

Notice of the 111th Annual Shareholders' Meeting

(Items excluded from the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents, pursuant to laws and regulations and the Articles of Incorporation, among items for which the measures for providing information in electronic format are taken)

Matters relating to share options for the Company's shares

Independent Auditor

Company systems and policies

Consolidated Statement of Changes in Net Assets

Notes to Consolidated Financial Statements

Non-Consolidated Statement of Changes in Net Assets

Notes to Non-Consolidated Financial Statements

(From April 1, 2025 to March 31, 2026)

NAGASE & CO., LTD.

The above items are excluded from the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents, pursuant to laws and regulations and the provision of Article 14, paragraph (2) of the Company's Articles of Incorporation.

Matters relating to share options for the Company's shares

1. Status of share options issued as consideration for the execution of duties and held by the Company officers as of the end of the fiscal year
No applicable information.
2. Status of share options issued to employees and others as consideration for the execution of duties during the fiscal year
No applicable information.
3. Other significant matters relating to share options
No applicable information.

Independent Auditor

1. Name of Independent Auditor
Ernst & Young ShinNihon LLC

2. Summary of liability limiting agreement
The Company has not entered into a liability limiting agreement specified in Article 423, paragraph (1) of the Companies Act with its Independent Auditor.

3. Amount of compensation paid to Independent Auditor during the current fiscal year

	Amount of compensation (Millions of yen)
Amount of compensation, etc. paid by the Company to Independent Auditor in relation to business specified in Article 2, paragraph (1) of the Certified Public Accountants Act	128
Amount of compensation, etc. paid by the Company to Independent Auditor in relation to business other than that specified above	15
Total compensation, etc. paid by the Company and its consolidated subsidiaries to Independent Auditor	189

Notes: 1. The audit agreement between the Company and the Independent Auditor does not distinguish between audit compensation for audits performed pursuant to the Companies Act and audits performed pursuant to the Financial Instruments and Exchange Act and compensation cannot practically be categorized in this manner, and accordingly, the total amount is reported as compensation, etc. paid to the Independent Auditor during the current fiscal year.

2. The Audit & Supervisory Board received materials necessary for investigating the amount of the Independent Auditor's compensation from relevant internal divisions, Directors, Independent Auditor, and so on, received explanations from the Independent Auditor of a summary of the audit plan for the current fiscal year, audit times for each audit item, and so on, and based on the results of its confirmation of the audit plans for prior years and implementation of those plans determined that the compensation, etc. paid to the Independent Auditor is appropriate and gave its consent pursuant to Article 399, paragraph (1) of the Companies Act.

4. Details of duties other than audits

Non-audit services include agreed procedural work associated with tax filing in foreign countries.

5. Status of audits of financial statements of the Company's main subsidiaries by Certified Public Accountants or Audit Firms other than the Company's Independent Auditor

Of the Company's main subsidiaries, Prinova Group LLC, Nagase (Hong Kong) Ltd., Nagase (Thailand) Co., Ltd. and three other overseas subsidiaries were audited by certified public accountants or an audit firm (including persons with corresponding qualifications in a foreign country) other than the Company's Independent Auditor.

6. Policy on determination to dismiss or not to reappoint Independent Auditor

In addition to dismissal of the Independent Auditor by the Audit & Supervisory Board as specified in Article 340 of the Companies Act, the Audit & Supervisory Board's policy is, in principle, to propose at a Shareholders' Meeting a proposal concerning the dismissal or non-reappointment of the Independent Auditor if the Audit & Supervisory Board determines that it would be difficult for the Independent Auditor to properly perform its duties due to a violation of laws or regulations by the Independent Auditor, the occurrence of events impairing the Independent Auditor's qualifications or independence, or other similar reasons, or if the Audit & Supervisory Board determines that changing the Independent Auditor would be appropriate in order to enhance the appropriateness of audits.

Company systems and policies

1. Systems for ensuring the proper implementation of business and status of operation of those systems
Summary of resolution on systems for ensuring the proper implementation of business (internal control systems)

The Company's Board of Directors adopted a resolution on basic policy for creating internal control systems entitled "Creation of Systems to Ensure that Directors Execute their Duties in Accordance with Laws and Regulations and the Articles of Incorporation and Other Systems Specified by Ministry of Justice Ordinance Necessary for Ensuring the Proper Implementation of Business by a Stock Corporation and the Corporate Group Comprising that Corporation and its Subsidiaries." Details of the policy are set forth below. Based on this basic policy, the Company will ensure the appropriateness of its business operations and conduct ongoing reviews and continuous improvement in order to appropriately reinforce governance systems even further in light of changes in the Company's business environment.

The Company has established the Internal Control Committee to build, maintain and improve the internal control system. The Committee deliberates on basic policies for the internal control systems, builds systems established under the internal control systems, and monitors the operation of the systems.

- (1) Systems to ensure that Directors and employees execute their duties in accordance with laws and regulations and the Articles of Incorporation (Article 362, paragraph (4), item (6) of the Companies Act and Article 100, paragraph (1), item (4) of the Regulations for Enforcement of the Companies Act)
 - (i) Based on management philosophy of "recognizing our responsibility to society while maintaining the highest standards of integrity," the Company has established the Code of Conduct for Risk Management & Compliance, and has created systems for ensuring that all officers and employees including those of Group companies conduct corporate activities in accordance with the Code of Conduct for Risk Management & Compliance in order to create and maintain compliance systems.
 - (ii) The Company has established Risk Management & Compliance Committee and the Committee is made up of Directors and employees. The members make all determinations relating to risk management and compliance. When necessary, the Committee engages outside experts and works to prevent violations of laws and regulations and the Articles of Incorporation.
 - (iii) The Company has formulated internal rules on individual issues, and makes decisions through multidirectional examination on compliance and other important points from a professional perspective.
 - (iv) Should employees of Nagase or its Group companies become aware of legal or other compliance issue, they immediately report to and consult with their supervisor or the relevant division and then report to the Risk Management & Compliance Committee, which promptly reports to the Board of Directors and the Audit & Supervisory Board and its members. In addition, the Risk Management & Compliance Committee has introduced an internal reporting system wherein employees and officers including those of Group companies can report or discuss issues directly. The aim is to prevent violations of laws and regulations and the Articles of Incorporation by Directors and employees in the performance of their duties, and to prevent such violations from being left unattended or unaddressed.
 - (v) Awareness regarding legal compliance among officers and employees including those of Group companies is raised by conducting courses taught by outside experts and through other means. And efforts are made to disseminate information regarding the management philosophy by the Committee.

- (vi) Our Audit Office conducts internal audits relating to the status of execution of duties by Directors and employees in accordance with the Internal Audit Rules.
- (2) Systems for retaining and managing information relating to the execution of duties by Directors (Article 100, paragraph (1), item (1) of the Regulations for Enforcement of the Companies Act)
Information relating to the execution of duties by Directors is recorded on paper or electromagnetically in accordance with internal rules and is retained and managed. Directors and Audit & Supervisory Board members can access and view these documents at any time.
 - (3) Rules relating to management of loss-related risks and other systems (Article 100, paragraph (1), item (2) of the Regulations for Enforcement of the Companies Act)
 - (i) The Company has established the Risk Management & Compliance Committee as the organization that performs comprehensive management relating to loss-related risks for the Company and Group companies, determined the committee's functions and authority, and created a system that clarifies its roles and responsibilities.
 - (ii) Each responsible division establishes rules and guidelines, conducts training, prepares and distributes manuals, and takes other measures concerning individual risks relating to the business activities of the Company and Group companies.
 - (iii) When new risks arise, the Risk Management & Compliance Committee promptly designates the responsible division to address the risks, and also develops a system for prompt and appropriate communication and emergency procedures in case that an incident occurs within the Group.
 - (4) Systems for ensuring the efficient execution of duties by Directors (Article 100, paragraph (1), item (3) of the Regulations for Enforcement of the Companies Act)
 - (i) The Board of Directors is clearly positioned as the body in charge of making decisions on management policies and strategies, and it supervises the execution of operations. The Board of Directors holds regular monthly meetings as well as extraordinary meetings when necessary.
 - (ii) The Group Management Committee, consisting of executive officers appointed by the Board of Directors, has been established to discuss important matters such as management strategies and investment projects, as a way to support management decision-making, and holds regular meetings once a month in principle. Directors and Audit & Supervisory Board Members may attend the Group Management Committee meetings.
 - (iii) With regard to the performance of business in accordance with the decisions of the Board of Directors, organizational operations rules and divisions of work responsibilities established under an executive officer system specify responsible parties, their responsibilities, and procedures for carrying out those responsibilities.
 - (5) Systems for ensuring the proper implementation of business by the corporate group comprising a stock corporation and its subsidiaries (Article 100, paragraph (1), item (5) of the Regulations for Enforcement of the Companies Act)
 - (i) Systems for reporting to the Company on matters pertaining to the execution of duties by directors, etc. of subsidiaries (Article 100, paragraph (1), item (5)(a) of the Regulations for Enforcement of the Companies Act)
 - a. The Company has established operational standards and established a system that requires approval from or reporting to the Company after Group companies make decisions on certain matters.

- b. In principle, the Company dispatches officers to Group companies and ensures the proper conduct of business.
- (ii) Rules relating to management of loss-related risks of the subsidiaries and other systems (Article 100, paragraph (1), item (5)(b) of the Regulations for Enforcement of the Companies Act)
The Company and Group companies perform Group-wide risk management with the Risk Management & Compliance Committee playing a central role and in coordination with risk management & compliance committees established at main subsidiaries. Important matters relating to Group-wide compliance are discussed and decisions are made while tasks and measures to promote the risk management are deliberated and decided on. In order to further enhance the reliability of financial reports, the status of company-wide internal controls as well as the process for preparing financial statements has been codified in light of the Financial Instruments and Exchange Act and evaluation and improvement efforts are made on a consolidated basis.
 - (iii) Systems for ensuring the efficient execution of duties by directors, etc. of subsidiaries (Article 100, paragraph (1), item (5)(c) of the Regulations for Enforcement of the Companies Act)
Under the Medium-term Management Plan and a system of annual budgets, clear targets are set and budget and results management is performed for the Company and each Group company.
 - (iv) Systems to ensure that directors, etc. and employees of subsidiaries execute their duties in accordance with laws and the Articles of Incorporation (Article 100, paragraph (1), item (5)(d) of the Regulations for Enforcement of the Companies Act)
 - a. The Code of Conduct for Risk Management & Compliance is disseminated to all officers and employees of Group companies to ensure that their corporate activities are conducted in accordance with the Code.
 - b. The Audit Office of the Company conducts audits of the Company and Group companies in accordance with the Internal Audit Rules.
 - c. The Risk Management & Compliance Committee has introduced an internal reporting system wherein employees and officers including those of Group companies can report or discuss issues directly. The aim is to prevent violations of laws and regulations and the Articles of Incorporation by Directors and employees in the performance of their duties, and to prevent such violations from being left unattended or unaddressed.
- (6) Matters pertaining to employees when Audit & Supervisory Board members request the appointment of employees to assist them in the execution of their duties (Article 100, paragraph (3), item (1) of the Regulations for Enforcement of the Companies Act)
Upon request from Audit & Supervisory Board members, in order to ensure their auditing effectiveness, the Company appoints employees to support the Audit & Supervisory Board members' work. Such employees are assigned to the Audit Office.
 - (7) Matters pertaining to ensuring the independence of employees specified in the preceding paragraph from Directors and ensuring the effectiveness of instructions from Audit & Supervisory Board members (Article 100, paragraph (3), item (2) and (3) of the Regulations for Enforcement of the Companies Act)
 - (i) When such employees are transferred, evaluations are conducted, and so on, prior consultations are conducted with Audit & Supervisory Board members and their opinions are sought.
 - (ii) Efforts are made to ensure the effectiveness of instructions to such employees, adequately taking into consideration the selection of such employees and the period for which they will work supporting the execution of duties by Audit & Supervisory Board members.

- (8) Systems for Directors and employees to report to Audit & Supervisory Board members and other systems for reporting to Audit & Supervisory Board members (Article 100, paragraph (3), item (4) of the Regulations for Enforcement of the Companies Act)
- (i) Audit & Supervisory Board members attend the Board of Directors meetings and other important meetings, exchange opinions with managers, review requests for decisions, reports, and so on so that they can understand the overall status of operations of the Company and Group companies at all times.
 - (ii) The Risk Management & Compliance Committee Rules stipulate that Directors, employees, and so on of the Company and Group companies shall report to Audit & Supervisory Board members promptly regarding the following matters individually or through the Risk Management & Compliance Committee.
 - i. Occurrence and reporting of improper implementation, violations of laws and regulations or the Articles of Incorporation, or other compliance-related issues regarding the performance of duties by Directors;
 - ii. Occurrence and reporting of facts that pose a risk of substantial harm to the Company; and
 - iii. Occurrence and reporting of disclosure of material information.
 - (iii) The results of internal audits of the business execution of the Company and Group companies conducted by the Audit Office are reported to full-time Audit & Supervisory Board members.
- (9) System to ensure that a person who makes a report under the preceding paragraph is not subject to any disadvantageous treatment for making such a report (Article 100, paragraph (3), item (5) of the Regulations for Enforcement of the Companies Act)
- Detrimental treatment of persons who make reports is prohibited in cases where a report is made by a Director or employee of the Company or Group companies directly to an Audit & Supervisory Board member. This information is distributed throughout the Group and is clearly stated within internal reporting system.
- (10) Matters concerning procedures for prepayment or reimbursement of expenses incurred in the execution of duties by Audit & Supervisory Board members and other policies concerning the treatment of expenses or liabilities incurred in the execution of such duties (Article 100, paragraph (3), item (6) of the Regulations for Enforcement of the Companies Act)
- When advice is sought from attorneys, certified public accountants, and other outside professionals or expenses are requested for outsourcing investigations, appraisals, or other administrative tasks so that the Audit & Supervisory Board or its members can perform audits, the Company may not refuse such requests except when the expenses relating to a request are deemed unnecessary for the performance of duties by the Audit & Supervisory Board or its members.
- (11) Other systems to ensure that audits are conducted effectively by Audit & Supervisory Board members (Article 100, paragraph (3), item (7) of the Regulations for Enforcement of the Companies Act)
- (i) The Representative Directors and the outside Directors hold periodic meetings for the exchange of opinions with Audit & Supervisory Board members.

- (ii) Full-time Audit & Supervisory Board members of the Company concurrently serve as audit & supervisory board members at main subsidiaries in Japan.

Overview of the Status of Implementation of Systems for Ensuring Proper Implementation of Business

The Company has established the Internal Control Committee that consists of Directors and executive officers, in order to build, maintain and improve the internal control systems. The Committee monitors the operational status of internal controls.

- The Board of Directors is positioned as the decision-making body regarding management policies and strategies, and it supervises the execution of operations. The Board of Directors met a total of 17 times this fiscal year. With regard to the performance of business in accordance with the decisions of the Board of Directors, business is efficiently executed in accordance with organizational operations rules and divisions of work responsibilities established under an executive officer system.
- The Group Management Committee consists of executive officers appointed by the Board of Directors and discusses important matters such as management strategies and investment projects. This Committee held 12 meetings this fiscal year.
- The Company has adopted the “Code of Conduct for Risk Management & Compliance,” and conducts all business activities in accordance with various internal rules based on said code. The Risk Management & Compliance Committee shares important risk management and compliance matters of the Group and discusses ways to handle issues. This Committee was held three times this fiscal year. In addition, the Risk Management & Compliance Committee Secretariat conducts various activities including the provision of support for establishing the Group’s risk management system and legal compliance education in accordance with the policy indicated by the Risk Management & Compliance Committee. This Secretariat held monthly regular meetings. Furthermore, the Group has been building a structure through an initiative called risk communication that enables each section and the Risk Management & Compliance Committee Secretariat, working together, to handle individual risks, and developing a system for prompt and appropriate communication and emergency procedures. Activity plans and activity details are reported to the Board of Directors.
- Under its internal reporting system, the Company has set up a desk for handling direct reporting and consultation requests within Group companies in Japan and overseas, aiming to grasp behaviors in violation of law, etc., and prevent the occurrence of these behaviors. We also adopt and disseminate within the Group both the NAGASE Group Compliance Consultation and Reporting Basic Policy, which provides important and basic matters as a global policy, and the Compliance Hotline Rules, which are applicable to the Group companies in Japan so that those who report certain behaviors do not suffer detrimental treatment.
- The Company and its Group companies have established operational standards to ensure the proper implementation of business. Under these standards, decisions on certain matters that Group companies make are required to be approved by or reported to the Company, and the Company dispatches officers to Group companies in principle. The Audit Office of the Company conducts audits of the Company and its Group companies in accordance with the Internal Audit Rules.
- From the standpoint of reliability of financial reports, the status of company-wide internal controls and the process for preparing financial statements have been codified in light of the Financial Instruments and Exchange Act, and evaluation and improvement efforts are made on a consolidated basis.

- Audit & Supervisory Board members attend the Board of Directors meetings, Group Management Committee meetings, and other important meetings, and exchange opinions regularly with the Representative Directors, outside Directors, and management executives. These members also regularly receive reports from and exchange opinions with Independent Auditors, the Audit Office, and Audit & Supervisory Board members of affiliated companies. The Company has established an information system enabling Audit & Supervisory Board members to review requests for decisions, meeting minutes, and reports, etc., regarding the execution of duties by Directors as well as other information to enable these members to understand the status of operations of the Company and its Group companies. We also clarify matters to be reported promptly to the Audit & Supervisory Board members, such as events and internal reports that may have a material impact on management, to ensure timely and appropriate reporting to these members. A budget for the expenses to be incurred in connection with audits conducted by the Audit & Supervisory Board members is provided and these expenses are paid based on mutual approval by the Audit & Supervisory Board members, employees who assist the Audit & Supervisory Board members in the execution of these members' duties are chosen from the Audit Office staff to ensure independence and the effectiveness of instructions from these members.

2. Policy on decisions concerning distribution of surplus

The Company positions the enhancement of value for its shareholders as an important management issue, and has established continuously increasing dividends and flexible repurchases of treasury stock as its shareholder returns policy.

Under the new Medium-term Management Plan, the Company will seek to expand its business foundation and improve its earning power through the steady implementation of measures and the promotion of growth investments, and will aim to achieve sustainable improvement in earnings per share (EPS). Specifically, the Company uses 30% growth in EPS over the three-year period as a guideline.

With respect to repurchases of treasury stock, the Company will seek to achieve ROE of 9%, as set forth in the new Medium-term Management Plan, and enhance shareholder value by implementing such repurchases flexibly, while taking into account the balance with opportunities for growth investments and financial soundness, as well as capital cost and share price levels.

Consolidated Statement of Changes in Net Assets
(April 1, 2025 – March 31, 2026)

(Amounts of less than one million yen are rounded down.)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Less treasury stock, at cost	Total shareholders' equity
Balance at April 1, 2025	9,699	9,348	312,244	(19,579)	311,712
Changes					
Cash dividends			(9,604)		(9,604)
Profit attributable to owners of the parent			33,119		33,119
Purchases of treasury stock				(24,675)	(24,675)
Disposal of treasury stock		414		2,616	3,031
Cancellation of treasury stock		(720)	(14,683)	15,404	-
Changes in ownership interests in subsidiaries		(11)			(11)
Tax effect adjustment related to changes in ownership interests		306			306
Other changes					
Total changes	-	(11)	8,831	(6,653)	2,166
Balance at March 31, 2026	9,699	9,336	321,076	(26,233)	313,878

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Net unrealized holding gain on securities	Deferred gain on hedges	Translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at April 1, 2025	30,665	6	56,864	(196)	87,340	7,406	406,459
Changes							
Cash dividends							(9,604)
Profit attributable to owners of the parent							33,119
Purchases of treasury stock							(24,675)
Disposal of treasury stock							3,031
Cancellation of treasury stock							-
Changes in ownership interests in subsidiaries							(11)
Tax effect adjustment related to changes in ownership interests							306
Other changes	9,811	(129)	11,255	3,290	24,227	1,171	25,399
Total changes	9,811	(129)	11,255	3,290	24,227	1,171	27,565
Balance at March 31, 2026	40,477	(123)	68,119	3,094	111,567	8,578	434,025

Notes to Consolidated Financial Statements

1. Notes relating to premise of going concern

No applicable information.

2. Matters relating to the scope of consolidation

(1) Number of consolidated subsidiaries: 75

Main subsidiaries: Nagase ChemteX Corporation, Nagase Viita Co., Ltd., Prinova Group LLC, Nagase (Thailand) Co., Ltd., Nagase (Hong Kong) Ltd., and Shanghai Nagase Trading Co., Ltd.

(2) Changes in the scope of consolidation

(Increase)

- APLIQUIMICA APLICACOES QUIMICAS ESPECIAIS LTDA (Note 1)
- SACHEM Japan Holding GK (Note 2)
- SACHEM Japan Co., Ltd. (Note 2)
- SN Tech Corporation (Note 2)
- Nagase Circrea (Wuxi) Co., Ltd. (Note 3)
- SACHEM Korea Ltd. (Note 4)
- NAGASE WAHLEE INDIA PRIVATE LIMITED (Note 5)
- Nagase Diagnostics Co., Ltd. (Note 6)

(Decrease)

- Nagase Abrasive Materials Co., Ltd. (Note 7)
- SACHEM Japan Holding GK (Note 2)
- SN Tech Corporation (Note 2)
- Inkron Oy (Note 8)
- The Ingredient House, LLC (Note 9)
- Fruttini Sucos de Frutas Ltda (Note 10)

Notes:

1. On April 1, 2025, the company became a consolidated subsidiary through the acquisition of equity interests.
2. On June 3, 2025, SACHEM Japan Holding GK and SACHEM Japan GK became consolidated subsidiaries through the acquisition of equity interests. SN Tech Corporation changed from an affiliate subject to application of the equity method to a consolidated subsidiary through an additional acquisition of shares. On January 1, 2026, an absorption-type merger was conducted with SACHEM Japan Holding GK and SN Tech Corporation as the dissolved companies and SACHEM Japan GK as the surviving company. The surviving company was subsequently reorganized into SACHEM Japan Co., Ltd. and changed its name to Nagase Circrea Co., Ltd. on April 1, 2026.
3. On June 3, 2025, the company became a consolidated subsidiary through the acquisition of equity interests and changed its name from SACHEM Wuxi Co., Ltd. on March 16, 2026.
4. On June 3, 2025, the company became a consolidated subsidiary through the acquisition of shares. In addition, the company changed its name to Nagase Circrea Korea Co., Ltd. on April 1, 2026.
5. On June 24, 2025, the company was newly established through an investment and became a consolidated subsidiary.
6. On July 1, 2025, the company became a consolidated subsidiary through the acquisition of shares.

7. On April 1, 2025, the company was dissolved in an absorption-type merger in which NAGASE ELEX CO., LTD., a consolidated subsidiary, was the surviving company.
8. On October 31, 2025, the company was excluded from consolidation due to a transfer of shares.
9. On December 31, 2025, the company was dissolved in an absorption-type merger in which Prinova US LLC was the surviving company.
10. On January 29, 2026, the company was dissolved in an absorption-type merger in which Flavor Tec - Aromas de Frutas Ltda was the surviving company.

(3) Name, etc. of main non-consolidated subsidiaries

Choko Co., Ltd.

(Reasons for excluding non-consolidated subsidiaries from the scope of consolidation)

Those non-consolidated subsidiaries (nine companies) are small in size and their total assets, net sales, the profit or loss (based on the equity interest of NAGASE & CO., LTD. (the “Company”)), and retained earnings (based on the Company’s equity interest) do not have a significant effect on the consolidated financial statements.

3. Matters relating to application of the equity method

(1) Affiliates subject to application of the equity method: 17

Main affiliates: Nissei Technology Corporation, Nagase-OG Colors & Chemicals Co., Ltd., and Nagase Landauer, Ltd.

(2) Changes in the scope of application of the equity method

(Decrease)

- SN Tech Corporation (Note 1)

Note 1: On June 3, 2025, the company changed from an equity-method affiliate to a consolidated subsidiary through an additional acquisition of shares.

(3) Name, etc. of main non-consolidated subsidiaries and affiliates that are not accounted for by the equity method

Non-consolidated subsidiaries: Choko Co., Ltd.

Affiliates: Nagase-OG Colors & Chemicals (Shanghai) Co., Ltd.

(Reason for exclusion from scope of application of the equity method)

The non-consolidated subsidiaries (nine companies) and affiliates (five companies) that are not accounted for by the equity method are excluded from the scope of the equity method since they have immaterial effect on any of the Company’s consolidated financial statements in terms of profit or loss (based on the Company’s equity interest), retained earnings (based on the Company’s equity interest) and others, and they are not material as a whole.

4. Matters relating to fiscal years of consolidated subsidiaries, etc.

Among the consolidated subsidiaries, there are 34 companies whose accounting periods differ from the consolidated accounting period and all those companies’ fiscal year-end date is December 31. For 13 of those companies, consolidation is performed using the financial statements based on provisional settlement of accounts as of the consolidated closing date. For 21 of those companies, the financial statements as of the fiscal year-end date of each company are used, and necessary adjustments are made for major transactions that occurred between the company’s fiscal year-end date and the consolidated closing date.

5. Notes relating to accounting policies

(1) Valuation criteria and policies for major assets

(i) Securities

Other securities

- Securities other than equity securities with no market price

The market value method is adopted (all valuation gains or losses are treated as a component of net assets, with the cost of securities sold calculated based on the moving-average method).

- Equity securities with no market price

The cost method based on the moving-average method is adopted.

(ii) Derivatives

The market value method is adopted.

(iii) Inventories

Primarily, the cost method based on the moving-average method is adopted (the lower of book value or market value based on declines in profitability).

(2) Depreciation and amortization of significant non-current assets

(i) Property, plant and equipment (except for leased assets)

The straight-line method is adopted. The estimated useful lives of major assets are as follows.

Buildings (other than structures attached to the buildings): 15 - 50 years

Machinery and equipment: 2 - 20 years

(ii) Intangible fixed assets (except for leased assets)

The straight-line method is adopted. The estimated useful lives of major assets are as follows.

Technology-based assets: 15 - 17 years

Software for internal use: 5 years

(iii) 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 term.

(3) Accounting for significant allowances

(i) Allowance for doubtful accounts

In order to provide for losses arising from uncollectible receivables, the Company provides an allowance for doubtful accounts based on its historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific doubtful accounts from customers experiencing financial difficulties.

(ii) Accrued bonuses for employees

In order to provide for the payment of employee bonuses, the estimated amounts of bonuses to be paid to employees in the following fiscal year which is attributable to the current fiscal year is accrued.

(iii) Accrued bonuses for directors and executive officers

In order to provide for the payment of officer bonuses, the estimated amounts of bonuses to be paid to directors in the following fiscal year which is attributable to the current fiscal year is accrued.

(iv) 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.

(v) Provision for loss on business withdrawal

For businesses for which a decision has been made to withdraw, the estimated amount of future losses associated with the withdrawal is reasonably calculated and recorded as a provision for loss on business withdrawal.

(4) Method of accounting for retirement benefits

In order to provide for the payment of employee retirement benefits, the estimated amounts of the retirement benefit obligations less estimated pension plan assets at the end of the current fiscal year are accrued. The estimated benefit is attributed to the period up to the end of the current fiscal year 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.

(5) Accounting for significant revenues and expenses

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

The Group sells merchandise and products by reportable segment and recognizes revenue 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 is obligated to act as an agent for certain transactions. The consideration for the transactions is received primarily within one year of satisfying the performance obligation and does not include a significant financial component.

When the Group is acting as a party to a transaction, revenue is presented in a 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 which is the gross amount of consideration received from the customer minus the amount collected for the third party.

(6) Significant methods for hedge accounting

(i) Methods for hedge accounting

a. Foreign currency forward exchange contracts

The deferral hedge accounting method is mainly used.

b. Interest-rate swaps

Special accounting treatment is applied when the requirements of special accounting treatment are fulfilled, and the deferral hedge accounting method is otherwise applied.

(ii) Hedging instruments and hedged items

- a. Hedging instruments: Foreign currency forward exchange contracts, foreign currency-denominated deposits, and foreign currency-denominated loans
Hedged items: Foreign currency receivables and payables and forecasted transactions denominated in foreign currencies
- b. Hedging instruments: Interest-rate swaps
Hedged items: Interest rates on loans from financial institutions

(iii) Hedging policies

- a. In order to manage the risks arising from adverse fluctuation in foreign currency exchange rates relating to import and export transactions, the Company enters into foreign currency forward exchange contracts primarily for accounts receivable and accounts payable in foreign currencies. Execution and management of such contracts are based on internal management rules, and foreign currency forward exchange contracts are conducted within a range of actual demand (accounts receivable, accounts payable, and actual transactions in foreign currencies).
- b. In order to manage the risks of changes in loan interest rates or the risk of deviation from future market interest rate levels, the Company engages in interest-rate swaps. Execution and management of such contracts are performed in accordance with internal management rules, and targets of interest-rate-swap hedging are identified individually for each contract.

(iv) Method of evaluating the effectiveness of hedging activities

- a. The Company assesses 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.
- b. With regard to interest-rate swaps which meet the conditions for the special accounting treatment, an evaluation of effectiveness as of the end of the fiscal year is omitted.

(7) Goodwill amortization method and amortization period

Goodwill is amortized on a straight-line basis over a period when its effects will be realized within 20 years after recognition. When immaterial, goodwill is charged to income as incurred.

6. Material changes to matters that serve as the basis for preparation of the consolidated financial statements

(Changes in accounting policies)

(Revised classification of manufacturing costs)

Effective from the beginning of the current fiscal year, the Company has revised the classification of manufacturing costs at the manufacturing subsidiaries of the Prinova Group, a consolidated subsidiary. Following the full acquisition of the Prinova Group in fiscal 2023, this revision was implemented to strengthen cost control practices, leveraging the introduction of a new accounting system.

Accordingly, certain expense items that had previously been recorded as selling, general and administrative expenses are now recorded as cost of sales.

There is no impact on the beginning balance of retained earnings.

(Changes in presentation)

Previously, Construction in progress was presented under Other (6,452 million yen for the previous fiscal year) in Non-current assets on the consolidated balance sheet. However, given its increased materiality, it is presented separately as Construction in progress (16,551 million yen for the fiscal year under review), starting from this fiscal year.

Previously, Provision for loss on business withdrawal was presented under Other (1,917 million yen for the previous fiscal year) in Current liabilities on the consolidated balance sheet. However, in view of its materiality, it is presented separately as Provision for loss on business withdrawal (1,306 million yen for the fiscal year under review), starting from this fiscal year.

7. Notes to accounting estimates

(Calculation of the fair value of intangible assets recorded through a business combination)

(1) Amount recorded in the consolidated financial statements for the current fiscal year

In the current fiscal year, the major goodwill and intangible assets newly recorded through a business combination resulting from the acquisition of the high-purity chemicals business for semiconductors in Asia from SACHEM, Inc., a U.S. company, were as follows.

Goodwill	4,083 million yen
Technology-based assets	2,099 million yen

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

(i) Method of calculating the amount

With respect to the allocation of acquisition cost, the fair values of identifiable assets and liabilities are calculated, and the difference between the acquisition cost and the amount allocated to acquisition cost is recorded as goodwill. Technology-based assets are calculated using the relief-from-royalty method based on the business plan.

(ii) Key assumptions used for amount calculation

The key assumptions used in calculating the fair value of technology-based assets are net sales, growth rate, royalty rate, and discount rate for a specific business.

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

The assumptions used in accounting estimates and judgments are based on information available as of the end of the current fiscal year, but are subject to uncertainties inherent in estimates. Accordingly, if events occur that require a review of the assumptions, such events may have a significant impact on the valuation of goodwill and technology-based assets in the consolidated financial statements for the next fiscal year.

8. Notes to changes in accounting estimates

(Provision for loss on business withdrawal)

In the previous fiscal year, the Company recorded a provision for loss on business withdrawal related to the loss incurred from the thin-film processing business for glass substrates in China, the decision for which was made in fiscal 2020. However, due to the acquisition of new information regarding soil remediation costs, the Company revised estimates during the current fiscal year.

As a result of this change in estimate, the provision for loss on business withdrawal for the current fiscal year increased by 2,969 million yen and income before income taxes decreased by 2,726 million yen.

9. Notes to consolidated balance sheet

(1) Accumulated depreciation of property, plant and equipment 124,180 million yen

(2) Assets pledged as collateral and secured debt

The assets pledged as collateral for borrowings of investees are as follows.

Investment securities 311 million yen

(3) Guarantee obligations

Maximum guarantee amount for bank loans of subsidiaries and affiliates 1,101 million yen

(4) Discounted export notes 130 million yen

(5) The reduction entry amount from acceptance of government subsidies included in non-current assets (buildings and structures, machinery, equipment and vehicles, land, other property, plant and equipment, and other intangible fixed assets) is 1,298 million yen, and the reduction entry amount has been deducted from the amount on the consolidated balance sheet.

10. Notes to consolidated statement of income

Research and development expenses 5,934 million yen

11. Notes to consolidated statement of changes in net assets

(1) Total number of issued shares as of the end of the current fiscal year

Common shares 109,908,285 shares

Note: The Company conducted a share split at a ratio of 4 shares for every one common share, with an effective date of April 1, 2026. However, the above matter is based on the number of shares before the share split.

(2) Distribution of surplus during the current fiscal year

Resolution	Type of shares	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Annual Shareholders' Meeting held on June 18, 2025	Common shares	4,893	45.0	March 31, 2025	June 19, 2025
Board of Directors' meeting held on November 6, 2025	Common shares	4,710	45.0	September 30, 2025	December 1, 2025

(Notes) 1. Total amount of dividends for common shares of 4,893 million yen which is resolved at the Annual Shareholders' Meeting held on June 18, 2025 includes dividends of 12 million yen in relation to the Company's shares held by the "Share Delivery Trust for Officers."

2. Total amount of dividends for common shares of 4,710 million yen which is resolved at the Board of Directors' meeting held on November 6, 2025 includes dividends of 11 million yen in relation to the Company's shares held by the "Share Delivery Trust for Officers."

(3) Distribution of surplus after the end of the current fiscal year

Planned Resolution	Type of shares	Source of funds	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Annual Shareholders' Meeting to be held on June 17, 2026	Common shares	Retained earnings	5,647	55.0	March 31, 2026	June 18, 2026

- (Notes) 1. The Company conducted a share split at a ratio of 4 shares for every one common share effective April 1, 2026. However, for the dividend with a record date of March 31, 2026, the amount presented is based on the number of shares before the share split.
2. Total amount of dividends for common shares of 5,647 million yen which is to be resolved at the Annual Shareholders' Meeting to be held on June 17, 2026 includes dividends of 40 million yen in relation to the Company's shares held by the "Share Delivery Trust for Officers."

12. Notes relating to financial instruments

(1) Matters concerning the status of financial instruments

With regard to Group's financing policy, short-term working funds are raised by bank borrowings and issuance of commercial paper, 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 receivables and payables denominated in foreign currencies, and fluctuation risk related to interest rates with respect to loans payable, or the risk that fixed interest rates payable may diverge from future market interest rate levels, and derivative transactions are not carried out for speculative purposes.

Operating receivables such as notes and accounts receivable are exposed to customers' credit risks. With regard to this risk, the Group manages the settlement date and monitors outstanding balances and establishes sales limit amounts by each customer based on the Group's internal credit rating policy. The Group has established a 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 operating receivable or payable denominated in foreign currencies, foreign currency forward exchange contracts are used to hedge the risk of fluctuation for both receivables and payables. 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 issuers. 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. Some fixed-rate long-term loans are subject to the risk that their interest rates may diverge from future market interest rate levels. However, to reduce such risk, the Group utilizes derivatives (interest-rate swap transactions) as a hedging instrument.

Derivatives mainly include foreign currency forward exchange contracts to manage fluctuation risk in foreign currency exchange rates related to receivables and payables denominated in foreign currencies and interest-rate swaps to manage fluctuation risk of interest rates related to the interest payments for bank loans or the risk that interest rates may diverge from future market interest rate levels.

In addition, operating 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.

(2) Matters concerning the fair value of financial instruments

The carrying value on the consolidated balance sheet, fair values and the differences as of March 31, 2026 are as shown below.

Cash has been omitted from the notes, and time deposits, notes and accounts receivable, notes and accounts payable, short-term loans, current portion of long-term loans, and commercial paper also have been omitted from the notes since they are settled in a short period of time and their fair values approximate their book values.

(Millions of yen)

	Carrying value on the consolidated balance sheet	Fair value	Difference
(1) Investments in securities			
Other securities	68,703	68,703	–
(2) Bonds	40,000	37,144	(2,856)
(3) Long-term loans	50,000	47,633	(2,366)
(4) Derivatives*	(335)	(335)	–

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

Note: Equity securities with no market price are not included in “(1) Investments in securities.” The consolidated balance sheet amounts of such financial instruments are as follows.

Category	Carrying value on the consolidated balance sheet (Millions of yen)
Unlisted equity securities	5,424
Shares of subsidiaries and affiliates	12,179
Other securities of subsidiaries and affiliates	1,287

- (3) Matters related to the breakdown, etc. of the fair value of financial instruments by level
The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs on fair value calculation.

Level 1 fair value: Among the inputs on observable fair value calculation, fair value calculated based on quoted market prices for the assets or liabilities for which such fair value is calculated that are formed in active markets

Level 2 fair value: Among the inputs on observable fair value calculation, fair value calculated using inputs on fair value calculation other than Level 1 inputs

Level 3 fair value: Fair value calculated using inputs on unobservable fair value calculation

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

- (i) Financial assets and liabilities that are recorded with fair value in the consolidated balance sheets

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Other securities				
Equity securities	68,703	–	–	68,703
Derivatives				
Currency-related	–	(47)	–	(47)
Interest rate-related	–	(288)	–	(288)

- (ii) Financial assets and liabilities that are not recorded with fair value in the consolidated balance sheets

(Millions of yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Bonds	–	37,144	–	37,144
Long-term loans	–	47,633	–	47,633

Note: Explanation on valuation method and inputs used for the calculation of fair value

Investments in securities

Listed equity securities are valued using quoted market prices. Since equity securities are traded in active markets, their fair value is classified as Level 1.

Derivatives

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

Since interest-rate swap transactions are accounted for as if the interest rates applied to the swaps had originally applied to the underlying long-term loans, their fair values were included in the fair value of the long-term loans.

Bonds

Fair value of the bonds issued by the Company is calculated based on quoted market prices, and is classified as Level 2 fair value.

Long-term loans

The fair value of long-term loans with fixed interest rates is based on the present value of the total of principal and interest discounted by the interest rate to be applied assuming new loans under similar conditions to existing loans are made, and is classified as Level 2 fair value.

13. Notes relating to revenue recognition

(1) Information that disaggregates revenue from contracts with customers

The Group's net sales in the current fiscal year mainly consist of revenues recognized from contracts with customers, and the breakdown of net sales by region for each reportable segment is as follows.

(Millions of yen)

	Reportable segments					Others (Note) 3	Total	Component (%)
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare			
Japan	72,214	37,173	61,042	41,538	77,376	94	289,441	29.8
Greater China	22,031	92,719	76,709	25,122	5,583	-	222,166	22.8
ASEAN	33,547	67,740	11,455	40,586	7,221	-	160,550	16.5
Americas	18,852	4,771	7,356	20,809	137,508	-	189,297	19.5
Europe	5,891	1,439	6,007	1,992	81,138	-	96,469	9.9
Other	1,105	2,845	10,320	207	378	-	14,857	1.5
Revenue from contracts with customers	153,642	206,690	172,891	130,256	309,207	94	972,783	100.0
Net sales to customers	153,642	206,690	172,891	130,256	309,207	94	972,783	100.0

Notes:

1. Net sales are categorized by country or region, according to the location of the Company and its 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..... UK, 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 services.

(2) Information for understanding the amount of revenue for the current fiscal year and after 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 from contracts with customers and contract assets are included in "Notes and accounts receivable and contract assets" and contract liabilities are included in "Other current liabilities." The beginning balance of the contract liabilities was transferred to revenue by the end of the period, and there is no materiality for the amount carried forward after the next fiscal year.

Category	Carrying value on the consolidated balance sheet (Millions of yen)
Receivables from contracts with customers	320,417
Contract assets	1,018
Contract liabilities	5,291

(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.

14. Notes relating to per share information

(1) Net assets per share	1,043.19 yen
(2) Earnings per share	78.89 yen

Notes:

1. The Company conducted a share split at a ratio of 4 shares for every one common share effective April 1, 2026. Accordingly, net assets per share and earnings per share are calculated on the assumption that the share split was conducted at the beginning of the current fiscal year.
2. The Company's shares held by the share delivery trust for officers are included in Treasury stock in Shareholders' equity. These are excluded from the calculation of the total number of issued shares at the end of the period when calculating net assets per share based on the number of shares after the share split. Also, these are excluded from the average number of shares during the period when calculating earnings per share based on the number of shares after the share split. The number of such shares at the end of the period excluded from the calculation of net assets per share was 2,920,000, while the average number of shares during the period excluded from the calculation of earnings per share was 1,660,062.

15. Notes relating to significant subsequent events

(Share split)

Based on a resolution made at the Board of Directors meeting held on October 24, 2025, the Company conducted a share split effective April 1, 2026.

(1) Purpose of share split

The purpose of this is to improve the liquidity of the Company's shares and expand the investor base by conducting a share split and lowering the amount per investment unit.

(2) Overview of share split

(i) Method of share split

The Company conducted a share split at a ratio of 4 shares for every one common share held by shareholders recorded on the final shareholder register on March 31, 2026.

(ii) Number of shares increased by share split

Total number of issued shares before the share split	109,908,285 shares
Number of shares increased by the share split	329,724,855 shares
Total number of issued shares after the share split	439,633,140 shares
Total number of shares authorized to be issued after the share split	1,387,920,000 shares

(iii) Schedule of the share split

Date of public notice of the record date	March 16, 2026
Record date	March 31, 2026
Effective date	April 1, 2026

(3) Impact on per share information

The impact of the share split is omitted because it is described in the notes relating to per share information.

(4) Others

There is no change in the amount of share capital following this share split.

16. Other notes

(Business combination through acquisition)

(1) Overview of the business combination

(i) Names of the acquired companies and descriptions of their businesses

Acquired companies:	SACHEM Japan Holding GK
	SACHEM Japan GK
	SN Tech Corporation (“SN Tech”)
	SACHEM Wuxi Co., Ltd.
	SACHEM Korea Ltd.

On January 1, 2026, an absorption-type merger was conducted with SACHEM Japan Holding GK and SN Tech as the dissolved companies and SACHEM Japan GK as the surviving company. The surviving company was subsequently reorganized into SACHEM Japan Co., Ltd.

Description of business:	Production of high-purity chemicals related to catalysts, specialty chemicals and electronics; research and development of other production processes, after-sales technical services, etc.; collection and recycling of high-purity chemicals used in semiconductor manufacturing
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(ii) Main reason for conducting the business combination

At a meeting held on March 18, 2025, the Company’s Board of Directors approved a resolution to acquire the Asian business of SACHEM, Inc. (“SACHEM”), a U.S. company, related to high-purity chemicals for semiconductors (the “Business”).

The growth story of Medium-Term Management Plan **ACE 2.0** describes the four business categories of Foundation, Focus, Development, and Improvement under which the Company engages in trading, manufacturing, and research functions. The manufacturing function in the semiconductor area is one of the Company’s Focus businesses.

SACHEM possesses advanced technologies and expertise in catalysts, specialty chemicals, and highly pure chemicals. The Company, wholly owned subsidiary Nagase ChemteX, and SACHEM created a joint venture, SN Tech, which has engaged in the collection and recycling of high-purity chemicals used in semiconductor manufacturing.

The Company intends to acquire the Business (which includes SN Tech) and expand its semiconductor business to strengthen its position as a semiconductor materials manufacturer in the semiconductor market, which the Company expects will continue to grow. Further, the Company intends to integrate the NAGASE Group manufacturing and development technologies for leading edge semiconductor materials to develop materials and equipment for advanced semiconductors.

(iii) Business combination date

June 3, 2025 (Deemed acquisition date: June 30, 2025)

(iv) Legal form of the business combination

Acquisition of shares and equity interests for cash consideration

- (v) Name of the combined company
 After the acquisition of shares, SACHEM Wuxi Co., Ltd. changed its trade name to Nagase Circrea (Wuxi) Co., Ltd. in March 2026.
 In addition, SACHEM Japan Co., Ltd. changed its trade name to Nagase Circrea Co., Ltd., and SACHEM Korea Ltd. changed its trade name to Nagase Circrea Korea Co., Ltd. in April 2026.
- (vi) Ratio of voting rights acquired
- | | | |
|--|--|------|
| SN Tech | | |
| Ratio of voting rights held immediately before the business combination: | | 40% |
| Ratio of voting rights additionally acquired on the business combination date: | | 60% |
| Ratio of voting rights held after the acquisition: | | 100% |
| Other four companies | | |
| Ratio of voting rights acquired on the business combination date: | | 100% |
- (vii) Main basis for determining the acquiring company
 The Company acquired shares and equity interests for cash consideration.
- (2) Period of results of the acquired companies included in the consolidated financial statements
 From July 1, 2025 to March 31, 2026.
 Because SN Tech, one of the acquired companies, was an affiliate subject to application of the equity method, its results for the period from April 1, 2025 to June 30, 2025 are recorded as “Equity in earnings of affiliates.”
- (3) Acquisition cost of the acquired companies and breakdown by type of consideration
- | | | |
|---|-------------------------|----------------------|
| Fair value on the business combination date of shares held immediately before the business combination: | 1 million U.S. dollars | (194 million yen) |
| Cash and time deposits: | 80 million U.S. dollars | (12,034 million yen) |
| Acquisition cost: | 81 million U.S. dollars | (12,229 million yen) |
- The yen amounts are translated at the executed forward exchange rate.
- (4) Difference between the acquisition cost of the acquired companies and the total acquisition cost for each transaction leading to the acquisition
- | | |
|----------------------------|---------------|
| Loss on step acquisitions: | 3 million yen |
|----------------------------|---------------|
- (5) Details and amounts of major acquisition-related expenses
- | | |
|-----------------------------------|-----------------|
| Advisory fees and other expenses: | 432 million yen |
|-----------------------------------|-----------------|
- (6) Amount of goodwill generated, cause of generation, amortization method, and amortization period
- | | |
|--|---|
| (i) Amount of goodwill generated: | 28 million U.S. dollars (4,064 million yen) |
| (ii) Cause of generation: | The goodwill was generated mainly from future excess earning power expected from future business development. |
| (iii) Amortization method and amortization period: | Straight-line amortization over 15 years |
- (7) Amounts of assets accepted and liabilities assumed on the business combination date and their main breakdown
- | | | |
|-----------------|-------------------------|---------------------|
| Current assets: | 39 million U.S. dollars | (5,692 million yen) |
|-----------------|-------------------------|---------------------|

Non-current assets:	65 million U.S. dollars	(9,432 million yen)
Total assets:	104 million U.S. dollars	(15,125 million yen)
Current liabilities:	42 million U.S. dollars	(6,142 million yen)
Long-term liabilities:	7 million U.S. dollars	(1,084 million yen)
Total liabilities:	49 million U.S. dollars	(7,227 million yen)

(8) Amount allocated to intangible fixed assets other than goodwill and amortization period

Type	Amount	Amortization period
Technology-based assets	13 million U.S. dollars (2,002 million yen)	15 years

Non-Consolidated Statement of Changes in Net Assets
(April 1, 2025 – March 31, 2026)

(Amounts of less than one million yen are rounded down.)
(Millions of yen)

	Shareholders' equity									
	Common stock	Capital surplus			Legal retained earnings	Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings				Total retained earnings
						Reserve for reduction entry	Reserve for purchase of specific shares	General reserve	Retained earnings brought forward	
Balance, at April 1, 2025	9,699	9,634		9,634	2,424	2,590	68	95,510	48,301	148,895
Changes										
Reversal of reserve for reduction entry						(597)			597	-
Cash dividends									(9,604)	(9,604)
Profit for the period									10,128	10,128
Purchases of treasury stock										-
Disposal of treasury stock			414	414						-
Cancellation of treasury stock			(414)	(414)					(14,990)	(14,990)
Other changes										
Total changes	-	-	-	-	-	(597)		-	(13,868)	(14,465)
Balance, at March 31, 2026	9,699	9,634	-	9,634	2,424	1,992	68	95,510	34,433	134,429

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Less treasury stock, at cost	Total shareholders' equity	Net unrealized holding gain on securities	Deferred gain (loss) on hedges	Total valuation and translation adjustments	
Balance, at April 1, 2025	(19,579)	148,650	29,875	4	29,879	178,529
Changes						
Reversal of reserve for reduction entry		-				-
Cash dividends		(9,604)				(9,604)
Profit for the period		10,128				10,128
Purchases of treasury stock	(24,675)	(24,675)				(24,675)
Disposal of treasury stock	2,616	3,031				3,031
Cancellation of treasury stock	15,404	-				-
Other changes			9,433	(127)	9,306	9,306
Total changes	(6,653)	(21,119)	9,433	(127)	9,306	(11,812)
Balance, at March 31, 2026	(26,233)	127,530	39,308	(122)	39,186	166,716

Notes to Non-consolidated Financial Statements

1. Notes relating to premise of going concern
No applicable information.

2. Notes relating to significant accounting policies
 - (1) Valuation criteria and policies for assets
 - (i) Securities
 - a. Shares of subsidiaries and affiliates
The cost method based on the moving-average method is adopted.
 - b. Other securities
 - i. Securities other than equity securities with no market price
The market value method is adopted (all valuation gains or losses are treated as a component of net assets, with the cost of securities sold calculated based on the moving-average method).
 - ii. Equity securities with no market price
The cost method based on the moving-average method is adopted.
 - (ii) Derivatives
The market value method is adopted.
 - (iii) Inventories
The cost method based on the moving-average method is adopted (the lower of book value or market value based on declines in profitability).
 - (2) Depreciation and amortization of non-current assets
 - (i) Property, plant and equipment (except for leased assets)
The straight-line method is adopted. The estimated useful lives of major assets are as follows.

Buildings (other than structures attached to the buildings):	23 - 50 years
Machinery and equipment:	2 - 17 years
 - (ii) Intangible assets (except for leased assets)
The straight-line method is adopted. The estimated useful lives of major assets are as follows.

Software for internal use:	5 years
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 - (iii) 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 term.
 - (3) Accounting for allowances
 - (i) Allowance for doubtful accounts
In order to provide for losses arising from uncollectible receivables, NAGASE & CO., LTD. (the "Company") provides an allowance for doubtful accounts based on its historical experience of bad debts on ordinary receivables plus an additional estimate of probable specific doubtful accounts from customers experiencing financial difficulties.
 - (ii) Accrued bonuses for employees
In order to provide for the payment of employee bonuses, the estimated amounts of bonuses to be paid to employees in the following fiscal year which is attributable to the current fiscal year is accrued.

(iii) Provision for retirement benefits

In order to provide for the payment of employee retirement benefits, the estimated amounts of the retirement benefit obligations less estimated pension plan assets at the end of the fiscal year are accrued.

Prior service cost is charged to income in the fiscal year in which such cost is recognized for financial reporting purposes.

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

Treatment on the non-consolidated balance sheet of unrecognized actuarial differences is different from that on the consolidated balance sheet.

(iv) Provision for loss on guarantees

In order to provide for loss on guarantees to the subsidiaries and affiliates, etc., a reserve for estimated amount of loss based on the financial conditions, etc. of the guaranteed companies is accrued.

(v) 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.

(vi) Provision for loss on business of subsidiaries and affiliates

An estimated amount of loss is recorded to provide for loss on businesses of our subsidiaries and affiliates in the consideration of the financial condition of a relevant company.

(4) Accounting for significant revenues and expenses

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

The Company sells merchandise and products by reportable segment and recognizes revenue 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 Company is obligated to act as an agent for certain transactions. The consideration for the transactions is received primarily within one year of satisfying the performance obligation and does not include a significant financial component.

When the Company is acting as a party to a transaction, revenue is presented in a gross amount of consideration received from the customer, and when the Company is acting as an agent for a third party, revenue is presented in a net amount of fees which is the gross amount of consideration received from the customer minus the amount collected for the third party.

(5) Other material matters that serve as the basis for preparation of the financial statements

(i) Method of accounting for deferred assets

Bond issuance costs are fully recognized as expenses when paid.

(ii) Methods for hedge accounting

a. Methods for hedge accounting

i. Foreign currency forward exchange contracts

The deferral hedge accounting method is used.

ii. Interest-rate swaps

Special accounting treatment is applied when the requirements of special accounting treatment are fulfilled, and the deferral hedge accounting method is otherwise applied.

- b. Hedging instruments and hedged items
 - i. Hedging instruments: Foreign currency forward exchange contracts, foreign currency-denominated deposits, and foreign currency-denominated loans
 Hedged items: Foreign currency receivables and payables and forecasted transactions denominated in foreign currencies
 - ii. Hedging instruments: Interest-rate swaps
 Hedged items: Interest rates on loans from financial institutions
- c. Hedging policies
 - i. In order to manage the risks arising from adverse fluctuation in foreign currency exchange rates relating to import and export transactions, the Company enters into foreign currency forward exchange contracts primarily for accounts receivable - trade and accounts payable - trade in foreign currencies. Execution and management of such contracts are based on internal management rules, and foreign currency forward exchange contracts are conducted within a range of actual demand (accounts receivable - trade, accounts payable - trade, and actual transactions in foreign currencies).
 - ii. In order to manage the risks of changes in loan interest rates or the risk of deviation from future market interest rate levels, the Company engages in interest-rate swaps. Execution and management of such contracts are performed in accordance with internal management rules, and targets of interest-rate-swap hedging are identified individually for each contract.
- d. Method of evaluating the effectiveness of hedging activities
 - i. The Company assesses 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.
 - ii. With regard to interest-rate swaps which meet the conditions for the special accounting treatment, an evaluation of effectiveness as of the end of the fiscal year is omitted.

3. Material changes to matters that serve as the basis for preparation of the financial statements
 (Changes in presentation)

Previously, Construction in progress was presented under Other (4,152 million yen for the previous fiscal year) in Non-current assets on the non-consolidated balance sheet. However, given its increased materiality, it is presented separately as Construction in progress (12,165 million yen for the fiscal year under review), starting from this fiscal year.

4. Notes to accounting estimates

(Assessment of shares of subsidiaries and affiliates)

(1) Amount recorded in the non-consolidated financial statements for the current fiscal year

Shares of subsidiaries and affiliates 123,499 million yen

Loss on valuation of shares of subsidiaries and affiliates - million yen

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

(i) Method of calculating the amount

As all shares of subsidiaries and affiliates the Company holds are equity securities with no market price, the acquisition cost thereof is recorded on the balance sheet, and in case the real value of these shares decreases significantly due to deterioration of financial conditions of an issuer of these shares, a loss on impairment of fixed assets is recorded.

The real value is basically calculated based on the amount of net assets of such issuer, but excess earning power, etc. may be reflected in this value. Excess earning power, etc. are calculated based on a differential between the said issuer's net asset value at the time of share acquisition and the actual acquisition cost. However, even if the excess earning power, etc. are considered to be deteriorating due to a differential, etc. between the initially planned performance and actual performance, the amount of such deterioration is not included in the calculation of the real value. In addition, even if the real value declines significantly, a loss on impairment of fixed assets may not be recognized as long as performance recovery can be anticipated in the future under an executable, rational business plan, etc.

(ii) Key assumptions used for amount calculation

As key assumptions, projected sales and cost of sales included in the business plan of each subsidiary or associate were used.

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

If the actual earnings or losses of each subsidiary or associate are lower than estimated or if there is a material change in the assumptions underlying future business plans, loss on impairment of fixed assets may be recognized in the following fiscal year.

5. Notes to non-consolidated balance sheet

(1) Accumulated depreciation of property, plant and equipment 15,239 million yen

(2) Assets pledged as collateral and secured debt

The assets pledged as collateral for borrowings of investees are as follows.

Investment securities 311 million yen

(3) Guarantee obligations

Maximum guarantee amount for bank loans, etc. of subsidiaries and affiliates 80,431 million yen

(4) Discounted export notes 130 million yen

(5) Guarantees of monetary claims against and obligations owed to subsidiaries and affiliates (except for those indicated separately)

Short-term monetary claims 60,409 million yen

Short-term monetary obligations 99,519 million yen

(6) The reduction entry amount from acceptance of government subsidies included in non-current assets (buildings, machinery and equipment, tools, furniture and fixtures, and software) is 72 million yen, and the reduction entry amount has been deducted from the amount of the non-consolidated balance sheet.

6. Notes to non-consolidated statements of income
- | | |
|---|---------------------|
| Transactions with subsidiaries and affiliates | |
| Net sales | 116,534 million yen |
| Net purchases | 42,482 million yen |
| Selling, general and administrative expenses | 8,188 million yen |
| Non-operating transactions | 21,734 million yen |
7. Notes relating to revenue recognition
- Information that forms the basis for understanding revenue from contracts with customers has been omitted from the notes because the same information is presented in “Notes to Non-consolidated Financial Statements, 2. Notes relating to significant accounting policies, (4) Accounting for significant revenues and expenses.”
8. Notes to non-consolidated statement of changes in net assets
- | | |
|---|------------------|
| Number of shares of treasury stock as of the end of the fiscal year | 7,950,152 shares |
|---|------------------|
- Notes:
1. The Company conducted a share split at a ratio of 4 shares for every one common share effective April 1, 2026. However, the above matter is based on the number of shares before the share split.
 2. Treasury stock in the above includes 730,000 shares of the Company’s shares held by the share delivery trust for officers.
9. Notes relating to tax effect accounting
- (The primary reasons for the occurrence of deferred tax assets and deferred tax liabilities)
- The primary reasons for the occurrence of deferred tax assets are investments in securities and accrued bonuses for employees less valuation allowances. The primary reason for the occurrence of deferred tax liabilities is net unrealized holding gain on securities.

10. Notes relating to related party transactions

Subsidiaries and affiliates

Attribute	Company name	Description of main business	Percentage of voting rights held (%)	Details of relationship		Details of transactions	Transaction amount (million yen)	Accounting category	Balance at end of fiscal year (million yen)
				Concurrent service by officers, etc.	Business relationship				
Subsidiary	Nagase Holdings America Corporation	Regional management, investment and asset management, and provision of professional services	Direct: 100.0 Indirect: —	One officer serving concurrently, one seconded officer	Guarantee of obligations, borrowing of funds	Deposit of funds	—	Deposits received	16,017
Subsidiary	Prinova Group LLC	Sales and processing of food ingredients, etc., contracted manufacture of finished products	Direct: — Indirect: 100.0	Two officers serving concurrently, one transferred officer	Sale of goods, purchase of products, loan of funds, guarantee of obligations	Loan of funds	—	Short-term loans receivable	41,138
						Interest received	1,758		
Subsidiary	Nagase Viita Co., Ltd.	Development, manufacture and sale of food raw materials, pharmaceutical raw materials, cosmetics raw materials, health foods raw materials, functional dyes, enzymes, and phospholipids	Direct: 100.0 Indirect: —	Three officers serving concurrently	Sale of goods, purchase of products, lease of building, loan and borrowing of funds	Loan of funds	—	Short-term loans receivable	2,000
								Long-term loans receivable	5,200
Subsidiary	Nagase ChemteX Corporation	Development and manufacture of high-performance resins, such as formulated epoxy resins, photolithography materials, epichlorohydrin derivatives, conductive materials, and functional dyes	Direct: 100.0 Indirect: —	Three officers serving concurrently	Sale of goods, purchase of products, lease of building, borrowing of funds	Purchase of products	11,204	Accounts payable-trade	5,823
						Dividend income	1,822	—	—
Subsidiary	Nagase Plastics Co., Ltd.	Sale of plastic products, etc.	Direct: 100.0 Indirect: —	Two officers serving concurrently, three transferred officers	Purchase and sale of goods, lease of building, borrowing of funds	Sale of goods	3,737	Accounts receivable-trade	7,076
Subsidiary	Nagase Chemical Co., Ltd.	Sale of industrial chemicals, chemicals for manufacturing paper, plastics, and various machinery	Direct: 100.0 Indirect: —	Two officers serving concurrently, two transferred officers	Purchase and sale of goods, lease of building, borrowing of funds	Sale of goods	6,848	Accounts receivable-trade	11,860

Attribute	Company name	Description of main business	Percentage of voting rights held (%)	Details of relationship		Details of transactions	Transaction amount (million yen)	Accounting category	Balance at end of fiscal year (million yen)
				Concurrent service by officers, etc.	Business relationship				
Subsidiary	NAGASE ELEX CO., LTD.	Sale of materials such as epoxy resins, fluorine compounds, silicone resins, urethane resins, carbon fibers, and inorganic materials (polishing and grinding materials), as well as composite products such as glass fibers and carbon fibers, machinery and equipment, molded products, etc.	Direct: 100.0 Indirect: —	Two officers serving concurrently, two transferred officers	Purchase and sale of goods, lease of building, borrowing of funds	Deposit of funds	—	Deposits received	6,686
Subsidiary	Fukui Yamada Chemical Industry Co., Ltd.	Manufacture and sale of color formers	Direct: — Indirect: 100.0	Two officers serving concurrently, one seconded officer	Sale of goods, purchase of products, loan of funds, guarantee of obligations	Loss on waiver of receivables	1,363	—	—
Subsidiary	Shanghai Nagase Trading Co., Ltd.	Import/export, intermediate trade, market development, information collection	Direct: — Indirect: 100.0	One officer serving concurrently, one seconded officer	Purchase and sale of goods, borrowing of funds, guarantee of obligations	Sale of goods	24,918	Accounts receivable-trade	6,493
						Borrowing of funds	—	Short-term loans	9,244
						Obligations guaranteed	8,769	—	—
Subsidiary	Guangzhou Nagase Trading Co., Ltd.	Import/export, intermediate trade, market development, information collection	Direct: — Indirect: 100.0	One officer serving concurrently, three seconded officers	Purchase and sale of goods, guarantee of obligations	Obligations guaranteed	8,426	—	—
Subsidiary	Shanghai Hua Chang Trading Co., Ltd.	Sale of plastics and resins and related products	Direct: 16.2 Indirect: 53.8	Two officers serving concurrently, two seconded officers	Purchase and sale of goods, guarantee of obligations	Obligations guaranteed	10,721	—	—
Subsidiary	Nagase (Hong Kong) Ltd.	Import/export, intermediate trade, market development, information collection	Direct: 100.0 Indirect: —	Four seconded officers	Purchase and sale of goods, borrowing of funds, guarantee of obligations	Deposit of funds	—	Deposits received	17,219

Attribute	Company name	Description of main business	Percentage of voting rights held (%)	Details of relationship		Details of transactions	Transaction amount (million yen)	Accounting category	Balance at end of fiscal year (million yen)
				Concurrent service by officers, etc.	Business relationship				
Subsidiary	NWP International Trading (Shenzhen) Co., Ltd.	Sale of plastic products in South China	Direct: — Indirect: 100.0	Two seconded officers	Sale of goods, guarantee of obligations	Obligations guaranteed	6,049	—	—
Subsidiary	PT. Nagase Impor-Ekspor Indonesia	Import/export, intermediate trade, market development, information collection	Direct: 99.2 Indirect: —	Five seconded officers	Purchase and sale of goods, guarantee of obligations	Obligations guaranteed	6,874	—	—
Subsidiary	Nagase Vietnam Co., Ltd.	Import/export, intermediate trade, market development, information collection	Direct: 100.0 Indirect: —	One officer serving concurrently, three seconded officers	Purchase and sale of goods, guarantee of obligations	Obligations guaranteed	10,392	—	—
Subsidiary	Nagase Singapore (Pte) Ltd.	Import/export, intermediate trade, market development, information collection	Direct: 100.0 Indirect: —	Three seconded officers	Purchase and sale of goods, borrowing of funds, guarantee of obligations	Deposit of funds	—	Deposits received	7,715
Subsidiary	Nagase (Thailand) Co., Ltd.	Import/export, intermediate trade, market development, information collection	Direct: 100.0 Indirect: —	Four seconded officers	Purchase and sale of goods, guarantee of obligations	Dividend income	3,316	—	—
Subsidiary	Nagase Philippines International Services Corp.	Domestic sales, import/export	Direct: 100.0 Indirect: —	Three seconded officers	Purchase and sale of goods, guarantee of obligations	Obligations guaranteed	4,956	—	—

Notes:

1. Transaction terms relating to purchase and sale of goods and purchase of products, and policies on determination of transaction terms are determined in the same manner as general transactions.
2. Deposits and loans of funds are governed by the Group cash management system, and reasonable interest rates are applied, taking into account market interest rates. About lending and borrowing of funds among participating companies taking place repeatedly on a daily basis, transaction amounts are not indicated.
3. Transaction amount of obligations guaranteed represents the balance of the guarantee limit as of the end of March 2026.

11. Notes relating to per share information

(1) Net assets per share	408.79 yen
(2) Earnings per share	24.13 yen

Notes:

1. The Company conducted a share split at a ratio of 4 shares for every one common share effective April 1, 2026. Accordingly, net assets per share and earnings per share are calculated on the assumption that the share split was conducted at the beginning of the current fiscal year.
2. As stated in “Notes to Consolidated Financial Statements, 14. Notes relating to per share information,” the Company’s shares held by the share delivery trust for officers are included in treasury stock deducted in the calculation described in that note.

12. Notes relating to significant subsequent events

As the same information is included in “Notes to Consolidated Financial Statements, 15. Notes relating to significant subsequent events,” this note is omitted.