

Investment in Focus Quadrant: Life Sciences (Manufacturing Capabilities)
Acquisition of Asahi Kasei Pharma Diagnostics Operations
Expanded Sales Channels for Enzyme Manufacturing and Technological Synergy

Nagase & Co., Ltd. (Head Office: Chiyoda-ku, Tokyo; Representative Director, President and CEO: Hiroyuki Ueshima), as part of the growth strategy in its Medium-Term Management Plan ACE 2.0, has specified the four quadrants of Foundation, Focus, Development, and Improvement, and is carrying out its businesses along the axes of the trading, manufacturing, and R&D functions. With the goal of improving manufacturing capabilities in the life sciences field for the Focus quadrant and expanding operations in the biotechnologies field by utilizing R&D capabilities for the Development quadrant, on September 24, 2024 Nagase concluded a final agreement with Asahi Kasei Pharma (Head Office: Chiyoda-ku, Tokyo; President: Yoshikazu Aoki) to acquire Asahi Kasei Pharma's diagnostics business and other elements (the Acquisition).

Purpose of the Acquisition

Nagase has provided high-quality products to a variety of industries, carrying out a full range of business activities including research, development, manufacturing and sales of primarily industrial use enzymes, with Nagase Viita Co., Ltd. (Head Office: Kita-ku, Okayama-shi; Representative Director: Naoki Yasuba), the Group's core manufacturing company for biotechnologies-related businesses, playing a central role.

The market for enzymes for diagnostic reagents is expected to grow continually in the future, particularly with further demand expected to coincide with the development of advanced medical technology and personalized medicine. With the Acquisition, the NAGASE Group's life sciences network should help expand and improve sales channels beyond both companies' existing customers. Asahi Kasei Pharma's research and development capabilities for precise and highly sensitive enzymes for diagnostic reagents will help increase Nagase's technological capabilities and contribute to new marketplace competitiveness. Furthermore, applying the research and development capabilities Nagase has cultivated for enzymes and enzyme reactants to the field of enzymes for diagnostic reagents is expected to lead to the development of innovative products.

By increasing the NAGASE Group's technological capabilities and expanding its business portfolio, a stable growth base will be ensured for the Group's entire enzyme business as a whole.

Scope of Acquisition

The following operations and organizations of Asahi Kasei Pharma will be acquired:

- All operations related to the development, manufacture and sale of diagnostic reagents and enzymes for diagnostic reagents
- Ohito Pharmaceuticals Plant (manufacturing plant for raw materials of enzymes for diagnostic reagents, and for active pharmaceutical ingredients of Bredinin™ and other pharmaceuticals)
- Ohito Office (infrastructure management organization mainly for the Ohito District overall, including the diagnostics business and the Ohito Pharmaceuticals Plant)

Organizations (Pharmaceuticals Research Center, Production Management Department, etc.) and affiliated companies in the Ohito District other than those listed above are excluded from the Acquisition.

In its diagnostics business, Asahi Kasei Pharma manufactures and sells various enzymes for diagnostic reagents for blood glucose, lipids, kidney function, liver function, etc., as well as in vitro diagnostic kits, etc. The Ohito Pharmaceuticals Plant also manufactures active pharmaceutical ingredients for immunosuppressants and other pharmaceuticals, while the Ohito Office mainly performs infrastructure management functions for the Ohito District for Asahi Kasei Pharma, including both the diagnostics business and the Ohito Pharmaceuticals Plant. These operations and organizations have the technology, specialized human resources, and facilities to manufacture diagnostic reagents, enzymes for diagnostic reagents, and active ingredients for pharmaceuticals, and have a large share and strong network in the industry.

Framework of the Acquisition

With an effective date scheduled for July 1, 2025, Asahi Kasei Pharma will transfer its rights and obligations pertaining to the Acquisition, as well as its land and facilities in the Ohito District, to a subsidiary (the New Company) which it is scheduled to newly establish by incorporation-type separation. On the same date, all of the New Company's shares will be distributed to Asahi Kasei Pharma as dividends in kind, and Asahi Kasei Pharma will transfer all of said shares to Nagase. The New Company is planned to join the NAGASE Group as of July 2025.

Other Asahi Kasei Pharma organizations in the Ohito District (Pharmaceuticals Research Center, Production Management Dept., etc.) which are excluded from the Acquisition are scheduled to remain under Asahi Kasei Pharma and continue their operations in the Ohito District. The New Company will continue to employ the personnel assigned to the acquired operations and organizations.

Diagnostic Reagents and Enzymes for Diagnostic Reagents

In vitro diagnostic test kits (diagnostic reagents) are measuring reagents used to analyze bodily fluids (blood, urine, etc.) for general health checkups and to monitor the effects of treatment for diseases, and are commonly used by medical institutions and clinical laboratories. As the raw materials for diagnostic reagents, enzymes for diagnostic reagents react to specific substances (chemical components, proteins, metabolic products) in blood or other samples and convert to or amplify an optical signal, making it possible to precisely measure the concentration of a specific substance within the sample.

The glycoalbumin measuring reagent that is part of the Acquisition (Lucica™ GA-L2) analyzes the glycoalbumin made by albumin and glucose bonding in the blood, and is used by diabetes patients to monitor their blood sugar control. Compared to HbA1c (hemoglobin A1C) which is more commonly used for diabetes diagnosis, blood sugar levels can be measured in a shorter time frame, and so it is better suited to determining the blood sugar control of pregnant mothers and others who have larger fluctuations in blood sugar levels.

In addition to the enzymes for diagnostic reagents manufactured by Nagase Viita, Nagase is also involved in the import and export of a wide variety of materials for diagnostics, primarily for those called



immunodiagnostics, used for highly sensitive analysis of infectious diseases, cancer monitoring, hormones, and more.

◆Inquiries

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