

Mid-term Management Plan

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 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

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 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%

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

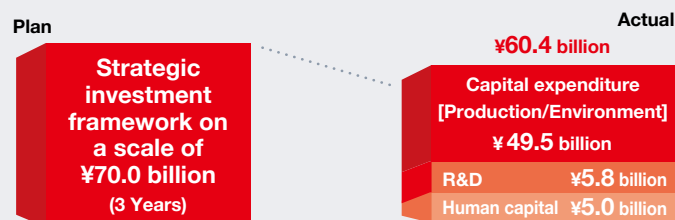
15% or more

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.

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.

Review of FY2025 business performance indicators

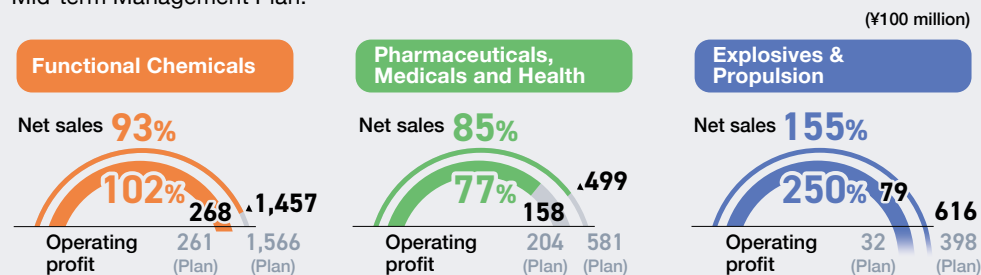
	Plan	Actual
Operating profit	¥46.0 billion	¥47.4 billion
Operating margin	18% or more	18.4%
ROE (Return on equity)	12% or more	14.1%
Capital expenditure ^{*1}	¥69.5 billion	¥71.5 billion
R&D spending ^{*1}	¥25.6 billion	¥23.3 billion
Total return ratio	Approximately 50%	70.5% ^{*2}

^{*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.

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.



* 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.

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

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Policy 1

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

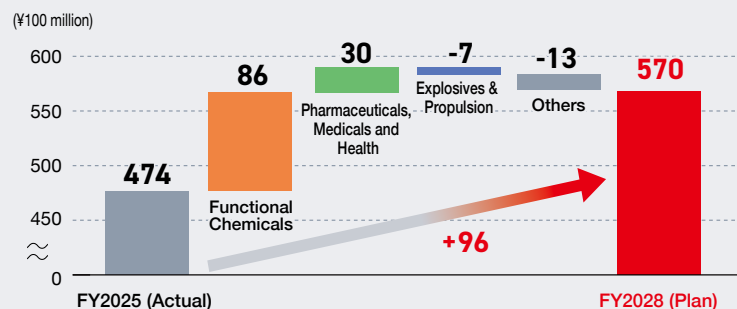
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Initiatives to achieve plan targets

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.

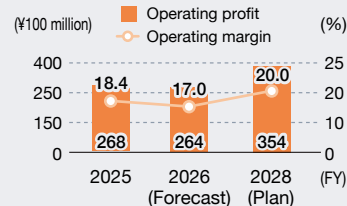
📖 ▶ Business Division Strategies pp. 062-069

Breakdown of operating profit variances

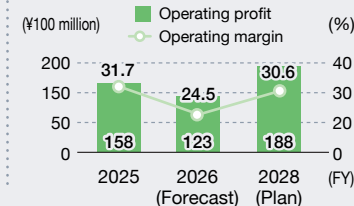


Operating profit plan

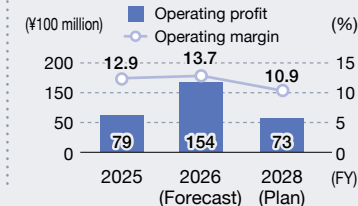
- #### Functional Chemicals Segment
- Expanding cosmetics-related products overseas
 - Expanding anti-corrosion coatings into non-automobile markets



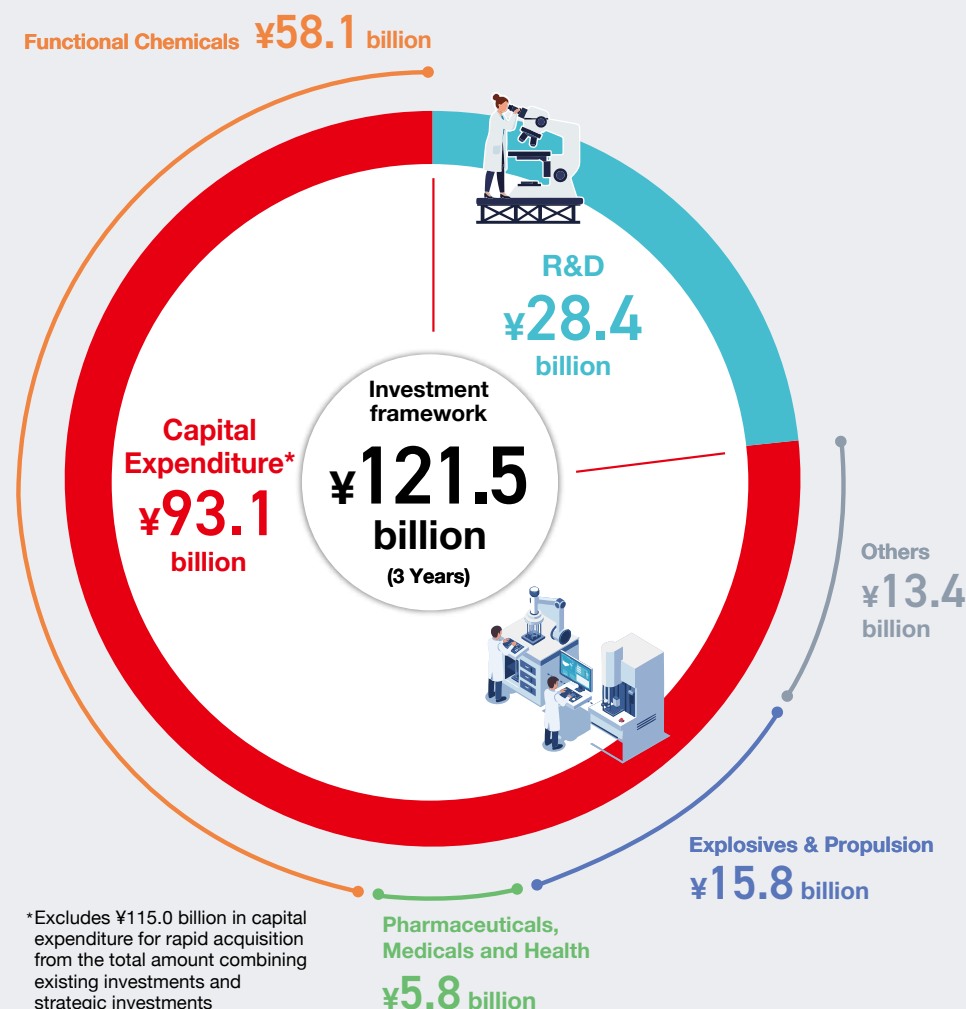
- #### Pharmaceuticals, Medicals and Health Segment
- Strengthening the supply system for DDS materials
 - Developing and expanding new products for functional food materials



- #### Explosives & Propulsion Segment
- Promoting construction for rapid acquisition
 - Improving production efficiency of space-related products



Policy 1 Agile resource allocation to create growth drivers



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.

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%

(¥100 million)

*Including industry-academia collaboration and partnerships with startups

Mid-term Management Plan

Capital expenditure — Investment amount: ¥93.1 billion

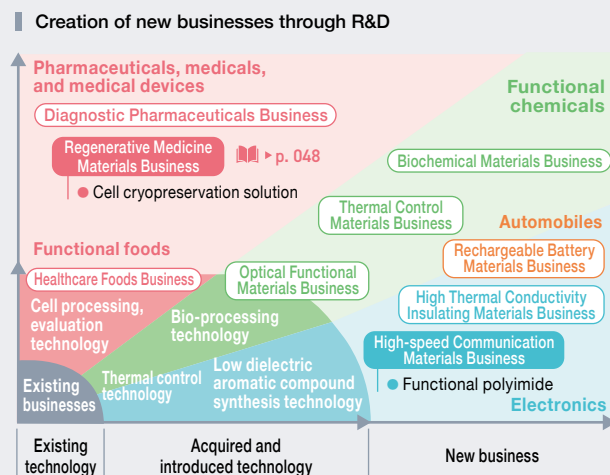
Enhancing the production system in each business, and strengthening collaboration between the Corporate R&D Division and business divisions

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.

R&D investment — Investment amount: ¥23.4 billion

Developing promising themes for business commercialization

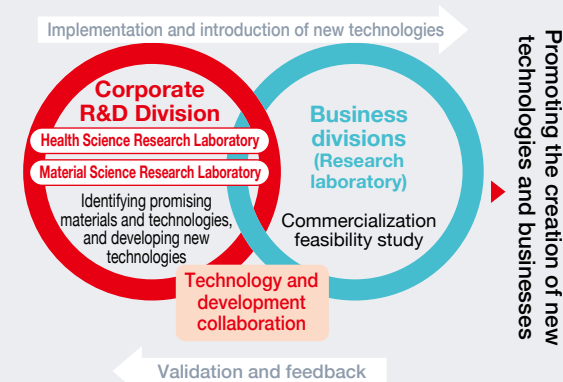
In the 2028 Mid-term Management Plan, we will promote the commercialization of promising themes such as “regenerative medicine materials” and “high-speed communication materials.” For regenerative medicine materials, we are developing various types of cell cryopreservation solutions formulated with proprietary 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.



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

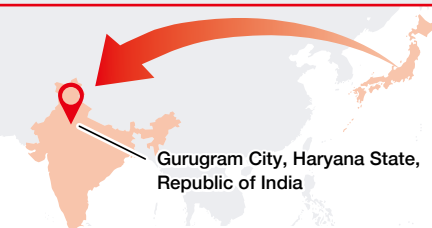
We established the Health Science Research Laboratory and Material Science Research Laboratory within the Corporate R&D Division as of April 1, 2026, to expand business domains and promote commercialization of promising themes identified in the 2025 Mid-term Management Plan.

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.



TOPIC

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



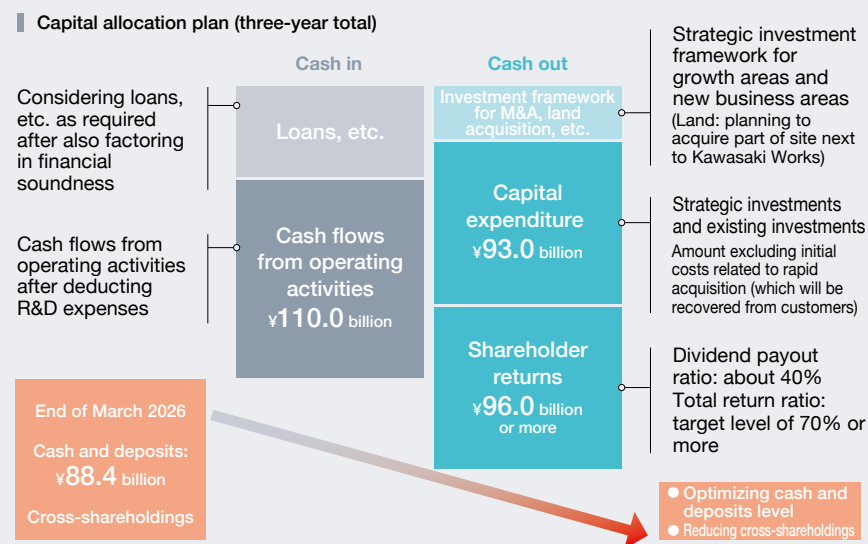
India boasts the world's largest population and high economic growth, with the world's third-largest GDP in sight. The NOF Group will establish a subsidiary in 2026 to build a system that takes charge of technical support, sales and market development for functional materials and Metal Coatings Businesses.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

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

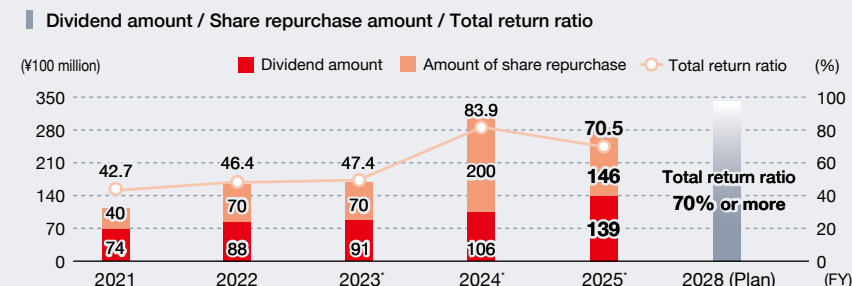
Balancing strategic investments and shareholder returns.
Aiming to improve capital efficiency while maintaining financial soundness.



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**



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

Mid-term Management Plan

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.