

*This document has been translated from the Japanese original for the convenience of non-Japanese shareholders. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.*

Securities identification code: 8012

June 2, 2023

To our shareholders:

Hiroyuki Ueshima  
Representative Director and President

**NAGASE & CO., LTD.**

1-1-17, Shinmachi, Nishi-ku,  
Osaka City, Osaka, Japan  
2-6-4, Otemachi, Chiyoda-ku,  
Tokyo, Japan (Tokyo Head Office)

## **NOTICE OF THE 108TH ANNUAL SHAREHOLDERS' MEETING**

You are cordially invited to attend the 108th Annual Shareholders' Meeting of NAGASE & CO., LTD. (the "Company"), which will be held as described below.

When convening this shareholders' meeting, the Company takes measures for providing information that constitutes the content of reference documents for the shareholders' meeting, etc. (items for which the measures for providing information in electronic format are taken) in electronic format, and posts this information on the Company's website on the Internet. Please access the Company's website mentioned below to review the information.

Company's website

<https://www.nagase.co.jp/ir/stock-information/stockholders-meetings/> (in Japanese)

In addition to posting the items for which the measures for providing information in electronic format are taken on the website above, the Company also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE). Please access the TSE website (Listed Company Search) by using the Internet address shown below, enter the issue name (Nagase & Co.) or securities code (8012), and click "Search," and then click "Basic information" and select "Documents for public inspection/PR information" to review the information.

TSE website (Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

For this shareholders' meeting, we will deliver paper-based documents that contain the items for which the measures for providing information in electronic format are taken to all shareholders, regardless of whether or not they have requested the delivery of paper-based documents.

If you are unable to attend the meeting in person, you are kindly requested 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 Monday, June 19, 2023 after considering the following Reference Documents for the Annual Shareholders' Meeting.

## Meeting Details

1. **Date and time:** Tuesday, June 20, 2023 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 108th Term (from April 1, 2022 to March 31, 2023), 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 108th Term (from April 1, 2022 to March 31, 2023)

**Items to be resolved:**

- Proposal 1:** Appropriation of surplus
- Proposal 2:** Election of eight (8) Directors
- Proposal 3:** Election of one (1) Audit & Supervisory Board Member
- Proposal 4:** Election of one (1) substitute Audit & Supervisory Board Member

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

1. If you exercise your voting rights both in writing (by postal mail) and via the Internet, etc., your vote via the Internet, etc. will be treated as the valid vote. If you exercise your voting rights via the Internet, etc. multiple times, the last vote will be treated as the valid vote.
2. Any voting form returned without indicating approval or disapproval for a particular proposal will be counted as a vote for approval of the proposal.
3. If you exercise your voting rights by proxy, you may appoint as a proxy one of the shareholders holding voting rights at the shareholders' meeting. However, please note that a document verifying the proxy right of the person representing you must be submitted.

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

Note regarding the shareholders' meeting:

Pursuant to laws and regulations and the provisions of the Articles of Incorporation, the following items among the items for which the measures for providing information in electronic format are taken are not included in this document.

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

These items constitute part of the Consolidated Financial Statements and Non-Consolidated Financial Statements audited by the Independent Auditor in preparing an accounting audit report, and part of the Business Report, Consolidated Financial Statements and Non-Consolidated Financial Statements audited by Audit & Supervisory Board Members in preparing an audit report.

If any revisions are made to the items for which the measures for providing information in electronic format are taken, the details of the revisions will be posted on the Company's website and TSE website.

## 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 40 yen per share, 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

40 yen per common stock of the Company

Total amount of dividends: 4,696,550,680 yen

(3) Effective date of distribution of dividends of surplus

June 21, 2023

## Proposal 2: Election of eight (8) Directors

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

The Company delegates authority to the business execution side further while striving to achieve active deliberations at the meeting of and increased effectiveness of its Board of Directors, in order to ensure prompt management decisions and business execution and enable the Board of Directors to focus more on the supervision of corporate management and the deliberations of important matters for improving the corporate value in the medium to long term. Accordingly, the Company requests the election of eight Directors (including three Outside Directors).


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, 2023)	Length of service (as of conclusion of this meeting)	Number of other listed companies where concurrent positions are held
1	Kenji Asakura [Reelection] [Inside Director]	Representative Director, Chairman	16 out of 16 (100%)	10 years	0
2	Hiroyuki Ueshima [Reelection] [Inside Director]	Representative Director, President and CEO	12 out of 12 (100%)	1 year	0
3	Masaya Ikemoto [Reelection] [Inside Director]	Representative Director, Senior Managing Executive Officer, in charge of Corporate Administration, Business Development, Europe and Americas, and Group Manufacturing Management Innovation Office	16 out of 16 (100%)	5 years	0
4	Masatoshi Kamada [Reelection] [Inside Director]	Director, Executive Officer, in charge of Sales & Marketing and Asia	16 out of 16 (100%)	2 years	0
5	Hiroshi Nagase [Reelection] [Inside Director]	Director, Senior Advisor	16 out of 16 (100%)	34 years	0
6	Ritsuko Nonomiya [Reelection] [Outside Director] [Independent officer]	Outside Director	16 out of 16 (100%)	3 years	1
7	Noriaki Horikiri [Reelection] [Outside Director] [Independent officer]	Outside Director	12 out of 12 (100%)	1 year	1
8	Toshiaki Mikoshiba [New election] [Outside Director] [Independent officer]	(New election)	-	-	0

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 Hiroyuki Ueshima and Noriaki Horikiri are the number of meetings since they were elected as Directors.
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 (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company
1	<p>[Inside Director] [Reelection]</p>  <p><b>Kenji Asakura</b> (December 11, 1955)</p>	<p>April 1978      Joined the Company</p> <p>October 2006    General Manager of Automotive Solutions Dept.</p> <p>April 2009      Executive Officer and General Manager of Automotive Solutions Dept.</p> <p>June 2013      Director, Executive Officer</p> <p>April 2015      Representative Director, President and CEO</p> <p>April 2023      Representative Director, Chairman (present position)</p>
	<p>Length of service: 10 years (as of conclusion of this meeting)</p>	<p>[Significant concurrent positions outside the Company]</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: 29,173</p>	<p>None</p> <p><b>Reason for nomination as candidate for Director</b></p> <p>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 has served as President from 2015 to 2022. In light of his extensive experience in operations and his knowledge in overall management in the Company, Mr. Asakura is nominated as a candidate for Director.</p>


No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company	
2	<p data-bbox="304 259 561 286">[Inside Director] [Reelection]</p>  <p data-bbox="328 517 539 573"><b>Hiroyuki Ueshima</b> (November 5, 1965)</p> <p data-bbox="288 589 579 640">Length of service: one year (as of conclusion of this meeting)</p> <p data-bbox="288 656 579 725">Attendance of Board of Directors meetings: 12 out of 12 Board of Directors meetings (100%)</p> <p data-bbox="288 741 579 792">Number of the Company's shares held: 22,892</p>	<p data-bbox="611 259 715 286">April 1988</p> <p data-bbox="611 304 715 331">April 2015</p> <p data-bbox="611 349 715 376">April 2017</p> <p data-bbox="611 427 715 454">June 2022</p> <p data-bbox="611 472 715 499">April 2023</p>	<p data-bbox="775 259 979 286">Joined the Company</p> <p data-bbox="775 304 1214 331">General Manager of Corporate Planning Div.</p> <p data-bbox="775 349 1394 409">Executive Officer and General Manager of Corporate Planning Div.</p> <p data-bbox="775 427 1043 454">Director, Executive Officer</p> <p data-bbox="775 472 1386 499">Representative Director, President and CEO (present position)</p>
		[Significant concurrent positions outside the Company]	None
		<b>Reason for nomination as candidate for Director</b>	<p data-bbox="632 678 1402 992">Hiroyuki Ueshima has worked mainly in the functional materials, electronics &amp; energy, mobility, and management planning fields since joining the Company, and has a personality suitable for being a part of the Company's management team. He is considered the most qualified person who can show leadership towards enhancing and reforming the Company's management system, executing the <b>ACE 2.0</b> medium-term management plan, and achieving sustainable growth of the Group and further improvement of the corporate value because he has extensive experience in operations and knowledge of overall management. Accordingly, Mr. Ueshima is nominated as a candidate for Director.</p>


No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company	
3	<p data-bbox="304 259 561 286">[Inside Director] [Reelection]</p>  <p data-bbox="336 517 533 573"><b>Masaya Ikemoto</b> (September 20, 1961)</p> <p data-bbox="280 589 588 638">Length of service: Five years (as of conclusion of this meeting)</p> <p data-bbox="288 654 580 725">Attendance of Board of Directors meetings: 16 out of 16 Board of Directors meetings (100%)</p> <p data-bbox="288 741 580 790">Number of the Company's shares held: 11,768</p>	<p data-bbox="611 264 719 291">April 1984</p> <p data-bbox="611 309 719 336">April 2013</p> <p data-bbox="611 353 719 380">April 2015</p> <p data-bbox="611 427 715 454">June 2018</p> <p data-bbox="611 472 719 499">April 2021</p> <p data-bbox="611 517 719 544">April 2023</p>	<p data-bbox="775 264 983 291">Joined the Company</p> <p data-bbox="775 309 1254 336">General Manager of Automotive Solutions Dept.</p> <p data-bbox="775 353 1318 412">Executive Officer and General Manager of Automotive Solutions Dept., Manager of Nagoya Branch</p> <p data-bbox="775 427 1046 454">Director, Executive Officer</p> <p data-bbox="775 472 1302 499">Representative Director, Managing Executive Officer</p> <p data-bbox="775 517 1402 638">Representative Director, Senior Managing Executive Officer, in charge of Corporate Administration, Business Development, Europe and Americas, and Group Manufacturing Management Innovation Office (present position)</p>
		None	[Significant concurrent positions outside the Company]
		<p data-bbox="611 790 1114 817"><b>Reason for nomination as candidate for Director</b></p> <p data-bbox="632 824 1402 1099">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. 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 (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company
4	<p data-bbox="304 264 564 293">[Inside Director] [Reelection]</p>  <p data-bbox="325 521 544 577"><b>Masatoshi Kamada</b> (August 6, 1961)</p> <p data-bbox="284 593 587 645">Length of service: Two years (as of conclusion of this meeting)</p> <p data-bbox="292 658 579 732">Attendance of Board of Directors meetings: 16 out of 16 Board of Directors meetings (100%)</p> <p data-bbox="288 745 582 797">Number of the Company's shares held: 14,471</p>	<p data-bbox="612 271 719 300">April 1985</p> <p data-bbox="780 271 983 300">Joined the Company</p> <p data-bbox="612 313 719 342">April 2011</p> <p data-bbox="780 313 1238 342">General Manager of Electronic Materials Dept.</p> <p data-bbox="612 356 719 385">April 2013</p> <p data-bbox="780 356 1398 416">Executive Officer and General Manager of Electronic Materials Dept.</p> <p data-bbox="612 430 719 459">April 2018</p> <p data-bbox="780 430 1190 459">Executive Officer and Greater China CEO</p> <p data-bbox="612 472 711 501">June 2021</p> <p data-bbox="780 472 1046 501">Director, Executive Officer</p> <p data-bbox="612 515 719 544">April 2023</p> <p data-bbox="780 515 1362 575">Director, Executive Officer, in charge of Sales &amp; Marketing and Asia (present position)</p>
		<p data-bbox="612 640 1147 669">[Significant concurrent positions outside the Company]</p> <p data-bbox="612 683 667 712">None</p>
		<p data-bbox="612 730 1110 759"><b>Reason for nomination as candidate for Director</b></p> <p data-bbox="635 763 1398 943">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 (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company	
5	<p data-bbox="304 259 561 286">[Inside Director] [Reelection]</p>  <p data-bbox="344 517 525 573"><b>Hiroshi Nagase</b> (July 18, 1949)</p> <p data-bbox="288 589 580 640">Length of service: 34 years (as of conclusion of this meeting)</p> <p data-bbox="288 656 580 730">Attendance of Board of Directors meetings: 16 out of 16 Board of Directors meetings (100%)</p> <p data-bbox="288 745 580 797">Number of the Company's shares held: 1,360,847</p>	<p data-bbox="611 266 719 293">April 1977</p> <p data-bbox="611 311 719 338">April 1988</p> <p data-bbox="611 356 719 383">June 1989</p> <p data-bbox="611 400 719 427">June 1995</p> <p data-bbox="611 445 719 472">June 1997</p> <p data-bbox="611 490 719 517">June 1999</p> <p data-bbox="611 535 719 562">June 2001</p> <p data-bbox="611 580 719 607">April 2015</p> <p data-bbox="611 624 719 651">April 2023</p>	<p data-bbox="770 266 983 293">Joined the Company</p> <p data-bbox="770 311 1134 338">General Manager of Plastics Dept. 2</p> <p data-bbox="770 356 863 383">Director</p> <p data-bbox="770 400 967 427">Managing Director</p> <p data-bbox="770 445 1278 472">Representative Director, Senior Managing Director</p> <p data-bbox="770 490 1150 517">Representative Director and President</p> <p data-bbox="770 535 1246 562">Representative Director and President and CEO</p> <p data-bbox="770 580 1155 607">Representative Director and Chairman</p> <p data-bbox="770 624 1198 651">Director, Senior Advisor (present position)</p>
		[Significant concurrent positions outside the Company]	None
		<b>Reason for nomination as candidate for Director</b>	<p data-bbox="635 826 1390 1039">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 for being a part of the Company's management team. In addition, he has served as President and Chairman from 1999 to 2022. In light of his extensive experience in operations and his knowledge of overall management in the Company, Mr. Nagase is nominated as a candidate for Director.</p>

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company																		
6	<p>[Outside Director] [Reelection] [Independent officer]</p>  <p><b>Ritsuko Nonomiya</b> (November 28, 1961)</p> <p>Length of service: Three 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: 1,802</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]</p> <p>Representative Director and CEO, Houlihan Lokey Japan Co., Ltd.</p> <p>Director, GCA Corporation</p> <p>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 (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company																	
7	<p>[Outside Director] [Reelection] [Independent officer]</p>  <p><b>Noriaki Horikiri</b> (September 2, 1951)</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: 772</p>	<p>April 1974</p> <p>June 2003</p> <p>June 2006</p> <p>June 2008</p> <p>June 2011</p> <p>June 2013</p> <p>June 2021</p> <p>June 2022</p>	<p>Joined Kikkoman Shoyu Co., Ltd. (currently Kikkoman Corporation)</p> <p>Corporate Officer</p> <p>Executive Corporate Officer</p> <p>Director and Executive Corporate Officer</p> <p>Representative Director and Senior Executive Corporate Officer</p> <p>Representative Director, President and Chief Executive Officer</p> <p>Representative Director, Chairman and Chief Executive Officer (present position)</p> <p>Director of the Company (present position)</p>	<p>[Significant concurrent positions outside the Company]</p> <p>Representative Director, Chairman and Chief Executive Officer, Kikkoman Corporation</p>			<p><b>Reason for nomination as candidate for outside Director, and outline of expected roles</b></p> <p>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.</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>																		
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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%	Amount of purchases of the Company													

No.	Name (Date of birth)	Career summary, position, responsibilities and significant concurrent positions outside the Company				
8	[Outside Director] [New election] [Independent officer]  <b>Toshiaki Mikoshiba</b> (November 15, 1957) Number of the Company's shares held: 0	April 1980	Joined Honda Motor Co., Ltd.			
		April 2008	Executive Officer and Director/Vice President of Honda Motor Europe Limited			
		April 2011	President, Guangqi Honda Automobile Co., Ltd.			
		April 2014	Managing Officer, Chief Officer for Regional Operations (Europe Region), Honda Motor Co., Ltd., and President and Director, Honda Motor Europe Limited			
		April 2015	Senior Managing Officer, Honda Motor Co., Ltd.			
		April 2016	Chief Officer for Regional Operations (North America), Honda Motor Co., Ltd., and President and CEO, Honda North America, Inc.			
		June 2017	Senior Managing Director, Honda Motor Co., Ltd.			
		April 2019	Chairman, Honda Motor Co., Ltd.			
		[Significant concurrent positions outside the Company]				
		None				
		<b>Reason for nomination as candidate for outside Director, and outline of expected roles</b> Toshiaki Mikoshiba has been involved in management of Honda Motor Co. Ltd. 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 sales domain, and is expected to enhance the Group's corporate governance. Accordingly, we request that Mr. Mikoshiba 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> Toshiaki Mikoshiba is former Chairman of Honda Motor Co. Ltd., and the Company has the following business relationships with the entity.					
	Company name	Position	Transactions	Seller	Purchaser	Ratio of transaction amount
	Honda Motor Co. Ltd.	Former Chairman	Sale of goods	The Company	Honda Motor Co. Ltd.	Below 0.1%
						Compared with Amount of purchases of the Company

Notes:

1. Ritsuko Nonomiya and Noriaki Horikiri are candidates for outside Director and are independent officers pursuant to the regulations of financial instruments exchanges.
2. Toshiaki Mikoshiba 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. There are no special interests between the candidates and the Company.

4. Agreement limiting liability

Pursuant to the Articles of Incorporation, the Company has entered into an agreement with outside Directors Ritsuko Nonomiya and Noriaki Horikiri, 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 Toshiaki Mikoshiba, 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 numbers of Board of Directors meetings indicated with regard to attendance at meetings by Hiroyuki Ueshima and Noriaki Horikiri are the number of meetings since they were elected as Directors.
7. Shares of the Company held by each candidate include shares nominally held by NAGASE & CO., LTD. Officer's Shareholding 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

		107th term Fiscal 2021	108th term Fiscal 2022
Number of securities (securities)	Listed	85	78
	Non-listed	52	54
	Total	137	132
Total amount on the balance sheet (million yen)	Listed	59,371	54,740
	Non-listed	3,863	2,194
	Total	63,235	56,935
Net assets (million yen)		355,092	378,388
Ratio of listed stock to net assets		16.7%	14.5%
Ratio to net assets		17.8%	15.0%


During fiscal 2022, the Company worked on reduction in accordance with the policy described in (2) above to sell 13 securities worth 7.3 billion yen.<sup>(Note 1)</sup> The securities newly acquired as cross-shareholdings are three non-listed securities worth 100 million yen.

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

**Proposal 3: Election of one (1) Audit & Supervisory Board Member**

The term of office of Mitsuru Kanno, the Audit & Supervisory Board Member, will expire at the conclusion of this meeting, and he will retire from the Company. 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 (Date of birth)	Career summary, position and significant concurrent positions outside the Company	
<p>[Inside Audit &amp; Supervisory Board Member] [New election]</p>  <p><b>Akira Takami</b> (July 21, 1963)</p> <p>Number of the Company's shares held: 16,993</p>	April 1986	Joined the Company
	April 2011	Manager of Business Administrative Department, Business Promotion Office
	December 2013	General Manager of Finance Div. and Accounting Div.
	April 2018	Executive Officer, General Manager of Finance Div. and Accounting Div.
	April 2020	Executive Officer, General Manager of Audit Office
	[Significant concurrent positions outside the Company]	
	<p>None</p> <p><b>Reason for nomination as candidate for Audit &amp; Supervisory Board Member</b></p> <p>Akira Takami has worked in finance and accounting fields since joining the Company, and possesses superb knowledge of and experience in these fields. In addition, he has extensive experience in operations and management that he has cultivated as General Manager of Audit Office of the Company. Consequently, we determined that he will properly perform his duties as Audit &amp; Supervisory Board Member, and we request his election.</p>	

Notes:

1. There are no special interests between Akira Takami and the Company.
2. Shares of the Company held by Akira Takami include shares nominally held by NAGASE & CO., LTD. Own Share Investment Association.
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 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.



**[Reference]**

**Roles and expertise of Directors and Audit & Supervisory Board Members upon the approval of Proposals 2 and 3**

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 Kenji Asakura	✓	✓	✓	✓	✓				✓
Representative Director and President Hiroyuki Ueshima	✓	✓	✓	✓	✓	✓			✓
Representative Director Masaya Ikemoto	✓	✓	✓			✓	✓	✓	✓
Director Masatoshi Kamada	✓	✓	✓	✓	✓			✓	
Director, Senior Advisor Hiroshi Nagase	✓	✓	✓	✓					✓
Outside Director Ritsuko Nonomiya	✓	✓	✓				✓	✓	✓
Outside Director Noriaki Horikiri	✓	✓	✓			✓		✓	✓
Outside Director Toshiaki Mikoshiba	✓	✓	✓	✓				✓	✓
Outside Audit & Supervisory Board Member Nobuyuki Shirafuji			✓				✓	✓	
Audit & Supervisory Board Member Masanori Furukawa			✓				✓	✓	
Audit & Supervisory Board Member Akira Takami			✓				✓	✓	
Outside Audit & Supervisory Board Member Gan Matsui			✓					✓	✓

**Proposal 4: 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 (Date of birth)	Career summary, position and significant concurrent positions outside the Company					
[Outside Audit & Supervisory Board Member] [Reelection] [Independent officer]  <b>Takao Muramatsu</b> (October 1, 1953)  Number of the Company's shares held: 0	April 1979 April 1988 July 1991 July 1998 July 2003 July 2005 July 2009 July 2010 July 2012 June 2013 October 2014	Joined Tokyo Regional Taxation Bureau Primary Investigator, Special Investigative Squad, Tokyo District Public Prosecutors Office Investigator, Large Enterprise and Criminal Investigation Department, National Tax Agency Senior Investigator, Large Enterprise and Criminal Investigation Department, National Tax Agency District Director, Shibuya Tax Office Chief Investigator, Criminal Investigation Department, Tokyo Regional Taxation Bureau Chief Internal Inspector, Osaka Regional Taxation Bureau Chief Internal Inspector, National Tax Agency Assistant Regional Commissioner (Planning and Administration), Nagoya Regional Taxation Bureau Regional Commissioner, Takamatsu Regional Taxation Bureau Registered as certified tax accountant President, Muramatsu Tax Accountant Office (present position)				
[Significant concurrent positions outside the Company] Outside Director and Audit & Supervisory Board Member, BESTERRA CO., LTD. Outside Audit & Supervisory Board Member, SERENDIP HOLDINGS CO., LTD. Outside Director and Audit & Supervisory Board Member, GLOBERIDE, Inc. President, Muramatsu Tax Accountant Office						
<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>						
<p><b>Special notes concerning candidate for substitute outside Audit &amp; Supervisory Board Member</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
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
GLOBERIDE, Inc.	Outside Director and Audit & Supervisory Board Member	Sale of goods	The Company	GLOBERIDE, Inc.	Below 0.1%	Net sales of the Company

Notes:

1. There are no special interests between Takao Muramatsu and the Company.
2. 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.

3. 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.

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 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.

Business Report (April 1, 2022 to March 31, 2023)

## 1. NAGASE Group business conditions

### (1) Development and results of business operations

The global economy during the current fiscal year saw further recovery as a result of the resumption of economic activities that had been hit by the COVID-19 pandemic. However, there are concerns about heightened geopolitical risks resulting from the prolonged situation in Ukraine, steep rises in resource prices, and deceleration in the global economy due to higher interest rates.

Among the regions where the NAGASE Group conducts business, in Greater China the operations of the manufacturing sector, in particular, were affected by the sudden spread of COVID-19 immediately after the abandonment of zero-COVID policy. However, it has been on a recovery trend in terms of economic activities and economic cycle with the infections settling down since then. In the Americas, the economy slowed moderately as inflation caused costs for companies to increase and monetary tightening to curb inflation constrained housing and capital investments. In ASEAN, the economy stayed solid with an expansion in consumer spending despite negative factors such as higher import prices due to weaker local currencies resulting from interest rate hikes in the United States. In Japan, while passing increases in the costs of raw materials and energy onto prices is resulting in an inflationary trend, the economy has been on a recovery track thanks to an expansion of domestic demand, recovery in in-bound demand due to the relaxation of COVID-19-related restrictions and the impact of the weaker yen, and other factors.

In such environment, the Group's earnings during the current fiscal year were as below.

	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Year on year	
	(Millions of yen)	(Millions of yen)	(Millions of yen)	(%)
Gross profit	139,494	155,410	15,915	11.4%
Operating income	35,263	33,371	(1,891)	(5.4)%
Ordinary income	36,497	32,528	(3,969)	(10.9)%
Net income attributable to owners of the parent	25,939	23,625	(2,314)	(8.9)%

- In terms of performance in the current fiscal year, operating income decreased mainly due to a decline in gross profit margin and an increase in selling, general and administrative expenses, despite a weaker yen.
- By segment, the Life & Healthcare Segment saw increased profits driven by the Prinova Group, and the Functional Materials Segment and Mobility Segment stayed strong. Meanwhile, profits of the Advanced Materials & Processing Segment and Electronics & Energy Segment decreased. For details, see Overview by Segment.
- Net income attributable to owners of the parent amounted to 23.6 billion yen, down 2.3 billion yen, mainly due to an increase in interest expense resulting from higher interest rates as well as a decrease in operating income.

## Overview by Segment

The following describes performance by segment.

### <Functional Materials>

Gross profit

22.3 billion yen (up 12.9% from the previous fiscal year)

The major factors behind performance were as follows.

- Sales of coating and urethane raw materials grew due to rising market conditions, the impact of the weaker yen, and other factors.
- Raw materials sales increased related to processing industrial oil solutions and plastic materials
- Raw materials sales increased 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

31.7 billion yen (down 1.7% 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 declined due to repercussions from higher profitability owing to soaring market conditions during the previous period and other factors, despite the positive impact of the weaker yen
- Sales for resins for industrial and packaging applications stayed solid, while sales for dyes and additives were flat
- Sales decreased for conductive materials and digital print processing materials
- Operating income fell due to an increase in selling, general and administrative expenses.

### <Electronics & Energy>

Gross profit

30.7 billion yen (up 3.4% from the previous fiscal year)

The major factors behind performance were as follows.

- Sales increased for materials for semiconductors
- Sales for displays such as photolithography materials were weak
- Sales related to formulated epoxy resins were weak for semiconductors and mobile devices
- Operating income fell due to an increase in selling, general and administrative expenses despite an increase in gross profit

### <Mobility>

Gross profit

14.4 billion yen (up 13.5% from the previous fiscal year)

The major factors behind performance were as follows.

- In the resins business, sales were strong due to the impact of the weaker yen and other factors in addition to a recovery in automobile production.

- 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

<Life & Healthcare>

Gross profit

55.9 billion yen (up 24.9% from the previous fiscal year)

The major factors behind performance were as follows.

- Prinova Group maintained solid performance overall, primarily due to strong sales related to food materials, particularly during the first half
- Hayashibara saw an increase in sales related to food materials, primarily TREHA<sup>®</sup>, and a decrease in cosmetics materials, primarily AA2G<sup>®</sup>, owing to a decrease in demand particularly overseas
- Sales increased for pharmaceutical raw materials and intermediates as well as cosmetics materials
- Operating income grew 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 17.1 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	421
Advanced Materials & Processing	2,177
Electronics & Energy	1,908
Mobility	279
Life & Healthcare	5,737
Others, Company-wide (common)	6,650
Total	17,174

(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

Medium-Term Management Plan “**ACE 2.0**”

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

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

Quantitative Targets of **ACE 2.0** and Results

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

Measures	Indicators	Targets	Fiscal 2020	Fiscal 2021	Fiscal 2022
Enhance capital efficiency	ROE	8.0%	5.9%	7.7%	6.6%
Increase earnings power	Operating income	35.0 billion yen	21.9 billion yen	35.2 billion yen	33.3 billion yen

For fiscal 2022, NAGASE faced a difficult environment, particularly for its manufacturing business, due to the impacts of soaring costs of raw materials and utilities caused by the Russia/Ukraine situation, lockdowns in China, and sluggish demand for mobile devices, primarily smartphones, impacted by weak economic activities. In addition, there were rapid changes in the management environment and increased interest costs, such as soaring prices globally and hikes in policy rates by various countries as a countermeasure.

In such circumstances, for fiscal 2021 NAGASE had achieved 35.0 billion yen of operating income, which is the KGI (Key Goal Indicator), operating income for fiscal 2022 was below its target level.

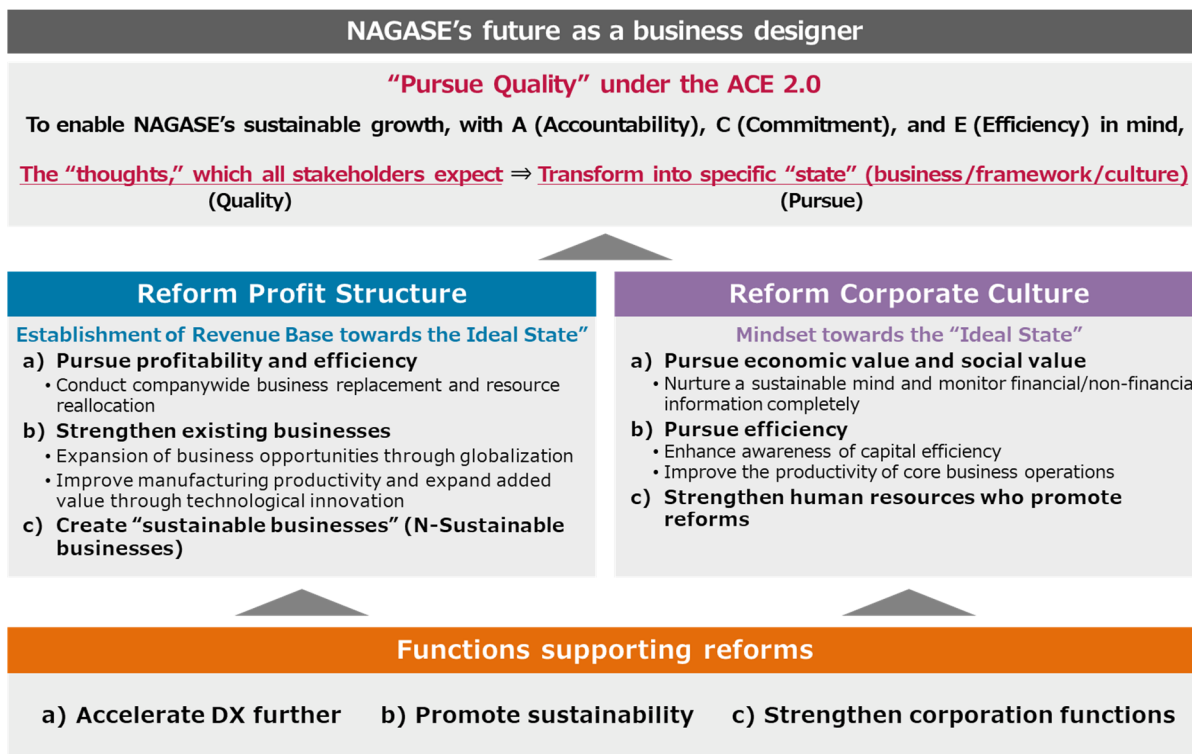
However, NAGASE has been making steady progress in “Pursue Quality,” including the expansion of its share owing to its success in maintaining supply despite an unstable condition of the supply chain and the progress in various initiatives in Focus Areas.

NAGASE will continue to promote **ACE 2.0** under the basic policy described below.



Basic ACE 2.0 Policy

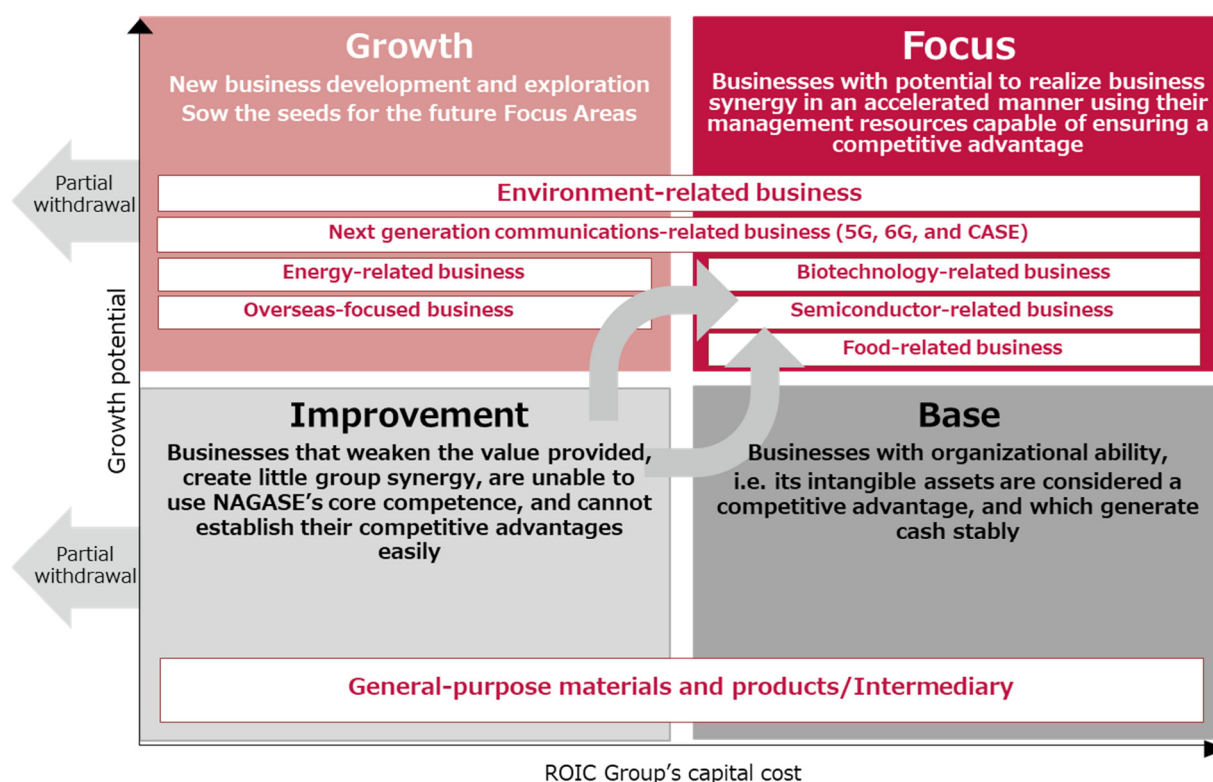
For the realization of NAGASE’s sustainable growth under the **ACE 2.0**, NAGASE will create the “thoughts” that all stakeholders expect as a specific “state” (business/framework/culture). Then, NAGASE will aim to become “a business designer that creates a sustainable future” by accelerating DX further, 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, there was further progress in the expansion of the client base and share as a result of our success in maintaining supply to clients in the midst of ongoing disruptions from procurement and logistics aspects in the supply chain, particularly during the first half of fiscal 2022. Also, we constructed a plant in Salt Lake City, Utah in the United States as a new base for the contract manufacturing business for sports nutrition products and started manufacturing. It currently incurs more expenditures than revenue earned partly due to a temporary increase in costs associated with the start-up; however, it is expected to contribute to revenue from fiscal 2023 onward.

The semiconductor-related business capitalized on the Company's characteristic of covering across the supply chain to promote information-sharing and increase cooperation within the Group, gain an understanding of the technological revolution and the latest development trends, and support the proposal and plan development of a business in the future, in order to strengthen solution capabilities for clients. In addition, we strove to expand the range of products handled in the trading business in Japan, South Korea, China and Taiwan, as well as the sales of our own products in the manufacturing business. As for other

regions, we continue to review matters with a view to further expansion of the semiconductor business in the United States.

In the bio-related business, we conducted a review on the “Ideal State” of the bio business in NAGASE and its business, led by Nagase Bio-Innovation Center and the Nagase Biotech Office established at the beginning of fiscal 2022. During fiscal 2022, we decided to integrate the biochemical products businesses of Hayashibara Co., Ltd. and Nagase ChemteX Corporation, core companies in the bio business, and we did so. This helped build a foundation to realize even more group synergies. In addition, we continued to work on the practical application of the production process of rare amino acid ergothioneine by using a fermentation technology of NAGASE, and saw a certain degree of accomplishment in that regard.

#### (Growth Areas)

We continued to work on the development of materials under our own brand in the fields related to augmented reality (AR) and collaborate with start-ups with know-how in the fields of new material development and others. We also conducted a review and demonstration aimed at the creation of new business models that are different from the conventional trading business, such as autonomous driving and a matching service for shared transportation of chemical products.

#### (Base Areas)

We endeavored to improve efficiency through initiatives aimed at reducing invested capital, and others in addition to improving profitability. We also strove to expand the line-up of environmentally conscious materials and increase efficiency in marketing and sales activities through the use of digital technologies, in order to provide greater value.

#### (Improvement Areas)

As for a business that is judged to require improvement, we strive to do so by setting and monitoring KPIs in line with our policy for improvement. During fiscal 2022, the Company withdrew from certain unprofitable businesses and divested subsidiaries to secure capital.

During fiscal 2022, we continued to secure capital from Improvement Areas and invest capital in Focus Areas, as described above. The Company will further accelerate company-wide business replacement in the future.

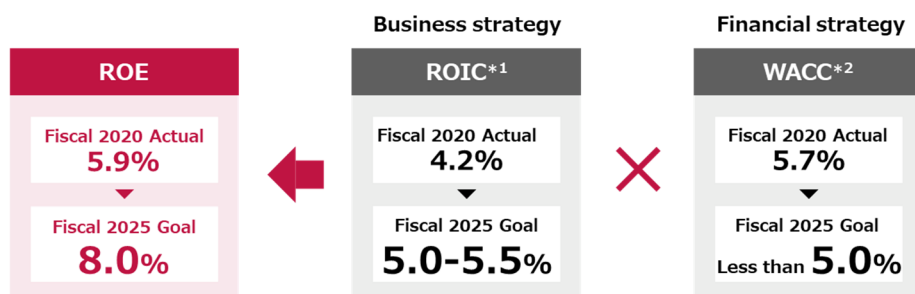
The Group’s manufacturing business posted a decrease in profit (manufacturing business operating income of 14.4 billion yen (simple sum)), partly due to weaker demand for smartphones at Nagase ChemteX Corporation and a delay in revising sales prices in response to rising utilities costs at Hayashibara Co., Ltd. However, this situation is expected to recover during fiscal 2023. The Group Manufacturing Management Innovation Office was launched at the beginning of fiscal 2022 with a view to enhancing and expanding the Group’s manufacturing companies in the manufacturing business that is expected to continue to expand. It carried out activities to provide support for solving issues faced by individual companies in the Group’s manufacturing business and promote organic coordination among individual companies.

\* The Group Manufacturing Management Innovation Office: An organization aimed at gaining 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 enhance and expand the manufacturing business

## 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.

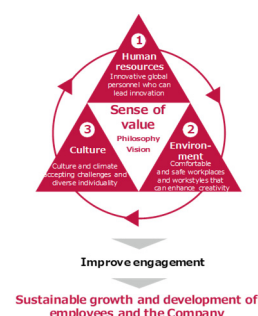
(Pursue Efficiency)



\*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.

(Enhanced Engagement)



[Initiatives]

During fiscal 2022, a difficult business environment continued due to continued disruptions of the logistic networks caused by the Russia/Ukraine situation, soaring energy prices, a slowdown in demand resulting from the lockdown in Shanghai, and others. In such circumstances, operating income failed to reach the initial plan due to the large impact of a decrease in income at the manufacturing-related business, in particular.

Working capital increased because the trading business was generally strong due to our success in maintaining supply despite the continued disruptions of supply chains, inventory which had been increased as part of the Company's policy during the previous fiscal year remained at a high level, and the Japanese yen weakened much more than the assumption at the beginning of the period. As for shareholders' equity, we continued to increase dividend and conduct share buybacks in line with the shareholder return policy, as stated in the Medium-Term Management Plan, aimed at improving and optimizing capital efficiency. Interest-bearing debt rose as a result of an increase in working capital.

In such circumstances, ROIC stood at 4.4% and WACC rose to 5.7% partly due to higher risk free rate, resulting in a Net DE ratio of 0.38 times. We have made progress as planned in selling cross-shareholdings, and will continue to work on reducing such holdings.

In fiscal 2023, despite concerns about disruptions in the supply chains for semiconductors owing to trade friction between the United States and China and other factors, the overall business environment is expected to improve and profitability in the manufacturing-related business is expected to recover, leading to another improvement in performance. We have made progress in optimizing working capital since the second half of fiscal 2022, and it is expected to see further improvement. By accelerating business expansion by investing capital in efficient businesses and ensuring appropriate control of interest-bearing debt and shareholders' equity, we 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 ACE 2.0		
			Fiscal 2021	Fiscal 2022	(from fiscal 2021 to fiscal 2025)
Number of securities sold	7	5	49	13	Five years' cumulative total
Total sales price	10.4 billion yen	6.2 billion yen	7.8 billion yen	7.3 billion yen	Plan to sell shares worth 30 billion yen

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 our core operations, we worked on Business Process Reengineering (BPR) at Nagase Business Expert Co., Ltd., our shared service company, to continue to improve operational efficiency. We also promoted measures that contribute to improved productivity of the entire Group, such as expanding an outsourcing service for, primarily, the Group companies in Japan. In addition, we continued to use 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 advanced discussions on diversity & inclusion (D&I) and, in particular, deepened discussions on helping women to take an active role and established new quantitative targets for the ratio of female managers, etc. Also, ABW (Activity-Based Workplace) was introduced in August 2022 on the occasion of relocating Tokyo Head Office due to the reconstruction of the head office building, to introduce a workstyle that allows people to freely choose where to work in the office. This resulted in changes such as inducing more active communication among organizations. With regards to engagement, we conducted employee surveys to grasp the current situation and formulate and assess the effectiveness of improvement measures. We also implemented initiatives to raise the engagement level across the Group, including setting up a variety of opportunities for dialogue between the management and employees and rolling out measures that had been successful in improving engagement at each organization horizontally within the Group.

#### 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]

In relation to further acceleration of DX, we worked to prepare for rolling out a marketing platform aimed at strengthening and expanding the customer base through digital marketing in Asia including Japan, following the Group companies in the Americas which had gone ahead in developing it. Also, we promoted measures that contribute to the increased recognition and improved brand image of NAGASE globally. Also, we launched “DocuValue,” a distribution and management tool for chemical product documents that visualizes the documents required in handling chemical products, eliminates dependence on individual persons, and contributes to increased efficiency, on the “Chemical Products Document Management Platform” that we have been developing together with Japan Chemical Database Ltd. It can be used within NAGASE Group for increased operational productivity, and also it can be rolled out externally to contribute to improved efficiency across supply chains. We will make efforts for this.

With respect to the promotion of sustainability, we deepened cooperation with Zeroboard Inc., our partner to provide decarbonization management solutions, to promote adoption in Japan as well as in South East Asia including Thailand and Vietnam. In addition, we accelerated initiatives by enhancing the development of functions of “zeroboard,” software provided by Zeroboard Inc., and further expanding specialist personnel. We also invested in this company as we judged it contributes to our target of reduction in Scope 3 emissions.

#### Non-financial targets (KPIs) and results

Under **ACE 2.0** we have established employee engagement and reduction in GHG emissions toward carbon neutrality as non-financial targets (KPIs) to be evaluated quantitatively and monitored in our initiatives to address to solve materiality (key issues). The results for fiscal 2022 are as below.

#### Enhance employee engagement

Benchmarks	Fiscal 2021	Fiscal 2022	Targets for Fiscal 2025
Group companies: Ratio of companies that carry out engagement surveys periodically	41%	81%	100%
NAGASE & CO. LTD. (non-consolidated): Total score in the engagement survey	52.4	56.5	60 or higher

#### Reduction in GHG emissions

(Unit: t-CO<sub>2</sub>)

Item	Fiscal 2013	Fiscal 2020*	Fiscal 2021*	Fiscal 2022
Scope 1	86,197	30,538	33,132	31,099
Scope 2 (Market-based)		33,105	27,057	25,555
Total		63,643	60,189	56,655
Scope 1, 2 reduction rate (compared to 2013)	-	26%	30%	34%

\* Data for fiscal years 2020 and 2021 have received third-party assurance. Data for fiscal 2022 is planned to receive assurance around December 2023.

## (9) Changes in assets and profit/loss

	Fiscal year ended March 31, 2020	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023
Gross profit (Unit: Million yen)	104,901	114,600	139,494	155,410
Ordinary income (Unit: Million yen)	19,083	22,854	36,497	32,528
Net income attributable to owners of the parent (Unit: Million yen)	15,144	18,829	25,939	23,625
Net income per share (Unit: yen)	122.12	151.91	213.46	199.54
Total asset (Unit: Million yen)	611,477	640,587	739,720	762,688
Net asset (Unit: Million yen)	313,243	338,431	355,092	378,388

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, 2023)

## 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% (93.3%)	Sales of food ingredients, processing, and contract manufacturing of finished products
Nagase Holdings America Corporation	(thousand) 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
Shanghai Nagase Trading Co., Ltd.	(thousand) RMB 8,120	100.0% (100.0%)	Import/export, intermediate trade, market development, information collection
Nagase ChemteX Corporation	2,474 million yen	100.0%	Manufacture of epoxy resins, enzymes, and chemical industry products
Nagase (Hong Kong) Ltd.	(thousand) HK\$ 28,670	100.0%	Import/export, intermediate trade, market development, information collection
Shanghai Hua Chang Trading Co., Ltd.	(thousand) RMB 19,864	70.0% (53.8%)	Sale of plastics and related products
Nagase Chemical Co., Ltd.	310 million yen	100.0%	Sale of coating raw materials, dyestuffs, industrial chemicals, chemicals for manufacturing paper, plastics, etc.
Nagase (Thailand) Co., Ltd.	(thousand) BAHT 321,000	100.0%	Import/export, intermediate trade, market development, information collection
Nagase Plastics Co., Ltd.	310 million yen	100.0%	Sale of plastic products, etc.

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, 2023)

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, additives, processing pigments, dispersing element, functional dyes, material for thermal paper, materials for toner and ink-jet, thermoplastic resins, thermosetting resins, 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 analyze 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, 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, sleep monitoring service, 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, 2023)

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 Bio-Innovation 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) 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 ChemteX Corporation Fukuchiyama Plant was succeeded by Hayashibara Co., Ltd. through an absorption-type company split effective on April 1, 2023.

## (13) Status of employees (As of March 31, 2023)

## a) Status of the corporate group employees

Business Segment	Number of employees
Functional Materials	617
Advanced Materials & Processing	1,448
Electronics & Energy	1,473
Mobility	333
Life & Healthcare	2,235
Others	216
Company-wide (common)	898
Total	7,220

Notes:

1. The number of employees indicates the number of persons employed.
2. 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
1,171	+279	42.2	15.7 years

Notes:

1. The number of employees indicates the number of persons employed.
2. The number of employees increased by 279 from the end of the previous fiscal year. This is primarily because we used to include employees who were seconded from the Company in the number of employees at entities to which they were seconded; however, they are included in the number of employees of the Company, starting from the fiscal year under review.

(14) Main lenders and loan amounts (As of March 31, 2023)

Lenders	Loan amounts
Sumitomo Mitsui Banking Corporation	40,445 million yen
MUFG Bank, Ltd.	26,638 million yen
Mizuho Bank, Ltd.	16,451 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, 2023)

- (1) Total number of shares authorized 346,980,000
- (2) Total number of shares issued 117,908,285
- (3) Number of shareholders 25,770

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

Principal shareholders	Number of shares held (thousand shares)	Holdings percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,078	12.8
NORTHERN TRUST CO. (AVFC) RE SILCHESTER INTERNATIONAL INVESTORS INTERNATIONAL VALUE EQUITY TRUST	5,375	4.6
Custody Bank of Japan, Ltd. (Trust Account)	5,028	4.3
Sumitomo Mitsui Trust Bank, Limited	4,776	4.1
Sumitomo Mitsui Banking Corporation	4,377	3.7
Nippon Life Insurance Company	3,589	3.1
Reiko Nagase	3,503	3.0
NAGASE & CO., LTD. Own Share Investment Association	3,492	3.0
Nagase Shunzo Co., Ltd.	2,688	2.3
NORTHERN TRUST CO. (AVFC) RE U.S. TAX EXEMPTED PENSION FUNDS	2,302	2.0

#### Notes:

1. The Company holds 494,518 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 8, 2023

- (i) Class of shares canceled Common stock of the Company
- (ii) Number of shares canceled 3,000,000 shares  
(2.48% of the total number of issued shares before the cancellation)
- (iii) Date of the cancellation February 28, 2023

### 3. Matters relating to officers

#### (1) Status of the Company officers (As of March 31, 2023)

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 Representative Director of Hayashibara Museum of Art
Representative Director and President	Kenji Asakura		
Representative Director	Masaya Ikemoto	In charge of Corporate Administration, Group Affiliates, Americas, and Group Manufacturing Management Innovation Office	
Director	Masatoshi Kamada	In charge of Sales & Marketing, Asia, and Greater China (CEO)	
Director	Hiroyuki Ueshima	In charge of Business Development, Europe, Europe CEO, and General Manager of New Value Creation Office	
Director	Takahiko Ijichi		
Director	Ritsuko Nonomiya		Representative Director and CEO of Houlihan Lokey Japan Co., Ltd. Director of GCA Corporation External Audit & Supervisory Board Member of Shiseido Company, Limited
Director	Noriaki Horikiri		Representative Director, Chairman and Chief Executive Officer, Kikkoman Corporation
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 Director and Audit & Supervisory Board Member of Orient Corporation Outside Audit & Supervisory Board Member of TOTETSU KOGYO CO., LTD. Outside Director (Audit and Supervisory Committee Member) of GLOBERIDE, Inc. Outside Director of Dentsu Group Inc. Attorney of Yaesu Sogo Law Office

Notes:

1. Directors Takahiko Ijichi, Ritsuko Nonomiya and Noriaki Horikiri 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, Masatoshi Kamada, and Hiroyuki Ueshima are also executive officers.
7. Changes in Directors and Audit & Supervisory Board Members during the fiscal year

(1) Appointments

Hiroyuki Ueshima and Noriaki Horikiri were newly elected and appointed as Director at the 107th Annual Shareholders' Meeting held on June 20, 2022.

(2) Retirements

Director Nobumasa Kemori retired from office due to the expiration of his term of office effective as of the conclusion of the 107th Annual Shareholders' Meeting held on June 20, 2022.

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

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

Position	Name	New	Old
Representative Director	Masaya Ikemoto	In charge of Corporate Administration, Group Affiliates, and Americas	In charge of Corporate Administration, Group Affiliates, and Europe (CEO)
Director	Masatoshi Kamada	In charge of Sales & Marketing, Asia, and Greater China (CEO)	In charge of Sales & Marketing, Development, and Greater China (CEO)

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

Position	Name	New	Old
Representative Director	Masaya Ikemoto	In charge of Corporate Administration, Group Affiliates, Americas, and Group Manufacturing Management Innovation Office	In charge of Corporate Administration, Group Affiliates, and Americas
Director	Hiroyuki Ueshima	In charge of Business Development, Europe, Europe (CEO), and General Manager of New Value Creation Office	In charge of Business Development, Europe, and Europe (CEO)

<Reference>

1. Representative Directors and Directors with executive titles as of April 1, 2023 were as set forth below.

Name	New	Old
Kenji Asakura	Representative Director, Chairman	Representative Director, President and CEO
Hiroyuki Ueshima	Representative Director, President and CEO	Director
Hiroshi Nagase	Director, Senior Adviser	Representative Director, Chairman
Reiji Nagase	Director	Director, Vice Chairman

2. The areas of responsibility of Directors as of April 1, 2023 were as set forth below.

Position	Name	New	Old
Representative Director, President and CEO	Hiroyuki Ueshima		In charge of Business Development, Europe, Europe (CEO), and General Manager of New Value Creation Office
Representative Director	Masaya Ikemoto	In charge of Corporate Administration, Business Development, Europe and Americas, and Group Manufacturing Management Innovation Office	In charge of Corporate Administration, Group Affiliates, Americas, and Group Manufacturing Management Innovation Office
Director	Masatoshi Kamada	In charge of Sales & Marketing, and Asia	In charge of Sales & Marketing, Asia, and Greater China (CEO)

(Note) Director Kenji Asakura retired from office of Executive Officer effective March 31, 2023.

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

Executive Officers were elected on April 1, 2023, 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
Managing Executive Officer	Kusuo Ota	In charge of Group Companies, Greater China (CEO), and Europe (CEO)
Executive Officer	Koichi Sagawa	General Manager of Corporate Sustainability Dept.
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 Dept.
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.
Executive Officer	Tamotsu Isobe	General Manager of Performance Chemicals Dept.
Executive Officer	Kentaro Nagase	General Manager of Global Communication Dept.

## (2) Summary of limiting liability agreement

Pursuant to the Articles of Incorporation, the Company has entered into agreements with outside Directors Takahiko Ijichi, Ritsuko Nonomiya and Noriaki Horikiri 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	6	502	200	270	31
	Outside Director	4	34	34	-	-
	Total	10	536	235	270	31
Audit & Supervisory Board Member	Inside Audit & Supervisory Board Member	2	46	46	-	-
	Outside Audit & Supervisory Board Member	2	33	33	-	-
	Total	4	80	80	-	-

Notes:

1. Included in the above is 67 million yen in total compensation paid to the six outside Directors.
2. The total compensation paid to Directors indicated above includes 278 million yen which is reported as an expense of provisions during the fiscal year.
3. In addition to the above, 23 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 107th Annual Shareholders' Meeting held on June 20, 2022.

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. The base amount of performance-linked compensation based on net income attributable to owners of the parent, 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 23.6 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 6.6%.



- 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 600 million yen per year (60 million yen per year for outside Directors) by the resolution of the Annual Shareholders' Meeting held on June 20, 2022 (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 nine (including three outside Directors).

In addition, separately from the above, the introduction of a performance-linked, stock-based compensation system for Directors (excluding Outside Directors) with a trust period of four (4) years and maximum amount of monies contributed during the period of 280 million yen was resolved by the Annual Shareholders' Meeting held on June 20, 2022. The number of Directors (excluding Outside Directors) at the conclusion of this Shareholders' Meeting was six.

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

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%), 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 which is paid under the performance-linked, stock-based compensation system, 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.

- 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 Hiroyuki Ueshima, 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	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 Director	Noriaki Horikiri	Representative Director, Chairman and Chief Executive Officer, Kikkoman Corporation	The Company engages in transactions including sale of goods.
Outside Audit & Supervisory Board Member	Nobuyuki Shirafuji		
Outside Audit & Supervisory Board Member	Gan Matsui	Outside Director and 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 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	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.
	Noriaki Horikiri	He attended 12 of 12 Board of Directors meetings held after he was appointed as Director on June 20, 2022 (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 overseas development and manufacturing activities from a perspective of familiarity with manufacturing industries.
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, 2023)

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

ASSETS	Amount
(Millions of yen)	
<b>Current assets</b>	<b>530,132</b>
Cash and time deposits	40,897
Notes and accounts receivable	302,105
Merchandise and finished goods	152,504
Work in process	2,446
Raw materials and supplies	14,770
Other	18,429
Less allowance for doubtful accounts	(1,021)
<b>Non-current assets</b>	<b>232,556</b>
Property, plant and equipment	82,064
Buildings and structures	27,076
Machinery, equipment and vehicles	17,318
Land	18,839
Other	18,829
Intangible fixed assets	68,928
Goodwill	29,004
Technology-based assets	4,337
Other	35,587
Investments and other assets	81,562
Investments in securities	69,743
Long-term loans receivable	17
Retirement benefit asset	2,645
Deferred tax assets	3,857
Other	5,475
Less allowance for doubtful accounts	(176)
<b>Total assets</b>	<b>762,688</b>

LIABILITIES AND NET ASSETS	Amount
LIABILITIES	(Millions of yen)
<b>Current liabilities</b>	<b>286,203</b>
Notes and accounts payable	140,438
Short-term loans	66,117
Current portion of long-term loans	1,056
Commercial paper	38,000
Accrued income taxes	2,913
Accrued bonuses for employees	6,985
Accrued bonuses for directors	371
Other	30,321
<b>Long-term liabilities</b>	<b>98,097</b>
Bonds	30,000
Long-term loans	32,697
Lease obligations	9,763
Deferred tax liabilities	10,360
Retirement benefit liability	13,197
Provision for share awards	65
Other	2,012
<b>Total liabilities</b>	<b>384,300</b>
NET ASSETS	
<b>Shareholders' equity</b>	<b>309,064</b>
Common stock	9,699
Capital surplus	10,636
Retained earnings	290,279
Treasury stock, at cost	(1,550)
<b>Accumulated other comprehensive income (loss)</b>	<b>58,610</b>
Net unrealized holding gain on securities	28,928
Deferred gain on hedges	(7)
Translation adjustments	30,414
Remeasurements of defined benefit plans	(726)
<b>Non-controlling interests</b>	<b>10,713</b>
<b>Total net assets</b>	<b>378,388</b>
<b>Total liabilities and net assets</b>	<b>762,688</b>

Consolidated Statement of Income (April 1, 2022 – March 31, 2023)

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

		Amount
	(Millions of yen)	(Millions of yen)
Net sales		912,896
Cost of sales		757,486
<b>Gross profit</b>		<b>155,410</b>
Selling, general and administrative expenses		122,038
<b>Operating income</b>		<b>33,371</b>
Non-operating income		
Interest income	197	
Dividend income	1,537	
Rent income	243	
Foreign exchange gains	12	
Equity in earnings of affiliates	318	
Other	656	2,967
Non-operating expenses		
Interest expense	3,211	
Other	598	3,810
<b>Ordinary income</b>		<b>32,528</b>
Extraordinary gains		
Gain on sales of non-current assets	144	
Gain on sales of investments in securities	6,587	
Gain on sale of shares of subsidiaries and affiliates	52	
Gain on sales of investments in capital of subsidiaries and affiliates	147	
Gain on change in equity	449	
Subsidy income	25	7,406
Extraordinary losses		
Loss on sales of non-current assets	87	
Loss on disposal of non-current assets	998	
Impairment losses	2,838	
Loss on sales of investment securities	7	
Loss on valuation of investments in securities	2,120	
Loss on sales of shares of subsidiaries and affiliates	466	
Other	277	6,797
<b>Income before income taxes</b>		<b>33,137</b>
Income taxes - current	9,621	
Income taxes - deferred	(694)	8,927
<b>Net income</b>		<b>24,210</b>
Net income attributable to non-controlling interests		584
<b>Net income attributable to owners of the parent</b>		<b>23,625</b>

## Non-Consolidated Financial Statements

### Non-Consolidated Balance Sheet (As of March 31, 2023)

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

ASSETS	Amount
	(Millions of yen)
<b>Current assets</b>	<b>298,965</b>
Cash and time deposits	9,893
Notes receivable	2,354
Electronically recorded monetary claims - operating	16,663
Accounts receivable	168,108
Merchandise	30,416
Goods in transit	2,660
Short-term loans receivable from subsidiaries and affiliates	61,693
Other	10,896
Less allowance for doubtful accounts	(3,721)
<b>Non-current assets</b>	<b>197,499</b>
Property, plant and equipment	13,050
Buildings	3,623
Structures	41
Machinery and equipment	553
Tools, furniture and fixtures	1,399
Land	7,203
Other	229
Intangible fixed assets	6,106
Software	3,541
Other	2,564
Investments and other assets	178,342
Investments in securities	57,775
Shares of subsidiaries and affiliates	101,138
Investments in capital of subsidiaries and affiliates	3,901
Long-term loans receivable from subsidiaries and affiliates	10,483
Claims provable in bankruptcy, claims provable in rehabilitation and other	105
Prepaid pension cost	3,536
Other	2,009
Less allowance for doubtful accounts	(608)
<b>Total assets</b>	<b>496,465</b>

LIABILITIES AND NET ASSETS	Amount
LIABILITIES	(Millions of yen)
<b>Current liabilities</b>	<b>220,832</b>
Electronically recorded obligations - operating	1,427
Accounts payable	90,125
Short-term loans	39,810
Current portion of long-term loans	1,000
Commercial papers	38,000
Accounts payable - other	7,211
Deposits received	39,054
Accrued bonuses for employees	2,068
Other	2,134
<b>Long-term liabilities</b>	<b>74,427</b>
Bonds	30,000
Long-term loans	26,900
Deferred tax liabilities	10,038
Retirement benefit liability	6,839
Provision for loss on guarantees	491
Provision for share awards	65
Other	92
<b>Total liabilities</b>	<b>295,260</b>
NET ASSETS	
<b>Shareholders' equity</b>	<b>173,090</b>
Common stock	9,699
Capital surplus	9,634
Legal capital surplus	9,634
Retained earnings	155,305
Legal retained earnings	2,424
Other	152,881
Reserve for reduction entry	2,058
General reserve	95,579
Retained earnings brought forward	55,243
Treasury stock, at cost	(1,550)
<b>Valuation and translation adjustments</b>	<b>28,114</b>
Net unrealized holding gain on securities	28,121
Deferred gain on hedges	(7)
<b>Total net assets</b>	<b>201,204</b>
<b>Liabilities and net assets</b>	<b>496,465</b>



Non-Consolidated Statements of Income (April 1, 2022 – March 31, 2023)

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

		Amount	
	(Millions of yen)		(Millions of yen)
Net sales			271,608
Cost of sales			232,513
<b>Gross profit</b>			<b>39,095</b>
Selling, general and administrative expenses			36,112
<b>Operating income</b>			<b>2,983</b>
Non-operating income			
Interest income	1,959		
Dividend income	9,337		
Rent income	714		
Foreign exchange gains	392		
Other	716		13,120
Non-operating expenses			
Interest expenses	1,921		
Amortization of bond issuance costs	58		
Cost of rent revenue	401		
Other	324		2,705
<b>Ordinary income</b>			<b>13,398</b>
Extraordinary gains			
Gain on sales of non-current assets	0		
Gain on sales of investments in securities	6,545		
Gain on sales of investments in capital of subsidiaries and affiliates	71		
Other	9		6,627
Extraordinary losses			
Loss on sales of non-current assets	39		
Loss on disposal of non-current assets	780		
Loss on valuation of investments in securities	2,028		
Loss on sales of shares of subsidiaries and affiliates	508		
Loss on valuation of shares of subsidiaries and affiliates	505		
Provision of allowance for doubtful accounts for subsidiaries and affiliates	2,518		
Provision for loss on guarantees	147		
Other	1		6,530
<b>Income before income taxes</b>			<b>13,495</b>
Income taxes - current	1,279		
Income taxes - deferred	6		1,286
<b>Net income</b>			<b>12,209</b>