

Notice: This document is an excerpt translation of the original Japanese document and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.



February 8, 2023

## Consolidated Financial Results for the Nine Months Ended December 31, 2022 (Under Japanese GAAP)

Company name: NOF CORPORATION  
 Listing: Tokyo Stock Exchange  
 Securities code: 4403  
 URL: <https://www.nof.co.jp/>  
 Representative: Takeo Miyaji, President and Chief Executive Officer  
 Inquiries: Tomoaki Mori, Operating Officer and General Manager of Finance Dept.  
 Telephone: +81-3-5424-6600  
 Scheduled date to file quarterly securities report: February 14, 2023  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: None  
 Holding of quarterly financial results briefing: None

(Yen amounts are rounded down to millions, unless otherwise noted.)

### 1. Consolidated financial results for the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

#### (1) Consolidated operating results (cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended								
December 31, 2022	157,813	13.2	30,261	5.7	32,517	8.2	25,851	21.7
December 31, 2021	139,394	15.4	28,636	59.8	30,049	54.9	21,245	32.0

Note: Comprehensive income For the nine months ended December 31, 2022: ¥ 24,295 million [4.4%]  
 For the nine months ended December 31, 2021: ¥ 23,281 million [5.3%]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
December 31, 2022	316.68	–
December 31, 2021	257.57	–

#### (2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
December 31, 2022	301,016	233,295	77.2
March 31, 2022	289,630	221,706	76.3

Reference: Equity

As of December 31, 2022: ¥232,481 million  
 As of March 31, 2022: ¥220,928 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2022	–	43.00	–	47.00	90.00
Fiscal year ending March 31, 2023	–	50.00			
Fiscal year ending March 31, 2023 (Forecast)			–	54.00	104.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2023	220,000	14.2	39,000	9.6	41,400	10.0	32,300	21.0	396.57

Note: Revisions to the earnings forecasts most recently announced: None

\* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
  - (ii) Changes in accounting policies due to other reasons: None
  - (iii) Changes in accounting estimates: None
  - (iv) Restatement: None

(4) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of December 31, 2022	82,841,376 shares
As of March 31, 2022	82,841,376 shares

- (ii) Number of treasury shares at the end of the period

As of December 31, 2022	1,629,640 shares
As of March 31, 2022	731,913 shares

- (iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2022	81,631,592 shares
Nine months ended December 31, 2021	82,486,456 shares

Note: Since the Company introduced “Board Benefit Trust (BBT)” in the fiscal year ended March 31, 2020, the shares of the Company held by the trust are included in the number of treasury shares at the end of the period, and the number of treasury shares excluded from the calculation of the average number of shares outstanding during the period.

- \* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

- \* Proper use of earnings forecasts, and other special matters

(Notes regarding forward-looking statements)

Forward-looking statements including financial results forecasts stated in this material were compiled based on information available to the Company and certain assumptions considered reasonable at the time this material was compiled, and are not meant as a guarantee of the Company achieving such results. Therefore, the actual results, etc., may differ due to various factors. For information on the assumptions of the forecast and notes on the use of the forecast, please refer to “1. Qualitative Information on the Current Quarterly Financial Results, (3) Explanation on future forecast information including the forecast of consolidated financial results” on page 3 of the attached document.

Table of contents for the attachment

1. Qualitative information on the current quarterly financial results .....	2
(1) Explanations on operating results .....	2
(2) Explanation of financial position .....	3
(3) Explanation on future forecast information including the forecast of consolidated financial results ....	3
2. Quarterly consolidated financial statements and significant notes thereto.....	4
(1) Quarterly consolidated balance sheets .....	4
(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income .....	6
Quarterly consolidated statements of income	
For the nine months period .....	6
Quarterly consolidated statements of comprehensive income	
For the nine months period .....	7
(3) Notes on quarterly consolidated financial statements.....	8
(Notes on going concern assumption) .....	8
(Notes on substantial changes in the amount of shareholders' equity) .....	8
(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements) .....	8
(Additional information).....	8
(Segment information, etc.) .....	9
(Subsequent events).....	10

## 1. Qualitative information on the current quarterly financial results

### (1) Explanations on operating results

During the first nine months of the current fiscal year (from April 1, 2022 to December 31, 2022), despite easing of various restrictions and normalization of economic activity mainly in countries and regions where there was progress in dissemination of novel coronavirus infection (COVID-19) vaccinations, economic conditions remained uncertain as a result of concerns about a downturn in the economy due to developments in China's zero-COVID policy, the worsening crisis in Ukraine, soaring resource and energy prices, global inflation pressures, and monetary tightening in various countries, etc. In Japan, there were signs of recovery particularly with respect to consumer spending, capital investment, and production activity amid normalization of social and economic activity.

The business environment surrounding the Group continued to pose concerns regarding soaring raw material and fuel prices globally, persisting semiconductor shortages, and geopolitical risks such as the Ukraine crisis, but domestic and overseas demand remained firm on the whole.

In this business environment, under the three-year "2022 Mid-term Management Plan" ending in FY2022, the Group has made successive management efforts toward sustainable growth by striving to maintain appropriate prices while developing new markets, expanding sales, and reducing production costs under the basic policy of "Challenge and Co-create," and addressing the issues of "expanding business in growth markets," "accelerating development of new products and techniques," "strengthening collaboration internally and externally," "improving productivity," and "promoting CSR activities."

As a result of such efforts, net sales for the first nine months of the current fiscal year were 157,813 million yen, up 13.2% year on year. Operating profit increased to 30,261 million yen, up 5.7% year on year, ordinary profit increased to 32,517 million yen, up 8.2% year on year, and profit attributable to owners of parent increased to 25,851 million yen, up 21.7% year on year.

An explanation of results by business segment is as follows.

#### (i) Functional Chemicals

Net sales of fatty acid derivatives increased due to firm demand for environmental energy-related products, in conjunction with sales prices being revised in response to the sharp rise in raw material and fuel prices.

Net sales of surfactants increased due to strong demand for toiletries.

Net sales of ethylene oxide/propylene oxide derivatives increased due to firm demand for toiletries, synthetic resins, resin processing and paints, in conjunction sales prices being revised in response to the sharp rise in raw material and fuel prices.

Net sales of organic peroxides increased due to firm demand in Japan and Asia, in conjunction with sales prices being revised in response to the sharp rise in raw material and fuel prices.

Net sales of special anti-corrosion agents increased due to a recovery in demand from the overseas automobile industry.

As a result, net sales of Functional Chemicals were 108,830 million yen, up 14.4% year on year, operating profit was 18,149 million yen, up 6.9% year on year.

#### (ii) Life Science

Net sales of edible oils increased due to sales prices being revised in response to the sharp rise in raw material and fuel prices, despite calm demand for functional oils for confectionery and bread production.

Net sales of functional foods decreased due to a decrease in demand for health foods.

Net sales of biocompatible materials increased due to strong demand for MPC (2-methacryloyloxyethyl phosphorylcholine) related products.

Net sales of raw materials for DDS (drug delivery system) drug formulations increased due to strong demand in the United States and Europe.

As a result, net sales of Life Science were 31,128 million yen, up 17.9% year on year, operating profit was 13,762 million yen, up 14.0% year on year.

(iii) Explosive & Propulsion

Net sales of industrial explosives declined.

Net sales of space-related products increased due to an increase in demand for rocket products.

Net sales of defense-related products increased.

Net sales of functional products declined.

As a result, net sales of Explosive & Propulsion were 17,455 million yen, down 0.5% year on year, and operating loss was 125 million yen.

(iv) Others

Others consist of transportation and real estate. Net sales of others were 399 million yen, up 8.3% year on year, and operating profit was 204 million yen, down 18.0% year on year.

**(2) Explanation of financial position**

Total assets at the end of the third quarter of the current fiscal year were 301,016 million yen, an increase of 11,385 million yen from the end of the previous fiscal year.

The breakdown of major increases (decreases) in assets includes a decrease in cash and deposits of 2,288 million yen, an increase in inventories of 15,078 million yen, and an increase in trade receivables of 2,935 million yen.

Liabilities decreased by 204 million yen to 67,720 million yen from the end of the previous fiscal year.

The breakdown of major increases (decreases) in liabilities includes an increase in trade payables of 2,467 million yen, a decrease in interest-bearing debt of 549 million yen, a decrease of 309 million yen in income taxes payable due to payment of income taxes and a decrease of 1,641 million yen in provision for bonuses.

Net assets were 233,295 million yen, an increase of 11,589 million yen from the end of the previous fiscal year.

The breakdown of major decreases (increases) in net assets includes profit attributable to owners of parent of 25,851 million yen, an increase in foreign currency translation adjustment of 3,052 million yen, a decrease from dividends of surplus of 7,943 million yen, and a decrease from the purchase of treasury shares of 4,603 million yen.

**(3) Explanation on future forecast information including the forecast of consolidated financial results**

There is no change to the revised forecast of consolidated financial results for the full year announced on November 2, 2022 in the “Notice regarding Revision of Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2023.”

The forecast is based on the data that is available to the Company as of the date of the announcement of this material. Actual results may differ from the forecast due to various factors in the future.

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	85,430	83,141
Notes and accounts receivable - trade, and contract assets	42,424	44,486
Electronically recorded monetary claims -operating	2,813	3,686
Merchandise and finished goods	25,655	34,565
Work in process	1,693	4,698
Raw materials and supplies	12,552	15,717
Other	2,937	3,545
Allowance for doubtful accounts	(185)	(200)
Total current assets	173,322	189,641
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,013	23,295
Land	20,706	20,826
Other, net	17,225	18,838
Total property, plant and equipment	61,944	62,960
Intangible assets		
Other	947	1,121
Total intangible assets	947	1,121
Investments and other assets		
Investment securities	47,812	41,071
Retirement benefit asset	3,148	3,240
Other	2,508	3,044
Allowance for doubtful accounts	(53)	(63)
Total investments and other assets	53,416	47,292
Total non-current assets	116,308	111,374
Total assets	289,630	301,016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	21,262	23,196
Electronically recorded obligations - operating	584	1,118
Short-term borrowings	1,997	2,016
Current portion of long-term borrowings	2,800	150
Income taxes payable	5,879	5,569
Provision for bonuses	3,473	1,832
Other	14,471	16,322
Total current liabilities	50,468	50,206
Non-current liabilities		
Long-term borrowings	610	2,779
Retirement benefit liability	4,992	5,022
Other	11,852	9,712
Total non-current liabilities	17,455	17,514
Total liabilities	67,924	67,720

(Millions of yen)

	As of March 31, 2022	As of December 31, 2022
Net assets		
Shareholders' equity		
Share capital	17,742	17,742
Capital surplus	15,115	15,053
Retained earnings	166,062	183,952
Treasury shares	(3,292)	(7,895)
Total shareholders' equity	195,627	208,852
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24,226	19,480
Foreign currency translation adjustment	809	3,861
Remeasurements of defined benefit plans	264	285
Total accumulated other comprehensive income	25,300	23,628
Non-controlling interests	777	814
Total net assets	221,706	233,295
Total liabilities and net assets	289,630	301,016



**(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income**

**(Quarterly consolidated statements of income)**

**(For the nine months period)**

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Net sales	139,394	157,813
Cost of sales	86,371	101,609
Gross profit	53,022	56,203
Selling, general and administrative expenses	24,386	25,941
Operating profit	28,636	30,261
Non-operating income		
Interest income	88	116
Dividend income	956	1,155
Foreign exchange gains	207	759
Other	528	476
Total non-operating income	1,781	2,507
Non-operating expenses		
Interest expenses	42	50
Rental expenses on real estate	57	59
Expenses for disposal of fixed assets	131	61
Other	137	81
Total non-operating expenses	368	251
Ordinary profit	30,049	32,517
Extraordinary income		
Gain on sale of non-current assets	1,148	6
Gain on sale of investment securities	25	4,259
Gain on extinguishment of tie-in shares	—	34
Total extraordinary income	1,173	4,301
Extraordinary losses		
Loss on sale of non-current assets	0	0
Loss on retirement of non-current assets	35	15
Loss on tax purpose reduction entry of non-current assets	697	—
Loss on sale of investment securities	42	0
Total extraordinary losses	775	16
Profit before income taxes	30,447	36,802
Income taxes	9,181	10,939
Profit	21,266	25,863
Profit attributable to non-controlling interests	20	12
Profit attributable to owners of parent	21,245	25,851

**(Quarterly consolidated statements of comprehensive income)**

**(For the nine months period)**

(Millions of yen)

	Nine months ended December 31, 2021	Nine months ended December 31, 2022
Profit	21,266	25,863
Other comprehensive income		
Valuation difference on available-for-sale securities	819	(4,745)
Foreign currency translation adjustment	1,151	3,156
Remeasurements of defined benefit plans, net of tax	44	20
Total other comprehensive income	2,015	(1,568)
Comprehensive income	23,281	24,295
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,248	24,178
Comprehensive income attributable to non-controlling interests	32	116

**(3) Notes on quarterly consolidated financial statements**

**(Notes on going concern assumption)**

None applicable.

**(Notes on substantial changes in the amount of shareholders' equity)**

None applicable.

**(Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements)**

**(Calculation of tax expenses)**

As for tax expenses, the effective tax rate after the application of tax effect accounting to profit before income taxes is reasonably estimated for the consolidated fiscal year, which includes the third quarter of the current fiscal year, and the amount is calculated by multiplying quarterly profit before income taxes by the estimated effective tax rate.

However, for companies whose tax expenses are significantly less reasonable if calculated using the estimated effective tax rate, the amount calculated using the statutory tax rate is recorded.

**(Additional information)**

None applicable.

**(Segment information, etc.)**

## I For the nine months ended December 31, 2021 (from April 1, 2021, to December 31, 2021)

## 1. Information about the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segment				Others (Notes) 1.	Total	Adjustment (Notes) 2.	The amount reported on the quarterly consolidated statements of income (Notes) 3.
	Functional Chemicals	Life Science	Explosive & Propulsion	Total				
Net sales								
(1) Sales to external customers	95,098	26,382	17,546	139,026	368	139,394	–	139,394
(2) Intersegment sales or transfers	1,107	5,780	10	6,899	6,244	13,143	(13,143)	–
Total	96,206	32,162	17,557	145,925	6,612	152,538	(13,143)	139,394
Segment profit	16,980	12,066	843	29,890	250	30,141	(1,504)	28,636

(Notes) 1. The “Others” category consists of business that is not included in reportable segments. It includes transportation, real estate sales, and management services, etc.

- An adjustment of negative 1,504 million yen in segment profit includes 10 million yen eliminated for intersegment transactions, and negative 1,515 million yen for company-wide expenses that is not allocated for each reportable segment. Company-wide expenses mainly include general and administrative expenses that are not attributable to reportable segments.
- Segment profit is adjusted with operating income in the quarterly consolidated statements of income.

## II. For the nine months ended December 31, 2022 (from April 1, 2022, to December 31, 2022)

## 1. Information about the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segment				Others (Notes) 1.	Total	Adjustment (Notes) 2.	The amount reported on the quarterly consolidated statements of income (Notes) 3.
	Functional Chemicals	Life Science	Explosive & Propulsion	Total				
Net sales								
(1) Sales to external customers	108,830	31,128	17,455	157,414	399	157,813	–	157,813
(2) Intersegment sales or transfers	1,098	5,946	11	7,056	6,124	13,181	(13,181)	–
Total	109,929	37,074	17,467	164,470	6,523	170,994	(13,181)	157,813
Segment profit (loss)	18,149	13,762	(125)	31,786	204	31,991	(1,729)	30,261

(Notes) 1. The “Others” category consists of business that is not included in reportable segments. It includes transportation, real estate sales, and management services, etc.

- An adjustment of negative 1,729 million yen in segment profit or loss includes negative 153 million yen eliminated for intersegment transactions, and negative 1,576 million yen for company-wide expenses that is not allocated for each reportable segment. Company-wide expenses mainly include general and administrative expenses that are not attributable to reportable segments.
- Segment profit or loss is adjusted with operating income in the quarterly consolidated statements of income.

**(Subsequent events)**

Purchase of treasury shares

NOF CORPORATION (the “Company”) hereby announces that it has resolved the following matters pertaining to purchase of its treasury shares at its meeting of the Board of Directors held on February 8, 2023, pursuant to provisions of Article 156 of the Companies Act, applied by replacing terms pursuant to provisions of Article 165, paragraph (3) of said Act.

1. Reason for purchase of treasury shares

The Company seeks to purchase its treasury shares for the sake of enabling flexible execution of its capital policy in alignment with changes in the business environment, while also enhancing shareholder returns and improving capital efficiency.

2. Details of the Board of Directors resolution regarding the acquisition

- |   |  |
|---|--|
| (1) Class of shares to be purchased:        | Common shares of the Company                     |
| (2) Total number of shares to be purchased: | 900,000 shares (maximum)                         |
| (3) Total purchase price of shares:         | 4,000,000,000 yen (maximum)                      |
| (4) Period of purchase:                     | From February 9, 2023 through June 30, 2023      |
| (5) Method of purchase:                     | Open-market purchase on the Tokyo Stock Exchange |