

Our Approach to Value Creation

Towards 2032, Our 200th Year
While continually asking ourselves “Who is NAGASE?”,
we will strive to engage in growth-oriented reforms
and the maximization of management resources.

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Delivering next.



Hiroyuki Ueshima
Representative Director,
President and CEO
Nagase & Co., Ltd.

Combining individual strengths and Group resources for renewed growth as One NAGASE

Laying the groundwork for change, and transitioning to a lean organization

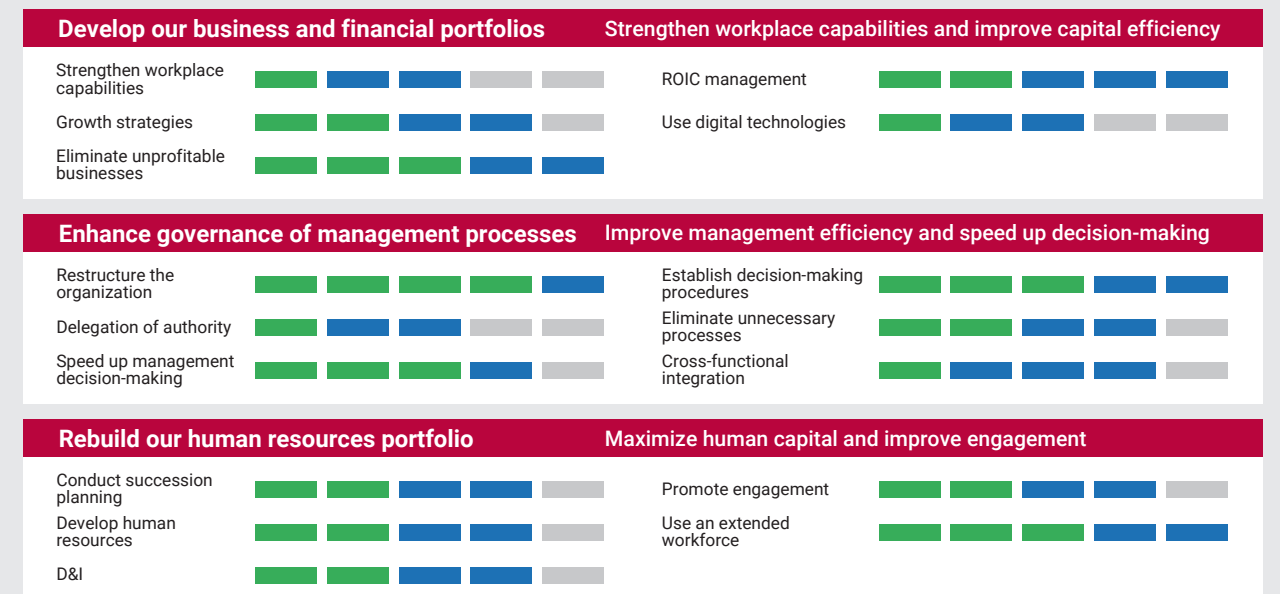
We have made significant strides in strengthening our organization over the three years I have served as president. In the first year, fiscal 2023, we advanced the core measures of medium-term management plan, **ACE 2.0**. That year, we launched the QUICK WINS initiative to build a strong foundation resilient to changing business conditions by maximizing and optimizing the use of our core management resources of people, things, money, and time while refining our business and financial portfolios, enhancing management governance, and restructuring our human resources portfolio. We introduced wide-ranging changes, including reorganizing the business departments and group companies, business planning processes, committee structures, and management policies. The next year, we used that foundation to

steadily shift to a lean management structure by paring down inefficiencies, advancing ROIC management to improve capital efficiency, and eliminating underperforming businesses. We also began developing a Return on Time approach, assessing how much value can be generated through the most efficient use of limited time, and set fiscal 2025 as the year we would put the policy into action.

In fiscal 2024, we ultimately posted record-high gross profit and raised gross profit margins in every business segment. We also achieved record-high operating income despite higher selling, general and administrative expenses caused by rising logistics costs, which pushed up selling and labor costs. I believe we are well positioned to attain the key goal indicators (KGIs) for fiscal 2025, the final year of our **ACE 2.0** plan. We are in this favorable position because of the hard work of employees at all of our business sites. The QUICK WINS initiative is progressing essentially as we planned, as can be seen in the graph below showing

QUICK WINS status in fiscal 2024

■ Implemented in fiscal 2023 ■ Implemented in fiscal 2024



where we stood at the end of fiscal 2024. We are on track to attain levels 4 or 5 for nearly all of the indicator categories in the first half of fiscal 2025.

Since becoming president, I've continued working on the same issues I addressed as an executive officer while helping develop the ACE-2020 medium-term management plan launched in 2016. While much has improved over the past decade, fundamental challenges persist, and new issues have emerged amid changes in the external environment. As president, I am now taking the lead in driving reforms to tackle these challenges.

Combining individual strengths and Group resources to enhance resilience

Reforms that drastically change the organization and how we approach and do things naturally can make employees feel confused and want to resist change. I've felt that resistance when I've tried to share and spread our ideas in the Company. NAGASE has always been about the "power of the individual." That approach has been so successful throughout our long history that it is easy to fall into the trap of following precedent. Breaking through that mindset may be our biggest challenge. However, what was successful in the past is not enough to survive the changing external environment. The world is undergoing a massive sea change, and the NAGASE Group must come together to transform into a lean organization. While preserving our free-spirited culture and fearless drive to take on challenges, we must become a company where strong individuals move in the same direction and unite their strengths. That is why



I always think about People and Frameworks together. I believe my most important role is to nurture people and strengthen the NAGASE foundation with frameworks that foster the creation of sustainable businesses.

Creating frameworks allows tacit knowledge—often unspoken or taken for granted within specific jobs—to be articulated and shared. Systems for developing human resources must also exercise the delegation of authority because that is how employees gain experience and build skills. This assumes that, at any level, those delegating and receiving authority share the same values. Because an organization can be weakened if authority is used inefficiently, our method of delegating authority includes thorough dialogue to ensure the values are in full alignment.

We take a careful, methodical approach to introducing new policies because they will not gain traction if they seem to be something the president suddenly created. The first step is communicating the major policies until they become a natural topic of discussion among employees. We then create an environment where employees constantly see and hear the policy and its description, so it becomes very familiar even if not yet fully understood. This process ultimately encourages employees to reflect on the policies, recognize the relevance to their own work, take ownership, and deepen their understanding. We always follow a three-year timeline for introducing new policies, and the current steps are aimed at implementation starting in 2026.

People are the life and soul of NAGASE

We must also consider how best to nurture and utilize our people. I dislike the term "human capital," now in common use, because people are neither objects nor money. At NAGASE, we view each person as having the potential to envision future scenarios and identify what is needed to make them reality. In this way, our people are the primary source of our value creation.

People are at the very center of NAGASE, and I tell employees, "people are our life and soul." Cultivating our people and continually developing new processes is what will ensure our sustainability. The Group has an exceptional abundance of highly talented individuals.

Everyone has diligently learned their role and provides high value-added services and products that are perfectly attuned to client needs. The growth the Group has achieved is due to its talented people, each acting with vitality and demonstrating their strengths. Employees are like professional musicians who are masters of their instruments while I, as president, am the conductor leading the orchestra. My role is to keep executives and employees fully aware of the changing environment so each person can perform in harmony at their full potential. From the podium, I must face our players, discern each person's talent and character, and allocate resources to enable the Group's best performance.

NAGASE seeks people with the market insight, creativity, exemplary leadership, and organizational skills to create value. We want individuals who can discover a business gem, refine it with the Group's insight, and fully leverage our resources to deliver unprecedented performance to our clients and develop it for new markets. Enhancing these abilities in our employees will make NAGASE even stronger, and we aim to be an organization where such talent inspires their colleagues so we all advance together with our strengths united under the mindset of One NAGASE.

In developing our people, I also want NAGASE to be a place where many aspire to become president. Working with past presidents gave me valuable insight

into their perspective and management approach, making me aware of the vast gap between their thinking and mine, and the challenge it would be to bridge that gap. Now, as president, I created CEO Accompaniment Program for younger employees to experience and learn by joining me on business trips overseas. Participants, often meeting for the first time during preparations, live and dine together during the trip, freely asking questions and sharing their thoughts on management. In the end, I encourage everyone to aim to become CEO. Interest in the program has grown as past participants have shared their experiences. Activities like this require little extra effort yet are powerful in creating motivated human resources. It's a perfect example of a process that triggers natural employee growth.

Fulfilling our natural responsibility through sustainability management that reflects added value

In fiscal 2024, we reflected deeply on the meaning of sustainability for our Group. **ACE 2.0** defines our materiality (key issues) as improving employee engagement, helping realize a decarbonized society, and providing highly transparent corporate governance—responsibilities we see as fundamental. Recognizing that social and environmental value are now prerequisites for economic value, and that we

Materiality		
Changes in the external environment having a major impact	The NAGASE Group's materiality	Related SDGs
<ul style="list-style-type: none">● Diversity of human resources● Demographic changes● Climate change and resource shortages● Food and water scarcity● Globalization● Depletion of natural resources● Geopolitical risk● Growing awareness of human rights	● Employee engagement improvement	
	● Realize a decarbonization	
	● Extend a healthy life expectancy	
	● Driving a circular economy	
	● Achieve a sustainable supply chain	
	● Transparency in corporate governance	

live in an era of trade-on, I realized NAGASE can offer unique solutions through our three functions of a trading company with a global information network, an R&D company that gives shape to that information, and a manufacturer that commercializes and mass-produces products. I saw that our materiality needed to reflect the distinct added-value these functions create. We therefore created a project team mainly of younger employees to review our materiality. The result was the addition in September 2024 of three items closely intertwined with our business: extending healthy life expectancy, driving a circular economy, and building supply chain sustainability. These key issues are now embedded in Group company business strategies, ensuring that solving social issues becomes integral to our economic success.

Polishing Rough Gems of Uniqueness to outshine all others

We will fully apply NAGASE's functions to address the key issues linked to our businesses and contribute to addressing issues. Some of our business addressing social issues are the development of adult disposable diapers using the bio-derived superabsorbent polymers (SAP), and the collection and recycling of high-purity developer solutions used in semiconductor manufacturing.

These products and services start with the thoughts and ideas of employees at our business sites. I believe that both in areas close to our current business and in markets where others already compete, NAGASE can refine products and services to an unprecedented level of uniqueness, turning them into core revenue drivers.

Since becoming president, I have often used the

term “uniqueness,” and many employees have asked me to explain exactly what I mean. In the process system I described earlier, this uniqueness is the final step where employees take ownership and express their opinions.

We have also introduced a system using cloud-based MA and CRM tools to collect and digitize the gems discovered by employees with a sharp eye for opportunity. New employees are equally eager to share information they find interesting. I receive a notification when new information is submitted and, if it is intriguing, I personally contact the employee to find out more. Knowing their submissions are sent to me seems to have increased the volume and enthusiasm of submissions.

The corporate division organizes the submissions and develops projects to commercialize promising ideas. One of the ideas currently in development could become a pillar of our business by our 200th anniversary in 2032. Rather than a business that grows gradually, it has the potential to be a true game changer. We are carefully incubating it within the Group and with support from external experts.

The next medium-term management plan and beyond, moving forward as One NAGASE

I already have a clear vision of what the NAGASE Group will look like in 2032 when we celebrate our 200th anniversary, and that vision drives the next medium-term management plan, which we will announce next fiscal year. We expect to achieve the targets of **ACE 2.0**, now in the final fiscal year, and to reach our key goal indicator (KGI) for the first time. I often say that making a plan is not the goal, and that excessive analysis and deliberation is unnecessary. Even if a plan scores



only a 60 out of 100, it must be executed. In the PDCA process, doing outweighs planning, and while checking is important, taking action is essential. We will shift from a PdCa approach to pDcA, executing our strategies with animal spirits that embody the plan's essence and driving until the plan is completed.

The next plan's theme will be “Creating new values through One NAGASE.” We will not significantly change the growth strategy we have pursued so far. I plan to provide an overview of the plan's content and currently ongoing strategies. We will actively invest in our growth strategies and fill any gaps through M&A and other actions. That is how NAGASE walks the talk.

Having laid the groundwork in fiscal 2023 and transformed our corporate culture in fiscal 2024, we are now ready to take even stronger and resonating action in fiscal 2025. We revised the executive compensation system in May 2025 with the intent of increasing motivation to steadily and sustainably enhance corporate value by linking remuneration to shareholder value, pursuit of both short- and medium- to long-term profits and

efficiency, and a balance of economic and social value. We also plan to develop management strategies geared to both capital stock and stock price considerations.

We welcome your continued support as we move forward. NAGASE's mission is to use our materials to deliver solutions that benefit clients, people, and the planet. Acting as One NAGASE, we will keep enhancing frontline execution capabilities and driving fresh growth.

September 2025

Hiroyuki Ueshima

Representative Director, President and CEO
Nagase & Co., Ltd.

My responsibility is to improve capital efficiency during our transformational period



Yoshihisa Shimizu
Director and Executive Officer
Nagase & Co., Ltd.

Flexibly and strategically supporting management with administrative and overseas business knowledge

It is my pleasure to introduce myself to you following my appointment in June 2025 as Director in charge of Corporate Administration. Since joining the company in 1987, I have worked across a broad range of management functions, originally in finance and then in information systems, business management, and risk management, where I was deeply involved in all aspects from frontline operations to departmental manager. I have broad experience in core administrative functions, which has given me hands-on experience with the various inner workings that form the foundation of management.

I learned about global management and governance during 14 years in Hong Kong and Taiwan, where I managed local subsidiaries and helped establish regional headquarters. I will combine my on-site experience and broad management perspective to detect early signs of changes and provide flexible, strategic support to management. I see my role as CFO as extending beyond sound financial oversight to also contributing to improving overall management quality and continuously enhancing corporate value.

During my daily activities, I place high importance on communications. I make a point of conversing with employees, as facial expressions, tone of voice, and casual remarks can reveal underlying issues or shifts within the organization. Hearing different perspectives and fostering a sense of organizational unity is essential to positive change.

Ratio-driven management to transform the corporate culture

Medium-Term Management Plan **ACE 2.0** launched amid the highly uncertain business environment during the unprecedented challenges of the COVID-19 pandemic. With the appointment of our current president in FY2023, we advanced the **ACE 2.0** basic policies and introduce the QUICK WINS initiative to drive

rapid, efficient management reform by developing our business and financial portfolios, enhancing governance of management processes, and rebuilding our human resources portfolio. The clear priorities and swift execution of **ACE 2.0** and QUICK WINS have unified the company mindset and significantly improved decision-making and management execution.

As CFO, a key focus of mine is embedding return on invested capital (ROIC) management into our business and financial portfolio development. By using ROIC not just as a financial indicator but as a company-wide approach to “ratio management,” we are incorporating capital efficiency into all levels of decision-making, even daily operations at our business sites. These sites, in fact, are where initiatives tied to quantitative results, such as exiting unprofitable operations, revising processes to improve margins, and reformulating supply chains to reduce costs, are producing the greatest benefits.

The cumulative result is clear in our FY2024 performance. Gross profit and all profit categories increased from last fiscal year, with all but net income reaching record highs. This indicates not just a temporary earnings boost, but a fundamental shift toward higher margins and rising structural profitability.

Focus on growth strategies and aggressive investments

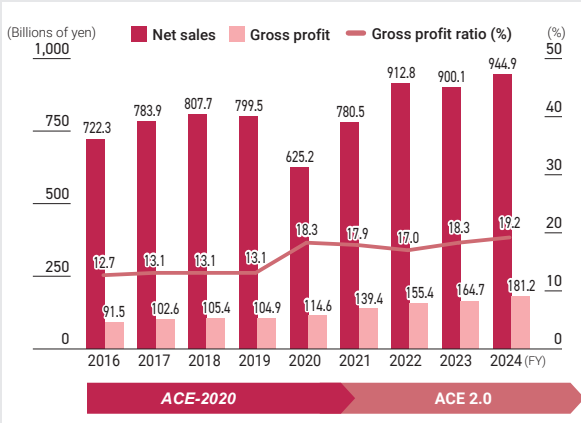
We use a four-quadrant matrix of foundation, focus, development, and improvement to evaluate and classify businesses based on profitability, growth potential, and capital efficiency and ensure the most effective allocation of resources.

In the improvement quadrant, we take strict and swift action on unprofitable businesses. For high-risk projects, investment management now conducts monthly progress reviews instead of quarterly or annually checks.

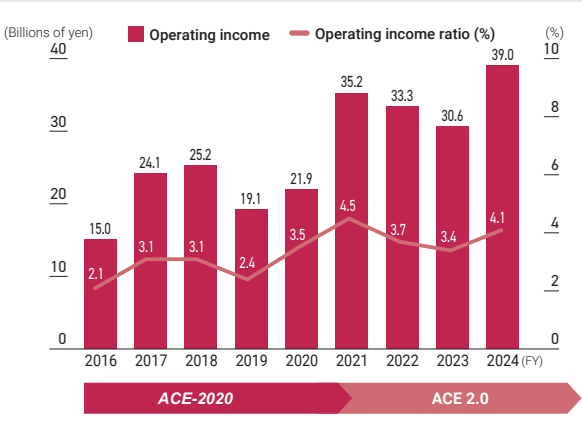
In the focus quadrant, we are advancing our growth strategy through carefully targeted investments in semiconductors, food, and life sciences.

In June 2025, we acquired the Asia high-purity chemistry operations of SACHEM, Inc., of the United States. The acquisition will give us the ability to recover high-purity solutions for reuse—the first such technology in Japan—and further enhance the environmental performance of our activities in the semiconductor industry. Additionally, Nagase ChemteX’s liquid encapsulant materials command strong market share in the advanced semiconductor segment. We are expanding production capacity and accelerating technology development in anticipation of rapid adoption of generative AI.

Net sales and gross profit



Operating income



In the food field, we are directing the Prinova Group's operating income back onto a growth trajectory to boost its profit contribution. To regain profitability in the nutrition business, which conducts contract manufacturing of sports nutrition products, we are expanding the lineup focus from professional athletes to also target amateurs. We are also entering new regions and strengthening our sales infrastructure in the Global South through the acquisition of food ingredient contract manufacturer and marketer Aplinova.

In the life sciences field, in July 2025, we acquired Asahi Kasei Pharma Corporation's operations related to the manufacture, development, and sales of diagnostic reagents and enzymes. This addition will not only boost diagnostics business earnings, it also has promising compatibility with the enzyme business of Nagase Viita Co., Ltd. and the expanded enzyme library it gives us will be a powerful asset promising many synergies. We are also advancing our bio-derived superabsorbent polymer (SAP) technologies through a joint project to develop environmentally friendly SAP products, including biodegradable adult diapers and marine biodegradable water retention materials for greening and agriculture. We are increasing investment and developing technology to overcome the key challenge of building a mass production structure for SAP materials.

The development quadrant is key to our future

growth. We are reorganizing the R&D structure and allocating corporate venture capital to foster startups with the aim of gaining knowledge and creating new businesses in areas beyond our current scope, such as ultrasonic motors, robots, and generative AI technologies.

Investing in future leaders and establishing a resilient back office

The foundation of the NAGASE Group's sustainable growth is our people, and our corporate value stems from their development.

We seek individuals who lead change in uncertain times, create new value through innovation, and bring a global perspective across diverse environments. People with these three competencies will define the future of NAGASE. I believe the core of our commitment to our human resources is investing in high-quality training to help each person realize their full potential.

Our training system provides both selective and voluntary courses with programs designed to help employees further their careers and advance to higher professional levels. The NAGASE Technical Vitality Program is designed to foster internal entrepreneurship and provide opportunities to develop business in areas outside the Company's current domain. Each year, proposals for new business are solicited and developed through a stage-gate process including screening, pitch selection, and viability testing, with promising ideas then going on to actual business development. Not only does the program boost engagement of younger employee engagement and add vitality to our organization, it has also produced several business success stories.

We develop global human resources through two-way exchanges by sending employees overseas and training staff from foreign subsidiaries in Japan, and by creating a system for exchanges among overseas subsidiaries. Experiencing foreign cultures, both as visitors and hosts, strengthens our ability to understand and integrate diverse perspectives.

In April 2025, we launched the Management Department Visualization Project to reform administrative operations. The project reviews existing operations to improve efficiency, eliminate excess, deficiencies, and overlap, and raise overall operating quality. The reforms will improve all aspects of the

management functions, including sustainability, while enabling tighter control over rising indirect costs, such as from the head office reconstruction and internal system development. The project also involves reorganizing and visualizing business and administrative department of duties and positions and optimizing human resource allocation. Additionally, the project accelerates the IT integration and digital transformation, improves operating efficiency, and advances the shift to high value-added operations. The result will update work methods, improve productivity, and create a resilient back office providing a solid foundation for frontline employees to implement growth strategies.

Growth and capital strategies aimed at 8% ROE

The **ACE 2.0** medium-term management plan has measures to improve capital efficiency and sets 8.0% ROE as a key goal indicator (KGI) to reach by FY2025, the plan's final year. Reaching this target is vital, and we are implementing both a business growth strategy and a capital strategy to ensure success.

The growth strategy focuses on securing returns from current investment projects and carrying out structural reforms, including exiting unprofitable businesses, to streamline and strengthen our business portfolio.

The capital strategy focuses on optimizing the capital structure rather than simply reducing capital assets. With the specific aim of achieving 8% ROE, the strategy targets a 100% total return ratio in FY2025 and will control capital expansion by increasing shareholder returns. With our low net debt-to-equity ratio, using interest-bearing debt—which has lower financing costs than equity—will reduce our weighted average cost of capital (WACC), and we plan to use it effectively for financial leverage.

Another way we are improving capital efficiency is by systematically divesting strategic cross-shareholding. **ACE 2.0** targets total divestment of 30 billion yen over the five years started in FY2021. The divestment of 3.2 billion yen worth in FY2024 brought the total sale amount to 25.6 billion, and we expect to meet the target in FY2025.

We expect these business growth and a capital strategies to raise ROE to 8.1% in FY2025. However,

that is not our final goal. We will continue scrutinizing our cross-shareholdings and shareholder returns with the aim of continuing to improve capital returns and setting a higher ROE target in the next medium-term management plan.

Turning constructive dialogue with capital markets into management strength

Constructive dialogue with the capital market is more important than ever. We are fully aware that the Company's price-to-book ratio (PBR) being below 1x is a critical issue and are committed to addressing it directly. While focusing on raising ROE and reducing the cost of capital, we understand that timely and frank communication with shareholders and investors is essential.

In FY2024, in addition to quarterly results briefings, we held 266 one-on-one and small meetings, which was a marked increase from the previous fiscal year. Feedback from these sessions is shared at Board of Directors meetings and integrated into management decisions. We also host seminars on topics of interest to shareholders and investors, focusing on promising growth fields. Business managers present seminars on trends in the semiconductor, food, and life sciences fields, sharing insights to actual market conditions and the Company's strategies. With major investments under way for growth, we look forward to offering more opportunities to engage with shareholders and investors on our progress and plans.

We are also expanding disclosure on non-financial areas, and are especially focusing on improving the quality and availability information related to sustainability. We understand that providing detailed quantitative and qualitative data is important to showing that the NAGASE Group is growing and evolving with society.

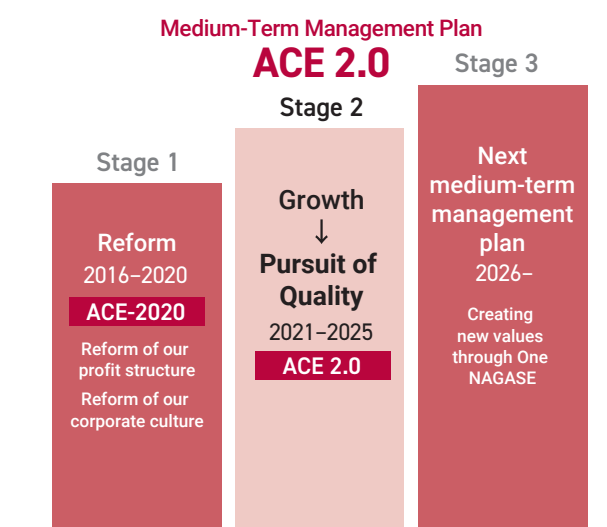
After establishing a solid foundation for change over the past two years, the Company is now at a pivotal moment. While I feel a strong sense of mission and responsibility, I also share great excitement for our future. I am fully committed to maximizing the corporate value of the NAGASE Group.



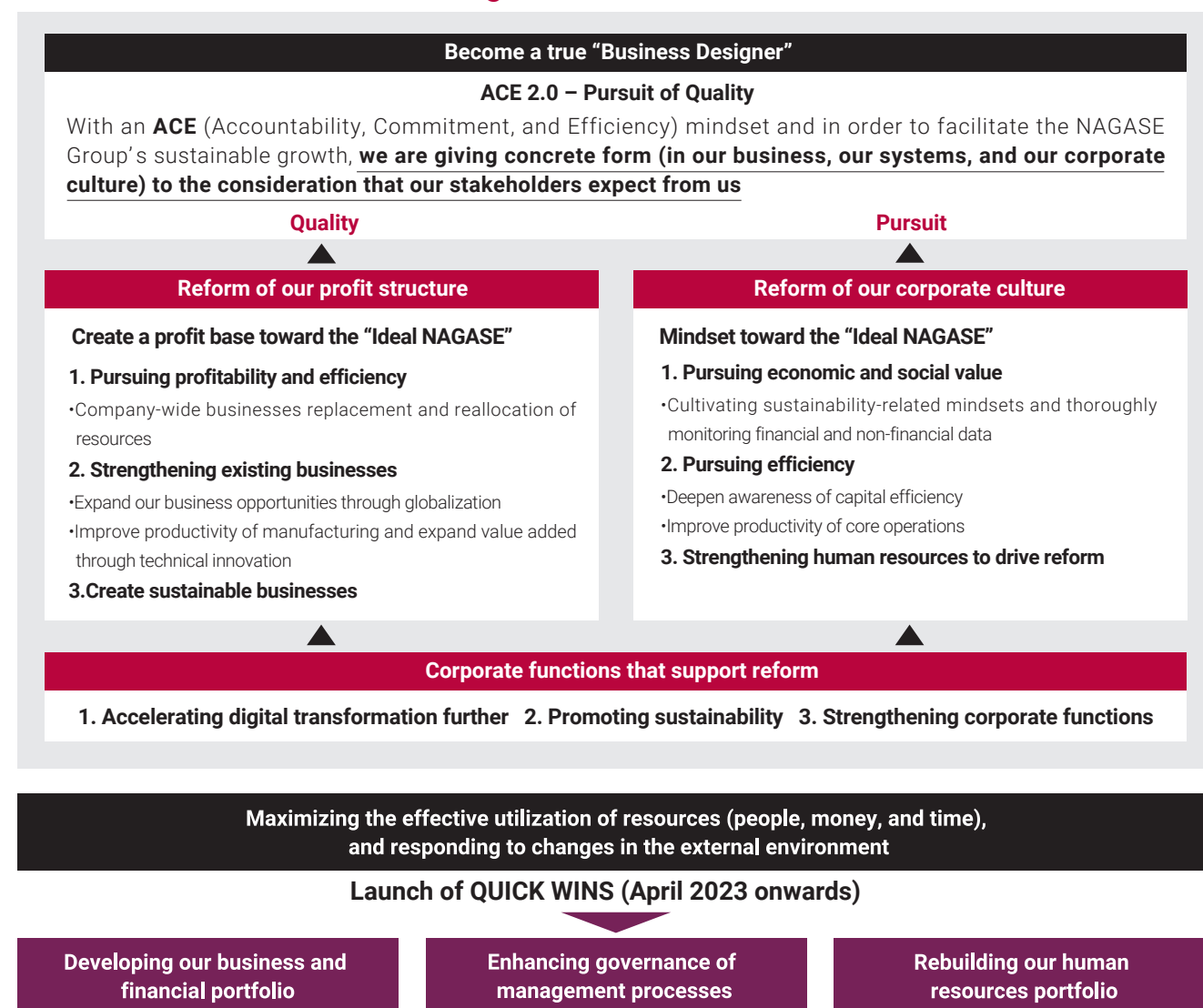
Medium-Term Management Plan

The “Reform Period” from fiscal 2016 to fiscal 2020 was the first stage toward the “Ideal NAGASE” in 2032. During this time, we optimized our portfolio by steadily strengthening focus areas and planting seeds in development areas. However, reforms in profit structure that were dependent on external factors stagnated, leaving some issues unresolved.

Medium-Term Management Plan **ACE 2.0** is the second stage of our campaign for achieving an “Ideal NAGASE,” and we have dedicated the five-year period it covers—from fiscal 2021 to fiscal 2025—to the pursuit of quality. To us, pursuit of quality means giving concrete form (in our business, our systems, and our corporate culture) to the consideration that our stakeholders expect from us. We are aiming to achieve this, all while maintaining an **ACE** (Accountability, Commitment, and Efficiency) approach, in order to facilitate the NAGASE Group’s sustainable growth.



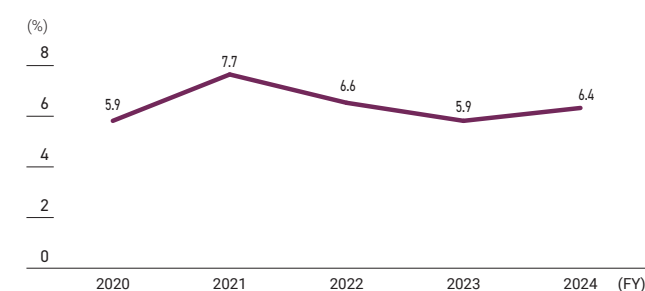
Medium-Term Management Plan ACE 2.0 Basic Policies



Financial targets

To realize the Pursuit of Quality that is a goal of the Medium-Term Management Plan **ACE 2.0**. To reach this objective, have set financial and non-financial objectives, and we are working to achieve progress in relation to these objectives. As regards financial objectives, we have set Key Goal Indicators (KGIs) and also Key Performance Indicators (KPIs) in regard to reform of our profit structure, reform of our corporate culture and reform of our corporate culture.

① ROE

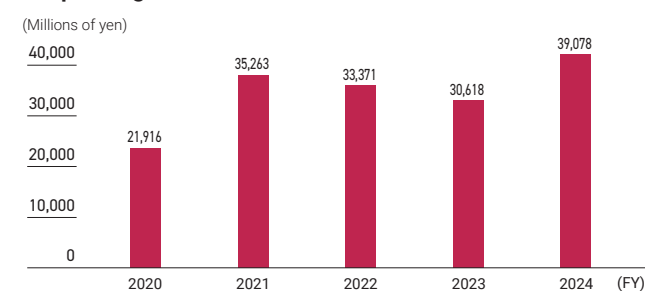


KGIs (Key Goal Indicators) for the Pursuit of Quality

Measures	Indicators	FY2020	FY2025*
Improvement in capital efficiency	① ROE	5.9%	8.0% or more
Increase Profitability	② Operating Income	21.9 billion yen	35.0 billion yen

* FY2025 assumptions: 1 USD = 108.7 yen, 1 RMB = 15.6 yen

② Operating Income



Efficiency indicators

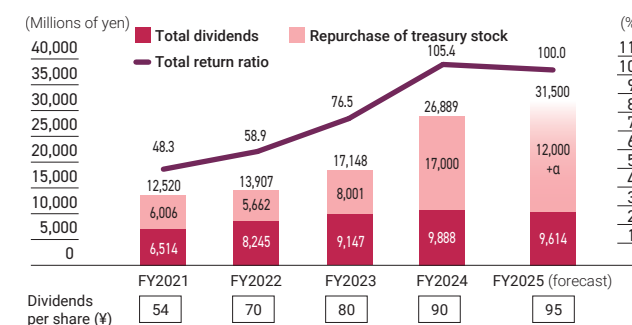
	FY2020	FY2021	FY2022	FY2023	Change	FY2024	FY2025 Forecast
ROE	5.9%	7.7%	6.6%	5.9%	+0.5	6.4%	8.1%
ROIC	4.2%	5.3%	4.4%	4.0%	+0.4	4.4%	5.2%
WACC	5.7%	5.5%	5.7%	5.9%	±0	5.9%	5.5%
Net DE ratio	0.23 times	0.33 times	0.38 times	0.27 times	±0	0.27 times	0.45 times
Total assets (billions of yen)	338.4	355.0	378.3	401.3	+5.1	406.4	392
Interest-bearing debt (billions of yen)	118.9	166.5	179.6	166.9	+8.4	175.3	231.3
Strategic cross-shareholdings	Cumulative sales amount for medium-term management plan period (billions of yen)				+3.2	25.6	30
	Percentage to net assets				-1.5	13.9%	13.3%

Shareholder returns

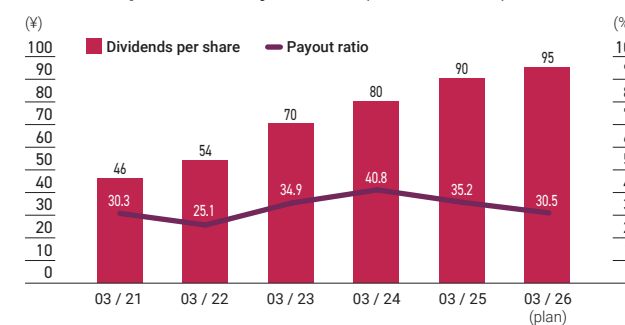
•For fiscal 2025, an interim dividend per share of 45 yen and a year-end dividend of 50 yen is planned, for a total of 95 yen (16th consecutive fiscal year of dividend increases)

•As with fiscal 2024, the policy of a 100% total return ratio remains unchanged for fiscal 2025

Status of shareholder returns



Dividends per share/Payout ratio (consolidated)



Medium-Term Management Plan

Non-Financial Targets (KPIs)

The NAGASE Group’s materiality

The Group partially revised its materiality in September 2024. In addition to our existing priorities of “employee engagement improvement,” “realize a decarbonization,” and “transparency in corporate governance,” the Group added “extend a healthy life expectancy,” “achieve sustainable supply chains,” and “driving a circular economy” as key issues to which NAGASE will contribute through its business activities (See page 27 for details on materiality). In particular, we have set non-financial targets (KPIs) for “employee engagement improvement” and “realize a decarbonization (carbon neutrality),” and are working to address these issues.

Changes in the external environment having a major impact		The NAGASE Group's materiality	
•Diversity of human resources	•Demographic changes	•Improve employee engagement	•Realize a decarbonization
•Climate change and resource shortages	•Food and water scarcity	•Extend a healthy life expectancy	•Achieve sustainable supply chains
•Globalization	•Depletion of natural resources	•Driving a circular economy	•Transparency in corporate governance
•Geopolitical risk	•Growing awareness of human rights		

Improve employee engagement

NAGASE Group believes engagement means the company (organization) and its employees have mutual understanding and are looking in the same direction as equal partners, and is promoting initiatives to enhance this.

In fiscal 2024, we saw increases in both the survey implementation rate and the engagement score, which are non-financial targets. Improving engagement is considered the responsibility of the top management for each organization, and each organization is implementing improvement measures. The Corporate Sustainability Office serves as a cross-functional hub that facilitates the sharing of best practices and supports improvement activities. ➡See page 67 for details.

ACE 2.0 non-financial targets (KPIs)	(Group companies) Employee engagement survey completion rate: 100% (Nagase & Co., Ltd. only (non-consolidated)) Engagement survey total score of over 60
Related policies	Talent management, health management, work style innovation, DE&I, HR policy
Measures	Conducts engagement surveys, work style innovation (launch of PROJECT BRIDGE, see page 78), and initiatives led by business departments (CHRO,* town hall meetings, etc.) *CHRO: Chief Human Resources Officer within each business department who implements business strategies while maintaining a human resources perspective
Related items for disclosure	Employees (non-consolidated) Number (percentage) of male and female employees, number (percentage) of non-regular employees, employment rate of persons with disabilities, number of mid-career hires (M/F), percentage of female managers Work style (non-consolidated) Retention rate for new graduates after 3 years, voluntary turnover rate, average years of service, annual average salary, annual total working hours, paid leave utilization rate, number of employees taking maternity/childcare leave, number of participants in HR development training Occupational health and safety (Nagase & Co., Ltd. + domestic manufacturing companies) Number of work-related injuries, number of fatal accidents, frequency rate, work accident frequency, number of participants in occupational safety and health training

➡For details on related disclosure items, please see the Sustainability Data Sheet on our website. <https://www.nagase.co.jp/english/sustainability/data/>

Item	FY2021 Result	FY2022 Result	FY2023 Result	FY2024 Result	FY2025 Target
(Group companies) Employee engagement survey completion rate *1	41%	81%	86%	100%	100%
(Nagase & Co., Ltd. (non-consolidated)) Engagement survey total score *2	52.4	56.5	56.0	58.3	60 over

*1: For consolidated subsidiaries under legal accounting standards. Companies that became consolidated subsidiaries during the Medium-Term Management Plan ACE 2.0 are not included.

*2: The engagement survey total score of 60 represents a standard deviation calculated by Link and Motivation Inc. (based on data for over 10,000 companies) with an organizational state defined as “mutual trust and affinity.” In order to achieve a state of mutual trust and affinity at NAGASE in which the company (organization) and its employees have a mutual understanding and are looking in the same direction as an equal partners, we have set a total survey score of 60 as the target for our Medium-Term Management Plan ACE 2.0.

Carbon Neutrality

We have made the NAGASE Group Carbon Neutral Declaration and, based on that declaration, have also set non-financial targets for carbon neutrality in **ACE 2.0**. We are promoting efforts to reduce Scope 1 and 2 emissions across the Group on a consolidated basis by at least 37% compared to fiscal 2013, reduce CO₂ emissions by 35,000 tons in total through the generation and purchase of renewable energy within the Group, and achieve Scope 2 zero emissions for Nagase & Co., Ltd. on a standalone basis.

Besides its trading function, the NAGASE Group also has a manufacturing and processing function, so we are working to achieve our goals in relation to carbon neutrality in line with a classification of our activities in terms of two axes and four quadrants (trading, manufacturing, visualization, and reduction).

In fiscal 2024, we made progress in using virtual PPA*1 and non-fossil fuel certificates. We also raised awareness within the Group (via proactive energy-saving activities, etc.) from the Group’s commitment to obtaining SBT certification*2 in 2024. As a result, Scope 1 and 2 emissions were reduced by 43% (compared to fiscal 2013), exceeding the **ACE 2.0** target.

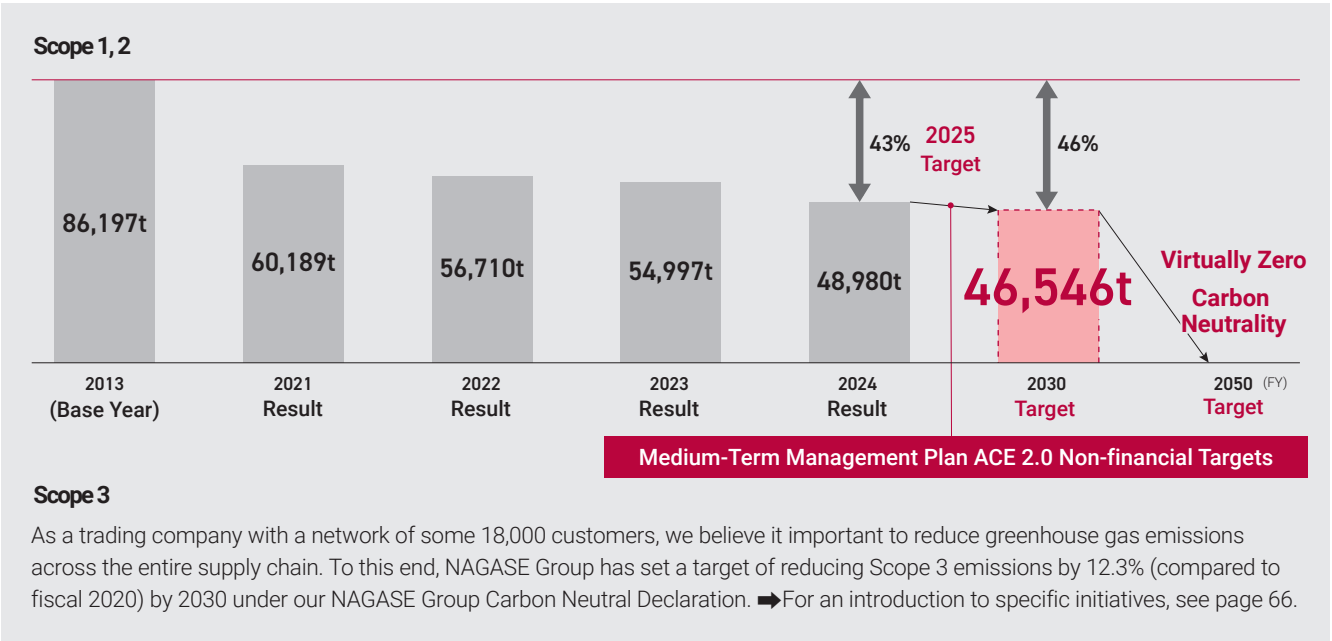
*1: Virtual Power Purchase Agreement (PPA) is renewable energy procurement method in which the power buyer (Nagase & Co., Ltd.) procures the environmental value of renewable electricity generated at a dedicated offsite renewable energy power plant.

*2: SBT certification: Science Based targets (SBTs) are science-based targets for reducing GHG emissions. These targets are consistent with the Paris Agreement, a global agreement on GHG reduction targets adopted by the United Nations in 2015.

ACE 2.0 non-financial targets (KPIs)	(Consolidated): Reduction in Scope 1, 2 emissions 37% or more (compared to fiscal 2013) (Consolidated): Reduction from renewable energy generation/purchases 35,000 tons or more (cumulative) Nagase & Co., Ltd. (non-consolidated): Scope 2 Zero emissions
Strategies	Overall measures: Participate in external initiatives, Promotion environment-friendly investment, Consideration of in-house carbon tax Visualization: Visualization of emissions volumes in the supply chain, LCA calculation for strategic products Reduction: Provision of low-carbon products and reduction solutions, introduction of environment-friendly equipment Improvement of production processes, utilization of renewable energy (purchased and private power generation)
Measures	Carbon Neutral Declaration, commitment to obtaining SBT certification, obtaining third-party Carbon Footprint (CFP) verification for Nagase Viita, propose GX solutions, etc. (See page 66 for details)
Items for disclosure	•Greenhouse gas emissions (Scopes 1, 2, 3) •Breakdown of greenhouse gas Scope 1 emissions by type •Energy consumption, electricity consumption, energy intensity during production (t-CO ₂ /t of production)

* Non-financial targets apply to Nagase & Co., Ltd., Nagase ChemteX Corporation, and Nagase Viita Co., Ltd.

➡For details on disclosed items, please see the Sustainability Data Sheet on our website. <https://www.nagase.co.jp/english/sustainability/data/>



Materiality

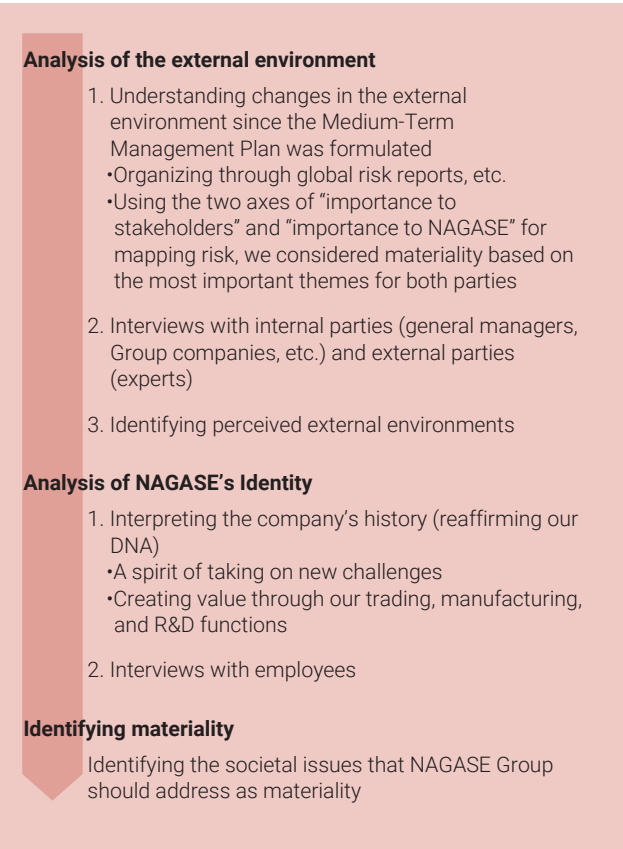
Background to revisions

We reviewed our some of materiality (key issues) in September 2024. We have traditionally identified materiality themes for various stakeholders and worked on them accordingly. However, due to factors such as changes in the external environment, in fiscal 2023 we began discussing a review of our materiality. We believe that our materiality should address societal challenges that can be solved with the added value that NAGASE provides, so we added key issues that more closely align with our business operations and organized them in a clear and simplified format for both internal and external use.

Identification process

The Sustainability Committee led the project for identifying materiality. A project team primarily composed of young employees was formed within the committee to review materiality, and carried out the necessary information analyses and explored different directions. Specifically, we analyzed the external environment and the NAGASE identity to identify the societal issues that the Group should address as materiality.

Identification process



Spreading the word internally

After establishing each materiality, an animation video was created in nine languages to promote and spread understanding within the Group. The video is featured on the Group intranet and on digital signage at each location.

Identifying the societal issues that NAGASE Group should address as materiality



Materiality

Employee engagement improvement	We recognize that improving employee engagement is paramount to achieving sustainable growth, and we strive to foster a relationship where the company (organization) and its employees have a mutual understanding and are looking in the same direction as equal partners. To this end, we conduct ongoing engagement surveys and implement various initiatives based on the results. ➡ See page 67 for details.	8 DECENT WORK AND ECONOMIC GROWTH
Realize a decarbonization	Since NAGASE Group operates globally, addressing climate change is a key challenge. Because we also have a manufacturing and processing function in addition to our trading function, we categorize our business activities into four quadrants in terms of two axes (trading/manufacturing, visualization/reduction) with the aim of achieving carbon neutrality by reducing GHG emissions to net zero by 2050. ➡ See page 66 for details.	7 AFFORDABLE AND CLEAN ENERGY 13 CLIMATE ACTION
Transparency in corporate governance	Under our management philosophy, we aim to “contribute to a sustainable world where people live with peace of mind,” so we are committed to enhancing our corporate value over the medium to long term. We are also working to strengthen our corporate governance because we believe that rapid decision-making/execution and ensuring transparency are essential for us to accomplish these objectives. ➡ See page 90 for details.	16 PEACE, JUSTICE AND STRONG INSTITUTIONS
Added in September 2024 following a review		
Extend a healthy life expectancy	<p>As a company that wishes to contribute to the well-being of people and the planet, extending a healthy life expectancy is a very important theme. NAGASE Group handles food ingredients and food additives for the food industry, as well as pharmaceutical raw materials and medical devices for the pharmaceutical and medical industries. In addition to proposing materials as a trading company, we also aim to contribute to healthy and fulfilling lives with manufacturing/processing and application proposals that leverage our manufacturing and R&D functions, and through contributions in the bio-based R&D and agriculture fields.</p> <div><div>Examples of Initiatives</div><div><ul style="list-style-type: none">•Expansion of the sports nutrition sales market (P. 37)•Acquisition of diagnostic drug business (P. 39)•Development of ergothioneine, a rare amino acid (P. 41)•R&D for biotechnology (P. 56)•Use of trehalose in agricultural fertilizer (P. 59)</div></div>	2 ZERO HUNGER 3 GOOD HEALTH AND WELL-BEING
Achieve sustainable supply chains	<p>As a trading company with a network of some 18,000 business partners, NAGASE believes that its mission is to contribute to societal problem-solving across the entire supply chain. In particular, given geopolitical risks and growing awareness of human rights, it is necessary to have a proper understanding of issues in the supply chain and engage in dialogue for improvement. NAGASE has in place a Supply Chain Management Policy and is working to address supply chain issues to maintain stable procurement and supply. Leveraging our chemicals knowledge and networks to improve transport efficiency, we also proactively work to resolve various supply chain issues through partnerships.</p> <div><div>Examples of Initiatives</div><div><ul style="list-style-type: none">•Providing a Chemicals AI Cooperative Logistics Matching Service (P. 34)•Contributing to National Resilience Plan (P. 54)•Developing and offering Mixing Concierge™ (P. 59)•Promoting supply chain management with consideration for human rights and environmental risks (P. 68)</div></div>	7 AFFORDABLE AND CLEAN ENERGY 9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
Driving a circular economy	<p>With the emergence of new laws and regulations in Europe and other regions for a circular economy aiming to achieve both economic growth and reduced environmental impact, NAGASE also faces an important task of contributing to a resource-circulating society as it provides materials across the entire supply chain. In particular, recycling and environmentally friendly materials can be addressed through NAGASE’s business by contributing solutions that combine our three functions of trading, manufacturing, and R&D.</p> <div><div>Examples of Initiatives</div><div><ul style="list-style-type: none">•Recycling of high-purity film developer fluids in semiconductor manufacturing (P. 36)•Offering wastewater solutions (P. 47)•Disposable diaper recycling business using bio-based super-absorbent polymers (SAPs) (P. 57)•Appropriate use of water resources</div><div>https://www.nagase.co.jp/english/sustainability/environment/water/</div></div>	6 CLEAN WATER AND SANITATION 12 RESPONSIBLE CONSUMPTION AND PRODUCTION