

Securities identification code: 8012

June 1, 2022

To our shareholders:

Kenji Asakura  
Representative Director and President  
**NAGASE & CO., LTD.**  
1-1-17, Shinmachi, Nishi-ku,  
Osaka City, Osaka, Japan  
5-1, Nihonbashi-Kobunacho, Chuo-ku,  
Tokyo, Japan (Tokyo Head Office)

## NOTICE OF THE 107TH ANNUAL SHAREHOLDERS' MEETING

You are cordially invited to attend the 107th Annual Shareholders' Meeting of NAGASE & CO., LTD. (the "Company"), which will be held as described below.

Considering the need to prevent the spread of novel coronavirus disease ("COVID-19"), we sincerely request you to refrain from attending this meeting in person as much as possible and to exercise your voting rights in advance by postal mail or via the Internet, etc.

We request that you exercise your voting rights on or before 5:15 p.m. on Friday, June 17, 2022 after considering the following Reference Documents for the Annual Shareholders' Meeting.

### Meeting Details

1. **Date and time:** Monday, June 20, 2022 at 10:00 a.m. (Reception begins at 9:00 a.m.)  
(Japan Standard Time)
2. **Venue:** Nihonbashi Mitsui Hall  
COREDO Muromachi 1 (Reception: 4th floor)  
2-2-1, Nihonbashi-muromachi, Chuo-ku, Tokyo
3. **Purposes:**  
**Items to be reported:**
  1. Business Report and Consolidated Financial Statements for the 107th Term (from April 1, 2021 to March 31, 2022), as well as the results of audit of the Consolidated Financial Statements by the Independent Auditor and Audit & Supervisory Board
  2. Non-Consolidated Financial Statements for the 107th Term (from April 1, 2021 to March 31, 2022)

### Items to be resolved:

- Proposal 1:** Appropriation of surplus
- Proposal 2:** Amendment to the Articles of Incorporation
- Proposal 3:** Election of nine (9) Directors
- Proposal 4:** Election of one (1) Audit & Supervisory Board Member
- Proposal 5:** Election of one (1) substitute Audit & Supervisory Board Member
- Proposal 6:** Determination of the amount and details of performance-linked, stock-based compensation paid to Directors
- Proposal 7:** Revision of limits on compensation for Directors

**4. Other matters relating to this Notice:**

This document contains the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements audited by Audit & Supervisory Board Members and the Independent Auditor in preparing audit reports, except information concerning the following matters.

Pursuant to laws and regulations and Article 14 of the Articles of Incorporation, information concerning the following matters is contained on the Company's website (<https://www.nagase.co.jp/>).

Business Report: (1) Matters relating to share options for the Company's stock, (2) Independent Auditor, (3) Company systems and policies

Consolidated Financial Statements: (1) Consolidated Statement of Changes in Net Assets, (2) Notes to Consolidated Financial Statements

Non-Consolidated Financial Statements: (1) Non-Consolidated Statement of Changes in Net Assets, (2) Notes to Non-Consolidated Financial Statements

**5. Instructions on exercising voting rights:**

Please refer to "Instructions on exercising voting rights." (Japanese only)

## Reference Documents for the Annual Shareholders' Meeting

### Proposal 1: Appropriation of surplus

The Company proposes the appropriation of surplus as follows:

Matters related to year-end dividend

The Company's basic policy on dividends is to continuously increase dividends in line with its consolidated business performance and financial structure, while improving profitability and strengthening its management structure. For this fiscal year, the Company proposes a year-end dividend of 30 yen per share, consisting of an ordinary dividend of 24 yen and a special dividend of 6 yen, based on consideration of its consolidated results, financial conditions and other matters.

(1) Type of dividend property

Cash

(2) Allocation of dividend property and total amount thereof

30 yen per common stock of the Company

Total amount of dividends: 3,600,795,540 yen

(3) Effective date of distribution of dividends of surplus

June 21, 2022

**Proposal 2: Amendment to the Articles of Incorporation**

1. Reasons for the Amendment

- (1) The Company plans to make the necessary amendment to Article 2 (Purpose) in order to deal with the diversification of the Company’s businesses and future business development.
- (2) Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make necessary amendments to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the shareholders’ meeting of in electronic format.
  - (i) Article 14, paragraph (1) in “Proposed amendments” below will stipulate that the Company shall take measures for providing information that constitutes the content of reference documents for the shareholders’ meeting, etc. in electronic format.
  - (ii) Article 14, paragraph (2) in “Proposed amendments” below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.
  - (iii) Since the provisions for Internet Disclosure of Reference Documents, Etc. (Article 14 of the current Articles of Incorporation) will no longer be required, they will be deleted.
  - (iv) Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.

2. Details of the Amendment

Details of the amendment are as follows.

The resolution on this Proposal shall be effective at the closure of this meeting.

(Underlined is the portion amended)

| Current Articles of Incorporation   | Proposed amendments   |
|---|---|
| Article 1.<br><p style="text-align: center;">&lt;Omitted&gt;</p>  | Article 1.<br><p style="text-align: center;">&lt;Unchanged&gt;</p>  |
| Article 2. (Purpose)<br>The Company intends to engage in the following businesses:<br>1.-9. <p style="text-align: center;">&lt;Omitted&gt;</p>  | Article 2. (Purpose)<br>The Company intends to engage in the following businesses:<br>1.-9. <p style="text-align: center;">&lt;Unchanged&gt;</p>  |
| 10. <u>Development and sales</u> of computer software   | 10. <u>Planning, design, development, sales, maintenance and leasing</u> of computer software, <u>as well as information communication, information processing and information provision services related to them</u> |
| 11.-18. <p style="text-align: center;">&lt;Omitted&gt;</p>  | 11.-18. <p style="text-align: center;">&lt;Unchanged&gt;</p>  |
| Articles 3.-13. <p style="text-align: center;">&lt;Omitted&gt;</p>  | Articles 3.-13. <p style="text-align: center;">&lt;Unchanged&gt;</p>  |
| <u>Article 14. (Internet Disclosure of Reference Documents, Etc.)</u><br><u>The Company may disclose information that is to be stated or presented in the reference documents for the shareholders’ meeting, non-consolidated financial statements, consolidated financial statements and business report through the internet in accordance with the provisions prescribed by the Ministry of Justice Order.</u> | <p style="text-align: center;">&lt;Deleted&gt;</p>  |

| Current Articles of Incorporation  | Proposed amendments   |
|--|---|
| <p data-bbox="389 250 596 282">&lt;Newly established&gt;</p> <p data-bbox="194 734 347 766">Articles 15.-32.</p> <p data-bbox="437 770 549 801">&lt;Omitted&gt;</p> <p data-bbox="389 806 596 837">&lt;Newly established&gt;</p> | <p data-bbox="801 250 1353 318"><u>Article 14. (Measures, Etc. for Providing Information in Electronic Format)</u></p> <p data-bbox="801 327 1385 465"><u>1. When the Company convenes a shareholders' meeting, it shall take measures for providing information that constitutes the content of reference documents for the shareholders' meeting, etc. in electronic format.</u></p> <p data-bbox="801 474 1401 721"><u>2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.</u></p> <p data-bbox="801 730 954 761">Articles 15.-32.</p> <p data-bbox="1027 766 1171 797">&lt;Unchanged&gt;</p> <p data-bbox="970 806 1228 837"><u>Supplementary Provisions</u></p> <p data-bbox="801 846 1401 1093"><u>1. The amendment to the Articles of Incorporation pertaining to Article 14 shall be effective from September 1, 2022, which is the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the "Date of Enforcement").</u></p> <p data-bbox="801 1102 1401 1281"><u>2. Notwithstanding the provision of the preceding paragraph, Article 14 of the Articles of Incorporation (Internet Disclosure of Reference Documents, Etc.) shall remain effective regarding any shareholders' meeting held on a date within six months from the Date of Enforcement.</u></p> <p data-bbox="801 1290 1385 1460"><u>3. These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the shareholders' meeting in the preceding paragraph, whichever is later.</u></p> |

### Proposal 3: Election of nine (9) Directors

The terms of office of all Directors (Hiroshi Nagase, Reiji Nagase, Kenji Asakura, Masaya Ikemoto, Masatoshi Kamada, Nobumasa Kemori, Takahiko Ijichi, and Ritsuko Nonomiya) will expire at the conclusion of this meeting. Of these, Nobumasa Kemori will retire from office.

The Company requests the election of nine Directors (including three Outside Directors) in order to maintain an appropriate number of members and increase diversity in the Board of Directors, in their executing and overseeing reforms aimed at the achievement of its medium-term management plan **ACE 2.0**.


The candidates for Directors are as follows:


To increase objectivity and transparency of nominations for Directors and Executive Officers, the Company established a Nomination Committee consisting of a majority of Independent Outside Directors. The aforementioned Nomination Committee is also reviewing the contents of this proposal.

| No. | Name  | Position and responsibilities in the Company  | Attendance of Board of Directors meetings (fiscal year ended March 31, 2022) | Length of service (as of conclusion of this meeting) | Number of other listed companies where concurrent positions are held |
|-----|---|---|--|--|--|
| 1   | Hiroshi Nagase<br>[Reelection]<br>[Inside Director]                               | Representative Director and Chairman  | 16 out of 16 (100%)  | 33 years   | 0  |
| 2   | Reiji Nagase<br>[Reelection]<br>[Inside Director]                                 | Director and Vice Chairman  | 16 out of 16 (100%)  | 27 years   | 0  |
| 3   | Kenji Asakura<br>[Reelection]<br>[Inside Director]                                | Representative Director, President and CEO  | 16 out of 16 (100%)  | 9 years  | 0  |
| 4   | Masaya Ikemoto<br>[Reelection]<br>[Inside Director]                               | Representative Director and Managing Executive Officer, in charge of Corporate Administration, affiliates, and Americas | 16 out of 16 (100%)  | 4 years  | 0  |
| 5   | Masatoshi Kamada<br>[Reelection]<br>[Inside Director]                             | Director and Executive Officer, in charge of Overall Sales and Asia, and Greater China CEO                              | 12 out of 12 (100%)  | 1 year   | 0  |
| 6   | Takahiko Ijichi<br>[Reelection]<br>[Outside Director]<br>[Independent officer]    | Outside Director  | 16 out of 16 (100%)  | 2 years  | 0  |
| 7   | Ritsuko Nonomiya<br>[Reelection]<br>[Outside Director]<br>[Independent officer]   | Outside Director  | 16 out of 16 (100%)  | 2 years  | 1  |
| 8   | Hiroyuki Ueshima<br>[New election]<br>[Inside Director]                           | (New election)  | -  | -  | 1  |
| 9   | Noriaki Horikiri<br>[New election]<br>[Outside Director]<br>[Independent officer] | (New election)  | -  | -  | 1  |


Notes:


1. The number of the Board of Directors meetings does not include resolutions made in writing. The number of Board of Directors meetings indicated with regard to attendance at meetings by Masatoshi Kamada is the number of meetings since he was elected as Director.
2. The number of other listed companies where concurrent positions are held refers to the number of listed companies other than the Company, where the candidate holds a directorial position.


| No. | Name<br>(Date of birth)  | Career summary, position, responsibilities and<br>significant concurrent positions outside the Company   |
|-----|--|--|
| 1   | <p>[Inside Director] [Reelection]</p>  <p><b>Hiroshi Nagase</b><br/>(July 18, 1949)</p> | <p>April 1977      Joined the Company</p> <p>April 1988      General Manager of Plastics Dept. 2</p> <p>June 1989        Director</p> <p>June 1995        Managing Director</p> <p>June 1997        Representative Director and Senior Managing Director</p> <p>June 1999        Representative Director and President</p> <p>June 2001        Representative Director and President and CEO</p> <p>April 2015       Representative Director and Chairman (present position)</p>   |
|     | <p>Length of service: 33 years (as of conclusion of this meeting)</p>  | <p>[Significant concurrent positions outside the Company]</p> <p>None</p>  |
|     | <p>Attendance of Board of Directors meetings: 16 out of 16 Board of Directors meetings (100%)</p> <p>Number of the Company's shares held: 1,358,794</p>                  | <p><b>Reason for nomination as candidate for Director</b></p> <p>Hiroshi Nagase has worked mainly in the advanced materials &amp; processing, electronics &amp; energy, and management planning fields since joining the Company and has the character suitable as a manager of the Company. In addition, he has served as President from 1999 to 2015, and has been responsible for the management supervisory function as Representative Director and Chairman since April 2015. In light of his extensive experience in operations and his knowledge in overall management in the Company, Mr. Nagase is nominated as a candidate for Director.</p> |

| No. | Name<br>(Date of birth)   | Career summary, position, responsibilities and significant concurrent positions outside the Company   |
|-----|---|---|
| 2   | <p data-bbox="304 259 563 286">[Inside Director] [Reelection]</p>  <p data-bbox="360 620 512 674"><b>Reiji Nagase</b><br/>(June 24, 1955)</p> <p data-bbox="288 689 580 741">Length of service: 27 years (as of conclusion of this meeting)</p> <p data-bbox="288 757 580 831">Attendance of Board of Directors meetings: 16 out of 16 Board of Directors meetings (100%)</p> <p data-bbox="288 846 580 898">Number of the Company's shares held: 96,956</p> | <p data-bbox="611 264 1385 324">April 1978      Joined Ministry of International Trade and Industry (currently Ministry of Economy, Trade and Industry)</p> <p data-bbox="611 340 855 367">June 1994      Retired</p> <p data-bbox="611 383 983 409">July 1994      Joined the Company</p> <p data-bbox="611 425 1385 521">June 1995      Director, General Manager of Chemicals Management Office, Plastics and Industrial Materials Management Office, Management Office and Equipment System Office</p> <p data-bbox="611 537 970 564">June 1999      Managing Director</p> <p data-bbox="611 580 1187 607">June 2001      Managing Director and Executive Officer</p> <p data-bbox="611 622 1294 649">April 2003      Managing Director and Managing Executive Officer</p> <p data-bbox="611 665 1187 692">June 2003      Director and Managing Executive Officer</p> <p data-bbox="611 707 1257 734">April 2009      Director and Senior Managing Executive Officer</p> <p data-bbox="611 750 1332 810">June 2010      Representative Director and Senior Managing Executive Officer</p> <p data-bbox="611 826 1232 853">April 2015      Director and Vice Chairman (present position)</p> |
|     |   | <p data-bbox="611 920 1150 947">[Significant concurrent positions outside the Company]</p> <p data-bbox="611 963 1305 990">Representative Director of Nagase Science and Technology Foundation</p> <p data-bbox="611 1005 1150 1032">Representative Director of Hayashibara Museum of Art</p>   |
|     |   | <p data-bbox="611 1050 1114 1077"><b>Reason for nomination as candidate for Director</b></p> <p data-bbox="635 1084 1394 1361">Reiji Nagase has worked mainly in the advanced materials &amp; processing, electronics &amp; energy, and mobility fields since joining the Company and has the character suitable as a manager of the Company. In addition, he has served as president of a number of major manufacturing subsidiary companies of the Company's group (the "Group"), and has been responsible for the management supervisory function as Director and Vice Chairman since April 2015. In light of his extensive experience in operations and his knowledge in overall management in the Company, Mr. Nagase is nominated as a candidate for Director.</p>  |





| No. | Name<br>(Date of birth)  | Career summary, position, responsibilities and significant concurrent positions outside the Company  |
|-----|--|--|
| 3   | <p data-bbox="304 259 564 288">[Inside Director] [Reelection]</p>  <p data-bbox="341 618 528 674"><b>Kenji Asakura</b><br/>(December 11, 1955)</p> <p data-bbox="277 689 592 741">Length of service: Nine years (as of conclusion of this meeting)</p> <p data-bbox="288 757 580 831">Attendance of Board of Directors meetings: 16 out of 16 Board of Directors meetings (100%)</p> <p data-bbox="288 846 580 898">Number of the Company's shares held: 26,329</p> | <p data-bbox="612 264 983 293">April 1978      Joined the Company</p> <p data-bbox="612 309 1254 338">October 2006    General Manager of Automotive Solutions Dept.</p> <p data-bbox="612 353 1318 405">April 2009      Executive Officer and General Manager of Automotive Solutions Dept.</p> <p data-bbox="612 421 1082 450">June 2013      Director and Executive Officer</p> <p data-bbox="612 465 1385 495">April 2015      Representative Director, President and CEO (present position)</p>  |
|     |  | <p data-bbox="612 562 1150 591">[Significant concurrent positions outside the Company]</p> <p data-bbox="612 607 667 636">None</p>   |
|     |  | <p data-bbox="612 651 1114 680"><b>Reason for nomination as candidate for Director</b></p> <p data-bbox="635 685 1385 965">Kenji Asakura has worked mainly in the electronics &amp; energy, mobility, and management planning fields since joining the Company and has a character suitable as a manager of the Company. In addition, he was appointed as Representative Director and President in April 2015. Since then, he has promoted improvement of the corporate value of the Company. He is considered the most qualified person who can show leadership towards the execution of the <b>ACE 2.0</b> medium-term management plan because he has extensive experience in operations and knowledge in overall management. Accordingly, Mr. Asakura is nominated as a candidate for Director.</p> |


| No. | Name<br>(Date of birth)  | Career summary, position, responsibilities and significant concurrent positions outside the Company   |
|-----|--|---|
| 4   | <p data-bbox="304 264 563 293">[Inside Director] [Reelection]</p>  <p data-bbox="336 622 533 680"><b>Masaya Ikemoto</b><br/>(September 20, 1961)</p> <p data-bbox="280 696 592 745">Length of service: Four years (as of conclusion of this meeting)</p> <p data-bbox="288 761 584 835">Attendance of Board of Directors meetings: 16 out of 16 Board of Directors meetings (100%)</p> <p data-bbox="288 851 584 900">Number of the Company's shares held: 10,159</p> | <p data-bbox="611 271 983 300">April 1984      Joined the Company</p> <p data-bbox="611 315 1254 344">April 2013      General Manager of Automotive Solutions Dept.</p> <p data-bbox="611 360 1318 418">April 2015      Executive Officer and General Manager of Automotive Solutions Dept., Manager of Nagoya Branch</p> <p data-bbox="611 434 1083 463">June 2018      Director and Executive Officer</p> <p data-bbox="611 479 1337 508">April 2021      Representative Director and Managing Executive Officer</p> <p data-bbox="611 524 1369 613">April 2022      Representative Director and Managing Executive Officer, in charge of Corporate Administration, affiliates, and Americas (present position)</p>   |
|     |  | <p data-bbox="611 674 1150 703">[Significant concurrent positions outside the Company]</p> <p data-bbox="611 719 667 748">None</p>  |
|     |  | <p data-bbox="611 763 1114 792"><b>Reason for nomination as candidate for Director</b></p> <p data-bbox="635 797 1393 1077">Masaya Ikemoto has worked mainly in the advanced materials &amp; processing, electronics &amp; energy, mobility, and management planning fields since joining the Company and has a character suitable for being a part of the Company's management team. In addition, he was appointed as Director in 2018. Since then, he has promoted improvement of the corporate value of the Company as an officer mainly in charge of Corporate Administration and affiliates. In light of his extensive experience in operations and his knowledge in overall management, Mr. Ikemoto is nominated as a candidate for Director towards the achievement of the <b>ACE 2.0</b> medium-term management plan.</p> |

| No. | Name<br>(Date of birth)  | Career summary, position, responsibilities and significant concurrent positions outside the Company   |
|-----|--|---|
| 5   | <p>[Inside Director] [Reelection]</p>  <p><b>Masatoshi Kamada</b><br/>(August 6, 1961)</p> <p>Length of service: One year (as of conclusion of this meeting)</p> <p>Attendance of Board of Directors meetings: 12 out of 12 Board of Directors meetings (100%)</p> <p>Number of the Company's shares held: 13,252</p> | <p>April 1985      Joined the Company</p> <p>April 2011      General Manager of Electronic Materials Dept.</p> <p>April 2013      Executive Officer and General Manager of Electronic Materials Dept.</p> <p>April 2018      Executive Officer and Greater China CEO</p> <p>June 2021      Director and Executive Officer, in charge of Overall Sales</p> <p>April 2022      Director and Executive Officer, in charge of Overall Sales and Asia, and Greater China CEO (present position)</p>  |
|     |  | <p>[Significant concurrent positions outside the Company]</p> <p>None</p>   |
|     |  | <p><b>Reason for nomination as candidate for Director</b></p> <p>Masatoshi Kamada has worked in the advanced materials &amp; processing, electronics &amp; energy, and overseas business fields since joining the Company, possesses superb knowledge of and experience in these fields, and has a personality suitable for being a part of the Company's management team. In light of his management skills gained through various experience, including as a China area manager, Mr. Kamada is nominated as a candidate for Director.</p> |



| No.   | Name<br>(Date of birth)  | Career summary, position, responsibilities and significant concurrent positions outside the Company  |              |                           |                             |                          |           |                             |               |                           |   |               |             |                           |            |                          |
|---|--|--|--------------|---------------------------|-----------------------------|--------------------------|-----------|-----------------------------|---------------|---------------------------|---|---------------|-------------|---------------------------|------------|--------------------------|
| 7   | <p>[Outside Director] [Reelection]<br/>[Independent officer]</p>  <p><b>Ritsuko Nonomiya</b><br/>(November 28, 1961)</p> <p>Length of service: Two years (as of conclusion of this meeting)</p> <p>Attendance of Board of Directors meetings: 16 out of 16 Board of Directors meetings (100%)</p> <p>Number of the Company's shares held: 1,175</p> | <p>September 1987 Joined Peat, Marwick, Mitchell &amp; Company (currently KPMG LLP)</p> <p>April 1997 Partner of KPMG Corporate Finance K.K.</p> <p>November 2000 Joined UBS Warburg Japan (currently UBS Securities Japan Co., Ltd.)</p> <p>January 2005 M&amp;A Advisor, Managing Director of UBS Warburg Japan</p> <p>July 2008 Senior Vice President and Business Development Leader of GE Capital Asia Pacific Ltd.</p> <p>April 2013 Senior Executive Officer and Business Development Leader of GE Capital Japan, GE Japan Inc.</p> <p>December 2013 Managing Director of GCA Savvian Corporation (currently GCA Corporation)</p> <p>March 2017 Director of GCA Corporation (present position)</p> <p>June 2020 Director of the Company (present position)</p> <p>February 2022 Representative Director and CEO of Houlihan Lokey Japan Co., Ltd. (present position)</p> <p>[Significant concurrent positions outside the Company]<br/>Representative Director and CEO, Houlihan Lokey Japan Co., Ltd.<br/>Director, GCA Corporation<br/>External Audit &amp; Supervisory Board Member, Shiseido Company, Limited</p> <p><b>Reason for nomination as candidate for outside Director, and outline of expected roles</b></p> <p>Ritsuko Nonomiya has accumulated business experience, including auditing, in the KPMG Group and has engaged in M&amp;A and business development in the UBS Group and the GE Group. Thus, she has advanced knowledge mainly in the fields of finance and accounting and also possesses sufficient knowledge and experience regarding corporate management. She will use this knowledge and experience to make proposals concerning the Company's overall management and is expected to enhance the corporate governance of the Group, whose overseas business operations are expanding. Accordingly, we request that Ms. Nonomiya be elected as outside Director. If the proposal is passed, she is expected to participate in the deliberations of the Company's Board of Directors, Compensation Committee, Nomination Committee, etc. from an objective and neutral standpoint.</p> |              |                           |                             |                          |           |                             |               |                           |   |               |             |                           |            |                          |
| <p><b>Special notes concerning candidate for outside Director</b></p> <p>The Company has the following business relationships with the entity at which the candidate holds a concurrent position.</p> <table border="1"> <thead> <tr> <th>Company name</th> <th>Position</th> <th>Transactions</th> <th>Seller</th> <th>Purchaser</th> <th>Ratio of transaction amount</th> <th>Compared with</th> </tr> </thead> <tbody> <tr> <td>Shiseido Company, Limited</td> <td>External Audit &amp; Supervisory Board Member</td> <td>Sale of goods</td> <td>The Company</td> <td>Shiseido Company, Limited</td> <td>Below 0.4%</td> <td>Net sales of the Company</td> </tr> </tbody> </table> |  |  | Company name | Position                  | Transactions                | Seller                   | Purchaser | Ratio of transaction amount | Compared with | Shiseido Company, Limited | External Audit & Supervisory Board Member | Sale of goods | The Company | Shiseido Company, Limited | Below 0.4% | Net sales of the Company |
| Company name  | Position   | Transactions   | Seller       | Purchaser                 | Ratio of transaction amount | Compared with            |           |                             |               |                           |   |               |             |                           |            |                          |
| Shiseido Company, Limited   | External Audit & Supervisory Board Member  | Sale of goods  | The Company  | Shiseido Company, Limited | Below 0.4%                  | Net sales of the Company |           |                             |               |                           |   |               |             |                           |            |                          |

| No. | Name<br>(Date of birth)  | Career summary, position, responsibilities and<br>significant concurrent positions outside the Company   |
|-----|--|--|
| 8   | <p data-bbox="293 259 574 286">[Inside Director] [New election]</p>  <p data-bbox="328 618 539 674"><b>Hiroyuki Ueshima</b><br/>(November 5, 1965)</p> <p data-bbox="288 689 579 741">Number of the Company's shares held: 21,592</p> | <p data-bbox="611 264 719 291">April 1988</p> <p data-bbox="778 264 983 291">Joined the Company</p> <p data-bbox="611 309 719 336">April 2015</p> <p data-bbox="778 309 1217 336">General Manager of Corporate Planning Div.</p> <p data-bbox="611 353 719 380">April 2017</p> <p data-bbox="778 353 1390 409">Executive Officer and General Manager of Corporate Planning Div.</p> <p data-bbox="611 427 746 454">October 2017</p> <p data-bbox="778 427 1315 483">Executive Officer and General Manager of Automotive Solutions Dept.</p> <p data-bbox="611 501 719 528">April 2018</p> <p data-bbox="778 501 1315 557">Executive Officer and General Manager of Automotive Solutions Dept., Manager of Nagoya Branch</p> <p data-bbox="611 575 719 602">April 2021</p> <p data-bbox="778 575 1385 631">Executive Officer and General Manager of Mobility Solutions Dept.</p> <p data-bbox="611 649 719 676">April 2022</p> <p data-bbox="778 649 1350 705">Executive Officer, in charge of Business Development and Europe, and Europe CEO (present position)</p> |
|     |  | <p data-bbox="611 775 1147 801">[Significant concurrent positions outside the Company]</p> <p data-bbox="611 819 1390 846">Outside Director, KASAI KOGYO CO., LTD. (scheduled to retire in June 2022)</p>  |
|     |  | <p data-bbox="611 864 1110 891"><b>Reason for nomination as candidate for Director</b></p> <p data-bbox="632 898 1394 1111">Hiroyuki Ueshima has worked in the functional materials, electronics &amp; energy, mobility, and management planning fields since joining the Company, possesses superb knowledge of and experience in these fields, and has a personality suitable for being a part of the Company's management team. In light of his management skills gained through various experience, including as General Manager of Mobility Solutions Dept., Mr. Ueshima is nominated as a candidate for Director.</p>  |

| No.  | Name<br>(Date of birth)   | Career summary, position, responsibilities and significant concurrent positions outside the Company  |               |                      |             |                             |  |
|--|---|--|---------------|----------------------|-------------|-----------------------------|--|
| 9  | [Outside Director] [New election]<br>[Independent officer]<br><br><b>Noriaki Horikiri</b><br>(September 2, 1951)<br>Number of the Company's shares held: 0 | April 1974    Joined Kikkoman Shoyu Co., Ltd. (currently Kikkoman Corporation)<br>June 2003    Corporate Officer<br>June 2006    Executive Corporate Officer<br>June 2008    Director and Executive Corporate Officer<br>June 2011    Representative Director and Senior Executive Corporate Officer<br>June 2013    Representative Director, President and Chief Executive Officer<br>June 2021    Representative Director, Chairman and Chief Executive Officer (present position)   |               |                      |             |                             |  |
|  | Number of the Company's shares held: 0  | [Significant concurrent positions outside the Company]<br>Representative Director, Chairman and Chief Executive Officer, Kikkoman Corporation  |               |                      |             |                             |  |
|  |   | <b>Reason for nomination as candidate for outside Director, and outline of expected roles</b><br>Noriaki Horikiri has been involved in management of Kikkoman Corporation for many years and possesses advanced knowledge and extensive experience regarding corporate management. He will use this knowledge and experience to make proposals concerning the Company's overall management including overseas development and manufacturing activities, and is expected to enhance the Group's corporate governance. Accordingly, we request that Mr. Horikiri be elected as outside Director. If the proposal is passed, he is expected to participate in the deliberations of the Company's Board of Directors, Compensation Committee, Nomination Committee, etc. from an objective and neutral standpoint. |               |                      |             |                             |  |
| <b>Special notes concerning candidate for outside Director</b><br>The Company has the following business relationships with the entity at which the candidate holds a concurrent position. |   |  |               |                      |             |                             |  |
| Company name   |   | Position   | Transactions  | Seller               | Purchaser   | Ratio of transaction amount | Compared with  |
| Kikkoman Corporation   |   | Representative Director, Chairman and Chief Executive Officer  | Sale of goods | Kikkoman Corporation | The Company | Below 0.1%                  | Sum of cost of sales and selling, general and administrative expenses of the Company |

Notes:

1. Takahiko Ijichi and Ritsuko Nonomiya are candidates for outside Director and are independent officers pursuant to the regulations of financial instruments exchanges.
2. Noriaki Horikiri is a candidate for outside Director, and the Company plans to file notice as an independent officer pursuant to the regulations of financial instruments exchanges.
3. Special interests with the Company
  - (1) Candidate Reiji Nagase also serves as Representative Director of Nagase Science and Technology Foundation, to which the Company makes contributions.
  - (2) Candidate Reiji Nagase also serves as Representative Director of Hayashibara Museum of Art. Hayashibara Co., Ltd., a wholly owned subsidiary of the Company, makes contributions to the museum.
  - (3) Candidate Hiroyuki Ueshima also serves as Outside Director of KASAI KOGYO CO., LTD., with which the Company engages in transactions including purchase and sale of goods. He is scheduled to retire from the office in June 2022.
  - (4) There are no special interests between the other candidates and the Company.
4. Agreement limiting liability

Pursuant to the Articles of Incorporation, the Company has entered into an agreement with outside Directors Takahiko Ijichi and Ritsuko Nonomiya, limiting liability to the Company for damage to a certain degree. If this proposal is approved, the Company plans to renew the agreement under the same terms. If Noriaki Horikiri, a candidate for new outside Director, is elected, the Company plans to enter into the agreement with him under the same terms. A summary of the agreements is as follows:

If the Company incurs damage as a result of the failure of the outside Director to perform his or her duties, as long as the outside Director performed his or her duties in good faith and without gross negligence, the liability for damage that the outside Director shall owe to the Company shall be limited to the minimum amount of liability specified in Article 425, paragraph (1) of the Companies Act.
5. Directors and officers liability insurance contract

The Company's Directors are covered by directors and officers liability insurance. Under this insurance policy, 10% of insurance premiums applicable to an indemnity rider covering shareholder representative lawsuits are paid by the insured persons, and 90% are paid by the Company. If each candidate is elected as a Director and assumes the office, they will be the insured persons under this insurance policy. Covered insurance events are third-party lawsuits, shareholder representative lawsuits, etc. In addition, the maximum total amount of insurance has been set, and officers responsible for an insurance event are required to individually pay for a certain portion of the damage incurred so that the appropriateness of their duties is not compromised. When renewing this insurance, the Company will choose similar policy provisions.
6. The number of Board of Directors meetings does not include resolutions made in writing. The number of Board of Directors meetings indicated with regard to attendance at meetings by Masatoshi Kamada is the number of meetings since he was elected as Director.
7. Shares of the Company held by each candidate include shares nominally held by NAGASE & CO., LTD. Officer's Shareholding Association and NAGASE & CO., LTD. Own Share Investment Association.



## [Reference]

### Matters relating to cross-shareholdings

#### (1) Policy regarding cross-shareholdings

The Company may hold securities as cross-shareholdings where it is considered necessary, when taking into consideration the maintenance and strengthening of trading relationships as well as its business strategies, among other things, in order to achieve sustainable improvement of corporate value of the Group.

With regards to the reasonableness of such holdings, relevant departments scrutinize whether income from related transactions and from dividends received meets the internal hurdle rate based on the cost of capital, and whether the prospect of business expansion and synergies can be expected, or services essential to the corporate activities of the Group can be secured stably. The results are confirmed by the Board of Directors each year. Where it is not found reasonable to hold securities, the Company has been working to sell securities in phases to reduce the holdings, while taking into considerable various factors.

#### (2) Reduction policy under the medium-term management plan

Under our medium-term management plan **ACE 2.0** (from fiscal 2021 to fiscal 2025), the Company intends to further reduce cross-shareholdings with the aim of improving capital efficiency and enhancing governance. It sets a target of reducing holdings worth 30 billion yen during the period of **ACE 2.0**.

#### (3) Status of cross-shareholdings

|   |            | 106th term<br>Fiscal 2020 | 107th term<br>Fiscal 2021 |
|---|------------|---------------------------|---------------------------|
| Number of securities (securities)               | Listed     | 130                       | 85                        |
|   | Non-listed | 50                        | 52                        |
|   | Total      | 180                       | 137                       |
| Total amount on the balance sheet (million yen) | Listed     | 77,370                    | 59,371                    |
|   | Non-listed | 4,312                     | 3,863                     |
|   | Total      | 81,682                    | 63,235                    |
| Net assets (million yen)                        |            | 338,431                   | 355,092                   |
| Ratio of listed stock to net assets             |            | 22.9%                     | 16.7%                     |
| Ratio to net assets                             |            | 24.1%                     | 17.8%                     |


During fiscal 2021, the Company worked on reduction in accordance with the policy described in (2) above to sell 49 securities worth 7.8 billion yen.<sup>(Note 1)</sup> The securities newly acquired as cross-shareholdings are four non-listed securities worth 500 million yen.

Note 1: Including securities some of whose shares held have been sold.

#### Proposal 4: Election of one (1) Audit & Supervisory Board Member

The term of office of Gan Matsui, the Audit & Supervisory Board Member, will expire at the conclusion of this meeting. Accordingly, the proposal is for the election of one Audit & Supervisory Board Member. The Audit & Supervisory Board has given its consent to this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

| Name<br>(Date of birth)   | Career summary, position and<br>significant concurrent positions outside the Company   |   |                   |                 |                             |  |
|---|--|---|-------------------|-----------------|-----------------------------|--|
| <p>[Outside Audit &amp; Supervisory Board Member] [Reelection]<br/>[Independent officer]</p>  <p style="text-align: center;"><b>Gan Matsui</b><br/>(December 13, 1953)</p> <p>Length of service: Four years (as of conclusion of this meeting)</p> <p>Attendance of Board of Directors meetings: 16 out of 16 Board of Directors meetings (100%)</p> <p>Attendance of Board of Audit &amp; Supervisory meetings: 16 out of 16 Board of Audit &amp; Supervisory meetings (100%)</p> <p>Number of the Company's shares held: 2,270</p> | <p>April 1980    Prosecutor, Tokyo District Public Prosecutors Office</p> <p>April 1990    Prosecutor Tokyo District Public Prosecutors Office (Special Investigative Squad)</p> <p>January 2005    Director, Special Trial Department, Tokyo District Public Prosecutors Office</p> <p>October 2010    Assistant Public Prosecutor, Osaka High Public Prosecutors Office</p> <p>June 2012    Chief, Criminal Investigations, Supreme Public Prosecutors Office</p> <p>January 2014    Chief Prosecutor, Yokohama District Public Prosecutors Office</p> <p>January 2015    Superintending Prosecutor, Fukuoka High Public Prosecutors Office</p> <p>November 2016    Japan Federation of Bar Associations (Member, Tokyo Bar Association)<br/>Yaesu Sogo Law Office (present position)</p> <p>June 2018    Audit &amp; Supervisory Board Member of the Company (present position)</p> |   |                   |                 |                             |  |
|   |  | <p>[Significant concurrent positions outside the Company]</p> <p>Outside Audit &amp; Supervisory Board Member, Orient Corporation</p> <p>Outside Audit &amp; Supervisory Board Member, Totetsu Kogyo Co., Ltd.</p> <p>Outside Director and Audit &amp; Supervisory Board Member, GLOBERIDE, Inc.</p> <p>Outside Director and Audit and Supervisory Committee Member, Dentsu Group Inc.</p> <p>Attorney, Yaesu Sogo Law Office</p>   |                   |                 |                             |  |
|   |  | <p><b>Reason for nomination as candidate for outside Audit &amp; Supervisory Board Member</b></p> <p>Gan Matsui does not have direct managerial experience, but he has extensive experience in the legal field and possesses considerable knowledge regarding compliance and governance, and has fully fulfilled his duties as an outside Audit &amp; Supervisory Board Member of the Company for the past four years, and consequently, we determined that he will properly perform his duties as outside Audit &amp; Supervisory Board Member, and we request his election.</p> |                   |                 |                             |  |
| <p><b>Special notes concerning candidate for outside Director</b></p> <p>The Company has the following business relationships with the entity at which the candidate holds a concurrent position.</p>   |  |   |                   |                 |                             |  |
| Company name  | Position   | Transactions  | Seller            | Purchaser       | Ratio of transaction amount | Compared with  |
| GLOBERIDE, Inc.   | Outside Director and Audit & Supervisory Board Member  | Sale of goods   | The Company       | GLOBERIDE, Inc. | Below 0.1%                  | Net sales of the Company   |
| Dentsu Group Inc.   | Outside Director and Audit and Supervisory Committee Member  | Research-related transactions   | Dentsu Group Inc. | The Company     | Below 0.1%                  | Sum of cost of sales and selling, general and administrative expenses of the Company |

Notes:

1. There are no special interests between Gan Matsui and the Company.
2. Gan Matsui is a candidate for outside Audit & Supervisory Board Member and is an independent officer pursuant to the regulations of financial instruments exchanges.
3. Agreement limiting liability

Pursuant to the Articles of Incorporation, the Company has entered into an agreement with outside Audit & Supervisory Board Member Gan Matsui, limiting liability to the Company for damage to a certain degree. If this proposal is approved, the Company plans to renew the agreement under the same terms. A summary of the agreements is as follows:

If the Company incurs damage as a result of the failure of the outside Audit & Supervisory Board Member to perform his duties, as long as the outside Audit & Supervisory Board Member performed his duties in good faith and without gross negligence, the liability for damage that the outside Audit & Supervisory Board Member shall owe to the Company shall be limited to the minimum amount of liability specified in Article 425, paragraph (1) of the Companies Act.

4. Directors and officers liability insurance contract  
The Company's Audit & Supervisory Board Members are covered by directors and officers liability insurance. Under this insurance policy, 10% of insurance premiums applicable to an indemnity rider covering shareholder lawsuits are paid by the insured persons, and 90% are paid by the Company. If the candidate is elected as an Audit & Supervisory Board Member and assumes the office, he will be the insured person under this insurance policy. Covered insurance events are third-party lawsuits, shareholder lawsuits, etc. In addition, the maximum total amount of insurance has been set, and officers responsible for an insurance event are required to individually pay for a certain portion of the damage incurred so that the appropriateness of job execution can be maintained. When renewing this insurance, the Company will choose similar policy provisions.
5. Shares of the Company held by Gan Matsui include shares nominally held by NAGASE & CO., LTD. Officer's Shareholding Association.

**[Reference]**

**Roles and expertise of Directors and Audit & Supervisory Board Members upon the approval of Proposals 3 and 4**

Roles and expertise particularly expected of Directors and Audit & Supervisory Board Members are as below.

| Position in the Company Name                                   | Corporate management/ Management strategy | Global management | Sustainability | Marketing/ Sales | DX | Manufacturing/ R&D | Finance and accounting | Legal affairs/ Risk management | Human resources/ Labor affairs |
|--|---|-------------------|----------------|------------------|----|--------------------|------------------------|--------------------------------|--------------------------------|
| Representative Director and Chairman<br>Hiroshi Nagase         | ✓   | ✓                 | ✓              | ✓                |    |                    |                        |                                | ✓                              |
| Director and Vice Chairman<br>Reiji Nagase                     | ✓   | ✓                 | ✓              | ✓                |    | ✓                  |                        |                                | ✓                              |
| Representative Director and President<br>Kenji Asakura         | ✓   | ✓                 | ✓              | ✓                | ✓  |                    |                        |                                | ✓                              |
| Representative Director<br>Masaya Ikemoto                      | ✓   | ✓                 | ✓              |                  |    |                    | ✓                      | ✓                              | ✓                              |
| Director<br>Masatoshi Kamada                                   | ✓   | ✓                 | ✓              | ✓                | ✓  |                    |                        |                                |                                |
| Director<br>Hiroyuki Ueshima                                   | ✓   | ✓                 | ✓              | ✓                | ✓  | ✓                  |                        |                                |                                |
| Outside Director<br>Takahiko Ijichi                            | ✓   |                   | ✓              |                  |    |                    | ✓                      | ✓                              | ✓                              |
| Outside Director<br>Ritsuko Nonomiya                           | ✓   | ✓                 | ✓              |                  |    |                    | ✓                      | ✓                              | ✓                              |
| Outside Director<br>Noriaki Horikiri                           | ✓   | ✓                 | ✓              |                  |    | ✓                  |                        | ✓                              | ✓                              |
| Outside Audit & Supervisory Board Member<br>Nobuyuki Shirafuji |   |                   | ✓              |                  |    |                    | ✓                      | ✓                              |                                |
| Audit & Supervisory Board Member<br>Masanori Furukawa          |   |                   | ✓              |                  |    |                    | ✓                      | ✓                              |                                |
| Audit & Supervisory Board Member<br>Mitsuru Kanno              |   | ✓                 | ✓              |                  |    |                    |                        | ✓                              |                                |
| Outside Audit & Supervisory Board Member<br>Gan Matsui         |   |                   | ✓              |                  |    |                    |                        | ✓                              | ✓                              |

**Proposal 5: Election of one (1) substitute Audit & Supervisory Board Member**

The Company proposes to elect one substitute Audit & Supervisory Board Member to prepare for a contingency in which the Company does not have the number of Audit & Supervisory Board Members required by laws and regulations. The Audit & Supervisory Board has given its consent to this proposal.

The candidate for substitute Audit & Supervisory Board Member is as follows:

| Name<br>(Date of birth)  | Career summary, position and significant concurrent positions outside the Company |  |
|--|---|--|
| <p>[Outside Audit &amp; Supervisory Board Member] [New election]<br/>[Independent officer]</p> <p><b>Takao Muramatsu</b><br/>(October 1, 1953)</p> <p>Number of the Company's shares held: 0</p>   | April 1979  | Joined Tokyo Regional Taxation Bureau  |
|  | April 1988  | Primary Investigator, Special Investigative Squad, Tokyo District Public Prosecutors Office  |
|  | July 1991   | Investigator, Large Enterprise and Criminal Investigation Department, National Tax Agency  |
|  | July 1998   | Senior Investigator, Large Enterprise and Criminal Investigation Department, National Tax Agency   |
|  | July 2003   | District Director, Shibuya Tax Office  |
|  | July 2005   | Chief Investigator, Criminal Investigation Department, Tokyo Regional Taxation Bureau  |
|  | July 2009   | Chief Internal Inspector, Osaka Regional Taxation Bureau   |
|  | July 2010   | Chief Internal Inspector, National Tax Agency  |
|  | July 2012   | Assistant Regional Commissioner (Planning and Administration), Nagoya Regional Taxation Bureau   |
|  | June 2013   | Regional Commissioner, Takamatsu Regional Taxation Bureau  |
|  | October 2014  | Registered as certified tax accountant<br>President, Muramatsu Tax Accountant Office (present position)  |
|  |   | <p>[Significant concurrent positions outside the Company]</p> <p>Outside Audit &amp; Supervisory Board Member, BESTERRA CO., LTD.</p> <p>Outside Audit &amp; Supervisory Board Member, SERENDIP HOLDINGS CO., LTD.</p> <p>Outside Member of the Audit and Supervisory Board, AEON MALL Co., Ltd.</p> <p>Outside Director and Audit &amp; Supervisory Board Member, GLOBERIDE, Inc.</p> <p>President, Muramatsu Tax Accountant Office</p> |
| <p><b>Reason for nomination as candidate for substitute outside Audit &amp; Supervisory Board Member</b></p> <p>Takao Muramatsu does not have direct managerial experience, but he has held a number of important posts in Regional Taxation Bureaus. Based on his high degree of specialization relating to taxes and corporate accounting and experience as Audit &amp; Supervisory Board Member of other companies, we have determined that he will properly perform his duties as outside Audit &amp; Supervisory Board Member, and we request his election.</p> |   |  |

**Special notes concerning candidate for outside Director**

The Company has the following business relationships with the entity at which the candidate holds a concurrent position.

| Company name                    | Position  | Transactions          | Seller                          | Purchaser                   | Ratio of transaction amount | Compared with  |
|---------------------------------|---|-----------------------|---------------------------------|-----------------------------|-----------------------------|--|
| SERENDIP HOLDINGS CO., LTD.     | Outside Audit & Supervisory Board Member              | Sale of goods         | The Company                     | SERENDIP HOLDINGS CO., LTD. | Below 0.1%                  | Net sales of the Company   |
| AEON MALL Co., Ltd.             | Outside Member of the Audit and Supervisory Board     | Sale of goods         | The Company                     | AEON MALL Co., Ltd.         | Below 0.1%                  | Net sales of the Company   |
| GLOBERIDE, Inc.                 | Outside Director and Audit & Supervisory Board Member | Sale of goods         | The Company                     | GLOBERIDE, Inc.             | Below 0.1%                  | Net sales of the Company   |
| Muramatsu Tax Accountant Office | President   | Provision of services | Muramatsu Tax Accountant Office | The Company                 | Below 0.1%                  | Sum of cost of sales and selling, general and administrative expenses of the Company |

**Notes:**

1. Takao Muramatsu is a candidate for substitute outside Audit & Supervisory Board Member, and if he is elected as outside Audit & Supervisory Board Member, the Company plans to file notice as an independent officer pursuant to the regulations of financial instruments exchanges.

2. Agreement limiting liability

If the candidate is elected as substitute outside Audit & Supervisory Board Member and assumes the office of outside Audit & Supervisory Board Member, the Company plans to enter into an agreement pursuant to the Articles of Incorporation limiting liability to the Company for damage to a certain degree. A summary of the agreement is as follows:

If the Company incurs damage as a result of the failure of the outside Audit & Supervisory Board Member to perform his duties, as long as the outside Audit & Supervisory Board Member performed his duties in good faith and without gross negligence, the liability for damage that the outside Audit & Supervisory Board Member shall owe to the Company shall be limited to the minimum amount of liability specified in Article 425, paragraph (1) of the Companies Act.

3. Directors and officers liability insurance contract

The Company's Audit & Supervisory Board Members are covered by directors and officers liability insurance. Under this insurance policy, 10% of insurance premiums applicable to an indemnity rider covering shareholder lawsuits are paid by the insured persons, and 90% are paid by the Company. If the candidate is elected as substitute outside Audit & Supervisory Board Member and assumes the office of outside Audit & Supervisory Board Member, he will be the insured person under this insurance policy. Covered insurance events are third-party lawsuits, shareholder lawsuits, etc. In addition, the maximum total amount of insurance has been set, and officers responsible for an insurance event are required to individually pay for a certain portion of the damage incurred so that the appropriateness of job execution can be maintained. When renewing this insurance, the Company will choose similar policy provisions.

**Proposal 6: Determination of the amount and details of performance-linked, stock-based compensation paid to Directors**

1. Reasons for the Proposal and the rationale why the relevant compensation system is deemed reasonable

The compensation of Directors of the Company currently consists of ‘fixed compensation’ and ‘performance-linked compensation.’ The Company seeks approval for this Proposal to newly introduce a performance-linked, stock-based compensation system (the “System” hereinafter) using a trust for Directors (excluding Outside Directors, as explained below). It is requested that a decision on the details be delegated to the Board of Directors within the limits in 2. below.

The System is intended to raise awareness for helping to improve the Company’s performance and increase the share value over the medium to long term, by making the linkage between the compensation of Directors and the Company’s performance and share value clearer and having Directors share benefits and risks due to changes in stock prices with the shareholders.

Specifically, separately from the maximum amount of compensation paid to Directors (600 million yen annually (out of which, 60 million yen annually for Outside Directors); however, this does not include employees’ salaries) approval for which is being sought in Proposal 7, this is to pay performance-linked, stock-based compensation under the System to Directors (excluding Outside Directors; the same applies hereinafter) who are in office during the four (4) fiscal years from the one ending on the last day of March 2023 to the one ending on the last day of March 2026 (the “Target Period” hereinafter).

The purpose of introducing the System is stated as above. The Company established the policy for determining the details of compensation, etc. paid to each Director at the meeting of the Board of Directors held on May 10, 2022 the outline of which is as per the description on page 50. The System is in line with the said policy and the Company does not plan to amend it if the Proposal is approved. The Proposal has details that are necessary and reasonable to pay compensation, etc. in line with the policy. Given the above, the Company has judged that the details of the Proposal are reasonable.

If Proposal 3, “Election of Nine (9) Directors,” is approved as proposed, the number of Directors who are eligible for the System will be six (6).

\* If the Proposal is approved as proposed, it is planned to introduce a similar performance-linked, stock-based compensation system for Executive Officers with whom the Company has entered into a delegation agreement.

2. Amount and Details, etc. of Compensation, etc. under the System

(1) Overview of the System

The System is a stock-based compensation system where a trust established by the Company’s contributing monies (the “Trust” hereinafter) acquires the Company’s shares and the number of the Company’s shares corresponding to the points granted to each Director by the Company will be delivered to each Director through the Trust.

The timing at which a Director receives the Company’s shares is, in principle, upon retirement as Director.

|  |   |
|--|---|
| 1) Persons eligible for the System   | Directors (excluding Outside Directors) of the Company  |
| 2) Target Period   | From the fiscal year ending on the last day of March 2023 to the fiscal year ending on the last day of March 2026 |
| 3) Maximum amount of monies contributed by the Company as funds to acquire the Company’s shares as necessary for delivery to the eligible persons in 1) during the Target Period in 2) | 280 million yen in total  |

|   |  |
|---|--|
| 4) Method of acquiring the Company's shares                                   | Through the disposal of treasury stock or through exchange markets (including off-auction transactions)                  |
| 5) Maximum total number of points to be granted to the eligible persons in 1) | 67,000 points per fiscal year  |
| 6) Basis for granting points  | To grant points in accordance with the position of each officer and the degree of achievement of the performance targets |
| 7) Timing of delivery of the Company's shares to the eligible persons in 1)   | Upon retirement from office, in principle  |

(2) Maximum amount of monies contributed by the Company

The trust period of the Trust shall be about four (4) years. The Company will, during the Target Period, contribute monies of up to 280 million yen in total to acquire the Company's shares necessary for the delivery to Directors under the System as compensation for Directors who are in office during the Target Period, and establish the Trust with Directors who are to acquire the beneficiary rights of the Trust as its beneficiaries, as per (3) 3) below. The Trust will acquire the Company's shares through disposal of the Company's treasury stock or through exchange markets (including off-auction transactions) by using monies trusted by the Company.

Note: In addition to funds to acquire the Company's shares as above, the Company will entrust funds to pay for the necessary expenses including trust fees and fees for the trustee. Further, if a performance-linked, stock-based compensation system similar to the System for Executive Officers is introduced as 1) above, funds to acquire the Company's shares to be delivered to Executive Officers under such system will also be entrusted.

By resolution of the Board of Directors of the Company, the Company may extend the Target Period for a period up to five (5) fiscal years as needed and, as a result, extend the trust period of the Trust (including substantially extending the trust period by transferring the trust assets of the Trust to a trust whose objective is the same as that of the Trust established by the Company; the same applies hereinafter) to continue the System. In such a case, the Company will make additional contribution of monies up to an amount as calculated by multiplying the number of fiscal years during the relevant extended portion of the Target Period by 70 million yen as funds to additionally acquire the Company's shares to be delivered under the System for the relevant extended portion of the Target Period, and continue with granting of points in (3) below and the delivery of the Company's shares.

Further, even when the Target Period is not extended as above to continue the System, the trust period of the Trust may be extended until Directors who have been granted points but have not retired from office yet at the maturity of the trust period retire from office and the delivery of the Company's shares is completed.

(3) Method of calculating the Company's shares to be delivered to Directors and maximum number of shares

1) Method of granting points, etc. to Directors

Pursuant to the Share Delivery Rules stipulated by the Board of Directors of the Company, the Company will grant each Director points in accordance with his/her position and the degree of achievement of the performance targets, among other things, on a date of granting points as specified in the Share Delivery Rules during the trust period.

The maximum total number of points to be granted by the Company to Directors shall be 67,000 per fiscal year.



2) Delivery of the Company's shares in accordance with the number of points granted

A Director shall follow the procedure in 3) below to receive the Company's shares in accordance with the number of points granted in 1) above.

One (1) point shall be one (1) share of the Company's stock. However, if an event occurs where it is considered reasonable to adjust the number of the Company's shares to be delivered, such as a share split or share consolidation, the number of the Company's shares per point shall be adjusted according to the ratio of relevant split or consolidation, etc.

3) Delivery of the Company's shares to Directors

Each Director shall, in principle, follow the designated procedure at the time of retirement from office to acquire the beneficiary rights of the Trust, and receive the Company's shares in 2) above from the Trust as the beneficiary of the Trust.

However, with respect to a certain portion of the Company's shares, the Trust may sell such shares for the purpose of withholding funds for withholding income taxes, etc., and deliver monies in lieu of the Company's shares. In addition, where the Company's shares in the Trust have been converted into cash, such as where the Company's shares in the Trust have been tendered and settled, monies may be delivered in lieu of the Company's shares.

(4) Exercise of voting rights

Voting rights with respect to the Company's shares in the Trust shall not be exercised uniformly, based on the instruction of the trust administrator who is independent from the Company and its officers. In this way, it is intended to secure neutrality to the Company's management regarding the exercise of voting rights with respect to the Company's shares in the Trust.

(5) Handling of dividends

Dividends with respect to the Company's shares in the trust shall be received by the Trust and allocated to acquire the Company's shares and pay trust fees, etc. of the trustee of the Trust.

**Proposal 7: Revision of limits on compensation for Directors**

Compensation paid to the Company's Directors in the amount of no more than 450 million yen annually (including no more than 40 million yen annually for outside Directors) was approved by the 105th Annual Shareholders' Meeting held on June 22, 2020. In consideration of business scale expansion, we are requesting approval to revise the compensation paid to Directors to an amount of no more than 600 million yen annually (including no more than 60 million yen annually for outside Directors).

Moreover, the amount of compensation paid to the Company's Directors does not include employee salaries paid to Directors who also serve as employees and stock-based compensation proposed in Proposal 6. The Proposal was resolved by the Board of Directors after deliberations by the Compensation Committee. Accordingly, the Company has judged that the details of the Proposal are reasonable.

If Proposal 3 is approved as originally proposed, there will be nine Directors (of which three are outside Directors) who are subject to this proposal.

**1. NAGASE Group business conditions****(1) Development and results of business operations**

The global economy during the current fiscal year generally saw a recovery in the economic activities that had been stagnant due to the spread of COVID-19, as restrictions were being repealed or relaxed in various countries with progress in booster vaccinations and for other reasons. While uncertainties intensified due to the escalation of the situation in Ukraine in addition to steep rises in the market prices of raw materials, impact of shortage of semiconductors and disruptions in logistics that lingered throughout the year, it was a year when we felt we had entered a ‘new normal era.’

Among the regions where the NAGASE Group conducts business, Greater China particularly saw economic activities stay strong, posting a considerable recovery. In North America, economic activities have been solid as a whole due to a recovery in employment and an expansion in consumer spending. In Japan, corporate earnings were seen to be recovering; however, infection-prevention measures led to constrained consumer spending, and the country failed to deliver a strong economic recovery.

In such environment, the Group contributed to the maintenance of the supply chains in the related industries to grow its earnings. As a result of the above, the Group’s earnings during the current fiscal year were as below.

|  | Fiscal year ended<br>March 31, 2021 | Fiscal year ended<br>March 31, 2022 | Year on year      |       |
|--|-------------------------------------|-------------------------------------|-------------------|-------|
|  | (Millions of yen)                   | (Millions of yen)                   | (Millions of yen) | (%)   |
| Gross profit                                       | 114,600                             | 139,494                             | 24,894            | 21.7% |
| Operating income                                   | 21,916                              | 35,263                              | 13,346            | 60.9% |
| Ordinary income                                    | 22,854                              | 36,497                              | 13,643            | 59.7% |
| Net income attributable to owners<br>of the parent | 18,829                              | 25,939                              | 7,109             | 37.8% |

- For performance in the current fiscal year, higher profit in all segments resulted in all stages of profit below gross profit reaching record highs.

- Factors behind the higher profits were the recovery of the automobile-related business, which was greatly affected by COVID-19 in the first half of the prior consolidated fiscal year, the continued strong performance of the electronics-related business and resins business from the second half of the prior consolidated fiscal year, and performance of the Prinova Group in the Life & Healthcare Segment driving up profits. For details, see Overview by Segment below.

- Net income attributable to owners of the parent amounted to 25.9 billion yen, up 7.1 billion yen mainly due to impacts of loss on valuation of investments in securities and impairment losses, despite an increase in ordinary income of 13.6 billion yen.

## Overview by Segment

The following describes performance by segment.

Note that as of the current fiscal year, the names and categorizations for reportable segments have been partially amended. Amounts for the previous fiscal year are calculated after rearranging reportable segment classifications to match those of the current fiscal year.

### <Functional Materials>

Gross profit

19.8 billion yen (up 27.4% from the previous fiscal year)

The major factors behind performance were as follows.

- Raw materials sales recovered for coating and urethane raw materials as well as those related to processing industrial oil solutions and plastic materials, driven by a recovery in automobile production
- Sales trended strong in areas like electronics chemicals for the electronics industry, such as for semiconductor-related products
- Operating income increased due to an increase in gross profit

### <Advanced Materials & Processing>

Gross profit

32.3 billion yen (up 20.5% from the previous fiscal year)

The major factors behind performance were as follows.

- Sales profitability for resins in the office equipment, appliance, and video game device markets improved due to soaring market conditions
- Sales increased for resins for industrial and packaging applications, as well as dyes and additives, due to recovery in demand
- Sales decreased for digital print processing materials and conductive materials
- Operating income increased due to an increase in gross profit

### <Electronics & Energy>

Gross profit

29.7 billion yen (up 16.4% from the previous fiscal year)

The major factors behind performance were as follows.

- Sales increased for display materials and related to precision processing materials for semiconductors
- Sales related to formulated epoxy resins increased, primarily for mobile devices and semiconductors
- Sales related to photolithography materials increased with increased demand for displays
- Operating income increased due to an increase in gross profit

(Note) From the current fiscal year, the name of the Electronics Segment has been changed to the Electronics & Energy Segment.

### <Mobility>

Gross profit

12.7 billion yen (up 41.6% from the previous fiscal year)

The major factors behind performance were as follows.

- In the resins business, sales increased domestically and overseas, primarily in ASEAN, due to recovery in automobile production, and profitability increased owing to rising market conditions
- Sales increased in functional materials and functional components for interior and exterior fittings and electrification
- Operating income increased due to an increase in gross profit

(Note) From the current fiscal year, the name of the Mobility & Energy Segment has been changed to the Mobility Segment.

#### <Life & Healthcare>

##### Gross profit

44.7 billion yen (up 19.4% from the previous fiscal year)

The major factors behind performance were as follows.

- Materials sales, manufacturing, and processing all trended strongly in the nutrition-related business
- Sales increased related to food materials, primarily TREHA™, and in cosmetics materials, primarily AA2G™, owing to recovery in demand
- Sales increased for pharmaceutical raw materials and intermediates
- Operating income increased due to an increase in gross profit

#### <Others>

No special matters to disclose.

(2) Status of capital investment, etc.

During the current fiscal year, the Group made capital investment of 10.7 billion yen (including intangible fixed assets), particularly in the Life & Healthcare segment.

A breakdown of capital investment amounts by segment is set forth below.

| Segment                         | Amount (Millions of yen) |
|---------------------------------|--------------------------|
| Functional Materials            | 562                      |
| Advanced Materials & Processing | 1,742                    |
| Electronics & Energy            | 1,610                    |
| Mobility                        | 558                      |
| Life & Healthcare               | 2,435                    |
| Others, Company-wide (common)   | 3,816                    |
| Total                           | 10,725                   |

(3) Status of capital procurement

The Company has established commitment lines of 20 billion yen in total with financial institutions for fund-raising, preparing for unexpected situations.

(4) Status of transfers of business, absorption-type company split or corporate divisions

No applicable information.

(5) Status of acquisition of business of other companies

No applicable information.

(6) Status of assumption of rights and duties relating to the business of other companies through absorption-type merger or company split

No applicable information.

(7) Status of acquisition or disposal of shares, other equity interests, or share options and the like of other companies

No applicable information.

(8) Issues to be addressed

The NAGASE Group (hereinafter “NAGASE”) has prepared the Five-Year Medium-Term Management Plan “**ACE 2.0**,” by backcasting from 2032 for the realization of the Ideal NAGASE in 2032 (200th anniversary of its foundation). Positioning **ACE 2.0** as “Pursue Quality,” NAGASE has launched it in April 2021, and considers that items listed in **ACE 2.0** are the issues to be addressed.

\* “**ACE**” represents Accountability, Commitment, and Efficiency.

Quantitative Targets of **ACE 2.0**

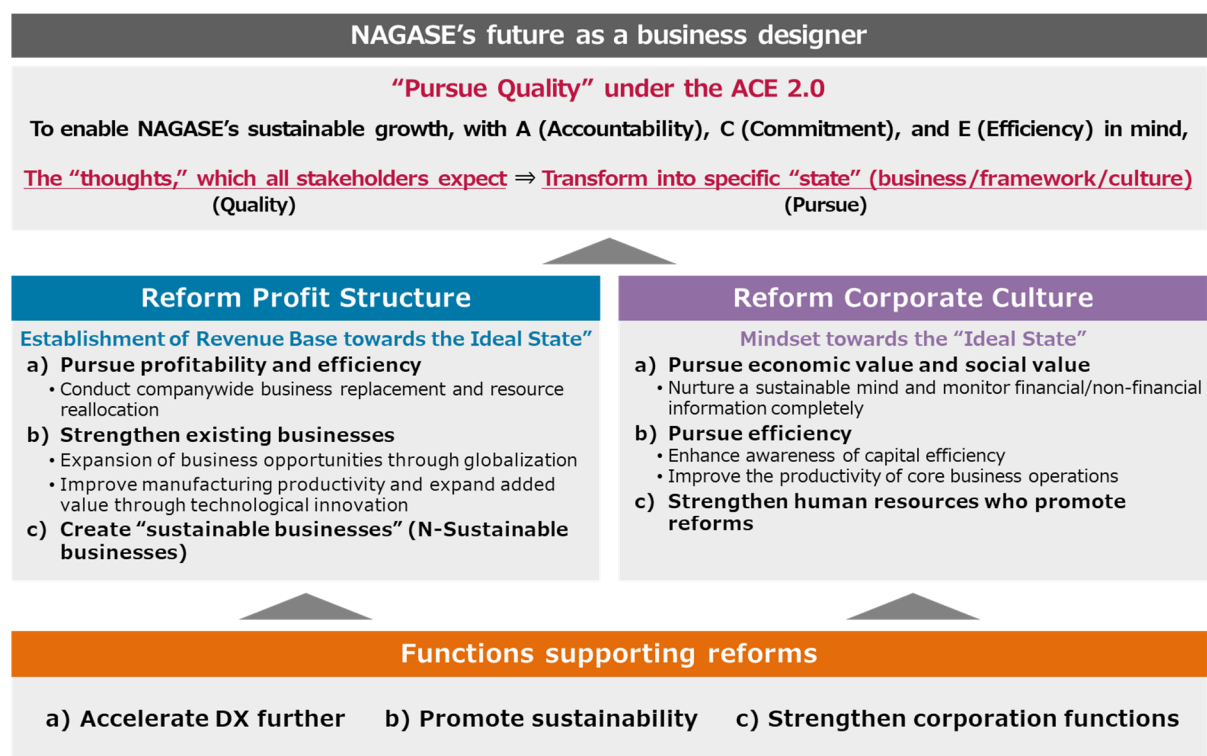
Quantitative targets of **ACE 2.0** are as shown in the table below.

For fiscal 2021, NAGASE achieved 35.0 billion yen of operating income, which is the KGI (Key Goal Indicator) for the measure “Increase earnings power,” mainly due to the effect of external circumstances such as soaring markets. In **ACE 2.0**, NAGASE aims to constantly actualize each quantitative target by realizing “Pursue Quality,” and will continue to promote **ACE 2.0** under the basic policy described below.

| Measures                   | Indicators       | Targets          | Fiscal 2020      | Fiscal 2021      |
|----------------------------|------------------|------------------|------------------|------------------|
| Enhance capital efficiency | ROE              | 8.0%             | 5.9%             | 7.7%             |
| Increase earnings power    | Operating income | 35.0 billion yen | 21.9 billion yen | 35.2 billion yen |

Basic **ACE 2.0** Policy

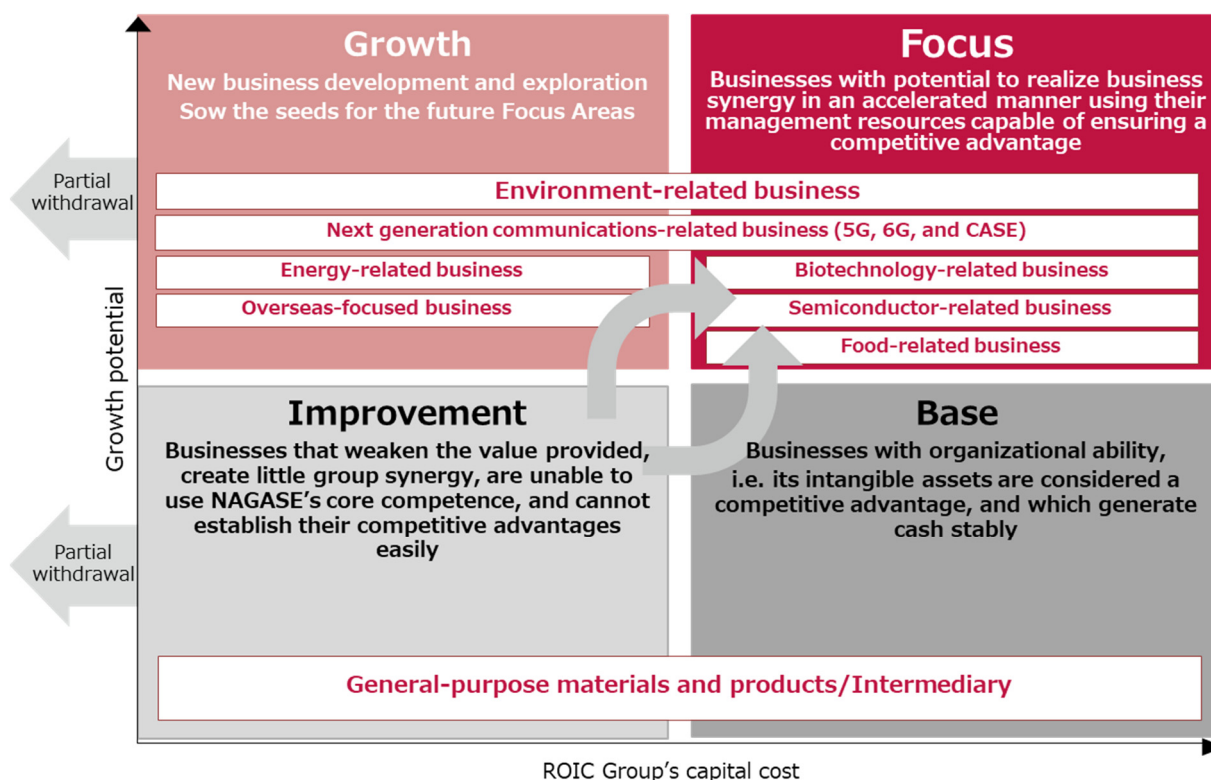
For the realization of NAGASE’s sustainable growth under the **ACE 2.0**, NAGASE will create the “thoughts” that all stakeholders expect as a specific “state” (business/framework/culture). Then, NAGASE will aim to become “a business designer that creates a sustainable future” by accelerating DX further, promoting sustainability, and strengthening corporate functions for the two kinds of reform, “Reform Profit Structure” and “Reform Corporate Culture,” including the functions to uphold both reforms.



Reform Profit Structure - Establishment of Revenue Base towards the “Ideal NAGASE”

To maximize management resource efficiency, NAGASE will secure and reinvest management resources. From the viewpoints of efficiency and growth, NAGASE will classify its businesses into four areas, “Focus,” “Growth,” “Base” and “Improvement,” implement strategies for each area, secure 10% of invested capital of all the companies, and reinvest it in “Focus Areas” and “Growth Areas” aiming to accelerate the shifting of resources. Moreover, NAGASE will expand business opportunities through globalization and improve manufacturing productivity and expand added value through technological innovation, aiming for strengthening existing businesses. In addition, we will strive to create “sustainable businesses” (i.e., N-Sustainable businesses) aimed at improving social and environmental values, by increasing points of contact with customers and society through the use of DX, etc. and providing ‘profitable solutions’ to the challenges that customers and society identified.

(Approach to Business Portfolio)



[Initiatives]

(Focus Areas)

In the food-related business, the Prinova Group acquired a dedicated sweetener distributor, The Ingredient House, LLC, to expand the products handled and its business domains, and executed investment to increase production capacity in the contract manufacturing business, in order to further strengthen the revenue base. We also assigned the top executive of business departments to the U.S. to capitalize on the client base of the Prinova Group to expand the sales of food materials by Hayashibara Co., Ltd., realize and increase synergy by combining the products handled by the Prinova Group and the NAGASE's client base centered in Asia, and deepen discussions around the development of global strategies, in order to strengthen the management base.

The semiconductor-related business launched the semiconductor strategy promotion team, to promote information-sharing and increased cooperation across the supply chain from the front-end to back-end processes, help gain an understanding of technological revolution and the latest development trends, and support the proposal and plan development of a business in the future, in order to strengthen the competitiveness.



In the bio-related business, we put together knowledge and know-how on biotechnology possessed by NAGASE to establish the Nagase Biotech Office. Also, Nagase R&D Center was renamed Nagase Bio-Innovation Center to establish a system that enhances coordination with the Group companies, etc. that possess bio-related technologies and promotes bio innovation by the Group as a whole. We will invest capital to grow it into a core business of the Group, expand into domains such as industry and agriculture in addition to life science, and promote the development of new materials and business creation.

#### (Growth Areas)

We worked to allocate resources to domains that are expected to contribute to revenue in the future, through investment and business tie-ups in start-ups with superior technologies in the fields of next-generation communication, new material development and others, and those with know-how in fields where the creation of new businesses can be expected.

#### (Base Areas)

We strived to improve efficiency through initiatives aimed at improving profitability. We also strove to increase efficiency in marketing and sales activities through the use of digital technologies, which created new points of contact with customers, resulting in increased provided value.

#### (Improvement Areas)

As for a business that is judged to require improvement, we are working to carry out PDCA thoroughly by determining a policy for improvement and setting KPIs among other things. During fiscal 2021, the Company withdrew from certain unprofitable businesses and divested subsidiaries to secure capital.

During fiscal 2021, we withdrew from certain businesses in Improvement Areas to secure capital, and promoted investment of capital in Focus Areas. However, the Company recognizes that asset replacement has not been sufficient, and will consider company-wide asset replacement during fiscal 2022, led by the corporate functions. We made investments, etc. in various start-ups in Growth Areas during fiscal 2021. We will review the mechanism for investment and monitoring again, and work to get businesses from such investment to contribute to revenue early.

The Group's manufacturing business which centers on Nagase ChemteX Corporation, Hayashibara Co., Ltd. and the Prinova Group posted record profit (manufacturing business operating income of 16.9 billion yen (simple sum)), thanks to the expansion of the Prinova Group's business and other factors. In order to further improve productivity and increase value added in the expanding manufacturing business, the Group Manufacturing Management Innovation Office was launched on April 1, 2022. The aim is to gain a bird's-eye view of manufacturing capabilities, production technologies, research and development, quality control, engineering and investment evaluation, among other things, of the Group's manufacturing companies and to promote the enhancement and expansion of the manufacturing business, to strengthen its base.

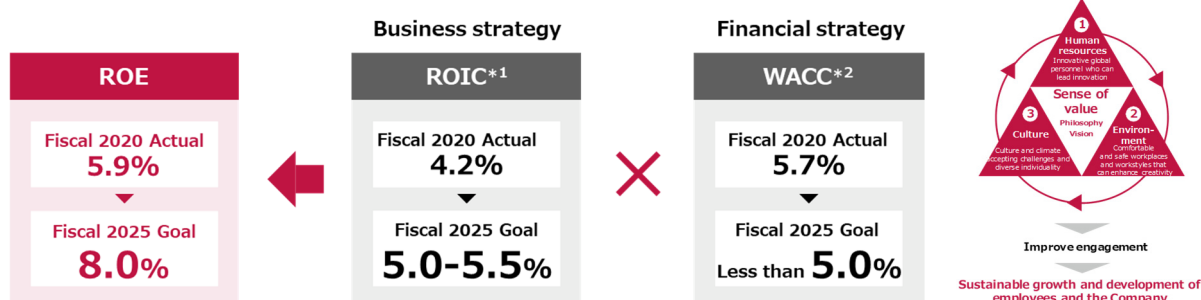
#### Reform Corporate Culture - Mindset towards the "Ideal NAGASE"

Considering that it is necessary to pursue economic value and social value as a pair of values for the realization of "Pursue Quality," NAGASE will conduct comprehensive monitoring by setting financial and non-financial KPIs. Further, we will strive to improve productivity of core operations in the pursuit of efficiency, increase ROIC through the business strategy, and reduce WACC through the financial strategy, to improve ROIC spread. NAGASE will aim to improve corporate value by earning its ROIC above WACC at all times. In addition, we believe it is necessary to boost personnel to promote reforms and will work to

enhance engagement of employees and the Company to achieve sustained growth and development for both.

(Pursue Efficiency)

(Enhanced Engagement)



\*1: Net income attributable to owners of the parent/Average invested capital\*100  
 \*2: Cost of shareholders' equity (constituent of WACC) represents the amount obtained using the Company's original CAPM-based calculation method.

[Initiatives]

During fiscal 2021, invested capital increased due to a higher working capital requirement and as a result, the performance stayed favorable for the business as a whole. However, inventory management aimed at keeping working capital at the right level and an improved margin due to steep rises in market prices, sales of high-value-added products and other factors, as well as sales of cross-shareholdings, resulted in an ROIC of 5.3%. Also, because an increase in working capital was financed through debt and we continued with dividend increases and share buybacks in line with the shareholder return policy aimed at optimizing shareholders' equity, WACC was reduced to 5.5%. An increase in interest-bearing debt and other factors resulted in a Net DE ratio of 0.3 times.

In a difficult market environment as a result of a shortage of goods in supply chains such as semiconductors and disruptions in the logistic networks, NAGASE maintained and expanded businesses by leveraging its strengths, "broad network," "technical knowledge," and "problem-solving capabilities & human resources." In addition, factors including steep rises in market prices caused by a demand and supply imbalance contributed to improved performance for fiscal 2021. On the other hand, we are cognizant of issues from the perspective of efficiency and will continue to promote efforts for "Pursue Quality" under **ACE 2.0**.

(Results of the sale of cross-shareholdings)

|                           | Fiscal 2019      | Fiscal 2020     | Medium-term management plan <b>ACE 2.0</b> |   |
|---------------------------|------------------|-----------------|--|---|
|                           |                  |                 | Fiscal 2021                                | (from fiscal 2021 to fiscal 2025)               |
| Number of securities sold | 7                | 5               | 49   | <b>Five years' cumulative total</b>             |
| Total sales price         | 10.4 billion yen | 6.2 billion yen | 7.8 billion yen                            | <b>Plan to sell shares worth 30 billion yen</b> |

As for ROIC, we developed a system to enable quantification and visualization by business for monitoring and have started periodic monitoring.

Also, aiming to improve the productivity of core operations, we worked on Business Process Reengineering (BPR) at Nagase Business Expert Co., Ltd., our shared service company, to improve operational efficiency. In addition, we used Business Intelligence (BI) tools, Customer Relationship Management (CRM) and others to promote increased efficiency in indirect operations as well as sales and marketing activities.

With respect to boosting personnel to promote reforms, we conducted employee engagement surveys to grasp the current situation and formulate improvement measures, in order to enhance engagement of

employees and the Company. We recognized the current issues and have launched measures for enhanced engagement across the Company and at each organization.

### Functions supporting reforms

To realize both reforms, NAGASE will expand the DX, sustainability, and corporate functions because these functions are necessary across the Group.

By using DX as a means, NAGASE will further improve its existing strengths, “broad network,” “technical knowledge,” and “problem-solving capabilities & human resources,” mainly aiming to enhance and explore business models that can solve the issues of customers and societies, create innovation, and improve productivity.

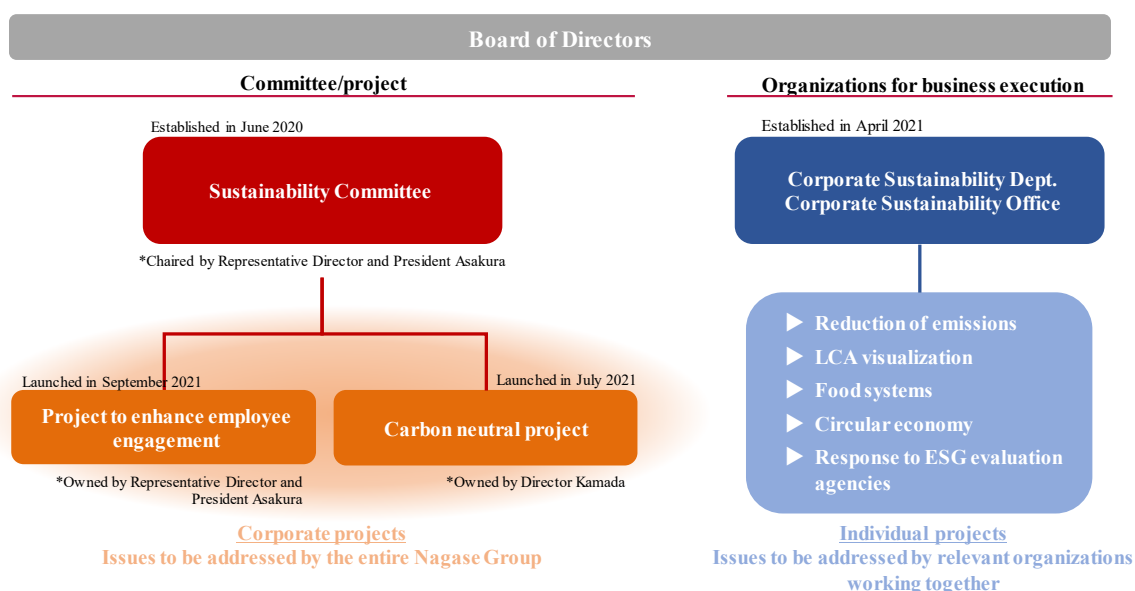
To pursue economic value and social value for the realization of the “Ideal NAGASE” based on the Sustainability Basic Policy, NAGASE will also make these functions available to the entire Group.

### [Initiatives]

We developed a marketing platform aimed at strengthening and expanding the customer base through digital marketing, and a customer experience type of website was released as a first for the group companies in the Americas including the Prinova Group. We will work further to roll these initiatives out to other regions.

In addition, aiming to realize “Ideal NAGASE,” we established the sustainability promotion system as below in order to pursue economic value and social value. The Corporate Communication Dept. was renamed the Corporate Sustainability Dept., reporting directly to the Representative Director and President, effective on April 1, 2022.

### (Sustainability promotion system)



The Sustainability Committee identified enhanced employee engagement and carbon neutrality as materiality (key issues) for fiscal 2021, and launched two corporate projects with the aim of formulating the action plans and establishing KPIs. In addition, each project developed an original proposal for non-financial targets (KPIs) to be monitored during the period of **ACE 2.0**, and the Board of Directors decided on the proposals.

## Non-financial targets (KPIs)

| Theme                        | KPI    |                                      |   |
|------------------------------|--------|--------------------------------------|---|
| Enhance employee engagement* | Target | Group companies                      | Ratio of companies that carry out engagement surveys periodically: 100% or higher           |
|                              |        | NAGASE & CO. LTD. (non-consolidated) | Total score in the engagement survey: 60 or higher  |
| Carbon neutral               | Target | Consolidated                         | Reduction rate of Scope 1 and 2: 37% or higher (compared with fiscal 2013)                  |
|                              |        |                                      | Reductions through renewable energy power generation/purchase: 35,000t or more (cumulative) |
|                              |        | NAGASE & CO. LTD. (non-consolidated) | Scope 2 zero emissions  |

\*Including the consolidated subsidiaries in the scope, with the Prinova Group counted as one company.

\*Fiscal 2021: The ratio of the group companies that carried out the survey was 41% (24 companies (including companies that carried out the survey only once)).  
The engagement survey total score of NAGASE & CO. LTD. (non-consolidated) was 52.4.

### Enhance employee engagement

NAGASE recognizes that it is of the utmost importance to enhance engagement of employees in order to realize sustainable growth, and has defined it as a state in which ‘the company (organization) and employees have mutual understanding and aspire to improve each other.’ In September of 2021, which was the first year of **ACE 2.0**, we conducted engagement surveys that comprised a total of 16 domains: eight ‘vs. company’ domains, four ‘vs. supervisors’ domains, and four ‘vs. workplace’ domains. We did this with a view to grasping the current situation and formulating measures for improvement. We have also established implementation guidelines that provide matters relating to the involvement by the top management, accountability and transparency, etc., and will implement measures steadily across the Group.

(The contents of the employee engagement surveys)

|             |   |                         |                 |   |                          |
|-------------|---|-------------------------|-----------------|---|--------------------------|
| Vs. company | 1 | Corporate foundation    | Vs. supervisors | 1 | Provision of information |
|             | 2 | Philosophy and strategy |                 | 2 | Gathering of information |
|             | 3 | Business contents       |                 | 3 | Judgment action          |
|             | 4 | Work duties             |                 | 4 | Support action           |
|             | 5 | Organizational culture  | Vs. workplace   | 1 | External adaptation      |
|             | 6 | Human resources         |                 | 2 | Internal integration     |
|             | 7 | Facilities environment  |                 | 3 | Reform activities        |
|             | 8 | Systems and treatment   |                 | 4 | Succession activities    |

Source: Link and Motivation Inc.

### Carbon neutral

NAGASE lists “solving social and environmental issues, and globalization” in its materiality (key issues). We recognize responding to climate change as an important issue for NAGASE, and aim to achieve carbon neutrality (Scopes 1 and 2) that reduces GHG (greenhouse gases) emissions to effectively zero by 2050. Since NAGASE has manufacturing and processing functions in addition to its trading company functions, we have categorized our activities into two axes and four quadrants, Trading/Manufacturing and Visualization/Reduction, and will work to achieve our goals.

NAGASE announced its support for the Task Force on Climate-related Financial Disclosures (TCFD). Disclosure items in accordance with the TCFD recommendations are as follows.

<Governance>

System to monitor climate-related risks and opportunities by the Board of Directors

NAGASE recognizes climate change as one of its important management issues and has established the Sustainability Committee and Risk Management and Compliance Committee under the supervision of the Board of Directors to study and discuss policies and issues. In addition, the Board of Directors approved NAGASE Carbon Neutral Declaration, Supporting Statement of TCFD, and non-financial targets (KPIs) of **ACE 2.0**. In this way, climate change is regularly and directly supervised by the Board of Directors.

<Strategy>

Risks and opportunities

Amid various risks and opportunities related to climate change, we have identified the following important ones for NAGASE.

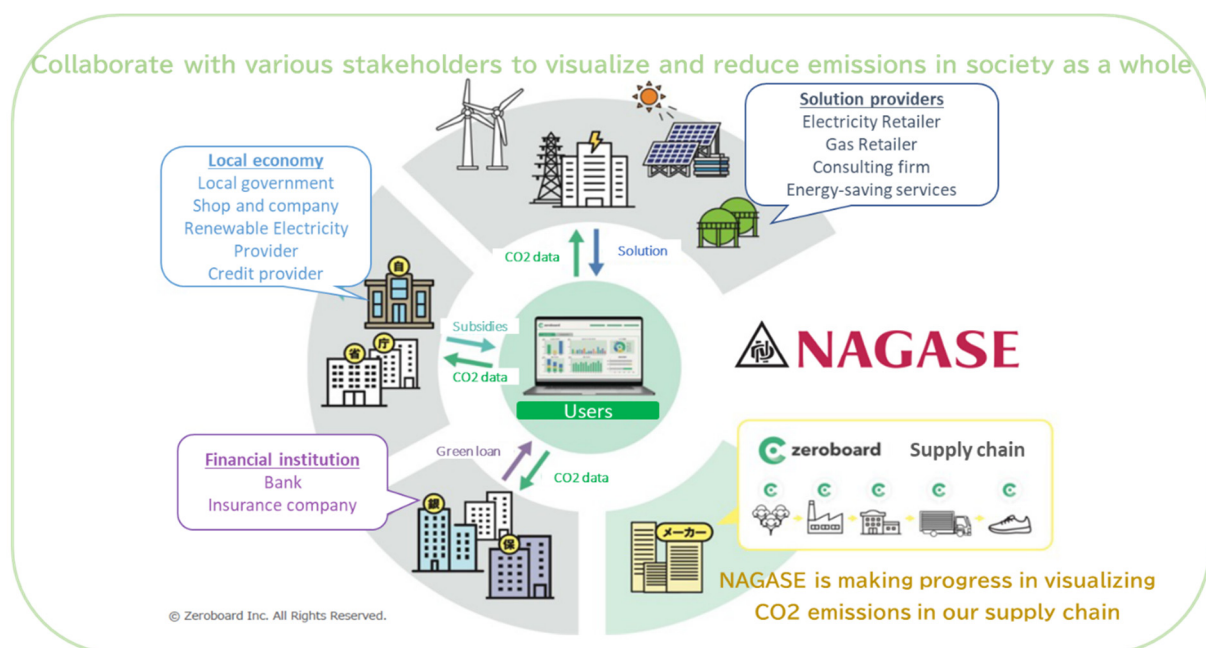
|                  | Classification                     | Main content   | Degree of influence |
|------------------|------------------------------------|--|---------------------|
| Transition risks | Policies, and laws and regulations | <ul style="list-style-type: none"> <li>•Regulations such as carbon pricing and emissions trading (in particular, considering the impact of price shifting by material manufacturers with high GHG emissions)</li> <li>•Cost of measures to comply with relevant laws and regulations (Act on Promotion of Global Warming Countermeasures, Act Concerning the Promotion of Resource Recycling for Plastics, Reinforcement of Regulations on Petrochemical Products, etc.)</li> </ul>  | Large               |
|                  | Market and technology              | <ul style="list-style-type: none"> <li>•Decreased customer preference for petrochemical products, reduced market demand, and reduced sales</li> <li>•The era of mass production, mass consumption, and mass disposal comes to an end, and there is a delay in the transition to environmentally friendly products</li> </ul>   | Large               |
|                  | Reputation                         | <ul style="list-style-type: none"> <li>•Decline in stakeholder trust and external evaluation due to lack of initiatives and information disclosure</li> </ul>  | Small               |
| Physical risks   | Acute                              | <ul style="list-style-type: none"> <li>•Supply chain disruption due to large-scale natural disasters and sluggish sales and production activities</li> <li>•Interruption of water supply due to floods or droughts</li> <li>•Increase in energy used for temperature control due to higher temperatures or colder temperatures</li> </ul>  | Large               |
|                  | Chronic                            | <ul style="list-style-type: none"> <li>•Serious impact on areas around coastal activity sites due to sea level rise (submergence and tsunami response)</li> <li>•Increase in market prices for procurement of primary commodities</li> <li>•Additional measures to ensure the safety of employees' lives and reduced labor productivity</li> </ul>   | Large               |
| Opportunities    | Products and services              | <ul style="list-style-type: none"> <li>•Providing alternative materials that contribute to improving energy efficiency (weight reduction, heat insulation, heat dissipation, etc.)</li> <li>•Development of resource recycling-oriented materials (low carbon, biotechnology and biodegradability, recycling)</li> <li>•LCA disclosure (visualization of emissions by product) and provision of products with a high environmental value</li> <li>•Providing energy-reduction solutions such as electricity and gas</li> <li>•Visualization of emissions and provision of reduction solutions in the supply chain</li> <li>•Provision of manufacturing technology and materials for new foods that contribute to the reduction of global environmental impact, such as plant-based proteins and insect dishes</li> </ul> | Large               |
|                  | Markets                            | <ul style="list-style-type: none"> <li>•Material market requiring reduction of raw material emissions (B to B in general)</li> <li>•Product markets that require emission reductions in end products (mobility, OA, etc.)</li> <li>•Consumer markets where demand is expected to increase owing to rising temperatures (skin care, daily necessities, home appliances, etc.)</li> <li>•Emerging markets created by behavioral change of consumers with new values (alternative meat, circular economy, emission disclosure products)</li> </ul>  | Large               |

Strategy

Since NAGASE has manufacturing and processing functions in addition to its trading company functions, we have categorized our activities into two axes and four quadrants, Trading/Manufacturing and Visualization/Reduction. And we have been working to achieve our goals under “The NAGASE Group Carbon Neutral Declaration” which consists of overall measures and measures 1) through 4).

|  |               |  |
|--|---------------|--|
| <b>Overall measures</b> Participation in external initiatives / promotion of environmentally conscious investment / review of internal carbon tax      |               |  |
| <b>[Led by trading function]</b>   |               | <b>[Led by manufacturing function]</b>   |
| <b>Measure 1)</b><br>Visualization of emissions in the supply chains, etc.   | Visualization | <b>Measure 2)</b><br>Calculation of LCA of strategic products, and others  |
| <b>Measure 3)</b><br>Provision of low-carbon products and carbon-reduction solutions, introduction of environmentally conscious facilities, and others | Reduction     | <b>Measure 4)</b><br>Improvement of production processes, use of renewable energy (purchase and in-house power generation), and others |

Also during fiscal 2021, aiming at calculating and visualizing CO2 emissions in the supply chains, we started the sales and business development of “zeroboard,” a cloud service for visualizing CO2 emissions developed by Zeroboard Inc. with the aim of supporting the decarbonization of corporate management. We will leverage the networks that NAGASE has in Japan and abroad to promote adoption mainly in the chemicals industry. We will also ascertain customer needs to develop and provide solutions for reducing CO2 emissions.



<Risk management >

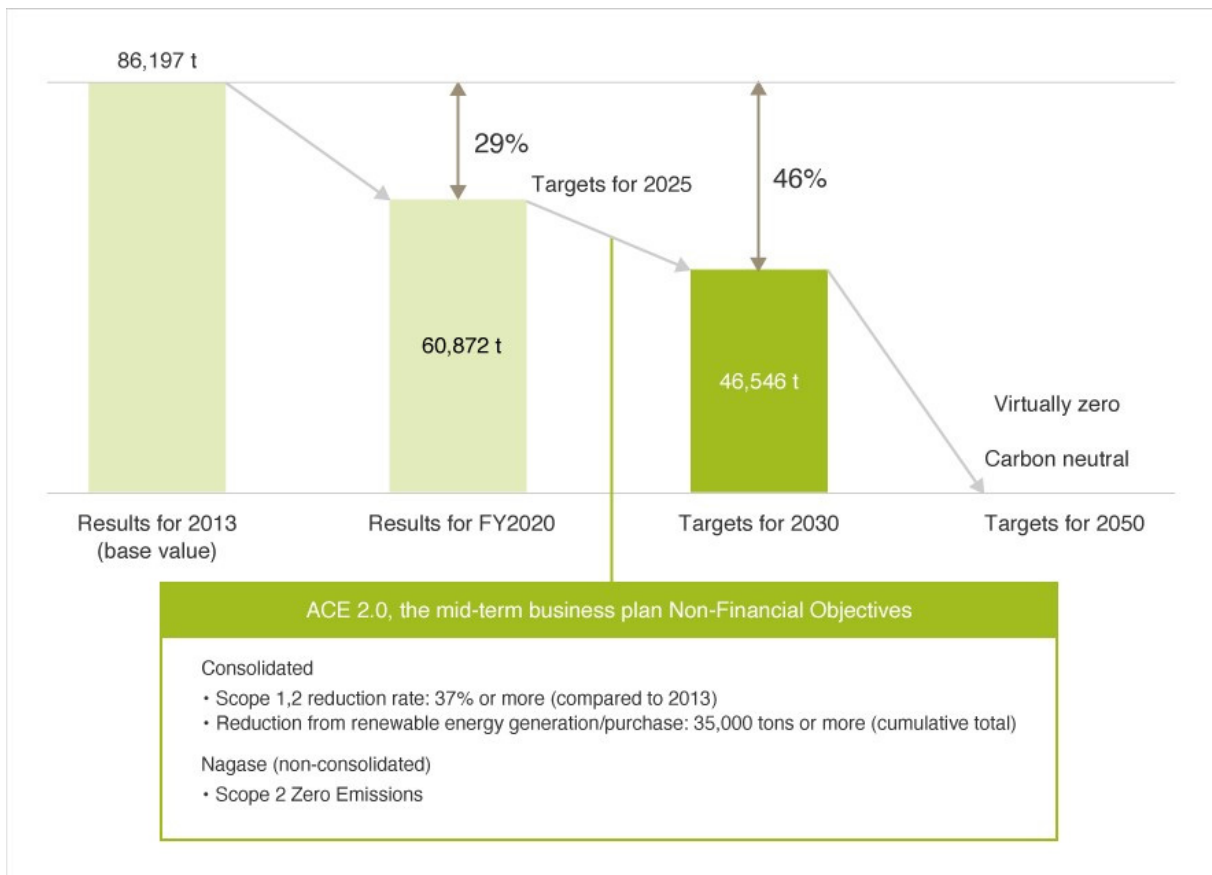
Under the guidance of the Risk Management and Compliance Committee, we have developed an environmental ISO management organization and are carrying out continuous activities for the ISO 14001 environmental management system. In addition, the Sustainability Committee shares business risks and opportunities due to climate change as well as countermeasures, and monitors progress.

<Benchmarks and targets>

NAGASE is committed to achieving carbon neutrality, which means virtually zero GHG emissions, by 2050 (Scopes 1 and 2). We also aim to reduce Scopes 1 and 2 by 46% from the 2013 level and Scope 3 by more than 12.3% from the 2020 level by 2030. The targets during the period of **ACE 2.0** are as described in “Non-financial targets (KPIs)” in the preceding paragraph.

We will update the targets for Scope 3 through future dialogue with the supply chains.

(Nagase greenhouse gas emission results and targets (Scope 1 and Scope 2))



(9) Changes in assets and profit/loss

(Unit: millions of yen)

|  | Fiscal year<br>ended March<br>31, 2019 | Fiscal year<br>ended March<br>31, 2020 | Fiscal year<br>ended March<br>31, 2021 | Fiscal year<br>ended March<br>31, 2022 |
|--|--|--|--|--|
| Gross profit                                       | 105,441                                | 104,901                                | 114,600                                | 139,494                                |
| Ordinary income                                    | 26,643                                 | 19,083                                 | 22,854                                 | 36,497                                 |
| Net income attributable to owners of the<br>parent | 20,136                                 | 15,144                                 | 18,829                                 | 25,939                                 |
| Net income per share (Unit: yen)                   | 161.30                                 | 122.12                                 | 151.91                                 | 213.46                                 |
| Total asset  | 567,346                                | 611,477                                | 640,587                                | 739,720                                |
| Net asset  | 312,609                                | 313,243                                | 338,431                                | 355,092                                |

Note: Amounts indicated in units of one million yen are rounded down to the nearest one million yen.



(10) Status of parent company and main subsidiaries (As of March 31, 2022)

a) Status of parent company

No applicable information.

b) Status of main subsidiaries

| Company name                         | Capital                    | Percentage of voting rights held | Main business  |
|--------------------------------------|----------------------------|----------------------------------|--|
| Prinova Group, LLC                   | -                          | 93.3%<br>(93.3%)                 | Sales of food ingredients, processing, and contract manufacturing of finished products   |
| Nagase Holdings America Corporation  | (thousand)<br>US\$ 1       | 100.0%                           | Regional management, investment and asset management, and provision of professional services   |
| Hayashibara Co., Ltd.                | 500 million yen            | 100.0%                           | Development, manufacture, and sale of food raw materials, pharmaceutical raw materials, cosmetics raw materials, health foods raw materials, and functional dyes |
| Nagase ChemteX Corporation           | 2,474 million yen          | 100.0%                           | Manufacture of epoxy resins, enzymes, and chemical industry products   |
| Shanghai Nagase Trading Co., Ltd.    | (thousand)<br>RMB 8,120    | 100.0%<br>(100.0%)               | Import/export, intermediate trade, market development, information collection  |
| Shanghai Hua Chang Trading Co., Ltd. | (thousand)<br>RMB 19,864   | 70.0%<br>(53.8%)                 | Sale of plastics and related products  |
| Nagase (Hong Kong) Ltd.              | (thousand)<br>HK\$ 28,670  | 100.0%                           | Import/export, intermediate trade, market development, information collection  |
| Nagase Chemical Co., Ltd.            | 310 million yen            | 100.0%                           | Sale of coating raw materials, dyestuffs, industrial chemicals, chemicals for manufacturing paper, plastics, etc.  |
| Guangzhou Nagase Trading Co., Ltd.   | (thousand)<br>RMB 85,640   | 100.0%<br>(100.0%)               | Import/export, intermediate trade, market development, information collection  |
| Nagase (Thailand) Co., Ltd.          | (thousand)<br>BAHT 321,000 | 100.0%                           | Import/export, intermediate trade, market development, information collection  |

Notes:

1. Figures in parentheses under percentage of voting rights held indicate indirect ownership (included in total equity holdings).
2. Prinova Group, LLC is a limited liability company under United States law. The amount of capital is not stated because it does not exactly accord with the concept of capital.
3. As of the end of the fiscal year, there were no specified wholly owned subsidiaries.

(11) Main business activities (As of March 31, 2022)

The NAGASE Group conducts import and export of a diverse range of products, conducts domestic transactions, manufactures and sells products, and provides services.

| Business segment                | Products handled or services provided   |
|---------------------------------|---|
| Functional Materials            | Paint, ink and adhesive raw materials, urethane materials and auxiliaries, plastic materials, plastic additives, industrial oil materials, water processing-related materials, surfactant raw materials, fluorochemicals, adhesive materials, 5G-related materials, silicone materials, environmental solution and environment-related commercial products, sintered metal filters, and others  |
| Advanced Materials & Processing | Dyestuff, pigments, functional dyes, information printing-related products, thermoplastic resins, thermosetting resins, auto body repair paint, conductive paints, synthetic rubber, inorganic materials, plastic products, plastic moldings and molds, and others  |
| Electronics & Energy            | Modified epoxy resins, fluorine products, fine polishing abrasives, semiconductor assembly materials and equipment, adhesive and sealing materials, display panel components, materials and equipment, chemical management equipment for display production processes, low-temperature vacuum equipment, equipment to analyse liquid state, LED, 3D printing-related commercial products, design and manufacture of rechargeable battery systems, proposals for energy management systems, solar panels, battery assessment services, healthcare services, optical wireless communication equipment, and others |
| Mobility                        | Plastic products, rechargeable battery raw materials, interior and exterior materials and parts, materials for mechanical components, products for electrification, sensor parts, products for automotive interior electronics, automotive display-related components, products for automatic driving, and others   |
| Life & Healthcare               | Pharmaceutical and agricultural raw materials, research reagents, in-vitro diagnostics, enzymes, food additives, food extracts, sports nutrition, premix, cosmetics additives, feed, surfactants, radiation measuring services, medical equipment, cosmetics, health foods, beauty foods, and others  |
| Others                          | Logistics services, information processing services, vocational services, and others  |

## (12) Main offices and plants (As of March 31, 2022)

|                    |                              |   |  |
|--------------------|------------------------------|---|--|
| NAGASE & CO., LTD. | Domestic sales branch        | Head office   | Osaka Head Office (Osaka, Osaka)   |
|                    |                              | Branch  | Tokyo Head Office (Chuo-ku, Tokyo), Nagoya Branch Office (Nagoya, Aichi) |
|                    | Domestic R&D center          | Nagase R&D Center (Kobe, Hyogo), Nagase Application Workshop (Amagasaki, Hyogo)   |  |
| Subsidiaries       | Domestic sales branch        | Nagase Chemical Co., Ltd. (Chuo-ku, Tokyo), and others  |  |
|                    | Domestic manufacturing plant | Hayashibara Co., Ltd.: Okayama Plant I, Plant II, Okayama Functional Saccharide Plant, Fujita Plant and Fujita Formulation Plant (Okayama, Okayama)<br>Nagase ChemteX Corporation: Harima Plant, (Tatsuno, Hyogo), Fukuchiyama Plant (Fukuchiyama, Kyoto), Sakai Factory (Sakai, Osaka), and others |  |
|                    | Domestic R&D center          | Hayashibara Co., Ltd. R&D Center (Okayama, Okayama), Nagase ChemteX Corporation Harima Plant (Tatsuno, Hyogo) and Fukuchiyama Plant (Fukuchiyama, Kyoto), and others  |  |
|                    | Overseas sales branch        | Prinova Group, LLC, Nagase Holdings America Corporation, Shanghai Nagase Trading Co., Ltd., Shanghai Hua Chang Trading Co., Ltd., Nagase (Hong Kong) Ltd., Guangzhou Nagase Trading Co., Ltd. Nagase (Thailand) Co., Ltd., and others   |  |

Note: Nagase R&D Center was renamed Nagase Bio-Innovation Center as of April 1, 2022.

## (13) Status of employees (As of March 31, 2022)

## a) Status of the corporate group employees

| Business Segment                | Number of employees |
|---------------------------------|---------------------|
| Functional Materials            | 704                 |
| Advanced Materials & Processing | 1,574               |
| Electronics & Energy            | 1,391               |
| Mobility                        | 317                 |
| Life & Healthcare               | 2,084               |
| Others                          | 308                 |
| Company-wide (common)           | 735                 |
| Total                           | 7,113               |

Notes:

- The number of employees indicates the number of persons employed.
- The number of employees indicated as "Company-wide (common)" refers to employees who are assigned to management divisions that cannot be categorized in a particular business segment.

## b) Status of the Company's employees

| Number of employees | Change from the end of the previous fiscal year | Average age | Average length of service |
|---------------------|---|-------------|---------------------------|
| 892                 | +17   | 41.5        | 15.1 years                |

Note: The number of employees indicates the number of persons employed.

(14) Main lenders and loan amounts (As of March 31, 2022)

| Lenders                             | Loan amounts       |
|-------------------------------------|--------------------|
| Sumitomo Mitsui Banking Corporation | 40,780 million yen |
| MUFG Bank, Ltd.                     | 31,653 million yen |
| Mizuho Bank, Ltd.                   | 17,149 million yen |

Note: Amounts of less than one million yen are rounded down to the nearest one million yen.

(15) Other significant matters relating to the current state of the corporate group

No applicable information.

## 2. Matters relating to the Company's shares (As of March 31, 2022)

- (1) Total number of shares authorized 346,980,000
- (2) Total number of shares issued 120,908,285
- (3) Number of shareholders 25,489

### (4) Principal shareholders (top 10)

| Principal shareholders   | Number of shares held<br>(thousand shares) | Holdings percentage<br>(%) |
|--|--|----------------------------|
| The Master Trust Bank of Japan, Ltd. (Trust Account)   | 16,143                                     | 13.5                       |
| Sumitomo Mitsui Trust Bank, Limited  | 5,776                                      | 4.8                        |
| NORTHERN TRUST CO. (AVFC) RE SILCHESTER<br>INTERNATIONAL INVESTORS INTERNATIONAL<br>VALUE EQUITY TRUST | 5,291                                      | 4.4                        |
| Custody Bank of Japan, Ltd. (Trust Account)  | 4,593                                      | 3.8                        |
| Sumitomo Mitsui Banking Corporation  | 4,377                                      | 3.6                        |
| Nippon Life Insurance Company  | 3,589                                      | 3.0                        |
| Reiko Nagase   | 3,511                                      | 2.9                        |
| NAGASE & CO., LTD. Own Share Investment Association  | 3,173                                      | 2.6                        |
| Nagase Shunzo Co., Ltd.  | 2,688                                      | 2.2                        |
| NORTHERN TRUST CO. (AVFC) RE U.S. TAX<br>EXEMPTED PENSION FUNDS  | 2,650                                      | 2.2                        |

#### Notes:

1. The Company holds 881,767 shares of treasury stock, and holdings percentages are calculated with the treasury stock excluded.
2. Quantities of less than one thousand shares are rounded down.

### (5) Status of shares issued to the Company's Directors as consideration for the execution of duties during the current fiscal year

No applicable information.

### (6) Other significant matters relating to shares

Treasury stock canceled based on a resolution made at the Board of Directors meeting held on February 9, 2022

- (i) Class of shares canceled Common stock of the Company
- (ii) Number of shares canceled 3,500,000 shares  
(2.81% of the total number of issued shares before the cancellation)
- (iii) Date of the cancellation February 28, 2022

### 3. Matters relating to officers

#### (1) Status of the Company officers (As of March 31, 2022)

| Position                                   | Name               | Areas of responsibility or profession                                      | Significant concurrent positions outside the Company   |
|--|--------------------|--|--|
| Representative Director and Chairman       | Hiroshi Nagase     |  |  |
| Director and Vice Chairman                 | Reiji Nagase       |  | Representative Director of Nagase Science and Technology Foundation<br>Representative Director of Hayashibara Museum of Art  |
| Representative Director and President      | Kenji Asakura      |  |  |
| Representative Director                    | Masaya Ikemoto     | In charge of Corporate Administration and Affiliates, and Europe CEO       |  |
| Director                                   | Masatoshi Kamada   | In charge of Overall Sales and Business Development, and Greater China CEO |  |
| Director                                   | Nobumasa Kemori    |  | Outside Director of JFE Holdings, Inc.<br>Outside Director of Sumitomo Realty & Development Co., Ltd.  |
| Director                                   | Takahiko Ijichi    |  |  |
| Director                                   | Ritsuko Nonomiya   |  | Representative Director and CEO of Houlihan Lokey Japan Co., Ltd.<br>Director of GCA Corporation<br>External Audit & Supervisory Board Member of Shiseido Company, Limited   |
| Full-time Audit & Supervisory Board Member | Nobuyuki Shirafuji |  |  |
| Full-time Audit & Supervisory Board Member | Masanori Furukawa  |  |  |
| Full-time Audit & Supervisory Board Member | Mitsuru Kanno      |  |  |
| Audit & Supervisory Board Member           | Gan Matsui         | Attorney   | Outside Audit & Supervisory Board Member of Orient Corporation<br>Outside Audit & Supervisory Board Member of TOTETSU KOGYO CO., LTD.<br>Outside Director (Audit and Supervisory Committee Member) of GLOBERIDE, Inc.<br>Outside Director and Audit and Supervisory Committee Member of Dentsu Group Inc.<br>Attorney of Yaesu Sogo Law Office |

Notes:

1. Directors Nobumasa Kemori, Takahiko Ijichi and Ritsuko Nonomiya are outside Directors and are independent officers pursuant to the regulations of financial instruments exchanges.
2. Full-time Audit & Supervisory Board Member Nobuyuki Shirafuji and Audit & Supervisory Board Member Gan Matsui are outside Audit & Supervisory Board Members and are independent officers pursuant to the regulations of financial instruments exchanges.
3. Full-time Audit & Supervisory Board Member Nobuyuki Shirafuji has many years of experience in financial institutions and possesses considerable knowledge regarding finance and accounting.
4. Full-time Audit & Supervisory Board Member Masanori Furukawa has many years of experience engaged in the finance and accounting departments of the Company and possesses considerable knowledge regarding finance and accounting.
5. Audit & Supervisory Board Member Gan Matsui has many years of experience in the legal field as an attorney and possesses considerable knowledge regarding compliance and governance.
6. The Company has adopted an executive officer system, and Directors Kenji Asakura, Masaya Ikemoto, and Masatoshi Kamada are also executive officers.
7. Changes in Directors and Audit & Supervisory Board Members during the fiscal year

(1) Appointments

Masatoshi Kamada and Takahiro Okumura were newly elected and appointed as Director at the 106th Annual Shareholders' Meeting held on June 23, 2021.

(2) Retirements

Director Ichiro Wakabayashi retired from office due to the expiration of his term of office effective as of the conclusion of the 106th Annual Shareholders' Meeting held on June 23, 2021.

Director Takahiro Okumura retired from office due to resignation as of November 4, 2021. At the time of his retirement from office, he was Director and Executive Officer, in charge of Overseas Overall Operations and Business Development, as well as serving as Greater China CEO and Europe CEO.

(3) Changes in status or areas of responsibility of Directors during the fiscal year

Representative Directors as of April 1, 2021 were as set forth below.

| Name           | New                     | Old      |
|----------------|-------------------------|----------|
| Masaya Ikemoto | Representative Director | Director |

The areas of responsibility of Directors as of November 4, 2021 were as set forth below.

| Position                | Name             | New  | Old  |
|-------------------------|------------------|--|--|
| Representative Director | Masaya Ikemoto   | In charge of Corporate Administration and Affiliates, and Europe CEO       | In charge of Corporate Administration and Affiliates |
| Director                | Masatoshi Kamada | In charge of Overall Sales and Business Development, and Greater China CEO | In charge of Overall Sales                           |

<Reference>

1. The areas of responsibility of Directors as of April 1, 2022 were as set forth below.

| Position                | Name             | New   | Old  |
|-------------------------|------------------|---|--|
| Representative Director | Masaya Ikemoto   | In charge of Corporate Administration, Affiliates, and Americas | In charge of Corporate Administration and Affiliates, and Europe CEO       |
| Director                | Masatoshi Kamada | In charge of Overall Sales and Asia, and Greater China CEO      | In charge of Overall Sales and Business Development, and Greater China CEO |

2. Status of Executive Officers (except for Executive Officers who are also Directors)

Executive Officers were elected on April 1, 2022, and their areas of responsibility were as set forth below.

| Status                     | Name              | Areas of responsibility                                      |
|----------------------------|-------------------|--|
| Managing Executive Officer | Naoki Yasuba      | In charge of Hayashibara Co., Ltd.                           |
| Managing Executive Officer | Takanori Yamauchi | In charge of Nagase Business Expert Co., Ltd.                |
| Managing Executive Officer | Satoru Fujii      | In charge of Nagase ChemteX Corporation                      |
| Managing Executive Officer | Donald K. Thorp   | In charge of Prinova Group LLC and Food Business             |
| Executive Officer          | Kusuo Ota         | In charge of Totaku Industries, Inc.                         |
| Executive Officer          | Hiroyuki Ueshima  | In charge of Business Development and Europe, and Europe CEO |
| Executive Officer          | Koichi Sagawa     | General Manager of Corporate Sustainability Dept.            |
| Executive Officer          | Akira Takami      | General Manager of Audit Office                              |
| Executive Officer          | Takayuki Masuda   | Americas CEO   |
| Executive Officer          | Yasumitsu Orii    | General Manager of New Value Creation Office                 |
| Executive Officer          | Ryuichi Uchida    | General Manager of Marketing Promotion Dept.                 |
| Executive Officer          | Takeshi Takada    | Manager of Nagoya Branch Office                              |
| Executive Officer          | Noriaki Arashima  | General Manager of Specialty Chemicals Dept.                 |
| Executive Officer          | Noriyoshi Yamaoka | General Manager of Human Resources & General Affairs Div.    |
| Executive Officer          | Yoshihisa Shimizu | General Manager of Corporate Management Dept.                |
| Executive Officer          | Xiaoli Liu        | General Manager of Nagase Bio-Innovation Center              |
| Executive Officer          | Eiroku Oki        | ASEAN/India CEO and Regional Operating Centre Leader         |
| Executive Officer          | Toru Araki        | General Manager of Risk Management Dept.                     |

(2) Summary of limiting liability agreement

Pursuant to the Articles of Incorporation, the Company has entered into agreements with outside Directors Nobumasa Kemori, Takahiko Ijichi and Ritsuko Nonomiya and outside Audit & Supervisory Board Members Nobuyuki Shirafuji and Gan Matsui, limiting liability to the Company for damage specified in Article 423, paragraph (1) of the Companies Act. A summary of the agreement is as follows:

If the Company incurs damage as a result of the failure of outside officers to perform their duties, as long as the outside officers performed their duties in good faith and without gross negligence, the liability for damage that the outside officers shall owe to the Company shall be limited to the minimum amount of liability specified in Article 425, paragraph (1) of the Companies Act.

(3) Summary of directors and officers liability insurance contract

The Company's Directors, Executive Officers and Audit & Supervisory Board Members are covered by directors and officers liability insurance. Under this insurance policy, 10% of insurance premiums applicable to an indemnity rider covering shareholder lawsuits are paid by the insured persons, and 90% are paid by the Company. Covered insurance events are third-party lawsuits, shareholder lawsuits, etc. In addition, the maximum total amount of insurance has been set, and officers responsible for an insurance event are required to individually pay for a certain portion of the damage incurred so that the appropriateness of job execution can be maintained.



(4) Compensation to Directors and Audit & Supervisory Board Members for the fiscal year

a) Total compensation paid to Directors and Audit & Supervisory Board Members

(Millions of yen)

| Status                           | Number                                   | Total amount of compensation | Breakdown          |                                       |  |   |
|----------------------------------|--|------------------------------|--------------------|---------------------------------------|--|---|
|                                  |  |                              | Fixed compensation | Performance-linked compensation, etc. | Performance-linked compensation, etc. (non-monetary comp.) |   |
| Director                         | Inside Director                          | 7                            | 400                | 198                                   | 201  | - |
|                                  | Outside Director                         | 3                            | 33                 | 33                                    | -  | - |
|                                  | Total                                    | 10                           | 433                | 232                                   | 201  | - |
| Audit & Supervisory Board Member | Inside Audit & Supervisory Board Member  | 2                            | 46                 | 46                                    | -  | - |
|                                  | Outside Audit & Supervisory Board Member | 2                            | 33                 | 33                                    | -  | - |
|                                  | Total                                    | 4                            | 79                 | 79                                    | -  | - |

Notes:

1. Included in the above is 66 million yen in total compensation paid to the five outside Directors.
2. The total amount paid to Directors indicated above includes 184 million yen which is reported as an expense of accrued bonuses for directors and executive officers during the fiscal year.
3. In addition to the above, 14 million yen in employee salaries was paid to Directors who also serve as employees.
4. The amount of compensation indicated above includes compensation paid to one Director who retired effective as of the conclusion of the 106th Annual Shareholders' Meeting held in June 23, 2021 and one Director who retired as of November 4, 2021.

b) Matters relating to performance-linked compensation

As an index for performance-linked compensation, the Company has selected net income attributable to owners of the parent (i.e. final profit) to provide an incentive that can improve performance and ROE to provide an incentive that can enhance capital efficiency. For the calculation of performance-linked compensation based on net income attributable to owners of the parent, the base amount of such compensation is determined first based on consolidated performance forecasts at the beginning of year. Then, the base amount is multiplied by the ratio of the current year's net income against the previous year's actual net income and by the rate of achieving the consolidated performance forecasts at the beginning of year. Finally, the resulting amount is adjusted through the assessments of each officer. The current fiscal year's actual net income was 25.9 billion yen. For the calculation of performance-linked compensation based on ROE, the degree of achieving annual goals that are set each year to attain the final target value under the Medium-Term Management Plan is used. The ROE result for the fiscal year is 7.7%.

c) Matters relating to the resolutions of shareholders' meetings on compensation, etc., paid to Directors and Audit & Supervisory Board Members

The upper limit of Director compensation was decided to be 450 million yen per year (40 million yen per year for outside Directors) by the resolution of the Annual Shareholders' Meeting held on June 22, 2020 (however, employee salaries paid to Directors who also serve as employees are not included). The number of Directors at the conclusion of this Shareholders' Meeting was eight (including three outside Directors).

With respect to the maximum amount of compensation for Directors, a proposal is being submitted for approval by the Annual Shareholders' Meeting to revise it to 600 million yen annually (out of which, 60 million yen annually year for Outside Directors).

The upper limit of Audit & Supervisory Board member compensation was decided to be 100 million yen per year by the resolution of the Annual Shareholders' Meeting held on June 21, 2019. The number of Audit & Supervisory Board members at the conclusion of this Shareholders' Meeting was four.

d) Matters relating to the policy of determining the details of compensation, etc., paid to each Director

In submitting a proposal for approval by the Annual Shareholders' Meeting on the introduction of a performance-linked, stock-based compensation system for Directors, the Board of Directors' meeting held on May 10, 2022 resolved on a new policy for determining the details of compensation, etc. paid to each Director.

The Company has established a policy on officer compensation amounts and the calculation method after having proposed such for consideration at a meeting of the Compensation Committee, in which the majority of members are outside Directors, and then had it deliberated on at a Board of Directors meeting. As a basic policy, the ratios of fixed compensation (monetary component), performance-linked compensation (monetary) and performance-linked compensation (non-monetary) will be 50–70%, 25–40%, and 5–10% (when the performance targets are achieved 100%)(Note 1), respectively, depending on the position of each officer so that the Company can provide officer compensation that suits the scope of roles and responsibility for each position considering objective external data, business conditions, etc., and that it serves as motivation to sustainably enhance the Company's corporate value. Compensation paid to outside Directors and outside Audit & Supervisory Board members includes solely base compensation, which is fixed compensation in consideration of the details of their duties.

In addition, the annual amount of fixed compensation will be divided into 12 months and paid, while the monetary component of performance-linked compensation will be paid all at once at the end of June, as a basic policy. Further, the policy provides that, as non-monetary compensation, shares corresponding to the number of points granted in accordance with the position of each officer and the degree of achievement of the performance targets will be delivered upon retirement from office through a trust established by the Company.<sup>(Note 2)</sup>

(Note 1) The policy of determining the details of compensation effective as of the end of the fiscal year sets the ratios of fixed compensation and performance-linked compensation at 50–70% and 30–50%, respectively.

(Note 2) The policy of determining the details of compensation effective as of the end of the fiscal year does not have provisions relating to non-monetary compensation.

e) Matters relating to the entrustment of determination of the details of compensation, etc., paid to each Director

Regarding compensation paid to each Director, the Board of Directors has appointed Kenji Asakura, Representative Director and President, to make the final decision, considering that the validity of the compensation system, levels, etc., has been discussed by the Compensation Committee in which the majority of members are outside Directors. The said authority entrusted to the Representative Director and President is the assessment of performance-linked compensation (monetary) of each Director based on his or her work performance, etc. The reason for entrusting such authority is that the Representative Director and President is considered the most suitable person to overlook the Company's overall performance and assess each Director's work performance. The Board of Directors has proposed the original plan for consideration at a meeting of the Compensation

Committee and received the Committee's answer so that the said authority can be exercised appropriately by the Representative Director and President. The Company considers that the compensation determination policy has been complied with. Compensation paid to each Audit & Supervisory Board member is determined through discussions held by the Audit & Supervisory Board members.

(5) Matters relating to outside officers

a) Significant concurrent positions and relationship with the Company

| Status                                   | Name             | Significant concurrent positions outside the Company                             | Special relationship with the Company                        |
|--|------------------|--|--|
| Outside Director                         | Nobumasa Kemori  | Outside Director of JFE Holdings, Inc.   | The Company engages in transactions including sale of goods. |
|  |                  | Outside Director of Sumitomo Realty & Development Co., Ltd.                      | No special relationship                                      |
| Outside Director                         | Takahiko Ijichi  |  |  |
| Outside Director                         | Ritsuko Nonomiya | Representative Director and CEO of Houlihan Lokey Japan Co., Ltd.                | The Company received outsourcing services in the past.       |
|  |                  | Director of GCA Corporation  | The Company received outsourcing services in the past.       |
|  |                  | External Audit & Supervisory Board Member of Shiseido Company, Limited           | The Company engages in transactions including sale of goods. |
| Outside Audit & Supervisory Board Member | Gan Matsui       | Outside Audit & Supervisory Board Member of Orient Corporation                   | No special relationship                                      |
|  |                  | Outside Audit & Supervisory Board Member of TOTETSU KOGYO CO., LTD.              | No special relationship                                      |
|  |                  | Outside Director (Audit and Supervisory Committee Member) of GLOBERIDE, Inc.     | The Company sells products.                                  |
|  |                  | Outside Director and Audit and Supervisory Committee Member of Dentsu Group Inc. | The Company engages in research-related transactions.        |
|  |                  | Attorney of Yaesu Sogo Law Office  | No special relationship                                      |

b) Relatives of managing members or officers (who are not managing members) of the Company or trading partners that have special-interest businesses

No applicable information.

c) Main business activities during the fiscal year

| Status                                   | Name               | Main business activities and overview of duties performed in the expected role of Outside Directors  |
|--|--------------------|--|
| Outside Director                         | Nobumasa Kemori    | He attended 16 of 16 Board of Directors meetings held during the fiscal year (attendance rate: 100%). Regarding the matters discussed at the meetings of the Company's Board of Directors, Compensation Committee, Nomination Committee, etc., he gave advice focusing on the Company's overall management from a perspective of familiarity with industry.  |
|  | Takahiko Ijichi    | He attended 16 of 16 Board of Directors meetings held during the fiscal year (attendance rate: 100%). Regarding the matters discussed at the meetings of the Company's Board of Directors, Compensation Committee, Nomination Committee, etc., he gave advice focusing on the Company's overall management including manufacturing activities conducted in Japan and overseas from a perspective of familiarity with manufacturing industries. |
|  | Ritsuko Nonomiya   | She attended 16 of 16 Board of Directors meetings held during the fiscal year (attendance rate: 100%). Regarding the matters discussed at the meetings of the Company's Board of Directors, Compensation Committee, etc., she gave advice focusing on the Company's overall management from a perspective of advanced knowledge of finance and accounting and familiarity with M&A and business development.                                   |
| Outside Audit & Supervisory Board Member | Nobuyuki Shirafuji | Attended 16 of 16 Board of Directors meetings held during the fiscal year (attendance rate: 100%) and all 16 meetings of the Audit & Supervisory Board held during the fiscal year (attendance rate: 100%) and presented opinions, gave advice, and made other statements as appropriate based on broad insight by making use of many years of overseas experience in financial institutions.  |
|  | Gan Matsui         | Attended 16 of 16 Board of Directors meetings held during the fiscal year (attendance rate: 100%) and all 16 meetings of the Audit & Supervisory Board held during the fiscal year (attendance rate: 100%) and presented opinions, gave advice, and made other statements as appropriate from a professional perspective as an attorney.   |

Note: The number of Board of Directors meetings noted above does not include resolutions made in writing.

## Consolidated Financial Statements

Consolidated Balance Sheet (As of March 31, 2022)

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

| ASSETS                               | Amount            |
|--------------------------------------|-------------------|
|                                      | (Millions of yen) |
| <b>Current assets</b>                | <b>514,286</b>    |
| Cash and time deposits               | 54,211            |
| Notes and accounts receivable        | 289,862           |
| Merchandise and finished goods       | 142,590           |
| Work in process                      | 2,401             |
| Raw materials and supplies           | 12,533            |
| Other                                | 13,935            |
| Less allowance for doubtful accounts | (1,248)           |
| <b>Non-current assets</b>            | <b>225,434</b>    |
| Property, plant and equipment        | 72,554            |
| Buildings and structures             | 25,427            |
| Machinery, equipment and vehicles    | 17,523            |
| Land                                 | 20,398            |
| Other                                | 9,205             |
| Intangible fixed assets              | 65,070            |
| Goodwill                             | 29,492            |
| Technology-based assets              | 5,912             |
| Other                                | 29,664            |
| Investments and other assets         | 87,809            |
| Investments in securities            | 75,600            |
| Long-term loans receivable           | 24                |
| Retirement benefit asset             | 3,139             |
| Deferred tax assets                  | 3,572             |
| Other                                | 5,583             |
| Less allowance for doubtful accounts | (112)             |
| <b>Total assets</b>                  | <b>739,720</b>    |

| LIABILITIES AND NET ASSETS                           | Amount            |
|--|-------------------|
| LIABILITIES  | (Millions of yen) |
| <b>Current liabilities</b>                           | <b>307,836</b>    |
| Notes and accounts payable                           | 149,036           |
| Short-term loans                                     | 73,121            |
| Current portion of long-term loans                   | 8,752             |
| Commercial paper                                     | 25,000            |
| Current portion of bonds                             | 10,000            |
| Accrued income taxes                                 | 7,100             |
| Accrued bonuses for employees                        | 7,648             |
| Accrued bonuses for directors                        | 497               |
| Other  | 26,678            |
| <b>Long-term liabilities</b>                         | <b>76,791</b>     |
| Bonds  | 20,000            |
| Long-term loans                                      | 28,244            |
| Deferred tax liabilities                             | 12,310            |
| Retirement benefit liability                         | 13,238            |
| Other  | 2,998             |
| <b>Total liabilities</b>                             | <b>384,628</b>    |
| NET ASSETS   |                   |
| <b>Shareholders' equity</b>                          | <b>298,820</b>    |
| Common stock   | 9,699             |
| Capital surplus                                      | 10,639            |
| Retained earnings                                    | 280,015           |
| Treasury stock, at cost                              | (1,534)           |
| <b>Accumulated other comprehensive income (loss)</b> | <b>45,441</b>     |
| Net unrealized holding gain on securities            | 31,732            |
| Deferred gain on hedges                              | 178               |
| Translation adjustments                              | 13,690            |
| Remeasurements of defined benefit plans              | (161)             |
| <b>Non-controlling interests</b>                     | <b>10,830</b>     |
| <b>Total net assets</b>                              | <b>355,092</b>    |
| <b>Total liabilities and net assets</b>              | <b>739,720</b>    |

Consolidated Statement of Income (April 1, 2021 – March 31, 2022)

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

|  |        | Amount            |                   |
|--|--------|-------------------|-------------------|
|  |        | (Millions of yen) | (Millions of yen) |
| Net sales  |        |                   | 780,557           |
| Cost of sales  |        |                   | 641,062           |
| <b>Gross profit</b>  |        |                   | <b>139,494</b>    |
| Selling, general and administrative expenses                           |        |                   | 104,231           |
| <b>Operating income</b>  |        |                   | <b>35,263</b>     |
| Non-operating income   |        |                   |                   |
| Interest income  | 156    |                   |                   |
| Dividend income  | 1,395  |                   |                   |
| Rent income  | 272    |                   |                   |
| Foreign exchange gains   | 1,283  |                   |                   |
| Other  | 822    |                   | 3,929             |
| Non-operating expenses   |        |                   |                   |
| Interest expense   | 1,176  |                   |                   |
| Equity in losses of affiliates   | 1,031  |                   |                   |
| Other  | 486    |                   | 2,695             |
| <b>Ordinary income</b>   |        |                   | <b>36,497</b>     |
| Extraordinary gains  |        |                   |                   |
| Gain on sales of non-current assets                                    | 16     |                   |                   |
| Gain on receipt of donated non-current assets                          | 719    |                   |                   |
| Gain on sales of investments in securities                             | 7,037  |                   |                   |
| Gain on sales of investments in capital of subsidiaries and affiliates | 314    |                   |                   |
| Subsidy income   | 75     |                   |                   |
| Other  | 229    |                   | 8,392             |
| Extraordinary losses   |        |                   |                   |
| Loss on sales of non-current assets                                    | 177    |                   |                   |
| Loss on disposal of non-current assets                                 | 453    |                   |                   |
| Impairment losses  | 2,974  |                   |                   |
| Loss on sales of investment securities                                 | 6      |                   |                   |
| Loss on valuation of investments in securities                         | 1,436  |                   |                   |
| Loss on sales of shares of subsidiaries and affiliates                 | 59     |                   |                   |
| Other  | 224    |                   | 5,333             |
| <b>Income before income taxes</b>                                      |        |                   | <b>39,557</b>     |
| Income taxes - current   | 12,826 |                   |                   |
| Income taxes - deferred  | (141)  |                   | 12,684            |
| <b>Net income</b>  |        |                   | <b>26,872</b>     |
| Net income attributable to non-controlling interests                   |        |                   | 932               |
| <b>Net income attributable to owners of the parent</b>                 |        |                   | <b>25,939</b>     |

## Non-Consolidated Financial Statements

### Non-Consolidated Balance Sheet (As of March 31, 2022)

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

| ASSETS   | Amount            |
|--|-------------------|
|  | (Millions of yen) |
| <b>Current assets</b>  | <b>278,930</b>    |
| Cash and time deposits   | 14,682            |
| Notes receivable   | 2,549             |
| Electronically recorded monetary claims - operating                        | 13,972            |
| Accounts receivable  | 160,464           |
| Merchandise  | 25,409            |
| Goods in transit   | 2,913             |
| Short-term loans receivable from subsidiaries and affiliates               | 51,577            |
| Other  | 9,461             |
| Less allowance for doubtful accounts                                       | (2,102)           |
| <b>Non-current assets</b>  | <b>206,097</b>    |
| Property, plant and equipment  | 12,579            |
| Buildings  | 3,681             |
| Structures   | 49                |
| Machinery and equipment  | 338               |
| Tools, furniture and fixtures  | 1,358             |
| Land   | 7,101             |
| Other  | 50                |
| Intangible fixed assets  | 1,957             |
| Software   | 754               |
| Other  | 1,203             |
| Investments and other assets   | 191,560           |
| Investments in securities  | 63,962            |
| Shares of subsidiaries and affiliates                                      | 102,834           |
| Investments in capital of subsidiaries and affiliates                      | 4,009             |
| Long-term loans receivable from subsidiaries and affiliates                | 18,462            |
| Claims provable in bankruptcy, claims provable in rehabilitation and other | 29                |
| Prepaid pension cost   | 3,480             |
| Other  | 1,913             |
| Less allowance for doubtful accounts                                       | (3,132)           |
| <b>Total assets</b>  | <b>485,028</b>    |



| LIABILITIES AND NET ASSETS                      | Amount            |
|---|-------------------|
| LIABILITIES                                     | (Millions of yen) |
| <b>Current liabilities</b>                      | <b>218,750</b>    |
| Notes payable                                   | 16                |
| Electronically recorded obligations - operating | 1,173             |
| Accounts payable                                | 89,853            |
| Short-term loans                                | 34,550            |
| Current portion of long-term loans              | 8,195             |
| Commercial papers                               | 25,000            |
| Current portion of bonds                        | 10,000            |
| Accounts payable - other                        | 5,084             |
| Accrued income taxes                            | 4,557             |
| Deposits received                               | 36,813            |
| Accrued bonuses for employees                   | 1,996             |
| Other   | 1,507             |
| <b>Long-term liabilities</b>                    | <b>61,427</b>     |
| Bonds   | 20,000            |
| Long-term loans                                 | 22,900            |
| Deferred tax liabilities                        | 11,167            |
| Retirement benefit liability                    | 6,895             |
| Provision for loss on guarantees                | 344               |
| Other   | 119               |
| <b>Total liabilities</b>                        | <b>280,177</b>    |
| NET ASSETS                                      |                   |
| <b>Shareholders' equity</b>                     | <b>173,693</b>    |
| Common stock                                    | 9,699             |
| Capital surplus                                 | 9,634             |
| Legal capital surplus                           | 9,634             |
| Retained earnings                               | 155,892           |
| Legal retained earnings                         | 2,424             |
| Other   | 153,467           |
| Reserve for reduction entry                     | 2,071             |
| General reserve                                 | 95,579            |
| Retained earnings brought forward               | 55,816            |
| Treasury stock, at cost                         | (1,534)           |
| <b>Valuation and translation adjustments</b>    | <b>31,157</b>     |
| Net unrealized holding gain on securities       | 30,972            |
| Deferred gain on hedges                         | 184               |
| <b>Total net assets</b>                         | <b>204,850</b>    |
| <b>Liabilities and net assets</b>               | <b>485,028</b>    |

Non-Consolidated Statements of Income (April 1, 2021 – March 31, 2022)

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

|  |                   | Amount |                   |
|--|-------------------|--------|-------------------|
|  | (Millions of yen) |        | (Millions of yen) |
| Net sales  |                   |        | 249,233           |
| Cost of sales  |                   |        | 213,423           |
| <b>Gross profit</b>  |                   |        | <b>35,810</b>     |
| Selling, general and administrative expenses                           |                   |        | 32,256            |
| <b>Operating income</b>  |                   |        | <b>3,553</b>      |
| Non-operating income   |                   |        |                   |
| Interest income  | 417               |        |                   |
| Dividend income  | 7,443             |        |                   |
| Rent income  | 741               |        |                   |
| Foreign exchange gains   | 479               |        |                   |
| Other  | 687               |        | 9,770             |
| Non-operating expenses   |                   |        |                   |
| Interest expenses  | 393               |        |                   |
| Cost of rent revenue   | 327               |        |                   |
| Other  | 283               |        | 1,004             |
| <b>Ordinary income</b>   |                   |        | <b>12,319</b>     |
| Extraordinary gains  |                   |        |                   |
| Gain on sales of non-current assets                                    | 0                 |        |                   |
| Gain on receipt of donated non-current assets                          | 719               |        |                   |
| Gain on sales of investments in securities                             | 7,026             |        |                   |
| Gain on sales of shares of subsidiaries and affiliates                 | 330               |        |                   |
| Gain on sales of investments in capital of subsidiaries and affiliates | 675               |        |                   |
| Reversal of allowance for doubtful accounts for subsidiaries           | 601               |        |                   |
| Other  | 26                |        | 9,380             |
| Extraordinary losses   |                   |        |                   |
| Loss on sales of non-current assets                                    | 169               |        |                   |
| Loss on disposal of non-current assets                                 | 26                |        |                   |
| Loss on sales of investments in securities                             | 6                 |        |                   |
| Loss on valuation of investments in securities                         | 1,436             |        |                   |
| Loss on sales of shares of subsidiaries and affiliates                 | 5                 |        |                   |
| Loss on valuation of shares of subsidiaries and affiliates             | 2,840             |        |                   |
| Loss on sales of investments in capital of subsidiaries and affiliates | 45                |        |                   |
| Provision for loss on guarantees                                       | 344               |        | 4,874             |
| <b>Income before income taxes</b>                                      |                   |        | <b>16,825</b>     |
| Income taxes - current   | 3,889             |        |                   |
| Income taxes - deferred  | (45)              |        | 3,844             |
| <b>Net income</b>  |                   |        | <b>12,981</b>     |