



Our financial strategy to realize  
the 2025 Mid-term Management Plan will  
**support the promotion of  
NOF VISION 2030**

Executive Operating  
Officer and CFO

Naoya Umehara



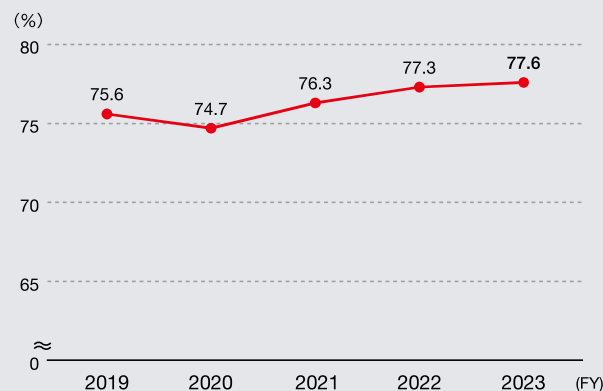
As the NOF Group aims to expand its business domains in its Mid-term Management Plan NOF VISION 2030, the Group has positioned the 2025 Mid-term Management Plan, which ends in fiscal 2025, as a stage for expanding profit, and has envisioned a strategic investment framework for active investment implementation.

The financial strategy to support this is based on the basic policies of “ensuring financial soundness,” “enhancing shareholder returns,” “enhancing capital efficiency,” and “dialogue with investors,” and we will work to optimize the balance between these four policies.

## 1. 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 2 months, and a net D/E ratio of 0.02. In addition, we have obtained an A+ rating from R&I (Rating and Investment Information, Inc.). The 2025 Mid-term Management Plan envisions a total of 70 billion yen in its strategic investment framework over three years. We will make active investments in the three themes 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.

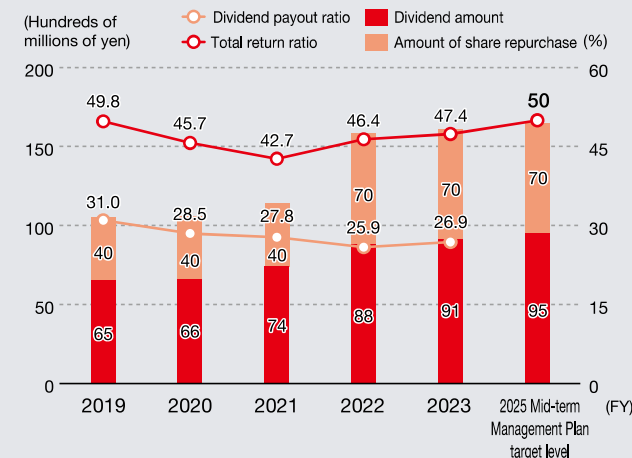
### Equity-to-asset ratio



## 2. 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 fiscal 2025. In addition, we will purchase treasury shares in a flexible and appropriate timing, taking into consideration the liquidity on hand and cash flow at the time. We will realize improvement of TSR\* and enhance corporate value through improvement of the capital structure.

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



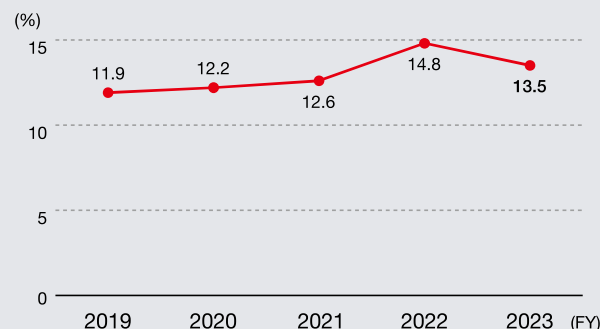
\*Total shareholder return



## 3. Improving capital efficiency

Regarding ROA and ROE, which are representative indicators of capital efficiency, we will continue to aim for ROA of at least 13% and ROE of at least 12% in fiscal 2025, 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%).

### Return on equity (ROE)

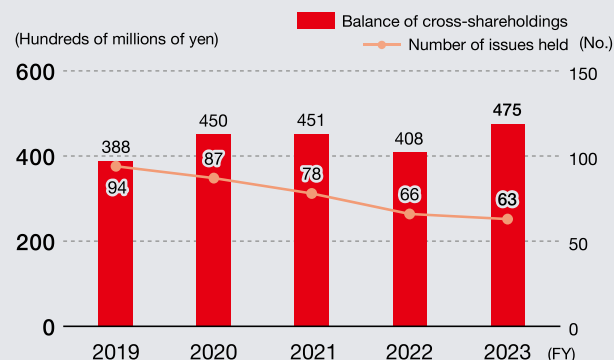


### Reduction of cross-shareholdings

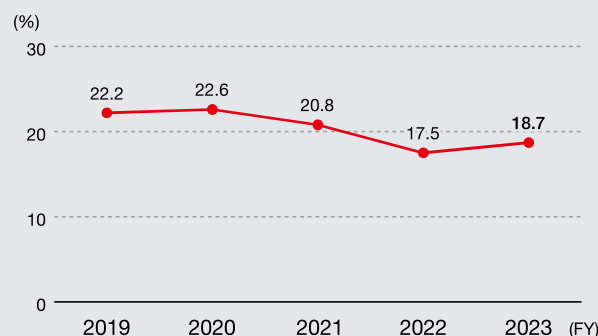
Listed shares held by subsidiaries are also included in the scope of consideration for reduction, and the NOF Group is steadily reducing its holdings. In fiscal 2023, including partial sales, NOF sold six issues on a non-consolidated basis. In the three years starting from fiscal 2021, the number of issues held individu-

ally by NOF was reduced from 78 to 63, and the number of issues held by subsidiaries was reduced by 11. We will create corporate value by reducing the ratio of cross-shareholdings to consolidated net assets to 15% or less by the end of fiscal 2025 and linking the cash generated to strategic investments.

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



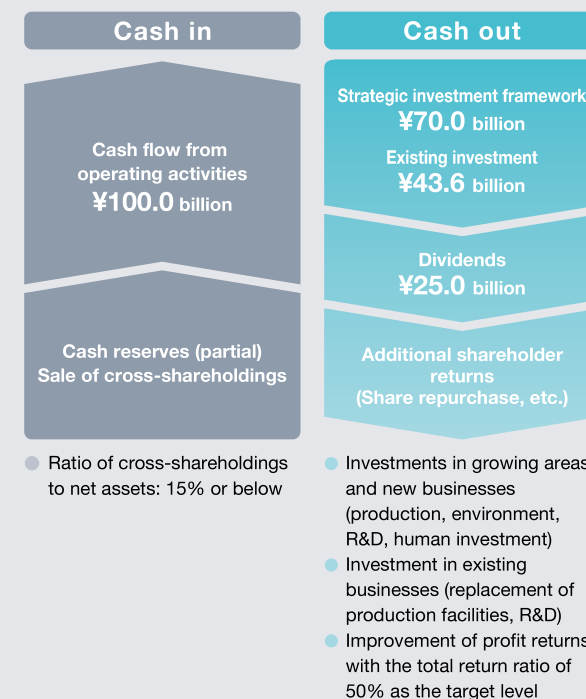
### Ratio of cross-shareholdings to net assets



## 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 improvement, and shareholder returns.

### Cash allocation plan





## 4. 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 1 share to 3 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 our stock.

## Conclusion

As the basis of our financial strategy, we will continue to ensure a sound financial foundation, while effectively allocating cash for investment in growth and shareholder returns based on cash generated from business activities and reduction

of cross-shareholdings. Furthermore, we will maintain and strengthen our financial position, take appropriate financing measures as necessary, and support our growth strategy, thereby promoting the NOF Group's leap forward through new value creation.

### Financial KPIs (results)

	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)
<b>Operating income</b>	¥26.9 billion	¥26.6 billion	¥35.6 billion	¥40.6 billion	¥42.1 billion
<b>Ratio of operating income to net sales</b>	14.9%	15.4%	18.5%	18.7%	19.0%
<b>ROA</b>	12.0%	11.4%	13.4%	14.4%	14.0%
<b>ROE</b>	11.9%	12.2%	12.6%	14.8%	13.5%
<b>Equity-to-asset ratio</b>	75.6%	74.7%	76.3%	77.3%	77.6%
<b>D/E ratio</b>	0.06	0.05	0.03	0.02	0.02
<b>Rating (R&amp;I)</b>	A	A	A+	A+	A+
<b>Total return ratio</b>	49.8%	45.7%	42.7%	46.4%	47.4%



# Financial Affairs | Consolidated business performance indicators

GRI 201-1

NOF Group

(Millions of yen)

	92nd fiscal year (ended March 2015)	93rd fiscal year (ended March 2016)	94th fiscal year (ended March 2017)	95th fiscal year (ended March 2018)	96th fiscal year (ended March 2019)	97th fiscal year (ended March 2020)	98th fiscal year (ended March 2021)	99th fiscal year (ended March 2022)	100th fiscal year (ended March 2023)	101st fiscal year (ended March 2024)
<b>Net sales</b>	167,697	170,460	174,057	179,935	189,152	180,917	172,645	192,642	217,709	222,252
<b>Ordinary profit</b>	18,983	20,161	25,001	27,430	30,099	28,830	28,870	37,624	43,183	45,577
<b>Profit attributable to owners of parent</b>	11,703	13,589	17,586	19,913	22,034	21,140	23,302	26,690	33,973	33,990
<b>Comprehensive income</b>	21,851	10,193	24,126	25,364	19,226	11,810	31,606	28,922	33,389	42,600
<b>Net assets</b>	131,313	135,636	152,564	169,572	178,285	178,716	203,516	221,706	240,002	265,907
<b>Total assets</b>	196,865	196,293	217,127	235,874	244,533	235,248	271,536	289,630	309,438	341,449
<b>Net assets per share</b> (yen)	724.46	761.25	1,753.44	1,980.14	2,108.77	2,140.98	2,448.60	2,690.65	2,960.56	1,109.01
<b>Basic earnings per share</b> (yen)	64.74	76.41	202.27	230.96	259.29	251.72	280.49	323.77	417.02	141.47
<b>Diluted earnings per share</b> (yen)	-	-	-	-	-	-	-	-	-	-
<b>Equity-to-asset ratio</b> (%)	66.30	68.69	69.90	71.56	72.59	75.64	74.68	76.28	77.29	77.61
<b>Rate of return on equity</b> (%)	9.66	10.24	12.27	12.42	12.73	11.90	12.24	12.60	14.77	13.48
<b>Price-earnings ratio</b> (times)	13.78	10.44	11.69	13.62	14.54	13.63	20.64	15.50	14.80	14.77
<b>Net cash provided by (used in) operating activities</b>	14,230	16,906	24,024	20,211	19,864	27,837	30,726	27,393	23,333	29,970
<b>Net cash provided by (used in) investing activities</b>	△7,894	△5,408	△5,831	△4,881	△5,540	△4,838	1,894	△8,755	△709	△14,964
<b>Net cash provided by (used in) financing activities</b>	△4,846	△6,478	△7,512	△8,490	△10,814	△11,287	△8,042	△15,312	△16,170	△17,101
<b>Cash and cash equivalents at end of period</b>	14,640	18,930	29,215	36,465	39,357	50,684	76,596	81,431	89,081	87,509
<b>Number of employees</b> (number of persons)	3,791	3,779	3,712	3,721	3,725	3,718	3,755	3,787	3,818	3,879

- \* Diluted earnings per share for the fiscal year have been omitted because there were no potentially dilutive common shares.
- \* The Company has adopted the "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. NOF 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, for the calculation of basic earnings per share, 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.

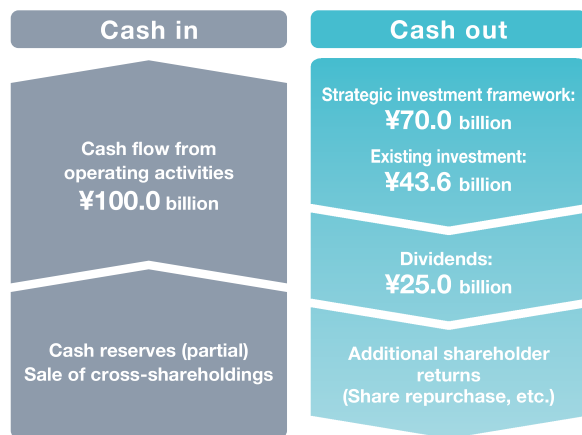
- \* The Company has adopted the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) from the beginning of the 99th fiscal year.
- \* The Company conducted a 2-to-1 common share consolidation effective October 1, 2017 and a 3-for-1 common share split effective April 1, 2024. 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 and the split was implemented at the beginning of the 101st fiscal year.



## Cash allocation plan (total from FY2023 to FY2025)

We plan to make strategic investments and existing investments within the limits of our cumulative cash flows from operating activities during the period of the 2025 Mid-term Management Plan as well as our cash reserves, including funds from the sale of cross-shareholdings. We will also distribute profits appropriately while taking into consideration financial soundness and improvement of asset

### Cash allocation plan



- Ratio of cross-shareholdings to net assets: 15% or below
- Investments in growing areas and new businesses (production, environment, R&D, human investment)
- Replacement of production facilities of existing businesses, R&D
- Improvement of profit returns with the total return ratio of 50% as the target level

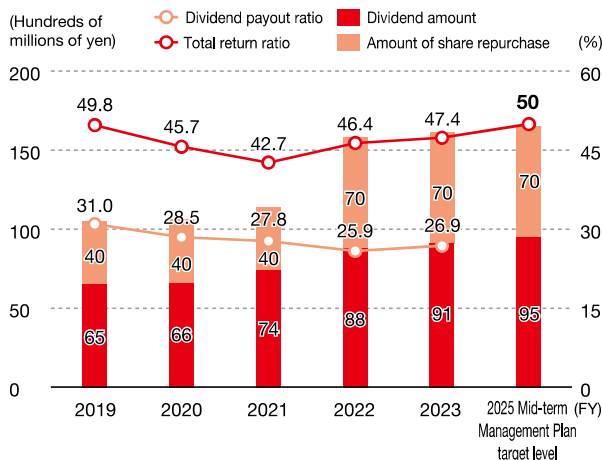
efficiency. We will advance sale of cross-shareholdings with the goal of achieving a ratio of cross-shareholdings to net assets of 15% or less.

## Policy on shareholder returns

NOF recognizes that the stable return of profits to shareholders is an important management issue.



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



Category	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Annual dividend amount per share (yen)	78	80	90	108	114

We will strive to maintain and improve shareholder returns while maintaining a balance with strategic investments, with an awareness of improving capital efficiency.

We have set the target level for total return ratio at about 50% in our 2025 Mid-term Management Plan, and will pay dividends based on the maintenance of stable profit returns. We will also purchase and retire treasury stock as necessary.

## Shareholder dividends for the fiscal year ended March 31, 2024

The year-end dividend for the fiscal year ended March 31, 2024 was ¥58 per share. This, together with the interim dividend, brings the annual dividend for the fiscal year to ¥114 per share.

For the fiscal year ending March 31, 2025, we plan to pay an annual dividend of ¥40 per share (an interim dividend of ¥20 per share and a year-end dividend of ¥20 per share) due to the implementation of a 3-for-1 stock split.





The environmental accounting\*1 of the Domestic Group in fiscal 2023 is stated below. The period covered is from April 1, 2023 through March 31, 2024.

Environmental expenses		NOF Group		(Unit: millions of yen)	
Category	Major activities	Investment	Expenses		
(1) Business area expenses	1 Pollution prevention	Upgrade of steam ejectors, strengthening of wastewater treatment/water pollution prevention facilities	357	1,060	
	2 Global environmental protection	Upgrade of equipment to streamline efficiency, conversion of fluorescent lights to LEDs	559	161	
	3 Resource recycling	Upgrade of resource recycling facilities, industrial waste treatment and recycling expenses	27	940	
(2) Upstream/downstream expenses		Cost for eco-friendly and sustainable containers and packaging	8	2	
(3) Management activity expenses		Environmental audits, improvements, personnel costs	1	465	
(4) R&D expenses		R&D to curb environmental impact	0	497	
(5) Community activity expenses		Support for regional environmental activities	0	10	
(6) Environmental damage response expenses	-		0	0	
Total*2			952	3,135	

Environmental results		NOF Group			
Category	Item	FY2023	vs. FY2022		
(1) Environmental results from resources used in business activities	Total energy input (thousand GJ)	2,909	△203		
	Total substance input (thousand tons)	248	12		
	Water resource input (thousand m <sup>3</sup> )	8,358	△140		
(2) Environmental results from environmental impact and waste materials of business sites	Greenhouse gas emissions (thousand tons of CO <sub>2</sub> )	169	△16		
	Production activities: Energy-related	143	△6		
	Production activities: Other	17	△10		
	Transportation-related	10	-		
	Emissions of PRTR Act-controlled substances (tons)	167	24		
	Plant emission volumes (tons)	22,541	△2,616		
	Final disposal of waste by landfill (tons)	617	△478		
	Wastewater volume (thousand m <sup>3</sup> )	6,090	△331		
	COD emission volumes (tons)	171	23		
	NOx emission volumes (tons)	58	3		
	SOx emission volumes (tons)	8	1		

Real economic effects		NOF Group		(Unit: millions of yen)	
	Particulars of effects		Sum		
1) Profits	Business income from recycling of waste from main business or recycling of used products, etc.		281		
	Other business income		0		
2) Costs saved	Reduction in energy cost by energy saving		25		
	Reduction in waste disposal ensuing from materials saving or recycling		18		
	Other reductions		15		
Total*2			339		

Changes from the past							
Category	Item	FY2019	FY2020	FY2021	FY2022	FY2023	
Environmental expenses*3	Investment (million yen)	686	1,203	1,300	1,140	952	
	Expenses (million yen)	2,657	3,136	3,155	3,448	3,135	
Environmental results from resources used in business activities	Total energy input (thousand GJ)	3,330	3,247	3,377	3,112	2,909	
	Total substance input (thousand tons)	253	231	261	236	248	
Environmental results from environmental impact and waste materials of business sites	Water resource input (thousand m <sup>3</sup> )	8,232	8,319	8,420	8,498	8,358	
	Greenhouse gas emissions (thousand tons of CO <sub>2</sub> )	205	195	198	185	169	
Environmental results from environmental impact and waste materials of business sites	Production activities: Energy-related	173	167	172	149	143	
	Production activities: Other	23	20	18	27	17	
	Transportation-related	9	8	9	10	10	
	Emissions of PRTR Act-controlled substances (tons)	158	147	155	143	167	
	Plant emission volumes (tons)	28,446	28,955	29,164	25,157	22,541	
	Waste sent to landfills (tons)	1,302	1,588	950	1,095	617	
	Wastewater volume (thousand m <sup>3</sup> )	6,424	6,552	6,642	6,421	6,090	
	COD emission volumes (tons)	441	219	154	148	171	
	NOx emission volumes (tons)	55	57	55	55	58	
	SOx emission volumes (tons)	6	4	5	7	8	

\*1 In business activities, Environmental Accounting is a procedure necessary for communicating quantitatively the results based on costs and effects for the environmental conservation activities by the monetary unit or material quantity. The purpose of this is to efficiently and effectively promote the initiatives for environment conservation, while keeping a good relationship with society.

\*2 Rounding of fractions may sometimes make the total inconsistent with individual figures.

\*3 Environmental expenses: FY2019-FY2022 (covers the NOF Group in Japan), FY2023 (covers the NOF Group as well as Changshu NOF Chemical Co., Ltd. and PT.NOI MAS CHEMICAL INDUSTRIES)