

New Medium-Term Management Plan

Walk the Talk 2028

 **NAGASE** | Delivering next.

Top Message

Over the past five years, we have worked to build a resilient management foundation capable of responding to rapid changes in the external environment by strengthening the earnings base and improving management speed and efficiency. As a result, we have transformed ourselves into an organization capable of delivering results and have achieved our KGIs. I am deeply grateful for the understanding and support of all our stakeholders.

In launching the New Medium-Term Management Plan this fiscal year, we have realistically recognized that changes in the external environment will become even more intense. To enable timely scenario reviews, agile decision-making, and disciplined execution, we have revised the planning period from the previous five years to two consecutive three-year cycles.

The new plan is positioned as “Building the Foundation for Exponential Growth”, with the aim of achieving a market capitalization of JPY 1 trillion at the earliest opportunity. We are fully aware that we are still far from that level today. Over these three years, we aim to close this gap by scaling our business, strengthening our resilience, and above all, developing the human capital that will drive our growth.

To achieve this goal, we will improve capital efficiency and enhance the earnings structure of our existing businesses. At the same time, we will fully leverage our three core functions — trading, manufacturing, and R&D — to create high added value across the entire value chain in a way that only NAGASE can deliver.

People are the source of all execution capabilities at NAGASE. We position people as our most critical management capital, and by strengthening individual capabilities and harnessing them collectively, we will break through the limits of our organization.

By working together across the Group to execute this plan and fully leveraging our strengths, we will achieve sustainable growth and enhance corporate value.

NAGASE & CO., LTD.
Representative Director and President





Agenda

1. Review of the Previous Medium-Term Management Plan ACE 2.0
2. Medium-Term Management Plan “Walk the Talk 2028”

Core Policies of ACE 2.0

Under ACE 2.0, we set an overarching goal to transform our earnings structure and corporate culture, and to advance our “pursuit of quality” through building a strong earnings foundation and fostering a growth-oriented mindset.

Reform of Profit Structure

- ① Pursuit of profitability and efficiency**
 - Execute company-wide business portfolio restructuring and resource reallocation
- 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**

Reform of Corporate Culture

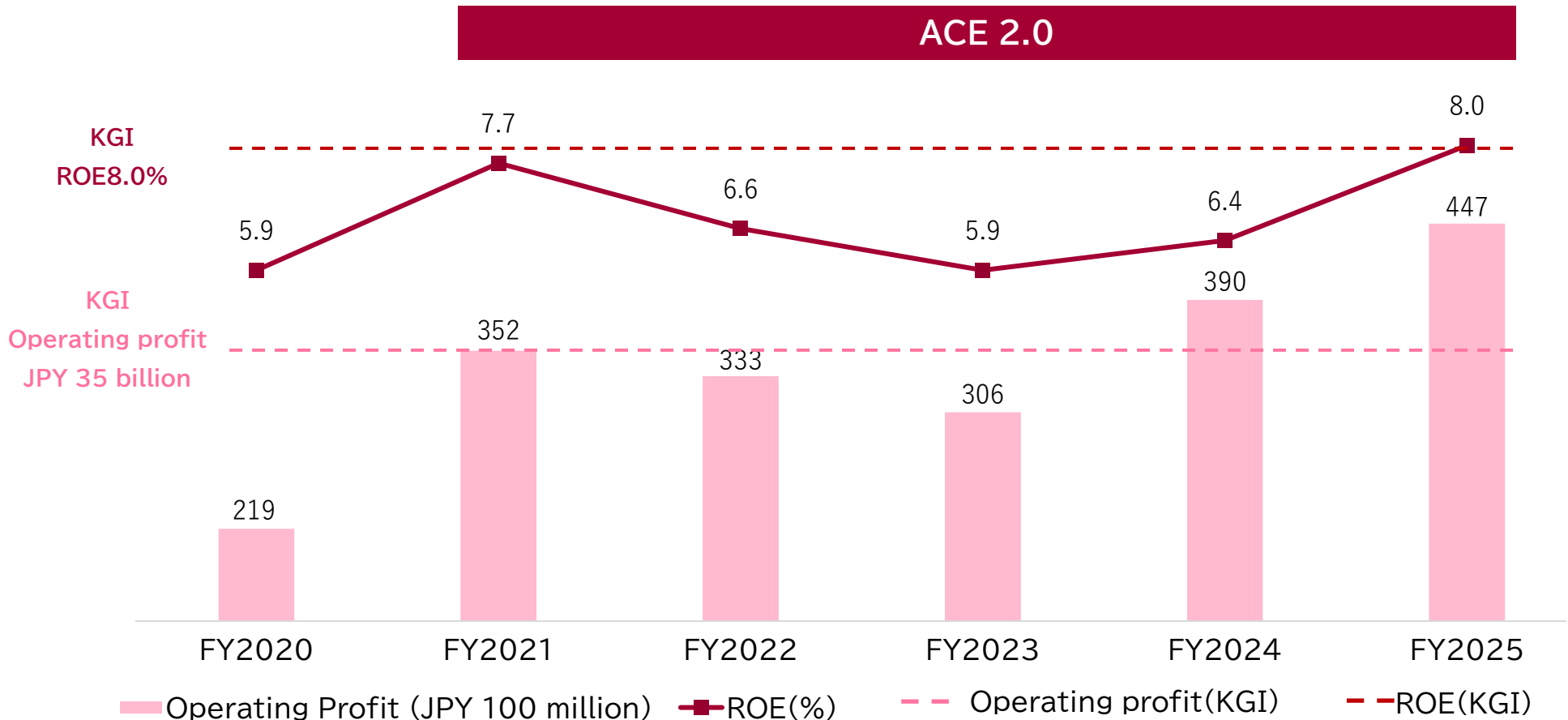
- ① Pursuit of economic and social value**
 - Fostering a sustainability mindset, and rigorous monitoring of financial and non-financial indicators
- ② Pursuit of efficiency**
 - Deepen awareness of capital efficiency
 - Improve productivity of core operations
- ③ Strengthen human capital to drive reforms**

Functions supporting reforms

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

Quantitative Targets: Status of KGI Achievement

Through return-focused management and accelerated decision-making, we implemented various initiatives to transform into a lean and resilient organization. As a result, we achieved both KGIs: a sustainable operating profit of JPY 35 billion and an ROE of 8.0% or higher.



Quantitative Targets: Non-Financial Targets / KPIs

We achieved the non-financial targets under our sustainability initiatives. We also established and monitored three financial KPIs to promote return-focused management, resulting in stronger profitability.

■ Non-Financial Targets

Project	FY2025 Targets	FY2025 Results
Carbon Neutrality	Reduction of Scope 1 and 2 emissions by 37% or more compared with FY2013	Achieved (49.2%)
Employee Engagement	(Standalone) Engagement survey score: 60 over	Achieved (61.7)
	(Group) Employee Engagement Survey implementation rate: 100%	Achieved (100%)

■ KPI

Project	KPI	FY2020	FY2025
3 Indicators for Return-focused Management	Gross profit ratio	18.3%	19.3%
	General & Administrative expense ratio (G&A / Gross profit)	67.9%	63.8%
	Selling expense ratio (Selling expenses / Sales)	2.4%	2.4%

Looking Back on the “Pursuit of Quality”

We shifted our business portfolio from a business-based to a function-based structure, allocating resources to our manufacturing functions (Semiconductor, Food, and Life Science) while restructuring and exiting unprofitable businesses. Through return-focused management, we enhanced profitability and reorganized group companies to reinforce our existing businesses.

Reform of Profit Structure

① Pursuit of profitability and efficiency

- Strengthened manufacturing capabilities in Semiconductor, Food, and Life Science
Acquired Asahi Kasei Pharma’s Diagnostics Business, SACHEM’s Asian Business and Aplinova (Brazilian food ingredient distributor)
- **Exited unprofitable businesses**, including the North American color former business and resin compounding business

② Strengthen existing businesses

- **Reorganized group companies in the chemical and bio-related fields**
- Improved gross profit margins through return-focused management

③ Create sustainable businesses

- Introduced the concept of **“Uniqueness”** to drive business creation by leveraging the integrated strengths of manufacturing, trading, and R&D capabilities.

Reform of Corporate Culture

① Pursuit of economic and social value

- **Set and achieved non-financial targets**
- Reviewed and updated our materiality

② Pursuit of efficiency

- Promoted shareholder-oriented management and expanded stock-based compensation

③ Strengthen human capital to drive reforms

- Expanded future leadership development programs, introduced “CEO accompaniment program” and “cross-divisional secondment program”
- Introduced field-led talent development framework (Business Department CHRO system)
- Increased participation in the employee stock ownership plan (37.8% → 90.3%)

Functions supporting reforms

Established Nagase Future Investments (Launch of a CVC)

Ongoing Issues

- Enhancement of DX capabilities
- Improvement of productivity in corporate functions
- Improvement in the ratio of cross-shareholdings to net assets

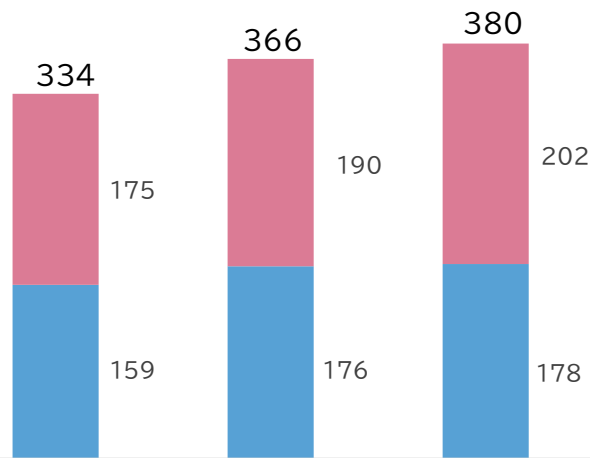
Progress in the “Focus Domain”

We actively invested capital in the semiconductor, food, and life science areas. We strengthened the Group’s manufacturing capabilities and worked to build an earnings base with a clear focus on capital efficiency.

■ Focus
■ Foundation
Unit: JPY 100 million

【Gross profit of the Focus Domain】

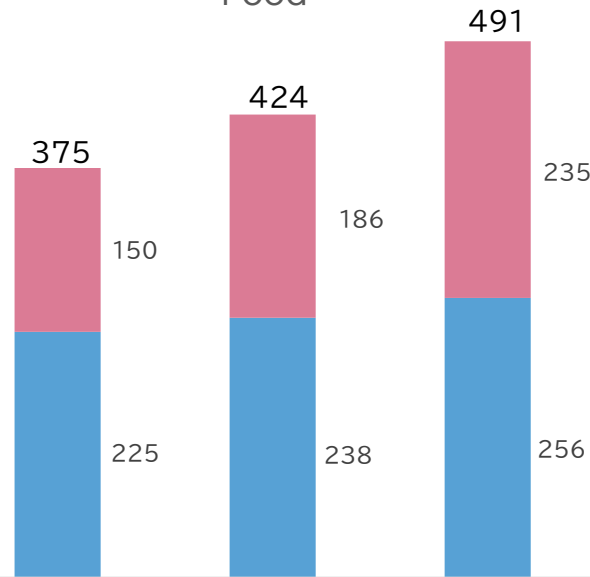
Semiconductor



FY2024 Result FY2025 Result FY2026 Forecast

- Expanded advanced semiconductor encapsulation materials
- Acquired SACHEM’s Asian business and established Nagase Circea
- Launched photoresist developer recycling business
- Initiated material transportation coordination business for Rapidus Corporation

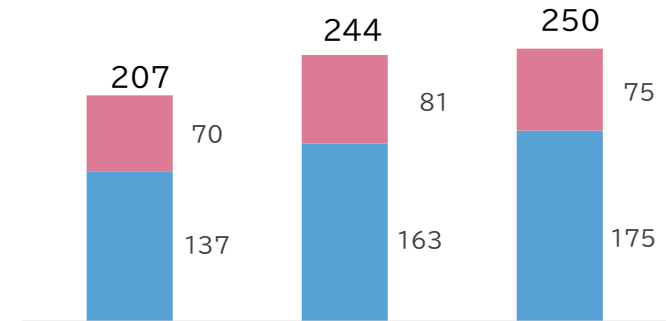
Food



FY2024 Result FY2025 Result FY2026 Forecast

- Improved the Prinova Group’s Nutrition business
- Acquired Aplinova (Brazil)

Life Science



FY2024 Result FY2025 Result FY2026 Forecast

- Acquired Asahi Kasei Pharma’s diagnostic enzyme business and established Nagase Diagnostics
- Strengthened biotechnology R&D capabilities (AI and robotics)

Progress in the “Improve Domain”

We identified target areas and developed and executed improvement plans. We also reduced losses by exiting businesses and transactions with limited improvement potential and returning commercial rights where appropriate.

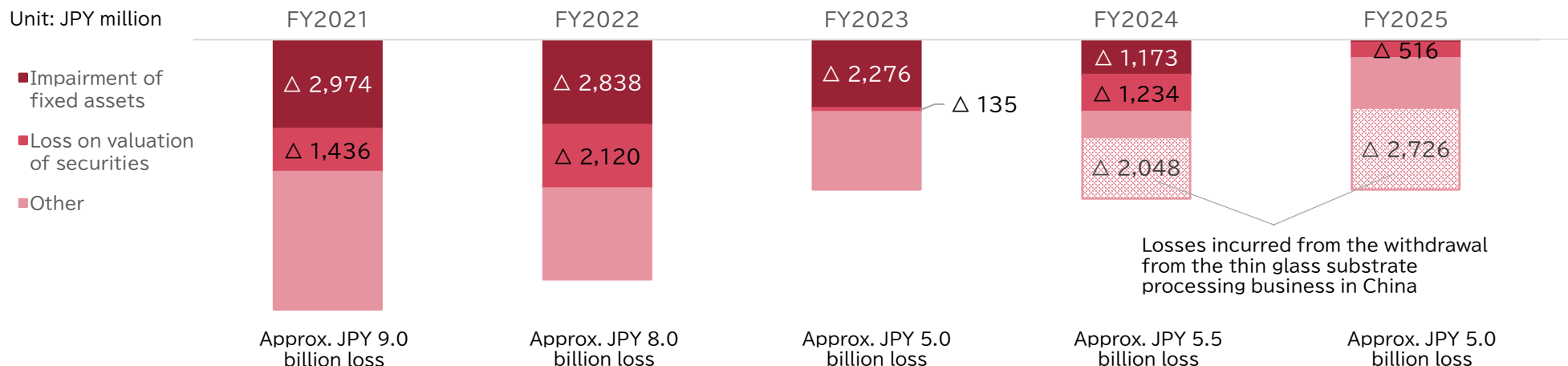
Areas for Improvement

1. Operating loss among subsidiaries and equity in losses of affiliates
2. Assets at risk for impairment loss
3. Unprofitable transactions

Actions taken

- Developed and implemented improvement plans in a timely manner and assessed withdrawals from businesses with limited improvement potential.
- Listed and monitored all relevant cases, and returned commercial rights for businesses with limited improvement potential

【Operating Loss, Equity-Method Losses, Impairment Loss, and Unprofitable Transactions at Subsidiaries】





New Medium-Term Management Plan

The Message Embedded in “Walk the Talk 2028”

What we aim to achieve over the next three years is to bring to fruition the growth strategies we have pursued under ACE 2.0, while also sowing the seeds for our next stage of growth. Reflecting our commitment to executing these two priorities, we have named our New Medium-Term Management Plan “Walk the Talk 2028”.



NAGASE's Ideal State

**NAGASE — Contributing to the well-being
of people and the planet
by solving challenges faced by
our customers and society through materials**

Our Approach to Sustainability

Amid a highly uncertain external environment, we will position sustainability at the core of our growth strategy, restructure our business portfolio based on materiality, and strive to realize NAGASE's Ideal State

Realization of NAGASE's Ideal State

Launch and drive businesses that address our materiality

Materiality to be addressed

Realize a Decarbonization

Achieve Sustainable supply chains

Driving a Circular Economy

Extend a healthy life expectancy

Surrounding societal issues



Positioning of the Medium-Term Management Plan

NAGASE's
Ideal State

Under ACE 2.0, we have set “pursuit of quality” as our guiding principle, strengthening our foundation for transformation and reinforcing our corporate structure, while shifting toward management with a stronger focus on shareholders.

ACE 2.0

Results

Operating profit: **JPY 44.7 billion**
ROE: **8.0%**

Pursuit of Quality

- Laid the foundation for transformation
- Transformed into a lean and resilient organization
- Shareholder-oriented management

Walk the Talk 2028

Targets

Operating profit: **JPY 50.0 billion+**
ROE: **9.0%+**

Building the foundation for exponential growth

- Realization of growth strategies
- Build new business pillars for future growth
- Build resilience to withstand transformation

Exponential Growth

Early achievement of
JPY 1 trillion
market capitalization

Building on the foundation established under ACE 2.0, Walk the Talk 2028 marks a phase transition from “structural reform” to “accelerating growth”.

We will steadily bring our existing growth strategies to fruition, concentrate management resources on creating the next growth driver, and strengthen our resilience and human capital to withstand changes — all with the aim of achieving a market capitalization of JPY 1 trillion at the earliest opportunity.

Three Core Policies of the Medium-Term Management Plan

With an eye toward evolving into a company worthy of a JPY 1 trillion market capitalization within three years, we will advance three core policies: scaling our business, building resilience, and strengthening the human capital that drives our growth.

Execution of Growth Strategies

- Ensure the monetization of growth investments under ACE 2.0
- Create “Uniqueness” through One NAGASE
- Continuous restructuring and improvement of unprofitable businesses
- Leverage M&A to expand our business portfolio

Development of Human Capital

- Strengthen individual talent
- Promote diversity to accelerate behavioral change

Building Resilience

- Pursue capital efficiency
- Advance corporate governance
- Strengthen the ability to address emerging risks

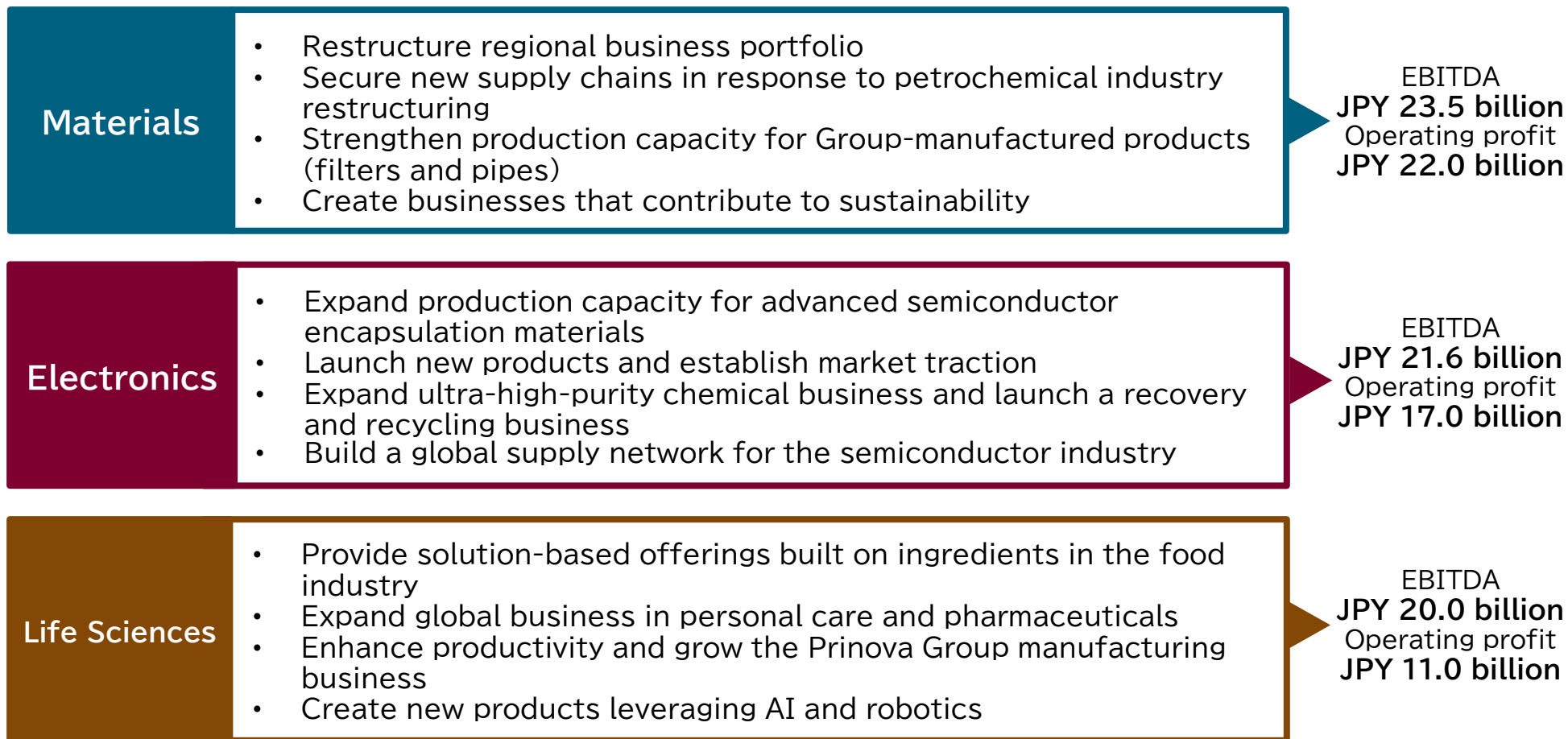
Changes to the Segment Structure

We will reorganize from five to three segments to clarify our business portfolio. This will enable us to fast-track capital allocation to growth areas, reinforce ROIC-based management, and drive a shift toward a more capital-efficient earnings structure

Departments	Current Segments	FY25 Operating Profit		New Segments	FY25 Operating Profit
Performance Chemicals	Functional Materials	9.3 billion JPY	➔	Materials	20.6 billion JPY
Speciality Chemicals					
Polymer Global Account					
Mobility Solutions	Mobility	3.7 billion JPY			
Electronics	Electronics & Energy	14.8 billion JPY	➔	Electronics	14.8 billion JPY
Advanced Functional Materials					
Life & Healthcare Products	Life & Healthcare	9.8 billion JPY	➔	Life Sciences	9.8 billion JPY

Business Strategy by Segment

We will appoint segment heads for each segment and delegate responsibility and authority to accelerate decision-making, while driving growth through strategies tailored to diverse business environments



Ensuring Monetization of ACE 2.0 Growth Strategies

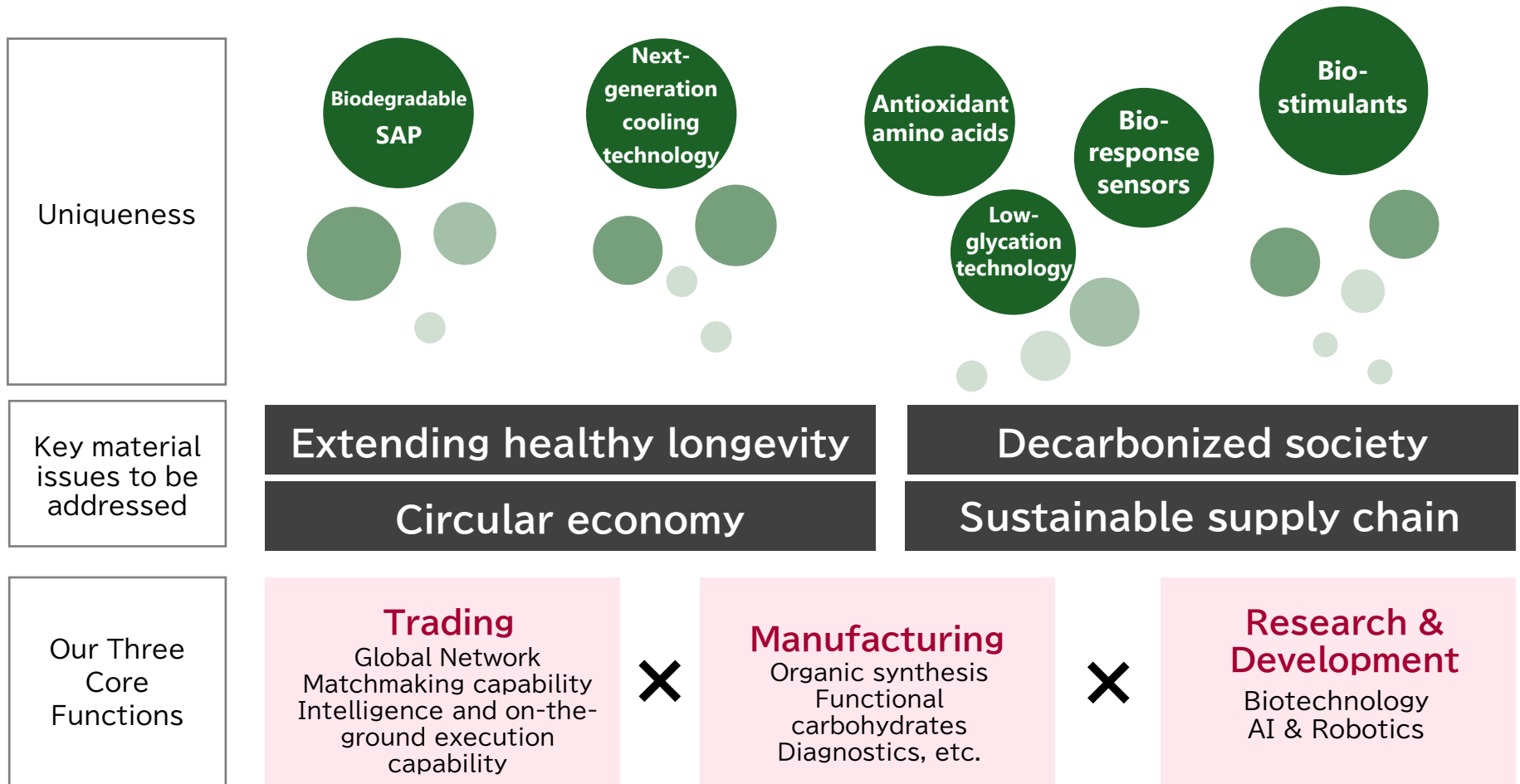
We will steadily execute the growth investments and initiatives planned under ACE 2.0 while maximizing investment returns to achieve sustained enhancement of corporate value

	Focus	Growth	Challenge
	Strengthening our competitive proprietary products	Portfolio restructuring Pursuit of efficiency	Incubation function Seeding future growth
	■ Planned investment: JPY 70 billion	■ Planned investment: JPY 10 billion	■ Planned investment: JPY 20 billion
Materials	<ul style="list-style-type: none"> ■ Expand production for pipes used in national resilience applications ■ Strengthen Nagase Filter business 	<ul style="list-style-type: none"> ■ Expand trading business driven by petrochemical industry restructuring ■ Restructure regional business portfolio ■ Expand the semiconductor chemicals business 	<ul style="list-style-type: none"> ■ MOF product businesses ■ Continuous Flow Synthesis business
Electronics	<ul style="list-style-type: none"> ■ Expand liquid encapsulant production capacity ■ Expand production capacity for ultra-high-purity chemicals ■ Launch a chemical solution recovery and recycling business ■ Expand capacity for outsourced semiconductor packaging services 	<ul style="list-style-type: none"> ■ Expand footprint in the United States ■ Expand logistics network in India ■ Expand the semiconductor business in China 	<ul style="list-style-type: none"> ■ Develop next-generation sheet-type encapsulation material ■ Strengthen semiconductor packaging development capabilities ■ Build a cold supply chain
Life Sciences	<ul style="list-style-type: none"> ■ Enhance productivity in the Prinova Group Nutrition business ■ Expand the enzymes (diagnostics) business ■ Strengthen the Prinova Group premix business in Europe 	<ul style="list-style-type: none"> ■ Expand Active Pharmaceutical Ingredient business ■ Food business restructuring — Establishment of Nagase Food Solutions 	<ul style="list-style-type: none"> ■ Develop saccharide-derived alternatives to petrochemical materials ■ Launch low-endotoxin business
		<ul style="list-style-type: none"> ■ Enhance productivity through AI utilization 	<ul style="list-style-type: none"> ■ Establish a new biotechnology research facility

Growth Strategies
Human Capital
Resilience

Creating Uniqueness through One NAGASE

By fully leveraging NAGASE’s three functions — trading, manufacturing, and R&D — we will create “**Uniqueness**”: a business model that only NAGASE can offer, delivering high added value across the entire value chain, and evolving it into a key driver of future growth



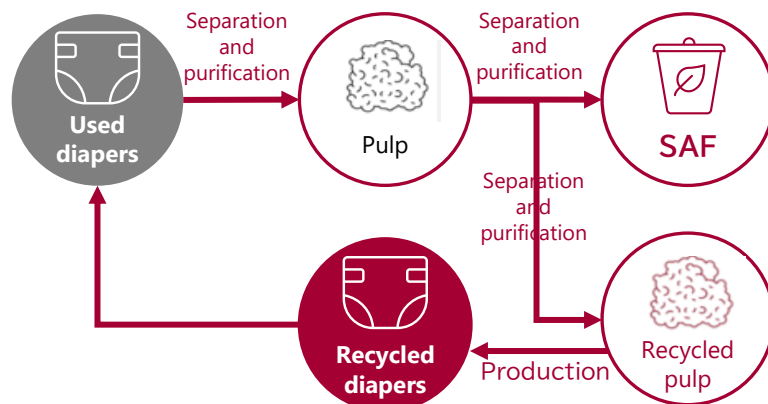
Case Study of “Uniqueness”

Case Study 1

Resource Circulation (Disposable Diaper Recycling)

Sales Target : JPY 50 billion ~

- **Issue:** Greenhouse gas emissions resulting from the mass disposal of single-use diapers.
- **Solution:** Establish a unique scheme to separate and purify used diapers containing our proprietary **biodegradable SAP** to a high-level purity for reuse as recycled pulp, SAF, solid fuel, and other materials.



Case Study 2

Extending Healthy Life Expectancy (Sugar Reduction)

Sales Target : JPY 45 billion ~

- **Issue :** The health burden, including diabetes and cardiovascular disease, resulting from excessive sugar consumption.
- **Solution :** Develop **new materials to replace sugar** and expand the premix business combining these materials with enzymes and other ingredients



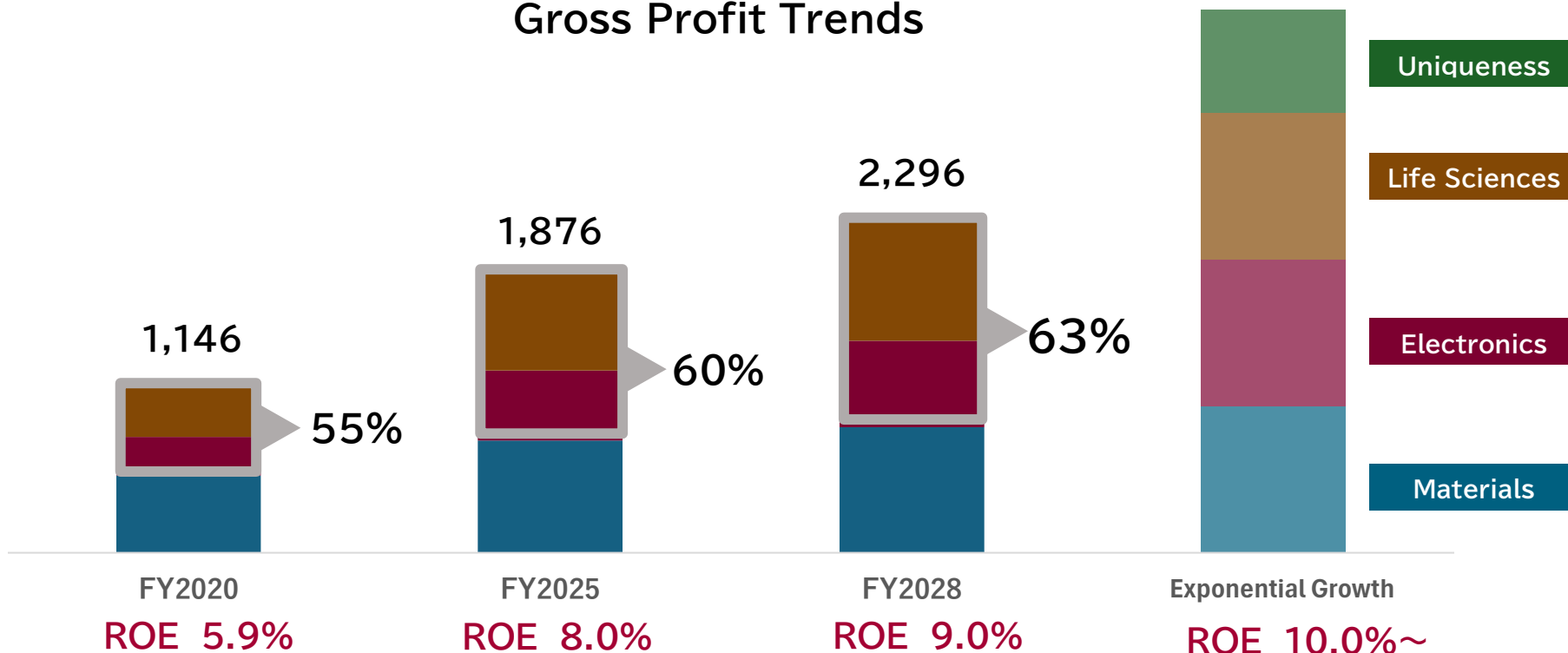
Growth Strategies
Human Capital
Resilience

Quantitative Roadmap to Exponential Growth

We will prioritize capital allocation to the highly profitable Electronics and Life Sciences segments to achieve a more balanced earnings structure. In parallel, we will create “Uniqueness” and work to close the gap toward a market capitalization of JPY 1 trillion by growing earnings and improving ROE.

Gross Profit Trends

Unit: JPY 100 million



Strengthening Individual Talent

People who act on their own initiative, not bound by precedent, are the true source of NAGASE's execution power. We position people as our most critical management capital and will strengthen individual capabilities and harness them collectively to break through organizational limits.

Develop Two Types of Leaders

Project Engineer

People capable of integrating complex elements and driving initiatives from concept to execution

Business Orchestrator

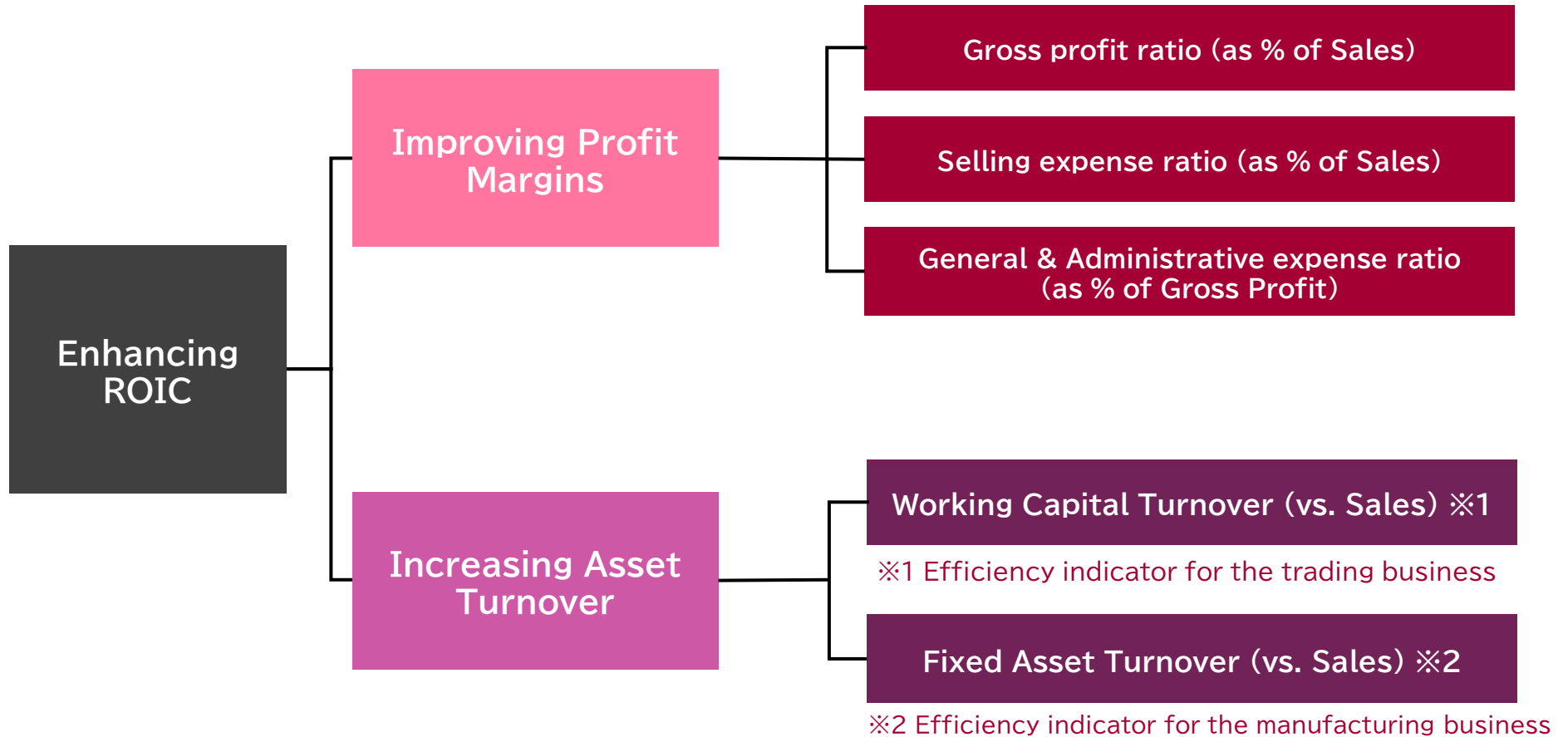
People who can take a holistic view of the entire Group, draw out its strengths, and orchestrate them into perfect harmony

Individual capabilities

- Ability to combine individual elements to develop concepts
- Ability to translate concepts into actionable plans
- Ability to bring people on board and get things done
- Ability to identify individual talent and unlock its full potential
- Ability to grasp and leverage the entire Group
- Ability to take a holistic view and make decisions in the best interest of the entire organization

Pursuit of Capital Efficiency - Deeping ROIC-based Management

We will enhance capital efficiency from both “earning power” and “asset turnover”, driving sustained increase in corporate value



Pursuit of capital efficiency - Cash Allocation

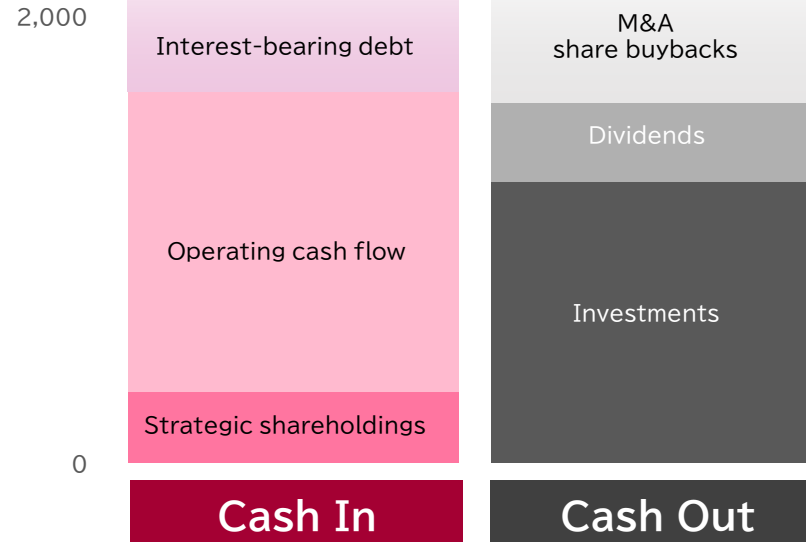
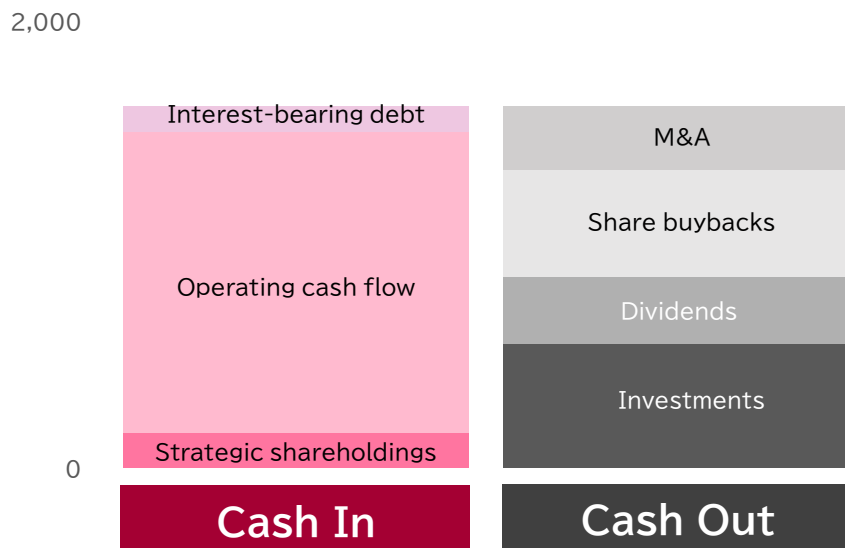
We will proceed with the sale of cross-shareholdings and redirect capital toward growth. In addition, we will leverage debt to drive improvements in ROIC and EPS.

FY2023~2025

FY2026~2028

(Unit: JPY 100 million)

(Unit: JPY 100 million)



We will conduct annual effectiveness evaluations of the Board of Directors incorporating third-party perspectives and implement initiatives to address identified issues. We will enhance the Board's oversight function and strengthen corporate governance.

Further enhancement of Board effectiveness

【Board Composition】

- Maintain/increase the ratio of independent outside directors
- Delegate authority to management while strengthening oversight
- Ensure diversity

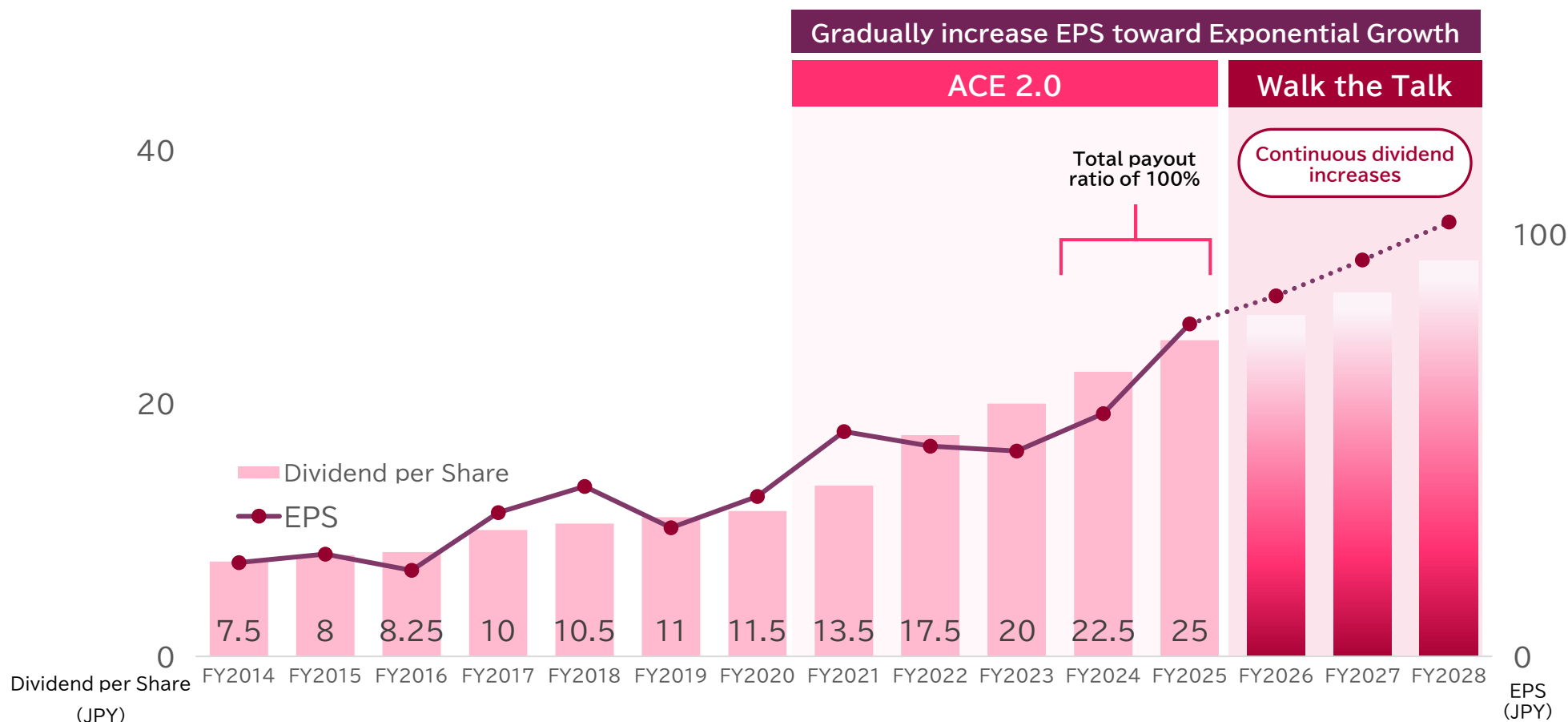
【Board Deliberations】

- Set the agenda related to management policy
- Ensure sufficient discussion time and enhance the quality of discussions

Shareholder Return Policy

We will maintain progressive dividends as our base policy and flexibly conduct share buybacks.

We will also enhance shareholder returns by balancing growth investments, with an eye toward 30% EPS growth over three years.



Management Targets for Walk the Talk 2028

Financial

Non-financial

■ Company-wide KGI

Earnings
Power

Operating profit
JPY **50.0** billion +

Capital
Efficiency

ROE
9.0% +

Carbon
Neutrality※

Scope 1,2 reduction ratio
(compared to FY2021)
32.7%

■ Business KPI

EBITDA

Set for each individual
company and segment

ROIC

Set for each individual
company and segment

Note: This target is aligned with the SBT-certified 2030 target

Management Philosophy

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