursue Sustainability - Progress in Corporate Projects

Improve Employee Engagement

(Main FYE March 2023 Initiatives)
・Introduced Activity-Based Workplaces (ABW) at the Tokyo Head Office
・Created opportunities for communication between management and employees
・Furthered discussions on women's advancement and established related targets

Vitalized communication vertically and horizontally in our organization, making progress in creating more comfortable work environments for diverse personnel

ACE 2.0 Non-Financial Targets (KPIs) and Results

(KPI)
NAGASE: Engagement survey score of 60 or more
Group companies: Percentage of companies conducting regular engagement surveys 100%

(FYE March 2023 Results)
Total score: 56.5 (FYE March 2022: 52.4)
Percentage of companies conducting regular engagement surveys: 81% (FYE March 2022: 41%)

Carbon-Neutrality

(Main FYE March 2023 Initiatives)
・Invested in Zeroboard Inc.
・Supported visualization of GHG emissions in the printing industry supply chain
・Forest credit creation proof-of-concept

We furthered collaboration with Zeroboard, which provides GHG emissions visualization services in Japan. In addition, we are developing support for emissions visualization, not only in Japan, but also in Southeast Asia. Through proof-of-concept work related to credit creation, which is only gaining in importance, we are building knowledge and expertise in carbon neutrality

ACE 2.0 Non-Financial Targets (KPIs) and Results

(KPI)
[Consolidated] Scope 1 and 2 reduction rate of 37% or more (compared to 2013)
Reduce emissions through the generation or purchase of renewable energy of 35,000 tons or more (cumulative total)
[NAGASE (non-consolidated)] Scope 2 Zero emissions

(FYE March 2023 results) *Provisional values prior to certification body guarantee
[Consolidated] Scope 1 and 2 reduction rate: 34%
[Consolidated] Reduction through renewable energy generation and purchases: 524t (cumulative)
[Non-Consolidated] Scope 2: 1,987t

Let me move on to the advancement of sustainability and the progress of corporate projects.

In **ACE 2.0**, our company set the enhancement of employee engagement and carbon neutrality as non-financial goals in our pursuit of sustainability.

We've seen improvements in employee engagement; the engagement score for this term has improved from 52.4 last year to 56.5.

Additionally, we're advancing the visualization of GHG emissions in our supply chain to achieve carbon neutrality.

Functions supporting reforms

Evaluations From ESG Rating Agencies

- We pursue sustainability activities and disclose sustainability-related information proactively
- We receive higher evaluations year by year from all major external evaluation organizations, particularly in FYE March 2023

ESG Rating Agencies		Highest rated	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results
FTSE		5.0	1.2	1.9	2.7	3.5
MSCI		AAA	BB	BB	BBB	A
CDP	Climate Change	A	C	B	B	A-
	Water	A	C	B	A-	A
	Forest	A	C-	C	C	B
	Supply Chain Engagement	A	D	B	B	A
Ecovadis (NAGASE Group)		100	41 —	46 (Bronze)	43 —	48 (Bronze)

Here, we have documented the progress of evaluations from ESG rating agencies. Thanks to our daily efforts, the evaluations from external rating agencies are improving.

That concludes my explanation of our efforts under **ACE 2.0**.

Assuming the Position of President

Maximize the Use of Resources (People, Money, and Time) and Generate Greater Efficiencies

NAGASE | Delivering next.

Next, I would like to briefly share my thoughts and aspirations as I take on the role of President.

We Live in an Era of Unprecedented Change

An Era of Trade-On	An Era of Hyper-Competition	An Era of Mutability
Environmental value is a prerequisite for economic value	Digitalization Entry Into Other Industries Aggression From Overseas, Generative AI, Etc.	Economic Security Pandemic Geopolitical Risks, Etc.

The *new normal* is proceeding at breakneck speed

What was common sense in the past is now outdated

We must continue to change for survival

I believe we are currently in a period of change unlike anything we've seen before.

The first point of change is the growing consciousness towards the environment. We're shifting from a mindset where social and economic values were perceived as mutually exclusive—an era of trade-offs—to an era where social, particularly environmental value, becomes a prerequisite for economic value, marking a time of "trade-ons."

The second point is the rise of digitalization, entry of non-traditional competitors, aggressive moves by international players, and recent technological innovations such as generative AI, all of which contribute to an ultra-competitive era where the market landscape can transform overnight.

The third point pertains to geopolitical risks, including economic security measures, US-China relations, the invasion of Ukraine, and the occurrence of pandemics starting with COVID-19, thrusting us into a time where each day presents potential crises and the need for continual transformation.

What was once considered standard is now becoming a relic of the past as a new standard—a new normal—is quickly forming on a global stage. I am profoundly conscious of an urgent need for us at NAGASE to not only keep up with these external changes but also transform our existing business practices and models.

In the past, it was said that a successful corporate transformation could ensure prosperity for a decade, but that era has ended. In order to survive, I believe it's crucial that we continuously embrace change.

In our third year under ACE 2.0, various issues and discrepancies are becoming apparent

Specific Issues

- Need for partial or complete revision of the plan (plan assumptions have changed beyond a certain scope)
- Bold growth strategy to raise our stage to a new level
- Decision-making and mechanisms that respond to the speed of environmental change
- Awareness that resources are limited (Innovative culture has been fostered)
- Elimination of waste

We will conduct a partial revision of the ACE 2.0 basic policy, Pursuit of Quality, implementing two reforms

NAGASE | Delivering next.

Our medium-term management plan **ACE 2.0**, is now in its third year. Since it was first formulated, the environment, established norms, and customer needs have changed considerably, and this has brought various discrepancies and challenges to the forefront.

For example, despite the premises on which **ACE 2.0** was established having changed to a considerable extent, there hasn't been sufficient revision of the plan, whether partially or wholly. We lack bold growth strategies that would elevate the stage of the NAGASE Group. The speed of our decision-making and adaptability haven't kept up with the rate of environmental change. While we've nurtured a spirit of taking on challenges, we haven't fully grasped that the resources of NAGASE Group are finite. Additionally, we haven't sufficiently eliminated waste, and it's starting to take a toll on the whole group.

I see these issues as challenges that have surfaced and need resolution.

Staying true to the **ACE 2.0** basic policy “Pursuit of Quality” and its two reform strategies, I'll share my vision for the changes I want to implement and the key areas I want to focus on from FY2023 through H1 of FY2024.

Who is NAGASE? Why does NAGASE exist as a company?

We are a company whose mission is

to solve manufacturing issues through materials

Execute QUICK WIN in Corporate Organization and Business Execution

So, how should NAGASE transform?

If we undertake changes haphazardly, we risk operating on autopilot, which leads to inefficient allocation of resources and eventually drains any company.

My first priority is to ensure that everyone in the group understands who NAGASE is and why we exist. In the simplest terms possible, I want to articulate that we are a company that resolves manufacturing issues through materials, and that we have a unique edge that will enable us to triumph globally. Alongside this, I intend to secure “QUICK WIN” on both the corporate and operational fronts.

QUICK WIN

Maximize the Use of Resources (People, Money, and Time) and Generate Greater Efficiencies

Evolve our business and financial portfolios

Objective Strengthen front-line capabilities and improve capital efficiency

- ・Manage and execute business portfolio based on ROIC
- ・Rebuild or liquidate unprofitable businesses (including businesses at risk of impairment)
- ・Execute a corporate-led growth strategy
- ・Enforce EXIT rule and cash allocation
- ・Strengthen search and development (S&D) function
- ・Engage in digital marketing

Strengthen management governance

Objective Increase management efficiency and decision-making speed

- ・Consolidate and operate our organization in pursuit of rationality and efficiency
- ・Revise and systematize decision-making structures
- ・Delegate authority

Restructure our human resources portfolio

Objective Maximize human capital and improve engagement

- ・Train the next generation of human resources
- ・Conduct talent management (reallocate human resources)
- ・Establish an environment for D&I implementation; revise systems and mechanisms

This slide provides an overview of my immediate priorities, what we're calling QUICK WIN.

I intend to propel our progress forward, guided by three strategic pillars: the evolution of our business and financial portfolio, strengthening of corporate governance, and reconstruction of our talent portfolio.

The first strategy aims to bolster our on-the-ground capabilities and enhance capital efficiency through the evolution of our business and financial portfolio. We have six actions planned under this strategy. There might be a few overlapping areas among these, so please bear with us. The first action is managing our business portfolio based on ROIC.

The second action involves restructuring and streamlining unprofitable businesses and companies. Not only does this include those with impairment risk and those operating at a loss, but we will also analyze and make improvements to any business where the ROIC falls below the WACC.

The third action is the execution of large-scale growth strategies, driven by the corporate side and in alignment with individual strategies at the business unit level.

Fourth, we'll ensure strict compliance to exit rules at the execution level of each business unit, alongside thorough enforcement of resource allocation, which includes balancing shareholder returns and growth strategies with the generated cash flow. The fifth action introduces a new concept, S&D or search and development. This is a fundamental strength of NAGASE, serving as a cornerstone in my transformation narrative, and we will work towards further reinforcing this function.

Lastly, we plan to leverage the DX investments made over the past two years to enhance our digital marketing outreach, targeting long-tail customers that were unreachable through traditional face-to-face interactions. (Continue to next page)

QUICK WIN

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Objective Increase management efficiency and decision-making speed

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・Revise and systematize decision-making structures
・Delegate authority

Restructure our human resources portfolio

Objective Maximize human capital and improve engagement

・Train the next generation of human resources
・Conduct talent management (reallocate human resources)
・Establish an environment for D&I implementation; revise systems and mechanisms

The second strategy focuses on enhancing our corporate governance, with the aim of streamlining management and accelerating decision-making processes. There are three primary measures.

Firstly, I would like to rationalize and streamline our operations by merging our business units into larger, more efficient organizations that align with their respective segments. This will facilitate the redistribution of resources and optimization of resource utilization.

The second measure involves a comprehensive revision of our decision-making structure, which includes changes to our conference bodies, to ensure faster and more efficient decision-making. The third measure will see us expedite the delegation of authority to our restructured front-line operations, as stated earlier.

Our third strategy centers on reconstructing our talent portfolio, with a focus on maximizing human capital and improving engagement.

Under this strategy, our first measure is to nurture our future leaders. While I have just assumed office, it's essential to consider cultivating non-traditional, transformative leaders, including my own successor, who can carry forward NAGASE's future with their innovative thinking and action.

The second measure under this strategy is the intensification of talent management, aimed at honing business acumen and reallocating human resources appropriately.

As for our third measure, D&I, we'll initially concentrate on initiatives related to women. This includes revising our HR systems and structures, and fostering an environment where everyone, particularly women, can excel.

*We plan to announce revised ACE 2.0 KGIs, KPIs, etc., in our Q2 results meeting as we move forward with QUICK WIN.

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https://www.nagase.co.jp/english/contact/ir/

■NAGASE Group Investor Relations Website:

https://www.nagase.co.jp/english/ir/

These presentation materials contain projections based on forward-looking assumptions, forecasts, and plans as of May 26, 2023.
Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.

Finally, I believe the former president mentioned a review of **ACE 2.0**'s KGI & KPI during the previous briefing meeting. I intend to proceed with the execution of the QUICK WIN strategies outlined above and at the Q2 earnings announcement, we would like to report the results of the review of **ACE 2.0**' KGI & KPI.

With that, I conclude my presentation. Thank you for your attention.