

## Financial Strategy

### Ensuring financial soundness and promoting investment in growth areas

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

#### Ensuring financial soundness

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

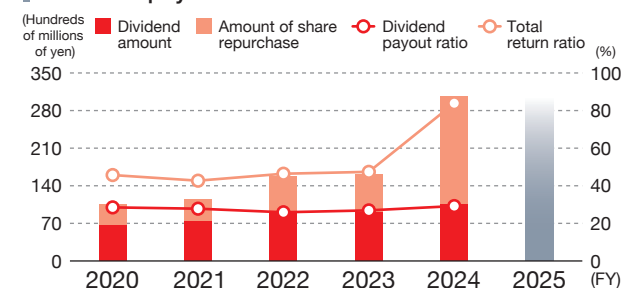
billion for its strategic investment framework over three years. We will make active investments in the three topics of facility investment (production and environment), R&D, and human investment. We will continue to aim for both financial soundness and investment in growth domains.

#### Enhancing shareholder returns

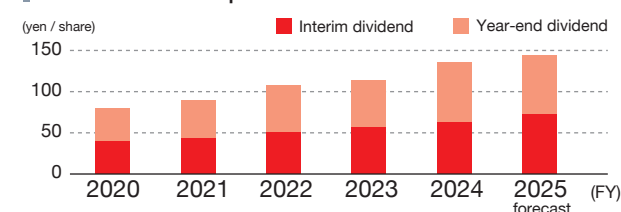
We will pay stable and continuous dividends while maintaining a balance between business growth and

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

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



#### Annual dividend per share<sup>\*2</sup>



#### Financial KPIs (results)

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

\*1 Total shareholder return

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

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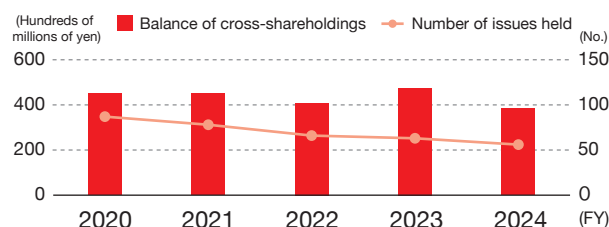
### Improving capital efficiency

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

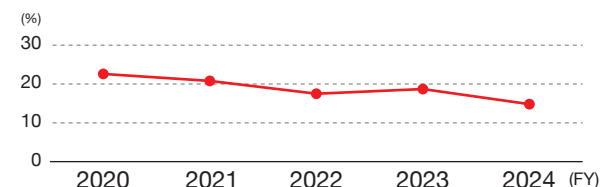
### Reduction of cross-shareholdings

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

### Balance of cross-shareholdings / Number of issues held



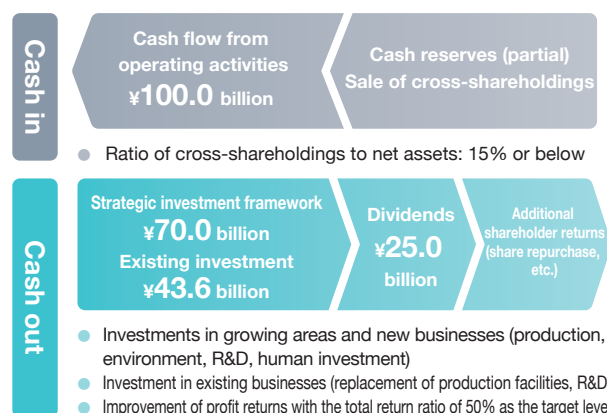
### Ratio of cross-shareholdings to net assets



### Cash allocation plan

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

### Cash allocation plan



### Dialogue with investors

NOF established the Corporate Communications

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

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