



*Innovating Today
for Future Well-being*

©イリヤ・クブシノフ Ilya Kuvshinov



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統合報告書 2025

Integrated Report 2025





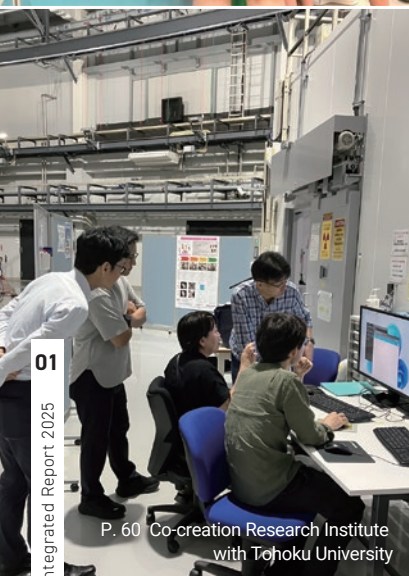
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On the issuance of NAGASE Integrated Report 2025

The NAGASE Group has created this integrated report to help shareholders, investors, and other stakeholders better understand the Group's wide-ranging business activities and growth-oriented management approach.

In preparing this fiscal year's report, we focused on explaining the transformative changes and focused business investments we have made, as well as how we combine the Group's resources to build upon these efforts and further accelerate growth.

By verbalizing the spirits and strengths NAGASE has cultivated over 190 years, as well as the unique value these strengths allow NAGASE to create, and clearly conveying these ideas to stakeholders, we will improve our communication efforts in the hope it leads to the further enhancement of our corporate value. We would greatly appreciate your opinions and other feedback.

Referenced Guidelines:

- The International Integrated Reporting Framework developed by the International Integrated Reporting Council (IIRC)
- Ministry of Economy, Trade and Industry's Guidance for Collaborative Value Creation

Period Covered:

- April 2024–March 2025 (FY2024)
- Some information after March 2025 is also included.

Organizations Covered:

- Nagase & Co., Ltd. and the NAGASE Group

About the Front Cover

We used our fiscal 2025 corporate advertisement as the front cover. NAGASE believes that the Earth is borrowed from future generations. For this reason, we see sustainability as "returning the Earth to future generations in better condition than we received it." We chose the catchphrase "the Earth is borrowed from future generations" to convey our desire to contribute to society by conducting business not only with a focus on the present, but also with an eye toward the future. We continue to use the artwork of Ilya Kuvshinov for our corporate advertisements, having first adopted his work in fiscal 2019.



NAGASE Group's Management Philosophy



Maintaining the highest standards of integrity

We recognize our responsibility to society and offer beneficial products and services while maintaining the highest standards of integrity. Through our growth, we will contribute to society and enrich the lives of our employees.

Over a period of more than 190 years, NAGASE has constantly maintained the highest standards of integrity, delivering the products and services that are needed by our customers, and by society as a whole.

What we have built up over that time is the trust that our partners and society place in us. Going forward, besides working to solve the problems of "today," the NAGASE Group will be delivering "next" by addressing the new problems affecting society and the whole of humanity through the provision of new materials.

"The Earth is borrowed from future generations." To help realize a sustainable future society, NAGASE will continue working together with partners throughout the world to build a future where people can live with peace of mind.

 **NAGASE** | Delivering next.

NAGASE in Numbers

(As of end of March 2025)



Consolidated net sales

944.9 billion yen

Overseas gross profit ratio

54.1 %

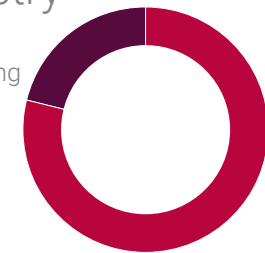
Operating margin by industry

Manufacturing

21 %

Trading

79 %



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Founded **1832**

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Number of bases

101 companies in **25** countries and regions

Number of partner corporations

Approx. **18,000** companies

Employees (consolidated)

7,484

► NAGASE's Human Resource Strategy P. 73-

NAGASE's Business and Functions

Five business segments

We are developing our business broadly from upstream to downstream on supply chains in various industries.

► List of Segments P. 43

Functional Materials



Advanced Materials & Processing



Electronics & Energy



Mobility



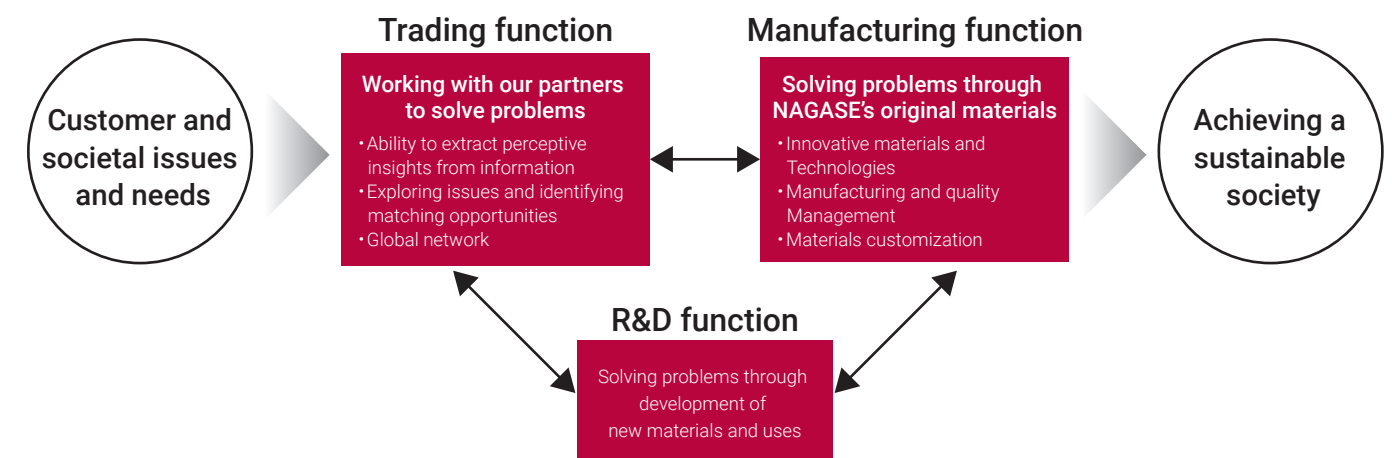
Life & Healthcare



Added value born from the three functions

We are creating added value through masterful use of manufacturing and R&D functions in light of the needs of customers and society grasped through the information and networks gained through our trading function.

Providing materials and solutions that make full use of NAGASE's unique functions



Our Expansion and Growth

1832–

Founding

In 1832, founder Denbei Nagase established Urokogataya, a wholesale business that handled safflower, funori seaweed, and starches in Nishijin, Kyoto. This is the beginning of the NAGASE Group's long history, which continues to this day. Later on, we established a foothold in the chemical industry by starting to handle synthetic dyes in addition to natural dyes.



Founder Denbei Nagase

1917–

Establishment of Nagase Shoten Becoming a full-fledged chemical trading company

As we entered the 1900s, we were spurred by the idea that "if only something like this existed, it would help customers and society" to venture overseas and find them, establishing branch offices in Lyon, France and New York, USA. When we were sure of the value of a technology or product we found, we would negotiate tenaciously to bring it back to Japan, where we would study the technology in order to develop and manufacture it ourselves. Our ability to leverage such discernment, the know-how we accumulated, and the networks we built to expand our business across disparate fields is what led to our current broad range of business domains.

Safflower: founding symbol



Expanding from natural dyes to synthetic dyes



Innovating by using enzymes to soften dyed fabric

Commencing business with major overseas manufacturers

Expanding manufacturing, processing and R&D functions

Strengthening Group functions through M&A and other means

Toward our 200th year

Chemical

1901 Established branch office in Lyon, France

● **Forging ties with Ciba and UCC**
Synthetic dyes not available in Japan were imported from Ciba in Switzerland along with the methods and techniques for their use. In 1930, through transactions with Union Carbide Corporation, we expanded our handling of raw materials for paints.

1950
● **Commencement of epoxy resin imports from Ciba**
Began importing epoxy resin, which was not widely distributed in Japan at the time, from Ciba Inc., supporting the long-term, high-level economic growth of Japan with its diverse uses.

1923
● **Commencement of movie film imports from Eastman Kodak in America**
To bring entertainment to a Japan left reeling by the Great Kanto Earthquake, we signed an exclusive agency agreement and began importing movie film.

1968
● **Exclusive agency agreement with GE (General Electric Company)**
We began trading engineering plastics with GE.

Becoming a group of experts with insight and experience in the chemical industry, domestically and overseas

1970
● **Established Nagase Ciba as a joint venture with Ciba Inc.**
Commencement of epoxy resin production.

● **Import and sale of photoresist from Eastman Kodak in America**
Introduced Japan to photoresists, which were used in the photolithography process in film development technology.
▶▶ Aiming to develop the domestic semiconductor industry, we began the NAGASE Microelectronics Seminar in 1974.

1971
● **Established Engineering-Plastics Corporation (EPL) as a joint venture with GE.**
Commencement of engineering plastics production and sales.

1939
● **Manufacturing enzymes**
Put effort into domestic production of enzymes, succeeding in 1939 in production of a high-quality glue remover (enzyme) for staining which exceeded products from overseas. Expanded into manufacture of enzymes for industrial use and for food use.

2001
● **Creation of Nagase ChemteX through the merger of four companies**
The merger of Teikoku Kagaku Sangyo, Nagase Kasei Kogyo, Nagase Seikagaku Kogyo, and Nagase Ciba resulted in the birth of a core chemical manufacturer.

2015 ● **Acquisition of PacTech as a wholly owned subsidiary**

Establishment of electronic parts and semiconductor manufacturing technologies that support development of every industry

1982
● **Commencement of production of developer and stripping agent**
Established a photoresist refining plant in former Nagase Chemicals. Also, began production of developer and release agent.

2007 ● **Establishment of the Nagase Application Workshop**
2020 ● **Acquisition of Interfacial Consultants as a subsidiary**
2014 ● **Acquisition of Totaku Industries (now Nagase RooTAC Industries) as a wholly-owned subsidiary**
● **1980s and beyond—Exporting to Asia, increasing our Asian market share**

1990
● **Established a biotechnology-related research and development center (Presently Nagase Bio-Innovation Center)**
2012
● **Formed subsidiary Nagase Viita (formerly Hayashibara)**
Enhancement of biotechnology functions.

2019
● **Made Prinova a subsidiary**

Five business Segments

Functional Materials

▶ See pp. 46–47 for details

Electronics & Energy

▶ See pp. 49–50 for details

June 2025

● **Acquired the Asian high-purity chemical business of SACHEM, Inc. (P. 36)**

Advanced Materials & Processing

▶ See p. 48 for details

Mobility

▶ See p. 51 for details

July 2025

● **Acquired the diagnostics business of Asahi Kasei Pharma Corporation (P. 39) (Establishment of Nagase Diagnostics)**

Life & Healthcare

▶ See p. 52 for details

April 2025

● **Acquisition of the trading company Aplinova (Brazil) by Prinova (P. 38)**

Food

Our Strengths

NAGASE has built its identity with the trust it has earned by maintaining the highest standards of integrity and maintaining a network that can reach technologies and businesses around the world.



Our people are the main players that create value and assets

Our people have grown through interactions with society and customers while maintaining the highest standards of integrity. Today, our company is built on the drive to be a pioneer across oceans, the ability to overcome numerous changes in the environment in the face of challenges such as a world-encompassing war and economic crises, and the ability to always keep our radar up for unique ideas. To achieve further growth based on individual people, which is NAGASE's greatest strength, we are working to visualize tacit knowledge, develop cross-organizational linkages, and build initiatives that develop people.

NAGASE's management philosophy and origins

Maintaining the highest standards of integrity

Employees (consolidated)

7,484

Financial assets



Stability, growth, and efficiency

With a high shareholders' equity ratio, we have a strong financial foundation that can withstand changes in the external environment. We also consistently generate operating cash flow, achieving both financial stability and growth. We promote management that emphasizes capital efficiency indicators such as ROE and ROIC, and strive to sustainably increase corporate value through asset portfolio optimization.

Shareholders' equity ratio:

49.4%

Total return ratio:

100%

(Fiscal year ended March 31, 2025)

Rating: Rating and Investment Information, Inc. (R&I)

Long-term A
Short-term a-1

Non-financial assets

Network and information



NAGASE has solutions

As times have changed, we have created high value-added services by addressing society and customer problems with solutions that only NAGASE can provide. Honing our foresight and discernment skills and cultivating on-site prowess allows us to be involved in a wide range of upstream and downstream areas in the supply chain, having built the trust required by society and customers and a network that provides reach to businesses and technologies around the world. Our customer comments of "NAGASE has solutions!" are testament to our progress.

Number of partner corporations:

Approx. 18,000
companies

Number of bases globally:

101 companies in
25 countries and regions

Manufacturing



NAGASE's ability to create is also what makes us unique

Beginning with the establishment of the joint venture Nagase-CIBA Ltd. (now Nagase ChemteX Corporation) in 1970, we have continuously expanded and deepened our manufacturing functions. Having manufacturing functions within the Group enables us to speedily propose materials tailored to the specific challenges and needs of each customer. These accumulated skills have cemented our position as a sought-after partner for management strategy not only for present but also looking to the future. NAGASE is both a trading company and a manufacturer.

Number of manufacturing bases:

40 companies in
15 countries and regions

Main manufacturing functions: P. 53

R&D



Enhancing and connecting the value of materials

Since our early days of importing chemical dyes, we have maintained an innovative company culture, including establishing an in-house laboratory for application-specific R&D in the 1930s. We have research bases both inside and outside Japan and are committed to creating new businesses that leverage our high level of expertise and knowledge in areas such as fundamental research, material application development, and technical evaluation. Our researchers also frequently interact with researchers from different research fields, attending each other's research presentations. Most recently, we have been focusing on collaboration with external parties, such as launching joint research projects with Tohoku University.

Number of patent applications by the Group over the past 20 years (domestic applications in Japan)

Some 1,500

Number of industry—government—academia joint application partners over the past 20 years

More than 200

Main R&D function: P. 55

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

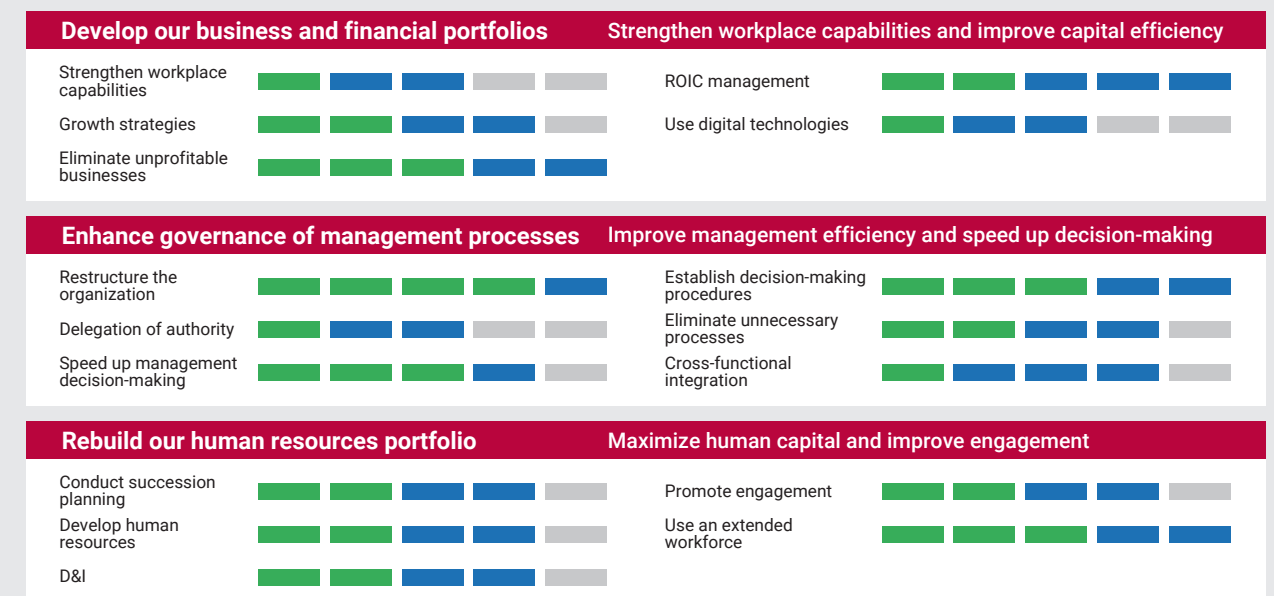
We have made significant strides in strengthening our organization over the three years I have served as president. In the first year, fiscal 2023, we advanced the core measures of medium-term management plan, **ACE 2.0**. That year, we launched the QUICK WINS initiative to build a strong foundation 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

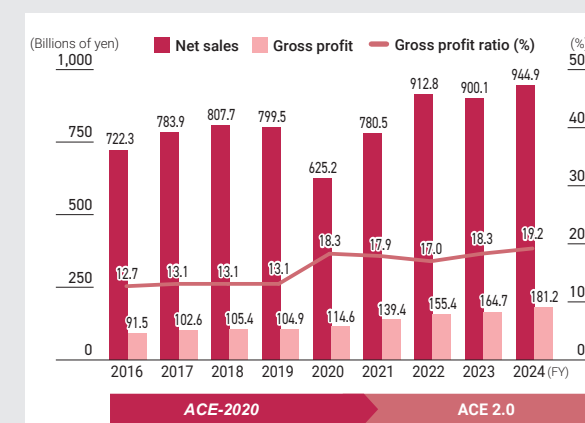
We use a four-quadrant matrix of foundation, focus, development, and improvement to evaluate and classify businesses based on profitability, growth potential, and capital efficiency and ensure the most effective allocation of resources.

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.

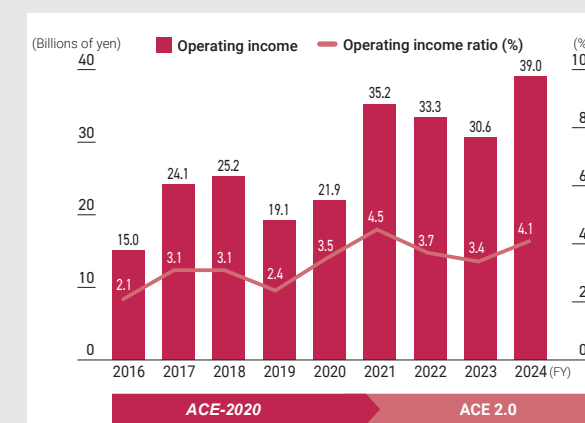
In the focus quadrant, we are advancing our growth strategy through carefully targeted investments in semiconductors, food, and life sciences.

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.

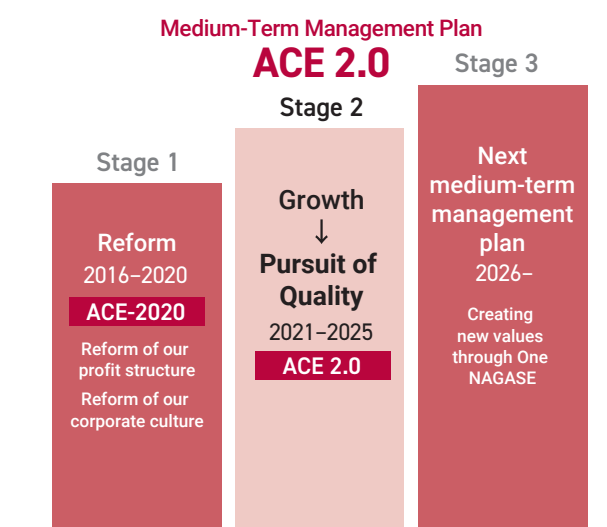
After establishing a solid foundation for change over the past two years, the Company is now at a pivotal moment. While I feel a strong sense of mission and responsibility, I also share great excitement for our future. I am fully committed to maximizing the corporate value of the NAGASE Group.



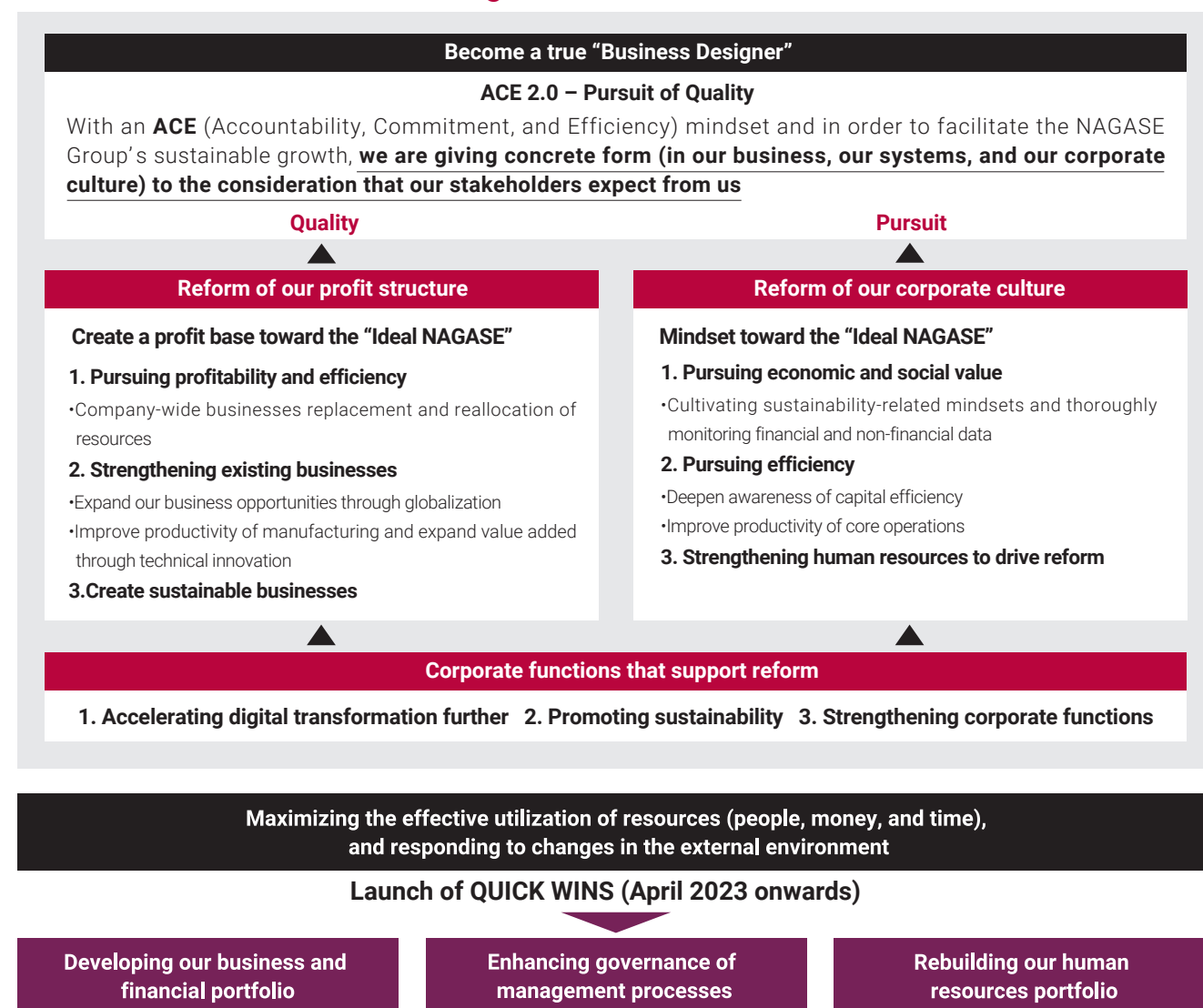
Medium-Term Management Plan

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.



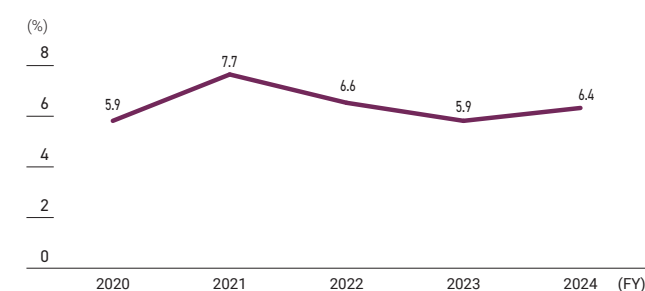
Medium-Term Management Plan ACE 2.0 Basic Policies



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

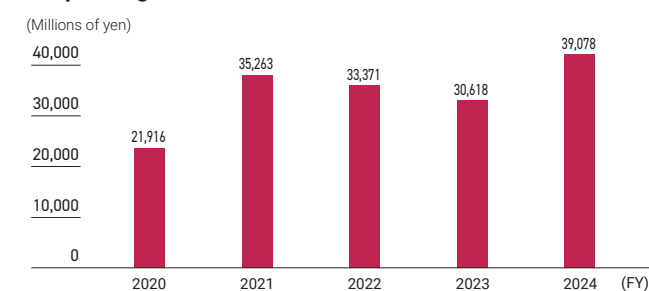


KGIs (Key Goal Indicators) for the Pursuit of Quality

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

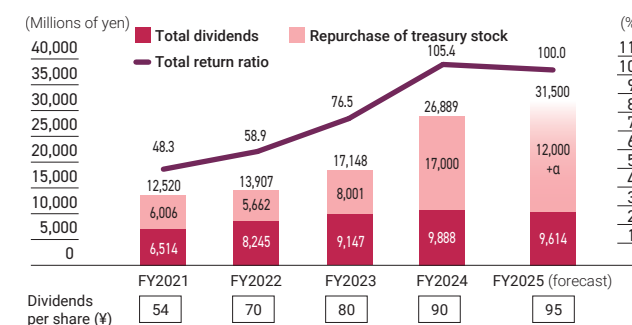
	FY2020	FY2021	FY2022	FY2023	Change	FY2024	FY2025 Forecast
ROE	5.9%	7.7%	6.6%	5.9%	+0.5	6.4%	8.1%
ROIC	4.2%	5.3%	4.4%	4.0%	+0.4	4.4%	5.2%
WACC	5.7%	5.5%	5.7%	5.9%	±0	5.9%	5.5%
Net DE ratio	0.23 times	0.33 times	0.38 times	0.27 times	±0	0.27 times	0.45 times
Total assets (billions of yen)	338.4	355.0	378.3	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

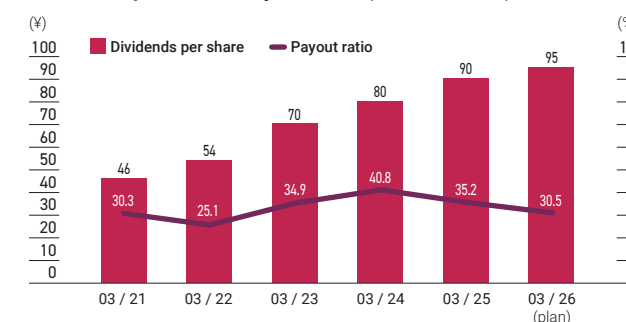
•For fiscal 2025, an interim dividend per share of 45 yen and a year-end dividend of 50 yen is planned, for a total of 95 yen (16th consecutive fiscal year of dividend increases)

•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.

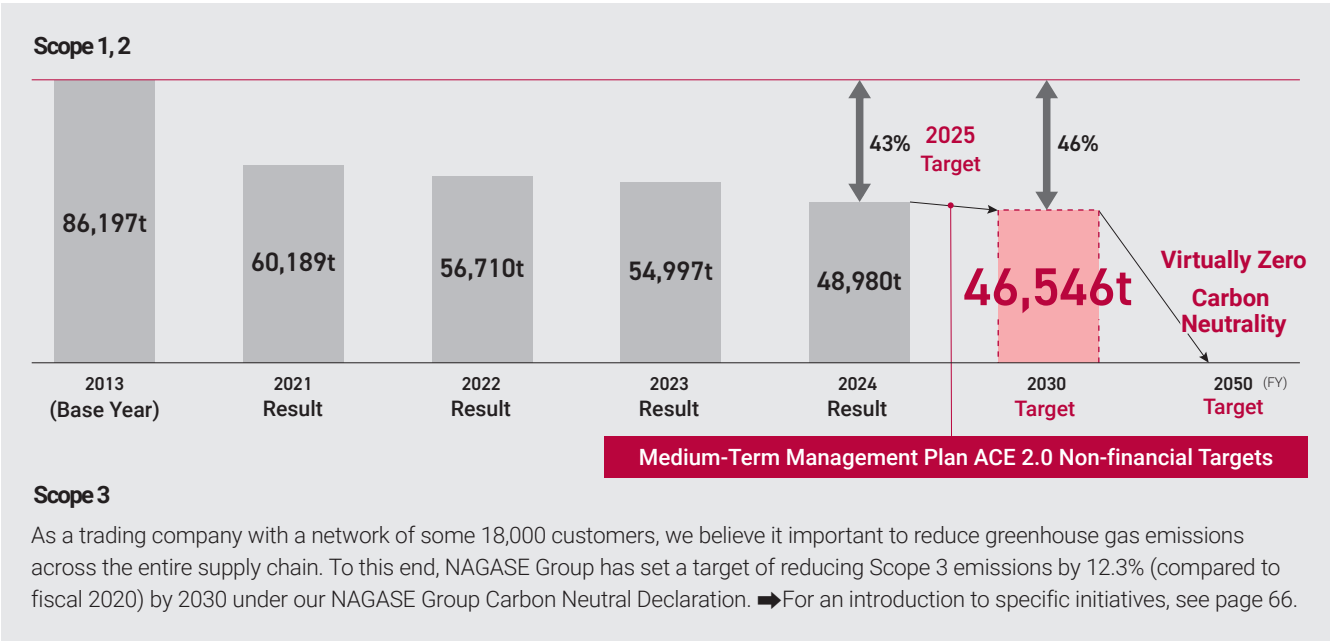
*1: Virtual Power Purchase Agreement (PPA) is renewable energy procurement method in which the power buyer (Nagase & Co., Ltd.) procures the environmental value of renewable electricity generated at a dedicated offsite renewable energy power plant.

*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

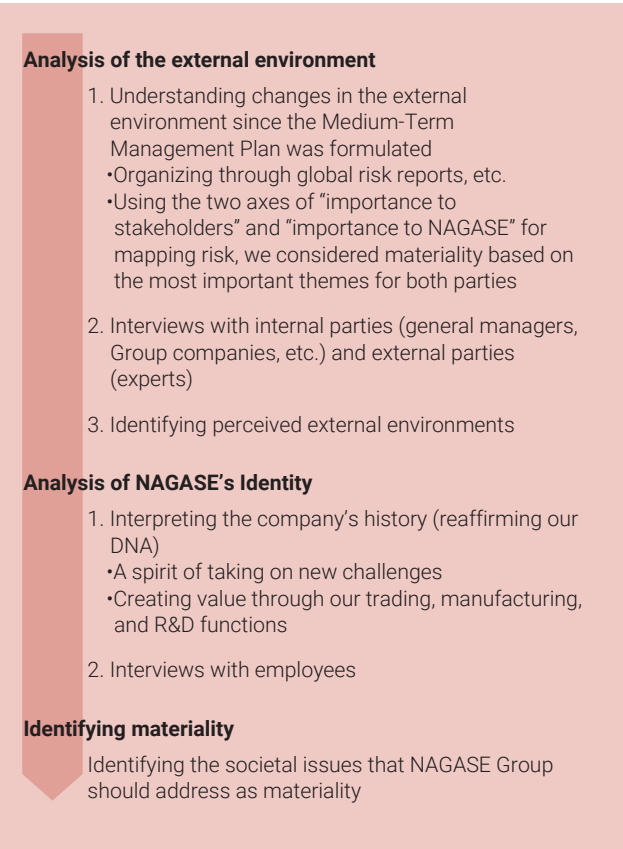
Background to revisions

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.	
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.	
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.	
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><div>•Expansion of the sports nutrition sales market (P. 37)</div><div>•Acquisition of diagnostic drug business (P. 39)</div><div>•Development of ergothioneine, a rare amino acid (P. 41)</div><div>•R&D for biotechnology (P. 56)</div><div>•Use of trehalose in agricultural fertilizer (P. 59)</div></div></div>	
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><div>•Providing a Chemicals AI Cooperative Logistics Matching Service (P. 34)</div><div>•Contributing to National Resilience Plan (P. 54)</div><div>•Developing and offering Mixing Concierge™ (P. 59)</div><div>•Promoting supply chain management with consideration for human rights and environmental risks (P. 68)</div></div></div>	
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><div>•Recycling of high-purity film developer fluids in semiconductor manufacturing (P. 36)</div><div>•Offering wastewater solutions (P. 47)</div><div>•Disposable diaper recycling business using bio-based super-absorbent polymers (SAPs) (P. 57)</div><div>•Appropriate use of water resources</div></div><div>https://www.nagase.co.jp/english/sustainability/environment/water/</div></div>	



Implementing Value Creation

—Reform of Our Profit Structure—

By combining NAGASE’s core functions of Trading, Manufacturing, and R&D, we will refine our businesses and deliver new value to society and our customers.

CONTENTS

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		55	R&D Function
		57	From the Front Lines of Combining Functions to a Sustainable Society

Combining frontline capability and DX



Masatoshi Kamada

Director and Managing Executive Officer

On-site value creation— Improving margins by finding the real value

In recent years, my primary focus has been on profit margins. The idea of ratio management is more than just tracking numbers. A low margin often signals that a business model lacks differentiation. By paying close attention to client needs and critically examining how NAGASE can address them, we can uncover the true value of our business and help the market better understand that value. Client-facing teams often default to maintaining the status quo, but the push to improve margins is a chance to challenge that mindset. I believe it is the responsibility of our business leaders and frontline employees to uncover and deliver the true and lasting value in our services.

Sales representatives must have tacit knowledge of how to communicate and build trust with clients, and that ability is only gained through experience.

I want each person in charge to take ownership of that opportunity, which is why I often visit sites to offer encouragement and support. The job of sales representative is deeply rewarding, and depends more on emotional intelligence than intellect. Even in the age of generative AI, I believe NAGASE's strength lies in the trust we have built with our in-person, on-site presence.

Change brings opportunity Partnering in client management strategies

The changing environment conditions are creating opportunities for NAGASE due to our diverse portfolio of chemical products and services and the extensive network of our trading company operation. Our comprehensive knowledge of the industry, from upstream to downstream, enables us to respond to evolving client needs and collaborate on future-oriented management strategies. One of the main ways I have been doing this is account planning, which involves analyzing the client's business plan, formulating potential scenarios, and coordinating cross-divisional efforts to apply the Group's full power to propose solutions.

Digital transformation (DX) will play a fundamental role in our future. We are introducing cloud-based marketing automation and customer relationship management tools to integrate information across the organization. I believe that connecting ideas and data horizontally across business departments will not only enhance the quality of our marketing but also further differentiate NAGASE. How we leverage digital tools to achieve this will be a key theme in the next medium-term management plan.

Corporate value maximized with integrity

Over the past few years, discussions at Board of Directors meetings have increasingly focused on the quality of management. As an executive officer overseeing sales operations and a director responsible for corporate governance, I am committed to meeting expectations not only for business performance but also for driving long-term corporate value.

Upholding the highest standards of integrity is a core principle of NAGASE's deeply rooted management philosophy. I intend to fully adhere to this principle and continue to earn the trust of all our stakeholders.

Integrating functions and steadily implementing growth strategies



Tamotsu Isobe

Director and Executive Officer

Advancing the QUICK WINS initiative

Since the launch of the QUICK WINS initiative in June 2023, our ability to respond swiftly to drastic changes in the external environment has enabled us to achieve better-than-expected quantitative results. I also believe we are generally on the right track in terms of qualitative outcomes.

In the food, life science, and biotechnology businesses under my oversight, the acquisition of Asahi Kasei Pharma's diagnostic reagent business and other operations in FY2024 was a major achievement. Under the next medium-term management plan, our focus will be on steadily translating this success into sustained business growth.

Strengthening the functional integration Advancing R&D into the next stage

We have made progress in establishing a framework for close collaboration between our R&D and manufacturing functions, which had been an issue. The bio-based superabsorbent polymer (SAP) and the rare amino acid ergothioneine, both of which are being prepared for market launch, exemplify NAGASE's unique approach of combining these two functions with the network of our trading company to enter new markets.

Accelerating the new product and technology development cycle is essential to growing our business. As a first step, we are considering introducing the Scorecard system used by the U.S. company Interfacial Consultants, which became a subsidiary in 2020 and specializes in product and technology development and manufacturing process solutions for resins and related materials. Scorecard prioritizes R&D projects based on customer needs, marketability, profitability, and materiality for our company. While assessing profitability at the R&D stage remains challenging, we plan to apply the system to our biotechnology business to better align our initiatives with specific client needs.

Another key to our growth will be expanding our R&D functions beyond Japan, where they are currently concentrated, to a more global scale. This may require organizational changes to accelerate collaboration between human resources and technology. We aim to further evolve NAGASE's distinctive approach to R&D by actively pursuing collaboration and investment not only within the Group, but also with external partners.

Long-term approach to enhancing the power of our people and organization

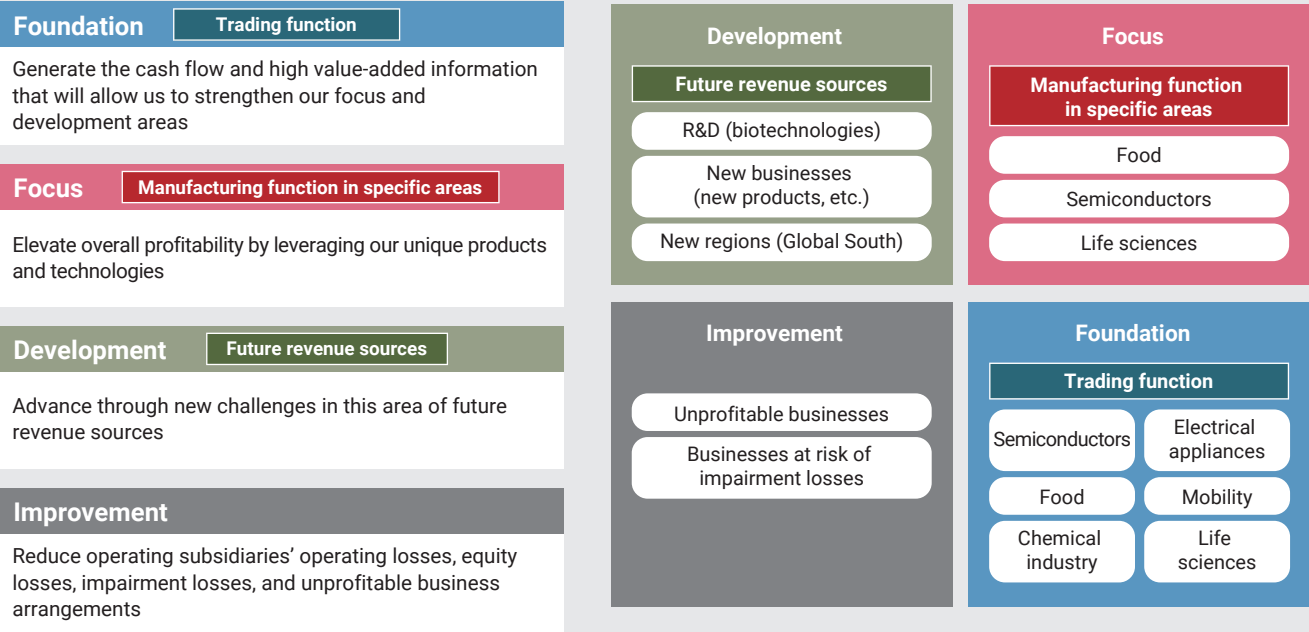
I've started to hear people outside the Company say that "NAGASE has changed." I believe this perception stems not only from changes in top management, but also from our employees, who do not just follow directives, but are proactive about bringing about change. Our people have the resilience to overcome even the toughest challenges because we embrace change—and that, I believe, is our greatest strength.

To remain a company that society needs for the next 100 years, we will build a structure that maximizes the potential of our people and links it directly to organizational growth. By uniting all employees under a shared vision, we will continue driving the creation of new value and achieve sustainable growth.

Reform of Our Profit Structure

The key to profit structure reform is to secure and redeploy management resources to maximize efficiency. Specifically, from the standpoint of efficiency and growth potential, we have classified businesses into four quadrants: Improvement, Foundation, Development, and Focus, and are executing strategies according to each area.

Reorganizing each of our business domains along the lines of our trading, manufacturing, and R&D functions



List of topics in the “Integrated Report 2025”

	Area	Topic examples	Page
Foundation	Trading function	● Source of customer touchpoints and high-value-added information	P. 34
Focus	Manufacturing function (Semiconductors)	● Contributing to the industry through synergy of semiconductors, the environment, and technology	P. 35-36
	Manufacturing function (Food)	● Prinova Group (Nutrition business profitability recovery, growth strategy)	P. 37-38
	Manufacturing function (Life sciences)	● Nagase Diagnostics diagnostic reagent business	P. 39
Development	Global South	● Initiatives in India, Indonesia, Mexico, and Brazil ● Establishment of joint ventures and expansion of the resin and plastics sales business in India	P. 40
	Establishing new businesses	● Corporate venture capital (CVC) initiative to discover new businesses	P. 41
	R&D (Bio)	● Healthspan-extending ergothioneine	P. 41
Improvement	Recent results		Page
	Initiatives to improve profitability		P. 42

Trading Function

Source of Customer Contacts and High Value-Added Information

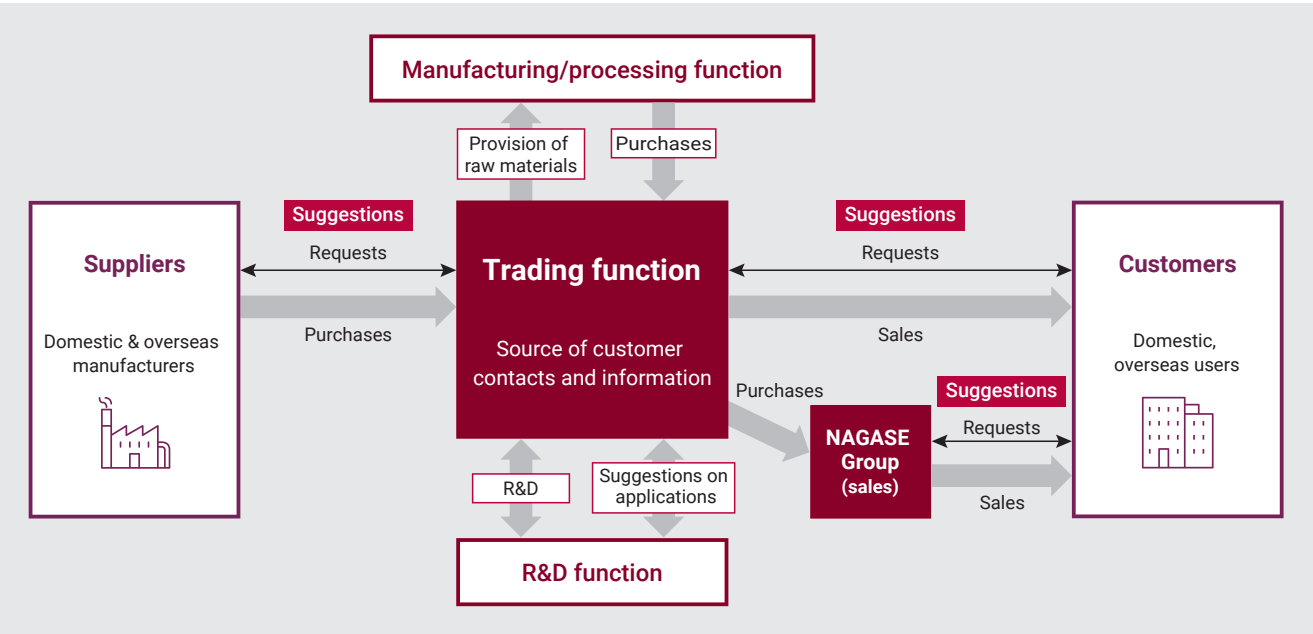


Roles and strengths of NAGASE’s trading businesses

Of all the functions NAGASE possesses, our trading function in particular is positioned as our Foundation, and is the source of cash, connections with customers, and information. We dig up new business opportunities by providing materials and services in the following five segments while gathering customer feedback and needs: Functional Materials, Advanced Materials & Processing, Electronics & Energy, Mobility, and Life & Healthcare. NAGASE’s on-site prowess comes from its dedication

to this process over the decades. Achieving contacts with society and customers through our trading function allows us to acquire high value-added information. Based on this information, we are able to maximize the strengths of each of our functions and therefore create new value.

At the same time, functions including credit and inventory management, as well as support for meeting regulatory requirements for chemical products, allow us to provide a steady supply of materials, thereby contributing to maintaining the supply chain even as our business partners’ production systems become increasingly diverse.



Initiatives leveraging our strengths as a trading company

Nagase & Co., Ltd. is contributing to solving industrial challenges by leveraging the network it has built as a dedicated chemicals trading company, its expertise in chemicals, and its solutions for the safe transportation of dangerous substances. We were selected by Rapidus Corporation, who aims for domestic production of cutting-edge semiconductors, as one of the service coordinators organizing the transportation of the semiconductor materials to its semiconductor plant in Chitose City, Hokkaido. In this capacity, it consolidates the materials delivered by suppliers at terminal hubs and supports their mass transportation from Honshu to Hokkaido.

In addition, it provides the chemical industry with the Chemicals AI Cooperative Logistics Matching Service, an application that matches hazardous chemicals with appropriate transportation services. In this way, it

contributes to solving issues at manufacturing sites caused by labor shortages in logistics by, among other things, improving efficiency and reducing CO₂ emissions.

Issues of our foundational businesses

- Optimization of working capital through proper inventory management
- Need for BCP assuming supply chain disruption due to tariffs disputes and other geopolitical risks
- Assuring the supply chain is ready for the reorganization of the domestic petrochemical industry
- Expanded sales of Nagase Viita products using Prinova’s food industry networks
- Increasing marketing reach and operational efficiency activities through digitalization
- Further collaboration beyond industry and business boundaries

Manufacturing Function Semiconductors Special Feature

Contributing to Industry through the Synergy of Semiconductors, the Environment, and Technology

Our growth alongside the domestic semiconductor industry

The semiconductor industry in Japan began when NAGASE Group established a joint venture company as a sole agent for America's Eastman Kodak Company (currently Kodak) and started importing video film that would later be used for semiconductor photolithography technology. Since 1974, NAGASE has held the NAGASE Microelectronics Seminar, a cross-industry workshop for domestic semiconductor-related companies aimed at improving semiconductor technology.

Connections with the full value chain

As a manufacturer and supplier of both materials and equipment, NAGASE expands globally while connected to the full value chain in the semiconductor industry and has carved its unique position. It is because the Company has manufacturing functionality within the Group, that we can solve critical problems at key processes and respond quickly to changing customer needs or technology trends. Moving toward our customers' next goals we improve the surrounding processes and involve relevant parties when offering suggestions.

Number of semiconductor-related business partners
Approx.

300 companies

Number of business partners as a chemical trading company
Approx.

18,000 companies

Issues in the semiconductor industry

- Growing importance of semiconductors (growth of IoT, advancement in communication technology, etc.)
- Economic security (geopolitical risks ⇒ local production and consumption needs, rebuilding the supply chain)
- Technology trends, such as Chiplets
- Environmental regulations, recycling (changes in products handled)

NAGASE's value provided

Semiconductors (digital industry)

Ability to make suggestions to the electronics industry
Rebuilding each supply chain

Environment (greenification)

Materials / processing / low-consumption electrical products

Technology

Customization / sheeting technology / recycling technology

Strengths (resources) and strategies behind the value offered by NAGASE

The Company uses its **proprietary technology to develop products** not yet found, and avoids imitating what other companies may have achieved

First, we produce results with **industry-leading customers, and strive to become the de facto standard**

Involving the peripheral materials and device manufacturers with our internal products, we secure our position as the de facto standard, and continue to **expand our business range as a trading company**

To improve the NAGASE model, we will provide with more comprehensive strategic measures that can be used to **tackle clients' concerns**

• Hosted the 45th NAGASE Microelectronics Seminar 140 external participants shared the latest trends and formed connections
• Collaboration with domestic and overseas research institutions

Proven track record with **over 300** semiconductor-related manufacturers

Expanding the strategic regions
Japan / Taiwan / America / Europe / South Korea / China / India (TBA)



Familiarize with the latest trend in the industry from material transportation by Rapidus Corporation
Expanded export to overseas, import and sales of overseas products

The LMC from Nagase ChemteX is de facto standard in advanced semiconductor packaging
Creating the next de facto standard

Formulation Technology Mixing Technology
Developer Dilution System

Nagase ChemteX

In addition to DDS*1 currently sold, Providing our semiconductor's wet chemical system to industry leading customers
Achieving stable supply of TMAH*2 and reduction in environmental burden

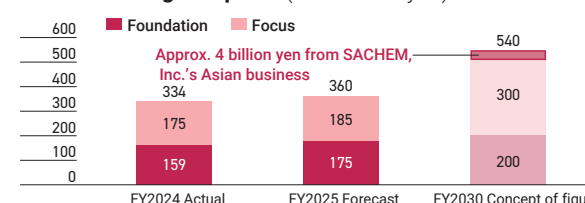
Green Mobius
SACHEM
Nagase Techno-Engineering

*1 DDS = Developer Dilution System
*2 TMAH is a material used in all devices critical for environment and materials

Announcement of the acquisition of SACHEM's Asian business

In preparation for the full-scale launch of our recycling business for high-purity developer (TMAH: tetramethyl ammonium hydroxide), a chemical solution essential to the semiconductor manufacturing process, we acquired the semiconductor-grade high-purity chemicals business of US-based SACHEM, Inc. (hereinafter, SACHEM) in the Asia region in June 2025. SN Tech Corporation (hereinafter, SN Tech), a joint venture between NAGASE, Nagase ChemteX, and SACHEM, which has advanced technological capabilities and expertise in the area of high-purity chemicals, has been working on the recycling of developer for LCD panels since 2008. Based on the know-how we have accumulated, we will launch a business that recovers and recycles developer for advanced semiconductors, leading to the expansion of our semiconductor manufacturing business.

Semiconductor gross profit (100 million yen)



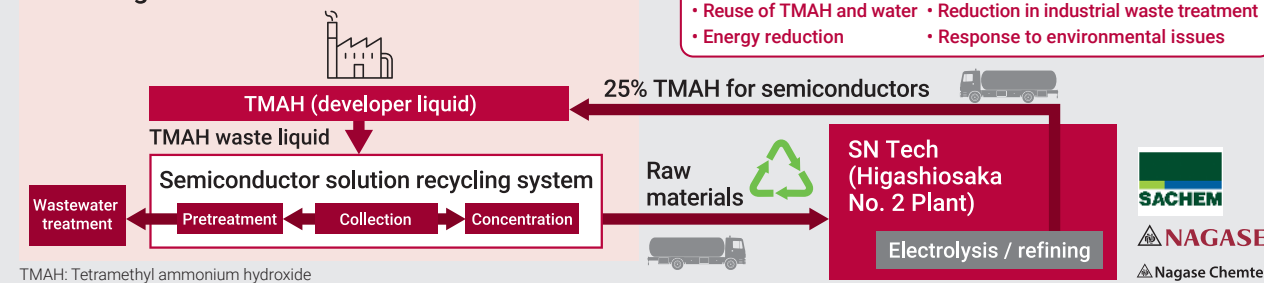
Contributing to the industry's environmental efforts through developer recycling

Until now, used developer has been treated as chemical waste, posing environmental and financial challenges for the semiconductor manufacturing industry. In this business, we will use advanced electrolysis and refining technologies to recover and recycle these materials and deliver them back to semiconductor manufacturers. This cutting-edge initiative is the first of its kind in Japan, and one of only just a handful in the world. The new plant is equipped with electrolysis and refining facilities for the manufacture and purification of TMAH. In addition to reducing the environmental impact of TMAH, this initiative will also reduce the costs associated with procuring a stable supply of the material, as well as its disposal as industrial waste, thereby contributing to improved profitability.



New TMAH recovery/recycling plant in HigashiOsaka City (opened March 2025)

Leading semiconductor manufacturers: Plant



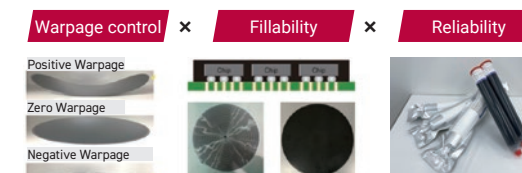
Solving the challenges of advanced semiconductor packaging with liquid molding compounds (LMC)

We began manufacturing epoxy resins in 1970, and introduced the technology for processing it into liquid molding compounds to Japan in the 1980s. Since then, the technology has evolved to become applicable to a wide variety of purposes and shapes. Nagase ChemteX's liquid molding compounds have become the de facto standard for applications involving advanced semiconductor packaging, which are essential for technologies such as generative AI. As the semiconductor encapsulation process grows increasingly complex, with semiconductors stacking ever more layers, we respond to customers' needs with our advanced

formulation technology and highly reliable molding compounds. In 2000, we succeeded in developing sheet molding compounds, benefiting customers through improved processes and reduced cost.

Complexity of semiconductor package configuration

Functions required for a semiconductor molding compound



Manufacturing Function

Prinova

A key driving force in food, one of our focus areas
Realizing rapid and sustainable growth

The US-based Prinova Group, which joined the NAGASE Group in 2019, operates a business in the food and nutrition field with a vertically integrated value chain that handles everything from material supply to product development and final product manufacturing. It is one of the world’s biggest players in the field of food ingredients, including vitamins, amino acids,



Carried products

minerals, sweeteners, and caffeine. Doing business primarily in Europe and the Americas, Prinova has particularly extensive experience in the sports nutrition market, where it has a wide network.

Prinova is still actively investing in expanding its business, and continuing its work to strengthen its manufacturing capabilities and expand into new business areas.

Investments to strengthen/expand businesses		
Objective	Examples of investments and their generated value	
Acquire high value-added services	Acquisition of sweetener distributor TIH in 2021	Expansion into the sweeteners market
Increase capacity/efficiency	Acquisition of powder milling and micronation service provider Lakeshore in 2021	Expansion of powder processing function
Advance Prinova's regional strategy	Acquisition of essential oil distiller Flavor Tec in 2023	Expansion of essential oils manufacturing function
	Building of new plant in Utah (USA) in 2022	Expansion of contract manufacturing
	Acquisition of food ingredient trading company Aplinova in 2025	Expansion into the South American market

*TIH: The Ingredient House, LLC *Lakeshore: Lakeshore Technologies, LLC
*Flavor Tec: Flavor Tec - Aromas De Frutas Ltda

Message from the Prinova Group President & CEO

A partner who continuously provides value by evolving and adapting to the Global market

Prinova has leveraged its strength as a global trading company with one of the world’s largest distribution networks for food and nutritional ingredients to expand its contract manufacturing business for premixes, flavors, and other products. In doing so, our business model has evolved into a hybrid combination of trading and manufacturing. Since becoming part of the NAGASE Group in 2019, we have further expanded the scale of sales of the 23 Prinova group companies, which are located primarily in the US and Europe. We have also steadily strengthened our manufacturing capabilities and broadened our market access.

Our growth extends beyond mere expansion of scale. By integrating the scale of our trading function with innovation in manufacturing technology, we have been able to create new value across the entire supply chain. Moving forward, we will continue to develop our hybrid business model, aiming to become a trusted partner in the global nutrition industry.



Masaya Ikemoto
Chairman, President & CEO, Prinova Group LLC

Restoring profitability in the nutrition business

The state of the nutrition business

The launch of the Utah Plant in the United States is not proceeding as planned, resulting in targets for the overall nutrition business not being met. Prinova is investing resources into achieving profitability as soon as possible, which is the company’s top priority. Currently, it is working to reduce costs through efficiency improvements and improve its topline.

Cost reductions through efficiency improvements

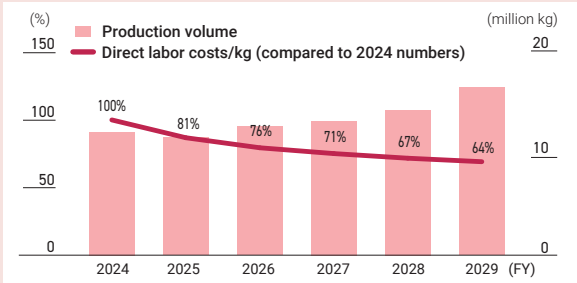
By getting automated equipment introduced in fiscal 2024 operating at full capacity, and implementing advanced process controls, the Company will increase productivity and improve

the efficiency of each process. This will enable it to curb fixed and variable costs, eliminate waste, and improve profitability, allowing the business to return to profitability in the future.

Improving topline performance

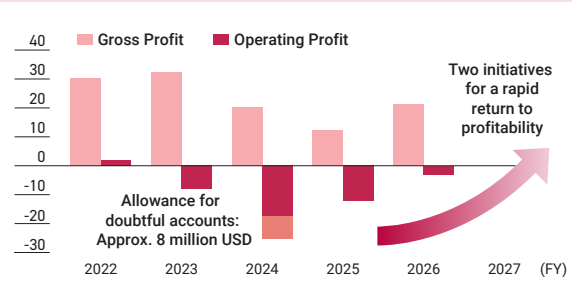
Prinova is working to improve its project management and revitalize its sales organizations. It is identifying the priorities and necessary resources for each customer segment, while also expanding its focus to include the life and wellness market in order to capture market growth. The Company is also offering convenient packaging such as stick packs.

Outlook for efficiency improvements



* Starting from fiscal year 2025, the Prinova Group partially changed the classification of manufacturing costs and selling, general and administrative expenses. The figures, including those for prior years, represent approximate amounts after reclassification reflecting this change.

Nutrition business profit recovery (million USD)



Concrete Growth Measures

Strengthening supply chain initiatives
(Expansion into South America through acquisition of Aplinova)

As the major global players it supplies expand into the South American market, the Prinova Group launched its full-scale expansion into the Global South by acquiring Brazil-based food ingredient trading company Aplinova in April 2025. With

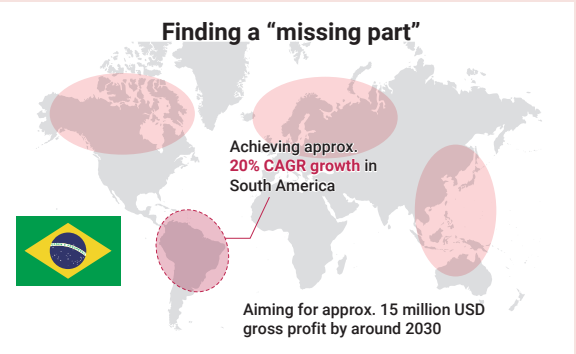
Aplinova serving as Prinova’s local point of contact, adoptions of products carried by Prinova in the region have expanded, and the Group has increased its presence in Brazil. Moving forward, Prinova will leverage its customer base of more than 1,000 companies with an aim to achieve gross profit of approximately 2 billion yen by 2030.

Expanding the product portfolio

In addition to strengthening its supply chain, Prinova also invests in the research and development of unique products that leverage its manufacturing technology. Such expansion of the product lineup contributes to its trading business in terms of both volume growth and market expansion. By deepen cooperation between its bases, it will accelerate the creation of unique and innovative products.

Collaboration within the NAGASE Group

Collaboration within the NAGASE Group, such as the global distribution of Nagase Viita’s enzyme products via Prinova, is generating a variety of synergies including the expansion of sales channels. Moving forward, we will accelerate our global expansion into food through further collaborations of this nature.



APLINOVA

Network of 1,000+ customer companies

Prinova

Product lineup



Manufacturing Function Life Sciences

Launch of Nagase Diagnostics Co., Ltd.

In July 2025, the NAGASE Group incorporated Nagase Diagnostics Co., Ltd. (NDX), which took over the diagnostics business of Asahi Kasei Pharma Corporation, in order to strengthen its manufacturing capabilities and functions in the life sciences field. NDX develops, manufactures, and sells diagnostic reagents, enzymes, and other life science-related materials.

Diagnostics business

Diagnostic reagents are used to analyze body fluids (blood, urine, etc.) as part of routine health checkups and to monitor the effectiveness of disease diagnosis and treatment. They are widely used by medical and research institutions. Diagnostic enzymes are the raw materials used to manufacture diagnostic reagents. By reacting with specific substances (chemical components, proteins, metabolites) contained in blood and other body fluids, they generate and/or amplify optical signals, enabling precise measurement of the concentration of the target substance.

Building a foundation for synergy through human and technical exchanges

The NAGASE Group believes that in order to achieve the

true purpose of Nagase Diagnostics' incorporation into the Group, which is to generate synergy, it is essential to understand the new company's business and get to know its people. On the first day of the incorporation, a kickoff ceremony was held in the Ohito District of Shizuoka Prefecture's Izunokuni City, where the company's manufacturing and development base is located, with approximately 200 employees in attendance. At a later Group employee exchange event held at NAGASE'S Tokyo Head Office in July, NDX Representative Director Hironao Makise introduced the company's business and its employees, helping to deepen its ties with the Group.



Uniqueness of Nagase Diagnostics



In vitro diagnostic (IVD) assay kit using a unique enzymatic method

Utilizing a unique enzymatic method, NDX developed the Lucica™ GA-L assay kit for measuring glycated albumin (GA), an indicator of blood sugar management, and has been manufacturing and selling it since 2004. In 2022, it launched Lucica™ GA-L2, an assay kit compatible with a standard reference material for GA assays, allowing for higher reliability in medical and laboratory settings. It also manufactures and sells Lucica™ MI, an assay kit for measuring myo-inositol in urine samples, helping to screen for impaired glucose tolerance, which cannot be determined by fasting plasma glucose testing alone.

Strengthening the diagnostics business and contributing to long-term Group growth

NDX develops, manufactures, and sells various diagnostic reagent enzymes used in a wide range of applications, including the analysis of blood glucose and lipids, kidney function, and liver function. Its strength lies in the manufacture of a wide variety of enzymes using its unique microbial culture technology, among other capabilities. The NAGASE Group has long engaged in the research, development, manufacture, and sale of industrial enzymes and enzymatic reaction products, primarily through our core manufacturing company in the biotechnology business, Nagase Viita, providing products to a wide range of industries. Moving forward, the NAGASE Group will combine NDX's diagnostic enzyme manufacture technology and application know-how with its existing businesses to create technological synergy. At the same time, we will leverage NAGASE's global network to accelerate our expansion into the medical and healthcare markets in India and Southeast Asia, which we expect to grow in the future.

New Regions Global South



We are working to strengthen the next base by accelerating our investment into human and other resources in India, Indonesia, Mexico, and Brazil (the Global South), positioned as new regions expected to see continued growth moving forward.

Latest initiatives in the Global South

India		Expanding the market for mobility, life & healthcare products, semiconductors, smartphones, etc.
Indonesia		Pioneering markets in the area of food (food materials) as population grows
Mexico		Strengthening local manufacturing function in the area of mobility China → Creating new businesses through talent exchanges between overseas locations in Mexico and other countries
Brazil		Expanding our agricultural products



Become a reliable partner for seizing opportunities in rapidly growing India



CEO, Nagase India Pvt. Ltd.
Eiroku Oki

With the Indian market growing rapidly in recent years due to population growth and the international situation, Japanese companies in the automotive, food, and many other industries have been expanding their presence in the country. There are also expectations for a future revitalization of the semiconductor sector. Nagase India, which celebrated its 60th anniversary this year, aims to become a reliable partner for companies taking on the challenge of doing business in a different cultural and business environment. We will do this by further leveraging strengths including the know-how and networks we have built in India, as well as our excellent Indian staff with many years of experience, and by providing support such as back-office development. We will also expand our businesses that utilize India's highly competitive materials.

Establishing a joint venture to expand the connector business

NAGASE established a joint venture with Japan Aviation Electronics Industry, Ltd. (JAE) in March 2025 with an aim of expanding sales of automotive and motorcycle USB chargers and connectors in the Indian market. Already one of the world's leading markets, the Indian market for these products is expected to grow even further as government policies accelerate the country's transition to electric vehicles. Building on its know-how on doing business in India, as well as its local networks, NAGASE will grow this business alongside JAE, which is a global supplier of automotive connectors and harnesses. We aim to strengthen our customer support, establish production capabilities through collaboration with local partners, and reinforce the supply chain.

Expansion of our high-value-added plastic and resin business

While our plastic and resin business has long led the ASEAN and Chinese market, we established a joint venture company in June 2025 with the aim of expanding it into the Indian market. The new company, NAGASE WAHLEE INDIA PRIVATE LIMITED (NWI), is a partnership between Taiwan-based Nagase Wahlee Plastics Corp. (NWP), our main distributor of plastics in Greater China, and Nagase India (NIN).

NWI will combine NWP's expertise in the needs and business practices of Chinese and Taiwanese customers with NIN's insights on the Indian legal and regulatory system. In this way, it will carefully identify new business needs in India, thereby maximizing business opportunities.



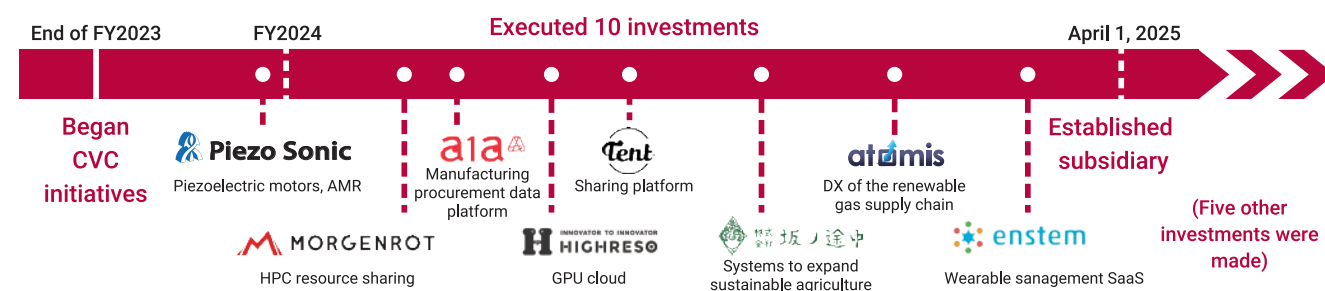
Developing Next Generation Businesses Corporate Venture Capital

Entering new business areas and acquiring new technologies through CVC investment

The Company has begun initiatives with CVC starting from fiscal 2023 in order to elevate our investment in start-up companies who have new business ideas, and to acquire a broad array of knowledge of cutting-edge technology and business models. Spearheaded by Nagase Future Investments established in April 2025, this initiative is promoting the creation of a foundation for the creation of next-generation businesses as a

business intelligence function. As of the end of fiscal 2024, we have invested in 10 start-up companies in areas outside those of NAGASE's existing businesses.

For example, we have invested in Highreso Co., Ltd., which operates a GPU cloud service, SAKA NO TOCHU Co., Ltd., which promotes ecological agriculture, and enstem Inc., which provides vital signs monitoring services using wearable devices, among other companies developing next-generation businesses. NAGASE continues to invest and form partnerships through CVC, accelerating its search for new business opportunities.



R&D Bio

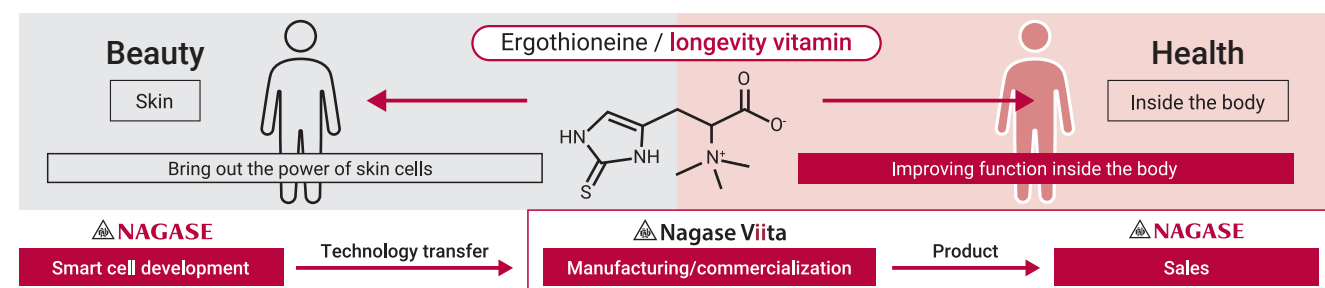
Commercialization of the longevity vitamin ergothioneine

Present in fungi in small quantities, ergothioneine (EGT) is a next-generation functional material expected to have a wide range of applications including treating the symptoms of neurodegenerative diseases (such as Alzheimer's disease and Parkinson's disease), depression, skin aging (wrinkles and spots) due to UV light, and cataracts, as well as controlling glycativ stress. EGT cannot be produced in the human body, and it decreases with age and with stress. EGT is difficult

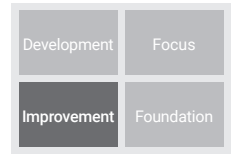
to naturally extract with high purity and leaves a large environmental footprint when chemically synthesized so there were issues with commercialization.

In 2020, Nagase Bio Innovation Center succeeded in raising the production of EGT about 1000x over the conventional method using smart cell technology (biosynthesis technology that artificially maximizes the substance production capability of cells).

The center is currently working toward launching products in the cosmetics field, and plans to eventually expand into food products, aiming to contribute to the extension of human healthspan worldwide.



Initiatives to Improve Profitability



Recognizing withdrawal losses early, aiming for future business growth

We are working to ensure that future losses are as close to zero as possible. Regarding the assets of unprofitable operating subsidiaries and assets of concern for impairment loss, we have formulated and are implementing a concrete action plan for reducing losses, without eliminating the possibility of withdrawals or sales.

Further, the Company utilizes its conference bodies, with the corporate divisions and business departments collaborating, as it aims to strengthen its monitoring. Regarding fixed assets and investment securities at risk of impairment losses, the Company clarified the items to be monitored by establishing criteria for listing. Furthermore, the supervising organization formulated countermeasures and plans for those items, and submitted them to the corporate division. By establishing and deploying this kind

of monitoring process, the Company is working to prevent the occurrence of losses in advance.

Previous withdrawals

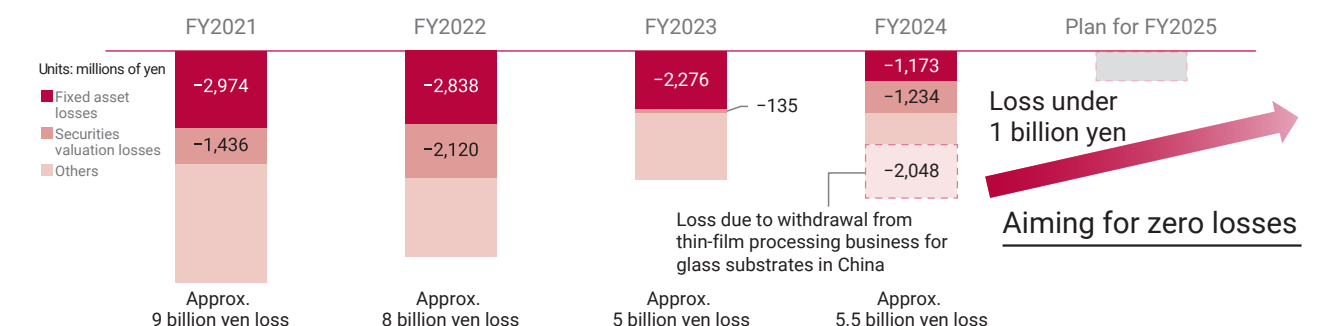
In fiscal 2024, the Company decided to reorganize and withdraw from the three businesses in the table below, and then executed those withdrawals. In addition, the Company recorded impairment losses of approximately 5.5 billion yen, including valuation losses on certain securities, as well as impairment losses on goodwill, etc. in the United States.

We will make improvements with an aim of keeping losses in fiscal 2025 under 1 billion yen.

By the end of 2025, the Company plans to transfer all of its shares of optical device functional material developer and manufacturer Inkron Oy to an electronics parts manufacturer in Taiwan as part of an effort to optimize the allocation of management resources.

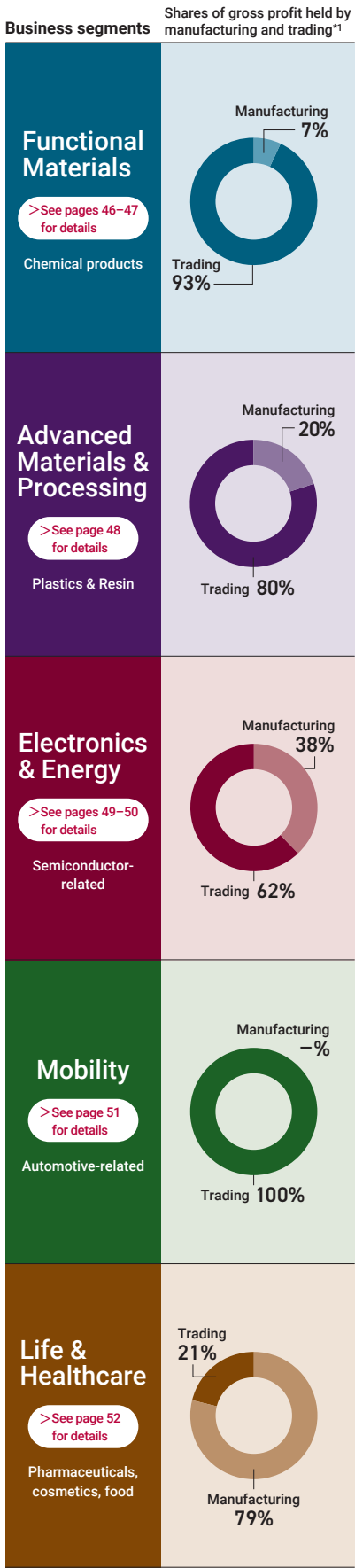
Challenges and improvement measures	FY2024 withdrawals	
1. Operating losses of our operating subsidiaries and equity losses of our affiliates Rapidly formulate and implement improvement plans. Consider withdrawing from operations that seem unlikely to improve	Sakai Display Products Corporation On-Site Factory LCD market downturn Closure of Sakai Display Products, a customer we supplied	Decision to withdraw in 2024 Closure
2. Assets at risk of impairment loss Strengthen monitoring of assets at risk of impairment loss and minimize that impairment	U.S. color former business Intensifying price competition due to market glut Thermal paper market downturn	Decision to withdraw in 2023 Liquidation and withdrawal
3. Unprofitable business Arrangements List and monitor all dealings. Return business rights when improvement seems unlikely	Thin-film processing business for glass substrates in China We started this processing business in Taiwan, and later transferred it to China, but there was increased internalization of production, and intensifying price competition	Decision to withdraw in 2020 Decision to dispose after withdrawal

Financial scale of operating subsidiaries' operating losses, equity losses, impairment losses, and unprofitable business arrangements



List of Segments

(As of the end of March 2025)



Departmental initiatives

Performance Chemicals Dept.
The Performance Chemicals Department provides high-performance materials for a wide range of industries, including coatings, inks, paints, urethane, toner, textiles, paper-making, and LCD. It is also responding to customers' needs by developing sustainable products, demand for which is rapidly increasing, based on the key words "environment" and "bio," and by effectively utilizing the functions of the NAGASE Group as a whole, including manufacturing, R&D, and processing.

Speciality Chemicals Dept.
The Speciality Chemicals Department provides chemical materials, devices and processing services for the chemical industry, with a focus on semiconductor materials, oils and surfactants, organic synthesis, petrochemicals, polymers, etc. Playing an important role in the chemical industry's supply chain with an extensive network of business partners globally, and the know-how obtained through handling over 10,000 product items, it is also developing new businesses with unique technologies, thereby helping to solve the issues of customers all over the world.

Polymer Global Account Dept.
With a well-developed sales network and experienced local staff in the Asia Pacific region, the Polymer Global Account Department works with global companies to sell plastic resins for a wide range of industries, including office equipment and the electrical and electronics industries. It is also focusing on eco-friendly businesses and providing environmentally friendly materials and services, such as recycled materials and biomass plastics.

Electronics Dept.
In addition to providing functional materials and their constituent components to the silicon wafer, semiconductor, electronic components and display industries, the Electronics Department is working with partner companies to develop products that align with market and customer needs.

Advanced Functional Materials Dept.
The Advanced Functional Materials Department offers products and services developed based on Nagase ChemteX's formulation, compounding, precision cleaning, surface treatment, and photosensitive materials design technologies. These include but are not limited to formulated epoxy resins, developer, re-claiming of stripper, and high-performance materials for 3D printing. Its customers include domestic and foreign companies in key sectors such as the electric/electronics industry, mobility, energy and the environment, semiconductors (photolithography and encapsulants), and displays.

Mobility Solutions Dept.
The Mobility Solutions Department contributes to the realization of a safe, secure and comfortable mobility society by grasping the needs of the mobility industry, including automobiles and motorcycles, agricultural machinery, construction machinery, and aircraft, and by offering diverse solutions through pursuing new technological innovations.

Life & Healthcare Products Dept.
In the pharmaceutical, medical, cosmetics, household goods, and food products (processed foods and nutrition) sectors, we provide a wide range of solutions throughout the world through the NAGASE Group's manufacturing, processing, procurement, logistics, research, application development and regulatory-related functions. The Life & Healthcare Products Department is striving to contribute toward the realization of healthy, enriched lifestyles.

Main products and services

Performance Chemicals Dept.
Raw resin materials, plastics and resins, solvents, pigments and dispersions, dyes, colorants, additives, raw urethane materials, release agents, conductive materials, functional films, adhesives, sanitary product materials, the Mixing Concierge™ service, the Dispersion Processing Total Coordination service, the Chemical Search service (for the CASE field), the Chemicals AI Cooperative Logistics Matching Service, and NAGASE's original Chemical Industry Safety Education VR Goggles

Speciality Chemicals Dept.
Organic chemicals, inorganic chemicals, high-purity chemicals, various types of additives, polymers, bio-products, specialty epoxy resins, specialty acrylic rubber materials, polymer filters, enzymes, water treatment equipment, metal organic framework (MOF), and contract manufacturing matching services

Polymer Global Account Dept.
Engineering plastics, commodity plastics, packaging materials and other plastics-related products and services

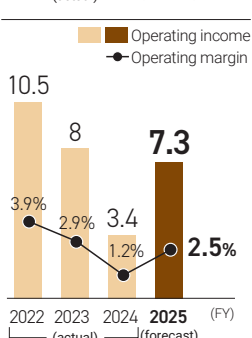
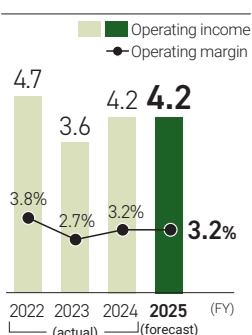
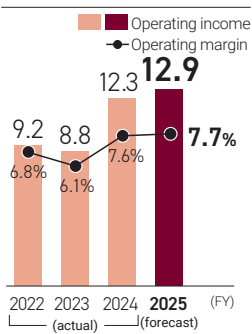
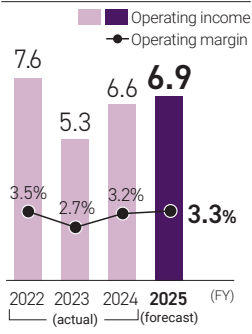
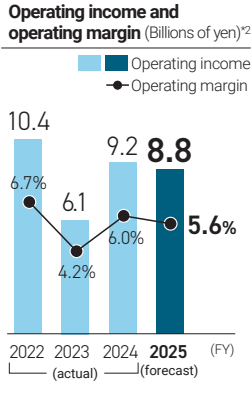
Electronics Dept.
High-precision abrasive materials, optical materials for displays, touch panel components, functional coating, conductive and insulating materials, adhesive and encapsulating materials, high-heat-resistant films, optical lenses, high-frequency devices, low dielectric materials, sensing modules, optical materials for XR, semiconductor and electronic device-related equipment

Advanced Functional Materials Dept.
Formulated epoxy resins and related materials, photolithography materials for flat panel displays and semiconductors

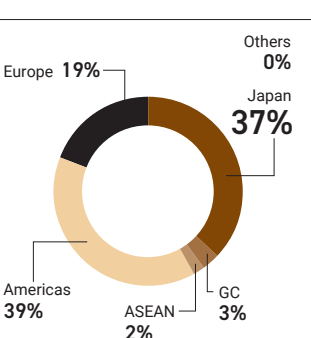
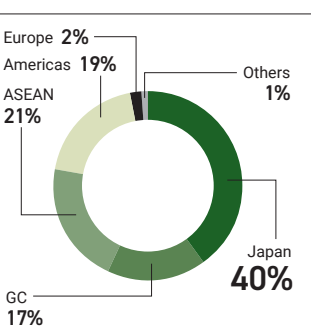
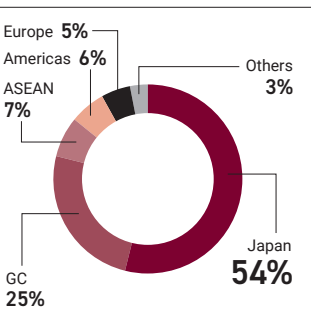
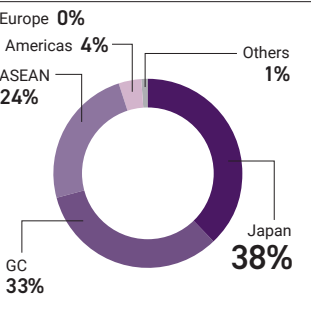
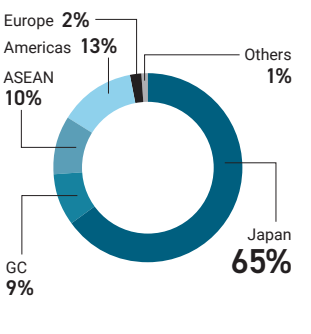
Mobility Solutions Dept.
Various plastics, functional paints, adhesives, lightweight components, decorative components, HMI components

CASE-related:
xEV-related components, heat management components, battery materials, sensors, LiDAR devices, autonomous driving technologies

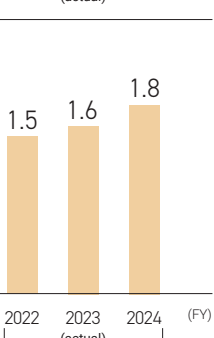
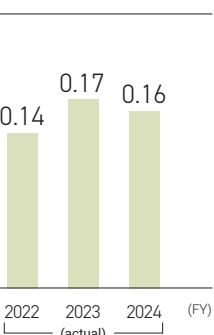
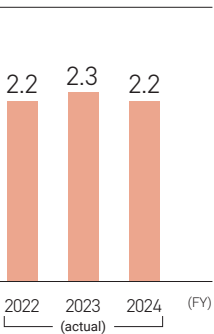
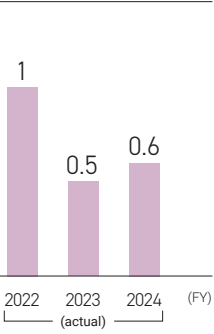
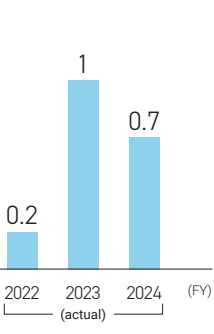
Life & Healthcare Products Dept.
Pharmaceutical products (APIs, additives, intermediates, and other materials), materials for in vitro diagnostics, raw materials for cosmetics and household goods (active ingredients, additives, emulsifiers, and fragrances), food ingredients (nutritional materials, functional saccharides such as TREHA™, glycosides, enzymes, and other processing aids), premixes (OEM/ODM), agricultural applications (including livestock raising) and fisheries, and endotoxin removal services



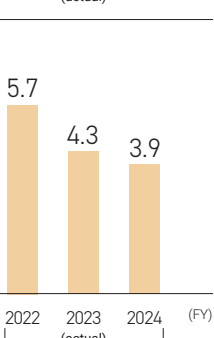
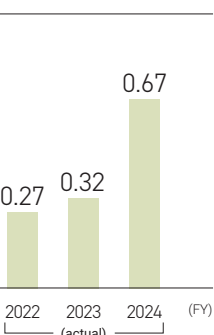
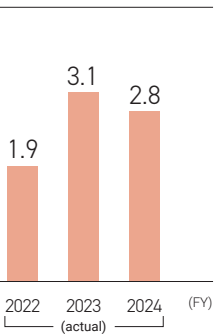
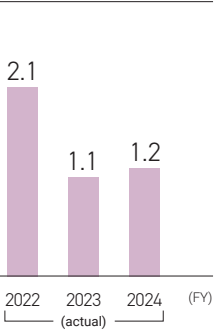
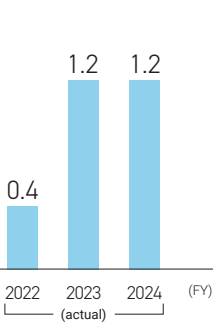
Gross profit by area



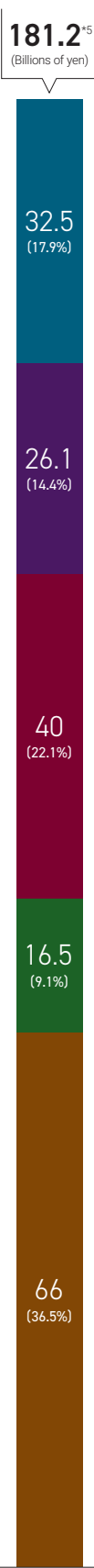
R&D expenses (Billions of yen)^{*3}



Capital investment (Billions of yen)^{*3}



Gross profit



Operating income

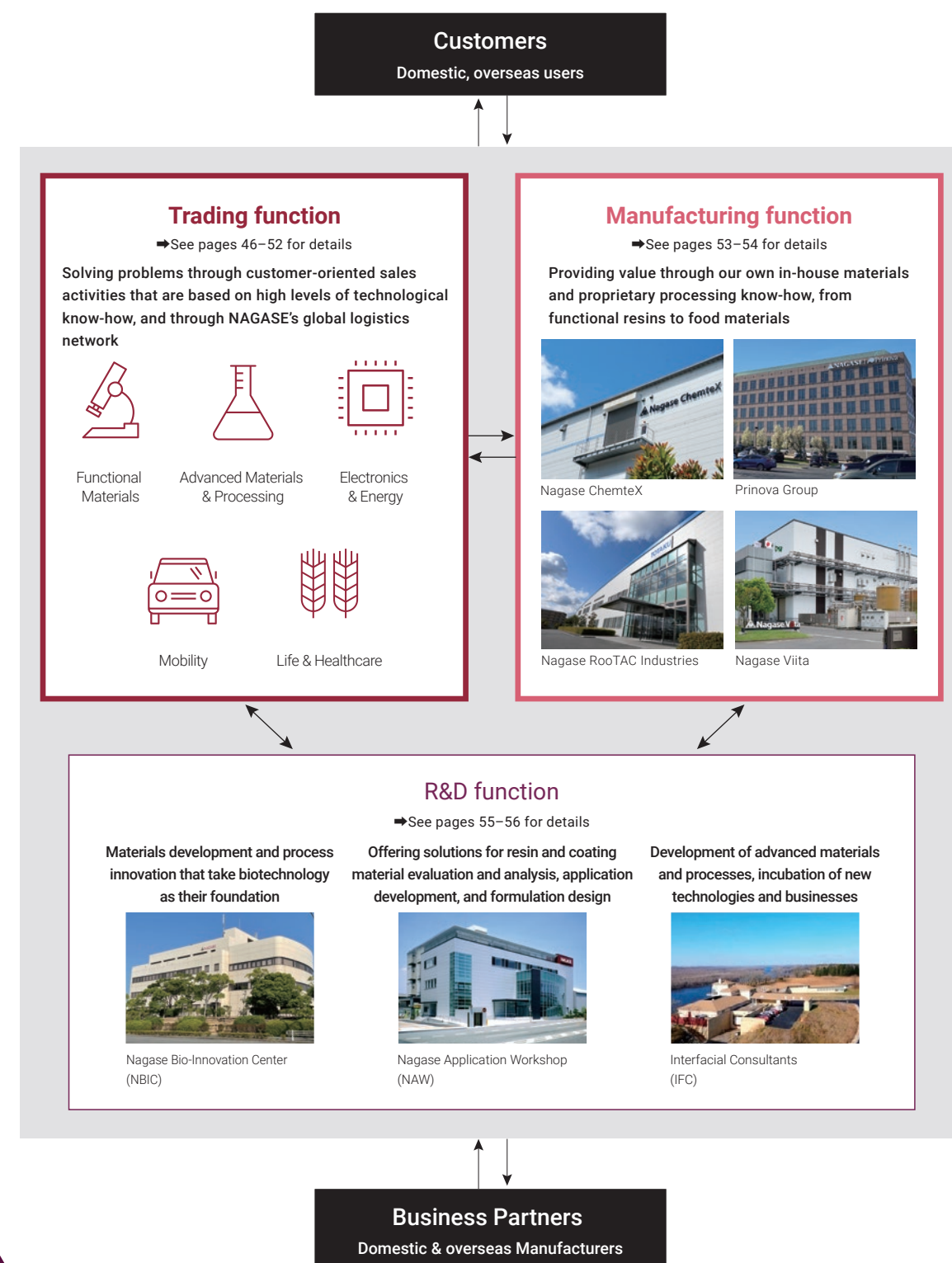


^{*1} The trading portion of gross profit includes Other/Corporate, and takes into account the effect of consolidated adjustments.
^{*2} In order to realize more appropriate management of the reported segments, starting from the fiscal year ended March 31, 2025, the method used for allocating company-wide common expenditures is being partially adjusted, with part of the company-wide common expenditures that were previously included under "Other" being allocated to individual segments. Data for fiscal 2022 are presented prior to this allocation; data for fiscal 2023 and fiscal 2024 are presented after this allocation.

^{*3} These data were calculated based on the business classification adjustment conducted to accompany the business restructuring implemented in October 2023. (This does not apply to the actual performance data for R&D expenditure and capital investment for FY2022.)
^{*4} ■ Other/Corporate: Includes businesses not included in reported segments and eliminated inter-segment transactions, etc.
^{*5} Starting from the first quarter of the fiscal year ending March 31, 2026, the classification of manufacturing costs and selling, general, and administrative expenses at the Prinova Group were partially changed. However, the figures for the fiscal year ended March 31, 2025 are those prior to the retrospective application of the updated accounting policy.
Note: Other/Corporate is not included in the calculations of segment composition ratios for gross profit and operating income.

NAGASE's Unique Functions

NAGASE offers a uniqueness only possible through their integration of the functions of Trading, Manufacturing, and R&D.



Trading Manufacturing R&D

Functional Materials Segment

Performance Chemicals Dept.

GM, Performance Chemicals Department Masuo Higuchi



Examples of products

- Coating materials used in automotive manufacturing and construction
- Dyes used in garment manufacturing
- Toner materials
- Materials used in displays for TVs, smartphones, office equipment

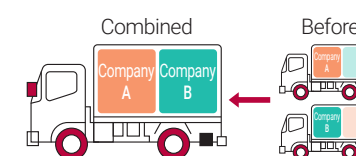
Examples of products and services contributing to solving societal and customer issues

- Joint development of adult diapers utilizing bio-derived super-absorbent polymers
- Chemicals AI Cooperative Logistics Matching Service
- Mixing Concierge™ which visualizes the mixing process (P. 59)

Results Effective utilization of digital technology

Meeting the needs of individual customers and industries with our unique technologies

As the needs of manufacturers become more diversified, we are promoting the commercialization of a service model that not only involves offering customers proposals for raw materials, but also leverages digital transformation (DX). For example, our Chemicals AI Cooperative Logistics Matching Service optimizes logistics between multiple companies, helping solve logistical problems and reduce GHG emissions. Meanwhile, our Mixing Concierge™ service visualizes liquid mixing processes, which are an essential part of manufacturing, improving productivity and facilitating the transmission of skills to the next generation. Furthermore, we started offering Chemical Search, a material search service designed specifically for the CASE* field. Going forward, we will



(Matching inefficient loads)

Chemicals AI Cooperative Logistics Matching Service

support the continued development of the chemical industry by combining unique materials and technologies with our digital insights.

*Coatings, adhesives, sealants, and elastomers.

Challenges Unprofitable business reorganization and growth strategy

Integrating manufacturing function to improve profitability

We achieved profitability in our color former business by withdrawing from the U.S. color former business, as well as by revising unprofitable business arrangements and streamlining operations at our manufacturing sites in Japan. Furthermore, in April 2025, the functional dyes business (Fujita Plant) of Nagase Viita was integrated into Nagase ChemteX's Okayama Office, and Fukui Yamada Chemical Industry was made a subsidiary of Nagase ChemteX, with the aim of strengthening our chemical manufacturing function. Moving forward, we will aim to strengthen our profit base and achieve sustainable growth across the entire Group by enhancing production efficiency and strengthening our development capability through technology synergies, promoting business continuity planning (BCP) measures as part of our strategy to develop our network of business locations, and making talent cultivation more efficient through the flow of talent between business locations.



Fukui Yamada Chemical Industry Co., Ltd.



NAGASE has solutions

Customer's voices **NATOCO Co., Ltd.**

Providing immersive VR-based educational content as a partner for eliminating accident

We introduced NAGASE's safety education VR goggles as a measure to prevent occupational accidents, which is a major issue in the chemical industry. By adding immersive VR-based education to the case studies used in our traditional classroom training, participants can now benefit from both experience-based learning and detailed explanations. This has proved especially useful in promoting the understanding of participants, particularly new employees and those coming from other industries, and instilling in them a safety mindset. We feel that the educational content, which was supervised by the Japan Paint Manufacturers Association, is both practical and of high quality, owing to its industry-specific nature, as well as its high functionality that allows it to be adapted to group training. The elimination of accidents is an important issue that directly affects the sustainability of our production activities, our customers' peace of mind, and employees' safety. Like the saying goes, "NAGASE has solutions." We are looking forward to more of such unique proposals from NAGASE.



Tomoaki Kogure
Plant Manager, Gunma Plant,
Production Department
NATOCO Co., Ltd.

Jumpei Yamada
Total Solution Office
Performance Chemicals Dept.
Nagase & Co., Ltd.

Trading

Manufacturing

R&D

Functional Materials Segment



Speciality Chemicals Dept.

Executive officer
GM, Speciality Chemicals Department **Kenichi Kurimoto**

Final products in people's lives

- Raw materials for semiconductors used in generative AI servers
- Raw materials for 3D printers inks
- Raw materials for oils used in the manufacture and processing of textile fibers, metal car parts, etc.
- Polymer filters used in EV battery components

Examples of products and services contributing to solving societal and customer issues

- Environmental solutions: Managing operation and reducing the costs of factory wastewater treatment
- Flow synthesis: Improving the safety, working environment, and production efficiency of organic synthesis reactions using batch methods
- Semiconductor business proposals: to deal with mitigating geopolitical risks in raw chemical material procurement (multiple sourcing and contract manufacturing)

Results ROIC-focused management

Building a system for monitoring ROIC improvement

We worked to promote ROIC-focused management, and were especially particular about our results. We established a new planning office to conduct organization-wide monitoring of three themes: (1) pursuing profits commensurate with functionality, (2) reorganizing unprofitable businesses, and (3) reducing long-term inventory. As a result, we were able to make significant improvements in each area. In fiscal 2025, in addition to continuing this monitoring, we will also aim to maintain close communication with our consolidated subsidiaries and promote improvement activities as a unified Group. As an extension of ROIC-focused management, we will advance initiatives aimed at improving the productivity of each and every employee. More specifically, we have begun work to revise our business department's internal education system and make operational efficiency improvements utilizing tools such as generative AI and RPA. As a measure to address last year's issue, "evolution of our business models," we developed five-year growth scenarios for each of our businesses. In our trading business, we spelled out the direction that the semiconductor-related business will take globally, and expanded its resources. In our manufacturing business, we formulated a growth strategy together with Group companies, and are currently turning the PDCA cycle.

Challenges Develop Human Resources

Building an organization capable of recognizing individual and organizational issues and taking action

Our business department is working to build a framework that allows employees to recognize individual and organizational issues and encourages their continuous self-driven growth. We began implementing new initiatives in fiscal 2024, and have created a variety of venues where employees can discuss issues, including dialogue meetings with general managers. One of the concrete measures to address issues we are trialing is a buddy system for our younger employees. Another is an award system aimed at boosting motivation and fostering healthy competition between organizations. We will also create a framework for employee skill development by using external training programs and other means to systematize their acquisition of the basic knowledge needed by business professionals.

Trading

Manufacturing

R&D

Advanced Materials & Processing Segment



Polymer Global Account Dept.

GM, Polymer Global Account Department **Koji Yoshida**

Final products in people's lives

- Office equipment
- Smart devices
- Cosmetics containers
- Laptop computers
- Game consoles
- Food packaging

Examples of products and services contributing to solving societal and customer issues

- A post-consumer recycle that contributes to a circular society
- Biomass-derived plastics which contribute to a carbon-neutral society
- PFAS* alternatives that contribute to human and environmental safety

*Per- and polyfluoroalkyl substances: A general term for synthetic chemicals primarily composed of carbon and fluorine with water and oil repelling properties.

Results Utilization of digital technology × speedier management

Enhancing decision-making processes with digital infrastructure

As manufacturing grows increasingly diverse on a global scale, we may be entering an age where businesses can no longer survive by relying solely on the experience and intuition of their sales reps. This sense of impending crisis has driven us to create a framework for leveraging digital technology in management decision-making. We are now utilizing it to make decisions and revise our growth strategies based on analysis of sales performance data, customer trends, economic forecasts, etc. To be more specific, our newly launched system is being used to achieve more detailed understandings of the profit structures of business attributes that are complicated to categorize because they span national and regional borders. As a result, we are now able to implement management strategies and allocate personnel in response to changes in market trends. Such multi-axis, multi-faceted analyses are steadily contributing to improved profitability. Moving forward, we will continue to leverage digital infrastructure to maximize ROIC and sustainably enhance business value.

Challenges Successor development and human resource development

Responding to global consolidation by strengthening our human resource strategy and regional collaboration

Industries are increasingly consolidating around major suppliers, while supply chains are becoming increasingly diverse and multipolar. As these processes accelerate, we feel that the traditional Japan-led management structure and Japanese management models are reaching their limits. Keeping a pulse on and correctly responding to the global trend of industry consolidation requires developing human resources with a business integration perspective and building a human resource network. For example, we expect the Indian market to see significant growth, and believe it is important to win the business of Taiwanese and Chinese companies that are transferred to India, especially from China. For this reason, we established NAGASE WAHLEE INDIA in June 2025. Going forward, the implementation of growth strategies for the department's business in India will be led by local staff in Taiwan in collaboration with Taiwan, China, and ASEAN countries.



NAGASE has solutions

Customer's voices **SANKO SEIKA Co., Ltd.**

NAGASE shows great potential as a partner for tackling management issues

In 2024, we declared our commitment to implementing initiatives aimed at realizing a sustainable society as a company rooted in food and health. At the time, one our biggest challenges was our need to cut the cost of our wastewater treatment facilities while also keeping their greenhouse gas emissions low and reducing waste. This is when we received a proposal from NAGASE regarding the introduction of turbo blowers and sludge dehydrator machines, as well as the optimization of their operational management methods. As a result of testing, we cut power consumption by more than 30% while reducing and stabilizing the moisture content of the dehydrated cake, resulting in reduced wastewater treatment costs. During this time, I was reassured by the prompt service of NAGASE's representatives, as well their willingness to engage in discussion, their wide range of capabilities, and their wealth of ideas. We look forward to having a long relationship with NAGASE as partners we can grow with as we expand our business, improve operational efficiency, and address environmental issues.



"Yuki no Yado" crackers
made by SANKO SEIKA



Yuma Nagaoka
SANKO SEIKA Co., Ltd.
Director, Production Section,
Production Division



NAGASE has solutions

Customer's voices **Ishikawa Jyushi Co., Ltd.**

Developing new products with NAGASE's all-in-one resin solution

Through our tableware brand ARAS, we have pursued the concepts of strength, beauty, and form and a value of years and years of use. As part of these efforts, we were searching for new materials that met our high requirements in terms of physical properties and moldability. This search was greatly aided by NAGASE's substantial material proposal capabilities, the rapid formulation design capabilities of the engineers at Nagase Application Workshop, and their ability to flexibly develop materials using prototype equipment. During the material selection stage, NAGASE provided us with suggestions for compounds. They then provided us with all-in-one support for everything from resin formulation design and prototyping to physical property evaluation, mass production, and achieving a stable supply of products. As a result, we were able to go from development to commercialization in a short period of time. We are now offering a lineup of products that combine design with functionality. With deep scoop dish, for example, we were able to achieve a weighty and luxurious feel that belies its resin construction, while with our curry spoon, we were able to achieve an ultra-thin 0.5 mm edge. We look forward to continuing to developing more new products with NAGASE in the future.



ARAS deep scoop dish and cutlery



Tsutomu Ishikawa
COO
Ishikawa Jyushi Co., Ltd.

Trading

Manufacturing

R&D

Electronics & Energy Segment



Electronics Dept.

GM, Electronics Department **Kazuyuki Sato**

Final products in people's lives

- Semiconductors
- Smartphones
- Displays

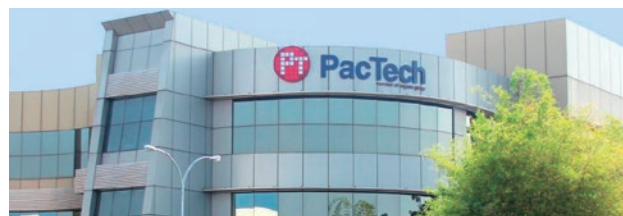
Examples of products and services contributing to solving societal and customer issues

- Materials to achieve low power consumption for use in power semiconductors, and for use in new types of displays
- Heat dissipation and insulation materials for heat management

Results Growth strategy

Accelerating capital investment and personnel allocation in line with regional needs

Last fiscal year, the semiconductor wafer bumping line in Malaysia began operations and contributed to sales. As the focus on semiconductor stacking technology increases, demand for wafer bumping services continues to grow. We will continue to expand our facilities and strengthen our development efforts with the aim of further expanding this business. In terms of our regional strategy, we will promote the allocation of personnel based on market trends in each region. By leveraging our ability to globally respond to the needs of each region, such as by strengthening our marketing structure in the United States, dispatching personnel to India, and seconding overseas subsidiary staff, we aim to solve customers' issues and accelerate their business growth.



PacTech, the Group company that launched our wafer bumping line in Malaysia

Challenges Digital technology + strengthening on-site prowess (global)

Building a growth structure by leveraging digital technology and strengthening our on-site prowess

Our business department is continuing its focus on the utilization of digital tools. In fiscal 2024, we encouraged the utilization of CRM. In fiscal 2025, we will continue this initiative while also promoting the data utilization and analysis with the aim of facilitating information sharing across organizations. Externally, we plan to utilize MA tools and hold online exhibitions. Our aim is to expand online customer contact points and create opportunities for sustainable business development. In terms of strengthening our on-site prowess, we will strengthen collaboration not only between Japan and overseas locations, but among overseas locations. By establishing a system for rapidly sharing the knowledge cultivated in each region, and strengthening our capabilities centered on our on-site prowess, we will aim to achieve further growth.

Trading

Manufacturing

R&D

Electronics & Energy Segment



Advanced Functional Materials Dept.

GM, Advanced Functional Materials Department
Executive officer **Ryuhei Tashima**

Examples of products

- Liquid molding compounds (LMC) for advanced semiconductor packaging used in generative AI and smartphones
- LMC for power semiconductors
- LMC for mobile devices including smartphones

Examples of products and services contributing to solving societal and customer issues

- LMC for advanced semiconductor packaging to increase AI server speed and energy efficiency
- Chemical solution (developer, stripping agent) recycling business to reduce the environmental impact

Results Growth strategy

Further contributing to solving customer issues through dialogue and business investment

In fiscal 2024, sales of liquid molding compounds for advanced semiconductor packaging for generative AI applications grew significantly. Furthermore, we have continued to work with Group manufacturer Nagase ChemteX to propose solutions to various technical issues faced by both domestic and international customers, particularly those arising from the increasing complexity of semiconductor packaging due to Chip-let technology. Ultimately, we were able to realize the mass production of LMCs for next-gen 2.XD packaging.



Semiconductor developer fluid (tetramethyl ammonium hydroxide) storage tank

In addition, we previously established SN Tech as a joint venture to take over the Asian semiconductor developer fluid recycling business of US-based SACHEM, Inc. This will contribute in terms of performance, quality, the environment, and many other aspects. Moving forward, we will strengthen such efforts to contribute to the growth of the semiconductor industry.

Challenges Speeding up management execution and cultivating human talent

Growing into an organization and individuals capable of responding to environmental changes

In the generative AI field where Nagase ChemteX's liquid molding compounds for semiconductors are used, the environment surrounding the semiconductor market is constantly changing due to the growth of the data center market, as well as the impact of the Trump administration in the United States. As a result, our businesses are required to make management decisions more quickly than ever before. In fiscal 2024, our business department further strengthened its human resources, made an all-hands effort to identify potential issues for customers in the market, and strove to provide customers with products and solutions tailored to their pre-, intermediate, and post- processes in a timely manner.

Our aim this fiscal year will be to continue making significant contributions to the full value chain of the semiconductor industry by leveraging the extremely high technology capabilities of our manufacturing function, as well as the sales capabilities of our trading function, which come from the high value-added information we provide.



NAGASE has solutions

Employee's voice

Supporting global procurement in the semiconductor field on assignment to Japan

I am currently working in Kumamoto Prefecture on behalf of NAGASE's Taiwanese subsidiary to build a structure for Taiwanese suppliers to do business with Japanese semiconductor-related customers. Taiwanese suppliers have often encountered difficulties when expanding into Japan, such as dealing with import/export procedures, handling chemicals, and differences in business practices. This is why NAGASE leverages its industry and material handling knowledge, its hazardous material and high-pressure gas licenses, and its regulatory compliance know-how to guide these suppliers to success in the Japanese market. We receive many direct consultations from customers, and we handle each of them with the comprehensive capabilities we have cultivated through our long history as a chemical trading company, our extensive network, and our strong desire to solve customers' problems. I believe this last element, above all, is what has earned it the reputation that "NAGASE has solutions!"



Jack Lee
Nagase (Taiwan) Co., Ltd.



NAGASE has solutions

Customer's voices

SACHEM, Inc.

A reliable partner entrusted with the future

In pursuit of further growth in our semiconductor chemical business, we have sold all our Asian operations—including our advanced factory in China—to Nagase. This decision followed extensive discussions, and reflects our trust in NAGASE, our long-standing partner and the only company with whom we have established a joint venture. By combining our DNA and technologies, we expect the entrusted Asian business to evolve further and reinforce leadership in the semiconductor industry.

NAGASE's unmatched technical expertise and global network enable swift responses to change, and we look forward to continuing our strong collaboration in other regions as well.



John Mooney
CEO
SACHEM, Inc.

Trading

Manufacturing

R&D

Mobility Segment



Mobility Solutions Dept.

Executive Officer
GM, Mobility Solutions Department **Daiji Matsuoka**

Final products in people's lives

- Automobiles
- Motorcycles
- Rolling stock
- Construction equipment
- Agricultural machinery

Examples of products and services contributing to solving societal and customer issues

- Shift to xEVs: Batteries, inverters, and motor components for the electrification of vehicles
- Environmental compliance: Recycled, bio-derived, and other low environmental impact materials
- Fuel economy: Weight-reducing technologies for automotive components

Results Effective utilization of digital technology

Strengthening communications through the NAGASE Mobility solution brand

While our business department handles a wide variety of products, including electric vehicle components and sustainable materials, we are sometimes perceived as a trading company that handles a limited range of products, particularly overseas. To remedy this issue, we established the NAGASE Mobility solution brand. We aim to expand our recognition by customers as a partner capable of providing advanced solutions that integrate diverse technologies, products, and networks, ultimately making customers think "NAGASE has solutions!" when they face challenges. As for fiscal 2024's issue of effective utilization of digital technology, we have launched an email newsletter, developed a multilingual version of our website, and begun utilizing social media in an effort to strengthen our communications. We will deliver value to many customers in multiple languages and through multiple channels.

Challenges ROIC-focused management

ROIC-focused management through inventory optimization

We are advancing multifaceted initiatives towards achieving sustainable profitability and capital efficiency. This includes reviewing and revising low-margin businesses, building an order management system, and conducting training on the utilization of generative AI. As part of these efforts, we have been focusing on reducing inventory since fiscal 2024 with an aim of improving ROIC, launching a Project for Inventory Optimization (PIO) directly supervised by the General Manager. We have also begun work to establish systems for managing inventory and ordering on a global scale. We have set goals for the end of fiscal 2025 of having zero dead stock, minimizing long-term inventory, and optimizing inventory levels. By reducing long-term inventory levels at an early juncture through careful monitoring, and by creating clear ordering rules for each unit, we are working to achieve healthy and efficient inventory levels.



NAGASE Mobility logo



Official website



Official LinkedIn page



NAGASE has solutions

Customer's voices

JAE Electronics India Pvt. Ltd.

The next stage of JAE and NAGASE's ventures in the growing Indian market

JAE Electronics India Pvt. Ltd. (JAE India) is a joint venture established in 2025 by Japan Aviation Electronics Industry, Ltd. (JAE) and NAGASE. The company has begun selling automotive and motorcycle connectors in India. JAE highly evaluated NAGASE's insights about the Indian market, its extensive network, and its business infrastructure, including its warehousing function, leading to the decision to work together. Currently, JAE handles design, quality assurance, and production management, while NAGASE handles sales, procurement, and logistics, creating a structure that combines the strengths of both companies. Moving forward, we will also work to expand our local production systems and strengthen our supply chain, aiming for further growth. In the rapidly evolving Indian market, NAGASE's promptness and operational reliability provide invaluable support for our company. Through this powerful partnership, we will continue to strive to create new value in India.



Yuji Muroga
President, JAE Electronics
India Pvt. Ltd.

Trading

Manufacturing

R&D

Life & Healthcare Segment



Life & Healthcare Products Dept.

Executive Officer
GM, Life & Healthcare Products Department **Kenji Okino**

Final products in people's lives

- Food
- Pharmaceuticals
- Diagnostic reagents
- Cosmetics and other consumer products relating to daily living and health

Examples of products and services contributing to solving societal and customer issues

- Stable procurement and supply of raw materials, quality risks management, inventory and manufacturer management (auditing, etc.)
- Proposal of biotech-based alternative materials

Results Organizational restructuring

Organizational structure and key initiatives for strengthening global expansion

To increase the sophistication and enhance the expertise of our business, we have established new specialized organizations such as Nagase Viita within our Group's functional organizations. In the biotechnology area, we strengthened our research and manufacturing functions, and are currently preparing to take ergothioneine and low-endotoxin products to market. As for fiscal 2024's issue of "expansion of our overseas business," we conducted a Japan-led survey of suppliers and acquired new commercial rights. Our local subsidiaries collaborated with distributors to transition to a basket-based sales approach of combining multiple solutions into a single proposal. In fiscal 2025, we will focus on expanding into Southeast Asia as a priority area. We are also working to strengthen our regulatory compliance



efforts by verifying the structures and systems of local subsidiaries, and by raising internal compliance awareness. Moving forward, we will also proceed with the verification of in vitro diagnostic (IVD) assay kits, in addition to pharmaceuticals and food.

Challenges Cross-functionality

Transition to a functional organization and strengthening cross-functional collaboration

Our traditional vertically integrated organization limited business growth and global collaboration. Considering such issues, we are currently transitioning to a cross-functional structure that spans business departments and locations. By using a matrix-style organizational design, we are building a framework that prevents functional silos and promotes collaboration. We expect functional organizations will be particularly effective overseas, where our human resources are limited. At the same time, we are also working to change mindsets and revise how work is done, striving to achieve a gradual dissemination. In the future, we will establish, share, and standardize systems while at the same time developing practical human resources and building an organization that is both up to the task of handling global M&A and developing new products.



NAGASE has solutions

Employee's voice

Building a global procurement system to support the stable supply of raw pharmaceutical materials

Following the COVID-19 pandemic, the need for a stable supply of raw pharmaceutical materials is higher than ever, leading to more and more manufacturers seeking to secure multiple sources in addition to their traditional suppliers. There is also an increased demand for the procurement of more cost-competitive raw materials in the domestic market, which is affected by Japan's drug pricing system. To address these challenges, we are focusing on India as its biggest source of raw materials after China. While Indian products excel in terms of price and production capacity, issues with quality and delivery times are not uncommon due to differences in culture and business practices. In order to mitigate such risks, we are collaborating with our Indian subsidiary to build a system for reliable communication and procurement. At the same time, we are helping customers achieve both stable procurement and cost optimization by leveraging the NAGASE Group's global network to swiftly consolidate supply information gathered from exhibitions and business partners worldwide, collaborate with local staff in each country who understand the Japanese market, and provide flexible and speedy procurement proposals.



Shuhei Tanaka
Life & Healthcare Products
Dept.

Trading

Manufacturing

R&D

Manufacturing Function

Nagase ChemteX Corporation (NCX)

Representative Director, President Yoshiyuki Morita



Company overview

Established: 1970

Location: Osaka City, Osaka Prefecture

Net sales: approx. 25.8 billion yen

Employees: approx. 520

Business overview

As the core manufacturing function of the NAGASE Group, we provide high-performance chemical products in fields ranging as far from electronics (including advanced semiconductors) to life sciences. Building upon our core technologies in chemical synthesis, formulation design, processing, and evaluation, we leverage our creativity to deepen and integrate our technologies and create innovative products that meet market needs.

A management approach that maximally leverages resources and flexibly responds to change

Building on our chemical products business, we are working to cultivate new pillars of growth by focusing on the cutting-edge semiconductor field and by advancing R&D in areas such as life sciences and agriculture. Our entire company is committed to reducing the impact on the environment through, among other things, the development of products such as biodegradable superabsorbent polymers (SAPs) and easily dismantlable

adhesives, as well as the improvement of our manufacturing processes. In this way, we seek to become a chemical company that is kind to both people and the plant. Following the consolidation of the NAGASE Group's chemical businesses into our company, we will promote a robust yet flexible management approach that gives us the ability to flexibly adapt to change and transform it into opportunity. We will do this by maximally leveraging all of our diverse management resources—including our technologies, expertise, facilities, and human resources—to achieve high operational efficiency.



Advanced semiconductors

Molding compounds (liquid and sheet), photolithography materials



Life sciences and agriculture

Biodegradable SAP, low endotoxin materials, soil amendments



Chemical products

Special epoxy compounds, conductive coatings



Nagase Viita Co., Ltd.

Representative Director and President Takahiko Mandai

Company overview

Established: 1932

Location: Okayama City, Okayama Prefecture

Net sales: approx. 35 billion yen

Employees: approx. 800

Business overview

We are the core biotechnology company of the NAGASE Group. Originally Hayashibara Co., Ltd., our name was changed to Nagase Viita, Co., Ltd. in April 2024. We develop and manufacture bio-derived multi-functional materials by leveraging the enzyme and fermentation technologies we have cultivated since our founding in 1883, providing products and solutions for markets ranging as far from food and pharmaceuticals to personal care and agriculture.

Realizing a sustainable society with technologies that leverage microorganisms and enzymes

We leverage the power of microorganisms and enzymes to provide functional materials. We handle the whole process from R&D to manufacturing and sales entirely in-house. We have earned high trust from society through our rigorous focus on quality, safety, and the environment. In 2024, we achieved the platinum rating in the EcoVadis sustainability assessment for the second year in a row. In fiscal 2025, we will strive to enhance the value of existing products such as trehalose and AA2G™, which both reached their 30th year in the market, while also investing in the development of new materials, with a focus on personal care. To achieve our goal, we will build a stronger organizational foundation by enhancing collaboration among our production, research, and business departments, while pursuing swift business development. With an aim to embody our stated

purpose to "respect life, and embrace the well-being of people and the planet," we will accelerate the growth of our business through the dual engines of manufacturing and value creation, which each turn on our technological capabilities.



Food Ingredients

TREHA™, PULLULAN, DENABAKE™ EXTRA



Personal care Ingredients

AA2G™, Lissenare™, Glucosyl Naringin



Pharmaceutical Ingredients

SOLBIOTE™ (TREHALOSE SG, MALTOSE PH, SUCROSE SG)

Prinova Group LLC

Chairman, President and CEO Masaya Ikemoto



Company overview

Established: 1978

Location: Illinois (United States)

Net sales: approx. 199.6 billion yen

Employees: 1,370

Business overview

The Prinova Group is in the business of selling vitamins and other food ingredients and manufacturing compounds, with a focus on Europe and North America. We also handle contract manufacturing of finished products for the markets including the sports nutrition market and the life & wellness market. We aim to achieve further growth by leveraging strengths that include the world's largest handling volume of food ingredients, our R&D capabilities, and our customer network.

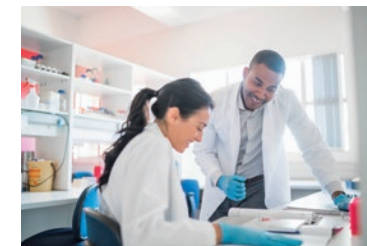
Pursuing sustainable growth by leveraging our extensive product knowledge and R&D capabilities

Prinova is responding to rapid market changes by leveraging strengths such as its extensive product knowledge, vertically integrated business model, and its ability to co-develop solutions tailored to the needs of customers. In fiscal 2025, we will be placing an even greater emphasis on ROIC to enhance profitability

and strengthen our business resilience. By maintaining stable supply, aiming to provide innovative solutions that anticipate future consumer needs, collaborating with the NAGASE Group, investing in human resources and technology, and engaging in partnerships with suppliers, we will pursue sustainable growth.



Utah Plant in the United States



Solution development



Contract manufacturing of end products for the sports nutrition market

Nagase RooTAC Industries, Inc.

President Toshihiro Nakanishi



Company overview

Established: 1952

Location: Osaka City, Osaka Prefecture

Net sales: approx. 12.5 billion yen

Employees: 400

Business overview

We manufacture and sell plastic flexible hoses, pipes, and other related products including industrial hose, protective conduit for electrical, power, and communications cables, collecting and drainage pipe for civil engineering applications, and bridge-related materials. We also contribute to the National Resilience Plan through infrastructure-supporting products such as built-in hoses for semiconductor manufacturing equipment, underground piping for utility pole elimination projects, and large-diameter pipes for heavy rain and flood countermeasures.

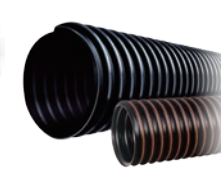
Continuing to be a manufacturer that supports people, society, and community building with unique new technologies

We are a specialized manufacturer of industrial hoses and plastic pipes that has been in business for over 70 years. Remaining steadfast as a pioneer, and adhering to a fundamental principle of "earning customer satisfaction and trust through manufacturing that prioritizes quality above all else," we handle everything from material research to the design of manufacturing equipment entirely in-house. We see our mission as supporting people, society, and community building through high-quality products. In November 2025, our name was changed to Nagase RooTAC Industries, Inc. as we entered a new stage of growth as part of the NAGASE Group's manufacturing division. We look forward to leveraging the NAGASE's global network as we continue to build upon the

trusted Totaku brand and support connecting, protecting, and developing people and society. We will continue to focus on creating safe, pleasant, and fulfilling work places while maintaining our position as a leading company in pipes and hoses with world-class technology.



Electrical conduit



Underground drainage pipe



Industrial hose

Trading

Manufacturing

R&D

R&D Function

Nagase Application Workshop (NAW)

General Manager Akihiro Taniguchi



Location overview

Established: 2007

Location: Amagasaki City, Hyogo Prefecture

Functions: We support innovation in the fields of plastics, coatings, and 3D printing, evaluate and analyze unique new technologies and materials, develop formulations, and explore new applications.

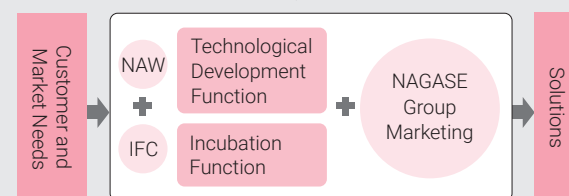
Creating innovation in the fields of plastics, coatings, and 3D printing

We are an open innovation lab with the sort of free-thinking approach you should expect of a research institute operated by a trading company. Our strength lies in our technical staff, who have extensive development experience in the plastics, resins, and coating fields. We turn free-thinking ideas into solutions for customers' issues. In recent years, we have been focusing particularly on themes aimed at solving

environmental issues. In order to meet the need for interdisciplinary fusion of technologies, such as that between resin materials and biotechnology, we will work to expand the areas we are capable of handling. As the lab closest to users, and as customers' development partner, we leverage the NAGASE network to propose "One NAGASE" solutions that bring Group's technologies together.

The NAW × IFC collaboration framework

Taking cue from the keywords Open, Collaborative, and Speed, we are working to enhance our ability to propose solutions to clients by incorporating the unique development methodologies and ideas of Interfacial Consultants (IFC), one of our Group companies. We also seek to bring together all the technologies the Group has in its possession, thereby expanding the fields for which we can provide proposals. By combining the power of NAW's technological development with the marketing skills of our sales department, NAGASE provides the sort of comprehensive support that only it can, covering everything from new material development to marketing.



NAW Development Projects

Collaboration with IFC

We are leveraging the properties of AquaSys®, the water-soluble support material developed by IFC for the 3D printing market, to develop a new application for it as a sacrificial layer.

Developing environmentally and people-friendly materials

Working with our partner companies, we are tackling challenges such as developing formulations and applications that use marine-degradable resins, proposing alternatives to fluorinated compounds for food packaging materials, and developing coating materials utilizing silica aerogel.



Interfacial Consultants LLC (IFC)

CEO Jeffrey Cernohous



Company overview

Established: 2014

Location: Wisconsin (United States)

Functions: Development of advanced materials and processes, incubation of new technologies and businesses

Building the future with a "NAGASE ONLY" strategy

One of NAGASE Group's strengths is creating value by matching partners' technologies and products worldwide with customer needs. At the same time, new technologies like artificial intelligence (AI) have simplified complex information and relationships, making them easily accessible. This brings both a serious threat and a great opportunity. We may become less valuable to partners, yet

rapid technological change enables us to develop unique business models, technologies, and products that deliver highly distinctive "NAGASE ONLY" solutions. By increasing development speed and focusing on commercialization through global sales channels, we can accelerate growth, profitability, and sustainability. IFC looks forward to working with everyone at NAGASE to turn this challenge into success.

Nagase Bio-Innovation Center (NBIC)

Executive Officer and General Manager Xiaoli Liu



Location overview

Established: 1990

Location: Kobe City, Hyogo Prefecture

Functions: Develop unique technologies, initiate and develop new ingredients, scout and evaluate external technologies

Shaping the future with biotechnology as an innovation hub for sustainable ingredients

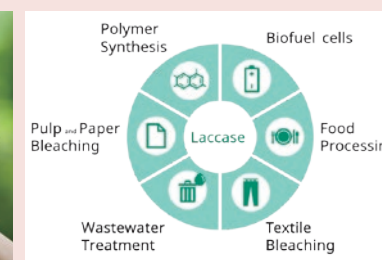
NBIC continuously produces the seeds of next-gen ingredients that leverage biotechnology to contribute to longer healthspans and the realization of a low-carbon, circular economy. We uncover latent needs through dialogue with the market, and then leverage our unique technology platform to meet those needs by creating ingredients from the ground up. Our

philosophy is "Unavailable Made Available & Sustainable." In addition to enhancing our R&D efficiency through collaboration both within and outside the Group, we support its existing businesses with unique techniques that have a competitive edge. Furthermore, we will create new business opportunities and contribute to the growth of the Group's overall biotechnology business.

NBIC Development Projects

Green Catalysts

Aiming to contribute to a circular society, we are working to develop laccases, a category of environmentally friendly enzymes regarded as Green Catalysts. They catalyze the redox reactions that occur in paper bleaching and biofuel cells and are expected to have wide-ranging applications. NBIC is working to develop diverse laccases with unique characteristics that allow them to function under a wide range of temperature and pH conditions. We will accelerate their development into marketable products in collaboration with Life & Healthcare Products Department and subsidiary Nagase (Europa) GmbH.



Enzymes that enrich our food experience

Over many years of work, we developed N-StePP™, a unique technology platform for producing materials using streptomyces bacteria in collaboration with Nagase Viita. We are leveraging this platform to enhance the taste and texture of food, reduce food waste, and advance R&D of various new products that meet the diverse needs of consumers. By working closely with our sales departments and the Group's overseas locations to expand the potential of enzymes, we will provide new value for the future of food.



Initiatives of the Nagase Biotech Office (NBT)

Creating new value by bringing together the Group's biotechnologies

The mission of the NBT is to promote the creation of sustainable businesses by bringing the Group's biotechnologies together.

As part of this effort, we are advancing projects that integrate the respective fundamental research being conducted by NBIC and Nagase Viita, to create new materials and expand into new application fields centered on enzymes, enzymatic reactions, and fermentation, thereby leading to new business opportunities. We are also engaging in open innovation with external partners with an aim of creating new businesses. Moving forward, we look to expand the Group's technological base through personnel and technological exchanges with Nagase Diagnostics, which joined the Group in July 2025.



Toshio Kondo
Nagase Biotech Office
Manager

From the Front Lines of Combining Functions to a Sustainable Society

We present here examples of NAGASE Group initiatives, which combine our trading, manufacturing, and R&D functions to take on customer challenges and address societal challenges.

An aging society

Circular economy

Toward closed loop recycling of disposable diapers with bio-based super-absorbent polymers (SAP)

Considering that used disposable diapers generate CO₂ when incinerated as waste and are made with petroleum-derived materials that have an environmental impact, NAGASE, Nagase Viita, and Nagase ChemteX have collaborated to create a bio-based super-absorbent polymer (SAP) made from starch.

As part of recycling initiatives for sanitary product materials such as disposable diapers that make use of SAP, Nagase ChemteX has been verifying the separation and recycling processes, while NAGASE collaborates with government bodies, municipalities, industrial waste processors, and nursing care facilities to establish recycling systems. Our SAP is biodegradable and is not only highly absorbent but also easily decomposes, which facilitates the previously difficult separation of post-use SAP from other materials for disposable diapers. This makes recycling easier, contributing to resource circulation, and should reduce CO₂ emissions by decreasing the amount of waste from used disposable diapers, etc.



Koji Uenaka

Green Materials Section, Product Development Division,
Functional Materials Department
Nagase ChemteX Corporation

Trading

We are working to build a recycling system for diapers that use biodegradable SAP. We are holding ongoing discussions connecting government, municipalities, industrial waste disposal companies, and nursing care facilities. Ordinances and standards differ by municipality, as does the level of enthusiasm for recycling, so we visit localities for repeated discussions with the various stakeholders. There are still many challenges to realizing a resource-recycling society, and there have only been limited number of cases where monetization has been achieved. Going forward, we aim to build a recycling system in which all involved parties can benefit and contribute to a circular society.



Kaiyou Kitakoshi

Total Solution Office,
Performance Chemicals
Department
Nagase & Co., Ltd.

Manufacturing

I develop and explore applications for biodegradable SAPs. We are currently investigating methods to clean disposable diapers and pads with biodegradable SAPs with an eye toward recycling. We have been steadily conducting tests and making improvements with the aim of achieving both clean washing technology and environmentally friendly wastewater from this process. We hope to change the image of recycled products as being expensive, making them a more familiar and sustainable option for society.



Food Loss

Prinova has started supplying a premix product to a nationwide US convenience store chain

Prinova has begun supplying bakery premix products to a major US convenience store chain. The premix is a proprietary blend proposed by Prinova that used Nagase Viita's functional ingredients to improve the texture and extend the shelf life of bakery products.

These products have excellent freeze-thaw resistance, which contributes to reduced food waste and lower operating costs.



PFAS-free molded paper cup

Manufacturing

We were in uncharted territory with paper and pulp molding, so we built testing methods and evaluation criteria from scratch before proceeding with formulation design. Optimizing chemical combinations and mixing ratios for internal addition to the pulp slurry in order to enhance performance proved particularly difficult, but the advice of NAW's engineers with their extensive testing experience and their measurement and analysis equipment proved to be a great help. We will expand the technology gained from this project into even more diverse applications in order to contribute to a sustainable society.



Masashi Hachida

Coating Technological Development
Section, Nagase Application
Workshop (NAW)
Nagase & Co., Ltd.



Yasuaki Yoshida

Market Development Team, Product
Management Section and Functional
Color Materials Division, Coating
Materials Division, Performance
Chemicals Department
Nagase & Co., Ltd.

Manufacturing

I worked hard to gather information about material characteristics and production systems. Doing it speedily was a major challenge. Stabilized plant operations are needed to deal with increased shipping volumes, so we worked together with various departments to increase the speed of the response. Going forward, we would like to deepen collaboration within the Group to expand sales and ensure stable supply while also pursuing the development of other materials that will create new value.



Masatoshi Shiojiri

Sales Development Department,
Bio Chemicals Division
Nagase Viita Co., Ltd.

Manufacturing and R&D

As the chef for the new business development department, I developed SOFT TEX, a bakery blend that uses ingredients from Nagase Viita. We are currently building a foundation to expand business in the bakery sector and other areas.



Mark Susz

New Business Development,
Ingredients
Prinova Group LLC

PFAS regulations

Less plastic

Development of eco-friendly pulp molds that comply with PFAS regulations

Paper pulp molds are in the spotlight in response to stricter regulations on per- and polyfluoroalkyl substances (PFAS). However, the molds are vulnerable to water, oil, and friction. To address these vulnerabilities, NAGASE collaborated with pulp mold manufacturers and subsidiary Nagase Chemical to consider over 1,000 formulations at the Nagase Application Workshop (NAW). We have successfully commercialized a PFAS-free product that is water-, oil-, and abrasion-resistant.

Trading

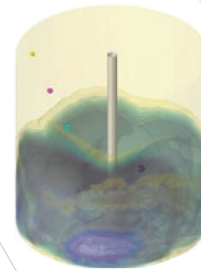
Leveraging the Group's extensive network of business partners meant that we were able to quickly arrange consultations and get additional samples even when the prototyping process had some difficulties, which was a significant help for this project. We were also able to rapidly move forward with development with Nagase Chemical's specialized facilities and expertise in the paper sector together with NAW's analysis using their extensive testing and analytical equipment. We were able to reaffirm the strengths of the NAGASE Group through collaboration with NAW and Nagase Chemical.

Japan's shrinking work population

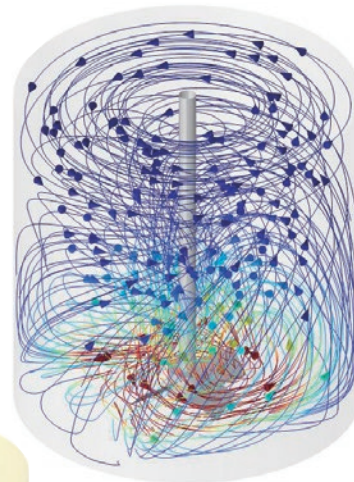
Increased workforce mobility

In-house development of analysis software to visualize the mixing and agitation processes essential to manufacturing

Our Mixing Concierge™ is specialized fluid analysis software for mixing and agitation processes. Many manufacturing sites face significant time constraints and costs when establishing new processes needed for changing equipment or raw materials in mixing and agitation processes, which are essential at the manufacturing and R&D stages. While conventional analysis software is often complex and time-consuming to master, Mixing Concierge™ is designed to be used easily and immediately by engineers without specialized analysis knowledge. Delivering analysis results quickly significantly reduces investigation workloads, which contributes to solving issues such as technology transfer and increased productivity at manufacturing sites. Because one of NAGASE's strengths lies in the diversity of its customer contacts, we are able to accurately grasp onsite needs and, by leveraging our company's advanced process expertise and analysis technology, can provide more practical, site-oriented proposals.



Mixing Concierge
concentration diffusion
analysis



Mixing Concierge
fluid analysis

Trading

We visit many manufacturing sites and carefully identify and visualize the potential issues each site faces. The use of evaluation and analysis technology helps minimize the use of valuable resources such as people, time, and raw materials while also creating an environment that makes multiple trials and errors possible, which supports our customers' passion and efforts for making better products. We are working to lead Japan's manufacturing industry towards a strong future that stands proud on the world stage.



Yoshiaki Kanatsuka
Third Sales Section, Functional
Materials Division, Performance
Chemicals Department
Nagase & Co., Ltd.



Seitaro Kato
Group Manufacturing
Management Innovation Section,
Risk Management Division
Nagase & Co., Ltd.

R&D

We are protecting Japan's advanced mixing technologies with analysis and are working to pass on manufacturing know-how to the next-generation. As a process engineer, I carefully gathered feedback from the manufacturing floor and handled the fundamentals of software development, such as designing computational models. Since then, we have continued to improve the quality of the service through refinements based on software implementation results. CAE* connects the passion of the workplace to the future!

*CAE: Computer Aided Engineering

CO₂ emissions from chemical fertilizers

Harmful effects of chemical pesticides on the human body

Biofertilizer technology to support the future of Brazilian agriculture

Brazil is a major agricultural nation, but CO₂ emissions from the use of fertilizers and pesticides are an issue. NAGASE and Nagase Viita have collaborated to propose a method to prolong fertilizer effectiveness by adding trehalose to biofertilizer to stably preserve bacterial active ingredients. Verification tests have yielded good results, which have led to trust from farmers and fertilizer manufacturers. NAGASE's combination of trading and R&D functions enabled us to respond quickly to local issues and customer needs.



Biofertilizer-treated soybean roots. The bulbous parts host Rhizobium bacteria, which assists the plant to absorb nutrients.

Advancing manufacturing

Visualizing material functions

Evaluation technology that illuminates the value of materials with nano-level visualization

NanoTerasu is a cutting-edge, high-brilliance synchrotron radiation facility at Tohoku University that can visualize material properties at the nano level. NAGASE Group established the Co-Creation Research Center with the university and is using NanoTerasu as a base to evaluate the materials and products handled by the Group. Visualizing what was previously invisible will enable us to create new value in materials. We are also using multifaceted data analysis to advance our product and technology development in a wide range of fields that include biotechnology, food ingredients, and semiconductor materials.



GeV High-Brilliance
Synchrotron
Radiation Facility
NanoTerasu



Yumi Sasano
Foundation R&D Section
Nagase Bio-Innovation Center (NBIC)
Nagase & Co., Ltd.

R&D

We are discovering new value in bio-derived materials by combining NanoTerasu's strengths in microstructural analysis using high-intensity synchrotron radiation and precise evaluation of properties with microorganism-based biomanufacturing technologies.

R&D

I feel that the greatest advantages of using NanoTerasu are ease of use, regardless of level of experience, and the comprehensive support through industry-academia collaborations. In order to generate results and further enhance our use of NanoTerasu by Group employees and for customers, we are working hard to acquire and perfect various measurement techniques and know-how.



Takahiro Sato
Group Manufacturing
Management Innovation Section,
Risk Management Division
Nagase & Co., Ltd.



Masataka Mitsumoto
Coating Technological Development
Section
Nagase Application Workshop
(NAW)
Nagase & Co., Ltd.

R&D

We used NanoTerasu to observe an ultralight insulating film. We were able to clearly see in three dimensions that the built-up insulating layers with clusters of small holes were firmly adhered to the film. This visualized data will clarify paths for creating lighter, thinner, and more efficient insulation films, which will be useful for saving energy in various areas, from smartphones to buildings.

Trading function

NAGASE is committed to delivering safe and secure food through the power of biotechnology. We build relationships of trust by sincerely addressing our customers' needs and working together from a common viewpoint. For our manufacturing processes, we also pay close attention to detail from start to finish in order to be a reliable bio-agro science partner. We hope to cherish the blessings we receive from the Earth and give back to society.



Armando Tomomitsu
Nagase do Brasil Comércio de
Produtos Químicos Ltda.



Takanobu Higashiyama
Bio-Agri Science Unit, Research,
Technology & Value Creation
Division
Nagase Viita Co., Ltd.

R&D

We are conducting research and development for the global expansion of trehalose in the agricultural sector. We are also advancing the establishment of our own evaluation system, aiming to build a framework that can lead the integration of biotechnology and agriculture within the Group. Specifically, we are planning to introduce a crop cultivation system to Nagase Viita and build an evaluation system through Nagase do Brasil that will enable Brazilian users to obtain the data they require.

Implementing Value Creation

—Transforming Our Corporate Culture / Functions Supporting Reforms—

As we look towards our next endeavors, we are continuously updating our thinking on sustainability, which is the foundation of NAGASE's value creation, and on People, who are its main drivers.

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Roundtable Discussion

Making sustainability a competitive advantage for the Group

Ray Kosmicki
Vice President of
Global Quality and
Regulatory Affairs
Prinova Group

Yusuke Masui
Office Manager, Corporate
Sustainability Office
Nagase & Co., Ltd.

Keisuke Takemoto
Head,
Sustainability
Management
Division
Nagase Viita
Co., Ltd.

The NAGASE Group adopted ESG as its guiding principle seven years ago in 2018. Since then, sustainability has become deeply ingrained throughout the Group. In recent years, the Group has received high ratings from EcoVadis, a company that evaluates and scores corporate sustainability initiatives in the areas of environment, labor, human rights, ethics, and sustainable procurement. During a roundtable discussion, members talked about the changes in their companies since incorporating sustainability deeper into management and the challenges ahead for improving the Group's overall sustainability.



Note: Job title at the time of the roundtable discussion

Further improving through internal and external evaluations

Masui In the NAGASE Group, the sustainability initiatives under way at both Prinova Group and Nagase Viita both are quite advanced. How did you decide on the initiatives and what progress are you seeing?

Takemoto A conversation with a life science company inspired us to shift our focus toward sustainability. We were deeply influenced by their management approach, which had restructured their business portfolio from a sustainability perspective. Since our founding in 1883, our philosophy of manufacturing and value creation has reflected a deep respect for the planet and nature—values that align closely with the concept of sustainability. Based on this philosophy, we newly established our corporate purpose in 2024 and changed our name from Hayashibara to Nagase Viita, reflecting

Concept behind the Nagase Viita company name

Hayashibara harnessed the power of nature through manufacturing to support comfortable and flourishing lifestyles. By changing the company name to Nagase Viita, we are bringing to the forefront our commitment to co-create sustainable value with our stakeholders. "Viita" comes from the Latin word "vita," meaning life or living. Adding another "i" to become "ii" depicts our dedication to a prosperous and sustainable future in harmony with nature.



our commitment to sustainability in our identity. To make this transformation a solid foundation for our company-wide initiative, we actively conducted internal communications to promote awareness among our employees and clearly convey our new purpose.

Kosmicki The Prinova Group conducts business with leading global food and beverage companies that set

particularly rigorous demands for sustainability. At Prinova, we believe the long-term sustainability of our business is directly tied to our ability to exceed their expectations, which go beyond simple compliance with laws and regulations. EcoVadis and Sedex are important benchmarks that directly contribute to improving sustainability performance. Earning a Gold rating from EcoVadis is especially meaningful because it shows that our efforts rank among the most outstanding worldwide.

Takemoto That is true. Evaluations are a reflection of the company as well as indicators for the expectations and demands of society. I also feel that the essence of sustainability is engaging in dialogue with stakeholders and meeting expectations to continue improving as an organization.

Masui Have your businesses changed because of the higher external evaluations?

Takemoto The most noticeable change is in the employee mindset. New graduates and mid-career hires often refer to non-financial information before applying, and it seems that they join the company with high expectations for our sustainability initiatives. EcoVadis Platinum rating highlights our commitment to sustainability and is often a key factor for our customers. Our bio-based materials are made from natural raw ingredients and manufactured through environmentally low-impact processes. As a manufacturer, we consider the significance of human rights as well as traceability across our entire supply chain and business operations.

Kosmicki At Prinova, improving the quality of supply chain engagement has opened up new global business opportunities. Prinova actively engages EcoVadis as well as Sedex, and we have completed audits based on the Sedex audit protocol for 50% of the suppliers in the Sedex system. I believe the environmental certifications and fulfilling expectations for traceability has improved our engagements with business partners.

Group collaboration will enable differentiated growth

Masui Still, the field of sustainability is broad and rapidly changing. I feel that there are many areas where more could be done. What are your thoughts on this?

Kosmicki It is difficult for one company alone to tackle issues such as biodiversity conservation, the circular economy, and even, as mentioned earlier, in supply chain management data management and digital technology (AI).

Takemoto I agree. Nagase Viita aims to expand

its business by leveraging Prinova's local networks in Europe and the U.S., as well as NAGASE's in Asia. Ideally, we, as a Group, should have a unified concept embracing sustainability principles. However, I feel this is still a weak area. We hope to be more open, sharing information and expertise across the Group and beyond industry boundaries and project stages.

Masui From that perspective, we were able to exchange valuable information at the first One NAGASE Europe Sustainability Summit held in April 2025 (photo below). Regarding the global cooperation you both mentioned, we plan to hold detailed discussions on common and individual issues and align them with the initiatives of the Chief Sustainability Officer (CSuO, see page 65) framework in Japan. I want One NAGASE to grow even stronger in sustainability, which I believe will make our corporate group even more compelling. What roles do you see your companies playing in enhancing the Group's overall sustainability?

Takemoto At Nagase Viita, we strive to stay ahead of the market trend in the food, personal care, and pharmaceutical fields. We are dedicated to drive further product development that will meet customer needs in the future.

Kosmicki Within the Group, Prinova has considerable experience and know-how in auditing suppliers using Sedex. I believe we can work together to develop a unified, comprehensive supplier engagement and audit system. Offering this level of value could provide both Prinova and the Group with a competitive advantage.

Masui To keep pace with latest guidelines and laws, we will need to build a system that enables us to quickly gather and share information across the Group. This will also help relevant organizations gain a broader and deeper understanding of the Group's diverse activities and markets. I think NAGASE's diverse range of businesses makes it very challenging to gather and share industry information horizontally across organization and businesses. Yet, if we can succeed in this and deliver sustainable solutions worldwide that only NAGASE can offer, I am confident that our customers will deeply value it. It is exciting to imagine the scale of contribution we can make to society and our customers. The Group is counting on each of you to help lead us in realizing that potential.

1st One NAGASE Europe
Sustainability Summit



Strengthening Global Collaboration

Strengthening collaboration across regions and beyond functions

The NAGASE Sustainability Committee, chaired by the Representative Director, President and CEO, formulates Group-wide policies, and the Corporate Sustainability Office is responsible for implementation.

In recent years, we have emphasized collaborations that transcend regions and functions, and are promoting initiatives to further strengthen sustainability through our One NAGASE approach. In fiscal 2024, we established a new system in which the Corporate Sustainability Office functions as a hub for global collaboration, with full-scale operation commencing in fiscal 2025. As part of this system, we plan to hold regular summits with participation from domestic and overseas business departments and Group companies. The first summit for Europe was held in April 2025 in Germany, with Prinova, PacTech, Nagase (Europa), Nagase Viita and Nagase & Co., Ltd. participating.

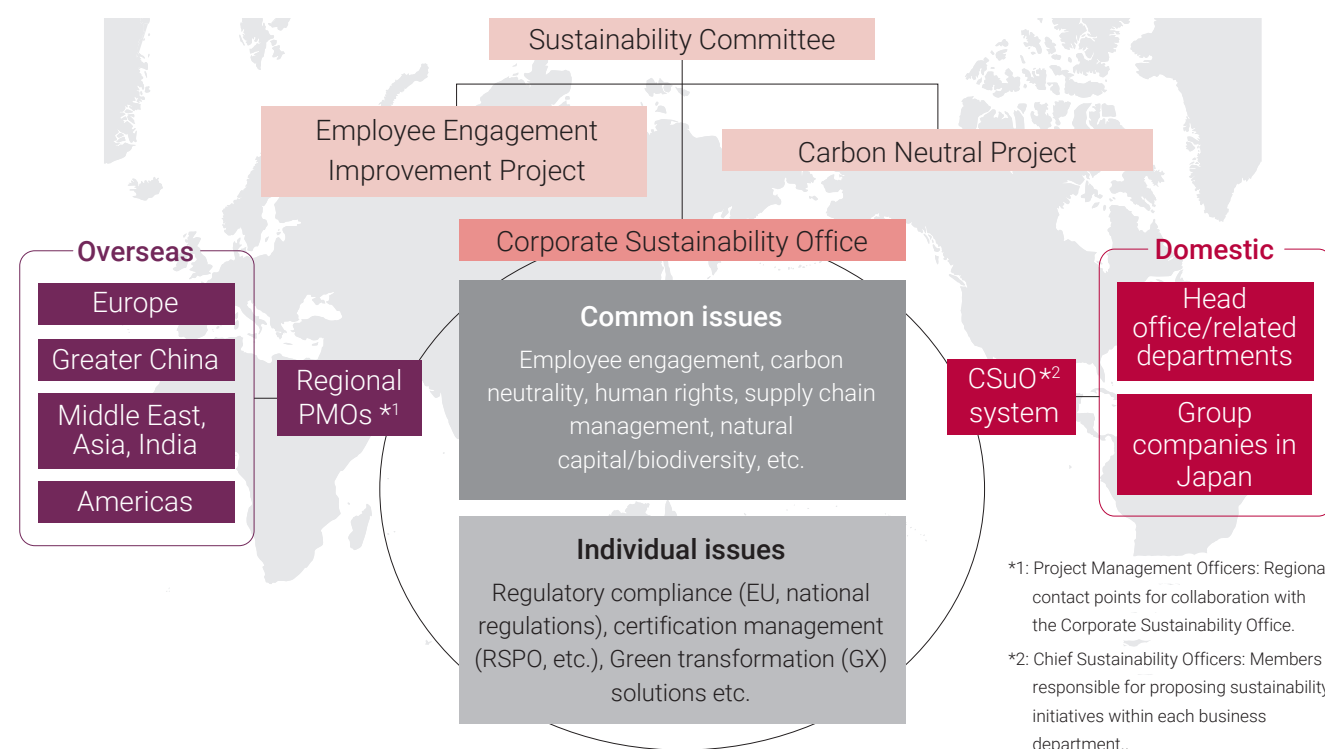
The summit confirmed and discussed the Group's sustainability policy, external experts were invited to lead seminars, and there were workshops on employee engagement. Going forward, we will divide issues into two groups: common issues for the Group globally and individual issues, and set up working groups based on themes to build dialogue.

We have a Chief Sustainability Officer (CSuO)*2 system in place in Japan. From fiscal 2025, some Group company members in Japan have joined the system. With respect to manufacturing, we also have the Group Manufacturers' Collaboration Committee (MCC), which is made up of domestic Group manufacturing companies that work together primarily on carbon neutrality (p. 95).

Going forward, the Corporate Sustainability Office will act as a hub to connect Group companies outside Japan with the domestic CSuO and MCC. The aim is to further strengthen the sustainability promotion systems across the entire Group.

NAGASE Global Sustainability Network

We have launched the NAGASE Global Sustainability Network as an initiative to strengthen our sustainability promotion systems, with the Corporate Sustainability Office acting as a hub connecting Japan and the world and deepening Group dialogue by dividing issues into common issues and individual issues.



Carbon Neutrality

Applies to	KIP	FY2024 Result
NAGASE Group (consolidated)	Reduction in Scope 1, 2 emissions: 37% or more (compared to FY2013)	43% reduction
	Reduction from renewable energy generation/purchases: 35,000 tons or more (cumulative)	13,272t -CO ₂
Nagase & Co., Ltd. (non-consolidated)	Scope 2: Zero emissions	1,893t -CO ₂

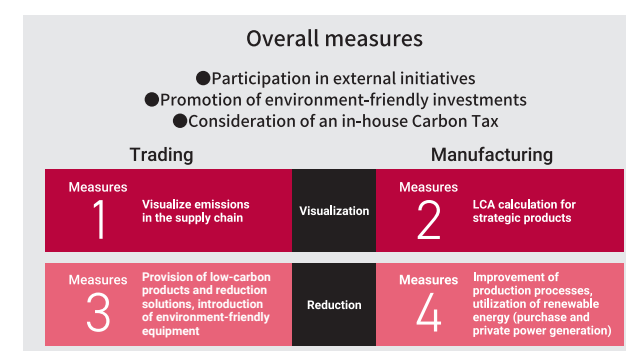
Strategies

Because NAGASE Group also has a manufacturing and processing function in addition to our trading function, we categorize our business activities in terms of two axes and four quadrants (Trading, Manufacturing, Visualization, and Reduction) with the aim of achieving net-zero Scope 1 and 2 emissions by 2050 in line with the NAGASE Group Carbon Neutral Declaration, and we are working to achieve these goals.

We also endorsed the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) in January 2022. Details are available on our company website.

► <https://www.nagase.co.jp/english/sustainability/environment/climate-change/>

Carbon Neutral Declaration	
2030 Scopes 1,2 46% reduction (compared to FY2013) Scope 3 12.3% reduction (compared to FY2020)	2050 Scopes 1,2 Carbon neutral



Commitment to obtaining SBT certification

All Companies × **Reduction**

In September 2024, we submitted a commitment letter to obtain certification for our near-term targets under the Science Based Targets initiative. We are reviewing our goals and making adjustments to achieve certification within two years.

Nagase Viita obtained CFP third-party verification

Manufacturing × **Visualization**

Nagase Viita has received third-party verification of its carbon footprint (CFP) calculations based on ISO 14067 for its TREHA™ and AA2G™ product lines. The use of CFP data across the entire supply chain has advanced in recent years, but ensuring data reliability has become a major challenge. Through horizontal deployment of such case studies within the Group, we will work to visualize data through CFP calculations and the like across NAGASE Group.



Scope of assurance
 • FY2022 CFP Calculation Report
 • All product variants of AA2G™ (Okayama Plant II) and all product variants of TREHA™ (Okayama Functional Saccharide Plant)
 • Life cycle stages: Cradle to Gate
 Level of Assurance: Limited assurance

Green transformation solutions to reduce GHG emissions across the supply chain

Trading × **Reduction**

In addition to offering Zeroboard—a governed cloud solution for calculating and visualizing supply chain GHG emissions—we consolidate GHG reduction products and services within the NAGASE Group and proactively propose them to our business partners to support decarbonization.

Received the LCA Japan Forum Award (Encouragement Award)

Trading × **Visualization**

The LCA Japan Forum is an organization that promotes the spread of Life Cycle Assessment (LCA) and environmental efficiency. In fiscal 2024, LCA Japan Forum awarded the Environmental and Sustainability Consortium, which the Specialty Chemicals Department holds as a collaborative platform for mid-sized Japanese chemical manufacturers, with the Forum's Encouragement Award for its carbon footprint (CFP) calculations and awareness-building activities.



Engagement

Applies to	KPIs	FY2024 Result
Group companies	Employee engagement survey completion rate: 100%	100%
Nagase & Co., Ltd. (non-consolidated)	Engagement survey score: Total score of at least 60	58.3

Employee Engagement Improvement Project (EEIP)

The NAGASE Group defines engagement as “the company (organization) and its employees have a mutual understanding and are looking in the same direction as equal partners.” Through our EEIP, we are working to create opportunities for dialogue across the Group.

In fiscal 2024, we carried out various activities to promote understanding, permeate and advance employee engagement. At the same time, we have also begun considering questions for a customized common survey for the NAGASE Group to measure the degree to which our definition of “looking in the same direction” is understood. In fiscal 2025, we are also working to promote harassment-free practices as part of our efforts to improve employee engagement.

Dialogue with overseas Group companies

In September 2024, we held an engagement dialogue session outside Japan with the aim of promoting and spreading understanding of employee engagement at our overseas Group companies. At this session, we explained the NAGASE Group’s approach to employee engagement and held discussions to deepen understanding. In December, we also had staff in charge of personnel matters at overseas Group companies gather for a Global HR Council to discuss employee engagement. Sharing the engagement challenges faced

by each Group company and referencing their initiatives helped in resolving issues faced by others in the Group.

Going forward, we plan to share information on measures and other matters among Group companies around the world to improve employee engagement across our organization.

Independent initiatives by departments

Based on the idea that employee engagement is promoted by the head of each organization, each department and Group company is taking the initiative in improving employee engagement. The Corporate Sustainability Office promotes and supports such engagement activities for Nagase & Co. Ltd.’s departments and Group companies through the sharing of case studies, providing forums for dialogue, and analyzing the overall challenges. We aim to improve engagement by sharing good initiatives that emerge from dialogue within each department and by creating a forum to discuss issues.



As a result of these efforts, the employee engagement score was 58.3 at Nagase & Co., Ltd., earning it 9th place in the large companies category (under 5,000 employees) in the Best Motivation Company Award 2025 sponsored by Link and Motivation Inc.



Supply Chain Management and Respect for Human Rights

Supply Chain Management

Supply Chain Management Policy

All our officers and employees strive to fulfill their responsibilities in accordance with the NAGASE Group Supply Chain Management Policy when working with business partners in the supply chain.

Initiatives at Group companies

Nagase Viita Co., Ltd. has identified and disclosed its response policies for the following key human rights issues: Consumer Safety and the Right to Know, Discrimination and Harassment, Child Labor and Forced Labor, Respect for Basic Labor Rights, and Promotion and Support for Work Hour Management and Health and Safety. We also conduct supplier audits every three years as well as on-site audits at manufacturers of tapioca, one of our key ingredients.

Prinova is an AB member of Sedex (Supplier Ethical Data Exchange, primarily for manufacturers and service providers) and conducts the SMETA (Sedex Members Ethical Trade Audit) protocol every two years. Audits have been completed for over 50% of suppliers linked to Sedex’s system. The company promotes supply chain transparency in four areas: labor, health and safety, environment, and business ethics, with a particular focus on human rights and health and safety.

Self Assessment Questionnaire (SAQ)

Nagase & Co., Ltd. sends out questionnaires to our suppliers regarding their human rights and environment responses.

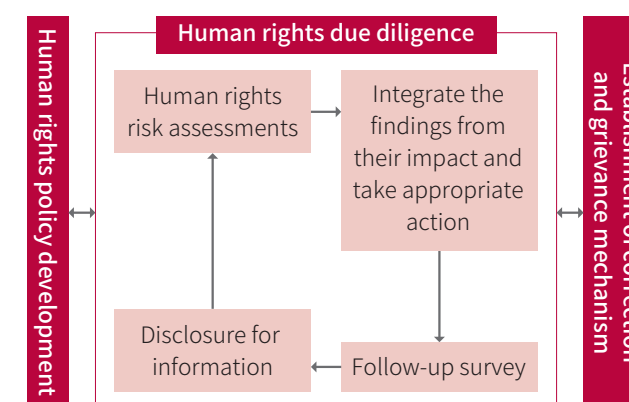
The questionnaires are done through the Dataseed SAQ service of Zeroboard Inc. Based on an analysis of the responses, we provide feedback to suppliers and support them in making improvements as needed.



Respect for Human Rights

Human rights due diligence

NAGASE Group formulated its Human Rights Basic Policy in April 2024, and also supports and respects the United Nations Guiding Principles on Business and Human Rights. We conduct human rights due diligence for our employees and supply chain in business activities, in accordance with these principles.



Training and internal penetration measures

To promote respect for human rights, NAGASE Group provides training for all employees, promotes internal penetration measures. In addition to e-learning, we publish compliance newsletters, conduct position-specific harassment and compliance training, and provide training for personnel who deal with whistleblowing.

Training title	Applies to	FY2024 Actual
E-learning NAGASE Group Step up ↗ Compliance	All employees (Nagase & Co., Ltd.)	89.0% Average of all 12 sessions from May 2024 to Apr. 2025
Position-specific harassment and compliance training	Section managers (Group companies)	114 attendees In-person training attendance rate 97.5%

Roundtable discussion A talk with the frontline leaders of the trading company, manufacturing, R&D, and overseas operations



Joining the discussion (from left)

Toshio Wakuda (Executive Officer, General Manager, Human Resources & General Affairs Department)

Yoshiyuki Morita (Representative Director, President, Nagase ChemteX)

Xiaoli Liu (Executive Officer, Manager of Nagase Bio-Innovation Center)

Ryuhei Tashima (Executive Officer, General Manager, Advanced Functional Materials Department)

Koichi Kawahito (CEO, Nagase ASEAN)

One NAGASE—people and systems creating value

People-driven manufacturing, research, and trading

Wakuda● NAGASE creates new value for society by uniting the functions of a trading company, manufacturer, and R&D institution and providing materials for manufacturing solutions. The foundation of this value creation is our people. Our human resources strategy is built on the three pillars of people and our corporate environment and culture, with people being the most vital for our future. How can we cultivate an innovative, global workforce of forward-looking leaders who are unbound by the past? I ask each of you to share your thoughts on the role of people in our organization. As President Ueshima has stated, ‘People are the lifeblood and soul of NAGASE.’ What does “people” mean to you?”

Tashima● NAGASE has grown from a trading company into a multifaceted organization with manufacturing and



Executive Officer
General Manager, Human Resources
& General Affairs Department

Toshio Wakuda

R&D functions. Such a value-added structure can only be created by people. To me, people are those who think independently and create new systems; they are the very source of value creation.

Liu● From a research and development perspective, when hiring data scientists, we seek people with quantitative skills. Then, as they gain knowledge and experience, they evolve into human resources who create value from the ground up and become indispensable assets to NAGASE.

Morita● When I became president of Nagase ChemteX, I emphasized that the relationship with employees does not make a company, the people are the company.

Every one of our innovative products was created by the combined power of our people. A company is just the package, and no matter how impressive it may seem, there will be no innovation or corporate value growth without the people who make it.

Wakuda● That’s true. Without people, a company is just a name and a package.

Kawahito● I think people are also the main force in corporate activities, and their knowledge and willpower are vital. For instance, it’s the knowledge that creates the value in Mr. Tashima’s trading, Ms. Liu’s R&D, and Mr. Morita’s manufacturing. Nevertheless, knowledge is not enough to sustain a business. Strong determination is also needed to elevate a company so it contributes to society. It is that determination to realize dreams and goals that makes value creation possible. I believe that knowledge and determination only come from one source—people.

People making diversity a strength by crossing boundaries, taking on challenges, and imagining

Wakuda● How do you develop your people in your operations? The Human Resources & General Affairs Department provides systematic, tiered training across the Group, with programs tailored to different levels. For candidates to become department heads, we systematically build their skills through required



Manufacturing

Representative Director,
President,
Nagase ChemteX

Yoshiyuki Morita

career and management training. However, this general education alone is not sufficient. NAGASE’s trading, manufacturing, and R&D functions differ, as do the local conditions in which they operate worldwide. We must also take a flexible approach to specific training so employees can learn the intricacies of each worksite and its people. What systems and innovations do you use to develop your human resources?

Tashima● I emphasize creating a culture that embraces challenges. Throughout my career, I have failed on many projects, but no matter the setback, my superiors never denied me another opportunity and always gave me a chance to try again. Reflecting on what went wrong and what I could have done differently turned defeats into experience that enabled the creation of new value. Our Inter-departmental Exchange Program has produced excellent results. Working in a single department can narrow one’s perspective, and even internal training has limits in broadening employee viewpoints. To address this, we proposed to the divisions and Human Resources Department the idea of sending employees to gain experience in the Specialty Chemicals Department, which handles petrochemical products and surfactants. Business models and perspectives vary greatly even within the NAGASE Group. A younger participant said the experience he gained would have been nearly impossible



Overseas CEO, Nagase ASEAN Koichi Kawahito

to acquire within his own department. This reinforces that NAGASE's strength lies in its ethos of taking on new challenges.

Wakuda The Human Resources Department also gained valuable insights from the program. I firmly believe that the broader perspectives gained through cross-boundary experiences will become increasingly important for developing human resources in the future.

Kawahito I am responsible for the ASEAN region and have collaborated with the human resources department to develop the education system, which is divided into three levels: basic classes for all employees, and middle and upper levels. Although referred to as ASEAN, the region encompasses nine countries with diverse cultures, religions, and languages, so we customize the program to meet each country's needs. To ensure deeper understanding, training is delivered in local languages rather than English. In October 2024, we launched a Knowledge Share initiative. The ASEAN markets are at varying levels of maturity, and this program promotes the exchange of best practices among countries to elevate the entire region.

Wakuda Programs are often designed to be accessible to as many people as possible, which ends up making them rather generic. Knowledge Share skillfully adapts the generic programs to local needs, and is similar in many ways to the Inter-departmental Exchange Program. Initiatives like these are expanding

our networks of learning across departments and geographic regions.

Liu Finding solutions in R&D requires specialists approaching problems from multiple angles. Answers don't come automatically; they must be sought to create value. For this reason, the Nagase Bio Innovation Center began holding Proposal Presentation Meetings over a decade ago. The meetings foster a culture that nurtures employee independence and creativity. Project team leaders can be anyone, including younger employees with only a few years at the company, which serves as a strong motivator. Leading these presentations provides a valuable experience in leadership and team building, as employees formulate and test hypotheses while engaging others to achieve goals.

Wakuda People are what elevate something from zero to 1 and then have the ability to continue developing it into a version 1.1 or 1.2. It is people who can do both of those steps that have the ability to develop value continuously. Developing such talent is key priority not only in research and development but across all departments. What characteristics define a person who creates value?

Morita What Mr. Kawahito said reinforced the idea that willpower is crucial for creating value. People who have a strong will and can translate it into decisive



R&D Executive Officer, Manager of Nagase Bio-Innovation Center Xiaoli Liu

action are the ones who achieve results. As Mr. Tashima mentioned, many efforts fail, and sometimes the best choice is to move on. Yet it is the people who persist with determination that inspire and lead others. We need to support people with those characteristics and foster a culture that celebrates taking on challenges.

Connecting people and systems to transform individual strengths into collective value

Wakuda Lastly, I would like to ask how the ideas we have talked about are being implemented not just in your divisions, but as part of the unified One NAGASE.

Kawahito One NAGASE requires relationships of trust and mutual reliance. The first step is getting to know one another. We have about 600 employees in the ASEAN region, but still relatively few opportunities to learn more about operations outside one's own country or in the Group's manufacturing and R&D functions. This is why I believe it is crucial to communicate the Group's overall image and create mechanisms to strengthen cross-organizational connections.

Liu NAGASE is highly regarded externally for not only being a trading company but also engaging in research, development, and manufacturing. In other words, from the outside, the vision of One NAGASE is already clear, yet internally there are still instances where inter-organizational collaboration remains a challenge. This is why, under the slogan of One NAGASE, what we must keep in mind is an outward-looking mindset—considering what we can each contribute to meeting customer needs from our respective positions. As this value is more widely shared, our sense of camaraderie will deepen, and a natural spirit of collaboration will take root.

Tashima Our department collaborates daily with group companies both in Japan and overseas, so in a sense, we may already be embodying One NAGASE. However, this is more of a vertical collaboration. I believe, as you all have mentioned, we need initiatives to strengthen horizontal collaboration, such as through information sharing and mutual visits among sites. I also think local



Trading Executive Officer General Manager, Advanced Functional Materials Department Ryuhei Tashima

operations could benefit quite a bit from presentations from people in global operations, like Mr. Kawahito.

Morita One way to horizontal connections might be expanded could be to set up certain individuals who could serve as connecting points for others. Networks would naturally grow if we created opportunities to bring together people who have curiosity and who excel at creating connections. New ideas and new value can come from people getting to know and interacting with each other. NAGASE people love to follow a path that has already been proven to lead to success. A good example instantly makes the hurdles seem easier, and people eagerly take on new challenges like they've been doing it forever. I see that vitality as one of NAGASE's strengths.

Wakuda Thank you all for your invaluable ideas. To put them into action and make them sustainable, we need more than the enthusiasm of a few—they must be embedded in a system that allows everyone to adopt and carry them forward. The Corporate Department will work with all of you to make this a reality. Thank you for your time today.

Human Resource Strategy

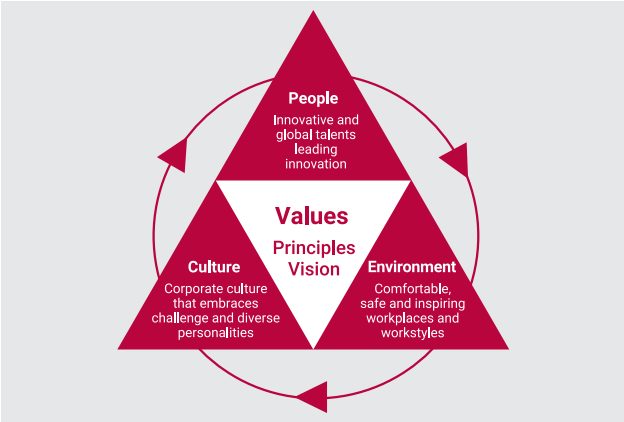
Pursuit of Quality in human capital

We are a corporate group that solves manufacturing issues with materials, based on the relationships of trust with stakeholders built over the years by maintaining the highest standards of integrity. In an era where economic value and social value are “trade-ons” (as opposed to “trade-offs”), we will contribute not only to short term but also to medium and long term business, and pursue the realization of a safe and caring world where everyone can live with peace of mind.

To that end, we set three important issues for our human resource strategy during the period of

ACE 2.0 as we sought to enhance the quality of our individuals and our Group. The first is People: In the rapidly changing business conditions, how can we strengthen our human capital of innovative and global individuals who will lead our change without being bound by precedent or past successes? The second is Environment: How can we create workplaces and ways of working that are comfortable and safe, and allow employees to fully express their creativity? The third is Culture: How can we create a culture in which diverse people with various backgrounds and values can take on challenges with enthusiasm and bravery in their own way?

Throughout the **ACE 2.0** period, we introduced and implemented various concrete measures to tackle these three important issues. These measures were categorized as talent management, acquisition and retention, talent development, health management, work style innovation, HR policy, and DE&I. Their implementation created virtuous cycles in terms of People, Environment, and Culture, leading to achievement of our target outcomes (ideal state) for every category. As a result, the Group as a whole was provided with human resources capable of maximizing value creation as part of “One NAGASE,” helping us realize our vision of being a corporate group that solves manufacturing issues with materials.



Execution of the ACE 2.0 Human Resource Strategy

		FY2021	FY2022	FY2023	FY2024	FY2025	Outcomes (Ideal State)
People Talent Management	Strengthening HR × Business collaboration Promoting active communication between levels	Introducing HRBP system	Deepening of overseas talent view	Introduction of HRBP×CHRO system	Holding of HRBP×CHRO Workshop Holding of CHRO Camp		Ensure the right people are in the right roles worldwide by visualizing our global talent portfolio
		Holding of “N-Dialogue” meetings with directors and section managers		Launch of “N-Meetup!!”	Holding of President-employee dialogues		
People Acquisition/ Retention	Strengthening recruitment/ retention measures	Updating the recruitment website	Launch of referral recruitment and return to work (RTW) systems	Strengthening female recruitment *Percentage of women among new career-track hires Initial target of 30%+	Implementation of branding strategies (uploading videos, etc.)	Course-based recruitment	Acquire and retain excellent people globally by tying recruitment to our business strategy
		Launch of Nagase Good Company Project				Establishment of N-Alumni	
People Talent Development	Expanding learning opportunities	Strengthening management candidate training (NMP: Nagase Management Program)	Launch of Self Innovation Challenge (Providing opportunities for self-directed learning)	Introduction of liberal arts-type training	Start of dispatch-type female management training	Revision of NMP course content Launch of Coaching Project	Develop business designers and innovation leaders by providing systems for self-directed career development and various opportunities for skill development
		Launch of Career Development Program		Open of in-house N-Library	Launch of CEO Accompaniment Program		
				Resumption of overseas business training (post-COVID-19)	Holding of NAGASE GENBA SCHOOL seminars		
People Health Management	Promoting employee health Acquiring certifications as a Group		Launch of Smoking Cessation Classes	Introduction of health app	Launch of unified Group training at overseas subsidiaries	Inclusion of global employees in the overseas training system	Execute new digital measures to promote physical and mental employee health
		Launch of Outstanding Organizations of KENKO Investment for Health certification support for Group companies					
Environment Work Style Innovation	Improving work environments	Establishment of work-from-home system	Launch of PROJECT BRIDGE	Work Style Change Management activity (Nagoya/Osaka)	Relocation of Nagoya office Renovation of Osaka office	Workshop on new work styles at the new Tokyo Head Office	Realize a better workplace comfortability and a culture of creativity through the realization of a NAGASE work style that has evolved in terms of style, space, and tools
		Work Style Change Management activity (Tokyo)	Relocation of Tokyo office				
Culture HR Policy	Deepening our HR systems Revising director compensation systems	Start of discussion of career-track HR system			Introduction of new career-track HR system Renaming of job role “Assistants” to “Experts”	Launch of Expert Leader System	Design, introduction, and operation of systems linked to our management strategy
		Revision of domestic Group company director compensation systems				Revision of NAGASE and domestic Group company director compensation (from FY2025)	
Culture DE&I	Strengthening diversity	Adoption of free dress code	Disclosure of DE&I indicators (Percentages of female managers and career-track hires)	Release of DE&I statement by the President Holding dialogues between female career-track employees Inclusion of DE&I training in executive officer training	Strengthening supports for childcare, etc. (e.g., introduction of fertility treatment leave system) Introduction of DE&I training for managers Introduction of company-wide online training	Setting a new target percentage of female managers following early achievement of DE&I targets *10% by the end of fiscal 2028	Foster a culture where diverse talents can shine and demonstrate their capabilities (increase in percentages of female, mid-career individuals, and foreigners hired for career-track positions)
			Launch of employment support farm (Yokohama)				

Realization of our business and management strategies

Human resources capable of maximizing value creation as part of “One NAGASE”

A corporate group that solves manufacturing issues with materials

People

—Strengthening our Innovative and Global Talents—

Human capital development

Our basic approach to human capital development

The NAGASE Group positions human capital development as representing the strengthening of operational foundations that support the Group's growth. We aim to realize human capital development by the Group as a whole, by having grade-specific training implemented jointly throughout the Group, and by strengthening training for local staff at overseas Group companies.

Key points for strengthening human capital development

Among the wide-ranging human capital cultivation measures that we implement, the following three items are particularly important. Going forward, we will continue working to strengthen our human capital development as necessary in line with changes in the external environment and with the NAGASE Group's strategy.

(1) Expanding elective training

To ensure the strength of NAGASE as a business group, we provide sufficient opportunities for employees to acquire necessary knowledge and skills. We also hold lecture sessions at which leading figures from various sectors are invited to give talks.

(2) Strengthening training for local staff at overseas

Group companies

Besides realizing visualization of our global human capital portfolio and strengthening succession planning for senior managers, we are also strengthening talent cultivation programs for local staff at overseas Group companies.

(3) Globalization of overseas business training systems

The Overseas Business Training program, which in the past involved employees of Nagase & Co., Ltd. in Japan being sent on overseas assignments, is now being implemented globally, so that employees of overseas Group companies can be sent on assignments to Japan, or to a third country.

Training expenditure and hours of training

Training per employee (FY2024)

Annual training expenditure	205,000 yen
Annual hours of training	41.45 hours

Human capital development and training systems (including elective training)

System	Overview
Overseas business Training	Support for self-realization
Support for self-realization	<ul style="list-style-type: none">Financial assistance for company-approved training programsSupport for various certification (test fees, textbooks, and opportunities for study sessions, etc.)Financial reward for obtaining qualifications
Assignment to attend external training or seminars (elective and selective)	Liberal arts training and business schools
Diversity training	Discussion of organization where diverse talents can demonstrate themselves, for advancing NAGASE's DE&I

Human capital development and training systems

Position	Managerial responsibilities / Specialist responsibilities		
	Compulsory training	Selective training	Elective training
Department Manager or Higher		Domestic or overseas business school	
Department Manager Candidate	Career Training II	NAGASE Management Program	Domestic business school
Section Manager	Management Training	New Manager Training	

Position	Career development responsibilities		
	Compulsory training	Selective training	Elective training
Section Manager	Career Training I		
Section Manager candidate	MBA Fundamentals Program	Practical Training	MBA Fundamentals Program
Section Manager candidate		Leadership training	
Supervisor	Second year follow-up training		
	Introductory practical Seminar		
	Initial training		

Coordination between HRBPs and CHROs

Within the Human Resources Department, a Human Resources Business Partner (HRBP) is assigned to each of NAGASE's business departments, and a system has been adopted for undertaking organization building and human capital development based on a thorough understanding of the Company's business strategy. In addition, so as to be able to implement business strategy while keeping a human resources perspective, personnel have been appointed in each business department to fulfil the departmental Chief Human Resources Officer (CHRO) role.

By collaborating closely with each other, the HRBP and CHRO of each business unit are able to identify all of the personnel involved with the business, and the issues affecting the organization. The adoption of human resources initiatives at the level of the segment or department to address individual issues helps to accelerate the execution of the Company's business strategy.

Empowering Diverse Growth

Coordination between HR dept. HRBPs and business dept. CHROs

Case ①

Polymer Global Account Dept.



(From left)

HRBP

Hitomi Sato, Human Resources & General Affairs Dept.

Business Department CHRO

Takehiko Hatsuda, Polymer Global Account Dept.

Enhancing on-site capabilities across the Group

Rebuilding our OJT system to strengthen on-site prowess

In our business department, which does a large proportion of its business overseas, within a stable business model, employees can thrive as they accumulate diverse experiences. This makes OJT incredibly important, but we had a problem with intergenerational knowledge transfer. Normally, mentoring of younger employees is handled by senior staff close in age. However, in our department, many young employees are sent overseas early, and particularly since the COVID-19 pandemic, support for employees in their second to fourth year has been insufficient. Therefore, in order to enhance our multifaceted OJT supports, we are strengthening our ongoing follow-up system by placing veteran employees near junior staff to transfer skills and values and maintain their motivation.

Coordinating training systems with Group companies

Our business department is working with Nagase Plastics, a domestic sales Group company to unify our training systems. We are also actively promoting secondment and reverse secondment between Group companies, including overseas subsidiaries. By deepening collaboration between organizations within the Group, we are strengthening the foundation of our consolidated organizational structure while enhancing our People across the entire Group.

HRBPs assist business department CHROs by designing training, sharing examples with other business departments, and assisting with secondments. Our role is to customize each business department's training while maintaining a company-wide core concept of the desired talent profile, thereby assuring the vectors of each department's talent development remain properly aligned.

Case ②

Life & Healthcare Products Dept.



(From left)

HRBP

Tatsuki Yamauchi, Human Resources & General Affairs Dept. (Left)

Business Department CHRO

Hiroki Nishimura and Ayumi Hirabayashi, Life & Healthcare Products Dept.

Our strategic human resource development

Training to foster a management perspective

The Life & Healthcare Segment includes major domestic and overseas Group companies, making it one of NAGASE's largest organizations. As such, it is expected to generate results through collaboration with Group companies and other partners. Our business department in particular aims to develop People with an elevated management perspective of maximizing value by pursuing overall optimization. As part of this effort, our business department CHRO and HRBP jointly planned and executed a unique training program on the theme of strategy development skills aimed at section-level managers.

First-year training program for developing on-site prowess

As part of our business department's first-year employee training program, we conduct tours of the manufacturing and R&D sites of Group companies such as Nagase Viita, as well as case study-based training focused on practical sales operations. While basic skills for business professionals and workplace fundamentals are thoroughly covered by our company-wide HR training, our business department's training program is uniquely designed to cultivate more practical and applied skills, such as troubleshooting in the sales field. Moving forward, our HRBP and business department CHRO will jointly develop more initiatives that supplement our company-wide training and meet the specific talent development needs of our business department.

Providing opportunities to learn the “NAGASE way” ①

Enhancing on-site prowess at the NAGASE GENBA SCHOOL

Following the COVID-19 pandemic, work styles, communication methods, and individual values are changing and diversifying. Amidst all this change, the Company launched NAGASE GENBA SCHOOL in fiscal 2024 to communicate what remains the same at NAGASE to employees. The goal of the program is for employees to gain insights and learnings that will lead to positive behavioral changes. Experienced executives and employees serve as the instructors, sharing their career experiences and lessons learned from past failures. Three sessions were held in fiscal 2024, focusing on themes such as trading in the age of digital technology and AI, resilience and adaptability, and the key to gathering information in these changing times. After hearing instructors’ individual experiences and actual customer case studies, participants verbalize and share what it means to provide

value the “NAGASE way”



Providing opportunities to learn the “NAGASE way” ②

Junior employees accompanying the President on overseas trips through the CEO Accompaniment Program

In fiscal 2023, we trialed an initiative where a junior employee accompanies President Ueshima on his overseas business trip. In fiscal 2024, it was formally launched as a training program. In this program, one junior employee around the age of 30 recommended by their business department’s general manager accompanies the President on an overseas business trip. By observing his actions up close, they can elevate their business skills and perspective and gain insights that will serve as goals

for their future growth. During fiscal 2024, six employees accompanied President Ueshima on overseas business trips lasting around four to seven days each. Such direct exposure to the work of top management not only allows participants to gain the sort of experience their usual work cannot provide, but also cultivates their ability to take a top-down view of NAGASE from a management perspective, making the program a valuable learning opportunity for on-the-job growth and future career development.



Explaining our management strategy to overseas Group employees alongside the President

Providing opportunities to learn the “NAGASE way” ③

Globalization of overseas business training systems

We have revised our Overseas Business Training program, which previously sent Japanese employees overseas, to include the sending of local staff at overseas subsidiaries to Japan and other countries. By allowing cross-border training where people are sent from abroad to Japan, or from one foreign country to another, we aim to enable more diverse people to experience the NAGASE Group’s network, culture, and business practices, thereby cultivating the ability to drive global transformation. In addition to gaining a broader international perspective,

participants are able to improve their real-world problem-solving skills and deepen their understanding of diverse values by tackling practical challenges related to business expansion. In fiscal 2024, we established the program’s operational framework, notified employees of its existence, and facilitated coordination between each Group company before sending the first group of participants in July 2025. By continuing to regularly send employees on overseas training, where they will be exposed to different business practices, cultures, and values, we aim to develop diverse leaders with global mindsets. We expect the growth of global talents across the entire NAGASE Group will accelerate NAGASE’s value creation and lead to sustainable growth.

Environment —Comfortable, safe and inspiring workplaces and workstyles—

Project Bridge

Under the Project Bridge initiative aimed at realizing new work styles at NAGASE, we have introduced activity-based workplaces (ABW) at our Tokyo, Osaka, and Nagoya locations. At the new Tokyo Head Office building currently under construction and scheduled for completion in fiscal 2026, we aim to create a safe and secure workplace that enables the full expression of creativity.

Activity-based workplace (ABW)

We believe that having varied workstyles that strengthen the productivity and efficiency of individual employee is vital for enhancing the productivity and work-life balance of the NAGASE Group as a whole.

The activity-based workplace (ABW) concept, which was introduced at the Tokyo Head Office, Osaka Head Office, and Nagoya Branch Office of Nagase & Co., Ltd. from fiscal 2022 to fiscal 2025, involves having all employees share spaces so that employees can choose their own working spaces that will allow them to maximize their performance based on the content and status of their current work tasks.



Rendering of the new Tokyo Head Office



Nagoya Branch Office

Health management promotion

The NAGASE Group has drawn up and announced the NAGASE Health Declaration to provide support for Group employees to maintain and enhance their health, and encourages this movement. Nagase & Co., Ltd. has been selected as one of the Outstanding Organizations of KENKO Investment for Health (which recognizes corporations that have realized particularly impressive health management through health promotion initiatives), and has maintained this certification every year since fiscal 2018. These efforts have been extended to NAGASE Group companies with a total of seven NAGASE Group companies (including Nagase & Co., Ltd.) obtaining the certification.



Concrete initiatives

① NAGASE Smoking Cessation Classes

In collaboration with NAGASE’s Health Insurance Society, we offer employees and their family members an Online Smoking Cessation Program that provides participants with free consultations until they complete the program. In addition, we have held the NAGASE Smoking Cessation Classes twice a year since fiscal 2023. Around 80% of participants including Group employees successfully manage to stop smoking. We have also designated the week starting May 31 (World No Tobacco Day) as NAGASE No Tobacco Week, during which employees are prohibited from using the smoking rooms, raising awareness on smoke-free workplace.

② Employees training with supported athletes

NAGASE supports visually-impaired para-athlete Shinya Wada and his guide runner Takumi Hasebe in their competitive activities. We hold afterhours practice sessions where Group employees are able to participate in the long-distance routine running training of the pair, who have medaled at events including the Tokyo 2020 Paralympics. This is not just an opportunity for employees engage in healthy physical activity, but also an opportunity to increase their health awareness and engagement through interaction with para athletes.

Culture —A Culture and Workstyle that Lets People Take on Challenges with Enthusiasm and Bravery in Their Own Way—

HR systems

A new system established in FY2024

In April 2024, NAGASE introduced a new human resources system with the aim of strengthening the cultivation of innovative global talents able to drive change in a dramatically changing business environment. The new hybrid system combines role-based grades with job-based grades, doing away with the practice of appointing employees to managerial positions largely on the basis of years of service (seniority). By clarifying employees' roles and jobs, they can be linked more closely with employee compensation. This in turn will facilitate more dynamic assignment and utilization of human resources, and will enable the Company to secure and make use of a more diverse range of high-level specialist talent.

We will proceed with the effective utilization of this new system, which maps out a career development path for both the management talent who will handle the running of the NAGASE Group in the future and specialist talent with a high level of specialist expertise, and which provides opportunities for employees with diverse personalities and values to grow and play an active role in the company in a way that suits them.

Introduction of the Expert Leader System

Experts are employees in highly specialized positions focused on practical execution, particularly in the area of customer service. The new Expert Leader System, which was introduced in December 2024, appoints certain experts as leaders, putting them in charge of identifying organizational challenges, proposing and implementing improvements, and providing management support. This expanded opportunities for our experts to demonstrate leadership, increasing career advancement options for motivated employees. We will support our experts' growth and success by leveraging their expertise while addressing the increasing sophistication of organizational management.

Promoting Diversity

As a corporate group that has some 100 locations in around 25 countries and regions worldwide, the NAGASE Group employs a highly diverse workforce in terms of gender, nationality, age, religion, lifestyle, values, and disability status. In this uncertain world, we believe diversity is a wellspring of innovation and incredible uniqueness.

Diversity management training for managers

Since fiscal 2023, we have regularly conducted diversity management training for department and section managers aimed at helping our leaders grasp the finer points of managing diverse talents based on an understanding of the strategic significance of building a diverse organization. In fiscal 2024, we provided managers with an opportunity

to consider the topics of equality and fairness from the perspective of structural discrimination, with an aim of deepening their understanding of unconscious bias. Around 100 of our managers participated in the session, where they engaged in lively discussions. We will continue to hold these training activities in the future, with the aim of realizing workplaces where employees, embodying a high level of diversity (including gender, nationality, religion, etc.), can pursue their own individual workstyles.

Promoting support for childcare, etc.

Based on our belief that diversity is a wellspring of innovation and uniqueness, NAGASE is working to create an environment where every employee can take on challenges in their own way. Helping employees balance work with family and life events by creating an environment where they can keep working with peace of mind is an important element of our diversity initiatives. In February 2025, we introduced a new fertility treatment leave system as part our supports for childcare, etc. We also introduced the Cradle DE&I promotion support service operated by Cradle Inc. By holding expert-led seminars covering a wide range of topics, including understanding the importance of DE&I within companies, as well as gender-specific health issues, we are deepening mutual understanding and fostering a culture of diversity acceptance.

N-Circle activities aimed at reducing the gender gap

Launched in fiscal 2023, N-Circle comprises a variety of measures focused on strengthening retention of female employees on the management career track. In fiscal 2024, we interviewed male employees who have taken childcare leave and published our findings internally with a goal of promoting mutual understanding. This served as an opportunity to promote utilization of the childcare leave system as well as understanding of diverse work styles within each workplace. Through such activities, we believe we can build a better working environment for female employees on the management career track so that they can fulfil their potential, while also increasing the pool of potential candidates for promotion to managerial roles in the future by providing exposure to role models, both within and outside the company.

See the non-financial highlights (p. 139) for details about the percentage of female managers.

Employment of people with disability

NAGASE's initiatives

Our offices in Tokyo, Osaka, and Nagoya have massage rooms staffed with massage therapists who have disabilities. Employees are free to use these rooms, which contribute toward improving employee welfare. We also employ persons with disabilities for cleaning, and for data entry work

performed at home, in line with their particular disability. In August 2022, we opened NAGASE Sincerity Green Farm, an indoor farm that employs six people with disabilities along with two supervisors. The farm uses the hydroponic method to cultivate leaf vegetables, which are primarily distributed to NAGASE Group employees at internal and external events, helping foster understanding of the employment of people with disabilities. In fiscal 2024, we distributed vegetables on 17 occasions inside and outside the company.

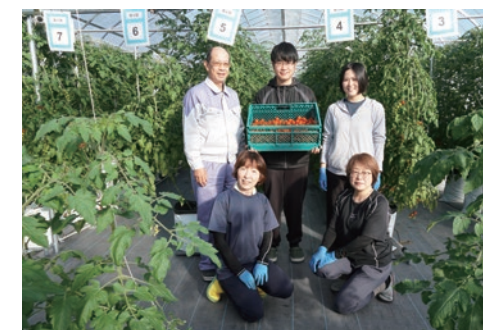
Initiatives of special subsidiary NAGASE MIRAI

In fiscal 2023, Group company Nagase ChemteX established NAGASE MIRAI in Tatsuno City, Hyogo Prefecture as the city's



NAGASE Magokoro Farm vegetable distribution event

first special subsidiary to provide safe, stable, and secure employment opportunities for people with disabilities and elderly individuals who wish to continue working, as well as to deepen connections with the local community. In fiscal 2024, NAGASE MIRAI commenced its farm business upon completion of its greenhouse facility, KAMIOKA FARMERS. The remotely controllable greenhouses cultivate flavorful high-sugar-content miniature tomatoes year-round using the bag cultivation method with organic fertilizer. The first harvest of miniature tomatoes has already been supplied to the cafeteria at Nagase ChemteX's Harima Office, sold to employees, and also donated to children's cafeterias and welfare facilities, fostering connections with the local community.



Staff at NAGASE MIRAI KAMIOKA FARMERS

Comments from employees who used our HR systems

Expert Leader System

My experience as an expert leader made me more conscious of how the other experts around me can best utilize their strengths. Although I am acting as a leader, I am not directly involved in the performance evaluation of my subordinates, so I am able to act less like a supervisor, and more like a school sports team manager who supports the players as an equal. This lets me provide support suited to the situation on the ground, such as helping to set goals for the workplace.



Moe Ito
Functional Resins Division
Advanced Functional Materials Dept.

Accompanying the President on overseas trips through the CEO Accompaniment Program

I accompanied the President on an overseas business trip, where I learned firsthand how to make the most of limited time, as well as how thoroughly one must prepare to do so. Everything about him left an impression on me, especially his stance of thoroughly researching the place he is going and the people he is meeting, his insistence on speaking in his own words, and his drive to immediately find an answer when there is something he doesn't know. Seeing the real work of top management and being exposed to the President's perspective and way of thinking has changed the way I approach my daily work for the better.



Hiroki Koharu
Electronics Materials Division
Electronics Dept.

Communication with Stakeholders

Dialogue chart

Stakeholders	Value provided	Main communication efforts
Employees	<ul style="list-style-type: none">Safe and comfortable work environmentsEnvironments that allow our employees to enjoy their work and bring cheerful energy to their tasksBeing a corporate group that our employees and their families can speak of with pride	<ul style="list-style-type: none">Annual policy explanationsEmployee engagement surveysEmployee training (hierarchical education / vision education, etc.)Opportunities and events for dialogue with managementEvents offering employee opportunities for communication and building connectionInternal portal website / internal newslettersWhistleblowing system / consultation office
Business partners	<ul style="list-style-type: none">A cooperative structure that allows deeper understanding of business partners and offer broad range of possibilitiesSolutions to social issues and issues that should be dealt with across the entire value chain	<ul style="list-style-type: none">Continuous dialogue with business partners through our daily operating activitiesExhibitions / online seminarsWebsitesTaking part in supply chain programs like Ecovadis / Sedex / CDP
Society and consumers	<ul style="list-style-type: none">Practicing legal compliance and ethical management, and contributing to the development of local communitiesConsideration for the rights, health, and comfort of those involved in our supply chainsInitiatives aimed at realizing a safe and caring world where everyone can live with peace of mind Relationship with industry organizations NAGASE's Representative Director, President and CEO serves as the full-time Director of the Japan Foreign Trade Council. As a member of the Sustainability Committee, the Company participates in committee activities and promotional efforts.	<ul style="list-style-type: none">Activities contributing to society (special sponsorship of the NAGASE Cup)Participation in and sponsorship of local events, etc.Cultural preservation activities (Hayashibara Museum of Art, etc.)Support of scientific engineers (Nagase Science and Technology Foundation)Providing growth opportunities to the next-generation
Shareholders and investors	<ul style="list-style-type: none">Trustworthiness and peace of mind through highly transparent management system and timely information disclosure as appropriateMaximization of corporate value by enhancing both economic and social value, and by continuous business creation	<ul style="list-style-type: none">Shareholders' MeetingIR briefings (financial results briefings / explanatory meetings for individual investors)Small meetings with institutional investors and analystsWebsites (IR / investor information)Issuing integrated reports

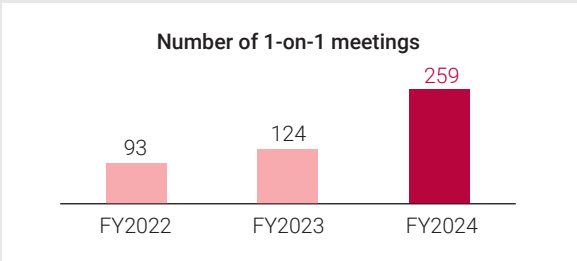
Dialogue with shareholders and investors

We provide a wide range of opportunities for communication with shareholders and investors. Feedback

gathered through dialogue is relayed to management via the Board of Directors and Group Management Committee, contributing to sustainable growth and enhancing medium to long term corporate value.

Main communication efforts in FY2024

- 1-on-1 meetings
- Small meetings with the CFO
- 1-on-1 meetings with the President
- Seminars by securities firm



Event	Number of events held
Financial results briefings	4
Individual meetings with domestic and international institutional investors	259
Company information sessions for individual investors	4
Small meetings with institutional investors	7

Details on our dialogues with shareholders and investors, as well the following matters of particular interest to shareholders and investors and our stance on them, can be found on our website.

- Growth strategy
- Capital and financial strategies
- Human capital
- Sustainability

<https://www.nagase.co.jp/english/ir/library/dialogue-report/>

Providing growth opportunities to the next-generation

Exhibiting at a permanent SDGs learning facility

Our products are on exhibit at Kumamoto SDGs Mirai Park, a learning facility dedicated to the subject of the SDGs that opened inside Aso Kumamoto Airport in April 2025. The goal of this exhibit was to communicate about the technologies and efforts through which we help solve social issues. Although the primary audience of the exhibit was students, we also targeted the growing business community in the Kumamoto area, which has expanded due to the concentration of semiconductor businesses in the region. The exhibit includes an interactive element that allows visitors to intuitively learn about three of the Group's products and their applications, namely trehalose (food loss reduction), Polymetal Super (disaster prevention), and biodegradable SAPs (diaper disposal and desert greening).



The Grand Contest on Chemistry for High School Students

NAGASE has sponsored the Grand Contest on Chemistry for High School Students since 2019. Through this effort, we continue to build relationships with students and other diverse stakeholders with an aim of cultivating the innovators and global talents of the future, while also supporting both trailblazing creative research and the future of the scientific field.



Children's cafeterias

As part of the activities of the Japan Association of Corporate Executives, NAGASE and Nagase Business Expert have delivered snack assortments to 50



children's cafeterias nationwide through an NPO, the Nationwide Children's Cafeteria Support Center, better known as Musubie. The snacks were given to the children as Christmas gifts.

Toward an inclusive society

Supporting athletes and sponsoring the NAGASE Cup

As part of activities towards realizing an inclusive society, we are a special sponsor of the NAGASE Cup, an inclusive track and field tournament that anyone can compete in. Through this competition that transcends disability, age, and nationality, we contribute to the creation of a society that embraces diversity. Each year, the competition is joined by NAGASE-supported blind runner Shinya Wada and his guide runner Takumi Hasebe, who continue to excel on the world stage, winning medals and setting new world records at international competitions. NAGASE works to realize an inclusive society through sport by respecting diversity and helping athletes take on big goals.



Sponsoring a Formula E team

NAGASE has signed a sponsorship agreement with Andretti Formula E, a US race team competing in the international motorsport event ABB FIA Formula E World Championship. Known as "the F1 of electric cars," Formula E has maintained carbon neutrality since its debut season in 2014. In May 2025, NAGASE held a Sustainability Weekend event at Tokyo Midtown Hibiya as part of its sustainability-related communication efforts. It featured a symposium on sustainability, a Formula E talk show, hands-on content such as a SDGs workshop on the use of ocean plastic. The event succeeded in deepening interest regarding NAGASE's sustainability efforts and Formula E among its wide-ranging attendees.





Governance

In order to implement bold strategies while pursuing forward-looking reforms, we are engaging in discussions from diverse perspectives as part of our effort to strengthen our management foundation.

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Management Structure

Directors

Note: Number of shares held based on information available as of June 17, 2025. Figures given for the number of shares held include those held in the name of Nagase Officers' Shareholding Association and Nagase Employee's Stockholding.



Kenji Asakura

Representative Director and Chairman

Number of shares held: 33 thousand



Hiroyuki Ueshima

Representative Director, President and CEO

Number of shares held: 27 thousand



Masatoshi Kamada

Director and Managing Executive Officer

Number of shares held: 20 thousand



Tamotsu Isobe

Director and Executive Officer

Number of shares held: 8 thousand



Yoshihisa Shimizu

Director and Executive Officer

Number of shares held: 5 thousand



Hiroshi Nagase

Director and Senior Adviser

Number of shares held: 2,060 thousand



Ritsuko Nonomiya

Outside Director

Number of shares held: 2 thousand



Noriaki Horikiri

Outside Director

Number of shares held: 2 thousand



Toshiaki Mikoshiba

Outside Director

Number of shares held: 0

1987	Joined Peat, Marwick, Mitchell & Company (currently KPMG LLP)	1974	Joined Kikkoman Shoyu Co., Ltd. (currently Kikkoman Corporation)	1980	Joined Honda Motor Co., Ltd.
1997	Partner of KPMG Corporate Finance K.K.	2003	Corporate Officer, Kikkoman Corporation	2008	Executive Officer, Honda Motor Co., Ltd., and Director and Vice President, Honda Motor Europe Limited
2000	Joined UBS Warburg Japan (currently UBS Securities Japan Co., Ltd.)	2006	Executive Corporate Officer, Kikkoman Corporation	2011	President, Guangqi Honda Automobile Co., Ltd.
2005	M&A Advisor and Managing Director, UBS Warburg Japan	2008	Director and Executive Corporate Officer, Kikkoman Corporation	2014	Managing Officer, Chief Officer for Regional Operations (Europe Region), Honda Motor Co., Ltd., and President and Director, Honda Motor Europe Limited
2008	Senior Vice President and Business Development Leader, GE Capital Asia Pacific Ltd.	2011	Representative Director and Senior Executive Corporate Officer, Kikkoman Corporation	2015	Senior Managing Officer, Honda Motor Co., Ltd.
2013	Senior Executive Officer and Business Development Leader, GE Capital Japan, GE Japan Inc.	2013	Representative Director, President and CEO, Kikkoman Corporation	2016	Chief Officer for Regional Operations (North America), Honda Motor Co., Ltd., and President and CEO, Honda North America, Inc.
2013	Managing Director, GCA Savian Corporation (currently GCA Corporation)	2021	Representative Director, Chairman and CEO, Kikkoman Corporation	2017	Senior Managing Director, Honda Motor Co., Ltd.
2017	Director, GCA Corporation	2022	Director, Nagase & Co., Ltd. (current position)	2019	Chairman, Honda Motor Co., Ltd.
2020	Director, Nagase & Co., Ltd. (current position)	2023	Representative Director and Chairman, Kikkoman Corporation (current position)	2023	Director, Nagase & Co., Ltd. (current position)
2022	Representative Director and CEO, Houlihan Lokey Japan Co., Ltd. (current position)				
2024	Executive Manager, GCA Corporation (current position)				

Board of Directors and Audit & Supervisory Board Skill Matrix

The NAGASE Group has over 100 bases in around 25 countries and regions around the world. We provide unparalleled value by combining our trading, manufacturing, and R&D functions in a wide range of fields. We solve manufacturing issues with materials in the pursuit of realization of a safe and caring world where everyone can live with peace of mind. The specific roles expected of our Directors and Audit & Supervisory Board Members in driving this realization are determined by resolution of the Board of Directors following consultation with the Nominating Committee and disclosed as shown on the right.

Position	Name	Corporate Management	Global Business	Marketing/Sales	R&D	Production/Quality	Finance and Accounting	Legal Affairs/Risk Management	Human Resource Management	Sustainability	DX
Representative Director and Chairman	Kenji Asakura	●	●	●					●	●	
Representative Director, President and CEO	Hiroyuki Ueshima	●	●	●	●	●		●	●	●	
Director	Masatoshi Kamada	●	●	●				●	●	●	●
Director	Tamotsu Isobe	●	●	●	●	●			●	●	●
Director	Yoshihisa Shimizu	●					●	●	●	●	●
Director and Senior Adviser	Hiroshi Nagase	●							●	●	
Outside Director	Ritsuko Nonomiya	●	●				●	●	●	●	
Outside Director	Noriaki Horikiri	●	●		●	●		●	●	●	
Outside Director	Toshiaki Mikoshiba	●	●	●		●		●	●	●	
Outside Audit & Supervisory Board Member	Masaya Ishida						●	●			
Audit & Supervisory Board Member	Akira Takami						●	●			
Audit & Supervisory Board Member	Takanori Yamauchi						●	●			
Outside Audit & Supervisory Board Member	Gan Matsui						●	●	●		

Audit & Supervisory Board Members

Note: Number of shares held based on information available as of June 17, 2025. Figures given for the number of shares held include those held in the name of Nagase Officers' Shareholding Association and Nagase Employee's Stockholding.



Masaya Ishida

Outside Audit & Supervisory Board Member

Number of shares held: 0

1992 Joined Sumitomo Bank (currently Sumitomo Mitsui Banking Corporation (SMBC))

2009 Head of Sales Promotion Group, Hibiya Corporate Banking No.2

2010 Office Group Head, Human Resources Dept.

2011 Group Head, Americas Business No. 1 Dept.

2014 Deputy General Manager, Americas Business No.1 Dept.

2016 Deputy General Manager, Tokyo Corporate Banking No. 5 Dept.

2018 General Manager, Fukuoka Corporate Banking No. 2 Office

2020 General Manager, Hamamatsucho Corporate Banking Office

2022 General Manager, Hiroshima Corporate Banking Office

2024 Retired from SMBC

2024 Audit & Supervisory Board Member, Nagase & Co., Ltd. (current position)



Akira Takami

Audit & Supervisory Board Member

Number of shares held: 19 thousand



Takanori Yamauchi

Audit & Supervisory Board Member

Number of shares held: 18 thousand

1980 Prosecutor, Tokyo District Public Prosecutors Office

1990 Prosecutor, Tokyo District Public Prosecutors Office (Special Investigative Squad)

2005 Director, Special Trial Department, Tokyo District Public Prosecutors Office

2010 Assistant Public Prosecutor, Osaka High Public Prosecutors Office

2012 Chief, Criminal Investigations, Supreme Public Prosecutors Office

2014 Chief Prosecutor, Yokohama District Public Prosecutors Office

2015 Superintending Prosecutor, Fukuoka High Public Prosecutors Office

2016 Japan Federation of Bar Associations (Member, Tokyo Bar Association)

Yaesu Sogo Law Office (current position)

2018 Audit & Supervisory Board Member, Nagase & Co., Ltd. (current position)

Executive Officers

Executive Vice President

Masaya Ikemoto

In charge of the Prinova Business

Executive Officers

Koichi Sagawa

Greater China CEO

Noriyoshi Yamaoka

Manager, Nagoya Branch Office , in charge of Nagase Business Expert Co., Ltd.

Xiaoli Liu

GM, Nagase Bio-Innovation Center

Kentaro Nagase

Europe (CEO)

Kazuhiro Hanba

GM, Corporate Management Department

Toshio Wakuda

GM, Human Resources & General Affairs Department

Natsuki Imamura

GM, Risk Management Division

Hironao Makise

In charge of Nagase Diagnostics Co., Ltd.

Ryuhei Tashima

GM, Advanced Functional Materials Department

Kenji Okino

GM, Life & Healthcare Products Department

Kenichi Kurimoto

GM, Speciality Chemicals Department, Osaka District

Daiji Matsuoka

GM, Mobility Solutions Department

Interview with the Outside Directors



Ritsuko Nonomiya

Reasons for appointment and expected role

Ms. Nonomiya is highly versed in finance and accounting through her experience in auditing and other operations at the KPMG Group and M&A and business development at the UBS Group and GE Group. We expect Ms. Nonomiya to draw on her global management experience at the Houlihan Lokey Group to provide recommendations for NAGASE's overall management.



Noriaki Horikiri

Reasons for appointment and expected role

Mr. Horikiri has deep insight and extensive experience in corporate management from an extended career in the management of Kikkoman Corporation. He is expected to contribute recommendations for overall business management, including for overseas development and production activities.

A true sense of management in pursuit of quality

I believe the Company made significant progress improving management quality in fiscal 2024 through initiatives such as ROIC management and M&A.

ROIC management enhanced reporting speed and data accuracy, and it has become more embedded in on-site operations. In addition, the many discussions on revising executive compensation system reflected a strong awareness of cost of capital and the stock price.

The Company took a strategic, forward-looking approach to management through M&A, acquiring a high-purity semiconductor chemicals business and a diagnostics business in life sciences. Management is doing an admirable job of combining internal and external resources to strengthen its capabilities. I expect the Company to clarify priorities and act swiftly in post-acquisition integration. The effort made in the first 100 days and the first year—especially in understanding the people and businesses being integrated—is critical to a merger's success.

Meaningful discussions and diverse perspectives

The Board of Directors is functioning at a high level of effectiveness with open and constructive discussions. The meetings have evolved from focusing mainly on approval items to engaging in forward-looking strategy discussions. They have become a healthy forum where both executives and non-executives contribute diverse viewpoints. Advance briefings and informal lunch meetings with President Ueshima ensured members

were well-informed about agenda topics and helped deepen discussion about future strategies.

The Nominating Committee is strongly committed to developing the next generation of leaders. This is reflected in the system to cultivate young talent, such as President Ueshima's apprenticeship system in which younger employees accompany him on overseas business trips. The system makes it easy to ask questions and naturally fosters dialogue between senior and younger executives at Board meetings. I see this system as a welcome and rewarding way to cultivate talent.

As an outside director, I am determined to help create new added value

This year, the final year of **ACE 2.0**, management must articulate the next story for the Company. As an outside director, I believe this is the moment I'm truly called upon to offer concrete recommendations and actively fulfill duties. I welcome the opportunity, especially as two years of a 100% total return ratio now enable even deeper discussions about managing with awareness of capital cost and the stock price.

I look forward to continued dialogue with stakeholders and plan to visit Group companies across all regions. Direct conversations with people on the ground are a powerful reminder of the importance of shared understanding of management's challenges. I remain committed to fulfilling my duties as an outside director and contributing to enhancing corporate value.

Fusing functions to plant the seeds for growth

The **ACE 2.0** management reform plan, launched four years ago, has significantly advanced business structure and organizational reforms. By fiscal 2024, the reorganized and streamlined divisional structure clarified responsibilities, enabled faster decision-making, allowed for more flexible resource allocation.

These improvements have laid a solid foundation for the next phase's medium-term management plan and long-term vision. The Company's future growth hinges on its ability to organically integrate its three core functions of a trading, manufacturing, and R&D.

Better Board discussions and governance

I believe the Board of Directors is functioning effectively, with active discussions between the executives and non-executives. The Nominating Committee is addressing human resource development and organizational succession from a medium- to long-term perspective. The succession plan that is being put together covers both top management and middle management, which holds the next-generation leaders.

Coming from a manufacturing background, I pay close attention to NAGASE's on-site technologies and manufacturing capabilities. During my visit to Group company Totaku Industries (which became Nagase RooTAC Industries, Inc. in November 2025), I saw first-hand its outstanding technological strengths. The company is a prime example of how NAGASE's unique technologies can be used to develop and

manufacture products that contribute to society, such as by reinforcing national infrastructure. NAGASE has tremendous potential in this field.

Building capital market trust with a long-term perspective

Sustainable corporate growth requires clearly communicating both short-term profitability and return goals, as well as medium- and long-term growth investment strategies. NAGASE was not widely recognized in the past, but the improved quality of its IR and PR activities in recent years has steadily increased market interest. Management is giving much more attention to capital cost and the stock price, but that alone is not enough to ensure sustainable growth. Management must decide what kind of company NAGASE aims to be in five or ten years and clearly share that vision to stakeholders.

I plan to fulfill my role as an outside director by actively contributing NAGASE's future growth and value creation.

Interview with the Outside Directors



Toshiaki Mikoshiba

Reasons for appointment and expected role

Mr. Mikoshiba brings deep insights and abundant experience in corporate management from his extensive executive career at Honda Motor Co., Ltd. He is expected to contribute recommendations mainly in the areas of sales and overseas business development.

Steady progress in realigning the business portfolio

I believe the NAGASE Group made meaningful progress in laying the foundation for sustainable growth in FY2024. Business portfolio restructuring advanced in the four quadrants of Foundation, Focus, Development, and Improvement. In the Focus quadrant, the Company executed strategic acquisitions and expanded into the Global South, while in the Improvement quadrant, we restructured underperforming businesses, laying key groundwork for reinforcing the corporate structure and positioning the Group for further growth.

The Board of Directors has closely monitored the progress of initiatives and engaged in thoughtful, forward-looking discussions. As an outside director, I am confident that the steady accumulation of these changes has laid a solid foundation for sustainable growth during the next medium-term management plan, and ultimately for the Company's journey toward its 200th anniversary.

Integrating functions to enhance competitiveness

The NAGASE Group's most distinctive feature is its unique business model that combines the functions of a trading company, manufacturer, and R&D organization. I find this combination both rare and full of potential. At the same time, I believe the Company must critically assess whether it is fully leveraging this potential. Unlocking that value will be essential to driving further business growth.

The key will be to fortify the manufacturing function and set NAGASE manufacturing standards across the

Group. Another approach could be to create a structure linking all manufacturing operations in Japan and overseas, ensuring global consistency in quality and technical standards. Building organic links between all three functions and maximizing their synergies will solidify our uniqueness, making it an unmatched strength that will further elevate the NAGASE Group's corporate value.

Reform linked to upcoming milestones ; maximizing corporate value

The One NAGASE strategy in the next medium-term management plan reflects the Company's intent to unite Group resources and strengths to amplify its capabilities. I have high expectations for this approach. As an outside director, I will contribute my manufacturing and overseas experience, as well as my independent perspective, to support and oversee the Company's evolution.

As NAGASE approaches the 200th anniversary of its creation, I will do my part to help guide the Group toward greater corporate value by promoting the NAGASE vision of being an indispensable presence in society for the next 100 and 200 years. I will also engage in active discussions with a long-ranging and dynamic view to help the Group move forward as one.

Corporate Governance

Basic approach

The NAGASE Management Philosophy recognizes its responsibility to society and offers beneficial products and services while maintaining the highest standards of integrity. Through our growth, we will contribute to society and enrich the lives of our employees.

Based on this philosophy, NAGASE strives to increase corporate value over the medium to long term in line with the NAGASE Vision, its commitment to stakeholders: "To realize a sustainable world where people live with peace of mind, each of us embodies our value proposition, to identify, develop, and expand through daily activities." We are working to strengthen our corporate governance, because we believe that rapid decision-making and execution, and ensuring transparency are essential for us to accomplish these objectives.

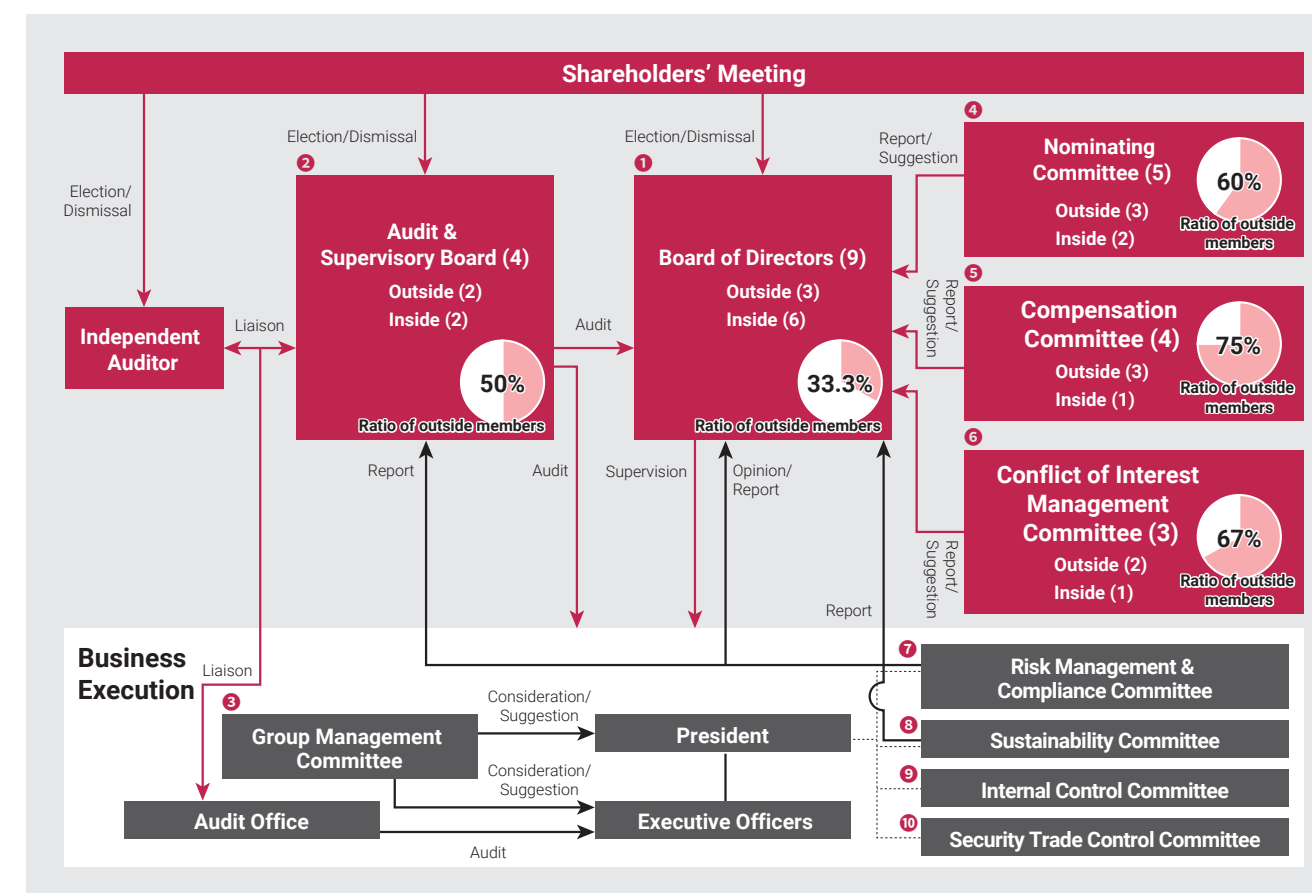
Overview of the corporate governance system

NAGASE has adopted the structure of a company with an Audit & Supervisory Board. We have also adopted an executive officer system that separates management and

business execution, with the aim of accelerating decision-making and enhancing business execution. Our current management system is based on 9 Directors (of which 3 are Outside Directors), 17 executive officers (of which 4 are also Directors), and 4 Audit & Supervisory Board Members (of which 2 are Outside Audit & Supervisory Board Members). To strengthen the corporate governance function, NAGASE has voluntarily established a Compensation Committee, Nominating Committee, and Conflict of Interest Management Committee. Other voluntarily-established committees include the Group Management Committee, Sustainability Committee, Risk Management & Compliance Committee, Internal Control Committee, and Security Trade Control Committee.

Under the current corporate governance framework, the suggestions and advice provided from an objective standpoint by several independent Outside Directors, and the unbiased, objective oversight provided by an Audit & Supervisory Board whose members have a high level of specialist expertise and independence, have proven to be functioning effectively. We believe that, given the effective coordination between the various boards and committees that have been voluntarily established by the Company, this corporate governance framework is the most appropriate for our company.

Corporate governance system



Overview of the main boards and committees

Name	Overview	Composition	Number of Meetings Held in FY2024	Main Issues Addressed in FY2024
➊ Board of Directors	The Board of Directors is clearly positioned as the body in charge of making decisions on management policies and strategies, and supervises the execution of operations. It holds a regular monthly meeting to make important decisions, track business performance and formulate measures.	9, including 3 Outside Directors	17	- Matters relating to management strategy, sustainability, and governance - Matters relating to risk management, internal controls, and Compliance
➋ Audit & Supervisory Board/Audit & Supervisory Board Members	In accordance with the audit policy and audit plans set at Audit & Supervisory Board meetings, Audit & Supervisory Board Members conduct audits of the execution of duties by Directors by attending important meetings such as Board of Directors meetings and receiving reports solicited from subsidiaries on an as-needed basis.	4, including 2 Outside Audit & Supervisory Board Members	17	- Audit policy and audit plans - Audit & Supervisory Board reports - Status of audit activities by full-time Audit & Supervisory Board Members - Review of annual audit activities - Reasonableness of the Board of Directors' resolutions regarding internal control and appropriateness of the establishment and operation of internal control systems, etc.
➌ Group Management Committee	The Group Management Committee is composed of members appointed by the Board of Directors, and in principle, meets regularly once a month to discuss management strategies, investment projects, and other important matters to support business decision-making. This committee serves as an advisory body that discusses matters resolved by the Board of Directors.	Members appointed by the Board of Directors	12	- Matters relating to management strategy, sustainability, and governance - Matters relating to risk management, internal controls, and Compliance
➍ Nominating Committee	The Nominating Committee has five members, the majority being Outside Directors. It deliberates on appointment proposals and succession plans for Directors and Executive officers. It then provides reports and recommendations to the Board of Directors with the aim of ensuring objectivity and transparency in nominations of NAGASE's top management.	5, including 3 Outside Officers	4	- Succession Planning - Matters relating to the following year's Directors and Executive Officers
➎ Compensation Committee	The Compensation Committee has four members, the majority being Outside Directors. It enhances the objectivity and transparency of the decision-making process regarding compensation of Directors and Executive Officers by screening the appropriateness of every compensation level and the compensation system to report and make recommendations to the Board of Directors.	4, including 3 Outside Directors	6	- Matters relating to the compensation system for company Officers
➏ Conflict of Interest Management Committee	The Conflict of Interest Management Committee has three members, the majority being Outside Directors and Outside Audit & Supervisory Board Members. It deliberates on potential conflicts of interest in relation to the Group's business operations with objectivity and transparency, and reports to and makes recommendations to the Board of Directors.	3, including 1 Outside Director and 1 Outside Audit & Supervisory Board Member	1	- Various separate issues
➐ Risk Management & Compliance Committee	The Risk Management & Compliance Committee establishes and strengthens risk management and compliance systems that cover not only legal compliance but also corporate ethics.			
➑ Sustainability Committee	The Sustainability Committee is chaired by the President with Executive Officers and Group company managers as members. This Committee formulates policies for promoting sustainability throughout the Group, establishes and maintains the promotion system, monitors measures, and conducts educational activities within the Group.			
➒ Internal Control Committee	The Internal Control Committee deliberates on basic policies for the internal control system, builds frameworks established by the internal control system, and monitors the management of the frameworks to ensure the appropriateness of business operations.			
➓ Security Trade Control Committee	The Security Trade Control Committee ensures legal and regulatory compliance regarding the trading of goods and technologies subject regulated by the Foreign Exchange and Foreign Trade Act and other export-related legislation.			

Board of Directors effectiveness evaluation

Evaluation method

The Company analyzes and evaluates the effectiveness of the Board of Directors every year, believing in the importance of improving board effectiveness. It conducts an anonymous survey of all Directors and Audit & Supervisory Board Members in order to generate more proactive and honest opinions. Anonymity is maintained because respondents respond directly to an outside organization.

Evaluation results

Based on the evaluation results, the Company confirmed that its Board of Directors functions effectively, conducting appropriate and timely deliberations and decision-making. The status of the response to items recognized as issues in fiscal 2023, and the issues recognized in fiscal 2024 based on the evaluation results, and the response strategy for these issues, are listed on the right.

Status of the response to items recognized as issues in FY2023

- The need to further enhance discussion and monitoring by the Board of Directors
 - ➡In addition to deliberations on the formulation of the next Medium-Term Management Plan, the Board of Directors also held in-depth discussions on the state of the corporate governance system based on the results of the governance survey.
 - ➡By having Outside Directors conduct inspections of domestic and international Group bases, we strove to increase the Directors' understanding of the Group as a whole, as well as its businesses.
 - ➡The state of dialogue with shareholders and investors was reported to the Board of Directors, promoting constructive discussion aimed at sustained growth and the enhancement of corporate value.

Issues recognized in the FY2024 evaluation results

- We recognize that there continue to be issues regarding the operation of the Board of Directors (meeting materials and standards for agenda items) as well as the strengthening of its monitoring functions (subsidiary management and business portfolio management).

Based on this effectiveness evaluation, the Board will respond to issues after due consideration and continue its efforts to improve its functioning.

Company officer compensation policy

We are a corporate group that “solves manufacturing issues with materials,” based on the relationships of trust with stakeholders built over the years by maintaining the highest standards of integrity. In an era where economic value is expected to coexist with social value, we will contribute not only to short term but also to medium and long term business, and pursue the realization of a sustainable world where people live with peace of mind.

In order to drive the achievement of these goals, we designed the following system for Inside Directors and Executive Officers according with the basic policies that align director interests with shareholder value, enhance incentives to improve both short and medium term performance and corporate value, set externally competitive compensation levels, and establish a transparent and objective remuneration system and decision making process.

Type of compensation (approximate ratio)		Purpose	Performance metrics	Evaluation period
Basic compensation (33-59%)	Fixed	Basic compensation for execution of duties	—	—
Annual bonus (27-33%)	Variable	Incentivize improvement in annual business performance	• Consolidated operating income • Business division operating income (for Directors in charge of business divisions)	1 year
Performance-linked stock compensation (1-3.3%)		Incentivize sustainable growth in corporate value	• ROE • Sustainability-related indicators	3 years*
Restricted stock compensation		Align interest with shareholder value		

The indicated ratios show the proportion of each compensation type, assuming 100% achievement of performance targets based on the standard value. Director, senior adviser not eligible for stock-based compensation are excluded.
*However, the Company will evaluate fiscal 2025, the final year of the current medium-term management plan, based on a single fiscal year.

The Company determines its policy on the amounts and calculation methods of director remuneration based on recommendations from the Compensation Committee, which consists of a majority of Outside Directors, as well as on deliberations by the Board of Directors.

In order to attract and retain diverse, skilled human capital capable of accelerating business transformation, and foster the growth ambition of the next generation of management leaders, the Company uses objective external compensation data to benchmark itself against competitive domestic companies in both business operations and talent acquisition. It sets its compensation levels at or above the market median of such data, taking into account business conditions and other relevant factors.

To provide motivation for sustained enhancement of corporate value, we use a compensation structure with variable compensation accounting for between 40-67% of total compensation (in the case of standard evaluations) depending on each Director and Executive Officer's roles and responsibilities.

Compensation for Outside Directors and Audit & Supervisory Board Members is limited to basic compensation, a fixed salary, in view of the nature of their duties.

Breakdown of company officers’ compensation and total amounts (FY2024)

Category of company officer	No. of eligible company officers	Total amount of compensation (million yen)	Total amount of compensation by type (million yen)			
			Fixed salary	Performance-linked compensation	Performance-linked compensation (non-monetary)	
Directors	Inside Director	6	440	180	229	30
	Outside Director	3	40	40	—	—
	Total	9	481	221	229	30
Audit & Supervisory Board Members	Inside Audit & Supervisory Board Member	2	50	50	—	—
	Outside Audit & Supervisory Board Member	3	34	34	—	—
	Total	5	84	84	—	—

Strategic cross-shareholdings

To realize the sustainable enhancement of corporate value, the NAGASE Group holds strategic cross-shareholdings when this is deemed necessary, taking into account a comprehensive range of factors such as those relating to the maintenance and strengthening of relationships with business partners, business strategy, etc. The Board of Directors annually confirms the appropriateness of these shareholdings, based on the results of a detailed review by the responsible departments of the prospects for business expansion and synergies or whether such a company can be expected to provide stable services essential to the Group's business activities, in light of the earnings situation through related transaction gains and dividends received. In cases where the holding of a particular stock is deemed not to be appropriate, the Company will aim to reduce its holdings of these shares by selling them off in a step-by-step process, while taking various factors into account.

In addition, under the Medium-Term Management Plan **ACE 2.0**, implementation of which began in fiscal 2021, NAGASE plans to sell off strategic cross shareholdings valued at a cumulative total of 30 billion yen over a five-year period. As of March 31, 2025, a total of 25.6 bilion yen of shareholdings had already been sold off.

Sale of strategic cross-shareholdings

(FY)	2019	2020	Medium-Term Management Plan ACE 2.0				Total over the Medium-Term Management Plan period
			2021	2022	2023	2024	
No. of stocks sold off	7 Stocks	5 Stocks	49 Stocks	13 Stocks	17 Stocks	2 Stocks	81 Stocks
Total sale price	10.4 billion yen	6.2 billion yen	7.8 billion yen	7.3 billion yen	7.1 billion yen	32.0 billion yen	25.6 billion yen

Sustainability Management

Sustainability Basic Policy

The NAGASE Group has established the Sustainability Basic Policy as a way of thinking shared throughout its value system. By contributing solutions to social and environmental issues through its corporate activities in line with basic policy, we will contribute toward the realization of a sustainable society.

1. Integrity in business activities

- We shall conduct our corporate activities in compliance with all applicable national and regional laws and regulations, and in keeping with societal norms and ethical standards.
- We shall strive to prevent corruption of all kinds and maintain healthy and proper relations with our partners and government entities.
- We shall strive to provide safe, high-quality products and services, and seek to maintain and improve the value to our customers and partners.
- We shall safeguard the benefit to the consumer through maintaining and promoting fair and free competition.
- We shall strive toward rigorous management and protection of information about our customers and our company.

2. Positive relations with society

- We respect human rights and do not permit any sort of discriminatory conduct. We absolutely refuse to accept infringements of human rights such as forced labor or child labor.
- We respect the cultures and practices of national and regional societies, maintaining positive relations with society.
- We shall strive to ensure health, safety, and appropriate communication with our diverse stakeholders.
- We shall constantly pay detailed attention to sustainability among our suppliers, and shall work to make corrections should there be any doubt as to their sustainability.
- We shall proactively disclose corporate information as appropriate.

3. Consideration for the environment

- We shall comply with national and regional environmental regulations.
- We shall contribute to the maintenance of the global environment, including limiting climate change and preventing contamination, promoting reduction in the environmental footprint of our business activities through suppression of greenhouse gas emissions and energy consumption.
- We shall, through environmentally-conscious products and services, provide information to our customers about appropriate product usage, recycling, and disposal methods.
- We shall contribute broadly to society through environmental conservation activities in various countries and regions.
- We recognize the importance of biodiversity and shall strive to conserve ecosystems.

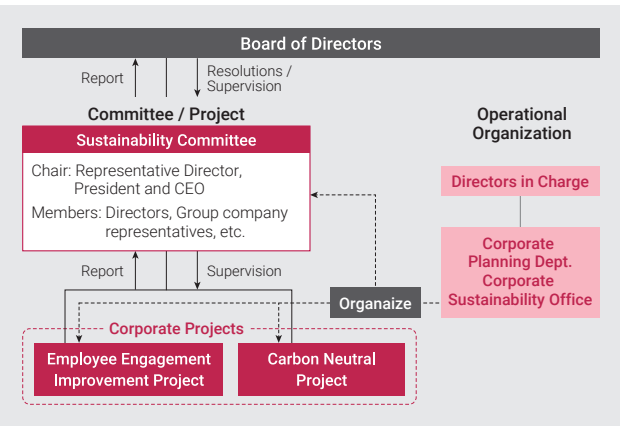
Note: Information about the NAGASE Group's sustainability is also available on our website.
<https://www.nagase.co.jp/english/sustainability/>

Sustainability promotion structure

We operate the Sustainability Committee, chaired by the Representative Director, President and CEO, with the aim of continuously increasing the NAGASE Group's corporate value by helping solve social and environmental issues through its corporate activities. The Committee consists of one chairperson and two or more members. Members are assigned by the President from among Directors and representatives of group companies. The Sustainability Committee identifies and revises materiality (key issues), establishes and maintains a group-wide promotion structure, and monitors various initiatives, including non-financial targets (KPIs). At least once a year, the Committee reports on its handling of these matters, as well as progress it has made, to the Board of Directors, and is subject to its resolutions and supervision. (See page 27 for details on Materiality)

Furthermore, the Sustainability Committee has designated "employee engagement improvement," "realize a decarbonization," and "transparency in corporate governance" as particularly high-priority key issues requiring the attention of the entire Group. The first two of these are being addressed by establishing corporate projects comprised of Directors, Executive Officers, Group company senior managers, and other members.

Supervised by the Sustainability Committee, each of these projects discusses specific policies and measures for achieving the non-financial KPIs. At least once a year, important matters related to each project are also reported by the Sustainability Committee to the Board of Directors, and are subject to its supervision.

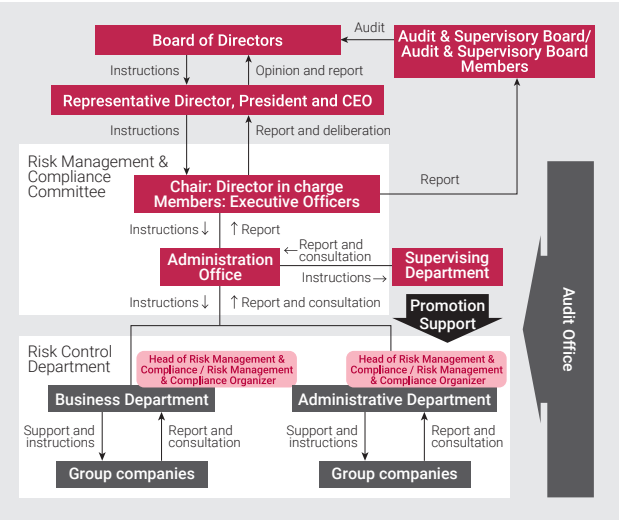


Risk Management and Compliance

Overview of the risk management and compliance system

In line with the NAGASE Group's management philosophy, the Risk Management & Compliance Committee (chaired by a Director and Executive Officer) created the Code of Conduct for Risk Management & Compliance, which covers not only legal compliance but also corporate ethics. Based on this Code of Conduct, the Committee works to establish, disseminate, and consolidate a risk management system and a compliance system.

Risk management and compliance system



The NAGASE Group risk management and compliance system

We have established Risk Management & Compliance Committees at all Group companies and overseas regions over a certain size as part of an effort to establish, disseminate, and consolidate their risk management and compliance systems. These Committees also accept reports and requests for consultations from employees.

We have also appointed a Head of Risk Management & Compliance and Risk Management & Compliance Organizers at every NAGASE Group company and overseas location in an effort to promote the permeation of our groupwide risk management and compliance policies and assure the early detection of risks.

Through the "Compliance Support Round" activity started in fiscal 2023, compliance officers from the head office visited all domestic Group companies that did not have a Risk Management & Compliance Committee in fiscal 2024. We were engaged in information exchanges aimed at promoting compliance at each company.

Risk Management

Basic approach

The NAGASE Group classifies internal and external risks related to its business activities into two categories: risk management during normal times and management crisis control during emergencies, so that it can work to improve its ability to respond to each type of risk. The purpose of risk management is to ensure stable business continuity and sustainable growth by minimizing damage and loss caused by the manifestation of risks while taking appropriate risk mitigating measures.

Significant Group risks and countermeasures for FY2024

To visualize the risks, the Committee identifies the risks, create risk scenarios for all of them and evaluates them on the two axes: one is impact, and the other is frequency and likelihood of occurrence. This helps to specify significant risks.

Categories of significant risk	Countermeasure
Risks related to climate change	We are engaged in carbon neutrality initiatives, and have endorsed the TCFD recommendations.
Risks related to social demands	We are striving to minimize our impact on ecosystems and contribute to their recovery. ➡ See page 68 for details on our human rights initiatives.
Risks related to exchange rate fluctuations	We are making an effort to minimize the risk of FE fluctuations by hedging with FECs.
Risks related to socioeconomic change	We are reviewing/revising Materiality in light of changes in the external environment, etc.
Risks related to fluctuations in commodity markets	We will aim to minimize these risks and optimize inventory levels.
Geopolitical risks	We will strive to build a supply chain not dependent on specific countries, regions, or suppliers.
Investment risks	We evaluate/analyze investments from a wide perspective, and make decisions based on quantitative criteria and qualitative assessments.
Risks related to product/service quality and manufacturing	We will strive to ensure the safety of products through Group-wide rules and education.
Risks related to loss of competitive advantage	We will expand suppliers, change regional strategies, and develop new products/services as the situation requires.

For details, see the "Nagase & Co., Ltd. Annual Securities Report for the 110th Fiscal Year" (Japanese only).

Product safety and quality control

According to the NAGASE Group Product Safety Principles, we strive to ensure the safety of products through Group-wide rules and education. In addition, the Company manages its suppliers and contract manufacturers and provides training to raise the level of product safety and quality control at each of its manufacturing companies.

Risk management by the Group Manufacturers' Collaboration Committee

The Group Manufacturers' Collaboration Committee facilitates the enhancement of each member company's capabilities through the mutual sharing of know-how. Each of its four subcommittees tackles a different topic. The Labor Safety Subcommittee diagnoses occupational safety issues. The Quality Improvement Subcommittee engages in activities to improve quality control technology. The Environmental Subcommittee is in charge of environmental measures. The DX Promotion Subcommittee promotes the introduction of digital manufacturing technologies.

Response to security trade controls

To conduct trade appropriately in line with laws and regulations as a member of the international community, we established a Security Trade Control Committee headed by the Representative Director and President. The Committee works to understand the export control situation, follow the latest revisions to the Foreign Exchange and Foreign Trade Act and other legislation, ascertain a detailed picture of export controls across the entire Group, and formulate related policies for the Group. Furthermore, we have appointed Security Trade Control Officers at each of our overseas subsidiaries and domestic Group companies, and are managing risks in the supply chain by facilitating information exchanges and establishing education systems.

We also utilize our comprehensive product management system, export control system, and other tools to share information on products subject to export restrictions with our overseas subsidiaries, enabling them to handle cargo and technology appropriately when importing such products. In fiscal 2024, we visited five bases in China and three bases in the ASEAN region to confirm their operational systems.

In terms of education, we conduct security trade control education every year for all employees, including executives. The Company encourages its employees, particularly those involved in export business, to take the security trade control certification examination provided by the Center for Information on Security Trade Control (CISTEC). As of the end of fiscal 2024, a cumulative total of 1,200 employees have passed the exam.

Compliance with laws and regulations related to products

Utilizing our comprehensive product management system, we assess the more than 100,000 products handled by the NAGASE Group at the component level to determine whether they are imports subject to laws and regulations

related to products including chemical management. For these products, we quickly create SDSs compliant with domestic laws and regulations and distribute them using the DocuValue SDS distribution management system. In fiscal 2024, there were no critical issues identified during the periodic on-site inspections by the Ministry of Economy, Trade and Industry (METI) we undergo every few years in accordance with the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc.

In addition, NAGASE is serving as a task force member in the Chemical and Circular Management Platform (CMP) initiative announced by METI in March 2024. By enabling seamless transmission of information from upstream to downstream, we aim to curb the need for additional investigations when regulations change, and promote the visualization of resource recycling information.

Compliance

Establishment of Compliance Hotline

The NAGASE Group has introduced the Compliance Hotline, an internal reporting (whistleblowing) system where all Group executive and employees can seek counsel and report concerns anonymously and with strict confidentiality. In addition to our existing internal contact point and external contact point (through our legal advisor), a contact point for consultation and reporting managed by only female employees was established in fiscal 2024, bringing the total number of contact points for consultation/reporting to three. We have also contracted with lawyers in every country we operate to establish the contact point for consultation and reporting in the local languages of each country. Furthermore, we have established a contact point for external inquiries and reports on our corporate website, and have notified all employees of its existence so that we can receive consultations and reports from freelancers.

In fiscal 2024, in order to be able to disclose the number of internal reports as part of our efforts to strengthen non-financial information disclosure, we established criteria for what should be treated as an internal report (whistleblowing). By these criteria, there were 79 internal reports in Japan and overseas in fiscal 2024. However, there were no compliance violations with a material impact on the management of the Company or its consolidated subsidiaries.

Compliance education for management and employees

In order to eradicate all forms of harassment, including workplace bullying and sexual harassment, we conducted various training programs for different levels of employees in fiscal 2024. E-learning courses were delivered at the end of each month, and the average participation rate for all 12 courses was approximately 89%. We will continue to work to raise awareness of harassment prevention.

Training conducted in FY2024

- Training for employees involved in the handling of internal reporting: 45 participants from 20 Group companies
- Compliance training for Directors of Group companies
- In-person harassment prevention training for all section managers
- In-person human rights and compliance training at six locations in China and three in the ASEAN region

Information security system

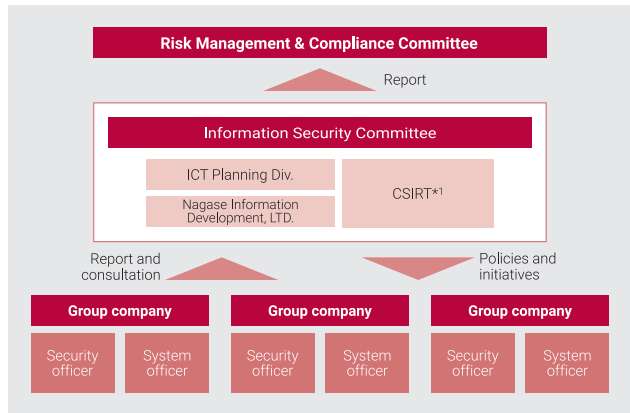
Basic approach

The NAGASE Group recognizes that maintaining and improving the security of its information systems and the level of information security is an important management issue given its critical role in the supply chain. To this end, the Group has established an information security promotion system and policies, and is continuously implementing various security measures, as well as focusing on training and educating Group employees.

Information security promotion system

To promote information security, an Information Security Committee has been established under the supervision of the Risk Management & Compliance Committee. This helps to integrate it into the risk management system and to formulate and promote policies and measures at the Group

Information security system



level. Each Group company appoints a Security Officer and a Systems Officer who are responsible for implementing the Group's policies and for promptly reporting and responding to any incidents.

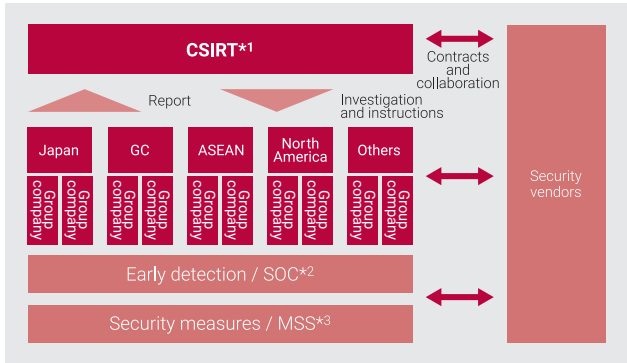
Information Security Policy

The Group implements a continuous improvement cycle to promote information security based on the Information Security Basic Policy and the Information Security Measures Guideline, which comprehensively describe the rules and recommended security level.

Cyber security enhancement initiatives

With targeted threats to businesses becoming more sophisticated every day, countering and responding to cyber-attacks is a critical management issue. The NAGASE Group is strengthening its cyber-attack countermeasures in terms of prevention, mitigation, and business continuity. To this end, the Group has built a cybersecurity structure by leveraging security vendors and other external service providers.

Cybersecurity structure



*1 CSIRT: Computer Security Incident Response Team
A dedicated team has been established to respond to cybersecurity incidents within the Group.
*2 SOC: Security Operation Center
The NAGASE Group has installed security products (EDR) in the endpoints (PCs/servers) of Group companies to prepare for cyber-attacks and malware infiltration. EDR detects suspicious behavior and cyber-attacks on endpoints and notifies a centralized control center called SOC to confirm the attack at an early stage and prevent the spread of damage.
*3 MSS: Managed Security Service
In response to the increasing sophistication of cybersecurity, each Group company maintains and enhances the level of security by outsourcing some of the operational and administrative tasks to external specialized providers.

Employee training

To maintain and enhance the level of information security, it is essential to raise the awareness and literacy of each employee. The NAGASE Group regularly conducts the following.

- Training against targeted email attacks
- Periodic e-learning courses on information security
- Familiarization of new employees with the Information Security Basic Policy

11-Year Financial Highlights

		3/2015	3/2016	3/2017	3/2018	3/2019	3/2020	3/2021	3/2022	3/2023	3/2024	3/2025
Medium-Term Management Plan		ACE-2020										
Performance (Accounting Fiscal Year):		(Millions of yen)										
Net Sales		¥ 759,713	¥ 742,194	¥ 722,384	¥ 783,933	¥ 807,755	¥ 799,559	¥ 625,245	¥ 780,557	¥ 912,896	¥ 900,149	¥ 944,961
Segments	Functional Materials	168,238	157,149	153,546	174,922	179,627	169,318	75,294	99,874	156,161	146,804	153,746
	Advanced Materials & Processing	254,165	255,505	242,609	262,831	275,203	267,078	209,715	257,283	220,955	198,543	210,627
	Electronics & Energy	149,947	127,926	127,722	129,324	122,319	115,123	110,770	128,131	136,975	144,758	161,315
	Mobility	109,851	115,351	112,956	129,708	139,235	126,000	78,783	103,389	125,560	132,117	132,091
	Life & Healthcare	76,609	85,571	84,904	86,517	90,794	121,545	150,331	191,634	273,161	277,779	287,079
	Others	900	689	644	629	574	492	349	244	81	146	101
Region	Domestic	374,208	363,038	369,365	395,428	412,617	402,390	221,737	250,360	265,407	268,872	277,605
	Overseas	385,505	379,155	353,019	388,504	395,137	397,169	403,507	530,196	647,489	631,277	667,356
Gross Profit		91,991	91,663	91,503	102,675	105,441	104,901	114,600	139,494	155,410	164,719	181,291
Operating Income		18,153	18,024	15,030	24,118	25,226	19,167	21,916	35,263	33,371	30,618	39,078
Profit Attributable to Owners of the Parent		11,318	12,316	10,331	17,175	20,136	15,144	18,829	25,939	23,625	22,402	25,521
Financial Condition:		(Millions of yen)										
Total Assets		¥ 546,525	¥ 512,081	¥ 530,775	¥ 569,456	¥ 567,346	¥ 611,477	¥ 640,587	¥ 739,720	¥ 762,688	¥ 792,336	¥ 808,143
Equity Capital		281,398	273,963	290,217	303,636	307,674	305,322	329,687	344,261	367,675	394,064	399,052
Interest-Bearing Debt		98,493	87,560	82,046	86,173	85,620	135,974	118,947	166,530	179,697	166,948	175,381
Per Share Data:		(Yen)										
Net Income (Basic)		¥ 89.10	¥ 96.96	¥ 81.65	¥ 136.34	¥ 161.30	¥ 122.12	¥ 151.91	¥ 213.46	¥ 199.54	¥ 194.96	¥ 230.39
Net Income (EPS)		89.10	96.96	81.65	136.34	161.30	122.12	151.91	213.46	199.54	194.96	230.39
Net Assets		2,215.18	2,156.67	2,301.10	2,424.97	2,481.01	2,462.04	2,670.09	2,868.22	3,139.26	3,463.84	3,679.09
Cash Dividends		30	32	33	40	42	44	46	54	70	80	90
Payout Ratio (%)		33.7	33.0	40.4	29.3	26.0	36.0	30.3	25.1	34.9	40.8	38.7
Total Shareholder Returns (TSR)		200.6	252.5	199.4	169.4	189.9	232.3	169.3	158.1	138.5	107.2	100.0
Ratios:		(%)										
Overseas Sales to Net Sales		50.7	51.1	48.9	49.6	48.9	49.7	64.5	67.9	70.9	70.1	70.6
Manufacturing Ratio (Operating Income)		27.8	24.3	39.5	34.2	33.5	40.8	39.8	32.6	27.5	29.8	20.8
Operating Margin (Operating Income/Net Sales)		2.4	2.4	2.1	3.1	3.1	2.4	3.5	4.5	3.7	3.4	4.1
Return on Invested Capital (ROIC)		3.10	3.27	2.78	4.45	5.08	3.57	4.15	5.30	4.38	3.98	4.44
Return on Equity (ROE)		4.3	4.4	3.7	5.8	6.6	4.9	5.9	7.7	6.6	5.9	6.4
Shareholders' Equity Ratio		51.5	53.5	54.7	53.3	54.2	49.9	51.5	46.5	48.2	49.7	49.4
Net DE Ratio (Times)		0.2	0.2	0.1	0.1	0.1	0.3	0.2	0.3	0.4	0.3	0.3
Total Return Ratio		33.7	33.0	51.0	39.5	35.6	36.0	35.2	48.3	58.9	76.5	105.4
Shareholders' Equity Dividend Rate		1.4	1.5	1.5	1.7	1.7	1.8	1.8	1.9	2.3	2.4	2.5

(Note 1) The Company has applied "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, issued on March 31, 2020) since the start of FY2021 (the fiscal year ended March 31, 2022), and retroactively applied it to figures from FY2020 (the fiscal year ended March 31, 2021).

(Note 2) Starting from the fiscal year ended March 31, 2021, overseas sales are calculated by compiling separate totals for each region where consolidated subsidiaries are located. Figures for previous years were calculated by compiling separate totals for each region to which products are shipped.

(Note 3) Business classification has been revised in line with the business segment restructuring implemented in October 2023; business results data for fiscal 2022 are based on the revised business classification.

(Note 4) The Manufacturing Ratio (Operating Income) includes trading company profits affected by consolidation adjustments. However, a portion of consolidation adjustments in fiscal 2023 have been reclassified to manufacturing.

(Note 5) Starting from the first quarter of the fiscal year ending March 31, 2026, the classification of manufacturing costs and selling, general, and administrative expenses at the Prinova Group were partially changed. However, the figures for the fiscal year ended March 31, 2025 are those prior to the retrospective application of the updated accounting policy.

Consolidated Balance Sheet

31 March 2025

Assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Current assets:			
Cash and time deposits (Notes 20 and 27)	¥ 66,310	¥ 59,410	\$ 443,486
Notes and accounts receivable and contract assets (Note 20)	311,251	321,126	2,081,668
Inventories (Notes 8 and 9)	166,224	147,991	1,111,717
Other current assets	17,387	14,881	116,285
Less allowance for doubtful accounts	(1,048)	(940)	(7,009)
Total current assets	560,126	542,470	3,746,161
Non-current assets			
Property, plant and equipment, at cost (Notes 10,11 and 25):			
Land	20,114	20,221	134,524
Buildings and structures	59,437	63,432	397,519
Machinery, equipment and vehicles	97,913	98,976	654,849
Leased assets	14,685	15,053	98,214
Construction in progress	6,452	3,548	43,151
	198,603	201,233	1,328,270
Less accumulated depreciation	(106,931)	(113,840)	(715,162)
Property, plant and equipment, net (Note 28)	91,671	87,392	613,102
Investments and other assets:			
Investments in securities (Notes 12 and 20):			
Unconsolidated subsidiaries and affiliates	11,161	10,286	74,646
Other	60,866	65,939	407,076
	72,028	76,225	481,728
Long-term loans receivable	2,278	326	15,235
Goodwill (Note 28)	25,400	27,884	169,877
Technology-based assets	1,289	2,761	8,621
Retirement benefit asset (Note 15)	6,072	6,217	40,610
Deferred tax assets (Note 16)	5,700	4,596	38,122
Other assets (Note 11)	44,755	44,638	299,325
Less allowance for doubtful accounts	(1,179)	(177)	(7,885)
Total investments and other assets	156,345	162,473	1,045,646
Total non-current assets	248,017	249,865	1,658,755
Total assets (Note 28)	¥ 808,143	¥ 792,336	\$ 5,404,916

Liabilities and Net Assets	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Current liabilities:			
Notes and accounts payable (Note 20)	¥ 151,269	¥ 156,352	\$ 1,011,697
Short-term loans (Notes 13 and 20)	42,310	50,731	282,972
Current portion of long-term loans and lease obligations (Notes 13,20 and 25)	8,644	9,190	57,812
Commercial papers (Notes 13 and 20)	19,500	37,000	130,417
Current portion of bonds payable (Note 13)	—	10,000	—
Accrued income taxes (Note 16)	3,753	5,195	25,100
Accrued expenses	10,417	6,543	69,670
Accrued bonuses for employees	8,518	7,569	56,969
Accrued bonuses for directors and executive officers	394	251	2,635
Other current liabilities	24,767	19,841	165,643
Total current liabilities	269,576	302,675	1,802,943
Long-term liabilities:			
Bonds (Notes 13 and 20)	40,000	20,000	267,523
Long-term loans and lease obligations (Notes 13,20 and 25)	64,926	40,025	434,230
Long-term income taxes payable	22	—	147
Deferred tax liabilities (Note 16)	13,275	13,567	88,784
Retirement benefit liability (Note 15)	12,289	12,345	82,190
Provision for directors' stock benefit	111	60	742
Other long-term liabilities	1,481	2,345	9,905
Total long-term liabilities	132,106	88,345	883,534
Contingent liabilities (Note 24)			
Net assets:			
Shareholders' equity (Note 18):			
Common stock:			
Authorized — 346,980,000 shares			
Issued — 114,908,285 shares in 2025 and 117,908,285 shares in 2024	9,699	9,699	64,868
Capital surplus	9,348	9,348	62,520
Retained earnings (Notes 26 and 30)	312,244	303,328	2,088,309
Treasury stock, at cost (Note 19) — 6,443,222 shares in 2025 and 4,143,115 shares in 2024	(19,579)	(9,543)	(130,946)
Total shareholders' equity	311,712	312,832	2,084,751
Accumulated other comprehensive income:			
Net unrealized holding gain on securities (Note 12)	30,665	33,763	205,090
Deferred gain (loss) on hedges (Note 21)	6	119	40
Translation adjustments	56,864	44,846	380,310
Retirement benefit liability adjustments (Note 15)	(196)	2,503	(1,311)
Total accumulated other comprehensive income	87,340	81,232	584,136
Non-controlling interests			
	7,406	7,250	49,532
Total net assets	406,459	401,315	2,718,426
Total liabilities and net assets	¥ 808,143	¥ 792,336	\$ 5,404,916

See notes to consolidated financial statements.

Consolidated Statement of Income

Year ended March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Net sales (Note 28)	¥ 944,961	¥ 900,149	\$ 6,319,964
Cost of sales (Note 9)	763,670	735,430	5,107,477
Gross profit	181,291	164,719	1,212,487
Selling, general and administrative expenses (Notes 22 and 23)	142,212	134,100	951,124
Operating income (Note 28)	39,078	30,618	261,356
Other income (expenses):			
Interest and dividend income	2,989	2,164	19,991
Interest expense	(3,734)	(3,744)	(24,973)
Equity in earnings of affiliates	979	568	6,548
Gain on sales of investments in securities (Note 12)	2,792	5,591	18,673
Loss on sales of investments in capital of subsidiaries and affiliates	(108)	—	(722)
Loss on sales of investment securities	(19)	(21)	(127)
Loss on devaluation of investments in securities (Note 12)	(1,234)	(135)	(8,253)
Gain on sales of property, plant and equipment	2,159	83	14,440
Loss on sales of property, plant and equipment	(388)	(41)	(2,595)
Loss on disposal of property, plant and equipment	(575)	(1,422)	(3,846)
Loss on impairment of fixed assets (Notes 11 and 28)	(1,173)	(2,276)	(7,845)
Subsidy income	258	512	1,726
Gain on liquidation of subsidiaries and affiliates	74	—	495
Loss on business withdrawal	(2,048)	(263)	(13,697)
Other, net	(921)	1,031	(6,160)
Profit before income taxes	38,130	32,665	255,016
Income taxes (Note 16):			
Current	10,958	10,627	73,288
Deferred	901	(815)	6,026
Profit	26,270	22,853	175,696
Profit attributable to:			
Non-controlling interests	(748)	(450)	(5,003)
Owners of parent	¥ 25,521	¥ 22,402	\$ 170,686

See notes to consolidated financial statements.

Consolidated Statement of Comprehensive Income

Year ended March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Profit	¥ 26,270	¥ 22,853	\$ 175,696
Other comprehensive income (Note 14):			
Net unrealized holding gain (loss) on securities	(3,091)	4,827	(20,673)
Deferred gain (loss) on hedges	(113)	126	(756)
Translation adjustments	11,824	14,738	79,080
Retirement benefit liability adjustments	(2,699)	3,229	(18,051)
Share of other comprehensive income of affiliates accounted for by the equity method	109	560	729
	6,028	23,482	40,316
Comprehensive income	¥ 32,299	¥ 46,335	\$ 216,018
Total comprehensive income attributable to:			
Owners of parent	¥ 31,668	¥ 45,024	\$ 211,798
Non-controlling interests	¥ 630	¥ 1,310	\$ 4,213

See notes to consolidated financial statements.

Consolidated Statement of Changes in Net Assets

Year ended March 31, 2025

	Millions of yen											
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Deferred gain (loss) on hedges	Translation adjustments	Retirement benefit liability adjustments (Note 15)	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2023	¥ 9,699	¥ 10,636	¥290,279	¥ (1,550)	¥309,064	¥ 28,928	¥ (7)	¥ 30,414	¥ (726)	¥ 58,610	¥ 10,713	¥378,388
Cumulative effects of changes in accounting policies (Note 3)	—	—	(72)	—	(72)							
Adjusted balance at April 1, 2023	9,699	10,636	290,207	(1,550)	308,992	28,928	(7)	30,414	(726)	58,610	10,713	378,315
Profit attributable to owners of parent	—	—	22,402	—	22,402	—	—	—	—	—	—	22,402
Cash dividends	—	—	(9,281)	—	(9,281)	—	—	—	—	—	—	(9,281)
Purchases of treasury stock	—	—	—	(8,001)	(8,001)	—	—	—	—	—	—	(8,001)
Disposition of treasury stock	—	—	—	7	7	—	—	—	—	—	—	7
Changes in parent's ownership interest due to transactions with non-controlling interests	—	(1,287)	—	—	(1,287)	—	—	—	—	—	—	(1,287)
Other changes	—	—	—	—	—	4,834	126	14,431	3,229	22,622	(3,462)	19,159
Balance at April 1, 2024	9,699	9,348	303,328	(9,543)	312,832	33,763	119	44,846	2,503	81,232	7,250	401,315
Profit attributable to owners of parent	—	—	25,521	—	25,521	—	—	—	—	—	—	25,521
Cash dividends	—	—	(9,557)	—	(9,557)	—	—	—	—	—	—	(9,557)
Purchases of treasury stock	—	—	—	(17,000)	(17,000)	—	—	—	—	—	—	(17,000)
Disposition of treasury stock	—	—	—	12	12	—	—	—	—	—	—	12
Cancellation of treasury stock	—	—	(6,951)	6,951	—	—	—	—	—	—	—	—
Decrease in retained earnings resulting from changes in scope of equity method	—	—	(96)	—	(96)	—	—	—	—	—	—	(96)
Other changes	—	—	—	—	—	(3,097)	(113)	12,018	(2,699)	6,107	156	6,264
Balance at March 31, 2025	¥ 9,699	¥ 9,348	¥312,244	¥(19,579)	¥311,712	¥ 30,665	¥ 6	¥ 56,864	¥ (196)	¥ 87,340	¥ 7,406	¥406,459

See notes to consolidated financial statements.

	Thousands of U.S. dollars (Note 1)											
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Deferred gain (loss) on hedges	Translation adjustments	Retirement benefit liability adjustments (Note 15)	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at April 1, 2024	\$64,868	\$62,520	\$2,028,678	\$ (63,824)	\$2,092,242	\$225,809	\$ 796	\$299,933	\$ 16,740	\$543,285	\$48,488	\$2,684,022
Profit attributable to owners of parent	—	—	170,686	—	170,686	—	—	—	—	—	—	170,686
Cash dividends	—	—	(63,918)	—	(63,918)	—	—	—	—	—	—	(63,918)
Purchases of treasury stock	—	—	—	(113,697)	(113,697)	—	—	—	—	—	—	(113,697)
Disposition of treasury stock	—	—	—	80	80	—	—	—	—	—	—	80
Cancellation of treasury stock	—	—	(46,489)	46,489	—	—	—	—	—	—	—	—
Decrease in retained earnings resulting from changes in scope of equity method	—	—	(642)	—	(642)	—	—	—	—	—	—	(642)
Other changes	—	—	—	—	—	(20,713)	(756)	80,377	(18,051)	40,844	1,043	41,894
Balance at March 31, 2025	\$64,868	\$62,520	\$2,088,309	\$(130,946)	\$2,084,751	\$205,090	\$ 40	\$380,310	\$ (1,311)	\$584,136	\$49,532	\$2,718,426

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Year ended March 31, 2025

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2025	2024	2025
Operating activities:			
Profit before income taxes	¥ 38,130	¥ 32,665	\$ 255,016
Adjustments to reconcile profit before income taxes to net cash provided by operating activities:			
Depreciation and amortization other than amortization of goodwill	15,329	13,998	102,521
Loss on impairment of fixed assets	1,173	2,276	7,845
Amortization of goodwill	2,722	2,627	18,205
Subsidy income	(258)	(512)	(1,726)
Share of gain of entities accounted for using equity method	(979)	(568)	(6,548)
Loss on business withdrawal	2,048	263	13,697
Increase (decrease) in retirement benefit liability	(798)	3,775	(5,337)
Decrease (increase) in retirement benefit asset	(3,347)	495	(22,385)
Interest and dividend income	(2,989)	(2,164)	(19,991)
Interest expense	3,734	3,744	24,973
Exchange gain, net	(689)	(1,652)	(4,608)
Gain on sales of property, plant and equipment	(1,771)	(42)	(11,845)
Gain on sales of investments in securities	(2,773)	(5,570)	(18,546)
Loss on valuation of investment securities	1,234	135	8,253
Changes in operating assets and liabilities:			
Notes and accounts receivable	11,502	(7,373)	76,926
Inventories	(13,093)	31,626	(87,567)
Notes and accounts payable	(6,617)	8,844	(44,255)
Other, net	5,700	(32)	38,122
Subtotal	48,259	82,537	322,759
Interest and dividends received	3,708	2,589	24,799
Interest paid	(3,676)	(3,865)	(24,585)
Subsidy income	258	512	1,726
Income taxes paid	(12,228)	(8,814)	(81,782)
Net cash provided by operating activities	¥ 36,321	¥ 72,959	\$ 242,917
Investing activities:			
Purchases of property, plant and equipment	¥ (12,554)	¥ (14,019)	\$ (83,962)
Proceeds from sales of property, plant and equipment	2,623	585	17,543
Purchases of intangible fixed assets included in other assets	(2,630)	(3,735)	(17,590)
Purchases of investments in securities	(953)	(623)	(6,374)
Proceeds from sales of investments in securities	3,315	7,154	22,171
Purchases of investments in capital	—	(205)	—
Proceeds from sales of investments in capital	256	—	1,712
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(244)	—
Decrease (increase) in short-term loans receivable included in other current assets, net	403	(316)	2,695
Decrease (increase) in time deposits, net	(219)	378	(1,465)
Other, net	(1,856)	(601)	(12,413)
Net cash used in investing activities	(11,615)	(11,627)	(77,682)
Financing activities:			
Decrease in short-term loans, net	(7,909)	(22,408)	(52,896)
Decrease in commercial papers, net	(17,500)	(1,000)	(117,041)
Proceeds from long-term loans	32,036	1,000	214,259
Repayments of long-term loans	(6,941)	(1,055)	(46,422)
Proceeds from issuance of bonds	20,000	—	133,761
Redemption of bonds	(10,000)	—	(66,881)
Purchase of treasury stock	(17,018)	(8,001)	(113,818)
Cash dividends paid	(9,557)	(9,281)	(63,918)
Cash dividends paid to non-controlling interests	(474)	(603)	(3,170)
Purchases of shares of subsidiaries not resulting in change in scope of consolidation	—	(6,025)	—
Other, net	(847)	(670)	(5,665)
Net cash used in financing activities	(18,212)	(48,046)	(121,803)
Effects of exchange rate changes on cash and cash equivalents	223	5,569	1,491
Net increase in cash and cash equivalents	6,717	18,854	44,924
Cash and cash equivalents at beginning of the year	59,185	40,331	395,833
Cash and cash equivalents at end of the year (Note 27)	¥ 65,903	¥ 59,185	\$ 440,764

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Year ended March 31, 2025

1. BASIS OF PREPARATION

The accompanying consolidated financial statements of NAGASE & CO., LTD. (the “Company”) and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Act of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a format which is more familiar to readers outside Japan.

Certain amounts in the prior year’s consolidated financial statements have been reclassified to conform to the current

year’s presentation. Such reclassifications had no effect on consolidated profit or net assets.

The U.S. dollar amounts in the accompanying consolidated financial statements have been translated from yen amounts solely for the convenience of the reader, as a matter of arithmetic computation only, at ¥149.52 = U.S.\$1.00, the rate of exchange prevailing on March 31, 2025. This translation should not be construed as a representation that the yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at the above or any other rate.

As permitted by the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been omitted. Consequently, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sum of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of Consolidation

The accompanying consolidated financial statements include the accounts of the Company and its 73 significant domestic and foreign subsidiaries, the management of which is controlled by the Company. The changes in the scope of consolidation are as follows.

[Decrease]

- Nagase Specialty Materials NA LLC (dissolved in an absorption-type merger, in which consolidated subsidiary Nagase America LLC was the surviving company, on April 1, 2024)
- SOFIX LLC (liquidated on December 3, 2024)

Affiliates over which the Company exercises significant influence in terms of their operating and financial policies have been accounted for by the equity method. The Company has 18 affiliates accounted for by the equity method. The changes in the scope of application of the equity method are as follows.

[Decrease]

- Wuxi Chenghong Electronic Chemicals Co., LTD (Due to the partial sale of investments in capital on December 11, 2024)
- All significant intercompany balances and transactions have been eliminated in consolidation. The 7 subsidiaries were excluded from the scope of consolidation because the effect of their sales, net profit or loss, total assets and retained earnings on the accompanying consolidated financial statements was immaterial. The main unconsolidated subsidiary is CHOKO CO., LTD. The 7 unconsolidated subsidiaries and 3 affiliates not accounted for by the entity method were excluded from the scope of application of the equity method, because their profit or loss and retained

earnings attributable to the Company’s interest were not material to the consolidated financial statements. The main affiliates is ON Colors & Chemicals (Shanghai) Co., Ltd.

Of the Company’s subsidiaries, 33 have a December 31 year end, which is different from that of the Company. The financial statements of 11 subsidiaries have been included in consolidation based on a provisional statement of accounts for a full fiscal year ending March 31. As for the other 22 subsidiaries, adjustments have been made for any significant intercompany transactions that took place during the period between the year end of these subsidiaries and the year end of the Company.

Unrealized intercompany gains among the Company and the consolidated subsidiaries have been entirely eliminated and the portion attributable to non-controlling interests has been charged to non-controlling interests.

(b) Foreign Currency Translation

All monetary assets and liabilities denominated in foreign currencies are translated into yen at the rates of exchange in effect at the balance sheet date, except that receivables and payables hedged by qualified foreign currency forward exchange contracts are translated at the corresponding contract rates. All other assets and liabilities denominated in foreign currencies are translated at their historical rates. Gain or loss on each translation is credited or charged to income.

Revenue and expense items arising from transactions denominated in foreign currencies are generally translated into yen at the rates in effect at the respective transaction dates. Foreign exchange gain or loss is credited or charged to income in the period in which such gain or loss is recognized for financial reporting purposes.

The balance sheet accounts of the overseas consolidated subsidiaries are translated into yen at the rates of exchange in effect at the balance sheet date, except that the components of net assets excluding non-controlling interests, net unrealized holding gain on securities, and deferred gain or loss on hedges are translated at their historical exchange rates. Revenue and expense accounts are translated at the average rates of exchange in effect during the year. Adjustments resulting from translating financial statements whose accounts are denominated in foreign currencies are not included in the determination of profit but are reported as "Translation adjustments" as a component of accumulated other comprehensive income or loss in the accompanying consolidated balance sheets.

(c) Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments which are readily convertible to cash and subject to an insignificant risk of any change in their value, which were purchased with an original maturity of three months or less.

(d) Inventories

Inventories are stated at the lower of cost or the net selling value, cost being determined primarily by the moving-average method.

(e) Investments in Securities

Securities are classified into three categories: trading securities, held-to-maturity debt securities or other securities. Trading securities, consisting of debt and marketable equity securities, are stated at fair value. Gain and loss, both realized and unrealized, are credited or charged to income. Held-to-maturity debt securities are stated at their amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, reported as a separate component of accumulated other comprehensive income or loss. Non-marketable securities classified as other securities are carried at cost determined by the moving-average method.

(f) Property, Plant and Equipment and Depreciation (except for leased assets)

Property, plant and equipment are stated at cost.

Depreciation of property, plant and equipment is calculated by the straight-line method based on the estimated useful lives of the respective assets.

The estimated useful lives of the principal assets are as follows:

Buildings (other than structures attached to the buildings)	15 to 50 years
Machinery and equipment	2 to 20 years

(g) Intangible Assets (except for leased assets)

Technology-based assets recognized upon acquisition are amortized on a straight-line basis over 13 to 17 years.

Costs incurred for computer software obtained for

internal use are capitalized and amortized on a straight-line basis over an estimated useful life of 5 years.

(h) Goodwill

Goodwill is amortized over a period not exceeding 20 years on a straight-line basis. When immaterial, goodwill is charged to income as incurred.

(i) Leased Assets

Leased assets under finance lease contracts which do not transfer ownership to the lessee are depreciated to a residual value of zero by the straight-line method over the respective lease terms.

(j) Allowance for Doubtful Accounts

The Company and its consolidated subsidiaries provide allowances for doubtful accounts based on their historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific doubtful accounts from customers experiencing financial difficulties.

(k) Income Taxes

Income taxes are calculated based on taxable income and charged to income on an accrual basis. Deferred tax assets and liabilities are computed based on the temporary differences between the financial reporting and the tax bases of the assets and liabilities that will result in taxable or deductible amounts in the future. Computations of deferred tax assets and liabilities are based on the tax rates which have been enacted as of the balance sheet date.

(l) Accrued Bonuses for Employees

Accrued bonuses for employees are provided based on the estimated amount of bonuses to be paid to employees in the following fiscal year which is attributable to the current fiscal year.

(m) Accrued Bonuses for Directors and Executive Officers

Accrued bonuses for directors and executive officers are provided based on the estimated amount of bonuses to be paid to directors and executive officers in the following fiscal year which is attributable to the current fiscal year.

(n) Provision for Directors' Stock Benefit

In order to provide for the payment of shares, etc. of the Company to Directors (excluding Outside Directors) and executive officers, the estimated amount of stock-based compensation payable in accordance with the Stock-Grant Rules for Directors (internal rules) is recorded.

(o) Retirement Benefit Liability

Retirement benefit liability is provided based on the amount of the retirement benefit obligation less estimated pension plan assets at the end of the fiscal year. The estimated benefit is attributed to each period based on the plan's benefit formula.

Prior service cost is charged to income in the fiscal year in which such cost is recognized for financial reporting purposes. Actuarial differences are principally credited or charged to income in the fiscal year following the fiscal year in which such differences are recognized for financial reporting purposes.

(p) Accounting for Significant Revenues and Expenses

The following is a description of the principal performance obligations of the Company and its consolidated subsidiaries' principal businesses relating to revenue from contracts with customers and the usual timing at which point such performance obligations are satisfied (the usual time at which revenue is recognized).

Sales of merchandise and products are classified based on the reportable segments and revenue is recognized primarily at the time the merchandise and products are delivered to the customer, since the risks and economic value of ownership of the products are transferred and the right to receive payment is established at that time. In addition, the Group may act as an agent in certain transactions. The consideration from the customer is received primarily within one year of satisfying the performance obligation and does not include a significant financing component.

When the Group is acting as a principal in a transaction, revenue is recognized at the gross amount of consideration received from the customer, and when the Group is acting as an agent for a third party, revenue is presented in a net amount of fees received, which is the gross amount of consideration received from the customer less the amount collected for the third party.

(q) Derivatives and Hedging Activities

Derivatives positions are carried at fair value with any changes in unrealized gain or loss charged or credited to income, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as a component of net assets. Foreign currency receivables and payables hedged by qualified foreign currency forward exchange contracts are translated at the corresponding foreign exchange contract rates ("allocation method"). Interest-rate swaps which meet certain conditions are accounted for as if the interest rates applied to the swaps had originally applied to the underlying loans.

Derivative financial instruments are utilized principally in order to manage the risk arising from adverse fluctuation in foreign currency exchange rates and interest-rate swaps are also utilized to mitigate the risk of fluctuation in interest rates on loans. Hedging instruments are foreign currency forward exchange contracts, foreign currency deposits, foreign currency loans and interest-rate swaps. Hedged items are foreign currency receivables and payables, forecast transactions and interest rates on loans from financial institutions.

The Company and its consolidated subsidiaries (collectively, the "Group") manage derivative transactions in accordance with internal management rules. Under these rules, the Group conducts foreign currency forward exchange contracts within a range of actual demand of accounts receivable, accounts payable and actual transactions in foreign currencies. Execution and management of interest-rate swaps are based on internal management rules and hedged items of interest-rate swaps are identified by individual contracts.

The Company and certain consolidated subsidiaries assess the effectiveness of the hedging activities based on a comparison of the accumulated fluctuations of the hedged items and those of the hedging instruments in the period from the start of the hedging activities to the assessment date. However, with regard to interest-rate swaps which meet certain conditions, the evaluation of effectiveness is omitted.

(r) Research and Development Costs

Research and development costs are charged to income when incurred.

(s) Distributions of Retained Earnings

Dividends and other distributions of retained earnings are approved by the shareholders at a meeting held subsequent to the end of the fiscal year to which such distributions are applicable. The accompanying consolidated financial statements do not, however, reflect the applicable distributions of retained earnings as approved by the shareholders subsequent to the fiscal year end. (Refer to Note 30(a).)

3. ACCOUNTING CHANGES

(a) Application of Accounting Standard for Current Income Taxes

The Company adopted the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan(“ASBJ”) Statement No. 27, October 28, 2022; “Revised Accounting Standard 2022”) at the beginning of the current fiscal year.

Adjustments related to the classification of income taxes (taxes on other comprehensive income) have been made in accordance with the transitional treatment provided in the proviso of Paragraph 20-3 of the Revised Accounting Standard 2022 and the proviso of Paragraph 65-2(2) of the Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022; “Revised Guidance 2022”). This change in accounting policy has no impact on the consolidated financial statements.

At the start of the current fiscal year, the Company adopted Revised Guidance 2022 to revise the treatment in the consolidated financial statements when tax deferrals are applied for gains or losses on the sale of subsidiary company shares, etc., between consolidated companies.

This change in accounting policy has been applied retrospectively, and the consolidated financial statements for the previous year were prepared on a retrospective basis.

Deferred tax assets or liabilities are recorded on the financial statements of the company selling shares of the subsidiary in question for temporary differences related to gains or losses on the sale in question when recording the tax effects in cases where the gain or loss on the sale of subsidiary company shares, etc., between consolidated companies is deferred for tax purposes. In this case, deferred tax assets or deferred tax liabilities related to the temporary difference in question are reversed rather than the past treatment in which the amount of deferred tax assets or deferred tax liabilities related to the temporary difference was not adjusted in the consolidated financial statements. This change in accounting policy has no impact on the consolidated financial statements.

(b) Revised Classification of Manufacturing Costs

Beginning of the first quarter of the fiscal year ending March 31, 2026, the Company revised the classification of manufacturing costs at the manufacturing subsidiaries of the Prinova Group.

However, the figures for the fiscal year ending March 2025 are presented before the retrospective application of this accounting policy change.

4. SIGNIFICANT ACCOUNTING ESTIMATES

Assessment of impairment of property, plant and equipment and intangible fixed assets

(a) Amounts recorded in the consolidated financial statements as of March 31, 2025 and 2024, and for the years then ended are as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Property, plant and equipment	¥ 91,671	¥ 87,392	\$ 613,102
Intangible fixed assets	65,811	69,349	440,148
Impairment losses	1,173	2,276	7,845

(b) Information about significant accounting estimates pertaining to identified items

(i) Method of calculation

Non-current assets are grouped into the smallest units that generate cash flows, and are measured for impairment if any indication of impairment exists and, if so, whether an impairment loss should be recognized.

For the grouping of non-current assets, idle assets are grouped individually, and business assets are grouped mainly by company or plant. Goodwill is principally allocated to larger unit that includes related business-use assets.

Undiscounted future cash flows used to determine whether impairment losses need to be recognized are calculated in consideration of main assets' economic useful lives, etc., based on future business plans.

Impairment losses are measured by calculating the recoverable amount of the relevant asset or asset group as the higher of net selling value or the value in use, and the difference between the book value and the recoverable amount is recorded as an impairment loss for the current fiscal year.

(ii) Key assumptions used in the calculation

The key assumptions are the sales volumes of major products and the revenue growth rates included in future business plans.

(iii) Effects on consolidated financial statements for the next fiscal year

If the actual profit or loss of each asset or asset group falls below the business plan, or if there is a significant change in the assumptions on which future business plans are based, the recoverable amount may fall below the book value and an impairment loss may be recognized in the next fiscal year.

5. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Accounting Standard for Leases (ASBJ Statement No. 34, issued on September 13, 2024)

Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, issued on September 13, 2024), etc.

(a) Overview

As part of its efforts to align Japanese GAAP with international standards, the ASBJ has developed a new accounting standard for leases under which lessees are required to recognize all leases as assets and liabilities. This standard is based on the single accounting model adopted in IFRS 16 “Leases.” However, rather than incorporating all provisions of IFRS 16, the ASBJ has selectively adopted the main elements in order to achieve a simplified and practical approach. The aim is to make the new standard user-friendly while minimizing the need for

adjustments when using IFRS 16 in preparing non-consolidated financial statements.

Under the lessee accounting model, depreciation of the right-of-use assets and interest expense on the lease liabilities are recognized for all leases, regardless of whether they are classified as finance leases or operating leases, in accordance with the IFRS 16 model.

(b) Scheduled date of adoption

The Company expects to adopt the accounting standard and related implementation guidance from the beginning of the fiscal year ending March 31, 2028.

(c) Impact of adoption

The Company is currently evaluating the effect of the adoption of the “Accounting Standard for Leases” and related guidance on its consolidated financial statements.

6. CHANGES IN PRESENTATION

Consolidated Statement of Income

In the previous fiscal year, “Loss on business withdrawal” was included in “Other, net” under other income (expenses). However, due to its increased materiality, it has been presented separately from the current fiscal year. Accordingly, the consolidated statement of income for the previous fiscal year has been reclassified, and the ¥263 million previously included in “Other, net” is now separately presented as “Loss on business withdrawal”.

Consolidated Statement of Cash Flows

In the previous fiscal year, both “Loss on business withdrawal” and “Gain on sales of property, plant and equipment” were

included in “Other, net” under cash flows from operating activities. Due to their increased materiality, these items have been presented separately from the current fiscal year. Accordingly, the consolidated statement of cash flows has been reclassified, and the ¥188 million previously included in “Other, net” for the fiscal year ended March 31, 2024 has been reclassified as follows:

“Loss on business withdrawal”:	¥263 million
“Gain on sales of property, plant and equipment”:	¥(42) million
“Other, net”:	¥(32) million

7. ADDITIONAL INFORMATION

Stock-Based Compensation Plan

Effective as of fiscal year ending March 2023, the Company has adopted a stock-based compensation plan ("Plan") for directors (excluding outside directors) and executive officers (collectively, "Eligible Individuals"). The purpose of the Plan is to establish a clear link between compensation for Eligible Individuals and Company performance and share value, as well as for Eligible Individuals to share the benefits and risks associated with fluctuations in NAGASE share price with shareholders. In this way, the NAGASE Group intends to raise awareness about contributing to improved business performance and increased corporate value over the medium to long term.

- (i) Overview
- The Plan is a stock-based compensation plan under which a trust ("Trust") established by monetary contribution

from the Company acquires Company shares. The Company grants points to each Eligible Individual, and the Trust delivers the number of Company shares equivalent to the points earned by each Eligible Individual. In principle, said delivery is made at the time of the retirement the Eligible Individual.

- (ii) Company shares remaining in the Trust
- Company shares remaining in the Trust are recorded as treasury stock under net assets in the balance sheet based on the carrying value in the Trust (excluding incidental expenses). The carrying value and number of said treasury stock amounted to ¥612 million and 288,500 shares at the end of the previous fiscal year and ¥599 million and 282,400 shares at the end of the current fiscal year.

8. INVENTORIES

Inventories at March 31, 2025 and 2024 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Merchandise and finished goods	¥ 146,834	¥ 131,137	\$ 982,036
Work in process	2,320	2,594	15,516
Raw materials and supplies	17,068	14,259	114,152
Total	¥ 166,224	¥ 147,991	\$ 1,111,717

9. LOSS ON DEVALUATION OF INVENTORIES INCLUDED IN COST OF SALES

The balance of inventories at the end of the year is the amount after writing down book values due to decline in profitability and following loss on devaluation of inventories is included in cost of sales for the year ended March 31, 2025 and 2024:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Loss on devaluation of inventories included in cost of sales	¥ 2,106	¥ 2,076	\$ 14,085

10. REDUCTIONS IN ACQUISITION COSTS DUE TO SUBSIDIES

The amounts of subsidies received from the Japanese national government and deducted from the acquisition costs of property, plant and equipment at March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Buildings and structures	¥ 402	¥ 401	\$ 2,689
Machinery, equipment and vehicles	721	730	4,822
Land	190	190	1,271
Total	¥ 1,314	¥ 1,322	\$ 8,788

11. LOSS ON IMPAIRMENT OF FIXED ASSETS

Loss on impairment of fixed assets for the years ended March 31, 2025 and 2024 was as follows:

Major use	Classification	Area	Millions of yen	Thousands of U.S. dollars
			2025	2025
Goodwill, etc. related to sales of pharmaceutical and cosmetic ingredients	Goodwill,and intangible assets included in other assets	Illinois, USA	¥ 1,173	\$ 7,845

Major use	Classification	Area	Millions of yen
			2024
Business-use assets for manufacturing and selling of color formers	Buildings and structures, machinery, equipment and vehicles, and tangible assets included in other assets, and intangible assets included in other assets	Hokuriku	¥ 2,276

The Company and its consolidated subsidiaries group fixed assets for business use principally based on business management segments. Fixed assets to be disposed of and idle assets are grouped individually as the smallest cash-generating units.

For the year ended March 31, 2024, the book values were reduced to their recoverable amounts due to deterioration in profitability.

The recoverable amounts were measured at the net selling value or the value in use. Net selling value is based on the

assessed value for property tax purposes or the appraised value of real estate.

The business-use assets related to the color former manufacturing business were measured based on the net selling price.

For the year ended March 31, 2025, the book values were reduced to their recoverable amounts as the originally expected profits are no longer expected.

The recoverable amounts were measured based on the value in use.

12. INVESTMENTS IN SECURITIES

(a) Marketable securities classified as other securities at March 31, 2025 and 2024 are summarized as follows:

	Millions of yen					
	2025			2024		
	Carrying value	Acquisition costs	Unrealized gain (loss)	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:						
Equity securities	¥ 54,426	¥ 10,965	¥ 43,460	¥ 59,580	¥ 11,829	¥ 47,751
Securities whose carrying value does not exceed their acquisition costs:						
Equity securities	1,128	1,162	(34)	1,535	1,825	(290)
Total	¥ 55,554	¥ 12,128	¥ 43,425	¥ 61,116	¥ 13,654	¥ 47,461

	Thousands of U.S. dollars		
	2025		
	Carrying value	Acquisition costs	Unrealized gain (loss)
Securities whose carrying value exceeds their acquisition costs:			
Equity securities	\$ 364,005	\$ 73,335	\$ 290,663
Securities whose carrying value does not exceed their acquisition costs:			
Equity securities	7,544	7,772	(227)
Total	\$ 371,549	\$ 81,113	\$ 290,429

"Acquisition costs" in the above table represent the carrying value after recognizing impairment losses.

(b) Securities classified as other securities whose market value is not available and not included in the table (a) at March 31, 2025 and 2024 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
	Carrying value	Carrying value	Carrying value
Market value not available:			
Unlisted equity securities	¥ 5,312	¥ 4,823	\$ 35,527
Total	¥ 5,312	¥ 4,823	\$ 35,527

(c) Proceeds from sales of, and gross realized gain and loss on, other securities for the years ended March 31, 2025 and 2024 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Proceeds from sales	¥ 3,283	¥ 7,184	\$ 21,957
Gain on sales	2,792	5,591	18,673
Loss on sales	18	21	120

(d) A breakdown of loss on devaluation of investments in securities for the years ended March 31, 2025 and 2024 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Loss on devaluation of investments in securities (*)			
Securities classified as other securities	¥ 1,225	¥ 125	\$ 8,193
Other investments in capital	9	9	60
Investments in capital of subsidiaries and affiliates	—	—	—
Total loss on devaluation of investments in securities	¥ 1,234	¥ 135	\$ 8,253

(*) Loss on devaluation of investments in securities is recorded on securities with market value whose market value at the end of the fiscal year has declined by 50% or more from its acquisition cost, or whose market value has declined by 30% or more but less than 50% based on the amount deemed unrecoverable.

In addition, loss on devaluation of investments in securities is recorded on securities whose market value is not available by writing down the carrying value to fair value when the decline in fair value is deemed to be unrecoverable considering the financial position of the issuers, etc., of the securities.

13. SHORT-TERM LOANS, BONDS, LONG-TERM LOANS, COMMERCIAL PAPERS AND LEASE OBLIGATIONS

Short-term loans at March 31, 2025 and 2024 principally represented loans and commercial papers in the form of deeds at weighted-average annual interest rates of 5.37% and 5.35% per annum, respectively.

Long-term loans, bonds and lease obligations at March 31, 2025 and 2024 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unsecured loans from banks and insurance companies, payable in Yen, U.S. dollars, and Euros due through 2034, at rates from 0.24% to 5.50%	¥ 59,493	¥ 34,479	\$ 397,893
Unsecured bonds in Yen, due 2024, at a rate of 0.150%	—	10,000	—
Unsecured bonds in Yen, due 2029, at a rate of 0.290%	10,000	10,000	66,881
Unsecured bonds in Yen, due 2032, at a rate of 0.640%	10,000	10,000	66,881
Unsecured bonds in Yen, due 2029, at a rate of 1.053%	10,000	—	66,881
Unsecured bonds in Yen, due 2034, at a rate of 1.690%	10,000	—	66,881
Lease obligations	14,077	14,736	94,148
	113,570	79,216	759,564
Less current portion	(8,644)	(19,190)	(57,812)
Total	¥ 104,926	¥ 60,025	\$ 701,752

The aggregate annual maturities of bonds, long-term loans and lease obligations subsequent to March 31, 2025 are summarized as follows:

Years ending March 31,	Millions of yen	Thousands of U.S. dollars
2026	¥ 8,644	\$ 57,812
2027	17,340	115,971
2028	6,985	46,716
2029	1,675	11,203
2030	32,680	218,566
2031 and thereafter	46,244	309,283
Total	¥ 113,570	\$ 759,564

In order to achieve more efficient and flexible financing, the Company has concluded line-of-credit agreements with certain financial institutions. The status of these lines of credit at March 31, 2025 and 2024 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Lines of credit	¥ 20,000	¥ 20,000	\$ 133,761
Credit utilized	—	—	—

14. OTHER COMPREHENSIVE INCOME

Reclassification adjustments and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2025 and 2024 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Net unrealized holding (loss) gain on securities:			
Amount arising during the year	¥ (2,295)	¥ 12,344	\$ (15,349)
Reclassification adjustments for gains and losses realized in the statement of income	(1,689)	(5,570)	(11,296)
Amount before tax effect	(3,984)	6,774	(26,645)
Tax effect	893	(1,946)	5,972
Net unrealized holding (loss) gain on securities	(3,091)	4,827	(20,673)
Deferred (loss) gain on hedges:			
Amount arising during the year	(142)	(7)	(950)
Reclassification adjustments for gains and losses realized in the statement of income	(20)	189	(134)
Amount before tax effect	(163)	182	(1,090)
Tax effect	49	(55)	328
Deferred (loss) gain on hedges	(113)	126	(756)
Translation adjustments:			
Amount arising during the year	12,098	14,738	80,912
Reclassification adjustments for gains and losses realized in the statement of income	(274)	—	(1,833)
Amount before tax effect	11,824	14,738	79,080
Tax effect	—	—	—
Translation adjustments	11,824	14,738	79,080
Retirement benefit liability adjustments:			
Amount arising during the year	(357)	3,697	(2,388)
Reclassification adjustments for gains and losses realized in the statement of income	(3,536)	970	(23,649)
Amount before tax effect	(3,894)	4,668	(26,043)
Tax effect	1,194	(1,438)	7,986
Retirement benefit liability adjustments	(2,699)	3,229	(18,051)
Share of other comprehensive income of affiliates accounted for by the equity method:			
Amount arising during the year	188	560	1,257
Reclassification adjustments for gains and losses realized in the statement of income	(79)	—	(528)
Amount before tax effect	109	560	729
Tax effect	—	—	—
Share of other comprehensive income of affiliates accounted for by the equity method	109	560	729
Total other comprehensive income	¥ 6,028	¥ 23,482	\$ 40,316

15. RETIREMENT BENEFIT PLANS

(a) Outline of retirement benefit plans for employees

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., defined benefit pension plans and lump-sum payment plans. Certain overseas consolidated subsidiaries also have defined benefit plans. Also, the Company and certain consolidated subsidiaries have defined contribution pension plans. In addition to the retirement benefit plans described above, the Company and its consolidated subsidiaries pay additional retirement benefits under certain conditions.

(b) Defined benefit plans

The changes in the retirement benefit obligation for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at the beginning of the year	¥ 30,293	¥ 33,786	\$ 202,602
Service cost	1,249	1,294	8,353
Interest cost	426	226	2,849
Actuarial differences	15	(2,915)	100
Retirement benefits paid	(2,209)	(1,887)	(14,774)
Other	4	(209)	27
Balance at the end of the year	¥ 29,780	¥ 30,293	\$ 199,171

The changes in plan assets for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Balance at the beginning of the year	¥ 24,165	¥ 23,234	\$ 161,617
Expected return on plan assets	504	469	3,371
Actuarial differences	(314)	778	(2,100)
Contributions by the Company and its consolidated subsidiaries	417	612	2,789
Retirement benefits paid	(1,201)	(944)	(8,032)
Other	(8)	15	(54)
Balance at the end of the year	¥ 23,563	¥ 24,165	\$ 157,591

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2025 and 2024 for the Company’s and the consolidated subsidiaries’ defined benefit plans:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Funded retirement benefit obligation	¥ 17,834	¥ 18,324	\$ 119,275
Plan assets at fair value	(23,563)	(24,165)	(157,591)
	(5,728)	(5,841)	(38,309)
Unfunded retirement benefit obligation	11,945	11,969	79,889
Net retirement benefit liability in the balance sheet	6,216	6,127	41,573
Retirement benefit liability	12,289	12,345	82,190
Retirement benefit asset	(6,072)	(6,217)	(40,610)
Net retirement benefit liability in the balance sheet	¥ 6,216	¥ 6,127	\$ 41,573

The components of retirement benefit expenses for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Service cost	¥ 1,249	¥ 1,294	\$ 8,353
Interest cost	426	226	2,849
Expected return on plan assets	(504)	(469)	(3,371)
Amortization of actuarial differences	(3,536)	970	(23,649)
Retirement benefit expense	¥ (2,365)	¥ 2,021	\$ (15,817)

Actuarial differences included in other comprehensive income (loss) (before tax effect) for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Actuarial differences	¥ (3,894)	¥ 4,668	\$ (26,043)

Unrecognized actuarial differences included in accumulated other comprehensive income (before tax effect) as of March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unrecognized actuarial differences	¥ (257)	¥ 3,636	\$ (1,719)

The allocation of plan assets, by major category, as a percentage of total plan assets at fair value as of March 31, 2025 and 2024 is as follows:

	2025	2024
Bonds	61%	61%
Equity securities	19	20
Alternative investments (*)	17	16
Other	3	3
Total	100%	100%

(*) "Alternative investments" consist of insurance-linked securities and private REITs.

The expected long-term rate of return on plan assets is determined as a result of consideration of both the portfolio allocation at present and in the future, and expected long-term rate of return from multiple plan assets at present and in the future.

The assumptions used in accounting for the above plans were as follows:

	2025	2024
Discount rate	1.6%	1.6%
Expected long-term rate of return on plan assets	2.0%	2.0%

(c) Defined contribution plans

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Contributions to defined contribution plans by the Company and its consolidated subsidiaries	¥ 851	¥ 779	\$ 5,692

16. INCOME TAXES

Income taxes applicable to the Company and its domestic consolidated subsidiaries consist of corporation, inhabitants' and enterprise taxes, which, in the aggregate, resulted in statutory tax rates of approximately 30.6% for the years ended March 31, 2025 and 2024.

The effective tax rate reflected in the accompanying consolidated statement of income for the year ended March 31, 2024 differs from the statutory tax rate for the following reasons.

The breakdown for the year ended March 31, 2025 is not presented as the difference between the statutory rate and the Company's effective tax rate was less than 5%.

	2025	2024
Statutory tax rates	—%	30.6%
Adjustments for:		
Expenses not deductible for income tax purposes	—	1.0
Dividends and other income deductible for income tax purposes	—	(6.8)
Net adjustment resulting from elimination of dividend income upon consolidation	—	7.4
Different tax rates applied at overseas subsidiaries	—	(4.7)
Tax credit	—	(1.9)
Amortization of goodwill	—	2.5
Equity in losses (gains) of affiliates	—	(0.5)
Valuation allowance	—	4.8
Decrease in deferred tax assets resulting from change in statutory tax rate	—	(1.5)
Other, net	—	(0.8)
Effective tax rates	—%	30.0%

The significant components of the Company's and its consolidated subsidiaries' deferred tax assets and liabilities at March 31, 2025 and 2024 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Deferred tax assets:			
Accrued bonuses for employees	¥ 2,143	¥ 1,854	\$ 14,333
Allowance for doubtful accounts	389	249	2,602
Unrealized gain on inventories	714	703	4,775
Accrued enterprise taxes	241	291	1,612
Tax loss carryforwards	1,919	2,340	12,834
Retirement benefit liability	1,988	1,792	13,296
Investments in securities	2,210	2,209	14,781
Loss on impairment of fixed assets	1,124	1,309	7,517
Lease liability	2,523	2,669	16,874
Other	7,488	5,756	50,080
Gross deferred tax assets	20,743	19,178	138,731
Valuation allowance	(7,981)	(6,695)	(53,377)
Total deferred tax assets	¥ 12,761	¥ 12,482	\$ 85,346
Deferred tax liabilities:			
Technology-based assets	¥ (392)	¥ (841)	\$ (2,622)
Deferred capital gain on property	(1,218)	(929)	(8,146)
Undistributed earnings of subsidiaries and affiliates	(733)	(490)	(4,902)
Revaluation of land	(279)	(294)	(1,866)
Net unrealized holding gain on securities	(13,267)	(14,121)	(88,731)
Other	(4,445)	(4,776)	(29,728)
Total deferred tax liabilities	(20,336)	(21,453)	(136,009)
Net deferred tax liabilities	¥ (7,574)	¥ (8,971)	\$ (50,655)

For the year ended March 31, 2025, the “Act for Partial Amendment of the Income Tax Act, etc.” (Act No.13 of 2025) was enacted on March 31, 2025, and, as a result, the Company and its domestic consolidated subsidiaries will be subject to the “special defense corporation tax” effective from fiscal years beginning on or after April 1, 2026.

Accordingly, deferred tax assets and deferred tax liabilities related to temporary differences expected to be reversed in or after the fiscal year beginning April 1, 2026 have been calculated using a revised statutory effective tax rate of 31.52%, instead of the previous rate of 30.62%.

The impact of this change on the consolidated financial statements is immaterial.

17. REVENUE RECOGNITION

(a) Information on disaggregation of revenue from contracts with customers

Information on disaggregation of revenue from contracts with customers is presented in the Segment Information. (Refer to Note 28.)

(b) Information that forms the basis for understanding revenues from contracts with customers

The information that forms the basis for understanding revenues is presented in the Summary of significant accounting policies. (Refer to Note 2(p).)

(c) Information about the relationship between the fulfillment of performance obligations based on the contract with the customer and the cash flow generated from the contract, and the amount and recognition timing of revenue from the contract with the customer existing at the end of the current fiscal year expected to be recognized in the following fiscal year

(i) Contract balances

The following is a breakdown of contract balances of the Company and its consolidated subsidiaries for the current fiscal year. In the consolidated balance sheets, receivables and contract assets based on contracts with customers are included in “Notes and accounts receivable and contract assets” and contract liabilities are included in “Other current liabilities.” At the end of the previous fiscal year and the end of the current fiscal year, the beginning balance of contract liabilities was transferred to revenue by the end of the fiscal year, and the amount carried forward from the next fiscal year onward is not significant.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Receivables from contracts with customers	¥ 309,712	¥ 320,347	\$ 2,071,375
Contract assets	1,539	778	10,293
Contract liabilities	5,804	4,581	38,818

As of March 31, 2025, accounts receivable and notes receivable from contracts with customers included in the table above are ¥268,116 million (\$1,793,178 thousand) and ¥41,595 million (\$278,190 thousand), respectively.

(ii) Transaction price allocated to remaining performance obligations

Since there are no transactions with individual expected contract terms exceeding one year, the practical expedient method is applied and information on remaining performance obligations is omitted. There is no material consideration with respect to contracts with customers that is not included in the transaction price.

18. SHAREHOLDERS’ EQUITY

The Corporation Law of Japan (the “Law”) provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account.

Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met.

The Company’s capital reserve included in capital surplus

at March 31, 2025 amounted to ¥9,634 million (\$64,433 thousand). In addition, the Company’s legal reserve included in retained earnings at March 31, 2025 amounted to ¥2,424 million (\$16,212 thousand).

Under the Law, upon the issuance and sale of new shares of common stock, the entire amount of the proceeds is required to be accounted for as common stock, although a company may, by resolution of the Board of Directors, account for an amount not exceeding 50% of the proceeds of the sale of new shares as additional paid-in capital.

Movements in common stock during the years ended March 31, 2025 and 2024 are summarized as follows:

	Number of shares			
	2025			
	April 1, 2024	Increase	Decrease	March 31, 2025
Common stock	117,908,285	—	3,000,000	114,908,285
	2024			
	April 1, 2023	Increase	Decrease	March 31, 2024
Common stock	117,908,285	—	—	117,908,285

The decrease in common stock consists of 3,000,000 shares resulting from cancellation of treasury stock by resolution of the Board of Directors for the year ended March 31, 2025.

19. TREASURY STOCK

Movements in treasury stock during the years ended March 31, 2025 and 2024 are summarized as follows:

	Number of shares			
	2025			
	April 1, 2024	Increase	Decrease	March 31, 2025
Treasury stock	4,143,115	5,306,207	3,006,100	6,443,222
	2024			
	April 1, 2023	Increase	Decrease	March 31, 2024
Treasury stock	786,718	3,360,097	3,700	4,143,115

(*) Treasury stock at the end of the current fiscal year does include 282,400 shares of the Company’s shares held by the Stock-Granting Trust for Directors.

The increase in treasury stock includes 5,306,000 shares resulting from the purchases of treasury stock by resolution of the Board of Directors and 207 shares resulting from the purchase of shares less than one voting unit for the year ended March 31, 2025. The decrease in treasury stock includes 3,000,000 shares resulting from the cancellation of treasury stock by resolution of the Board of Directors and 6,100 shares resulting from the grant of treasury stock by the Stock-Granting Trust for Directors for the year ended March 31, 2025.

The increase in treasury stock includes 3,359,600 shares resulting from the purchases of treasury stock by resolution of the Board of Directors and 497 shares resulting from the purchase of shares less than one voting unit for the year ended March 31, 2024. The decrease in treasury stock includes 3,700 shares resulting from the grant of treasury stock by the Stock-Granting Trust for Directors for the year ended March 31, 2024.

20. FINANCIAL INSTRUMENTS

(a) Policy for financial instruments

With regard to the Group's financing policy, short-term working funds are raised by bank borrowings or issuance of commercial papers and long-term funds are raised by bank borrowings and the issuance of bonds. The policy for derivative transactions is that those are utilized to mitigate the fluctuation risk related to foreign currency exchange rates arising from the receivables and payables denominated in foreign currencies, and fluctuation risk related to interest rates with respect to loans payable, and derivative transactions are not carried out for speculative purposes.

(b) Types of financial instruments, related risk and risk management for financial instruments

Receivables such as trade notes and accounts receivable are exposed to customers' credit risks. With regard to this risk, the Group manages the settlement date by each customer, and establishes credit limits by each customer based on the Group's internal credit rating policy and monitors outstanding balances. The Group establishes system under which the credit status by each customer is reviewed at least once a year and the sales limit amount updated as necessary.

In the cases of notes and accounts receivable or payable denominated in foreign currencies, foreign currency forward exchange contracts are used to hedge the risk of fluctuation. However, for foreign currency transactions denominated in the same currency involving either payables or receivables,

foreign currency forward exchange contracts are used solely for the netted position.

Investments in securities are subject to market price fluctuation risk. However, these are mainly equity securities of other companies with which the Group has business relationships. The Group regularly monitors both their fair value and the financial condition of the issuer. The Group also reviews as needed the condition of its holdings with concern to the status of business and financial transactions.

Short-term loans are raised primarily in connection with business activities. Long-term loans and bonds are taken out principally for the purpose of making capital spending, investments and financing. Loans with variable interest rates are subject to the risk of fluctuating interest rates. However, to reduce such risk, the Group utilizes derivatives (interest-rate swap transactions) as a hedging instrument.

Derivatives include foreign currency forward exchange contracts to manage fluctuation risk in foreign currency exchange rates and interest-rate swaps to manage fluctuation risk of interest rates related to the interest payments for bank loans.

In addition, notes and accounts payable and bank loans are exposed to liquidity risk. However, the Group manages such risk by monitoring the balance of inflow and outflow of cash and establishing liquidity on hand in excess of half of the amount of monthly net sales.

(c) Fair value of financial instruments

The carrying value of financial instruments on the consolidated balance sheets, fair value and the differences as of March 31, 2025 and 2024, are shown in the following table. Financial instruments for which fair value is deemed extremely difficult to determine are not included.

	Millions of yen		
	2025		
	Carrying value	Fair value	Difference
Assets			
Investments in securities (*2)			
Other securities	¥ 55,554	¥ 55,554	¥ —
Total assets	¥ 55,554	¥ 55,554	¥ —
Liabilities			
Bonds	¥ 40,000	¥ 38,099	¥ (1,901)
Long-term loans	53,454	52,499	(954)
Total liabilities	¥ 93,454	¥ 90,598	¥ (2,855)
Derivatives (*3)			
Not subject to hedge accounting	¥ 558	¥ 558	¥ —
Subject to hedge accounting	6	6	—
Total derivative transactions	¥ 564	¥ 564	¥ —

	Millions of yen		
	2024		
	Carrying value	Fair value	Difference
Assets			
Investments in securities (*2)			
Other securities	¥ 61,116	¥ 61,116	¥ —
Total assets	¥ 61,116	¥ 61,116	¥ —
Liabilities			
Bonds	¥ 20,000	¥ 19,292	¥ (708)
Long-term loans	27,533	27,173	(359)
Total liabilities	¥ 47,533	¥ 46,465	¥ (1,067)
Derivatives (*3)			
Not subject to hedge accounting	¥ (327)	¥ (327)	¥ —
Subject to hedge accounting	169	169	—
Total derivative transactions	¥ (158)	¥ (158)	¥ —

	Thousands of U.S. dollars		
	2025		
	Carrying value	Fair value	Difference
Assets			
Investments in securities (*2)			
Other securities	\$ 371,549	\$ 371,549	\$ —
Total assets	\$ 371,549	\$ 371,549	\$ —
Liabilities			
Bonds	\$ 267,523	\$ 254,809	\$ (12,714)
Long-term loans	357,504	351,117	(6,380)
Total liabilities	\$ 625,027	\$ 605,926	\$ (19,094)
Derivatives (*3)			
Not subject to hedge accounting	\$ 3,732	\$ 3,732	\$ —
Subject to hedge accounting	40	40	—
Total derivative transactions	\$ 3,772	\$ 3,772	\$ —

(*1) Cash is omitted from the notes. Time deposits, notes and accounts receivable, notes and accounts payable, short-term loans, current portion of long-term loans, commercial papers, and current portion of bonds are omitted from the notes because their fair values approximate their carrying amounts due to their short maturities.
(*2) Stocks and other securities without market quotations are not included in "Investment securities (*2)". The carrying amount of such financial instruments on the consolidated balance sheet is as follows.

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Unlisted equity securities	¥ 5,312	¥ 4,823	\$ 35,527
Investments in unconsolidated subsidiaries and affiliates	11,161	10,286	74,646
Total	¥ 16,474	¥ 15,109	\$ 110,179

(*3) Receivables and payables arising from derivative transactions are presented as a net value with the amount in parentheses representing a net liability position.

The redemption schedule for time deposits and notes and accounts receivable with maturity dates at March 31, 2025 is summarized as follows:

	Millions of yen	
	Within 1 year	Over 1 year and less than 5 years
Time deposits	¥ 66,160	¥ —
Notes and accounts receivable	309,712	—
Total	¥ 375,872	¥ —

	Thousands of U.S. dollars	
	Within 1 year	Over 1 year and less than 5 years
Time deposits	\$ 442,483	\$ —
Notes and accounts receivable	2,071,375	—
Total	\$ 2,513,858	\$ —

With respect to the redemption schedule of bonds, long-term loans and finance lease obligations, please refer to Note 13.

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to determine fair value.

- Level 1 fair value:
- In the inputs related to the calculation of observable fair value, fair value is calculated based on quoted market prices for assets or liabilities whose fair value are formed in an active market.
- Level 2 fair value:
- In the inputs related to the calculation of observable fair value, fair value is calculated by using inputs related to the calculation of fair value other than Level 1 input.
- Level 3 fair value:
- Fair value is calculated using inputs related to the calculation of unobservable fair value.

When multiple inputs that have a significant effect on fair value are used, fair value is classified into the level with the lowest priority in the fair value calculation among the levels to which those inputs belong.

Financial instruments recorded on the consolidated balance sheet at fair value.

	Millions of yen			
	2025			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other securities				
Shares	¥ 55,554	¥ —	¥ —	¥ 55,554
Derivatives				
Currency related	—	564	—	564
Total assets	¥ 55,554	¥ 564	¥ —	¥ 56,119

	Millions of yen			
	2024			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other securities				
Shares	¥ 61,116	¥ —	¥ —	¥ 61,116
Derivatives				
Forward exchange contracts	—	(158)	—	(158)
Total assets	¥ 61,116	¥ (158)	¥ —	¥ 60,958

	Thousands of U.S. dollars			
	2025			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other securities				
Shares	\$ 371,549	\$ —	\$ —	\$ 371,549
Derivatives				
Currency related	—	3,772	—	3,772
Total assets	\$ 371,549	\$ 3,772	\$ —	\$ 375,328

Financial instruments other than those recorded on the consolidated balance sheets at fair value

	Millions of yen				
	2025				
	Level 1	Level 2	Level 3	Total	
Bonds	¥ —	¥ 38,099	¥ —	¥ 38,099	
Long-term loans	—	52,499	—	52,499	
Total liabilities	¥ —	¥ 90,598	¥ —	¥ 90,598	

	Millions of yen				
	2024				
	Level 1	Level 2	Level 3	Total	
Bonds	¥ —	¥ 19,292	¥ —	¥ 19,292	
Long-term loans	—	27,173	—	27,173	
Total liabilities	¥ —	¥ 46,465	¥ —	¥ 46,465	

	Thousands of U.S. dollars				
	2025				
	Level 1	Level 2	Level 3	Total	
Bonds	\$ —	\$ 254,809	\$ —	\$ 254,809	
Long-term loans	—	351,117	—	351,117	
Total liabilities	\$ —	\$ 605,926	\$ —	\$ 605,926	

Explanation of valuation techniques used, and inputs related to the calculation of fair value.

- (i) Investment securities

Listed stocks are valued by using quoted market prices. Since listed stocks are traded in active markets, their fair value is classified as Level 1.
- (ii) Derivative

Fair value is calculated based on prices, etc., provided by counterparty financial institutions and is classified as Level 2.

The fair value of foreign currency forward exchange contracts and other derivatives that applied the allocation method is included in the fair value of the underlying accounts receivable and payable.

The fair value of interest rate swaps that applied the exceptional accounting treatment is included in the long-term loans because it is accounted for as if the interest rates applied to the swaps had originally applied to the underlying long-term loans.
- (iii) Bonds

The fair value of bonds issued by the Company is calculated based on quoted market prices and classified as Level 2.
- (iv) Long-term loans

The fair value of long-term loans payable is calculated based on the present value of the total of principal and interest discounted by the incremental borrowing rate and is classified as Level 2.

21. DERIVATIVES AND HEDGING ACTIVITIES

The currency-related derivatives positions outstanding for which hedge accounting has not been applied at March 31, 2025 and 2024 are as follows:

Classification	Transaction	Millions of yen			
		2025			
		Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value	Valuation gain (loss)
Over-the-counter transactions	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars	¥ 5,123	¥ —	¥ 32	¥ 32
	Yen	52	—	(0)	(0)
	Euro	11,964	—	514	514
	RMB	495	—	5	5
	IDR	2,870	—	3	3
	Others	175	—	(1)	(1)
	Buying:				
	U.S. dollars	3,165	—	(12)	(12)
	Yen	2,446	—	9	9
	Euro	593	—	8	8
	Others	230	—	(4)	(4)
	Currency swap:				
	Pay U.S. dollars and receive RMB	6,170	—	3	3
Total		¥ 33,287	¥ —	¥ 558	¥ 558

Classification	Transaction	Millions of yen			
		2024			
		Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value	Valuation gain (loss)
Over-the-counter transactions	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars	¥ 4,954	¥ —	¥ (115)	¥ (115)
	Yen	146	—	1	1
	Euro	13,865	—	(253)	(253)
	RMB	457	—	(6)	(6)
	IDR	2,271	—	16	16
	Others	571	—	(9)	(9)
	Buying:				
	U.S. dollars	3,969	—	68	68
	Yen	3,307	—	(35)	(35)
	Euro	200	—	6	6
	Others	237	—	(0)	(0)
Total		¥ 29,981	¥ —	¥ (327)	¥ (327)

		Thousands of U.S. dollars			
		2025			
Classification	Transaction	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value	Valuation gain (loss)
Over-the- counter transactions	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars	\$ 34,263	\$ —	\$ 214	\$ 214
	Yen	348	—	(1)	(1)
	Euro	80,016	—	3,438	3,438
	RMB	3,311	—	33	33
	IDR	19,195	—	20	20
	Others	1,170	—	(7)	(7)
	Buying:				
	U.S. dollars	21,168	—	(80)	(80)
	Yen	16,359	—	60	60
	Euro	3,966	—	54	54
	Others	1,538	—	(27)	(27)
	Currency swap:				
	Pay U.S. dollars and receive RMB	41,265	—	20	20
Total		\$ 222,626	\$ —	\$ 3,732	\$ 3,732

The currency-related derivatives positions outstanding for which hedge accounting has been applied at March 31, 2025 and 2024 are as follows:

		Millions of yen			
		2025			
Method for hedge accounting	Transaction	Major hedged item	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value
Deferral hedge accounting	Foreign currency forward exchange contracts:				
	Selling:				
	Euro	Accounts receivable	¥ 366	¥ —	¥ (6)
	RMB		18	—	0
	Others		25	—	0
	Buying:				
	U.S. dollars	Accounts payable and Acquisition of subsidiary shares	14,729	—	(1)
	Euro	Accounts payable	969	—	13
	Others		2	—	0
Allocation method for foreign currency forward exchange contracts (Note 2(q))	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable	0	—	(*)
	Buying:				
	U.S. dollars	Accounts payable	81	—	(*)
Total			¥ 16,192	¥ —	¥ 6

		Millions of yen			
		2024			
Method for hedge accounting	Transaction	Major hedged item	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value
Deferral hedge accounting	Foreign currency forward exchange contracts:				
	Selling:				
	Euro	Accounts receivable	¥ 407	¥ —	¥ (8)
	RMB		115	—	(1)
	Others		104	—	(1)
	Buying:				
	U.S. dollars		3,522	—	163
	Euro	Accounts payable	489	—	17
	RMB		22	—	0
	Others		18	—	(0)
Allocation method for foreign currency forward exchange contracts (Note 2(q))	Foreign currency forward exchange contracts:				
	Buying:				
	U.S. dollars	Accounts payable	9	—	(*)
Total			¥ 4,689	¥ —	¥ 169

		Thousands of U.S. dollars			
		2025			
Method for hedge accounting	Transaction	Major hedged item	Contract value (notional principal amount)	Contract value (notional principal amount over one year)	Fair value
Deferral hedge accounting	Foreign currency forward exchange contracts:				
	Selling:				
	Euro	Accounts receivable	\$ 2,448	\$ —	\$ (40)
	RMB		120	—	0
	Others		167	—	0
	Buying:				
	U.S. dollars	Accounts payable and Acquisition of subsidiary shares	98,509	—	(7)
	Euro	Accounts payable	6,481	—	87
	Others		13	—	0
Allocation method for foreign currency forward exchange contracts (Note 2(q))	Foreign currency forward exchange contracts:				
	Selling:				
	U.S. dollars	Accounts receivable	0	—	(*)
	Buying:				
	U.S. dollars	Accounts payable	542	—	(*)
Total			\$ 108,293	\$ —	\$ 40

(*): The fair value of foreign currency forward exchange contracts that qualify for the allocation method is included in the fair value of the underlying accounts receivable and payable.

22. RESEARCH AND DEVELOPMENT COSTS

Research and development costs included in selling, general and administrative expenses for the years ended March 31, 2025 and 2024 totaled ¥5,723 million (\$38,276 thousand) and ¥5,987 million, respectively.

23. OPERATING LEASES

Future minimum lease payments subsequent to March 31, 2025 under noncancelable operating leases are as follows:

Year ending March 31,	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
2026	¥ 418		\$ 2,796
2027 and thereafter	675		4,514
Total	¥ 1,094		\$ 7,317

24. CONTINGENT LIABILITIES

The Company and its consolidated subsidiaries had contingent liabilities as guarantors of loans and other obligations of subsidiaries and affiliates, with total maximum guarantee amounts of ¥948 million (\$6,340 thousand) and ¥980 million at March 31, 2025 and 2024, respectively.

In addition, the Company and its consolidated subsidiaries had contingent liabilities arising from notes discounted with banks in the amounts of ¥154 million (\$1,030 thousand) and ¥252 million at March 31, 2025, and 2024, respectively.

25. PLEDGED ASSETS

Pledged assets at March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Machinery, equipment and vehicles	¥ 40	¥ —	\$ 268

Secured liabilities at March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Current portion of long-term loans	¥ 9	¥ —	\$ 60
Long-term loans	¥ 27	¥ —	\$ 181
Total	¥ 36	¥ —	\$ 241

26. AMOUNTS PER SHARE

Amounts per share at March 31, 2025 and 2024 and for the years then ended are as follows:

	Yen		U.S. dollars
	2025	2024	2025
Profit attributable to owners of parent:			
Basic	¥ 230.39	¥ 194.96	\$ 1.54
Diluted	—	—	—
Net assets	3,679.09	3,463.84	24.61
Cash dividends applicable to the year	90.00	80.00	0.60

Basic profit attributable to owners of parent per share has been computed based on the profit attributable to owners of parent available for distribution to the shareholders of common stock and the weighted-average number of shares of common stock outstanding during the year.

Diluted profit attributable to owners of parent per share for the years ended March 31, 2025 and 2024 has not been presented because no potentially dilutive shares of common stock were outstanding.

Net assets per share have been computed based on the number of shares of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

The Company's shares held by the Stock-Granting Trust for Directors are included in treasury stock in shareholders' equity. These are excluded from the total number of issued shares at the end of the period when calculating net assets per share. Also, these are excluded from the calculation of average number of shares during the period when calculating profit attributable to owners of parent per share.

The number of such shares at the end of the period excluded from the calculation of net assets per share was 282,400 shares, while the average number of shares during the period excluded from the calculation of profit attributable to owners of parent per share was 284,746 shares.

The financial data used in the computation of basic profit attributable to owners of parent per share for the years ended March 31, 2025 and 2024 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Profit attributable to owners of parent	¥ 25,521	¥ 22,402	\$ 170,686
Profit available for distribution to shareholders of common stock	25,521	22,402	170,686
Weighted-average number of shares	110,774,626	114,911,971	

27. CASH AND TIME DEPOSITS

A reconciliation of cash and time deposits in the accompanying consolidated balance sheets at March 31, 2025 and 2024 and cash and cash equivalents in the accompanying consolidated statements of cash flows for the years then ended is as follows:

	Millions of yen		Thousands of U.S. dollars
	2025	2024	2025
Cash and time deposits	¥ 66,310	¥ 59,410	\$ 443,486
Time deposits with maturities of more than three months	(406)	(225)	(2,715)
Cash and cash equivalents	¥ 65,903	¥ 59,185	\$ 440,764

28. SEGMENT INFORMATION

(a) Overview of reportable segments

The Company's reportable segments are those units comprising the NAGASE Group for which separate financial information is available and for which the board of directors makes regular decisions regarding resource allocation and regularly reviews operating performance.

The Company classifies reportable segments according to the location of the business in the value chain and the market(s) targeted. Accordingly, the Company has defined five segment categories: Functional Materials (located at the top of the value chain), Advanced Materials & Processing (located in the next stage of the value chain), Electronics & Energy, Mobility, and Life & Healthcare (functioning in the value chain of their respective industries).

The following describes the major products and services handled by each reportable segment.

The Functional Materials segment is engaged in the sales of paints/inks, dyestuffs, pigments, additives, processed pigments, dispersing elements, functional pigments, thermal paper materials, toner and inkjet materials, materials for adhesives, urethane materials and auxiliary materials, plastic materials, plastic additives, industrial oil solutions, water processing raw materials, surfactant raw materials, fluorochemicals, encapsulant materials, 5G materials, silicone materials, environmental solutions and environment-related commercial products, sintered metal filters, conductive coatings, and more for the paints/inks, dye/additive, resins, urethane foam, organic synthesis, surfactants, electronics chemicals, digital print processing materials, communications equipment, water processing, metal processing, plastic and film processing, stationery, functional film and sheet, hygiene materials, and other industries.

The Advanced Materials & Processing segment is engaged in the sales of thermoplastic resins, thermosetting resins, plastics products, resin molding tools/dies, and more for the office equipment, home appliance, electrical equipment, mobile communications, games, packaging, cosmetics, construction materials, and other industries.

The Electronics & Energy segment is engaged in the sales of formulated epoxy resins, fluorine products, precision abrasives, semiconductor assembly materials and devices, adhesives and encapsulant materials, display panel components and devices, chemical management equipment for display

manufacturing processes, low-temperature/vacuum equipment, liquid state analysis equipment, LEDs, 3D printing products, solar panels, and other products for the semiconductor, electronic component, AR/VR, environmental energy, 3D printing, heavy electrical and light electrical, HDD, automotive and aircraft, display, touch panel, housing, lighting, renewable energy, large-scale commercial facility, and other industries.

The Mobility segment is engaged in the sales of plastic products in general, materials for secondary batteries, interior and exterior materials, materials for functional components, products for electrification, sensor components, in-vehicle electronics products, in-vehicle display-related components, self-driving-related products, and other products for the overall mobility industry and related industries.

The Life & Healthcare segment is engaged in the sale of pharmaceutical materials, research products, diagnostics reagents, food ingredients, food additives, processing aids for enzymes, etc., sports nutrition products, nutrient premixes, cosmetic materials, additives for cosmetics, surfactants, and agricultural, fisheries, and livestock-related materials to the pharmaceutical, food and beverage, cosmetics, agricultural, toiletries, and health care, and other industries. The segment offers endotoxin removal and radiation measurement as its main services. In addition, this segment sells cosmetics, health foods, and beauty foods directly to consumers.

(b) Calculation methods of net sales, income or loss, assets, and other items by reportable segments

The accounting policies of reportable segments are generally identical to those described in Note 2. Reportable segment income corresponds to operating income in the consolidated statements of income.

Intersegment internal income and transfers are determined based on the values of transactions at actual market prices.

At the beginning of the current fiscal year, the Company changed the method of allocating corporate expenses to reflect the performance of reportable segments more appropriately. Segment information in the table below for the previous fiscal year is based on the allocation method after the change.

Non-current assets are not allocated to reportable segments. The allocation of related expenses to the relevant segments follows reasonable criteria.

(c) Information on net sales, income or loss, assets and other items for each reportable segment

Information by reportable segments for the years ended March 31, 2025 and 2024 are as follows:

Millions of yen											
2025											
Reportable Segments											
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total	Others	Total	Corporate	Adjustments	Consolidated
Sales to customers	¥153,746	¥210,627	¥161,315	¥132,091	¥287,079	¥944,860	¥ 101	¥944,961	¥ —	¥ —	¥944,961
Intersegment sales and transfers	1,215	783	2,221	2,028	491	6,740	7,046	13,787	—	(13,787)	—
Net sales	154,962	211,411	163,536	134,120	287,570	951,601	7,147	958,749	—	(13,787)	944,961
Segment income	9,213	6,684	12,302	4,238	3,423	35,862	239	36,102	2,443	533	39,078
Segment assets	123,699	110,117	84,961	68,727	262,916	650,422	3,824	654,246	211,926	(58,029)	808,143
Other items											
Depreciation and amortization other than amortization of goodwill	762	778	1,997	228	7,713	11,479	68	11,548	3,781	—	15,329
Amortization of goodwill	151	—	57	—	2,513	2,722	—	2,722	—	—	2,722
Unamortized balance of goodwill	1,819	—	382	—	23,198	25,400	—	25,400	—	—	25,400
Investments in affiliates accounted for by the equity method	2,685	1,011	2,765	1,425	3,533	11,422	122	11,544	—	(3)	11,541
Increase in property, plant and equipment, net and intangible assets	1,269	1,291	2,811	677	3,987	10,037	439	10,476	5,733	—	16,209

Millions of yen											
2024											
Reportable Segments											
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total	Others	Total	Corporate	Adjustments	Consolidated
Sales to customers	¥146,804	¥198,543	¥144,758	¥132,117	¥277,779	¥900,003	¥ 146	¥900,149	¥ —	¥ —	¥900,149
Intersegment sales and transfers	1,709	792	3,068	2,798	471	8,839	7,251	16,090	—	(16,090)	—
Net sales	148,513	199,335	147,826	134,915	278,251	908,842	7,398	916,240	—	(16,090)	900,149
Segment income	8,629	6,804	11,327	4,933	10,321	42,016	79	42,095	(12,007)	529	30,618
Segment assets	131,559	104,394	84,087	74,881	245,132	640,056	3,142	643,198	203,748	(54,610)	792,336
Other items											
Depreciation and amortization other than amortization of goodwill	916	725	1,803	388	7,291	11,126	18	11,145	2,853	—	13,998
Amortization of goodwill	143	—	54	—	2,429	2,627	—	2,627	—	—	2,627
Unamortized balance of goodwill	1,992	—	444	—	25,447	27,884	—	27,884	—	—	27,884
Investments in affiliates accounted for by the equity method	2,649	1,128	2,994	1,332	3,351	11,456	111	11,567	—	(4)	11,563
Increase in property, plant and equipment, net and intangible assets	1,262	1,159	3,189	325	4,367	10,304	60	10,364	9,648	—	20,012

Thousands of U.S. dollars										
2025										
	Reportable Segments									
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total	Others	Total	Corporate	Consolidated
Sales to customers	\$1,028,264	\$1,408,688	\$1,078,886	\$ 883,434	\$1,920,004	\$6,319,288	\$ 675	\$6,319,964	\$ –	\$ –
Intersegment sales and transfers	8,126	5,237	14,854	13,563	3,284	45,078	47,124	92,208	–	(92,208)
Net sales	1,036,396	1,413,931	1,093,740	897,004	1,923,288	6,364,373	47,800	6,412,179	–	6,319,964
Segment income	61,617	44,703	82,277	28,344	22,893	239,848	1,598	241,453	16,339	261,356
Segment assets	827,307	736,470	568,225	459,651	1,758,400	4,350,067	25,575	4,375,642	1,417,376	5,404,916
Other items										
Depreciation and amortization other than amortization of goodwill	5,096	5,203	13,356	1,525	51,585	76,772	455	77,234	25,288	102,521
Amortization of goodwill	1,010	–	381	–	16,807	18,205	–	18,205	–	18,205
Unamortized balance of goodwill	12,166	–	2,555	–	155,150	169,877	–	169,877	–	169,877
Investments in affiliates accounted for by the equity method	17,957	6,762	18,493	9,530	23,629	76,391	816	77,207	–	77,187
Increase in property, plant and equipment, net and intangible assets	8,487	8,634	18,800	4,528	26,665	67,128	2,936	70,064	38,343	108,407

(d) Geographical information

Net sales by country or region for the years ended March 31, 2025 and 2024 are summarized as follows:

Millions of yen								
2025								
	Reportable Segments							
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Others (Note) 3	Total	Composition (%)
Japan	¥ 71,237	¥ 35,795	¥ 56,726	¥ 41,574	¥ 72,169	¥ 101	¥277,605	29.4
Greater China	19,665	94,774	69,579	28,937	4,561	–	217,517	23.0
ASEAN	31,598	72,465	10,428	38,842	7,257	–	160,593	17.0
Americas	22,767	4,427	10,190	20,910	128,606	–	186,902	19.8
Europe	7,427	1,281	5,351	1,540	74,077	–	89,678	9.5
Other	1,048	1,883	9,038	286	408	–	12,664	1.3
Revenues from contracts with customers	153,746	210,627	161,315	132,091	287,079	101	944,961	100.0
Net sales to customers	153,746	210,627	161,315	132,091	287,079	101	944,961	100.0

1. Net sales are categorized by country or region, according to the location of the Company and the consolidated subsidiaries.
2. Major countries and regions in each category other than Japan
(1) Greater China..... China, Hong Kong, Taiwan
(2) ASEAN Thailand, Vietnam, Indonesia
(3) Americas..... U.S., Mexico
(4) Europe..... U.K., Germany
(5) Other Korea
3. "Others" is a business segment consisting of businesses not included in Reportable Segments, and includes information processing services, and professional service.

Millions of yen								
2024								
	Reportable Segments							
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Others (Note) 3	Total	Composition (%)
Japan	¥ 64,933	¥ 34,694	¥ 56,442	¥ 42,163	¥ 70,490	¥ 146	¥268,872	29.9
Greater China	17,881	96,356	59,803	31,724	3,866	–	209,632	23.3
ASEAN	34,198	60,586	7,403	37,665	6,200	–	146,053	16.2
Americas	22,847	4,509	8,880	18,716	123,756	–	178,710	19.9
Europe	5,899	1,133	4,021	1,562	73,068	–	85,685	9.5
Other	1,044	1,263	8,206	285	396	–	11,196	1.2
Revenues from contracts with customers	146,804	198,543	144,758	132,117	277,779	146	900,149	100.0
Net sales to customers	146,804	198,543	144,758	132,117	277,779	146	900,149	100.0

1. Net sales are categorized by country or region, according to the location of the Company and the consolidated subsidiaries.
2. Major countries and regions in each category other than Japan
(1) Greater China..... China, Hong Kong, Taiwan
(2) ASEAN Thailand, Vietnam, Indonesia
(3) Americas..... U.S., Mexico
(4) Europe..... U.K., Germany
(5) Other Korea
3. "Others" is a business segment consisting of businesses not included in Reportable Segments, and includes information processing services, and professional service.

Thousands of U.S. dollars								
2025								
	Reportable Segments							
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Others (Note) 3	Total	Composition (%)
Japan	\$ 476,438	\$ 239,399	\$ 379,387	\$ 278,050	\$ 482,671	\$ 675	\$ 1,856,641	29.4
Greater China	131,521	633,855	465,349	193,533	30,504	—	1,454,769	23.0
ASEAN	211,330	484,651	69,743	259,778	48,535	—	1,074,057	17.0
Americas	152,267	29,608	68,151	139,848	860,126	—	1,250,013	19.8
Europe	49,672	8,567	35,788	10,300	495,432	—	599,773	9.5
Other	7,009	12,594	60,447	1,913	2,729	—	84,698	1.3
Revenues from contracts with customers	1,028,264	1,408,688	1,078,886	883,434	1,920,004	675	6,319,964	100.0
Net sales to customers	1,028,264	1,408,688	1,078,886	883,434	1,920,004	675	6,319,964	100.0

Information of major customers not presented here, since no single customer accounts for 10% or more of consolidated net sales.

Property, plant and equipment by country or region as of March 31, 2025 and 2024 are summarized as follows:

Millions of yen			
2025			
Japan	Americas	Other	Total
¥ 62,858	¥ 21,072	¥ 7,740	¥ 91,671

Millions of yen			
2024			
Japan	Americas	Other	Total
¥ 58,943	¥ 21,458	¥ 6,990	¥ 87,392

Thousands of U.S. dollars			
2025			
Japan	Americas	Other	Total
\$ 420,399	\$ 140,931	\$ 51,766	\$ 613,102

(e) Information on loss on impairment of fixed assets per reportable segments

Loss on impairment of fixed assets for the years ended March 31, 2025 and 2024 is as follows:

Millions of yen								
2025								
	Reportable Segments							
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total	Others	Eliminations or corporate
Loss on impairment of fixed assets	¥ —	¥ —	¥ —	¥ —	¥ 1,173	¥ 1,173	¥ —	¥ —

The Life & Healthcare segment recorded impairment losses of ¥1,173 million for goodwill and other assets related to the pharmaceuticals and cosmetic ingredients sales business in the U.S., as the originally expected profits are no longer expected. The Company wrote down the book value of these assets to their recoverable amounts.

Millions of yen								
2024								
	Reportable Segments							
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total	Others	Eliminations or corporate
Loss on impairment of fixed assets	¥ 2,276	¥ —	¥ —	¥ —	¥ —	¥ 2,276	¥ —	¥ —

The Functional Materials segment recorded impairment losses of ¥2,276 million for business-use assets etc. related to color former manufacturing business due to declining profitability. The Company wrote down the book value of these assets to their recoverable amounts.

Thousands of U.S. dollars								
2025								
	Reportable Segments							
	Functional Materials	Advanced Materials & Processing	Electronics	Mobility & Energy	Life & Healthcare	Total	Others	Eliminations or corporate
Loss on impairment of fixed assets	\$ —	\$ —	\$ —	\$ —	\$ 7,845	\$ 7,845	\$ —	\$ —

29. RELATED PARTY TRANSACTION

The Company and its consolidated subsidiaries recorded the following related-party transactions for the years ended March 31, 2025 and 2024:

Name of related party	Relationship with the related party	Description of the transaction	Account	Millions of yen		Thousands of U.S. dollars
				2025	2024	2025
315 Fullerton LLC (*1)	A director of a consolidated subsidiary of the Company owns a majority of the voting rights of the entity.	Rental of real estate (*2)	Rent payment for real estate	¥ 53	¥ 49	\$ 354
LivPure LLC (*3)	A close family member of a director of a consolidated subsidiary of the Company owns a majority of the voting rights of the entity.	Sale of products (*4)	Sale of sports nutrition products	—	21 (*3)	—
Hiroshi Nagase	Director of Nagase & Co., Ltd.	Purchase of shares of affiliated companies(*5)	Investments in securities	¥ 45	—	\$ 301
Total				¥ 98	¥ 70	\$ 655

(*1): Mr. Donald K. Thorp, a director of Prinova Group, LLC, which is a consolidated subsidiary of the Company, owns 77% of the voting rights. Mr. Donald K. Thorp resigned from the board of directors of Prinova Group LLC effective March 31, 2025.
(*2): Rent is determined taking the transactions in the neighboring area into consideration.
(*3): A close family member of Mr. Donald K. Thorp, a director of Prinova Group, LLC, which is a consolidated subsidiary of the Company, owned 67% of the voting rights. However, due to the sale of the shares as of January 2024, the entity is no longer classified as one in which a close family member of a director of a consolidated subsidiary of the Company owns a majority of the voting rights. The transaction amounts represent the amounts during the period when the entity was classified as a related party.
(*4): Transaction terms relating to sale of products, and policies on determination of transaction terms are determined in the same manner as general transactions.
(*5): The acquisition price of shares of affiliated companies is determined upon consultation, taking into consideration the net asset value and other factors, while referring to the opinion of a third-party institution.

30. SUBSEQUENT EVENTS

(a) Cash Dividends

The following distribution of retained earnings of the Company, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2025, was approved at a meeting of the shareholders held on June 18, 2025:

	Millions of yen	Thousands of U.S. dollars
Cash dividends (¥45.0 = U.S.\$0.30 per share)	¥ 4,893	\$ 32,725

(*): Total amount of dividends for common stock of ¥4,893 million includes dividends of ¥12 million in relation to the Company's shares held by the Stock-Granting Trust for Directors.

(b) Acquisition of treasury stock

The Company resolved matters relating to the acquisition of treasury stock at the meeting of its Board of Directors held on May 8, 2025 as follows, pursuant to the provision of Article 156, as applied pursuant to Article 165, paragraph (3) of the Companies Act.

- (1) Reason for the acquisition of treasury stock
- The Company resolved at the Board of Directors meeting held on May 8, 2024 to change its shareholder returns policy under the Medium-term Management Plan **ACE 2.0**, to implement total return ratio of 100% as a tentative measure for two years.
- The Company will acquire treasury stock in accordance with this policy.
- (2) Details of matters relating to the acquisition
- (i) Type of shares to be acquired

Common shares of the Company

(ii) Total number of shares that can be acquired

7,500,000 shares (maximum) (6.90% of total number of issued shares (excluding treasury stock))

(iii) Total value of shares that can be acquired

¥12,000 million (maximum)

(iv) Acquisition period

From May 9, 2025 to October 31, 2025

(v) Acquisition method

To be purchased on the market

(c) Cancellation of treasury stock

The Company resolved on matters relating to the cancellation of treasury stock at the meeting of its Board of Directors held on May 8, 2025 as follows, pursuant to the provision of Article 178 of the Companies Act.

- (i) Type of shares to be cancelled

Common shares of the Company

(ii) Number of shares to be cancelled

5,000,000 shares (4.35% of total number of issued shares (including treasury stock))

(iii) Date of cancellation

May 30, 2025

* Reference: Treasury stock held as of April 30, 2025

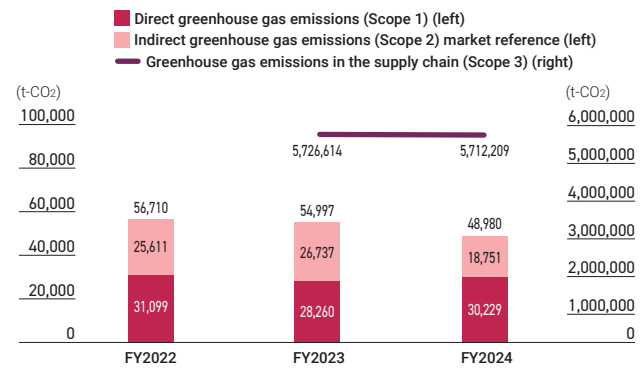
Total number of issued shares (excluding treasury stock)	108,747,429 shares
Number of treasury stock	6,160,856 shares

(*) Treasury stock in the above table does not include 282,400 shares of the Company's shares held by the Stock-Granting Trust for Directors.

Non-Financial Highlights

Environment

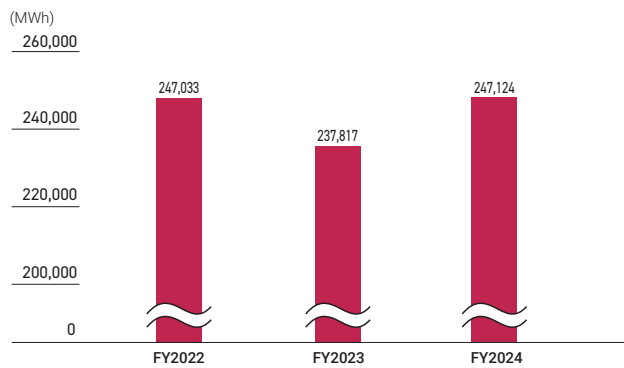
Group Greenhouse gas emissions in our business activities



(Note) As we are currently reviewing the calculation methods for Scope 3 emissions, and expanding the scope of companies covered, data is only available for fiscal year 2023 and beyond.
The latest data are available on our website.

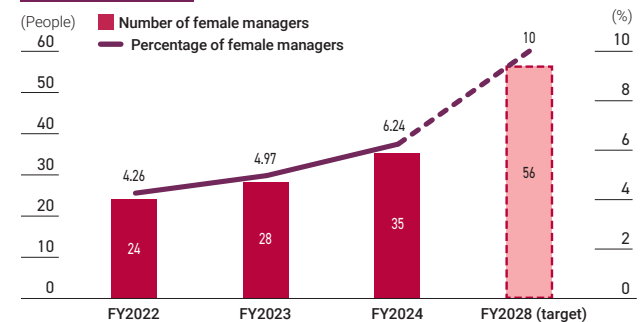
The above data covers NAGASE Group companies for which the calculation was completed as of the publication date, mainly including NAGASE, Nagase ChemteX, and Nagase Viita.

Group Energy usage



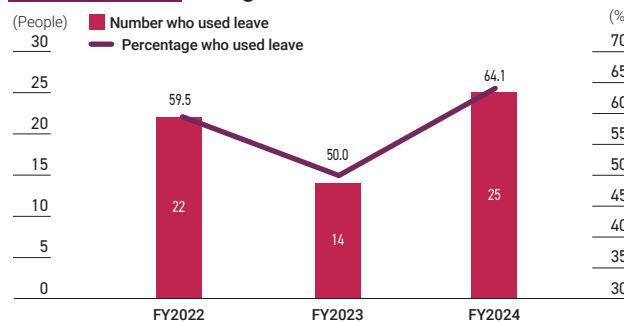
Society

Nagase & Co., Ltd. (non-consolidated) Percentage of female managers



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

Nagase & Co., Ltd. (non-consolidated) Percentage of male employees taking childcare leave



External evaluation

Government Pension Investment Fund (GPIF) ESG Index

We have been selected as a component stock of all six ESG investment indices adopted by the GPIF (as of August 2025).

2025 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

2025 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

- S&P/JPX Carbon Efficient Index
- Morningstar Japan ex-REIT Gender Diversity Tilt Index

FTSE Russell (a registered trademark of FTSE International Limited and Frank Russell Company) hereby certifies that Nagase & Co., Ltd. has qualified for inclusion in the FTSE Blossom Japan Sector Relative Index based on independent research. The FTSE Blossom Japan Sector Relative Index is widely used to create and evaluate sustainable investment funds and other financial products. The inclusion of Nagase & Co., Ltd. in any MSCI index, and the use of MSCI logos, trademarks, service marks or index names herein, do not constitute sponsorship, endorsement, or promotion of Nagase & Co., Ltd. by MSCI or any of its affiliates. The MSCI indexes are the exclusive property of MSCI. The MSCI index names and logos are trademarks or service marks of MSCI or its affiliates.

Other external evaluations

PLATINUM | Top 1%
ecovadis
Sustainability Rating
JAN 2025

GOLD | Top 5%
ecovadis
Sustainability Rating
MAR 2025

SILVER | Top 15%
ecovadis
Sustainability Rating
FEB 2025

The NAGASE Group responds to EcoVadis sustainability assessments. NAGASE has earned a "Silver" rating, while Nagase Viita earned a "Platinum" rating and Prinova US has earned a "Gold" rating.
(The ratings for NAGASE and Prinova US are ratings for the Group.)

CDP
A List
2024

CDP
A List
2024

The NAGASE Group responds to CDP questionnaires. Climate Change: A- Water Security: A Forests: B Supplier Engagement Assessment (SEA): A (Leader)

Corporate Information

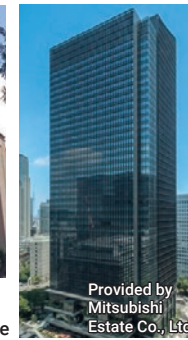
(As of March 31, 2025)

Overview

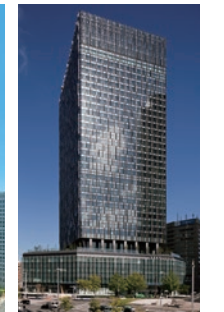
Company name	Nagase & Co., Ltd.	
Founded	June 18, 1832	
Establishment	December 9, 1917	
Capital	¥9,699 million	
Employees	948 (consolidated: 7,484)	
Main business	Import/export and domestic sales of chemicals, plastics, electronics materials, cosmetics raw materials and food ingredients	
Main banks	Sumitomo Mitsui Banking Corporation, MUFG Bank, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited	
Main offices	Osaka Head Office	1-1-17, Shinmachi, Nishi-ku, Osaka City, Osaka 550-8668 Tel: (81) 6-6535-2114
	Tokyo Head Office	Tokiwabashi Tower, 2-6-4, Otemachi, Chiyoda-ku, Tokyo 100-8142 Tel: (81) 3-3665-3021
	Nagoya Branch Office	3-28-12, Meieki, Nakamura-ku, Nagoya City, Aichi 450-6430 Tel: (81) 52-414-5056
	Nagase Bio-Innovation Center	Kobe High Tech Park, 2-2-3, Murotani, Nishi-ku, Kobe City, Hyogo 651-2241 Tel: (81) 78-992-3162
	Nagase Application Workshop	2-4-45, Higashi Tsukaguchicho, Amagasaki City, Hyogo 661-0011 Tel: (81) 6-4961-6730
Number of bases	101 companies in 25 countries and regions	
Number of manufacturing companies	40 companies in 15 countries and regions	
Number of sales and service companies	61 companies in 24 countries and regions	



Osaka Head Office



Tokyo Head Office



Nagoya Branch Office

Provided by Mitsubishi Estate Co., Ltd.

Organization

(As of April 1, 2025)

