

Presentation Material

Financial Results

For the Fiscal Year Ended March 31, 2021

May 26, 2021

 **NOF CORPORATION**

Agenda

1. Financial Results for the Fiscal Year Ended March 31, 2021
2. Full Year Forecast for the Fiscal Year Ending March 31, 2022

Overview of FY2020 Results

- ◆ Due to Q4 recovery from the impact of COVID-19, FY2020 OP exceeded our forecast
- ◆ Gain on sales of investment securities ¥5.4billion (extraordinary income and loss)
- ◆ Dividend per share of ¥80, up ¥2

[¥100 million]

	FY2019 Apr.-Mar.	FY2020 Apr.-Mar.	Increase (Decrease)	FY2020 Forecast (Feb.3)	Increase (Decrease)
Net sales	1,809	1,726	(83)	1,690	36
Operating income	269	266	(3)	240	26
% of Net Sales	14.9%	15.4%		14.2%	
Ordinary income	288	289	0	260	29
Net income ^{*1}	211	233	22	214	19
Net income per share	¥251.7	¥280.5	¥28.8	¥257.6	¥22.9

*1 Net income = Net income attributable to owners of parent

Dividend per share	¥78	¥80	¥2	¥78	¥2
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Financial Results by Segment(Consolidated)

- ◆Functional Chemicals:In main products, net sales decreased due to the impact of COVID-19
- ◆Life Science:In biocompatible materials and the field of raw materials for DDS(Drug Delivery System), net sales increased by robust demand
- ◆Explosives & Propulsion:Despite net sales decreased in the field of space rocket and functional products, due to lower than expected fixed cost, OP was on per with previous year

[¥100 million]

		FY2019	FY2020	Increase(Decrease)	
		Apr.-Mar.	Apr.-Mar.	Amount	%
Functional Chemicals	Net sales	1,173	1,098	(74)	(6.4%)
	Op.income	176	157	(19)	(10.9%)
Life Science	Net sales	304	312	9	2.8%
	Op.income	85	103	19	21.9%
Explosives & Propulsion	Net sales	318	301	(18)	(5.5%)
	Op.income	19	20	1	—
Others	Net sales	14	15	1	5.1%
	Op.income	(11)	(14)	(3)	—
Total	Net sales	1,809	1,726	(83)	(4.6%)
	Op.income	269	266	(3)	(1.0%)

Financial Results by Segment(1H & 2H FY2020)

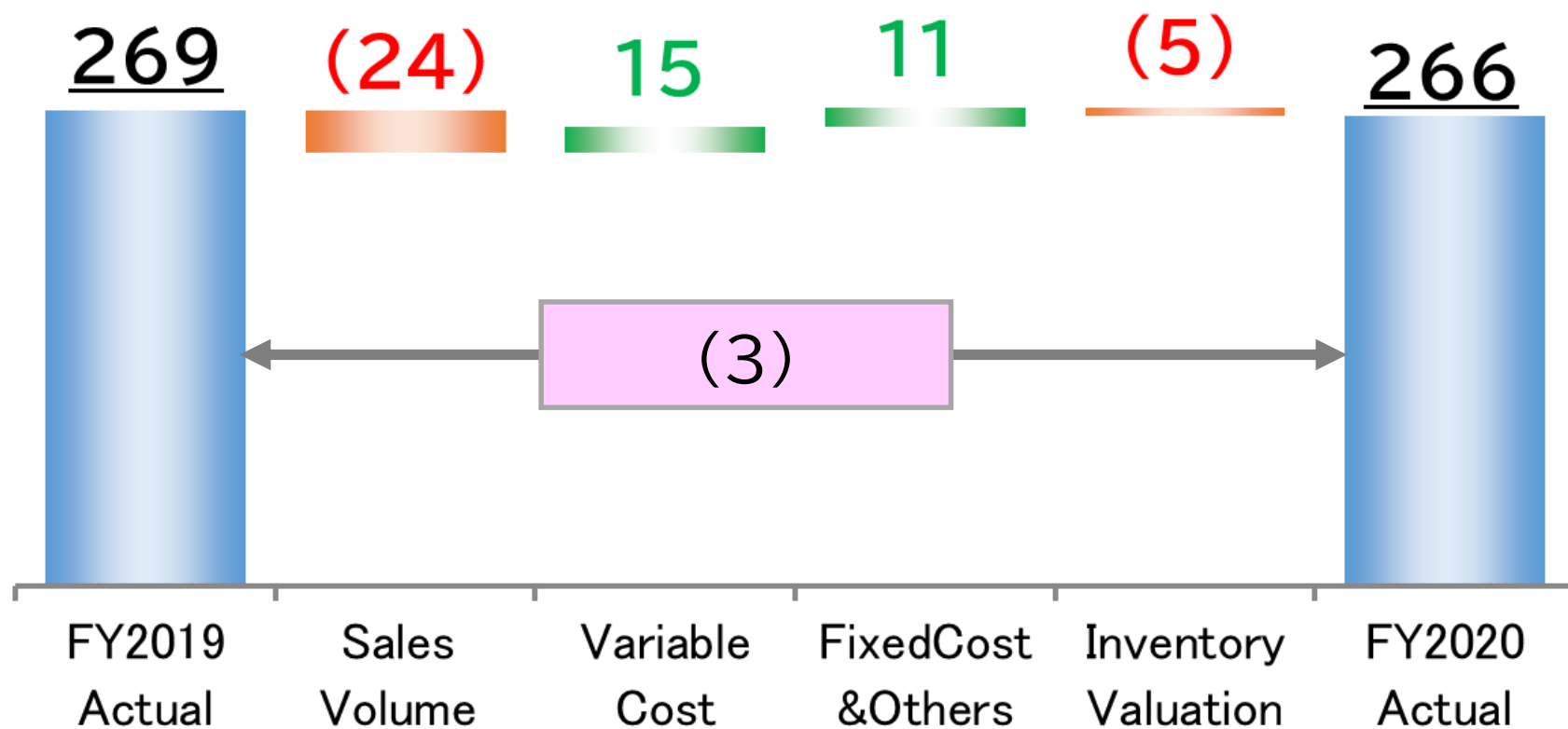
- ◆Functional Chemicals:Despite decrease in net sales and OP in the 1H(Apr.-Sep.), Net sales and OP increased over the previous year in the 2H(Oct.-Mar.) due to the recovery in demand higher than expected
- ◆Life Science:In biocompatible materials and the field of raw materials for DDS(Drug Delivery System), robust demand continued in throughout the year

[¥100 million]

		FY2019 Apr.-Sep.	FY2020 Apr.-Sep.	Increase (Decrease)	FY2019 Oct.-Mar.	FY2020 Oct.-Mar.	Increase (Decrease)
Functional Chemicals	Net sales	606	496	(110)	566	602	36
	Op.income	99	61	(38)	77	96	19
Life Science	Net sales	148	146	(2)	156	167	11
	Op.income	36	41	5	48	62	13
Explosives & Propulsion	Net sales	107	111	4	212	190	(22)
	Op.income	(3)	3	5	22	18	(4)
Others	Net sales	7	7	0	7	8	0
	Op.income	(4)	(7)	(3)	(7)	(7)	(0)
Total	Net sales	868	760	(108)	941	966	25
	Op.income	129	98	(31)	140	168	29

Changes in operating income (FY2020 Actual vs. FY2019 Actual)

[¥100 million]



Changes in operating income by Segment (FY2020 Actual vs. FY2019 Actual)

◆Sales Volume:

[Functional Chemicals] Significant decrease in demand due to the negative impact of COVID-19

[Life Science] Increase in demand for MPC-related products and pharmaceutical raw materials

◆Variable Cost ,Fixed Cost & Others:

Positive impact from raw material and fuel input prices , Decrease in travel and other expenses

[¥100 million]

	FY2019 Actual	changes					total	FY2020 Actual
		Sales Volume	Variable Cost	Fixed Cost &Others	Inventory Valuation			
Functional Chemicals	176	(34)	13	9	(7)	(19)	157	
Life Science	85	22	1	(4)	(1)	19	103	
Explosives & Propulsion	19	(9)	(0)	7	3	1	20	
Others	(11)	(2)	—	(1)	—	(3)	(14)	
Total	269	(24)	15	11	(5)	(3)	266	

Comparative Income Statement(Consolidated)

[¥100 million]

	FY2019 Apr.-Mar.	FY2020 Apr.-Mar.	Increase(Decrease)	
			Amount	%
Net sales	1,809	1,726	(83)	(4.6%)
Gross profit	586	574	(12)	(2.1%)
% of Net Sales	32.4%	33.2%		
SG&A *1	317	308	(9)	
Operating income	269	266	(3)	(1.0%)
% of Net Sales	14.9%	15.4%		
Non-operating income/loss	20	23	3	
Ordinary income	288	289	0	0.1%
Gain on sales of investment securities	20	54	34	
Others	(6)	(2)	4	
Extraordinary income/loss	14	52	38	
Net income before taxes and other adjustments	302	341	39	12.8%
Taxes and other adjustments	91	108	17	
Net income*2	211	233	22	10.2%

*1 SG&A=Selling, general and administrative expenses

*2 Net income=Net income attributable to owners of parent

Comparative Balance Sheets(Consolidated)

[¥100 million]

	Mar. 31 2020	Mar. 31 2021	Increase (Decrease)		Mar. 31 2020	Mar. 31 2021	Increase (Decrease)
Cash and time deposits	518	787	268	Notes and accounts payable	159	179	21
Notes and accounts receivable	411	420	9	Interest-bearing debt	99	99	1
Inventories	349	323	(26)	Deferred tax liabilities	66	106	40
Other current assets	23	22	(0)	Other liabilities	242	295	53
Property, plant and equipment and Intangible assets	603	632	29	Total Liabilities	565	680	115
Investments securities	409	477	69	Total shareholder's equity	1,632	1,797	165
Other long-term assets	40	54	15	Accumulated other comprehensive income	148	231	84
				Non-controlling interests	8	7	(1)
				Total Net Assets	1,787	2,035	248
Total Assets	2,352	2,715	363	Total Liabilities and Total Net Assets	2,352	2,715	363

Statements of Cash Flows(Consolidated)

[¥100 million]

	FY2019 Apr.-Mar.	FY2020 Apr.-Mar.
1. Cash flows from operating activities	278	307
2. Cash flows from investing activities	(48)	19
Proceeds from sales of investment securities	27	88
Purchase of property, plant and equipment and intangible assets	(77)	(60)
others	2	(10)
3. Cash flows from financing activities	(113)	(80)
Increase(Decrease) in borrowing	2	2
Purchase of treasury stock	(42)	(17)
Cash dividends paid	(71)	(65)
others	(2)	(2)
4. Others	(4)	13
Total of 1~4	113	259
5. Cash and cash equivalents at end of period	507	766
Free Cash Flow	230	326

Financial indicators(1)

		FY2019 Apr.-Mar.	FY2020 Apr.-Mar.	increase (decrease)
Ratio of operating income to net sales	[%]	14.9	15.4	0.5
Ratio of ordinary income to net sales	[%]	15.9	16.7	0.8
Ratio of ordinary income to total assets(ROA)	[%]	12.0	11.4	(0.6)
Ratio of net income to shareholders' equity(ROE)	[%]	11.9	12.2	0.3
Debt to Equity ratio	[X]	0.06	0.05	(0.01)
Equity ratio	[%]	75.6	74.7	(0.9)

Financial indicators(2)

		FY2019 Apr.-Mar.	FY2020 Apr.-Mar.	increase (decrease)
Net income attributable to owners of parent per share	[¥]	251.7	280.5	28.8
Net assets per share	[¥]	2,141.0	2,448.6	307.6
Cash dividends per share	[¥]	78.0	80.0	2.0
Dividend payout ratio(consolidated)	[%]	31.0	28.5	(2.5)
Closing price (Year ended March 31,2020)	[¥]	3,430.0	5,790.0	
cf. Nikkei stock average		18,917	29,179	
Price book-value ratio	[X]	1.60	2.36	0.76
Price earnings ratio	[X]	13.6	20.6	7.0

Full Year Forecast for FY2021

- ◆ Operating income forecast of ¥26.5bn(Flat YOY)
- ◆ Dividend per share of ¥80(Flat YOY)

[¥100 million]

	FY2020 Actual	FY2021 Forecast*1
Net sales	1,726	1,750
Operating income	266	265
% of Net Sales	15.4%	15.1%
Ordinary income	289	270
Net income*2	233	194
Net income per share	¥280.5	¥235.8

*1 The Company has adopted “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29), etc.

*2 Net income=Net income attributable to owners of parent

Dividend per share	¥80	¥80
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- This material is intended to provide an explanation of the company and its business, not to induce investment or any other action.
- The results 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.
- Please be aware that decisions regarding investments are the responsibility of the users themselves.
- Please note that, in this material, amounts less than ¥100 million have been rounded off.