From the Biosphere to Outer Space

NOF CORPORATION

INTEGRATED REPORT 2026

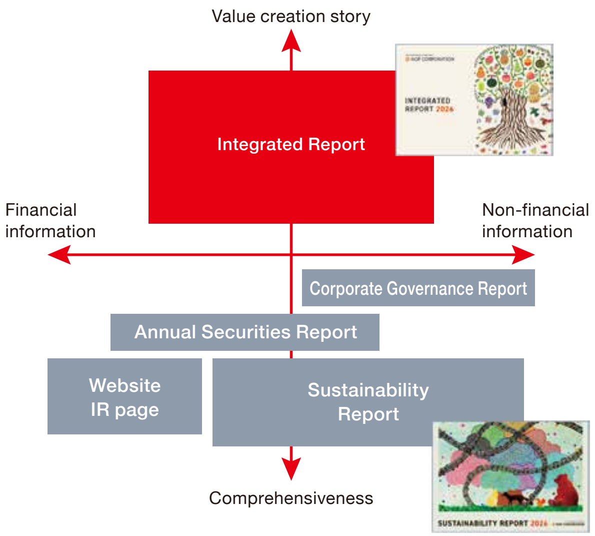
Editorial Policy

Thank you very much for your interest in the Integrated Report 2026 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	FY2025 (from April 1, 2025 to March 31, 2026) * Includes the details of some activities, etc. after April 2026	
Covered organizations	NOF Group	NOF CORPORATION and its 24 consolidated subsidiaries The data presented in this report generally covers the NOF Group. * If the scope of data does not match the scope of consolidation, the scope is indicated for each individual data item.
	Domestic Group	NOF CORPORATION and its 12 domestic consolidated subsidiaries
	NOF/NOF CORPORATION/ Non-consolidated	NOF CORPORATION only
	NOF/5 domestic consolidated companies	NOF CORPORATION and its consolidated subsidiaries (YUKA SANGYO CO., LTD., Nippon Koki Co., Ltd., NiGK Corporation, Showa Kinzoku Kogyo Co., Ltd., NICHIYU LOGISTICS CO., LTD.) * The combined number of employees of these six companies accounts for 82% of the entire NOF Group.
Reporting cycle	Published annually as an annual report	
Issuance	September 2026 (next report: September 2027)	
Guidelines referenced	ISO26000: 2010 Guidance on Social Responsibility, Japanese Standards Association GRI Sustainability Reporting Standards The International Integrated Reporting Framework of the IFRS foundation Value co-creation guidance of the Ministry of Economy, Trade and Industry (METI)	

* Financial figures in this report are rounded down to the nearest ¥100 million or ¥1 million.

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.

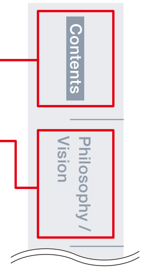
Contents

How to Use the PDF Version

Category tab

This will take you to the table of contents page.

There are category tabs on the right side of the page. Clicking one will take you to the first page of the category.



Link buttons

▸ p. 000 ········ This will take you to related pages in this report.

Sustainability Report ▸ p. 000 ························· This will take you to the Sustainability Report 2026.

https://example.co.jp ························· This will take you to related external websites.

STORYLINE This report is produced along the following storyline with the aim of helping readers understand the value of the NOF Group throughout the entire report.

Philosophy / Vision
We outline the long-term vision of the NOF Group and the values shared throughout the organization to achieve it.

Value Creation
We will demonstrate processes and examples of utilizing diverse capital to create new value for the economy and society.

Growth Strategy
We report on mid- to long-term growth strategies, as well as the current status and strategies for each business based on them.

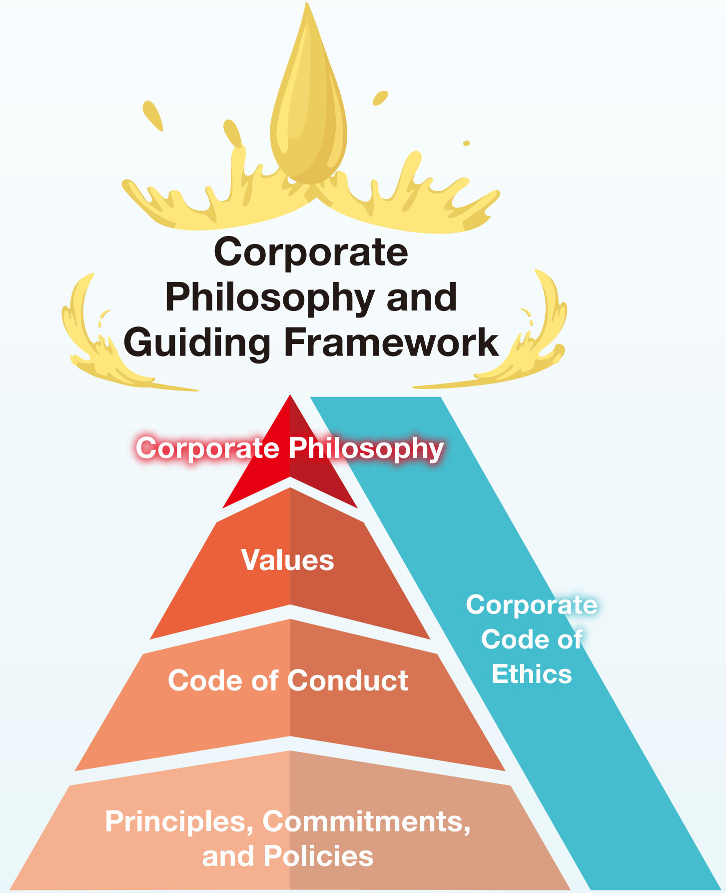
Sustainability Strategies
We create value for stakeholders and society as a whole while minimizing negative impacts.

Data
We summarize financial and non-financial information up to FY2025 as quantitative data.

NOF Group Corporate Philosophy Framework

We will pioneer the future of a sustainable society with high-performance materials derived from oils and fats.

Our founding business is oleochemistry.
By processing and refining ingredients contained in oils and fats,
we have provided materials that enhance the functionality of a wide range of products,
such as detergents and foods.
And today, under the values of “Challenge,” “Fairness,” and “Harmony,”
we are continuing R&D to make our technologies even more useful to society.
From biopharmaceutical materials required for regenerative medicine to rocket propellants that contribute to space development,
we deliver the chemical power essential for
the next generation through high-performance materials.



We have established a 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.

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 conservation and safety.

NOF Group Corporate Philosophy Framework

Sustainability Report ▸ pp. 008-018

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.**

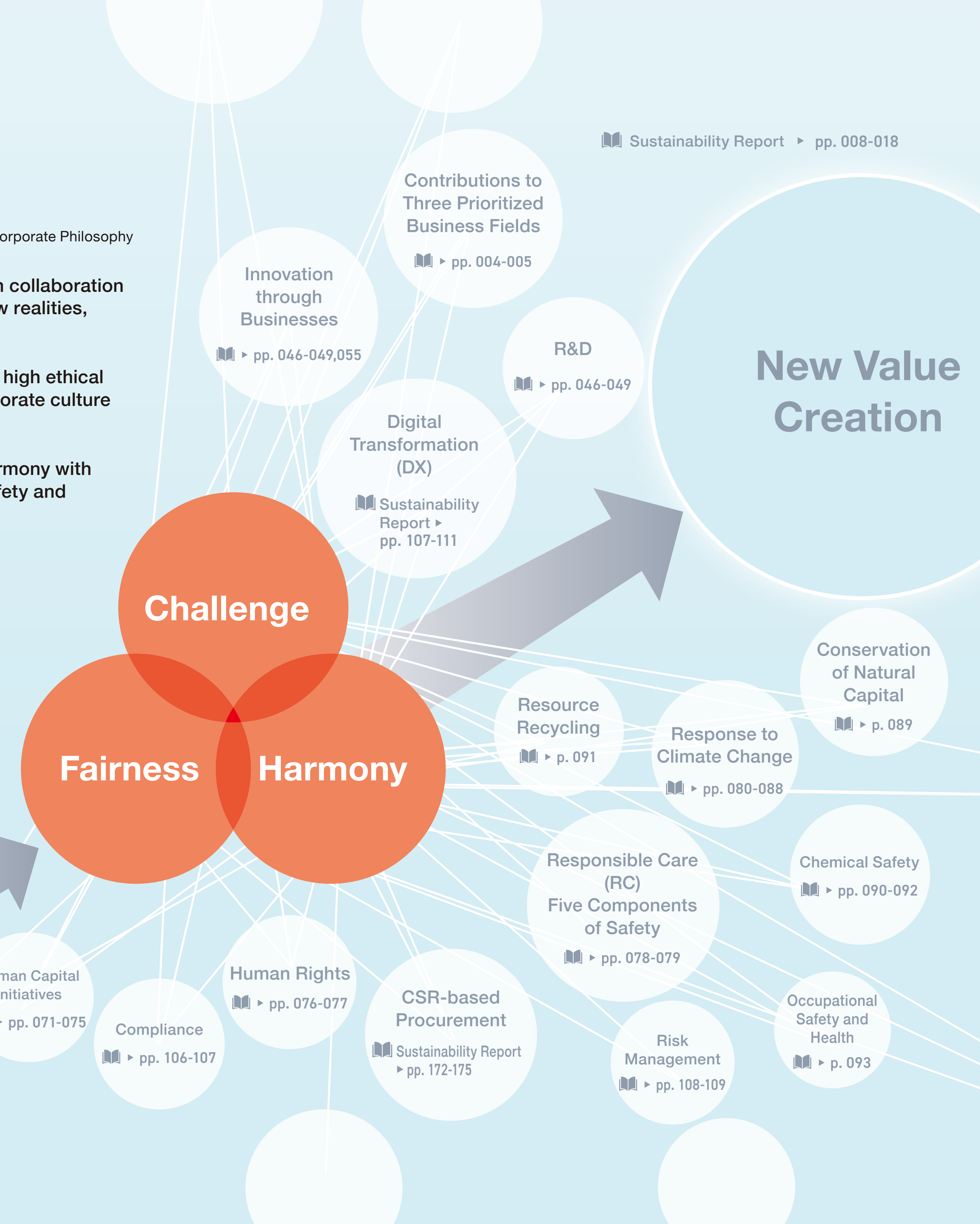
Fairness — **As responsible members of society, we maintain high ethical standards, act in good faith, and cultivate a corporate culture that embraces diverse values.**

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

The following Code of Conduct 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.**



The NOF Group's Vision

Toward our corporate vision in NOF Vision 2030

A corporate group that continuously creates new value with the power of chemistry in the three fields of Life/Healthcare, Environment/Energy, and Electronics/IT in order to realize a prosperous and sustainable society

Social issues

Making the shift to electric vehicles a business opportunity

The shift from gasoline-powered vehicles to electric vehicles (EVs) will significantly change the components of vehicles. coatings for bolts and nuts, new demand is expected for resin additives to prevent abnormal noise and anti-fog agents for LED headlamps. 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 group synergies to expand the applications of products that contribute to sustainability.

Contribution to human health and QOL[*1]

We offer new innovative materials for pharmaceutical and healthcare field. 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 collaboration with universities and research institutions.

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 promote development of new materials that link design and evaluation technologies.

Three prioritized business fields

Environment/Energy Field

Life/Healthcare Field

Electronics/IT Field

Next-generation New Products

Newly-developed Products

Existing Products

Environment/Energy Field

- Biochemical materials
- Materials for rechargeable batteries
- Non-fluorinated water-repellent materials
- Ocean development devices
- High-function anti-corrosion coatings
- Biodegradable lubricants
- Functional hard-coating agents
- Functional elastomers
- High-function anti-fog agents
- Waterborne anti-corrosion coatings
- Chemicals for water treatment membranes
- Base material for refrigerating oils
- Steam pressure fracturing agents
- Functional additives
- Eco-friendly antifreezing agents

Life/Healthcare Field

- Functional food materials
- Materials for regenerative medicine
- Gene therapy materials
- Lipids for nucleic acid drugs
- Vaccine materials
- Modifiers for protein drugs
- Modifiers for peptide drugs
- Anti-aging materials
- Modifiers for antibody drugs
- Eye-drop materials
- Hydrogel materials for medical use
- Mild surfactants
- Additives for diagnostic pharmaceutical agents
- Contact lens materials
- Cosmetics materials
- Oral care materials
- Functional food materials
- Health food
- Eyecare products

Electronics/IT Field

- High-speed communication materials
- Insulating materials with high thermal conductivity
- Binders for metal microparticles
- Printed electronics materials
- Additives for conductive pastes
- Capacitor materials
- High-function anti-fog agents
- Functional coating materials, sealing materials
- Resist materials
- Photopolymerization initiators
- Toner additives
- Color filter coating agents

Mix design technology / Analysis and evaluation technology

Energy control technology / Advanced refining technology / Precision organic synthesis technology and precision polymer synthesis technology

Rocket propellants/Gun propellants Industrial explosives Processed edible oils Fatty Acid Derivatives Surfactants
EO/PO derivatives*2 (Meth) acrylic acid derivatives Organic peroxides Blocked carboxylic acid

Core technology (material design technology)

Energy chemistry | **Oleochemistry** | **Organic synthetic chemistry**

*1 Quality of life

*2 Ethylene oxide/propylene oxide derivatives (polyalkylene glycol derivatives)

Representative Director, President and CEO

Becoming a chemical company growing in a sustainable manner together with customers and the international community

With dramatic changes occurring in the global business environment, the NOF Group achieved record-high performance under the 2025 Mid-term Management Plan and took a solid step forward toward sustainable growth. With an eye on achieving further growth, the "business domain expansion" stage in the newly launched 2028 Mid-term Management Plan is the final phase of "NOF VISION 2030," which calls for ROE of 15% or more. We will promote offensive investment to turn increasingly complex social issues into opportunities for growth. Supporting this challenge are the mindset of each employee and a resilient corporate culture based on the three values of "challenge," "fairness," and "harmony." Building on this firm foundation, we will create products that combine economic value and social value and press forward toward the future together with our stakeholders.

Customer-driven R&D and overseas experience

I joined NOF (then called Nippon Oils & Fats) in 1988. I studied polymer chemistry at university, so I was assigned to the Oleo & Specialty Chemicals Division. The work I was involved in was the development of polymer additives that give plastics their functionality. Even back then, the NOF Group placed importance on communication with customers, and while I was in a research position, I often had opportunities to accompany sales members. Through the entire process of repeatedly improving products while carefully listening to customer requests and contributing to problem-solving, I remember vividly realizing that R&D should be carried out based on customer needs.

And after four and a half years of experience with sales in Belgium from 2003, I was assigned to the DDS Division in 2011. That division had only been established about ten years earlier and was still small in size, but it was a time when we were desperately working to develop the market and achieve business success. My mission there was sales activities in Europe. We cultivated customers, mainly among startup companies, with only a handful of employees and moved ahead with material development by working with them. It was no easy task creating products suited to customer needs, while responding to differences in culture and business customs in a foreign country, as well as complying with increasingly stringent quality control standards. Even so, by engaging in careful communication, valuing quality control, and steadily accumulating results with persistence, some of those customers that had once been small startups have now grown into major pharmaceutical companies. And our Company itself succeeded in establishing a solid position as a leading manufacturer of DDS materials.

Based on these experiences, I positioned two themes as pillars of our growth strategy: "deepening the Solutions Business" and "accelerating global expansion." The concept behind the Solutions Business—that is, providing products that help solve customer issues—had long been valued by the Company, but it had not been articulated in a prominent manner. The world is changing rapidly, and the increasing complexity of social issues is also making development of customer products more sophisticated. Under such circumstances, it is an important mission for us at the NOF Group to deliver the proprietary technologies that have evolved over our long history, as solutions. And it is precisely the challenge of overseas markets, which I have experienced firsthand, that is the key to sustainable growth. In light of recent domestic and international circumstances, I believe it is necessary to further raise the ratio of overseas net sales, which currently stands at around 30% overall. Markets have been expanding rapidly in recent years, particularly in regions such as India and Southeast Asia. Building production and sales structures in these countries that meet local needs is an indispensable strategy for achieving the goals of "NOF VISION 2030."

The 2025 Mid-term Management Plan that achieved "practice and breakthrough"

"NOF VISION 2030" is the long-term vision of the NOF Group for becoming a global company that achieves sustainable growth. It designates "Life / Healthcare," "Environment / Energy," and "Electronics/IT" as the three prioritized business fields, and sets out a commitment to provide broad added value through the power of chemistry.

Of the three stages toward achieving this vision (▸ p. 051), during the 2025 Mid-term Management Plan, which corresponded to the second stage, we implemented the necessary measures while responding to market changes, and we achieved our goals. Over these three years, we established a strategic investment framework totaling ¥70.0 billion across three themes: capital expenditure, research and development investment, and human capital investment, toward the basic policy of "practice and breakthrough." While some projects were reviewed or postponed due to changes in the business environment, as a result we carried out capital expenditure in the Explosives & Propulsion

Business that had not been included in the initial plan, thereby laying the groundwork for Stage III. Projects that were not implemented will continue to be considered under the 2028 Mid-term Management Plan.

Both net sales and operating profit in FY2025 also reached record highs. Meanwhile, segment performance over the three-year period showed differences in progress due to the impact of the business environment. The Pharmaceuticals, Medicals and Health segment fell short of plan targets due to factors including development delays in the U.S. market. However, this remains a market where demand is expected to grow over the medium to long term, and we will continue to promote the drug discovery support business. The Functional Chemicals segment achieved its plan targets for operating profit, supported by solid demand for surfactants, special anti-corrosion coatings, and other products. The Explosives & Propulsion segment greatly exceeded plan targets due to investment in facilities associated with rapid acquisition, which had not been anticipated at the time of planning, and the recovery of investment funds.

Having achieved record profits under the 2025 Mid-term Management Plan and laid the groundwork for the next stage, we are now moving into the final phase toward achieving “NOF VISION 2030.” That is the newly launched 2028 Mid-term Management Plan.

▸ Mid-term Management Plan pp. 051-057

Exploring new domains and expanding around the world in niche fields

The 2028 Mid-term Management Plan is the “Business Domain Expansion” stage that aims to achieve further growth based on the measures built up through the “NOF VISION 2030” stages implemented to date. I feel that expectations from stakeholders, including investors, have been increasing steadily in recent years toward our business management, which has achieved a superior position in niche markets. To respond to such expectations and boost corporate value, we have set forth an investment plan to accelerate external collaboration and R&D in order to provide new solutions in the three prioritized business fields.

Looking at the current business environment, social issues are becoming increasingly complex, spurred on by problems such as global climate change. Yet these circumstances are in fact our greatest opportunity. That is because the NOF Group is a chemical manufacturer that has long stood alongside customers in a broad range of fields “from the biosphere to outer space,” creating and providing new added value in response to their complex issues. An example of this is NOF’s DDS-related technologies, which were created to meet the need for advanced medical care—these have now become indispensable for next-generation medicine. During the period of the 2025 Mid-term Management Plan, I communicated this message in an active manner, in order to have the importance of such Solutions Business recognized anew and firmly instilled across the Group. Going forward, I believe we must further accelerate the development of solutions, promote deeper cultivation of existing fields, and progress into new domains.

Meanwhile, risks such as geopolitical tensions, the resulting surge in raw material prices, and supply chain

disruptions are also on the rise. As we expand our global operations, it is urgent that we diversify our suppliers and promote local production for local consumption. Building on the management foundation cultivated in Stages I and II, we will strengthen supply chain resilience while thoroughly managing risk.

We are also closely monitoring rapid changes in technological innovation and environmental regulations. In the IT field in particular, the pace of evolution is accelerating further with advances in AI. For our company, which has designated the electronics/IT field as one of the three prioritized business fields, responding to this change with speed and providing new technologies are important challenges. We will make effective use of the pilot plant established during the 2025 Mid-term Management Plan period and aim to provide solutions quickly.

By rolling out these business activities to the world, I aim to grow the NOF Group into a leading company in the field of high-performance materials. Meanwhile, it is also true that it is difficult to keep ahead in technological development in response to rapidly changing environmental regulations and other developments in each country. Under such circumstances, if we remain committed to a self-reliant approach (closed R&D), we will likely be left behind by the speed of the market. Therefore, going forward, we will accelerate investment aimed at external collaboration, including open innovation. We will acquire new technologies in the three prioritized business fields and use them to expand into new business domains.

To achieve this, it will be necessary to further strengthen collaboration for R&D between the Corporate R&D Division and business divisions. Until now, the system operated with the Corporate R&D Division taking the lead in developing new technologies, and business divisions using them. Going forward, we will reshape this system so that business divisions become more involved from the initial stages of development. This strategy enables the development of technologies with a more detailed understanding of target markets and sales channels. The Health Science Research Laboratory and Material Science Research Laboratory established within the Corporate R&D Division in April 2026 are precisely structured to enable such collaboration. This will enable us to further increase the likelihood of creating new businesses in the three prioritized business fields with a medium- to long-term perspective.

And to boost corporate value over the medium to long term, we must also be conscious of improving capital efficiency. Capital markets are now placing an even greater emphasis on “capital efficiency”—how much value is created from invested capital. It is an important responsibility to maintain financial soundness while aiming to improve capital efficiency. As specific measures, we plan to establish a strategic investment framework of ¥200.0 billion and actively pursue investment in growth, while also advancing shareholder returns in a proactive manner, with a total return ratio of 70% or more and a dividend payout ratio of around 40% as guidelines.

We set out two policies in the 2028 Mid-term Management Plan: “Dynamic resource allocation to create growth drivers” and “Maximizing shareholder value through optimization of capital allocation.” The greatest challenge is to achieve the optimal balance between “medium- to long-term upfront investment” and “short-term improvement in capital efficiency,” which operate on different time spans. Because new businesses require time before becoming profitable, they may temporarily depress capital efficiency, but we will strive to gain the understanding of shareholders and investors by providing more careful explanations.

Three values serving as a compass for growth

We will put offensive investment and a firm strategy into action to prevail amid rapidly changing conditions. The foundation that supports this strategy is the mindset of each employee and the resilient corporate culture underpinning it.

The three values of “challenge,” “fairness,” and “harmony” were established at the beginning of the 2025 Mid-term Management Plan and are positioned as the values for achieving our corporate philosophy. I believe these values serve as a compass when making various decisions in an uncertain market environment, and are the source of the NOF Group’s strengths in “superior position in niche markets” and “fusion of technologies.” By instilling these throughout all Group employees, we should be able to build a corporate culture that creates new value, eliminate misconduct and harassment, and achieve zero accidents.

The first value, “challenge,” is the value required to open up new domains. When I myself was first assigned to an overseas post, I was so anxious and bewildered that I even considered turning it down once. However, it was precisely because I boldly took on the challenge that I was able to contribute to the achievements of the DDS business. And the reason the NOF Group is able to continue to create high-value-added products is that it always maintains a stance of taking on challenges in new fields. With this in mind, I regularly tell employees, “If new opportunities such as overseas assignments arise, I want you to take on the ‘challenge.’”

The second value, “fairness,” represents a culture that builds solid trust from stakeholders. To continue maintaining and strengthening the trust in the global market that “the NOF Group can be entrusted with confidence,” it is important to keep engaging sincerely with customers and society.

The third value, “harmony,” embodies our commitment to sustainability and diversity. For a chemical manufacturer, maintaining harmony between business activities and the global environment is essential. We will create economic value and social value simultaneously and build a sustainable future together with stakeholders. I am convinced that this culture itself will become the foundation of competitive advantage for the next generation. In addition, from the perspective of strengthening global expansion, I believe that harmony with diverse cultures and people will become even more important going forward.

To help instill these values, I myself am also striving to communicate with employees through initiatives such as presidential visits and town hall meetings. Town hall meetings were an initiative launched for the first time in FY2025. Three of us, including myself, visit plants and research laboratories and exchange opinions with around 10 to 30 employees at each site. It was a tentative start, but I feel the outcome was favorable. By having the secretariat conduct questionnaires and interviews in advance and manage proceedings based on them, we were successful in encouraging employees to speak freely. By the end of some meetings, time even ran short. In the review carried out by the accompanying members as well, various opinions were raised about the content of the discussions and the penetration of the three values. We will continue such initiatives going forward and, while identifying the extent to which the values are taking root, take agile measures to improve organizational culture.

Town hall meeting

Sustainability Report ▸ pp. 006-016

Contributing to sustainability

Today, the chemical industry is being held to an even higher standard than before for its “responsibility to create sustainable value while ensuring safety and security.” The business foundation of our Group lies in the handling of raw materials and process control. We must thoroughly consider people and the environment throughout the entire product lifecycle and respond to demands from society.

As initiatives to protect people, we place importance on eliminating unsafe conditions and unsafe behavior in the workplace, health management, and the transfer of skills. In particular, reliably passing on the advanced technologies and know-how related to safety management cultivated over many years to future generations is at the core of human capital management that supports the sustainable growth of our Group. As measures to achieve this, in addition to monitoring the work environment, designing processes to reduce risk, and planning inspections and maintenance, we are also building a thorough education system at worksites. I myself visit production sites every year and directly inspect the progress and effectiveness of disaster prevention measures implemented on site. This is so that, through repeated exchanges of views at the site, I can confirm the effectiveness of the measures and reflect any necessary improvements in management. Going forward, as human resources become more diverse, the transfer of such know-how will become even more important. We will strengthen the development and evaluation of manuals and ensure that safety awareness takes firm root.

Consideration for the environment is also an indispensable theme of sustainability. We confirm whether initiatives such as reducing greenhouse gas (GHG) emissions and waste, and energy-saving efforts, are being properly implemented at each site, and we actively incorporate improvement proposals originating from worksites.

To evaluate and verify the effects of these activities in a quantitative manner, we review indicators (KPIs) every year, with “Promotion of occupational safety and health,” “Response to climate change,” “Chemical safety,” and “Promotion of CSR-based procurement” as materiality items.

Climate change in particular is addressed by SSBJ, which sets standards for the scope and depth of disclosure items and the verification process. For that reason, it is essential to clearly organize risks and opportunities and disclose them in a quantitative manner. From the KPI design stage, we are incorporating systems for acquiring and verifying internal data and are advancing efforts with an eye to consistent data preparation and third-party verification.

We also place importance on developing products that balance economic value and social value. We will contribute with technology to solve various social issues, including climate change. This is precisely the important role now demanded of the chemical industry as a whole. We will provide sustainability contribution products that help improve local communities, the global environment, and quality of life, and by supporting customer growth, we aim to achieve sustained enhancement of corporate value.

Pursuing "from the biosphere to outer space"

When I first learned of NOF in my university days, I was strongly drawn to the phrase "from the biosphere to outer space" in its corporate philosophy. And now that I have become CEO, I believe my role is to promote the two growth strategies of "deepening the Solutions Business" and "accelerating global expansion" in order to make this corporate philosophy unshakable for the future.

In "deepening the Solutions Business," it is important for planning, development, sales, and service to operate as one to create value. By enhancing our proposal and execution capabilities so that we are able to contribute to customers' business results, we will advance the shift to a higher value-added business model.

I also recognize "accelerating global expansion" as a growth opportunity that supports sustainable growth. While accurately understanding the needs, regulations, and cultural differences of each country and region, we will promote business development that strengthens collaboration with local partners and Group companies.

These strategies are directly linked to achieving the most important indicator of "NOF VISION 2030"—a ROE of 15% or more. We recognize that improving capital efficiency and returning greater value to society and stakeholders is a fundamental mission of a corporation.

What I want to emphasize is that this 2028 Mid-term Management Plan is not merely a plan for achieving targets over a few years. It embodies our strong determination to lay major groundwork with an eye to FY2030 and beyond, so that the NOF Group is able to achieve sustainable growth and continue providing value to society. Please look forward to the challenge our Group is undertaking.

NOF Group's
Value Creation

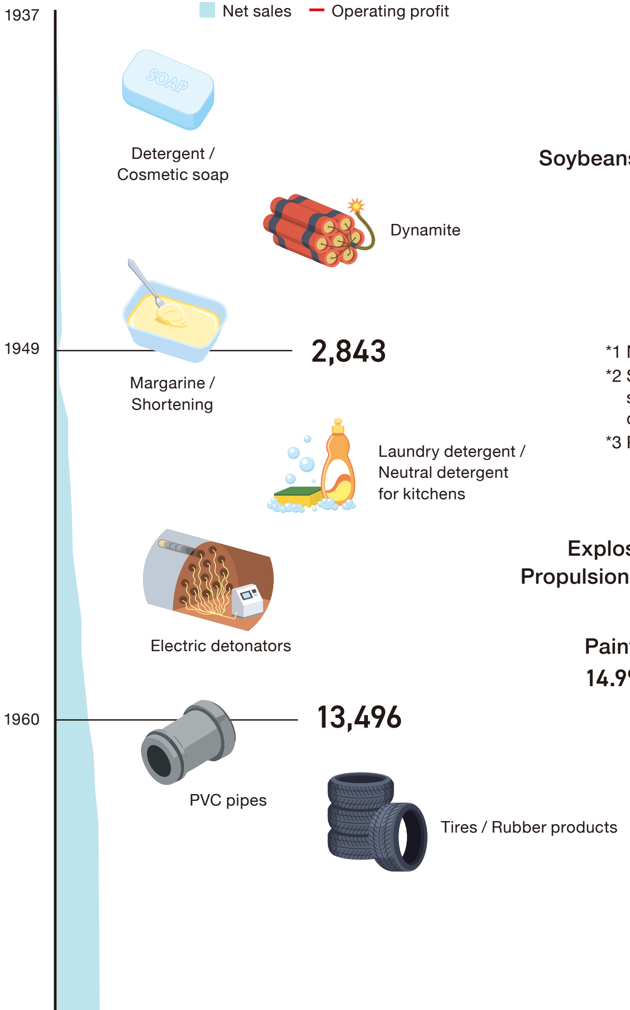
We create products by combining the core technologies we have cultivated across a wide range of business domains.

We develop these products in the three fields of Life/Healthcare, Environment/Energy, and Electronics/IT.

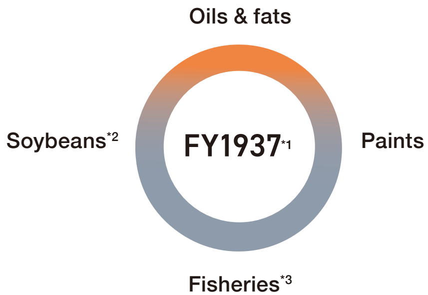
From a company manufacturing oils and fats to a comprehensive chemical manufacturer advancing together with society

The NOF Group has advocated for diversification and expanded its business domains since its founding before the war. The way it has pioneered markets in response to the needs of society over the ages has given rise to the present.

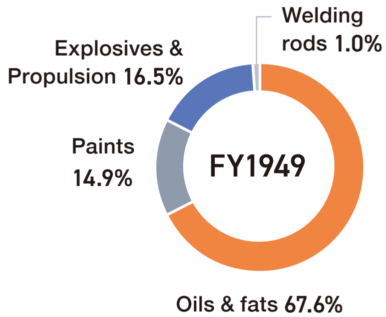
Changes in net sales and operating profit
(Unit: Millions of yen)



Business portfolio (net sales composition) (%)



*1 Net sales composition is not calculable
*2 Soybeans were processed to produce soybean oil, mamesetsu (tofu base), oil cake, etc.
*3 Produced raw fish oil and fish meal, etc.



1937- Beginnings as a comprehensive oleochemical company

With growing domestic and overseas demand for hardened oil and soap made from fish oil, the first Nippon Oil & Fats Co., Ltd. was established in June 1937. Formed through the merger of several companies, including a fishery processing company under Nihon Sangyo and an oils and fats processing company with expertise in fish oil refining, the Company was launched in 1937 as an integrated oleochemical company producing everything from hardened oils to soap. And with the backdrop of increasing demand for explosives using glycerin as a raw material, the company also merged with an explosives manufacturing company to utilize fat-derived glycerin.

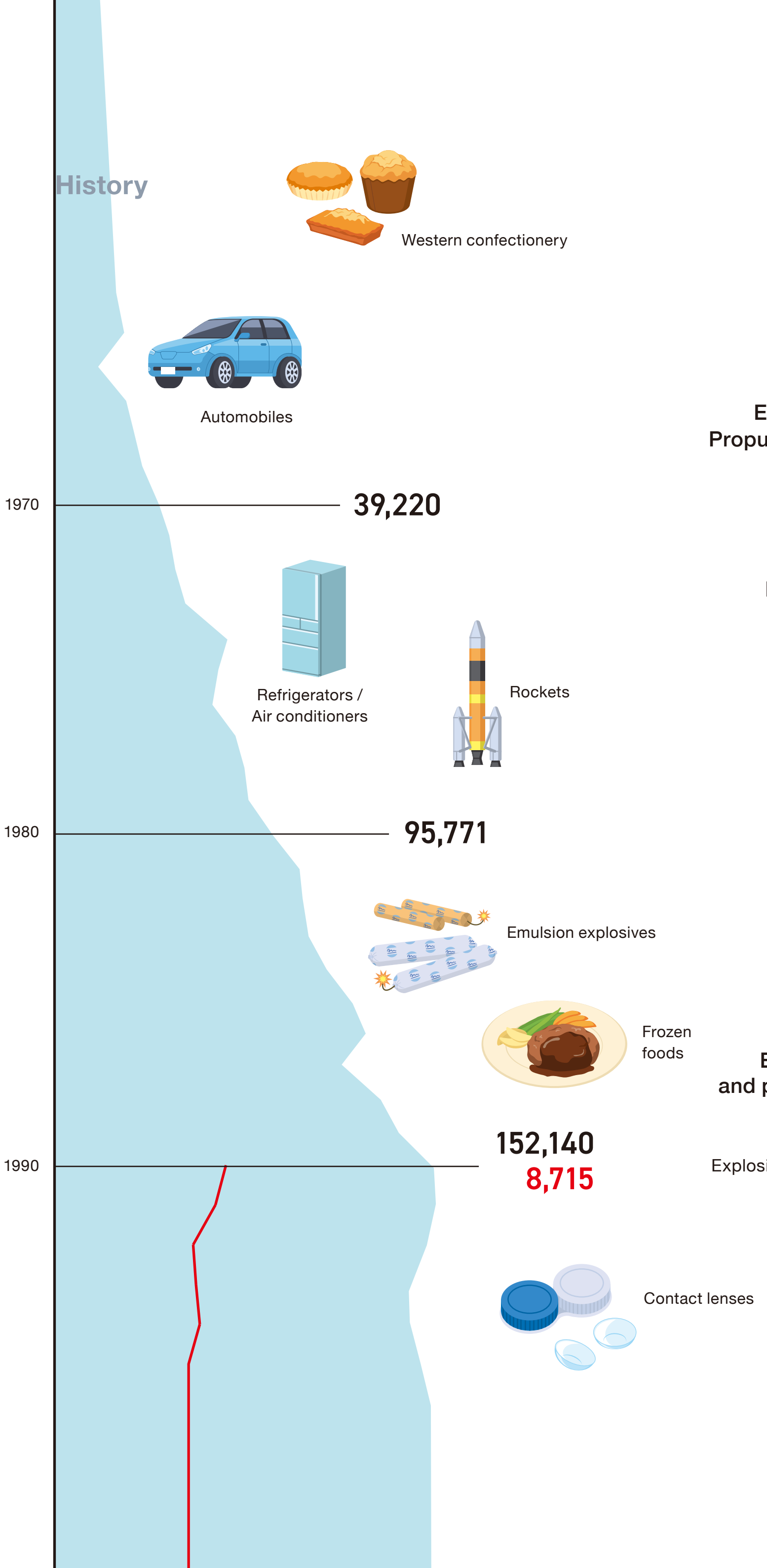
Social developments
1945 GHQ demands dissolution of the zaibatsu
1946 Promulgation of the Constitution of Japan

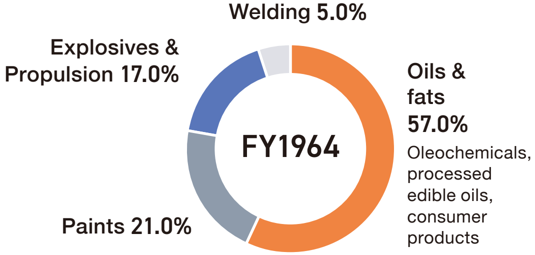
1949- Strengthening R&D to prevail over the competition

After defeat in the Pacific War, it was decided under the Enterprise Reorganization Act that Nippon Oil & Fats Co., Ltd. would also reorganize the company. And thus the second Nippon Oil & Fats Co., Ltd. was relaunched after the war came to an end. As competition intensified in the market due to trade liberalization, numerous pieces of production rationalization equipment were introduced by the mid-1950s to manufacture superior products at low cost. With the backdrop of the development of the petrochemical industry, R&D also accelerated, expanding the applications of products. In 1957, the company succeeded in commercializing organic peroxides, leveraging knowledge of explosives manufacturing.

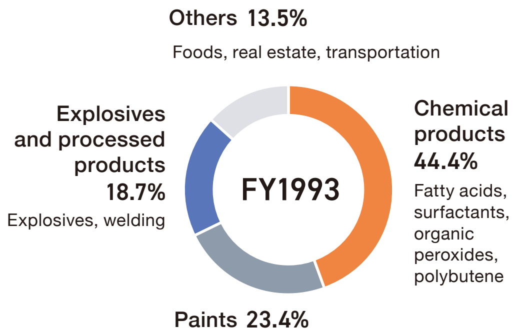
Social developments
1955 Jinmu economic boom
1955 Japan joins GATT
1956 Japan joined the United Nations

History





* Household products were transferred to another company in 1974



* Paints were transferred to another company in 2005

1964-Shifted to a divisional organization focusing on market needs

With the entire industry struggling due to factors such as soaring raw material prices, Nippon Oil & Fats shifted from a product-based headquarters system to a divisional organization. The intention behind this was to develop flexible business activities in response to market needs. In 1968, the company also developed “BLEMMER G,” a functional material that was the first to be mass-produced in the world using proprietary technology.

Social developments

- 1967 Basic Law for Environmental Pollution Control enacted
- 1971 Nixon Shock
- 1973 First oil crisis
- 1978 Opening of Narita International Airport (New Tokyo International Airport)

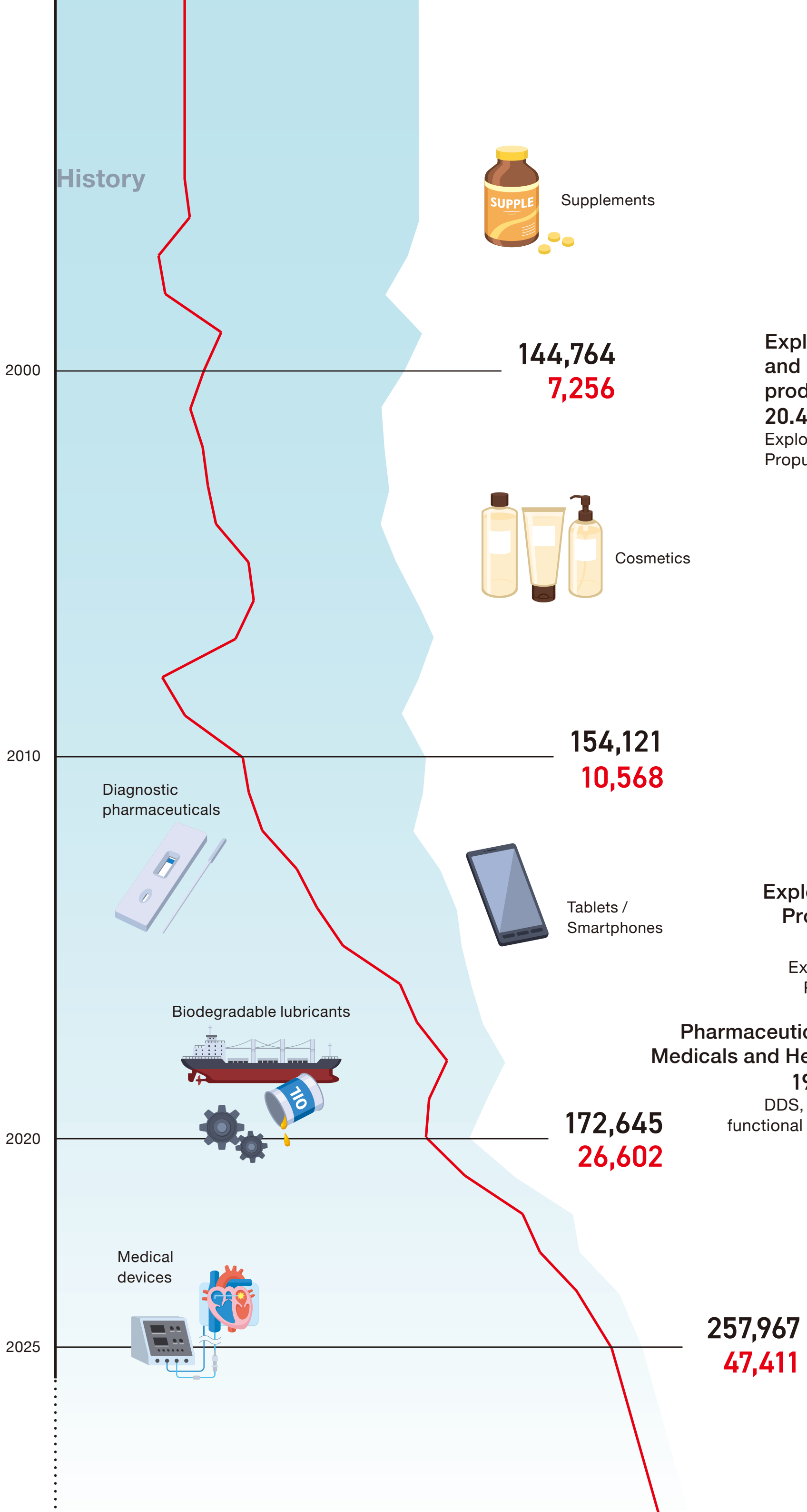
1983-Advancing R&D in the medical field

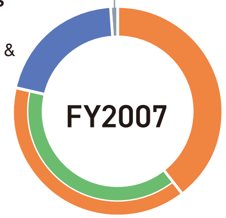
As the Japanese economy transitioned to a low-growth phase and company-wide strategy formulation and long-term investment plans became important during this period, the Tsukuba Research Laboratory was established in 1983 to take on the challenge of new fine chemicals (high-value-added chemical products). As a result, new uses of lipids that contribute to the medical field were discovered by integrating biotechnology and lipids. In 2001, the DDS Division was newly established to further promote polymer and lipid application technologies in the DDS field.

Social developments

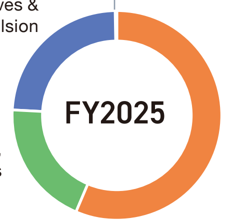
- 1985 International Science and Technology Exposition (Tsukuba Expo ’85) held
- 1991 Collapse of the bubble economy
- 1992 Japanese astronaut travels to space on a space shuttle
- 1996 Cloned sheep “Dolly” born

History





* Welding was transferred to another company in 2000



* In 2023, the oleochemicals and chemicals businesses were integrated, as were the DDS and Life Science businesses.

2007- Formulated the "three prioritized business fields"

In 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 the "2010 Mid-term Management Plan" that began in 2008, we defined Environment / Energy, Life / Healthcare, and Electronics / IT as the "three prioritized business fields." And since the Lehman Shock of the same year, we have advanced structural reforms such as concentrating investment in fields expected to grow, thereby strengthening profitability.

Social developments

2008 Lehman Shock
2010 Asteroid probe "Hayabusa" returns
2020 First domestic case of COVID-19 infection confirmed
2022 "ChatGPT" released

2023- Toward further business development through value co-creation

In 2023, we renewed our corporate philosophy and guiding framework, establishing "Challenge," "Fairness," and "Harmony" as the three values that the NOF Group emphasizes. Our business divisions were also reorganized into a five-business structure, and since then, we have pursued value creation in each business field through in-house initiatives and industry-academia-government collaboration. In 2025, the LS Aichi Plant, which involved an investment of ¥10 billion, started operations. The NOF Group will continue to develop its global business with 12 consolidated subsidiaries in Japan as well as 13 bases in ten countries overseas toward achieving NOF VISION 2030.

Social developments

2024 Paris Olympics held
2025 Expo 2025 Osaka, Kansai, Japan held

Business Domain

Unlocking the potential of chemistry, from oils and fats, creating value that also contributes to advanced medicine and space development

The NOF Group operates in three segments: “Functional Chemicals,” “Pharmaceuticals, Medicals, and Health,” and “Explosives & Propulsion.” Building on the refining and processing technologies cultivated through many years of handling oils, fats, and chemical products, the Group supports society in fields ranging from everyday food products to advanced medicine and outer space.

Functional Materials Business

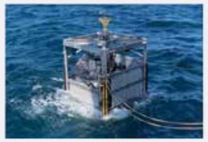
With various derivatives and petrochemical products made from oils and fats at the core, we promote business expansion in the growth fields of Life/Healthcare, Environment/Energy, and Electronics/IT.

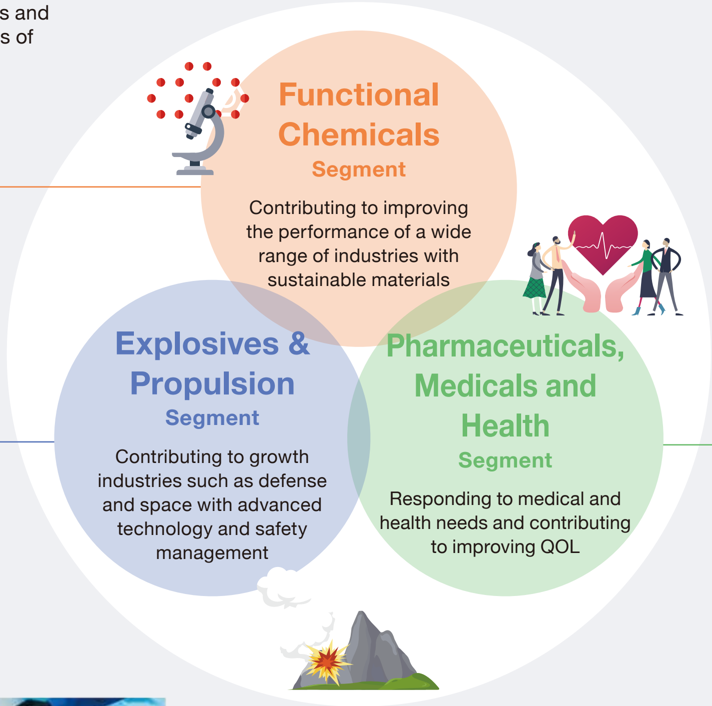
Metal Coatings Business

With our proprietary anti-corrosion coatings at the core, we have accumulated cutting-edge surface treatment technologies to become the global standard for anti-corrosion treatments 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 use cutting-edge pyrotechnology to advance our businesses in industrial explosives, defense and space development, and consumer products.





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.

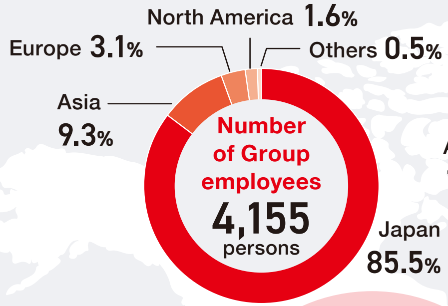
Functional Foods Business

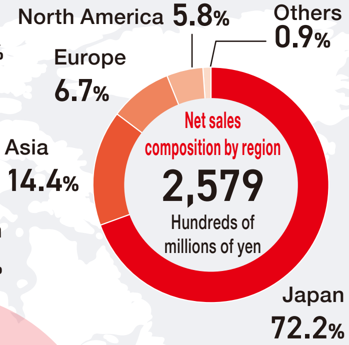
As a pioneer in edible oils and fats refining and processing technology, we develop processed edible oils and health-related foods business. We will advance the shift to function-based business domains, and contribute to abundant diets and people’s health.

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 13 bases in ten countries, and are developing our business with locally based sales and production systems.





(As of March 2026)

Asia

- Changshu NOF Chemical Co., Ltd. (Functional Materials Business)
- PT.NOF MAS CHEMICAL INDUSTRIES (Functional Materials Business)
- NOF METAL COATINGS KOREA CO.,LTD. (Metal Coatings Business)
- NOF METAL COATINGS SHANGHAI CO., LTD. (Metal Coatings Business)
- NOF (Shanghai) Co., Ltd. (Overseas Sales Business)
- NOF INDIA PRIVATE LIMITED (Overseas Sales Business)

Europe

- NOF METAL COATINGS EUROPE S.A. (Metal Coatings Business)
- NOF METAL COATINGS EUROPE N.V. (Metal Coatings Business)
- NOF METAL COATINGS EUROPE s.r.l. (Metal Coatings Business)
- NOF EUROPE GmbH (Overseas Sales Business)

America

- NOF METAL COATINGS NORTH AMERICA INC. (Metal Coatings Business)
- NOF METAL COATINGS SOUTH AMERICA IND. E COM.LTDA. (Metal Coatings Business)
- NOF AMERICA CORPORATION (Overseas Sales Business)

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)

Research laboratories

Ibaraki	Material Science Research Laboratory
Kanagawa	Health Science 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

Domestic consolidated subsidiaries

- YUKA SANGYO CO., LTD. (Functional Materials Business)
- Nichiyu Kogyo Co., Ltd. (Functional Materials Business)
- Nippon Koki Co., Ltd. (Explosives & Propulsion Business)
- NiGK Corporation (Explosives & Propulsion Business)
- Showa Kinzoku Kogyo Co., Ltd. (Explosives & Propulsion Business)
- Nippo Kogyo Co., Ltd. (Explosives & Propulsion Business)
- JAPEX Corp. (Explosives & Propulsion Business)
- CACTUS Co., Ltd. (Explosives & Propulsion Business)
- NOF METAL COATINGS ASIA PACIFIC CO., LTD. (Metal Coatings Business)
- NIKKA COATING CO., LTD. (Metal Coatings Business)
- NICHIYU LOGISTICS CO., LTD. (Logistics, real estate, etc.)
- NICHIYU TRADING CO., LTD. (Logistics, real estate, etc.)

Materiality

Identification of 11 materiality issues (important 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 indicators (KPIs) and targets are set as we undertake initiatives.

Category 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.

▸ pp. 021, 046-048

Category 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.

▸ pp. 022-023, 071-077

Category 3 Promote Responsible Care activities

By ensuring environmental protection, safety, and health throughout all processes from product development and manufacturing to disposal, we aim to be a corporate group trusted by society as a whole.

▸ pp. 024-025, 078-093

Process of identifying materiality

STEP 1 Identify social challenges

We classified and consolidated the issues as materiality factors with reference to various guidelines.

Reference material

- GRI Standards
- SASB CHEMICALS
- SDGs
- Competitors' material issues
- ISO26000
- In-house workshops
- International Integrated Reporting Framework

STEP 2 Set priority levels

We evaluated the importance of each materiality factor across various organizational levels.

1. Results of evaluation of NOF Group by ESG rating agencies
2. ESG-related opinions received from shareholders
3. Perspectives of issues pursued by the NOF Group in the past

STEP 3 Approval

The Material Issues were approved by the Board of Directors.

STEP 4 Review

Each materiality item is reviewed at least once a year by the Sustainability Committee, with the lead departments reporting on KPIs performance to assess progress. In light of external requirements such as ISSB and SSBJ, as well as changes in the business environment and society, we will also continuously review the appropriateness of the materiality at milestones such as updates to the Mid-term Management Plan. In FY2025, we reviewed the materiality in preparation for the launch of the 2028 Mid-term Management Plan.

① Provide new values to realize a prosperous and sustainable society

Materiality	FY2025					FY2026			
	Indicators (KPIs)	Numerical targets	Target fiscal year	Results	Details of major initiatives	Indicators (KPIs)	Numerical targets	Target fiscal year	Details of major initiatives
Innovation through businesses ▸ pp. 046-049, 055	R&D investment amount NOF Group	¥25.6 billion (3-year cumulative total)	2025	¥8.1 billion 3-year cumulative total ¥23.3 billion (achievement rate of 91%)	Enhancement of R&D capabilities ● Call for commissioned industry-academia research ● Promotion of joint research ● Enhancement of support for R&D ● Intellectual property strategy formulation and strategic applications	R&D investment amount NOF Group	¥28.4 billion (3-year cumulative total)	2028	Enhancement of R&D capabilities ● Creation of promising topics in growth fields ● Early commercialization of business development topics ● Strengthening support for R&D efficiency ● Strengthening IP strategy
	Number of patent applications NOF	500 cases (3-year cumulative total)	2025	215 cases 3-year cumulative total 597 cases (achievement rate of 119%)		Number of patent applications NOF	630 cases (3-year cumulative total)	2028	
Contribute to the Life/ Healthcare field ▸ p. 033	Net sales of strategic products* in the Life/ Healthcare field NOF Group	15% increase (compared to FY2022 results)	2025	12% increase (compared to FY2022)	● Supply of strategic products to the Life/Healthcare field	Net sales of strategic products* in the Life/ Healthcare field NOF Group	20% increase (compared to FY2025 results)	2028	● Supply of strategic products to the Life/Healthcare field
Contribute to the Environment / Energy field ▸ p. 032	Net sales of strategic products* in the Environment/ Energy field NOF Group	15% increase (compared to FY2022 results)	2025	66% increase (compared to FY2022)	● Supply of strategic products to the Environment/Energy field	Net sales of strategic products* in the Environment/ Energy field NOF Group	100% increase (compared to FY2025 results)	2028	● Supply of strategic products to the Environment/Energy field
Contribute to the Electronics/IT field (smart society) ▸ p. 047	Net sales of strategic products* in the Electronics/ IT field NOF Group	15% increase (compared to FY2022 results)	2025	24% increase (compared to FY2022)	● Supply of strategic products to the Electronics/IT field	Net sales of strategic products* in the Electronics/ IT field NOF Group	30% increase (compared to FY2025 results)	2028	● 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	FY2025					FY2026			
	Indicators (KPIs)	Numerical targets	Target fiscal year	Results	Details of major initiatives	Indicators (KPIs)	Numerical targets	Target fiscal year	Details of major initiatives
Human Capital Enhancement • Talent Development • Diversity pp. 072-074	Talent Development Investment NOF	Over 2.5-fold (compared to FY2022 results)	2025	2.6-fold (compared with FY2022)	• Strengthening growth support	Talent Development Investment NOF	Over 3.5-fold (compared with FY2022)	2030	• Strengthening growth support
	Rate of hiring of female new graduates recruited for career-track positions NOF	30% or more	Every fiscal year	39.1%	• Implementation of systematic recruitment	Rate of hiring of female new graduates recruited for career-track positions NOF	30% or more	Every fiscal year	• Implementation of systematic recruitment
	Ratio of female management-level employees NOF	Over 3-fold (compared to FY2021 results)	2030	1.3-fold (compared with FY2021)	• Implementation of systematic recruitment • Development and promotion of female management-level employees	Ratio of female management-level employees NOF	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	2.82%	• Promotion of employment of people with disabilities	Percentage of employees with disabilities NOF	3.0% or more	2030	• Promotion of employment of people with disabilities
	Pay gap ratio between male and female full-time employees NOF 5 domestic consolidated companies	75% or more	2030	73.6% NOF 72.4% 5 domestic consolidated companies	• Improvement of working environments, such as production sites • Development and promotion of female management-level employees	Pay gap ratio between male and female full-time employees NOF NOF/5 domestic consolidated companies	75% or more	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	94.1% (taking at least 1 day of annual leave)	• Development of environments where leave can be utilized easily	Rate of male employees utilizing childcare leave for 2 weeks or longer* NOF	85% or more	2030	• Development of environments where leave can be utilized easily

Risks Sustainability Report ▸ p. 196

- Sustainable business growth stalls due to delays in talent development
- Inability to secure necessary employees leading to delays in business plans

Opportunities Sustainability Report ▸ p. 196

- Evolution of organizational capabilities through a combination of internal talent development and external recruitment
- Investment in labor saving and automation (accelerating smart factory implementation)
- Improvement of manufacturing workplaces where the elderly and women are able to participate in an active manner, achieving a diverse organization

Strategies

- Deliberation on company-wide talent development policies and plans, and evaluation of implementation content at the Talent Review Meeting
- Discussion of talent development, recruitment status, and response policies at the Sustainability Committee
- Promotion of business understanding by holding factory tours, etc., for new graduate hires, and expansion of dissemination channels for recruitment information for mid-career workers
- Development of a re-employment system for retirees to rejoin the company
- Accumulation of smart factory implementation know-how at a model factory and deployment to other factories
- Implementation of planned capital expenditures (improvement of the workplace environment)

* Changed from taking at least 1 day (FY2030: 100%) to taking at least 2 weeks from FY2026. This improves the quality of childcare leave by enabling actual participation in childcare.

Materiality	FY2025 Indicators (KPIs)	FY2025 Numerical targets	FY2025 Target fiscal year	FY2025 Results	FY2025 Details of major initiatives	FY2026 Indicators (KPIs)	FY2026 Numerical targets	FY2026 Target fiscal year	FY2026 Details of major initiatives
Create a comfortable workplace ● Employee engagement p. 075	Utilization rate of annual paid leave NOF / 5 domestic consolidated companies	75% or more	2025	81.4% NOF 80.1% 5 domestic consolidated companies	● Raising awareness by disseminating the Health-Conscious Management Declaration	Utilization rate of annual paid leave NOF/5 domestic consolidated companies	75% or more	2030	● Raising awareness by disseminating the Health-Conscious Management Declaration
	Overall employee engagement score NOF	50.0 or more	2025	51.0	● Execution of measures using employee engagement surveys as a starting point	Overall employee engagement score NOF	53.0 or more	2030	● Execution of measures using employee engagement surveys as a starting point

Risks Sustainability Report ▸ p. 196

- Rise in turnover rate due to family care, etc., impeding business promotion and operation execution

Opportunities Sustainability Report ▸ p. 196

- Improvement of organizational resilience through standardization of operations
- Improvement of employee engagement with greater support measures for balancing work with childcare and family care

Strategies

- Provision of opportunities to engage in career dialogue with supervisors, support for career development, and promotion of a comfortable workplace
- Career consultation services and support for self-directed career development and growth
- Improvement of productivity through operational efficiency and process reviews via DX promotion and introduction of generative AI
- Enhancement of support systems for balancing work with childcare and family care

Materiality	FY2025 Indicators (KPIs)	FY2025 Numerical targets	FY2025 Target fiscal year	FY2025 Results	FY2025 Details of major initiatives	FY2026 Indicators (KPIs)	FY2026 Numerical targets	FY2026 Target fiscal year	FY2026 Details of major initiatives
Promotion of CSR-based Procurement Sustainability Report ▸ pp. 172-175	Coverage rate of CSR questionnaire survey (based on value of purchases) NOF	85% or more	2025	92% NOF (cumulative total over 2025 plan)	● CSR questionnaires for suppliers completed in FY2023 and FY2024	Coverage rate of CSR questionnaire (based on value of purchases) NOF	85% or more	2028	● Implementation of the CSR questionnaire*
	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% (Interviews conducted with 24 of the 25 targeted companies)	● Implementation of improvement requests via interviews to target suppliers	25 Mid-term Management Plan Interview Supplier improvement rate (Number of companies improved/ 24 companies) NOF	75% or more	2028	● Follow-up with target suppliers

Risks Sustainability Report ▸ p. 175

- Drop in credibility due to perceived insufficiency of efforts for sustainable and responsible procurement

Opportunities Sustainability Report ▸ p. 175

- Fulfillment of social responsibility, risk reduction, enhancement of brand value, strengthening of competitiveness

Strategies

- Implementation of interviews with suppliers and requests for improvement

Materiality	FY2025 Indicators (KPIs)	FY2025 Numerical targets	FY2025 Target fiscal year	FY2025 Results	FY2025 Details of major initiatives	FY2026 Indicators (KPIs)	FY2026 Numerical targets	FY2026 Target fiscal year	FY2026 Details of major initiatives
Resilience enhancement Sustainability Report ▸ p. 081	BCP education and training hours NOF Group	Total of 4,000 hours	Every fiscal year	Total of 8,000 hours or more	● Enhancement of each BCP manual ● Improvement of response capabilities through expanded training scenarios ● Inspection and confirmation of location activities through audits	BCP education and training hours NOF Group	Total of 4,000 hours or more	Every fiscal year	● Enhancement of each BCP manual ● Improvement of response capabilities through expanded training scenarios ● Inspection and confirmation of location activities through audits

* Also deployed to YUKA SANGYO CO., LTD., Nippon Koki Co., Ltd., NiGK Corporation, Showa Kinzoku Kogyo Co., Ltd., and NOF METAL COATINGS ASIA PACIFIC CO., LTD.

③ Promote Responsible Care activities

Materiality	FY2025					FY2026			
	Indicators (KPIs)	Numerical targets	Target fiscal year	Results	Details of major initiatives	Indicators (KPIs)	Numerical targets	Target fiscal year	Details of major initiatives
Response to climate change	CO_2 emissions (Domestic Group)	40% reduction (compared with FY2013)	2030	123,000 tons/year 31% reduction (compared with FY2013)	● 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	CO_2 emissions (Domestic Group)	107,000 tons/year 40% reduction (FY2013: 179,000 tons/year)	2030	● 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 of consumption
	Carbon neutrality (NOF Group)	Aim for achievement	2050			Carbon neutrality (NOF Group)	Aim for achievement	2050	

Response to climate change

▸ pp. 080-088

Risks ▸ p. 082

- Increase in manufacturing cost due to compliance with environmental regulations, decrease in product sales
- Increased procurement costs due to soaring raw material prices
- Reputational damage and falling stock prices due to the use of certain raw materials
- Increase in cultivation/production and procurement costs due to degradation of ecosystem services
- Decrease in sales caused by flood and wind damage to production bases and value chain

Opportunities ▸ p. 083

- Decrease in manufacturing cost through improved resource efficiency
- Increase in sales due to growing demand for products that contribute to environmental conservation

Strategies

- Promotion of measures toward reducing greenhouse gas (GHG) emissions
- Reduction of plastic usage
- Securing stable raw materials through multiple purchases and long-term contracts
- Procurement of sustainable palm oil
- Selection of suppliers and business partners taking into account risks at the production area (ensuring traceability)
- Rain water countermeasures and disaster prevention measures for buildings and facilities
- Development and provision of products that contribute to environmental conservation

Materiality	FY2025					FY2026			
	Indicators (KPIs)	Numerical targets	Target fiscal year	Results	Details of major initiatives	Indicators (KPIs)	Numerical targets	Target fiscal year	Details of major initiatives
Chemical Safety pp. 090-092	Emissions of substances subject to PRTR Act after revision in FY2021 Domestic Group	under 170 tons/year	Every fiscal year	139 tons/year	● Creation and execution of emission reduction measures ● Reevaluation of production processes	Emissions of substances subject to PRTR Act after revision in FY2021 Domestic Group	under 170 tons/year	Every fiscal year	● Creation and execution of emission reduction measures ● Reevaluation of production processes
Promote occupational safety and health p. 093	Number of lost workday-involving accidents Domestic Group	0	Every fiscal year	4 cases	Through the participation of all personnel and risk anticipation ● 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)	Number of lost workday-involving accidents Domestic Group	0	Every fiscal year	Through the participation of all personnel and risk anticipation ● Further fostering of a safety culture ● Adoption of basic safety actions ● Reduction of disaster risks ● Strengthening of responses based on Sangen Shugi (the “three actuals” principle)

Chemical Safety

Risks

- Tighter domestic and international regulations
- Increases in cost associated with expansion of facilities and strengthening of management systems to comply with regulations
- Inability to manufacture existing products leading to a decline in sales

Opportunities

- Proactive emission control measures and the development and provision of products that contribute to sustainability improve the Company’s ratings and reputation.

Strategies

- Creation and execution of emission reduction measures
- Reevaluation of production processes
- Expansion of information provision to stakeholders
- Ensuring compliance with domestic and international regulations

Value Creation Process

Creating products, value, and a new future with the power of chemistry

We propose new technologies and new products by combining the core technologies we have acquired in our diverse business areas.
To solve various social issues, we aim to grow sustainably centered on our three prioritized business fields.

Society Issues

- Climate change
- Food issues
- Resource depletion
- Energy shortages
- Declining birthrate / aging population
- Health issues
- Achieving smart operations

Sustainable investment to solve social issues

Input ▶ Business Model ▶ Output ▶ Outcomes ▶ Vision

Materiality

- Provide new values to realize a prosperous and sustainable society
- Strengthen the business foundation
- Promote Responsible Care activities

▸ pp. 021-025

Input

Utilization of capital

Financial capital
Stable financial foundation based on strong profitability

Human capital
Human resources who resonate with our philosophy and are able to act in a proactive manner

Manufacturing capital
Locally based production systems in Japan and overseas

Intellectual capital
Proprietary technology that creates high-function materials

Social capital
Cooperating with suppliers to promote CSR procurement

Natural capital
Natural resources factoring in sustainability

▸ p. 027

Business Model

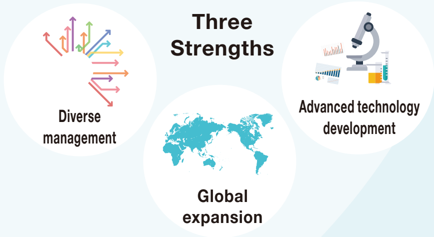
High-function materials of the NOF Group

+Plus! NOF

Customer companies' product development

×

Three Strengths



Output

Provision of high-performance and high-value-added products

▸ p. 027

Outcomes

Economic value

Long-term enhancement of corporate value through innovation in chemical materials

Social value

Contributing to our customers' sustainable growth as well as improvements to local communities and the global environment by helping to solve customers' challenges

Vision

Toward our corporate vision in NOF Vision 2030

A corporate group that continuously creates new value with the power of chemistry in the three fields of Life/Healthcare, Environment/Energy, and Electronics/IT in order to realize a prosperous and sustainable society

Corporate Governance ▸ pp. 094-101

Corporate Philosophy ▸ p. 004

Strengthening the six capitals toward further value creation

The NOF Group utilizes the various internal and external capital it has accumulated to provide high-performance and high-value-added products.
We will continue to strengthen these forms of capital and create economic and social value.

NOF Group

Capital Category	Input*1	Issues (Lacking in Capital)
Financial capital	● R&I (Rating and Investment Information, Inc.) ······ A+ (Long-term rating)	● Improvement in profitability toward achieving an ROE of 15% or more (e.g., operational efficiency through DX) ▸ p. 051-061
Human capital	● Number of employees ······ 4,155; NOF 1,976 ● Number of temporary employees ······ 155	● Preventing delays in talent development ● Securing talent ● Improving talent retention Sustainability Report ▸ p. 196
Manufacturing capital	● Capital expenditures ······ ¥34.4 billion ● Manufacturing and development sites ··· 20 sites	● Optimal production with measures such as DX promotion Sustainability Report ▸ p. 111
Intellectual capital	● R&D investment amount ······ ¥8.1 billion ● Patents held ······ Domestic 1,216 cases; Overseas 1,158 cases ● Patent attorneys ······ 4	● Improving R&D efficiency and exploring applications using IPL ● Pioneering new markets ● Shortening the time to commercialization ▸ p. 049
Social capital	● Number of suppliers ···· NOF 1,100 companies ● Commissioned research to universities and research institutes	● Supply chain management including human rights and Scope 3 (Category 1) GHG reductions ● Creating new business models through collaboration with external parties ▸ pp. 034, 046-047 Sustainability Report ▸ p. 144
Natural capital	● Total substance input ······ 226 thousand tons ● Total energy input ······ 2,772 thousand GJ ● Volume of water consumption ······ 7,939 thousand tons	● Reducing CO_2 through a circular business model using renewable energy and biomass fuel Sustainability Report ▸ pp. 136, 159-162

Output*1

Provision of high-performance and high-value-added products

Economic value

- Operating profit ······ ¥47.4 billion
- ROE ······ 14.1%
- Dividend payout ratio ···· NOF 34.6%

Social value

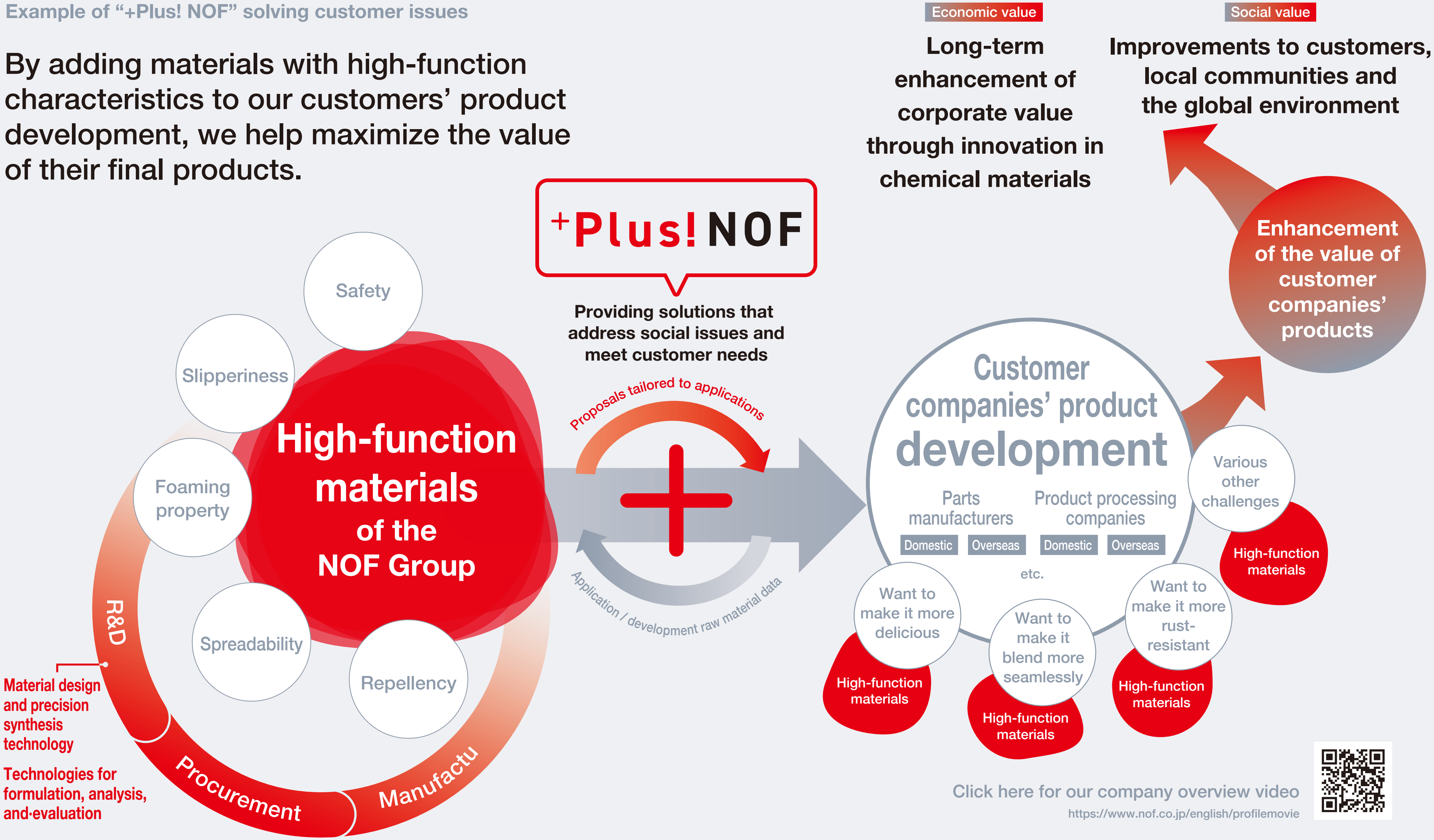
- Countries sold to ······ 82 countries
- Industry-academia-government joint research ······ 72 cases
- Percentage of female employees ······ NOF 16.8%
- Percentage of employees with disabilities ······ NOF 2.82%
- GHG emissions(Scope 1 + 2)*2 ······ 8.1% reduction; ······ Domestic Group 7.1% reduction

*1 FY2025 results *2 Compared with FY2024

Business Model

Example of "+Plus! NOF" solving customer issues

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



Click here for our company overview video
https://www.nof.co.jp/english/profilemovie

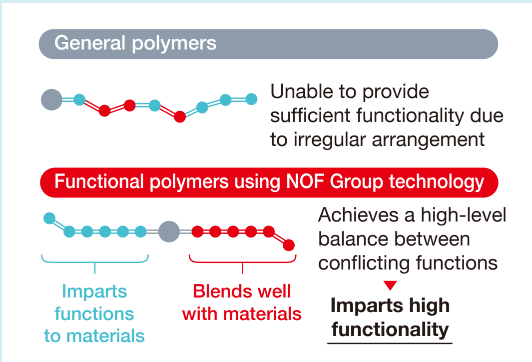
NOF Group offers high-function materials to help companies achieve “more” for their products, such as making medicines more effective, making parts more compact, making foods more delicious, and becoming more environmentally friendly. High-function materials are those that enhance properties such as 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 performance of existing ones. The NOF Group 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 comprehensive oleochemical company producing everything from hardened oil to soap, the NOF Group has continuously evolved in step with societal changes. Today, we focus on three fields— “Life/Healthcare,” “Environment/Energy,” and “Electronics/IT” —and develop our business. 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.

Proprietary technology to control the power of surfactants at will

Surfactants are well-known as the main component of shampoos and laundry detergents, but in fact, they are also contained in foods, cosmetics, pharmaceuticals, and more. A surfactant molecule is characterized by having both a hydrophilic group that is compatible with **water** and a **hydrophobic** (lipophilic) group that is compatible with oil. By utilizing these two properties, it becomes possible to control various **interfaces** (the boundary between two different substances)—for example, mixing water and oil, or dispersing powder in water.

The strength of the NOF Group lies in its technical ability to freely design the hydrophilic and hydrophobic groups of such surfactants. An example of this is the use of polymerization initiators to link many monomer molecules together. By using a special initiator developed with this unique production method, we succeeded in synthesizing a polymer with monomer molecules arranged in a regular order. With this technology, we impart various functions, such as scratch resistance and water repellency, to materials across a wide range of fields. This high level of technical capability is the very source of our ability to continuously provide high added value across a wide range of areas, from the biosphere to outer space.



Safety management cultivated in the Explosives & Propulsion Business

Since 1938, shortly after our founding, we have been engaged in businesses handling explosives. From that very beginning, businesses handling explosives have been obligated to comply with strict safety standards. Under the current Explosives Control Act, strict regulations are also stipulated for all processes from manufacturing to consumption.

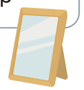
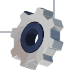
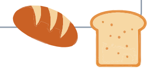
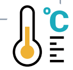
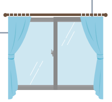
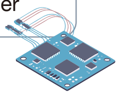
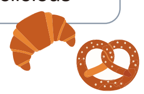
It is precisely because we have continuously confronted such regulations that a culture of prioritizing safety is deeply rooted within the NOF Group. This approach also forms part of our other businesses, supporting a high level of safety awareness throughout the organization. Going forward, as a chemical corporate group, we will continue to develop business activities taking into consideration the “safety” and “health” of our employees and local communities.

https://www.nof.co.jp/english/csr/nof-group-sustainability/plus/

For details, please refer to "Examples of NOF Group Products That Solve Customer Challenges" page on our website.

Examples of NOF Group products that solve customer challenges

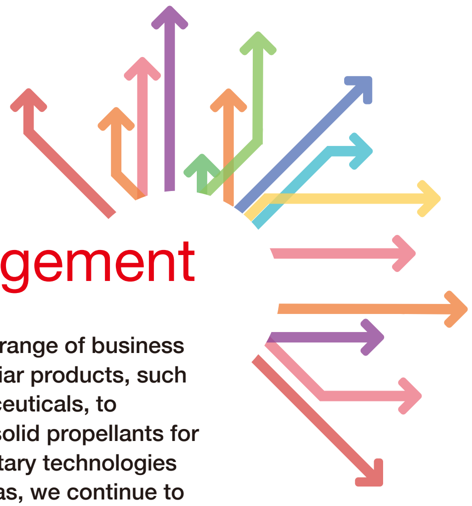
+Plus! NOF

Customer's requirement		NOF
Want to improve wrinkles with serums and creams 	+	**Ceramide polymer – Anti-wrinkle efficacy that improves skin elasticity** (Ceracute®)
Want to prevent mirrors and glass from fogging up 	+	**Highly durable anti-fog agents usable in various environments** (MODIPER® H)
Want to prevent metal rusting 	+	**Water-based, chromium-free, and environmentally friendly anti-corrosion coatings** (GEOMET®)
Want to prevent contact lenses from drying out 	+	**MPC polymers reduce discomfort through biocompatibility and resistance to dryness** (LIPIDURE®)
Want to extend shelf life of bread 	+	**Functional baking fat that uses enzymes to curb the aging of starch** (Functional food materials)
Want to manage temperature without using a power source 	+	**Labels that indicate temperature at a glance through color change** (Temperature Indicator)
Want to make detergents (such as shampoo and hand soap) foam easier 	+	**Surfactants with excellent foaming properties across a wide pH range** (DIAPON®)
Want to help improve skin elasticity with lotions and serums 	+	**High-function moisturizing ingredient with about twice the moisturizing power of hyaluronic acid** (LIPIDURE®)
Want to protect fabrics from water and dirt 	+	**Water- and oil-repellent agent that provides repellency through coating** (MODIPER® F)
Want to eliminate squeaking noises from car 	+	**Noise reduction agent that reduces friction noise by enhancing lubricity** (NOFALLOY®KA)
Want to make electronic parts smaller 	+	**EO/PO derivatives that reduce the amount of key materials used in capacitors** (MALIALIM®)
Want to make bread and sweets more delicious 	+	**Margarine that enhances flavor** (DELICIOUS RICH®PLUS)
Want to reduce injection frequency and lessen burden on patients 	+	**Activated PEG and functional lipids that efficiently deliver drugs to target sites and enhance in-body retention** (SUNBRIGHT®, COATSOME®)
Want to reduce vibrations when breaking rocks 	+	**Steam pressure fracturing agent that breaks rock instantly without explosives** (GANSIZER®)
Want to prevent freezing on roads due to snow 	+	**Environmentally friendly antifreezing agent with no chlorine compounds, offering excellent immediate and lasting effects** (KAMAGU®)

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 89 years since our founding. We support our customers' manufacturing with our technical capabilities and response capabilities.

Strengths 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.

▸ pp. 062-069

Strengths 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. 019

Strengths 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* (current Material Science Research Laboratory and Health Science 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 medicine and regenerative medicine, as well as promoting development leveraging business integration synergies.

▸ pp. 046-049

* The Advanced Technology Research Laboratory has been abolished

Creation of economic value through the business model (+Plus! NOF)

[Core products and growth products of the NOF Group]

The world is facing numerous challenges, including environmental issues. The NOF Group focuses on the "Solutions Business," which provides solutions in response to social issues and customer needs, rather than merely supplying products. Our Code of Conduct also states that we will "provide the highest quality products and services globally for the development of humanity and society," and are creating core products and growth products needed by the international community.

Here are some representative products that drive net sales with high economic value, as specific examples of our value creation. Our anti-corrosion coatings achieve both high performance leveraging the development capabilities of the NOF Group and low environmental impact, with robust sales overseas, primarily in China. We will continue expanding our lineup to meet diversifying needs. In functional polymers, we not only can impart various functions to diverse materials, but also respond to needs such as environmental and human safety. This technical capability is the source of providing value across a wide range of fields. For DDS materials, we have captured the world's leading share for activated PEG. We are responding to globally increasing needs for advanced medicine. We are expanding our plant-derived products in cosmetics materials, in response to the growing demands for environmental and safety considerations, particularly in Europe. In Japan, too, we boast a top market share through R&D based on market trend analysis.

With these product groups, the NOF Group creates economic value to grow together with society.

Metal Coatings Business

Anti-corrosion coatings

Main functions

Prevents oxidation (rusting) of metal products and maintains their quality over long periods.

Main applications

Automotive parts, solar panels, offshore wind turbine parts, etc.

Three prioritized business fields

Environment/Energy field | Life/Healthcare field | Electronics/IT field

Market needs, contribution to solving social issues

We achieved both reduction of environmental impact and improvement of safety through low VOC, chromium-free, and low-temperature processing.

Market growth rate

13% (2025 to 2038)*

* Source: S&P Global Mobility Light vehicle sales Forecast March 2026

Functional Materials Business

Functional polymers

Main functions

Achieves a high-level balance between compatibility with materials and the provision of functionality (such as water repellency and oil repellency).

Main applications

Automotive parts, household goods, medical supplies, information equipment parts, etc.

Three prioritized business fields

Environment/Energy field | Life/Healthcare field | Electronics/IT field

Market needs, contribution to solving social issues

We provide a lineup that does not contain PFAS and halogens, which are increasingly subject to global regulations.

Life Science Business

DDS materials

Main functions

Delivers the active ingredients of pharmaceuticals to the target site at the required timing.

Main applications

Nucleic acid drugs, gene therapy drugs, antibody drugs, peptide drugs, protein drugs, etc.

Global share of activated PEG **No.1**

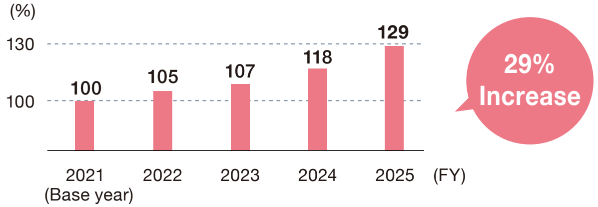
Three prioritized business fields

Environment/Energy field | **Life/Healthcare field** | Electronics/IT field

Market needs, contribution to solving social issues

Contributes to better QOL with advanced technology, addressing societal aging and the increase in chronic diseases.

Market growth rate*



* Source:Evaluate Pharma

Functional Materials Business

Cosmetics materials

Main functions

Contributes to improving moisturizing power and alleviating irritation without compromising the texture of cosmetics.

Main applications

Haircare products, skincare products, body care products, etc.

Domestic share of cosmetics materials **No.1** (Survey by TPC Marketing Research Co., Ltd.)

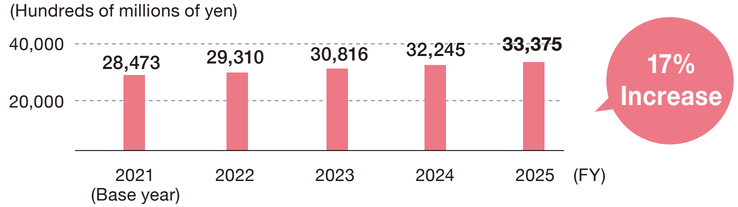
Three prioritized business fields

Environment/Energy field | **Life/Healthcare field** | Electronics/IT field

Market needs, contribution to solving social issues

We are responding to diversifying needs due to the expansion of the user base and demands for replacement with plant-derived raw materials.

Market growth rate*
(Japanese cosmetics market)



* Source:TPC Marketing Research Co., Ltd.

Creation of social value through the business model (⁺Plus! NOF) [Sustainability contribution products]

Policy (our fundamental view)

In addition to the response to climate change and conservation of biodiversity, market needs are increasing, including solving health issues in an aging society and improving the performance of electronic materials in line with the advancement of information and communication technology. In order to respond to such social issues, we plan and design company-wide research strategies and focus on creating new businesses, while also conducting technological development through external co-creation, such as open calls for proposals and industry-academia-government collaboration. To achieve both a sustainable society and economic growth, the NOF Group promotes R&D of technologies corresponding to the three prioritized business fields and creates various sustainability contribution products.

NOF Group's products that directly or indirectly contribute to solving social issues such as the "global environment" and "improving QOL"

Climate change

Mitigation

- Functional food materials
- Low-VOC curing agents

Adaptation

- Base material for refrigerating oils
- Polybutene for air conditioner putty

Biodiversity

- Organic peroxides for cross-linked polyethylene
- Water-based acrylic binders for substrates
- Oils and fats for meat alternatives
- Anti-corrosion coatings
- Organic peroxides for resin window sashes
- Automatic antifreezing agent spraying devices
- Plant-derived PAG derivatives
- Biodegradable lubricants
- Anti-fog agents for LED headlamps
- Additives for in-vehicle electronic components
- Lubricants for electronic units
- Resin additives, such as noise reduction agents

QOL improvement

Health and medicine

- Pharmaceutical raw materials
- Additives for disinfectants and diagnostic pharmaceuticals
- Functional food materials
- Activated PEG
- Water-based / chromium-free anti-corrosion coatings
- Lead-free products (for detonators, hunting, and competitions, etc.)
- MPC

Food issues

- Functional food materials
- Oils and fats for meat alternatives
- Agriculture-related products
- Neutral antifreeze solution for the livestock industry

Daily life

- Temperature indicator materials
- Ocean equipment, rocket fuel
- Industrial explosives
- Automatic antifreezing agent spraying devices
- Cosmetics materials
- Haircare products
- Skincare products
- High-purity palmitoleic acid
- Cement capsules
- Organic peroxides for resin window sashes
- Steam pressure fracturing agents

Alternatives for hazardous or legally regulated substances

- Agriculture-related products
- Deposit control agents
- Antifreezing agents
- Anti-sticking agents for asphalt mixtures
- Lead-free products (for detonators, hunting, and competitions, etc.)
- Neutral antifreeze solution for the livestock industry
- Low-VOC curing agents
- Biodegradable lubricants
- Water-based acrylic binders for substrates
- Non-fluorine water and oil repellent
- Base material for refrigerating oils
- High-purity palmitoleic acid
- Water-based / chromium-free anti-corrosion coatings
- Cement capsules

Resource Recycling

- Anti-corrosion coatings
- Functional food materials
- Plant-derived PAG derivatives
- Vulcanized rubber substitutes
- Copper paste for screen printing
- Eco-friendly stern tube bearing oil

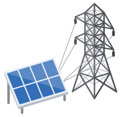
Sustainability Report ▶ pp. 042-053

Sustainability contribution products

Electrification of automobiles

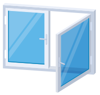
- Additives for in-vehicle electronic components
- Lubricants for electronic units
- Anti-corrosion coatings
- Noise reduction agents etc.

Renewable energy



- For cross-linked polyethylene Organic peroxides
- Biodegradable lubricants
- Anti-corrosion coatings

Spread of energy saving



- Organic peroxides for resin window sashes

Reduction of GHG, Securing protein resources

- Oils and fats for meat alternatives

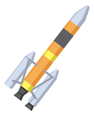
Reduction of food loss

- Functional food materials

Prevention of ozone layer destruction

- Base material for refrigerating oils

Climate change adaptation (Air conditioning use, infectious diseases, environmental surveys)



- Polybutene for air conditioner putty
- Additives for disinfectants and diagnostic pharmaceuticals
- Ocean equipment, rocket fuel etc.

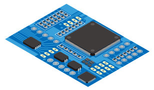
Plant-derived raw materials

- Plant-derived PAG derivatives

Biodiversity, climate change mitigation, traffic safety

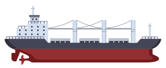
- Antifreezing agents
- Automatic antifreezing agent spraying devices

Energy saving



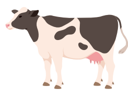
- Water-based acrylic binders for substrates

Marine conservation



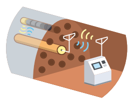
- Eco-friendly stern tube bearing oil

Protection of animals



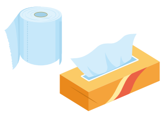
- Neutral antifreeze solution for the livestock industry
- Agriculture-related products "NEODRINK®" "Za Yoroi-Otoshi"

Environmental conservation, risk reduction



- Lead-free products (For detonators, hunting, and competitions, etc.)
- Water-based/chromium-free anti-corrosion coatings
- Non-fluorine water and oil repellent

Use of used paper



- Deposit control agents

Recycling

- Vulcanized rubber substitutes

Reduction of substances that negatively impact the environment

- Low VOC*Curing agents
- Cement capsules
- Copper paste for screen printing

Products That Are Kind to the Surrounding Environment

- Steam pressure fracturing agents, GANSIZER®

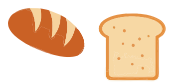
Health and medicine

- PEG modifiers
- MPC
- Eye care products etc.

Daily life

- Cosmetics materials
- Skincare products
- Haircare products etc.

Food issues



- Functional food materials
- Oils and fats for meat alternatives etc.

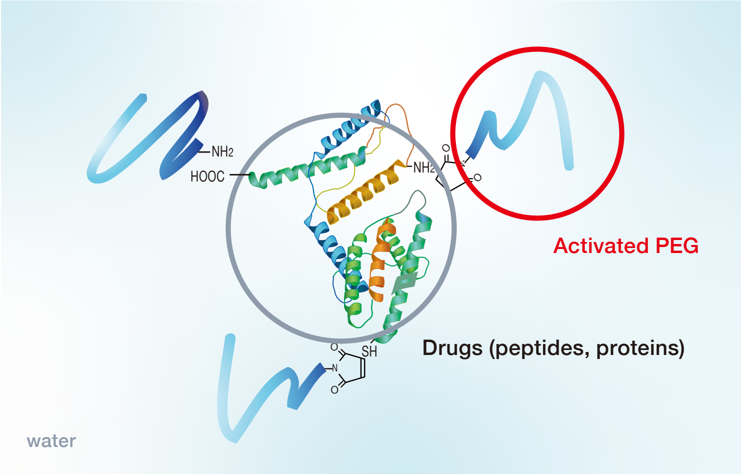
* VOC is an acronym of Volatile Organic Compounds

Examples of value creation through the business model (+Plus! NOF) 1

DDS materials using activated PEG

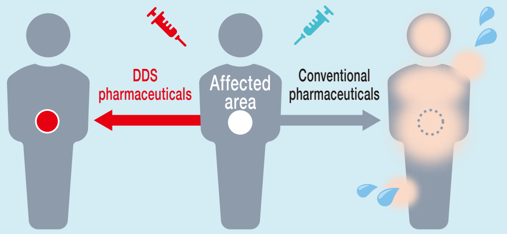
Core and growth products | Life Science Business

NOF commercialized DDS materials in 2001, blending its technologies for high purification and molecular design to enhance the efficacy of pharmaceuticals. We boast the world's leading share of activated PEG, which enhances the retention of peptide and protein drugs within the body. We are also focusing on functional lipids for delivering nucleic acid drugs and gene therapy drugs into cells.



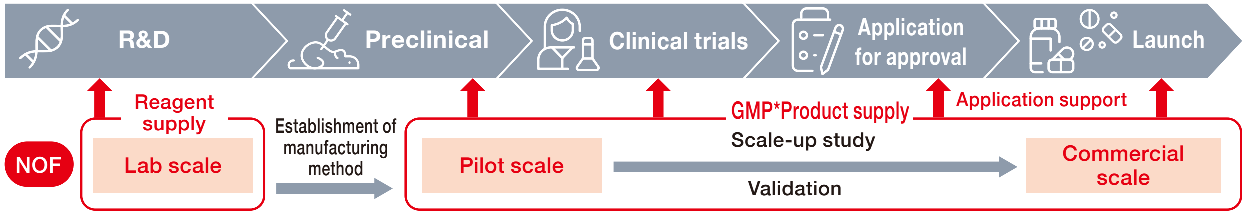
What is DDS?

A drug delivery system (DDS) is a system that delivers a drug to the desired location within the body, in the required amount and at the appropriate time. DDS enables the efficient delivery of drugs to affected areas, thereby enhancing therapeutic efficacy. By improving the retention of drugs within the body, DDS can also reduce the frequency of administration. This helps reduce the burden on patients and improve their quality of life.



Drug discovery flow

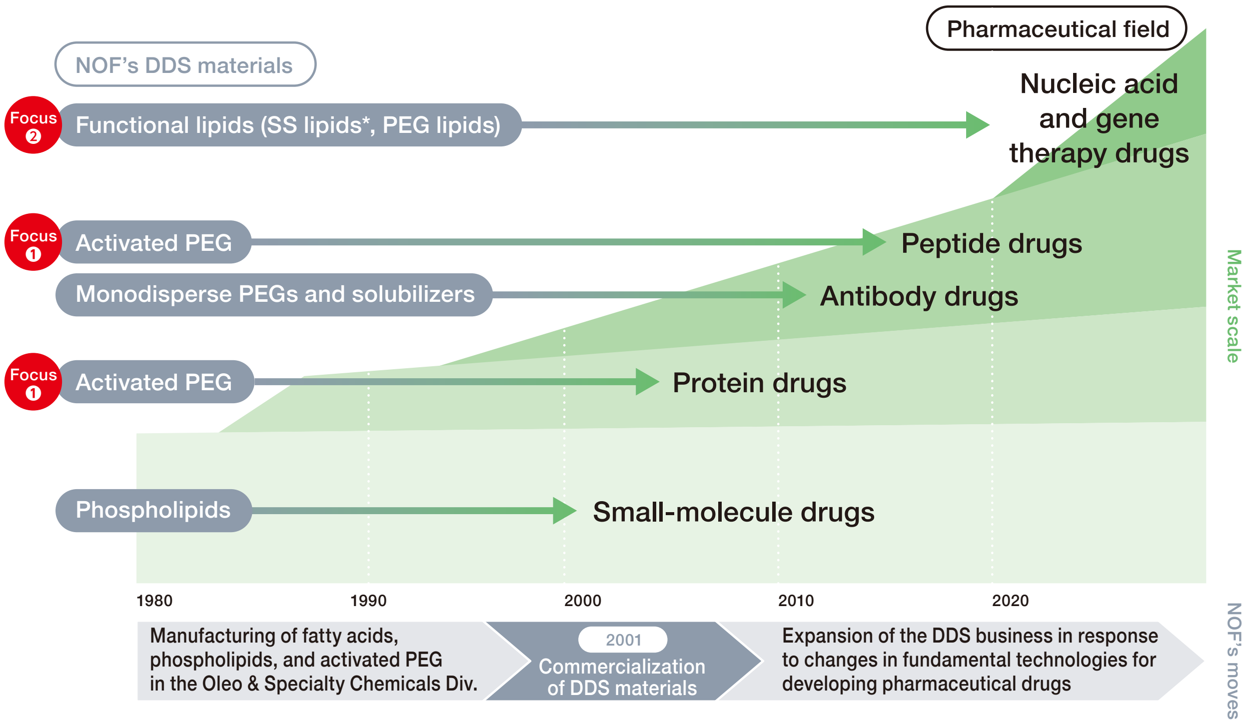
Development stage of customer [pharmaceutical manufacturer]



From the R&D stage of pharmaceutical manufacturers, NOF also develops materials that meet the requirements of pharmaceuticals. During the R&D stage of pharmaceuticals, prototype DDS materials are developed at the laboratory level, and reagents are provided to drug manufacturers to verify basic data (lab scale). Once the manufacturing method is established, the design of manufacturing facility, etc., is verified using equipment on a smaller scale than actual production machinery (pilot scale). Then, while scaling up to a production-scale plant (commercial scale), we provide pharmaceutical manufacturers with materials that conform to management standards.

During the scale-up process, it is important to confirm that quality remains stable even when production scale is expanded. This verification is called validation. Management standards for pharmaceuticals, such as safety, are becoming ever stricter, and sufficient manufacturing control is required. We do not stop at merely providing materials, but have established a system to collaborate appropriately with pharmaceutical manufacturers according to the development stage, contributing to functional improvements.

* GMP: Abbreviation for Good Manufacturing Practice. Standards for manufacturing management and quality control required of manufacturers and marketing authorization holders of pharmaceuticals, etc.



* NOF's proprietary ionizable lipids that combine efficient nucleic acid delivery with low toxicity

Regarding product development

NOF has been commercializing DDS materials since 2001, utilizing manufacturing technologies for fatty acids, phospholipids, and activated PEG cultivated through its oleochemical business. DDS was initially limited to phospholipids for small-molecule drugs (low-molecular-weight compounds primarily produced by chemical synthesis, which were the mainstream of conventional pharmaceuticals) and activated PEG for protein drugs, but subsequently, we expanded the business in response to changes in drug discovery platform technologies. We have developed new materials for antibody drugs, peptide drugs, nucleic acid drugs, gene therapy drugs, and others. Going forward, we will focus on expanding sales of functional lipids into the nucleic acid drug and gene therapy drug market, which is forecast to grow at a high rate averaging 42%* annually (2023 to 2028), and on developing new products.

* Source:Evaluate Pharma

Business environment and NOF's measures

The market for biopharmaceuticals is expected to continue to expand, due to the advantage of fewer side effects and reduced impact on patients. On the other hand, pharmaceuticals are required to meet strict requirements in terms of quality and safety, etc., making it essential to balance more advanced technology with thorough manufacturing control. In 2021, Japan's GMP Ministerial Ordinance, which sets the standards for pharmaceutical manufacturing control, was revised, tightening regulations further.

As a top manufacturer of DDS materials, NOF is investing in facilities and human resources to continue supplying high-quality products that meet safety standards. In 2025, an activated PEG manufacturing facility with an investment exceeding ¥10.0 billion began operations at Aichi Works. We will maintain high manufacturing quality with GMP-compliant facilities.

Strengths of NOF's DDS materials

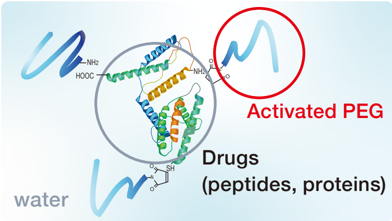
- Capable of custom-made responses tailored to customer needs
- Production of high-quality activated PEG that is challenging for other companies
- Abundant lineup of functional lipids

Focus 1 Activated PEG

Peptide and protein drugs

Pharmaceutical development companies	**Drug** (Peptide, protein)
	+
NOF product	**Activated PEG** Confers water solubility

Prolongs drug retention in the body



Global share No.1

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.

Reinforcing production of activated PEG

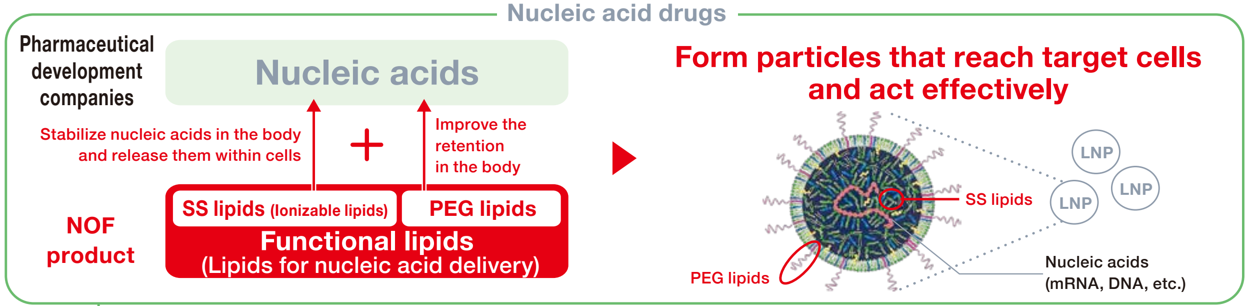
In October 2025, a new manufacturing facility for activated PEG began operations at our Aichi Works. The facility is approximately twice the size of the DDS plant at the Kawasaki plant and its state-of-the-art manufacturing facility has three key characteristics: (1) GMP-compliant equipment that enables production at larger batch scales* 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.

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

Support for custom-made solutions and solving user challenges

NOF also offers custom-made solutions for DDS materials such as activated PEG, pharmaceutical and medical polymers, and functional lipids, tailored to customer needs. We have responded to needs such as improving safety and duration by utilizing molecular design technologies accumulated over the years. Furthermore, as support for solving challenges faced by users, we have developed various analytical methods to assure the quality of NOF products and support pharmaceutical manufacturers in obtaining approval from the U.S. Food and Drug Administration (FDA) and the European Medicines Agency (EMA).

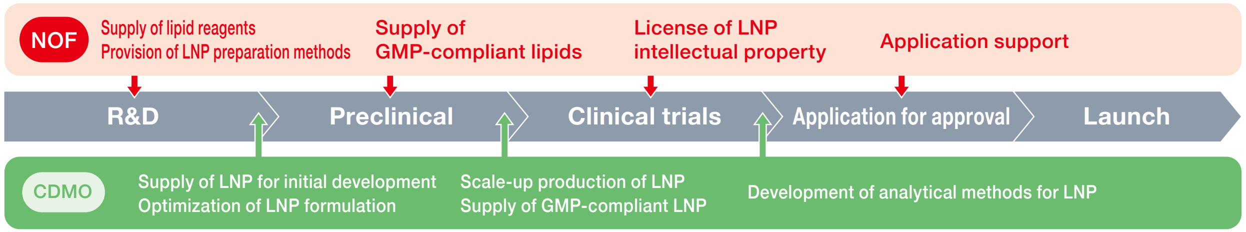
Focus 2 Functional lipids (SS lipids, PEG lipids)



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 functional 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. This partnership enables us to provide contract development and manufacturing services for LNP formulations tailored to each customer's stage of development.

Employee comments

In my previous job, I worked in quality assurance at a pharmaceutical company. I decided to change jobs because I wanted to work in a role where I could contribute to patients' health in a more expansive manner. Although our work may not be visible, I believe it is valuable because it supports patients in the here and now.

K•S
Quality Assurance Section

Employee comments

Seeing my father receiving cancer treatment, I felt that I wanted to contribute to treatment methods that not only cure the disease but also alleviate suffering. Building a track record of use for the products we have developed in Boston, a global center of therapeutics technology, should help expand product sales and enable us to deliver treatments that place less burden on patients. We share the knowledge gained locally with our laboratories, linking it to the future of patients.

Y•K
Boston base sales representative

Examples of value creation through the business model (+Plus! NOF) ❷

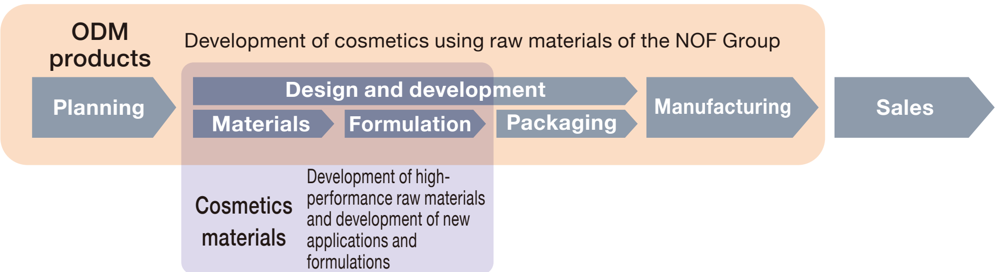
Cosmetics materials developed based on market analysis

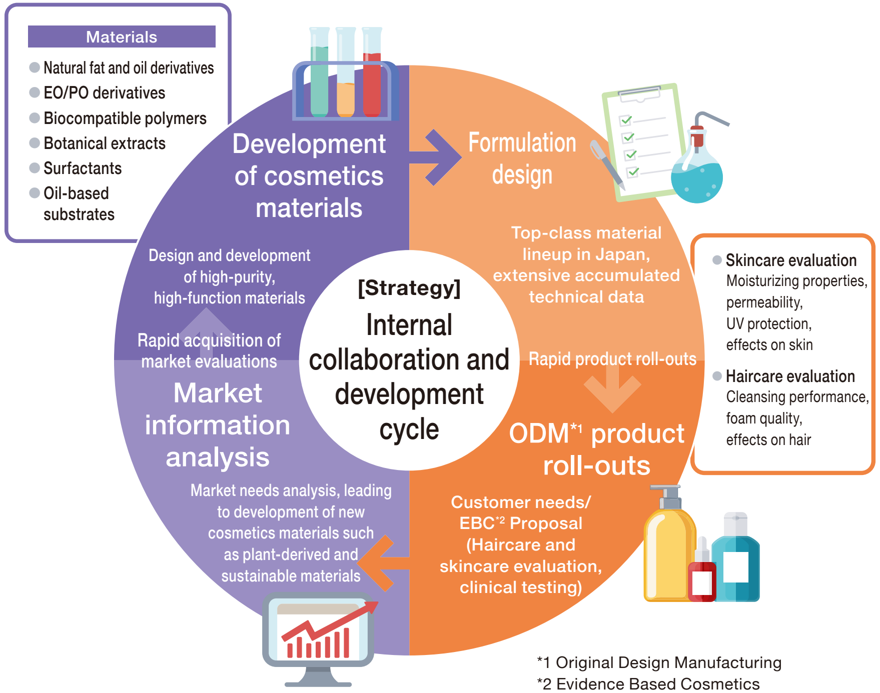
Core and growth products | Functional Materials Business

The NOF Group's cosmetics-related business does more than just sell high-quality raw materials. We deeply analyze market needs in collaboration with cosmetics manufacturers and propose products that are valuable to users. As a Cosmetic Solution Designer, we support our customers' cosmetics development from the development stage.

Features of the NOF Group's cosmetics-related business

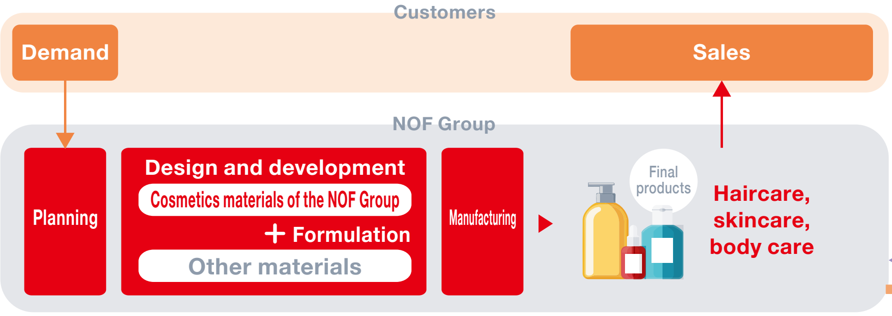
In the cosmetics materials business, we do not merely sell raw materials alone—we also propose formulation designs tailored to applications. In the ODM business, we undertake everything from product planning and design to manufacturing while coordinating efforts with our customers, the cosmetics manufacturers. Therefore, our strength is that we can quickly obtain more detailed market information through user feedback on the completed cosmetics. Analyzing the market information we acquired and applying it to the next production of cosmetics materials also leads to further improved proposal capability in the ODM business. A feature of the cosmetics-related business is that by running this process, we can continuously generate raw materials with high added value.



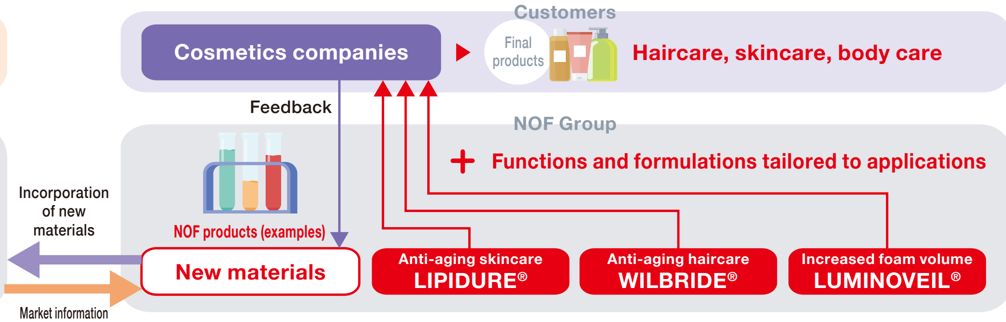


*1 Original Design Manufacturing
*2 Evidence Based Cosmetics

ODM products



Cosmetics materials



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 data to meet customer demand. Leveraging NOF Group'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.

Capabilities for **Material development** aligned with market needs

With more than 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 analyses. We provide materials that enhance functions such as moisturization and foaming to manufacturers of haircare, skincare, and body care products.

Strengths of the NOF Group's cosmetics materials

- High-performance product group backed by data
- Formulation proposal capability that makes effects more tangible
- Highly specialized evaluation technology
- Thorough quality control and production system

Cosmetics materials of the NOF Group that respond to customer needs

Customer needs	Effect	Products	Market
Anti-aging haircare	Improvement of gloss/ Improvement of hair strength	WILBRIDE®	Haircare
	Increase in hair volume	CERACUTE®	
	Natural cleansing without a tight feeling	SOFTILT®	
Scalp care	Maintains detergency across a broad pH range	DIAPON®	
Non-silicone	Improved slipperiness during rinsing	ACROBUTE®	
	Reduced squeakiness during rinsing	ALFEEL®	
Volume of foam Dense foam	Foam sustainability	NONION™DL	Haircare, skincare
	Improved foam elasticity	LUMINOVEIL®	
Anti-aging skincare	Pore tightening/Improved skin firmness	PROTEOGLYCAN (PLANT)	Skincare
	Improved skin elasticity	LIPIDURE®	
	Anti-wrinkle	CERACUTE®	
Pore care	Cleansing of sebum dirt	UNIOX®	

Customer needs	Effect	Products	Market
Water-based cleansing	Improved cleaning efficiency	WILBRIDE®	Skincare
	Low-irritation cleansers	SOLUBULE®	
Time-saving care (All-in-one cosmetics)	Solubilization of beauty ingredients	SOLUBULE®	
Sensitive skin care	Improvement of rough skin	LIPIDURE®	
	Anti-inflammation	Eucalyptus extract™	
Anti-pollution	Trapping of pollen and PM2.5	PROTEOGLYCAN (PLANT)	
		LIPIDURE®	
Naturally-derived raw materials ‣pp. 042-043	Moisturizing/ improved feel	NATUWIL®	Skincare
	Improved feel/ functionality	BIOLEAM®	Makeup, skincare, haircare

NOF CORPORATION Integrated Report 2026
Contents
Philosophy / Vision
Value Creation
Growth Strategy
Sustainability Strategies
DATA

Cosmetics materials of the NOF Group

Plant-derived raw materials gaining attention in recent years

Business environment and NOF's measures

The cosmetics market is growing in Europe, the United States, China, and emerging countries where the middle-income population is increasing. In Japan as well, the market is trending upward due to the increase of the user base. Within this, demand is increasing for products for sensitive skin, anti-aging products, UV products, and cosmetics with distinctive ingredients.

For the NOF Group's ODM products, we focus on selling skincare products with high concentrations of functional and plant-derived raw materials, skincare products with UV protection plus additional functions, and haircare products incorporating hair beauty benefits. In cosmetics materials, sales are also increasing for products aimed at hair care (improved foamability), skincare (UV protection and anti-aging), and makeup. In particular, demand is growing for products with improved usability and products with high moisturizing properties. Going forward, we will continue to focus on the development and proposal of highly functional, high-value-added products based on market analysis.

Q Why is there a focus on plant-derived raw materials now?

A In the cosmetics market, the user base is expanding widely to include seniors and men, etc., due to growing interest in anti-aging and heightened beauty awareness. Therefore, demands for cosmetics go beyond mere beauty enhancement and encompass a broad range of needs, including long-term effects on the skin and suitability for individual skin types and allergies. Meanwhile, due to growing global awareness of the environment, similar demands are spreading to cosmetics. Plant-derived raw materials are drawing attention in this context. They are sought after by many users as sustainable raw materials that lead to reduced environmental impact. And by enhancing functionality in addition to being plant-derived, they become more easily selected as cosmetic ingredients.

Q What are the NOF Group's measures for these needs?

A The NOF Group focuses on product development that achieves texture and effects equal to or better than conventional cosmetics while being based on plant-derived raw materials. By applying our advanced synthesis technologies and chemical expertise cultivated over many years, we have created proprietary materials such as "BIOLEAM®" and "NATUWIL®," as well as botanical extracts derived from rice bran, camellia seeds, and others. These products are growing mainly in Europe, where there is a high level of interest in the environment and safety, and need is expected to expand in markets such as China and Southeast Asia, where the cosmetics market is growing. We are advancing product development by quickly capturing changes in market trends.

Employee comments

"BIOLEAM®" was developed as a substitute for cyclic silicones and silicone raw materials, which are regulated in Europe, and we pursued a feel similar to the substituted materials. Currently, we have started developing a new high-viscosity grade. Going forward, we will continue taking on the challenge of developing high-value-added products that offer value beyond simply being a substitute for existing raw materials, while staying keenly attuned to market trends.

M•N
Chidori Research Laboratory
AO research group

Employee comments

"NATUWIL®" A product developed with a commitment to being 100% plant-derived. Because we could not draw on existing knowledge, we needed to build a new reaction process and struggled to find the optimal reaction conditions. We successfully developed the product by introducing and selecting new catalysts that had no previous track record, allowing us to achieve both reduced environmental impact and high functionality.

T•M
Chidori Research Laboratory
AO research group

Q What are the new products “BIOLEAM®” and “NATUWIL®”?

A

	BIOLEAM®	NATUWIL®
Overview / features	A plant-derived version of the high-purity, colorless, and odorless emollient agent “PARLEAM®.” Emollient agents function to prevent the evaporation of moisture by forming a film of oil on the surface of the skin.	A new water-soluble moisturizing oil that achieves the characteristics of the conventional product “WILBRIDE®” with 100% plant-derived raw materials. It retains high water solubility, with a feature being the ability to impart the rich feel characteristic of moisturizing oils.
Applications	Viscosity, powdery sensation, spreadability, and other usability characteristics vary depending on the lineup. Therefore, deployment in various applications such as hair oils, cleansers, lipsticks, and mascara is possible.	Given that it blends well with both water and oil and has an excellent moisturizing effect, NATUWIL is being proposed for skincare products such as toners and milky lotions. It is a raw material with low surface tension and high affinity to the skin.
Functions	Clears the issue of adjusting the feel, which was tricky with plant-derived raw materials, through the use of synthesis technology. Three new grades were developed in 2025, adding to the lineup a non-sticky feel type, and a high-viscosity type with long-lasting quality.	Prevents deterioration of usability, which had been an issue when blending moisturizing oils into toners, etc., at high concentrations, and achieves both high stability and moisturizing effects. Adding a small amount can also reduce the stickiness of glycerin and xanthan gum.
Future outlook	We supply to cosmetics manufacturers in Japan and overseas; overseas, our major targets are Europe, where there is strong need for plant-derived raw materials, and China, the world’s second-largest market.	We currently sell to cosmetics manufacturers in Japan and overseas. Overseas, sales are centered on Europe, where there is a high need for plant-derived raw materials, and China, the world’s second-largest cosmetics market.

Feedback from customers using BIOLEAM®

- Can be used as a substitute for cyclic silicones. Despite being plant-derived, it is great that BIOLEAM® delivers performance and feel equivalent to petroleum-derived products.
- Because of its smooth feel and good compatibility, I would like to try using BIOLEAM® as an out-bath hair care product.
- We are considering using it for lip products and others due to its glossiness and moisturizing feel when applied.

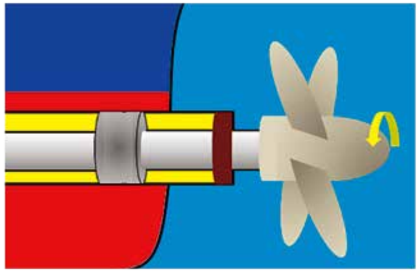
Feedback from customers using NATUWIL®

- I want to create a toner with a high natural-origin index. In addition to plant-derived water-soluble moisturizing oil, NATUWIL® was non-sticky and spread very easily.
- Compared to petroleum-based moisturizers with similar structures, NATUWIL® provides a comparable, penetrating feel with less stickiness, resulting in a pleasant user experience.

Examples of value creation through the business model (+Plus! NOF) 3

Eco-friendly stern tube bearing oil with excellent biodegradability

Core and growth products | Global products | Sustainability contribution products | Functional Materials Business



Strengths
Evaluation technology that enables high quality

The need for biodegradable lubricants increased, following the major oil spill that occurred in the Gulf of Mexico in 2010. Since then, stern tube bearing oil, which ensures good lubricity between the stern tube shaft and bearings, has also shifted to eco-friendly types. However, many products faced challenges of insufficient lubrication performance and anti-corrosion performance. In light of this, the NOF Group developed an eco-friendly stern tube bearing oil that solves these issues. We progressed from raw material sales to the supply of final products.

▼

Biodegradable ＋ lubricity

"MILLUBE® ST-100U," developed by the NOF Group, is an eco-friendly stern tube bearing oil that exhibits good lubricity and anti-corrosion properties. Because of its high biodegradability, low toxicity, and low bioaccumulation potential, its impact on the environment can be minimized even in the unlikely event of a spill into the ocean. This product currently maintains a solid market share in Japan. Going forward, we will focus our sales activities on shipping companies aiming to expand our global market share.

Examples of value creation through the business model (+Plus! NOF) 4

Environmentally and safety conscious anti-corrosion coatings

Core and growth products | Global products | Sustainability contribution products | Metal Coatings Business

Strengths
Maximizes anti-corrosion properties with proprietary technology

In recent years, environmental issues have been in the spotlight worldwide, and regulations on hazardous substances have been tightening year by year. In particular, hexavalent chromium compounds, which have been used as effective materials for anti-corrosion surface treatments, tend to face restrictions and reductions in use due to environmental regulations in Europe, the United States, and elsewhere. Amid this situation, NOF Metal Coatings Co., Ltd. developed "GEOMET®," a zinc flake water-based anti-corrosion treatment agent, aiming for a highly sustainable solution.

▼

Resistance to rusting ＋ Safety

It is also a completely chromium-free product that uses no chromium compounds at all. The majority of sales are currently for automotive parts applications, primarily in China. We will continue to strengthen our sales activities in China, while also strengthening proposals for expanding applications, such as for offshore wind turbines.

Examples of value creation through the business model (+Plus! NOF) 5

CPT that contributes to seabed ground surveys*1 Data acquisition service

Sustainability contribution products | Explosives & Propulsion Business

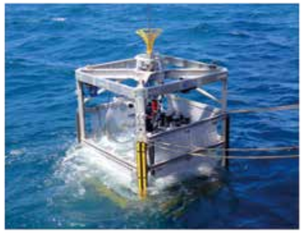
Strengths

From device development to operation Handled seamlessly

Utilizing knowledge accumulated through the development of underwater resource exploration equipment and underwater / ocean equipment, such as the seafloor-mounted drilling rig BMS#1 in 1996, NiGK Corporation has cultivated pressure-resistant sealing technology adapted to high water pressure environments and expertise in underwater measurement. Leveraging this knowledge, we launched the CPT data acquisition service in July 2025. We provide a package of our proprietary seafloor-mounted compact CPT device, onboard-related equipment, and a dedicated operator, supporting the acquisition of seabed ground data required for the construction of offshore wind power generation facilities, etc.

▼

Improving efficiency of ocean development
+
Cost reduction, risk reduction



This service enables continuous acquisition of seabed ground data using a compact seafloor-mounted CPT device. Because the device, related equipment, and an operator are provided as a package, customers can use the service only for the required period without owning the device, eliminating the need for initial investment, operator training, or maintenance. Going forward, we aim to expand the business, mainly targeting offshore wind power construction, submarine cable laying, and CCS*2-related pipeline laying.

*1 CPT: Abbreviation for Cone Penetration Test. Refers to a cone penetration test.
*2 CCS: Abbreviation for Carbon dioxide Capture and Storage.

Examples of value creation through the business model (+Plus! NOF) 6

Functional food materials (lutein-containing products) that deliver high cost-effectiveness

Sustainability contribution products | Functional Foods Business

Strengths

High efficacy with small amounts added

In the food market, demand for eating out and souvenir confectionery from inbound tourism has increased since the COVID-19 pandemic. Additionally, amid declining consumer spending due to high prices, it is increasingly important for food manufacturers to reduce costs without compromising on quality. The NOF Group supports our customers' product development through functional food materials that deliver high efficacy with a small amount of additives.

▼

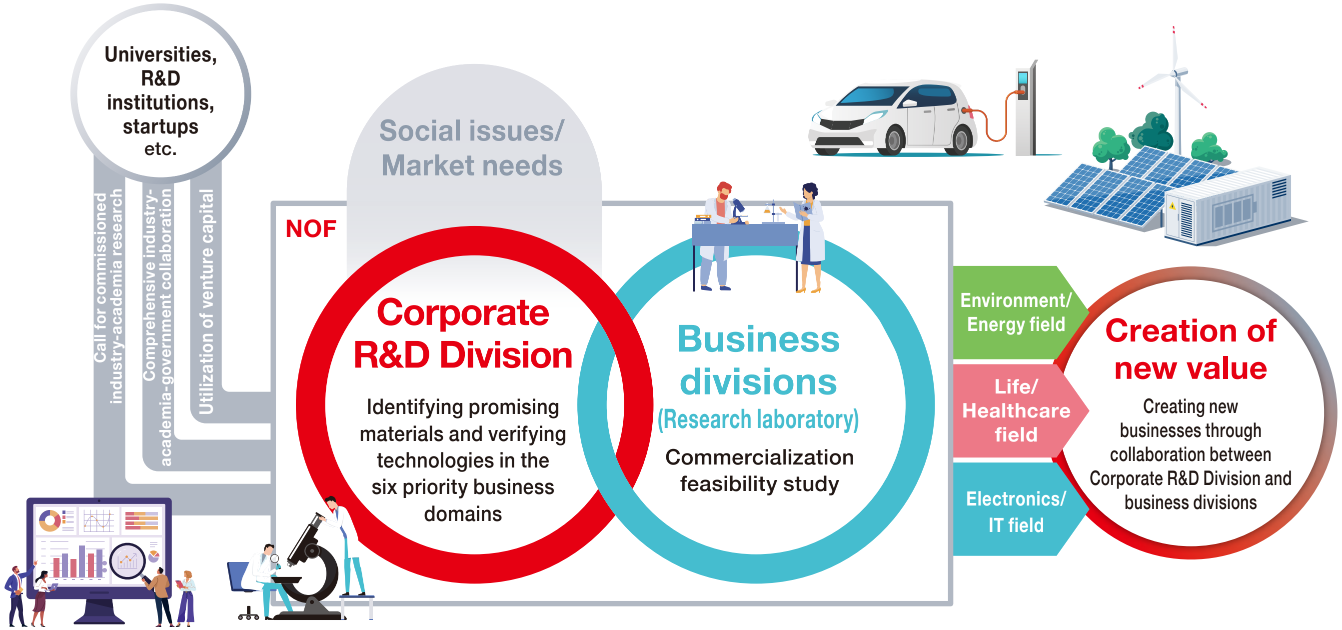
Improvement of food texture
+
Utilization of discarded lettuce

This product is a functional food material containing lutein from lettuce leaves. Lutein has the effect of changing the texture of wheat gluten and improving its elasticity and viscosity. The NOF Group's functional food material (lutein-containing product) "LP-V™" is an upcycled product using lettuce leaves that would have otherwise been discarded before shipment. In addition to the expanding frozen bread market, we are also expanding our lineup for foodstuffs such as egg-based foods and noodles.

Research and Development to Create New Value

Accelerating R&D toward the business domain expansion stage

To achieve the 2028 Mid-term Management Plan's "business domain expansion" stage, the NOF Group is promoting open innovation through external co-creation, such as open calls for industry-academia commissioned research and comprehensive industry-academia-government collaboration.



Six fields in priority business domains

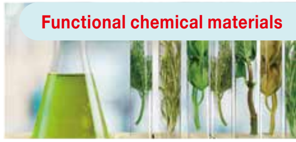
Pharmaceutical materials

We will advance further R&D with the DDS materials that are our strength, to contribute to advanced medical treatments such as gene therapy.

Materials for medical care and medical devices

We aim to commercialize chemical materials for entry into this field, in response to the growing needs for regenerative medicine.

Functional chemical materials

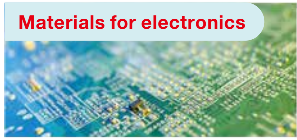


We will promote initiatives for a sustainable society, including the production of raw materials for chemicals made from biomass.

Functional food materials

We are studying and developing health food ingredients intended to provide benefits related to beauty, lifestyle-related diseases, immune function, and brain function.

Materials for electronics



We are working together as a team toward the commercialization of new materials for fields such as semiconductors and next-generation communications.

Materials for automobiles

We are developing materials that contribute to further performance improvements in rechargeable batteries for electric vehicles (EVs).

Under "NOF VISION 2030," the NOF Group set a goal of "accelerating the development of new products and technologies through strategic investment toward the three prioritized business fields." To achieve this, we have selected six priority business domains based on our basic strategy of creating new businesses in growth market by introducing new technologies with market advantages, with a focus on co-creation with startup companies and comprehensive industry-academia collaboration. The Corporate R&D Division captures social issues and market needs, and promotes R&D centered on these six domains through industry-academia-government collaboration and co-creation with venture capital firms (VCs). At the stage of considering practical application, we also collaborate with the Divisions to create new businesses aimed at the three prioritized business fields.

In April 2024, the Company 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.). We are developing environmentally conscious chemicals and manufacturing processes by integrating the NOF Group's proprietary technologies with the catalyst technologies and bio-manufacturing technologies of the AIST Group.

Co-Creation with External Partners: Implementation of the “Industry-Academia Commissioned Research Open Innovation Program 2025”

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

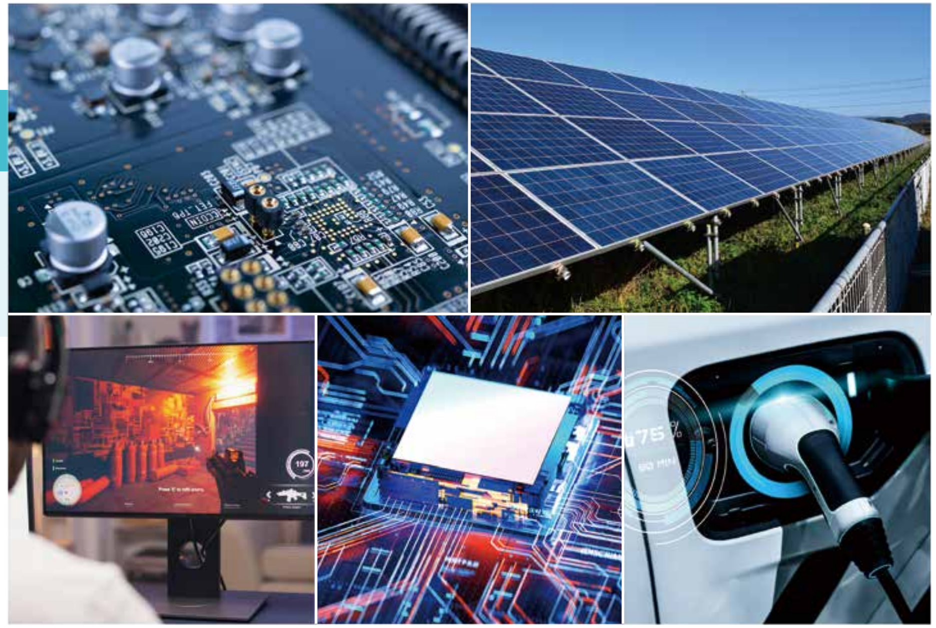
Electronics/IT field

Selecting three technologies from five topics in the electronics/IT field

The “Industry-Academia Commissioned Research Open Innovation Program” is a project aimed at jointly developing and commercializing new technologies and products with organizations and other entities selected through an external open call to collaborate with NOF. In FY2025, proposals were solicited for themes related to the “electronics field.”

With the support of ABeam Consulting Ltd., we implemented this project for five research topics— (1) Thermal control, (2) Solar cells, (3) Displays, (4) Semiconductors, and (5) Rechargeable batteries — which are expected to undergo future market growth and have the potential for utilization of NOF technologies, and received many applications from domestic and international universities, research institutions, and startups.

As a result of careful screening from perspectives such as the potential for commercialization at NOF, technological superiority, and contribution to social issues, we selected technologies from Utsunomiya University, Institute of Science Tokyo, and National Institute for Materials Science. We will provide research funding to the selected applicants, pursue research toward social contribution over a period of one year, and aim for future business creation.



Selected applicants (in Japanese syllabary order)

宇都宮大学 UTSUNOMIYA UNIVERSITY

Institute of SCIENCE TOKYO

NIMS 国立研究開発法人 物質・材料研究機構 National Institute for Materials Science

Medical care and medical devices

Cell cryopreservation solution contributing to regenerative medicine and cancer treatment research

Demand for preservation methods that do not lead to cell damage

Against the backdrop of an aging population and an increase in chronic diseases, the needs for regenerative medicine are expected to continue expanding in the future. With regenerative medicine, "cryopreservation" technology for the stable preservation of cells is essential in processes ranging from cell collection to culture and tissue regeneration. The global market for cell cryopreservation agents is projected to grow at a compound annual growth rate of 8.6%* from 2025 to 2033. Culture methods include suspension cultures, 2D cell cultures, and 3D cell cultures; NOF focuses on preservation solutions for "2D cell cultures" suitable for cancer cell lines and for "3D cell cultures," which is closer to the in-vivo environment. While a high market growth is expected for 3D cell cultures, it is difficult to freeze and thaw cells without damaging them, and this requires advanced preservation technology that does not impair function.

* Source:Grand View Research report "Cell Freezing Media Market".

Confirmed effects even in iPS-derived cardiomyocytes

In various tests of 2D cell cultures, conventional cell cryopreservation involved freezing cells in suspension, which presented problems such as the effort required to seed and proliferate cells on culture plates for each experiment, and variability in cell conditions. Our developed product, the cell cryopreservation solution "POCEROY® CR2 series," enables cryopreservation in a state where cells are adhered to the culture plate. This not only significantly improves cell viability but also reduces the required man-hours and enables mass preservation. Given that they can be frozen on the culture substrate, the required number of plates can be thawed and used. Excellent preservation effects were verified with this preservation solution for established cell lines, mesenchymal stromal cells, iPS cell-derived cardiomyocytes, and others. We also developed the "POCEROY® CR3 series" for 3D cell cultures. In application experiments on iPS cell-derived cardiac spheroids, we verified that beating was maintained after freeze-thawing.

Focusing on talent development to create the future NOF Group

I believe that the role of the Corporate R&D Division is not only to solve current customer issues, but also to look ahead to the future of the entire NOF Group and determine the direction of management from a technological perspective. To fulfill that role, it is essential that each and every person in the Corporate R&D Division possesses the spontaneity to think for themselves and act proactively. Going forward, we will focus on internal education that maximizes individual growth. We want our employees to become people who go beyond passive learning, demonstrate leadership, and engage in continuous self-development. To create a future NOF Group that continues to grow together with society, we will continue to take on the challenge of creating new value, armed with the high-level expertise of individual researchers and the collective strength of the organization that brings them together.

Eui-Chul Kang
Director and
Executive Operating Officer
General Manager of
Corporate R&D Division,
Doctor of Engineering

IP Strategy to Protect Technology and Values

Advancing patent acquisition and IP landscape

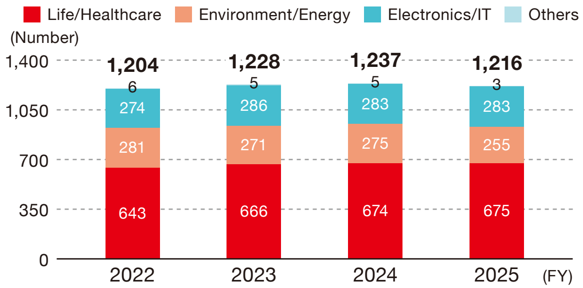
To create new value in the three fields of Life/ Healthcare, Environment/Energy, and Electronics/IT, the NOF Group utilizes the IP landscape (IPL) to advance the development of new products and technologies while actively pursuing the acquisition of intellectual property rights.
We also respect intellectual property rights, along with putting our efforts into talent development.

Status of applications in the three prioritized business fields

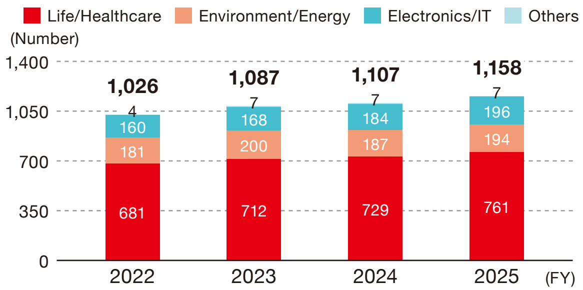
In the Life/Healthcare, Environment/Energy, and Electronics/IT fields, we formulate intellectual property strategies based on management strategies and acquire the necessary rights. We also recognize that investment in intellectual property is an initiative for medium- to long-term value creation, and will link intellectual property to business domain expansion and market creation.

Currently, the number of overseas patents we hold in the Life/Healthcare field has been growing in line with the expansion of our global operations.

Number of domestic patents held



Number of overseas patents held



Promotion of joint research and intellectual property rights acquisition

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 work to create new businesses by actively promoting open innovation and the discovery of promising topics both inside and outside the Company.

Centered on the research divisions of the NOF Group, including the Advanced Technology Research Laboratory (current Health Science Research Laboratory and Material Science Research Laboratory)*, we promote the development of new products and technologies through joint and commissioned research with industry, academia, and government, as well as acquiring the effective rights to these products and technologies.

In addition, we offer invention rewards for patents that make a significant contribution to the Company’s profits. By increasing incentives for inventors, we are working to increase motivation toward producing inventions that contribute significantly to profits.

Utilization of IPL

In activities such as application exploration, search for co-creation partners, and research theme exploration, NOF actively utilizes IPL, with the Corporate R&D Division, laboratories of each business division, and the IP Department working together. We have established standardized analysis flows for the purpose of investigations, and provide information that contributes to identifying the direction of R&D and searching for new applications and co-creation opportunities, by visualizing trends in technologies, competitive dynamics, and the potential of application areas. We also hold IPL liaison meetings attended by senior personnel from the research and IP departments to decide on investigation policies and manage progress, thereby boosting collaboration between IP strategy and research strategy. Through these activities that promote the utilization of IPL, we aim to improve research efficiency in each division and shorten the time required for commercialization, thereby accelerating the development of new applications and new products, as well as pioneering new markets, leading to enhancement of corporate value.

We are also promoting the utilization of IPL through enhanced internal training. In addition to basic training on searching and patent analysis, we provide training on analysis tools such as data visualization and text mining, supporting the improvement of skills of researchers.

* The Advanced Technology Research Laboratory has been abolished.

NOF Group'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.

NOF VISION 2030

In FY2025, the final year of Stage II, net sales and operating profit reached record highs. Through capital expenditure in growth areas, we have laid the groundwork for achieving NOF VISION 2030. In Stage III, which is positioned as the “Business Domain Expansion” stage, we will allocate resources in a dynamic manner to create growth drivers and maximize shareholder value through optimization of capital allocation.

Stage I

2022 Mid-term Management Plan

Strengthening Foundation

Fundamental principles
“Challenge and Co-create”

FY 2022 (actual)

Net sales	Operating profit
¥217.7 billion	¥40.6 billion

Operating margin	ROE
18.7%	14.8%

Stage II

2025 Mid-term Management Plan

Expanding Profit

Fundamental principles
“Practice and Breakthrough”

FY 2025 (actual)

Net sales	Operating profit
¥257.9 billion	¥47.4 billion

Operating margin	ROE
18.4%	14.1%

Stage III

2028 Mid-term Management Plan

Business Domain Expansion

Fundamental principles
“Transformation and Creation”

FY 2028 (plan)

Operating profit
¥57.0 billion

Operating margin
18.6%

ROE
14% or more

NOF VISION 2030

Vision

A corporate group that continuously creates new value with the power of chemistry in the three fields of Life/Healthcare, Environment/Energy, and Electronics/IT in order to realize a prosperous and sustainable society

FY 2030 (plan)

Operating profit
¥65.0 billion

Upward revision

Operating margin
20% or more

ROE
15% or more

Stage II Review

Despite achieving profit targets, responding to the business environment remains a key challenge

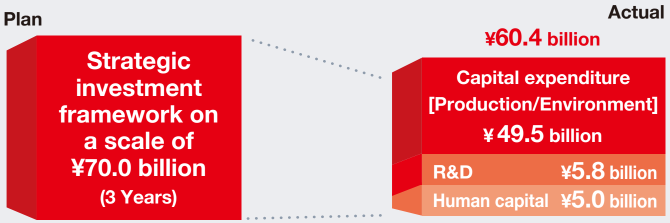
In the 2025 Mid-term Management Plan, the three-year plan that began from FY2023, we have set “Practice and Break-through” as a basic policy and identified “business expansion by seizing market changes as opportunities,” “accelerating the development of new products and technologies,” “improving productivity,” “pursuit of security and safety,” and “promotion of CSR” as key priorities. As part of our efforts to address these challenges, we have continued our management initiatives aimed at uncovering new markets and expanding sales, reducing production costs, and striving to achieve sustainable growth. As a result, for FY2025—the final year of the plan—the company achieved a record high, with net sales of ¥257.9 billion and operating profit of ¥47.4 billion, surpassing the planned targets of ¥255.0 billion in net sales and ¥46.0 billion in operating profit as set in the 2025 Mid-term Management Plan. Meanwhile, while the group as a whole generally progressed steadily over these three years, each segment was affected differently by business environment factors, resulting in varying progress.

Review of FY2025 business performance indicators

	Plan	Actual
Operating profit	¥46.0 billion	¥47.4 billion
Operating margin	18% or more	18.4%
ROE (Return on equity)	12% or more	14.1%
Capital expenditure[*1]	¥69.5 billion	¥71.5 billion
R&D spending[*1]	¥25.6 billion	¥23.3 billion
Total return ratio	Approximately 50%	70.5%[*2]

*1 Cumulative total over the 2025 plan, based on an acceptance basis
*2 Includes the ¥4.6 billion share repurchase conducted from May 12 to June 23, 2026.

Investments (actual)

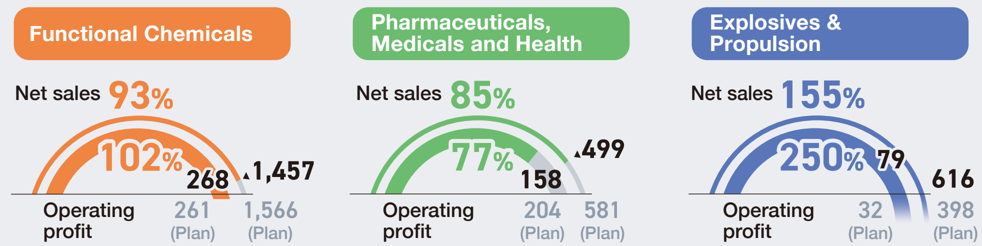


We responded swiftly to changes in the business environment and steadily carried out investments for future growth. In addition to bolstering and constructing new production facilities for growth businesses, we also made capital expenditure related to the rapid acquisition of defense-related products in the Explosives & Propulsion segment, which was not initially planned. As a result of reviewing and optimizing overall investment in response to environmental changes, strategic investment over the three-year period totaled ¥60.4 billion. Certain projects that were not implemented will continue to be considered in the next Mid-term Management Plan.

FY2025 Segment Overview

For the Pharmaceuticals, Medicals and Health segment, operating profit was less than planned in the 2025 Mid-term Management Plan due to temporary weak demand for raw materials for DDS. On the other hand, companywide profits were driven by growth in the Functional Chemicals segment, notably in cosmetics-related products and automobile-related products (such as special anti-corrosion coatings), and in defense-related products in the Explosives & Propulsion segment. Although there were differences in progress among segments, companywide results in FY2025 exceeded the plan targets of the 2025 Mid-term Management Plan.

(¥100 million)



* Progress against the 2025 Mid-term Management Plan

Stage III

2028 Mid-term Management Plan

Business Domain Expansion

Stage III is the “Business Domain Expansion” phase, which aims for further growth based on the measures implemented to date. In the three prioritized business fields, we aim to enter new markets unbound by the frameworks of traditional technologies and products. To achieve this, we will further drive open innovation and accelerate strategic investment, including utilizing external resources such as M&A. At the same time, we will focus on strengthening business models rooted in NOF Group's values, while steadily investing in human capital.

Policy 1

Agile resource allocation aimed at creating growth drivers

- About ¥200.0 billion in strategic investments
- Open innovation and internal/external collaboration
- Promoting commercialization of promising themes
- Strengthening the Corporate R&D Division system
- M&A

▸ pp. 054-055

Policy 2

Maximizing shareholder value through optimization of capital allocation

- Stable returns targeting a dividend payout ratio of around 40%
- Expanding shareholder returns target to a total return ratio of 70% or more
- Considering agile share repurchases
- Reduction of cross-shareholdings

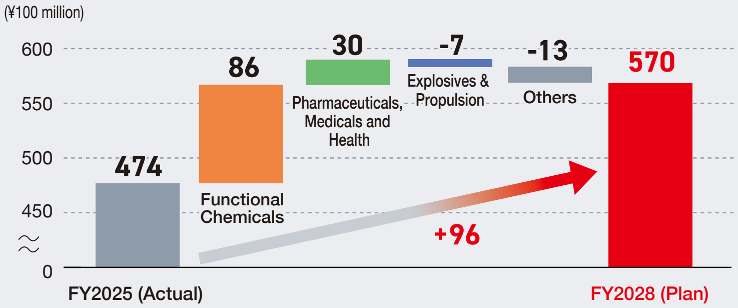
▸ p. 056

Initiatives to achieve plan targets

We will position Functional Chemicals and Pharmaceuticals, Medicals and Health segments as pillars of growth for expanding profits. The Explosives & Propulsion segment is expected to see a slight increase in profit as the impact of initial costs related to rapid acquisition.

▸ Business Division Strategies pp. 062-069

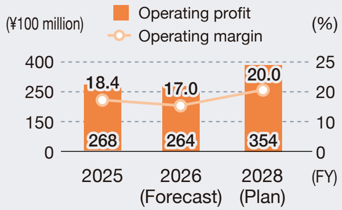
Breakdown of operating profit variances



Operating profit plan

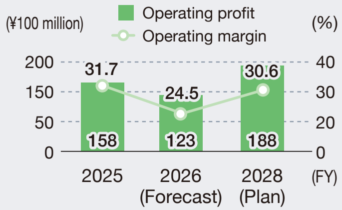
Functional Chemicals Segment

- Expanding cosmetics-related products overseas
- Expanding anti-corrosion coatings into non-automobile markets



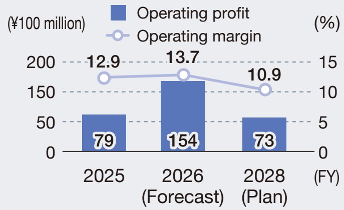
Pharmaceuticals, Medicals and Health Segment

- Strengthening the supply system for DDS materials
- Developing and expanding new products for functional food materials

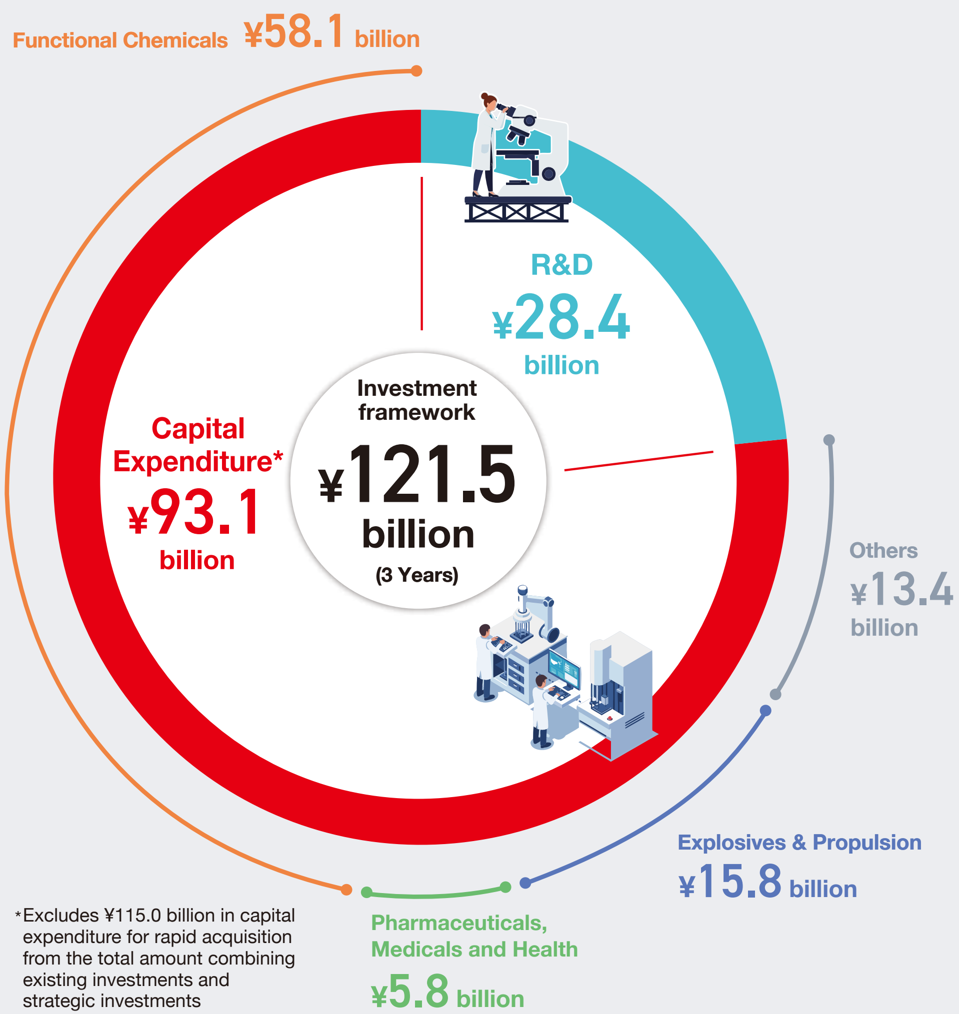


Explosives & Propulsion Segment

- Promoting construction for rapid acquisition
- Improving production efficiency of space-related products



Policy 1 Agile resource allocation to create growth drivers



*Excludes ¥115.0 billion in capital expenditure for rapid acquisition from the total amount combining existing investments and strategic investments

In the 2028 Mid-term Management Plan, we will promote "Business Domain Expansion," including new businesses, R&D and land acquisition, and "expansion of growth businesses" through enhancement of production facilities and M&A. The investment framework for this period is set at ¥121.5 billion, with ¥93.1 billion allocated to capital expenditure and ¥28.4 billion to R&D investment. At the same time, we will strengthen management foundations such as human capital, which supports growth, with the aim of generating future cash flows and achieving sustained ROE improvement.

Capital expenditure

The investment amount in the 2028 Mid-term Management Plan is expected to reach ¥93.1 billion (excluding initial costs), significantly exceeding the actual amount of ¥46.7 billion in the 2025 Mid-term Management Plan.

Main capital expenditure

- Extension of manufacturing facilities for cosmetics-related products: ¥25.0 billion
- Construction of manufacturing facilities for toiletries-related raw materials: ¥2.0 billion
- Construction of Health Science/Material Science Research Lab: ¥13.0 billion
- Construction and upgrade of Welfare facility: ¥6.0 billion

R&D investment

Under the 2028 Mid-term Management Plan, R&D spending is expected to increase by 22% compared to the 2025 plan, reflecting a stronger focus on R&D.

(¥100 million)

Segment	2025 Mid-term Management Plan (Actual)	2028 Mid-term Management Plan (Plan)	Growth rate
Functional Chemicals	113	135	+20%
Pharmaceuticals, Medicals and Health	53	60	+12%
Explosives & Propulsion	37	43	+14%
Corporate (group-wide)*	29	47	+60%
Group total	233	284	+22%

* Including industry-academia collaboration and partnerships with startups

Capital expenditure — Investment amount: ¥93.1 billion

Enhancing the production system in each business, and strengthening collaboration between the Corporate R&D Division and business divisions

As the main capital expenditure in the 2028 Mid-term Management Plan, we plan to invest ¥25.0 billion for expanding facilities in the cosmetics field, where demand is expected to grow, and ensure steady enhancement of production systems in each area, including capital expenditure for rapid acquisition in defense-related products. We will also invest ¥13.0 billion to establish the “Health Science Research Laboratory” and the “Material Science Research Laboratory” within the Corporate R&D Division, while building a close collaboration system with research laboratories in each business division. We also plan to invest ¥6.0 billion in the construction and upgrading of new employee welfare facilities to strengthen our management foundation in terms of human capital.

TOPIC

Establishment of a subsidiary in India to expand business in the Indian market

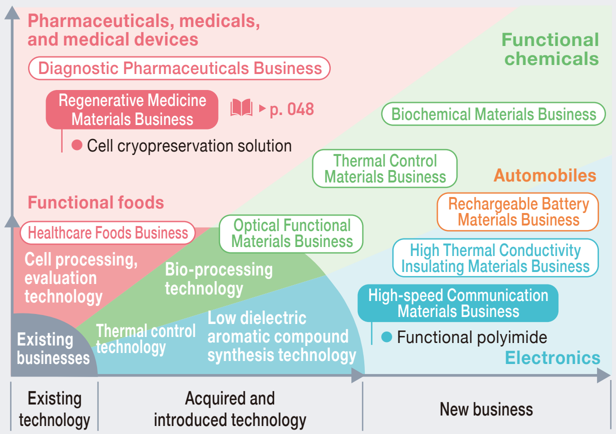
India boasts the world's largest population and high economic growth, with the world's third-largest GDP in sight. The NOF Group will establish a subsidiary in 2026 to build a system that takes charge of technical support, sales and market development for functional materials and Metal Coatings Businesses. Using this new site, we will strengthen efforts for further business expansion.

R&D investment — Investment amount: ¥28.4 billion

Developing promising themes for business commercialization

In the 2028 Mid-term Management Plan, we will promote the commercialization of promising themes such as “regenerative medicine materials” and “high-speed communication materials.” For regenerative medicine materials, we are developing various types of cell cryopreservation solutions formulated with proprietary materials. For high-speed communication materials, we will meet the needs for resins for printed circuit boards and work to enter and expand sales in areas such as thermal dissipation composite materials and semiconductor components.

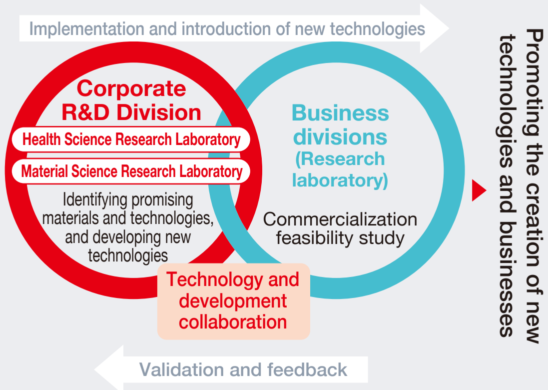
Creation of new businesses through R&D



Strengthening the Corporate R&D Division system to accelerate technology development

We established the Health Science Research Laboratory and Material Science Research Laboratory within the Corporate R&D Division as of April 1, 2026, to expand business domains and promote commercialization of promising themes identified in the 2025 Mid-term Management Plan.

The establishment of this organization and future proactive investment will enable us to identify promising materials and technologies and develop new technologies. We will strongly promote the creation of new technologies and businesses by working closely with the research laboratories in business divisions to accelerate development speed.



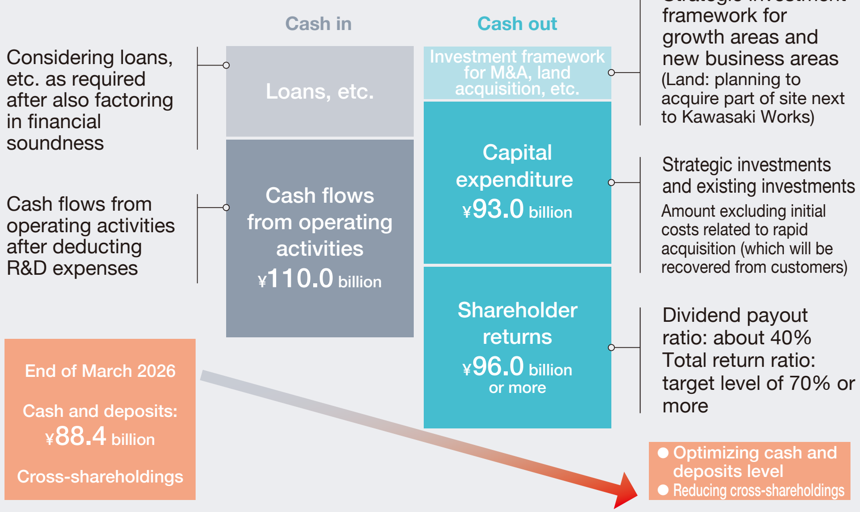
Policy 2 Maximizing shareholder value through optimization of capital allocation

We will achieve a balance between strategic investment and shareholder returns, maximizing shareholder value, through optimization of capital allocation.

Capital allocation plan

Balancing strategic investments and shareholder returns. Aiming to improve capital efficiency while maintaining financial soundness.

Capital allocation plan (three-year total)

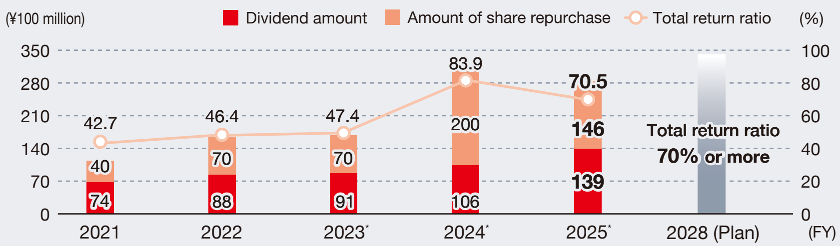


Cash flows from operating activities and sale of cross-shareholdings will be allocated mainly to strategic and existing investments, and shareholder returns will also be implemented in a proactive manner. We will also work to improve capital efficiency by executing flexible investments with financial soundness in mind and optimizing the level of cash and deposits.

Shareholder return policy

- We forecast medium-term FCF and determine the level of shareholder returns while balancing financial soundness and growth investments
- We are targeting a **dividend payout ratio of about 40%**, which is around 10% more than the FY2025 figure, with the aim of achieving progressive dividends in the medium to long term based on maintaining stable dividends
- Share repurchasing aimed at improving capital efficiency
  Expanding the size of shareholder returns during the 2028 Mid-term Plan with a **target total return ratio of 70% or more**

Dividend amount / Share repurchase amount / Total return ratio



We will continue to provide stable profit returns by balancing investment in future growth. We will focus on improving capital efficiency and consider flexible share repurchases, while aiming for progressive dividends over the medium to long term.

* The share repurchase amount decided at the time of this financial results announcement is aggregated as the acquisition amount for that fiscal year

FY2026 Management Policy

Becoming the main agent for transforming into new business domains

Stage III is the phase to more reliably achieve the vision for FY2030 outlined in “NOF VISION 2030.” In today's world, where uncertainties such as rising geopolitical risks and global economic trends are increasing, merely maintaining the status quo could result in a loss of a competitive edge. We have set “Transformation and Creation” as the management policy for the 2028 Mid-term Management Plan, reflecting our strong will not just to adapt to change but to be the starting point of transformation and create the future ourselves.
To achieve this, the first year of the plan (FY2026) identifies five key priorities: “Business domain expansion seizing market opportunities,” “Create new technologies and businesses,” “Improving productivity and operational efficiency,” “Pursuit of security and safety,” and “Promotion of CSR.” In pursuing these themes, it is essential that every member of the organization has a strong sense of ownership as a key player in transformation. We will strengthen our earnings base, expand our business domains, and accelerate strategic investment by creating new value in each area.

Business results forecast

Net sales	Operating profit
¥319.0 billion	¥50.0 billion

Operating margin	ROE
15.7%	13.1%

FY2026 Key Issues

Issue 1 **Business domain expansion seizing market opportunities**

We will expand business domains by accurately understanding domestic and international market changes and customer needs, and strategically allocating management resources to new and growth fields.

Issue 2 **Create new technologies and businesses**

We aim to create innovative new technologies and businesses that exceed societal expectations, by actively leveraging advanced technology and open innovation.

Issue 3 **Improving productivity and operational efficiency**

We aim to further improve productivity in all corporate activities and continuously enhance operational efficiency through measures such as actively promoting DX, leveraging AI and reviewing business processes.

Issue 4 **Pursuit of security and safety**

We position safety as the foundation of our corporate existence, prioritize eliminating occupational accidents and ensuring stable supply, and strive to build a safe and secure workplace environment.

Issue 5 **Promotion of CSR**

We will work on solving social challenges such as climate change, aiming to enhance corporate value through the promotion of CSR, by enhancing internal and external communication and deepening mutual trust.

Achieve flexible management with an awareness of strategic investments and capital efficiency

Toshiaki Sakaino
Executive Operating Officer and CFO

Promoting a strategy balancing both growth and soundness

My name is Toshiaki Sakaino, and I was appointed to the position of CFO effective June 26, 2026. Since joining the Company in 1992, I have been mainly engaged in planning and administrative work in business divisions and overseas subsidiaries. I worked on company-wide issues as General Manager of the Corporate Planning & Strategy Department for two years from 2024, and now I keenly feel the weight of my responsibilities as CFO.

With our aim of achieving “NOF VISION 2030,” we went from the “Strengthening Foundation” stage of the 2022 Mid-term Management Plan, through the “Expanding Profit” stage of the 2025 Mid-term Management Plan, and now the first year of the 2028 Mid-term Management Plan—the “Business Domain Expansion” stage—has started. With major changes occurring in the business environment, the role of the CFO here is to determine the optimal allocation of management resources, by assessing the balance between capital efficiency, profitability, investment in growth, and risk management. And I believe it is also to disseminate our value creation story in an easy-to-understand manner to stakeholders, both inside and outside the Company. Our Company has long viewed “diversity,” where each segment grows existing businesses across a broad range of operations while also expanding into new fields, as a strength. We will promote a financial strategy for the future by balancing both investment in growth and financial soundness and working to achieve the target of ROE of 15% or more set forth in “NOF VISION 2030,” with the aim of achieving not only short-term results but also the enhancement of corporate value over the medium to long term.

The NOF Group is currently conducting business activities as a comprehensive chemical manufacturer positioned in the "midstream" sector, centered mainly on various raw materials and functional materials, while focusing on the three prioritized business fields. The chemical industry is facing a wide variety of risks, and when it comes to the global issues of climate change and biodiversity, we need to advance R&D and create products that contribute to sustainability. And by increasing the sophistication and added value of products and services, we will advance toward a profit structure that is resilient to environmental change. The recent increase in geopolitical risks is also having a major impact on the Japanese economy, and our Company is no exception. We will secure multiple suppliers and strengthen our BCP framework in preparation of soaring raw fuel and material prices and supply chain instabilities.

Promoting strategic investment and achieving management targets

Looking back at the 2025 Mid-term Management Plan, while growth in the DDS business slowed temporarily, growth in cosmetics, automobile and defense-related products led to consolidated net sales of ¥257.9 billion, consolidated operating profit of ¥47.4 billion, and Operating margin of 18.4%. As a result of maintaining a balance between strategic investment and capital efficiency, we achieved a total return ratio of 70.5%, a dividend payout ratio of 34.6% and ROE of 14.1%, significantly exceeding the assumed cost of capital of 8%. We have also maintained an equity-to-asset ratio of approximately 75%, thereby securing a stable financial foundation.

However, while targets were achieved overall, differences in the degree of achievement arose by segment. While the base material for refrigerating oils declined in the Chinese market, the Functional Chemicals segment achieved its plan, as cosmetics-related products and automobile-related products such as special anti-corrosion coatings remained strong. The Pharmaceuticals, Medicals and Health segment was unable to achieve its plan due to the impact of delays in clinical development at biotech ventures caused by monetary tightening in Europe and the United States, as well as delays in the market rollout of launched products. However, demand is expected to be sufficient going forward, so we will continue the drug discovery support business. The Explosives & Propulsion segment saw operating profit increase significantly beyond the plan, as contracts related to initial costs for rapid acquisition in defense-related fields were identified as transactions. And for products other than initial costs, we will also continue working on sales expansion and reducing production cost.

For strategic investment, actual results came to ¥60.4 billion due to project reviews and delays, against the plan of ¥70.0 billion. Among major capital expenditures, ¥16.6 billion was allocated to the new DDS plant. At Aichi Works and Nippon Koki, ¥24.8 billion was allocated toward defense-related rapid acquisitions. We also invested ¥2.9 billion in expanding the cosmetics ODM facility, while also focusing on investment in Phosphorex and research and development investment. The new DDS plant is in the demonstration stage before mass production of supplied products, so results are expected from 2027 onward. In contrast, cosmetics ODM is already showing a positive impact on performance, and we believe this has been an investment that is showing future potential.

Financial KPIs (results)

	99th fiscal year (ended March 2022)	100th fiscal year (ended March 2023)	101st fiscal year (ended March 2024)	102nd fiscal year (ended March 2025)	103rd fiscal year (ended March 2026)
Operating profit	¥35.6 billion	¥40.6 billion	¥42.1 billion	¥45.3 billion	¥47.4 billion
Operating margin	18.5%	18.7%	19.0%	19.0%	18.4%
ROE	12.6%	14.8%	13.5%	13.4%	14.1%
Equity-to-asset ratio	76.3%	77.3%	77.6%	78.0%	74.0%
D/E ratio	0.03-fold	0.02-fold	0.02-fold	0.02-fold	0.02-fold
Rating (R&I)	A+	A+	A+	A+	A+
Total return ratio	42.7%	46.4%	47.4%	83.9%	70.5%

Taking on the challenge of the new Mid-term Management Plan through further investment in growth

I believe that Stage III of the new Mid-term Management Plan, based on the theme of business domain expansion, has a higher bar than Stages I and II so far. We need to increase earnings with existing products over the short term, while over the medium to long term we need to draw up new growth strategies.

The new Mid-term Management Plan sets out two policies. We envisage a strategic investment framework of ¥200.0 billion (including initial costs related to rapid acquisition) as upfront investment that will contribute to maintaining and improving sustainable ROE, and will promote investment toward business domain expansion and strengthening the management base. At the same time, we will move ahead with stable profit returns with a total return ratio of 70% or more and a dividend payout ratio of around 40% as guidelines, while maintaining financial soundness.

Policy 1
Dynamic resource allocation to create growth drivers

We are planning three major types of investment under strategic investment. The first is "investment toward business domain expansion," which includes new businesses, R&D, and land acquisition. In April 2026, we established the Health Science Research Laboratory and Material Science Research Laboratory within the Corporate R&D Division, which has sites in Kawasaki and Tsukuba. The R&D functions of the Corporate R&D Division, which focuses on six new areas, and of the business divisions will operate in a more integrated manner unbound by traditional frameworks, accelerating the creation of new technologies and new businesses. We will also make use of the land acquired adjacent to Kawasaki Works. The second, "investment toward the expansion of growth businesses," includes expanding facilities for cosmetics ODM and defense-related fields, as well as looking into M&A that can be expected to generate synergies with existing businesses. The third, "investment toward strengthening the management base," primarily focuses on investment in human capital. We will also be investing in company housing, in addition to developing human resources and strengthening training, recruiting experienced personnel who are expected to drive innovation, and improving employee productivity through DX including the use of AI.

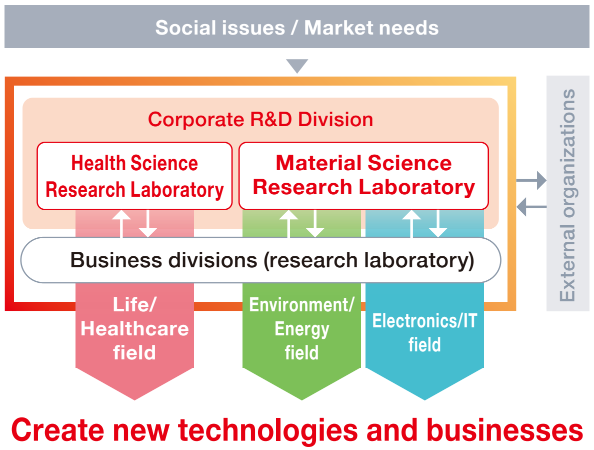
Capital expenditure by segment

(Hundreds of millions of yen)

By segment	2025 Mid-term Management Plan (actual)		2028 Mid-term Management Plan (plan)	
	FY2025 Results	Cumulative total	FY2026 Plan	Cumulative total
Functional Chemicals	59	180	81	581
Pharmaceuticals, Medicals and Health	23	192	18	58
Explosives & Propulsion	257	315	577	1,308
(Breakdown) Initial costs related to rapid acquisition	229	248	547	1,150
Corporate (group-wide)	5	27	29	134
Group total	344	715	705	2,080

* Acceptance basis

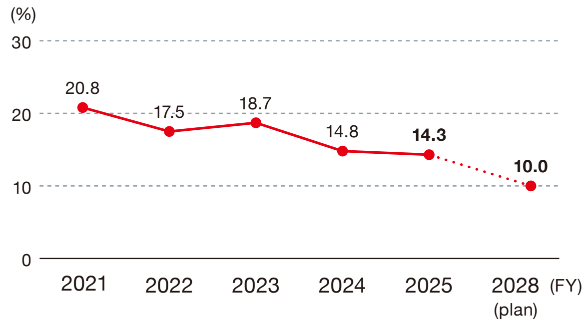
Create new technologies and businesses faster by strengthening the R&D structure



Policy 2
Maximizing shareholder value through optimization of capital allocation

Under the 2028 Mid-term Management Plan, we are planning capital allocation aimed at maximizing shareholder value. In addition to the cash flows generation capability that was enhanced under the 2025 Mid-term Management Plan, we will also allocate funds by using cash reserves, reducing cross-shareholdings,

Ratio of cross-shareholdings to net assets



and making strategic investment and shareholder returns using borrowings as necessary. Through these measures, we will maintain financial soundness while carrying out investment in growth for the future and improving capital efficiency.

The NOF Group has also introduced ROIC as an indicator for understanding the relationship between invested capital and profitability, as well as for the purpose of internal business evaluations. Likewise, we will carry out capital expenditure with an eye to the future and aim for management that is able to balance long-term business growth and shareholder returns.

We established a local subsidiary in India in June 2026 as one measure toward business domain expansion, and began sales activities in July centered on the Functional Materials Business and the Metal Coatings Business. Companies such as Japanese automakers and consumer goods manufacturers have already expanded into India, and this will be our Company's first site there, where growth is expected. While this is a small start, with two expatriates including the president and two locally hired employees, we decided to enter the market in order to further expand globally.

Even with overseas expansion, human capital is the "source" of business growth. I myself also have experience of being posted at overseas sites for about five years. In Indonesia, in particular, I struggled greatly with communicating with local staff, conveying my own thoughts, and at times dealing with them in a strict manner while understanding the differences in culture, values, and attitudes toward work from those of Japanese employees. What will be important is to continue conveying the philosophy and values of the NOF Group. Going forward, as CFO, I would also like to contribute to enhancing value in non-financial areas.

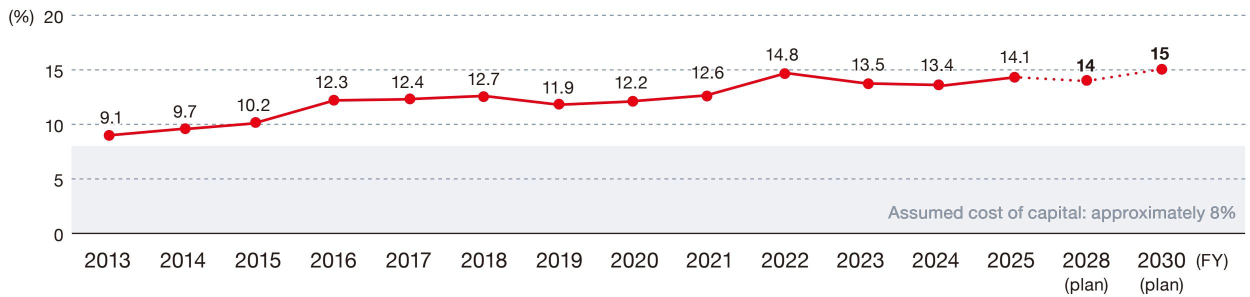
Reaffirming our strengths toward achieving our 2030 targets

Since assuming the position of CFO in June, I have attended many one-on-one meetings together with the General Manager of the IR Office and others, engaging in ongoing dialogue with investors. We held 425 meetings in FY2025, and meetings are increasing at a pace that will exceed that number in FY2026, making me keenly aware of expectations for the NOF Group. While the main topics of discussion have been progress under the Mid-term Management Plan, measures to improve capital efficiency, and the policy on shareholder returns, we have also delved deeper into our story of sustainable value creation. The market perspectives gained through dialogue will be fed back to the Board of Directors and management, and utilized to support appropriate management decisions and stronger governance.

Together with the formulation of the new Mid-term Management Plan, we revised the financial target of "NOF VISION 2030" upward raising operating profit to ¥65.0 billion. We have also set a high target for our vision in 2030 with a ROE of 15% or more. This target will not be easy to achieve. To do so, increasing operating profit and improving management efficiency are indispensable. After clearly identifying the issues in each business, I believe it is important to execute measures in a thorough manner to solve them and further enhance earning power. And as the foundation for enhancing management efficiency, talent development is one of the most important issues. To drive transformation through digital utilization, the NOF Group will continue focusing its efforts on the development of DX talent. By 2030, we will translate these initiatives into results in a steady manner, and aim to achieve our target of ROE of 15% or more.

What I consider to be the strength of the NOF Group is that we possess diverse business domains, as expressed in our corporate philosophy of "from the biosphere to outer space." And that strength also lies with strong resilience, through which business segments are able to complement one another in response to changes in the times and needs. The "business domain expansion" stage of the new Mid-term Management Plan is a three-year period to make "NOF VISION 2030" even more achievable. We will work across the entire Company to execute these measures.

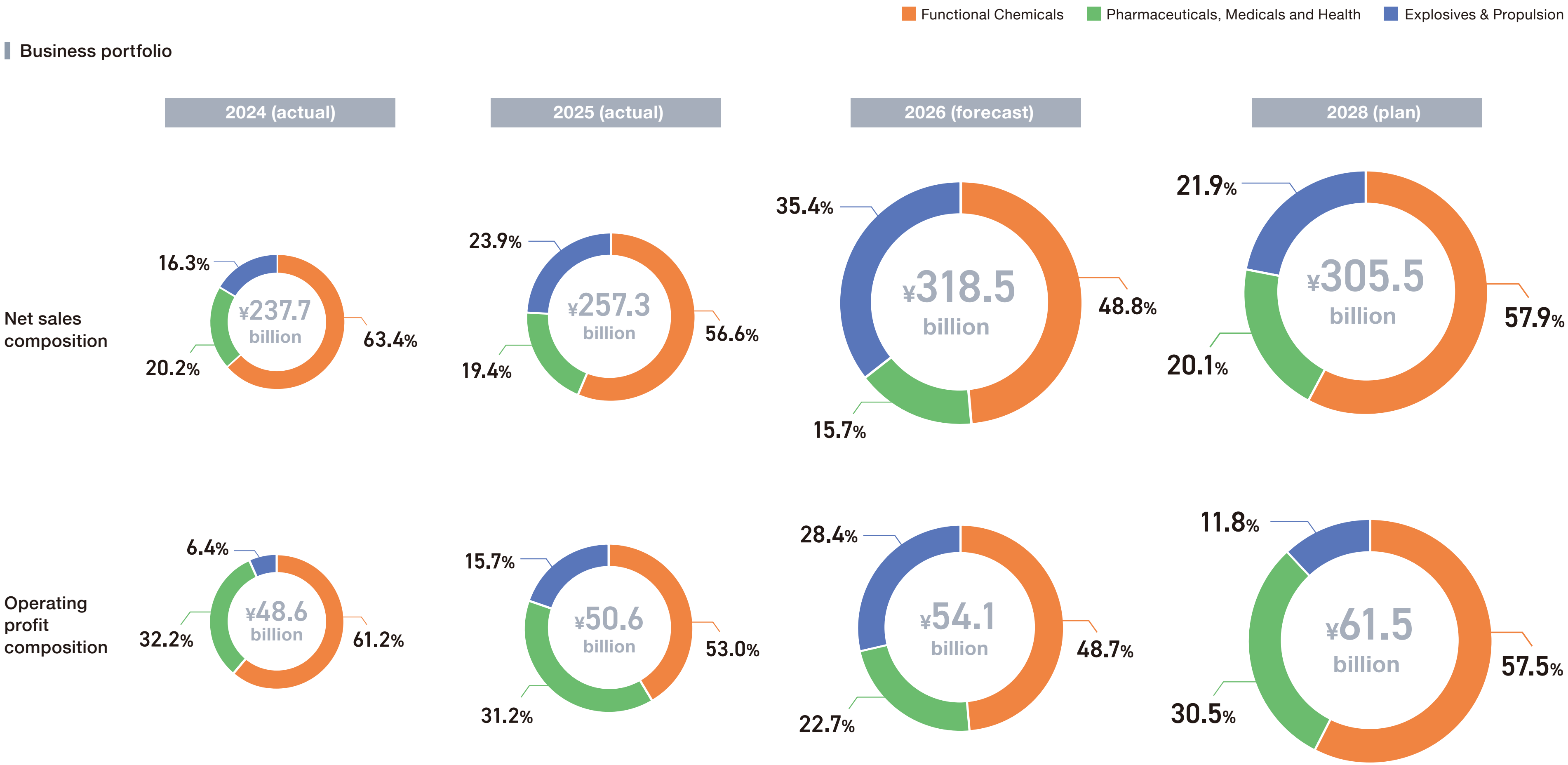
ROE (return on equity)



Net sales growth by segment

In FY2025, the Pharmaceuticals, Medicals and Health Business and the Explosives & Propulsion Business drove net sales.
Going forward, we will continue to respond to changes in the business environment in each market and aim for sustainable growth.

Business portfolio

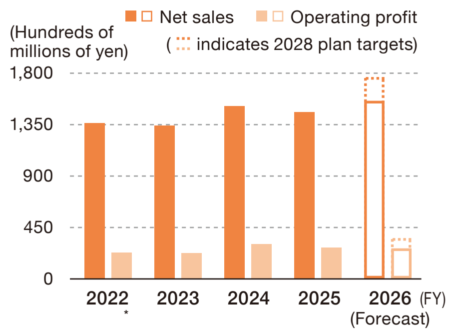


Reflection on FY2025 and prediction of conditions in FY2026

Changes

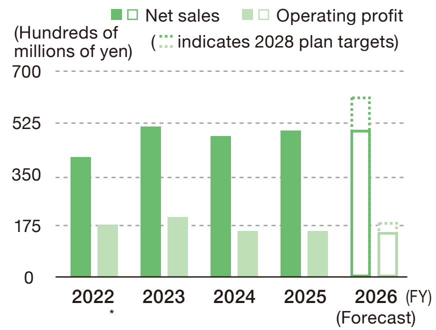
Functional Chemicals

In FY2025, while special anti-corrosion coatings performed solidly both in Japan and overseas, sales of Fatty Acid Derivatives, surfactants, and organic peroxides were sluggish, resulting in a sales decrease. As a result, net sales for this segment were ¥145.7 billion, a 3.4% decrease year-on-year, and operating profit was ¥26.8 billion, a 9.9% decrease year-on-year. For FY2026, we are anticipating sales to increase, seeing steady trends in cosmetics-related products and automobile-related products. We assume an increase in fixed costs due to rising raw-material and fuel prices and supply-chain disruptions stemming from the situation in the Middle East. As a result, we forecast net sales of ¥155.5 billion and operating profit of ¥26.4 billion, representing increased sales but decreased profit.



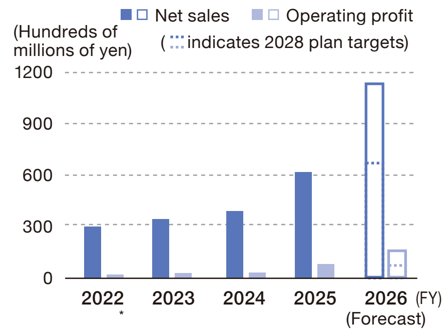
Pharmaceuticals, Medicals and Health

Despite some shipment declines in biocompatible materials and DDS materials, FY2025 performance was driven by efforts to maintain appropriate prices for processed edible oils and functional food materials, as well as increased sales of health-related products for use in health foods. As a result, net sales for this segment were ¥49.9 billion, a 4.0% increase year-on-year, and operating profit was ¥15.8 billion, a 0.8% increase year-on-year. For FY2026, we expect the impact of delays in the market rollout of products launched by certain customers using DDS materials to continue, along with an increase in depreciation and amortization at the LS Aichi Plant. As a result, net sales are forecast to increase to ¥50.2 billion, while operating profit is expected to decline to ¥12.3 billion, resulting in higher sales but lower profits.



Explosives & Propulsion

While there was a decrease in sales of functional products, sales were boosted by increased shipments for rockets in space-related products, and revenue recognition of a portion of transactions related to initial costs for rapid acquisition in defense-related products. As a result, net sales for this segment were ¥61.6 billion, a 59.1% increase year-on-year, and operating profit was ¥7.9 billion, a 154.9% increase year-on-year. For FY2026, we foresee steady construction progress related to rapid acquisition facilities and increased demand for defense-related products. Consequently, we forecast net sales of ¥112.8 billion and operating profit of ¥15.4 billion, representing a significant increase in both sales and profit.



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

Functional Materials Business

Satoshi Kataoka

Executive Operating Officer
Functional Materials
Division General Manager

During the 2025 Mid-term Management Plan period, we integrated the Oleo & Specialty Functional Chemicals & Polymers Division and the Chemicals Division. Through the synergy of these two divisions, we have been able to build a sales structure that proposes solutions using a wide range of materials and technologies for our three prioritized business fields. For new and growing fields such as cosmetic materials, eco-friendly products, and high-function electronic materials, we aim for further expansion and will allocate resources intensively under the 2028 Mid-term Management Plan. We will also work on developing overseas growth markets such as India and other Asian countries.

Metal Coatings Business

Kuniaki Tsuruoka

Operating Officer
Metal Coatings Group
General Manager

Under the 2025 Mid-term Management Plan, we advanced the development of low-temperature bake-type products using waterborne anti-corrosion coatings and achieved a certain level of results in reducing electricity and fuel consumption in customers' manufacturing processes. As the trend toward decarbonization accelerates, a future challenge is to accurately capture required performance and adoption conditions, particularly in the renewable energy market, and enhance our proposal capabilities. We are also strengthening global sales activities, including in India, which is leading to diversification of our supply chain.

Life Science Business

Yuji Yamamoto

Operating Officer
Life Science Division
General Manager

Under the 2025 Mid-term Management Plan, while sales decreased for COVID-19 vaccine applications, we proceeded with preparations for future demand increases through the integration of divisions and the construction of the new LS Aichi Plant. From the latter half of the 2028 Mid-term Management Plan onward, sales of activated PEG are expected to increase due to a recovery in demand for certain customers' pharmaceutical products and demand for new clinical and commercial applications. Over the medium to long term, we will aim for an average annual growth rate of around 10%, comparable to the protein and peptide drug market. In regenerative medicine materials, we are also engaged in collaborative research with external organizations.

Functional Foods Business

Manabu Saito

Director and Executive Operating Officer
Functional Foods Division
General Manager

Under the 2025 Mid-term Management Plan, we advanced price revisions in the functional food materials field, and achieved steady results in business expansion for health-related products through proposals leveraging new processing technologies. Under the 2028 Mid-term Management Plan, a challenge will be to further strengthen competitiveness in the functional food materials field. We will shift resources from oils and fats as simple raw ingredients to functional products, and expand our business domain from breads and pastries to processed foods. For health-related products, we will advance technology development and market cultivation while adapting to changes in the external environment.

Explosives & Propulsion Business

Kazuhito Narumi

Executive Operating Officer
Explosives & Propulsion
Division General Manager

Under the 2025 Mid-term Management Plan, the defense sector drove increases in revenue and profit. In particular, all budget targets were achieved in FY2025, including by affiliated companies. On the other hand, major progress was not achieved in the industrial explosives field due to sluggish domestic construction projects, and in the space field due to a failed launch of a key rocket. Under the 2028 Mid-term Management Plan, we will aim for the early market launch of the wireless electronic detonator Windet®II, which is being developed in the industrial explosives field, while moving forward with measures to resume launches of key rockets as soon as possible in the space field.

Functional Materials Business

A division formed by the integration of the Oleo & Speciality Chemicals Division, whose core products are derivatives made from oils and fats, and the Chemicals Division, whose core products are petrochemical products. We contribute to diverse industries with a wide range of materials and technologies.

Main applications

Cosmetics, detergents

Lubricants

Resins and rubber

Electronic components

Automotive parts

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 synthesis, refining, formulation, and more
- Promoting global business development by increasing the overseas sales ratio

Business Outlook (Risks and Opportunities)

- Shrinking of existing markets due to technological innovation
- Shrinking of existing markets due to stricter regulations
- Market changes due to geopolitical risks
- Market expansion driven by growth in emerging countries
- Business opportunities from the expansion of advanced technologies
- Increase in eco-friendly demand due to increased regulations

Growth Strategy

POINT Cultivation of new fields and expansion of business domains

In the three fields of Life/Healthcare, Environment/Energy, and Electronics/IT, we aim to expand our business in their respective growth areas (makeup materials, eco-friendly oils and additives, and materials for high-performance electronic materials such as semiconductors). Furthermore, we will seek to enter advanced fields where we do not currently have a significant business presence, by leveraging our proprietary technologies and broad sales areas.

POINT Sales expansion in overseas growth markets

We are aiming for business expansion by capturing the creation of new demand in emerging countries. We established an Indian subsidiary in 2026, putting in place a structure for business expansion. For cosmetic materials and electronics/IT materials, we will also promote sales activities in other Asian regions. In particular, for cosmetic materials, Western multinational corporations are accelerating their expansion in emerging countries. NOF will also make capital expenditures in a proactive manner to enhance its competitiveness.

POINT Restructuring of existing businesses

We will improve efficiency and optimize production in existing fields such as fatty acids, fatty acid derivatives, organic peroxides, petrochemical products, and functional polymers. By reforming the structures of existing fields to rebuild a solid business foundation and concentrating management resources on new and growing markets, we aim to expand high-value-added products that contribute to solving the issues faced by society and customers.

TOPIC

Initiatives in the three prioritized business fields

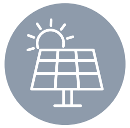
In the life/healthcare field, we continue to drive the cycle with both cosmetic materials and ODM products, creating a virtuous circle. The adoption of noise reduction agents (functional additives) is expanding in the environment/energy field. Products that can reduce not only external noise, but also squeaking sounds caused by friction between interior parts, are performing well. In the electronics/IT field, we are working to expand applications, including fine particle dispersants for multilayer ceramic capacitors.

Metal Coatings Business

We mainly provide materials that prevent rust on metal products, primarily for automotive parts. We also respond to expanding demand in the energy sector, such as wind power generation, solar power generation.

Main applications

Corrosion protection of automotive parts



Corrosion protection of solar power generation facilities

Corrosion protection of wind power generation facilities

Corrosion protection of railway parts

Business Strengths

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

Business Outlook (Risks and Opportunities)

- Soaring raw material prices due to geopolitical risks
- Instability with material supply
- New demand following vehicle electrification
- Expanding demand for renewable energy
- Expanding demand for eco-friendly products

Growth Strategy

POINT Strengthening of the global supply system

We will strengthen our global manufacturing and sales structure to respond quickly and in a stable manner to demand in each region. As part of these efforts, we established a subsidiary in India in 2026. Furthermore, offshore wind power generation development is expanding rapidly in China and East Asia, and we will propose a wide range of applications, including for bolts that secure rotating blades and anchors buried in the seabed.

POINT Optimization of the supply chain

Leveraging our strength of a robust proprietary network around the world, going forward, we will further optimize the global supply chain, including external partners. While addressing soaring raw material prices and supply uncertainties due to the rise in geopolitical risks, we will achieve both productivity improvements and the steady acquisition of sales opportunities.

POINT Expansion of eco-friendly products

As countries tighten regulations, the need for environmental compliance is increasing. GEOMET®, the main product of this division, is a waterborne anti-corrosion coating that stands out from competitors with its lower environmental impact. Going forward, we will continue to develop new products that contribute to reducing CO_2 emissions and eliminating or reducing harmful substances, leveraging group synergies to help achieve a sustainable society.

TOPIC

Developing new waterborne anti-corrosion coating products with reduced environmental impact

To meet the need for environmental compliance, we are expanding our lineup of waterborne anti-corrosion coatings. The low-temperature curing type GEOMET® LT series contributes to energy savings in customers' manufacturing processes. EXOMET®, which achieves overwhelmingly low-temperature processing, can also be applied to heat-sensitive precision parts and large structures. In addition to excellent anti-corrosion performance, it features PFAS-free, chromium-free, and REACH-compliant characteristics.

Pharmaceuticals, Medicals and Health Segment

Life Science Business

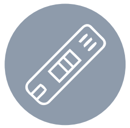
In the DDS field, we provide high-function materials such as activated PEG and functional lipids. We are also deploying biocompatible materials for the pharmaceutical, medical device, and diagnostic agent fields.

Main applications


Pharmaceuticals


Drugs and vaccines


Contact lenses


Diagnostic pharmaceuticals

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®
- Extensive lineup of LIPIDURE®
- Support for pharmaceutical and medical device manufacturers from research to commercialization

Business Outlook (Risks and Opportunities)

- Intensifying competition due to entry of competitors
- Risk of customer development delays
- Expansion of the protein and peptide drug market
- Expansion of the nucleic acid drug and gene therapy markets

Growth Strategy

POINT

Capturing demand for activated PEG in growing markets

The protein and peptide drug market is projected to grow at an annual rate of approximately 10% from 2025 to 2034. NOF's activated PEG is characterized by its excellent functionality in improving the water solubility and retention of protein and peptide drugs. Leveraging this product strength to capture demand for activated PEG in the expanding market will be a key strategy going forward.

POINT

Strengthening of the latest GMP system and supply capacity

Pharmaceutical GMP is an international standard for quality control in pharmaceutical manufacturing. In Japan, the GMP ministerial ordinance is established by the Ministry of Health, Labour and Welfare, ensuring quality and safety. NOF places the highest priority on safety, and is constantly developing systems that comply with the latest GMP. We also aim to differentiate ourselves through enhanced supply capacity, and strive to maintain a competitive advantage.

POINT

R&D and development of new markets

We are promoting collaborative research with universities and other research institutions, as well as creating new products through research and development investment. We promoted external collaboration for protein drugs, peptide drugs, and nucleic acid drug applications in the 2025 Mid-term Management Plan, and established the Health Science Research Laboratory in FY2026. Going forward, we will leverage this framework to develop even more new markets.

TOPIC

Regenerative medicine materials

Amid the growing needs in the regenerative medicine market, NOF provides biocompatible materials (MPC polymers) used as coating agents to inhibit cell adhesion, and has recently also been developing new materials such as cell cryopreservation solutions and purification reagents. We are also promoting collaborative research with external organizations including domestic biotech startups, and preparing for the development of new technologies and the launch of new businesses.

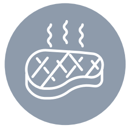
Functional Foods Business

In the functional food materials field, we offer products that contribute to areas like the deliciousness of food and the reduction of food loss.
In the health-related field, we are working to contribute to health through our proprietary materials for health foods.



Main applications


Breads and pastries


Alternative foods from plant-based raw materials


Supplements / Nutritional Foods


Noodles

Business Strengths

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

Business Outlook (Risks and Opportunities)

- Intensifying competition due to entry of competitors
- Soaring raw material prices due to geopolitical risks
- Shrinking domestic market due to population decline
- Increased demand for improved texture and flavor
- Potential for increased adoption of wheat protein modification technology
- Opportunities to capture new markets for health food materials

Growth Strategy

POINT

Expanding applications of functional food materials

We will continuously develop proprietary materials following lutein and establish our position as a functional food materials manufacturer. At the same time, to respond to the increasing demand for frozen foods, noodles, and other products due to lifestyle changes, we will advance material development and application proposals for processed foods. We will precisely capture changes in the market environment and cultivate new revenue pillars to succeed our existing breads and pastries business.

POINT

Strengthening of health-related food products

We will accelerate the development and launch of new materials for health foods by strengthening collaboration between the Health Science Research Laboratory and external research institutions, and promoting DX. From FY2026, we will also fully launch our proprietary technology for coating functional ingredients with oils and fats to deliver them to targeted areas, and will work to improve competitiveness while expanding our Solutions Business.

POINT

Sustainable business operations

Recognizing that we are responsible for the food industry that forms the foundation of human society, we will maintain a safe and secure supply system and establish a stable business base. We will also put into practice our three values of Challenge, Fairness, and Harmony in the workplace, and ensure thorough compliance. We aim for long-term enhancement of corporate value through sustainable business operations that are resilient to market changes.

TOPIC

Received the "28th Nisshoku Excellent Food Machinery, Materials and Ingredients Award"

NOF's lutein-containing modifier series received the Material Category award of the 28th Nisshoku Excellent Food Machinery, Materials and Ingredients Award by the Japan Food Journal. This award is given to products that have supported the development of the food industry through technological innovation. This series uses lutein contained in waste lettuce and other sources to modify the texture of flour-based foods, and was recognized as a highly innovative material that contributes to the industry.

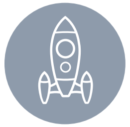
Explosives & Propulsion Business

We provide explosives in the fields of industrial explosives, defense, and space. We are expanding businesses largely based on national policies, while focusing on environmentally friendly equipment installation and product development.

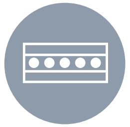
Photo courtesy of JAXA

Main applications

Quarries and tunnels



Rocket propellants and pyrotechnics



Temperature Indicators

Security goods

Preventing road surface freezing

Business Strengths

- Japan-leading technology in solid propellants for space rockets
- Application of energy control technologies to a wide variety of consumer products
- Relationships of trust with customers forged through many years of business

Business Outlook (Risks and Opportunities)

- Impact of changes in national policy
- Creation of opportunities through deregulation
- Stable business opportunities from infrastructure demand
- Market growth in the defense and space development sectors

Growth Strategy

POINT

Development of wireless electronic detonator Windet® II (industrial explosives)

We are developing the wireless electronic detonator Windet® II, which is useful for tunnel blasting and other applications. Conventional detonators were wired, requiring cable connection work in areas where there was a risk of falling earth or rocks. We will bring this product, which contributes to safety and efficiency, to market early and create examples of value provision that solve customer issues by eliminating this work.

POINT

Completion of facility construction for rapid acquisition (defense)

In initiatives for rapid acquisition, the NOF Group is expected to expand manufacturing capabilities. We will continue to steadily pursue capital expenditures aimed at strengthening manufacturing capabilities while monitoring changes in the market environment and anticipating market needs.

POINT

Establishing a production system and developing a capacity expansion system (space)

The space industry in Japan and overseas is expected to continue expanding, with the market size projected to reach approximately one trillion dollars between 2030 and 2040. As a leading domestic manufacturer, the NOF Group will continue to meet demand for solid propellants used in space rockets required for satellite launches and other applications. We will promote the establishment of an efficient production system and the development of a capacity expansion system based on future demand.

TOPIC

Manufactured the 200th SRB

Since 1997, the Taketoyo Plant and Tanegashima Works have manufactured boosters (SRBs) for key rockets.
This manufacturing site reached the landmark of the 200th SRB production, with the product delivered in July 2026.
The Explosives & Propulsion Division will continue to contribute to the development and launch of space rockets, as part of efforts to solve social issues.

Photo courtesy of JAXA

NOF Group'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.

Human Capital Initiatives

Category 2 | Strengthen the business foundation

Contents
Philosophy / Vision
Value Creation
Growth Strategy
Sustainability Strategies
DATA

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: “talent development,” “diversity & inclusion,” and “employee engagement.”

Three pillars of human capital enhancement

The three pillars of the NOF Group’s human capital enhancement are “talent development,” “diversity & inclusion,” and “employee engagement.”

Talent Development

We promote talent development measures that include support for career design development in addition to the development of self-directed employees and DX talent. 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.

What are “self-directed employees”?

“Self-directed employees” refers to people who deeply resonate with NOF Group’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 NOF Group’s sustainable growth.

Sustainability Report
▸ Cultivating Talent and Creating a Positive Work Environment p. 190

Human capital driving innovation

Based on the belief that the growth of our people forms the foundation of our management, we are position employee success as the greatest foundation for continuously creating new value. To strengthen our organizational culture where each and every employee embodies and lives the three values of Challenge, Fairness, and Harmony, we are promoting the development of self-directed employees throughout our entire workforce. At the same time, we are striving to create a vibrant environment where diverse opinions and backgrounds are respected, everyone can speak up without hesitation, and diverse perspectives come together. In a rapidly changing business environment, we will continue to provide unwavering support in order to respond to employees aspirations for growth, who take responsibility for their own work and proactively continue learning as circumstances change. Based on a culture that allows the unique qualities of each individual to be demonstrated, we will develop talent who address social issues and drive innovation, and work to sustainable growth of corporate value.

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

The NOF Group will promote initiatives to achieve "NOF VISION 2030," our vision for FY2030, and to establish earnings foundations in the three fields we are targeting—"Life / Healthcare," "Environment / Energy," and "Electronics / IT"—with an eye toward further corporate growth (sustainable enhancement of corporate value) beyond that, and to achieve a cost structure adapted to the new business environment.

INPUT

Three pillars	Major activities	Metrics and Targets[*1]	
① Talent Development  ▸ p. 073	Promotion of Talent Development	Amount for talent development investment (FY2030: compared with FY2022) NOF	Over 3.5-fold
② Diversity & Inclusion  ▸ p. 074	Expansion of hiring of female new graduates recruited for career-track positions	Rate of hiring of female new graduates recruited for career-track positions (Every fiscal year) NOF	30% or more
	Expansion of female management-level employees	Ratio of female management-level employees (FY2030: compared to FY2021) NOF	Over 3-fold
	Expansion of employment of people with disabilities	Percentage of employees with disabilities (FY2030) NOF	3.0% or more
	Reduction in the pay gap between male and female employees	Pay gap ratio between male and female full-time employees (FY2030) NOF NOF/5 domestic consolidated companies	75% or more
	Promotion of utilization of childcare leave by male employees	Rate of male employees utilizing childcare leave for 2 weeks or longer (FY2030) NOF	85% or more
③ Employee engagement  ▸ p. 075	Promotion of utilization of annual paid leave	Utilization rate of annual paid leave (FY2030) NOF/5 domestic consolidated companies	75% or more
	Execution of measures using employee engagement surveys as a starting point	Overall employee engagement score[*2] (FY2030) NOF	53.0 or more

Health management promotion (the foundation of the NOF Group's sustainable growth)

OUTPUT

Result

- Taking on challenges voluntarily and proactively
- Empowering diverse talent
- Continuous creation of innovation

OUTCOME

NOF VISION 2030

FY2030

Operating profit
¥65.0 billion
or more

Operating margin
20%
or more

ROE
15%
or more

Realization of the Corporate Philosophy

Diverse human resources who embody the values of "Challenge," "Fairness," and "Harmony" serve as the driving force for innovation creation

▼

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

*1 Indicators and targets will be applied in FY2026.
*2 Employee engagement score by Qraft, provided by M.STAGE CO., LTD.

1 Talent Development

Amount for talent development investment NOF

FY2022
¥91 million

FY2023
¥159 million

2.6-fold

FY2024
¥202 million

FY 2025 (actual)*
¥239 million

FY2030 target
Over 3.5-fold
(compared with FY2022)

Sustainability Report
▸ p. 223

Development of human resources who drive innovation and support for growth of self-directed employees

To strengthen our innovation-creating human resources who possess the skills, expertise and proactive actions required to execute our business strategy, we are promoting talent development who are able to lead R&D in our three prioritized business fields and management personnel who lead business creation. We are also focusing on developing self-directed employees based on the embodiment of the NOF Group's values of "Challenge," "Fairness," and "Harmony" so that all employees are able to perform their work in a proactive manner with a sense of ownership and create value within their respective roles. To support the growth of self-directed employees, we are also promoting systems that support self-directed career development and providing learning opportunities, encouraging the growth of human resources who take on the challenge of creating innovation in a spontaneous and active manner, and we will further enhance the foundation for growth support going forward.

Strengthening R&D capabilities for the future

Under "NOF VISION 2030" that we established with the aim of achieving a sustainable society, we are working on expanding our business domains, and with an eye toward the future beyond that, we are focusing on strengthening the development of R&D talent with the ability to create new businesses. We are promoting measures for talent development such as improving the business evaluation and analysis skills of R&D talent (managers and mentoring staff), developing foresight and marketing planning skills related to research themes, improving intellectual property skills, and promoting the use of materials informatics in R&D activities. In recent years, we have also strengthened the recruitment of experienced R&D talent, increasing opportunities for co-creation between talent with diverse external experience or specialized knowledge and internal human resources, and we are anticipating mutual growth among the talent who drive R&D.

Career development and taking on challenges

We implement "self-reporting" as a mechanism for dialogue with supervisors from perspectives such as mid- to long-term career paths, including transfer requests, and improvement of specialized skills and skill development, each year to help support the construction of career designs that aid individual growth. These dialogues using the "self-reporting" form are conducted with general employees and some managers (including secondees), and 95.7% of employees participate. We have also established an environment that supports each individual taking on challenges toward growth, such as an internal recruitment system, implementation of career training to proactively consider career design, support for self-development including skills enhancement and acquiring new knowledge, and provision of interview opportunities with members of the Talent Review Meeting, including the president, for department manager-level personnel.

Major activities in FY2025

- **Career training for employees to independently and proactively consider medium-term career design** ▶ 72
  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 98.6% of eligible employees completed it in fiscal 2025.
- **Initiatives for developing DX talent among key DX personnel** ▶ 65
- **Development of self-directed talent with a deep understanding of NOF Group's values and a high sense of ownership** ▶ 2,032
  Continuing to focus on this initiative, in fiscal 2025 the participation rate among eligible employees rose to 97.8%.
- **Support for self-education/development by enhancing distance learning** ▶ Cumulative total of 788 employees
  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.

* FY2025 target is set at over 2.5-fold (compared with FY2022).

② Diversity & Inclusion

Promoting diversity and innovation

We advocate “respect for diversity” in our code of conduct and, based on the belief that diverse perspectives are the very source for the creation of new innovation and value, we are striving to foster an organizational culture where everyone is able to participate in an active manner regardless of their attributes, and where the sharing and combination of knowledge occurs. We believe that by fostering an environment and culture where opinions and ideas can be freely expressed and individuality is respected, diverse talent can fully demonstrate their abilities. We are working to secure diverse human resources regardless of gender, age, nationality, or disability status. In addition to this, we are also promoting the hiring of talent (experienced personnel) with extensive experience in the three prioritized business fields, with the aim to promote innovation through mutual understanding and mutual respect among employees with different perspectives. In addition, the active participation of female employees is a major issue in promoting the activities of diverse talent. 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 11 years. The percentage of female career-track employees, which was less than 10% of all career-track employees as of the end of FY2015, increased to 30% by the end of FY2025. 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 talent 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. 199

FY2023	FY2024	FY2025
32.7%	38.0%	39.1%

Every fiscal year target **30% or more**

- Posting testimonials from young employees and employees raising children on our recruitment website 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. 201

FY2023	FY2024	FY2025
5.2%	6.2% (1.3-fold)	6.4% (1.3-fold)

FY2030 target **Over 3-fold** (compared with FY2021)

- Promotion of female career-track employees to management positions through systematic development
- Establishment of a 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. 200

FY2023	FY2024	FY2025
2.54%	2.65%	2.82%

FY2030 target **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 full-time employees* NOF NOF/5 domestic consolidated companies

Sustainability Report ▸ p. 202

	FY2024	FY2025
Full-time employees NOF	72.6%	73.6%
Full-time employees NOF/5 domestic consolidated companies	71.1%	72.4%

FY2030 target **Full-time employees 75% or more**

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

Sustainability Report ▸ p. 205

FY2023*3	FY2024*3	FY2025*3
97.4% (33.1 days)	95.7% (30.9 days)	94.1% (37.1 days)

FY2030 target **85% or more** (for 2 weeks or longer)

- 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 utilizing childcare leave is calculated based on the total number of childcare leave days taken by employees who returned to work in the current fiscal year.
*3 The target for FY2023 through FY2025 is set at 100% (for 1 day or longer).

③ Employee engagement

Maximizing performance

By creating a rewarding workplace, we aim to enhance employee engagement and improve the productivity and creativity of the entire organization. As a foundation for employees to demonstrate their performance, we are working to promote flexible working styles and revitalize communication. To understand employee engagement and the results of past initiatives, we regularly conduct employee engagement surveys, measuring overall employee engagement score 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 aim for continuous improvement of the workplace environment through analysis of these results.

Overall employee engagement score*1 NOF

FY2023	FY2024	FY2025*2	FY2030 target
49.5	50.0	51.0	53.0 or more

Employee engagement survey measured items

Status of employee engagement related to work and duties	Creativity / Relationship building / Meaning-making
Status of employee engagement related to the company and organization	Content of work / Human relations / Organizational systems
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

*1 Employee engagement score by Qraft, provided by M.STAGE CO., LTD.
*2 FY2025 target is set at 50.0 or above.

Utilization of the "employee engagement survey"

Scores for "human relations" among supervisors in manufacturing workplaces are low

Changes in scores

FY2023	FY2024	FY2025
46.9	46.6	48.0

We recognize that the heavy coordination workload between manufacturing workplaces and supervisors creates a situation where they tend to become isolated. Scores are trending toward improvement, but supervisor scores are somewhat low, and we will implement countermeasures. From the end of FY2025, we launched a "session to create opportunities to enhance a culture of development" targeting mentors (senior employees), workplace supervisors, and managers assigned to manufacturing workplaces, etc., and began efforts to build a mutual support environment among workplace supervisors, managers, and mentors, and to create a workplace culture where employees are able to immerse themselves in work and grow. We will continue this initiative annually and confirm changes in scores over the medium term.

For manufacturing workers overall, scores for "work content (autonomy)" and "job crafting (meaningfulness of work)" are low

Score trends
(autonomy/ meaningfulness of work)

FY2023	46.7/45.3
FY2024	47.5/45.9
FY2025	48.9/46.8

Given the nature of manufacturing operations, work must be performed according to procedure manuals with the top priority on safety, which limits discretionary authority; compared to other job types, it is more difficult to feel how one's own work contributes to society and the company, and we recognize that operations are becoming more routine. In response to this, we have been implementing self-directed employees development training for all employees annually since FY2023. The score for "work content (autonomy)" among manufacturing workers has been increasing steadily, and we will continue with this initiative. In FY2025, we launched an initiative for holding direct dialogue sessions (town hall meetings) between employees and the president at manufacturing sites and other locations, and are working to enhance the sense of organizational unity through two-way sharing of opinions. As a measure focused on workplaces involved in manufacturing, we also encourage small group activities (improvement activities) as company-wide activities and are considering initiatives to further revitalize them, intending to devise ways to enhance workplace ingenuity and increase proactiveness and the sense of meaning in work. Through initiatives such as these, we will confirm changes in the score over the medium term.

Multiple departments and organizations with low scores exist (The entire company divided into 118 departments)

Somewhat low (More than 46.3 and no more than 49.0)	Low (46.3 Or below)
17 departments	11 departments

Engagement scores are provided to the health and safety committees at each site, where labor and management engage in analysis and discussions based on actual conditions, implement necessary measures and provide feedback to the workplace, resulting in steady improvement in scores. We will continue this initiative through the Health and Safety Committees at each site and monitor changes in the scores over the medium term.

* The health and safety committees at each site also discuss the results of stress checks at the same time.

Society

Human Rights Initiatives

Category 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 ILO (International Labor Organization) Declaration on Fundamental Principles and Rights at Work, 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. 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 exercise 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 NOF 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, 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 Corporate Code of Ethics to become the NOF Group Corporate Code of Ethics and communicated this to Group companies in Japan and overseas by distributing a booklet. We are also asking employees for a deeper understanding by deploying an educational video across the entire Group in April 2026.

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.

Sustainability Report ▸ pp. 177-178

Response to key risks for monitoring (harassment / 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 FY2024 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 Corporate Code of Ethics, (2) Development of harassment response procedures, (3) Strengthening awareness of human rights and compliance, and (4) Implementation of employee engagement surveys (human rights due diligence for employees).

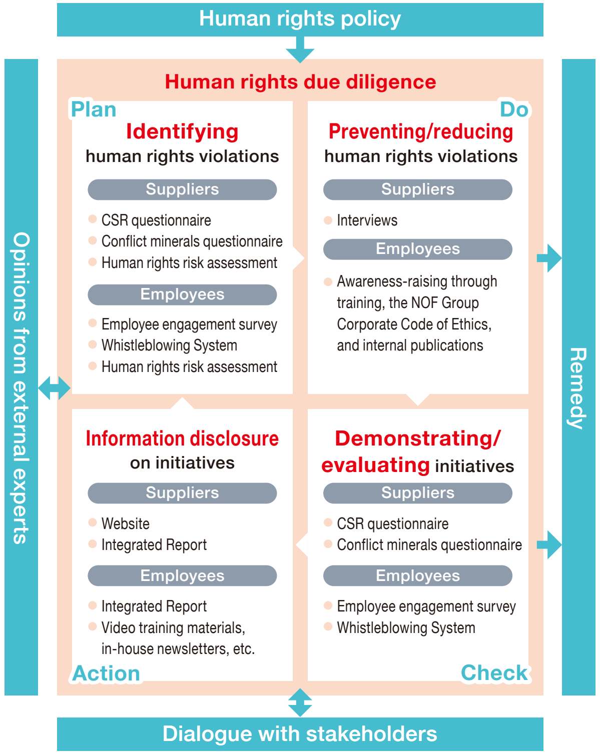
In FY2025, we conducted human rights due diligence for the first time as a Group. As a result of continuous review and evaluation by a team including external experts targeting the entire Group, including the upstream and downstream of the supply chain, no serious human rights violations were identified. This survey was discussed by the Sustainability Committee, in which all Directors participate, and approved by the Board of Directors.

Sustainability Report ▸ p. 179

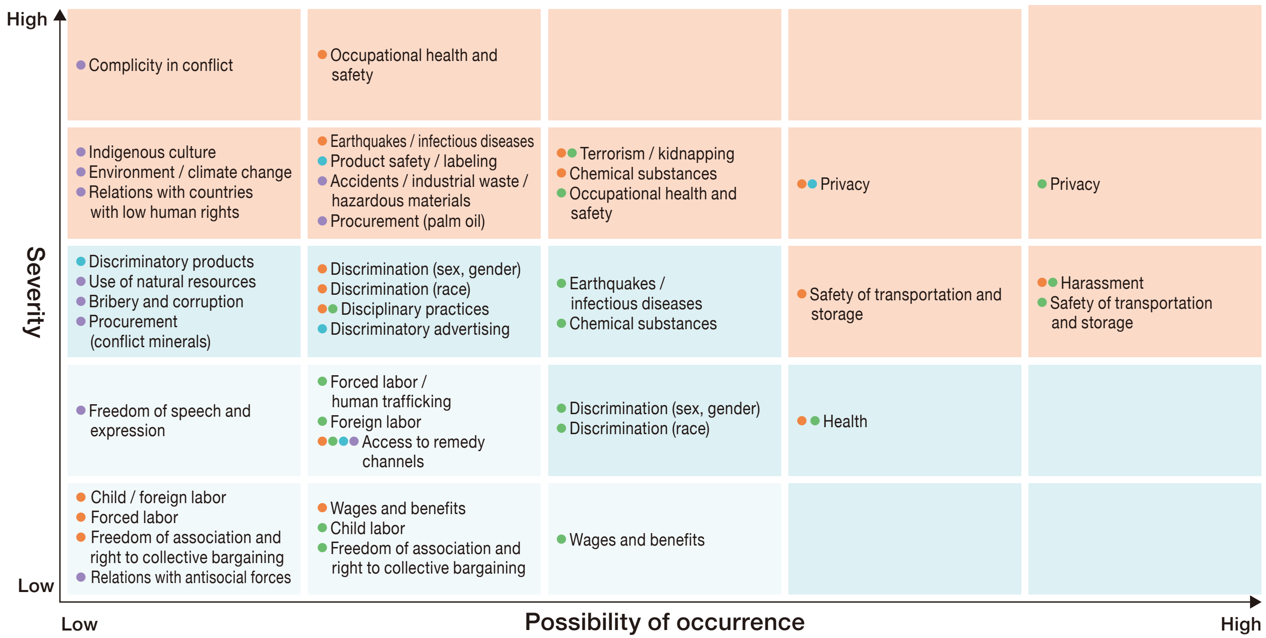
Human rights due diligence process

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 based on the opinions of external experts, and taking corrective action through appropriate means.

Sustainability Report ▸ p. 180



Risk map



Creation of a human rights risk map

We mapped each human rights issue for our company and the supply chain, with severity on the vertical axis and likelihood of occurrence on the horizontal axis. For identified high-risk human rights issues, we will first monitor the risks. If the results of monitoring indicate a need for risk reduction, we will consider and implement specific countermeasures.

Key human rights risks for monitoring

Based on the results of the human rights risk assessment and the business activities of the NOF Group,
we have defined the following as key risks for ongoing monitoring: (1) Health and safety, (2) Harassment, (3) Privacy infringement, (4) Safety of transportation and storage, (5) Product safety, (6) Appropriate labeling and explanation, and (7) Human rights risks in responsible procurement.
Going forward, we will monitor cases that fall under these risks and, for matters requiring countermeasures, formulate and execute measures in a prompt manner to address them.

Sustainability Report ▸ p. 183

Responsible Care (Environment and Safety)

Initiatives for the RC Five Components of Safety

Category 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 the Management Policy Regarding Responsible Care in 1995, we have advanced initiatives centered on the Five Components of Safety specified therein—environmental safety, plant safety, product safety, occupational 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 substances; for occupational 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 (GHG) 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.

Yoshitaka Honda
General Manager of Corporate Technical Division,
Executive Operating Officer

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

RC activities: Five Components of Safety

Sustainability Report ▸ p. 094

Environmental safety

Zero emissions of environmentally hazardous substances

- Response to climate change (reduction of GHG emissions)
  - FY2025 result: 139 thousand tons-CO_2e
- Industrial waste management and reduction (zero emissions)
  - Final disposal quantity by landfill in FY2025
    Domestic Group 57.2 tons
  - Zero-emission rate in FY2025 NOF 0.0382%
- Reduction of emissions of PRTR Act-controlled substances into atmosphere
  - FY2025 Emissions of PRTR Act-Controlled Substances
    NOF 106.1 tons Domestic Group 139.1 tons
- Stable operation of environment-related facilities
  - Operate equipment properly in accordance with the Water Pollution Prevention Act. Use water resources efficiently to reduce environmental impact

Sustainability Report ▸ pp. 150-152

- Biodiversity conservation
  - Contribute to the preservation of a rich natural environment through tree planting and ecosystem protection activities

▸ p. 089
Sustainability Report ▸ pp. 146-149

Plant safety

Zero accidents with equipment damage

- Passing on skills and techniques
  - Passing down skilled manufacturing expertise and knowledge to the next generation through OJT and training, while promoting the maintenance and improvement of technical capabilities

Sustainability Report ▸ p. 221

- Responses to natural disasters
  - Evaluate natural disaster risks such as earthquakes and typhoons, and formulate BCPs to ensure business continuity

Sustainability Report ▸ p. 081

- Implementation of assessments at the time of new construction or changes
  - Thorough risk assessment with due consideration for safety and environmental impact

Sustainability Report ▸ pp. 016, 210

Occupational safety

Zero accidents with lost workdays

- Elimination of traffic accidents
  - Number of occupational accidents in FY2025: 15 (including 4 accidents with lost workdays)

Sustainability Report ▸ p. 209

- Elimination of unsafe behavior and unsafe conditions
  - Building the foundation of a safety culture and thoroughly instilling basic behaviors

▸ p. 093
Sustainability Report ▸ pp. 208, 216

Product safety

Zero inappropriate incidents

- Ensuring compliance with chemical substance control laws and regulations
  - Ensure thorough legal compliance through the Comprehensive Chemical Substance Management System

Sustainability Report ▸ pp. 163-171

Transportation safety

Zero accidents that adversely affect distribution

- Promotion of safe distribution
  - Thoroughly ensure carrying of yellow cards and management of refrigerated transportation

Sustainability Report ▸ p. 170

Harmony with nature and society

Responsible Care (Environment and Safety)

Response to Climate Change and Conservation of Natural Capital

Category 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

In April 2022, the NOF Group announced its support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). We also endorsed the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) and joined the TNFD Forum in January 2025.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

TNFD Forum Member

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

Sustainability Report
▸ General requirements under the TNFD Recommendations p. 119

Governance

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 GHG, 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. These committees operate under the supervision of the Board of Directors, and report regularly to the Board of Directors once a year.

In addition, the outcomes of discussions by committees and meetings convened as required are also reported, and the system is operated so as to obtain the Board of Directors' oversight and approval.

Based on the fact that the business activities of the NOF Group impact Indigenous peoples, local communities, and others, we have also 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 system.

Sustainability Report
▸ Disclosure in Line with TCFD/TNFD Recommendations p. 120
Stakeholder Engagement p. 090
Human Rights (CSR Procurement Policy, etc.) pp. 172-175
Local Communities | Dialogue Activities / Cooperation with Communities pp.224-225

Risk Management

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.

Sustainability Report
▸ Disclosure in Line with TCFD/TNFD Recommendations: Risk Management p.131

Strategy

Given that the NOF Group uses naturally derived raw materials such as palm oil, we have recognized the loss of natural capital as a significant risk, formulated policies for natural capital, and actively pursued related initiatives.

In line with the LEAP approach recommended by TNFD as an integrated approach for evaluating nature-related issues, we identified our interface with natural capital (priority areas), identified and assessed dependencies and impacts, and identified and assessed risks and opportunities.

Sustainability Report
▸ Disclosure in Line with TCFD/TNFD Recommendations: Strategy pp. 121-130

Summary of the LEAP approach

Scoping

Defining the scope of analysis

- Set "all production sites of the NOF Group" and production areas of plant-based and animal-based raw materials used in the Functional Materials Business and the Functional Foods Business as the scope of analysis

Locate

Locate the interface with nature (Identification of priorities)

- The priority areas (production sites) are the Amagasaki Plant of the Functional Materials Business and the Kawasaki Works and Daishi Plant of the Functional Foods Business.
- The priority areas (raw material production regions) are Indonesia, Malaysia, Japan, Brazil, and New Zealand.

Evaluate

Identify and evaluate dependencies and impacts

- High dependence on the use of "water" throughout the entire value chain, with a high degree of impact too.

L E P A

Assess

Assess risks and opportunities

- Risks of reduced sales in existing business areas or reputational impacts from the use of certain raw materials, in response to decarbonization markets.
- Opportunities for increased sales due to growing demand for sustainability contribution products, as well as improved reputation through a proactive response to climate change and development of sustainability contribution products.

▸ pp. 082-083

Prepare

Respond and disclose information

- Continue monitoring and evaluating environmental parameters.

Assess Assess risks and opportunities

Sustainability Report ▸ Scenario analysis (full text) pp. 124-125

Based on the 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).

Transition risks were assessed under the temperature representing the worst case scenario.

Scenario analysis (excerpt)

Classification	Cause	Value chain	Major risks and opportunities	Level of impact				Countermeasures
					2023-2025	2030	2050	
Transition risks 1.5°C 2°C Scenario	Policies and regulations	NOF Manufacturing	Increased manufacturing costs and decreased product sales due to environmental regulations (carbon tax, plastic tax, etc.)	"Risk" Financial amount of impact	—	Large	Large	● Promotion of the following initiatives • Reduction of GHG emissions • Reduction of waste • Reduction and efficiency improvement of water intake • Reduction of pollutants • Reduction of plastic usage ● Shift 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		—	Medium	Medium	● Promotion of the following initiatives • Reduction of GHG emissions • Reduction of waste • Reduction and efficiency improvement of water intake • Reduction of pollutants • Reduction of plastic usage ● Promotion 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.)		—	Medium	Medium	● Switch to lower-risk oil types ● 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.)		—	Small	Small	● Promotion of the following initiatives • Reduction of GHG emissions • Reduction of waste • Reduction and efficiency improvement of water intake • Reduction of pollutants • Reduction of plastic usage ● Shift to recycled plastics and biomass plastics
		Upstream Import	Higher distribution costs due to environmental regulations (SOx regulations, etc.)		—	Small	Small	● Promotion of joint delivery and modal shifts
	Sharp rise in raw material and fuel prices	Upstream Cultivation and livestock	Increased procurement costs due to soaring raw material prices		—	Large	Large	● Securing stable raw materials through multiple purchases and long-term contracts ● Switching from petrochemical-based raw materials to plant-based raw materials ● Utilization of biomass chemicals ● Carbon recycling (solvent recycling, etc.)
		Upstream Import NOF Manufacturing	Higher energy and transportation costs due to soaring crude oil and natural gas prices		—	Medium	Medium	● Introduction of energy-saving equipment, review of processes ● Promotion of joint delivery and modal shifts
	Evaluation and reputation from stakeholders	Upstream Cultivation and livestock	Reputational damage and falling stock prices due to the use of certain raw materials		Large	Large	Large	● Procurement of sustainable palm oil ● Selection of suppliers and business partners with lower regulatory risks
		NOF	Decline in evaluation and reputation due to delays in ESG investment		—	Small	Small	● Development and provision of products that contribute to environmental conservation ● Promotion and communication of proactive environmental initiatives
	Market	Downstream Products	Changes in the sales destination environment due to the shift to a decarbonization market		—	Medium	Medium	● Strengthening our response to decarbonization markets, such as electric vehicles and renewable energy
Physical risks 4°C Scenario	Extreme weather	Upstream Cultivation, livestock, processing	Increase in cultivation/production and procurement costs due to degradation of ecosystem services		Large	Large	Large	● 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		—	Large	Large	● 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		—	Small	Small	● 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		—	Medium	Medium	● Ongoing review of capital expenditure plans

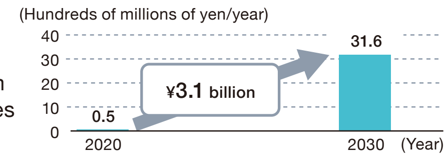
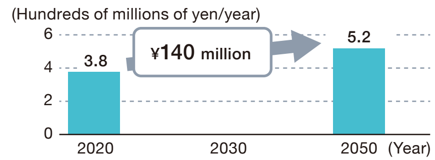
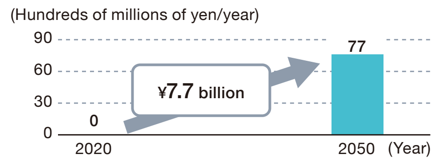
Classification	Cause	Value chain	Major risks and opportunities	Level of impact	2023-2025	2030	2050	Countermeasures
Opportunities	Resource efficiency	NOF Manufacturing	Decrease in manufacturing costs through improved resource efficiency	"Opportunities" impact amount	—	Medium	Large	● Promotion of the following initiatives ・Reduction of GHG emissions ・Reduction and efficiency improvement of water use ・Reduction of waste ・Reduction of plastic usage
	Capital flow / financing	NOF	Diversification of financing methods		—	Small	Small	● Utilization of positive impact finance and the like
	Reputation	NOF	Improved evaluations and reputation, leading to higher stock prices		—	Medium	Medium	● 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	"Opportunities" market size	—	Large	Large	● 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) "NZE 2050 Scenario for Net Zero Emissions in 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) "NZE 2050 Scenario for Net Zero Emissions in 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)

Financial 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.

* Charges for promotion of renewable energy generation

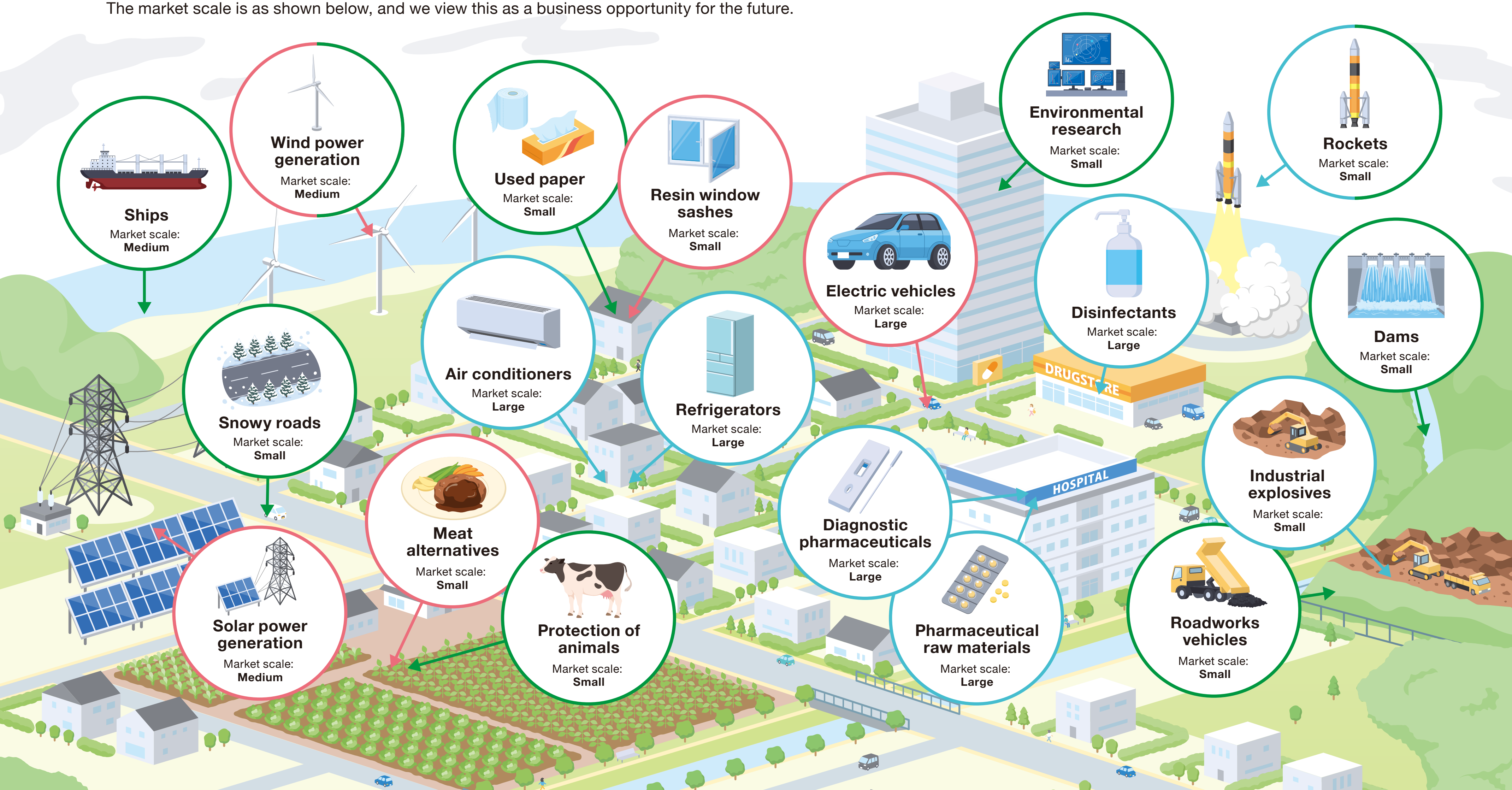
Category	Scenario	Risks	Details of risks	Financial amount of impact	Notes
Transition risks	1.5°C	Carbon tax	Financial burden from tax increases		Domestic Group CO_2 equivalent emissions in FY2020, with a carbon price of 20,000 yen per ton of CO_2 in FY2030. (Scope 1 + 2)
		Renewable energy charges	Increased energy costs		Domestic Group The unit price of the renewable energy charge for FY2030 is set at 4.1 yen/kWh based on FY2020 electricity consumption.
Physical risks	4°C	Storm surges	Flooding of facilities due to storm surges		NOF We estimated the amount of facility damage due to embankment failures caused by a once-in-500-to-several-thousand-year major typhoon.

Sustainability Report ▸ pp. 128-130

Sustainability contribution products related to climate change and natural capital

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

Within the NOF Group, we are creating a variety of products that contribute to sustainability 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 is as shown below, and we view this as a business opportunity for the future.



Metrics and Targets

The NOF Group has set the reduction of GHG 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 GHG emissions announced in April 2021, the NOF Group has decided to set new targets to reduce GHG emissions.

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

With regard to natural capital, we will promote the acquisition and expansion of the indicator data shown below as part of the TNFD core global disclosure metrics and the chemical sector core disclosure metrics, while also working to reduce environmental impact.

Sustainability Report ▸ p. 132

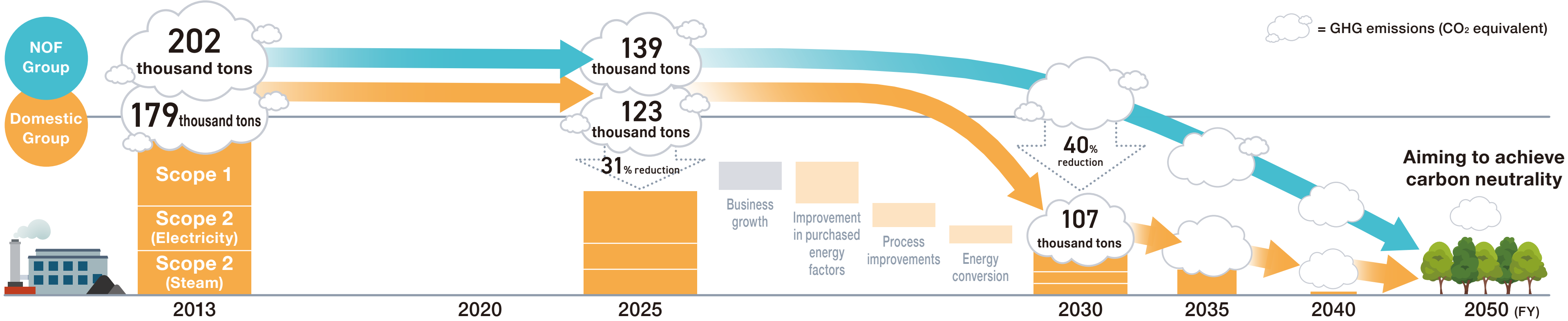
	Indicators (KPIs)	Numerical targets	Target fiscal year	Details of major initiatives
Contribute to the Environment / Energy field NOF Group	Net sales of strategic products in the Environment/Energy field	100% increase (compared to FY2025 results)	FY2028	● Supply of strategic products to the Environment/ Energy field
Promotion of CSR-based Procurement NOF	Coverage rate of CSR questionnaire (based on value of purchases)	85% or more	FY2028	● Implementation of the CSR questionnaire*
	Improvement rate of suppliers interviewed during the 2025 Mid-term Management Plan (Number of companies improved / 24 companies)	75% or more	FY2028	● Follow-up with target suppliers
Resilience enhancement NOF Group	BCP education and training hours	Total of 4,000 hours or more	Every fiscal year	● 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	CO_2 emissions Domestic Group	40% reduction (compared with FY2013)	FY2030	● 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	FY2050	
Chemical Safety	Emissions of substances subject to PRTR Act after revision in FY2021 Domestic Group	under 170 tons/year	Every fiscal year	● Creation and execution of emission reduction measures ● Reevaluation of production processes

* Also deployed to YUKA SANGYO CO., LTD., Nippon Koki Co., Ltd., NiGK Corporation, Showa Kinzoku Kogyo Co., Ltd., and NOF METAL COATINGS ASIA PACIFIC CO., LTD.

Measures to achieve GHG emissions reduction targets

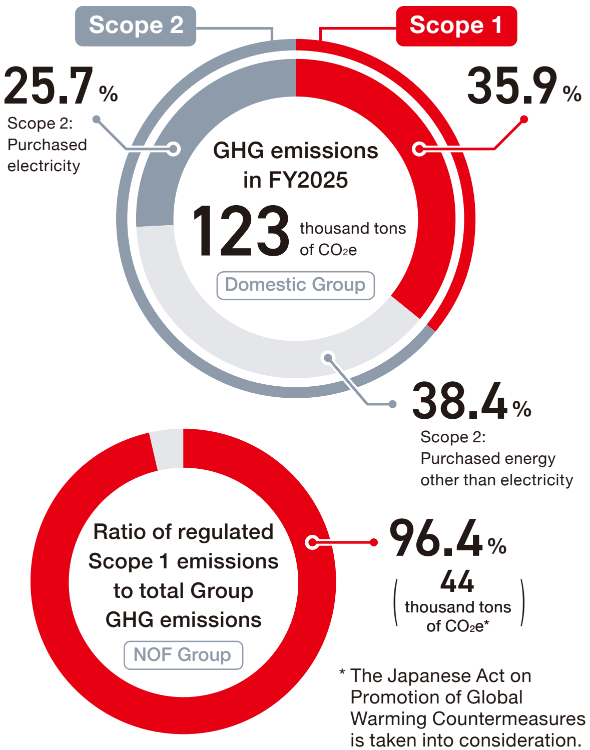
To achieve carbon neutrality by 2050, the NOF Group recognizes that reducing emissions from the Domestic Group, which accounts for approximately 88% of Scope 1 and Scope 2 GHG emissions, is critical. As such, the Domestic Group has set a FY2030 target for reducing Scope 1 and 2 GHG emissions that exceeds the target set by the chemical industry that the NOF Group belongs to, to contribute to achieving the plan presented by the Japanese government (a 32% reduction from the FY2013 level as the FY2030 target), that is, a 40% reduction from the FY2013 level as the FY2030 target. We have also formulated a roadmap for reducing GHG emissions and are working to achieve our GHG emissions targets. Progress toward the targets is monitored regularly through Responsible Care activities by tracking the GHG emissions reduction rate and the amount of reductions achieved. Specifically, we conduct interviews about updates on the progress of reduction plans at the RC managers meetings held twice a year with the participation of the heads of NOF production sites, and at RC auditing conducted once a year for affiliated companies. GHG emissions are also calculated using the financial control approach. While we are yet to obtain SBT certification, we are exploring possibilities.

Reduction of GHG emissions [Scope 1 + 2]



	Phase 1 Horizontal rollout of existing energy conservation	Phase 2 Conversion to renewable energy	Phase 3 Consideration of new processes and technologies
Improvement in purchased energy factors	Introduction of solar power generation (already introduced at Daishi Plant in FY2018)	(already introduced at Amagasaki and LS Aichi Plant and JEUNE BEAUTY CORPORATION in FY2025; under consideration for other sites)	
		Introduction of electricity certified to come from non-fossil fuel sources (already introduced at Kawasaki Works in FY2022; partially introduced for electricity use at Kinuura Plant, LS Aichi Plant, and Nippon Koki from FY2025; planned for Taketoyo Plant and NiGK from FY2028 onward)	
Energy conversion		Energy conversion (heavy oil ⇒ gas) (already introduced at Taketoyo Plant in FY2024; additional introduction planned in FY2027 and at Nippon Koki in FY2030)	
		Electrification of non-electric facilities (conversion of steam ejectors to vacuum pumps) (already introduced at Oita Plant in FY2023; additional introduction planned in FY2026 and FY2027, and at Kinuura Plant in FY2029)	
			Use of new energy (introduction of hydrogen boilers) (considered after confirming the status of hydrogen infrastructure development)
Process improvements	Strengthened steam trap management, productivity improvement, etc.		
		Upgrading to high-efficiency equipment (upgrading to heating medium boilers) (already introduced at Oita Plant in FY2025)	
		Boiler drain water recovery system (already introduced at LS Aichi Plant in 2025)	
		Reduction of PFC emissions (Kinuura Plant: exploring solvent changes)	
		Waste heat recovery energy conservation improvement activities (butane distillation facilities and others) (Planned for Oita Plant in FY2030)	

GHG emissions



* The Japanese Act on Promotion of Global Warming Countermeasures is taken into consideration.

Scope 1 and 2 GHG emissions* Domestic Group NOF Group

(Thousand tons of CO_2e)

		FY2013	FY2023	FY2024	FY2025	FY2030 (target)
Domestic Group	Scope 1+2	179	135	133	123	107
	Compared with FY2013	—	(44)	(46)	(56)	(72)
NOF Group	Scope 1+2	202	159	151	139	—
	Compared with FY2013	—	(43)	(51)	(63)	—

* Measured in accordance with the GHG Protocol

Scope 2 GHG emissions according to the location-based criteria and market-based criteria* Domestic Group NOF Group

(Thousand tons of CO_2e)

	Location-based criteria			Market-based criteria		
	FY2023	FY2024	FY2025	FY2023	FY2024	FY2025
Domestic Group	106	107	107	84	84	82
NOF Group	129	124	122	101	102	96

* Conversion factor for the location-based criteria: In Japan, the "substitute value" from "Emission Factors by Electric Utility Operator" published by the Ministry of Economy, Trade and Industry (METI) (FY2024 results [published January 9, 2026]) is used. For overseas operations, we referred to the emission intensity database "C-Turtle®" (NTT DATA), world electricity emission intensities (Ver. 3.6), EEA, CT, and EPA.

Use of the Internal Carbon Pricing (ICP) system

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). When an individual investment project is expected to increase or decrease GHG emissions, we calculate economic indicators reflecting ICP and use them in making investment decisions. This helps us to refine the economic assessments of capital expenditure and business strategy, while also raising employee awareness of energy conservation through the visualization of monetary effects, thereby contributing to the decarbonization of overall business activities and achieving carbon neutrality across society as a whole.

Internal carbon price

15,000

yen/ton-CO_2

Progress and results of GHG emissions reductions

Sustainability Report ▶ pp. 138-145

The NOF Group is reducing fossil fuel consumption and utilizing renewable energy as it advances initiatives aimed at achieving carbon neutrality.

Electrification of equipment and purchase of electricity certified to come from non-fossil fuel sources

Improvement in purchased energy factors | Energy conversion

To efficiently promote GHG emissions reductions, the NOF Group combines the electrification of equipment with the use of electricity certified to come from non-fossil fuel sources.

At Oita Works, in FY2023 we electrified operations by switching steam-driven steam ejectors to electric vacuum pumps, while also beginning to monitor steam usage. Through these measures, we are jointly promoting reduced steam use and a shift to electricity, and expect an annual reduction in GHG emissions of approximately 0.6 thousand tons of CO2e or more in total.

In addition, for electricity used by electrified equipment such as vacuum pumps and forklifts, we have introduced electricity certified to come from non-fossil fuel sources. Electricity certified to come from non-fossil fuel sources is regarded as electricity with "zero CO_2 emissions" through the use of renewable energy and other sources, thereby further enhancing the effects of reducing fuel use through electrification and contributing to a substantial reduction in CO_2 emissions.

Kawasaki Works also switched all of the electricity it uses to electricity certified to come from non-fossil fuel sources in FY2022, reducing CO_2 emissions by approximately 11 thousand tons annually.

The NOF Group will continue to further promote GHG reductions by advancing together with the expansion of equipment subject to electrification and the shift to electricity certified to come from non-fossil fuel sources, with the aim of achieving carbon neutrality by 2050.

Vacuum pump (Oita Works)

Kawasaki Works

Introduction of solar power generation

Improvement in purchased energy factors

In April 2025, LS Aichi Plant and JEUNE BEAUTY CORPORATION introduced rooftop solar power generation facilities. The electricity generated is consumed onsite at the plants, which helps to reduce purchased electricity and CO_2 emissions. For installation, the optimal scale was determined after closely examining the rooftop area of the buildings and sunlight conditions. As a result, annual emissions have been reduced by 70 tons-CO_2e (208 tons-CO_2e per year for the Group as a whole through solar power generation).

Solar panels at LS Aichi Plant (began operation in April 2025)

Sustainability Report ▶ pp. 146-149

Progress and Results for Biodiversity Conservation

In addition to "forest planting" through creation of green areas alongside roads as well as thinning and pruning forests owned by NOF Group, 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.

Company-wide

- Recycling of plastic waste
- Going paperless
- Use of FSC-certified paper
- Donations aimed at protecting the global environment (WWF, Green Fund, Keidanren Nature Conservation Fund, etc.)
- Green procurement
- Introduction of alternative methods to animal testing in the evaluation of cosmetics materials (animal welfare)
- RSPO membership, participation in the Japan Business and Biodiversity Partnership, endorsement of the Keidanren Initiative for Biodiversity Conservation, participation in JaSPON, endorsement of TCFD, and participation in TNFD

Oita

We endorsed Oita Prefecture's "Forest Creation with Corporate Participation" program and carried out the activities in the forests of Yufu City. This initiative involves conducting tree planting and thinning in forested areas to conserve the forest environment and water source recharge areas. An area of approximately 2.8 hectares has been named "Yufuin NOF Forest," with initiatives to plant 2,000 trees such as sawtooth oaks. In March 2025, we planted 200 saplings. Yufuin NOF Forest is expected to absorb about 160 tons of CO_2 over five years.

pick up!
Tree planting at Yufuin NOF Forest

[Other activities] • Modal shifting

China

NOF (Shanghai) Co., Ltd. participates in volunteer and environmental protection activities every year in Shanghai in order to instill the importance of corporate social responsibility among employees and contribute to local communities. In March 2026, with an introduction from Shanghai Dingpan Tourism Culture Development Co., Ltd. that promotes the development of tourism culture, all employees carried out a tree-planting activity at Shanghai Bay National Forest Park to help protect the coastal environment near Shanghai.

pick up!
Forestation activities
NOF (Shanghai) Co., Ltd.

Kawagoe, Kawasaki, Kansai, Aichi, and Indonesia

- Installed solar panels

Bibai

- Protection of Japanese swamp lantern clusters Nippon Koki Co., Ltd.

Shirakawa

At Nippon Koki Co., Ltd. Shirakawa Plant, forest maintenance through thinning has been carried out continuously, and in FY2025, an area of 3.0 hectares was maintained. This plant is planning to continue running such small-scale forest maintenance in the future. It is also promoting efforts to expand the habitat of Hemerocallis middendorffii var. esculenta growing naturally on the premises. In FY2026, maintenance of the access path to the natural habitat was completed, and there are plans over the next several years to proceed with the installation of viewing facilities, including wooden structures.

pick up!
Forest maintenance
Nippon Koki Co., Ltd.

Kawasaki

The Kanagawa Forest Restoration 50-Year Project is an initiative to revitalize forests measuring about 95,000 hectares, or about 40% of the prefecture's land, from the prefecture's mountains to forest land in urban areas. NOF METAL COATINGS started to support forest maintenance on an area of about 12 hectares. The forest areas will absorb about 247 tons of CO_2 over five years. Going forward, we will work on environmental conservation together with employees and their families through forest maintenance and nature observation.

pick up!
Participation in the Forest Restoration Partner System
NOF METAL COATINGS ASIA PACIFIC CO., LTD.

[Other activities]
- Purchase of electricity certified to come from non-fossil fuel sources
- Reduction of food loss Functional foods
- Modal shift, joint deliveries
- Participation in the Kawasaki City Green Office Promotion Council
- Creation of rooftop greenery, green walls, and greenery on our grounds

Aichi

- Weeding of the Designated Invasive Alien Species "lanceleaf tickseed"
- Taketoyo community tree-planting festival (seedling purchase and sponsorship)

Amagasaki

- Participation in "Amagasaki Forest Central Green Space Forest Planting" volunteer activities

Responsible Care (Environment and Safety)

Chemical Safety Initiatives

Category 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 assessments of environmental impacts and hazards from the product development stage, and collect and organize such information. 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 the product development stage and pilot production, 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 Ensuring safety during storage and transportation

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

⑤ Establishing emergency response systems

We have built systems that enable prompt response in the event of unforeseen product accidents or situations requiring re-assessment. To minimize the spread of damage both inside and outside the Company, each production site has established and implemented the measures listed on the right in accordance with the raw materials used and products manufactured there.

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 ▸ pp. 163-171

Major activities

① Assessment of product hazards and environmental impact
- Chemical substance management (domestic/international)
- Proper management of polychlorinated biphenyl (PCB)
- Initiatives for the Global Framework on Chemicals (GFC)

② Identification of potential hazards and implementation of countermeasures
- Chemical substances risk assessment
- Hazardous materials response (wearing protective equipment, appointment of supervisors)

③ Updating product information and verifying legal compliance
- Disclosure regarding product safety
- Initiatives to improve information systems for chemical substance management

④ Ensuring safety during storage and transportation
- Transportation safety
- Yellow Cards

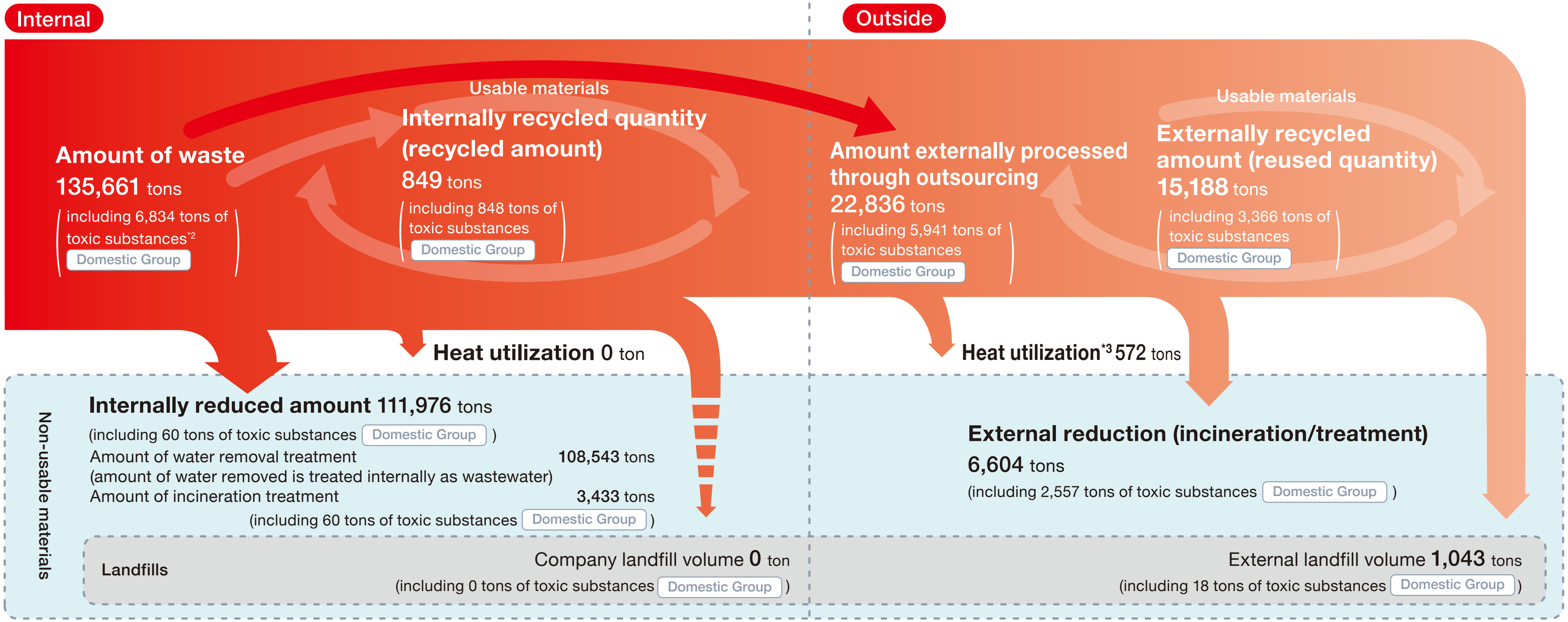
⑤ Establishing emergency response systems
- Disaster prevention rules (or regulations, manuals, etc.)
- Required disaster prevention equipment and materials
- Establishment of action standards for all personnel
- Training disaster prevention personnel through planned drills
- Close communication system with relevant authorities
- Procedures for preparing in advance the information that needs to be provided in emergencies
- Maintaining a strong safety foundation through continuous verification and improvement of the effectiveness of the immediate response system

Initiatives toward saving resources

In fiscal 2025, the NOF Group generated 135,661 tons of waste, of which 111,976 tons (82.5%) were reduced through internal weight reduction measures, and 22,836 tons (16.8%) were outsourced for external treatment. The breakdown of outsourced treatment was 15,188 tons (11.2%) recycled externally, 6,604 tons (4.9%) reduced externally, and 1,043 tons (0.8%) landfilled externally, resulting in a recycling rate*1 of 11.8% of the total waste generated.

As part of our efforts toward resource circulation, we strive to improve yields through process improvements and reduce the amount of waste generated, while also promoting the conversion of waste into valuable materials and internal processing. We will also work to reduce landfill volume through recycling of existing waste, ensure thorough waste separation, and expand recycling routes for waste plastics. We will continue to actively work to promote resource circulation, reduce waste, and lessen our environmental impact.

Waste generated by the NOF Group NOF Group



*1 Definition of recycling rate: (total amount of waste reused, recycled or thermally utilized / amount of waste generated) x 100
*2 Hazardous substances: Total of specially controlled industrial waste under the Waste Management and Public Cleansing Act
*3 Waste plastics

Meeting laws and regulations

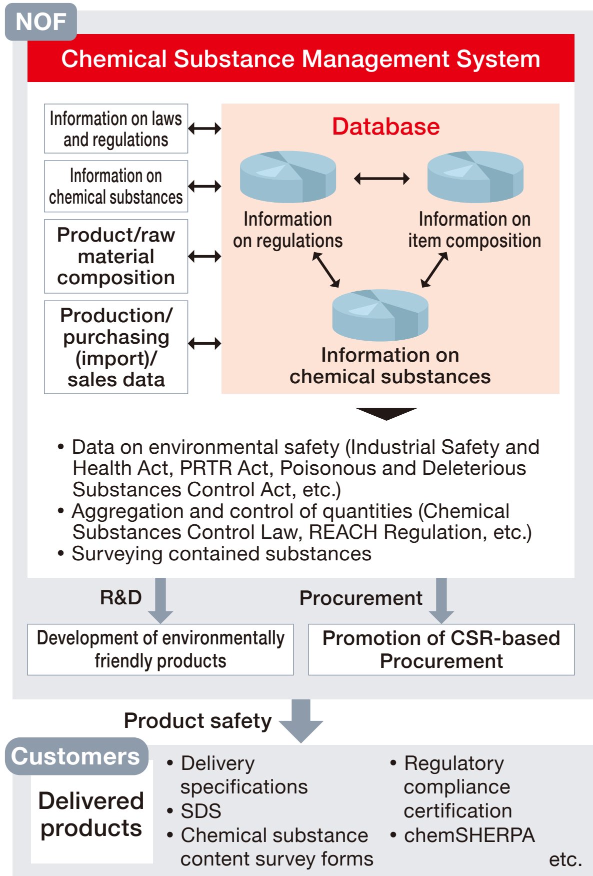
In Japan, prior notification of new chemical substances is mandatory, pursuant to the Act on the Evaluation of Chemical Substances and Regulation of Their Manufacture, etc. (Chemical Substance Control Law) and the Industrial Safety and Health Act. At the NOF Group, in order to make proper notifications, when beginning production of a new chemical substance, the Responsible Care & Plant Investment 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 restrictions in volumes 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*1 Regulation, 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 Regulation for the export volume of the chemical substance involved.

There continued to be no violations of environmental laws and regulations in FY2025.

Initiatives to improve information accuracy in chemical substance management

Since FY2020, NOF introduced and constructed a Chemical Substance Management System, and has centralized management of Safety Data Sheet (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*2 issued by each business division to reflect changes in the laws and regulations of major countries. In addition, 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.

Image of composition of chemical substance database



*1 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.
*2 Abbreviation for Globally Harmonized System of Classification and Labelling of Chemicals, which classifies the hazardous properties of chemicals according to certain globally standardized criteria and displays them in an easy-to-understand manner using pictorial labels and other means.

Occupational Safety and Health Initiatives

Category 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 all works and plants, based on the RC management system.

Occupational safety activities (RC activities)

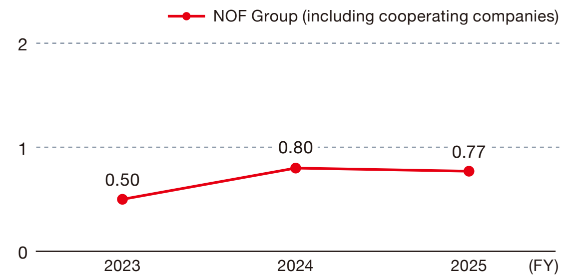
The status of occupational safety activities at NOF's works, plants, and Group companies is confirmed through regular RC auditing. Along with audits, we are working to revitalize RC activities throughout the Group, with members of labor unions and Group companies also participating in RC auditing as 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.

Sustainability Report
▸ Occupational Safety and Health Policy p. 208

FY2025 safety activity results and FY2026 RC activity targets

Since FY2015, we have promoted initiatives toward achieving our target of "absolutely zero accidents."* In FY2025, there were 15 occupational accidents (including 4 accidents with lost workdays and 0 fatal accidents), and we did not achieve our target. In particular, there were three accidents involving "entrapment or entanglement," which are likely to lead to serious accidents, making it urgent to strengthen inherently safer measures. In FY2025, we also worked toward the "elimination of unsafe behavior and unsafe conditions" as a key RC activity goal, but with nine accidents involving young and inexperienced employees with less than one year of experience (approximately 60% of the total), there is a clear need to further revise and bolster safety education.

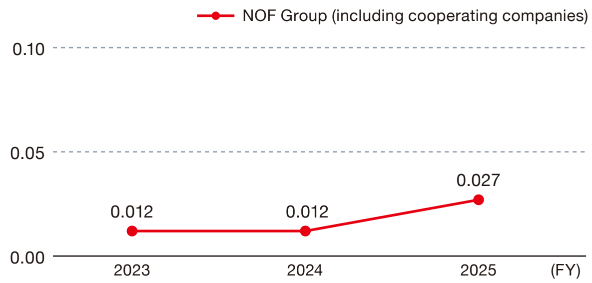
Lost-time injury frequency rate*2



In response to these sincere reflections and issues, in FY2026 we will place priority on the following initiatives toward building a culture of safety and security.

- **Building the foundation of a safety culture (understanding and passing on lessons from accidents that occurred)**
  We will enhance level-based and hands-on training so that employees can make past accident cases as their own "personal matters," and develop into personnel capable of preventing accidents autonomously.
- **Adoption of basic safety actions**
  We will prevent rules from becoming mere formalities, and evolve them into "practice" where individuals are able to act on their own initiative, through measures such as thorough pointing-and-calling and compliance with guidelines.
- **Prevention of accidents caused by entrapment or entanglement, and heatstroke**
  Based on the principle of the three actuals, we will identify risks by directly viewing the actual workplace, actual items, and actual situation, and promote the inherent safety of equipment.

Accidents with lost workdays severity rate*3



*1 The NOF Group's proprietary targets to reduce to zero lost-time injuries and non-lost-time injuries.
*2 Frequency rate = Total cases of labor lost (personnel) / total actual hours worked x 1,000,000
*3 Severity rate = Total cases of labor lost (work-days) / total actual hours worked x 1,000

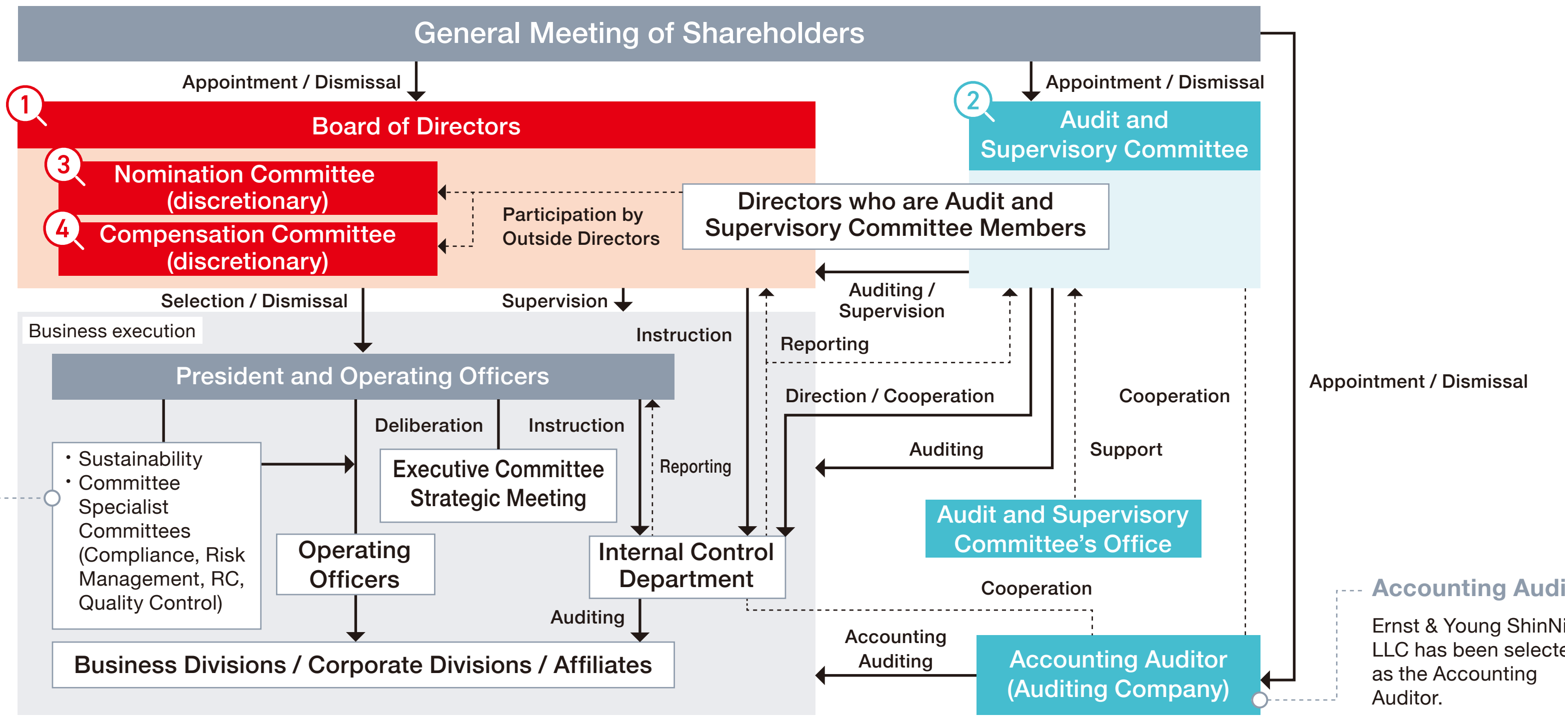
Governance

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



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 Management Committee, and other specialized committees analyze risks, consider countermeasures, analyze and evaluate matters under their jurisdiction, and report to the Board of Directors.

Accounting Auditor

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

Men Women

Body	① Board of Directors	② Audit and Supervisory Committee	③ Nomination Committee	④ Compensation Committee
Composition*	● Internal Directors 5 ● Outside Director 5 Ratio of Outside Directors: 50% Female ratio: 30% (Chairman: Representative Director and Chairman)	● Internal Directors 1 ● Outside Director 3 Ratio of Outside Directors: 75% Female ratio: 50%	● Internal Directors 2 ● Independent Outside Directors 5 Ratio of Outside Directors: 71% Female ratio: 29% (Chairman: Independent Outside Director)	● Internal Directors 2 ● Independent Outside Directors 5 Ratio of Outside Directors: 71% Female ratio: 29% (Chairman: Independent Outside Director)
Role	The Board of Directors decides on important matters set forth by laws and regulations, the articles of incorporation, and the Rules of the Board of Directors, and 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.	Led by the standing Audit and Supervisory Committee members, the Audit and Supervisory Committee decides auditing policies and standards, and members 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 the results of audits conducted by the Internal Control Department, 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.	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. Upon referral from 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.	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. Upon referral from the Board of Directors, the Compensation Committee deliberates on matters related to the compensation of Directors, excluding Audit and Supervisory Committee members, and reports its findings to the Board of Directors.
Standard number of meetings	Monthly: 1 time (ad-hoc meetings held when required)	Monthly: 1 time (ad-hoc meetings held when required)	Held when required	Held when required
Meeting history (FY2025)	17 times (Attendance rate: 100%)	17 times (Attendance rate: 100%)	3 times (Attendance rate: 100%)	4 times (Attendance rate: 100%)

* As of June 26, 2026

Introduction of Directors

Past experience, positions, responsibilities, and significant concurrent positions

Takeo Miyaji

Representative Director, Executive Chairman

Number of shares held: 106,869 shares

- 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 Representative Director, President and CEO
- 2023 Representative Director, Executive Chairman (to present)

Koji Sawamura

Representative Director, President and CEO

Number of shares held: 24,071 shares

- 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 Representative Director, President and CEO (to present)

Eui-Chul Kang

General Manager of Corporate R&D Division, Director and Executive Operating Officer

Number of shares held: 6,488 shares

- 2000 Joined the Company
- 2016 General Manager, DDS Lab., DDS Development Div. of the Company
- 2020 General Manager, R&D Planning Dept., Corporate R&D Div. of the Company
- 2022 Operating Officer; General Manager, R&D Planning Dept., Corporate R&D Div. of the Company
- 2023 Executive Operating Officer; General Manager, Corporate R&D Div. of the Company
- 2026 Director and Executive Operating Officer; General Manager, R&D Div. of the Company (to present)

Manabu Saito

Director and Executive Operating Officer

Number of shares held: 15,421 shares

- 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 NICHIYU TRADING CO., LTD.
- 2017 Director; General Manager, General Affairs Dept. of NICHIYU 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
- 2026 Director and Executive Operating Officer; General Manager, Functional Foods Div. of the Company (to present)

Takashi Kamada

Outside Director

Independent Director/Auditor

Number of shares held: 200 shares

- 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)

Izumi Hayashi

Outside Director

Independent Director/Auditor

Number of shares held: 4,100 shares

- 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)

Junko Hamamoto

Audit and Supervisory Committee Member
Directors

Number of shares held: 500 shares

1989 Joined the Fuji Bank, Limited (currently Mizuho Bank, Ltd.)
2009 Head, Overseas Network Management Office, International
2011 Deputy General Manager, Overseas Network Operations
2017 Deputy General Manager, Credit Planning Department of Mizuho Bank, Ltd.
2019 President of Mizuho Bank (Switzerland) Ltd.
2022 Joined the Company
2024 General Manager of the Corporate Communications Department of the Company
2025 Operating Officer; General Manager, Corporate Communications Department of the Company
2026 Director (Standing Audit and Supervisory Committee Member) of the Company (to present)

Kunimitsu Ito

Audit and Supervisory Committee Member
Outside Director

Independent Director/Auditor

Number of shares held: 5,400 shares

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)

Yuriko Sagara

Audit and Supervisory Committee Member
Outside Director

Independent Director/Auditor

Number of shares held: 2,900 shares

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)

Keiichi Miura

Audit and Supervisory Committee Member
Outside Director

Independent Director/Auditor

Number of shares held: 2,600 shares

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 Executive Operating Officer of the Company
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)

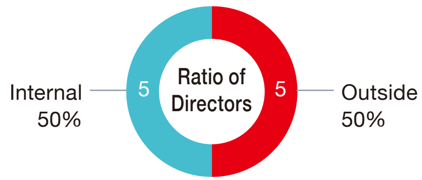
Outside Director

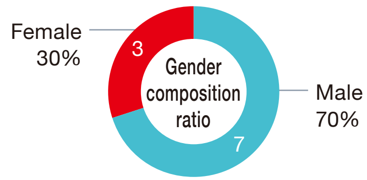
Name	Reasons for election
Takashi Kamada	Mr. Takashi Kamada has abundant experience and advanced insight in the financial industry, a broad range of experience and knowledge as a multi-corporate manager, and provides appropriate opinions on all aspects of the management from a fair and objective standpoint. He is also the chairman of the Compensation Committee and a member of the Nomination Committee, attends meetings of the Sustainability Committee as an observer, and engages in the deliberations of these committees. Going forward, the Company expects him to fulfill the role of conducting appropriate oversight, etc. over business execution and providing advice to management 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, etc. She fulfills her role as an Outside Director of the Company. She also serves as Chair of the Nomination Committee and as a member of the Compensation Committee, attends meetings of the Sustainability Committee as an observer, 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 also a member of the Nomination Committee and the Compensation Committee, attends meetings of the Sustainability Committee as an observer, 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 also a member of the Nomination Committee and the Compensation Committee, attends meetings of the Sustainability Committee as an observer, 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 also a member of the Nomination Committee and the Compensation Committee, attends meetings of the Sustainability Committee as an observer, 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.

Skills Table

	Name	Gender	Position	Current position Years in office	Attendance in FY2025		Expected Skills							
					Board of Directors	Audit and Supervisory Committee	Corporate management	Global	Management/ business strategy, sales and marketing	R&D, quality and production technologies, DX	Finance and accounting	Sustainability	HR and labor	Legal, compliance, and risk management
	Takeo Miyaji	Male	Representative Director, Executive Chairman	15 years	17/17 times (100%)	-	●		●		●	●	●	●
	Koji Sawamura	Male	Representative Director, President and CEO	3 years	17/17 times (100%)	-	●	●	●	●		●		
	Eui-Chul Kang	Male	Director and Executive Operating Officer General Manager of Corporate R&D Division	newly appointed	-	-	●	●	●	●				●
	Manabu Saito	Male	Director and Executive Operating Officer	3 years	17/17 times (100%)	-	●		●		●	●	●	●
Outside	Takashi Kamada	Male	Outside Director	1 year	13/13 times (100%)	-	●		●		●		●	
Outside	Izumi Hayashi	Female	Outside Director	5 years	17/17 times (100%)	-	●	●					●	●
	Junko Hamamoto	Female	Audit and Supervisory Committee Member Directors	newly appointed	-	-		●			●	●	●	●
Outside	Kunimitsu Ito	Male	Audit and Supervisory Committee Member Outside Director	6 years	17/17 times (100%)	17/17 times (100%)		●			●			●
Outside	Yuriko Sagara	Female	Audit and Supervisory Committee Member Outside Director	5 years	17/17 times (100%)	17/17 times (100%)	●	●						●
Outside	Keiichi Miura	Male	Audit and Supervisory Committee Member Outside Director	5 years	17/17 times (100%)	17/17 times (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 103rd Annual General Meeting of Shareholders.





Expected fields and roles

Corporate management	Drawing on management experience and knowledge at companies, etc., oversee initiatives aimed at enhancing corporate value through resolving NOF Group's management challenges.
Global	Drawing on overseas management experience and knowledge, oversee and advise on initiatives related to global management and problem-solving.
Management/ business strategy, sales and marketing	Drawing on management experience and knowledge at companies, etc., and experience and knowledge in the fields of sales, marketing, and Supply Chain Management (SCM) in Japan and overseas, assess the appropriateness of and advise on policies, strategies, and allocation of management resources in management/business planning, sales and marketing, SCM, etc.
R&D, quality/production technologies, DX	Drawing on experience and knowledge in technology-related fields, assess the appropriateness of and advise on policies, strategies, and allocation of management resources in research and development, quality, production/technology, environment and safety, and IT/DX.
Finance and accounting	Drawing on experience and expertise in the fields of finance (including M&A) and financial accounting, assess the appropriateness of and advise on capital policy, investment planning, financial strategy, and financial reporting.
Sustainability	Drawing on experience and knowledge across diverse sustainability-related fields such as environment and society, oversee and advise on initiatives related to sustainability and Environmental, Social and Governance (ESG).
HR and labor	Drawing on experience and knowledge in human resources, labor relations, talent development, diversity and inclusion, and related fields, assess the appropriateness of and advise on talent management initiatives based on the NOF Group's "Values."
Legal, compliance, and risk management	Drawing on experience and knowledge in the fields of legal affairs (including intellectual property), compliance, and risk management, oversee and advise on initiatives related to legal affairs, compliance, and risk management.

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. To provide incentives, performance-linked compensation (bonuses, ESG indicator-linked compensation, and stock compensation) is set at approximately 40% of total compensation as a guideline. 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* 60%	Incentive compensation 40% (Bonuses, stock compensation, ESG indicators-linked compensation)

* ESG indicator-linked compensation is included as part of incentive compensation.
* The fixed compensation of the above Directors (excluding Directors who are Audit and Supervisory Committee members) includes ¥14 million in ESG indicators-linked compensation.

Sustainability Report ▸ p. 073

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 profit, an important indicator related to the NOF 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	The Board of Directors 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). ESG indicators are based on the Materiality (material issues) identified by the NOF Group, and the Compensation Committee deliberates on their content, achievement level, etc.
	Stock compensation	We have implemented a “Board Benefit Trust-Restricted Stock (BBT-RS)” for directors who also serve as Operating Officers (excluding Outside Directors and Audit and Supervisory Committee members, hereinafter collectively “Directors”) and Operating Officers with titles (hereinafter “Directors, etc.”), where the shares granted under this trust are subject to transfer restrictions until the recipients retire from their positions, in accordance with a resolution adopted at the Annual General Meeting of Shareholders. 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, and will be awarded with NOF’s shares and an amount of cash equivalent to the market value of NOF’s shares (hereinafter referred to as “NOF’s Shares, etc.”). 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.) In principle, Directors, etc., receive NOF’s shares at a fixed time each year, and receive an amount of cash equivalent to the market value of the NOF’s shares at the time of their retirement. When Directors, etc., receive NOF’s shares while in office, they shall conclude a transfer restriction agreement with NOF prior to the provision of the NOF’s shares. As a result, NOF’s shares provided to Directors, etc., while they are in office will be restricted from disposal by transfer, etc., until their retirement. 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 the beneficiary is determined. 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. **[Calculation methods of points awarded]** 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 profit and ROE in the Mid-term Management Plan, important indices for the evaluation of the NOF Group’s business performance. **[(Formula) Number of position-based points × Performance evaluation coefficient]** * Performance evaluation coefficient=(performance evaluation coefficient based on consolidated operating profit x 50%) + (performance evaluation coefficient based on ROE x 50%) * Taking into account the achievement level of performance, the value of the performance evaluation coefficient varies between 0 and 1.5. **[Distribution methods]** Distribution takes place after the retirement of Directors, etc., and the NOF's share shares and cash, equivalent to the Defined Number of Points, are distributed (when distributed as survivor benefits, cash is distributed). **[Achievement level of the targets for consolidated operating profit and ROE in FY2025]** The actual result of consolidated operating profit in FY2025 under review was ¥47.4 billion, representing a 103.0% achievement level in FY2025, 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 14.1%, representing a 117.7% achievement level of the target.

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 2025, 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 2026.

Summary of results for fiscal 2025 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: Directors freely and openly express their opinions while drawing on their careers and expertise, and the Board engages in open and active discussions.

In terms of achieving management conscious of the cost of capital, which was an issue recognized in the FY2024 effectiveness evaluation, topics such as reviewing the business portfolio, cost of capital, and capital profitability, as well as the ideal state of the Board of Directors, were discussed based on feedback from investors to the Board.

Future initiatives

It was confirmed that the Board of Directors will continue to focus on achieving management conscious of the cost of capital and will also examine and discuss further strengthening the governance structure on a Group-wide basis.

Question matters in the questionnaire (28 total questions)

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

Roundtable Discussion with Outside Directors

Governance supports taking on challenges

Sincere corporate culture underpins organizational strength, felt through face-to-face interaction with employees

Sawamura The NOF Group is currently aiming for sustainable growth centered on the three values of "challenge," "fairness" and "harmony." Since establishing these values in FY2023, I myself have worked to instill them through communication with employees. From the perspective of our two Outside Directors, how do you see the extent to which these values have taken root?

Hayashi I have followed in real time since 2021 the process of formulating these three values through a project team that included young employees and women, with careful company-wide discussions held over time and feedback gathered from diverse groups. The very way employees engage earnestly with this as "personal matters" reflects the NOF Group's sincere corporate culture, and I believe this kind of process forms the foundation for embedding the values.

Kunimitsu Ito
Outside Director and Audit and Supervisory Committee member

After joining a U.S.-affiliated accounting firm, Mr. Ito was posted to London for five years. After returning to Japan, he handled accounting audits for domestic listed companies, and was also involved in audit quality control work at the headquarters of an audit corporation and at the Japanese Institute of Certified Public Accountants. After retirement, he worked as a tax accountant and also engaged in activities with JICA and others.

Izumi Hayashi
Outside Director

After serving as a prosecutor, Ms. Hayashi worked for approximately 40 years as a lawyer engaged in domestic and international corporate legal affairs. Focusing on the field of intellectual property, she has also been involved in corporate legal affairs for intellectual property strategy and the legislative process through government councils and other bodies.

Koji Sawamura
Representative Director, President and CEO

Joined NOF in 1988. Starting in R&D, Mr. Sawamura has held positions including overseas sales, General Manager of DDS Division, and General Manager of the Life Science Division. He leads core businesses such as life science, a strength of the NOF Group. In his current position since 2023.

Sustainability Report ▸ Initiatives in para sports and Paralym Art p. 227

In particular, the direction toward taking on new things with a sense of speed and without being bound by preconceived notions—"challenge"—has certainly become clearer. For example, since FY2022, the NOF Group has stepped up its support for sports and artwork by people with disabilities and has entered into partnership agreements with the Japan Para Shooting Sport Federation and the Shougaisha Jiritsu Suishin Kikou Association (Paralym Art). That has spread into company-wide activities, such as holding experience events for employees and publishing articles and artwork in the internal newsletter.

Ito　In contrast, I feel that there are still issues in the area of "fairness." There may be gaps in communication due to generational differences and differences in sensitivity to harassment. However, the whistleblowing system has become well established, and all reported cases are shared with the Board of Directors in terms of how they are handled. I hope that organizational management that values people will continue to advance.

Sawamura　The NOF Group is also placing strong emphasis on initiatives involving site visits by officers, and both of you have visited various sites as well. What were your impressions from what you actually saw there?

Hayashi　A distinctive feature of the NOF Group is that Outside Directors have many opportunities to interact with employees active at worksites. For example, when I met with female researchers working with cosmetics materials (ODM), I was also able to hear about their career steps since joining the Company, their work-life balance, and training programs for young employees. At NOF, it seems there has long been an opportunity for employees in their fourth year with the Company to give a presentation to the President at the Head Office, and they begin preparing for it from their first year, supported by senior colleagues around them. I would never have known of such a wonderful tradition just by attending meetings at the Head Office. In addition, when I accompanied the President on a visit to a production site, I was impressed by the sight of young employees confidently reporting on examples of improvements made on the plant floor.

Ito　When I see young employees reporting before management on the results of activities they have thought through themselves, I truly feel that "self-directed employees" are being developed. Another thing that left a particular impression on me was when I visited a site where an accident had occurred in the past. The employees spoke sincerely about the lessons they learned from the accident, and I could sense that awareness of safety is deeply ingrained in each person at the site. I feel that a culture is steadily taking root in which safety and quality come first while people think for themselves and continually make improvements.

Sawamura　These kinds of visits by officers will continue going forward. From FY2025, I and other officers began holding town hall meetings in which we visit plants and engage in free discussions with employees. In FY2025, we were able to hold candid exchanges of opinions on the theme of human resource empowerment.

Economic and social value delivered across a broad range of business domains

Sawamura　Next, what do you think are the NOF Group's strengths from the perspectives of economic value and social value?

Ito　Would you not say that NOF's strength lies precisely in combining uniqueness and sustainability in both economic and social value? In terms of economic value, we have established the leading position in several niche fields, and secured a stable earnings base through overwhelming technological superiority. In terms of social value, we contribute to solving social issues through diverse business domains and create technologies that contribute to sustainability.

Hayashi　Like other companies, the NOF Group is facing the risk of dramatic changes occurring around the world. In that context, developing multifaceted initiatives across a broad range of business divisions is a strength in both economic and social terms. I believe this very structure is the foundation that enables us to respond in a flexible manner to changes in the business environment and continue growing in a sustainable manner.

Sawamura　Looking back at our Company's history, it is clear that we have made flexible decisions in response to the social context of each era. The "business domain expansion" stage that began in FY2026 is precisely the time to significantly transform our business structure with the next 20 years in mind. How do both of you evaluate the results of the "expanding profit" stage of the previous Mid-term Management Plan?

Hayashi　The NOF Group strictly checks the budget plans of each business division and their quantitative results. In the "expanding profit" stage, we achieved challenging plan targets amid severe changes in the business environment, and I highly value this accomplishment as the fruit of organizational strength.

Ito　In contrast, the fact that the planned investment amount for strategic investment was not achieved was an issue. In the 2028 Mid-term Management Plan, I hope the Company will take on even more challenges in terms

of investment as it pursues business domain expansion.
Sawamura That is exactly right. One reason strategic investment did not progress as planned was the rapid change in the business environment. Meanwhile, we also recognize as an issue that discussions regarding the creation and execution of new investment opportunities were insufficient in the face of those changes. We view changes in the environment as opportunities for growth. Under the new Mid-term Management Plan, we will execute strategic investments in response to market changes more quickly and steadily.

The importance of group governance is growing further toward strengthening global expansion

Sawamura Next, what are your assessments of the effectiveness of the Board of Directors?
Hayashi As a lawyer, I am always conscious of the duty of care of an Outside Director. At Board of Directors meetings, if I have doubts about the reasonableness of explanations from the execution side in light of previous explanations, I raise questions or express opposing views. So far, the chair has instructed the officers in charge on the spot to address the issues raised, and I have been satisfied after receiving reports and explanations at subsequent meetings.
Ito When I was appointed as a Director, many outside officers were concentrated among people from financial institutions, leaving room for improvement in terms of diversity—now Directors with a wide range of backgrounds have been selected, making discussions more active. One particularly memorable case in recent years was deliberation on a particular capital expenditure proposal. In response to questions from Outside Directors regarding risks and capital efficiency, the executive side provided additional explanations and data, resulting in constructive and substantial discussions.
Sawamura Earlier, Ms. Hayashi mentioned that she is conscious of the duty of care as a lawyer, but how do you view your own role on the Board of Directors, Mr. Ito?
Ito I think it is, after all, to “fully exercise the supervisory function.” As I am an Audit and Supervisory Committee member from outside the Company, it is important how we strengthen coordination with full-time Audit and Supervisory Committee members. Going forward, I hope to contribute to strengthening group governance in particular, including overseas operations.
Sawamura What issues do you currently see in governance across the Group as a whole?
Ito One challenge is that because overseas subsidiaries are managed by the business divisions in charge, it is difficult for the Board of Directors to properly understand the situation. Thanks to efforts by corporate divisions centered on the Corporate Planning & Strategy Department, improvements such as direct coordination with overseas subsidiaries can be seen, but I still feel that we have not yet reached a system where all risk information from subsidiaries quickly reaches the Board of Directors.
Sawamura What will be required for future global expansion?
Ito The key point of governance is, after all, whether we are able to communicate effectively with local overseas human resources. It is important to deepen personnel exchanges so that local personnel can share the same values and judgment standards as the Head Office. Our company still does not yet have a culture where employees of different nationalities come and go on a daily basis, and building relationships in which people can “see each other’s faces” is a challenge that we need to address in the future.
Hayashi To expand business globally, is it not also necessary to take into consideration how to secure overseas human resources with strong management-level capabilities who are able to take charge of governance and risk management at overseas sites? I believe that is necessary in order to communicate closely with management at the Head Office and enhance the effectiveness of the governance and risk management envisioned by the Head Office. President Sawamura, given that you have experience serving as the head of an overseas site, I hope that you will strengthen these initiatives.
Sawamura At present, overseas human resources capable of taking on management roles are limited. In addition, it is necessary to strengthen governance education for local employees at the mid-career and managerial levels. While exchanges have increased compared with the past, the situation is still not sufficient. Going forward, we will vitalize communication, including organizing local visits by Outside Directors.

Investment in intangible assets is the key as a management strategy for enhancing corporate value over the medium to long term

Sawamura At the NOF Group, we are setting KPIs and undertaking initiatives related to materiality issues such as responding to climate change and human resource empowerment. What do you both think about these matters?
Ito As the responses required of chemical manufacturers increase, I feel that the Sustainability Committee, RC

Committee, and Risk Management Committee are being operated with a great level of seriousness. The Company is also actively allocating budget to talent development, and new initiatives such as liberal arts training have begun. The foundation for creating innovation and expanding globally is, after all, an environment where people with diverse backgrounds are able to thrive. In that sense, I believe the Company is moving in a very positive direction.

Hayashi In terms of diversity activities as well, I have seen the process in which employees themselves, instead of leaving it to outside consultants, planned initiatives as their own personal matter and took on the challenge of new things with the seriousness characteristic of the NOF Group. I look forward to continued autonomous initiatives of this kind.

Sawamura At present, we are engaged in sustainability activities as an important theme for enhancing corporate value. We will make disclosures in accordance with stricter standards so that we are able to meet stakeholder expectations. Next, please share your frank opinions and advice regarding the “business domain expansion” stage of the 2028 Mid-term Management Plan.

Ito This time in particular I am paying attention to the fact that the direction of focusing on the “Solutions Business” has been clearly indicated. I find it highly encouraging that the Company is committed to providing value by leveraging its strengths in technology to solve customer issues. I also highly value the direction of accelerating global expansion. Of course, risks will increase, including differences in regulations and cultures by country and human resource management, so it is important to properly establish a governance system and strike a balance with risk. And from a financial perspective, as investment expands, it will become important to make further progress in management that emphasizes capital efficiency while utilizing quantitative indicators such as ROIC.

Hayashi As stated in the Corporate Governance Code and the Intellectual Property Strategic Plan 2026 of the Cabinet Office, it is important to explain investments in intellectual property and intangible assets that are treated as SG&A expenses in accounting terms—such as R&D, human resources development, and DX—in relation to management strategy. When speaking of strategic investment, attention tends to fall only on M&A, but M&A involves the uncertainty of matching with a suitable partner. By contrast, investment in intellectual property and intangible assets undertaken by our company can be considered proactive and important strategic investment for reliably capturing market opportunities and expanding business domains. In particular, President Sawamura has a research background, so I believe he is well positioned to explain, with a compelling narrative, such investment in intellectual property and intangible assets and its medium- to long-term connection to the business afterward. I would very much like the Company to communicate this to the market in a proactive manner too.

Sawamura Just as you said, the foundation of a “solution-oriented business model,” under which we clearly identify customer needs and make proposals, is precisely intellectual property, including patents. From June 2026, we appointed Executive Operating Officer Kang, who was newly assigned as a Director, as CTO* and established a structure to promote strategies including intellectual property that can become pillars of future earnings. We intend to add such strategies to the “NOF VISION 2030” we have been advancing and aim for major growth. Thank you very much for today.

* Chief Technology Officer

Sustainability Report ▸ pp. 082-087

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 corporate ethics, 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.

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 components of safety.
4. We will consider the interests of all our stakeholders.
5. We will contribute to society in cooperation with local communities.

Anti-Bribery Policy

In today's society, preventing corruption related to business activities is recognized as one of the major issues for companies. NOF Group 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 Group 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.

Sustainability Report ▸ p. 083

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.

- Japanese
- English
- German
- French
- Dutch
- Italian
- Portuguese
- Chinese (Simplified)
- Indonesian
- Vietnamese
- Korean

Compliance-related lecture

The NOF Group regularly holds compliance-related training sessions for employees.

In FY2025, we continued providing compliance training for new graduates and hires with experience. Regarding the revised Subcontracting Act (Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors) enacted in January 2026, we conducted adequate in-house education by holding seminars for 36 on-site participants and 189 online participants in November 2025, and by providing separate training for 16 materials-related personnel.

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.

Sustainability Report ▸ p. 084

Whistleblowing System

The NOF Group has set up consultation desks in Japanese, English, Chinese (Simplified Chinese), Korean, Indonesian, and Portuguese at external third-party institutions as contact points for whistleblowing and consultation in overseas 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. 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 2025, there were 29 whistleblower cases, an increase from the previous fiscal year, and the share of harassment cases remained high. 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 operating it appropriately so that misconduct, corruption, human rights violations, harassment, and similar issues can be addressed promptly before they develop into serious incidents.

Sustainability Report ▸ p. 088

Sustainability Report ▸ pp. 075-081

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 Management 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 by management and consults with the Board of Directors to select the key risks for monitoring. This process is conducted once every two years, and by reviewing risk items and worst-case scenarios each time, we constantly conduct risk assessments aligned with the latest business environment.

Flow of risk assessment

Identifying risks	Identify the expected risks of the NOF Group once every two years and prepare a list of risks that sets the worst-case scenario for each risk
Conducting a survey using the questionnaire	With regard to the list of risks, managers of each department conduct a risk evaluation based on the questionnaire
Aggregating survey results	Aggregate the survey results and evaluate the impact and frequency of occurrence of risks to the NOF Group
Completing a risk map	Prepare a risk map for the entire NOF Group based on the evaluation of the impact and frequency of occurrence of each risk
Selecting key risks for monitoring	Identify significant management risks from the risk list and risk map The Board of Directors selects key risks for monitoring
Controlling key risks for monitoring	The respective responsible committees report the progress of measures addressing key risks for monitoring to the Board of Directors

Overview and status of countermeasures of key risks for monitoring

Key risks for monitoring	Overview	Countermeasures	
Harassment / human rights violations	Possible decline in trust in the Company due to human rights violations, such as abuse of authority and sexual harassment at workplaces	● 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 external attacks such as cyberattacks and information system failures	● 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	● 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	● Ensure strict management of data related to quality control ● Raise awareness and train employees	● Conduct regular management audits

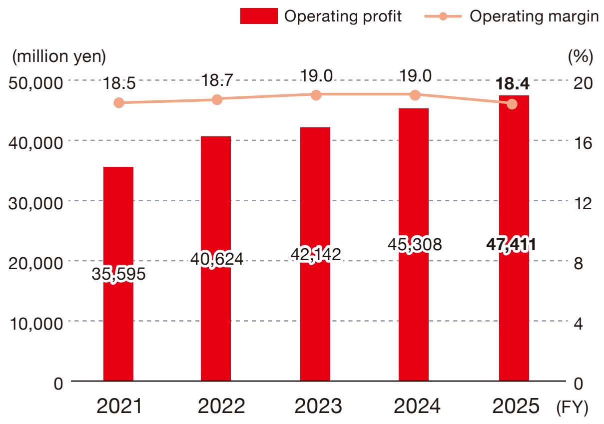
Overview of major risks and status of countermeasures

Major risk	Overview	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	● 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	● Statement of compliance with the CSR Procurement Policy and CSR Procurement Guidelines in sales contracts	● Ongoing supplier surveys through various questionnaires
Fires/explosions	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	● Continuously improve health and safety levels through Responsible Care activities ● Strengthen the system for conducting safety assessments when installing new facilities	● 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	● 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	● 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	● Formulate a business continuity plan (BCP) ● Conduct BCP training and internal audits	● Implement flood countermeasures for critical facilities
Delays in talent development	Lack of development of core talent who will be responsible for business growth, due to a delay in implementing the human resource development plan, causing a possible stall in sustainable business growth and transformation	● Build a system for deliberation and evaluation of company-wide talent development policy plans	● Build a system to oversee indicators, targets, results, and countermeasures related to talent 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	● Preparation of a roadmap for statutory disclosure	● Introduction of a system to optimize the collection and aggregation of sustainability information

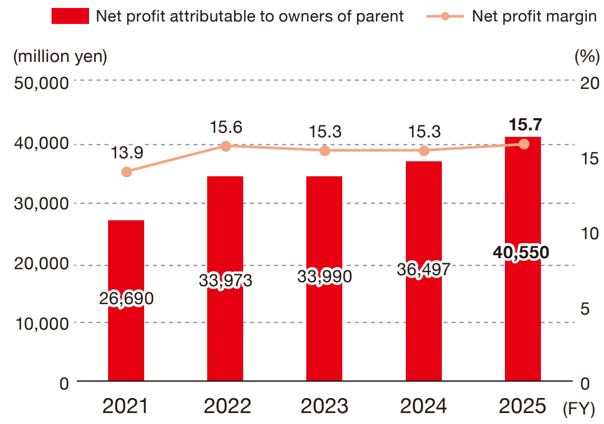
Data

Financial Highlights

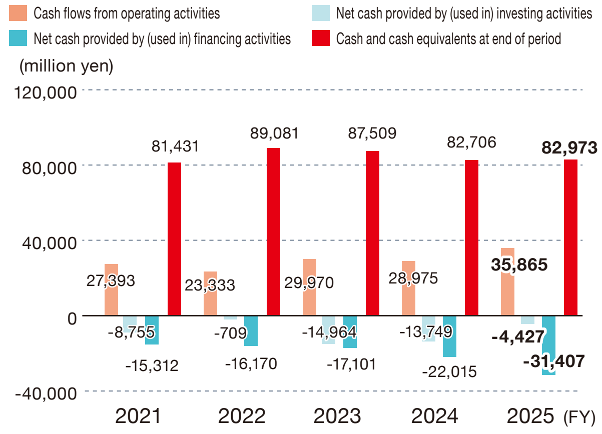
Operating profit/Operating margin



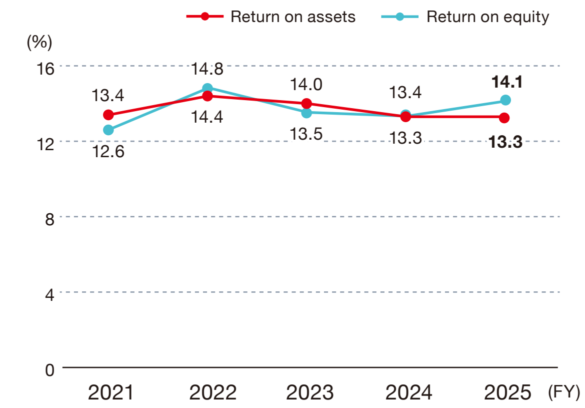
Net profit attributable to owners of parent/Net profit margin



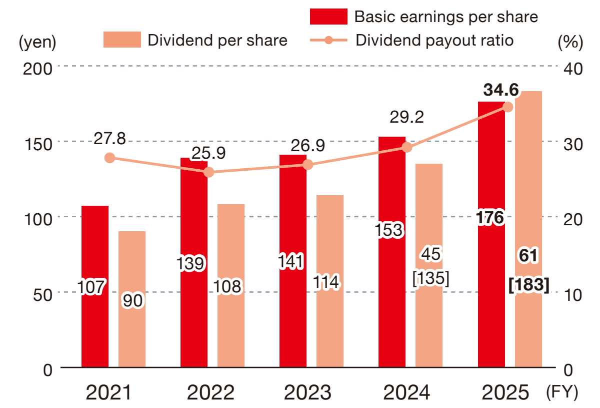
Cash flows



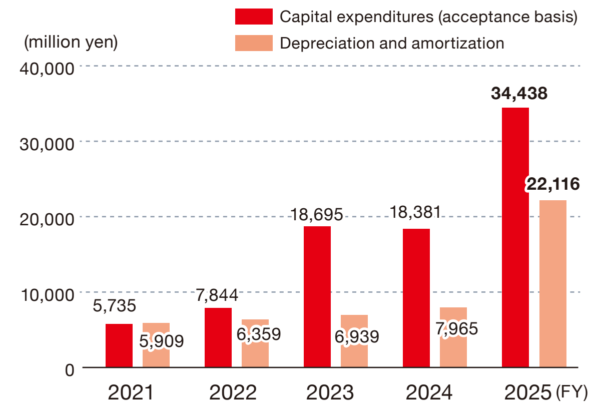
Return on assets (ROA) / Return on equity (ROE)



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



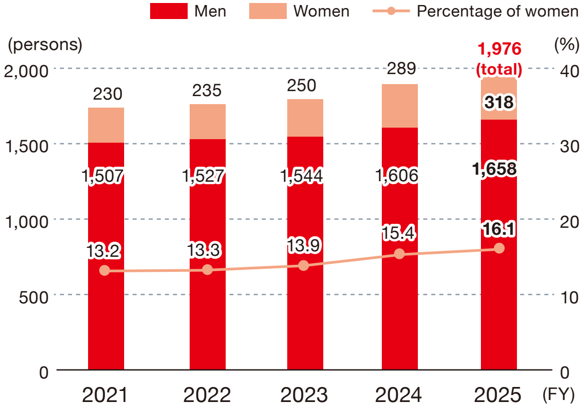
Capital expenditures / depreciation and amortization



* NOF conducted a split of common stock at the ratio of 1 share to 3 shares effective April 1, 2024. Net profit per share is calculated based on the assumption that the stock split was implemented at the beginning of FY2021. The figures in brackets for FY2024 and FY2025 also represent pre-split equivalents, and the graphs are prepared based on pre-split equivalents.

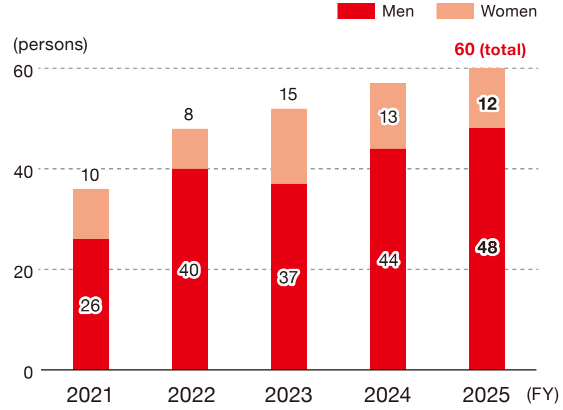
Non-financial Highlights

Number of employees / Percentage of women NOF

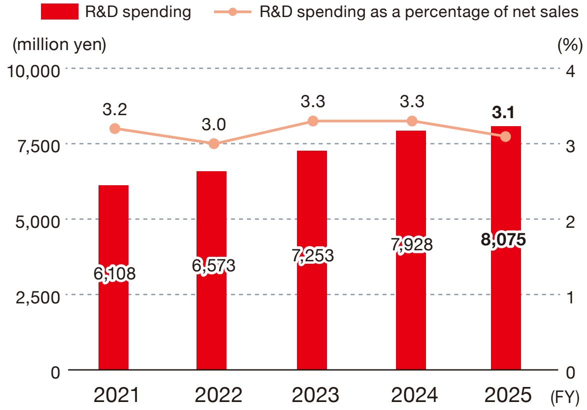


* The above graph is based on the number of employees (excluding those seconded from the Company to external organizations and including those seconded to the Company from external organizations).

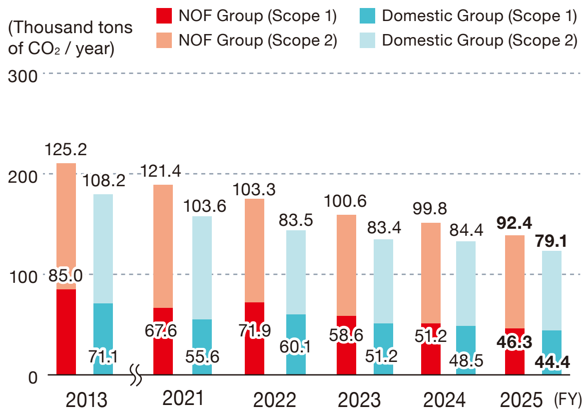
Number of employees utilizing childcare leave NOF



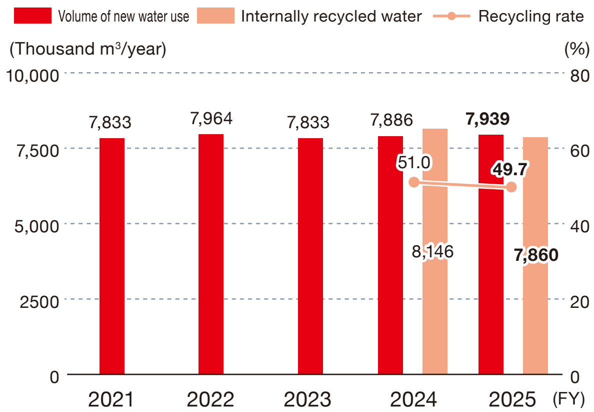
R&D spending / R&D spending as a percentage of net sales NOF Group



Changes in greenhouse gas (GHG) emissions (reference year: FY2013)

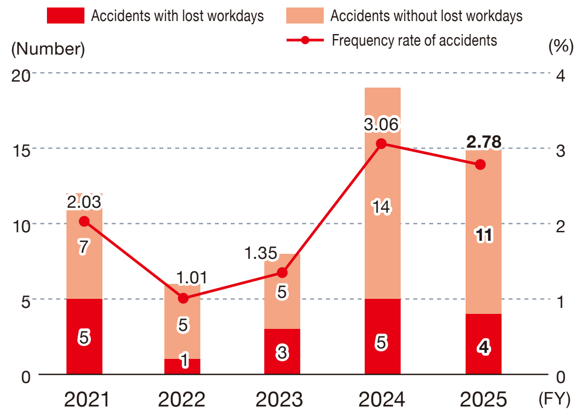


Volume of new water use / Internally recycled water* / Recycling rate* NOF Group



* Data collection began in FY2024.

Changes in number of labor accidents and frequency rates NOF Group



Consolidated Business Performance Indicators

(Unit: Millions of yen)

	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)	103rd fiscal year (ended March 2026)
Net sales	174,057	179,935	189,152	180,917	172,645	192,642	217,709	222,252	238,310	**257,967**
Operating profit	24,336	25,816	28,442	26,874	26,602	35,595	40,624	42,142	45,308	**47,411**
Operating margin (%)	14.0	14.3	15.0	14.9	15.4	18.5	18.7	19.0	19.0	**18.4**
Ordinary profit	25,001	27,430	30,099	28,830	28,870	37,624	43,183	45,577	46,572	**50,366**
Net profit attributable to owners of parent	17,586	19,913	22,034	21,140	23,302	26,690	33,973	33,990	36,497	**40,550**
Comprehensive income	24,126	25,364	19,226	11,810	31,606	28,922	33,389	42,600	35,333	**48,525**
Net assets	152,564	169,572	178,285	178,716	203,516	221,706	240,002	265,907	279,550	**296,465**
Total assets	217,127	235,874	244,533	235,248	271,536	289,630	309,438	341,449	357,196	**399,168**
Net assets per share (yen)	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	**1,304.33**
Basic earnings per share (yen)	202.27	230.96	259.29	251.72	280.49	323.77	417.02	141.47	153.88	**176.34**
Diluted earnings per share (yen)	–	–	–	–	–	–	–	–	–	**–**
Equity-to-asset ratio (%)	69.9	71.6	72.6	75.6	74.7	76.3	77.3	77.6	78.0	**74.0**
Return on equity (ROE) (%)	12.3	12.4	12.7	11.9	12.2	12.6	14.8	13.5	13.4	**14.1**
Return on assets (ROA) (%)	12.1	12.1	12.5	12.0	11.4	13.4	14.4	14.0	13.3	**13.3**
D/E ratio (times)	0.06	0.06	0.05	0.06	0.05	0.03	0.02	0.02	0.02	**0.02**
Rating (R&I)	–	–	–	–	A	A+	A+	A+	A+	**A+**
Total return ratio (%)	44.4	47.6	48.1	49.8	45.7	42.7	46.4	47.4	83.9	**70.5**
Price-earnings ratio (times)	11.69	13.62	14.54	13.63	20.64	15.50	14.80	14.77	13.13	**17.58**
Cash flows from operating activities	24,024	20,211	19,864	27,837	30,726	27,393	23,333	29,970	28,975	**35,865**
Net cash provided by (used in) investing activities	(5,831)	(4,881)	(5,540)	(4,838)	1,894	(8,755)	(709)	(14,964)	(13,749)	**(4,427)**
Net cash provided by (used in) financing activities	(7,512)	(8,490)	(10,814)	(11,287)	(8,042)	(15,312)	(16,170)	(17,101)	(22,015)	**(31,407)**
Cash and cash equivalents at end of period	29,215	36,465	39,357	50,684	76,596	81,431	89,081	87,509	82,706	**82,973**
Number of employees	3,712	3,721	3,725	3,718	3,755	3,787	3,818	3,879	3,997	**4,155**

* 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.

Performance Data

Sustainability Report ▸ pp. 235-241

Environment NOF Group

Item	Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Production volume	[thousand tons]	249	226	209	210	194
Total energy input	[thousand GJ]	3,377	3,112	2,909	2,903	2,772
Renewable energy input*	[thousand GJ]	–	–	640	390	429
Non-renewable energy input*	[thousand GJ]	–	–	2,269	2,513	2,343
Total substance input	[thousand tons]	261	236	248	226	226
Water resource input	[thousand m³]	7,834	7,964	7,833	7,886	7,939
GHG emissions	[thousand tons-CO_2]	189	175	159	151	139
SOx emissions	[tons]	5	7	8	5	3
NOx emissions	[tons]	55	55	58	46	45
Soot and dust emissions	[tons]	4	5	3	4	2
VOC emissions	[tons]	–	–	–	190	220
Emissions of hazardous air pollutants	[tons]	–	–	–	89	89
BOD emissions	[tons]	93	67	74	58	55
COD emissions	[tons]	154	148	171	153	153
Suspended solid emissions	[tons]	36	25	58	43	58
Waste quantity from plants	[tons]	29,164	25,157	22,542	24,298	22,836
Internally recycled quantity	[tons]	953	914	976	840	849
Externally recycled amount	[tons]	17,687	16,547	14,444	15,555	15,188
Final disposal quantity by landfill	[tons]	950	1,092	617	1,058	1,043
Hazardous waste volume	[tons]	–	–	–	23	18
Emissions of PRTR Act-controlled substances	[tons]	155	143	167	135	139

* Data collection began in FY2023.

Social NOF

Item		Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Amount for talent development investment		[million yen]	74	91	159	202	239
Rate of hiring of female new graduates recruited for career-track positions		[%]	42.9	36.1	32.7	38.0	39.1
Percentage of employees with disabilities	NOF	[%]	2.43	2.46	2.54	2.65	2.82
	NOF/5 domestic consolidated companies	[%]	–	–	2.40	2.26	2.39
Rate of hiring career-track positions		[%]	37.7	42.2	44.4	55.3	45.4
Ratio of female management-level employees		[%]	4.8	4.7	5.2	6.2	6.4
Pay gap ratio between male and female full-time employees		[%]	70.1	70.6	72.6	72.6	73.6
Rate of male employees utilizing childcare leave		[%]	50.0	95.2	97.4	95.7	94.1
Utilization rate of annual paid leave	NOF	[%]	70.0	73.4	76.0	79.1	81.4
	NOF/5 domestic consolidated companies	[%]	–	–	77.1	77.6	80.1
Overall employee engagement score		–	–	49.5	49.5	50.0	51.0

Governance NOF

Item	Unit	FY2021	FY2022	FY2023	FY2024	FY2025
Directors	[persons]	10	10	10	10	10
Men	[persons]	8	8	8	8	8
Women	[persons]	2	2	2	2	2
Outside Director	[persons]	5	5	5	5	5
Audit and Supervisory Committee members and Corporate Auditors	[persons]	4	4	4	4	4
Internal	[persons]	1	1	1	1	1
Outside	[persons]	3	3	3	3	3
Ratio of female Directors	[%]	20	20	20	20	20

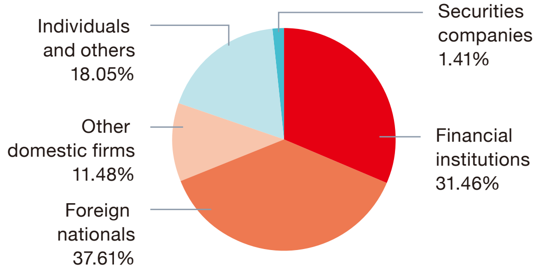
Corporate information (As of March 31, 2026)

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	4,155 (consolidated) (In addition to the above, the Group has 155 temporary employees.) 1,976 (non-consolidated)
Consolidated subsidiaries	24 companies
Accounting Auditor	Ernst & Young ShinNihon LLC

Stock information (As of March 31, 2026)

Listed stock exchange	Tokyo Stock Exchange Prime Market
Securities code	4,403
Number of shareholders	16,896
Total number of shares authorized	970,000,000
Total number of shares issued	226,548,765 (excluding 9,975,363 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)	35,638	15.73
Custody Bank of Japan, Ltd. (trust account)	14,013	6.18
Meiji Yasuda Life Insurance Company	9,384	4.14
NOF Shineikai	4,698	2.07
STATE STREET BANK AND TRUST COMPANY 505001	4,420	1.95
GOVERNMENT OF NORWAY	4,379	1.93
US BANK NATIONAL ASSOCIATION JP ACCTS TS	4,134	1.82
NOF Kyoeikai	4,053	1.78
JP MORGAN CHASE BANK 385781	3,059	1.35
BNYM AS AGT/CLTS NON TREATY JASDEC	2,883	1.27

* The number of shares is rounded down to the nearest thousand shares.
* Percentage of ownership excludes 9,975,363 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! (in Japanese)
www.nof.co.jp/contents/about/

Corporate Governance Report
www.nof.co.jp/english/csr/upload/pdf/corporate_governance260626_en.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.
www.nof.co.jp/english/csr/download/sustainability-report/

About the cover art

Ken Tamura "Fruit tree"

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

NOF CORPORATION

Yebisu Garden Place Tower, 20-3 Ebisu 4-chome, Shibuya-ku, Tokyo 150-6012, Japan

https://www.nof.co.jp

Inquiries: Corporate Communications Department

+81-3-5424-6651 (Fax: +81-3-6634-6471)

g_rce@nof.co.jp

UD FONT This report uses a universal design font designed to be easily readable for a wide range of people.