

Consolidated Financial Statements for the Six Months Ended September 30, 2025

<Under Japanese GAAP>

November 6, 2025

These financial statements have been prepared for reference only in accordance with accounting principles and practices generally accepted in Japan.

NAGASE & CO., LTD.

Stock exchange listing: Tokyo (Prime Market)

Code number: 8012 URL (<https://www.nagase.co.jp/english/>)

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Filing of semi-annual securities report (scheduled): November 12, 2025

Start of distribution of dividends (scheduled): December 1, 2025

Supplementary documents of financial results: Yes

Holding of financial results briefing: Yes (for analysts and institutional investors)

(Note: Amounts have been rounded down to the nearest million yen.)

1. Consolidated Results for the Six Months Ended September 30, 2025 (April 1, 2025 to September 30, 2025)

(1) Consolidated Operating Results

(% = year-on-year change)

	Net sales		Gross profit		Operating income		Ordinary income		Profit attributable to owners of the parent	
Six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2025	479,734	-0.3	90,913	3.3	21,058	0.0	20,717	2.1	15,089	-5.6
September 30, 2024	480,976	6.8	87,993	—	21,054	45.4	20,297	42.5	15,977	55.9

(Note) 1. Comprehensive income

For the six months ended September 30, 2025: ¥12,825 million (48.5% decrease)

For the six months ended September 30, 2024: ¥24,888 million (20.5% decrease)

2. Due to a change in accounting policy, gross profit for the six months ended September 30, 2024, has been restated retrospectively. Accordingly, the year-on-year percentage change for the six months is not presented.

	Earnings per share	Earnings per share (diluted)
Six months ended	Yen	Yen
September 30, 2025	141.42	—
September 30, 2024	142.08	—

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2025	812,939	402,045	48.5	3,779.65
March 31, 2025	808,143	406,459	49.4	3,679.09

(Reference) Equity capital

As of September 30, 2025: ¥394,651 million

As of March 31, 2025: ¥399,052 million

2. Dividends

	Annual Dividends per Share				
	1Q	2Q	3Q	Fiscal year end	Annual
For the year ended (or ending)	Yen	Yen	Yen	Yen	Yen
March 2025	—	45.00	—	45.00	90.00
March 2026	—	45.00			
March 2026 (forecast)			—	50.00	95.00

(Notes) Revisions to the latest dividends forecast: No

3. Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2026 (April 1, 2025 to March 31, 2026)

(% = year-on-year change)

	Net sales		Gross profit		Operating income		Ordinary income		Profit attributable to owners of the parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full fiscal year	964,000	2.0	183,000	5.6	40,700	4.1	40,600	5.8	31,500	23.4	300.53

(Notes) 1. Revisions to the latest consolidated earnings forecast: Yes

2. For details, please refer to 1. *Qualitative Information*, (3) *Qualitative Information Related to Consolidated Earnings Forecasts*, on P.6 of this document.

3. Due to a change in accounting policy, the year-on-year percentage change in gross profit is calculated using the retrospectively adjusted figures for the corresponding period of the previous fiscal year.

* Notes

(1) Significant changes in the scope of consolidation during the period: Yes

New: 8 (Company names: APLIQUIMICA APLICACOES QUIMICAS ESPECIAIS LTDA

SACHEM Japan Holding GK

SACHEM Japan GK

SN Tech Corporation

SACHEM Wuxi Co., Ltd.

SACHEM Korea Ltd.

NAGASE WAHLEE INDIA PRIVATE LIMITED

Nagase Diagnostics Co., Ltd.)

Excluded: 1 (Company name: Nagase Abrasive Materials Co., Ltd.)

(2) Application of special accounting methods to the preparation of semi-annual financial statements: Yes

(Note) For details, please refer to 2. *Semi-Annual Consolidated Financial Statements and Notes*, (4) *Notes Related to Semi-Annual Consolidated Financial Statements (Special Accounting Treatment Applied in Preparing Semi-Annual Consolidated Financial Statements)*, on P.14 of this document.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements after error corrections

i. Changes in accordance with revisions to accounting and other standards: No

ii. Changes in items other than (i) above: Yes

iii. Changes in accounting estimates: Yes

iv. Restatement of prior period financial statements after error corrections: No

(Note) For details, please refer to 2. *Semi-Annual Consolidated Financial Statements and Notes*, (4) *Notes Related to Semi-Annual Consolidated Financial Statements (Changes in Accounting Policy)* and *(Changes in Accounting Estimates)* on P.14 of this document.

(4) Number of shares issued and outstanding (common stock)

i. Number of shares issued and outstanding as of the fiscal period end (including treasury stock)

September 30, 2025	109,908,285 shares	March 31, 2025	114,908,285 shares
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ii. Number of treasury stock as of the fiscal period end

September 30, 2025	5,493,637 shares	March 31, 2025	6,443,222 shares
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iii. Average number of shares during the period

September 30, 2025	106,698,407 shares	September 30, 2024	112,455,860 shares
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(Note) The number of treasury shares as of the fiscal period end includes Company shares held by the Stock-Granting Trust for Directors (265,800 shares as of September 30, 2025 and 282,400 shares as of March 31, 2025). Treasury stock deducted from the calculation of the average number of shares during the period includes Company shares held by the Stock-Granting Trust for Directors (277,657 shares for the period ended September 30, 2025 and 286,757 shares for the period ended September 30, 2024).

*** Semi-annual financial results reports are exempt from review conducted by certified public accountants or an audit firm.**

*** Cautionary Statement with Respect to Forecasts of Consolidated Business Results**

The earnings forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts.

For matters related to earnings forecasts, please refer to *1. Qualitative Information, (3) Qualitative Information Related to Consolidated Earnings Forecasts*, on P.6 of this document.

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1. Qualitative Information

(1) Review of Business Performance

a. General Summary of Results

Earnings for the six-month period ended September 30, 2025 are as follows.

	Six-month period ended September 30, 2024	Six-month period ended September 30, 2025	Change	Change (%)
Net sales	480,976	479,734	(1,242)	(0.3)
Gross profit	87,993	90,913	2,919	3.3
Operating income	21,054	21,058	4	0.0
Ordinary income	20,297	20,717	419	2.1
Profit before income taxes	23,004	21,232	(1,771)	(7.7)
Profit attributable to owners of the parent	15,977	15,089	(887)	(5.6)

(Millions of yen)

- Although net sales for the half quarter of the current fiscal year decreased due in part to the impact of yen appreciation on foreign exchange, gross profit margin improved as a result of improved profitability at certain manufacturing subsidiaries and other factors, resulting in an overall increase in gross profit for the period.
- Operating income was level year on year with an increase in gross profit, despite M&A-related expenses and an increase in selling, general and administrative expenses, which was caused by an increase in retirement benefit expenses related to the amortization of actuarial differences. For details, see *b. Segment Summary*.
- Profit attributable to owners of the parent decreased ¥0.8 billion to ¥15.0 billion, despite a gain on negative goodwill. Factors behind this decrease included a loss on business withdrawal due to the fiscal 2020 decision to withdraw from the thin-film processing business for glass substrates in China and the impact of posting a gain on sale of investment securities in the same period of the previous fiscal year.

b. Segment Summary

The following describes performance by segment.

The comparative analysis of gross profit in the Life & Healthcare segment reflects the retrospective application of a change in accounting policy for the first half of the previous fiscal year.

*For details, please refer to *(Changes in Accounting Policy)* on P.14 of this document.

Functional Materials

(Millions of yen)

	Six-month period ended September 30, 2024	Six-month period ended September 30, 2025	Change	Change (%)
Net sales	79,416	76,266	(3,150)	(4.0)
Gross profit	17,027	15,817	(1,209)	(7.1)
Operating income	5,423	4,226	(1,196)	(22.1)

Gross profit decreased mainly due to the following factors.

- Sales of coating materials decreased due to lower demand in automotive and architectural applications
- Sales remained flat for raw materials for semiconductor materials

Operating income decreased due to a decrease in gross profit.

Advanced Materials & Processing

(Millions of yen)

	Six-month period ended September 30, 2024	Six-month period ended September 30, 2025	Change	Change (%)
Net sales	108,202	102,983	(5,219)	(4.8)
Gross profit	13,091	13,485	393	3.0
Operating income	3,538	3,706	168	4.8

Gross profit increased mainly due to the following factors.

- Although resin sales declined due to lower volume in the electrical and electronics industry, including office automation equipment, profit margin improved as a result of planned product mix optimization
- Sales of industrial hoses and civil engineering pipes increased at Nagase RooTAC Industries, Inc. (corporate name changed from Totaku Industries, Inc. as of November 1, 2025)

Operating income increased due to an increase in gross profit.

Electronics & Energy

(Millions of yen)

	Six-month period ended September 30, 2024	Six-month period ended September 30, 2025	Change	Change (%)
Net sales	79,938	84,663	4,725	5.9
Gross profit	19,330	21,808	2,478	12.8
Operating income	5,981	6,767	786	13.1

Gross profit increased mainly due to the following factors.

- Sales of materials for the semiconductors increased
- Sales of formulated epoxy resins of Nagase ChemteX increased due to strong demand for semiconductors used in AI servers despite demand for mobile device applications remained sluggish

Operating income increased due to increased gross profit, despite posting M&A related expenses.

Mobility

(Millions of yen)

	Six-month period ended September 30, 2024	Six-month period ended September 30, 2025	Change	Change (%)
Net sales	66,015	63,745	(2,270)	(3.4)
Gross profit	8,392	7,815	(576)	(6.9)
Operating income	2,272	1,860	(411)	(18.1)

Gross profit decreased mainly due to the following factors.

- Resin sales, which account for about half of gross profit, increased due to an increase in volume, despite the impact of yen appreciation
 - Sales decreased for functional materials and functional components for interior and exterior fittings and electrification
- Operating income decreased due to a decrease in gross profit.

Life & Healthcare

(Millions of yen)

	Six-month period ended September 30, 2024	Six-month period ended September 30, 2025	Change	Change (%)
Net sales	147,350	152,030	4,680	3.2
Gross profit	30,071	31,777	1,705	5.7
Operating income	1,974	4,555	2,580	130.7

Gross profit increased mainly due to the following factors.

- Sales increased for pharmaceutical raw materials and intermediates
- Sales of Nagase Viita increased due to sales of food ingredients and cosmetic materials
- The Prinova Group saw an increase in food ingredient sales due to an increase in volume, despite falling market prices

Operating income increased, despite M&A related expenses, due to the completion of amortization for certain intangible assets at Nagase Viita and the efficiency improvements at the Prinova Group.

Others

No special matters to disclose.

(2) Review of Financial Position

a. Assets, Liabilities and Net Assets

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025	Change	Change (%)
Current assets	560,126	534,386	(25,739)	(4.6)
Non-current assets	248,017	278,552	30,535	12.3
Net assets	808,143	812,939	4,795	0.6
Liabilities	401,683	410,893	9,210	2.3
Net assets	406,459	402,045	(4,414)	(1.1)
Shareholders' equity ratio (%)	49.4	48.5	(0.9) p	—

- Current assets decreased due to a decrease in cash and time deposits and inventories, despite an increase in accounts receivable
- Non-current assets increased due to an increase in property, plant and equipment, as well as the recognition of property, plant and equipment and goodwill from new consolidations.
- Liabilities increased due to a net increase in commercial paper and short-term loans despite a decrease in accounts payable
- Net assets decreased due to purchases of treasury stock and a decrease in translation adjustments, despite the recording of interim profit attributable to owners of the parent
- As a result, the Company recorded a shareholders' equity ratio of 48.5%, down 0.9 points compared to 49.4% from the end of the prior consolidated fiscal year

b. Consolidated Cash Flows

(Millions of yen)

	Six-month period ended September 30, 2024	Six-month period ended September 30, 2025
Cash flows from operating activities	11,964	16,277
Cash flows from investing activities	(10,869)	(35,754)
Cash flows from financing activities	(11,077)	(3,410)

- Net cash provided by operating activities was mainly the result of ¥21.2 billion in income before taxes and ¥7.9 billion in depreciation and amortization, offset in part by a ¥7.8 billion decrease in cash due to an increase in working capital and ¥5.6 billion in income taxes paid.
- Net cash used in investing activities was mainly the result of ¥19.0 billion outlays for the acquisition of stock of a subsidiary resulting in a change in the scope of consolidation and ¥12.9 billion in purchases of property, plant and equipment.
- Net cash used in financing activities was mainly the result of ¥11.8 billion in the acquisition of treasury stock, ¥5.8 billion in repayments of long-term loans, and ¥4.8 billion in dividend payments, offset in part by a net increase of ¥10.8 billion in short-term loans and a net increase of ¥9.5 billion in commercial paper.

(3) Qualitative Information Related to Consolidated Earnings Forecasts

Although performance varied across business segments, overall progress has exceeded initial forecasts for the full year (April 1, 2025 to March 31, 2026) as published on May 8, 2025. As a result, we have made upward revisions to our forecasts for net sales, gross profit, operating income, and ordinary income. In addition, we expect to post record-high results for each profit measure.

The main reason for this revision is that sales of functional materials and functional components were lower than expected in the automobile-related business due to a decline in production by certain EV-related customers. Meanwhile, the Prinova Group's Nutrition business achieved cost reductions through efficiency improvements at an early stage, while the Solution business won new projects, contributing significantly to larger-than-expected earnings. In addition, sales of resins to the office equipment and other electrical and electronics industries, experienced higher profit margins with improved product mix, while the Nagase RooTAC Industries, Inc. (corporate name changed from Totaku Industries, Inc. as of November 1, 2025) business delivered strong results. Accordingly, we revised our full-year consolidated earnings forecasts upward.

We have left our forecast for profit attributable to owners of the parent unchanged, as the business withdrawal loss related to the exit from the thin-film processing for glass substrate business in China, which was decided in fiscal 2020, was higher than originally projected.

We also changed the assumed foreign exchange rates used as the basis of our earnings forecasts from ¥143 to ¥148 per U.S. dollar and from ¥19 to ¥20.6 per RMB.

a. Revised full-year consolidated earnings forecasts (April 1, 2025 to March 31, 2026) (Millions of yen)

	Prior Forecast (A)	Revised Forecast (B)	Change (B-A)	Change (%)
Net sales	955,000	964,000	9,000	0.9
Gross profit	181,000	183,000	2,000	1.1
Operating income	39,500	40,700	1,200	3.0
Ordinary income	38,500	40,600	2,100	5.5
Profit attributable to owners of the parent	31,500	31,500	—	—

b. Revised full-year earnings forecasts by segment (April 1, 2025 to March 31, 2026)

(Net sales by segment) (Millions of yen)

	Prior Forecast (A)*	Revised Forecast (B)	Change (B-A)	Change (%)
Functional Materials	157,000	157,000	—	—
Advanced Materials & Processing	211,000	208,000	(3,000)	(1.4)
Electronics & Energy	167,000	167,000	—	—
Mobility	130,000	128,000	(2,000)	(1.5)
Life & Healthcare	289,900	303,900	14,000	4.8
Others	100	100	—	—
Total net sales	955,000	964,000	9,000	0.9

(Gross profit by segment) (Millions of yen)

	Prior Forecast (A)*	Revised Forecast (B)	Change (B-A)	Change (%)
Functional Materials	32,800	32,800	—	—
Advanced Materials & Processing	27,000	27,200	200	0.7
Electronics & Energy	43,400	43,400	—	—
Mobility	16,400	15,800	(600)	(3.7)
Life & Healthcare	61,200	63,600	2,400	3.9
Others	200	200	—	—
Total net sales	181,000	183,000	2,000	1.1

(Operating income by segment)

(Millions of yen)

	Prior Forecast (A)*	Revised Forecast (B)	Change (B-A)	Change (%)
Functional Materials	8,800	8,800	—	—
Advanced Materials & Processing	6,900	7,100	200	2.9
Electronics & Energy	12,900	12,900	—	—
Mobility	4,200	3,800	(400)	(9.5)
Life & Healthcare	7,300	8,700	1,400	19.2
Others	(600)	(600)	—	—
Total net sales	39,500	40,700	1,200	3.0

(*) Full-year consolidated earnings forecast announced on May 8, 2025

2. Semi-Annual Consolidated Financial Statements

(1) Semi-Annual Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
ASSETS		
Current assets		
Cash and time deposits	66,310	40,663
Notes and accounts receivable and contract assets	311,251	314,585
Merchandise and finished goods	146,834	146,181
Work in process	2,320	2,937
Raw materials and supplies	17,068	15,204
Other	17,387	15,937
Less allowance for doubtful accounts	(1,048)	(1,123)
Total current assets	560,126	534,386
Non-current assets		
Property, plant and equipment	91,671	109,037
Intangible fixed assets		
Goodwill	25,400	32,334
Technology-based assets	1,289	1,125
Other	39,121	36,289
Total intangible fixed assets	65,811	69,748
Investments and other assets		
Investments in securities	72,028	79,502
Long-term loans receivable	1,257	1,247
Retirement benefit asset	6,072	6,162
Deferred tax assets	5,700	5,560
Other	6,653	8,262
Less allowance for doubtful accounts	(1,179)	(969)
Total investments and other assets	90,534	99,766
Total non-current assets	248,017	278,552
Total assets	808,143	812,939

(Millions of yen)

	As of March 31, 2025	As of September 30, 2025
LIABILITIES		
Current liabilities		
Notes and accounts payable	151,269	143,249
Short-term loans	42,310	53,623
Current portion of long-term loans	6,039	63
Commercial paper	19,500	29,000
Accrued income taxes	3,753	6,063
Accrued bonuses for employees	8,518	7,817
Accrued bonuses for directors	394	225
Provision for directors' stock benefit	—	21
Provision for losses on business withdrawal	1,917	3,133
Other	35,874	33,467
Total current liabilities	269,576	276,664
Long-term liabilities		
Bonds	40,000	40,000
Long-term loans	53,454	53,419
Lease liabilities	11,471	10,043
Deferred tax liabilities	13,275	15,020
Retirement benefit liability	12,289	12,643
Provision for directors' stock benefit	111	218
Other	1,503	2,884
Total long-term liabilities	132,106	134,229
Total liabilities	401,683	410,893
NET ASSETS		
Shareholders' equity		
Common stock	9,699	9,699
Capital surplus	9,348	9,348
Retained earnings	312,244	307,036
Less treasury stock, at cost	(19,579)	(15,980)
Total shareholders' equity	311,712	310,103
Accumulated other comprehensive income		
Net unrealized holding gain on securities	30,665	35,181
Deferred gain on hedges	6	105
Translation adjustments	56,864	49,262
Remeasurements of defined benefit plans	(196)	(2)
Total accumulated other comprehensive income	87,340	84,547
Non-controlling interests	7,406	7,394
Total net assets	406,459	402,045
Total liabilities and net assets	808,143	812,939

(2) Semi-Annual Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(Semi-Annual Consolidated Statements of Income)

Six-month periods ended September 30, 2025 and 2024

(Millions of yen)

	Six-month period ended September 30, 2024 (April 1, 2024 - September 30, 2024)	Six-month period ended September 30, 2025 (April 1, 2025 - September 30, 2025)
Net sales	480,976	479,734
Cost of sales	392,983	388,821
Gross profit	87,993	90,913
Selling, general and administrative expenses	66,939	69,854
Operating income	21,054	21,058
Non-operating income		
Interest income	557	362
Dividend income	842	1,074
Rent income	162	70
Equity in earnings of affiliates	449	418
Other	121	279
Total non-operating income	2,133	2,205
Non-operating expenses		
Interest expenses	1,935	1,787
Foreign exchange losses	605	160
Other	347	599
Total non-operating expenses	2,889	2,546
Ordinary income	20,297	20,717
Extraordinary gains		
Gain on sales of non-current assets	281	16
Gain on sales of investment securities	2,790	851
Gain on bargain purchase	—	1,780
Subsidy income	257	179
Other	9	—
Total extraordinary gains	3,338	2,827
Extraordinary losses		
Loss on sales of non-current assets	12	12
Loss on disposal of non-current assets	342	64
Loss on sales of investment securities	18	0
Loss on valuation of investment securities	—	162
Loss on business withdrawal	229	1,688
Settlements payments	—	329
Other	29	54
Total extraordinary losses	632	2,312
Income before income taxes	23,004	21,232
Income taxes	6,642	5,781
Profit for the period	16,362	15,451
Profit attributable to non-controlling interests	384	361
Profit attributable to owners of the parent	15,977	15,089

(Semi-Annual Consolidated Statements of Comprehensive Income)

Six-month periods ended September 30, 2025 and 2024

(Millions of yen)

	Six-month period ended September 30, 2024 (April 1, 2024 - September 30, 2024)	Six-month period ended September 30, 2025 (April 1, 2025 - September 30, 2025)
Profit for the period	16,362	15,451
Other comprehensive income		
Net unrealized holding (loss) gain on securities	(4,081)	4,514
Deferred (loss) gain on hedges	(306)	100
Translation adjustments	14,109	(7,353)
Remeasurements of defined benefit plans	(1,233)	194
Share of other comprehensive income (loss) of affiliates accounted for by the equity method	38	(81)
Total other comprehensive income (loss)	8,526	(2,626)
Comprehensive income	24,888	12,825
Comprehensive income attributable to:		
Shareholders of the parent	24,658	12,296
Non-controlling interests	229	528

(3) Semi-Annual Consolidated Statements of Cash Flows

Six-month periods ended September 30, 2025 and 2024

(Millions of yen)

	Six-month period ended September 30, 2024 (April 1, 2024 - September 30, 2024)	Six-month period ended September 30, 2025 (April 1, 2025 - September 30, 2025)
Operating activities		
Income before income taxes	23,004	21,232
Depreciation and amortization other than amortization of goodwill	7,624	7,995
Amortization of goodwill	1,363	1,469
Subsidy income	(257)	(179)
Share of gain of entities accounted for using equity method	(449)	(418)
Loss on business withdrawal	229	1,688
Settlements payments	—	329
Gain on bargain purchase	—	(1,780)
(Decrease) increase in retirement benefit liability	(1,501)	322
(Increase) decrease in retirement benefit asset	(1,674)	74
Interest and dividend income	(1,399)	(1,436)
Interest expenses	1,935	1,787
Exchange loss, net	634	1,397
Gain on sales of investment securities	(2,771)	(850)
Loss on evaluation of investment securities	—	162
Decrease (increase) in notes and accounts receivable	5,459	(1,337)
(Increase) decrease in inventories	(6,003)	2,741
Decrease in notes and accounts payable	(8,328)	(9,288)
Other	940	(2,024)
Subtotal	18,805	21,884
Interest and dividends received	1,751	1,594
Interest paid	(2,009)	(1,745)
Proceeds from subsidy income	257	179
Income taxes paid	(6,841)	(5,635)
Net cash provided by operating activities	11,964	16,277
Investing activities		
Purchases of property, plant and equipment	(6,589)	(12,930)
Proceeds from sales of property, plant and equipment	639	161
Purchases of intangible fixed assets	(605)	(1,951)
Purchases of investments in securities	(451)	(860)
Proceeds from sales of investments in securities	3,279	1,277
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	(19,060)
Decrease in short-term loans receivable included in other current assets	229	189
(Increase) in time deposits, net	(6,242)	—
Other	(1,128)	(2,579)
Net cash used in investing activities	(10,869)	(35,754)
Financing activities		
Increase in short-term loans, net	2,240	10,861
(Decrease) increase in commercial paper, net	(3,000)	9,500
Proceeds from long-term loans	7,000	—
Repayments of long-term loans	(1,920)	(5,871)
Purchase of treasury stock	(9,481)	(11,861)
Cash dividends paid	(4,562)	(4,893)
Cash dividends paid to non-controlling interests	(474)	(540)
Other	(880)	(605)
Net cash used in financing activities	(11,077)	(3,410)

(Millions of yen)

	Six-month period ended September 30, 2024 (April 1, 2024 - September 30, 2024)	Six-month period ended September 30, 2025 (April 1, 2025 - September 30, 2025)
Effects of exchange rate changes on cash and cash equivalents	(972)	(2,777)
Net decrease in cash and cash equivalents	(10,955)	(25,664)
Cash and cash equivalents at beginning of the year	59,185	65,903
Cash and cash equivalents at end of the period	48,230	40,238

(4) Notes Related to Semi-Annual Consolidated Financial Statements

(Assumption for Going Concern)

No matters to report.

(Changes in Accounting Policy)

(Revised Classification of Manufacturing Costs)

Effective from the beginning of the half quarter of the current fiscal year, the Company has revised the classification of manufacturing costs at the manufacturing subsidiaries of the Prinova Group, a consolidated subsidiary. Following the full acquisition of the Prinova Group in FY2023, this revision was implemented to strengthen cost control practices, leveraging the introduction of a new accounting system.

Accordingly, certain expense items that had previously been recorded as selling, general and administrative expenses are now recorded as cost of sales. This change in accounting policy has been applied retrospectively, and the semi-annual consolidated financial statements for the corresponding period of the previous fiscal year have been restated accordingly.

As a result of the retrospective application, cost of sales increased by ¥4,150 million and selling, general and administrative expenses decreased by the same amount for the half quarter of the previous fiscal year, resulting in a ¥4,150 million decrease in gross profit compared with the amount before the retrospective adjustment. There was no impact on operating income, ordinary income, or profit attributable to owners of the parent.

(Changes in Accounting Estimates)

(Loss on Business Withdrawal)

In the previous consolidated fiscal year, the Company recorded a provision for loss on business withdrawal related to the loss incurred from the thin-film processing business for glass substrates in China, the decision for which was made in fiscal 2020. However, due to the acquisition of new information regarding soil remediation costs, the Company revised estimates during the interim period of the current consolidated fiscal year.

As a result of this change in estimate, the provision for loss on business withdrawal for the interim period of the current consolidated fiscal year increased by ¥1,672 million and income before income taxes decreased by ¥1,625 million.

(Significant Fluctuations in Shareholders' Equity)

Following a resolution by the Board of Directors at a meeting held May 8, 2025, the Company acquired 4,066,900 shares of treasury stock in the cumulative first quarter of the current fiscal year, resulting in a 11,839 million increase in treasury stock. The Company also canceled 5,000,000 shares of treasury stock on May 30, 2025, pursuant to a resolution by the Board of Directors at a meeting held on the same date, resulting in a ¥15,404 million decrease in retained earnings and treasury stock.

As a result, retained earnings amounted to ¥307,036 million and treasury stock holdings amounted to ¥15,980 million as of the end of the first quarter.

(Special Accounting Treatment Applied in Preparing the Interim Consolidated Financial Statements)

(Calculation of Tax Expenses)

Tax expenses are calculated by rationally estimating an effective tax rate after applying tax effect accounting to profit before income taxes for the fiscal year, including the current interim period, and multiplying profit before income taxes for the interim period by the estimated effective tax rate.

In the event that the calculated tax expenses using this estimated effective tax rate lead to significantly unreasonable results, this shall be calculated by multiplying the statutory effective tax rate after adjusting significant non-temporary differences by the profit before income taxes.

Deferred income taxes are included in income tax.

(Additional Information)

(Stock-Based Compensation Plan)

Effective as of fiscal year ending March 2023, the Company has adopted a stock-based compensation plan ("Plan") for directors (excluding outside directors) and executive officers (collectively, "Eligible Individuals"). The purpose of the Plan is to establish a clear link between compensation for Eligible Individuals and Company performance and share value, as well as for Eligible Individuals to share the benefits and risks associated with fluctuations in NAGASE share price with shareholders. In this way, the NAGASE Group intends to raise awareness about contributing to improved business performance and increased corporate value over the medium to long term.

(1) Overview

The Plan is a stock-based compensation plan under which a trust ("Trust") established by monetary contribution from the Company acquires Company shares. The Company grants points to each Eligible Individual, and the Trust delivers the number of Company shares equivalent to the points earned by each Eligible Individual. The Company grants shares annually, according to the terms of employment and after the end of the performance evaluation period, while domestic subsidiaries grant shares annually according to the terms of employment. The shares to be delivered under the terms of employment remain restricted until retirement, and the shares to be delivered after the end of the performance evaluation period remain restricted until retirement or three years after delivery, whichever is earlier.

(2) Company shares remaining in the Trust

Company shares remaining in the Trust are recorded as treasury stock under net assets in the balance sheet based on the carrying value in the Trust (excluding incidental expenses). The carrying value and number of said treasury stock amounted to ¥599 million and 282,400 shares at the end of the previous fiscal year and ¥563 million and 265,800 shares at the end of the first half of the current consolidated fiscal year.

(Segment Information, etc.)

a. Segment Information

I Six-month period ended September 30, 2024 (consolidated)

1. Information related to net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable Segments						Others (Note) 1	Total	Corporate (Note) 2	Adjustments (Note) 3	Consolidated (Note) 4
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total					
Net sales											
Sales to customers	79,416	108,202	79,938	66,015	147,350	480,923	52	480,976	—	—	480,976
Intersegment sales/transfers	572	392	1,048	1,084	247	3,344	3,421	6,766	—	(6,766)	—
Total	79,988	108,594	80,986	67,100	147,597	484,268	3,473	487,742	—	(6,766)	480,976
Segment income	5,423	3,538	5,981	2,272	1,974	19,190	177	19,368	1,178	506	21,054

(Note) 1. “Others” is a business segment consisting of businesses not included in Reportable Segments and includes information processing services and professional services.

2. Corporate segment income represents expenses not allocated to Reportable Segments or Others.

3. Adjustments are eliminations of intersegment transactions.

4. The sum of segment income Total, Corporate, and Adjustments is equivalent to operating income as presented in “Consolidated”.

II Six-month period ended September 30, 2025 (consolidated)

1. Information related to net sales and income (loss) by reportable segment

(Millions of yen)

	Reportable Segments						Others (Note) 1	Total	Corporate (Note) 2	Adjustments (Note) 3	Consolidated (Note) 4
	Functional Materials	Advanced Materials & Processing	Electronics & Energy	Mobility	Life & Healthcare	Total					
Net sales											
Sales to customers	76,266	102,983	84,663	63,745	152,030	479,689	45	479,734	—	—	479,734
Intersegment sales/transfers	340	417	1,095	996	401	3,252	3,801	7,054	—	(7,054)	—
Total	76,606	103,400	85,759	64,742	152,432	482,942	3,846	486,788	—	(7,054)	479,734
Segment income (loss)	4,226	3,706	6,767	1,860	4,555	21,116	195	21,312	(621)	368	21,058

(Note) 1. “Others” is a business segment consisting of businesses not included in Reportable Segments and includes information processing services and professional services.

2. Corporate segment income(loss) represents expenses not allocated to Reportable Segments or Others.

3. Adjustments are eliminations of intersegment transactions.

4. The sum of segment income(loss) Total, Corporate, and Adjustments is equivalent to operating income as presented in “Consolidated”.

2. Information related to gain on negative goodwill by a reportable segment

The Life & Healthcare segment acquired shares in Nagase Diagnostics Co., Ltd., making said company a consolidated subsidiary of the Company and resulting in a gain on negative goodwill. The gain on negative goodwill resulting from this event amounted to ¥1,780 million. The gain in question has not been included in the income of the Life & Healthcare segment, as such is an extraordinary gain.

(Significant Subsequent Events)

(Share split)

The Company resolved at the Board of Directors meeting held on October 24, 2025, to conduct a share split and to partially amend the Articles of Incorporation in connection with the share split, and hereby announces the details as follows.

1. Purpose of share split

The purpose of this is to improve the liquidity of NAGASE's shares and expand the investor base by conducting a share split and lowering the amount per investment unit.

2. Overview of share split

(1) Method of share split

NAGASE shall conduct a share split at a ratio of 4 shares for every one common share held by shareholders recorded on the final shareholder register on March 31, 2026.

(2) Number of shares to be increased by share split

Total number of issued shares before the share split	109,908,285 shares
Number of shares to be increased by the share split	329,724,855 shares
Total number of issued shares after the share split	439,633,140 shares
Total number of shares authorized to be issued after the share split	1,387,920,000 shares

(3) Schedule of the share split

Date of public notice of the record date	March 16, 2026
Record date	March 31, 2026
Effective date	April 1, 2026

3. Impact on per share information

Per share information is based on the assumption that the stock split was conducted at the beginning of the previous fiscal year, detailed as follows.

Item	Six-month period ended September 30, 2024	Six-month period ended September 30, 2025
Net income per share	35.52 yen	35.36 yen

4. Others

There will be no change in the amount of share capital following this share split.

(Repurchase of Own Shares)

At a meeting held on November 6, 2025, the Company's board of directors resolved to repurchase its own shares based on the provisions of Article 156 of the Companies Act, applied mutatis mutandis to Article 165, Paragraph 3 of the same Act.

(1) Reasons for the repurchase of own shares

The Company's board of directors, at a meeting held on May 8, 2024, made a resolution to change Shareholder Returns Policy in Medium-Term Management Plan **ACE 2.0**. and to implement a total payout ratio of 100% as a limited measure for the two years until the final year of **ACE 2.0**. Pursuant to this policy, the Company will repurchase its own shares.

(2) Details of the shares to be repurchased

a. Class of shares to be repurchased	Common shares
b. Total number of shares that may be repurchased	3,500,000 shares (maximum) (Equivalent to 3.35% of outstanding shares, excluding treasury stock)
c. Total value of shares that may be repurchased	8 billion yen (maximum)
d. Repurchase period	From December 8, 2025 to January 31, 2026
e. Repurchase method	Market purchases, including Off-Auction Own Share Repurchase Trading System (ToSTNeT-3)

Reference: Treasury shares held as of October 31, 2025

Total number of shares issued (excluding treasury shares)	104,630,048 shares
Total number of treasury shares	5,278,237 shares

(*) The number of treasury shares as of October 31, 2025 does not include 265,800 Company shares held by the Stock-Granting Trust for Directors.

(Determination of Matters Related to the Acquisition of Stock Under the Stock-Based Compensation Plan)

At a meeting held on May 8, 2025, the Company's board of directors resolved to change the details of the trust-based stock-based compensation plan ("Plan;" and trust previously established for the purpose of operating the Plan ("Trust")) for the Company's directors (excluding outside directors; same below) and executive officers. The resolution to change the details of the Trust and compensation for directors was approved at the 110th Annual General Meeting of Shareholders held on June 18, 2025.

In addition, at a meeting held on July 25, 2025, the Company's Board of Directors approved a resolution to extend the trust period of the Trust, and further resolved on September 3, 2025, to add directors (excluding outside directors; same below) of the Company's subsidiaries as eligible persons under the Plan.

Based on the preceding, at a meeting held today, the Company's Board of Directors decided on matters concerning the acquisition of additional Company shares by the trustee of the Trust, as described below.

Refer to Notice Concerning the Extension and Amendment of the Performance-Linked Stock Compensation Plan for Directors, released May 8, 2025, for details of the Plan.

1. Trust overview

(1) Name	Stock-Granting Trust for Directors
(2) Entrustor	The Company
(3) Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-trustee: The Custody Bank of Japan, Ltd.)
(4) Beneficiaries	Directors and executive officers of the Company and directors of the Company's subsidiaries who meet the requirements as beneficiaries
(5) Trust administrator	Third party independent of the Company and Company officers
(6) Exercise of voting rights	Voting rights pertaining to the Company's shares in the Trust will not be exercised during the term of the Trust.
(7) Type of trust	Money deposited other than money in trust (third-party benefit trust)
(8) Trust agreement date	March 2, 2023
(9) Date of additional monetary trust deposit	December 5, 2025
(10) Trust conclusion date	August 31, 2031 (planned)

2. Matters Concerning Additional Acquisition of the Company's Shares by the Trustee of the Trust

(1) Type of shares to be acquired	Common stock
(2) Total share acquisition cost	1,675,000,000 yen (maximum)
(3) Total number of shares to be acquired	487,700 shares (*)
(4) Method of share acquisition	Acquisition of treasury stock from the Company
(5) Share acquisition timing	December 5, 2025

(*) As announced in Notice Concerning Disposal of Treasury Shares in Connection With Stock-Based Compensation Plan, published on November 6, 2025, the disposal price for the disposal of treasury shares made by the Company to the trustee of the Trust is scheduled to be finalized on November 17, 2025. The total number of shares to be acquired by the trustee of the Trust will be the number calculated by dividing the amount in (2) above by the disposal price to be finalized on November 17, 2025 (shares less than one unit will be rounded down). The figure provided in (3) above is an estimate as of today.

(Disposal of Treasury Shares in Connection with Stock-Based Compensation Plan)

At a meeting held today, the NAGASE & CO., LTD. ("Company") Board of Directors approved a resolution to dispose of treasury stock as stock-based compensation ("Disposal").

1. Overview of the disposal

(1) Disposal date	December 2, 2025
(2) Type and number of shares to be disposed of	Company common stock 487,700 shares This figure represents an estimated number of shares as of today, to be finalized on November 17, 2025. The figure will be calculated by dividing 1,675,000,000 yen by the disposal price determined in (3) below (shares less than one unit will be rounded down).
(3) Disposal price	3,434 yen per share This figure is the estimated amount as of today, to be finalized on November 17, 2025. (Note 1)
(4) Total disposal price	1,674,761,800 yen This figure is the estimated amount as of today and will be calculated by multiplying the disposal price in (3) above by the number of shares to be disposed of in (2) above.
(5) Allottee	Sumitomo Mitsui Trust Bank, Limited (Trust Account) (Re-trustee: The Custody Bank of Japan, Ltd. (Trust Account))
(6) Other	This Disposal is subject to the effective submission of a securities registration statement to be filed under the Financial Instruments and Exchange Act.

(Note 1) Method for determining the disposal price of the Disposal (purpose of establishing the price determination period)
The figure of 3,434 yen stated in 3. above represents the closing price on the day before the publication date of this disclosure (November 5, 2025) as a tentative disposal price. In other words, the Company believes that the disposal price of the Disposal should be determined based on the most recent market price and fluctuations in market price to ensure said disposal price is not particularly favorable to the allottee. Whereas the Company today (November 6, 2025) announced financial results for the second quarter of the fiscal year ending March 31, 2026. Therefore, the disposal price of the Disposal shall be finalized on November 17, 2025, taking into account the impact of the said financial results announcement on the Company's share price. Specifically, the disposal price will be the higher of 3,434 yen, the closing price of the Company's common stock on the Tokyo Stock Exchange on November 5, 2025, and the closing price on the trading day immediately preceding each day from November 11 to November 14, 2025.

2. Purpose and reason for the disposal

At a meeting held on May 10, 2022, the Company's Board of Directors approved a resolution stock-based compensation plan ("Plan") that incorporates the use of a trust. The purpose of the Plan was to establish a clear link between compensation for directors (excluding outside directors; same below) and executive officers with Company performance and share value, as well as for directors and executive officers to share the benefits and risks associated with fluctuations in Company share price with shareholders, thereby raising awareness of contributing to improved business performance and increased corporate value over the medium to long term. The Plan was approved at the 107th Annual General Meeting of Shareholders, held on June 20, 2022.

In addition, at a meeting held on May 8, 2025, the Board of Directors approved a resolution to revise the Plan in part. Changes to director compensation were approved and passed under a resolution at the 110th Annual General Meeting of Shareholders held on June 18, 2025.

Further, at a meeting held on July 25, 2025, the Board of Directors approved a resolution to extend the period of the trust (a trust established by the Company to manage the Plan; same below; "Trust"). On September 3, 2025, the Company decided to add directors of subsidiaries (excluding outside directors; same below; collectively referred to as "Directors") as eligible participants in the Plan.

Refer to Notice Concerning the Extension and Amendment of the Performance-Linked Stock Compensation Plan for Directors, released May 8, 2025, for details of the Plan.

This Disposal is scheduled to be made to Sumitomo Mitsui Trust Bank, Limited (Trust Account) (Re-trustee: The Custody Bank of Japan, Ltd. (Trust Account)), the trustee of the Trust.

The number of shares to be disposed corresponds to the number of shares expected to be delivered to Directors in accordance with the share delivery rules established by the Company and subsidiaries. The Company expects the scope of dilution to be approximately 0.44% of the 109,908,285 total shares issued as of September 30, 2025 (0.47% of total voting rights of 1,046,031 voting rights as of September 30, 2025; both figures rounded to two decimal places) (Note 2). The Company believes that this figure is the Disposal amount necessary to achieve the purpose of the Plan (described above), that the volume of the Disposal and the scale of dilution are reasonable, and that the impact on the secondary market will be minimal. (Note 2) As described in 2., Table 1. above, the Company intends to finalize the disposal volume on November 17, 2025. Accordingly, the dilution ratio calculated shown here is based on the estimated number of units as of today.

(Reference) Overview of Trust Agreement for the Trust

Entrustor	The Company
Trustee	Sumitomo Mitsui Trust Bank, Limited (Re-trustee: The Custody Bank of Japan, Ltd.)
Beneficiaries	Directors who meet the requirements as beneficiaries
Trust administrator	Third party independent of the Company and Company officers
Exercise of voting rights	Voting rights pertaining to the Company's shares in the Trust will not be exercised during the term of the Trust.
Type of trust	Money deposited other than money in trust (third-party benefit trust)
Trust agreement date	March 2, 2023
Trust period	March 2, 2023 to August 31, 2031 (planned)
Purpose of the Trust	Delivery of Company shares to beneficiaries in accordance with the share delivery rules

3. Basis and details of the calculation of the disposal price

Specifically, as described in 1. (Note 1) above, the disposal price will be the higher of 3,434 yen, the closing price of the Company's common stock on the Tokyo Stock Exchange on November 5, 2025, and the closing price on the trading day immediately preceding each day from November 11 to November 14, 2025. We believe this method of determining disposal price is reasonable taking into account the interests of existing shareholders. We also believe this method will determine a disposal price based on the most recent market price and fluctuations in market price for said shares. In addition, we believe the grounds for calculating said disposal price are objective and rational.

The percentage deviation (rounded to two decimal places) of the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on November 5, 2025 (the business day preceding the Board of Director resolution date), which is 3,434 yen, from the average closing price of the Company's common stock on the same exchange is as presented below.

Period	Closing average (rounded down to the nearest yen)	Deviation ratio
1 month (October 6, 2025 - November 5, 2025)	3,300 yen	4.06%
3 months (August 6, 2025 - November 5, 2025)	3,229 yen	6.35%
6 months (May 6, 2025 - November 5, 2025)	2,995 yen	14.66%

(Disposal of Treasury Stock as Restricted Stock for an Employee Stock Ownership Plan)

At a meeting held today, the NAGASE & CO., LTD. ("Company") Board of Directors resolved to adopt a plan to grant restricted stock ("Plan") to Company employees and Company subsidiary employees ("NAGASE Group") via the NAGASE & CO. Employee Stock Ownership Plan ("ESOP"), which is the employee stock ownership plan of the Company. The disposal of treasury stock as restricted stock ("Disposal") shall be granted to the allottees as described below.

1. Overview of the disposal

(1) Payment date	March 25, 2026
(2) Type and number of shares to be disposed	450,000 shares of common stock of the Company (Note 1)
(3) Disposal price	3,434 yen per share * However, if the highest closing price of the Company's common stock on Prime Market on the Tokyo Stock Exchange ("closing price on the trading day prior to the term determination date") on any trading day immediately preceding any day between November 11, 2025, and November 14, 2025, exceeds 3,434 yen, the disposal price shall be equal to the highest closing price on the trading day prior to the term determination date. (Note 2)
(4) Total disposal price	1,545,300,000 yen (estimate as of the publication date of this disclosure; value shall be calculated by multiplying the disposal price as described in (3) above by the number of shares disposed as described in (2) above.)
(5) Disposal method	Disposal shall be conducted by third-party allotment.
(6) Allottees	NAGASE & CO. Employee Stock Ownership Plan 450,000 shares
(7) Other	The Company has submitted an interim report for this Disposal as required under the Financial Instruments and Exchange Act.

(Note 1) Upon a resolution of the Employee Stock Ownership Plan Board of Governors scheduled to be held November 6, 2026, the ESOP shall collect applications for membership in ESOP after providing NAGASE Group employees with a sufficient notice period. Accordingly, the number of shares to be disposed and total disposal price noted above represents maximums for each figure. The Company intends to confirm the actual total figures for the number of shares to be disposed and disposal price after the membership drive and completion of the subscriber consent confirmation under the Plan.

(Note 2) Method for determining disposal price (purpose of establishing a price determination period) In the case of raising funds through a disposal of shares via third-party allotment, such as Disposal, the disposal price is generally determined on the date of the resolution for said disposal. However, on November 6, 2025, which was the Disposal Determination Date, the Company announced financial results for the second quarter of the fiscal year ending March 31, 2026, and also passed a resolution to conduct share buybacks. Accordingly, on November 14, 2025, to factor in the impact on the stock price associated with this disclosure and take into consideration the interests of existing shareholders, the Company has decided to use the higher disposal price after comparing the closing price of 3,434 yen for Company common shares on the Prime Market of the Tokyo Stock Exchange on November 5, 2025, and the closing price on the trading day prior to the term determination date, giving consideration to various factors, including stock price fluctuations.

2. Purpose and reason for the disposal

The Company has decided to adopt the Plan and conduct the Disposal for NAGASE Group employees who are members of the ESOP and who have agreed to acquire shares of stock allocated to the ESOP ("Eligible Employees"), excluding persons not living in Japan. The objective of the Plan is to grant shares as an incentive to sustainably improve the corporate value of the NAGASE Group by encouraging Eligible Employees to further share values with stakeholders, enhance engagement, and assist in personal asset formation.

The following provides an overview of the Plan.

Plan Overview

Under the Plan, Eligible Employees will be granted monetary claims ("Monetary Claims") for the purpose of receiving restricted stock grants, and such employees will contribute Monetary Claims to the ESOP. The ESOP will make a contribution in kind to the Company of the Monetary Claims contributed by the eligible employees, and receive an issuance or disposal of Company common shares as restricted stock.

In the event that the Company makes a new issuance or disposal of common stock under the Plan, the amount paid in per share of the common stock in question shall be based on the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on the trading day preceding the date of the Board of Directors resolution pertaining to said issuance or disposition (the closing price of the immediately preceding trading day, if no transaction was executed on the same day). The Board of Directors shall determine the amount based on this policy, provided that such is within a scope that does not result in a particularly advantageous amount for the ESOP (and, consequently, eligible employees).

In connection with the issuance or disposal of common stock under this Plan, the Company and the ESOP shall enter in a restricted stock allocation agreement, which shall include the following provisions: (1) A prohibition on the transfer, creation of security interests, or other disposition of the allocated shares to third parties for a specified period ("Transfer Restriction"); (2) The Company's right to acquire allocated shares without consideration upon the occurrence of certain events. The payment of Monetary Claims to the eligible employees will be made subject to the execution of said restricted stock allotment agreement between the Company and the ESOP.

Furthermore, eligible employees shall be restricted from withdrawing the restricted shares corresponding to their membership interests in restricted shares ("Restricted Stock Units") issued or acquired by the ESOP pursuant to the employee stock ownership plan regulations ("ESOP Regulations") until such Transfer Restriction on said restricted stock has been lifted.

Disposal Overview

On this basis, the NAGASE Group has decided to grant Eligible Employees a total of monetary claims of 1,545,300,000 yen, and the Company shall grant a total of 450,000 shares of Company common stock ("Allotted Shares") to the ESOP in exchange for the ESOP providing to the Company, as property contributed in kind, the monetary claims contributed to the ESOP by Eligible Employees.

The grant of Allocated Shares shall be made via treasury stock disposal, and the number of shares to be disposed will be determined at a later date as described in Note 1 of 1. Disposal overview. However, the maximum number of shares to be disposed shall be 450,000 shares.

The scope of dilution resulting from Disposal will be 0.41% of the total number of outstanding shares as of September 30, 2025 (109,908,285 shares), and 0.43% of the total voting rights as of September 30, 2025 (1,046,031 voting rights; all percentages rounded to two decimal places).

In addition, at a meeting held October 24, 2025, the Company's Board of Directors approved a resolution to split the Company's common stock at a ratio of 4 shares for each share of the Company's common stock, effective as of April 1, 2026.

Overview of Restricted Stock Allotment Agreement

The Company and the ESOP shall enter into a restricted stock allotment agreement (the "Transfer Restriction Agreement"), an overview of which follows below.

(1) Restricted period of transfer

The ESOP shall not transfer, pledge, or otherwise dispose of Allotted Shares, including withdrawal by Eligible Employees, during the period from March 25, 2026 (Payment Date), to June 1, 2029 ("Transfer Restriction Period").

(2) Conditions for lifting transfer restrictions

On the condition that Eligible Employees remain a member of the ESOP for the duration of the Transfer Restriction Period, the Transfer Restriction of Allotted Shares in the number corresponding to the Restricted Stock Units held by Eligible Employees shall be lifted as of the expiration date of the Transfer Restriction Period.

When lifting the Transfer Restriction, the Company shall inform the ESOP that the Company will lift Transfer Restriction and the number of Allotted Shares subject to the lifting of Transfer Restriction. The ESOP shall, subject to the provisions of the ESOP Regulations, transfer the portion of Restricted Stock Units owned by Eligible Employees corresponding to the Allotted Shares for which the Transfer Restriction have been lifted, in the member shares ("Ordinary Shares") held by the Eligible Employee in question for the shares acquired by the ESOP outside the Plan.

(3) Treatment of termination of membership in the ESOP

In cases where an Eligible Employee terminates their membership in the ESOP (including cases where the membership of said Eligible Employee is automatically terminated due to the loss of membership qualifications or the employee terminates membership upon the submission of a notice of termination of membership) during the Transfer Restriction Period, the Company shall acquire all of the Allotted Shares without consideration as of the first business day of the month in which the settlement occurs ("Settlement Release Date") upon the withdrawal from the ESOP by the Eligible Employee in question. However, in the event of death, retirement (provided that, if re-employed after retirement, the expiration of the reemployment period at the Company or Company subsidiary to which the Eligible Employee belongs (If the re-employment period is renewed, the expiration of the renewed re-employment period. The same applies thereafter.); same as applied to retirement), promotion to an executive position, transfer to a company not covered by the ESOP, or other reasons deemed valid by the general manager of the Company's Human Resources and General Affairs Dept., or if the Eligible Employee in question is designated for an overseas assignment ("Assignment Designation") as of the Settlement Release Date, then the first business day following the day of the month of Assignment Designation, and the Eligible Employee withdraws from the ESOP, the transfer restriction on all Allotted Shares shall be lifted as of said dates.

(4) Acquisition by the Company without consideration

The Company shall automatically acquire Allotted Shares for which Transfer Restrictions have not been lifted without consideration upon the expiration of the Transfer Restriction Period or at any other time specified in this Transfer Restriction Agreement.

(5) Share management

Allotted Shares shall be managed within a dedicated account for restricted stock opened by the ESOP at Daiwa Securities Co., Ltd. during the Transfer Restriction Period to ensure Allotted Shares may not be transferred, pledged, or otherwise disposed during the Transfer Restriction Period. In addition, the ESOP shall register and manage the Restricted Stock Units of Allotted Shares of stock acquired by ESOP and held by Eligible Employees according to the provisions of the ESOP Regulations, separate from Ordinary Shares held by Eligible Employees.

(6) Treatment upon reorganization, etc.

In the event of a merger agreement during the Transfer Restriction Period in which the Company becomes the dissolved company, a share exchange agreement or share transfer plan in which the Company becomes a wholly owned subsidiary, or other events constituting organizational restructuring are approved at a Company general meeting of shareholders (or upon approval by the Company's Board of Directors, when such organizational restructuring does not require approval by the Company's shareholders), the transfer restrictions on all Allotted Shares shall be lifted as of the business day immediately prior to the effective date of such organizational restructuring according to a decision by the general manager of the Company's Human Resources and General Affairs Dept.

3. Basis for the calculation of the amount to be paid in and specific details thereof

This Disposal shall be conducted with Eligible Employees contributing Monetary Claims paid to them as restricted stock grants as capital assets to the ESOP under the provisions of the Plan. The payment price shall be determined by comparing the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on November 5, 2025 (the business day preceding the Board of Director resolution date), which was 3,434 yen, with the closing price on the trading day prior to the term determination date, using the higher of the two prices. We believe this method of determining disposal price for the treasury stock disposal is a reasonable method taking into account the interests of existing shareholders. We also believe this method will determine a disposal price of the same amount as the market price for said shares. Furthermore, the disposal price for the treasury shares determined by this method is not considered to be particularly advantageous for the ESOP.

The percentage deviation (rounded to two decimal places) of the closing price of the Company's common stock on the Prime Market of the Tokyo Stock Exchange on November 5, 2025 (the business day preceding the Board of Director resolution date), which is 3,434 yen, from the average closing price of the Company's common stock on the same exchange is as presented below.

Period	Closing average (rounded down to the nearest yen)	Deviation ratio
1 month (October 6, 2025 - November 5, 2025)	3,300 yen	4.06%
3 months (August 6, 2025 - November 5, 2025)	3,229 yen	6.35%
6 months (May 6, 2025 - November 5, 2025)	2,995 yen	14.66%

The four members (including two outside members) of the Company's Audit & Supervisory Board attending the Board of Directors Meeting held today expressed the opinion that the disposal price described above does not represent a disposal price that is particularly favorable to the ESOP as the allottee in light of the purpose of the Disposal as a means to adopt the Plan and that the disposal price is the higher price between the closing price on the business day preceding the date of the Board resolution and the closing price on the last trading day before the condition determination date.

4. Matters related to procedures under the Code of Corporate Conduct

As (1) the dilution ratio related to the Disposal is less than 25% and (2) the Disposal does not involve a change in controlling shareholder, it is not necessary to obtain an opinion from an independent third party or to confirm the intent of shareholders as required by Article 432 of the listing regulations established by the Tokyo Stock Exchange.