

May 8, 2025

To Whom It May Concern:

Company Name: NAGASE & CO., LTD.
Representative: Hiroyuki Ueshima,
Representative Director,
President and CEO
Stock Exchange Listings:
Tokyo (Prime Market) Code 8012
Contact: Toshio Wakuda,
Executive Officer, General Manager,
Human Resources & General Affairs Dept.
Tel: +81-3-3665-3082

Notice Concerning Revision of the Performance-Linked Share-Based Remuneration System for Officers

NAGASE & CO., LTD. (the “Company”) hereby announces that it has resolved, at a meeting of the Board of Directors held today, to revise the performance-linked share-based remuneration system (the “System”), using a trust, that it has introduced for the Company’s Directors (excluding Outside Directors; the same applies hereinafter). The proposal for revision of the System (the “Proposal”) will be submitted to the 110th Annual General Meeting of Shareholders (the “General Meeting”) scheduled to be held on June 18, 2025. The details are described below.

1. Revision of the System

The Company introduced the System after obtaining approval at the 107th Annual General Meeting of Shareholders held on June 20, 2022 (this approval resolution, the “Prior Resolution”), with the aim of enhancing awareness of contributions to improved medium- and long-term business performance and increased corporate value, by more clearly linking the Directors’ remuneration with the Company’s business performance and share value, while having the Directors share the benefits and risks of share price fluctuations with shareholders, and has operated the System since then.

Now, subject to approval of the Proposal at the General Meeting, the Company intends to revise the content of the System.

Specifically, under the Prior Resolution, common shares of the company (“Company Shares”) are to be delivered at the time of retirement as remuneration under the System. In contrast, if the Proposal is approved as proposed,] delivery under the revised System is to be made while the Directors are still in office (as described in 2 below, each time points are granted by the Company) and, by imposing transfer restrictions on said Company Shares for three years or until retirement, this will provide an incentive to continuously improve corporate value even after the delivery of shares.

Note, if the General Meeting approves partial revision to the content of the System, the Company also plans to make similar revision to the performance-linked stock-based remuneration system introduced for executive officers who have entered into a delegation agreement with the Company (the “Executive Officers”). Also, the System does not apply to Director, Senior Adviser.

2. Overview of the System After Revision

(1) Structure of the System

The System is a share-based remuneration system in which a trust (“the Trust”) will acquire Company Shares and, through the Trust, Company Shares equivalent to the number of points granted by the Company to each Director will be delivered to the respective Directors.

There are two types of points granted under the System: (i) “fixed points” and (ii) “performance-linked points”.

(i) Fixed Points

Fixed points are points granted for the Director's execution of duties in each fiscal year (the "Fixed Points Period") from April 1, 2025 onward, in accordance with their position, etc. in that period, and will be granted, in principle, on the day of the Company's annual general meeting of shareholders (the "Fixed Points Grant Date") held after the end of each Fixed Points Period. If the Proposal is approved at the General Meeting, the Company Shares to be delivered to the Directors pursuant to (6)(ii) below corresponding to the fixed points granted pursuant to (6)(i) below on or after the conclusion of the General Meeting shall be delivered within a period on or after the Fixed Points Grant Date (in principle, within the same fiscal year as that of the Fixed Points Grant Date), and transfer restrictions shall be imposed by entry in the transfer restriction agreement between the Company and each Director with respect to said shares as outlined in 3. below.

(ii) Performance-linked Points

Performance-linked points are points granted for the Director's execution of duties in each period of three consecutive fiscal years (the "Performance-linked Points Period". *Note 1*) from April 1, 2025 onward, in accordance with their position, tenure, and achievement of performance targets, etc. in that period, and will be granted, in principle, on the day of the Company's annual general meeting of shareholders (the "Performance-Linked Points Grant Date") held after the end of each Performance-linked Points Period. If the Proposal is approved at the General Meeting, the Company Shares to be delivered to the Directors pursuant to (6)(ii) below corresponding to the performance-linked points granted pursuant to (6)(i) below on or after the conclusion of the General Meeting shall be delivered within a period on or after the Performance-Linked Points Grant Date (in principle, within the same fiscal year as that of the Performance-Linked Points Grant Date), and the shares delivered shall be subject to a three-year transfer restriction (however, if the Director resigns before that period ends, the transfer restriction will be lifted when the Director resigns).

Note 1: However, the first Performance-linked Points Period shall be the fiscal year from April 1, 2025 to the final day of March 2026, not three fiscal years.

The second Performance-linked Points Period shall be three fiscal years from April 1, 2026 to the final day of March 2029, the third Performance-linked Points Period shall be three fiscal years from April 1, 2027 to the final day of March 2030, and the same shall apply thereafter.

<Main Revisions>

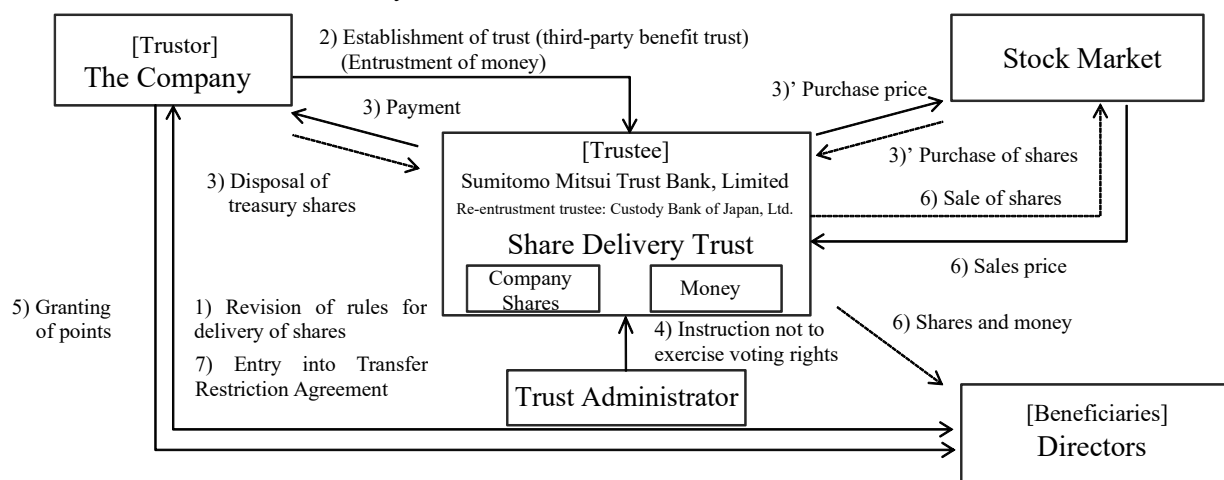
Item	Before Revision	After Revision
1. Criteria for granting points	Points are granted in accordance with position and degree of achievement of performance targets, etc.	(i) Fixed points: Points are granted in accordance with position, etc. (ii) Performance-linked points: Points are granted in accordance with position and degree of achievement of performance targets, etc.
2. Eligible Period	The four fiscal years from the fiscal year ending the final day of March 2023 to the fiscal year ending the final day of March 2026	(i) Fixed Points Period: each fiscal year from April 1, 2025 onward (ii) Performance-linked Points Period: each period of three consecutive fiscal years from April 1, 2025 onward (<i>Note 1</i>)
3. Upper limit on money that may be contributed by the Company as funds for the acquisition of Company Shares	280 million yen during the Eligible Period in 2.	(i) For the acquisition of Company Shares corresponding to the fixed points granted for execution of duties in a single Fixed Points Period: 80 million yen (<i>Note 2</i>) (ii) For the acquisition of Company Shares corresponding to the performance-linked points granted for execution of duties in a single Performance-linked Points Period: 120 million yen (<i>Note 2</i>)

4. Upper limit on total number of points that may be granted to the Directors	67,000 points per fiscal year	(i) Upper limit on total number of fixed points that may be granted for the execution of duties in a single Fixed Points Period: 46,000 points (ii) Upper limit on total number of performance-linked points that may be granted for the execution of duties in a single Performance-linked Points Period: 69,000 points
5. Share delivery timing	In principle, at the time of retirement	(i) Within a period on or after each Fixed Points Grant Date (in principle, in the same fiscal year as that of the Fixed Points Grant Date) (ii) Within a period on or after each Performance-linked Points Grant Date (in principle, in the same fiscal year as that of the Performance-linked Points Grant Date)
Transfer restrictions on Company Shares to be delivered	None	(i) Yes (in principle, from the day on which Company Shares are delivered to the day on which the Director retires (ceases to hold either the position of Director or Executive Officer; the same applies hereinafter)) (ii) Yes (a three-year period; however, if the Director has retired, the transfer restrictions will be lifted.

Note 2: Based on the upper limit set forth in the Previous Resolution, the Company has already contributed (entrusted to the Trust) up to 280 million yen as funds for the acquisition of the Company Shares to be delivered to Directors in office during the four fiscal years from April 1, 2022 to the final day of March 2026, based on the System prior to its revision by the Proposal. Based on this, the total of the following amounts shall not exceed 200 million yen.

- Amount of money to be contributed by the Company as funds for the acquisition of Company Shares corresponding to the fixed points granted for the execution of duties in the first Fixed Points Period.
- Amount of money to be contributed by the Company as funds for the acquisition of Company Shares corresponding to the performance-linked points granted for the execution of duties in the first Performance-linked Points Period.
- Amount already contributed as funds for the acquisition of Company Shares corresponding to the points granted based on the System prior to its revision, for the execution of duties in the fiscal year from April 1, 2025 to the final day of March 2026.

< Overview of the Structure of the System After Revision >



- 1) The Company will revise the share delivery rules for the Directors.
- 2) The Company has established a share delivery trust (third-party-benefit trust) with the Directors who acquire beneficial rights, as described in 6) below, as the beneficiaries (the Trust), and will additionally entrust the trustee with an amount of money equivalent to the funds for the acquisition of Company Shares.
- 3) The trustee, using as its funding source the funds within the Trust (which includes, not only the additional funds entrusted by the Company as described in 2) above, but also the remaining funds in the Trust prior to the additional entrustment) additionally acquires, in a single tranche, the number of Company Shares sufficient for the expected delivery of shares in the future (the acquisition shall be through disposal of treasury shares or acquisition from the stock market (including off-auction trading)).
- 4) A trust administrator (who must be independent from the Company and its officers) is appointed to protect the interests of the beneficiaries who are covered by the share delivery rules and supervise the trustee, throughout the trust period. Note, with respect to the Company Shares held in the Trust, the trust administrator instructs the trustee not to exercise any voting rights and, based on this instruction, the trustee shall not exercise voting rights throughout the trust period.
- 5) The Company grants points to the Directors based on the share delivery rules.
- 6) The Directors who satisfy the requirements stipulated in the share delivery rules and the trust agreement pertaining to the Trust, as beneficiaries of the Trust, receive delivery of the Company Shares from the trustee corresponding to the points granted to them (shares delivered corresponding to performance-linked points shall be subject to transfer restrictions for a period of three years (however, if they resign before that period ends, the transfer restrictions will be lifted at the time of resignation)). Note, if certain conditions – set in advance in the share delivery rules and trust agreement – are met, a portion of the Company Shares to be delivered corresponding to performance-linked points will be sold on the stock market, and cash will be delivered.
- 7) With respect to the Company Shares delivered corresponding to fixed points granted on or after the General Meeting, the Company and the Directors will enter into transfer restriction agreements, which will establish a transfer restriction period from the delivery date until the date of retirement.

It is planned that the Company Shares that are residual assets of the Trust at the time of the Trust's termination will be acquired by the Company in full, without compensation, and then cancelled by resolution of the Board of Directors.

Also, it is planned that a certain amount of money from the residual assets of the Trust at the time of the Trust's termination will be donated to a special public-interest promotion corporation, with which the Directors have no relationship of interest, as provided for in advance in the share delivery rules and the trust agreement.

Sumitomo Mitsui Trust Bank, Limited which will be the trustee under the System, will delegate (re-entrust) management of the trust assets to Custody Bank of Japan, Ltd.

(2) Entrustment of money to the Trust

Subject to obtaining approval for the Proposal at the General Meeting, the Company will make an additional trust contribution to the Trust of the funds necessary for the Trust to acquire the number of Company Shares that can be reasonably expected to be required for delivery in accordance with (6) below. The Trust will acquire the Company Shares using the money in the Trust as funds, as described in (5) below.

Sumitomo Mitsui Trust Bank, Limited which will be the trustee under the System, will delegate (re-entrust) management of the trust assets to Custody Bank of Japan, Ltd.

(3) Trust period

The Trust is established with a trust period of four years (from March 2, 2023 to the final day of August 2026); and will be extended by five years (until the final day of August 2031 (scheduled)). However, the trust period may be further extended.

(4) Upper limit on trust money that may be contributed to the Trust as funds for the acquisition of shares

The Company will contribute (make additional entrustment to the Trust) an amount within the upper limit amount specified in (1) above as funds for the additional acquisition of Company Shares necessary for delivery to Directors under the System. The Trust will, using the monies within the Trust (which includes not only the additional funds entrusted by the Company, but also the funds remaining in the Trust prior to the additional entrustment) as the source of funds, additionally acquire the Company Shares by means of disposal of the Company's treasury shares or by means of acquisition from the stock market (including off-auction trading) (*Note 3*).

Note 3: The actual amount of money that the Company will entrust to the Trust will be the total of the above-mentioned acquisition funds for the Company Shares plus the estimated amount of necessary expenses such as trust fees and trust administrator fees. Additionally, the Company may also entrust funds necessary for acquiring the Company Shares to be delivered to the Company's Executive Officers under a similar performance-linked share-based remuneration system.

(5) Method of acquisition of Company Shares by the Trust

It is planned that the additional acquisition of Company Shares by the Trust, within the upper limit on the funds for the acquisition of shares described in (1) above, will be through disposal of treasury shares from the Company or acquisition from the stock market. The details of the acquisition method will be determined and disclosed after the resolution of the General Meeting.

(6) Method of calculation and upper limit on the number of Company Shares to be delivered to Directors

(i) Method of granting points to the Directors

The Company will grant each Director (i) fixed points and (ii) performance-linked points as described in (1) above, on the Fixed Points Grant Date and Performance-linked Points Grant Date specified in the share delivery rules during the trust period, based on the share delivery rules established by the Board of Directors (*Note 4*).

Note 4: Regarding performance-linked points, the number of points to be granted will be determined by multiplying a number that will be set according to the Director's position, etc. by a performance-linked coefficient that will vary according to the actual values of performance-linked indicators. The performance-linked indicators and the range of the performance-linked coefficient will be decided by the Company's Board of Directors; however, for the first Performance-linked Points Period, the performance-linked indicators are planned to be "ROE", "Sustainability-related indicators", etc., and the range of the performance-linked coefficient is planned to be from 50% to 150%.

However, the total number of points to be granted to Directors by the Company will have an upper limit of (i) 46,000 points as fixed points granted for a single Fixed Points Period, and (ii) 69,000 points as performance-linked points granted for a single Performance-linked Points Period, respectively.

Even if the Proposal is approved as proposed, the Company may grant points to Directors within the scope of the Previous Resolution based on the System prior to its revision by the Proposal, as remuneration for duties executed in the period prior to the conclusion of the General Meeting.

(ii) Delivery of Company Shares corresponding to the number of points granted

Directors will receive delivery of Company Shares corresponding to the number of points granted under item (i) above, in accordance with the procedure set forth in item (iii) below. However, if a Director resigns for personal reasons, etc., any points granted up to then will be extinguished, in whole or in part, and Company Shares corresponding to the points extinguished will not be delivered.

One point will correspond to one Company Share. However, if circumstances arise with respect to the Company Shares in which it may be reasonable to adjust the number of Company Shares per point, such as stock split or reverse stock split, etc. then the number of Company Shares per point will be adjusted according to the split ratio, reverse stock split ratio, etc.

(iii) Delivery of Company Shares to the Directors

After the end of each Fixed Points Period and each Performance-linked Points Period, each Director will, each time points are granted, in principle, conduct prescribed procedures to acquire beneficial rights in the Trust and, as a beneficiary of the Trust, receive delivery of Company Shares corresponding to each point granted (*Note 5*).

Note 5: However, in cases where a Director retires during a Fixed Points Period or Performance-linked Points Period, or in other prescribed cases, fixed points or performance-linked points may be granted before the end of the relevant period, and the corresponding Company Shares may be delivered from the Trust to that Director.

However, with respect to a certain portion of the Company Shares to be delivered as performance-linked points, the Trust may sell and convert them to cash for the purpose of the Company making deductions at source for tax payments, such as withholding income tax, etc., and, in such cases, delivery may be made in cash instead of Company Shares.

With respect to Company Shares corresponding to points granted as remuneration for the execution of duties during the period prior to and including the date of the General Meeting based on the System prior to its revision by the Proposal, in accordance with the Prior Resolution, each Director shall, in principle, conduct the prescribed procedures at the time of retirement to acquire beneficial rights in the Trust and receive delivery from the Trust.

Furthermore, if the Company Shares held in the Trust are converted into cash, such as in the case of a tender offer where there is settlement of Company Shares held in the Trust, delivery may be made in cash (said conversion amount) instead of Company Shares.

(7) Exercise of voting rights

Based on the instructions of the trust administrator, who will be independent of the Company and its officers, none of the voting rights of the Company Shares held in the Trust may be exercised. The purpose of this is to ensure the neutrality of the Trust from the Company's management regarding the exercise of voting rights in the Company Shares held in the Trust.

(8) Handling of dividends

Dividends on the Company Shares held in the Trust will be received by the Trust, and will be applied to the acquisition price of Company Shares, as well as trust fees payable to the trustee in connection with the Trust, etc.

(9) Handling of Company Shares and money at the time of termination of the Trust

It is planned that Company Shares that are residual assets of the Trust at the time of the Trust's termination will be acquired by the Company in full, without compensation, and then cancelled by resolution of the Board of Directors.

Also, it is planned that a certain amount of money from the residual assets of the Trust at the time of the Trust's termination will be donated to a special public-interest promotion corporation, with which the Directors have no relationship of interest, as provided for in advance in the share delivery rules and the trust agreement.

3. Transfer Restriction Agreement regarding Company Shares to be delivered to Directors corresponding to Fixed Points

If the Proposal is approved as proposed, a transfer restriction agreement (the "Transfer Restriction Agreement") including the following content will be entered into between the Company and the Director regarding Company Shares to be delivered corresponding to fixed points granted in accordance with 2(6)(i) above after approval (each Director shall receive delivery of Company Shares on the condition that they enter into this Transfer Restriction Agreement).

However, Company Shares to be delivered after the date of retirement (if any) shall not be subject to transfer restrictions. Also, with respect to a certain portion of the Company Shares, the Trust may sell and convert them to cash for the purpose of the Company making deductions at source for tax payments, such as withholding income tax, etc., and, in such cases, delivery may be made in cash instead of Company Shares.

- (i) The Director shall not transfer, create security interest in, or otherwise dispose of Company Shares delivery of which is received under the System during the period from the date of receipt until the date of retirement.
- (ii) The Company may acquire Company Shares without compensation upon the occurrence of certain events.
- (iii) The details of conditions for lifting the transfer restrictions, and other matters, as set in advance by the Company's Board of Directors.

4. Transfer Restriction Period for Company Shares to be delivered to Directors corresponding to Performance-linked Points

If the Proposal is approved as proposed, Company Shares to be delivered corresponding to performance-linked points granted in accordance with 2(6)(i) above after approval shall be subject to transfer restrictions (prohibition on transfer, creation of security interest, or other disposition) for a period of three years from the time of delivery in accordance with the share delivery rules established by the Company's Board of Directors (however, the transfer restrictions will be lifted if the Director retires).

(Reference) Overview of the Trust Agreement for the Trust

Trustor	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-entrustment trustee: Custody Bank of Japan, Ltd.)
Beneficiaries	Directors and Executive Officers of the Company who satisfy the beneficiary requirements
Trust administrator	A third party to be selected that is independent of the Company and its officers
Exercise of voting rights	The voting rights of the shares held in the Trust will not be exercised at any time during the trust period.
Type of trust	Trust of money other than "money trust" (<i>kinsen-shintaku</i>) (third-party-benefit trust)
Date of trust agreement	March 2, 2023
Trust period	March 2, 2023 ~ Final day of August, 2031 (scheduled)
Trust purpose	To deliver the Company Shares to the beneficiaries based on the share delivery rules