

FYE March 2023 Financial Briefing

NAGASE&CO.,LTD.

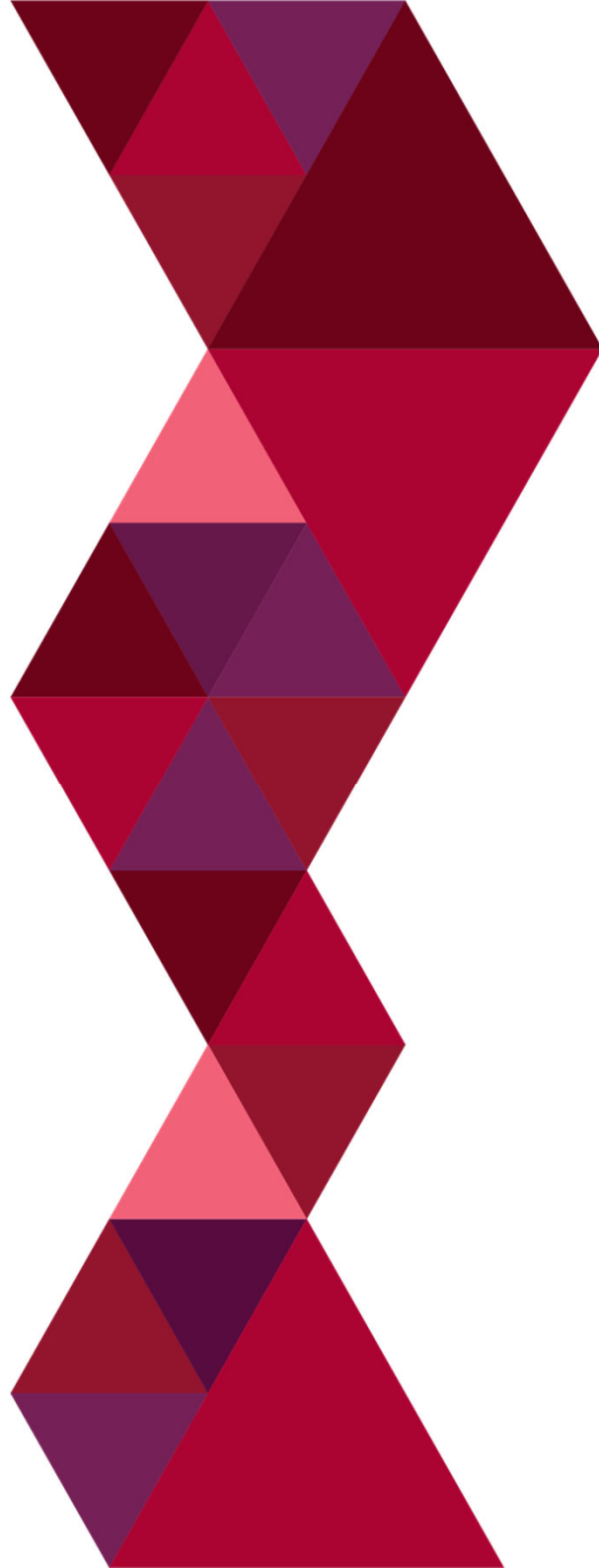
May 26, 2023

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FYE March 2023 Results,
FYE March 2024 Earnings Projection



Consolidated statements income

- ▶ Gross profit : Overall profit increased, despite lower gross profit margin due to lower profitability at certain manufacturing subsidiaries, etc.
- ▶ Operating income : Gross profit increased, but profit decreased due to rising logistics costs and increased SG&A associated with increased activity
- ▶ Profit Attributable to owners of the parent : Profit Attributable to owners of the parent also decreased, reflecting lower operating income and lower ordinary income, mainly due to higher interest expenses

100 millions of yen

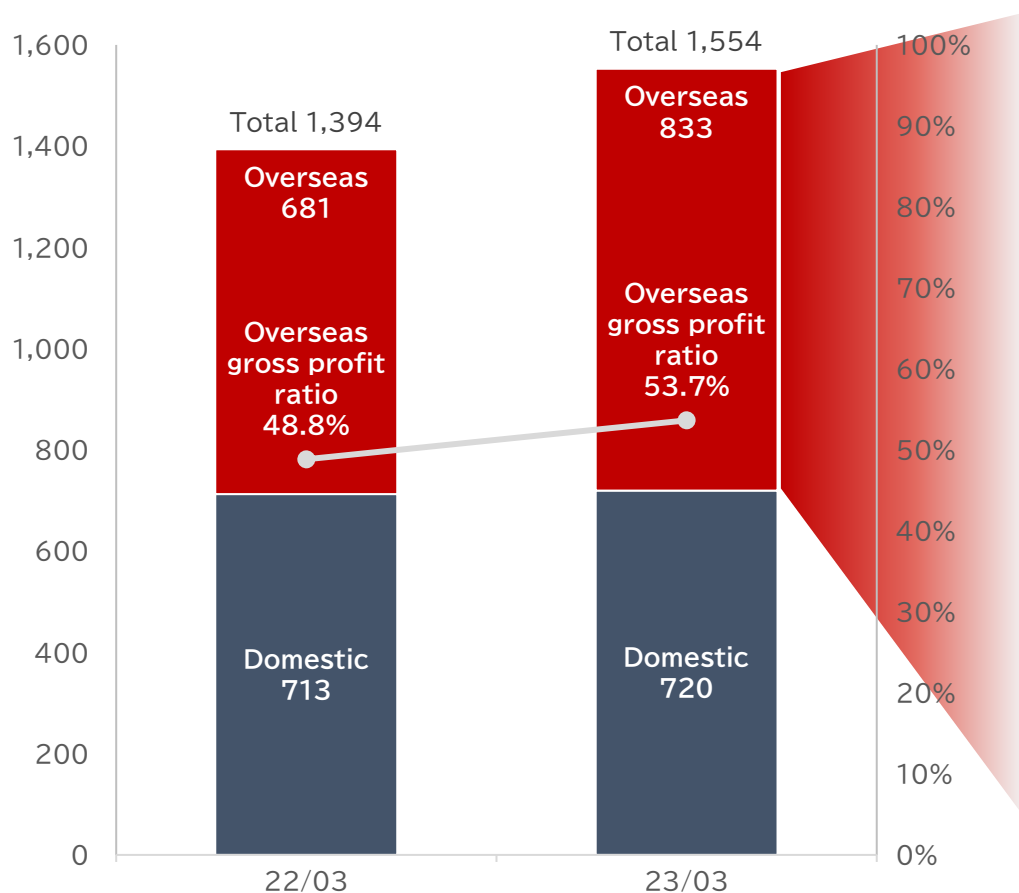
	22/03	23/03	Change	Vs.PY	Forecast	Achievement
Sales	7,805	9,128	+ 1,323	117%	—	—
Gross profit	1,394	1,554	+ 159	111%	1,590	98%
<GP ratio>	17.9%	17.0%	(0.8ppt)	—	—	—
SG&A expenses	1,042	1,220	+ 178	117%	1,210	—
Operating income	352	333	(18)	95%	380	88%
Ordinary income	364	325	(39)	89%	390	83%
Profit Attributable to owners of the parent	259	236	(23)	91%	285	83%
US\$ Exchange rate (period average)	@ 112.4	@ 135.5	@ 23.1	Weak yen	@140.0	
RMB Exchange rate (period average)	@ 17.5	@ 19.7	@ 2.2	Weak yen	@20.0	

- ※ Offset to sales and cost of sales from revenue recognition standards: March 2022, -¥244.8 billion; March 2023, -¥268.9 billion
- ※ Impact from foreign exchange: Gross profit, +¥12.1 billion; Operating income, +¥2.9 billion

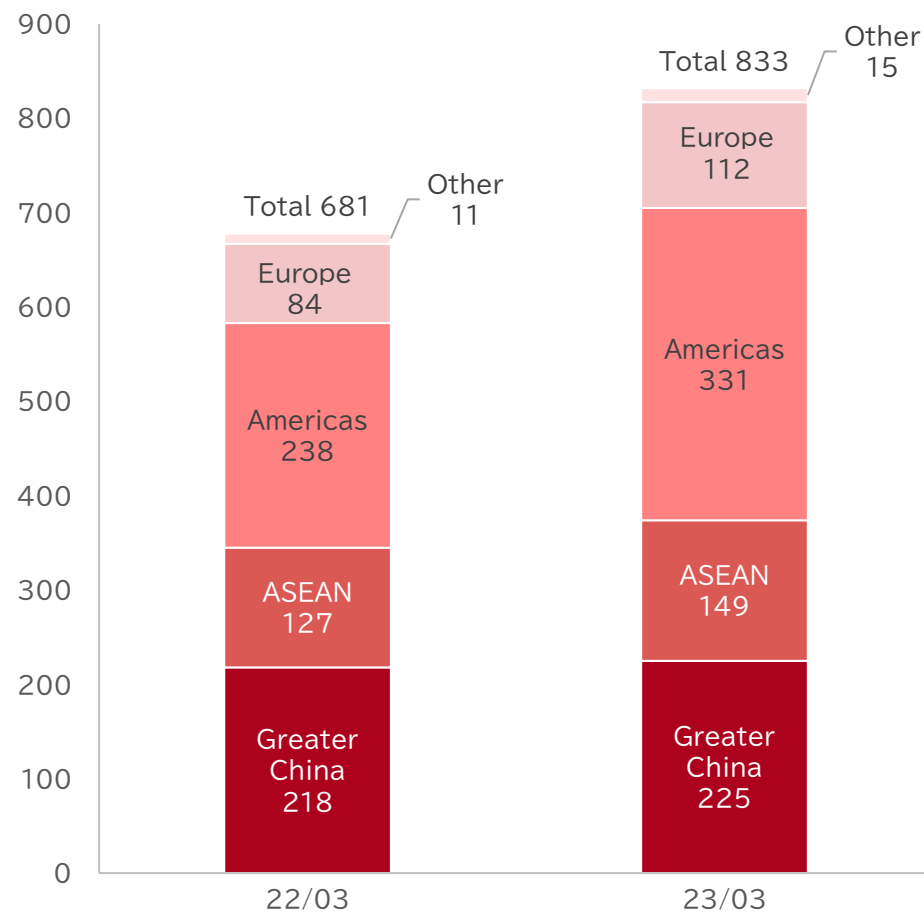
Gross Profit By Region

- ▶ Higher profit both domestic and overseas
- ▶ Profit increased due to higher sales of raw materials and materials to the semiconductor industry in Japan and overseas
- ▶ Profit increased significantly in the Americas and Europe due to expansion in the Prinova Group businesses
- ▶ Profit increased in Greater China, despite the lockdowns, due to the weaker yen

Domestic & Overseas Gross profit(100 millions of yen)



Overseas gross profit By Region(100 millions of yen)

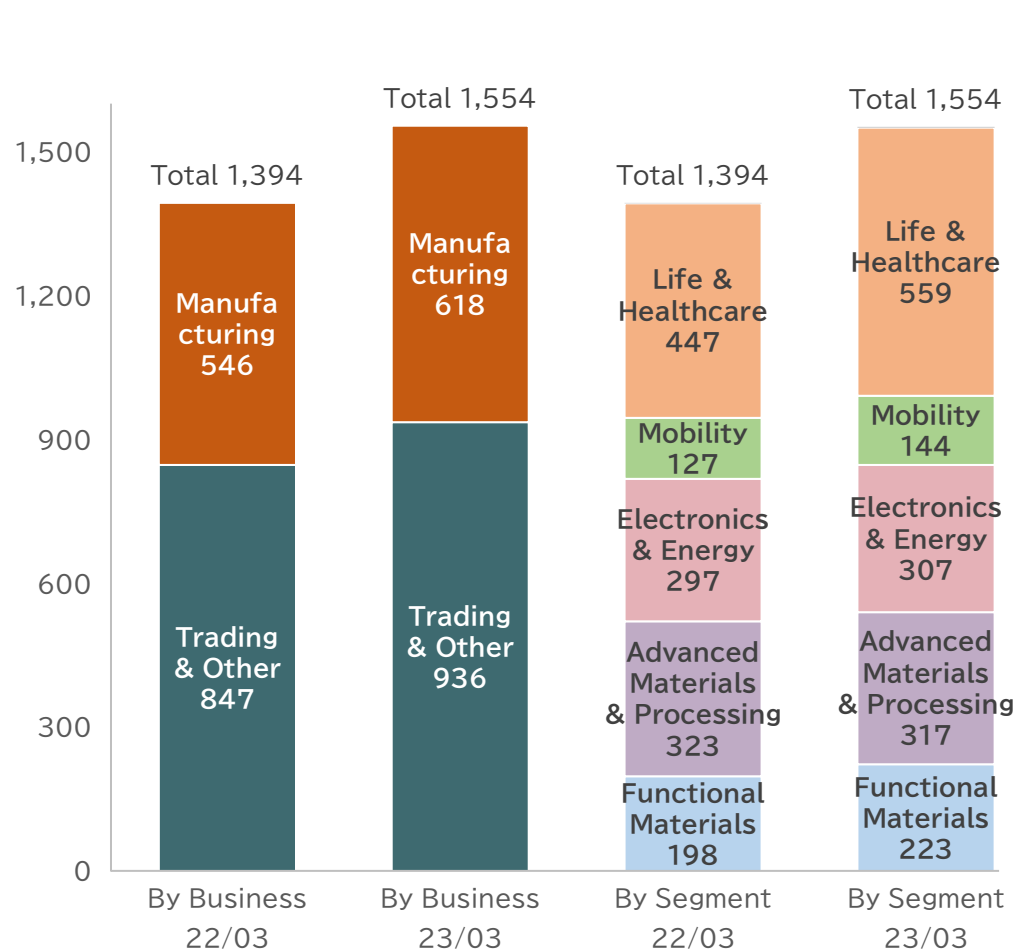


※Domestic figures under Domestic & Overseas Gross Profit include inter-regional adjustments

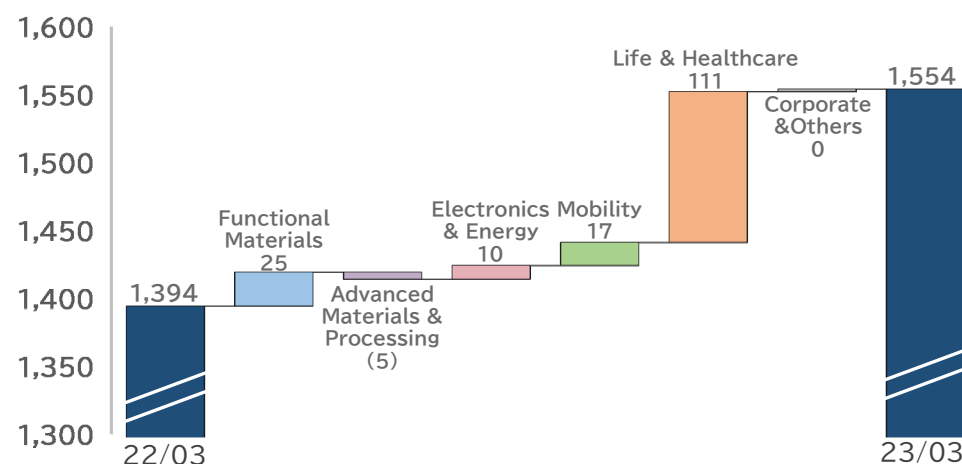
Gross Profit By Business & Segment

- ▶ General increase in sales in Functional Materials, including sales of coating and urethane raw materials, as well as sales of raw materials for semiconductor-related products and other electronics industry products
- ▶ Profit decreased in part due to lower profitability in Advanced Materials & Processing, despite the positive impact of the weak yen, as sales volume of resins declined and the segment experienced a reactionary decline stemming from increased profit ratios in connection with soaring market conditions in the year-ago period
- ▶ Electronics & Energy sales increased for materials used in semiconductors
- ▶ Life & Healthcare recorded an increase in food ingredients business in the Prinova Group

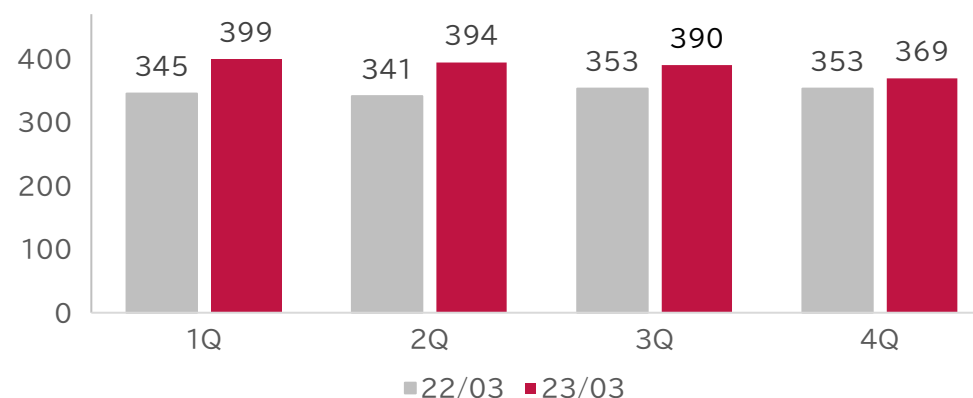
Gross Profit By Business & Segment (100 millions of yen)



Change in Gross Profit By Segment (100 millions of yen)



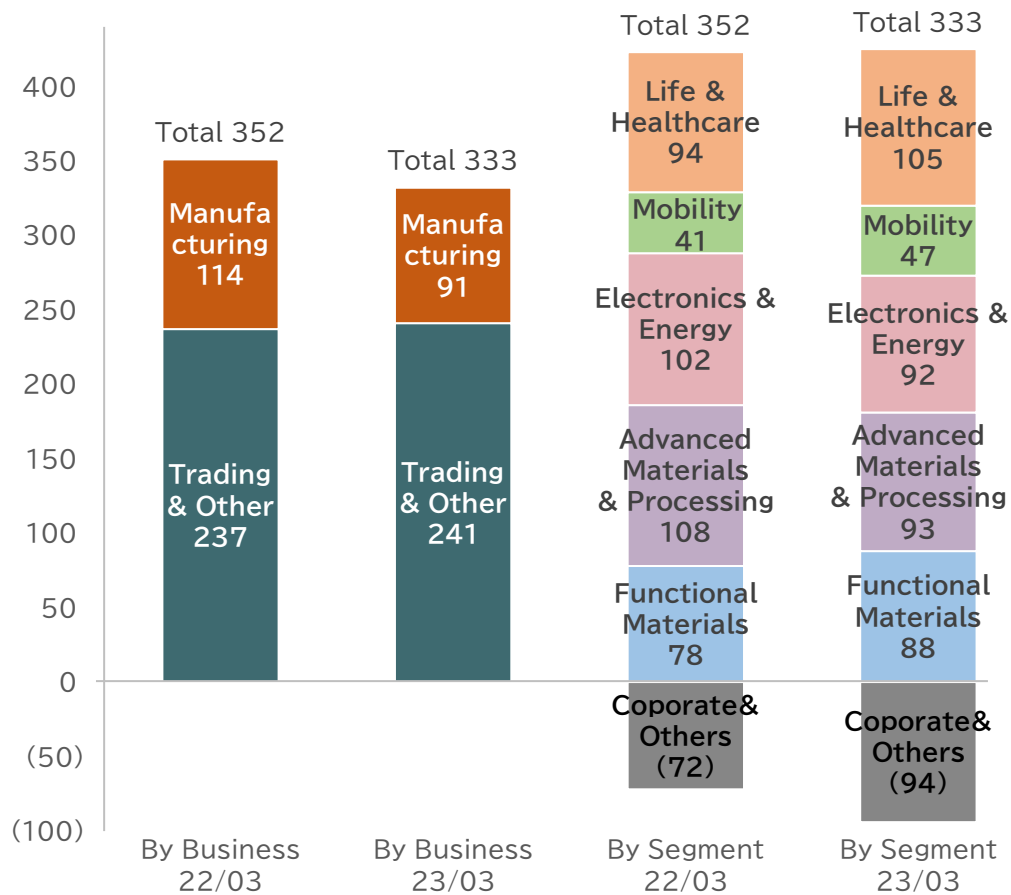
History of Gross Profit (100 millions of yen)



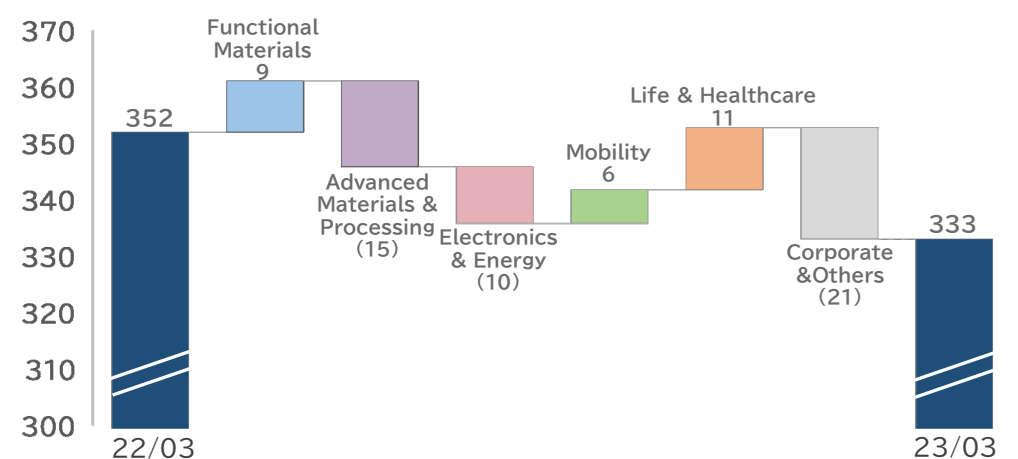
Operating Income by Business & Segment

- ▶ Profit decreased overall due to an increase in selling, general and administrative expenses in connection with higher distribution costs and increased activities
- ▶ Advanced Materials & Processing recorded lower profit, partly due to a reactionary decline from the stemming from increased profit ratios in connection with soaring market conditions in the previous fiscal year, as well as higher selling, general and administrative expenses
- ▶ Life & Healthcare profit increased especially due to strong performance of food ingredients sales in the Prinova Group
- ▶ We continue to invest for sustainable future growth, including in DX-related areas

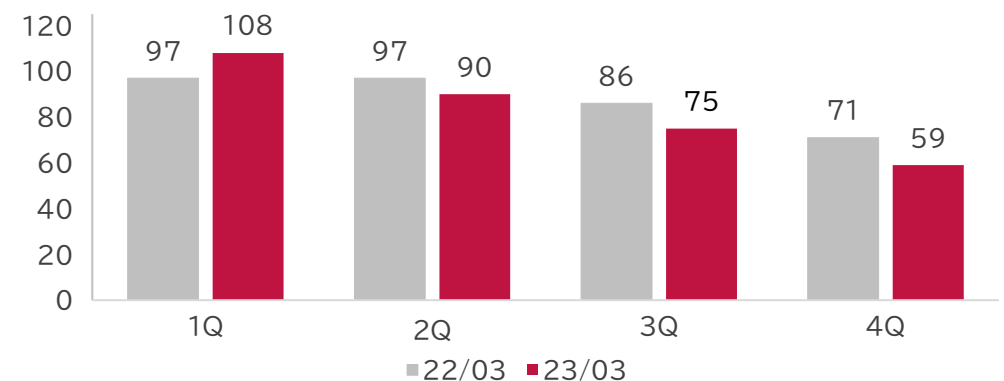
Operating Income by Business & Segment (100 millions of yen)



Change in Operating Income By Segment (100 millions of yen)



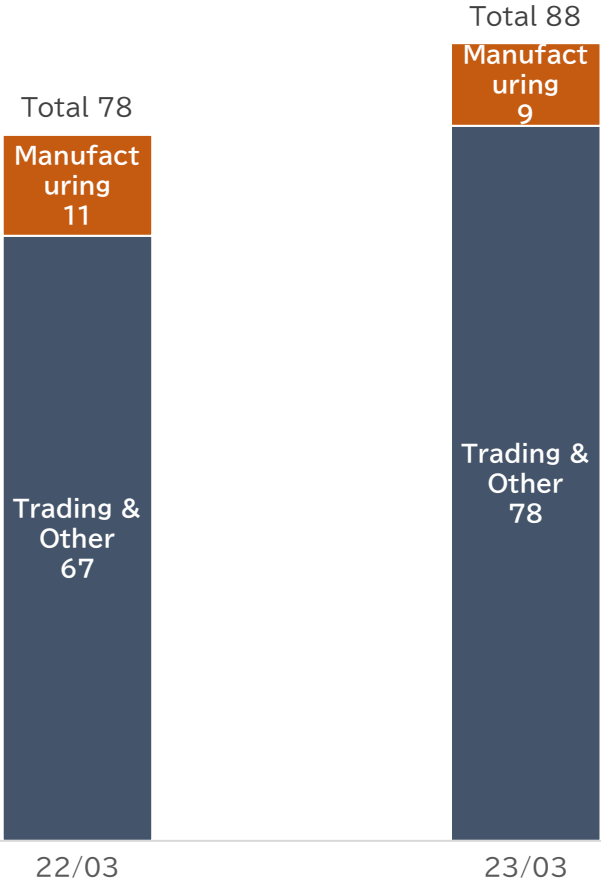
History of Operating Income (100 millions of yen)



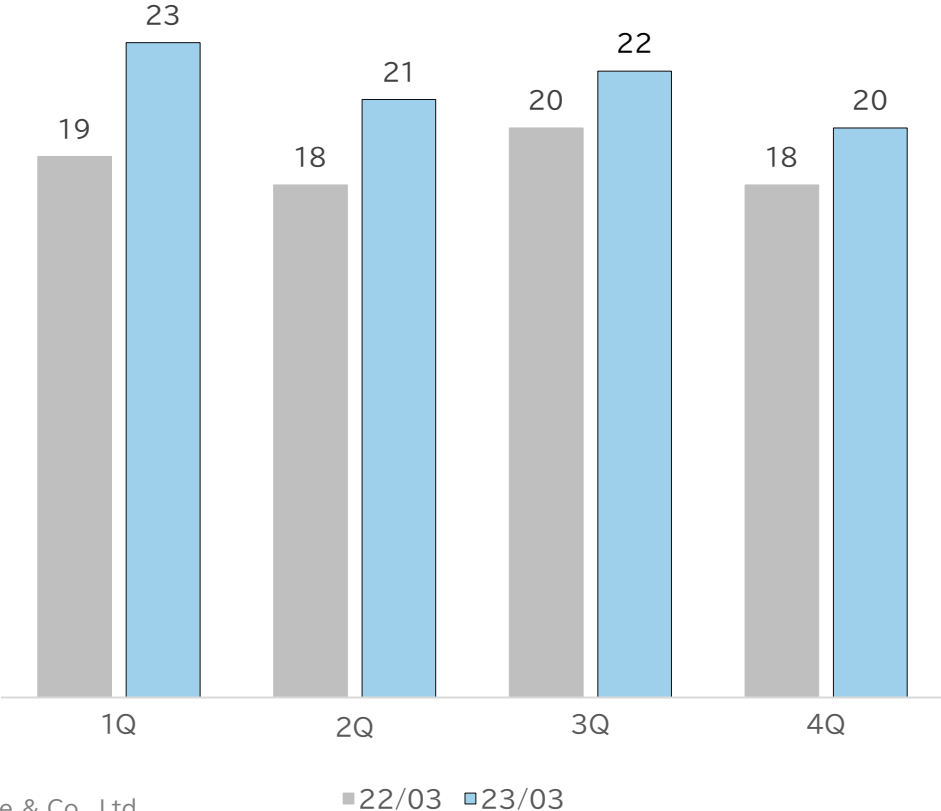
Functional Materials Segment Operating Income Overview

- ▶ Sales of coating and urethane raw materials for the automobile and other industries increased, due in part to soaring market prices and the weaker yen
- ▶ Sales increased for raw materials for semiconductor-related products and other electronics industry products, as did sales of raw materials for industrial oil solutions and plastic materials
- ▶ Performance remained strong overall, and profit increased year on year

Operating income by business(100 millions of yen)



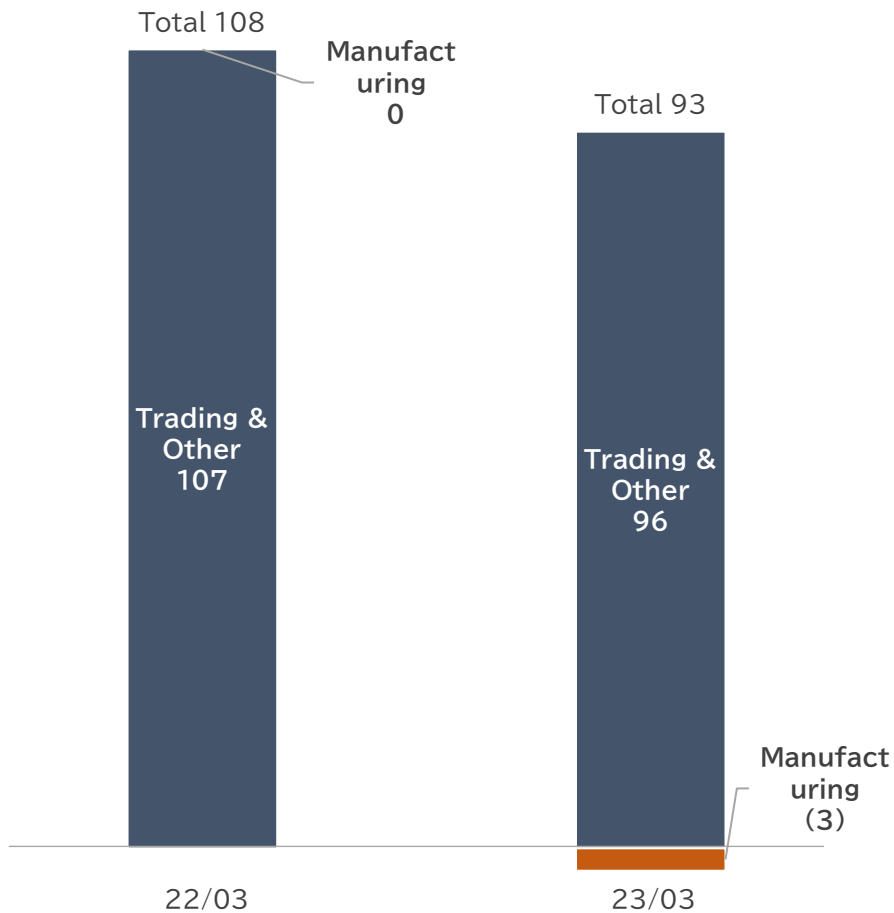
History of operating income (100 millions of yen)



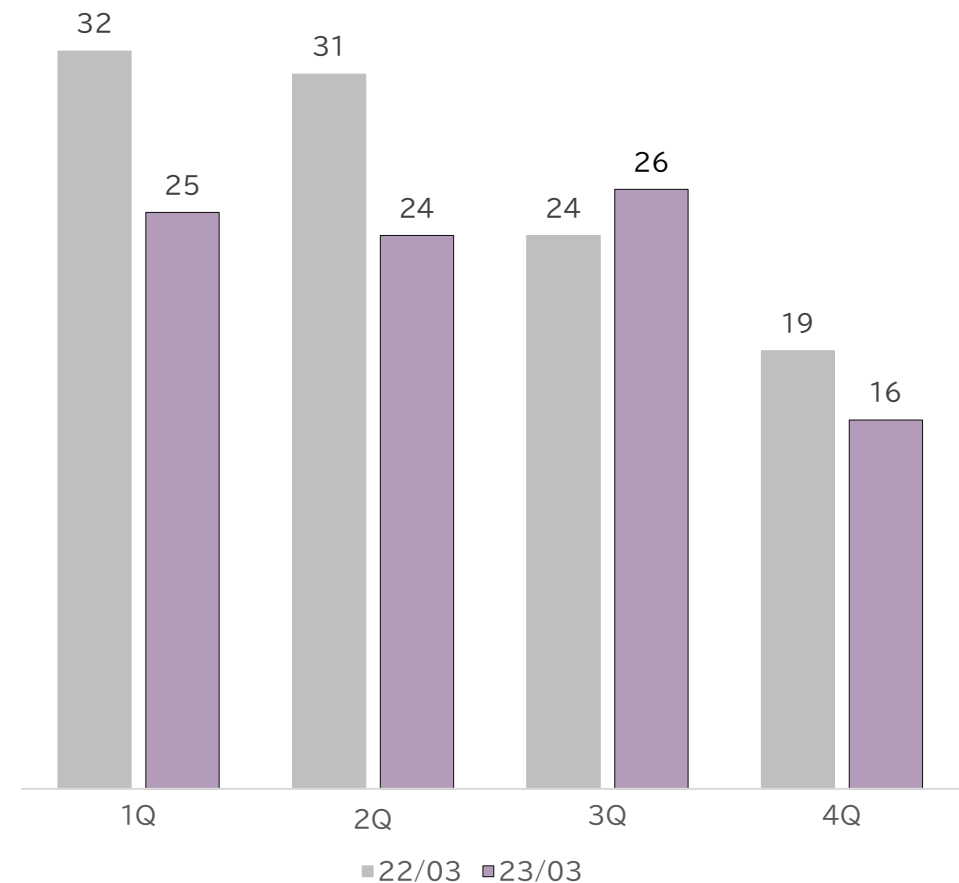
Advanced Materials & Processing Segment Operating Income Overview

- ▶ Despite the impact of the weak yen on resin sales to the office equipment, appliance, and video game device market, profitability decreased due to a reactionary decline stemming from increased profit ratios in connection with soaring market conditions in the previous fiscal year
- ▶ Sales of digital print processing materials continued to be weak in manufacturing businesses
- ▶ Profit was lower year on year due to a decrease in resin sales, lower profitability in manufacturing businesses, and an increase in selling, general and administrative expenses

Operating income by business(100 millions of yen)



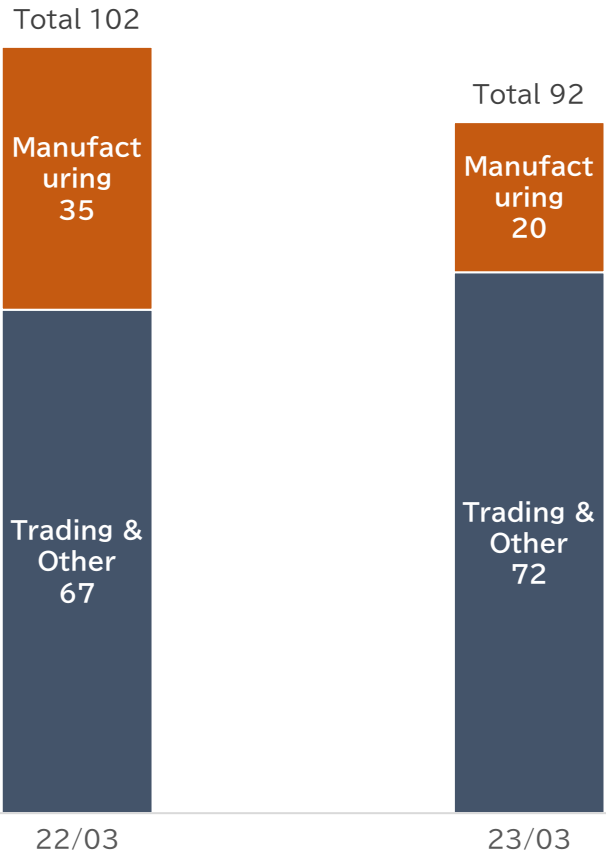
History of operating income (100 millions of yen)



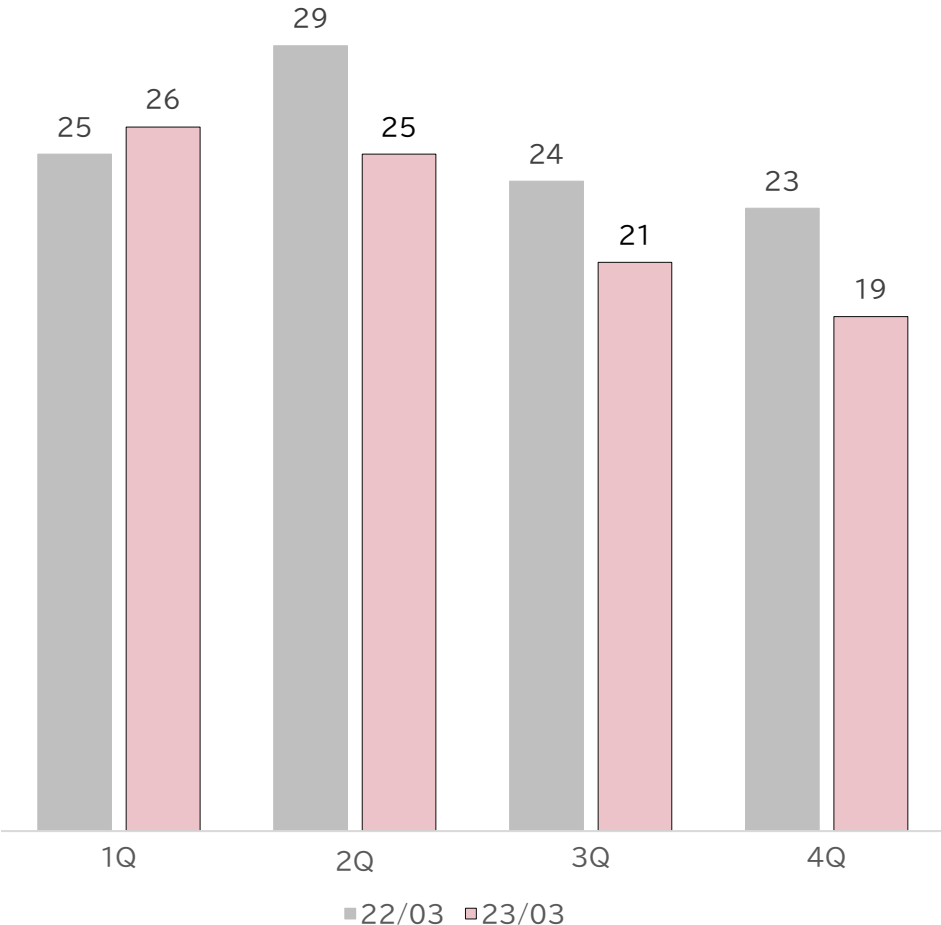
Electronics & Energy Segment Operating Income Overview

- ▶ Sales increased for materials for semiconductors
- ▶ Sales of formulated epoxy resins was slow for semiconductor applications and mobile devices
- ▶ Profit decreased year on year due to the significant impact of weak sales in manufacturing businesses in connection with formulated epoxy resin-related products for mobile devices

Operating income by business(100 millions of yen)



History of operating income (100 millions of yen)



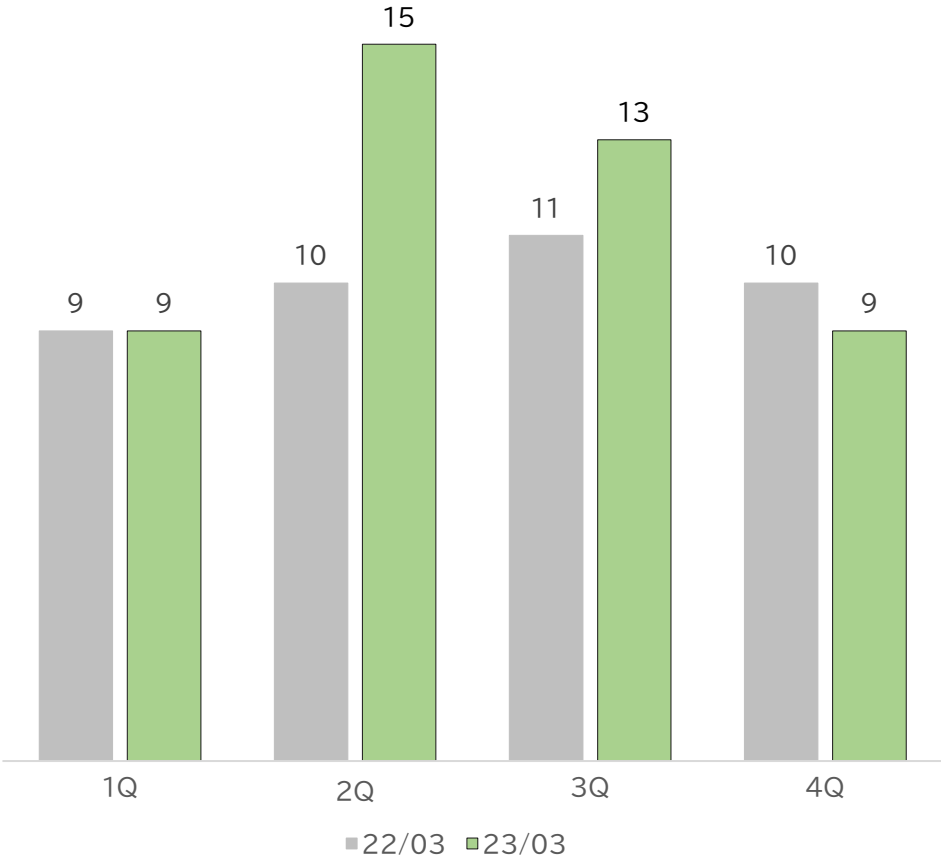
Mobility Segment Operating Income Overview

- ▶ Sales increased for resins, mainly due to an increase in automobile production and the impact of the weakening yen
- ▶ Sales increased in functional materials and functional components for interior and exterior fittings and electrification
- ▶ Profit increased year on year due to generally strong sales

Operating income by business(100 millions of yen)



History of operating income (100 millions of yen)

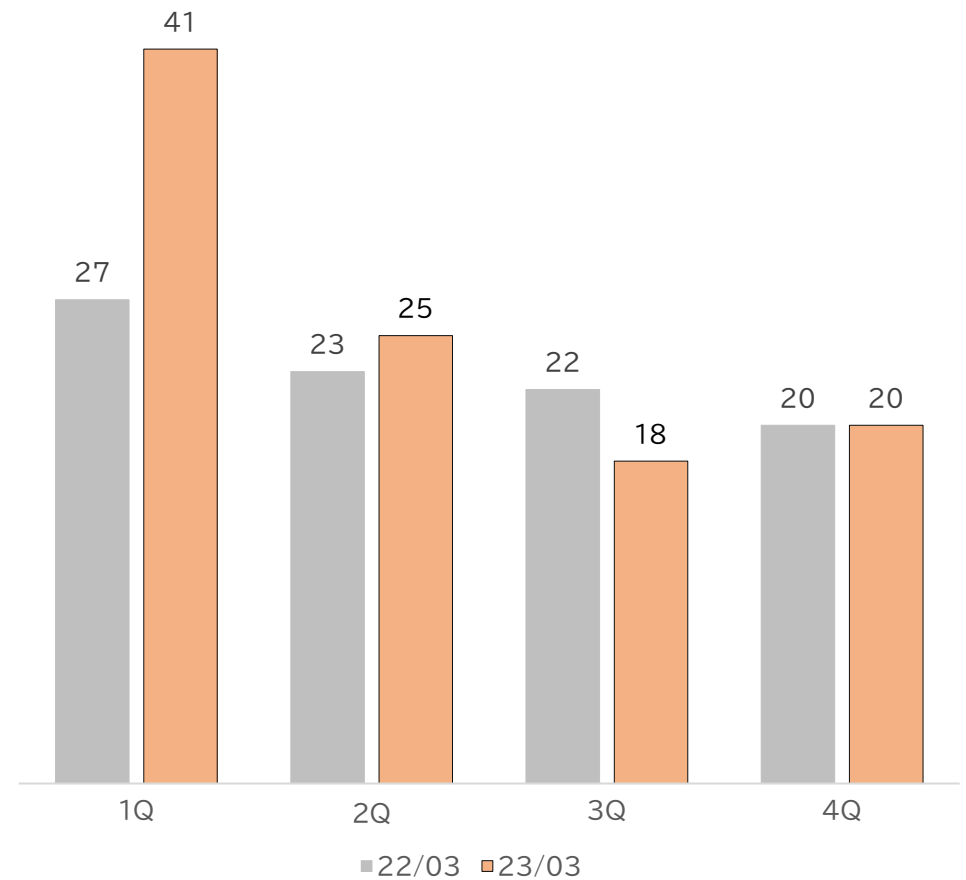
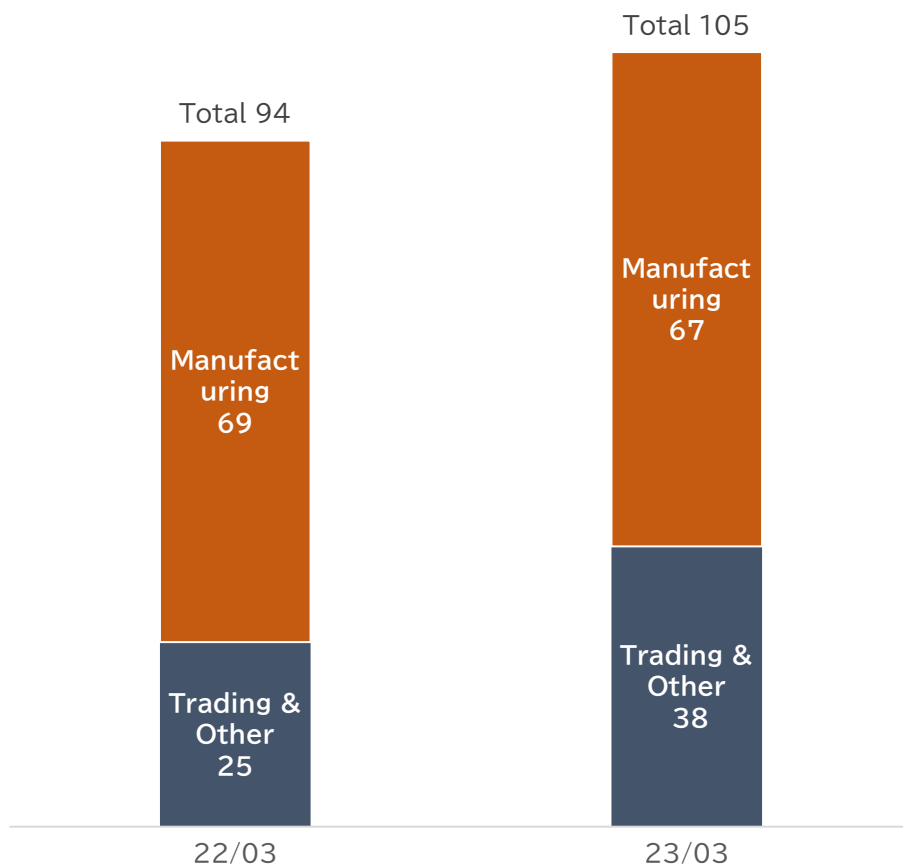


Life & Healthcare Segment Operating Income Overview

- ▶ Prinova Group sales of food ingredients were particularly strong in the first quarter, and remained strong overall in the second quarter and later, despite some adjustments in supply and demand
- ▶ Prinova Group manufacturing and processing business profitability declined due to increased costs associated with the start up of a new plant
- ▶ Hayashibara sales of food ingredients (mainly TREHA™) increased; however, sales of cosmetics materials (mainly AA2G™) decreased due to lower demand overseas and other factors
- ▶ Profit increased, despite a decrease in profit at Hayashibara, mainly due to higher profits in the Prinova Group and strong performance in the trading company business related to pharmaceuticals and cosmetics

Operating income by business(100 millions of yen)

History of operating income (100 millions of yen)



■ 22/03 ■ 23/03

State of Major Manufacturing Subsidiaries

- ▶ Nagase ChemteX: Lower profit due to weak sales of formulated epoxy resins for use in semiconductors and mobile devices
- ▶ Hayashibara: Lower profit due to lower sales of cosmetic material AA2G™ and lower profitability of food material TREHA™, stemming from higher raw materials and energy prices
- ▶ Prinova Group: Profit increased due to higher materials sales, even as manufacturing and processing businesses saw lower profitability due to costs associated with the start-up of a new plant

		100 millions of yen			
		22/03	23/03	Change	Vs.PY
Nagase ChemteX Corporation	Sales	289	253	(35)	88%
	Gross profit	89	68	(20)	77%
	Operating income	37	18	(19)	48%
Hayashibara Co.,Ltd.	Sales	265	281	15	106%
	Gross profit	108	103	(4)	96%
	Operating income	45	37	(7)	84%
	Goodwill amortization etc.	30	30	-	100%
	Operating income after amortization burden	14	7	(7)	50%
Prinova Group	Sales	1,209	1,927	718	159%
	Gross profit	218	312	93	143%
	Operating income	69	80	11	116%
	Goodwill amortization etc.	20	24	3	120%
	Operating income after amortization burden	49	56	7	114%

Consolidated Balance Sheets

- ▶ Current assets: While levels remained high, accounts receivable and inventories began to decline from a peak in Q3
- ▶ Net assets: Increase, despite dividend payments and share buyback, due to profit for the period and an increase in foreign currency translation adjustments due to the weaker yen
- ▶ NET D/E ratio: Despite an increase compared to the end of the previous year, the increase in interest-bearing debt peaked, falling to 0.38 times from 0.40 times in the previous quarter

100 millions of yen

	22/03	23/03	Change	Details
Total Current Assets	5,142	5,301	158	
(Cash&deposits)	542	408	(133)	
(Trade account receivable)	2,898	3,021	122	
(Inventories)	1,575	1,697	121	
Total non-current assets	2,254	2,325	71	
(Investments in security)	756	697	(58)	
Total assets	7,397	7,626	229	
Current Liab.	3,078	2,862	(216)	Current Portion of Bonds(100), Short-term loans/CP +59
(Trade account payable)	1,490	1,404	(85)	
Non-current Liab.	767	980	213	Corporate Bonds+100, Lease long-term debt +87
Total Liab.	3,846	3,843	(3)	
Shareholders' equity	2,988	3,090	102	
Accum. Other Comprehensive Income	454	586	131	Translation adjustment+167, Appraisal Loss on Investment Securities(28)
Non-controlling interest	108	107	(1)	
Total net assets	3,550	3,783	232	
Working capital	2,983	3,313	330	
Shareholders' equity ratio	46.5%	48.2%	1.7%	
NET D/E ratio	0.33	0.38	0.05	

Consolidated Cash Flows

- ▶ Operating CF : Net operating cash flow of ¥9.4 billion due to a decrease in working capital stemming from slowing sales in Q4 and inventory reductions
- ▶ Investing CF : Net cash used of ¥8.0 billion, despite proceeds from sales of investment securities, etc., mainly due to purchase of property, plant and equipment and intangible assets
- ▶ Financing CF : Net cash used of ¥17.2 billion, mainly due to dividend payments and share buybacks

	100 millions of yen	
	22/03	23/03
Operating CF	(177)	94
Investing CF	(76)	(80)
Free CF	(254)	13
Financing CF	272	(172)
Effects of exchange rate changes on cash and cash equivalents	29	30
Net change in cash and cash equivalents	+ 47	(128)
Depreciation and amortization of tangible and intangible assets	136	149
Fixed asset investment	(169)	(173)
Change in working capital	(631)	(200)

FYE March 2024 Earnings Projection

- ▶ We expect raw materials and resource prices to remain high, due in part to the protracted conflict between Russia and Ukraine
- ▶ We expect the business environment to remain challenging, given inflation in many countries, consumer spending impacted negatively by tightening measures, and the suppression of economic activities
- ▶ Under these circumstances, we expect to see higher profit for the next full year due to steady growth in the automobile-related business, continued growth in the food-related business, and a recovery in profitability in our manufacturing businesses, which faced a difficult situation in the previous fiscal year

100 millions of yen

	23/03 Actual	24/03 Forecast	Change	Vs.PY
Sales	9,128	9,580	451	105%
Gross profit	1,554	1,710	155	110%
<GP ratio>	17.0%	17.8%	+0.8ppt	-
SG&A expenses	1,220	1,365	144	112%
Operating income	333	345	11	103%
Ordinary income	325	326	0	100%
Profit attributable to owners of the parent	236	240	3	102%
US\$ Exchange rate (period average)	@ 135.5	@ 135.0		
RMB Exchange rate (period average)	@ 19.7	@ 20.0		

※Impact on operating income of 1 yen change in exchange rate: US\$ approx. 100 million yen, RMB approx. 400 million yen

FYE March 2024 Earnings Projection By segment

- ▶ We expect Functional Materials and Mobility to remain firm, mainly in response to an increase in automobile production volume
- ▶ We expect higher profit in Advanced Materials & Processing to increase, driven mainly by a recovery in resin sales volume (declined in the previous year due to lockdowns in China) and an improvement in the earnings of our manufacturing subsidiaries
- ▶ We expect higher profit in Electronics & Energy, mainly due to recovery in sales of formulated epoxy resins for mobile devices and other products
- ▶ We expect higher profit in Life & Healthcare, driven mainly by full-scale operations at the new Prinova Group plant engaged in sports nutrition contract manufacturing, a return to profitability at Hayashibara, etc.
- ▶ We expect Others & Corporate to be impacted by increased development costs for future profits and increased amortization of retirement benefit actuarial differences

100 millions of yen

		23/03 Actual	24/03 Forecast	Change	Vs.PY
Functional Materials	Sales	1,120	1,150	29	103%
	Gross profit	223	229	5	102%
	Operating income	88	89	0	101%
Advanced Materials & Processing	Sales	2,650	2,700	49	102%
	Gross profit	317	343	25	108%
	Operating income	93	110	16	118%
Electronics & Energy	Sales	1,369	1,500	130	110%
	Gross profit	307	338	30	110%
	Operating income	92	106	13	114%
Mobility	Sales	1,255	1,356	100	108%
	Gross profit	144	156	11	108%
	Operating income	47	51	3	106%
Life & Healthcare	Sales	2,731	2,873	141	105%
	Gross profit	559	643	83	115%
	Operating income	105	113	7	107%
Corporate&Others	Sales	0	1	0	122%
	Gross profit	1	1	(0)	62%
	Operating income	(94)	(124)	(29)	—
Total	Sales	9,128	9,580	451	105%
	Gross profit	1,554	1,710	155	110%
	Operating income	333	345	11	103%

FYE March 2024 Earnings Projection of Major Manufacturing Subsidiaries

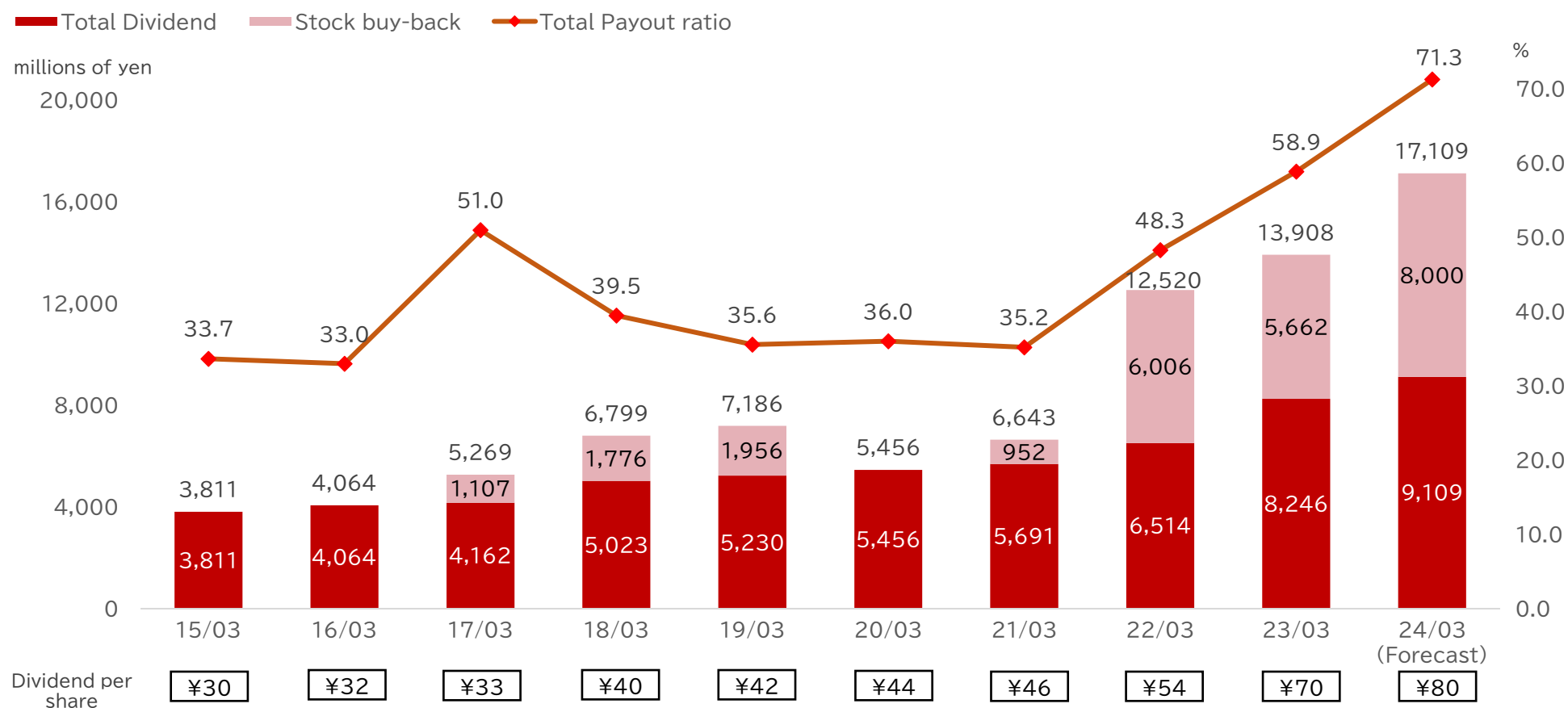
- ▶ Nagase ChemteX: We expect formulated epoxy resin products for mobile devices to recover beginning in the second half of the year; however, the impact of integrating fermentation and enzymes business with Hayashibara and the likelihood of increased fixed costs will limit the extent of profit growth
- ▶ Hayashibara: We expect a significant increase in profit due to the full-year contribution of price revisions in response to increased raw materials and utility costs, as well as increased sales of AA2G™, a cosmetic material for overseas markets
- ▶ Prinova Group: We expect market declines and lower demand in sales of food ingredients, but profits should increase due to the full-scale operation of the Utah plant that conducts contract manufacturing for sports nutrition products

100 millions of yen

		23/03	24/03 Forecast	Change	Vs.PY
Nagase ChemteX Corporation	Sales	253	252	(1)	99%
	Gross profit	68	71	2	104%
	Operating income	18	20	1	110%
Hayashibara Co.,Ltd.	Sales	281	367	85	131%
	Gross profit	103	131	27	127%
	Operating income	37	50	12	133%
	Goodwill amortization etc.	30	30	-	100%
	Operating income after amortization burden	7	19	12	275%
Prinova Group	Sales	1,927	2,035	107	106%
	Gross profit	312	367	54	118%
	Operating income	80	84	3	105%
	Goodwill amortization etc.	24	24	0	103%
	Operating income after amortization burden	56	59	3	106%

Shareholder Returns

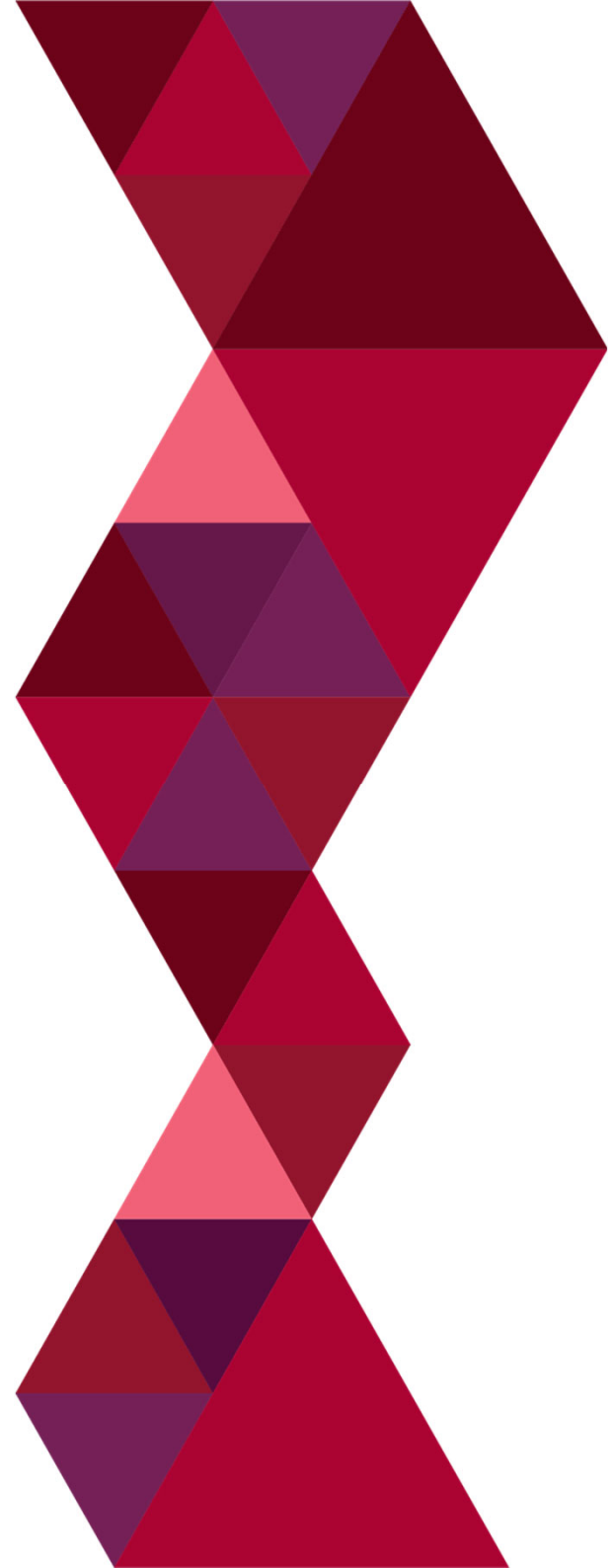
- ▶ We plan to pay ¥70 per share for the full year, consisting of an interim dividend of ¥30 per share and a year-end dividend of ¥40 per share, ¥10 per share higher than our originally planned year-end dividend of ¥30 per share for FYE March 2023
- ▶ Based on policy under **ACE 2.0**, we plan to increase dividends per share by ¥10 to an annual dividend of ¥80 per share in FYE March 2024 (representing a 14th consecutive year of dividend increases)
- ▶ We resolved to repurchase ¥8.0 billion of treasury stock in May 2023, and we expect to achieve a total return ratio of 71% in FYE March 2024 (repurchase period scheduled between May 2023 and December 2023)



※ 23/03 year-end dividend to be submitted for approval to the 108th general meeting of shareholders scheduled for June 2023.

Medium-Term Management Plan **ACE 2.0**

<https://www.nagase.co.jp/english/assetfiles/tekijikaiji/20210802-1.pdf>



ACE 2.0 Basic Policies

Become a true “Business designer”

ACE 2.0 “Pursuit of Quality”

With a mindset focused on Accountability (A), Commitment (C) and Efficiency (E), and to enable its sustained growth,
NAGASE will work to give concrete shape (business, mechanisms, culture)
(Pursuit)
to the aspirations expected by all of its stakeholders.
(Quality)

Reform of Profit Structure

Create a profit base toward the Ideal NAGASE

- (1) Pursuit of profitability and efficiency**
 - Implement a company-wide asset replacement and reallocation of resources
- (2) Strengthen existing businesses**
 - Expand business opportunities through globalization
 - Improve productivity of manufacturing businesses and expand value-added through technical innovation
- (3) Create sustainable businesses (N-Sustainable business)**

Reform of Corporate Culture

Mindset toward the Ideal NAGASE

- (1) Pursuit of economic and social value**
 - Fostering a sustainability mindset, and rigorous monitoring of financial and non-financial indicators
- (2) Pursue efficiency**
 - Deepen awareness of capital efficiency
 - Improve productivity of core operations
- (3) Strengthen human resources to drive reforms**

Functions supporting reforms

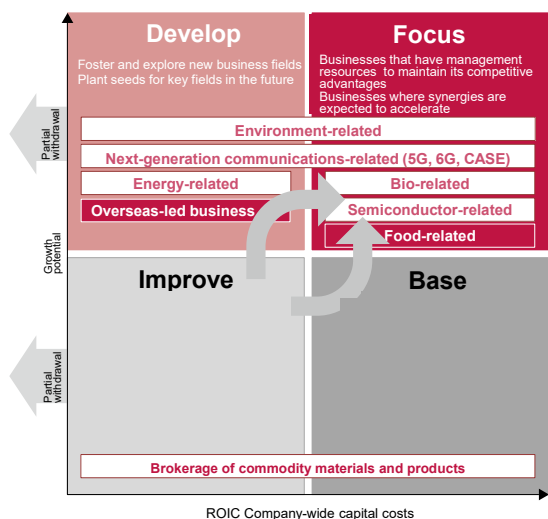
- (1) Accelerate DX further**
- (2) Promote sustainability**
- (3) Strengthen corporate functions**

Pursuit of Profitability and Efficiency

- ▶ In addition to generating stable cash in base businesses, we made progress in growing and strengthening the structure of the focus businesses that we expect to grow further
- ▶ We secured capital resources from terminated or sold-off businesses
- ▶ Our manufacturing businesses have faced difficult conditions, particularly Nagase ChemteX and Hayashibara, due to the impact of soaring raw materials and utility prices, not to mention a decline in sales due to adjustments in demand for certain high-profit products; however, we expect profitability to recover in FYE March 2024

Growth of Focus Businesses and Portfolio Replacement

Approach to Business Portfolio



[Food-Related]

Expand the Prinova Group market share and launch new plant operations; accelerate the marketing of Hayashibara Fibryxa™

- Expanded trading company market share and strengthened our structure for further growth in the manufacturing businesses, including the launch of operations at the Utah plant
- Accelerated marketing of soluble fiber Fibryxa™ for beverage applications and developed new applications

[Semiconductor-Related]

Pursue spec-in activities in the semiconductor industry

- Expanded trading company sales of processing materials
- Pursued spec-in activities for semiconductor manufacturing in Japan

[Bio-Related]

Integrate fermentation and enzymes groups, and pursue the development and marketing of bio-derived products

- Conducted a reorganization to enhance group synergies by integrating the fermentation and enzymes businesses of Hayashibara and Nagase ChemteX.
- Pursued efforts to launch Green DENACOL™, a bio-derived epoxy compound from Nagase ChemteX.
- Succeeded in developing a bio-based super absorbent polymer (SAP) by combining Hayashibara’s enzyme technology with Nagase ChemteX’s resin manufacturing technology. Pursued efforts to bring the product to market.
- Continued efforts to mass-produce ergothioneine, a rare amino acid.

[Business Replacement]

Transfer two subsidiaries to reconfigure business portfolio

- Sold shares of Setsunan Kasei Co., Ltd., a plastics compounding company, and Daitai Kako Co., Ltd, a paint manufacturing company.

(reference ;) (100 millions of yen)

Results of Manufacturing	FY2020 Results	FY2021 Results	FY2022 Results
Gross Profit	475	546	617
Operating income	138	169	144

*Results calculated using simple sums

Pursue Profitability and Efficiency - Expand Shareholder Returns and Sales of Cross-Shareholdings

Expand Shareholder Returns

	FY2021 Results	FY2022 Results	FY2023 Forecast
Dividend per share(yen) (interim + year-end)	54 (24+30)	70 (30+40)	80 (40+40)
Share buybacks (100 millions of yen)	60	56	80
Total Payout ratio(%)	48.3	58.9	71.3

Shareholder Return Policy Under ACE 2.0

Dividends: Continue to increase dividends

Repurchase Treasury Stock : Implement flexibility

※Limited to 30.0 billion yen which is the target amount of cross-shareholding sold Under ACE 2.0

·In FYE March 2023, we increased the annual dividend per share by 16 yen compared with the previous fiscal year

We plan to increase dividends by 10 yen per share in FYE March 2024

·Approved a new resolution in May 2023 for share buybacks We expect FYE March 2024 total return ratio to be 71%

Expand shareholder returns to improve capital efficiency in tandem with rising profit levels; improve capital efficiency through business and financial strategies

Sales of Cross-Shareholdings

	FY2020	FY2021	FY2022
Number of holdings (companies)	180 Listed 130 Unlisted 50	137 Listed 85 Unlisted 52	132 Listed 78 Unlisted 54
Balance at end of period (billions of yen)	816 Listed 773 Unlisted 43	632 Listed 593 Unlisted 38	569 Listed 547 Unlisted 21
Percentage of net assets	24.1%	17.8%	15.0%

【FY2022】

Sold shares of 13 holdings for 7.3 billion yen

(Number of holdings includes holdings sold in part)

(Reference: Sold shares in a total of 49 holdings in FYE March 2022 for 7.8 billion yen)

We plan further divestments to reach the 30.0 billion yen divestment target described under ACE 2.0

Pursuit of Profitability and Efficiency - Funds Allocation

- ▶ During FYE March 2023, we generated proceeds of 36.3 billion yen, excluding changes in working capital and deducting investments (expenses) such as DX and R&D
- ▶ We generated proceeds of 9.6 billion yen from the sale of cross-shareholdings and the sale of shares in subsidiaries and affiliates in connection with portfolio replacement
- ▶ Major growth investments include the construction of a new Prinova Group plant (Utah, U.S.A.) for the contract manufacturing of sports nutrition products
- ▶ We continue to balance growth investments with increased returns through a combination of share buybacks and dividends, using funds from the sale of cross-shareholdings

100 millions of yen					
Cash inflow	FY2021	FY2022	Cash outflow	FY2021	FY2022
Operating CF after adjustments *	525	363	Dividends and share buybacks	124	139
Proceeds from sales of cross-shareholdings, etc.	92	96	Investment in DX, R&D, etc.	71	68
Proceeds from change in interest-bearing debt	401	—	Increase in working capital	631	200
Other income	7	9	Other growth investments, etc.	156	173
			Outlays for change in interest-bearing debt	—	25
			Other expenditures	25	20
Total	1,026	469	Total	1,008	628

* Operating CF excluding the impact of changes in working capital, DX and R&D costs recorded as expenses, etc.

Pursuit of Profitability and Efficiency - Indicators

- ▶ WACC increased by 0.2ppt year on year, mainly due to an increase in the risk-free rate
- ▶ ROIC decreased 0.9ppt year on year due to a decrease in net income and an increase in invested capital
- ▶ We aim to achieve stable ROIC > WACC by improving profitability and capital efficiency

	FY2020	FY2021	Change	FY2022	FY2025 Target
ROE	5.9%	7.7%	(1.1) →	6.6%	8.0% or higher
WACC	5.7%	5.5%	+0.2 →	5.7%	5.0% or lower
ROIC	4.2%	5.3%	(0.9) →	4.4%	5.0% to 5.5%
NET D/E Ratio	0.23	0.33	+0.05 →	0.38	0.5 or lower
Net assets (100 millions of yen)	3,384	3,550	+232 →	3,783	
Interest-bearing debt (100 millions of yen)	1,189	1,665	+131 →	1,796	

Pursue Sustainability - Progress in Corporate Projects

Improve Employee Engagement

(Main FYE March 2023 Initiatives)

- Introduced Activity-Based Workplaces (ABW) at the Tokyo Head Office
- Created opportunities for communication between management and employees
- Furthered discussions on women’s advancement and established related targets



Vitalized communication vertically and horizontally in our organization, making progress in creating more comfortable work environments for diverse personnel

ACE 2.0 Non-Financial Targets (KPIs) and Results

(KPI)

NAGASE: Engagement survey score of 60 or more

Group companies: Percentage of companies conducting regular engagement surveys 100%

(FYE March 2023 Results)

Total score: 56.5 (FYE March 2022: 52.4)

Percentage of companies conducting regular engagement surveys: 81% (FYE March 2022: 41%)

Carbon-Neutrality

(Main FYE March 2023 Initiatives)

- Invested in Zeroboard Inc.
- Supported visualization of GHG emissions in the printing industry supply chain
- Forest credit creation proof-of-concept



We furthered collaboration with Zeroboard, which provides GHG emissions visualization services in Japan. In addition, we are developing support for emissions visualization, not only in Japan, but also in Southeast Asia. Through proof-of-concept work related to credit creation, which is only gaining in importance, we are building knowledge and expertise in carbon neutrality

ACE 2.0 Non-Financial Targets (KPIs) and Results

(KPI)

[Consolidated] Scope 1 and 2 reduction rate of 37% or more (compared to 2013)

Reduce emissions through the generation or purchase of renewable energy of 35,000 tons or more (cumulative total)

[NAGASE (non-consolidated)] Scope 2 Zero emissions

(FYE March 2023 results) *Provisional values prior to certification body guarantee

[Consolidated] Scope 1 and 2 reduction rate: 34%

[Consolidated] Reduction through renewable energy generation and purchases: 524t (cumulative)

[Non-Consolidated] Scope 2: 1,987t

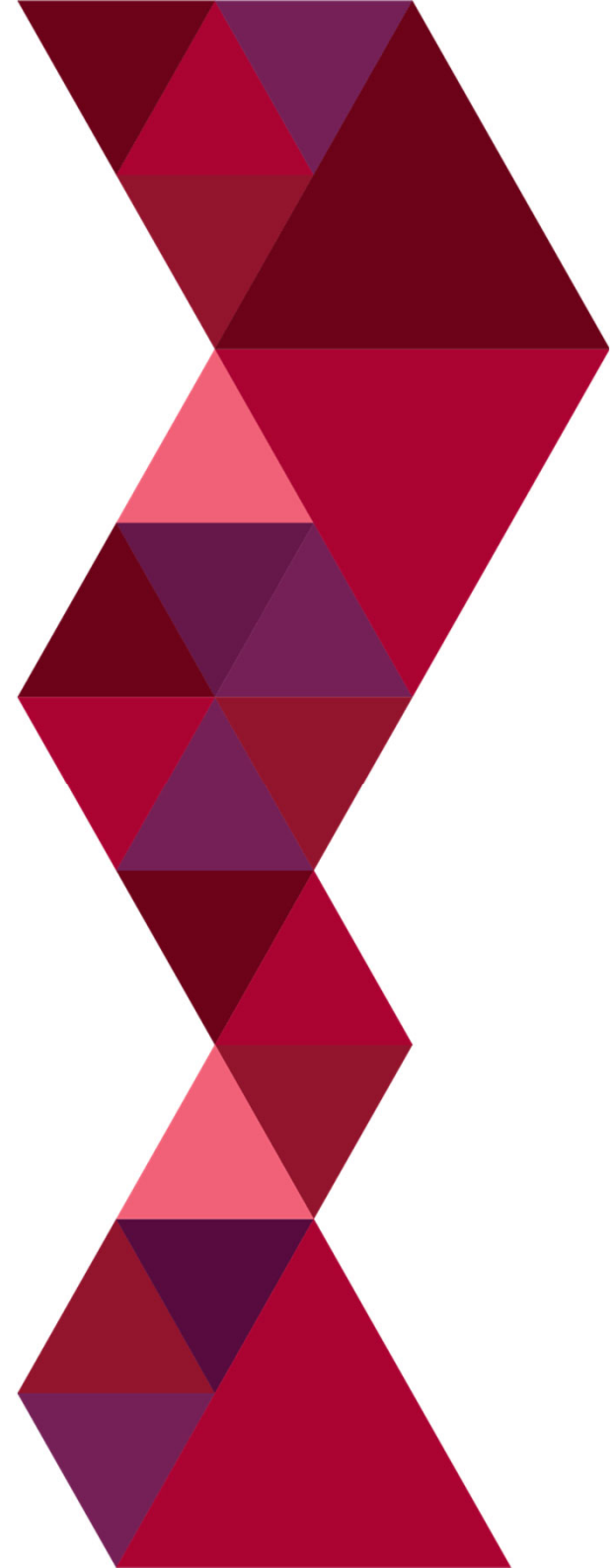
Evaluations From ESG Rating Agencies

- ▶ We pursue sustainability activities and disclose sustainability-related information proactively
- ▶ We receive higher evaluations year by year from all major external evaluation organizations, particularly in FYE March 2023

ESG Rating Agencies		Highest rated	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Results
FTSE		5.0	1.2	1.9	2.7	3.5
MSCI		AAA	BB	BB	BBB	A
CDP	Climate Change	A	C	B	B	A-
	Water	A	C	B	A-	A
	Forest	A	C-	C	C	B
	Supply Chain Engagement	A	D	B	B	A
Ecovadis (NAGASE Group)		100	41 —	46 (Bronze)	43 —	48 (Bronze)

Assuming the Position of President

Maximize the Use of Resources (People, Money, and Time) and Generate Greater Efficiencies



We Live in an Era of Unprecedented Change

An Era of Trade-On

Environmental value is a prerequisite for economic value

An Era of Hyper-Competition

Digitalization
Entry Into Other Industries
Aggression From Overseas,
Generative AI, Etc.

An Era of Mutability

Economic Security
Pandemic
Geopolitical Risks, Etc.

The *new normal* is proceeding at breakneck speed

What was common sense in the past is now outdated

We must continue to change for survival

In our third year under ACE 2.0, various issues and discrepancies are becoming apparent

Specific Issues

Need for partial or complete revision of the plan
(plan assumptions have changed beyond a certain scope)

Bold growth strategy to raise our stage to a new level

Decision-making and mechanisms that respond to the speed
of environmental change

Awareness that resources are limited
(Innovative culture has been fostered)

Elimination of waste

**We will conduct a partial revision of the ACE 2.0 basic policy,
Pursuit of Quality, implementing two reforms**

Who is NAGASE? Why does NAGASE exist as a company?

**We are a company whose mission is
to solve manufacturing issues through materials**

**Execute QUICK WIN in Corporate Organization and
Business Execution**

QUICK WIN

Maximize the Use of Resources (People, Money, and Time) and Generate Greater Efficiencies

Evolve our business and financial portfolios

Objective Strengthen front-line capabilities and improve capital efficiency

- Manage and execute business portfolio based on ROIC
- Rebuild or liquidate unprofitable businesses (including businesses at risk of impairment)
- Execute a corporate-led growth strategy
- Enforce EXIT rule and cash allocation
- Strengthen search and development (S&D) function
- Engage in digital marketing

Strengthen management governance

Objective Increase management efficiency and decision-making speed

- Consolidate and operate our organization in pursuit of rationality and efficiency
- Revise and systematize decision-making structures
- Delegate authority

Restructure our human resources portfolio

Objective Maximize human capital and improve engagement

- Train the next generation of human resources
- Conduct talent management (reallocate human resources)
- Establish an environment for D&I implementation; revise systems and mechanisms

*We plan to announce revised ACE 2.0 KGIs, KPIs, etc., in our Q2 results meeting as we move forward with QUICK WIN.



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

These presentation materials contain projections based on forward-looking assumptions, forecasts, and plans as of May 26, 2023. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.