

Status of Dialogues With Shareholders and Investors

NAGASE announced the following information on the status of dialogue with shareholders and investors in FY2024.

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(1) Basic Policy on Dialogues

(Basic policy)

The NAGASE basic policy is to conduct constructive dialogue with shareholders and investors that contributes to sustainable growth and corporate value improvement over the medium to long term. Opinions received through dialogue are reported to management at meetings of the Board of Directors and the Group Management Committee. Our investor relations department works with a wide range of internal departments to appropriately respond to these opinions, such as through holding regular meetings.

(Correspondents)

We designate the director in charge of the Corporate Management Department as the director in charge of investor relations and established an investor relations department within the Corporate Management Department.

The director in charge of investor relations and the investor relations department play a central role in dialogues. We also offer meetings with the president, the Sustainability Office, and Executive Officers in charge of each business unit, depending on the individual needs of shareholders and investors.

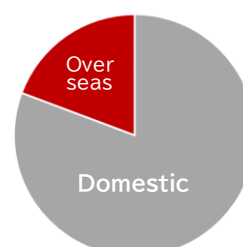
(2) Overview of Shareholders and Investors With Whom Dialogues Were Held and Total Number of Dialogues

(Summary of shareholders and investors with whom dialogues were held)

NAGASE provides opportunities to have dialogues with the individuals listed below to reduce gaps between market and company perceptions, as well as to provide feedback from the market to management for use in corporate management.

- Portfolio managers
- Buy-side analysts
- Sell-side analyst
- Exercisers of voting rights
- Credit analysts
- Individual investors

Percentage by Region of Domestic and Overseas Institutional Investors, Etc. With Whom One-on-One Meetings Were Held



(Total number of dialogues)

| Event | Times Held |
|--|------------|
| Financial briefings (first quarter, first half, third quarter, year-end) | 4 |
| One-on-one meetings with domestic and overseas institutional investors, etc. | 259 |
| Company briefings for individual investors | 4 |
| Small meetings for institutional investors, etc. | 7 |

(3) Matters of Interest to Shareholders and Investors

The following is a list of items that are recognized as being of particular interest during one-on-one meetings (as of the June 18, 2025 disclosure).

(Growth strategy)

Questions received

- What is the roadmap for achieving 90 billion yen in gross profit from manufacturing functions in the Focus Areas of food, semiconductors, and life sciences by around 2030?
- What are the specifics of the 80 billion yen growth investments?
- What progress has been made in the Improve Areas?

Company policy

1. Focus Areas growth strategies and the path to achieving targets

NAGASE defines the Focus Areas as the manufacturing functions in the food, semiconductor, and life sciences fields, aiming to make investments to expand the scale and margin of gross profit over the medium to long term. Our specific goal is to grow gross profit in these three fields from 39.5 billion yen in FY2024 to approximately 90 billion yen by around 2030 by executing the following strategies.

We will drive food growth through the Prinova Group, accelerating the growth of the Prinova Group Solutions business, which delivers customized food ingredient formulation and processing solutions tailored to customer needs. The Nutrition business, which provides contract manufacturing for sports nutrition and other products, has experienced a temporary downturn. The Group aims for a swift recovery under the new CEO appointed in April 2025. The Group plans to introducing technologies that meet customer needs and expand market share in the life and wellness field, including the sports nutrition market. Other efforts include optimizing the cost structure by improving operational efficiency and revitalizing the sales organization. These efforts will strengthen the overall earning power of the Prinova Group.

For semiconductors, Nagase ChemteX has gained strong market recognition for their molding compounds for advanced semiconductor applications used in AI servers, which have become the de facto standard. The company is expanding production capacity and plans further scale-up in FY2025 to meet robust demand. NAGASE will strengthen our manufacturing and sales functions for high-purity chemicals used in semiconductors through the acquisition of the Asia business of U.S.-based Sachem, Inc. We are also expanding into the recovery and recycling of TMAH, a developer used in semiconductor manufacturing, with plans to begin mass production at a newly established facility in FY2025. These efforts will contribute to the supply chain and drive business expansion. Our life sciences field will expand business with a focus on sales growth through the diversification of Nagase Viita functional material applications. We plan to integrate the diagnostic reagent business of Asahi Kasei Pharma Corporation into the Group in July 2025. This integration will strengthen our manufacturing capabilities in life sciences and accelerate business expansion in the bio field by leveraging our R&D functions, which we define as

the Develop Area.

The 80 billion yen for growth investment has no time limit and represents the size of foreseeable projects, mainly in the three aforementioned areas.

2. Initiatives in the Improve Areas

We are implementing steady measures to enhance profitability in the businesses and transactions falling under the Improve Areas. These efforts withdrawing from unprofitable transactions and, where appropriate, transferring operations to the most suitable owner. We are committed to our goal of reducing losses in these areas to less than 1 billion yen in FY2025 through these initiatives.

(Capital and financial strategy)

Questions received

- What is your ROE target for FY2026 and beyond? Will you increase financial leverage?
- What are your specific initiatives to improve ROIC?
- Will you review the amount of strategic cross-shareholdings sold?

Company policy

1. ROE targets

Our Medium-Term Management Plan, **ACE 2.0**, which concludes in FY2025, set a target of 8% ROE. Throughout this period, we've diligently pursued our growth strategies and prioritized capital efficiency. Given the faster-than-anticipated accumulation of capital, we revised our shareholder return policy. Consequently, for FY2024 and FY2025, the final two years of **ACE 2.0**, we've adopted a total payout ratio of 100%. We forecast an ROE of 8.1% for FY2025.

Regarding ROE targets and our shareholder return policy for FY2026 and beyond, we are currently developing our next medium-term management plan. Within this plan, we are examining the optimal balance that will contribute to sustainable growth and enhanced corporate value. We remain committed to continuously increasing our profitability and improving capital efficiency, aiming to achieve a PBR above 1.0 as early as possible.

2. Financial leverage

Our basic policy is to utilize debt financing, using a net D/E ratio of less than 0.5 as a general guideline to support growth investments aimed at sustainable growth. At the same time, we remain mindful of the current interest rate environment and strive to manage interest payments carefully while seeking the optimal balance.

3. Measures to improve ROIC

At NAGASE, we are further deepening ROIC-based management across all business segments, striving to maximize ROIC through both enhanced profitability and improved asset efficiency. Our concrete initiatives include withdrawing from unprofitable businesses, improving profitability and profit margins by reviewing low-margin transaction terms and returning commercial rights, and optimizing inventory levels to enhance working capital efficiency. These measures are being thoroughly implemented at all our domestic and overseas locations. We are consistently seeing tangible results from these persistent efforts.

4. Reduction of strategic cross-shareholdings

Our ratio of strategic cross-shareholdings to net assets stood at 13.9% as of the end of FY2024, indicating further room for reduction. We target to sell 30 billion yen in strategic cross-shareholdings under the Medium-Term Management Plan **ACE 2.0**. As of the end of FY2024, we completed sales totaling 25.6 billion yen, and continue working steadily toward achieving the full target. The next medium-term management plan will maintain our commitment to steadily reducing strategic cross-shareholdings.

(Human capital)

Questions received

- Is the HRBP system working?
- Please comment on diversity in the Company.
- Please comment on the acquisition of female officers and the ratio of women in managerial roles.

Company policy

1. HRBP System

NAGASE assigns HR Business Partners (HRBPs) to each of the seven business divisions to ensure close alignment between business strategy and HR strategy. HRBPs support organizational development and talent development based on a deep understanding of each division business strategy. We accelerate the execution of business strategies by assigning HR personnel within each business division who work in close coordination with HRBPs to implement initiatives that address people and organizational challenges.

2. Diversity & Inclusion (D&I)

The Nagase Group operates in 25 countries and regions and is made up of a diverse workforce in terms of gender, nationality, age, and values. We recognize this diversity as the foundation of innovation and a source of our unique strengths, and we are advancing D&I as a strategic priority. We began conducting regularly diversity management training for management-level employees in FY2023. In FY2024, the program focused on understanding unconscious bias and encouraged reflection on equality and equity from the perspective of structural discrimination. NAGASE is also committed to building a work environment that allows each employee to balance life events and work with confidence. Our efforts to build a workplace culture that supports diverse work styles include ongoing enhancements to childcare and nursing care support programs, as well as the introduction of a new leave policy for infertility treatment in FY2024.

3. Women's empowerment

We position women's empowerment as one of our highest priorities in diversity management. We are implementing concrete measures at each stage of recruitment, retention, and promotion. Currently, we have one female Outside Director and one female Executive Officer participating in management decision-making.

Regarding the ratio of women in managerial roles, we achieved our FY2025 year-end targets—at least 30% for new career-track female hires and at least 6% for female managerial positions—one year ahead of schedule. Building on this progress, we've set a new goal: to increase the ratio of women in managerial positions to at least 10% by the end of FY2028, and we're strengthening initiatives to achieve this. Specifically, we're fostering a workplace environment and corporate culture that better supports women's empowerment through measures such as supporting

networking among female career-track employees, providing opportunities for dialogue, and regularly holding diversity management training for department and section managers. These efforts will lead to the development of future female leaders.

(Sustainability)

Questions received

- Please comment on improving employee engagement.
- Please comment on human rights initiatives.

Company policy

1. Improving employee engagement

Strengthening our talent pool to be innovative and globally competitive, alongside enhancing employee engagement, is indispensable for our sustainable growth. To this end, we abolished seniority-based practices and launched a new HR system in FY2024. This new system clarifies roles and responsibilities and links them more directly to compensation. It also facilitates more dynamic talent placement and promotion, supports the recruitment of diverse and highly specialized professionals, and aims to maximize both individual growth and overall organizational performance.

Our concrete initiatives to improve employee engagement include strengthening progress monitoring by increasing communication frequency between management and each organization, and enhancing dialogue between management and employees through town hall meetings and other events. Furthermore, we are advancing on-site, employee-driven efforts such as inter-division exchange programs, internal discussion forums, and multi-layered dialogue promotion.

As a result of these efforts, our employee engagement survey scores have improved. We were also honored to rank 9th in the "Best Motivation Company Award 2025" (Large Enterprise category: fewer than 5,000 employees), hosted by Link and Motivation Inc. We will continue to promote initiatives that contribute to the sustainable growth and development of both our employees and the company.

2. Human rights due diligence

We recognize respect for human rights as a key issue and conduct human rights due diligence in accordance with the UN Guiding Principles on Business and Human Rights. We operate multiple business divisions across various countries and regions. In conducting human rights due diligence across our supply chain, we utilize external human rights data to identify "high-risk products" and "countries/regions." Subsequently, we conduct interviews with sales representatives in each business division and perform desktop research to assess and identify risks specific to their operations. In FY2025, our plan is to assess multiple business divisions to "identify business areas with significant risk," "determine the processes by which adverse impacts may occur," and "evaluate and identify the company's involvement in such negative impacts." Furthermore, we conduct employee surveys on human rights and compliance. Opinions gathered through these surveys are utilized in human rights training and internal awareness initiatives. Concurrently, if factual issues are confirmed through investigations, we implement measures to prevent their recurrence. Our group manufacturing subsidiaries, Nagase Viita and the Prinova Group, have already begun implementing specific human rights due diligence measures. We will leverage the insights gained through their efforts to strengthen group-wide initiatives.

(4) Feedback to Management

We regularly provide feedback from shareholders and investors to the Board of Directors and the Group Management Committee.

| | No. of Reports |
|--|----------------|
| Reports at Board of Directors meetings | 4 |
| Reports at Group Management Committee meetings | 1 |

*In addition to the above meetings, feedback is also provided to each division and other departments as necessary.

(5) Examples of Leveraging Shareholder and Investor Feedback

We provide feedback from shareholders and investors to management. After discussion with relevant internal departments, we then utilize this feedback in management as necessary. Specific examples are as follows.

(Examples)

- Expand opportunities for management to conduct dialogues
- Understand the standard of equity cost required of the company
- Expand IR activities through more frequent earnings briefings, small meetings, and other investor interactions
- Review external disclosure materials

Enhance financial results presentation materials (expand disclosure of segment overviews, etc.) and more

Contact for Inquiries on Investor Relations

For inquiries on investor relations, please contact us through the following webpage.

<https://www.nagase.co.jp/english/contact/>

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