

FYE March 2022

Financial Briefing

NAGASE & CO., LTD.

May 27, 2022

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FYE March 2022 Results, FYE March 2023 Earnings Projection

Consolidated Statements Income

- ▶ Gross profit
 - Higher profit in all segments, with all stages of profit below gross profit reaching record highs
 - In particular, the automobile, resins and electronics, the Prinova Group's nutrition-related business performed well
- ▶ Operating income
 - Income greatly increased year-on-year with increases in gross profit; the economic impact of the COVID-19 had been significant in the previous fiscal year
- ▶ Net income
 - Significantly higher profits with strong business performance and gain on sales of cross-shareholdings, despite recording impairment losses that pressured profits downward

100 millions of yen

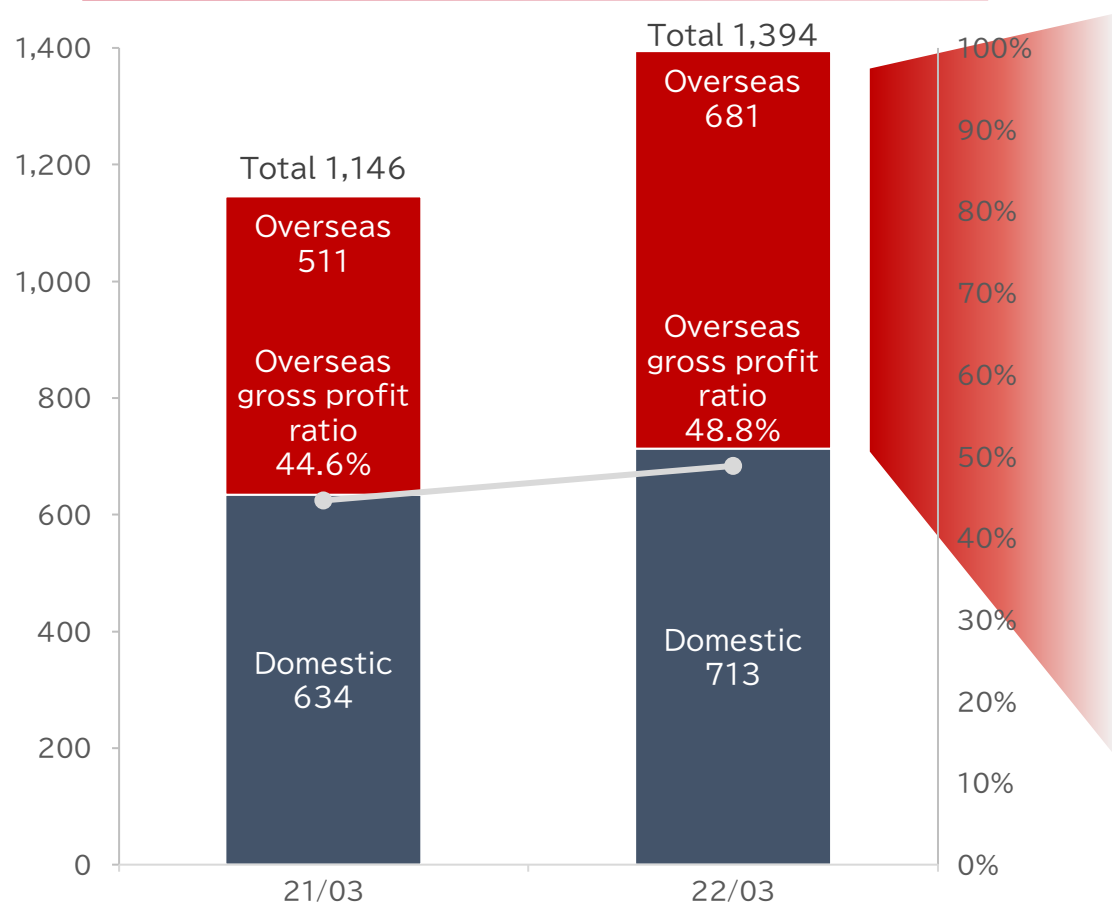
	21/03	22/03	Change	Vs.PY	Forecast (announced Feb 9)	Achievement
Sales	6,252	7,805	+ 1,553	125%	—	—
Gross profit	1,146	1,394	+ 248	122%	1,380	101%
<GP ratio>	18.3%	17.9%	(0.5pt)	—	—	—
SG&A expenses	926	1,042	+ 115	112%	1,030	—
Operating income	219	352	+ 133	161%	350	101%
Ordinary income	228	364	+ 136	160%	365	100%
Profit Attributable to owners of the parent	188	259	+ 71	138%	250	104%
US\$ Exchange rate (period average)	@ 106.1	@ 112.4	@ 6.3	Weak yen	@111.9	
RMB Exchange rate (period average)	@ 15.7	@ 17.5	@ 1.8	Weak yen	@17.4	

※ Offset to sales and cost of sales from application of revenue recognition standards: March, 2021, -¥204.9 billion; March, 2022, -¥244.8 billion
 ※ Impact from foreign exchange: Gross profit, +¥3,200 million; Operating income, +¥900 million

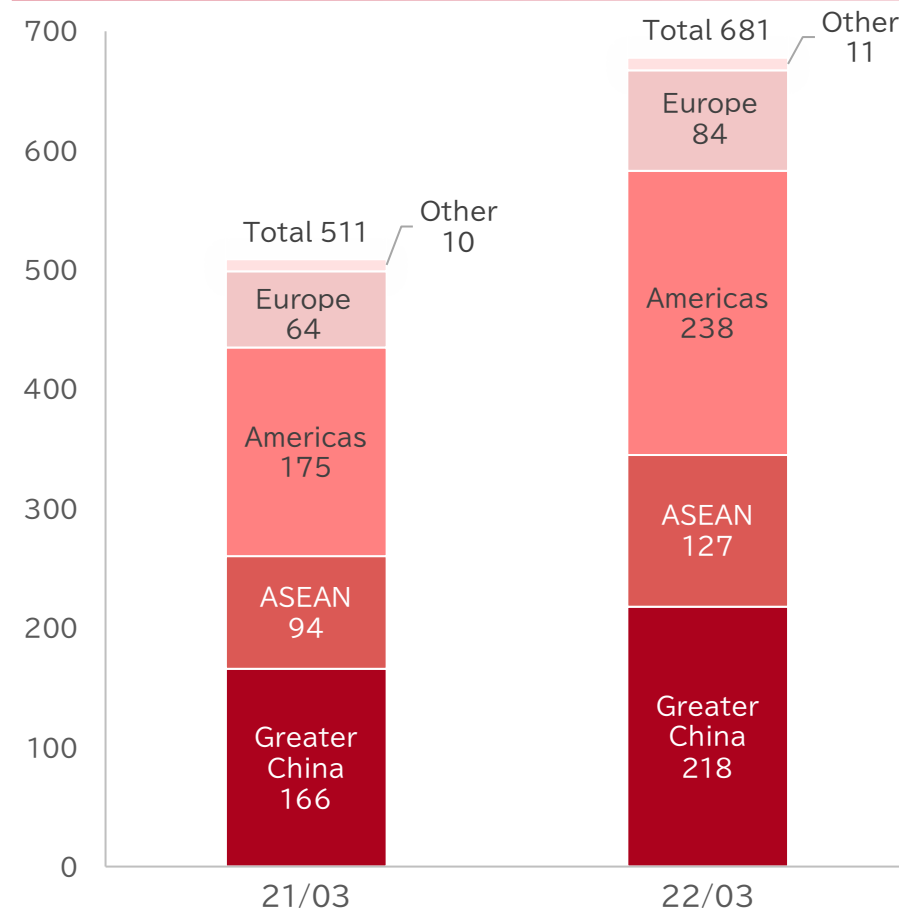
Gross Profit by Region

- ▶ Higher profit both domestic and overseas
- ▶ Domestic : In particular, the automobile-related business and electronics-related business for mobile devices/displays performed well
- ▶ Overseas : The resins business, mainly for office equipment, appliances, and video game devices and focused on Greater China and ASEAN, and the nutrition-related business in Europe and the Americas performed well

Domestic & Overseas Gross profit(100 millions of yen)



Overseas gross profit By Region(100 millions of yen)



※ From FYE March 2022, the usual overseas net sales per-destination region have been replaced by per-region information for gross profit, aggregated for each location of consolidated

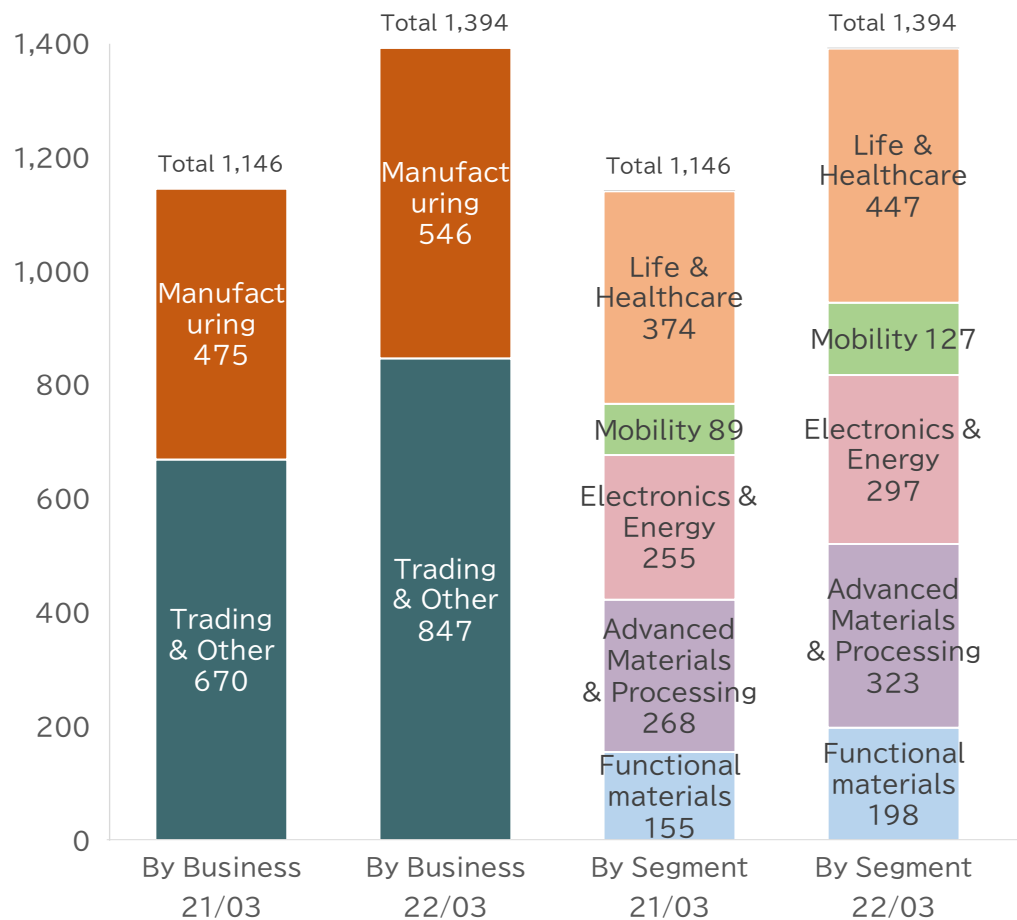
※ Domestic figures under Domestic & Overseas Gross Profit include inter-regional adjustments

Gross Profit by Business & Segment

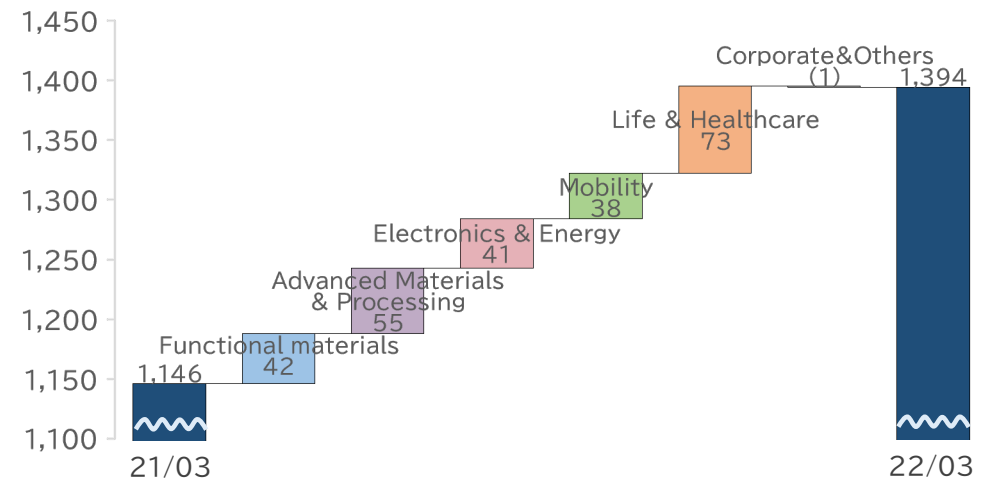
- ▶ Higher profits in all segments, with a full year gross profits reaching record high
- ▶ Functional Materials and Advanced Materials & Processing : Profitability improved due to expanded sales share of highly functional materials and high-added-value group products, in addition to the impact of rising market prices.
- ▶ Life & Healthcare : Profits increased due to strong performance in the Prinova Group’s nutrition-related business and strong sales of cosmetics-related materials

* Comparison information for segment values reflects impact from business segmentation changes implemented on April 1, 2021.

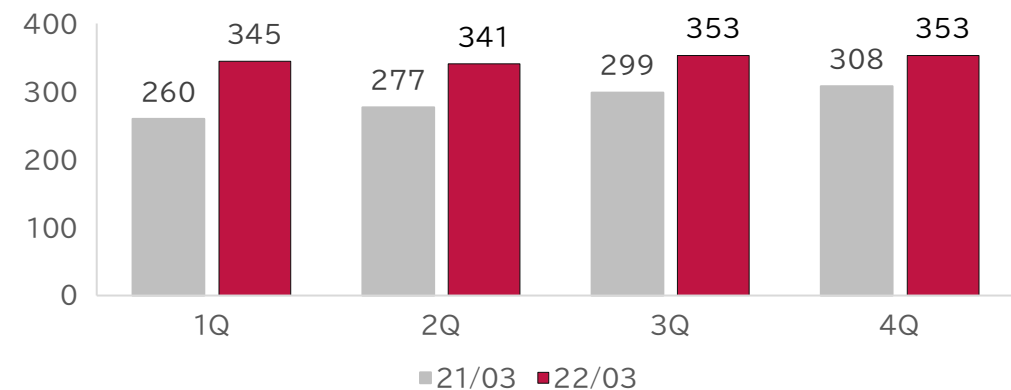
Gross Profit By Business & Segment (100 millions of yen)



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



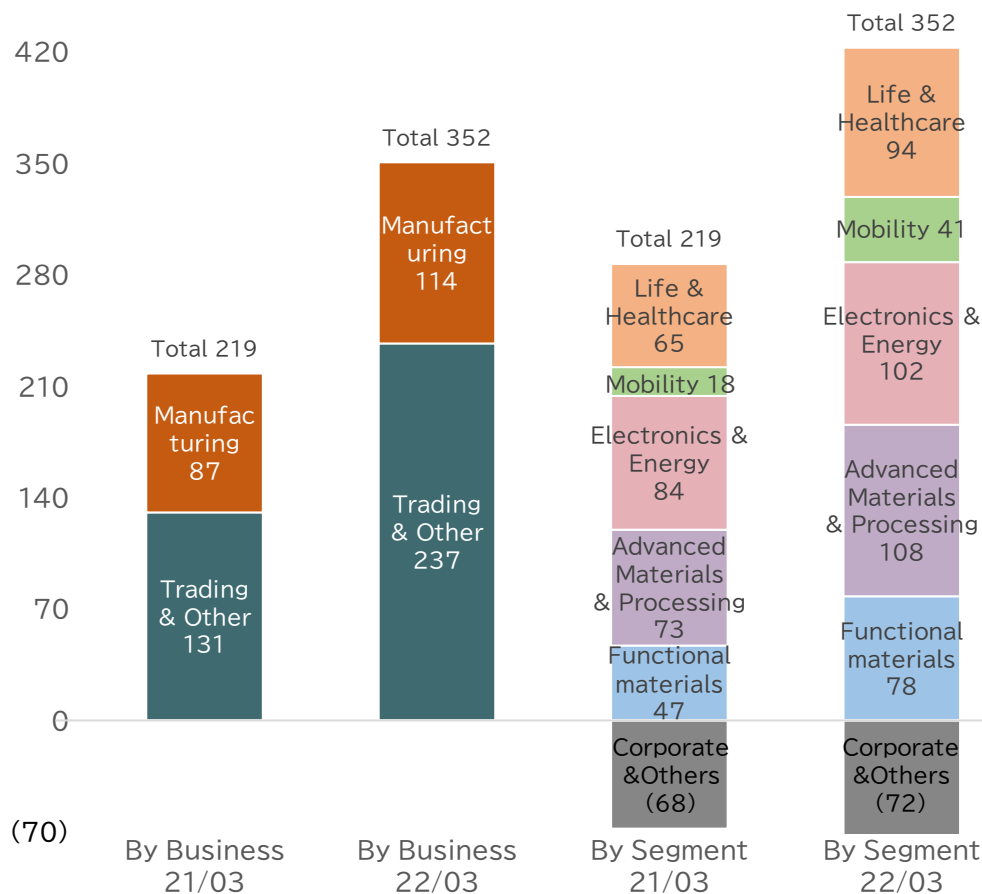
History of Gross Profit(100 millions of yen)



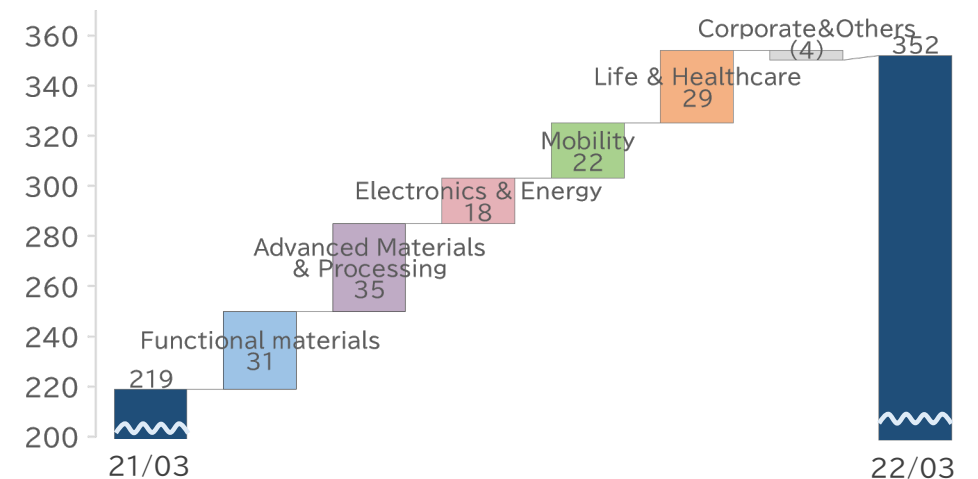
Operating Income by Business & Segment

- ▶ Operating income reached a record high with an increase in gross profit across all segments, despite a slowdown in the second half, mainly due to the normalization of profitability related to resin sales and an increase in general and administrative expenses
- ▶ Manufacturing business operating income reached record high, mainly due to strong Prinova Group performance
- ▶ We continue to invest for sustainable growth in the future, such as DX-related areas

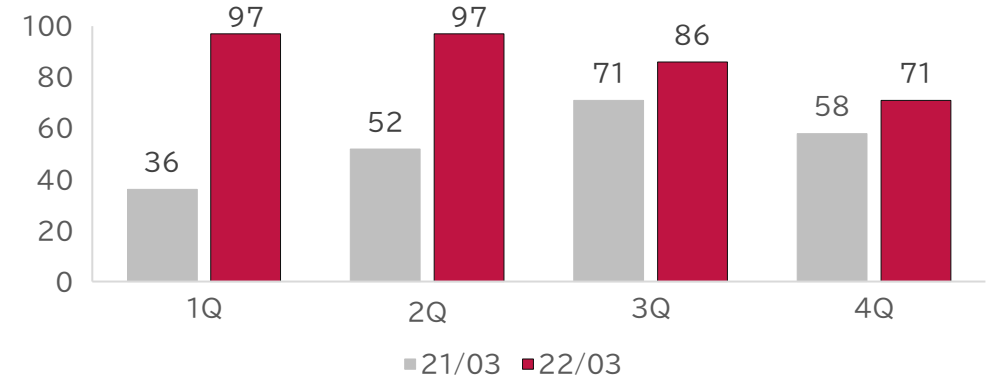
Operating Income by Business & Segment (100 millions of yen)



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



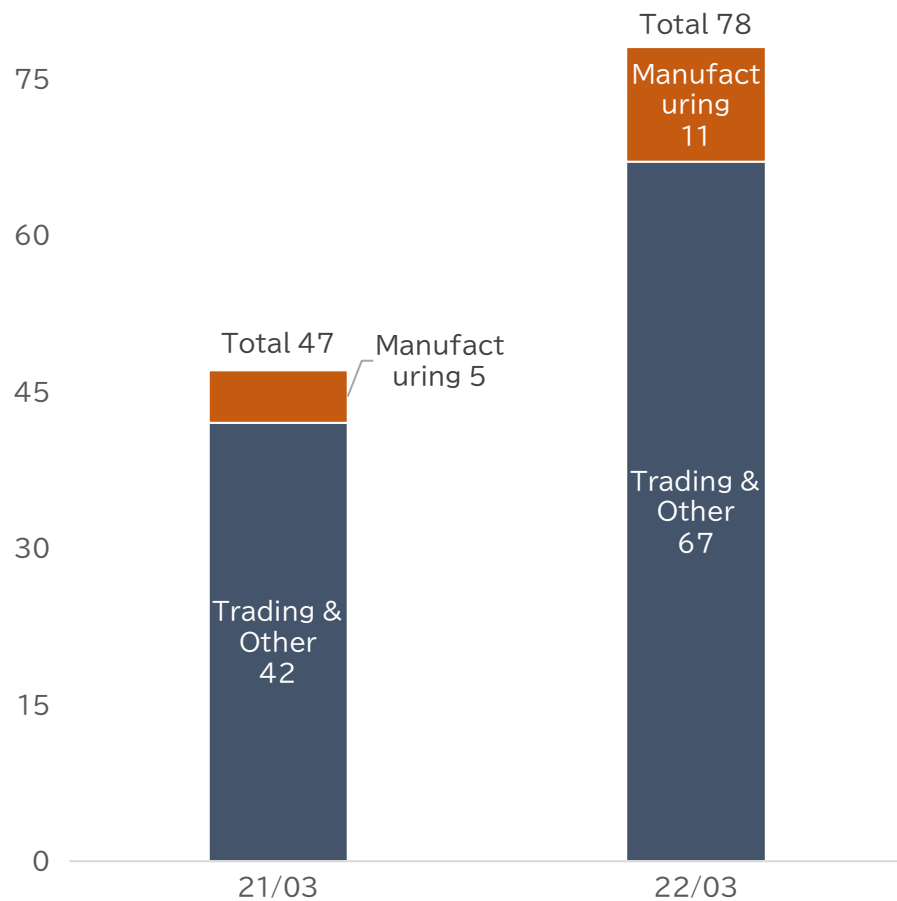
History of Operating Income (100 millions of yen)



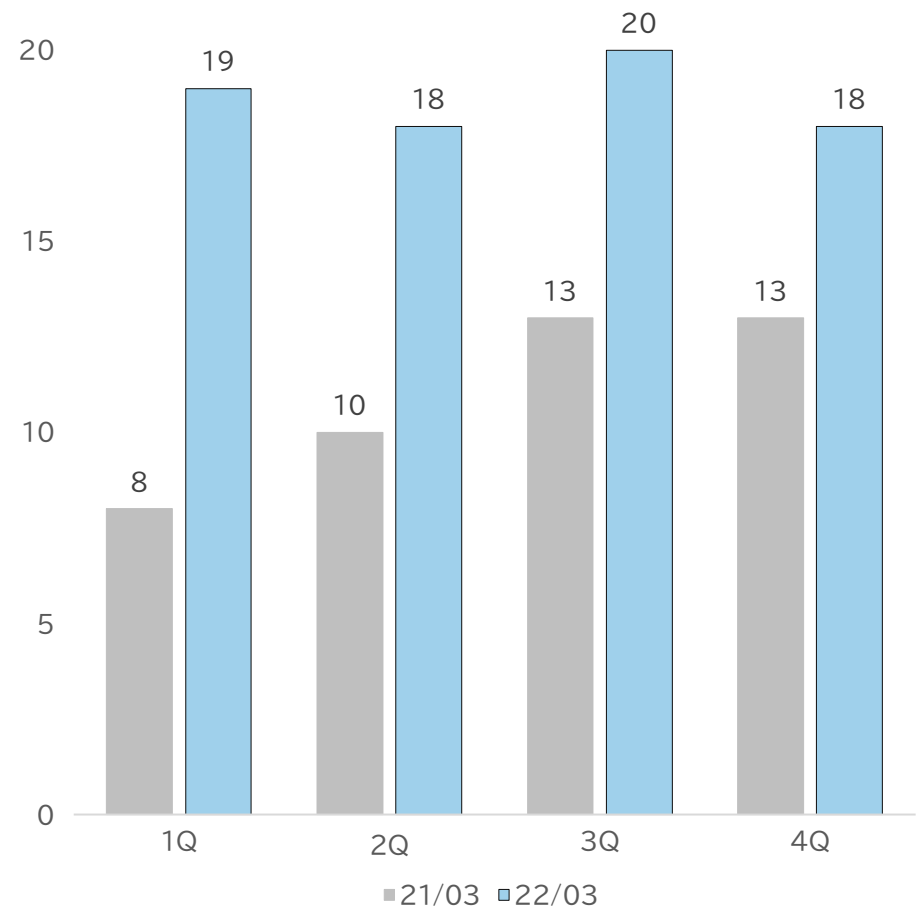
Functional Materials Segment Operating Income Overview

- ▶ Raw materials sales increased for coating and urethane raw materials as well as those related to industrial oil solutions and plastic materials, driven by an increase in automotive production
- ▶ Sales trended strong in areas like electronics chemicals for the electronics industry, such as for semiconductor-related products
- ▶ Profits increased year-on-year; the economic impact of the COVID-19 had been significant in the previous fiscal year, primarily in the automobile-related business

Operating income by business (100 millions of yen)



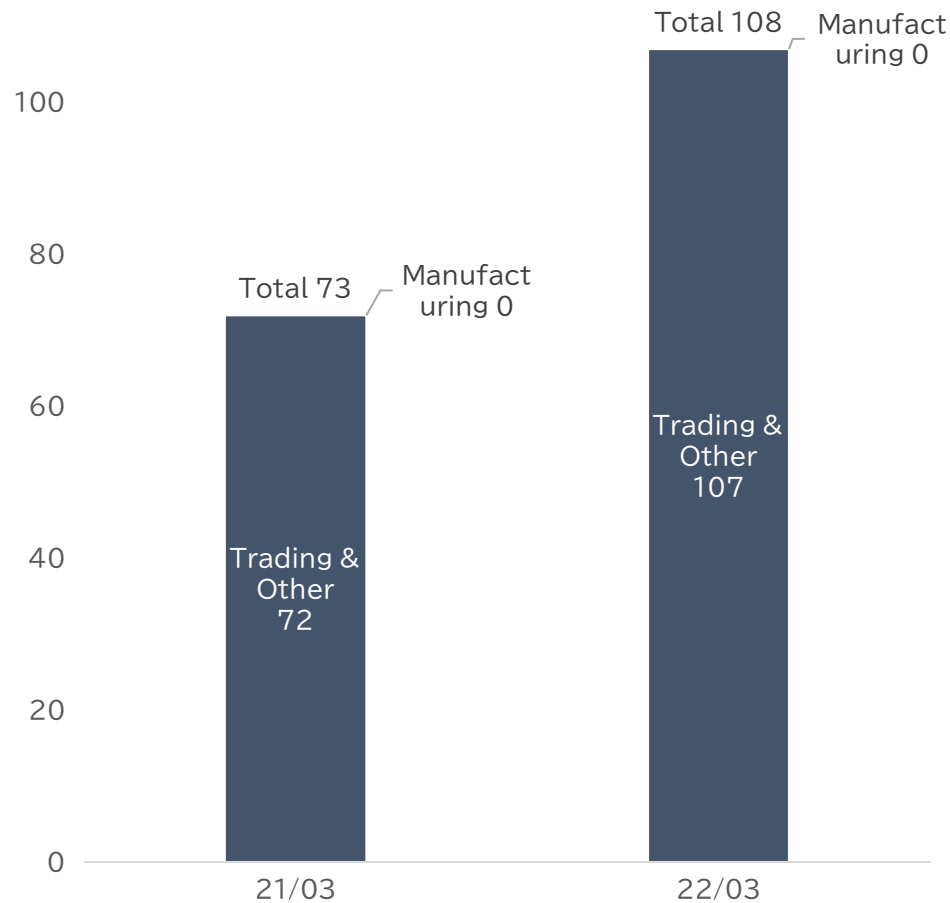
History of operating income (100 millions of yen)



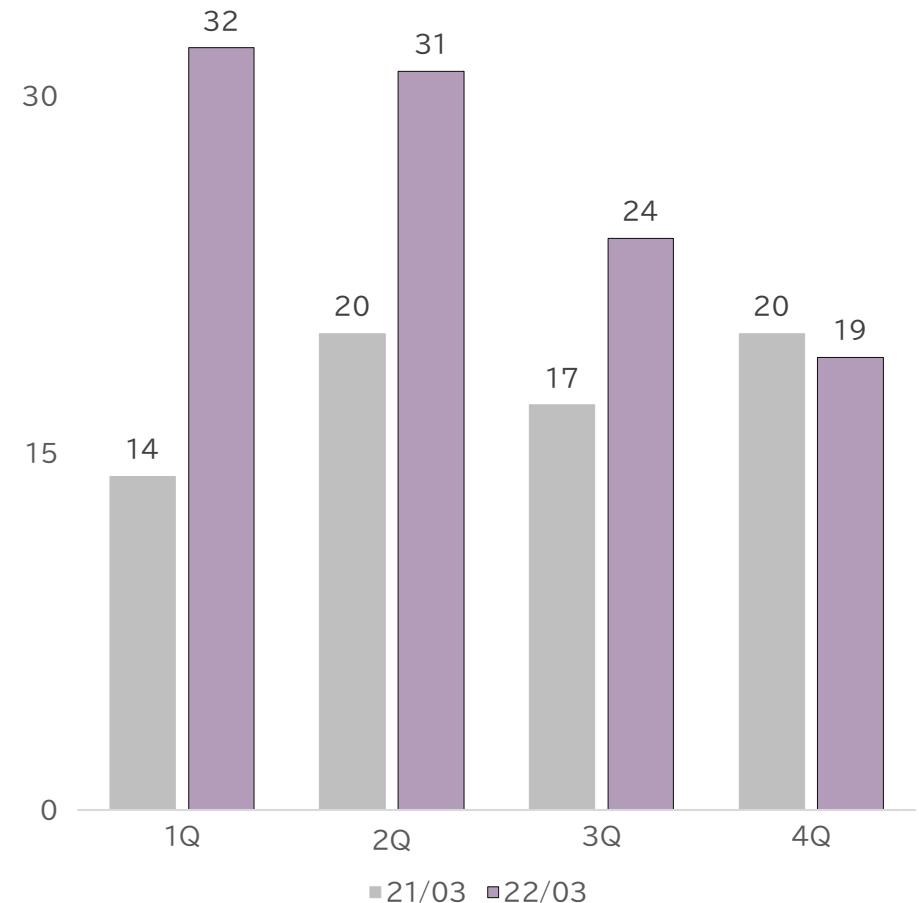
Advanced material & Processing Segment Operating Income Overview

- ▶ Resins sales, mainly in products to the office equipment, appliance, and video game device industry, performed well due to rising market conditions
- ▶ Digital print processing materials sales continued to be sluggish due to impact from declining market from the second half of the previous fiscal year
- ▶ Profits increased significantly year-on-year thanks to strong sales in the resins business both domestically and overseas, as well as improvement in profitability from rising market conditions

Operating income by business(100 millions of yen)



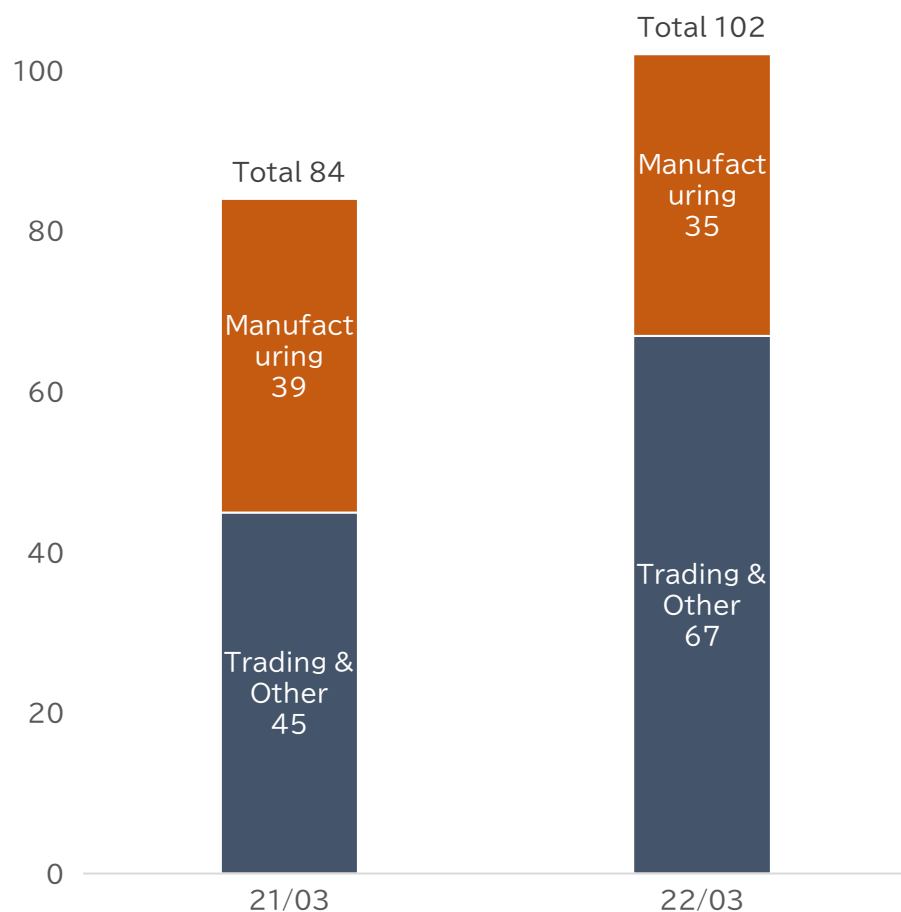
History of operating income (100 millions of yen)



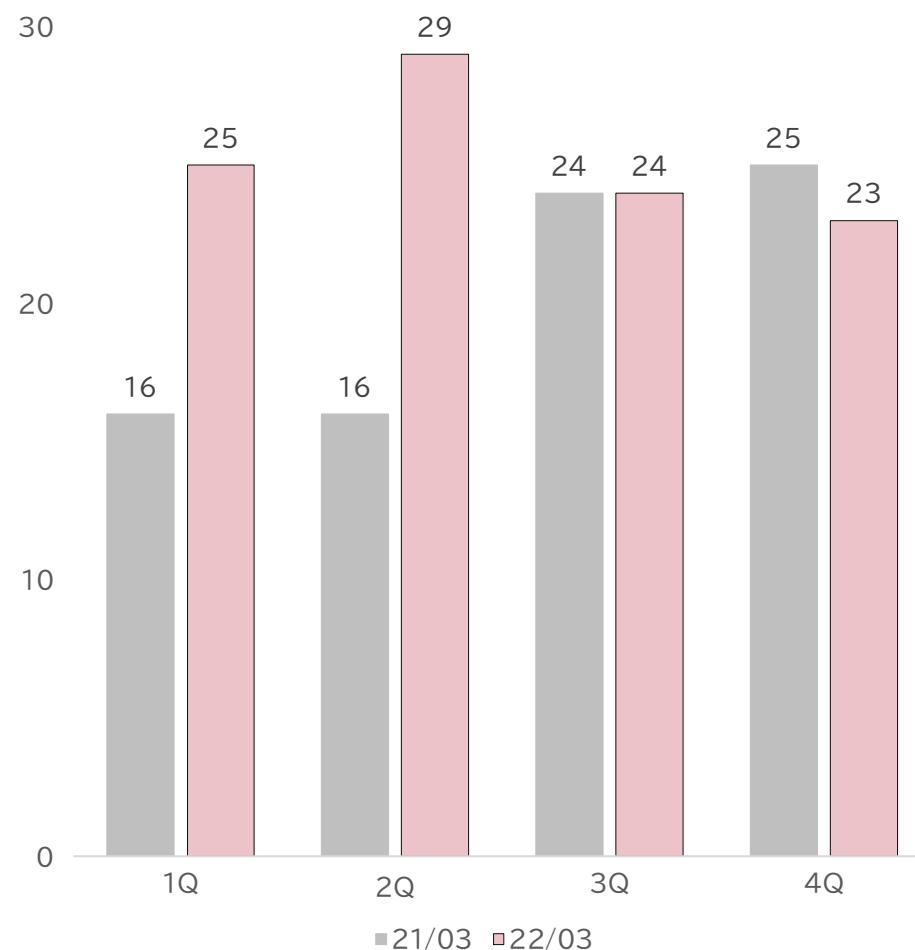
Electronics & Energy Segment Operating Income Overview

- ▶ Sales increased for display-related materials and precision processing-related materials for semiconductors
- ▶ Sales of formulated epoxy resins-related products increased, primarily for mobile devices and semiconductors
- ▶ Establishing a structure for next-generation communications-related business, aiming for medium- to long-term growth despite upfront development costs

Operating income by business(100 millions of yen)



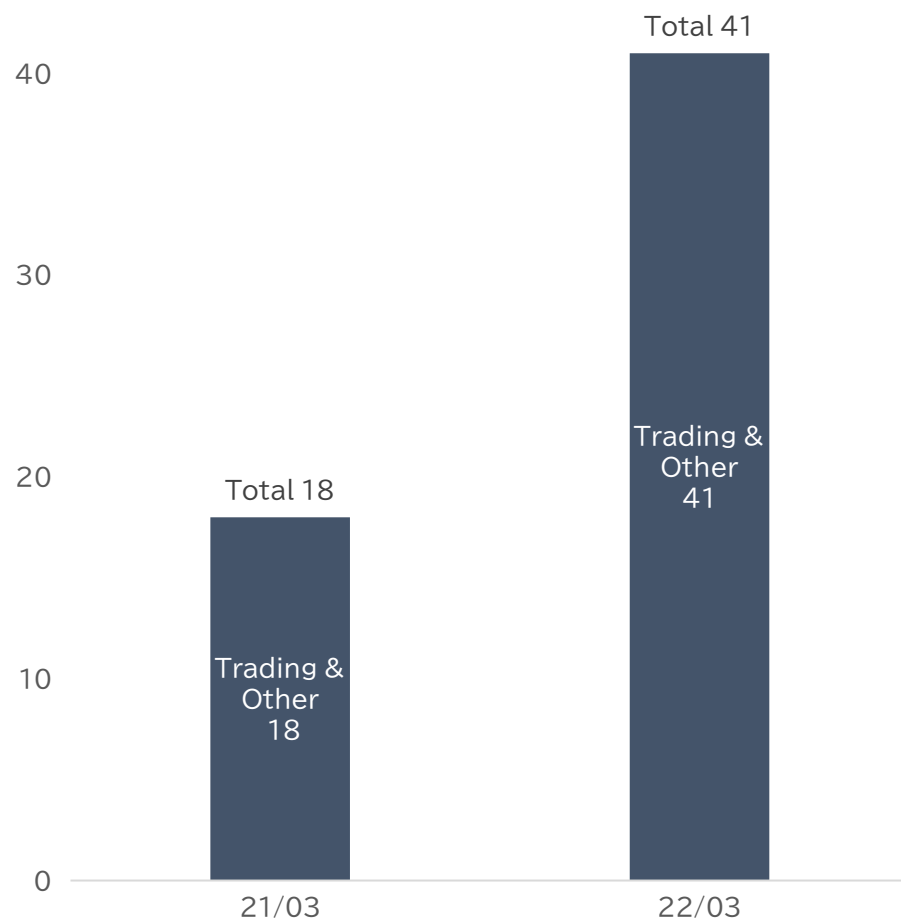
History of operating income (100 millions of yen)



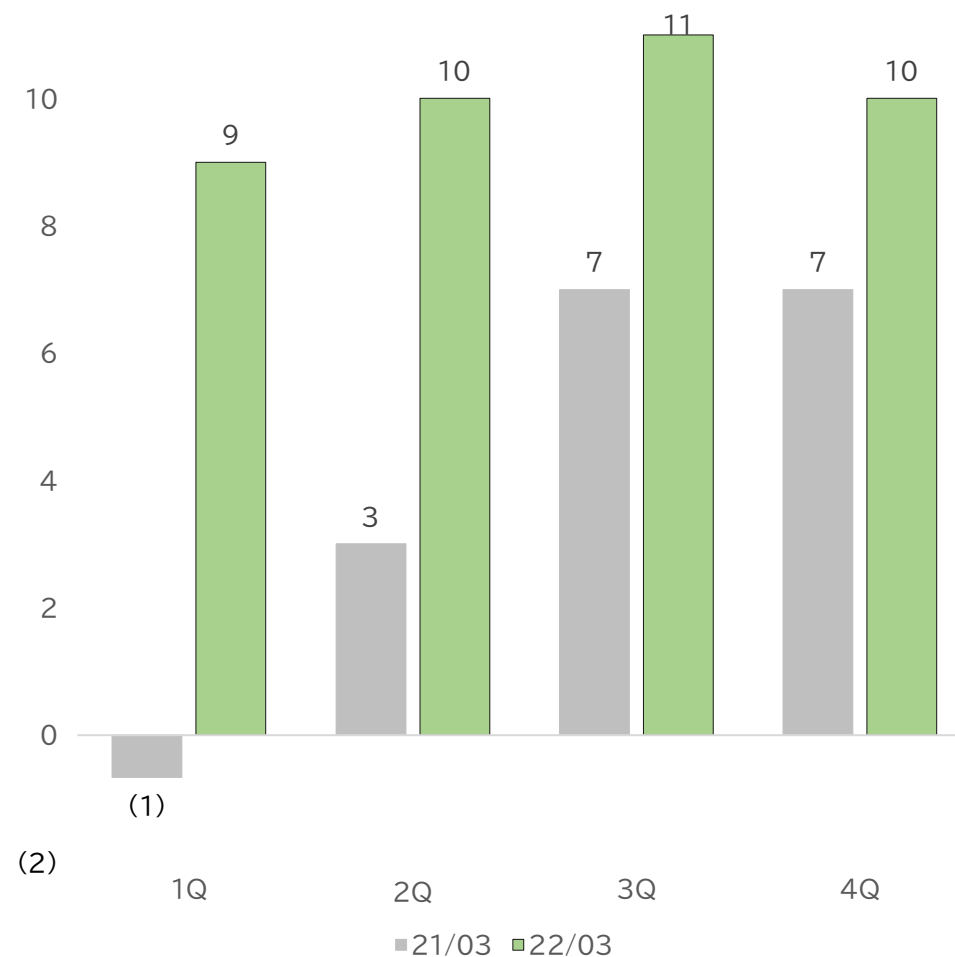
Mobility Segment Operating Income Overview

- ▶ Sales increased in functional materials and functional components for EV interior and exterior fittings and electrification
- ▶ Profits increased significantly year-on-year due to a recovery in automotive production and rising market conditions
- ▶ Profitability improved due to progress in business portfolio transformation, including increased sales of high-added-value products

Operating income by business (100 millions of yen)



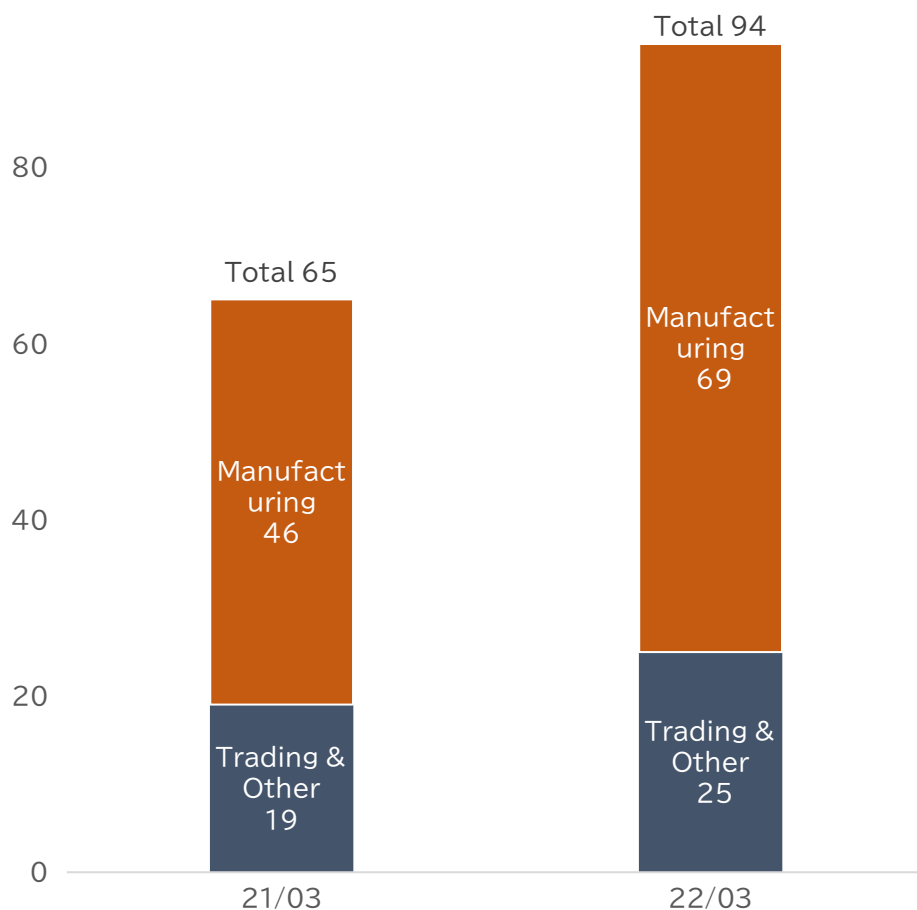
History of operating income (100 millions of yen)



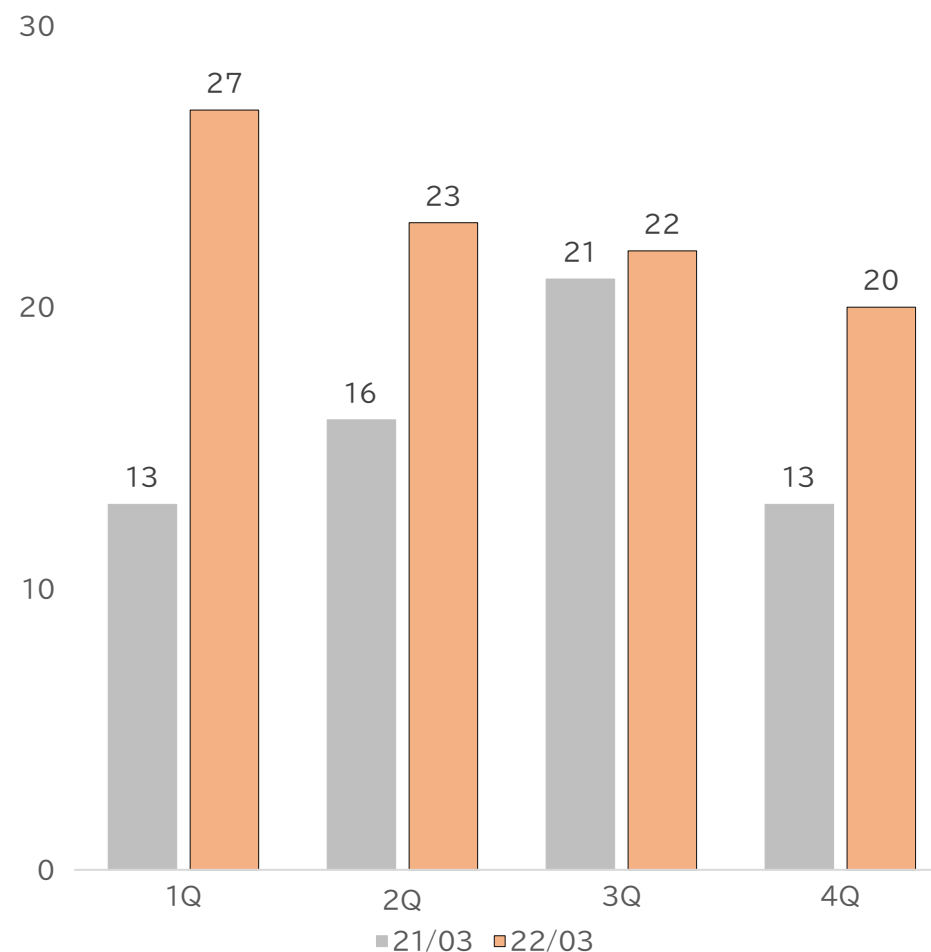
Life & Healthcare Segment Operating Income Overview

- ▶ Materials sales, manufacturing, and processing all trended strongly in the nutrition-related business, primarily focused on the Prinova Group
- ▶ Sales increased related to food materials, primarily TREHA™, in cosmetics materials, primarily AA2G™, and related to pharmaceutical raw materials and intermediates
- ▶ Profits increased significantly year-on-year; the economic impact of the COVID-19 had been significant in the previous fiscal year, primarily in food materials and cosmetics-related material

Operating income by business (100 millions of yen)



History of operating income (100 millions of yen)



State of Major Manufacturing Subsidiaries

- ▶ Nagase ChemteX Corporation : Profits increased with strong sales related to formulated epoxy resins primarily for mobile devices and semiconductors, as well as for products like photolithography materials for displays
- ▶ Hayashibara Co., Ltd. : Profits increased with demand for the TREHA™ food material and with recovery in demand for the AA2G™ cosmetics material
- ▶ Prinova Group : Profits increased with continued strong sales of nutrition materials thanks to U.S. economic recovery as well as with recovery of manufacturing and processing

		100 millions of yen			
		21/03	22/03	Change	Vs.PY
Nagase ChemteX Corporation	Sales	259	289	30	112%
	Gross profit	80	89	8	110%
	Operating income	32	37	5	117%
Hayashibara Co.,Ltd.	Sales	236	265	29	112%
	Gross profit	100	108	7	107%
	Operating income	43	45	1	104%
	Goodwill amortization etc.	30	30	-	100%
	Operating income after amortization burden	12	14	1	115%
Prinova Group	Sales	866	1,209	342	140%
	Gross profit	163	218	55	134%
	Operating income	47	69	22	147%
	Goodwill amortization etc.	19	20	1	104%
	Operating income after amortization burden	27	49	21	177%

Prinova Group Update

Expand business in North America

■ FY2021 acquisitions

Expand product lineup for ingredient sales ⇒ acquisition of **The Ingredient House**
(sweetener distributor)

Expand regional portfolio of processing centers and strengthening functions
⇒ acquired **Lakeshore Technologies**

PMI is on track and producing synergies, including the start of business with a major brand owner

■ Strengthen manufacturing and processing functions through new plant construction

Expand capacity of Armada (contract manufacturing) and Solutions (processing)
⇒ **New plant** to be built in Utah

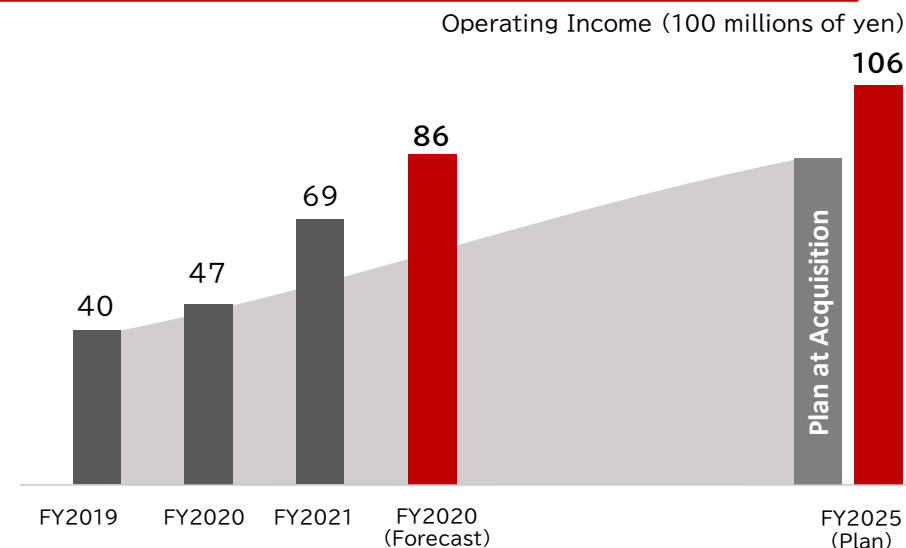
Preparations underway and production scheduled to start in July

FY2022 Numerical Plan

■ FY2021: Operating income of 6.9 billion yen due to strong sales of materials and recovery at Armada, which had been underperforming during fiscal 2020 due to COVID-19

■ FY2022: Forecast operating income of 8.6 billion yen due to ongoing strong performance for the business as a whole, as well as higher sales stemming from the full-year contributions of two acquisitions and the effects of increased capacity

■ Expect to achieve targets three years ahead of schedule compared to plans at the time of acquisition



*Forecast conversion rate (FY2022: 120.0 yen; FY2025: 108.7 yen)

Consolidated Balance Sheets

- ▶ Current assets : Accounts receivable and inventories increased due to favorable performance (working capital increased)
- ▶ Net assets : Shareholders' equity increased due to the recording of profits for the fiscal year, despite payments of dividends, purchases of treasury stock, and a decline in market value of investments in securities
- ▶ NET D/E ratio : Increased to 0.33 with increase in short-term borrowings due to demand for funds from increased working capital

100 millions of yen

	21/03	22/03	Change	Details
Total current assets	4,017	5,142	1,125	
(Cash & time deposits)	492	542	50	
(Notes & accounts receivable)	2,425	2,898	473	
(Inventories)	972	1,575	602	
Total non-current assets	2,388	2,254	(134)	
(Investments in security)	937	756	(181)	
Total assets	6,405	7,397	991	
Current Liab.	2,061	3,078	1,016	Short-term loans/CP+570, Current portion of bonds+100
(Notes & accounts payable)	1,199	1,490	290	
Non-current Liab.	960	767	(192)	
Total Liab.	3,021	3,846	824	
Shareholders' equity	2,847	2,988	140	
Accum. other comprehensive income	449	454	5	Translation adjustments+126, Net unrealized holding loss on securities(118)
Non-controlling interests	87	108	20	
Total net assets	3,384	3,550	166	
Working capital	2,198	2,983		
Shareholders' equity ratio	51.5%	46.5%		
NET D/E ratio	0.23	0.33		

Consolidated Cash Flows

- ▶ Operating CF : Net cash used of ¥17.7 billion as working capital increased due to strong business performance
- ▶ Investing CF : Net cash used of ¥7.6 billion due to purchases of property, plant and equipment and the acquisition of stock of a subsidiary related to a corporate acquisition; offset in part by proceeds from sales of investments in securities
- ▶ Financing CF : Net cash provided of ¥27.2 billion, mainly due to a net increase in short-term loans in connection with an increase in working capital, offset in part by dividends and purchases of treasury stock

	100 millions of yen	
	21/03	22/03
Operating CF	203	(177)
Investing CF	26	(76)
Free CF	230	(254)
Financing CF	(258)	272
Effects of exchange rate changes on cash and cash equivalents	9	29
Net change in cash and cash equivalents	(19)	47
Depreciation and amortization of tangible and intangible assets	133	136
Fixed asset investment	(128)	(169)
Change in working capital	(100)	(631)

FYE March 2023 Earnings Projection

- ▶ Semiconductor and food-related businesses, which are the focus area of medium-term management plan **ACE 2.0**, will continue to expand market share and maintain strong performance
- ▶ We expect the impact of COVID-19 on economic activities to be limited in response to the easing of regulations in various countries
- ▶ We expect sharp rises in oil prices and the chemical market, while supply chain disruptions are likely to continue to one degree or another
- ▶ Direct business with Russia and Ukraine is negligible and impact is limited
- ▶ Despite the many uncertainties in the external environment, we currently expect to record record-high profits for a second consecutive fiscal year

100 millions of yen

	22/03 Actual	23/03 Forecast	Change	Vs.PY
Gross profit	1,394	1,590	195	114%
SG&A expenses	1,042	1,210	167	116%
Operating income	352	380	27	108%
Ordinary income	364	390	25	107%
Profit attributable to owners of the parent	259	285	25	110%
US\$ Exchange rate (period average)	@ 112.4	@ 120.0		
RMB Exchange rate (period average)	@ 17.5	@ 18.5		

FYE March 2023 Earnings Projection (By segment)

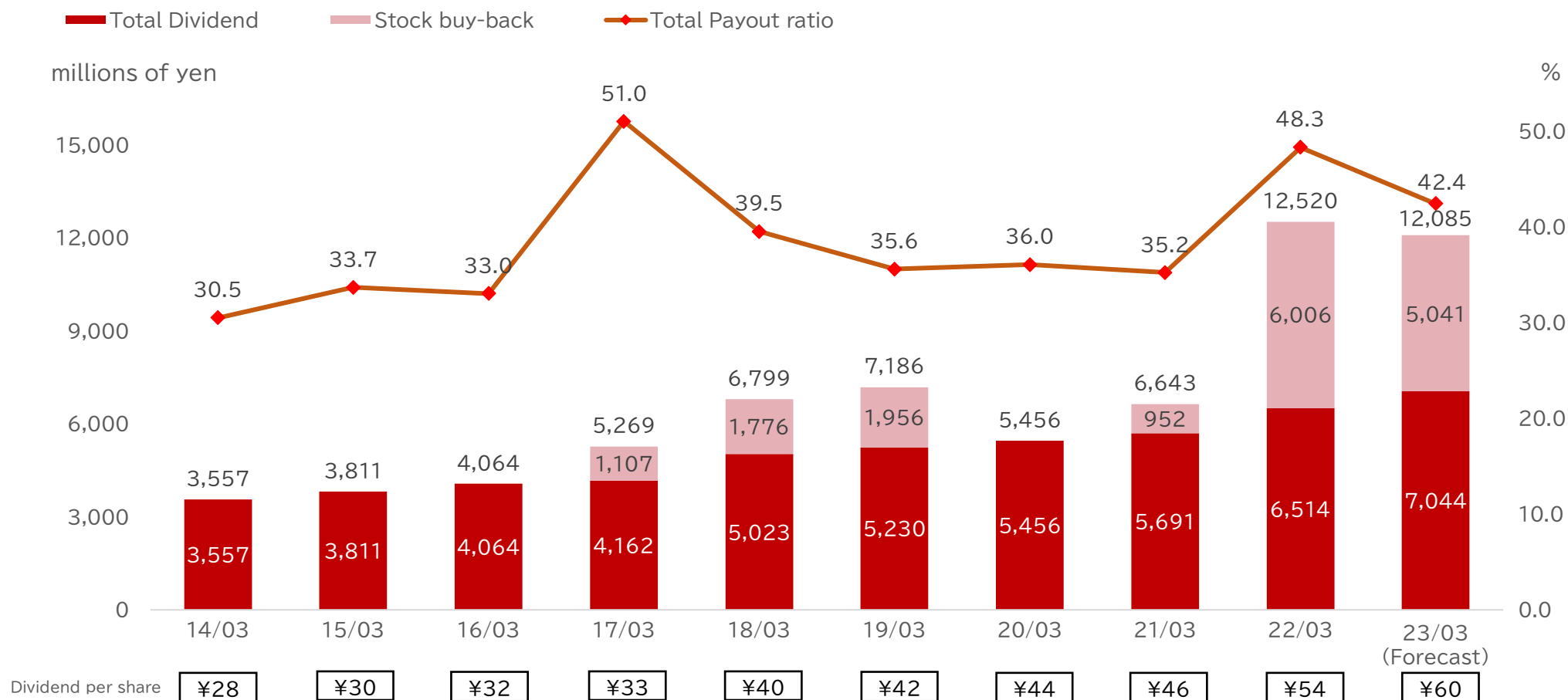
- ▶ We expect the resins business, centered on Advanced Materials & Processing and Mobility, to experience strong performance based on our projections of increased demand and ongoing high market condition levels
- ▶ We expect the semiconductor-related products business, centered on Functional Materials and Electronics, to experience strong performance based on our projections of strong demand, particularly for telecommunications applications
- ▶ We expect further growth in the nutrition-related business of the Life & Healthcare-related Prinova Group due to expanding consumption and rising health consciousness in Europe and the Americas
- ▶ We expect cost increases in Corporate & Others due to office relocation, etc.

100 millions of yen

		22/03 Actual	23/03 Forecast	Change	Vs.PY
Functional Materials	Gross profit	198	221	22	112%
	Operating income	78	83	4	106%
Advanced Materials & Processing	Gross profit	323	343	19	106%
	Operating income	108	117	8	108%
Electronics & Energy	Gross profit	297	325	27	109%
	Operating income	102	115	12	112%
Mobility	Gross profit	127	142	14	112%
	Operating income	41	44	2	106%
Life & Healthcare	Gross profit	447	557	109	124%
	Operating income	94	112	17	119%
Corporate & Others	Gross profit	1	2	0	168%
	Operating income	(72)	(91)	(18)	—
Total	Gross profit	1,394	1,590	195	114%
	Operating income	352	380	27	108%

Shareholder Returns

- ▶ Annual dividend increased from the originally planned ¥48 per share to ¥54 per share in response to strong performance
- ▶ As we expect strong earnings for FY2022, we plan to increase annual dividends per share by ¥6 to ¥60 per share (increase in dividends for an expected 13th consecutive fiscal year)
- ▶ We are proceeding as planned with the repurchase of ¥6 billion in treasury stock, as resolved in February 2022 (purchase period : February 2022 to February 2023)



※ 22/03 year-end dividend to be submitted for approval to the 107th general meeting of shareholders scheduled for June 2022.

Initiatives Under Medium-Term Management Plan **ACE 2.0**

Become a true “Business designer”

ACE 2.0 “Pursuit of Quality”

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

Reform of Profit Structure

Create a profit base toward the Ideal NAGASE

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

Reform of Corporate Culture

Mindset toward the Ideal NAGASE

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

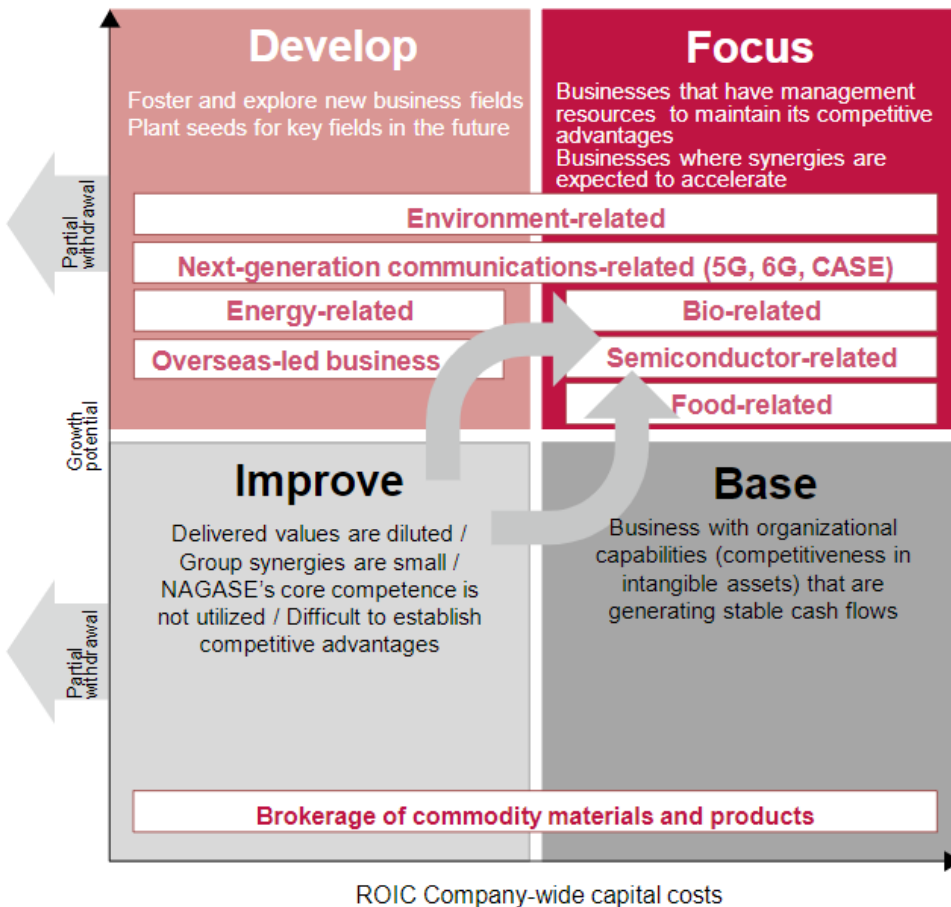
Functions supporting reforms

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

Reform of Profit Structure – Pursuit of Profitability and Efficiency –

- ▶ Execute strategies according to four quadrants and accelerate shift of resources to Focus and Develop areas

Approach to Business Portfolio



Replace Businesses in Portfolio

- Divested consolidated subsidiary Kotobuki Kasei
- Withdrew from certain unprofitable and inefficient businesses

Expand Focus Area Business

- Semiconductor-related
Established Semiconductor Strategy Planning Team to accelerate group-wide efforts
- Food-related
Prinova Group growing faster than expected at the time of acquisition
⇒ Expanding product lineup and strengthening manufacturing and processing capabilities through M&A
⇒ Investing in expansion of contract manufacturing capacity

Invest in Start-Ups

- Investing in next-generation communications and new material development start-ups

Reform of Profit Structure – Strengthen Existing Businesses –

▶ Strengthen the foundation supporting manufacturing business growth

Strengthen the management foundation of group manufacturing businesses

■ Strengthen and implement collaborations on safety, quality, and the environment within the Group Manufacturers' Collaboration Committee

In addition to sharing information and engaging in discussions on safety and quality, the Collaboration Committee discusses policies and measures to achieve carbon neutrality in the manufacturing industry, shares information on DX activities within each manufacturing company, and pursues other initiatives to strengthen collaboration and implementation

■ Established Group Manufacturing Management Innovation Office

Created a new organization to enhance synergies and improve the business of group manufacturers through a high-level view of the manufacturing capabilities, production technology, R&D, quality control, engineering, investment evaluation, etc., of each manufacturing company from a business management perspective

Expand manufacturing business profits

■ FY2021 : Record-high operating income due to growth of the Prinova Group, Nagase ChemteX, etc.

■ FY2022 : We expect to achieve the **ACE 2.0** KPI of 20.0 billion yen

	(100 millions of yen)			
	FY2019 Results	FY2020 Results	FY2021 Results	FY2022 Forecast
Gross profit	396	475	546	668
Operating income	128	138	169	200

*Results calculated using simple sums

*Totals are based on classifications after the change in FY2021, which include the Prinova Group as a manufacturing company

▶ Establish non-financial targets (KPIs) under **ACE 2.0**

Background Behind Non-Financial Targets (KPIs)

- The Ideal NAGASE of 2032: Business Designer that Creates a Sustainable Future
 - Toward achieving our vision
 - **Important Stakeholders**
 - **Materialities (Key Issues)**
to create values we want to provide to our stakeholders
- } Identify
- Set non-financial targets (KPIs) in the following two areas to evaluate and monitor initiatives quantitatively

Employee Engagement

To achieve sustainable growth of the NAGASE Group, we must increase engagement with employees—our important stakeholders—achieving a relationship between company (organization) and employee built on mutual respect and mutual motivation

- KPI -

* **Engagement survey implementation and scores**

* See *NAGASE Group's Sustainability* for specific targets

Carbon Neutrality

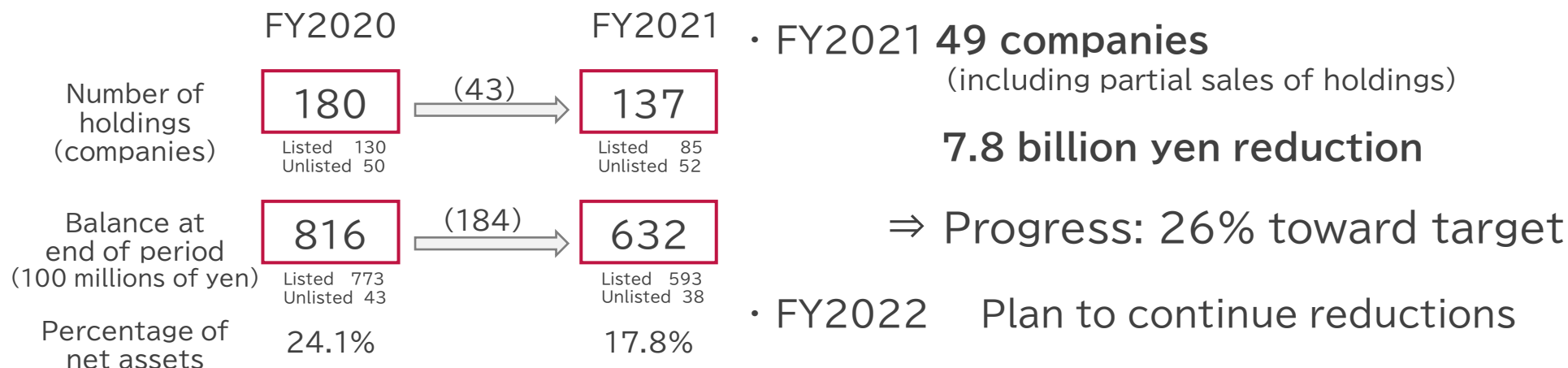
As part of our efforts to solve the materialities of social issues, environmental issues, and globalization, we must address and respond to climate change as a key issue

- KPI -

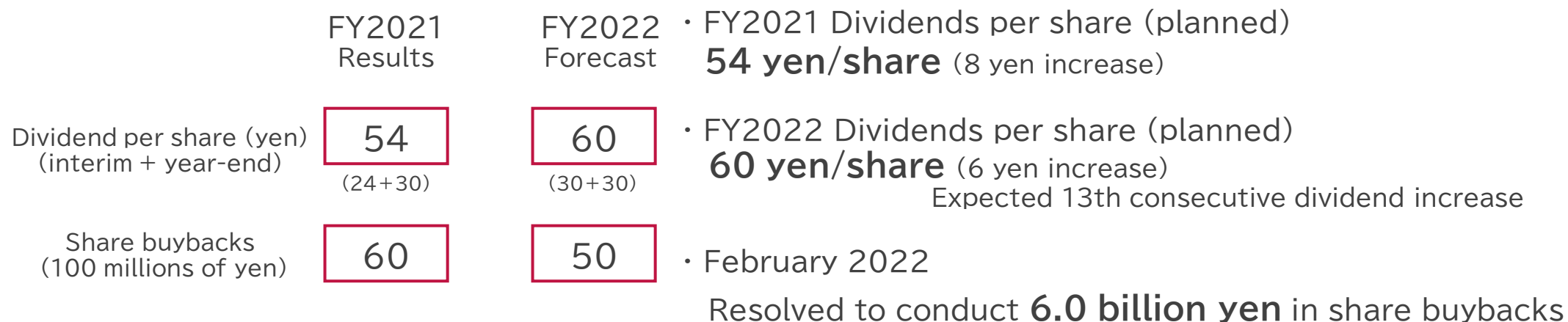
* **Greenhouse gas emissions reductions (Scope 1, 2 basis)**

Reform of Corporate Culture – Pursuit of Efficiency –

Reduce cross-shareholders **ACE 2.0** Target :30.0 billion yen cumulative reduction



Expand Shareholder Returns **ACE 2.0** Policy :Continued dividend increases + share buybacks to a maximum equivalent of strategic cross-shareholding sales



Reform of Corporate Culture – Pursuit of Efficiency –

► Improve efficiency

- ROE increased to 7.7%, close to the target of 8.0% in the final year of **ACE 2.0**
- WACC decreased by 0.2% due to an increase in the ratio of interest-bearing debt to equity
- ROIC rose 1.1%, despite an increase in invested capital, due to improved profitability and gain on sales of cross-shareholdings

	FY2020	Change	FY2021	FY2025 Target
ROE	5.9%	+1.8% →	7.7%	8.0% or higher
WACC	5.7%	(0.2%) →	5.5%	5.0% or lower
ROIC	4.2%	+1.1% →	5.3%	5.0% to 5.5%
NET D/E Ratio	0.23	+0.1 →	0.33	0.5 or lower
Net assets (100 millions of yen)	3,384	+166 →	3,550	
Interest-bearing debt (100 millions of yen)	1,189	+475 →	1,665	

Reform of Corporate Culture – Pursuit of Efficiency –

▶ Cash Allocation

- Cash inflow of 52.5 billion yen before deducting changes in working capital and investments (expenses) for DX, R&D, etc.
- Cash outflow of 85.8 billion yen due to working capital (stemming from strong financial results), DX and R&D expenses, and other growth investments, etc.
- Share buybacks leveraging cash inflows from cross-shareholding sales, increased dividends due to strong financial results combined for 12.4 billion yen in shareholder returns

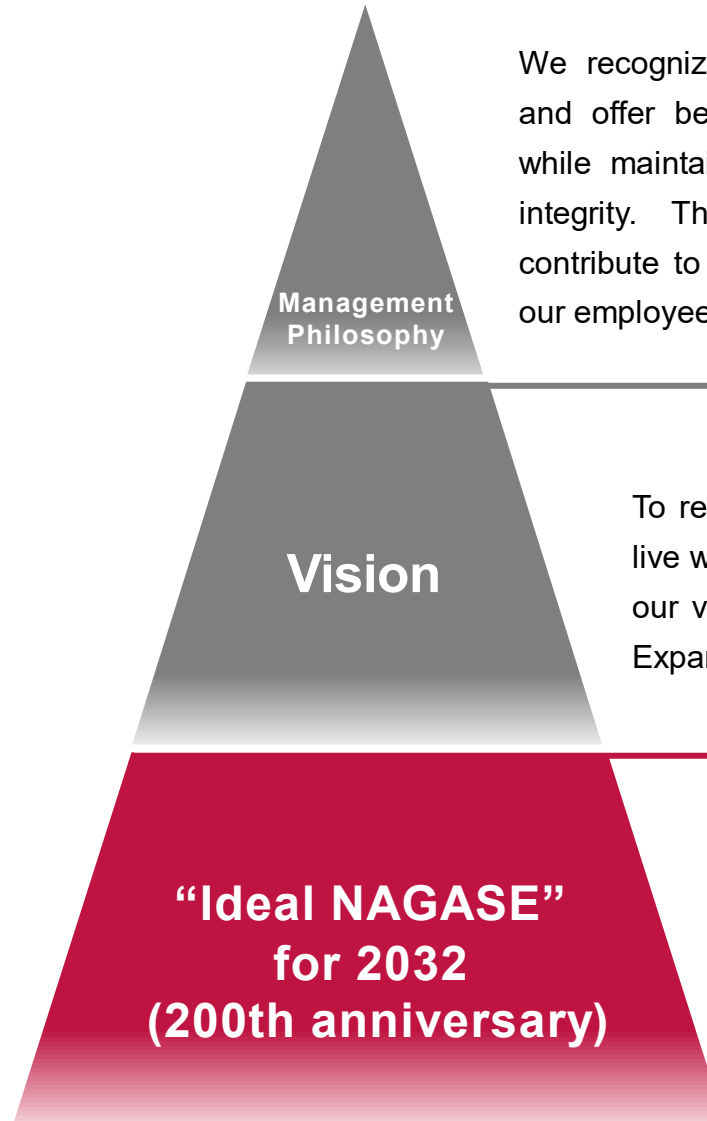
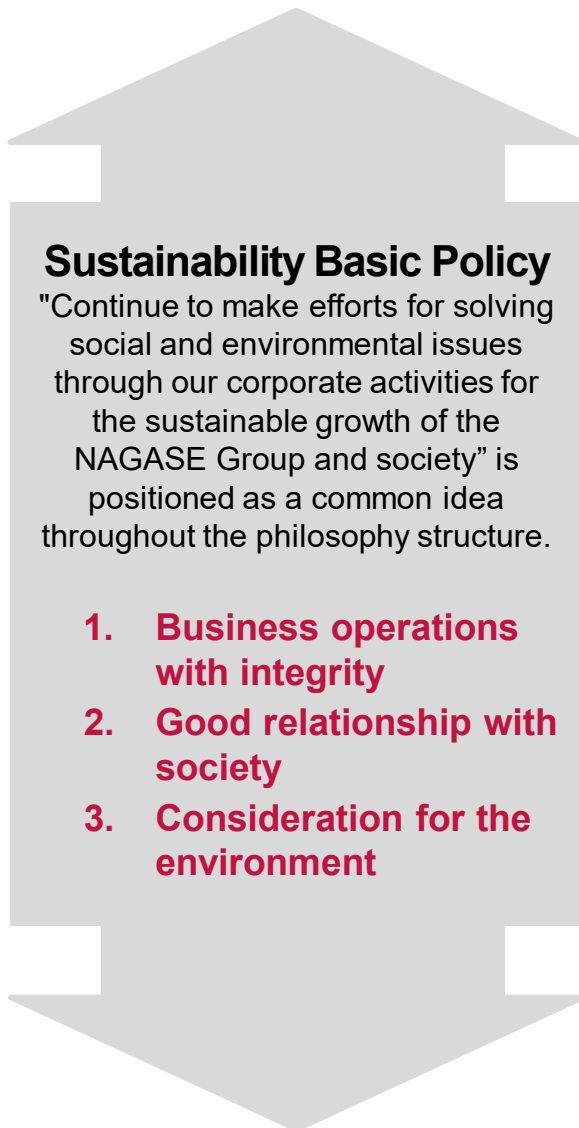
100 millions of yen

Cash inflow		Cash outflow	
*Operating CF after adjustments	525	Dividends and share buybacks	124
Proceeds from sales of cross-shareholdings, etc.	92	Investment in DX, R&D, etc.	71
Proceeds from change in interest-bearing debt	401	Increase in working capital	631
Other income	7	Other growth investments, etc.	156
		Other expenditures	25
Total cash inflows	1,026		1,008

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

NAGASE Group Sustainability

Corporate Philosophy



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

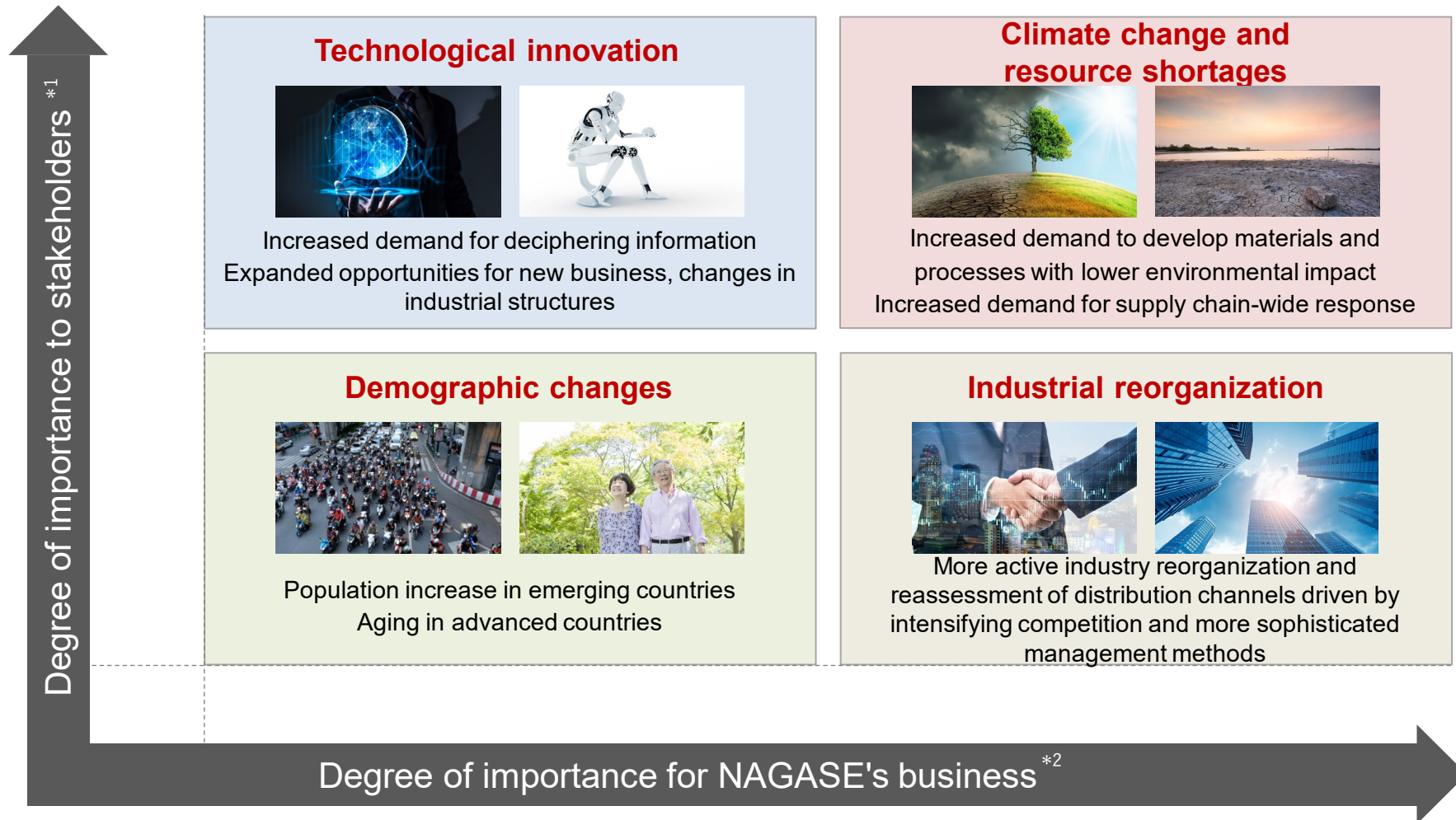
To realize a sustainable world where people live with peace of mind, each of us embodies our value proposition, "Identify, Develop and Expand" through daily activities.

Business Designer that Creates a Sustainable Future :

"Identify, Develop and Expand" – Contribute to the development of sustainable society.

Our Recognition of External Environmental Changes

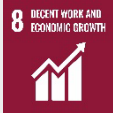








The most important matters for both NAGASE and its stakeholders are “technological innovation”, “climate change and resource shortages”, “demographic changes”, and “industrial reorganization”



*1 Assessed as important matters that produce great change to the respective needs of employees, business partners, local communities, consumers, and shareholders.

*2 Assessed as important matters that offer opportunities for new businesses, opportunities for existing businesses, threats to existing businesses, and threats to business continuation.

Materiality (Key Issues)

	Delivered Values	Materiality	Related SDGs
Employees	<ul style="list-style-type: none"> Provide a safe and friendly work environment. Provide a cheerful, happy, and engaging workplace. Create a corporate Group that is a sense of pride for employees and their families. 	<p>【Use diverse human resources; offer a workplace environment and corporate culture】</p> <ul style="list-style-type: none"> Use advanced technologies to improve productivity and leverage diverse human resources. Provide a workplace environment and foster a corporate culture as a Group where employees with diverse backgrounds have mutual respect and motivate each other. 	 
Business Partners	<ul style="list-style-type: none"> Establish a cooperative relationship by gaining deep understanding of business partners, which enables pursuit of a wide range of possibilities. Provide solutions to issues that need to be tackled throughout the value chain as well as social issues. 	<p>【Use of state-of-the-art technology to create new value】</p> <ul style="list-style-type: none"> Create new value leveraging advanced technologies and a network of business partners. Provide a wide range of solutions based on understanding the true causes of the increasingly complex problems of business partners. 	 
Society and Consumers	<ul style="list-style-type: none"> Contribute to the development of the local community through legal compliance and ethical management. Consider the rights, health and comfort of everyone involved in the supply chain. Provide products and services towards realization of a sustainable world. 	<p>【Solving Social and Environmental Issues, and Globalization】</p> <ul style="list-style-type: none"> Solve problems that threaten safety and security, e.g., climate change and food and water shortage. Contribute to securing and improving food safety by utilizing biotech, AI and other advanced technologies. Fulfill health maintenance demands due to increasingly aging societies in advanced countries. Contribute to the acceleration of globalization and solve social issues in each region. 	   
Share holders	<ul style="list-style-type: none"> Foster trust and a sense of security through a highly transparent management structure and timely and reasonable information disclosure. Maximize enterprise value by increasing both economic and social value and through continuous business creation. 	<p>【Corporate Governance】</p> <ul style="list-style-type: none"> Establish a highly transparent corporate governance system. Make sustainable improvement of enterprise value by balancing economic value and social value. 	

Sustainability Advancement Structure

- Establish a structure to advance sustainability throughout the group
- Launch the Employee Engagement Improvement and Carbon-Neutral Projects as a corporate projects

Board of Directors

Committee/Project

Established in June 2020

Sustainability Committee

Chairman: Asakura
Representative Director, President

Employee Engagement Improvement Project

Established in September 2021

Owner: Asakura
Representative Director, President

Carbon-Neutral Project

Established in July 2021

Owner: Kamada
Director

Corporate Projects

Issues for the NAGASE Group to Address

Business Execution Organization

Established in April 2021

Corporate Sustainability Department*

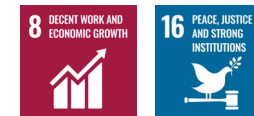
- ▶ Emission reduction
- ▶ LCA Visualization
- ▶ Food Systems
- ▶ Circular Economy
- ▶ Disclose of related information for ESG assessment

Individual Projects

Issues to be addressed through collaboration among related organizations

*Effective April 1, 2022, the Corporate Communication Department was renamed the Corporate Sustainability Department and placed under the direct control of the representative director, president.

Non-Financial Target (1): Improve Employee Engagement

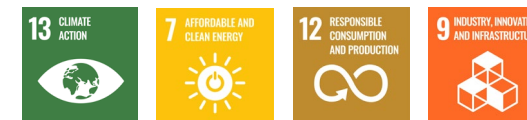


Ideal NAGASE (Long-Term)	Values we want to provide to stakeholders	[Employees] <ul style="list-style-type: none"> • Provide a safe and friendly work environment • Provide a cheerful, happy, and engaging workplace • Create a corporate group that is a sense of pride for employees and their families
	Materialities (Key Issues)	[Use diverse human resources; offer a workplace environment and corporate culture] <ul style="list-style-type: none"> • Use advanced technologies to improve productivity and leverage diverse human resources • Provide a workplace environment and foster a corporate culture as a group where employees with diverse backgrounds have mutual respect and motivate each other
Ideal NAGASE (Medium-Term)	ACE 2.0 Non-financial targets (KPIs)*	Group companies : Percentage of companies conducting regular engagement surveys 100% NAGASE (non-consolidated) : Engagement survey score of 60 or more
	Initiatives and policies	Talent management, health management, work-style reform, Diversity & Inclusion, HR policy
Single-year results (Short-Term)	Results	Implemented engagement survey; engaged in work-style reform (started Project Bridge, eliminated dress code)
	Disclosures	[Number of employees (non-consolidated)] Number (percentage) of male and female employees, number (percentage) of non-regular employees, percentage of employees with disabilities, number of mid-career hires [Work-style (non-consolidated)] Rate of new graduates retained after three years, turnover rate for personal reasons, average years of service, average annual salary, total annual hours worked, rate of paid leave taken, number of employees taking maternity and childcare leave, number of employees participating in human resource development training, total hours of training [Safety and health (non-consolidated + domestic manufacturing companies)] Number of work-related accidents, number of fatalities, frequency rate, frequency of work-related accidents, number of employees participating in training related to health and safety

*Prinova Group calculated as a single company.

*FY2021: Implemented by 41% of group companies (including 24 companies with one-time implementation) NAGASE (non-consolidated) engagement survey score was 52.4.

Non-Financial Target (2): Carbon Neutrality



Ideal NAGASE (Long-term)	Values we want to provide to stakeholders	[Society and Consumers] <ul style="list-style-type: none"> Contribute to the development of the local community through legal compliance and ethical management Consider the rights, health and comfort of everyone involved in the supply chain Provide products and services towards realization of a sustainable world where people live with peace of mind
	Materialities (Key Issues)	<ul style="list-style-type: none"> Solve problems that threaten safety and security, e.g., climate change and food and water shortages Contribute to the acceleration of globalization and solve social issues in each region
Ideal NAGASE (Medium-Term)	ACE 2.0 Non-financial targets (KPIs)	Consolidated : Scope 1 and 2 reduction rate of 37% or more (compared to 2013) Consolidated : Reduce emissions through the generation or purchase of renewable energy of 35,000 tons or more (cumulative total) NAGASE (non-consolidated) : Scope 2 Zero emissions
	Initiatives and policies	Overall Measures : Participation in external initiatives, promote environmental investing, examine internal carbon tax Visualization : Visualize emissions in the supply chain, calculate the LCA of strategic products Reductions : Provide low-carbon products and reduction solutions; adopt environmentally friendly facilities Improve production process, utilize renewable energy (purchase, generate renewable energy in-house)
Single-year results (Short-Term)	Results	Declaration of carbon neutrality, declaration of support for TCFD, business alliance with ZeroBoard Inc. began calculating LCA for domestic manufacturing subsidiaries
	Disclosures (results only)	[Consolidated] <ul style="list-style-type: none"> Greenhouse gas emissions (Scope 1, 2, and 3) Greenhouse gas Scope 1 emissions by type Energy consumption, electricity consumption, consumption rate during production (t-CO2/ton of production)

NAGASE Group Carbon Neutral initiatives

[NAGASE Group Carbon Neutral Declaration]

2050 Target: Scope 1, 2 Carbon Neutrality

2030 Target: Scope 1, 2 46% reduction (compared to 2013 levels)

Scope 3 12.3% or more reduction (compared to 2020 levels)

[Overall Group]

Overall Measures

- Participate in external initiatives
- Promote environmental investing
- Examine internal carbon tax

[Trading]

[Manufacturing]

Measure (1) Visualize emissions in the supply chain, etc.	Visualization	Measure (2) Life-cycle assessments for strategic products, etc.
Measure (3) Provide low-carbon products and reduction solutions, Introduce green facilities, etc.		Reduction

Issues in the Supply Chain: Values Offered by NAGASE

External Environment

Response to climate change as a management issue

- Disclosures of climate change-related information are a competitive factor in the stock market
- TCFD disclosures is required in the prime market
- TCFD recommends Scope 3 disclosure

Scope3:Need to address climate change throughout the supply chain

- Scope 3 reductions are not effective if only in-house efforts are made
- Reduction targets must be set upstream in the supply chain

Have not yet standardized calculation methods for the supply chain

- Need standardized calculation methods for setting reduction targets
- Standardization of calculation methods and assurance of accuracy, particularly for overseas production sites



Values provided by the NAGASE Group

- Provide low-carbon products and reduction solutions; adopt environmentally friendly facilities
- Provide support for Scope 3 calculations in the supply chain
- Switch to Category 1 (products purchased) and other primary data; facilitate dialogues to appeal to economic value

Business Alliance with Zeroboard Inc.



Zeroboard Inc. and NAGASE & CO., LTD. Enter Business Alliance for Expansion of CO2 Visualization Service Supporting Decarbonization of Companies Through Technology and a Trading Firm Network

Zeroboard Inc. and NAGASE & CO., LTD. have agreed on a business alliance for sales and expansion of zeroboard, a cloud service developed by Zeroboard Inc. for calculating and visualizing CO2 (carbon dioxide) emissions to support the decarbonization of companies.

Zeroboard Inc. will develop and improve zeroboard, and manage its database, while NAGASE will sell the service mainly to the chemical industry, collect information on customer needs, and develop and provide CO2 emissions reduction solutions.



The leading company in GHG calculation and visualization

zeroboard

- Calculation of Scope 3
- Validated for GHG protocol
- Cost reduce

- Data linkage between user companies
- Calculate CO2emissions (Scope 1-3) based on the GHG Protocol through simple data entry
- Reporting functions for integrated reports and environmental regulations
- Monthly fee structure matching different company sizes

Major Initiative Endorsements and Third-Party Evaluations

[New Evaluations]



**FTSE Blossom
Japan Sector
Relative Index**

Selected as a component of
the FTSE Blossom Japan
Sector Relative Index



Group company
Hayashibara awarded the
EcoVadis Gold Medal

[CDP Ratings]



	FY2018	FY2019	FY2020	FY2021
Climate	D	C	B	B
Water	C	C	B	A-
Forest	Forest: not scored	C-	C	C

[Endorsed Initiatives and Third-Party Evaluations]



**2021 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)**





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

These presentation materials contain projections based on forward-looking assumptions, forecasts, and plans as of May 27, 2022. Actual earnings may differ from projections due to risks and uncertainties in the future global economy, competitive landscape, currency exchange rates, etc.