



INTEGRATED REPORT 2025

From the Biosphere to Outer Space

 **NOF CORPORATION**

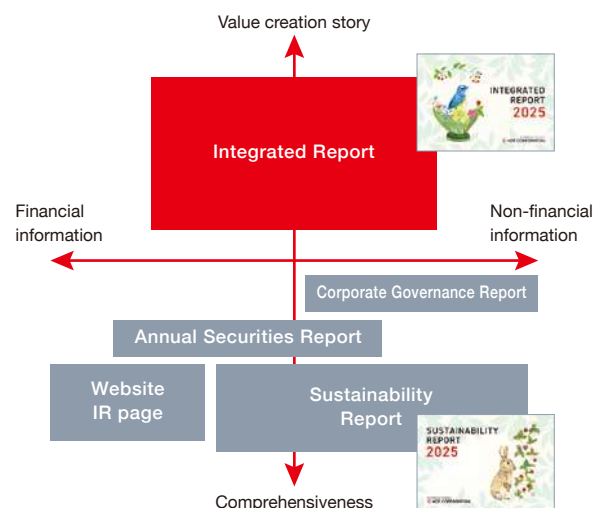
Editorial Policy

Thank you very much for your interest in the Integrated Report 2025 of the NOF Group.

To demonstrate the sustainable growth of the NOF Group to our broad range of stakeholders, this report mainly focuses on management strategies, business overview, financial information, and non-financial information (ESG), among other matters. Information that is not included in this report will be published on our website as the Sustainability Report, which complements the information in this report.

We regard this report as a tool for dialogue with our stakeholders and will strive to enrich the content.

Positioning of the Integrated Report



Report Profile (scope of the report)

Reporting period	FY2024 (from April 1, 2024 to March 31, 2025) *Includes the details of some activities, etc. after April 2025
Covered organizations	Covers NOF CORPORATION and its 24 consolidated subsidiaries *Aligned with financial reporting.
	<div>NOF Group</div> NOF CORPORATION and its 24 consolidated subsidiaries *Financial information is marked for the NOF Group, and environmental information is based on the NOF Group, with each individual data item marked for its subject.
	<div>Domestic Group</div> NOF CORPORATION and its 12 domestic consolidated subsidiaries
	<div>NOF/NOF CORPORATION/ Non-consolidated</div> NOF CORPORATION only *Society-related information is centered on NOF and includes some of its subsidiaries and affiliated companies.
	<div>NOF/5 domestic consolidated companies</div> NOF CORPORATION and its consolidated subsidiaries (YUKA SANGYO CO., LTD., Nippon Koki Co., Ltd., NiGK Corporation, Showa Kinzoku Kogyo Co., Ltd., NICHIIYU LOGISTICS CO., LTD.)
Reporting cycle	Published annually as an annual report
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Guidelines referenced	<ul style="list-style-type: none"> ISO26000: 2010 Guidance on Social Responsibility, Japanese Standards Association GRI Sustainability Reporting Standards

Disclaimer

This Report contains forward-looking statements based on management plans and expectations at the time of publication, as well as past and present facts regarding the NOF Group. These forward-looking statements comprise assumptions and judgments based on currently available information, and thus the actual events and outcome of future business activities may differ from those predicted due to changes in various conditions.

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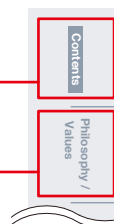
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NOF's Philosophy

Corporate Philosophy

Contributing to humanity and society as a corporate group that creates new value through the power of chemistry, "from the biosphere to outer space"

Under the business slogan "From the Biosphere to Outer Space," we will strengthen our unity for the future, aim to improve our business performance, and seek to contribute to the development of humanity and society as a chemical company with our basic policy to live in harmony with society by paying close attention to environmental protection and safety.

Values

The following three Values are prioritized by the NOF Group as we put the Corporate Philosophy into practice.

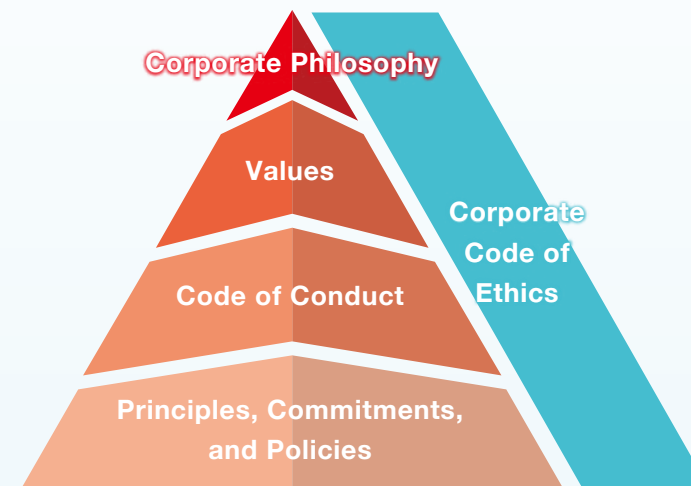
- Challenge** We continue to grow into our best selves through collaboration and mutual inspiration, undauntedly adapt to new realities, and tirelessly pioneer new frontiers.
- Fairness** As responsible members of society, we maintain high ethical standards, act in good faith, and cultivate a corporate culture that embraces diverse values.
- Harmony** We join forces to build a sustainable future in harmony with the global environment while keeping in mind safety and mutual respect.

Code of Conduct

Our Code of Conduct as follows defines the proper frame of mind to adopt for performing specific work tasks based on the Corporate Philosophy and our Values.

- 1 Provide the highest quality products and services globally for the development of humanity and society.
- 2 Leverage the Group's collective strengths to develop cutting-edge technologies and products that create new value across a wide range of fields.
- 3 Take on ambitious challenges to achieve personal growth and a fulfilling lifestyle.
- 4 Respect diversity and act fairly with high ethical standards and good sense.
- 5 Be conscious of safety and being in harmony with the environment, while solving social issues by bringing everyone's strengths together.

Corporate Philosophy and Guiding Framework



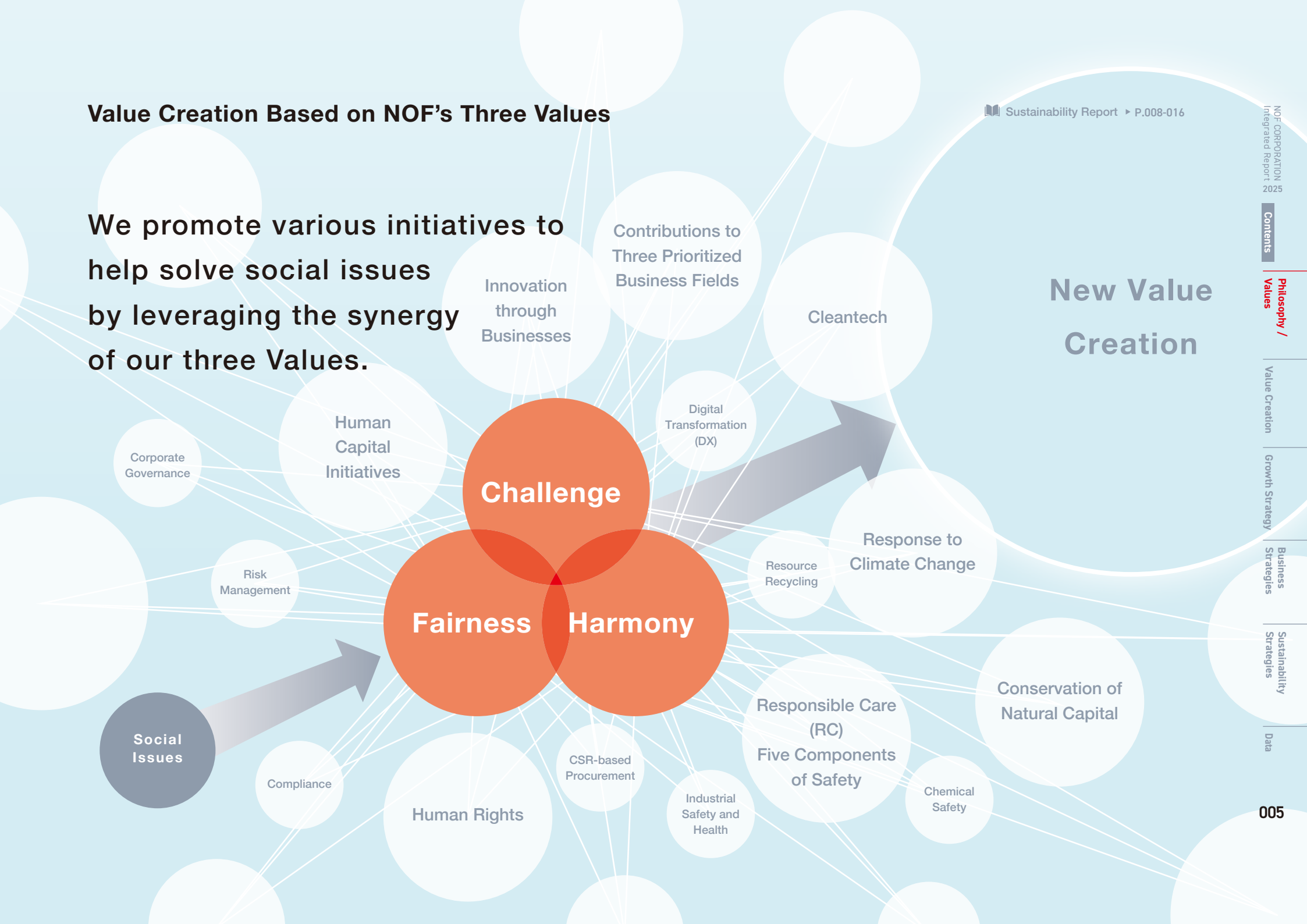
We have conducted restructuring to create a new Corporate Philosophy and Guiding Framework, centered on our Corporate Philosophy that defines the mission and vision that form the basis of the NOF Group's business activities, our Values that are to be prioritized when putting the Corporate Philosophy into practice, and our Code of Conduct that defines the mindset for concrete actions in business operations. Under these are our Principles, Commitments, and Policies, and the Corporate Code of Ethics is positioned as the foundation for the entire Corporate Philosophy and Guiding Framework.

Value Creation Based on NOF's Three Values

We promote various initiatives to help solve social issues by leveraging the synergy of our three Values.

Sustainability Report ▶ P.008-016

New Value Creation



Message from the President

We create new value through
the fusion of innovation and
a future-focused approach

President and Chief Executive Officer



Message from the President

Thank you very much for your interest in the Integrated Report 2025 of the NOF Group.

With “contributing to humanity and society as a corporate group that creates new value through the power of chemistry, ‘from the biosphere to outer space’” as our Corporate Philosophy, the NOF Group is engaged in business operations in our three prioritized business fields of Life/Healthcare, Environment/Energy, and Electronics/IT through our original products and technologies.

Today, the world is facing numerous challenges, including environmental issues such as climate change as well as human rights issues. Working toward the realization of a sustainable society is an obligation that all companies must address. Confronting these challenges head-on, the NOF Group strives to achieve carbon neutrality and preserve natural capital, aims to reduce environmental impacts throughout the entire product life cycle, and continues tackling the creation of social value through provision of optimal solutions.

Our vision for achieving a sustainable society, NOF VISION 2030, reflects our goal of fully leveraging the NOF Group’s technological and creative capabilities to take a great leap forward as a global company. Under this vision, our 2025 Mid-term Management Plan starting in fiscal 2023 is positioned as the profit expansion stage (Stage II) while the subsequent 2028 Mid-term Management Plan is the business domain expansion stage (Stage III), outlining a long-term path for growth.

Drawing on my past experience in R&D and international operations, and based on my conviction that change is an opportunity for growth, I have resolutely taken on challenges in technological innovation and business transformation, addressing a wide range of challenges. To ensure the NOF Group’s sustainable growth, I am focusing all my efforts on management that unites the passion and creativity of every employee, fostering an approach that constantly embraces change.

We are committed to enhancing sustainable corporate value for our shareholders and investors, offering innovative products and services to our customers, and providing a rewarding workplace and opportunities for growth to our employees. Furthermore, by collaborating with local communities and partner companies, we will strive to grow alongside them and help realize a more prosperous future.

The NOF Group will continue its mission to contribute to people and society as a corporate group that creates new value across wide-ranging business domains, “from the biosphere to outer space.” To fulfill this mission, we will further strengthen our technological development foundation, enhance the specialization of our products and services, and improve quality management, thereby advancing as a corporate group with the spirit of a technology-driven venture company.

By meeting the expectations of our stakeholders and continuing to take steady steps forward, we will continue to deliver true value to society. I hope this report helps deepen your understanding of our vision and initiatives.

Message from the President

For a sustainable society

We aim to contribute to society by solving our customers' business issues

As a functional materials manufacturer that supplies original products to markets in Japan and overseas, the NOF Group has grown together with its customers by gaining a deep understanding of their business challenges and providing optimal solutions. We believe that by contributing to our customers' success, we can help improve local communities and the global environment, and aim to realize a sustainable society.

Under NOF VISION 2030, we provide innovative solutions in our three prioritized business fields: Life/Healthcare, Environment/Energy, and Electronics/IT.

- In the Life/Healthcare field, we contribute to society as a whole by offering products and solutions that support people's health and well-being, including DDS materials for pharmaceuticals, health foods, and cosmetics materials.
- In the Environment/Energy field, we are developing products that support the shift to electric vehicles and the spread of renewable energy, as well as products with added functions such as energy-saving functions. These products support our customers' business growth while also helping to reduce environmental impact and contributing to a sustainable energy supply.
- In the Electronics/IT field, we offer high-function products developed with proprietary technologies for

electronic components and materials requiring miniaturization and low dielectric properties. Through this, we support the evolution of communication technologies and contribute to solving social issues such as remote medical care and optimized energy management.

Our aim via these efforts is to improve health and well-being, protect the environment, and ensure the efficient use of resources, thereby building a sustainable future.

We will continue to work as a united Group to solve customers' problems and create new value as a functional materials manufacturer. We will also strive to enhance our competitiveness in global markets and become a company trusted by all stakeholders.

Reflection on FY2024

Business performance reached a record high

The NOF Group achieved record highs in all consolidated indicators: net sales, operating income, ordinary income, and net income. Net sales increased ¥16.1 billion year-on-year to reach ¥238.3 billion, operating income increased ¥3.2 billion to ¥45.3 billion, ordinary income increased ¥1.0 billion to ¥46.6 billion, and net income reached ¥36.5 billion. This achievement is the result of steady implementation of measures in each business segment and appropriate responses to market

conditions, as well as the support of all our stakeholders. We express our deepest gratitude.

In the Functional Chemicals business, strong demand for cosmetics-related products and special anti-corrosion agents drove performance, resulting in net sales of ¥150.9 billion (a ¥17.4 billion increase year-on-year) and operating income of ¥29.7 billion (a ¥7.8 billion increase). While cosmetics-related products and special anti-corrosion agents made significant contributions, weak demand for fatty acid derivatives in the Chinese market remained a challenge.

In the Pharmaceuticals, Medical, and Health business, the main factor behind the decline in results was temporary cooling of demand for raw materials for DDS drug formulations, due to inventory adjustments by some customers. As a result, net sales were ¥48.0 billion (a ¥6.0 billion year-on-year decrease), and operating income was ¥15.6 billion (a ¥4.9 billion decrease).

In the Explosives & Propulsion business, increased demand for defense products and space rocket products contributed to results, with net sales of ¥38.7 billion (a ¥4.6 billion year-on-year increase) and operating income of ¥3.1 billion (a ¥0.5 billion increase). In particular, the expansion in demand for defense products was the main driver of the profit increase.

Fiscal 2024 was a year in which we steadily expanded growth areas in each segment, while also revealing some challenges. Nevertheless, as a whole, we were able to achieve growth by leveraging the strengths of the Group.

Message from the President

Forecast of business results for fiscal 2025

The business results forecast for fiscal 2025 projects net sales of ¥252.0 billion, operating income of ¥46.0 billion, ordinary income of ¥47.9 billion, and net income of ¥36.8 billion—all expected to reach record highs. Under the 2025 Mid-term Management Plan, the operating income target for the final year (fiscal 2025) was set at ¥46.0 billion, and we will powerfully advance the implementation of measures across each business segment to achieve this target.

Furthermore, while the impact of U.S. tariff policy is not included in the forecast due to its uncertainty, there remains a possibility that our business may be directly or indirectly affected. We will closely monitor developments in tariff policy.

Growth strategies for our three segments

Functional Chemicals business

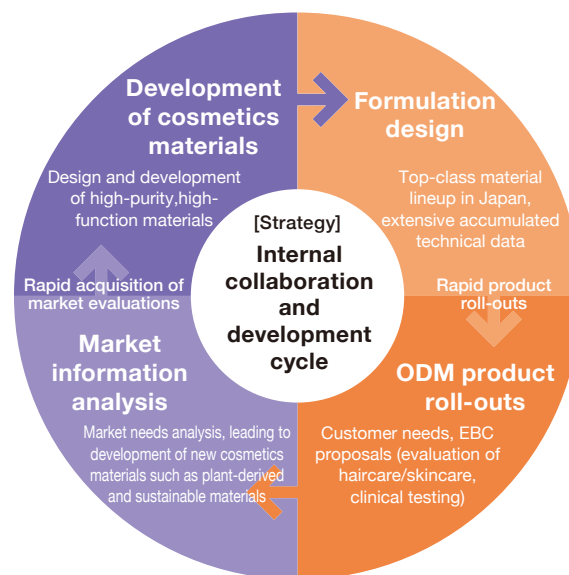
The NOF Group's Functional Chemicals business continues to achieve steady growth, centered on cosmetics-related products and automobile-related products. For fiscal 2025, we anticipate a year-on-year increase in operating income of ¥400 million, exceeding the target set in the 2025 Mid-term Management Plan. In particular, cosmetics-related business is a major driver of overall business growth.

Cosmetics-related business:

Business growth through a cycle-based strategy

In the cosmetics-related business, we maintain our competitive edge by swiftly cycling through material development, formulation design, original design manufacturer (ODM) product development, and new material development based on market information. This “cycle-based strategy” is made possible through strong internal collaboration.

Cosmetics materials continue to perform well across skincare, haircare, and body care products, bolstered by our broad product lineup and development capabilities attuned to market trends. In ODM products, our anti-aging and beauty haircare products have been highly evaluated in the market



due to our flexible proposals tailored to customer needs. Going forward, we are aiming for market expansion both in Japan and overseas by developing cosmetics materials that utilize environmentally friendly raw materials such as plant-derived materials, and by proposing ODM products including cosmetics with high natural origin indexes and high-function UV protection products. To this end, we implemented a facility investment for our Aichi Works. [▶ P.052-053](#)

Automobile-related products:

Flexible response to market changes

Demand is increasing for special anti-corrosion agents for automobiles, driven by recovery from the decline in demand during the COVID-19 pandemic and by the tailwind of expanding electric vehicle (EV) production and subsidy programs in the Chinese market. We will continue to promote the development and sales expansion of products for EVs, while also positioning the construction and infrastructure fields as key areas following the automobile field, and working to cultivate these markets. In addition, for automobile-related products, we are expanding into the market for noise reduction agents that are well-suited for EVs as resin additives, high-durability anti-fog agents for various lamp units, and sealing materials.

Development of next-generation products and business expansion

In the Functional Chemicals business, with a view to

Message from the President

responding to sustainability, tighter regulations, and next-generation technologies, we are focusing on the development of the following new products:

- PFAS-free monomers and polymers for water/oil-repellent agents
- Biodegradable lubricants with high viscosity optimized for ship-based use
- Environmentally conscious chemicals and manufacturing processes integrating technologies such as bio-manufacturing through industry-academia-government collaboration
- Raw material monomers for polyimide-related materials used in semiconductors

These products and technologies are expected to contribute to the realization of a sustainable society and become key pillars supporting our expansion into new business domains.

Outlook for the future

Our Functional Chemicals business will accelerate growth not only through strengthening existing businesses centered on cosmetics materials, ODM



products, and automotive-related products, but also through new product development and overseas expansion. Through flexible market responsiveness and the provision of innovative solutions, we will pioneer a sustainable future and further enhance our competitiveness in the global market.

Pharmaceuticals, Medical, and Health business

The NOF Group's Pharmaceuticals, Medical, and Health business contributes to the advancement of pharmaceuticals and medicine, as well as to the improvement of people's health, by providing innovative solutions centered on raw materials for DDS drug formulations.

In particular, our activated PEG—which we have expanded since its commercialization in 2001 by leveraging our manufacturing technologies for fatty acids, phospholipids, and PEG derivatives—holds the top global market share thanks to its extensive adoption in the peptide and protein drug markets, which are growing at a rate of 9%. We are focusing on providing customized solutions tailored to customer needs and on meeting the demand for PEGylated pharmaceutical biosimilars.

Furthermore, in the nucleic acid and gene therapy drug market which has seen considerable growth in recent years, we are focusing on cultivating new customers by proposing LNP formulations. This effort

is bolstered by our proprietary ionizable “SS lipids,” developed to enhance degradability in the body, and by our proven track record in PEG lipids for COVID-19 vaccines.

Raw materials for DDS drug formulations:

Strengthening production systems and new product development in preparation for future growth in demand

In our forecast for fiscal 2025, despite being affected by delays in clinical development by biotech ventures, we expect operating income for the overall Pharmaceuticals, Medical, and Health business to increase by ¥300 million year-on-year, supported by demand recovery from existing customers and progress in new pipeline drugs under development. In particular, the LS Aichi Plant, scheduled to begin operation in October 2025, will be the key to further accelerate growth.

In fiscal 2023, strong demand related to late-stage clinical trials and product launches drove the business. However, fiscal 2024 saw demand plateau due to inventory adjustments by some customers and delays in clinical development by biotech ventures. Nonetheless, from fiscal 2025 onward, growth is expected to be supported by increasing demand from some customers and by new projects, including more than five pipeline drugs currently in the late clinical trial stage.

We aim to achieve growth in line with the biopharmaceutical market growth rate (about 10%) by promoting the following measures.

- Expansion of market share by capturing demand

Message from the President

from new pipelines and biosimilars

- Strengthened acquisition of early-stage development projects and focus on themes with high potential to grow into major pipelines

Through these efforts, we will further solidify our medium- to long-term growth foundation.

To prepare for future demand increases, the LS Aichi Plant is scheduled to begin commercial operation in fiscal 2025. This new plant will serve as a manufacturing facility for commercialized products (activated PEG). In addition, through proactive facility investment and process efficiency improvements in anticipation of rising demand, we will further enhance the competitiveness of the business.

In the areas of R&D and new business development that we have prioritized through now, we are both providing rapid, customized responses to customer needs for DDS materials, as well as advancing proposals for solutions for nucleic acid drug materials using Materials Informatics. We are also continuing the development of new products targeting modalities with anticipated high growth, and actively pursuing new technology development through expanded collaboration with external research institutions.



LS Aichi Plant

Edible oils, functional food materials, and healthcare food products:

Promoting business structure transformation

We are advancing the transformation of our business structure to shift from the conventional foods business to the functional foods business. In our processed oils and fats business, we are promoting the development and sales expansion of functional food materials that help maintain aspects such as the softness of bread and confectionery, as well as the texture and volume of foods, along with functional food materials that make effective use of unutilized resources. In our health-related business, we are focusing on the development of health-related products based on our proprietary new materials and technologies.

Outlook for the future

In the U.S. market, despite delays in clinical development by biotech ventures continue, we anticipate the long-term growth of functional lipids. We aim for sustainable growth by responding flexibly to such market changes and providing innovative solutions.

The Pharmaceuticals, Medical, and Health business is moving forward with strategies to steadily capture demand growth and market expansion from 2025 onward, while overcoming short-term changes.

Explosives & Propulsion business

The NOF Group's Explosives & Propulsion business

continues to grow steadily in response to increasing demand for defense products and space rocket products. Operating income for fiscal 2025 is expected to increase by ¥400 million year-on-year, contributing to Japan's defense capability development and space development efforts.

Responding to expanding demand

In the field of defense products, the NOF Group is expected to expand its production capacity as part of the Japanese government's efforts for accelerated deployment of defense equipment incorporating advanced technologies, and we are currently considering a facility investment plan totaling about ¥100.0 billion.

In addition, information from satellites, which is indispensable to our daily lives, is increasingly in demand across a wide range of industries, including advancements in telecommunications and the commercialization of autonomous driving. As a result, demand for our solid propellants used in space rockets is also expected to increase. We will respond to such demand by leveraging our advanced technological capabilities and establishing an efficient production system.

Outlook for the future

The Explosives & Propulsion business supplies industrial explosives, defense products, and space rocket products. Much of this is on the basis of the Japanese government's national policy. We are working to strengthen our facilities and improve productivity to

Message from the President

ensure a stable supply of products, while also focusing on the introduction of environmentally conscious facilities and product manufacturing, thereby contributing to the enhancement of corporate value.

From strategic investment in the 2025 Mid-term Management Plan to a leap forward in 2030

With regard to strategic investment, we are actively investing in facilities, R&D, and human capital by utilizing the ¥70.0 billion investment framework established in the 2025 Mid-term Management Plan to realize NOF VISION 2030.

Facility investment

The NOF Group is actively carrying out facility investment during the 2025 Mid-term Management Plan period to support sustainable growth. Planned facility investment for this period is expected to reach ¥67.4 billion, about three times the amount of the 2022 Mid-term Management Plan. The investment plan can be broadly categorized into three areas: expanding profit, productivity improvement, and environmental response.

In terms of expanding profit, the new cosmetic ODM line has begun operation as planned, and the new plant for raw materials for DDS drug formula-

tions, which is currently under construction, has entered the preparation stage for operation. In addition, in response to requests from the Japanese government and prime contractors, we are enhancing the production capacity of facilities for accelerated deployment of defense equipment incorporating advanced technologies. We will continue to steadily pursue facility investment aimed at strengthening manufacturing capabilities in growth fields while monitoring changes in the market environment and anticipating market needs.

For productivity improvement, we are working toward the realization of smart factories, including the introduction of digital transformation (DX)-related technologies, through initiatives such as strengthening network infrastructure, promoting automation and labor saving, and improving operational efficiency by expanding the use of data in production and sales. Furthermore, in the area of environmental response, we are strengthening initiatives that contribute to CO₂ emissions reduction, including compliance with fluorocarbon regulations, the introduction of energy-saving manufacturing facilities, and a shift to energy sources with a low environmental impact.

Through this facility investment, the NOF Group aims to flexibly respond to environmental changes, contribute to the realization of a sustainable society, and further enhance the competitiveness of the overall business.

R&D

NOF and the AIST Group have established the NOF-AIST Smart Green Chemicals Collaborative Research Laboratory. At this collaborative research laboratory, we aim to integrate NOF's and the AIST Group's fundamental technologies and expertise to develop environmentally friendly chemical manufacturing processes and create smart green chemicals that contribute to decarbonization and prosperous lives. Through these efforts, we aim to continuously deliver new value to society through the power of chemistry, while contributing to the realization and development of a sustainable chemical industry.

In our initiatives to enhance the efficiency of R&D, at the Life Science Research Laboratory we are promoting the use of Materials Informatics through efforts such as applying data analysis to the optimal formulation design of lipid nanoparticles (LNP) for gene therapy and nucleic acid drugs.

R&D expenses in fiscal 2024 totaled ¥7.9 billion for the entire Group. In fiscal 2025, we plan to invest ¥8.8 billion in R&D across the Group, and will continue to advance R&D to expand our business domains.

Human capital investment

As part of our measures to foster a diverse workforce with high employee engagement, we are working to encourage employees' autonomous growth and create

Message from the President

a comfortable working environment. We are also advancing human capital investment aimed at securing and developing talent, including promoting the development of DX human resources and enhancing support for business activities overseas.

Beginning fiscal 2025, with the aims of incentivizing employees to contribute to medium- to long-term corporate value enhancement as well as raising awareness of participation in stock price-conscious management, we will grant a special incentive payment equivalent to 20 shares of company stock annually to employees who are members of the Employee Shareholding Association. Through the introduction of this scheme, we aim to promote value-sharing between our shareholders and employees and strive to enhance corporate value even further.

Capital policy

With regard to cross-shareholdings, we are proceeding with sales based on our target of reducing the ratio of cross-shareholding to consolidated net assets to 15% or less during the 2025 Mid-term Management Plan period. As of the end of March 2025, the ratio fell by 3.9 points from the previous fiscal year to 14.8%. We will continue to reduce cross-shareholdings beyond fiscal 2025 as well.

For dividends, in fiscal 2024, we paid an interim dividend of ¥21 and a year-end dividend of ¥24, resulting in an annual dividend of ¥45 and a dividend payout ratio of 29.2%. In fiscal 2025, we forecast an interim dividend

of ¥24 and a year-end dividend of ¥24, for a projected ¥3 year-on-year increase of the annual dividend to ¥48 as well as a projected dividend payout ratio of 30.5%. In fiscal 2009, we have consistently increased dividends. Going forward, based on maintaining stable dividends, we aim to achieve progressive dividends over the medium to long term. We recognize the return of profits to shareholders as an important issue for management. While our target total return ratio during the 2025 Mid-term Management Plan period is set at around 50%, considering factors such as the level of net cash at the end of fiscal 2024, future free cash flow forecasts, and ROE, we implemented a share repurchase of ¥20.0 billion in fiscal 2024. Going forward, we will continue to consider flexible repurchases of treasury shares in line with the target level set for the 2025 Mid-term Management Plan with the aim of improving capital efficiency.

In the next Mid-term Management Plan, our first priority will be making investments for business growth. However, we will also formulate a cash allocation plan and continue working to improve capital efficiency.

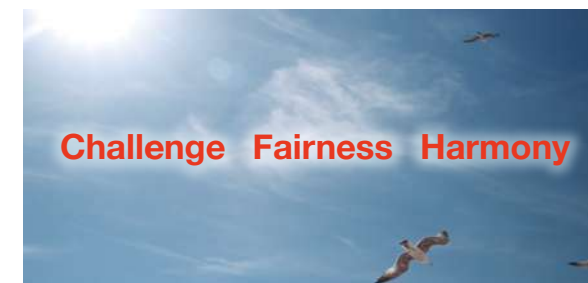
Looking ahead to 2030

For the NOF Group, fiscal 2025 is an extremely important year that represents not only the culmination of the 2025 Mid-term Management Plan but also a bridge to the 2028 Mid-term Management Plan. We forecast consolidated operating income for fiscal 2025 to be ¥46.0 billion. To achieve further growth and expand

earnings, we will deepen our initiatives thus far while responding flexibly to a changing environment and establishing new foundations for growth. We will also advance the strengthening of the solutions business, which serves as a growth driver, and accelerate the planning and execution of new investment initiatives, including M&A for business model transformation, in preparation for the 2028 Mid-term Management Plan, which marks our business domain expansion stage.

Meanwhile, the foundation of the NOF Group's business management lies in a thorough commitment to safety and compliance. By deepening our Responsible Care activities and instilling the NOF Group Corporate Code of Ethics, we aim to ensure stable business management alongside highly engaged employees in a safe and open workplace environment.

Going forward, the NOF Group will continue to pursue its value of "Challenge" in new areas in the spirit of a venture company, while also upholding strong ethical standards and pursuing value creation that meets the expectations of society guided by our values of "Fairness" and "Harmony."







NOF's Value Creation

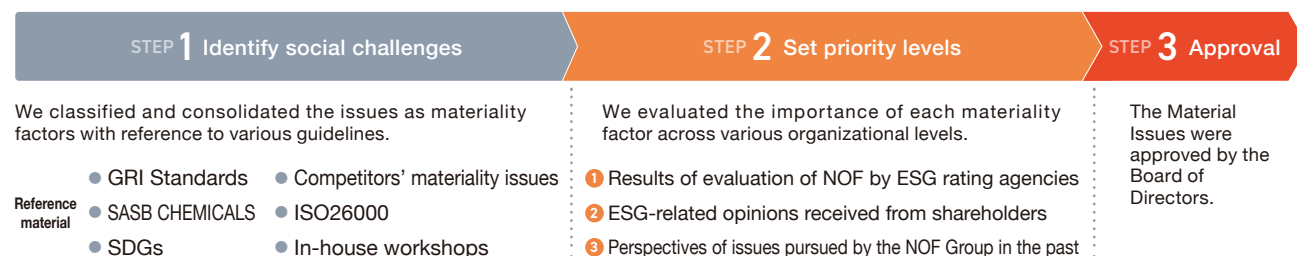
We create products by combining the core technologies we have cultivated across a wide range of business domains. We develop these products in the three fields of Life/Healthcare, Environment/Energy, and Electronics/IT.

Materiality

Identification of 11 materiality issues (important issues)

Process of identifying materiality

In 2020, the NOF Group selected ESG-related important issues to prioritize in order to realize the vision set forth in NOF VISION 2025 (our Mid-term Management Plan formulated in 2019).



Ongoing Review and Materiality Updates

Each materiality item is reviewed at least once a year by the Sustainability Committee, with the lead departments reporting on KPI performance to assess progress. In addition, we strategically position the materiality items to be reviewed as needed in response to external requirements, such as those from the ISSB and SSBJ.

Most recently, we conducted a materiality review in 2022 when we formulated our new Mid-term Management Plan NOF VISION 2030.

Concrete Deployment of Material Issues

The NOF Group has classified 11 identified materiality items into three categories and is taking action by linking them to concrete business activities. For each materiality item, a lead division and responsible division are assigned, and specific indicators and targets (KPIs) are set as we undertake initiatives.

① Provide new values to realize a prosperous and sustainable society

Targeting the three prioritized business fields, we will aim to offer new value by combining the core technologies we have cultivated through our diverse business development.

📖 ▶ P.017,066-069



② Strengthen the business foundation

As well as building a corporate culture that accepts diversity of values, we will appropriately identify changes in the environment and technological progress and enhance our resilience.

📖 ▶ P.018,070-079
















③ Promote Responsible Care activities

By securing the environment, safety, and health in all processes, from product development and manufacture to disposal, we will aim to be a corporate group that is trusted by the whole of society.

📖 ▶ P.019,080-103


























① Provide new values to realize a prosperous and sustainable society













Materiality	Goals (KPIs)	FY2024				FY2025		
		Numerical targets	Target year	Results	Details of major initiatives	Numerical targets	Target year	Details of major initiatives
Innovation through businesses	  R&D investment NOF Group	¥25.6 billion (3-year cumulative total)	2025	¥7.9 billion 2-year cumulative total: ¥15.2 billion (achievement rate of 59%)	Enhancement of R&D capabilities <ul style="list-style-type: none"> ● Call for commissioned industry-academia research ● Promotion of joint research ● Enhancement of support for R&D ● Intellectual property strategy formulation and strategic applications 	¥25.6 billion (3-year cumulative total)	2025	Enhancement of R&D capabilities <ul style="list-style-type: none"> ● Call for commissioned industry-academia research ● Promotion of joint research ● Enhancement of support for R&D ● Intellectual property strategy formulation and strategic applications
	 Number of patent applications NOF	500 (3-year cumulative total)	2025	221 2-year cumulative total: 382 (achievement rate of 76%)		500 (3-year cumulative total)	2025	
Contribute to the Life/Healthcare field	  Net sales of strategic products* in the Life/Healthcare field NOF Group	15% increase (compared to FY2022 results)	2025	11.7% increase	<ul style="list-style-type: none"> ● Supply of strategic products to the Life/Healthcare field 	15% increase (compared to FY2022 results)	2025	<ul style="list-style-type: none"> ● Supply of strategic products to the Life/Healthcare field
Contribute to the Environment/Energy field	      Net sales of strategic products* in the Environment/Energy field NOF Group	15% increase (compared to FY2022 results)	2025	43.7% increase	<ul style="list-style-type: none"> ● Supply of strategic products to the Environment/Energy field 	15% increase (compared to FY2022 results)	2025	<ul style="list-style-type: none"> ● Supply of strategic products to the Environment/Energy field
Contribute to the Electronics/IT field (smart society)	  Net sales of strategic products* in the Electronics/IT field NOF Group	15% increase (compared to FY2022 results)	2025	15.6% increase	<ul style="list-style-type: none"> ● Supply of strategic products to the Electronics/IT field 	15% increase (compared to FY2022 results)	2025	<ul style="list-style-type: none"> ● Supply of strategic products to the Electronics/IT field

*Among the products in the three prioritized business fields outlined in our vision (Life/Healthcare, Environment/Energy, Electronics/IT), strategic products refer to products for which we pursue customer satisfaction and incorporate new functions and technologies to deliver superiority over competitors, or products we aim to develop into core offerings of our future business divisions

② Strengthen the business foundation

Materiality	Goals (KPIs)	FY2024				FY2025			
		Numerical targets	Target year	Results	Details of major initiatives	Numerical targets	Target year	Details of major initiatives	
Create a comfortable workplace • Employee engagement	  Utilization rate of annual paid leave NOF	75% or more NOF	2025	79.1%	● Raising awareness by disseminating the Health-Conscious Management Declaration	75% or more NOF 5 domestic consolidated companies	2025	● Raising awareness by disseminating the Health-Conscious Management Declaration	
	 Overall employee engagement score NOF	50.0 or more	2025	50.0	● Execution of measures using employee engagement surveys as a starting point	50.0 or more	2025	● Execution of measures using employee engagement surveys as a starting point	
Better performance of human resources • Human resources development • Diversity	  Investment for human resources development (training costs) NOF	Over 2.5-fold (compared with FY2022)	2025	2.2-fold	● Strengthening of human resources development support	Over 2.5-fold (compared with FY2022)	2025	● Strengthening of human resources development support	
	  Rate of hiring of female new graduates recruited for career-track positions NOF	30% or more	Every year	38.0%	● Implementation of systematic recruitment	30% or more	Every year	● Implementation of systematic recruitment	
	  Ratio of female management-level employees NOF	Over 3-fold (compared with FY2021)	2030	1.3-fold	● Implementation of systematic recruitment ● Development and promotion of female management-level employees	Over 3-fold (compared with FY2021)	2030	● Implementation of systematic recruitment ● Development and promotion of female management-level employees	
	  Percentage of employees with disabilities NOF	3.0% or more	2030	2.65% (end of March 2025)	● Promotion of employment of people with disabilities	3.0% or more	2030	● Promotion of employment of people with disabilities	
	  Pay gap ratio between male and female full-time employees NOF	75% or more NOF	2030	72.6%	● Improvement of working environments, such as production sites ● Development and promotion of female management-level employees	75% or more NOF 5 domestic consolidated companies	2030	● Improvement of working environments, such as production sites ● Development and promotion of female management-level employees	
	  Rate of male employees utilizing childcare leave NOF	100%	2030	95.7%	● Development of environments where leave can be utilized easily	100%	2030	● Development of environments where leave can be utilized easily	
	  Rate of hiring of mid-career workers for executive and career-track positions NOF	25% or more	Every year	47.4%	● Implementation of systematic recruitment	–	–	–	
Promotion of CSR-based procurement	  Coverage rate of CSR questionnaire (based on value of purchases) NOF	85% or more	2025	92% (cumulative total over 2025 plan)	● Implementation of CSR questionnaire for suppliers (suppliers with value of purchases between ¥1 million and less than ¥5 million/month)	85% or more	2025	● CSR questionnaires for suppliers completed in FY2023 and FY2024	
	  Improvement requests via interviews to target suppliers in order to firmly establish CSR-based procurement (based on number of companies) NOF	85% or more	2025	96% (cumulative total over 2025 plan)	● Implementation (ahead of schedule) of improvement requests via interviews to target suppliers	85% or more	2025	● Implementation of improvement requests via interviews to target suppliers	
Resilience enhancement	  BCP education and training hours NOF Group	Total of 4,000 hours or more	Every year	Total of 7,000 hours	● Enhancement of each BCP manual ● Improvement of response capabilities through expanded training scenarios ● Inspection and confirmation of location activities through audits	Total of 4,000 hours or more	Every year	● Enhancement of each BCP manual ● Improvement of response capabilities through expanded training scenarios ● Inspection and confirmation of location activities through audits	

③ Promote Responsible Care activities

Materiality	Goals (KPIs)	FY2024				FY2025		
		Numerical targets	Target year	Results	Details of major initiatives	Numerical targets	Target year	Details of major initiatives
Response to climate change	  CO2 emissions Domestic Group	40% reduction (compared with FY2013) FY2013 178,600 tons/year	2030	132,900 tons/year	<ul style="list-style-type: none"> Promotion of a shift to energy sources with low environmental impact Promotion of introduction of energy-saving facilities Promotion of efficient energy use and visualization 	40% reduction (compared with FY2013)	2030	<ul style="list-style-type: none"> Promotion of a shift to energy sources with low environmental impact Promotion of introduction of energy-saving facilities Promotion of efficient energy use and visualization
	  Carbon neutrality NOF Group	Aim for achievement	2050	25.3% reduction (compared with FY2013)		Aim for achievement	2050	
Chemical safety	      Emissions of substances subject to PRTR Act after revision in FY2021 Domestic Group	under 170 tons/year	Every year	135 tons/year	<ul style="list-style-type: none"> Creation and execution of emission reduction measures Reevaluation of production processes 	under 170 tons/year	Every year	<ul style="list-style-type: none"> Creation and execution of emission reduction measures Reevaluation of production processes
Promote occupational safety and health	  Number of lost workday-involving accidents Domestic Group	0	Every year	5 accidents occurred	Through the participation of all personnel and anticipating risk <ul style="list-style-type: none"> Enhancement of sensitivity toward danger Thorough enforcement of basic safety actions Reduction of disaster risks Strengthening of responses based on Sangen Shugi (the "three actuals" principle) 	0	Every year	Through the participation of all personnel and anticipating risk <ul style="list-style-type: none"> Enhancement of sensitivity toward danger Thorough enforcement of basic safety actions Reduction of disaster risks Strengthening of responses based on Sangen Shugi (the "three actuals" principle)

Three prioritized business fields in which the NOF Group aims to capitalize on the changes in the times

Social Issues

Three prioritized business fields

Making the shift to electric vehicles a business opportunity

The shift from gasoline-powered vehicles to EVs will significantly change the components of vehicles. In addition to anti-corrosive coatings for bolts and nuts, new demand is expected for resin additives to prevent abnormal noise and anti-fog agents agents for LED head-lamps. In addition, lubricants used in offshore wind power generation, ship screws, and other areas are more biodegradable than mineral oil, which reduces environmental impact. We will leverage business integration and Group synergies to expand the applications of products that contribute to the environment.

Environment/Energy field



People's health and QOL

We offer new materials needed for medicine and medical care. We also contribute to the improvement of quality of life (QOL) through additives that prolong the efficacy of eye drops, formulas for cosmetics to keep up with trends, supplements that meet health needs, and research on improving the texture and flavor of meat alternatives, which have been the focus of much attention recently. We will promote the development of new technologies and products through the utilization of synergies from business integration and collaboration with universities and research institutions.

Life/Healthcare field



Advances in communication technology and miniaturization

Improvements in electronic technology are leading to increased speed and larger capacity in telecommunications, the miniaturization of electronic components, and lower-dielectric materials. Accordingly, it is expected that there will be increased demand for highly photosensitive materials, additives for electronic components, and curing agents for low-dielectric materials. We will leverage synergies from business integration and promote development of new materials that link design and evaluation technologies.

Electronics/IT field



NOF CORPORATION
Integrated Report
2025

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Value Creation

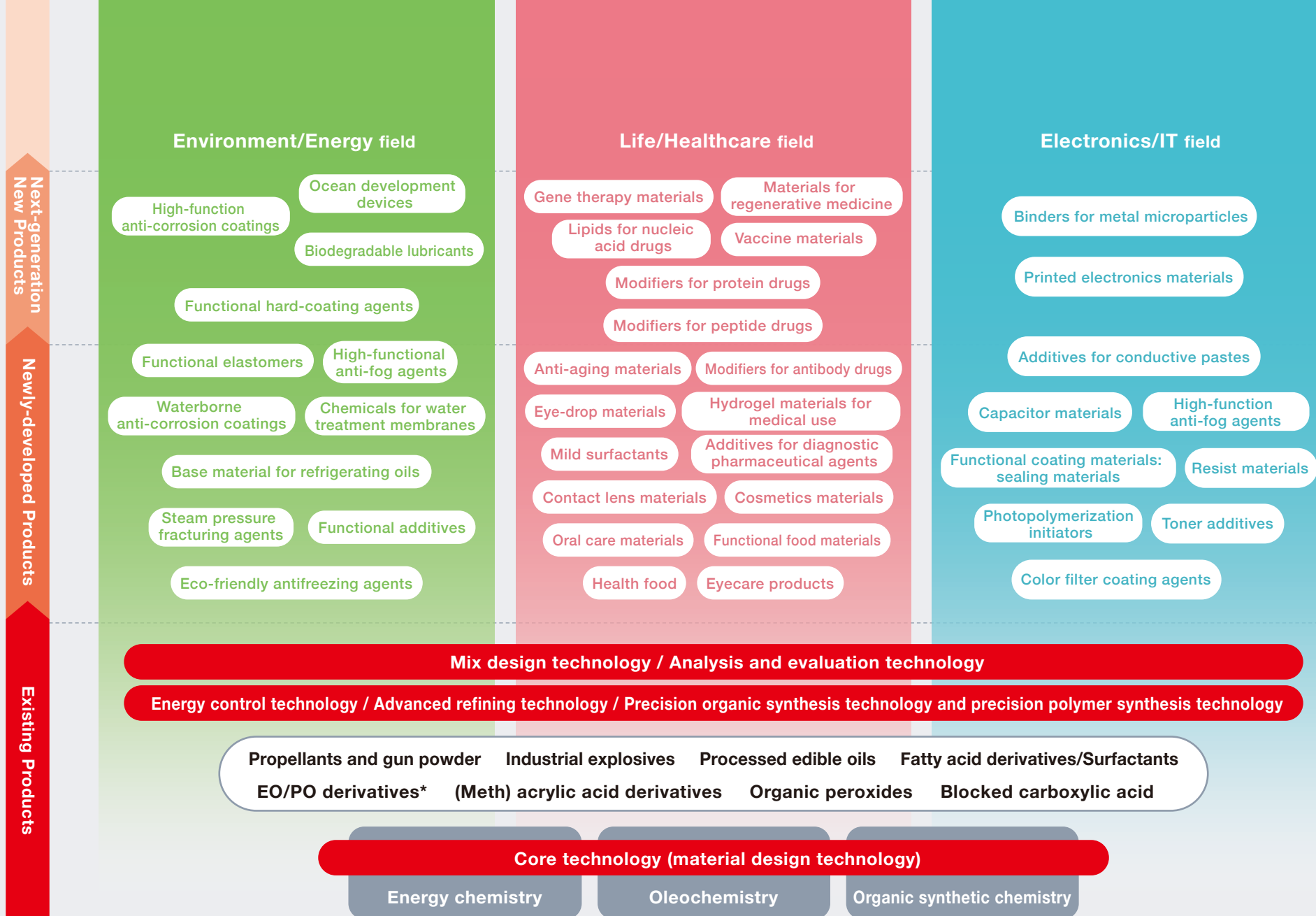
Growth Strategy

Business
Strategies

Sustainability
Strategies

Data

020



*Ethylene oxide propylene oxide derivatives (polyalkylene glycol derivatives)

NOF's Story

since
1937

Established as a general
oleochemical company,
we have diversified
our business
in response to change



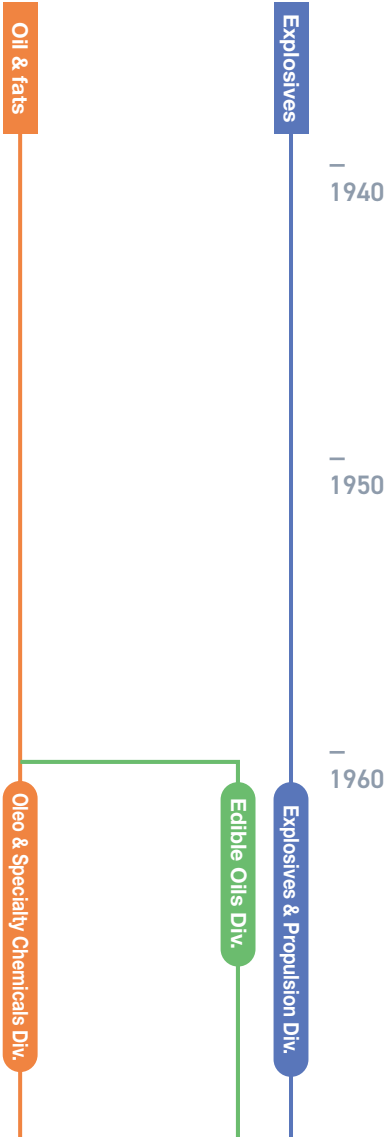
Expanding our business areas to include petrochemicals,centered on oils and fats Supporting rapid economic growth with products ahead of their time

Japan's oils and fats industry began with the export of hardened oil as a raw material for soap and margarine. As exports surged during the Showa period, Nippon Food Industries, Kokusan Industry Fuji Paint Works, Velvet Soap, and Associated Oil and Fats, which were under the Nippon Sangyo Group, merged under the Nissan concern to form the first Nippon Oil and Fats in June 1937. Our company began operations as a general oleochemical company aiming for integrated production of cosmetic soap and detergent. At that time, our company's corporate creed was established as "Moving forward every day, this is a company filled with hope" and "All work together to contribute to our nation's wealth." These words express the belief in contributing to national industry, and that everyone's cooperation is essential to achieving this goal.

After the end of World War II, there was a period of turmoil that included financial difficulties for obtaining basic necessities and soaring commodity prices. In July 1949, the company once again took the name "Nippon Oil and Fats" as a chemical manufacturer with four divisions: oils and fats, coatings, explosives, and welding rods. Fish oil was replaced by beef tallow and coconut oil as the raw material for fats and oils, and uses of derivatives of simple fatty acids, developed through innovations in refining technology, expanded to include use as disinfectants and

emulsifiers. The company also expanded into the field of edible oils such as margarine and shortening.

In the 1950s, as the petrochemical industry took off, the leading materials shifted from natural rubber to synthetic rubber, and from wood, metal, and glass to synthetic resin. The company focused on expanding sales channels to a wide range of industrial fields in response to the trend of rapid growth of large assembled products such as the "3Cs" (color TVs, cars, and coolers) due to high economic growth. The company developed derivatives along with various fatty acids in both single carbon number and high-purity to enhance its non-ionic surfactant product line. Applications as emulsifiers, modifiers, and stabilizers were also developed, and gained customers in a wide range of fields, including pharmaceuticals, cosmetics, toiletries, paper and pulp, and civil engineering and construction. Furthermore, efforts were made to mass produce organic peroxides, which are indispensable for the manufacture of synthetic rubber and synthetic resins, and production of edible oils increased rapidly due to the expanding market for western-style confections and baked sweets. In addition, the company diversified its business with efforts such as developing solid propellants for artificial satellite launch plans of the National Space Development Agency of Japan.

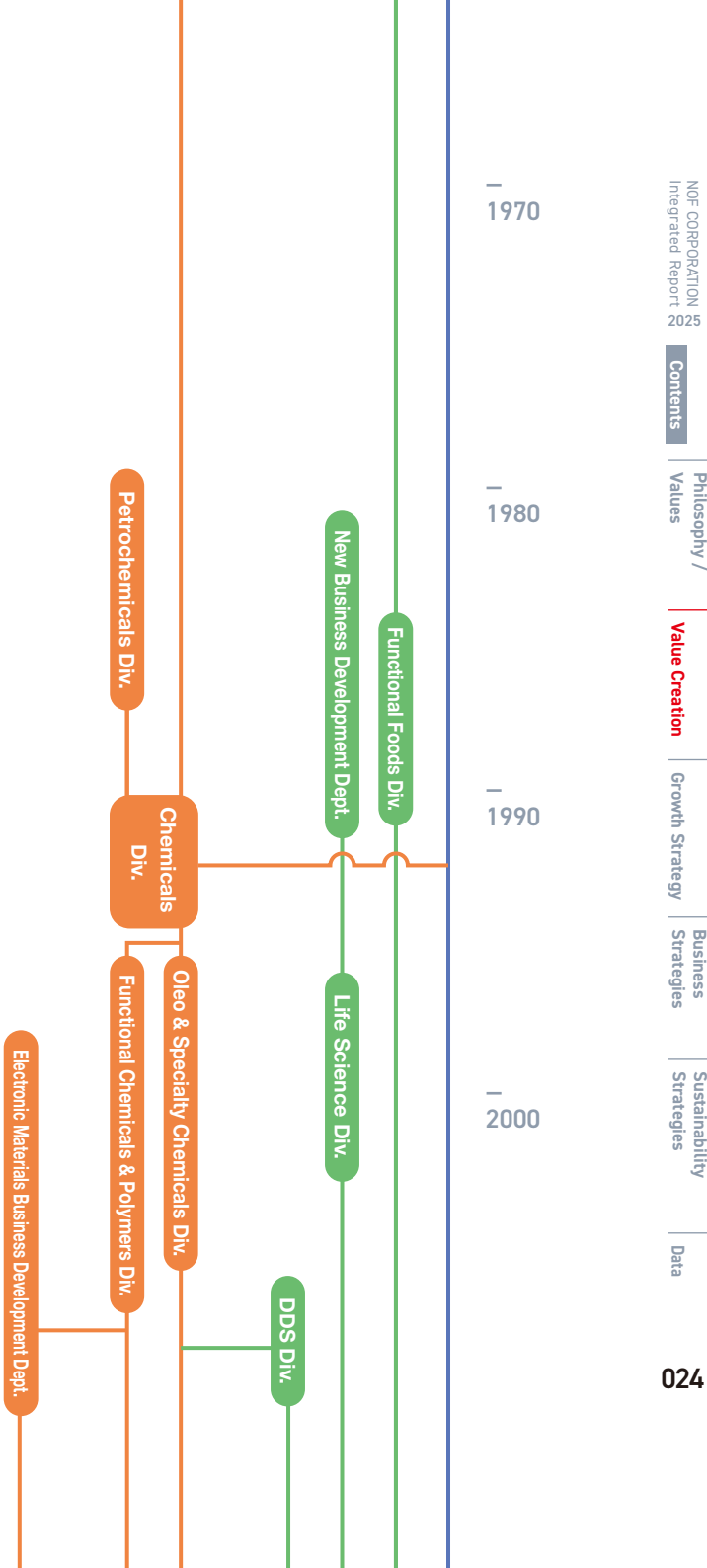


Focus on the pharmaceutical industry, centered on biotechnology
Focus on R&D of new materials to expand our product lineup

In 1968, Japan's gross national product (GNP), which was soaring due to the Izanagi Boom, surpassed that of West Germany to become the second highest in the world. However, the first oil crisis in 1973 caused a sharp rise in the price of imported crude oil and a major downturn in Japan's economy. In order to secure stable supplies of raw materials, the company accelerated its overseas expansion, including by investing in Malaysia, a palm oil producing country. At the same time, the company focused on fine chemicals as high value-added products. The BLEMMER series of world-class polymer modifiers expanded its sales channels in fields such as coatings, adhesives, and resist materials, and the company also advanced the development of finer organic peroxides. In 1983, the Tsukuba Research Laboratory was established for R&D of new materials. The Laboratory became a stepping stone for offering high value-added products by linking lipids to promising biotechnology, focusing on the pharmaceutical industry, developing high-purity unsaturated fatty acids among other activities.

After the Japanese economy reached its peak in the 1980s, the bubble economy collapsed in the early

1990s, ushering in an era in which product development capabilities would determine the future of the company. When the Life Science Products Division was established in 1999, the company expanded its manufacturing capacity in anticipation of increased demand for cleaning and storage solutions for contact lenses as well as cosmetics materials. In 2001, the DDS Business Development Department was established, after the company had established a track record in the development of high-purity PEG derivatives, phospholipids, and other products. In 2004, in addition to the establishment of a local subsidiary in China to supply organic peroxides to synthetic resin manufacturers, our Daishi Plant was completed as a new production base for edible oils, with the basic principle of "food safety and security" to ensure traceability of the raw materials used. Furthermore, in 2006, although the company established a new division to oversee the anti-corrosion business that had been operating in Japan, the United States, and Europe, it also made selections and concentrated its businesses, including discontinuing the welding and coating business and transferring it to another company.



Global expansion with five forms of business that generate the NOF brand

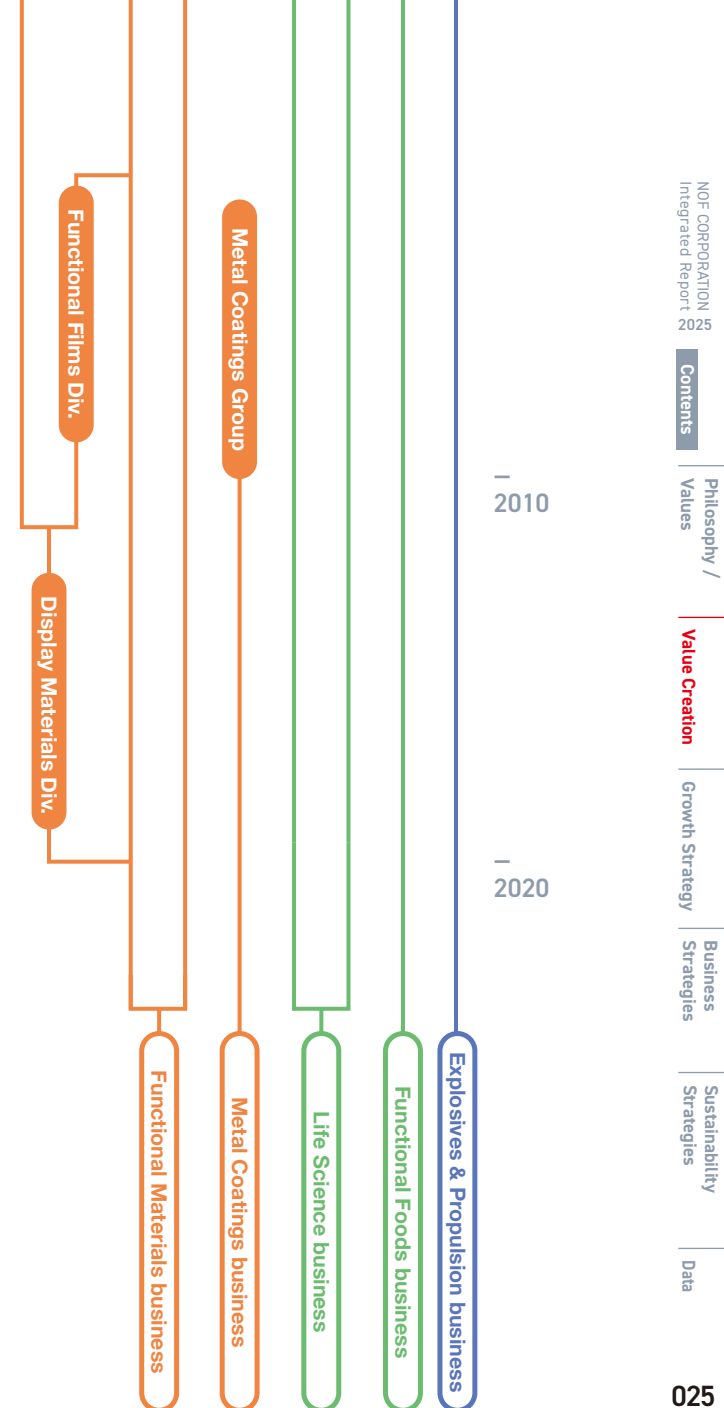
Promotion of innovation toward a sustainable society

In October 2007, the 70th anniversary of our founding, the company name was changed from Nippon Oil and Fats to Nichiyu (NOF in English) with the aim of further expanding our business areas. In addition to the four core businesses of oleo & specialty chemicals, functional chemicals & polymers, explosives & propulsion systems, and functional foods, the company's organizational structure now also includes life science products, DDS development, and anti-corrosion. Under the slogan "From the Biosphere to Outer Space," we have taken the first step toward becoming a global general chemical manufacturer equipped with cutting-edge technologies.

In the DDS business, which was created by integrating oleo & specialty chemicals' technologies, such as high purification and cutting-edge molecular design technologies, we provide a wide range of materials to the biopharmaceuticals field, which is expected to grow significantly in the future. Among these, the main product, activated PEG, holds the largest share in the global market. It is used in many biopharmaceuticals, including protein drugs and peptide drugs. In addition, functional lipids such as ionic lipids and PEG lipids are being developed for use in nucleic acid drugs, including expected applications in gene medicine.

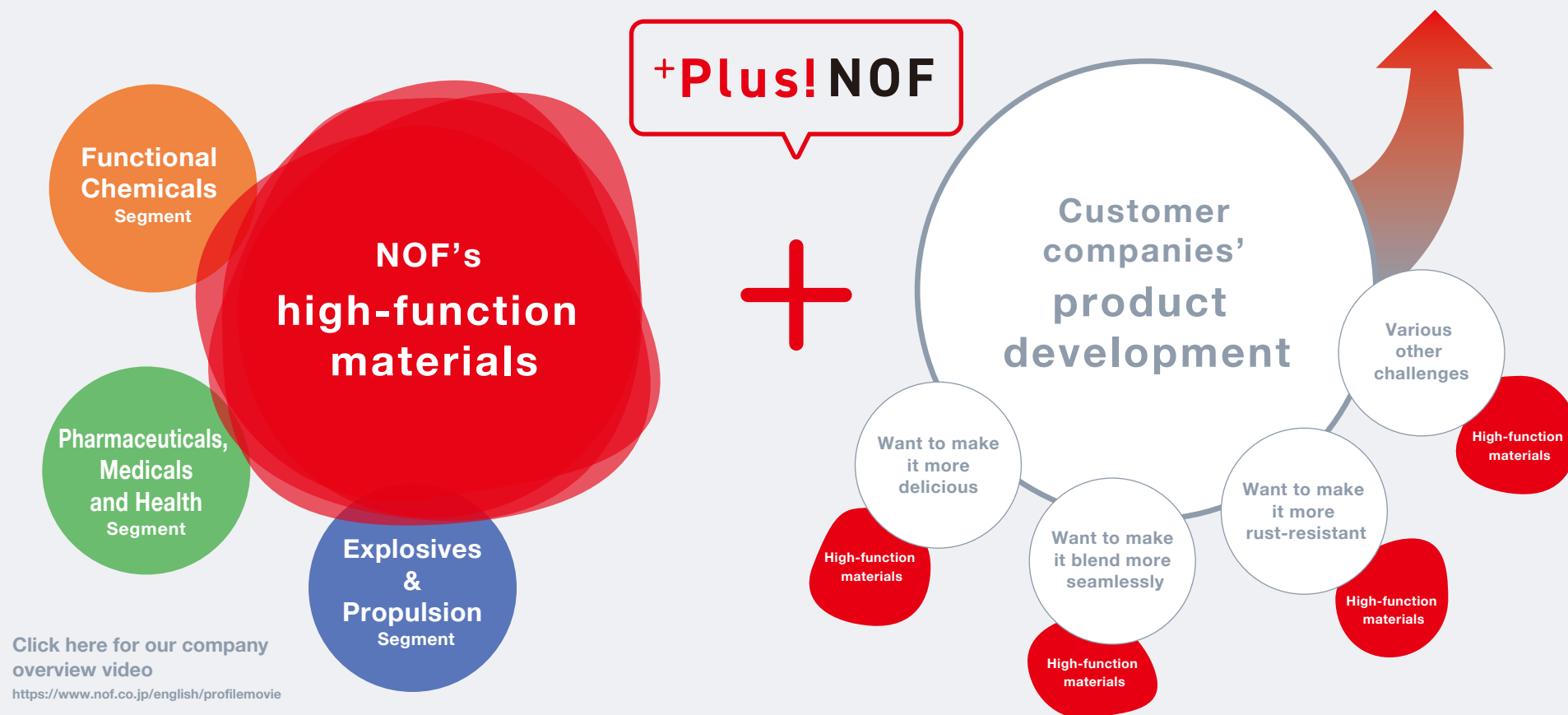
In response to growing demand, we expanded the manufacturing facilities at our Kawasaki Works in 2021, and new manufacturing facilities, representing an investment of approximately 10.0 billion yen, are scheduled to begin operation at the Aichi Works in 2025. In 2024, we also invested in Phosphorex, a contract development and manufacturing organization (CDMO) specializing in DDS, and promoted further business enhancement through collaboration.

As environmental and social issues continue to mount on a global scale, expectations are increasing for innovation toward a sustainable society. Therefore, in our Mid-term Management Plan for the 2010s and beyond, we identified three prioritized business fields where future demand is expected to grow: Life/Health-care, Environment/Energy, and Electronics/IT. Beyond our in-house development, we are also working on the development of new materials through co-creation in industry-academia-government collaboration. Furthermore, in 2023, we renewed our Corporate Philosophy structure and reorganized our business divisions. We will develop our global business with 12 consolidated subsidiaries in Japan as well as 12 bases in nine countries overseas toward achieving NOF VISION 2030.



Business Model

By adding materials with high-function characteristics to our customers' product development, we help maximize the value of their final products.



Business Model

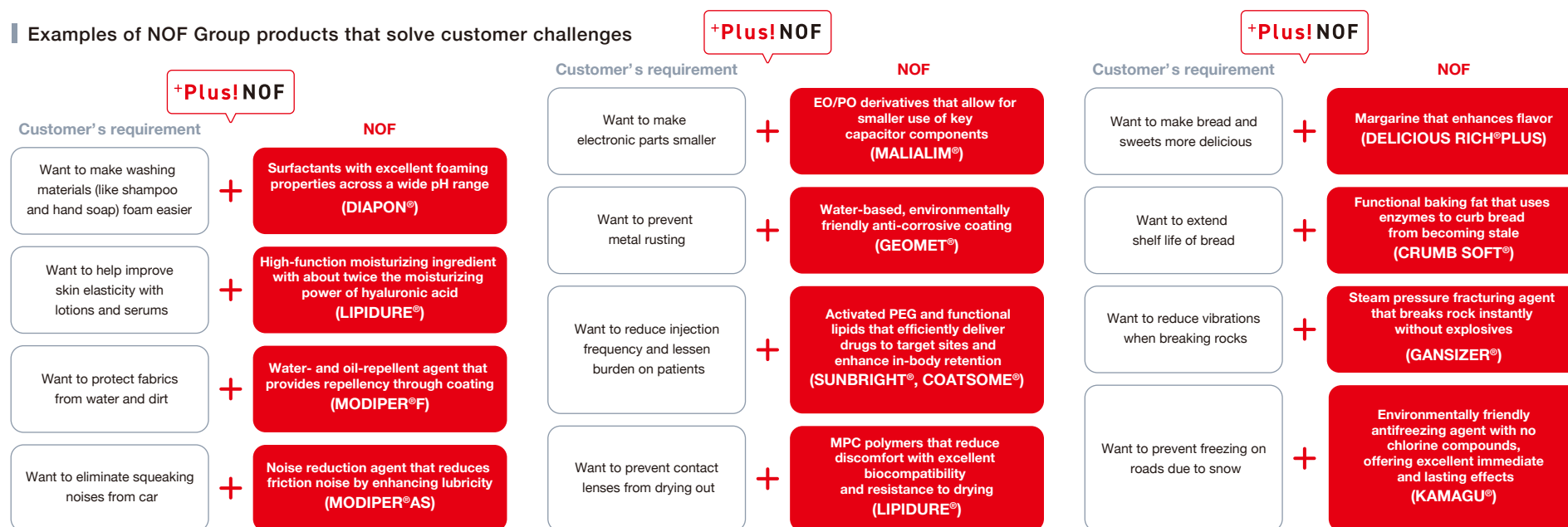
NOF offers high-function materials to help companies achieve “more” for their products, such as making medicines more effective, making parts more compact, making foods more delicious, and becoming more environmentally friendly. High-function materials are those that enhance properties such as stability, easy sliding, seamless blending, stretchiness, and high repellency. Amid the increasing commoditization of products and services and continued commitment to decarbonization, a

challenge for customer companies is not only creating new products but also improving the quality of existing ones. NOF supports these efforts. Beyond simply supplying our products, we also work closely with our customers as partners in product development. By flexibly customizing materials to meet specific needs, we help turn our customers’ desire for “more” into reality.

Since our founding in 1937 as a chemical manufacturer using fats and oils as raw materials for soap,

the NOF Group has continuously evolved in step with societal changes. Today, we focus our R&D efforts on three prioritized business fields: Life/Healthcare, Environment/Energy, and Electronics/IT. Our greatest strengths lie not only in the design and synthesis of materials, but also in our analytical and evaluation technologies and know-how. Furthermore, we expand our R&D areas and deepen our expertise through industry-academia-government collaboration, in addition to in-house efforts.

Examples of NOF Group products that solve customer challenges



NOF's Strengths

Support through technology from general consumer goods to advanced materials

The NOF Group has created a wide variety of products as a chemical manufacturer supplying materials to companies in Japan and abroad. We have a long history spanning 88 years since our founding. We support our customers' manufacturing with our technical capabilities and response capabilities.

Strength
1

Diverse management

We are characterized by our wide range of business areas, from raw materials for familiar products, such as cosmetics, foods, and pharmaceuticals, to electronics-related products and solid propellants for rockets. While possessing proprietary technologies and products in each of these areas, we continue to create original products that are increasingly complex and highly functional, including the fusion of oleochemical and petrochemical technologies.

▶ P.046-063



Strength
2

Global expansion

Since entering the overseas market in 1984, we have promoted active overseas expansion, including the establishment of sales bases in the United States and Europe and production sites in Indonesia and China. Currently, we have 12 consolidated subsidiaries in the United States, Europe, Asia, and South America, providing products and technologies to the entire world. We will further develop new business to meet the expectations of the untapped global market.

▶ P.048-049



Strength
3

Advanced technology development

We are engaged in development at the research facilities of our business divisions, and in research on original and pioneering materials and technologies for the next generation at our Advanced Technology Research Laboratory. In addition, we are searching for new materials and technologies by leveraging our connections outside the company, including open innovation through industry-academia-government collaboration in advanced medical technique and regenerative medicine, as well as promoting development leveraging business integration synergies.

▶ P.066-069



Value Chain

Support for customers from development to mass production

While utilizing our core technologies, we work closely with our customers in their product development efforts, proposing materials in accordance with their objectives and needs. In addition, in accordance with our Responsible Care (RC) Activities, we are committed to safety management throughout the entire value chain and strive to provide the best products and services.



R&D

[Material design and precision synthesis technology]

Flexible design for customer requirements

We can flexibly design a variety of derivatives and polymers based on fats, oils, and petrochemicals, combined with our unique synthesis and refining technologies. This enables speedy product development that meets customer requirements.

📖 ▶ P.066-069

[Technologies for formulation, analysis, and evaluation]

Offering functions that customers want

We have advanced analysis and evaluation technologies that enable us to propose functions for our customers' fields. The wealth of accumulated data obtained from this enables advanced formulation design and rapid feedback for material design.

📖 ▶ P.066-069

Procurement

Stable securing of raw materials with our BCP in mind

We strive for stable procurement under our business continuity plan (BCP). At the same time, we conduct CSR questionnaires for our suppliers and work to procure raw materials with consideration for human rights, the work environment, legal compliance, and the environment and safety.

📖 Sustainability Report
▶ P.168-171

Manufacturing

Stable supply of products and consideration for the environment

We always strive to provide a stable supply of products under our advanced quality control system and thorough safety management. In addition, we are committed to eco-friendly manufacturing, giving due consideration to energy conservation and reduction of chemical substance emissions.

📖 Sustainability Report
▶ P.082-085,120-167

Delivery

Safety-conscious logistics with low environmental impact

To ensure safe delivery of our products, we use safety data sheets (SDS) and GHS labels to thoroughly manage hazard information. In addition, we are promoting modal shifts and joint deliveries to reduce greenhouse gas emissions.

📖 Sustainability Report
▶ P.143,160-167

Everyday Products Created from NOF's Products



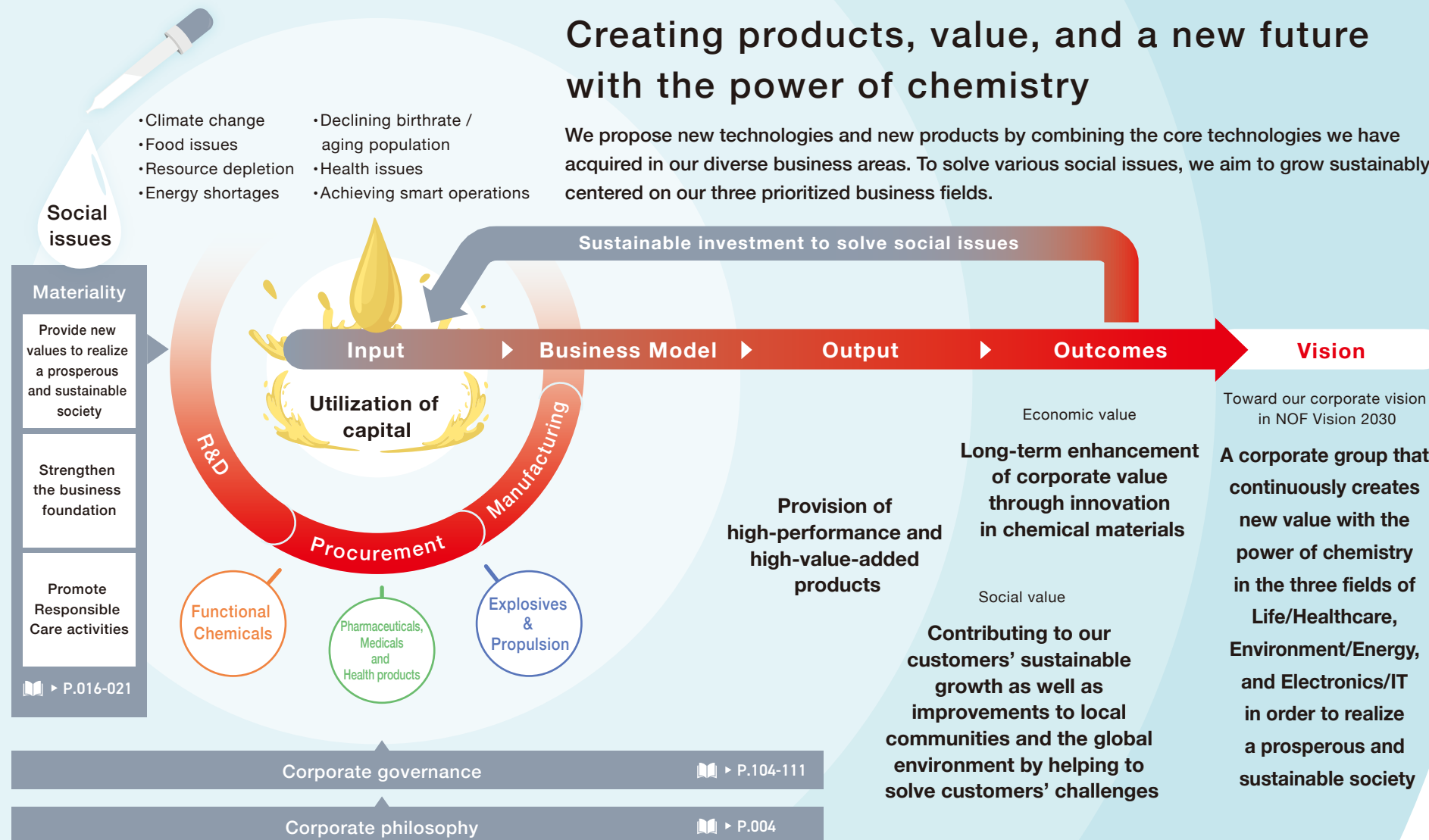
The World Created through NOF's Technology

When NOF began operations in 1937 as an oleochemical manufacturer, we offered only a limited range of products. Later, in response to changes in industrial structures and global needs, we expanded our operations into the area of petrochemicals from the 1970s. Furthermore, by pursuing the functions of the materials that NOF possesses, we have developed a wide range of customer segments, including biocompatible materials and DDS. As a result, NOF materials are used in a wide variety of products that you see in your daily life, from daily necessities such as food, pharmaceuticals, and cosmetics to industrial products such as automobiles, home appliances, construction products, and electricity-related products.



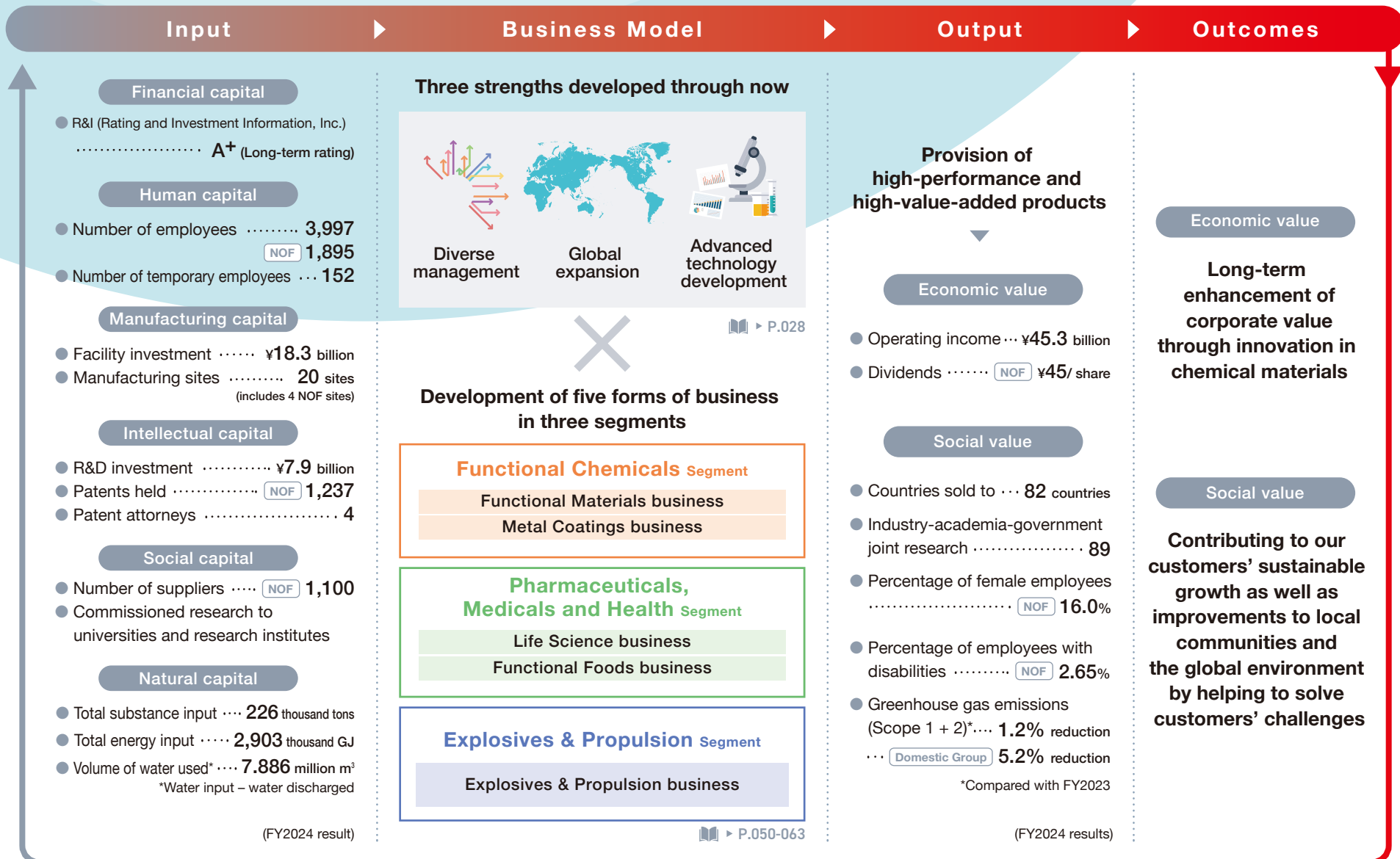
Everyday Products Created from NOF's Products

Value Creation Process



Value Creation Process

NOF Group







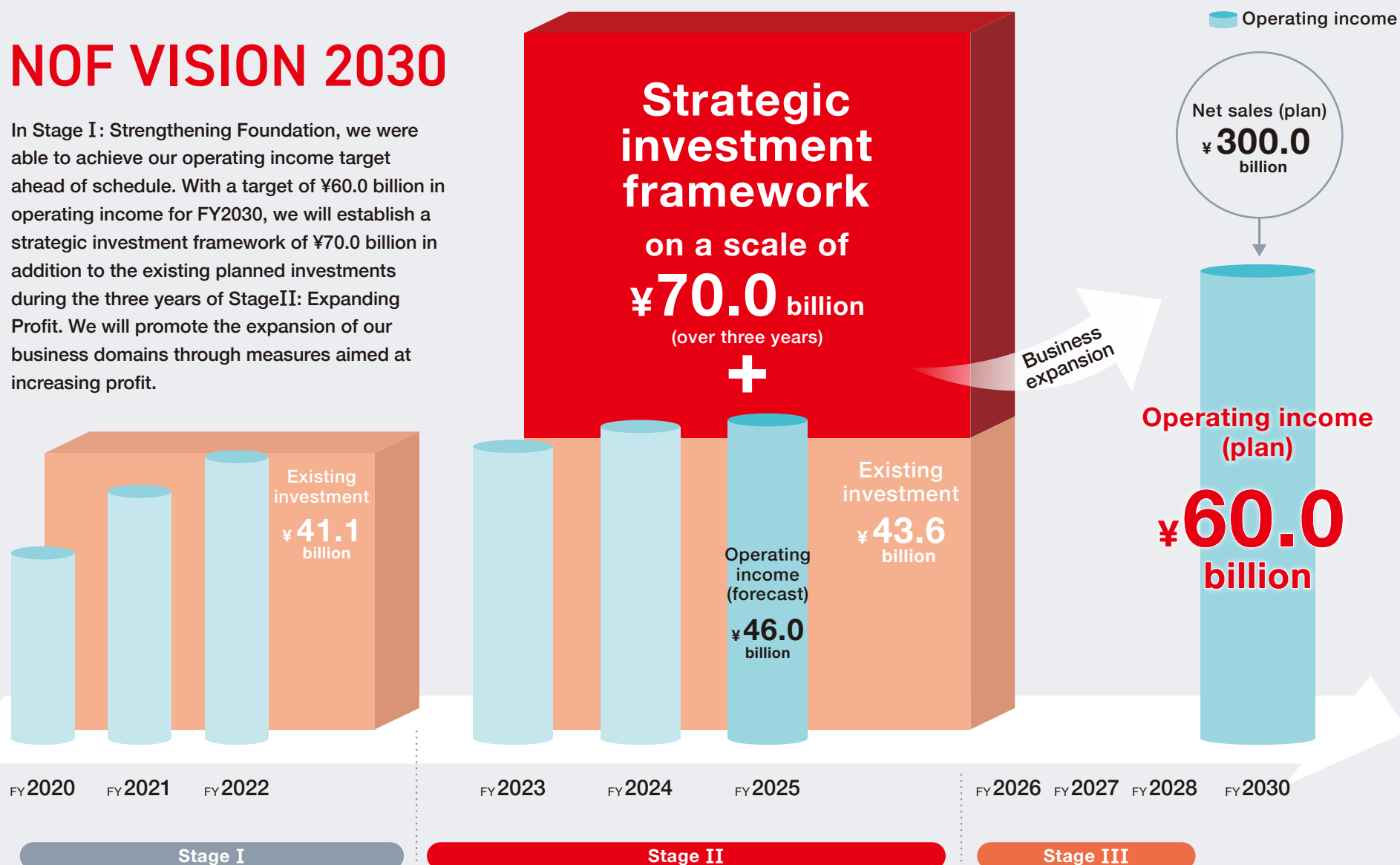
NOF's Growth Strategy

We have set forth our Mid-term Management Plan NOF VISION 2030 and are promoting expansion of profit and business areas. We aim to take even further leaps forward as a global company and contribute to the realization of a sustainable society.

Mid-term Management Plan

NOF VISION 2030

In Stage I: Strengthening Foundation, we were able to achieve our operating income target ahead of schedule. With a target of ¥60.0 billion in operating income for FY2030, we will establish a strategic investment framework of ¥70.0 billion in addition to the existing planned investments during the three years of StageII: Expanding Profit. We will promote the expansion of our business domains through measures aimed at increasing profit.



Mid-term Management Plan

2022 Mid-term Management Plan

Strengthening Foundation

Fundamental principles
“Challenge and Co-create”

FY 2020
(actual)

Net sales
¥172.6 billion
Operating income
26.6 billion
Operating income
to net sales
15.4 %
ROA*¹
11.4 %
ROE*²
12.2 %

FY 2022
(actual)

Net sales
¥217.7 billion
Operating income
40.6 billion
Operating income
to net sales
18.7 %
ROA
14.4 %
ROE
14.8 %

FY 2023
(actual)

Net sales
¥222.3 billion
Operating income
42.1 billion
Operating income
to net sales
19.0 %
ROA
14.0 %
ROE
13.5 %

FY 2024
(actual)

Net sales
¥238.3 billion
Operating income
¥45.3 billion
Operating income
to net sales
19.0 %
ROA
13.3 %
ROE
13.4 %

FY 2025
(forecast)

Net sales
¥252.0 billion
Operating income
¥46.0 billion
Operating income
to net sales
18.3 % or more
ROA (target)
13 % or more
ROE (target)
12 % or more

FY 2030
(plan)

Net sales
¥300.0 billion
Operating income
¥60.0 billion
Operating income
to net sales
20 % or more

2025 Mid-term Management Plan

Expanding Profit

Strategic investment for earnings base establishment /
business domains expansion

Fundamental principles
“Practice and Breakthrough”

2028 Mid-term Management Plan

Business Domains Expansion

Advancement into
new business domains

*1 Return on assets

*2 Return on equity

Mid-term Management Plan

Stage II

2025 Mid-term Management Plan

Expanding Profit

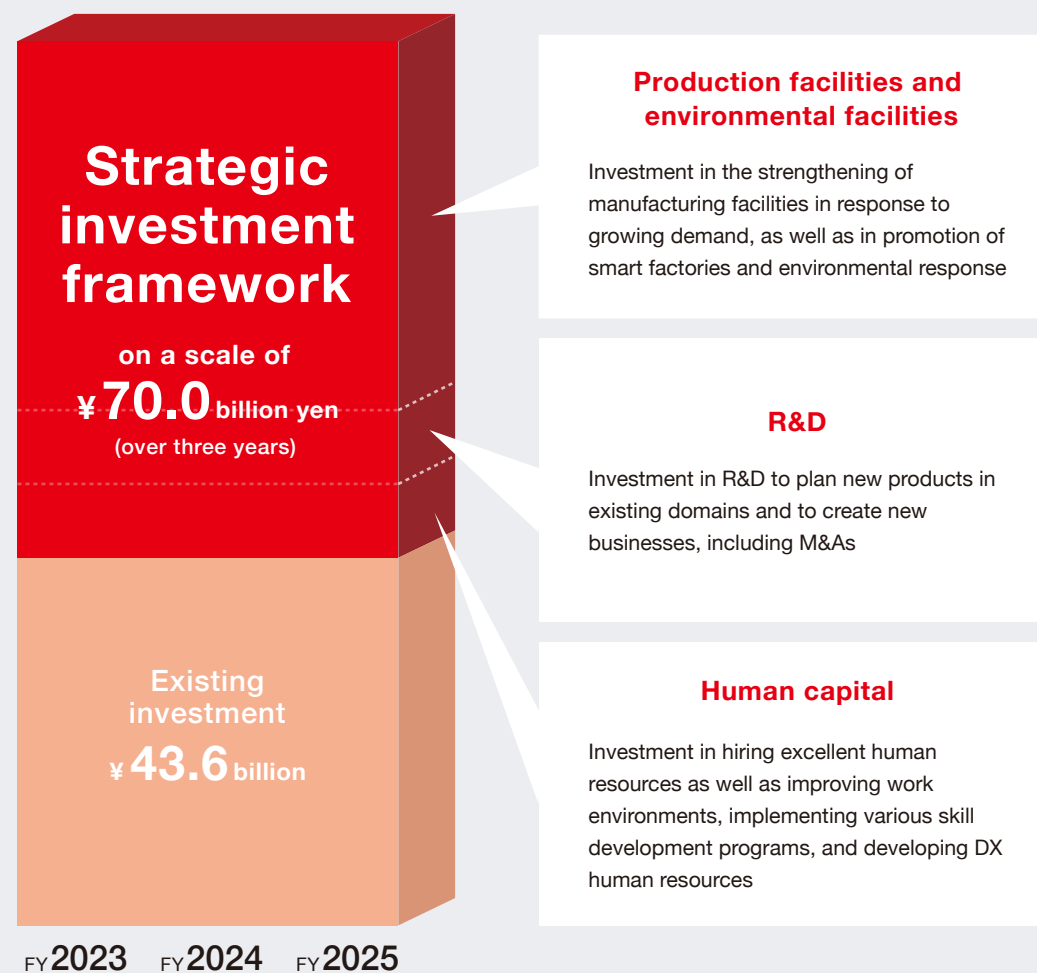
Fundamental principles

“Practice and Breakthrough”

FY2025 Management Policy

Responding to Changes in the Environment
towards a New Stage

We have positioned the three years from fiscal 2023 as Stage II: Expanding Profit, with the target of ¥46.0 billion in operating income and a ratio of operating income to net sales of 18% or higher set for fiscal 2025, the last fiscal year of the period. In addition to the “existing investments” of ¥43.6 billion related to the previous Mid-term Management Plan, we have established a “strategic investment framework” of ¥70.0 billion for the three years of Stage II. Strategic investment includes three topics: (1) “production and environment” facility investment, (2) research and development investment, and (3) human capital investment, and will be funded through self-financing as well as funds from the sale of cross-shareholdings. This is a proactive investment aimed at not only further strengthening the earnings bases and steadily expanding profits in the rapidly changing business environment surrounding the NOF Group, but also making a leap forward through new value creation. We will continue to strive toward achieving the targets of the Mid-term Management Plan for fiscal 2025 and operating income of ¥60.0 billion in fiscal 2030.



Mid-term Management Plan

Facility investment:
Production and environment



Smooth implementation of automation, labor saving, and energy saving

We are newly constructing and expanding manufacturing facilities as planned in fields that continue to grow, such as raw materials for DDS drug formulations, cosmetics materials, and anti-fog agents. In response to the significant expansion of Japan's Defense Buildup Program, we have made additional investments in the construction and enhancement of manufacturing facilities to meet growing demand. We will continue working toward the early-stage deployment of defense equipment.

Facility investment amount FY2024 (actual) ¥ **18.3** billion FY2025 (expected) ¥ **30.3** billion

Main facility investment	Aichi Works	• Strengthening of manufacturing facilities for defense products: Planned completion in June 2028	Inside Nippon Koki's Shirakawa Plant*	• Construction of manufacturing facilities for defense products: Planned completion in February 2029 *As NOF's non-current assets
		• Establishment of new manufacturing facilities for raw materials for DDS drug formulations (PEG modifiers): Planned completion in September 2025	Nippon Koki's Shirakawa Plant	• Construction of manufacturing facilities for defense products: Planned completion in September 2027
		• Strengthening of filling equipment for cosmetic products: Planned completion in January 2026	Kansai area	• Upgrading of dormitories in the Kansai area: Planned completion in February 2027

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		FY2024 progress	FY2025 initiatives (planned)	
<div>Improving productivity</div> <div></div>	Operational efficiency	Routine operations	<ul style="list-style-type: none">Expansion of operations that utilize RPAExpansion of operations that utilize AI-OCRUse of business support tools and introduced software (digitization of manufacturing records, creation of operating procedures)	<ul style="list-style-type: none">Continuation of expansion of operations that utilize RPAExpansion of operations that utilize AI-OCRImplementation of existing support tools and introduced software as well as evaluation/selection of new ones
		Production scheduler	<ul style="list-style-type: none">Preparation for trial runs at model plants	<ul style="list-style-type: none">Transition from trial runs to full deployment at model plants
		Productive operations	<ul style="list-style-type: none">Introduction of automation equipmentExpansion of scope of automated process control	<ul style="list-style-type: none">Ongoing promotion of automation
	Increasing the use of data	Promotion of smart factories	<ul style="list-style-type: none">Installation and implementation of field-data collection tools at model plants	<ul style="list-style-type: none">Consideration of field-data utilization at model plants
		Introduction of sales support tools	<ul style="list-style-type: none">Completion of defining requirements and start of implementation in the model project	<ul style="list-style-type: none">Realization of benefits through continued use in the model project
		Introduction of chemical substance management system	<ul style="list-style-type: none">Launching operations at model plants	<ul style="list-style-type: none">Expansion to other plants
		Introduction of facility maintenance management system	<ul style="list-style-type: none">Start of implementation	<ul style="list-style-type: none">Data accumulation and effective utilization
Introduction of environmental information collection system		<ul style="list-style-type: none">Establishment of use environment	<ul style="list-style-type: none">Trial operation	
Introduction of materials SDS management system	<ul style="list-style-type: none">Launching operations at model plants	<ul style="list-style-type: none">Expansion to other plants		
<div>Environmental measures</div> <div></div>	Addressing the regulatory control of CFCs & HCFCs	<ul style="list-style-type: none">Selection of equipment using natural refrigerants	<ul style="list-style-type: none">Installation and start of operation of equipment using natural refrigerants	
	Saving energy and streamlining efficiency	<ul style="list-style-type: none">Implementation of policy<ul style="list-style-type: none">Promoting electrification of vacuum generators that utilize steamPromoting updates to high-efficiency boilersUpgrading to energy-efficient refrigeration and freezing equipmentImplementation of policy to switch to boiler fuels with low environmental impact (discontinuation of heavy oil use)Promotion of switch to LED lightingPromotion of electricity procurement from renewable energy sources	<ul style="list-style-type: none">Continued promotion of policy<ul style="list-style-type: none">Continued electrification of non-electric facilitiesContinued upgrading to energy-efficient refrigeration and freezing equipmentPartial operation of boilers with converted fuelContinued promotion of LED lightingOngoing updates to high-efficiency boilersContinued promotion of electricity procurement from renewable energy sources	
	Reducing emissions of PRTR Act-controlled chemical substances	<ul style="list-style-type: none">Implementation of measures to prevent atmospheric emissions<ul style="list-style-type: none">Minimization of usage of substances subject to the ActEnhancement of recovery facilities	<ul style="list-style-type: none">Continued promotion of measures	

Mid-term Management Plan

Research and
development investment


Proactive collaboration with external parties to speedily develop new R&D areas

We are promoting open innovation to create new technologies and businesses. To further accelerate these initiatives, the NOF-AIST Smart Green Chemicals Collaborative Research Laboratory was established within the AIST Group in fiscal 2024. We will continue working to expand R&D areas.

R&D investment

FY2024 (actual) ¥ **7.9** billion FY2025 (expected) ¥ **8.8** billion

P.066-069

		FY2024 progress	Initiatives beyond FY2025 (planned)
Promotion of open innovation 	Call for commissioned industry-academia research	<ul style="list-style-type: none"> Launch of commissioned research on materials and technologies at three research institutes in the medical care and medical device fields 	<ul style="list-style-type: none"> Acceleration of theme exploration and R&D activities in the fields of functional chemicals and electronics/IT
	Utilization of venture capital (VC)	<ul style="list-style-type: none"> Investment in the VC fund of Universal Materials Incubator Co., Ltd. (January 2024) <ul style="list-style-type: none"> Exploration of promising new technologies and implementation of human resources training 	<ul style="list-style-type: none"> Exploration of promising new technologies, co-creation partners, and investment recipients
	Comprehensive industry-academia-government collaboration	<ul style="list-style-type: none"> Establishment of the NOF-AIST Smart Green Chemicals Collaborative Research Laboratory 	<ul style="list-style-type: none"> Acceleration of the development of esterification reaction catalysts suitable for environmentally friendly manufacturing processes
	Participation in government R&D projects	<ul style="list-style-type: none"> Strategic Innovation Promotion Program (SIP), Council for Science, Technology and Innovation, Cabinet Office <ul style="list-style-type: none"> Development of smart infrastructure management system (until March 2028) Participation with Wireless Detonator WINDET®II Explosives & Propulsion Division Japan Agency for Medical Research and Development (AMED) Programs relating to the Strategy for Strengthening the Vaccine Development and Production System <ul style="list-style-type: none"> "Program on R&D of new generation vaccine including new modality application" (until March 2027) Participation with lipid nanoparticle materials Life Science Division 	
	Improvement of R&D efficiency	<ul style="list-style-type: none"> Utilization of Materials Informatics (MI) <ul style="list-style-type: none"> Development of experimental data collection systems Introduction and utilization of data analysis systems Training of MI human resources <ul style="list-style-type: none"> Specialized training programs have been implemented for approximately 20% of researchers 	<ul style="list-style-type: none"> Promotion of data scientist training


Mid-term Management Plan

Human capital investment

Promoting strategic investment in human resources growth, the most important factor in corporate growth

As part of measures to foster a diverse workforce with high work engagement, we are working to support employees' autonomous growth and create comfortable workplaces. We are also promoting investments to enhance human capital, including support for overseas business activities and strengthening of digital transformation (DX) human resources development.

▶ P.074-079 Sustainability Report ▶ P.183-199,210-215

		FY2024 progress	FY2025 initiatives (planned)
Human capital investments, including acquisition and development of human resources 	Promotion of employees' autonomous growth	<ul style="list-style-type: none"> Continued implementation of workshops for all employees aimed at strengthening development of autonomous human resources Career design support through the use of career consultants and the introduction of e-learning 	<ul style="list-style-type: none"> Continued implementation of measures for development of autonomous human resources Strengthening of interaction with external professionals to broaden perspectives and encourage diverse thinking Further enhancement of capability development measures by rank
	Further promotion of the creation of comfortable workplaces	<ul style="list-style-type: none"> Considering measures for health management Implementation of smoking cessation program Revision of the leave system 	<ul style="list-style-type: none"> Support for promoting health (ongoing smoking cessation program, support for the use of sports gyms, etc.) Support for balancing work and family care
	Promotion of development of DX human resources	<ul style="list-style-type: none"> Evaluation and strengthening of training programs Launch of second-phase programs 	<ul style="list-style-type: none"> Continued implementation of training programs Implementation of practical training for people who completed the first-phase program
	Strengthening of support for overseas business activities	<ul style="list-style-type: none"> Strengthening of overseas safety measures Launch of material support services for employees stationed overseas Enhancement of support for administrative procedures for employees with overseas assignments Implementation of training for staff of overseas subsidiaries 	<ul style="list-style-type: none"> Continued implementation of overseas safety measures Continuation of material support services for employees stationed overseas Continuation of enhancement of support for administrative procedures for employees with overseas assignments Continuation of training for staff of overseas subsidiaries
	Promoting better performance of diverse human resources	<ul style="list-style-type: none"> Increased hiring of mid-career human resources 	<ul style="list-style-type: none"> Continued efforts for hiring of mid-career human resources
	Upgrading and renovation of employee welfare facilities	<ul style="list-style-type: none"> Planning of upgrades for dormitories in the Kansai area 	<ul style="list-style-type: none"> Design and construction work for dormitories in the Kansai area Considering upgrading company housing in the Kanto area Consideration of upgrading of dormitories and company housing at the Aichi Works

Financial Strategy

Ensuring financial soundness and promoting investment in growth areas

The 2025 Mid-term Management Plan, with fiscal 2025 as its final year, is positioned as the stage of “Expanding Profit,” and a strategic investment framework has been envisioned to implement proactive investment. Our strategy is based on the basic policies of “ensuring financial soundness,” “enhancing shareholder returns,” “improving capital efficiency,” and “dialogue with investors,” all of which are being promoted in a balanced manner.

Ensuring financial soundness

We believe that financial discipline is necessary in executing strategic investments to enhance corporate value. Our financial soundness is ensured by our efforts to date, with an equity-to-asset ratio of over 70%, a liquidity ratio of over two months, and a net D/E ratio of 0.02. In addition, we have obtained an A+ rating from Rating and Investment Information, Inc. (R&I). The 2025 Mid-term Management Plan envisions a total of ¥70.0 billion for its strategic

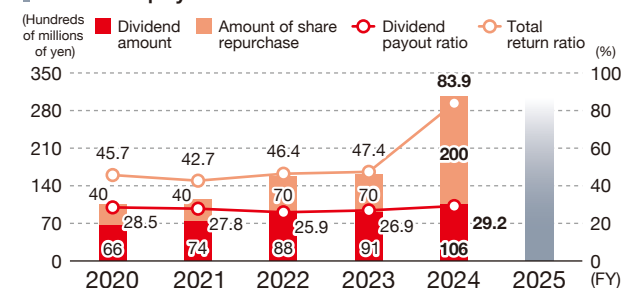
investment framework over three years. We will make active investments in the three topics of facility investment (production and environment), R&D investment, and human capital investment. We will continue to aim for both financial soundness and investment in growth domains.

Enhancing shareholder returns

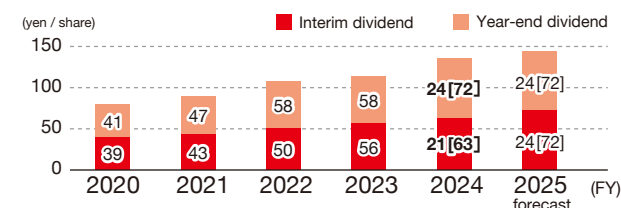
We will pay stable and continuous dividends while maintaining a balance between business growth and

financial soundness, targeting a total return ratio of approximately 50% in FY2025. In addition, share repurchases will be carried out flexibly and at an appropriate timing, taking into consideration liquidity on hand and cash flow at the time toward enhancing capital efficiency. This will lead to improved TSR^{*1} and enhanced corporate value through improved capital efficiency.

Dividend amount / Amount of share repurchase / Dividend payout ratio / Total return ratio



Annual dividend per share^{*2}



Financial KPIs (results)

	98th fiscal year (ended March 2021)	99th fiscal year (ended March 2022)	100th fiscal year (ended March 2023)	101st fiscal year (ended March 2024)	102nd fiscal year (ended March 2025)
Operating income	¥26.6 billion	¥35.6 billion	¥40.6 billion	¥42.1 billion	¥45.3 billion
Ratio of operating income to net sales	15.4%	18.5%	18.7%	19.0%	19.0%
ROA	11.4%	13.4%	14.4%	14.0%	13.3%
ROE	12.2%	12.6%	14.8%	13.5%	13.4%
Equity-to-asset ratio	74.7%	76.3%	77.3%	77.6%	78.0%
D/E ratio	0.05-fold	0.03-fold	0.02-fold	0.02-fold	0.02-fold
Rating (R&I)	A	A+	A+	A+	A+
Total return ratio	45.7%	42.7%	46.4%	47.4%	83.9%

*1 Total shareholder return

*2 NOF conducted a split of common stock at the ratio of one share to three shares effective April 1, 2024. The figures shown in brackets for FY2024 and FY2025 represent pre-split equivalents. The graphs are also prepared based on pre-split equivalents.

Financial Strategy

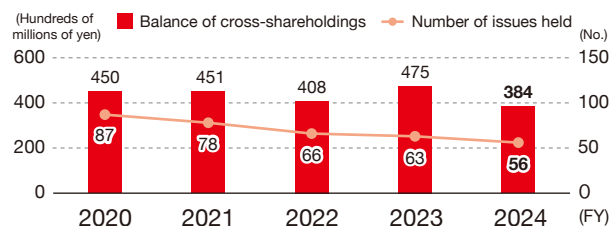
Improving capital efficiency

Regarding ROA and ROE, which are representative indicators of capital efficiency, we will continue to aim for ROA of 13% or more and ROE of 12% or more in FY2025, the final year of the 2025 Mid-term Management Plan. Toward improving capital efficiency, we will continue to invest management resources in profitable businesses and promote management with an awareness of investment returns that exceed the cost of shareholders' equity (around 8%).

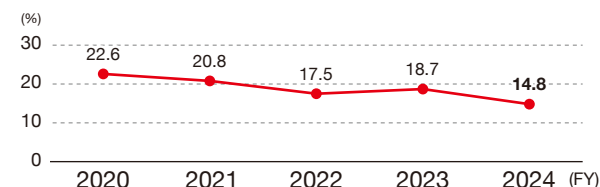
Reduction of cross-shareholdings

Listed shares held by subsidiaries are also included in the scope of consideration for reduction, and the NOF Group is steadily reducing its holdings. In fiscal 2024, NOF sold seven issues, and had sold 56 issues as of the end of March 2025. Including partial sales of other holdings, the ratio of cross-shareholdings to consolidated net assets as of the end of March 2025 decreased by 3.9% from the previous fiscal year, to 14.8%, achieving the target of reducing this ratio to below 15% during the 2025 Mid-term Management Plan period. We will continue to reduce cross-shareholdings after fiscal 2025.

Balance of cross-shareholdings / Number of issues held



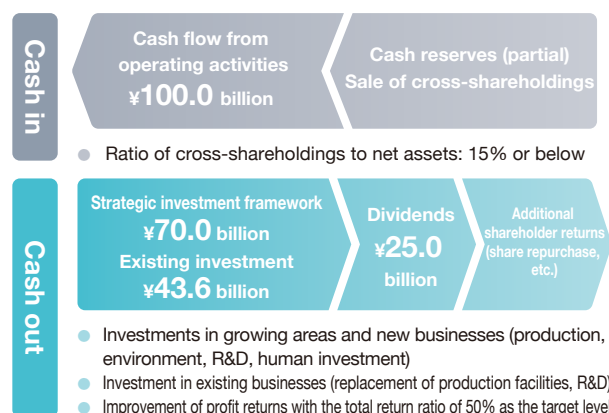
Ratio of cross-shareholdings to net assets



Cash allocation plan

As we make active strategic investments, we will pursue a cash allocation plan that emphasizes an appropriate balance between financial soundness, capital efficiency, and shareholder returns.

Cash allocation plan



Dialogue with investors

NOF established the Corporate Communications

Department in April 2023 and an IR Office within the Department. We will enhance information disclosure and strengthen our collaboration system for dialogue with investors to deepen their understanding of the NOF Group's business strategies, which will be utilized in our efforts to enhance corporate value. Opinions received through IR activities are reported to the Board of Directors and others, and information is shared with them. In addition, the NOF Group is addressing new social and environmental issues such as ESG and other sustainability issues in order to grow sustainably with society, and communicates this through IR activities. Moreover, NOF conducted a split of common stock at the ratio of one share to three shares with a record date of March 31, 2024. Through this split, we lowered the minimum investment amount and made it easier for more people to invest in NOF's stock.

As the basis of our financial strategy, we will ensure a sound financial foundation while effectively allocating cash for investment in growth and shareholder returns based on cash generated from business activities and the reduction of cross-shareholdings. We will continue to maintain our financial soundness, take appropriate financing measures as necessary, and support our growth strategy, thereby promoting the NOF Group's leap forward through new value creation.



NOF's Business Strategies

We operate five business divisions in three main segments: “Functional Chemicals”; “Pharmaceuticals, Medicals, and Health”; and “Explosives & Propulsion.”

Five Forms of Business in Three Segments

Functional Materials business

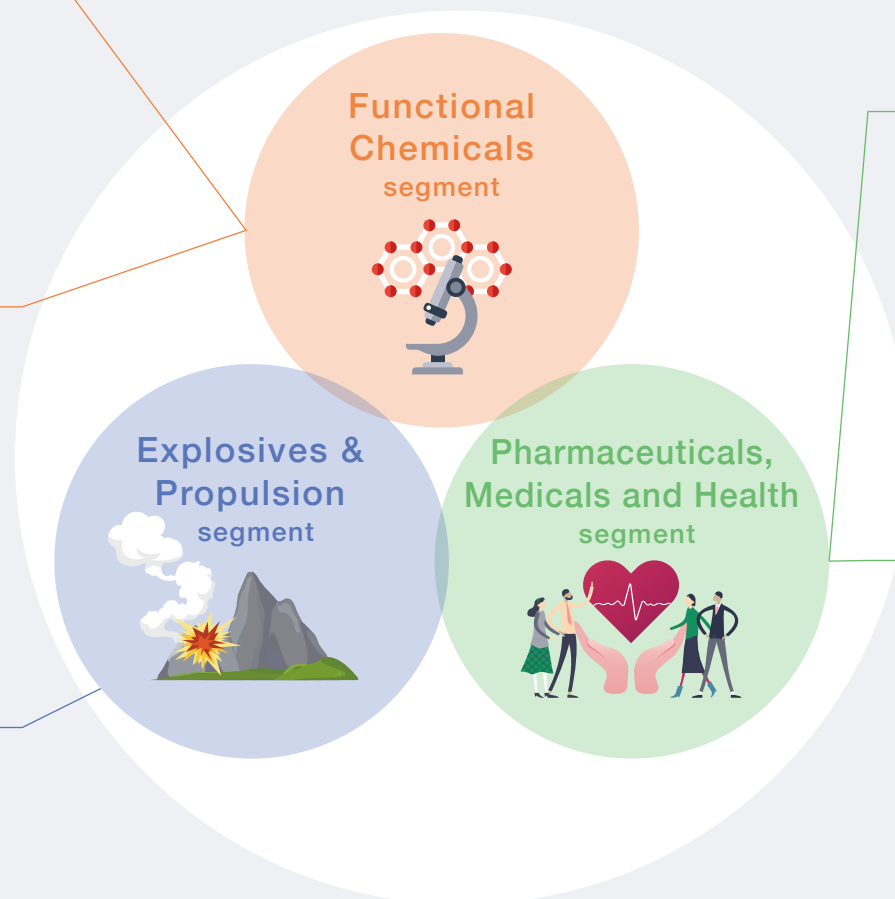
With various derivatives and petro-chemical products made from oils and fats at the core, we promote business expansion in the growth fields of Life/Healthcare, Environment/Energy, and Electronics/IT.

Metal Coatings business

With our unique anti-corrosives at the core, we have accumulated cutting-edge surface treatment technologies to become the global standard for corrosion prevention treatment of vehicle parts. Eco-friendly surface treatments are our top priority.

Explosives & Propulsion business

As one of the world's leading integrated explosives manufacturers, we utilize cutting-edge pyrotechnics to advance our industrial explosives, defense and space explosives, and consumer products businesses.



Functional Chemicals segment



Explosives & Propulsion segment



Pharmaceuticals, Medicals and Health segment



Life Science business

We develop highly functional materials for biopharmaceutical and nucleic acid drug applications, centered on the DDS field where technological innovation is advancing. We also focus on fields such as eye care, medical devices, and diagnostic drugs.

Functional Foods business

As a pioneer in edible oils and fats refining and processing technology, we develop processed edible oils and healthcare foods business. We will advance the shift to function-based business domains, and contribute to abundant diets and people's health.

Five Forms of Business in Three Segments

Segment	Reflection on FY2024 and prediction of conditions in FY2025	Net sales composition	Operating income composition	Changes in business results*
Functional Chemicals	There is strong domestic demand for cosmetics-related products, including cosmetics materials and ODM products, as well as demand in China for special anti-corrosion agents, resulting in higher revenue and profits. In fiscal 2025, demand for both cosmetics-related materials and automobile-related parts is expected to remain strong, and operating income is forecast to increase by ¥400 million year-on-year.	<p>FY2024 ¥150.9 billion +13.0% year-on-year</p>	<p>FY2024 ¥29.7 billion +35.6% year-on-year</p>	<p>(Hundreds of millions of yen)</p> <p>Legend: Net sales (orange), Operating income (light orange), (dashed line indicates 2025 plan targets)</p>
Pharmaceuticals, Medical, and Health	Net sales of biocompatible materials increased with strong demand. However, a decline in shipments of raw materials for DDS drug formulations as well as reduced sales due to the streamlining of product lines in edible oils and functional food materials led to lower revenue and profits. In fiscal 2025, operating income is expected to increase by ¥300 million year-on-year, driven by growing demand from certain customers for raw materials for DDS drug formulations and the impact of price revisions.	<p>FY2024 ¥48 billion -11.0% year-on-year</p>	<p>FY2024 ¥15.6 billion -23.6% year-on-year</p>	<p>(Hundreds of millions of yen)</p> <p>Legend: Net sales (green), Operating income (light green), (dashed line indicates 2025 plan targets)</p>
Explosives & Propulsion	There was strong demand for defense products, industrial explosives, and functional products, as well as increased shipments of products for rockets, resulting in higher revenue and profits. For fiscal 2025, continued growth in demand for defense products and sustained demand that recovered following the successful launch of the H3 rocket are expected to lead to a ¥400 million year-on-year increase in operating income.	<p>FY2024 ¥38.7 billion +13.6% year-on-year</p>	<p>FY2024 ¥3.1 billion +19.1% year-on-year</p>	<p>(Hundreds of millions of yen)</p> <p>Legend: Net sales (blue), Operating income (light blue), (dashed line indicates 2025 plan targets)</p>

* FY2022 figures have been updated to reflect the reclassification of reported segments after the change.

Business Bases

Developing global business through our domestic and overseas bases

The NOF Group has 12 consolidated subsidiaries in Japan, covering each region from Hokkaido to Kyushu. Overseas, we have 12 bases in nine countries, and are developing our business with locally based sales and production systems.

Europe

NOF EUROPE GmbH /
NOF METAL COATINGS EUROPE S.A. /
NOF METAL COATINGS EUROPE N.V. /
NOF METAL COATINGS EUROPE s.r.l.



Changshu NOF Chemical Co., Ltd.

Asia

Changshu NOF Chemical Co., Ltd. /
NOF (Shanghai) Co., Ltd. /
PT.NOF MAS CHEMICAL INDUSTRIES /
NOF METAL COATINGS KOREA CO.,LTD. /
NOF METAL COATINGS SHANGHAI CO., LTD.



PT.NOF MAS CHEMICAL INDUSTRIES

America

NOF AMERICA CORPORATION /
NOF METAL COATINGS NORTH AMERICA INC.



NOF METAL COATINGS NORTH AMERICA INC.

NOF METAL
COATINGS
SOUTH AMERICA
IND. E COM.LTDA.

Business Bases

Research laboratories

Ibaraki	Advanced Technology Research Laboratory
Kanagawa	Advanced Technology Research Laboratory / Chidori Research Laboratory / Functional Foods Research Laboratory / Life Science Research Laboratory
Aichi	Taketoyo R&D Department / Kinuura Research Laboratory / Life Science Research Laboratory
Hyogo	Amagasaki Research Laboratory
Oita	Life Science Research Laboratory

Domestic consolidated subsidiaries

NICHIYU TRADING CO., LTD. / NICHIYU LOGISTICS CO., LTD. /
Nichiyo Kogyo Co., Ltd. / YUKA SANGYO CO., LTD. / NiGK Corporation /
Showa Kinzoku Kogyo Co., Ltd. / Nippon Koki Co., Ltd. /
Nippo Kogyo Co., Ltd. / JAPEX Corp. / CACTUS Co., Ltd. /
NOF METAL COATINGS ASIA PACIFIC CO., LTD. /
NIKKA COATING CO., LTD.

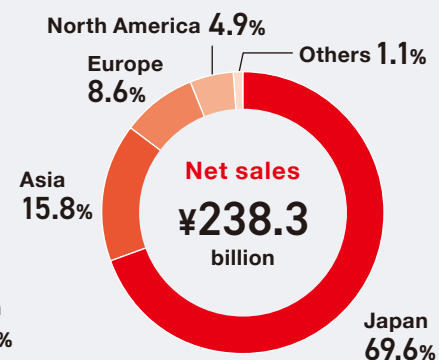
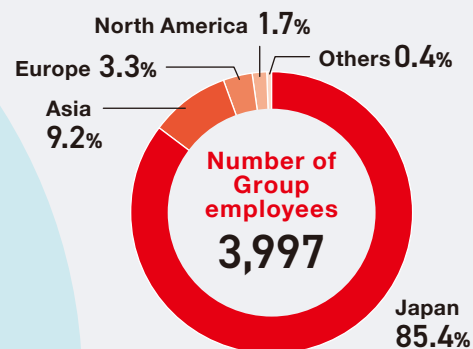
Japan

Head Office, branch offices, regional offices, sales offices

Tokyo	Head Office	Osaka	Osaka Office
Aichi	Nagoya Office	Fukuoka	Fukuoka Office
Hokkaido	Sapporo Office		

Plants

Kanagawa	Kawasaki Works (Chidori Plant / Daishi Plant / DDS Plant)
Aichi	Aichi Works (Taketoyo Plant / Kinuura Plant / LS Aichi Plant)
Hyogo	Amagasaki Plant
Oita	Oita Works (Oita Plant / LS Oita Plant)



(As of March 2025)



Chidori Plant



Kinuura Plant



LS Aichi Plant



Amagasaki Plant



Oita Plant

* NOF + consolidated subsidiaries

Functional Chemicals Segment

Functional Materials business

We will enhance our competitiveness and develop sustainable products with a combination of a wide variety of materials and technologies for oleo & speciality chemicals and functional chemicals & polymers.

Business strengths

- Covers diverse industries, centered on fatty acid derivatives
- Top-class lineup of cosmetics materials in Japan
- Highly advanced technology for miniaturization of electronic components
- Developing high-performance products in collaboration with resin manufacturers
- Reliable technological capabilities in refining, synthesis, formulation, and more
- Promoting global business development by increasing the overseas sales ratio

Executive Operating Officer
General Manager,
Functional Materials Division

**Satoshi
Kataoka**



The Oleo & Speciality Chemicals Division, whose core products were various derivatives made from oils and fats, and the Functional Chemicals & Polymers Division, whose core products were petrochemical products, were merged to form a division with a wide range of materials and technologies, including fatty acids, fatty acid derivatives, surfactants, ethylene oxide and propylene oxide derivatives, organic peroxides, polybutene, functional polymers, and electronic materials. This business domain encompasses all of NOF's three prioritized business fields, and aims to expand business in each of these growth

fields.

The biggest goal is to develop more sustainable products while increasing competitiveness in the market. We are focusing on proposals that integrate materials in oleo and speciality chemicals, such as eco-friendly products that utilize biomass, along with products that improve the performance of polybutene with the application of oleo emulsification technology. Moreover, for our R&D, in addition to our key technologies such as functional polymers, we are working to consolidate and strengthen our technologies by integrating the additive design technology of oleo &

speciality chemicals and the resin evaluation technology, while pursuing technological innovation and the creation of new, higher-performance materials.

We will establish our position in the market through provision of innovative products while flexibly responding to global needs and environment changes. To achieve a sustainable business model, we emphasize the integration of technology in our strategic proposals and R&D. Along with improving our competitiveness in the market, we aim to have consideration for the global environment and contribute to building a sustainable society.

Functional Chemicals Segment

Main products and uses

- Fatty acids**
 (for tires, rubber, and other resin products, etc.)
 NAA®
- Fatty acid derivatives**
 (for base material for refrigerating oils, toner for printing machines, lubricants, gear oil, etc.)
 UNISTER®, MILLUBE®, ELECTOL®
- Surfactants**
 (for cosmetics, various detergents, etc.)
 UNILUBE®, DIAPON®, STAFOAM®, LUMINOVEIL®
- Ethylene oxide/propylene oxide (EO/PO) derivatives**
 (for cosmetics, electronic components, coatings, adhesives, etc.)
 WILBRIDE®, MALIALIM®, BLEMMER®
- Organic peroxides**
 (for various plastic and rubber products, golf balls, home appliances, construction materials, automobile interiors and exteriors, etc.)
 PERBUTYL®, PERHEXYL®, PERCUMYL®, PEROYL®
- Petrochemical products**
 (for lubricants, various kinds of tape, adhesive plasters/pastes, coatings, etc.)
 Polybutene, EMAWET®, NA Solvent™
- Functional polymers**
 (for lamps, air ducts and other automotive parts, bathtubs, etc.)
 MODIPER®, NOFALLOY®
- Electronic materials**
 (for LCD panels of PCs and smartphones, coatings, etc.)
 NOFCURE®, NOFTAC®

Contribute to social issues

Expectations for naturally-derived products in response to tighter environmental regulations



Unlike mineral oils, which do not decompose naturally, the materials used by NOF are biodegradable, naturally-derived oils and fats. Even if lubricants leak from rotating parts of machines, environmental pollution can be prevented, so demand for naturally-derived oils for ships and wind power generation is expected to increase in the future. The usage of products with functional materials is expected to increase due to growing demand for products such as polymer surfactants for condensers in response to the shift to EVs, and alternative CFC refrigerants caused by increased need for air conditioners due to global warming.

Faster speed and larger capacity in communications and the shift to EVs make development of new products an urgent task

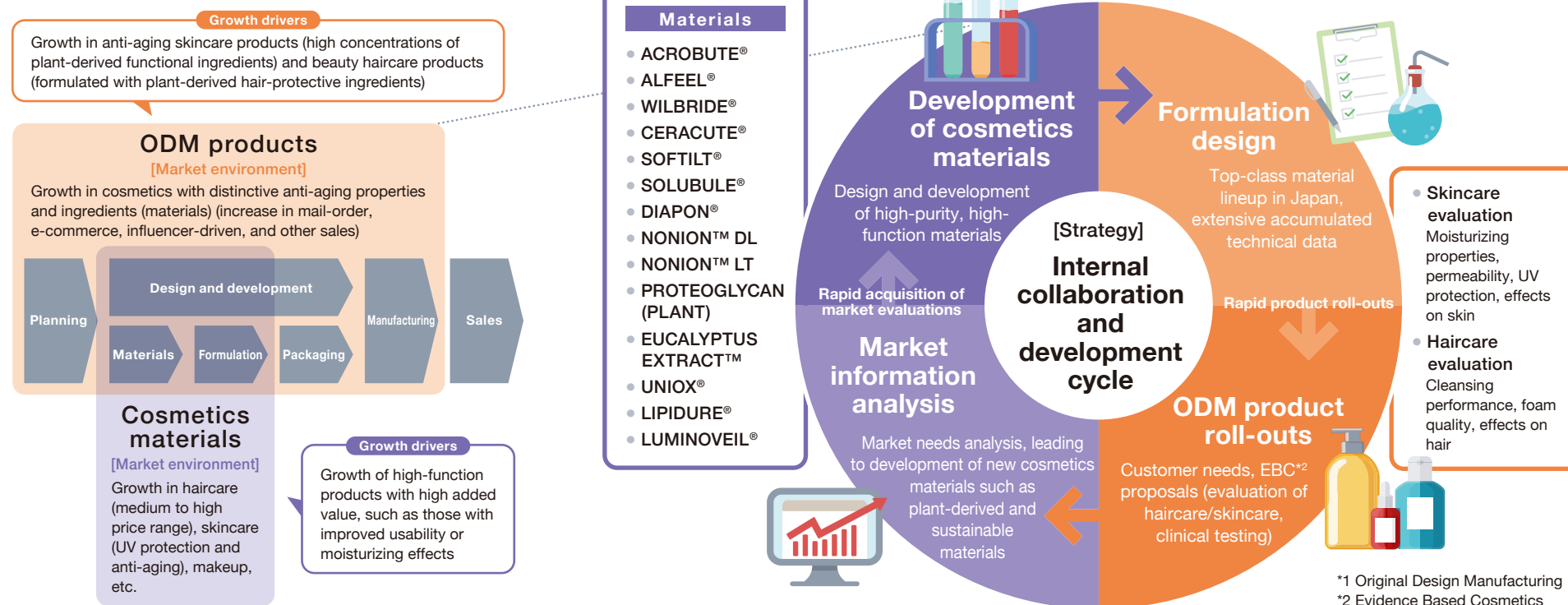


We are working on the development of curing agents for low-dielectric materials for substrate material resins in preparation for faster speeds and larger capacity in communications. Further, the increase in the number and size of displays accompanying the shift to EVs is expected to increase demand for products in the display field, in addition to protective films for LCD color filters. For electronic materials, we will also focus on market development in East Asia, including China, Taiwan, and South Korea.

Creating a virtuous cycle of business growth driven by both cosmetics materials and ODM*1 products

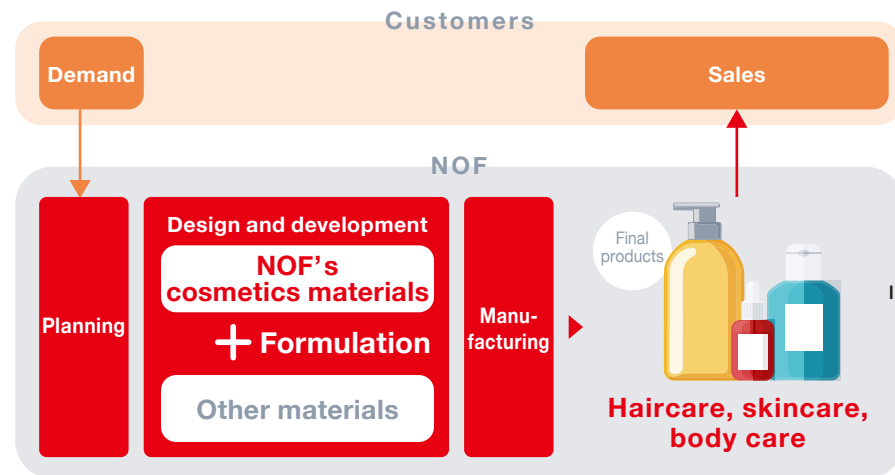
A distinguishing feature of NOF's cosmetics-related business is that it handles not only materials, but also ODM products. As shown in the diagram below, the business starts with the development of cosmetics materials, then design of formulations, which are subsequently rolled out as ODM products. The market information obtained in this process is analyzed to develop new cosmetics materials, leading to further expansion. By accelerating this cycle and enhancing both development capabilities and speed, our business strategy aims to maintain and raise our competitive edge in both cosmetics materials and ODM products.

[Development scope and strategy of the NOF Group]



Functional Chemicals Segment

ODM products



Capabilities for product proposals grounded in dermatological science

From planning to design, development, and manufacturing, one of our strengths lies in providing comprehensive product proposals grounded in dermatological science to meet customer demand. Leveraging NOF's top-class lineup of materials in the nation and new materials developed based on market information, we can offer customized proposals tailored to each customer.

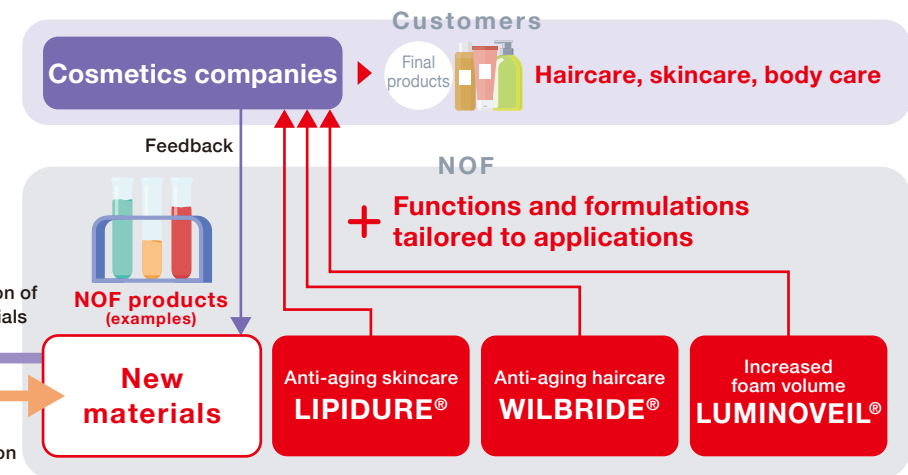
Promoting the development of even more high-function and environmentally friendly products



We offer products with high added value that align with customer demand, including high-function UV protection products that offer strong UV blocking effects and water resistance despite not using chemical UV blockers, cosmetic products with higher moisturizing properties than ever before, and cosmetics with high natural origin indexes.* To meet growing demand, we are investing in our Aichi Works, with new filling equipment scheduled for completion in January 2026.

* Indicate the percentage of natural and naturally derived materials in a product (as defined by ISO 16128 international standards).

Cosmetics materials



Material development aligned with market needs

With about 500 products, we hold the no.1 market share in cosmetics materials in Japan (according to TPC Marketing Research Corp.). Our strength lies in development capabilities leveraging market trend analysis data. We provide materials that enhance properties such as moisturization and smoothness to manufacturers of haircare, skincare, and body care products.

Focusing on developing environmentally friendly materials



We are developing new ingredients by reusing plant-derived materials that would otherwise be discarded, such as rice bran and fruit juice residues. In the cosmetics industry, the number of end users with a preference for natural products is increasing, and the adoption rate of naturally derived materials is on the rise. To swiftly respond to these needs, we will continue to strengthen our material development capabilities.

Functional Chemicals Segment

Metal Coatings business

We will respond to rapidly growing demand centered on the EV and renewable energy markets.

Business strengths

- Contributing to the corrosion protection of automotive parts in Japan and overseas
- Also used in railways, buildings, and wind power generation equipment
- Creating a global standard for corrosion protection through global expansion

Operating Officer
General Manager,
Metal Coatings Group

**Kuniaki
Tsuruoka**



We have been offering materials to prevent rusting mainly on metal parts, centered on automotive parts, as well as joints of buildings, parts fastening railways, and other such parts. In our mainstay automotive market, we will work to expand sales by capturing new demand that is changing amid the ongoing shift to EVs. In the non-automotive market, one of our targets is wind power generation and solar power generation in the growing renewable energy field. In particular, offshore wind power generation, whose development is rapidly expand-

ing in China and elsewhere in East Asia, is expected to make extensive use of anti-corrosive coatings, including for the use of bolts to fasten rotating blades and anchors that are buried in the seabed. We will respond to the rapidly growing demand by consolidating the technologies where our Group companies have strengths.

The strength of our metal coatings business lies in the global locations of our manufacturing and sales bases, and we are building a strong network. By further strengthening this global supply chain,

we aim to improve productivity and capture market needs.

In addition, as environmental regulations become increasingly strict, we will also contribute to solving sustainability issues to reduce impact on the global environment by leveraging Group synergies in the development of new products that reduce CO₂ emissions and eliminate and reduce the use of hazardous substances.

Functional Chemicals Segment

Main products and uses

- Corrosion protection of automotive parts
- Corrosion protection of solar power generation facilities
- Corrosion protection of wind power generation facilities
- Corrosion protection of railway parts

GEOMET®, GEOMET PLUS®



Contribute to social issues

Differentiation through waterborne anti-corrosion coatings that reduce environmental impact



Unlike "solvent-based anti-corrosion coatings" offered by competitors in Europe and the United States, NOF's products are characterized by the fact that they are "waterborne anti-corrosion coatings." As the need to reduce environmental impact increases, expectations for eco-friendly GEOMET® have been increasing.

Aiming to reduce energy consumption by lowering the temperature in the curing process



Because the use of anti-corrosive coatings requires a manufacturing process that involves curing at temperatures of 300°C or higher, we have been studying the development of low-temperature curing type products to reduce greenhouse gas emissions. By developing anti-corrosive coatings that can be cured at lower temperatures, we can reduce the energy consumption, such as electricity and gas, required for the process.

Pharmaceuticals, Medicals and Health Segment

Life Science business

We will promote the development of biopharmaceuticals and nucleic acid drugs, and aim to become an indispensable company in the pharmaceutical and medical care industries.

Business strengths

- Widely used in pharmaceutical and medical care fields
- World's No.1 share of activated PEG for DDS
- Contributing to the development of biopharmaceuticals and nucleic acid drugs
- Possession of the highly biocompatible material LIPIDURE®
- Expansion of LIPIDURE® lineup
- Support for pharmaceutical and medical device manufacturers from research to commercialization

Operating Officer
General Manager,
Life Science Division

**Yuji
Yamamoto**



The spread of COVID-19 infections has led to technological innovations in drug delivery systems (DDS) in the pharmaceutical market at an astonishing speed. One of these is nucleic acid drugs (mRNA drugs) using lipid nanoparticles (LNPs), a technology that has been established and penetrated the market at a rate that would ordinarily be unfathomable. This new market is said to be growing at an accelerated pace.

The 2025 Mid-term Management Plan states that NOF is collaborating with universities, research institutions, and contracted development and

manufacturing organizations (CDMO) to develop and propose more functional materials for biopharmaceuticals such as protein drugs and peptide drugs, as well as for nucleic acid drugs (mRNA drugs) applications, which are attracting attention. In addition, we will provide courteous customer support utilizing our overseas sales bases, strengthen our quality management system by introducing the latest information management system, and expand our production system at the LS Aichi Works. Further, in the fields of eye care, diagnostic pharmaceuticals, and medical devices,

where the biocompatible material LIPIDURE® (MPC polymer) has seen growth as a key material, we will leverage business integration for further business development, aiming to secure an indispensable presence in the global pharmaceutical and medical care industries.

Leveraging the synergies from business integration, NOF's Life Science business will continue to contribute to technological innovation in the global pharmaceutical and medical care industries with highly functional life science-related materials.

Pharmaceuticals, Medicals and Health Segment

Main products and uses

- **Activated PEG**
(for various pharmaceuticals)
SUNBRIGHT® Series, PUREBRIGHT® Series
- **Functional lipids**
COATSOME® series
- **Surfactant for drugs**
(for injection and vaccine preparations)
Polysorbate 80 (HX2)™
- **Biocompatible materials**
(for contact lenses, drugs and diagnostic pharmaceuticals, medical devices, etc.)
LIPIDURE®



Contribute to social issues

**Contributing to improvement
of patients' quality of life**
(improving access to pharmaceuticals)



DDS is a technology that enhances the effects of drugs by adjusting their physiological activity, targeting lesions, yielding chemical stability, adjusting metabolic activity, and other means, so that they act at the required place in the body in the required amount for the required time. This technology makes it possible to reduce the side effects of drugs and the frequency of daily injections, thereby contributing to improving the QOL of patients who need these drugs and improving access to pharmaceuticals.

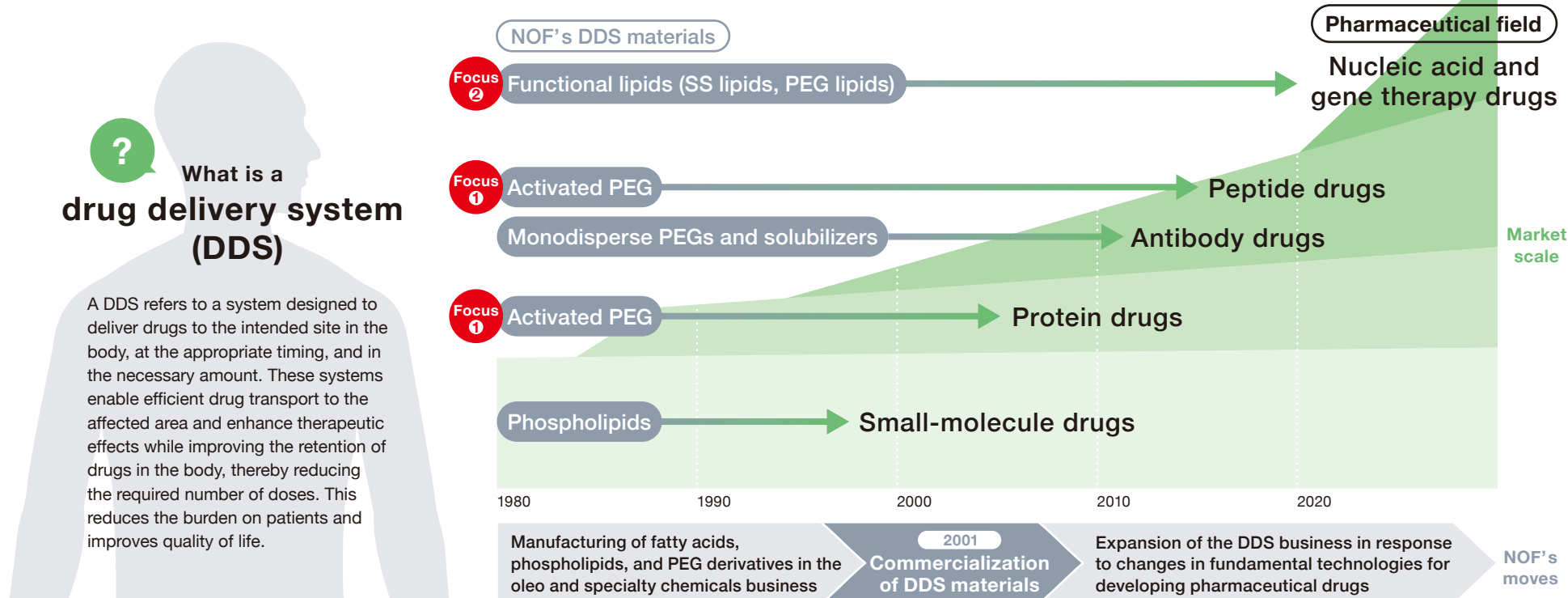
**Focusing on the development of
diagnostic pharmaceutical agent
technologies in the wake of the outbreak
of infectious disease**



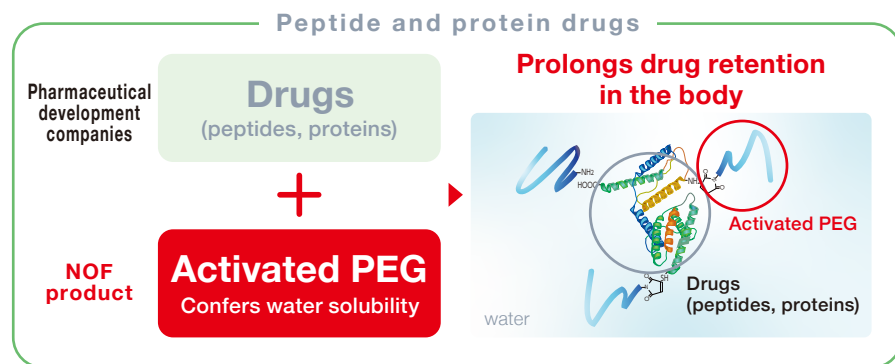
COVID-19 is raging around the world. PCR test kits and antigen test kits have been widely used as diagnostic pharmaceuticals. Going forward, as global warming progresses and new infectious diseases emerge, the demand for diagnostic pharmaceuticals is expected to increase. Therefore, NOF is promoting the development of technologies that contribute to improving the quality and performance of diagnostic pharmaceuticals. We make it possible to rapidly provide these to a wide range of people, thereby contributing to improved access and people's health and hygiene.

Expanding NOF's DDS materials in the biopharmaceutical field, where major growth is expected

Harnessing the high purification and advanced molecular design technologies we developed in our business thus far, we launched our DDS materials business in 2001. Initially at the time of the business launch, we provided phospholipids for small-molecule drugs and activated PEG for protein drugs. Since then, we have expanded our business by developing new DDS materials in response to shifts in modality, such as antibody drugs, peptide drugs, and nucleic acid and gene therapy drugs. Between 2023 and 2028, the projected average annual growth rate of the market is 5% for small-molecule drugs, 9% for protein-based, peptide, and antibody drugs, and 42% for nucleic acid and gene therapy drugs. The NOF Group is focusing on the expansion of sales and development of new products in the nucleic acid and gene therapy fields, where high growth is anticipated.



Focus 1 Activated PEG



No. 1 share in the world

Activated PEG is hydrophilic and, when chemically conjugated with hydrophobic substances such as peptides or proteins, imparts high water solubility. In addition, peptide and protein drugs modified with activated PEG demonstrate improved retention in the body, enabling more efficient treatment. NOF holds the No. 1 global share in activated PEG, and increasing numbers of biopharmaceuticals have been made using our materials in recent years.

New plant construction and increased production capacity

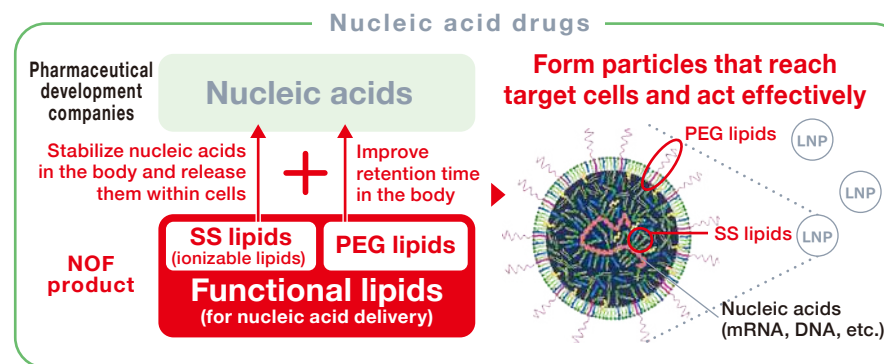


We completed construction of our new activated PEG manufacturing facility at our Aichi Works, with operations scheduled to begin in fiscal 2025. With its large scale, the facility has about twice the production capacity of the existing DDS facility at our Kawasaki Works. In addition, this state-of-the-art manufacturing facility has three key characteristics: (1) GMP*1-compliant equipment that enables production at larger batch scales*2 than before, (2) Realization of a smart factory through the digital transformation (DX) of manufacturing and quality control, and (3) Contribution to carbon neutrality through the use of solar panels and energy-saving design features.

*1 Standards for the manufacturing and quality control of drugs, cosmetics, etc.

*2 The amount of material processed per cycle in a specific process stage

Focus 2 Functional lipids (SS lipids, PEG lipids)



Development of proprietary lipids

For nucleic acid drugs and gene therapies to be effective, it is essential to safely deliver nucleic acids such as mRNA and DNA to specific organs. To achieve this, lipid nanoparticles (LNPs), which serve as capsules to transport nucleic acids, are used. The ionizable lipids and PEG lipids offered by NOF are vital components of LNPs and play a crucial role in efficiently delivering nucleic acids in the body. NOF has developed proprietary ionizable lipids called SS Lipids, which feature enhanced degradability within cells.

Start of collaboration with contracted drug development and manufacturing organizations



We have invested in Phosphorex, a contract development and manufacturing organization (CDMO) specialized in LNPs, and are further strengthening our business through this partnership. Until now, our role was mainly limited to supplying lipids. However, this partnership enables us to provide contracted development and manufacturing services for LNP formulations tailored to each customer's stage of development.

Pharmaceuticals, Medicals and Health Segment

Functional Foods business

We will shift our focus from quantity to quality, promote R&D, and balance the sustainable development of the food industry with people's health.

Business strengths

- Functional food materials with a wide variety of functions
- Strong sales network for bread-making and confectionery production
- Developing new markets with healthcare food products

Operating Officer
General Manager,
Functional Foods Division

**Hirofumi
Kato**



We will reform our profit structure through a strategic shift beyond the conventional food business, shift our focus from quantity to quality, and shift to the functional foods business.

In the processed edible oil business, we will focus on the development of functional food materials, promote R&D related to underutilized food resources, and contribute to sustainable food production and consumption. Furthermore, we will pursue functions to improve the physical properties of foods and address social issues such as greenhouse gas reduction and food loss to contribute to both the global environment and human health.

In the healthcare foods business, we will expand the domains of our proprietary materials for health foods and fats-coating technologies. With a mission to contribute to people's health, we will provide innovative products by making full use of the latest scientific knowledge and advanced technology. Furthermore, through public bidding invitations for industry-academia sponsored research, we aim to develop new processing technologies, create proprietary materials, and provide functions involved in biological regulation.

To achieve sustainable innovation, we will collaborate with external experts to respond to market changes and

customer needs. The development of new processing technologies and the creation of innovative materials require a wide range of expertise and experience. Therefore, we actively promote the use of external human resources and collaborate with top-class experts to provide the highest level of quality and value.

We will support the development of high-quality products that consumers can use with peace of mind, contribute to the health of people around the world, and establish a sustainable business model by supporting the development of the food industry while also being considerate of the global environment.

Pharmaceuticals, Medicals and Health Segment

Main products and uses

- **Edible oils, functional food materials**

(for bread, confections, etc.)

DELICIOUS RICH® Plus, LP-V™, NATULLE® CONC,
CRUMB SOFT® SK, BREADY® SA, SUNSHORT®

(for alternative foods made with plant materials, etc.)

Delinul®, COOKRICH®

- **Healthcare food products**

(for supplement, nutritional products, etc.)

Komecosanol®, NICHYU®PS50, NICHYU®GPC85R



Delinul®, a processed soy protein food containing oil and fats

Contribute to social issues

Contribute to reducing the environmental impact of the food industry



In recent years, both reducing food waste and swapping meat with plant protein alternatives have been attracting a lot of attention. NOF provides functional materials for food that can maintain the softness and improve the texture and volume of breads and sweets, thereby contributing to reduction of food loss by preventing waste due to expiration. We are also working on the development of functional food materials that improve the taste and texture of plant proteins with the aim of promoting the use of plant proteins as an alternative to meat, which has a high environmental impact.

Contribute to the development of health foods through proprietary materials and technologies

(improved access to more nutritious foods)



The health food market continues to see further growth as people become more health conscious. On the other hand, many health food materials have distinctive flavors and physical properties, such as bitterness and stickiness, and this is an issue that needs to be resolved in product development by health food manufacturers. In addition to providing unique materials for health food, NOF is developing oil and fat coating technology to improve the flavor and physical properties of materials, thereby contributing to the further spread of health foods.

Explosives & Propulsion Segment

Explosives & Propulsion business

We will develop businesses based on national policies, such as on defense and space, and focus on the introduction of eco-friendly equipment and product manufacturing.

Business strengths

- There are continuous needs for space and defense products
- Solid propellants for space rockets are the best technology in Japan
- Development of energy control technologies for a wide variety of consumer products

Executive Operating Officer
General Manager,
Explosives &
Propulsion Division

**Kazuhiro
Narumi**



The NOF Group's Explosives and Propulsion business provides explosives in three major areas: the industrial explosives field, the defense field, and the space field. We are developing businesses for much of this based on national policies. Our industrial explosives are used in public works mainly for purposes such as quarrying and tunnel excavation. Our defense products respond to Japanese demand for defense equipment, such as firearms and guided missiles for the Self-Defense Forces to face geopolitical risks. For our space products, we have a mission as a top manufacturer

in Japan to meet needs for solid propellants (SRB-A, SRB-3) for space rockets required for launching satellites, which have become indispensable to people's lives. We have established efficient production systems to ensure a stable supply of these products and to meet increasing demand, and we are working to further improve productivity.

In addition, we have been introducing eco-friendly facilities, such as those that reduce CO₂ emissions. Aiming to improve sustainability going forward, we are promoting research on gunpowder compositions that reduce CO₂ emis-

sions, substituting eco-friendly gunpowder that does not use lead, and accelerating development of solid propellants (SRB-A, SRB-3) for small rockets that have less environmental impact.

The production plant of our Explosives & Propulsion business has a large area for security reasons, and a wide variety of wild plants grow within the grounds. By properly managing these living things, we will contribute to climate change and biodiversity.

Explosives & Propulsion Segment

Main products and uses

- **Industrial explosives**
(for quarries, tunnels, etc.)
Emulsion explosives, ANFO explosives, electric detonators
- **Space rocket products**
Solid propellants, pyrotechnic devices for space rockets
- **Defense products**
Gun propellants / rocket propellants,
pyrotechnic devices for missiles, defense equipment
- **Functional Products (Consumer products)**
Temperature Labels® (temperature indicator), UV Labels®,
sterilization materials, antifreezing agents,
NET LAUNCHER® (crime prevention device),
vapor pressure crushing agent (GANSIZER®)



Contribute to social issues

Focusing efforts on space and defense-related products from a medium- to long-term perspective



The NOF Group has long supported the space business, starting with the Japan Aerospace Exploration Agency (JAXA). It can be predicted that information from satellites will become increasingly necessary for industries in Japan and abroad going forward, such as in the evolution of communications and the commercialization of automated driving. On the other hand, launching a rocket with high accuracy is not easy, and constant technological innovation is required. Space and defense-related business is an essential part of national policy. We will continue to focus our efforts on contributing to society while earning stable profits.

Preventing road surfaces from freezing and contributing to traffic safetyAutomatic liquid antifreezing agent spraying devices



When automobiles drive on roads with snow and ice in winter, there is a danger of traffic accidents caused by tires slipping. Our competitors' antifreezing agents are mostly chloride-based. However, the chlorine-free antifreezing agent KAMAGU® sold by Nippon Koki Co., Ltd. does not cause salt damage to structures such as metal or concrete, nor to the natural environment. In addition, the AUTOKAMAGU® automatic antifreezing agent spraying device is available in a version equipped with a solar panel that can be operated without electricity, thus contributing to energy saving.



NOF's Sustainability Strategies

By addressing materiality from the perspectives of the environment, society, and governance, we enhance the sustainability of both the NOF Group and society as a whole.

Initiatives for Clean Tech

Materiality

① Provide new values to realize a prosperous and sustainable society

Policy (our fundamental view)

To achieve both a sustainable society and economic growth, NOF is focusing on the development of clean tech (technologies in the three prioritized fields of the NOF Group). We are flexibly responding to changing market needs in the three fields of Life/Healthcare, Environment/Energy, and Electronics/IT, as well as further accelerating the development of new products and technologies and improving productivity.

In this era with 100-year life expectancies, there is a strong need to solve social issues related to health, such as reducing social security costs by extending healthy life expectancy and improving the quality of life of elderly people. In addition, the level of performance required of electronic materials is increasing, such as higher picture quality for audio visual devices and smartphones, faster speed and larger capacity for telecommunications

technology, and acceleration of the shift to electric automobiles (EVs). Based on these social needs, the Corporate R&D Division plans and proposes company-wide research strategies and focuses efforts on the creation of new business.

In recent years, we have accelerated external co-creation initiatives such as public calls for collaboration and industry-academia-government collaboration to discover businesses that help solve social issues. In 2023, the “NOF call for commissioned industry-academia research,” a project aimed at business creation through an external open call, was issued in four areas among materials and technologies in the medical care and medical device fields for which future market growth and NOF’s technology utilization are anticipated. As a result of evaluation and screening, including for commercialization potential at NOF,

we decided to select three materials and technologies. Selected organizations are provided with commissioned research funds to conduct research toward contributing to society.

In January 2024, we also invested in a venture capital fund managed by Universal Materials Incubator Co., Ltd. We nurture promising technologies as a partner to investee companies. Furthermore, in April 2024, we jointly established the NOF-AIST Smart Green Chemicals Collaborative Research Laboratory with the AIST Group (National Institute of Advanced Industrial Science and Technology and AIST Solutions Co.). By combining the technologies of both parties, we promote the development of environmentally friendly products. These collaborations enable us to create new technologies beyond existing domains.

Initiatives for Clean Tech

Promotion of R&D in our three prioritized business fields

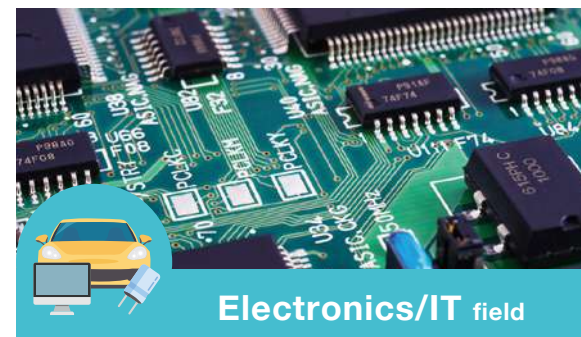
Amid growing expectations for innovation in the chemical materials field, we are working to develop new technologies and products in the three prioritized business fields.



As demand for air conditioners and refrigerators increases due to global warming, we expect to see demand for base materials for refrigerating oils and polybutene for air conditioner putty. In addition, as offshore wind power generation gains momentum for development, particularly in Asia, there is a growing need for products that contribute to the environment, such as biodegradable lubricants made from raw materials derived from natural oils and fats and rust inhibitors for bolts, to prevent marine pollution. Furthermore, as EVs become the norm, there are expectations for development of products with advanced functions, including anti-fog agents for LED headlamps and noise reduction agents in order to maintain a quiet car interior.



For pharmaceuticals, we are developing functional lipids and activated PEG as DDS materials for biopharmaceuticals through means such as precision synthesis and advanced refining technologies. We are developing monodispersed PEG and ionic lipids for nucleic acid delivery for antibody and nucleic acid drugs. In the area of medical care, we are developing the LIPIDURE® Series for use in eye care, diagnostic pharmaceuticals, and medical devices, as well as highly functional materials for regenerative medicine. For cosmetics, we have a wealth of expertise in areas such as biocompatible materials, natural bioavailable substances, interface control technology, and mix design technology. We use this expertise to respond rapidly to functional advances.



In the telecommunications field, the need for curing agents for low-dielectric materials is increasing as the speed and capacity of telecommunications increases. Demand for highly photosensitive materials and additives for electronic components is also increasing as electronic components undergo miniaturization. The shift to EVs in automobiles also requires miniaturization of electronic components, and we are working to add more value to these products. In addition, the increase in number and larger size of displays in EVs is expected to raise demand for overcoat materials for LCD color filters.

Initiatives for Clean Tech

Co-Creation with External Partners: Establishment of the NOF-AIST Smart Green Chemicals Collaborative Research Laboratory

We are actively promoting open innovation activities in line with our vision of co-creating new value through the power of chemistry.

NOF-AIST Smart Green Chemicals Collaborative Research Laboratory



NOF

We aim to continuously create new value with the power of chemistry in the three fields of Life/Healthcare, Environment/Energy, and Electronics/IT.

Realizing sustainability

- Transitioning from petroleum-based raw materials to low-environmental-impact materials such as biomass
- Establishing environmentally friendly manufacturing processes that save energy and resources

Koji Sawamura,
President and Chief Executive Officer of NOF

**産総研グループ
AIST GROUP**

AIST is a public research institution that conducts research and development in science and technology to contribute to economic and social development, with a mission of “solving social problems” and “strengthening Japan’s industrial competitiveness.”

Leveraging comprehensive knowledge of materials

- High potential in cutting-edge catalyst creation technology and materials development through digital transformation (DX)
- Development hubs equipped with Japan’s most advanced facilities for bio-manufacturing and materials diagnostics

Kazuhiko Ishimura,
President and CEO of the National Institute of Advanced Industrial Science and Technology

On April 1, 2024, NOF and the AIST Group (National Institute of Advanced Industrial Science and Technology (hereafter “AIST”) and AIST Solutions Co.) established the NOF-AIST Smart Green Chemicals Collaborative Research Laboratory in the Central area of AIST’s Tsukuba Center.

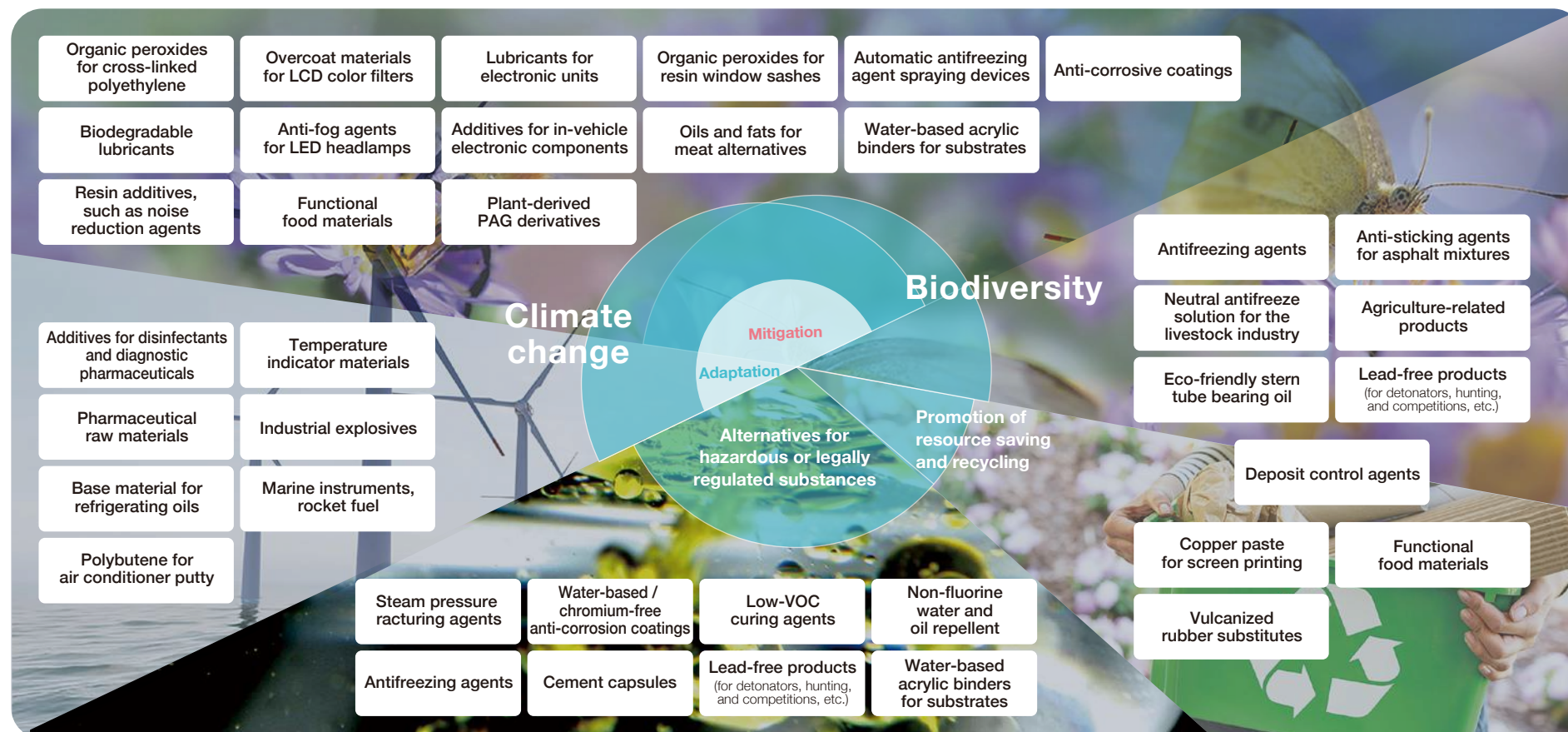
At this collaborative research laboratory, we integrate NOF’s proprietary technologies with the AIST Group’s fundamental technologies and expertise to develop environmentally friendly chemical manufacturing processes and create functional chemicals (smart green chemicals) that contribute to decarbonization and prosperous lives. In addition, we promote the organic exchange of personnel and technologies between the two organizations to foster the next generation of technical talent. Through these efforts, we aim to continuously deliver new value to society through the power of chemistry, while contributing to the realization and development of a sustainable chemical industry.

Products that Contribute to the Environment

In response to global issues such as climate change and biodiversity, the NOF Group is conducting R&D in technologies (clean tech) in our three prioritized business fields and creating a variety of products that contribute to the environment.

 Sustainability Report ▶ P.051-061,130-134

Among the NOF Group's products, those that (directly or indirectly) contribute to solving issues related to the natural or social environment, such as climate change and biodiversity



Society

Human Rights Initiatives

Materiality

② Strengthen the business foundation



Policy (our fundamental view)

Based on our Corporate Philosophy of “Contributing to humanity and society as a corporate group that creates new value through the power of chemistry, from the biosphere to outer space,” we have clearly stated “respect for human rights” in our Basic CSR Policy and NOF Group Corporate Code of Ethics, and are promoting initiatives to respect human rights. As the NOF Group expands its business globally, we support and respect international norms such as the Declaration on Fundamental Principles and Rights at Work of the International Labor Organization (ILO), OECD Guidelines for Multinational Enterprises on Responsible Business Conduct, the UN International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights, the Ten Principles of the UN Global Compact, and the Government of Japan’s National Action Plan on Business and Human Rights

(2020-2025). To fulfill our responsibility to respect human rights throughout all corporate activities, including the prohibition of child labor, forced labor, and human trafficking, as well as the assurance of freedom of association and the right to collective bargaining, we established the NOF Group Human Rights Policy in fiscal 2021, which applies to all executives and employees of the Group. For this, we respect not only the international norms listed above, but also the culture, customs, history, and labor-related laws and regulations of the countries and regions in which we do business. This also includes addressing harassment based on race or nationality (racial harassment).

We also consider and implement initiatives to address human rights risks that could arise in our business activities. Specific examples of activities include conducting employee engagement surveys to check the status of human rights compliance within the company, taking corrective actions on

identified issues, and carrying out CSR questionnaires to suppliers across the supply chain to assess the status of respect for internationally recognized human rights.

Furthermore, in the current fiscal year, we worked on spreading awareness of the values in the revised Corporate Philosophy and Guiding Framework, revised in April 2023. In April 2025, we revised the former Code of Ethical Conduct to become the NOF Group Corporate Code of Ethics and communicated this to Group companies in Japan and overseas. We are also developing responses within the company to the revised Act for Eliminating Discrimination against Persons with Disabilities, which entered into force in April 2024. We will continue to work to reduce human rights risks by further deepening our human rights due diligence efforts through enhanced employee education, dialogue with stakeholders, and other means.

Response to key risks for monitoring (harassment and human rights violations)

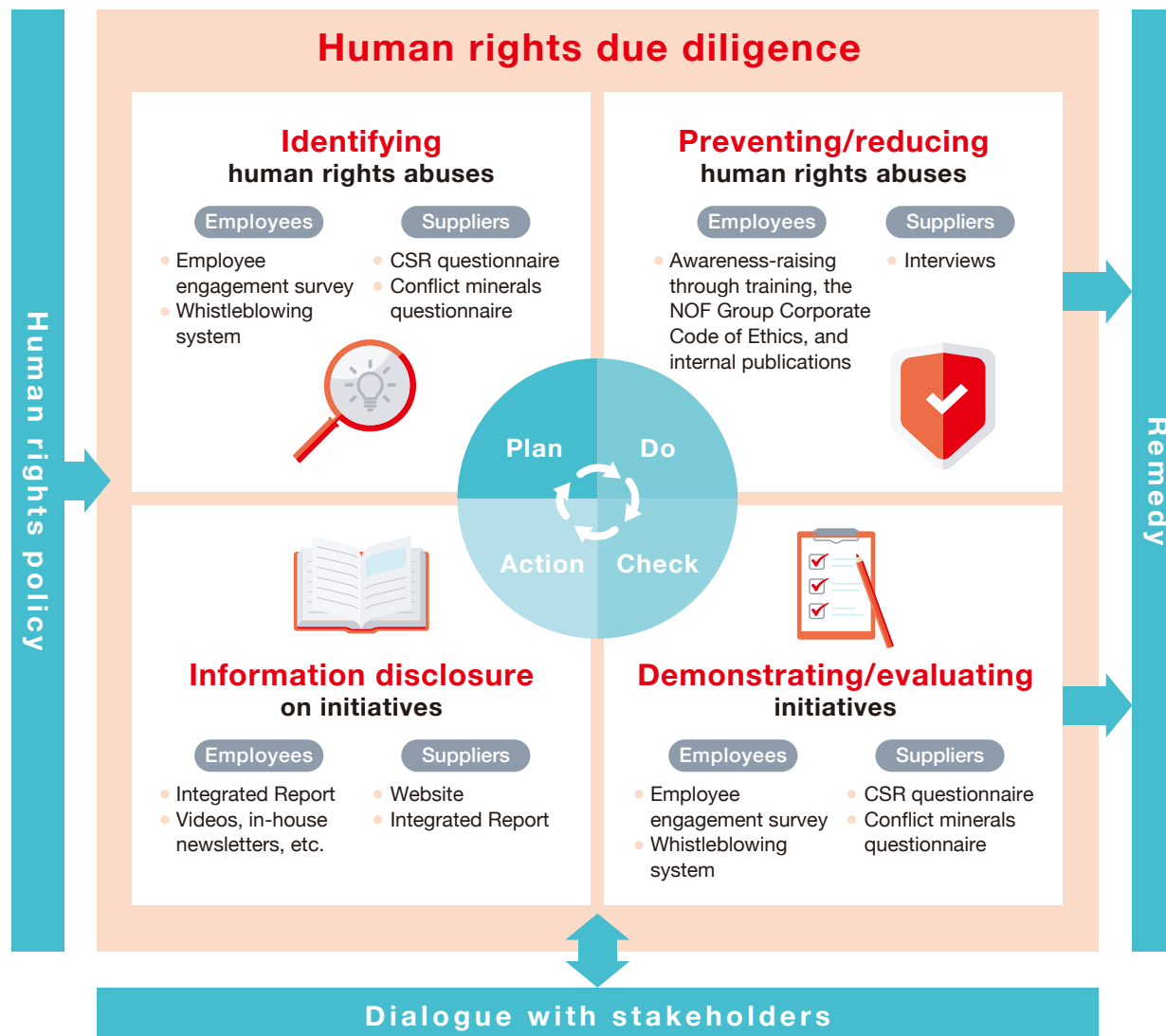
The NOF Group comprehensively identifies management risks surrounding its business and designates as key risks for monitoring those areas where resilience needs to be strengthened. In the fiscal 2024 risk assessment, harassment and human rights violations were selected as key risks for monitoring, and we are implementing measures focused on the following four themes:

- (1) Revision of the Code of Ethical Conduct
- (2) Development of harassment response procedures
- (3) Strengthening awareness of human rights and compliance
- (4) Implementation of employee engagement surveys (human rights due diligence for employees)

 Sustainability Report ▶ P.176

Human rights due diligence process

The NOF Group has established a human rights due diligence framework in line with the procedures outlined in the UN Guiding Principles on Business and Human Rights. We continuously work to prevent or mitigate adverse impacts on human rights by proactively identifying and investigating issues and taking corrective action through appropriate means.



Human rights initiatives for NOF Group employees

Initiatives to safeguard occupational safety and health in the workplace

The whole NOF Group, including the staff of cooperating companies assigned to NOF's works, is making all-out efforts to eradicate occupational accidents. The NOF Group has clearly expressed its determination to make its workplaces secure and safe for all the workers involved in Group activities, and to realize this ideal, set forth its Occupational Safety and Health Policy in April 2006. The major initiatives are as follows. Please refer to page 121 for information on the occurrence of occupational accidents.

1. Development of OSHMS (Occupational Safety and Health Management System)*

The NOF Group, under its Occupational Safety and Health Policy, is undertaking buildup of the Occupational Safety and Health Management System (OSHMS). Referencing the guidelines of the International Labor Organization and the Ministry of Health, Labour and Welfare, we are building up our own system and promoting activities. The Risk Assessment program, which started in fiscal 2008 at every works of the NOF Group, is now adopted by domestic member-companies of the NOF Group as well.

2. Implementation of various training and drills

The NOF Group conducts a variety of training programs, including safe forklift operation, handling of hazardous and chemical substances, prevention of slips, falls, and chemical burns in the workplace, and heatstroke prevention, as well as disaster preparedness drills and BCP drills.

Management of work hours

In order to improve operational efficiency and productivity while enriching employees' lives outside of work, the NOF Group is thoroughly enforcing proper labor management and promoting initiatives to reduce overtime work. These include restricting work after the designated end time and introducing a work interval system.

Establishment of internal whistleblowing contact points

Consultation desks in Japanese, English, Chinese (Simplified Chinese), Korean, Indonesian, and Portuguese have been set up at external third-party institutions as contact points for whistleblowing / consultation in all countries where the NOF Group's business bases are located. Employees can contact the desks if they become aware of a violation or potential violation of compliance rules.

In fiscal 2024, we received a total of 19 reports, mainly concerning harassment and workplace management. We carefully investigated the facts of each report promptly and without searching for the whistleblower, and took necessary corrective actions and measures to prevent recurrence. For example, in harassment-related reports, we issued guidance to the reported individuals or imposed disciplinary actions.

Implementation of the employee engagement survey

Since fiscal year 2022, NOF has conducted an employee engagement survey for Company employees to investigate the occurrence of harassment within the Company, respect for privacy, treatment and evaluation of women and non-Japanese employees, occupational safety and health in the workplace, and awareness of whistleblowing contact points and disadvantageous treatment. Responses were received from 1,869 employees in fiscal 2024. The percentage of employees who said they were aware of the whistleblowing contact points rose from 90.4% in fiscal 2023 to 94.3% in fiscal 2024, indicating increased awareness of the contact points. On the other hand, there was not much change compared to the proportion of employees, around 20% of respondents in fiscal 2023, who answered that the awareness that discrimination and harassment are unacceptable has not yet been firmly established in the workplace.

To address these issues, between February and March 2025, we conducted on-site, in-person training sessions at all locations under the theme of "Strengthening Workplace Response Capabilities to Harassment." This training, aimed at managers as the key figures in responding, covered initial response to harassment cases, mindset expected of managers, and preventing secondary harm to victims, in order to raise awareness of proactive involvement toward improvement.

* A management system that defines the organization, responsibilities, procedures, processes, and management resources necessary for businesses to continuously reduce potential safety and health risks.

Society | Human Rights Initiatives

Human Rights Initiatives for Stakeholders Involved Through Business Transactions

Formulation of the CSR Procurement Policy and CSR Procurement Guidelines, and incorporating CSR-related clauses in basic purchasing contracts

The NOF Group established the CSR Procurement Policy for stable, sustainable procurement. In addition, we created the CSR Procurement Guidelines that compile measures the NOF Group implements and requests its suppliers to implement.

Furthermore, when signing a new basic purchasing contract with a business partner, we decided to add a clause stating efforts to comply with the NOF Group's CSR Procurement Policy and CSR Procurement Guidelines. We will also gradually revise our basic purchasing contracts that have already been concluded.

Implementation of the CSR questionnaire

In the procurement unit, we provide our main suppliers with necessary explanations on the NOF Group's CSR Procurement Policy and conduct questionnaires on the status of CSR activities at our main suppliers, using the CSR/Sustainable Procurement Self-assessment Questionnaire

created by the Global Compact Network Japan (GCNJ) to improve the objectivity of the questionnaire.

Most recently, we surveyed our major suppliers from fiscal 2023 to 2024 and achieved a coverage rate of 92% based on purchase amount. For suppliers whose efforts were deemed insufficient, we conducted interviews in fiscal 2024 to confirm whether any human rights risks were present. As of now, no suppliers have been identified as having human rights risks.  Sustainability Report ▶ P.181

Procurement of sustainable palm oil

The existence of human rights and labor problems has long been noted in the oil palm plantations where palm oil is produced. The NOF Group joined the Round-table on Sustainable Palm Oil (RSPO) in 2012 and obtained supply chain certification from the organization in 2014. NOF, a founding member of the Japan Sustainable Palm Oil Network (JaSPON) which was launched in Japan in 2019, conducts activities to procure sustainable palm oil.

Response to responsible mineral procurement

With regard to conflict minerals (3TG*) that may have an impact on human rights and other issues, we use the Responsible Minerals Initiative (RMI)-prescribed Conflict Minerals Reporting Template


(CMRT) and conduct questionnaire surveys of all key business partners. Furthermore, starting from fiscal 2023, we have initiated a survey using the Extended Mineral Reporting Template (EMRT), a unified format for target minerals cobalt and natural mica, with our key business partners.

Establishment of external whistleblowing contact points

The NOF Group recognizes compliance as a foundation that supports the company and believes it is crucial to prevent or promptly correct incidents that violate the NOF Group Corporate Code of Ethics, or involve human rights abuses. To this end, we have established contact points for whistleblowing outside the Company, including our business partner suppliers.

Respect for customers' human rights

The aforementioned contact point for whistleblowing from outside the Company accepts reports not only from suppliers but also from NOF customers. To date, we have not received any reports on human rights (violations) through the contact point.

>  Click here for details on the contact point for whistleblowing from outside the Company
<https://www.nof.co.jp/csr/english/governance/hotline>

* Refers to the four minerals of tin, tantalum, tungsten, and gold extracted in the Democratic Republic of Congo and neighboring countries

Society

Human Capital Initiatives

Materiality

② Strengthen the business foundation

Policy (our fundamental view)

Amidst the rapidly changing and increasingly uncertain business environment, as we are increasingly required to face various social issues, stay acutely aware of the progress of innovative technologies, and take on the challenge of creating new value, we are working on three pillars of better performance of human resources based on the belief that human resources growth is the foundation of management while also taking into account the perspective of human capital management: “human resources development,” “diversity & inclusion,” and “employee engagement.”

What are “autonomous human resources”?

“Autonomous human resources” refers to people who deeply resonate with NOF’s values and philosophy and are capable of taking initiative. They are individuals who respond quickly to changes in the business environment, proactively carry out their work, and see it through with a strong sense of responsibility. We believe that such human resources, who possess an exceptional sense of ownership, think and act as if the company’s policies and the challenges that arise in various situations are their own, and make significant contributions to the Company’s sustainable growth.



Three pillars of human resources performance

The three pillars of the NOF Group’s better performance of human resources are “human resources development,” “diversity & inclusion,” and “employee engagement.”

Human Resources Development

We promote human resources development measures that include support for career design development in addition to the development of autonomous human resources and DX human resources. We respect employees’ motivation to learn and actively support them.

Diversity & Inclusion

We believe it is essential that all employees — regardless of gender, age, nationality, disability status, or other attributes — feel free to express their opinions and ideas in the workplace and thrive. We strive to create a work environment where all employees can work comfortably.

Employee engagement

We will continuously advance creation of mechanisms, systems, and workplaces that enable each employee to understand our Corporate Philosophy and Values and perform their duties with motivation. We will also conduct employee engagement surveys on a regular basis and strive to improve job satisfaction.

Steady Steps Toward Value Creation

To strengthen our organizational culture where each and every employee embodies and acts on the three values of Challenge, Fairness, and Harmony, we are advancing initiatives to develop autonomous human resources throughout our entire workforce. Based on our belief that human resources growth is the foundation of management, we support the growth of employees who take responsibility for their work, enhance their job's value, and take on the challenge of creating innovation, while aiming to create a vibrant workplace environment where a variety of opinions and backgrounds are respected and diverse perspectives intersect. We are committed to sincerely engaging in management that leverages human capital, enhancing diversity, and improving employee engagement, and we intend to continue providing generous support for the growth aspirations of each individual.

Operating Officer
General Manager,
Human Resources &
General Affairs Dept.

Akihisa Maeda



Governance

① Sustainability Committee

The Sustainability Committee, which is attended by all Directors, identifies and discusses materiality issues (important issues) related to human capital and reports to the Board of Directors. The Sustainability Committee sets KPIs and numerical targets for each materiality issue, then deliberates on the progress of each. The committee also discusses KPIs and numerical targets for the next fiscal year to continuously improve the level of our activities.

② Strategic Meetings

At Strategic Meetings, which are attended by Directors concurrently serving as Operating Officers and Operating Officers with a title, members promote activities to secure human resources, including deliberating on the number of personnel expected to be hired, their assignments, and ensuring diversity, as well as evaluating the status of hiring, in order to secure diverse human resources based on the belief that acceptance of and respect for diversity encourages the creation of innovation. In addition, we are working to assess and identify issues through employee engagement surveys and stress checks, while also discussing our health management policies and the status of initiatives, striving to raise the effectiveness of each initiative.

③ Human Resources Meetings

At Human Resources Meetings, which are attended by Directors concurrently serving as Operating Officers and Operating Officers with a title, members deliberate on Company-wide human resources development plans

and evaluate the details of their implementation in order to steadily promote human resources development measures that support sustainable business growth. The meetings also provide a space to implement deliberations on personnel evaluations at the general manager level, periodic interviews, interviews with candidates for promotion, and reports from managerial candidates on recommendations for management policies and other matters, and members are involved in understanding the characteristics of personnel at the general manager level and human resources development measures, and a system has been established to implement a PDCA cycle for training of human resources including successive personnel.

④ Nomination Committee

The Nomination Committee, of which Outside Directors comprise the majority, conducts evaluations and discussions from the perspective of successive human resources development, and provides feedback to the Board of Directors.

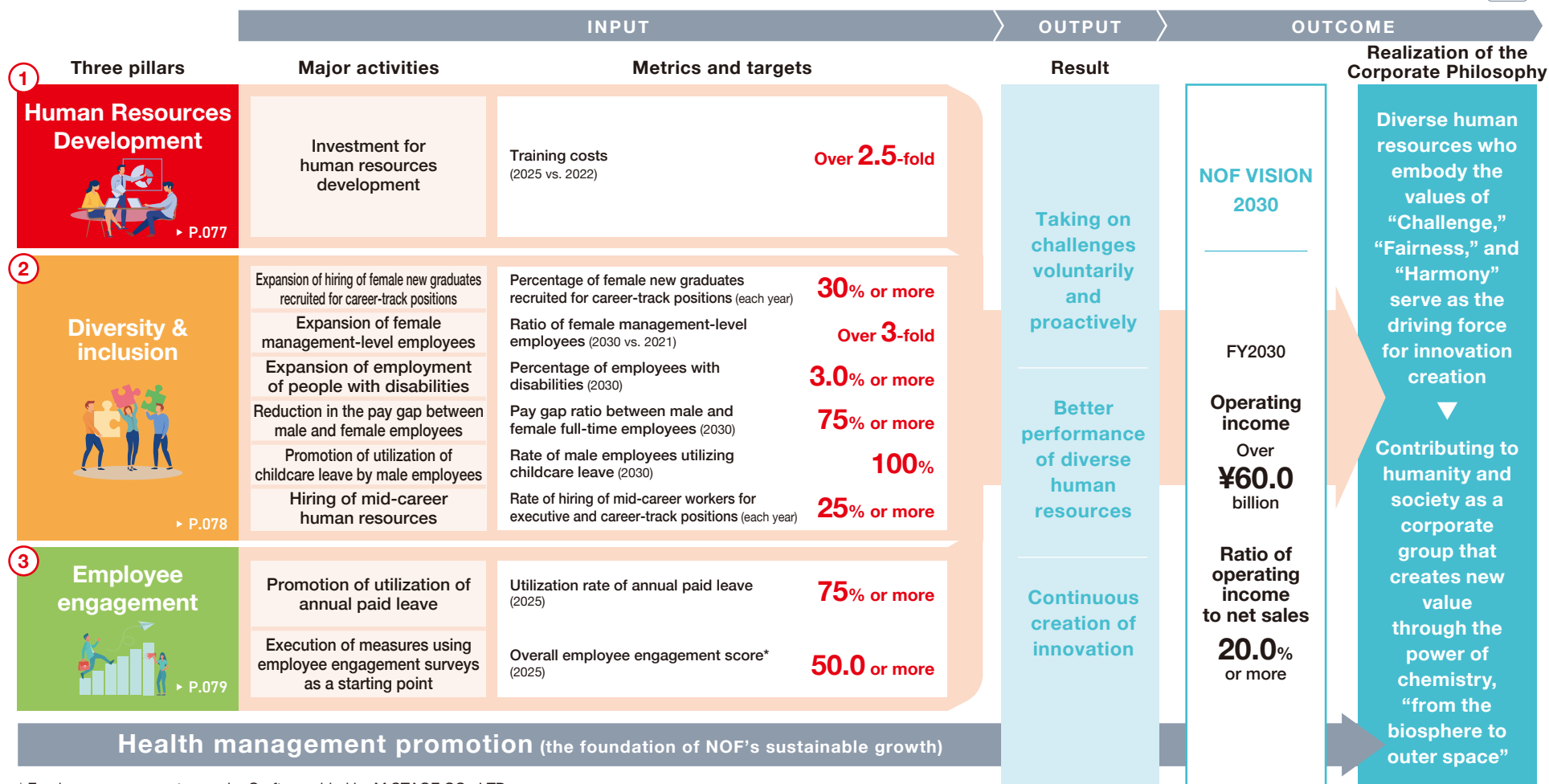
⑤ Board of Directors

The Board of Directors receives reports from the Sustainability Committee and others, as well as feedback from the Nomination Committee. The Board engages in multifaceted discussions from perspectives such as fulfilling social responsibilities, allocating management resources, and ensuring the effectiveness of measures. The Board views human resources growth as an important issue directly linked to long-term corporate value enhancement and works to strengthen its foundation.

Society | Human Capital Initiatives

Through initiatives based on the three pillars of employee performance (human resources development, diversity & inclusion, and employee engagement), we are advancing the development of autonomous human resources, hiring and promotions that value diversity, and the creation of innovation. Under the promotion of health management, diverse human resources who embody our values of “Challenge,” “Fairness,” and “Harmony” fully demonstrate their capabilities and become driving forces for innovation as they strive to realize our Corporate Philosophy.

NOF

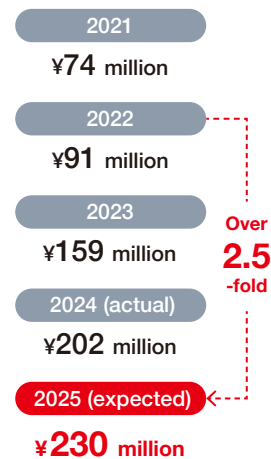


* Employee engagement score by Graft, provided by M.STAGE CO., LTD.

Human Resources Development



Investment for human resources development (training costs) NOF



Sustainability Report
 ▶ P.215

Through the autonomous human resources development program and support for self-education/development, we strive to embed our values of “Challenge,” “Fairness,” and “Harmony” among our employees. We aim to develop human resources who think and act on their own initiative, fostering a group of individuals with a strong sense of ownership who see their work through to solving challenges, thereby building a foundation for innovation creation. In today’s rapidly changing and increasingly uncertain business environment, we expect such growth to serve as a driving force toward achieving the vision for fiscal 2030 set out in “NOF VISION 2030”.

Support for career development and taking on challenges

Under our policy of supporting career design development to foster individual growth, we have long maintained a system of employee dialogue with supervisors through the use of “self-reporting.” This is separate from goal-setting and evaluation interviews conducted using performance appraisal tools, and is a system in which supervisors annually hold individual discussions with employees from the perspective of medium- to long-term career paths encompassing aspects such as transfer preferences, improvement of specialized skills, and capability development. This initiative respects each individual’s intentions, leads to greater job satisfaction, and helps to invigorate the organization. These dialogues using “self-reporting” are conducted with general employees and some managers up to the age of 62, and 94% of employees participate. For general managers who are not subject to “self-reporting,” we provide opportunities for one-on-one meetings with Human Resources Meeting members, including the president. Based on 360-degree evaluation from subordinates and self-prepared challenge reports, general managers receive advice on realizing growth for themselves and their subordinates, as well as reviews of their performance and achievements. In 2024, we partially revised the in-house job posting system and are striving to operate it in a way that promotes organizational vitality by enhancing career ownership and placing employees with a willingness to take on challenges. In addition, we are improving an environment that encourages each individual to take on challenges by offering opportunities to learn new knowledge and various insights and skills, along with enhancing training by rank and by issue and expanding support for self-education and development.

Major activities in FY2024

- Career training for employees to independently and proactively consider medium-term career design** ▶ **115 people**
 Training focused on thinking about career issues in light of one’s career path and other attributes, and preparing for expected roles. This training is mandatory for all employees upon reaching the designated age, and 95.8% of eligible employees completed it in fiscal 2024.
- Initiatives for development of DX human resources toward selected human resources that promote DX** ▶ **66 people**
- Providing opportunities to get a feel for the thinking of managers, cultural figures, and researchers from various fields** ▶ **436 people**
 (Continued from FY2023)
- Development of autonomous human resources with a deep understanding of NOF’s values and a high sense of ownership** ▶ **1,929 people**
 Continuing to focus on this initiative, in fiscal 2024 the participation rate among eligible employees rose to 97.3%.
- Support for self-education/development by enhancing distance learning** ▶ **Cumulative total of 759 people**
 Starting in 2024, we also began actively supporting human resources who voluntarily step forward and wish to learn on their own initiative. As a result, the cumulative total of participant employees amounted to approximately more than one-third of all employees.

Diversity & Inclusion



We believe that by fostering an environment and culture where opinions and ideas can be freely expressed and individuality is respected, diverse human resources can fully demonstrate their abilities. Under our policy of securing diverse human resources regardless of gender, age, nationality, disability status, or other attributes, we are particularly focusing strategically on hiring experienced human resources to promote diversity among research and development personnel who are responsible for developing new products and technologies that contribute to sustainable business growth. By securing human resources with diverse perspectives and experiences, we aim to invigorate our human resources base for innovation creation. In addition, the active participation of female employees is a major issue in promoting the activities of diverse human resources. In order to increase the ratio of female career-track employees, NOF has been continuing its efforts to make sure that the percentage of women new graduates recruited for career-track positions is 30% or more for the past 10 years. The percentage of female career-track employees, which was less than 10% of all career-track employees as of the end of FY2015, rose to 28% by the end of fiscal 2024. The ranks of female career-track employees, who are expected to be promoted to management-level positions as future management candidates and play an even more active role, are growing larger. We will continue to strive to enhance systems that make it easy to work, making efforts to create an environment in which diverse human resources can actively participate and increase the ratio of female management-level employees from a medium-term perspective.

Rate of hiring of female new graduates recruited for career-track positions

NOF

Sustainability Report ▶ P.192

2022	2023	2024
36.1%	32.7%	38.0%
Every year 30% or more		

- Posting testimonials from young employees and employees raising children on our recruitment page to deepen understanding on what working looks like after joining the company, career development, and balancing work with child rearing

Ratio of female management-level employees

NOF

Sustainability Report ▶ P.194

2022	2023	2024
4.7%	5.2%	6.2%(1.3-fold)
2030 (numerical targets) Over 3-fold (compared to FY2021)		

- Promotion of female career-track employees to management positions through systematic training
- Establishment of a job return system to promote rehiring at NOF for those who resigned out of necessity for a variety of reasons, such as childbirth, childcare, or the transfer of a spouse.

Percentage of employees with disabilities

NOF

Sustainability Report ▶ P.193

2022	2023	2024
2.46%	2.54%	2.65%
2030 (numerical targets) 3.0% or more		

- Promoting the creation of workplaces where employees can work with motivation (clarification of duties)
- Active support for participation in society by people with disabilities

Pay gap ratio between male and female employees*

NOF

Sustainability Report ▶ P.195

	2023	2024	2030 (numerical targets)
Full-time employees	72.6%	72.6%	
Temporary/part-time employees	84.5%	96.8%	Full-time employees 75% or more
Total	72.0%	71.9%	

- Expanding systems to support balancing work with childbirth and childcare
- Promotion of work environment improvements, such as mechanization of heavy work and enhancement of break rooms, to create an environment where female employees can work more easily in manufacturing sites operating 24 hours a day
- Active recruitment of women for career-track positions and advancement of an internal environment that promotes the active participation of women

* Pay gap ratio between male and female employees (%) = Average annual income of women / Average annual income of men x 100

Rate of male employees utilizing childcare leave*1

Sustainability Report ▶ P.198

(Average number of childcare leave days taken by male employees*2)

2022	2023	2024	2030 (numerical targets)
95.2% (8.8 days)	97.4% (33.1 days)	95.7% (30.9 days)	100%

- Implementation of support measures that enable male employees to utilize childcare leave
- Clarifying the rules on securing personnel to cover those on leave

*1 The rate of childcare leave utilization is calculated according to the following criteria.
 • In cases of split leave for the same child, only the initial leave is counted.
 • If the child is born in the previous fiscal year and childcare leave is taken in the current fiscal year, it is counted as leave taken in the current fiscal year.

*2 The average number of days taken is calculated according to the following criteria.
 • Calculated based on the total number of childcare leave days taken by employees who returned to work in the current fiscal year

Rate of hiring of mid-career workers for executive and career-track positions*

NOF

Sustainability Report ▶ P.192

2022	2023	2024
29.4%	38.8%	47.4%

- Promoting the hiring of personnel who can make use of their career experience from other companies and talented external personnel

* Rate of hiring of mid-career workers for executive and career-track positions (%) = (number of new mid-career hires for executive and career-track positions between April 1 and March 31) / (number of new graduate career-track employees and new mid-career hires for executive and career-track positions between April 1 and March 31) x 100

Society | Human Capital Initiatives

Employee
engagement

Under our policy of creating mechanisms, systems, and workplaces that enable each employee to perform their duties with goals and a sense of vitality, we are working to create comfortable workplaces from various perspectives, including the development of autonomous human resources based on the NOF Group's values, diversity and inclusion, work-life balance, health, occupational health and safety, and labor-management relations. We have conducted regular employee engagement surveys since fiscal 2022 to ascertain employee engagement and the results of past initiatives. We identify overall employee engagement scores based on employee engagement related to work and duties (creativity, relationship building, and meaning-making) and employee engagement related to the company and organization (work content, human relations, and organizational systems), and use the analysis and evaluation of these results to improve job satisfaction.

Initiatives
to improve
employee
engagement

- **Instilling our Corporate Philosophy**

To promote autonomous human resources development based on the values that form the foundation of our Corporate Philosophy and Guiding Framework which was revised in April 2023, we held workshops in fiscal 2024 following on from fiscal 2023. We also plan to continue holding workshops in fiscal 2025 to encourage autonomous actions aligned with our values.

- **Career development support**

In addition to career training launched in fiscal 2023, we began a new career consultation service in fiscal 2024 and introduced e-learning on career support, striving to make career consultations even more beneficial.

- **Promotion of health through support for gym use and health check events**

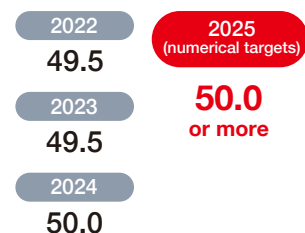
We began partially subsidizing gym fees to actively support human resources working on their health, with about 10% of employees taking advantage of this program. We also held simple health check events (such as vascular age measurement) at all works and plants to encourage employees to improve their eating and exercise habits.

- **Ongoing initiatives aimed at smoking cessation (from FY2021)**

To further promote smoking cessation, we designated a no-smoking day starting in January 2025 to encourage smokers to consider quitting, and revised the way our smoking cessation program (launched in fiscal 2021) is used.

- **Enhancement of leave systems**

In fiscal 2024, we enhanced the accumulative paid leave system (including a review of the accrual mechanism and number of days, and adding pregnancy-related health issues as a valid reason for use) and expanded eligible length of service for refresh leave (service leave) to include consecutive leave every five years of service.

Overall employee engagement score* NOF

Employee engagement survey measured items

Status of employee engagement
related to work and dutiesStatus of employee engagement
related to the company and organization

Other measured items

- Level of understanding of the corporate philosophy
- Level of understanding of health-conscious management initiatives
- Requests related to childcare and family care
- Evaluating compliance initiatives

* Employee engagement score by Graft, provided by M.STAGE CO., LTD.

Responsible Care (Environment and Safety)

Initiatives for the **RC Five Components of Safety**

Materiality

③ Promote Responsible Care activities

Policy (our fundamental view)

Ensuring daily safety and promoting environmental conservation are important social responsibilities that we must fulfill as a manufacturer handling chemical products. Based on this belief, the NOF Group ensures the protection of the environment, health, and safety in all processes from development, manufacturing, distribution, use, and final consumption to the disposal of chemical products, and is actively developing voluntary activities called Responsible Care (RC) activities to make the results thereof publicly available and engage in dialogue and communication with society. Under our Management Policy Regarding Responsible Care established in 1995, we have advanced initiatives under the theme of the “Five Components of Safety”: environmental safety, plant safety, product safety, labor safety, and transportation safety. Currently, our ultimate goal is to achieve zero accidents/emissions in each of these areas.

Toward harmony with nature and society

Based on our management policy, we are working to level up the Five Components of Safety (environment, plants, products, labor, and transportation) through the Responsible Care activities we are working on by ensuring that the PDCA cycle is followed every year.

Immediate challenges in terms of environmental safety include responding to climate change and conserving biodiversity; for plant safety, stable operations; for product safety, providing safety information on chemical substanc-

es; for labor safety, protecting employees; and for transportation safety, safe deliveries.

In addition, we recognize that the chemical manufacturing industry is energy-intensive, and will work to reduce greenhouse gas emissions and effectively use water resources. Furthermore, with an awareness that emergencies have an impact on ensuring the safety of our employees and

surrounding communities, we will strive in our aim to achieve zero accidents.

We will promote Responsible Care activities across the entire Group, achieve harmony with nature and society, and deliver safety and security to everyone.

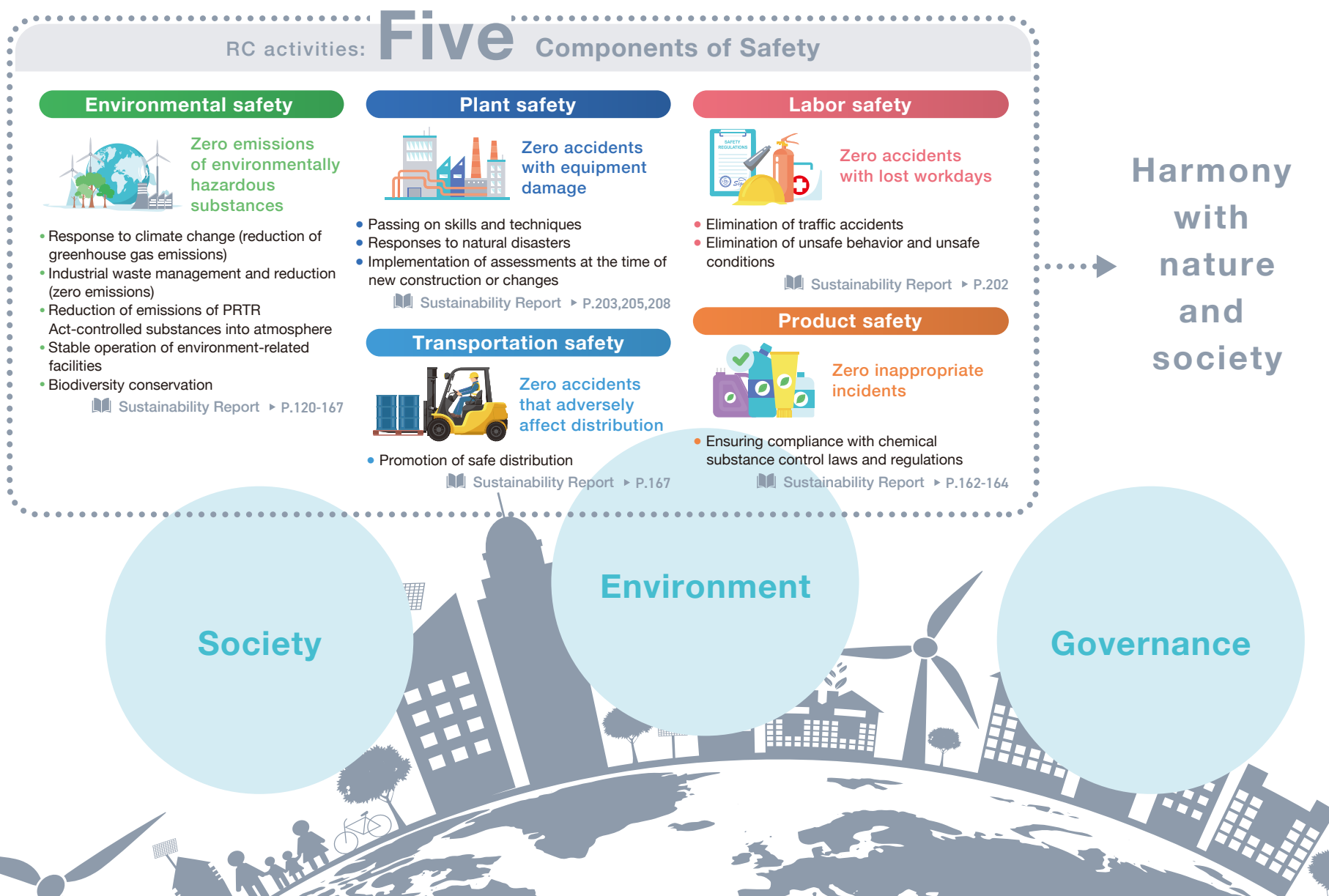
Directors
Executive Operating Officer
General Manager, Corporate Technical Division

Kazuyoshi Yamauchi



Responsible Care (Environment and Safety) | Initiatives for the RC Five Components of Safety

The NOF Group is working on various initiatives for the Five Components of Safety in order to achieve zero accidents/emissions in each area.



Taking on two global themes

Climate Action and Natural Capital

Materiality
③ Promote Responsible Care activities

Policy (our fundamental view)

Responding to climate change and conserving natural capital (biodiversity, water, etc.) are urgent, shared global challenges. Failure to address them would entail a wide range of threats including extreme weather events, food crises, and the depletion of water resources. The Paris Agreement and the Kunming-Montreal Global Biodiversity Framework both emphasize the importance of corporate action in resolving these issues.

Support for and engagement with the TCFD and TNFD recommendations

(1) In April 2022, the NOF Group announced its support for the recommendations of the Task Force on Climate-Related Financial Disclosures

The NOF Group endorses the recommendations of both the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD). We are committed to taking concrete action to address global issues such as climate change and the loss of natural capital, including biodiversity, while disclosing information in line with these recommendations.

(TCFD). We also endorsed the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) and joined the TNFD Forum in January 2025.

- (2) Based on both the TCFD and TNFD recommendations, the Group will work to reduce climate- and nature-related risks and create opportunities for growth, as well as expand our information disclosure.
- (3) By engaging in information disclosure according to both the TCFD and TNFD recommendations, the NOF Group will co-create new value with the power of chemistry toward the realization of a prosperous and sustainable society as stated in the NOF VISION 2030.



General requirements under the TNFD Recommendations

1. Application of materiality

In assessing risks and opportunities for this disclosure, the NOF Group adopted a single materiality approach, ensuring alignment with our risk management practices and TCFD disclosures.

2. Scope of disclosure

Please see “Scoping: Defining the Scope of Analysis” (p. 084) in “Strategy”.

3. Geographic areas with nature-related issues

As areas with nature-related issues, we identified and analyzed all NOF Group production sites, as well as raw material production areas and procurement sites, corresponding to “(2) Scope of disclosure.” For details of the analysis results, see “Strategy” (p. 084–085).

4. Integration with other sustainability-related disclosures

We provide integrated disclosure regarding both climate change measures and the conservation of natural capital.

5. Time periods considered

For the assessment of risks and opportunities, we set short-term (2023–2025), medium-term (around 2030), and long-term (around 2050) time horizons (p. 088–089).

Responsible Care (Environment and Safety) | Climate Action and Natural Capital

6. Engagement with Indigenous peoples, local communities, and affected stakeholders

Please see “Oversight of Stakeholder Engagement” in “Governance”.

Governance

Governance structure for climate change response and natural capital conservation

The NOF Group identifies materiality issues (important issues) related to sustainability through deliberations in the Strategic Meeting, which is composed of Directors concurrently serving as Operating Officers and Operating Officers with a title, and the Sustainability Committee, which is chaired by the President and Chief Executive Officer and all Directors participate. The Board of Directors then approves the materiality issues. As the secretariat of the Sustainability Committee, the Corporate Planning & Strategy Department, Corporate Technical Division, Human Resources & General Affairs Department, Purchasing Department, and Corporate Communications Department promote the formulation and specific development of sustainability strategies for the entire Group. The Committee also reviews materiality annually, reassessing materiality items, KPIs, numerical targets, and response policies to ensure continuous improvement in activity levels.

Responses to climate change and natural capital

conservation are treated as important matters, including mid- to long-term goals, and are deliberated by the Sustainability Committee. In regard to risks, the Risk Management Committee conducts a comprehensive assessment, while the RC Committee supervises monitoring and managing the progress of risk countermeasures and reduction measures related to greenhouse gas emissions, pollutants emissions, and zero emissions. In addition, opportunities are discussed by the Executive Management Committee and the Priority Business Review Committee, and important matters are deliberated by the Executive Committee. Within the governance structure, these committees operate under the oversight of the Board of Directors. Their deliberation results are reported to the Board. In addition to regular reports once a year, a system has been put in place in which the consultation content of committees and meetings held on an ad hoc basis are reported to the Board of Directors as necessary for supervision and approval.

Oversight of stakeholder engagement

We believe that stakeholder engagement is essential to ensure the long-term growth and the sustainability of a company. Because the business activities of the NOF Group may have impacts on Indigenous peoples, local communities, and others, we have established our CSR Procurement Policy and CSR

Procurement Guidelines, and engage in dialogue with local communities. Our stakeholder engagement initiatives are discussed and supervised under the aforementioned governance structure.

Sustainability Report

- ▶ Stakeholder Engagement P.112
- Human Rights (CSR Procurement Policy, etc.) P.168-171
- Local Communities | Dialogue Activities /
- Cooperation with Communities P.216-217

Risk Management

Within the NOF Group, the Risk Management Committee comprehensively identifies various management risks surrounding its business, and conducts company-wide risk assessment on the level of impact and potential for occurrence of each risk item in order to identify key risks for monitoring. In disclosing information based on TCFD and TNFD recommendations, a working group consisting of members selected from the Risk Management Committee and the RC Committee plays a central role in identifying the risks related to climate change and natural capital among the various management risks surrounding our business, and conducts risk assessments to determine the degree to which the impact will change in the future. The analysis results are reported to the Sustainability Committee, and important decisions are made related to climate change and natural capital-related risk countermeasures.

Strategy

The TNFD has developed the LEAP Approach as an integrated framework for assessing nature-related issues and recommends its use to companies. The NOF Group has advanced its assessment of nature-related issues based on this approach.

Analysis using the LEAP approach

The LEAP approach is a process for systematic, science-based assessment of nature-related risks and opportunities. “LEAP” is an acronym for Locate (locate priority regions, i.e., regions with significant impacts on nature), Evaluate (identify and evaluate dependencies and impacts on nature), Assess

(identify and assess nature-related risks and opportunities), and Prepare (prepare for disclosure). In addition, the approach begins with Scoping, involving defining the scope of the analysis.

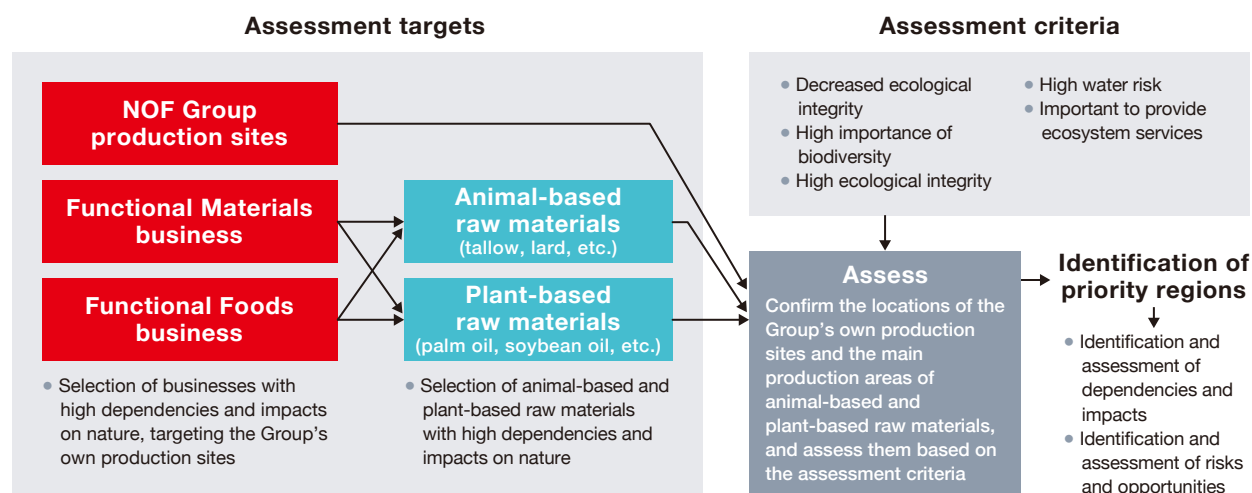
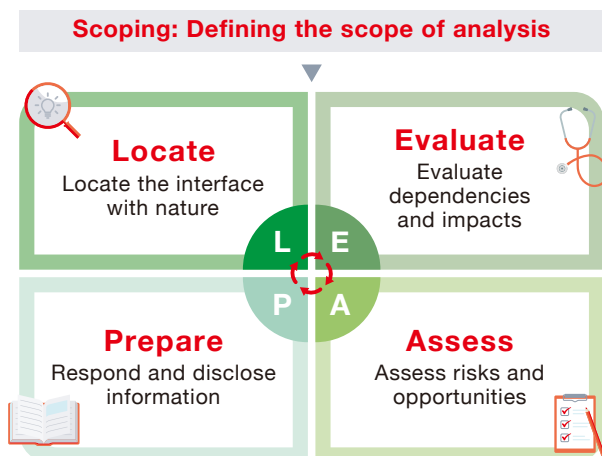
In recent years, the loss of natural capital, including biodiversity, has gained attention as a new global risk. The NOF Group uses naturally-derived raw materials such as palm oil. For this reason, we have recognized the loss of natural capital as a significant risk, formulated policies for natural capital conservation, and actively pursued related initiatives.

Since fiscal 2023, in line with the LEAP approach recommended by the TNFD, we have conducted activities to locate the interface (priority

regions) with natural capital, identify and evaluate dependencies and impacts, and identify and assess risks and opportunities.

Scoping: Defining the scope of analysis

The NOF Group set the scope of analysis regarding its relationship with natural capital as targeting “all production sites of the NOF Group,” and for upstream value chain analysis, the “production areas of plant-based and animal-based raw materials” used in the Functional Materials Business and Functional Foods Business, taking into account business scale as well as the level of dependency and impact on nature.



Responsible Care (Environment and Safety) | Climate Action and Natural Capital

Locate: Locate the interface with nature (identify priority regions*)

For both “all production sites of the NOF Group,” where NOF Group companies are directly engaged in operations, and “production areas of animal-based and plant-based raw materials” in the upstream value chain, we identified interfaces with nature based on location information (if detailed location data was unavailable, we estimated the location using available information). Specifically, we confirmed whether each production site and raw material production area qualified as a priority region by comprehensively considering both the perspective of impacts on nature (see right table) and the perspective of impacts on our business (production volume and procurement value).

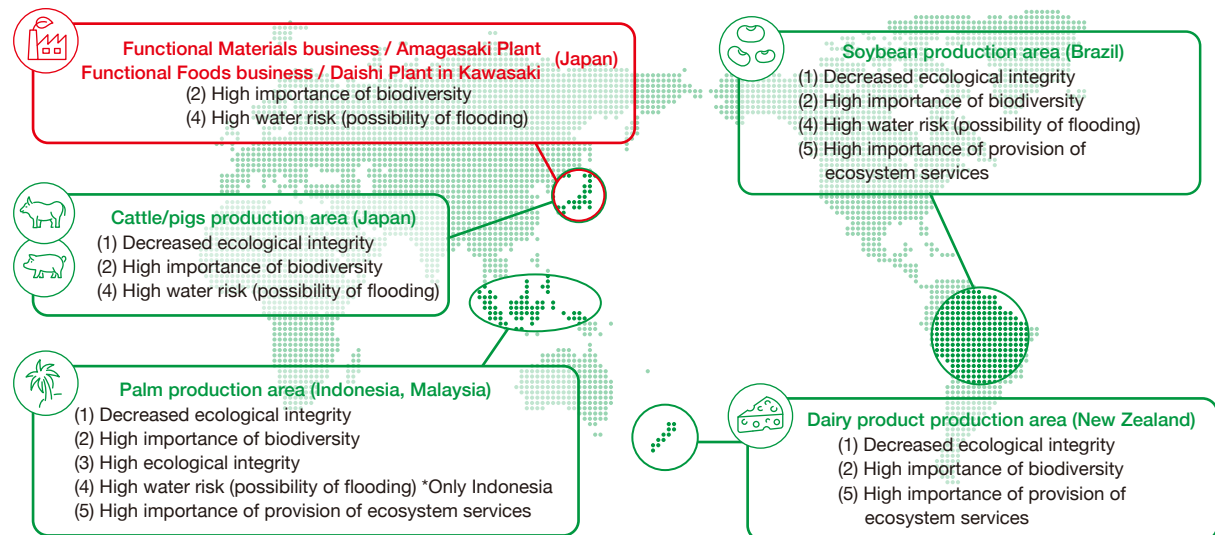
The results are shown in the figure to the right. As for production sites, the NOF Group’s priority region was identified as Japan, where animal- and plant-based raw materials are used. Specifically, we identified the Amagasaki Plant of the Functional Materials Business, and the Daishi Plant in the Kawasaki Works of the Functional Foods Business. As for raw material production areas designated as priority regions, we identified Indonesia and Malaysia (palm cultivation), Japan (cattle and pigs production), Brazil (soy cultivation), and New Zealand (dairy production). Among these raw materials, we recognized pigs, palm, soy, and dairy products as the highest-priority food raw materials.

* **Priority regions:** A region with links to nature that involves significant dependencies, impacts, risks, or opportunities, or that is ecologically vulnerable

Impact on nature

Impact on nature	Explanation
(1) Decreased ecological integrity ^{*1}	Regions where ecosystem balance is disrupted, or healthy conditions are impaired (e.g., regions where forests are being cleared, wetlands reclaimed, or rivers polluted)
(2) High importance of biodiversity ^{*1,2}	Regions of very high importance for biodiversity (diversity of various animals, plants, and microorganisms) (e.g., habitats for many endangered species, or regions essential for the survival of plants and animals)
(3) High ecological integrity ^{*1}	Regions with very rich ecosystems that remain largely intact (e.g., regions with untouched forests or unpolluted rivers)
(4) High water risk ^{*3,4}	Regions with water shortages (drought risk), regions prone to flooding or water-related damage, or regions with polluted water
(5) High importance of provision of ecosystem services ^{*5}	Regions where the provision of “ecosystem services” to Indigenous peoples or local communities is important Ecosystem services: Services that benefit from nature, such as provisioning services (food, water, timber, fuel, etc.) and regulating services (climate regulation, water purification, flood/drought mitigation, etc.)

The NOF Group’s priority regions



The level of impact on nature in (1)–(5) in the table on the right was assessed using nature impact assessment tools recommended by the TNFD, which are listed in notes 1–5 below.

*1 WWF Biodiversity Risk Filter *2 Key Biodiversity Areas *3 WWF Water Risk Filter *4 WRI Aqueduct 4.0 *5 Global Forest Watch map, SIGWATCH

Responsible Care (Environment and Safety) | Climate Action and Natural Capital

Evaluate: Identify and evaluate dependencies and impacts

For the Functional Materials business and Functional Foods Business at the Amagasaki Plant and the Kawasaki Works (Daishi Plant), which use animal and plant-based raw materials identified as targets through the aforementioned Scoping and Locate steps, we used the ENCORE^{*1} tool to identify and evaluate their dependencies^{*2} and impacts^{*3} on nature. Specifically, we identified and evaluated dependencies and impacts on nature of both businesses across the value chain, including upstream (cultivation, livestock, import, and processing of raw materials), our own operations

(manufacturing), and downstream (storage and transportation of products, as well as customers' manufacturing that uses our plant products as raw materials). The results were summarized in a heat map.

The evaluation showed that with respect to dependencies on nature, multiple processes of the value chain share a high dependency on water (groundwater and surface water). In addition, plant cultivation and livestock farming (cattle and pigs) showed many dependency items and generally higher levels of dependency.

Meanwhile, with respect to impacts on nature, water usage was also identified as having a high

impact across the entire value chain, similar to the dependency findings. Even within our own manufacturing operations, we recognize water use as a particularly high-impact factor, and we will continue our efforts to reduce water consumption and maintain water quality.

- ^{*1} ENCORE: Exploring Natural Capital Opportunities, Risks and Exposure. A tool developed by organizations such as the Natural Capital Finance Alliance (NCFA), a financial-sector network, to help financial institutions understand the degree to which companies depend on and impact nature.
- ^{*2} **Dependency:** Ecosystem services on which business activities rely e.g., crop cultivation depends on ecosystem services such as water supply and pollination by insects.
- ^{*3} **Impact:** Positive or negative effects of business activities on nature e.g., chemical manufacturing impacts nature through water use and greenhouse gas emissions.

Relationship of value chain to dependencies and impacts on nature

Level of dependency and impact: Large Small

Process		Dependency on nature															Impact on nature															
		Labor provided by livestock	Provision of raw materials such as fibers	Provision of genetic resources	Use of groundwater	Use of surface water	Pollination	Maintenance of soil quality	Ventilation by plants	Maintenance of the water cycle	Maintenance of water quality	Purification of pollutants	Dilution by water and air	Filtration of pollutants	Reduction of noise and light pollution	Regulation of river flow and other water volumes	Climate stabilization	Regulation of pests and diseases	Protection from storm and flood damage	Protection against soil erosion	Pest control	Water use	Use of terrestrial ecosystems	Use of freshwater ecosystems	Use of marine ecosystems	Other resource use	Greenhouse gas emissions	Air pollution	Water pollution	Soil contamination	Solid waste	Noise, vibration, and light pollution
Upstream	Cultivation																															
	Livestock																															
	Import																															
	Processing																															
Down-stream	NOF Manufacturing																															
	Storage and transportation																															
	Manufacturing (functional materials business)																															
	Manufacturing (functional foods business)																															

The NOF Group's use and management of water

Policy (our fundamental view)

The NOF Group makes efforts for the use and management of water resources as well as the appropriate treatment and management of plant wastewater in accordance with the Management Policy Regarding Responsible Care.

To this end, each plant and subsidiary is working on the following items.

- (1) Operation and wastewater management of specified facilities based on the Water Pollution Prevention Law
- (2) Thorough employee education on environment-related laws and regulations
- (3) Assessment of environmental impact when new facilities are established
- (4) Monitoring, confirmation, and enhancement of management status through internal audits
- (5) Disclosure of information through regular community dialogue

In addition, at our business bases, we are working to reduce water consumption and improve efficiency in production. We achieve sustainable water resource management by promoting the effective use of water resources and reducing the burden on the environment.

Within the NOF Group, the RC Committee Chair,

appointed by the President, is responsible for these initiatives. Through these efforts, we promote resource recycling and actively work to reduce environmental impact, thereby contributing to the realization of a sustainable society.

Use of water resources

NOF has been carrying out the efficient use of water resources by estimating the amount of the water consumption. In fiscal 2024, the volume of water used was 7.886 million m³, of which 1.407 million m³ was groundwater and 1.805 million m³ was city water.

Our water usage per million yen of sales has increased by approximately 0.7% over the previous fiscal year, making us more dependent on water use. For the appropriate management and protection of water resources, we conduct employee education and awareness-raising activities, recognize the importance of sustainable water use, and continue to work to reduce water consumption.

Water stress (drought) assessment

We assessed water stress (drought)^{*1} at our domestic and overseas production sites using the Aqueduct 4.0 tool of the World Resources Institute (WRI). The assessment showed that in 2024 and 2030, some

sites in Europe and Southeast Asia will be located in regions under water stress. By 2050, it is expected that sites in South America will also face a higher risk of water stress. Going forward, we will continue working to reduce water usage.

Prevention of water pollution

Wastewater from production activities is properly treated through treatment facilities before being discharged outside the plants. We monitor biochemical oxygen demand (BOD), chemical oxygen demand (COD), suspended solids,^{*2} and the like in wastewater. Along with ongoing equipment upgrades, we are improving our water quality management system and operating in compliance with prescribed limits. In addition, there have been no cases of violations of laws and regulations related to water quality.

^{*1} Water stress is measured as the ratio of total water withdrawals to available, renewable surface and groundwater supplies. Water withdrawals include consumptive and non-consumptive uses for household, industrial, irrigation, and livestock purposes. Available, renewable water supplies include the impact that upstream consumptive water users and large dams have on downstream water availability.

^{*2} Particulate substances of 2 mm or less in diameter floating or suspended in water; one of the indicators of water quality.

Responsible Care (Environment and Safety) | Climate Action and Natural Capital

Assess: Assess risks and opportunities

Based on the aforementioned priority regions and the results of the dependency and impact analysis, the NOF Group identified and assessed our risks and opportunities in accordance with climate change scenarios (the 1.5°C/2°C scenarios and 4°C scenario). For the assessment, the level of impact and the timeline were defined as shown below.

Transition risks were assessed under the temperature representing the worst case scenario. NOF is focusing on promoting proactive consideration for the environment and developing products that contribute to environmental conservation. In responding to decarbonization markets such as electric vehicles and renewable energy, there may be risks of reduced sales in existing business areas or reputational

impacts from the use of certain raw materials. However, we expect the following opportunities in the long term.

- **Increased sales:** As consumer awareness of environmental conservation rises, sales will grow due to increased demand for products that contribute to environmental conservation.
- **Enhanced reputation:** Proactive measures for climate change and emissions management, as well as the development of products that contribute to environmental conservation, will improve the Company's reputation and credibility over the long term, also leading to higher stock value.

Category	Cause	Value Chain	Major risks and opportunities	Overview	Level of impact			Countermeasures		
					2023–2025	2030	2050			
Transition risks 1.5°C and 2°C scenarios	Policies and regulations	NOF Manufacturing	Increased manufacturing costs and decreased product sales due to environmental regulations (carbon tax, plastic tax, etc.)	<ul style="list-style-type: none">Manufacturing costs rise due to costs associated with carbon taxes or switching to recycled or bioplasticsIntroduction of water intake restrictions or new emission regulations make it impossible to produce existing products, leading to declining sales	-	Large	Large	<ul style="list-style-type: none">Promotion of measures toward reducing greenhouse gas emissionsReduction and efficiency improvement of water intake	<ul style="list-style-type: none">Reduction of wasteReduction of pollutantsReduction of plastic usageShift to recycled plastics and biomass plastics	
		NOF Manufacturing	Compensation for damages due to environmental litigation, decline in sales due to plant shutdowns, and a drop in stock prices	<ul style="list-style-type: none">Large compensation for damages is owed due to environmental lawsuits, such as those related to ground subsidence, while long-term plant shutdowns reduce sales and push down stock prices	-	Medium	Medium	<ul style="list-style-type: none">Measures toward reducing greenhouse gas emissionsMeasures toward reducing and improving efficiency of water intakeMeasures toward reducing waste	<ul style="list-style-type: none">Measures toward reducing pollutantsMeasures to reducing plastic usagePromotion and communication of proactive environmental initiatives	
		Upstream Cultivation and livestock	Higher procurement costs because of increased cultivation and production costs due to environmental regulations (regulations on methane emissions, wastewater, etc.)	<ul style="list-style-type: none">Costs to address methane emissions from livestock, farmland development, and water/soil pollution from pesticide and fertilizer use drive up raw material prices, increasing procurement costs (forecast based on the IPR Forecast Policy Scenario (FPS) + Nature scenario)	-	Medium	Medium	<ul style="list-style-type: none">Switch to lower-risk oil types	<ul style="list-style-type: none">Securing stable raw materials through multiple purchases and long-term contracts	
		Upstream Processing	Higher procurement costs and production interruption-caused reduced sales due to environmental regulations (beverage container tax, packaging tax, etc.)	<ul style="list-style-type: none">Compliance costs due to tighter regulations drive up raw material prices and procurement costsProduction plant operations are suspended due to water intake restrictions and emission regulations, resulting in decreased sales	-	Small	Small	<ul style="list-style-type: none">Promotion of measures toward reducing greenhouse gas emissionsReduction and efficiency improvement of water intake	<ul style="list-style-type: none">Reduction of wasteReduction of pollutantsReduction of plastic usageShift to recycled plastics and biomass plastics	
		Upstream Import	Higher distribution costs due to environmental regulations (SOx regulations, etc.)	<ul style="list-style-type: none">Compliance costs to address tighter regulations are passed on to prices, raising distribution costs	-	Small	Small	<ul style="list-style-type: none">Promotion of joint delivery and modal shifts		
		Upstream Cultivation and livestock	Increased procurement costs due to soaring raw material prices	<ul style="list-style-type: none">Sharp rise in prices of raw materials such as petrochemicals and vegetable and animal-based oils and fats due to a decrease in the supply of petroleum, etc. and an increase in demand for biofuels	-	Large	Large	<ul style="list-style-type: none">Securing stable raw materials through multiple purchases and long-term contractsUtilization of biomass chemicals	<ul style="list-style-type: none">Switching from petrochemical-based raw materials to plant-based raw materialsCarbon recycling (solvent recycling, etc.)	
	Sharp rise in raw material and fuel prices	Upstream Import NOF Manufacturing	Higher energy and transportation costs due to soaring crude oil and natural gas prices	<ul style="list-style-type: none">Higher energy and transportation costs due to soaring crude oil and natural gas prices	-	Medium	Medium	<ul style="list-style-type: none">Introduction of energy-saving equipment, review of processes	<ul style="list-style-type: none">Promotion of joint delivery and modal shifts	
		Evaluation and reputation among stakeholders	Upstream Cultivation and livestock	Reputational damage and falling stock prices due to the use of certain raw materials	<ul style="list-style-type: none">Using raw materials that negatively impact natural capital, such as illegally cultivated palm oil, harms the Company's reputation and lower stock prices	Large	Large	Large	<ul style="list-style-type: none">Procurement of sustainable palm oil	<ul style="list-style-type: none">Selection of suppliers and business partners with lower regulatory risks
			NOF	Decline in evaluation and reputation due to delays in ESG investment	<ul style="list-style-type: none">Deterioration of evaluation from investors in ESG investment and reputation among customers due to delay in measures to address climate change and nature	-	Small	Small	<ul style="list-style-type: none">Development and provision of products that contribute to environmental conservationPromotion and communication of proactive environmental initiatives	
		Market	Downstream Products	Changes in the sales destination environment due to the shift to a decarbonization market	<ul style="list-style-type: none">Decrease in sales due to decline in market share of gasoline and diesel vehicles	-	Medium	Medium	<ul style="list-style-type: none">Strengthening our response to decarbonization markets, such as electric vehicles and renewable energy	

* For details on the 1.5°C and 2°C scenarios and levels of impact, see the notes on p. 089

Responsible Care (Environment and Safety) | Climate Action and Natural Capital

Category	Cause	Value Chain	Major risks and opportunities	Overview	Level of impact			Countermeasures
					2023–2025	2030	2050	
Physical risks 4°C scenario	Extreme weather	Upstream Cultivation, livestock, processing	Increase in cultivation/production and procurement costs due to degradation of ecosystem services	<ul style="list-style-type: none"> Procurement costs rise and sales decline due to soaring prices of palm oil and rapeseed oil resulting from degradation of ecosystem services such as pollination, soil quality, and water cycle maintenance Water shortages and crop damage from pests and diseases cause instability or soaring prices in raw material procurement, increasing procurement costs 	Large	Large	Large	<ul style="list-style-type: none"> Switch to lower-risk oil types Selection of suppliers and business partners taking into account risks at the production area (ensuring traceability) Securing stable raw materials through multiple purchases and long-term contracts
		Upstream Import NOF Manufacturing	Decrease in sales caused by damage to production sites and supply chains from storm and flood damage	<ul style="list-style-type: none"> Flood damage from heavy rains, floods, and storm surges results in factory repair costs, production interruptions, or reduced production capacity, leading to sales declines 	-	Large	Large	<ul style="list-style-type: none"> Rain water countermeasures and disaster prevention measures for buildings and facilities Multiple purchases of raw materials Review the business continuity plan (BCP) and conduct education, training, and audits
		NOF Manufacturing	Increase in equipment costs and decline in sales due to production interruptions associated with degradation of ecosystem services	<ul style="list-style-type: none"> Water shortages cause production interruptions or reduced production capacity, resulting in decreased sales 	-	Small	Small	<ul style="list-style-type: none"> Reduction and efficiency improvement of water use at high-risk sites Diversification of production items at manufacturing sites (preparing for alternative production)
		NOF	Increase in storage costs due to high temperatures and heatwaves	<ul style="list-style-type: none"> Rising temperatures affect refrigerated and air-conditioned warehouse storage 	-	Medium	Medium	<ul style="list-style-type: none"> Ongoing review of facility investment plans
Opportunities	Resource efficiency	NOF Manufacturing	Decrease in manufacturing costs through improved resource efficiency	<ul style="list-style-type: none"> Improved resource efficiency during manufacturing, such as reduced water, energy, and waste, leads to lower environmental impacts and cost reductions Promotion of decarbonization and infrastructure development in society results in cost reductions from renewable energy use, subsidies, and tax incentives 	-	Medium	Large	<ul style="list-style-type: none"> Reduction of greenhouse gas emissions Reduction and efficiency improvement of water use Reduction of waste Reduction of plastic usage
	Capital flow/financing	NOF	Diversification of financing methods	<ul style="list-style-type: none"> Sustainable finance and other forms of environmental funding become more active, expanding the options for financing such as green bonds and green loans for upgrading to low-impact facilities and for development costs of environmentally friendly products 	-	Small	Small	<ul style="list-style-type: none"> Utilization of positive impact finance and the like
	Reputation	NOF	Improved evaluations and reputation, leading to higher stock prices	<ul style="list-style-type: none"> Proactive climate change measures, emissions management, and development/provision of products that contribute to environmental conservation enhance investor evaluations in ESG investment and reputation among customers, driving stock prices upward 	-	Medium	Medium	<ul style="list-style-type: none"> Development and provision of products that contribute to environmental conservation Promotion and communication of proactive environmental initiatives
	Market	Downstream Products	Increase in sales due to growing demand for products that contribute to environmental conservation	<ul style="list-style-type: none"> Rising consumer interest in climate change, water pollution, air pollution, and forest protection boosts demand for environmentally friendly products, leading to increased sales 	-	Large	Large	<ul style="list-style-type: none"> Development and provision of products that contribute to environmental conservation

* 1.5°C and 2°C scenarios: Decarbonization scenarios that assume that necessary measures will be implemented to limit the temperature increase to 1.5°C or 2°C or less compared to pre-industrial times (International Energy Agency (IEA) “Net Zero Emissions by 2050” (NZE2050), “Stated Policies Scenario” (STEPS), etc.)

* 4°C scenario: Decarbonization scenario that assumes that necessary measures will be implemented to limit the temperature increase to 4°C or less compared to pre-industrial times (International Energy Agency (IEA) “Net Zero Emissions by 2050” (NZE2050), “Stated Policies Scenario” (STEPS), etc.)

* **Level of impact:** [Risks] Impact amount: Over ¥1 billion (high), ¥100 million–¥1 billion (medium), under ¥100 million (low)
 [Opportunities] Impact amount: Over ¥1 billion (high), ¥100 million–¥1 billion (medium), under ¥100 million (low)
 [Opportunities] Market size: Over ¥30 billion (high), ¥3 billion–¥30 billion (medium), under ¥3 billion (low)

Responsible Care (Environment and Safety) | Climate Action and Natural Capital

Financial impactsFinancial impacts

Steam, electricity, and other forms of energy are consumed mainly in the manufacturing processes of the NOF Group. As transition risks brought about by climate change, the financial burden is expected to increase due to rising carbon tax rates and higher unit prices of renewable energy charges,* and the total impact is estimated to be around 3.3 billion yen. In addition, the NOF Group has established a business continuity plan for physical risks with the 4°C scenario assuming 7.7 billion yen in facilities damage in the event that a major typhoon, which occurs once every 500 to several thousand years, breaks through embankments and floods our waterfront plants.

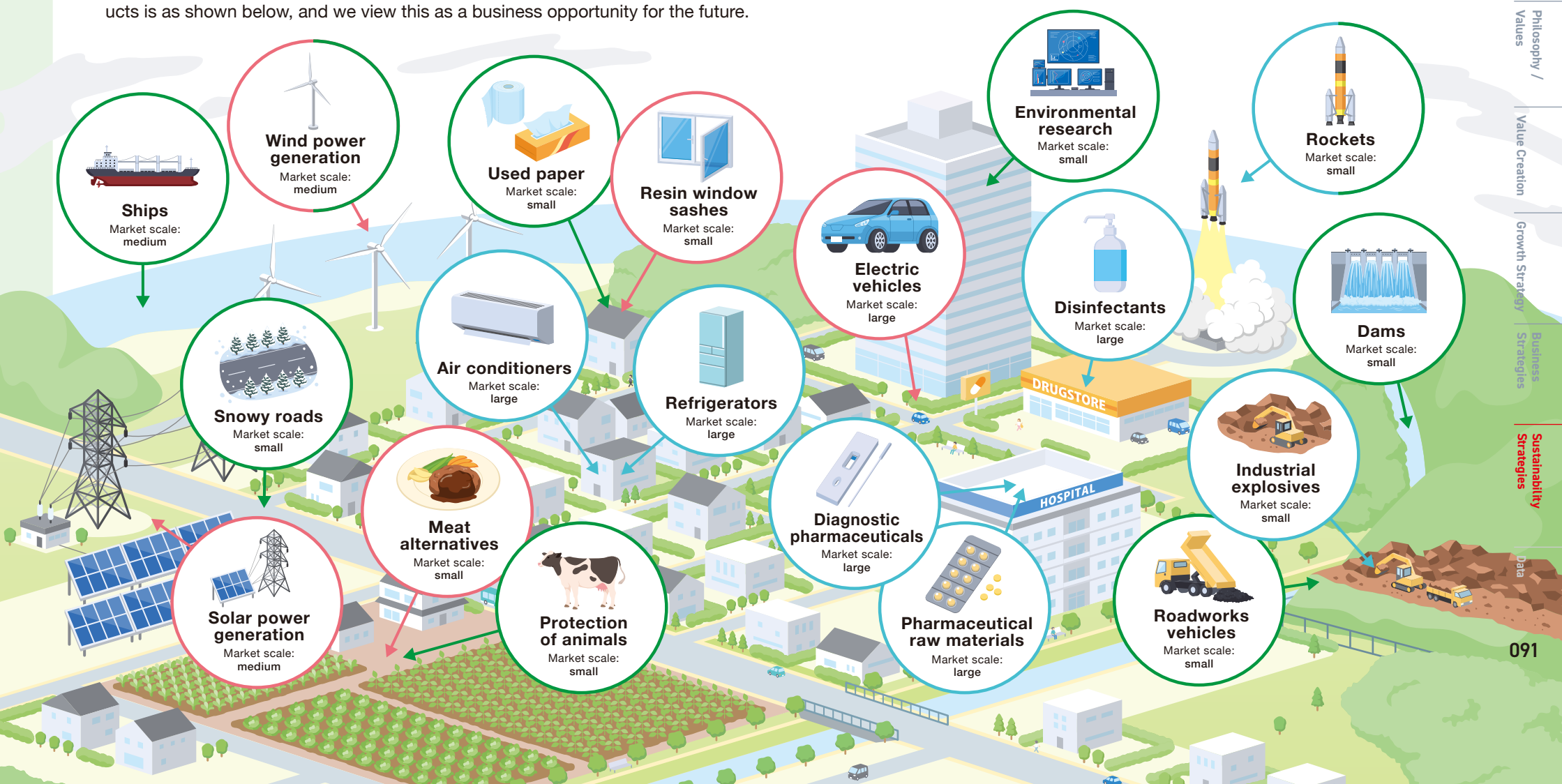
Category	Scenario	Risks	Details of risks	Financial amount of impact	Notes						
Transition risks	1.5°C	Carbon tax	Financial burden from tax increases	<p>(Hundreds of millions of yen/year)</p> <table><tr><th>Year</th><th>Financial amount (Hundreds of millions of yen/year)</th></tr><tr><td>2020</td><td>0.5</td></tr><tr><td>2030</td><td>31.6</td></tr></table>	Year	Financial amount (Hundreds of millions of yen/year)	2020	0.5	2030	31.6	Domestic Group CO ₂ equivalent emissions in fiscal 2020, with a carbon price of 20,000 yen per ton of CO ₂ in fiscal 2030. (Scope 1 + 2)
		Year	Financial amount (Hundreds of millions of yen/year)								
2020	0.5										
2030	31.6										
		Renewable energy charges	Increased energy costs	<p>(Hundreds of millions of yen/year)</p> <table><tr><th>Year</th><th>Financial amount (Hundreds of millions of yen/year)</th></tr><tr><td>2023</td><td>3.8</td></tr><tr><td>2050</td><td>5.2</td></tr></table>	Year	Financial amount (Hundreds of millions of yen/year)	2023	3.8	2050	5.2	Domestic Group The unit price of the renewable energy charge for fiscal 2030 is set at 4.1 yen/kWh based on fiscal 2020 electricity consumption.
Year	Financial amount (Hundreds of millions of yen/year)										
2023	3.8										
2050	5.2										
Physical risks	4°C	Storm surges	Flooding of facilities due to storm surges	<p>(Hundreds of millions of yen/year)</p> <table><tr><th>Year</th><th>Financial amount (Hundreds of millions of yen/year)</th></tr><tr><td>2020</td><td>0</td></tr><tr><td>2050</td><td>77</td></tr></table>	Year	Financial amount (Hundreds of millions of yen/year)	2020	0	2050	77	NOF We estimated the amount of facility damage due to embankment failures caused by a once-in-500-to-several-thousand-year major typhoon.
Year	Financial amount (Hundreds of millions of yen/year)										
2020	0										
2050	77										

* Charges for promotion of renewable energy generation

Products that Contribute to the Environment

○ Climate change (mitigation) ○ Climate change (adaptation) ○ Biodiversity

Within the NOF Group, we are creating a variety of products that contribute to the environment while advancing research and development of technologies that address climate change, biodiversity, resource saving and recycling, and alternatives for hazardous or legally regulated substances. The market scale for these products is as shown below, and we view this as a business opportunity for the future.



Responsible Care (Environment and Safety) | Climate Action and Natural Capital

Metrics and targets

The NOF Group has set the reduction of greenhouse gas emissions as one of the goals of its Responsible Care (RC) activities, and has been working on various energy-saving measures. In view of the 2050 Carbon Neutral Declaration announced by the government in October 2020 and its new targets to reduce greenhouse gas emissions announced in April 2021, the NOF Group has decided to set new targets to reduce greenhouse gas emissions.

In addition, within the NOF Group's materiality KPIs and CSR procurement, we have established climate- and nature-related targets and are promoting initiatives to address risks and opportunities.

With regard to the nature-related targets, we have begun collecting the metrics data shown below as part of the TNFD core global disclosure metrics and the chemical sector core disclosure metrics. Going forward, we will continue collect and expand the scope of metrics data while advancing efforts to reduce environmental impacts.

	Goals (KPIs)	Numerical targets	Target year	Details of major initiatives
Contribute to the Environment/Energy field <small>NOF Group</small>	Net sales of strategic products in the Environment/Energy field	15% increase (compared to FY2022 results)	2025	<ul style="list-style-type: none"> Supply of strategic products to the Environment/Energy field
Promotion of CSR-based procurement <small>NOF</small>	Coverage rate of CSR questionnaire (based on value of purchases)	85% or more	2025	<ul style="list-style-type: none"> Implementation of CSR questionnaire for suppliers (suppliers with value of purchases between ¥1 and ¥5 million/month)
	Improvement requests via interviews to target suppliers in order to firmly establish CSR-based procurement (based on number of companies)	85% or more	2025	<ul style="list-style-type: none"> Implementation (ahead of schedule) of improvement requests via interviews to target suppliers
Resilience enhancement <small>NOF Group</small>	BCP education and training hours	Total of 4,000 hours or more	Every year	<ul style="list-style-type: none"> Enhancement of each BCP manual Improvement of response capabilities through expanded training scenarios Inspection and confirmation of location activities through audits
Response to climate change	CO₂ emissions <small>Domestic Group</small>	40% reduction (compared with FY2013)	2030	<ul style="list-style-type: none"> Promotion of a shift to energy sources with low environmental impact Promotion of introduction of energy-saving facilities Promotion of efficient energy use and visualization
	Carbon neutrality <small>NOF Group</small>	Aim for achievement	2050	
Chemical safety	Emissions of substances subject to PRTR Act after revision in FY2021 <small>Domestic Group</small>	under 170 tons/year	Every year	<ul style="list-style-type: none"> Creation and execution of emission reduction measures Reevaluation of production processes

Responsible Care (Environment and Safety) | Climate Action and Natural Capital

Metric no.*	Driver of nature change	Indicator	Metric	Reporting scope	2024 results
-	Climate change	GHG emissions	Scope1+2 Scope3		▶ P.095
C1.0	Land/ freshwater/ ocean-use change	Total spatial footprint	Total surface area controlled/managed by the organization		102nd Annual Securities Report
			Total disturbed area		0 thousand m²
			Total rehabilitated/restored area		0 thousand m²
C1.1		Extent of land/freshwater/ ocean-use change	Extent of land/freshwater/marine ecosystem use change		0 thousand m²
			Extent of land/freshwater/marine ecosystem conserved or restored		0 thousand m²
			Extent of land/freshwater/marine ecosystem that is sustainably managed		Sustainability Report ▶ P.148
C2.0	Pollution/ pollution removal	Total amount of pollutants released to soil split by type	PRTR Act-controlled substances		Sustainability Report ▶ P.153
C2.1		Wastewater discharged	Volume of water discharged		Sustainability Report ▶ P.148-149,153
			BOD, COD, suspended solids PRTR Act-controlled substances		
			Temperature of water discharged		
				(Regulated sites: Chidori Plant, Daishi Plant)	In accordance with Kawasaki City ordinance
C2.2		Waste generation and disposal	Weight of waste (total)		Sustainability Report ▶ P.158
			Weight of waste (hazardous)		7,395 tons
			Weight of waste (non-hazardous)		141,248 tons
			Weight of outside disposal waste Final disposal quantity by landfill		Sustainability Report ▶ P.158-159
			Recycled amount		Sustainability Report ▶ P.158-159
C2.3		Plastic pollution	Weight plastic used		2,648 tons
C2.4		Total amount of non-GHG air pollutants	NOx, SOx, particulate matter VOC Hazardous air pollutants PRTR Act-controlled substances		Sustainability Report ▶ P.151-153,156
C3.0	Resource use/ replenishment	Water withdrawal and consumption from areas of water scarcity	Water withdrawal from areas of water scarcity	NOF METAL COATINGS EUROPE N.V.	453 thousand m³ (5.7% of the NOF Group total)
			Water consumption from areas of water scarcity	PT.NOF MAS CHEMICAL INDUSTRIES	152 thousand m³ (8.1% of the NOF Group total)
-	-	Revenue from pesticide use, by toxicity level	No revenue from pesticides		-
-	-	Rate of change in PFAS production	No production or use of PFAS		-
-	-	Compliance violations	Violations of environmental laws and regulations		Sustainability Report ▶ P.164

* Metric no. of TNFD metric

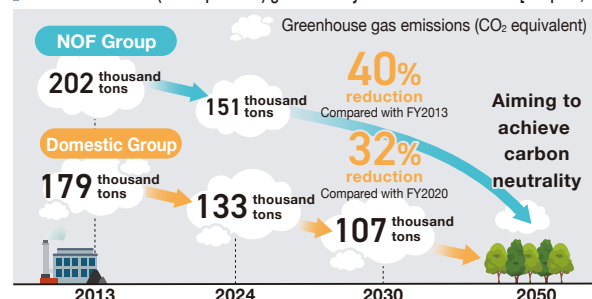
Progress and Results for Climate Change Response

Measures to meet greenhouse gas emission reduction targets

The NOF Group has set a mid-term target of reducing greenhouse gas emissions by 40% from the fiscal 2013 level by fiscal 2030, and a long-term target of becoming carbon neutral by 2050. The 2025 Mid-term Management Plan period is positioned as a period for building up reduction measures to be implemented in the next Mid-term Management Plan period, and we will promote reductions while controlling the increase in emissions associated with the expansion of production facilities.

As a specific measure, in order to increase the use of renewable energy, we will promote the electrification of our facilities and reduce carbon emissions. Furthermore, we are

■ Reduction of GHG (CO₂ equivalent) generated by our business activities [Scope 1, 2]



Efforts to achieve carbon neutrality



■ Sustainability Report ▶ P.138-139

reviewing our production processes and considering improvement measures to minimize environmental impact, such as reducing the amount of energy used, minimizing emissions, and utilizing renewable energy sources. We also plan to expand fuel conversion and the introduction of electricity certified to come from non-fossil fuel sources. During the 2025 Mid-term Management Plan period, we are planning a 2.1 billion yen environmental investment for these initiatives.

Moreover, in order to promote the conversion to renewable energy and decarbonization even more, we are further expanding our trial initiative for internal carbon pricing (ICP). This initiative not only helps refine the economic assessments of facility investments and business strategies, but also raises employees' awareness of energy conservation and serves as a mechanism to promote decarbonization across all business activities. We are also advancing greenhouse gas reduction efforts through forest maintenance activities. By utilizing Fukushima Prefecture's carbon dioxide certification, we have carried out tree planting and thinning, and received certification for absorbing 282 tons of carbon dioxide from 2012 to 2013.

We will contribute to the mitigation of global warming by taking proactive steps to realize a sustainable future.

GHG reduction strategy

We have established and disclosed our Management Policy Regarding Responsible Care as well as CSR Procurement Policy, declaring our commitment to GHG reduction measures across the entire supply chain. To implement

these policies, we have set Responsible Care guidelines within the Group that address climate change mitigation and adaptation, biodiversity, resource recycling, research and development, and manufacturing.

At our production sites, we are promoting the shift to lower-impact energy sources for Scope 1, improving energy efficiency for both Scope 1 and Scope 2, and responding in line with each category of Scope 3. We are also working on research and development for environment-related product lines that contribute to climate change mitigation and adaptation.

For externally procured raw materials, we have established our CSR Procurement Guidelines to promote the procurement of materials with low environmental impact. To this end, we work to raise supplier awareness, participate in the Declaration of Partnership Building with suppliers to put these principles into practice, and advance sustainable procurement activities. Furthermore, as part of the Japan Chemical Industry Association's Responsible Care initiatives, we actively participate in dialogue with suppliers and local communities. Moreover, we are pursuing decarbonization innovations throughout the supply chain. This includes industry-academia collaborative projects focused on the research and development of biomass-derived materials and the effective utilization of unused exhaust heat.

Through these initiatives, we are reducing GHG emissions under Scope 3 and enhancing the overall sustainability of our entire supply chain.

■ Sustainability Report

▶ CO₂ emissions from energy use and our initiatives P.141-142
CO₂ emissions volume during transportation P.143

Responsible Care (Environment and Safety) | Climate Action and Natural Capital

Scope 1 and 2 CO₂ emissions Domestic Group NOF Group (Thousand tons of CO₂)

		FY2013	FY2022	FY2023	FY2024	FY2030 (target)
Domestic Group	Scope1+2	179	144	135	133	107
	Compared with FY2013	-	(35)	(44)	(46)	(72)
NOF Group	Scope1+2	202	175	159	151	-
	Compared with FY2013	-	(27)	(43)	(51)	-

Scope 2 CO₂ emissions according to the location-based criteria and market-based criteria Domestic Group NOF Group (Thousand tons of CO₂)

	Location-based criteria			Market-based criteria		
	FY2022	FY2023	FY2024	FY2022	FY2023	FY2024
Domestic Group	110	106	107	84	84	84
NOF Group	133	129	124	103	101	102

Scope 3 calculations

Category	FY2023	FY2024		Calculating method
1 Purchased products and services	453.3	520.5	*1	Calculated by multiplying the quantity and cost of each item of purchased raw materials, consumables, and repair materials by emission intensity by division according to the databases ⁴
2 Capital goods	53.3	52.5	NOF Group	Calculated by multiplying acquisition cost of fixed assets by emission intensity according to the databases ⁴
3 Fuels and energy-related activities not included in Scope 1 or 2	36.8	38.0	NOF Group	Calculated by multiplying the sum of fuel, electricity, and steam consumption by emission intensity according to the databases ⁴
4 Transportation and distribution (upstream)	26.7	29.9	*2	Calculated from ton-kilometers of transportation for purchased raw materials and ton-kilometers of transportation for delivered products for which the company is the consignor; Calculated using the method prescribed under the reporting and disclosure system
5 Waste generated in business activities	9.7	10.7	NOF Group	Calculated by multiplying the weight of each type of waste generated at production sites by emission intensity according to the databases ⁴
6 Business travel	0.5	0.5	NOF Group	Calculated by multiplying the number of employees by emission intensity according to the databases ⁴
7 Employee commuting	1.4	1.1	*3	Calculated by multiplying the amount of commuting expenses by emission intensity according to the databases ⁴
8 Leased assets (upstream)	-	-		Not applicable, as no corresponding activities exist
9 Transportation and distribution (downstream)	-	-		Not applicable, as no corresponding activities exist
10 Processing of sold products	17.8	26.6	NOF	Calculated by multiplying the sales volume of edible oils and industrial explosives by emission intensity according to the databases ⁴
11 Use of sold products	Not determined	Not determined		Not calculated due to difficulty in collecting the necessary data for calculation
12 End-of-life treatment of sold products	0.6	292.3	NOF	FY2023: Calculated for packaging materials of shipped products by multiplying the weight of each type with the emission intensity according to the databases ⁴ FY2024: Calculated by multiplying the weight of containers subject to the Containers and Packaging Recycling Law and the sales volume of chemical products requiring waste disposal with the emission intensity according to the databases ⁴
13 Leased assets (downstream)	-	-		Not applicable, as no corresponding activities exist
14 Franchises	-	-		Not applicable, as no corresponding activities exist
15 Investments	-	-		Not applicable, as no corresponding activities exist
Total	600.1	972.1		

*1 NOF on a standalone basis, 10 domestic affiliate companies (Nichiyu Kogyo Co., Ltd.; YUKA SANGYO CO., LTD.; NiGK Corporation; Showa Kinzoku Kogyo Co., Ltd.; Nippon Koki Co., Ltd.; Nippo Kogyo Co., Ltd.; NOF METAL COATINGS ASIA PACIFIC CO., LTD.; JAPEX Corp.; NIKKA COATING CO., LTD.; NICHIIYU LOGISTICS CO., LTD.), and 2 major overseas affiliate companies (Changshu NOF Chemical Co., Ltd.; PT. NOF MAS CHEMICAL INDUSTRIES)

*2 NOF on a standalone basis, 7 domestic affiliate companies (Nichiyu Kogyo Co., Ltd.; YUKA SANGYO CO., LTD.; NiGK Corporation; Showa Kinzoku Kogyo Co., Ltd.; Nippon Koki Co., Ltd.; Nippo Kogyo Co., Ltd.; NOF METAL COATINGS ASIA PACIFIC CO., LTD.)

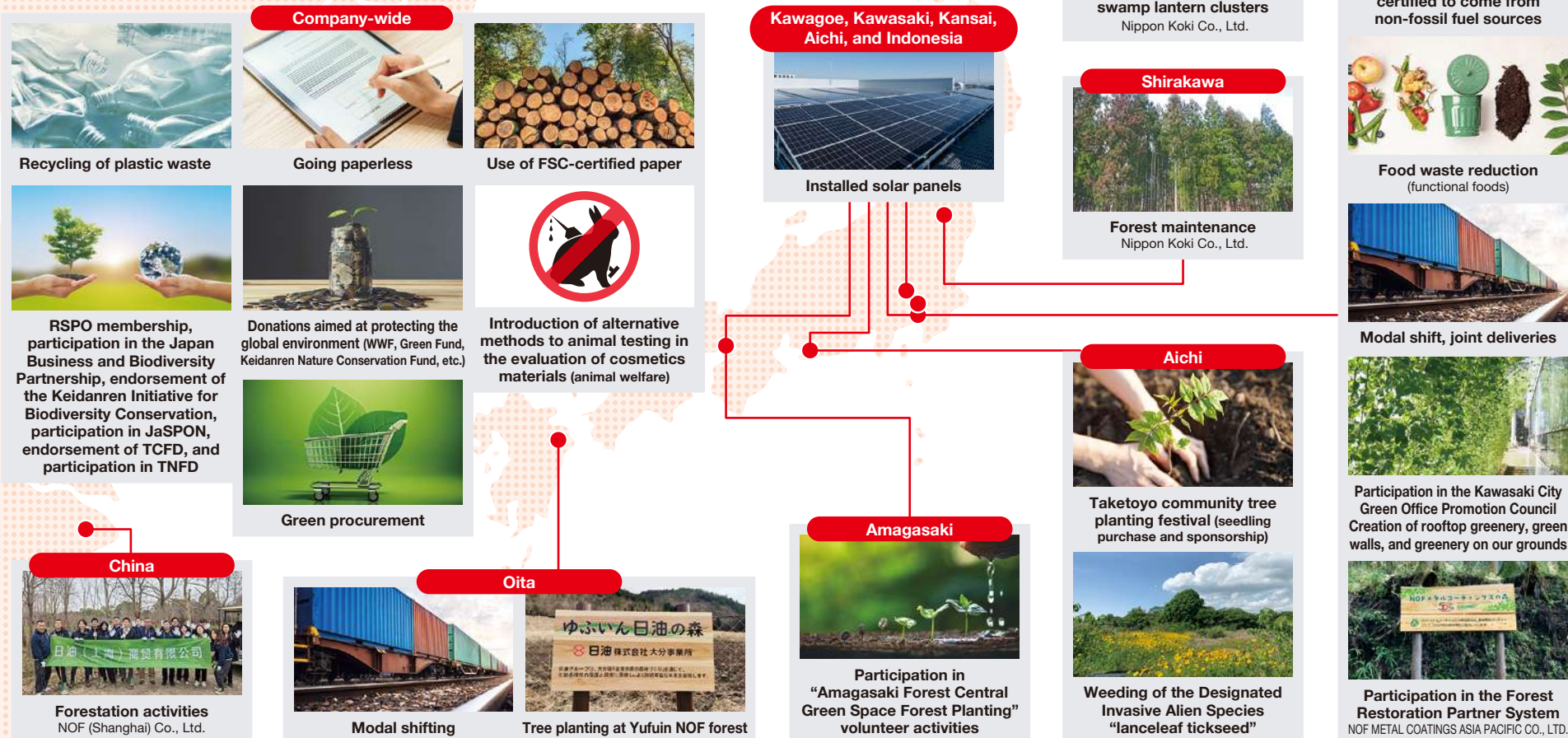
*3 10 domestic affiliate companies (NICHIIYU TRADING CO., LTD.; NICHIIYU LOGISTICS CO., LTD.; Nichiyu Kogyo Co., Ltd.; YUKA SANGYO CO., LTD.; NiGK Corporation; Showa Kinzoku Kogyo Co., Ltd.; Nippon Koki Co., Ltd.; Nippo Kogyo Co., Ltd.; JAPEX Corp.; NOF METAL COATINGS ASIA PACIFIC CO., LTD.)

*4 Databases used: IDEA Ver. 3.5, IDEA Lab, Research Institute of Science for Safety and Sustainability, National Institute of Advanced Industrial Science and Technology (AIST); Emissions Intensity Database Ver. 3.5 for Calculating the Greenhouse Gas Emissions of Organizations through the Supply Chain (Ministry of the Environment)

Responsible Care (Environment and Safety) | Climate Action and Natural Capital

Progress and Results for Biodiversity Conservation

In addition to “forest planting” through creation of green areas alongside roads as well as thinning and pruning company-owned forests, we are implementing plans that contribute to biodiversity at our sites across Japan through protection activities mainly for endangered species, extermination of invasive non-native plants, and donation activities.



Spotlight on conservation initiatives

NOF METAL COATINGS ASIA PACIFIC CO., LTD.

Participation in the Forest Restoration Partner System

In Kanagawa Prefecture, the Kanagawa Forest Restoration 50-Year Project is underway to restore forests, which cover about 40% of the prefecture's land (about 95,000 hectares). The initiative aims to prevent degradation and erosion caused by insufficient forest management and to pass on the rich blessings of nature to future generations. As part of this initiative, NOF METAL COATINGS supports forest maintenance on an area of about 12 hectares (equivalent to about two Tokyo Domes). This area has absorbed about 247 tons of CO₂ over five years. The decision has been made to name a portion of the forest designated by the prefecture as "NOF METAL COATINGS Forest."



Nippon Koki Co., Ltd.

Forest maintenance activities



Fukushima Prefecture, where Nippon Koki Co., Ltd.'s Shirakawa Plant is located, has established the Fukushima Prefecture Carbon Dioxide Absorption by Forest Maintenance Activities Certification System to certify the effectiveness of forest maintenance activities conducted by companies and organizations in the prefecture in terms of carbon dioxide absorption as a numerical value. This certification aims to promote participation in forest maintenance activities, thereby contributing to the continued exhibition of the multifaceted functions of forests, such as the prevention of global warming, and the revitalization of communities in mountain villages. Nippon Koki Co., Ltd., which owns approximately 149 hectares of forest in Nishigomura, Nishishirakawa-gun, Fukushima Prefecture, has been certified as having absorbed 282 tons of CO₂ (2012 to 2013) through its activities.

Oita Works

Tree-planting activities

At our Oita Works, we endorsed Oita Prefecture's "Forest Creation with Corporate Participation" program and carried out tree-planting activities in the forests of Yufu City. The activities included tree planting and thinning in order to conserve forest environments and watershed areas with the conclusion of agreements with landowners and forest cooperatives through mediation by Oita Prefecture. An area of approximately 2.8 hectares has been named "Yufuin NOF Forest," with plans to plant 2,000 broadleaf trees, mainly sawtooth oaks. In March 2025, we planted 200 saplings, about one-tenth of the total. Yufuin NOF Forest is expected to absorb about 160 tons of CO₂ over five years as the saplings grow.



NOF (Shanghai) Co., Ltd.

Tree-planting activities

NOF (Shanghai) Co., Ltd. is actively engaged in tree-planting activities with the aim of improving the environment in the Shanghai area and mitigating global warming. In fiscal 2024, 16 employees planted about 20 Japanese ash trees in the Fengxian District of Shanghai. Through these tree-planting activities, we will continue to contribute to the improvement of the global environment.



Responsible Care (Environment and Safety)

Chemical Safety Initiatives

Materiality

③ Promote Responsible Care activities

Policy (our fundamental view)

The NOF Group positions chemical safety as a key responsibility and places priority on the following initiatives.

① Assessment of product hazards and environmental impact

We conduct thorough chemical substances risk assessments, collecting and organizing information on environmental impacts and hazards from the product development stage. This enables us to classify and grade hazards, clarify applicable regulatory requirements, and ensure safety throughout all processes, from manufacturing, handling, storage, and distribution to disposal.

② Identification of potential hazards and implementation of countermeasures

At each stage, such as planning and pilot produc-

tion, we carry out chemical substances risk assessments and organize quantified information on potential hazards in products. In particular, for ingredients with significant potential risks, we implement effective measures such as requiring appropriate protective equipment and monitoring workplace environments, based on the results of risk assessments.

③ Updating product information and verifying legal compliance

To ensure product safety, we confirm legal compliance through testing and evaluation before sales begin. Furthermore, after products are launched, we continue to collect and update hazard information and reflect the latest findings.

④ Establishing emergency response systems

We have built systems that enable prompt

response in the event of unforeseen product accidents or situations requiring urgent re-assessment.

⑤ Ensuring safety during transportation

During transport, we strictly enforce the carrying of “Yellow Cards” containing chemical hazard information to ensure safety in transit.

Through these initiatives, the NOF Group is strengthening safety management of chemical substances and striving to enhance chemical safety toward the realization of a sustainable society.

 Sustainability Report ▶ P.160-161

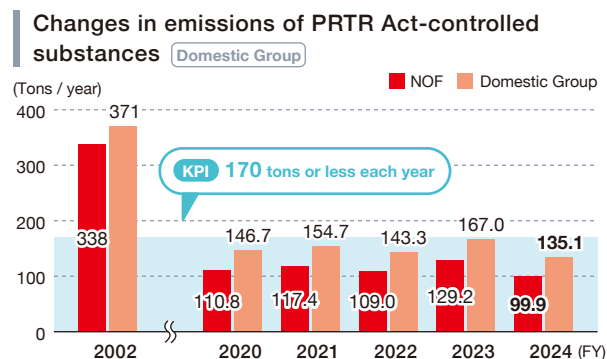
Responsible Care (Environment and Safety) | Chemical Safety Initiatives

Measures to reduce emissions of PRTR Act^{*1}-controlled substances

NOF has set a KPI of reducing emissions of PRTR Act-controlled substances to 170 tons or less each year. In particular, we are examining manufacturing methods in which PRTR Act-controlled substances are not used in order to reduce the amount of substances with high environmental emissions. We aim to reduce emissions through the adoption of alternative substances and environmentally friendly manufacturing methods.

In addition, the operating conditions of recovery equipment are optimized to improve the recovery rate of emissions. Regular maintenance and proper operation and management ensure effective recovery and lead to reduced emissions.

NOF will continue its efforts to reduce emissions



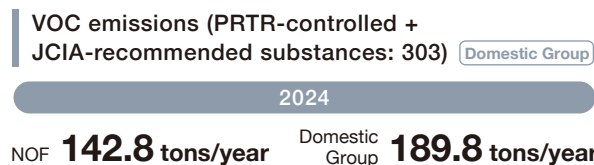
of PRTR Act-controlled substances and promote more environmentally friendly manufacturing activities. In this way, we will contribute to the achievement of a sustainable society and work to protect the global environment.

VOC^{*2} emissions reduction measures

VOCs are substances that contribute to air pollution and photochemical smog. NOF believes that controlling VOC emissions is part of our social responsibility.

We monitor and work to reduce VOC emissions. In fiscal 2024, the total VOC emissions from the NOF Group amounted to 190 tons.

As part of our environmental protection activities aimed at realizing a sustainable society, NOF positions VOC emission reduction as one of our important issues. We are actively implementing process improvements and introducing new equipment. In addition, through technological innovation and research and development, we are exploring new reduction methods and contributing



to the realization of a sustainable society.

Hazardous air pollutant emissions reduction measures

Hazardous air pollutants are chemical substances that may pose risks to human health through long-term exposure even at low concentrations. Based on the list of chemical substances revised in the October 2010 report (9th report) of the Central Environment Council, we are working to monitor and reduce emissions of 15 designated substances.

The NOF Group's emissions of these substances in fiscal 2024 amounted to 89 tons. As with VOCs, we position the reduction of emissions as one of our important issues, and we are actively working on process improvements and equipment installation. In addition, through technological innovation and research and development, we are exploring new reduction methods and contributing to the realization of a sustainable society.

Emissions of hazardous air pollutants (15 substances overlapping with VOCs from the 23 priority substances) Domestic Group



^{*1} In this report, we have used the notation "PRTR Act" to denote the system under which business operators notify the government of release amounts and transfer amounts of specific chemical substances in the environment, and the government publicly releases this information (PRTR system), based on the Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof.

^{*2} Acronym for volatile organic compounds

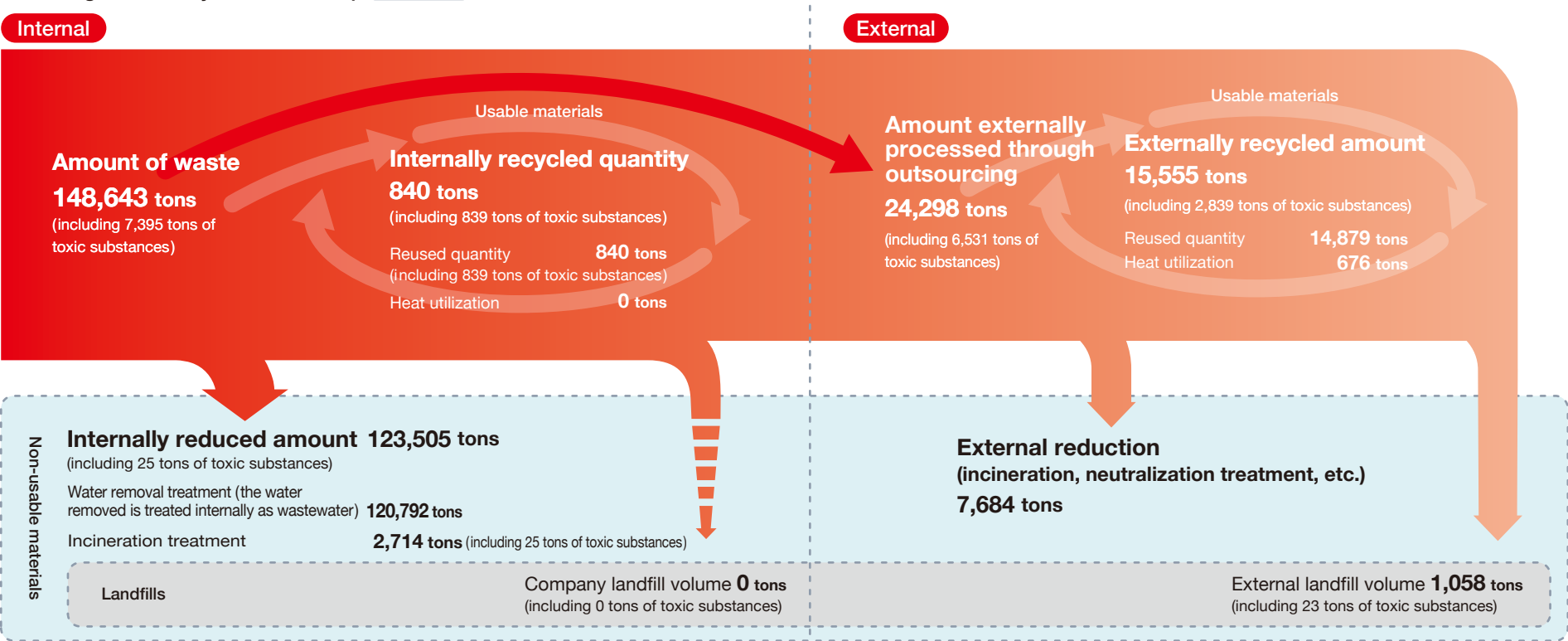
About disposal and recycling

In fiscal 2024, the NOF Group generated 148,643 tons of waste, of which 83.1% was reduced through internal weight reduction measures and 16.3% was outsourced for external processing. As for the break-down of the waste externally processed via outsourc-

ing, 10.5% was recycled externally, 5.2% was reduced externally, and 0.7% was disposed via landfills, for a recycling rate of 11.0% of the total waste generated. As part of our resource circulation efforts, we are improving processes to increase yield and reduce the amount of waste generated, promoting the sale of valuable waste and internal processing, recycling

existing waste for landfill reduction, maintaining separate disposal and reducing waste generated, and continuously searching for plastic waste recycling and disposal contractors and advancing processing by them. We will continue to actively work to promote resource circulation, reduce waste, and lessen our environmental impact.

Waste generated by the NOF Group



Meeting laws and regulations

In Japan, prior notification of new chemical substances is mandatory, pursuant to the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. (Chemical Substance Control Law) and the Industrial Safety and Health Act. At the NOF Group, in order to make proper notifications, when beginning production of a new chemical substance, the Responsible Care & Production Engineering Department confirms compliance with laws, and such substances remain under strict control as internal audits are conducted to ensure that there are no excesses beyond the volume that has been authorized for manufacture or import. NOF also trains its responsible personnel regarding related regulatory matters in order to keep them up-to-date with the latest information. We also properly store and manage polychlorinated biphenyl waste in accordance with the Law Concerning Special Measures Against PCB Waste, and dispose of such waste by commissioning disposal operators as prescribed by laws and regulations. All treatment of high-concentration PCB was completed as of the end of March 2023, the final deadline for treatment. Meanwhile, with regard to



low-concentration PCBs, we have completed all surveys of equipment containing PCBs, including

PCB components contained in paint coatings, and are systematically replacing the equipment and changing the coatings to meet the treatment deadline of the end of March 2027. We also participate in the Japan Initiative of Product Stewardship, which is the chemical industry's institution for voluntary activities for the control of chemicals, as well as the Long-Range Research Initiative (LRI) implemented through the Japan Chemical Industry Association (JCIA). There has been increasing legislation in recent years overseas for stricter controls over chemical substances not only in western countries but also in Asian countries and regions such as South Korea, China, and Taiwan. We are gathering the latest information regarding exports to such countries, and practicing appropriate compliance when the situation arises. For example, there is response to REACH,* a comprehensive system of registration, evaluation, authorization, and restriction of chemical substances within the EU. The NOF Group actively engages in exporting to the EU region and complies with REACH for the export volume of the chemical substance involved.

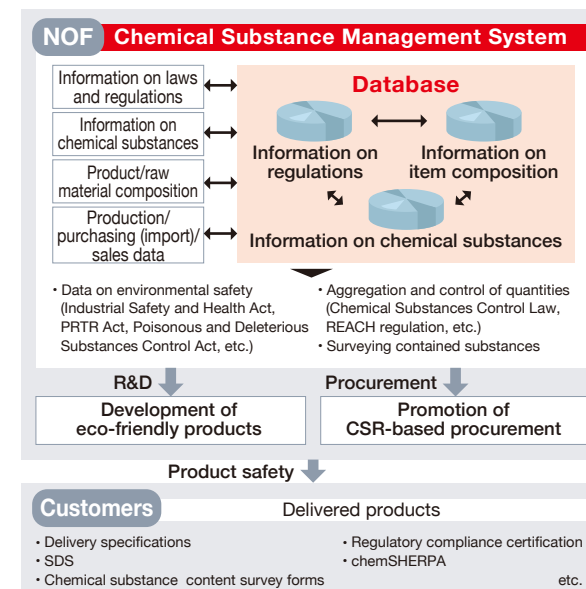
There continued to be no violations of environmental laws and regulations in the current fiscal year.

Initiatives to improve information accuracy in chemical substance management

In fiscal 2020, NOF introduced and constructed a company-wide SDS creation support system, and has centralized

management of SDS throughout the Company. This system enables us to manage all chemical substances used in our products on a company-wide server, and to provide our customers with the latest information on chemical substances in our products through timely updating of SDS and GHS labels issued by each business unit to reflect changes in the laws and regulations of major countries. While we have fully responded to the revisions to the PRTR Act from FY2023, we are also working to expand the functions of the system to track and manage important information such as usage and handling history of chemical substances, in order to improve transparency and visibility.

Image of composition of chemical substance database



* Abbreviation of Registration, Evaluation, Authorisation, and Restriction of Chemicals. REACH represents the EU's quality control regulations on chemicals and is applied to the registration, evaluation, authorization, and restriction of chemicals.

Responsible Care (Environment and Safety)

Occupational Safety and Health Initiatives

Materiality

③ Promote Responsible Care activities

Promote occupational safety and health

The NOF Group works to promote occupational safety and health by sharing activity targets as activities related to “occupational safety” among RC activities classified into “five components of safety,” and is developing Group-wide activities, including those of affiliated companies at each works, based on the RC management system.

Occupational Safety and Health Policy

With the aim of eliminating occupational accidents, the NOF Group has clearly expressed its determination to make its workplaces secure and safe for all workers involved in Group activities, including outside contractors, and to realize this ideal, set forth its Occupational Safety and Health Policy in

April 2006. Under this policy, each of our works, plants, and Group companies are engaged in

initiatives including the establishment of an occupational health and safety management system.

Occupational Safety and Health Policy

Basic philosophy

We, as a group of chemical companies, shall endeavor to secure the safety and health of our employees and local communities in the belief that “no business can be viable without safety.” All the officers and employees shall be committed to the buildup of “workplaces where we can work safely and securely” in close teamwork consistent with Responsible Care activities, and positively promote activities for occupational safety and health.

<Fundamental principles>

The principles will be made widely available to the general public.

- (1) We shall organize an appropriate self-management system regarding occupational safety and health, and continue necessary management and improvement.
- (2) Our target shall be the eradication of labor accidents by improving the working environment, making the equipment intrinsically safe, and carrying out risk-reducing activities in anticipation of future changes in the working environment.
- (3) We shall faithfully observe relevant laws and regulations and our own rules and standards.
- (4) We shall endeavor for the creation of a pleasant working environment and support efforts for keeping and promoting health.
- (5) We shall make the Occupational Safety and Health Policy thoroughly known to all the employees, and review it every year or as necessary.

(Amended April 2015)

Occupational safety activities (RC activities)

The status of occupational safety activities at NOF's offices, plants, and Group companies is confirmed through regular RC audits. Along with audits, we are working to revitalize RC activities throughout the Group, with members of labor unions and Group companies also participating in RC audits as auditors. The results are reported to the RC Committee, as well as being shared with labor unions to develop joint labor-management activities. Moreover, recognizing the importance of safety education, the NOF Group strives to further enhance its occupational safety and health management system and reinforce its safety activities, including promoting safety education, in an effort to ensure the safety and health of its employees.

FY2024 safety activity results and FY2025 RC activity targets

Since fiscal 2015, we have promoted initiatives toward achieving our target of "absolutely zero accidents." ^{*1} In fiscal 2024, we were able to prevent fatal accidents, but had 18 occupational accidents, failing to achieve our target. In particular, there were seven accidents caused by entrapment or entanglement, thus continued enhancement of our prevention efforts are required.

FY2025 RC activity targets for occupational health and safety

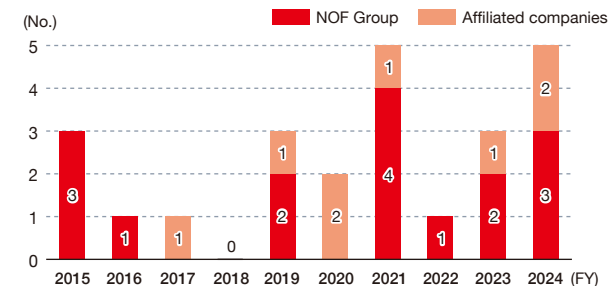
FY2025 RC activity targets	Key issues
<p>Occupational accidents Absolutely zero accidents</p> <p>Traffic accidents Zero accidents causing injury to others or resulting in self-injury</p>	<p>Through the participation of all employees and risk anticipation, we aim for the followings:</p> <ul style="list-style-type: none"> • Elimination of unsafe behavior and unsafe conditions Focus on preventing accidents caused by entrapment or entanglement • Elimination of traffic accidents <p>Implementation items</p> <div> <p>① Enhancement of sensitivity toward danger and enforcement of basic safety actions</p> <p>② Reduction of disaster risks</p> </div> <div> <p>• Provision of occupational safety education and training</p> <p>• Strengthening of hazard prediction skills</p> <p>[Labor safety] • Strengthening of responses based on Sangen Shugi (the "three actuals" principle)</p> <p>• Ensuring compliance with amendments to the Ordinance on Industrial Safety and Health²</p> <p>[Traffic safety] • Analysis of the causes of injury and self-caused damage</p> <p>• Strengthening of education to promote awareness</p> </div>

In fiscal 2024, we worked to eliminate unsafe behaviors and conditions as a key RC activity goal, but with eight accidents involving employees who had worked for the Company for one year or less, there is a clear need to further bolster safety education. In response to this issue, we will focus on the following initiatives in fiscal 2025.

- **Strengthening of implementation of basic safety actions**
Rather than simply enforcing the basic safety actions, we will evolve toward "actual implementation" to enable individuals to act on their own initiative.
- **Prevention of accidents caused by entrapment or entanglement**
We will review operation procedures, analyze disaster risks, and improve working environments.
- **Early introduction of experience-based education targeting employees including new employees**
We will incorporate experience-based education for enhancing sensitivity to danger into our training to encourage safety actions at workplaces.

Through these activities, we aim to achieve "absolutely zero accidents" and further instill a culture of safety across the Company.

Changes in number of accidents with lost workdays



^{*1} The NOF Group's proprietary targets to reduce to zero lost-time injuries and non-lost-time injuries.

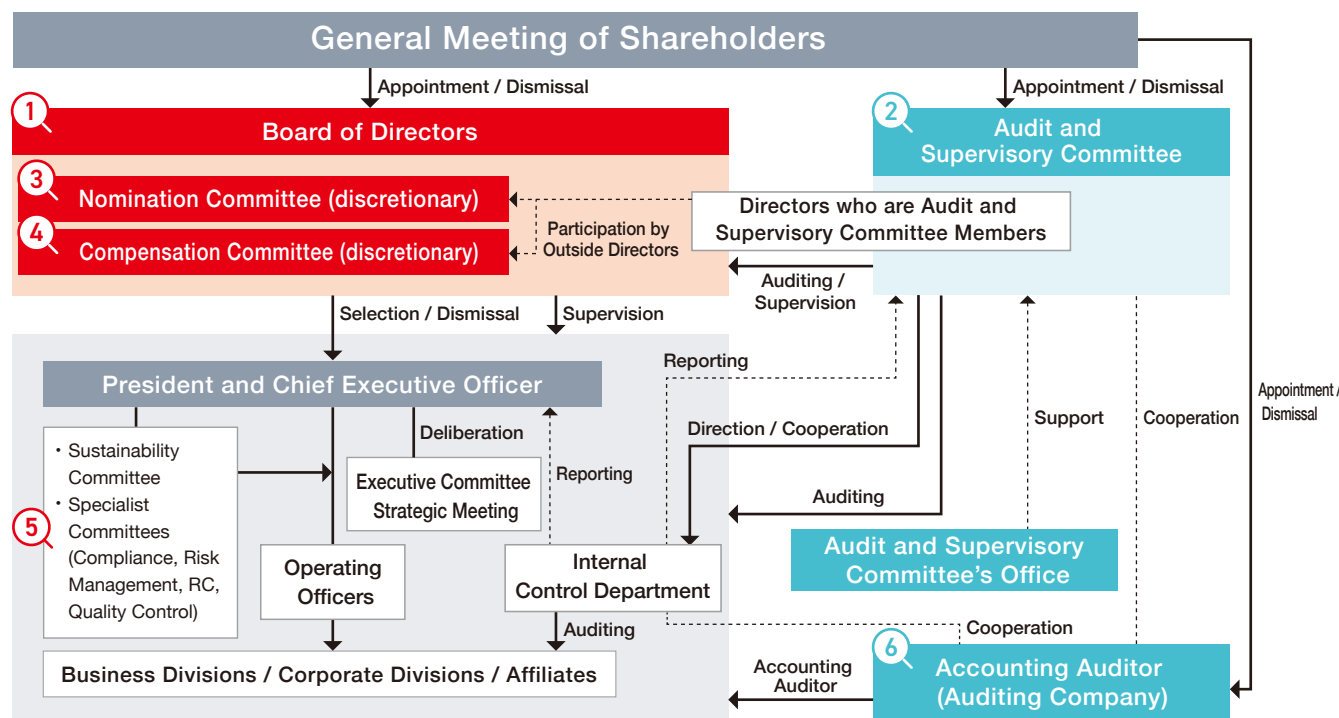
^{*2} Ordinance on Industrial Safety and Health

Corporate Governance

Policy (our fundamental view)

In order to respond precisely to changes in the business environment and the intensifying competition between companies, NOF strives to speed up management decisions and, from the perspective of securing transparency and improving accountability, recognizes that the strengthening of corporate governance is an important issue, and endeavors to secure the effectiveness thereof.

Corporate governance diagram



1

Board of Directors

The Board of Directors, consisting of ten members including five independent Outside Directors, holds one regular meeting every month and extraordinary sessions are also convened as required. Besides deciding on important matters set forth by laws, regulations, the articles of incorporation, and the rules of the Board of Directors, the Board supervises the state of business execution. Any important matter to be referred to the Board of Directors goes through preliminary deliberation, intended to ensure more appropriate decision making, by the Executive Committee from time to time attended by Directors who concurrently serve as Operating Officers, Operating Officers with a title, standing Audit and Supervisory Committee members, and heads of the organizational unit or units concerned, or the weekly Strategic Meeting as a rule attended by the Directors who concurrently serve as Operating Officers and Operating Officers with a title.

2

Audit and Supervisory Committee

The Audit and Supervisory Committee consists of four Directors, including three independent Outside Directors. Led by the standing Audit and Supervisory Committee members, the Committee members decide auditing policies and standards, attend the Executive Committee, implement audits through inspection of important documents, and supervise the business execution of Directors. In addition, with regard to internal control, the Committee receives reports on audit plans and audit results conducted by the Internal Control Office, our Internal Audit Department, and confirms the situation to aim for effective collaboration, including giving instructions for investigations as necessary. In addition, the Committee maintains close cooperation with the Accounting Auditor by holding meetings regularly and as necessary to exchange relevant information, including receiving reports on audit plans and audit results.

3

Nomination Committee

In order to improve the oversight function of the Board of Directors and strengthen the corporate governance system, the Nomination Committee, which is a voluntary advisory committee to the Board of Directors, has been established. In consultation with the Board of Directors, the Nomination Committee deliberates and reports to the Board of Directors on matters such as the election and dismissal of directors (excluding Audit Committee members), the selection and dismissal of representative directors, and succession planning for such directors. The committee is chaired by an independent Outside Director, and consists of five independent Outside Directors and two Internal Directors. This ensures the committee's independence and objectivity. In fiscal 2024, the Nomination Committee met four times, with all members attending each meeting.

4

Compensation Committee

In order to improve the oversight function of the Board of Directors and strengthen the corporate governance system, the Compensation Committee, which is a voluntary advisory committee to the Board of Directors, has been established. The Compensation Committee, in consultation with the Board of Directors, deliberates and reports to the Board of Directors on matters related to the compensation of Directors, excluding Audit and Supervisory Committee members. The committee is chaired by an independent Outside Director, and consists of five independent Outside Directors and two Internal Directors. This ensures the committee's independence and objectivity. In fiscal 2024, the Compensation Committee met four times, with all members attending each meeting.

5

Specialist Committees

For management risks, the Risk Management Committee takes the lead in conducting company-wide risk assessments. The Risk Management Committee, Responsible Care Committee, Quality Control Committee, and other specialized committees analyze risks, consider countermeasures, analyze and evaluate matters under their jurisdiction, and report to the Board of Directors.

6

Accounting Auditor

Ernst & Young ShinNihon LLC has been selected as the Accounting Auditor.

Introduction of Officers



1

Representative Director, Executive Chairman

Takeo Miyaji

- 1980 Joined the Company
- 2010 Operating Officer; General Manager, Human Resources & General Affairs Dept. of the Company
- 2011 Director and Operating Officer; General Manager, Human Resources & General Affairs Dept. of the Company
- 2012 Director and Executive Operating Officer; General Manager, Human Resources & General Affairs Dept. of the Company
- 2012 Director and Executive Operating Officer of the Company
- 2018 President and Chief Executive Officer of the Company
- 2023 Chairman and Chief Executive Officer of the Company (to present)

2

Representative Director, President and CEO

Koji Sawamura

- 1988 Joined the Company
- 2017 General Manager, Sales Dept., DDS Development Div. of the Company
- 2021 Operating Officer; General Manager, DDS Development Div. of the Company
- 2022 Executive Operating Officer; General Manager, DDS Development Div. of the Company
- 2023 Executive Operating Officer; General Manager, Life Science Div. of the Company
- 2023 President and Chief Executive Officer of the Company (to present)

3

Director and Executive Operating Officer

Manabu Saito

- 1985 Joined the Company
- 2006 General Manager, Functional Foods Sales Dept., Functional Foods Div. of the Company
- 2010 General Manager, Operations Dept., Kawasaki Works of the Company
- 2011 General Manager, Secretariat Office of the Company
- 2012 General Manager, Human Resources & General Affairs Dept. of the Company
- 2015 Director; General Manager, Administration Dept. of NICHYU TRADING CO., LTD.
- 2017 Director; General Manager, General Affairs Dept. of NICHYU LOGISTICS CO., LTD.
- 2020 Operating Officer; General Manager, Functional Foods Div. of the Company
- 2021 Executive Operating Officer; General Manager, Functional Foods Div. of the Company
- 2023 Executive Operating Officer; General Manager, Functional Foods Div. of the Company
- 2023 Director and Executive Operating Officer of the Company (to present)

4

General Manager of Corporate Technical Division, Director and Executive Operating Officer

Kazuyoshi Yamauchi

- 1987 Joined the Company
- 2009 General Manager, Manufacturing Dept., Chidori Plant, Kawasaki Works of the Company
- 2014 General Manager, Technology Dept., Amagasaki Plant of the Company
- 2016 General Manager, Kinura Plant of the Company
- 2019 General Manager, Kawasaki Works; General Manager, Daishi Plant; General Manager, Operations Dept., Kawasaki Works of the Company
- 2020 Operating Officer; General Manager, Kawasaki Works; General Manager, Daishi Plant; General Manager, Operations Dept., Kawasaki Works of the Company
- 2021 Director and Operating Officer; General Manager, Responsible Care & Production Engineering Dept. of the Company
- 2022 Director and Executive Operating Officer; General Manager, Responsible Care & Production Engineering Dept. of the Company
- 2023 Director and Executive Operating Officer; General Manager, Corporate Technical Div. of the Company (to present)

5

Outside Director

Takashi Kamada

- 1985 Joined The Yasuda Trust and Banking Company, Ltd. (currently Mizuho Trust & Banking Co., Ltd.)
- 2011 General Manager, Human Resources Dept. of Mizuho Trust & Banking Co., Ltd.
- 2012 Executive Officer; General Manager, Corporate Banking Dept. of Mizuho Trust & Banking Co., Ltd.
- 2014 Senior Managing Executive Officer of Mizuho Financial Group, Inc. (Resigned from the position in April 2017)
- 2014 Managing Executive Officer of Mizuho Trust & Banking Co., Ltd. (Resigned from the position in April 2017)
- 2017 Deputy President of Mizuho Private Wealth Management Co., Ltd. (Resigned from the position in April 2019)
- 2019 President of Mizuho Trust Guarantee Co., Ltd. (Resigned from the position in April 2021)
- 2020 President of Mizuho Trust Retail Support Co., Ltd. (Resigned from the position in April 2021)
- 2022 President of Mizuho Realty Co., Ltd. (Resigned from the position in June 2025)
- 2025 Director of the Company (to present)

6

Outside Director

Izumi Hayashi

- 1986 Public Prosecutor at the Nagoya District Public Prosecutors Office
- 1987 Registered as Attorney (Tokyo Bar Association); Joined Logan, Takashima & Nemoto
- 1993 Partner of Eitai Sogo Law Offices
- 2013 Director of Cool Japan Fund Inc. (Resigned from the position in June 2017)
- 2015 Partner of Sakurazaka Law Offices (to present)
- 2015 Member of the Board of SEIKAGAKU CORPORATION (Resigned from the position in June 2019)
- 2019 Audit & Supervisory Board Member of Weathernews Inc. (Resigned from the position in August 2023)
- 2020 Corporate Auditor of the Company (Resigned from the position in June 2021)
- 2021 Director of the Company (to present)
- 2023 Director (Audit & Supervisory Committee Member) of Nifco Inc. (to present)
- 2023 Director of Weathernews Inc. (to present)

7

Director and Audit and Supervisory Committee member

Masanobu Miyo

- 1985 Joined the Company
- 2014 Operating Officer; General Manager, Oleo & Specialty Chemicals Div. of the Company
- 2018 Executive Operating Officer; General Manager, Oleo & Specialty Chemicals Div. of the Company
- 2020 Director and Executive Operating Officer; General Manager, Oleo & Specialty Chemicals Div. of the Company
- 2021 Director and Executive Operating Officer of the Company
- 2023 Director (Standing Audit and Supervisory Committee Member) of the Company (to present)

8

Outside Director and Audit and Supervisory Committee member

Kunimitsu Ito

- 1984 Joined Arthur & Young Certified Public Accountant Joint Office (merged with Asahi Shinwa & Co. (currently KPMG AZSA LLC) in 1986)
- 1989 Registered as Certified Public Accountant
- 2009 Partner of KPMG AZSA LLC (Resigned in June 2017)
- 2017 Registered as Certified Tax Accountant
- 2017 Joined ITAKO Accounting Office (Resigned in November 2018)
- 2018 Representative of ITO ACCOUNTING FIRM (to present)
- 2020 Director of the Company
- 2021 Director (Audit and Supervisory Committee Member) of the Company (to present)
- 2023 Director of nattoku Housing Co., Ltd. (Resigned from the position in March 2025)

9

Outside Director and Audit and Supervisory Committee member

Yuriko Sagara

- 2001 Registered as Attorney (Daini Tokyo Bar Association); Joined Nakamura & Partners
- 2005 Registered as Patent Attorney
- 2010 Registered as U.S. New York State Attorney
- 2013 Partner of Nakamura & Partners (to present)
- 2019 Director (Audit and Supervisory Committee Member) of TOKYO SEIMITSU CO., LTD. (to present)
- 2021 Director (Audit and Supervisory Committee Member) of the Company (to present)

10

Outside Director and Audit and Supervisory Committee member

Keiichi Miura

- 1980 Joined Onoda Cement Co., Ltd. (currently TAIHEIYO CEMENT CORPORATION)
- 2012 General Manager, Central Research Laboratory of TAIHEIYO CEMENT CORPORATION
- 2013 Executive Officer of TAIHEIYO CEMENT CORPORATION
- 2016 Managing Executive Officer of TAIHEIYO CEMENT CORPORATION
- 2016 Director and Managing Executive Officer of TAIHEIYO CEMENT CORPORATION
- 2019 Director and Senior Executive Officer of TAIHEIYO CEMENT CORPORATION
- 2020 Director of TAIHEIYO CEMENT CORPORATION (Resigned from the position in June 2020)
- 2020 Director of Tosoh Corporation (Resigned from the position in June 2023)
- 2021 Director (Audit and Supervisory Committee Member) of the Company (to present)

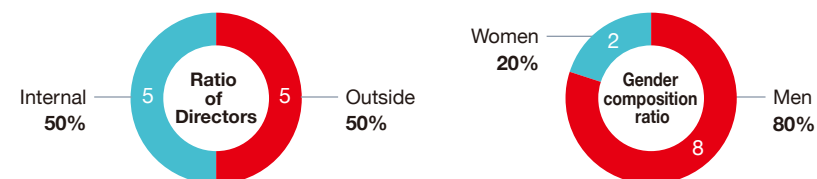
Skills Table

Name	Gender	Position	Years in current position	Attendance in FY2024	Expected Skills						
					Business management, business administration, DX	R&D, quality and production technologies	Sales and marketing, SCM	Overseas business, global	Legal and ESG, environment and safety	HR and labor	Finance and accounting
1 Takeo Miyaji	Men	Representative Director, Executive Chairman	14 years	Board of Directors: 17/17 meetings (100%)	●		●		●	●	●
2 Koji Sawamura	Men	Representative Director, President and CEO	2 years	Board of Directors: 17/17 meetings (100%)	●	●	●	●			
3 Manabu Saito	Men	Director and Executive Operating Officer	2 years	Board of Directors: 17/17 meetings (100%)	●		●		●	●	●
4 Kazuyoshi Yamauchi	Men	General Manager of Corporate Technical Division, Director and Executive Operating Officer	4 years	Board of Directors: 17/17 meetings (100%)	●	●		●	●		
Outside	5 Takashi Kamada	Men	Outside Director	newly appointed	–	●				●	●
	6 Izumi Hayashi	Women	Outside Director	4 years	Board of Directors: 17/17 meetings (100%)			●	●		
7 Masanobu Miyo	Men	Director and Audit and Supervisory Committee member	5 years	Board of Directors: 17/17 meetings (100%) Audit and Supervisory Committee: 16/16 meetings (100%)	●		●	●			
Outside	8 Kunimitsu Ito	Men	Outside Director and Audit and Supervisory Committee member	5 years	Board of Directors: 17/17 meetings (100%) Audit and Supervisory Committee: 16/16 meetings (100%)			●			●
	9 Yuriko Sagara	Women	Outside Director and Audit and Supervisory Committee member	4 years	Board of Directors: 17/17 meetings (100%) Audit and Supervisory Committee: 16/16 meetings (100%)			●	●		
	10 Keiichi Miura	Men	Outside Director and Audit and Supervisory Committee member	4 years	Board of Directors: 17/17 meetings (100%) Audit and Supervisory Committee: 16/16 meetings (100%)	●	●		●		

*The ● symbols indicate skills possessed by each director.

*The above table does not indicate all professional skills possessed by each individual.

*The number of years in current position indicates the terms of Directors as of the close of the 102nd Annual General Meeting of Shareholders.



Outside Directors

Name	Audit and Supervisory Committee Member	Independent Director/ Auditor	Reasons for election
Takashi Kamada		●	Mr. Takashi Kamada has abundant experience and advanced insight in the financial industry, a broad range of experience and knowledge as a multi-corporate manager. The Company expects him to fulfill the role of conducting appropriate oversight, etc. over business execution and providing advice to management on all aspects of the management from a fair and objective standpoint, based on his professional viewpoint, including his advanced knowledge on human resources, labor, finance and accounting, and corporate management.
Izumi Hayashi		●	As an attorney, Ms. Izumi Hayashi is well versed in corporate legal affairs and has advanced knowledge of intellectual property and corporate compliance. She fulfills her role as an Outside Director of the Company. She is also a member of the Nomination Committee and the Compensation Committee, attends meetings of the Sustainability Committee, and engages in the deliberations of these committees. Although she has never been involved in corporate management other than as an outside officer, for the above reasons, the Company expects that she can continue to play a role going forward in advising management and appropriately supervising business execution from her professional perspective, including her global view of legal and risk management.
Kunimitsu Ito	●	●	Mr. Kunimitsu Ito is a certified public accountant and tax accountant with deep insight on accounting and taxation. He is a member of the Nomination Committee and the Compensation Committee, attends meetings of the Sustainability Committee, and engages in the deliberations of these committees. Although he has never been involved in corporate management except as an outside officer, for the reasons above, the Company expects that he will be able to continue to fulfill the responsibilities of conducting appropriate auditing and oversight, etc. over business execution, based on his specialized knowledge.
Yuriko Sagara	●	●	Ms. Yuriko Sagara has a high level of expertise and global-based knowledge as an attorney. In addition, as a patent attorney, she has a deep level of insight on intellectual property. She is a member of the Nomination Committee and the Compensation Committee, attends meetings of the Sustainability Committee, and engages in the deliberations of these committees. Although she has never been involved in corporate management except as an outside officer, for the reasons above, the Company expects that she will be able to continue to fulfill the responsibilities of conducting appropriate auditing and oversight, etc. over business execution, based on her specialized knowledge.
Keiichi Miura	●	●	Mr. Keiichi Miura has been engaged in the management of TAIHEIYO CEMENT CORPORATION, and has abundant experience and advanced insight and capabilities regarding research planning, etc. He also has extensive experience and knowledge, having served in positions such as outside director in the chemicals industry. He is a member of the Nomination Committee and the Compensation Committee, attends meetings of the Sustainability Committee, and engages in the deliberations of these committees. For the reasons above, the Company expects that he will be able to continue to fulfill the responsibilities of conducting appropriate auditing and oversight, etc. over business execution, based on his abundant experience and knowledge of advanced technology as a corporate manager.

Analysis and evaluation of effectiveness of the Board as a whole

NOF analyzes and evaluates the effectiveness of the Board of Directors once a year, in principle. Since fiscal 2016, NOF has implemented an effectiveness evaluation every year. In fiscal 2024, the Company employed a questionnaire form crafted by an external institution, and implemented the Board of Directors effectiveness evaluation questionnaire by surveying all 10 Directors.

By combining a five-level rating scale and open-ended questions, the questionnaire aimed to understand current conditions and identify challenges from both aspects of quantitative and qualitative evaluation.

As the questionnaire was answered by sending responses directly to the external institution,

anonymity was ensured. The tallying and analysis of the questionnaire forms was also delegated to an external institution, for the purpose of securing objectivity and further increasing the effectiveness of the Board of Directors going forward. Based on the tallying and analysis of the results of the external institution, the Board of Directors conducted a deliberation and evaluation in April 2025.

Summary of results for fiscal 2024 effectiveness evaluation

The NOF Board of Directors ensures a suitable diversity of knowledge, experience, and abilities necessary in light of management strategies and provides appropriate opportunities to utilize the

experience and expertise of Outside Directors. It was confirmed that based on the Corporate Philosophy and values of the NOF Group, the Board of Directors is generally operating appropriately, with Directors freely and openly expressing their opinions while leveraging their careers and expertise, open and active discussions taking place as a Board of Directors, and ensuring of sufficient time for deliberation on important matters.

The Board of Directors earnestly discussed the issues identified in the fiscal 2023 effectiveness evaluation, such as cost of capital-conscious management and non-financial information including sustainability, engaged in dialogue with the executive side, and focused on improving the situation.

Points of improvement for the future

It was confirmed that the Board will continue to focus on realizing cost of capital-conscious management, while also considering and discussing measures to further enhance corporate value.

Question matters in the questionnaire (28 total questions)

- | | | |
|---|--|--------------------------------------|
| ● Roles and functions of the Board of Directors (5 questions) | ● Improvement of internal control (3 questions) | ● Degree of improvement (1 question) |
| ● Scale and composition of the Board of Directors (4 questions) | ● Use of Outside Directors (3 questions) | ● Open-ended section (3 questions) |
| ● Operation of the Board of Directors (6 questions) | ● Relationship with shareholders and investors (3 questions) | |

Overview of the policy on determining compensation

Compensation of directors, excluding those who serve as Audit and Supervisory Committee members, is set to reward performance and other achievements through an appropriate level of compensation while promoting sustainable growth and medium- to long-term enhancement of corporate value based on our Corporate Philosophy. Decisions on such compensation are made through a fair and transparent process. Compensation consists of monthly compensation, bonuses, and stock-based compensation. In order to maintain incentives, at least 40% of the compensation paid is set as performance-linked compensation (bonuses, ESG indicators-linked compensation, stock compensation). Furthermore, compensation for Outside Directors is limited to fixed compensation. In addition, the compensation system, compensation levels, individual compensation, and other such matters are deliberated by the Compensation Committee.

Standard composition of Directors' compensation, excluding Audit and Supervisory Committee members and Outside Directors

Monthly compensation*	Incentive compensation
60%	40%
	(Bonuses, stock-based compensation, ESG indicators-linked compensation)

* ESG indicator-linked compensation is included as part of incentive compensation.

Compensation system

Type	Deliberation and resolution method
Fixed compensation	Calculation methods, etc. of fixed compensation for Directors are deliberated by the Compensation Committee and resolved at the Board of Directors meeting. In addition, with regard to the determination of the specific details of the amount of fixed compensation for each individual director, excluding members of the Audit and Supervisory Committee, a resolution is passed by the Board of Directors after deliberation by the Compensation Committee.
Performance-linked compensation	Bonuses Calculation methods, etc. of bonuses for Directors (excluding Audit and Supervisory Committee members and Outside Directors) are deliberated by the Compensation Committee and resolved at the Board of Directors meeting. The calculation method of the said bonuses is based on consolidated operating income, an important indicator related to the Group's business performance evaluation. The base amount is multiplied by a designated coefficient determined for each Director position to calculate his or her bonus. The Compensation Committee verifies this calculation method and the amount paid in each term.
	ESG indicators-linked compensation At the Board of Directors meeting held on January 27, 2023, it was decided to use a calculation method utilizing the level of achievement of ESG indicators and other factors for a portion of the compensation (monthly compensation) for Directors (excluding Audit and Supervisory Committee members and Outside Directors). The method for calculating this compensation is based on ESG indicators related to the NOF Group's efforts to address sustainability challenges. It is calculated by multiplying a standard amount, which is set for each Director position, by an evaluation coefficient that reflects the degree of achievement. The Compensation Committee verifies this calculation method and the amount paid in each term.
	Stock compensation Based on the resolution of the 96th Annual General Meeting of Shareholders held on June 27, 2019, a new performance-linked stock compensation plan (Board Benefit Trust) was introduced. At the 98th Annual General Meeting of Shareholders held on June 29, 2021, NOF transitioned to being a company with an Audit and Supervisory Committee. In conjunction with this transition, the plan applies to Directors who concurrently serve as Operating Officers and Operating Officers with a title (excluding Outside Directors and Audit and Supervisory Committee members, hereinafter collectively "Directors, etc."). For each fiscal year, the Directors, etc. are awarded points, the number of which is to be decided taking into account their respective positions, achievement level of their performance, etc. based on the Officer Stock Distribution Rules. Each point awarded to the Directors, etc. is converted into one share of NOF's common stock at the time of the distribution of NOF's shares, etc. (In the event of a stock split, allotment of shares without contribution, or a consolidation of shares, the maximum number of points, the number of points already granted, and the conversion ratio will be reasonably adjusted in accordance with such ratio, etc.) The number of points held by a Director, etc., which will be used as the basis for the distribution of NOF's shares, etc., is, in principle, the number of points awarded to the said Director, etc. by the time of his/her retirement. The Officer Stock Distribution Rules, which determine the calculation method, etc., which considers such matters as the respective positions and achievement level of performance targets of the Directors, etc., are deliberated by the Compensation Committee and then resolved by the Board of Directors. <p>[Calculation methods of points awarded]</p> <p>The number of points awarded is calculated by multiplying the number of position-based points, decided for each position, by the performance evaluation coefficient, which is determined by the achievement level, etc. of consolidated operating income and ROE in the Mid-term Management Plan, important indices for the evaluation of the NOF Group's business performance.</p> <p>[(Formula) Number of position-based points × Performance evaluation coefficient]</p> <p>*Performance evaluation coefficient=(performance evaluation coefficient based on consolidated operating income × 50%) + (performance evaluation coefficient based on ROE × 50%)</p> <p>*Taking into account the achievement level of performance, the value of the performance evaluation coefficient varies between 0 and 1.5.</p> <p>[Distribution methods] Distribution takes place after the retirement of Directors, etc., and the Company's shares and cash, equivalent to the Defined Number of Points, are distributed (when distributed as survivor benefits, cash is distributed).</p> <p>[Achievement level of the targets for consolidated operating income and ROE during the fiscal year]</p> <p>The planned target for consolidated operating income in the 2025 Mid-term Management Plan is ¥46.0 billion (final year of the said plan). The actual result of consolidated operating income in the fiscal year under review was ¥45.3 billion, representing a 102.4% achievement level in the fiscal year, calculated according to the level of growth in the period of the 2025 Mid-term Management Plan. In addition, the ROE target for the final fiscal year of the 2025 Mid-term Management Plan is 12% or more, and the actual ROE for this fiscal year was 13.4%, representing a 111.9% achievement level of the target.</p>



Working Toward a Future Where Each Person's Actions Build Trust

Director and Executive Operating Officer; CCO **Manabu Saito**

Striving to Remain a Company Needed by Society

I would like to express my heartfelt gratitude for your continued support. I would also like to sincerely thank for reading our Integrated Report.

The society we live in faces challenges of unprecedented complexity, including pandemics, geopolitical risks, climate change, and rapid digitalization. Against this backdrop, the role corporations are expected to play is becoming increasingly important. Companies are now called upon to contribute to the realization of a sustainable future through activities that emphasize transparency, fairness, and social responsibility.

At the NOF Group, using the NOF Group Corporate Code of Ethics and the Compliance Manual as our foundation, we strive to ensure that each and every employee acts ethically in all aspects of their daily work. These efforts build trust

with all of you and reinforce our significance as a company needed by society in every era.

NOF's compliance initiatives

Compliance is not limited to obeying laws and regulations; it is the foundation for being a trusted company that acts in good faith. In recent years, initiatives in areas such as anti-bribery efforts, human rights due diligence, and harassment prevention have become the key to enhancing corporate credibility.

NOF has established its Anti-Bribery Policy and works to enforce it thoroughly across the entire Group, both in Japan and overseas.

With regard to respect for human rights, we have established an internal whistleblowing and consultation contact point in multiple languages, including not only Japanese but also English, Chinese, and more, in each country where we operate, creating an environment where employees can feel safe to speak up at any time.

In fiscal 2024, we received 19 reports through these contact points, nine of which concerned harassment. We responded to each report promptly and carefully, taking necessary corrective measures to improve the workplace and prevent recurrence

of issues. We believe that harassment prevention is not only a risk management measure, but also an important opportunity to create a workplace where every employee can work with peace of mind. In our awareness-raising activities through internal newsletters and other means, we have strived to help employees recognize that compliance is a familiar matter that personally concerns them. Through approachable explanatory articles using mascot characters as well as the introduction of concrete examples, we work to foster a culture in which all employees practice compliance with the aim of an “open workplace environment.”

Future prospects and our responsibility to society

By putting into practice our values of Challenge, Fairness, and Harmony, we aim to walk alongside all our stakeholders, strengthening our environmental conservation activities, contributions to local communities, and initiatives for respect for human rights as we continue working toward the realization of a sustainable society.

In addition, as the progress of digitalization brings increasing risks of information leaks and cyber security issues, we have strengthened our

information security policy initiatives, enforced strict security export controls of our products and technical information, and built a robust system that can comply with international regulations. Going forward, we will continue to value our relationship of trust with all of you as we strive for further sustainable growth.

Finally, the trust each of you places in us is the NOF Group's greatest asset. We sincerely ask for your continued warm support.



Compliance

Policy (our fundamental view)

The NOF Group has developed an internal control system for ensuring adherence to laws and regulations, the Articles of Incorporation, and various internal rules of the Company and appropriateness of business operations. Regarding observance of social norms and laws and regulations, the Company has formulated its NOF Basic CSR Policy as well as its

Basic CSR Policy

We will fulfill our corporate social responsibility and conduct sustainable business activities.

1. We will, each and all, act in accordance with the highest standards of corporate ethics.
2. We will respect human rights, and enable a diversity of personnel to demonstrate their abilities.
3. We will promote Responsible Care activities, based on the five kinds of safety.
4. We will consider the interests of all our stakeholders.
5. We will contribute to society in cooperation with local communities.

code of conduct known as the NOF Group Corporate Code of Ethics based on the Policy. The Compliance Committee is established to ensure thorough adherence to the Policy and Code. The planning of various compliance-related measures and the status of their operation are reported as appropriate to the Board of Directors for management and supervision.

Anti-Bribery Policy

In today's society, preventing corruption related to business activities is recognized as one of the major issues for companies. NOF set forth the NOF Group Anti-Bribery Policy and announced it in the name of the President. We have also worked to instill it at the Group companies in each country. We will ensure adherence to anti-bribery and corruption regulations in each country and region that have become increasingly strict in recent years.

As a result of these activities, there have been no

cases of bribery offenses.

Prevention of unfair competition

NOF prohibits acts of unfair competition such as improper acquisition of trade secrets, actions that could lead to factual errors, and infringement of intellectual property rights, and ensures compliance with the Unfair Competition Prevention Act by providing detailed information in the Compliance Manual and making it thoroughly known.

As a result of these activities, there have been no cases of violations of the Unfair Competition Prevention Act.

Organizational setup

Regular meetings of the Compliance Committee are held two times every year. The Committee also meets as required when a compliance issue arises, identifies issues, and devises and follows up on countermeasures. The results are reported to the Board of

Directors and deliberated as necessary.

Operations and management

Compliance manual

In order to instill a sense of compliance in its executives and employees, the NOF Group has prepared a Compliance Manual, which explains compliance matters of the NOF Group Corporate Code of Ethics in detail and in easily understood terms. The universal Global Compliance Manual has been published in eleven different languages.

Country-specific compliance manuals

The NOF Group is preparing country-specific compliance manuals based on the legal systems of each country. Following the publication of versions for the U.S.A., China, Indonesia, France, Germany, Belgium, Italy, South Korea, and Brazil where the Group has a large number of employees, the manuals are being utilized in Group companies.

Compliance-related lecture

The NOF Group regularly holds compliance-related lecture sessions for employees. In fiscal 2024, we continued compliance lecture for new employees and hires with experience, ensured awareness of precautions related to the Subcontract Act, and provided education on the Subcontract Act to procurement

personnel at affiliate companies. We also conducted a practical lecture program for managers titled “Lecture on Strengthening Workplace Response Capabilities to Harassment,” focusing on initial response to internal reports, managers’ mindset, and preventing secondary harm to victims during investigations.

Obtaining information on the enactment and revision of laws and regulations

We have obtained information on the enactment and revision of laws and regulations by utilizing various sources on a continual basis while taking appropriate actions. In order to reduce risk of overlooking information on the enactment and revision of laws and regulations, the whole Group has introduced a system that enables us to automatically receive information on the enactment and revision of laws and regulations by email.

Raising awareness by internal magazine

NOF uses its quarterly in-house newsletters to help raise employees’ awareness of compliance. NOF continues activities to raise awareness through relatable articles using cartoon characters.



Whistleblowing system

Consultation desks in Japanese, English, Chinese (Simplified Chinese), Korean, Indonesian, and Portuguese have been set up at external third-party institutions as contact points for whistleblowing / consultation in overseas countries where NOF’s business bases are located. Employees can contact the desks if they become aware of a violation or potential violation of compliance rules. Persons who report or consult on a violation or potential violation of compliance rules will not be treated disadvantageously because of the report or consultation, and the report or consultation will be handled with confidentiality. This system and contact points are communicated to executives and employees of the Group companies worldwide on a regular basis.

In fiscal 2024, there were 19 whistleblower cases, an increase from the previous fiscal year, and the share of harassment cases remained high as in the past. In addition, we carefully investigated the facts of any report promptly and without searching for the whistleblower, and took necessary corrective actions and measures to prevent recurrence. As a result of these activities, there have been no cases of violations of laws and regulations. We will continue to create a better environment by understanding the purpose of the whistleblowing system and by appropriately operating the system to respond to misconduct, corruption prevention, human rights violations, harassment, etc. in a timely manner before they become serious incidents.

Risk Management

Policy (our fundamental view)

Recognizing the various risks surrounding the NOF Group, we promote risk management initiatives with the aim of preventing the occurrence of loss risks and minimizing their impact when they do occur, thereby contributing to the achievement of management strategy targets.

1. The NOF Group comprehensively identifies various management risks surrounding its business, and conducts risk assessment based on the impact and frequency of each factor in order to identify risks that need to be addressed as a priority.
2. According to the characteristics of the identified risks, We work to minimize the impact on management by taking appropriate measures to reduce the impact of risks that have materialized, as well as measures to reduce the probability of occurrence.
3. We work to objectively verify the effectiveness of risk countermeasures by periodically conducting risk assessments, while working to recognize and evaluate new risks.
4. Under the leadership of the Risk Management Committee, we promote the risk management of the NOF Group by implementing the above risk management cycle.

Organizational setup

The Risk Management Committee, the Compliance Committee, the RC Committee, and the Quality Control Committee analyze management risks, consider countermeasures, and report to the Board of Directors.

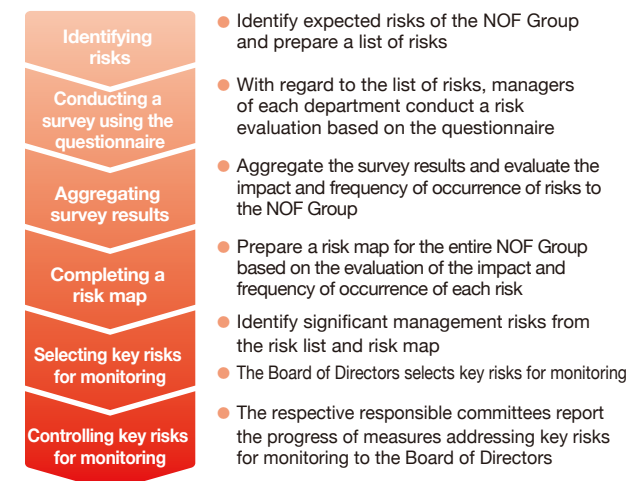
The Board of Directors receives reports and deliberates as necessary on various business risks, including those related to compliance, information management, and environment and safety, as well as confirmation and evaluation of the comprehensiveness of risks. We manage and monitor Group companies in accordance with the rules on the management of Group companies, and offer advice, as necessary; while any important matters that are deemed to materially impact our subsidiaries' assets or profit and loss are approved by the NOF Board of Directors or the Executive Committee.

Risk assessment process

The Risk Management Committee takes the lead in preparing a list of risks in consideration of the business characteristics of each department and the environment surrounding the business, including global political, economic, and social conditions. Based on this list of risks, a questionnaire is sent to each NOF site and Group company to estimate the

impact and frequency of each risk. Using the results of this questionnaire, the general managers of each division carry out risk evaluations. Based on the results, the Risk Management Committee identifies the risks whose response status should be recognized for management and consults with the Board of Directors to select the key risks for monitoring.

Flow of risk assessment



Overview and status of countermeasures of key risks for monitoring

Key risks for monitoring	Risk description	Ongoing countermeasures
Harassment / human rights abuses	Possible decline in trust in the Company due to human rights abuse, such as abuse of authority and sexual harassment at workplaces	<ul style="list-style-type: none"> Revise the NOF Group Corporate Code of Ethics and the Compliance Manual Establish a consultation service with male and female employees as well as a contact point with attorneys Implement a company-wide employee engagement survey and feed back results to employees
Cyberattacks and information system failures	Possible information leaks and interruption of business activities, due to illicit access from outside such as cyberattacks and information system failures	<ul style="list-style-type: none"> Establish the information security management rules and appoint a person responsible for information security management, etc. Develop a defense system against illicit access and implement safety measures at appropriate, rational levels Raise the overall level of security measures at each company and promote stronger incident response capabilities
Inadequate governance of overseas bases	Possible decline in trust in the Company due to fraud, such as violations of laws and regulations, as a result of inadequate governance at overseas bases	<ul style="list-style-type: none"> Develop a system for ensuring the appropriateness of business operations Request a regular report on the state of business execution and financial conditions, etc.; conduct business audits Strengthen communication through regular meetings with the NOF Head Office
Quality control	Possible decline in trust in the Company due to quality fraud, falsification of quality inspection results, and other situations Risk of a significant increase in workload due to rising customer quality demands	<ul style="list-style-type: none"> Ensure strict management of data related to quality control Raise awareness and train employees Conduct regular management audits

Overview of major risks and status of countermeasures

Major risk	Risk description	Ongoing countermeasures
Technology leaks	Possible decline in the NOF Group's competitiveness, due to leakages of technology and technical information, which allows similar products/technologies to be provided by competitors	<ul style="list-style-type: none"> Establish rules for trade secrets Develop a management system for trade secrets Strengthen information security training for employees
Raw material procurement	Risk of social credibility falling due to human rights violations such as forced labor and child labor, or procurement of raw materials suspected to damage the environment	<ul style="list-style-type: none"> Statement of compliance with the CSR Procurement Policy and CSR Procurement Guidelines in sales contracts Ongoing supplier surveys through various questionnaires
Occupational accidents and incidents	Possible casualties among employees and neighborhood residents, possible suspension of business activities, and possible compensation for damages as a result of large-scale fires and explosion accidents at plants	<ul style="list-style-type: none"> Continuously improve health and safety levels through Responsible Care activities Strengthen the system for conducting safety assessments at the time of new construction Formulate emergency response manuals and implement trainings Implement joint disaster prevention drills and dialogue activities with local municipalities
Intellectual property infringement, etc.	Possible compensation for damages and possible orders to suspend manufacturing and shipment, due to infringements of intellectual property rights	<ul style="list-style-type: none"> Develop a check system for intellectual property management and patent infringement Educate employees on intellectual property including patents and trademarks
Violations of laws and regulations	Possible suspension of business activities and possible payments of surcharge, etc. following administrative dispositions taken in response to violations of laws and regulations, such as the Unfair Competition Prevention Act, Antimonopoly Act, Subcontract Act, Foreign Exchange and Foreign Trade Act, Chemical Substances Control Law, and Pharmaceutical and Medical Device Act	<ul style="list-style-type: none"> Prepare a Global Compliance Manual and country-specific compliance manuals based on the legal systems of each country Establish compliance lecture and contact points for whistleblowing/consultation Establish a system for disseminating information on revisions to laws and regulations
Earthquakes, tsunami, infectious diseases	Possible interruption of production activities or business activities, including sales and distribution, due to earthquakes, tsunami, or other natural disasters	<ul style="list-style-type: none"> Formulate a business continuity plan (BCP) Conduct BCP training and internal audits Implement flood countermeasures for critical facilities
Delays in fostering human resources	Possible stall in development of core human resources who will be responsible for business growth, due to a delay in implementing the human resource development plan	<ul style="list-style-type: none"> Build a system for deliberation and evaluation of company-wide human resources development policy plans Build a system to oversee progress and results related to human resources development
Inadequate disclosure of non-financial information	Possible loss of trust from stakeholders due to uncertainty about economic and environmental impact as well as social reputation	<ul style="list-style-type: none"> Preparation of a roadmap for statutory disclosure Introduction of a system to optimize the collection and aggregation of sustainability information





NOF's Data

120 Financial Highlights

121 Non-financial Highlights

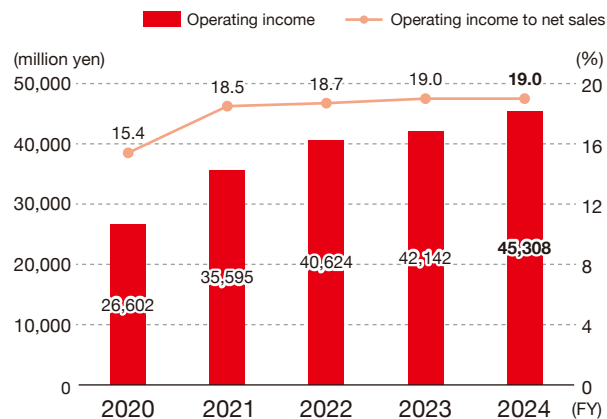
122 Financial Information

128 Environmental Performance Data

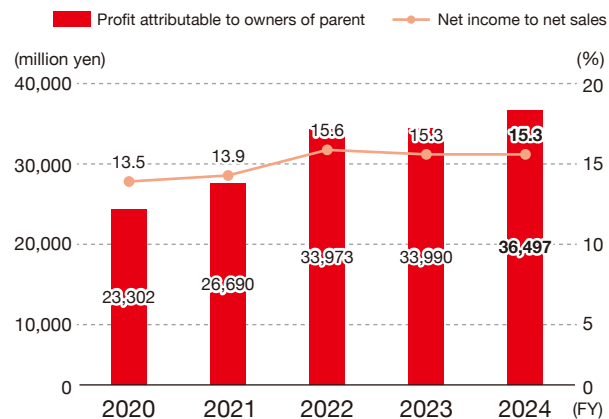
**131 Corporate Information / Stock Information /
Information Provision Tools**

Financial Highlights

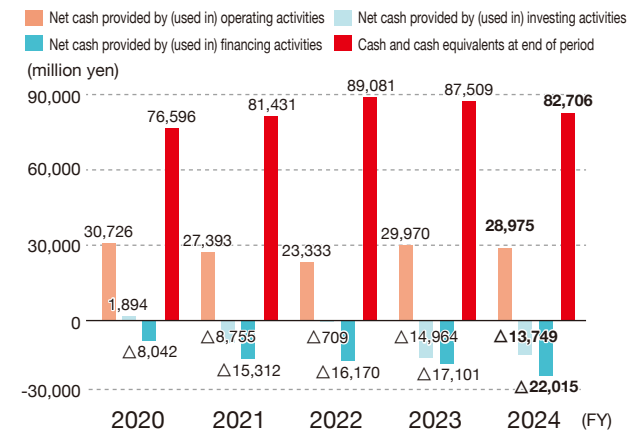
Operating income/Operating income to net sales



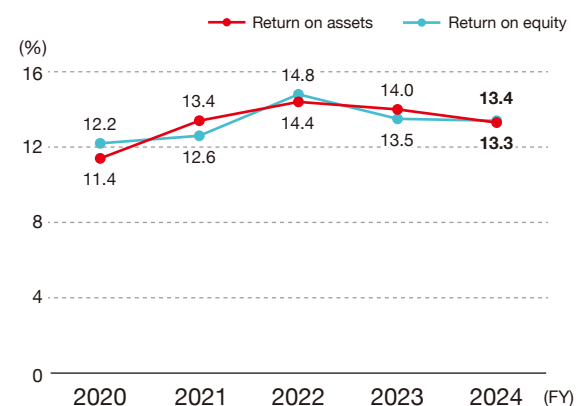
Net income attributable to owners of parent/Net income to net sales



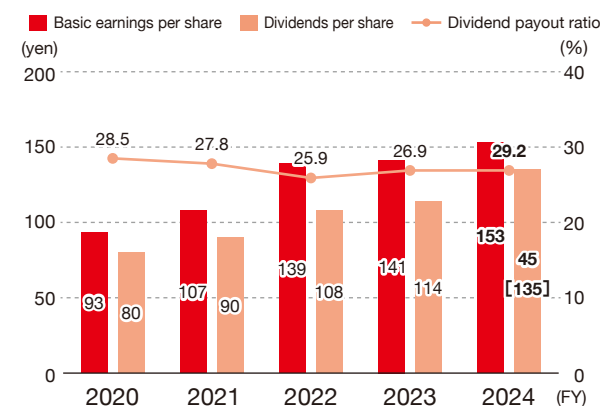
Cash flow



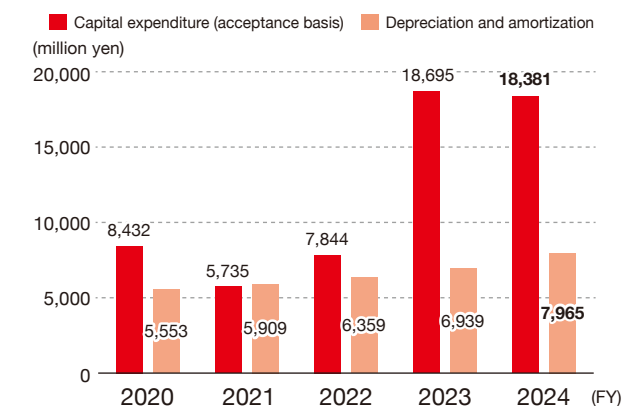
Return on assets (ROA) / Return on equity (ROE)



Basic earnings per share* / Dividend* / Dividend payout ratio



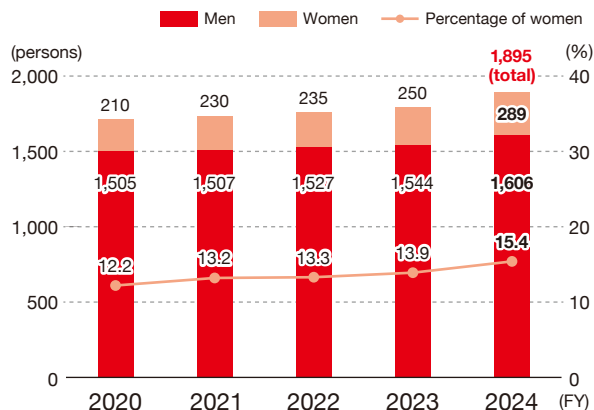
Capital expenditure / depreciation



*NOF conducted a split of common stock at the ratio of one share to three shares effective April 1, 2024. Basic earnings per share are calculated based on the assumption that the split was implemented at the beginning of fiscal 2020. In addition, the figures shown in brackets for FY2024 represent pre-split equivalents, and the graphs are also prepared based on pre-split equivalents.

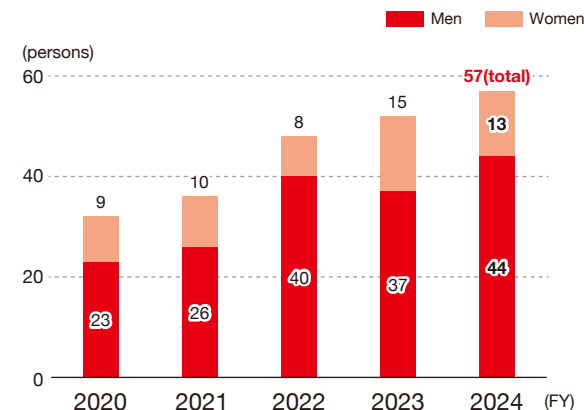
Non-financial Highlights

Number of employees / Percentage of women NOF

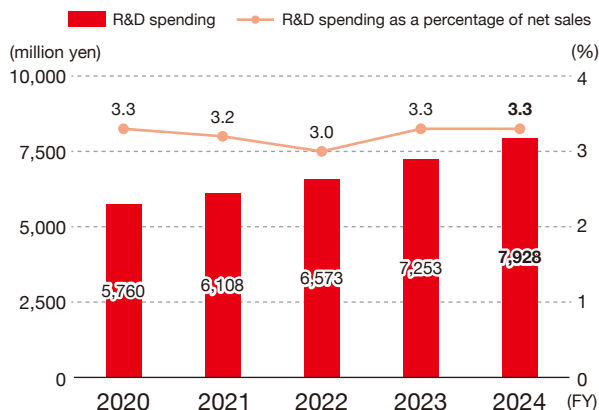


*The above graph is based on the number of employees (excluding those seconded from the Company to external organizations and including those seconded to the Company from external organizations).

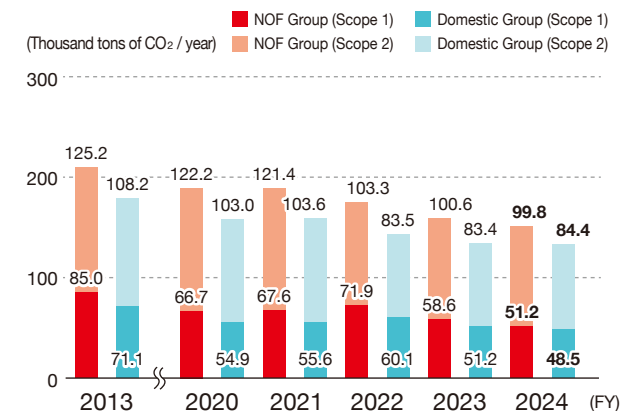
Number of employees utilizing childcare leave NOF



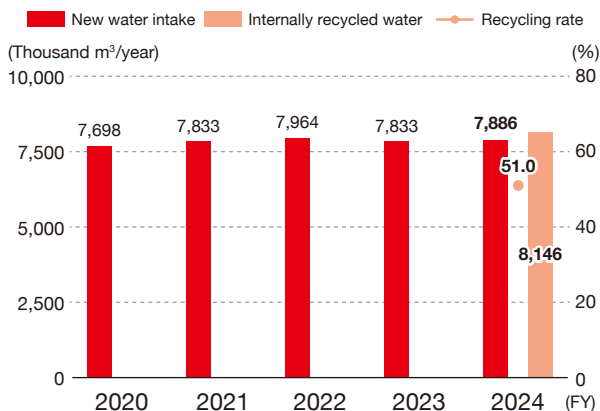
R&D spending / R&D spending as a percentage of net sales NOF Group



Changes in GHG emissions (reference year: FY2013)

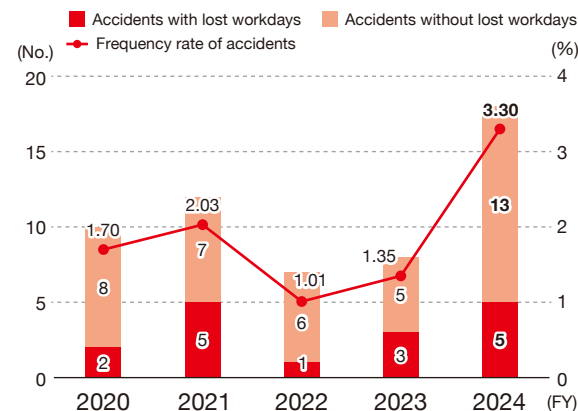


New water intake / Internally recycled water* / Recycling rate* NOF Group



*Data collection began in FY2024.

Changes in number of labor accidents and frequency rates NOF Group



Financial Information | Consolidated Business Performance Indicators

(Unit: Millions of yen)

	93rd fiscal year (ended March 2016)	94th fiscal year (ended March 2017)	95th fiscal year (ended March 2018)	96th fiscal year (ended March 2019)	97th fiscal year (ended March 2020)	98th fiscal year (ended March 2021)	99th fiscal year (ended March 2022)	100th fiscal year (ended March 2023)	101st fiscal year (ended March 2024)	102nd fiscal year (ended March 2025)
Net sales	170,460	174,057	179,935	189,152	180,917	172,645	192,642	217,709	222,252	238,310
Ordinary income	20,161	25,001	27,430	30,099	28,830	28,870	37,624	43,183	45,577	46,572
Profit attributable to owners of parent	13,589	17,586	19,913	22,034	21,140	23,302	26,690	33,973	33,990	36,497
Comprehensive income	10,193	24,126	25,364	19,226	11,810	31,606	28,922	33,389	42,600	35,333
Net assets	135,636	152,564	169,572	178,285	178,716	203,516	221,706	240,002	265,907	279,550
Total assets	196,293	217,127	235,874	244,533	235,248	271,536	289,630	309,438	341,449	357,196
Net assets per share (yen)	761.25	1,753.44	1,980.14	2,108.77	2,140.98	2,448.60	2,690.65	2,960.56	1,109.01	1,192.67
Basic earnings per share (yen)	76.41	202.27	230.96	259.29	251.72	280.49	323.77	417.02	141.47	153.88
Diluted earnings per share (yen)	—	—	—	—	—	—	—	—	—	—
Equity-to-asset ratio (%)	68.69	69.90	71.56	72.59	75.64	74.68	76.28	77.29	77.61	77.98
Rate of return on equity (%)	10.24	12.27	12.42	12.73	11.90	12.24	12.60	14.77	13.48	13.43
Price-earnings ratio (times)	10.44	11.69	13.62	14.54	13.63	20.64	15.50	14.80	14.77	13.13
Net cash provided by (used in) operating activities	16,906	24,024	20,211	19,864	27,837	30,726	27,393	23,333	29,970	28,975
Net cash provided by (used in) investing activities	(5,408)	(5,831)	(4,881)	(5,540)	(4,838)	1,894	(8,755)	(709)	(14,964)	(13,749)
Net cash provided by (used in) financing activities	(6,478)	(7,512)	(8,490)	(10,814)	(11,287)	(8,042)	(15,312)	(16,170)	(17,101)	(22,015)
Cash and cash equivalents at end of period	18,930	29,215	36,465	39,357	50,684	76,596	81,431	89,081	87,509	82,706
Number of employees	3,779	3,712	3,721	3,725	3,718	3,755	3,787	3,818	3,879	3,997

*Diluted earnings per share figures have been omitted because there were no potentially dilutive common shares.

*The Company conducted a consolidation of common stock at the ratio of 2 shares to 1 share effective October 1, 2017. Net assets per share and basic earnings per share are calculated based on the assumption that the consolidation was implemented at the beginning of the 94th fiscal year.

*The Company has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the 96th fiscal year. Figures regarding the business performance indicators for the 95th fiscal year have been adjusted based on the retrospective adoption of the above standards.

*The Company introduced the Board Benefit Trust (BBT) in the 97th fiscal year. The Company's shares held by the BBT are included in treasury shares in the consolidated financial statements. Accordingly, in the calculation of the net assets per share, the NOF shares held by the BBT are included in the treasury shares deducted from the total number of shares issued at the end of the fiscal year. In addition, in the calculation of the basic earnings per share, the NOF shares held by the BBT are included in the treasury shares deducted in the calculation of the average number of common shares during the fiscal year.

*The Company adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the 99th fiscal year.

*The Company conducted a split of common stock at the ratio of 1 share to 3 shares effective April 1, 2024. Net assets per share and basic earnings per share are calculated based on the assumption that the stock split was implemented at the beginning of the 101st fiscal year.

Financial Information | Consolidated Balance Sheet

(Unit: Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Assets		
Current assets		
Cash and deposits	91,744	87,064
Notes and accounts receivable - trade, and contract assets	54,603	59,238
Electronically recorded monetary claims - operating	3,560	3,561
Merchandise and finished goods	27,548	28,419
Work in process	4,805	6,722
Raw materials and supplies	18,653	22,185
Other	4,143	4,992
Allowance for doubtful accounts	(195)	(206)
Total current assets	204,863	211,978

(Unit: Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Non-current assets		
Property, plant, and equipment		
Buildings and structures	80,434	85,849
Accumulated depreciation	(55,644)	(57,365)
Buildings and structures, net	24,789	28,483
Machinery, equipment, and vehicles	111,310	116,620
Accumulated depreciation	(96,187)	(99,468)
Machinery, equipment, and vehicles, net	15,123	17,151
Land	20,393	20,343
Leased assets	544	573
Accumulated depreciation	(421)	(495)
Leased assets, net	123	77
Construction in progress	11,325	15,854
Other	18,178	18,856
Accumulated depreciation	(15,238)	(15,698)
Other, net	2,940	3,157
Total property, plant and equipment	74,695	85,069
Intangible assets		
Other	2,166	1,950
Total intangible assets	2,166	1,950
Investments and other assets		
Investment securities	51,192	41,864
Long-term loans receivable	7	8
Deferred tax assets	1,144	1,212
Retirement benefit asset	5,777	9,557
Other	1,661	5,707
Allowance for doubtful accounts	(60)	(151)
Total investments and other assets	59,723	58,198
Total non-current assets	136,585	145,218
Total assets	341,449	357,196

Financial Information | Consolidated Balance Sheet

(Unit: Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Liabilities		
Current liabilities		
Notes and accounts payable - trade	21,741	22,305
Electronically recorded obligations - operating	1,373	1,580
Short-term borrowings	1,607	1,490
Current portion of long-term borrowings	—	816
Lease liabilities	253	254
Accrued expenses	1,753	1,904
Income taxes payable	7,339	7,682
Deposits received	4,316	4,328
Provision for bonuses	3,655	3,915
Asset retirement obligations	534	174
Other	11,553	13,871
Total current liabilities	54,129	58,325
Non-current liabilities		
Long-term borrowings	2,775	2,008
Lease liabilities	530	473
Deferred tax liabilities	12,927	11,561
Provision for officers' retirement benefits	13	8
Retirement benefit liability	4,942	4,976
Asset retirement obligations	23	22
Other	198	269
Total non-current liabilities	21,412	19,321
Total liabilities	75,541	77,646

(Unit: Millions of yen)

	Fiscal year ended March 31, 2024	Fiscal year ended March 31, 2025
Net assets		
Shareholders' equity		
Share capital	17,742	17,742
Capital surplus	15,052	15,058
Retained earnings	206,309	220,195
Treasury shares	(7,209)	(6,271)
Total shareholders' equity	231,894	246,724
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26,685	21,072
Foreign currency translation adjustment	4,429	6,437
Remeasurements of defined benefit plans	1,993	4,294
Total accumulated other comprehensive income	33,108	31,803
Non-controlling interests	904	1,022
Total net assets	265,907	279,550
Total liabilities and net assets	341,449	357,196

Financial Information | Consolidated Statement of Income / Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Unit: Millions of yen)

	Previous fiscal year (April 1, 2023 to March 31, 2024)	Current fiscal year (April 1, 2024 to March 31, 2025)
Net sales	222,252	238,310
Cost of sales	142,762	153,156
Gross profit	79,490	85,153
Selling, general and administrative expenses	37,348	39,845
Operating income	42,142	45,308
Non-operating income		
Interest income	358	500
Dividend income	1,149	1,193
Rental income from real estate	272	272
Foreign exchange gains	1,532	—
Other	705	460
Total non-operating income	4,018	2,426
Non-operating expenses		
Interest expenses	129	137
Expenses for conditional assignment	30	49
Rental expenses on real estate	83	85
Expenses for disposal of fixed assets	177	239
Foreign exchange losses	—	319
Other	162	331
Total non-operating expenses	582	1,162
Ordinary income	45,577	46,572
Extraordinary income		
Gain on sale of non-current assets	1	447
Gain on receipt of donated non-current assets	411	—
Gain on sale of investment securities	2,612	3,670
Compensation received	—	220
Other	—	1
Total extraordinary income	3,025	4,340

*The NOF Group has recorded impairment losses on the following assets:

[Previous fiscal year] Taketoyo Town, Chita District, Aichi Prefecture / Purpose: Production facilities, etc. (machinery, etc.)

Consolidated Statement of Income (Continued)

(Unit: Millions of yen)

	Previous fiscal year (April 1, 2023 to March 31, 2024)	Current fiscal year (April 1, 2024 to March 31, 2025)
Extraordinary losses		
Loss on sale of non-current assets	—	1
Impairment losses	55*	—
Loss on retirement of non-current assets	71	109
Loss on reduction of non-current assets	—	1
Loss on sale of investment securities	7	—
Loss on valuation of investment securities	—	20
Other	—	1
Total extraordinary losses	134	133
Profit before income taxes	48,468	50,778
Income taxes - current	14,561	14,680
Income taxes - deferred	(153)	(506)
Total income taxes	14,407	14,173
Profit	34,061	36,605
Profit attributable to non-controlling interests	70	107
Profit attributable to owners of parent	33,990	36,497

Consolidated Statement of Comprehensive Income (Unit: Millions of yen)

	Previous fiscal year (April 1, 2023 to March 31, 2024)	Current fiscal year (April 1, 2024 to March 31, 2025)
Profit	34,061	36,605
Other comprehensive income		
Valuation difference on available-for-sale securities	4,965	(5,613)
Foreign currency translation adjustment	1,761	2,040
Remeasurements of defined benefit plans, net of tax	1,811	2,301
Total other comprehensive income	8,539	(1,271)
Comprehensive income	42,600	35,333
(Breakdown)		
Comprehensive income attributable to owners of parent	42,510	35,192
Comprehensive income attributable to non-controlling interests	90	140

Financial Information | Consolidated Statement of Changes in Net Assets

(Unit: Millions of yen)

Previous fiscal year (April 1, 2023 to March 31, 2024)	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	17,742	15,052	192,092	(10,299)	214,588	21,725	2,683	180	24,588	825	240,002
Changes during period											
Dividends of surplus			(9,192)		(9,192)						(9,192)
Profit attributable to owners of parent			33,990		33,990						33,990
Purchase of treasury shares				(7,523)	(7,523)						(7,523)
Disposal of treasury shares				32	32						32
Cancellation of treasury shares		(10,581)		10,581	—						—
Transfer of loss on disposal of treasury shares		10,581	(10,581)		—						—
Remeasurements for reserves due to tax rate change					—						—
Change in ownership interest of parent due to transactions with non-controlling interests		0			0						0
Net changes in items other than shareholders' equity						4,960	1,746	1,812	8,519	78	8,597
Total changes during period	—	(0)	14,217	3,089	17,306	4,960	1,746	1,812	8,519	78	25,904
Balance at end of period	17,742	15,052	206,309	(7,209)	231,894	26,685	4,429	1,993	33,108	904	265,907

(Unit: Millions of yen)

Current fiscal year (April 1, 2024 to March 31, 2025)	Shareholders' equity					Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	17,742	15,052	206,309	(7,209)	231,894	26,685	4,429	1,993	33,108	904	265,907
Changes during period											
Dividends of surplus			(9,622)		(9,622)						(9,622)
Profit attributable to owners of parent			36,497		36,497						36,497
Purchase of treasury shares				(12,007)	(12,007)						(12,007)
Disposal of treasury shares					—						—
Cancellation of treasury shares		(12,945)		12,945	—						—
Transfer of loss on disposal of treasury shares		12,945	(12,945)		—						—
Remeasurements for reserves due to tax rate change			(44)		(44)						(44)
Change in ownership interest of parent due to transactions with non-controlling interests		5			5						5
Net changes in items other than shareholders' equity						(5,613)	2,008	2,300	(1,305)	118	(1,186)
Total changes during period	—	5	13,885	938	14,829	(5,613)	2,008	2,300	(1,305)	118	13,642
Balance at end of period	17,742	15,058	220,195	(6,271)	246,724	21,072	6,437	4,294	31,803	1,022	279,550

Financial Information | Consolidated Statement of Cash Flows

(Unit: Millions of yen)

	Previous fiscal year (April 1, 2023 to March 31, 2024)	Current fiscal year (April 1, 2024 to March 31, 2025)
Net cash provided by (used in) operating activities		
Profit before income taxes	48,468	50,778
Depreciation and amortization	6,939	7,965
Impairment losses	55	—
Increase (decrease) in retirement benefit liability	7	(102)
Interest and dividend income	(1,508)	(1,693)
Interest expenses	129	137
Loss (gain) on sale of non-current assets	(1)	(446)
Gain on receipt of donated non-current assets	(411)	—
Loss (gain) on sale of investment securities	(2,605)	(3,670)
Compensation received	—	(220)
Decrease (increase) in trade receivables	(8,413)	(4,168)
Decrease (increase) in inventories	(892)	(5,982)
Increase (decrease) in trade payables	2,518	(232)
Other	26	(532)
Subtotal	44,313	41,831
Interest and dividends received	1,500	1,681
Interest paid	(129)	(137)
Income taxes paid	(15,715)	(14,620)
Compensation received	—	220
Net cash provided by (used in) operating activities	29,970	28,975

(Unit: Millions of yen)

	Previous fiscal year (April 1, 2023 to March 31, 2024)	Current fiscal year (April 1, 2024 to March 31, 2025)
Net cash provided by (used in) investing activities		
Purchase of investment securities	(257)	(2)
Proceeds from sale of investment securities	3,572	5,205
Purchase of property, plant and equipment and intangible assets	(17,748)	(16,336)
Proceeds from sale of property, plant and equipment and intangible assets	1	554
Net decrease (increase) in short-term loans receivable	(43)	163
Long-term loan advances	(11)	(9)
Proceeds from collection of long-term loans receivable	8	8
Payment for capital contribution to affiliated companies	—	(3,063)
Other	(485)	(269)
Net cash provided by (used in) investing activities	(14,964)	(13,749)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	(562)	(212)
Proceeds from long-term borrowings	431	—
Repayments of long-term borrowings	(150)	—
Proceeds from sale of treasury shares	8	—
Purchase of treasury shares	(7,523)	(12,007)
Purchase of treasury shares of subsidiaries	(2)	(5)
Repayments of finance lease liabilities	(132)	(186)
Dividends paid	(9,160)	(9,593)
Dividends paid to non-controlling interests	(9)	(11)
Net cash provided by (used in) financing activities	(17,101)	(22,015)
Effect of exchange rate change on cash and cash equivalents	524	1,987
Net increase (decrease) in cash and cash equivalents	(1,571)	(4,802)
Cash and cash equivalents at beginning of period	89,081	87,509
Cash and cash equivalents at end of period	87,509	82,706

Environmental Performance Data

Changes

NOF Group

Item	Unit	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Production volume	[thousand tons]	242	245	266	267	259	229	249	226	209	210
Total energy input	[thousand GJ]	3,444	3,431	3,464	3,477	3,330	3,247	3,377	3,112	2,909	2,903
Renewable energy input*	[thousand GJ]	—	—	—	—	—	—	—	—	640	390
Non-renewable energy input*	[thousand GJ]	—	—	—	—	—	—	—	—	2,269	2,513
Total substance input	[thousand tons]	263	267	280	273	253	231	261	236	248	226
Water resource input	[thousand m ³]	7,385	7,621	7,475	7,476	7,627	7,699	7,834	7,964	7,833	7,886
Greenhouse gas emissions	[thousand tons of CO ₂]	195	202	207	205	196	187	189	175	159	151
SOx emissions	[tons]	8	9	7	7	6	4	5	7	8	5
NOx emissions	[tons]	62	93	65	64	55	57	55	55	58	46
Soot and dust emissions	[tons]	3	5	4	5	5	8	4	5	3	4
VOC emissions	[tons]	—	—	—	—	—	—	—	—	—	190
Emissions of hazardous air pollutants	[tons]	—	—	—	—	—	—	—	—	—	89
BOD emissions	[tons]	105	79	160	69	74	104	93	67	74	58
COD emissions	[tons]	318	225	314	302	441	219	154	148	171	153
Suspended solid emissions	[tons]	41	39	32	50	37	40	36	25	58	43
Waste quantity from plants	[tons]	24,719	25,567	27,947	30,161	28,446	28,955	29,164	25,157	22,542	24,298
Internally recycled quantity	[tons]	3,929	1,177	1,190	955	1,182	1,165	953	914	976	840
Externally recycled amount	[tons]	14,704	17,055	17,645	19,253	16,426	17,808	17,687	16,547	14,444	15,555
Final disposal quantity by landfill	[tons]	1,260	1,333	1,168	1,046	1,302	1,588	950	1,092	617	1,058
Hazardous waste volume	[tons]	—	—	—	—	—	—	—	—	—	23
Emissions of PRTR Act-controlled substances	[tons]	187	170	167	177	158	147	155	143	167	135

*Data collection began in FY2023.

Environmental Performance Data

Domestic Group

Item	Unit	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Production volume	[thousand tons]	217	219	231	232	225	194	210	188	179	181
Total energy input	[thousand GJ]	3,016	3,018	2,987	3,004	2,917	2,810	2,892	2,699	2,570	2,543
Renewable energy input*	[thousand GJ]	—	—	—	—	—	—	—	—	339	328
Non-renewable energy input*	[thousand GJ]	—	—	—	—	—	—	—	—	2,231	2,215
Total substance input	[thousand tons]	263	267	280	273	253	231	261	236	217	196
Water resource input	[thousand m³]	5,787	5,941	5,718	5,767	5,771	5,815	5,862	6,001	5,959	5,892
Greenhouse gas emissions	[thousand tons of CO₂]	182	181	173	172	169	158	159	144	135	133
SOx emissions	[tons]	7	9	6	6	5	3	3	4	6	3
NOx emissions	[tons]	60	90	62	60	52	53	50	51	54	41
Soot and dust emissions	[tons]	3	4	3	2	1	2	1	1	1	1
VOC emissions	[tons]	—	—	—	—	—	—	—	—	—	190
Emissions of hazardous air pollutants	[tons]	—	—	—	—	—	—	—	—	—	89
BOD emissions	[tons]	39	28	40	43	33	38	52	39	36	25
COD emissions	[tons]	78	68	73	66	60	60	68	44	52	55
Suspended solid emissions	[tons]	41	39	32	50	37	40	36	25	42	31
Waste quantity from plants	[tons]	20,508	21,351	23,466	25,976	23,662	24,176	23,796	21,270	19,300	20,979
Internally recycled quantity	[tons]	3,929	1,177	1,190	955	1,182	1,165	953	914	976	840
Externally recycled amount	[tons]	14,576	16,696	17,267	18,676	16,002	17,320	17,138	15,916	13,679	14,605
Final disposal quantity by landfill	[tons]	111	157	117	95	81	681	135	61	69	72
Hazardous waste volume	[tons]	—	—	—	—	—	—	—	—	—	23
Emissions of PRTR Act-controlled substances	[tons]	187	170	167	177	158	147	155	143	167	135

*Data collection began in FY2023.

Environmental Performance Data

NOF

Item	Unit	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Production volume	[thousand tons]	198	200	211	211	205	178	191	170	162	164
Total energy input	[thousand GJ]	2,753	2,739	2,728	2,753	2,673	2,572	2,658	2,471	2,358	2,315
Renewable energy input*	[thousand GJ]	—	—	—	—	—	—	—	—	327	312
Non-renewable energy input*	[thousand GJ]	—	—	—	—	—	—	—	—	2,031	2,003
Total substance input	[thousand tons]	243	248	259	253	233	214	244	218	202	181
Water resource input	[thousand m ³]	5,236	5,348	5,223	5,258	5,227	5,254	5,303	5,473	5,463	5,350
Greenhouse gas emissions	[thousand tons of CO ₂]	166	164	158	157	155	145	146	131	123	120
SOx emissions	[tons]	3	4	3	3	3	1	2	3	5	2
NOx emissions	[tons]	58	88	59	58	50	51	48	49	53	41
Soot and dust emissions	[tons]	2	2	2	2	1	2	1	1	1	1
VOC emissions	[tons]	—	—	—	—	—	—	—	—	—	143
Emissions of hazardous air pollutants	[tons]	—	—	—	—	—	—	—	—	—	57
BOD emissions	[tons]	35	25	37	39	30	34	50	37	33	24
COD emissions	[tons]	78	68	72	65	60	60	67	44	52	55
Suspended solid emissions	[tons]	33	31	25	35	31	33	31	22	36	26
Waste quantity from plants	[tons]	19,716	20,350	22,372	25,061	22,721	22,529	22,822	20,493	18,464	20,222
Internally recycled quantity	[tons]	3,929	1,177	1,190	955	1,182	1,165	953	914	976	840
Externally recycled amount	[tons]	14,017	16,132	16,355	17,965	15,235	16,489	16,374	15,242	12,939	13,935
Final disposal quantity by landfill	[tons]	60	66	61	60	50	40	54	37	48	65
Hazardous waste volume	[tons]	—	—	—	—	—	—	—	—	—	21
Emissions of PRTR Act-controlled substances	[tons]	143	123	121	127	118	111	117	109	129	100

*Data collection began in FY2023.

Corporate information

(As of March 31, 2025)

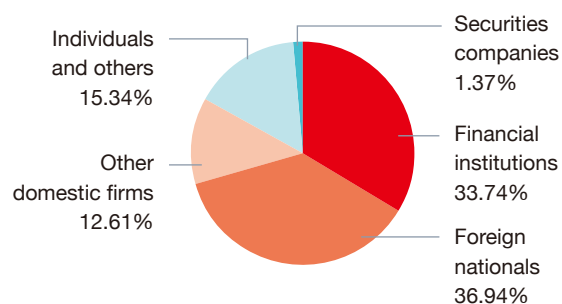
Name	NOF CORPORATION
Head office	20-3 Ebisu 4-chome, Shibuya-ku, Tokyo, Japan
Established	June 1, 1937
Incorporated	July 1, 1949
Share capital	¥17,742 million
Number of employees	3,997 (consolidated) (In addition to the above, the Group has 152 temporary employees.) 1,895 (non-consolidated)
Consolidated subsidiaries	24 companies
Accounting Auditor	Ernst & Young ShinNihon LLC

Stock information

(As of March 31, 2025)

Listed stock exchange	Tokyo Stock Exchange Prime Market
Securities code	4403
Number of shareholders	15,081
Total number of shares authorized	970,000,000
Total number of shares issued	233,648,429 (excluding 2,875,699 treasury shares)

■ Distribution of shares by type of shareholder



Status of major shareholders

Name / Company Name (top 10)	Number of shares owned (thousand shares)	Percentage (%)
The Master Trust Bank of Japan, Ltd. (trust account)	37,568	16.07
Custody Bank of Japan, Ltd. (trust account)	15,545	6.65
Meiji Yasuda Life Insurance Company	9,384	4.01
BNYM AS AGT / CLTS 10 PERCENT	8,152	3.48
STATE STREET BANK AND TRUST COMPANY 505001	6,209	2.65
BNYM AS AGT / CLTS NON TREATY JASDEC	5,904	2.52
NOF Shineikai	4,766	2.04
NOF Kyoekai	4,017	1.71
JP MORGAN CHASE BANK 385781	3,041	1.30
GOVERNMENT OF NORWAY	2,860	1.22

*The number of shares is rounded down to the nearest thousand shares.

*Percentage of ownership excludes 2,875,699 shares of treasury stock.

*Percentage of ownership is rounded down to the second decimal place.

Information provision tools

NOF website
www.nof.co.jp/english

Investor Information
www.nof.co.jp/english/ir

Sustainability information
www.nof.co.jp/english/csr

Naruhodo NOF!
www.nof.co.jp/contents/about/

Corporate Governance Report
www.nof.co.jp/files/ir/english/home/corporate_governance.pdf

Annual Securities Report
www.nof.co.jp/english/ir/library/financial-statements

Sustainability Report
Please see the Sustainability Report for the GRI Standards Content Index.
<https://www.nof.co.jp/english/csr/download/sustainability-report>

About the cover art

Sayaka Aota,
"Bluebird of Happiness"



NOF uses art by Paralympic artists for the covers of its Integrated Report and in-house newsletters. This initiative promotes social participation and independence among Paralympic artists. By deepening two-way communication, we aim to explore new possibilities in the realm of art and culture and build a more prosperous future. The cover art of the Integrated Report is by Sayaka Aota, who is registered with the Shougaisha Jiritsu Suishin Kikou Association.



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