

## Status of Dialogues With Shareholders and Investors

NAGASE announced the following information on the status of dialogue with shareholders and investors in FY2025.

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- (1) Basic Policy on Dialogues
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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.

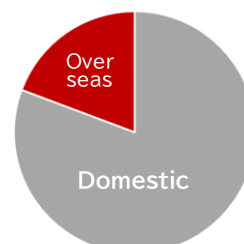
### **(2) Overview of Shareholders and Investors With Whom Dialogues Were Held and Total Number of Dialogues**

(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.	176
Company briefings for individual investors	5
Small meetings for institutional investors, etc.	4

### **(3) New Initiatives**

In May 2026, coinciding with the announcement of our Medium-Term Management Plan "Walk the Talk 2028," we hosted a small meeting centered on the new plan featuring President and Representative Director Ueshima as the speaker. Through direct dialogue regarding the background behind the targets set in "Walk the Talk 2028" and our strong commitment to achieving a market capitalization of 1 trillion yen at an early stage, we feel we were able to deepen the understanding of analysts and investors while facilitating a fruitful exchange of opinions.

Going forward, we are committed to continuously improving our IR activities to meet the requests of analysts and investors. This includes hosting additional small meetings led by the President and Representative Director, the Director in charge of the Corporate Management Department, or the heads of our respective business divisions.

### **(4) 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 17, 2026 disclosure).

(Growth strategy)

#### **Questions received**

- Whether the operating profit target for the final year (FY2028) of the Medium-Term Management Plan "Walk the Talk 2028" is too conservative.
- The planned use of the 100 billion yen in growth investments and the pathway to growth.
- Growth prospects for the Electronics Segment (e.g., LMC encapsulants for advanced semiconductors, a-SMC, and the chemical recycling business).
- Earnings recovery and growth outlook for the Life Sciences Segment (e.g., Prinova Group).
- Progress and future outlook of the "Uniqueness Businesses" (e.g., disposable diaper recycling, sugar reduction, and mycorrhizal fungi).

#### **Company policy**

1. Target Setting for the Medium-Term Management Plan "Walk the Talk 2028" (Regarding the view that targets are conservative)

We have received feedback that the Key Goal Indicators (KGIs) in our Medium-Term Management Plan "Walk the Talk 2028" (operating profit of 50 billion yen or more, ROE of 9.0% or more) might be conservative.

These targets emphasize our slogan, "Walk the Talk" (delivering on our promises). Furthermore, while this is a period of "upfront costs" during which we will intensively undertake capital expenditures and venture into new businesses to build the foundation for exponential growth toward a market capitalization of 1 trillion yen, we consider the operating profit of 50 billion yen and ROE of 9.0% to be minimum targets. They are set not merely as

goals to be achieved in FY2028, but as targets we aim to reach as early as possible.

## 2. Earnings Expansion through a New Segment Structure and Growth Investments

To clarify our business portfolio and accelerate decision-making, we reorganized our five traditional segments into three: "Materials," "Electronics," and "Life Sciences." We will accelerate capital allocation to our growth areas, Electronics and Life Sciences. Over the three years of "Walk the Talk 2028," we plan to make approximately 100 billion yen in growth investments to strengthen existing businesses and expand our portfolio.

In the Electronics field, we will expand production capacity for Nagase ChemteX's liquid encapsulants (LMC), which have become the de facto standard for applications such as AI semiconductors, and advance the mass production of next-generation sheet-type encapsulants (a-SMC). In addition, we will boost production of high-purity chemicals by constructing a second plant in China under Nagase Circrea, and drive the launch of Japan's first recovery and recycling business for used semiconductor developers (TMAH).

In the Life Sciences field, the Prinova Group's Solutions business continues to perform well and drive financial results. Furthermore, its Nutrition business, which had been operating at a loss, has largely completed cost reduction measures such as optimizing staffing structures, and is expected to reliably achieve profitability during FY2026, a year ahead of schedule. Additionally, through our bio-research institute utilizing AI and robotics established in San Diego, USA, we will accelerate the development of new materials and improve yields for existing products.

## 3. Creation of Uniqueness through "One NAGASE"

By fully leveraging our three functions—trading, manufacturing, and R&D—we will promote our proprietary "Uniqueness Businesses" aimed at solving social issues. Specifically, we are working on a separation, purification, and recycling business for used disposable diapers utilizing biodegradable superabsorbent polymers (biodegradable SAP); a sugar reduction business utilizing new materials as sugar substitutes; and the mass production of mycorrhizal fungi and ergothioneine. We will cultivate these initiatives into drivers of exponential growth for FY2029 and beyond.

(Capital and financial strategy)

### Questions received

- Specific measures to achieve the KGIs (ROE of 9.0% or more, operating profit of 50 billion yen or more) and the 30% EPS growth over three years in the Medium-Term Management Plan "Walk the Talk 2028."  
Revision of the 100% total return ratio policy and future shareholder return policies.
- Reduction targets for cross-shareholdings.
- Views on utilizing debt for growth investments.

### Company policy

#### 1. KGI Targets and Shareholder Return Policy

In the Medium-Term Management Plan "Walk the Talk 2028," we have set KGIs of operating profit of 50 billion yen or more and ROE of 9.0% or more as a foundation for the early realization of a 1 trillion yen market capitalization. Regarding shareholder returns, we will transition from company policy of a 100% total return ratio in FY2024 and FY2025 to a phase that prioritizes growth investments. At the same time, keeping continuous dividend increases (forecasting a 17th consecutive term of dividend increases in FY2026) as our baseline, we aim for a 30% EPS growth over three years. To enhance shareholder value, we will flexibly execute share repurchases to cover any shortfall toward achieving this goal. Please note that decisions regarding share repurchases will not be based solely

on the target of 30% EPS growth over three years.

## 2. Reduction of Cross-Shareholdings

To improve capital efficiency, we will further proceed with the reduction of cross-shareholdings. During the previous Medium-Term Management Plan "ACE 2.0," we sold approximately 30 billion yen worth of shares. However, due to the appreciation of the market value of the shares held, they currently account for approximately 15.9% of net assets. We plan to compress this ratio to around 8% over the next three years. We estimate that at current stock price levels, we will need to sell over 30 billion yen, exceeding the amount sold during "ACE 2.0." The proceeds from these sales will be directed toward growth investments.

## 3. Cash Allocation and Financial Leverage

While maintaining our credit rating (A+), we will pursue an optimal capital structure utilizing financial leverage. Setting a benchmark Net D/E ratio of approximately 0.5 times, we will actively utilize interest-bearing debt for growth investments such as M&A and capacity expansion, thereby driving improvements in ROIC and EPS.

(Human capital)

### Questions received

- Factors behind the increase in SG&A expenses (such as personnel expenses) and our views on investment in human capital.
- Initiatives regarding the development of "people" (cultivating two types of leaders).
- Progress on diversity promotion, including targets for the ratio of female managers and the appointment of female outside directors.

### Company policy

#### 1. Investment in Human Capital and Development of "People"

Personnel expenses are on an upward trend due to factors such as increased performance-linked incentives at the Prinova Group and base salary increases both domestically and internationally. However, we position these as necessary investments for future exponential growth. In the Medium-Term Management Plan "Walk the Talk 2028," we treat "people" as our most important management capital. We will break through organizational limits by cultivating two types of leaders: "Project Engineers," who integrate complex elements and drive initiatives from conceptualization to realization, and "Business Orchestrators," who take a bird's-eye view of the entire Group to draw out its strengths.

On the other hand, during "ACE 2.0," we achieved structural improvements in our P&L by strictly managing the SG&A-to-gross profit ratio as one of our KPIs. Since this KPI will continue under "Walk the Talk," we intend to adjust the execution of planned general and administrative expenses as appropriate depending on the situation.

#### 2. Promotion of Women's Empowerment and Diversity

Toward the target of achieving "a 10% ratio of female managers by the end of FY2028," we are taking steps such as raising the hiring ratio for women, and currently, the ratio of female managers is steadily rising. Furthermore, to further strengthen diversity at the decision-making level, we plan to add one new female outside director at this year's General Meeting of Shareholders. With this addition, two out of our nine directors will be women (approximately 22%), and the number of outside directors will increase to four.

(Sustainability)

**Questions received**

- Progress on climate change initiatives.
- Human rights due diligence and supply chain management.

**Company policy**

1. Response to Climate Change and Reduction of Scope 1 and 2 Emissions

As a non-financial target of the Medium-Term Management Plan "Walk the Talk 2028," we aim to reduce Scope 1 and 2 emissions by 32.7% compared to FY2021 levels. This is a level consistent with our 2030 target, for which we have obtained SBT certification, and we will steadily advance our initiatives toward carbon neutrality.

2. Human Rights Due Diligence and Supply Chain Management

Based on our Human Rights Basic Policy, we sent SAQs (Self-Assessment Questionnaires) to suppliers located in regions or handling products with relatively high human rights risks. While the responses have not identified any critical issues at present, we will continue to conduct fixed-point observations and provide dialogue and improvement support as necessary.

**(5) 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	2
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.

**(6) 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
- Review external disclosure materials 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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