

A vibrant, painterly illustration of a blue bird in flight over a field of dandelions and a forest. The bird is depicted in mid-flight, with its wings spread wide, showing detailed feather patterns. The background features a lush green forest with sunlight filtering through the trees, creating a warm, golden glow. In the foreground, a field of dandelions with white seed heads and yellow flowers is visible. The overall style is soft and artistic, resembling a watercolor or oil painting.

INTEGRATED REPORT 2024

From the Biosphere to Outer Space

 **NOF CORPORATION**

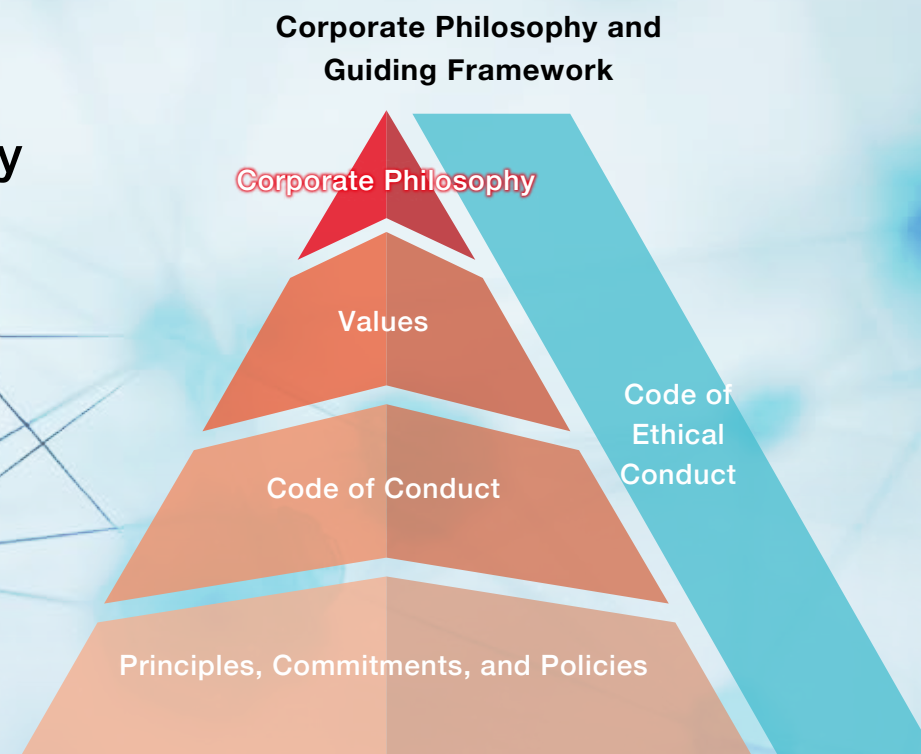
NOF's Philosophy

Corporate Philosophy

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

In April 2023, the NOF Group shifted to have a new Corporate Philosophy and Guiding Framework.

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



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

Values

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

Challenge

We continue to grow into our best selves through collaboration and mutual inspiration, undauntedly adapt to new realities, and tirelessly pioneer new frontiers.

Fairness

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

Harmony

We join forces to build a sustainable future in harmony with the global environment while keeping in mind safety and mutual respect.

Code of Conduct

Our Code of Conduct as follows represents an attitude to put actual action into practice 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 advanced technology 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.

Editorial Policy

Thank you very much for your interest in the Integrated Report 2024 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.

Report profile (scope of the report)

Reporting period	2023 (from April 1, 2023 to March 31, 2024) *Includes the details of some activities, etc. after April 2024	
Covered organizations	NOF CORPORATION and its subsidiaries and affiliated companies (the following are indicated and covered in this report) *Following the merger of Nippon Koki Co., Ltd. and HOKKAIDO NOF CORPORATION, the number of companies in the covered organization is the number as of April 1, 2024.	
	NOF Group	NOF CORPORATION and its 24 consolidated subsidiaries *Financial information is marked for the NOF Group, and environmental information is based on the NOF Group, with each individual data item marked for its subject.
	Domestic Group	NOF CORPORATION and its 12 domestic consolidated subsidiaries
	NOF / NOF CORPORATION / Non-consolidated	NOF Corporation only *Society-related information is centered on NOF and includes some of its subsidiaries and affiliated companies.
Reporting cycle	Published annually as an annual report	
Issuance	September 2024 (next report: September 2025)	
Guidelines referenced	ISO26000: 2010 Guidance on Social Responsibility, Japanese Standards Association GRI Sustainability Reporting Standards	

Disclaimer

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

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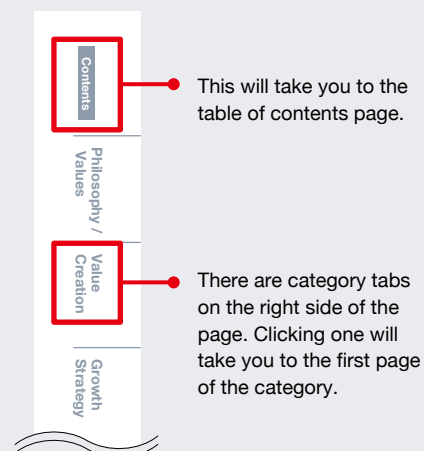
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Message from the President

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

President and Chief Executive Officer

Koji Sawamura



Message from the President

Thank you very much for your interest in the Integrated Report 2024 of the NOF Group.

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

We aim to make a leap forward as a global company through innovative approaches and proactive reforms by implementing NOF VISION 2030, which was formulated as our strategic policy for the future.

Under NOF VISION 2030, the NOF Group has positioned the 2025 Mid-term Management Plan, which started in fiscal 2023, as Stage II, the profit expansion stage, and the 2028 Mid-term Management Plan as Stage III, the business domains expansion stage, and we will promote various measures to achieve further growth.

Today, there is rapidly increasing interest in various social issues, including global environmental issues such as climate change as well as human rights issues.

The NOF Group will face social issues with sincerity, endeavor to create new value with the power of chemistry, and continue to meet the expectations of all of our stakeholders in our efforts to achieve a secure and affluent society.

Message from the President

For a sustainable society

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

The NOF Group has grown together with its customers in various industries over the years. In the process, we have always striven to gain a deep understanding of our customer's business challenges and provide the best solutions to resolve them. As a B to B materials manufacturer, we aim to contribute widely to society by supporting the sustainable growth of our customers. We believe that our customers' success, in turn, leads to improving local communities and the global environment. We hope to go beyond mere business success and contribute to the achievement of a sustainable society. Therefore, we selected the three fields of "Life/Healthcare," "Environment/Energy," and "Electronics/IT," which are set forth in NOF VISION 2030, including the perspective of sustainability.

Life/Healthcare field

New products in the Life/Healthcare field directly improve people's health and welfare. DDS materials and biocompatible materials for pharmaceutical and medical care applications, foods and supplements for improving health, and cosmetics with formulations to keep up with trends, etc., also promote our customer's development, alongside contributing to the improvement of quality of life (QOL) of general consumers.

As part of this field, we place the Life Science business for pharmaceuticals and medical care at the center of our Group strategy, aiming to contribute to society as a whole by providing innovative solutions and improving health and welfare through these processes.

Environment/Energy field

New products in the "Environment/Energy" field are essential for protecting the global environment and the supply of sustainable energy. These technological innovations will contribute greatly to reducing environmental impacts and the achievement of a sustainable society.

Toward the shift to EVs and renewable energy, we provide environmentally friendly products that are biodegradable and energy-saving, as well as having lubricating and anti-corrosive properties. We aim to contribute to the reduction of environmental impacts together with our customers while satisfying their requirements for quality and performance.

Electronics/IT field

New products in the "Electronics/IT" field will contribute to the development of the Life/Healthcare and Environment/Energy fields as a foundation for supporting these fields. In addition, advances in telemedicine and smart grid technology, which are driven by the development and spread of telecommunications technology, will make medical care more efficient and energy management more effective.

For electronic components and materials undergoing miniaturization and shifting to lower-dielectric materials, we aim to contribute to the promotion of our customers' development of new materials by providing products with high photosensitivity, low dielectric properties, dispersibility,

Message from the President

and adsorption through our unique molecular design and evaluation technologies.

Innovative new products in these three fields will improve people's health and welfare, protect the global environment, and promote the efficient use of resources. Interactions between each field will allow us to build a path to a sustainable future.

We will continue to work as a united Group to solve problems and create new value together with our customers.

Reflection on FY2023

We set a new record for highest profit

Net sales increased ¥4.5 billion year-on-year to ¥222.3 billion, operating income increased ¥1.5 billion to ¥42.1 billion, ordinary income increased ¥2.4 billion to ¥45.6 billion, and net income reached ¥34.0 billion, with operating income, ordinary income, and net income all reaching record highs. The annual dividend for fiscal 2023

has been set at ¥114 per share, an increase of ¥6 per share over the previous year. In the Pharmaceuticals, Medicals and Health segment, DDS pharmaceutical raw materials have enjoyed healthy demand and contributed to profit. In addition, the spread of price revisions in the Functional Foods business was also a positive factor. In contrast, in the Functional Chemicals segment, we faced a difficult business environment due to sluggish demand in Japan and overseas, particularly for plastic and rubber-related products. In general, we were also supported by the external environment due to the weak yen and stability of raw material prices.

Forecast of business results for FY2024

We expect increased revenue but decreased profit in FY2024

In fiscal 2024, the second year of the 2025 Mid-term Management Plan, we have forecast consolidated net sales of ¥232.0 billion, up from

the same period last year. However, on the profit side, we have forecast consolidated operating income of ¥40.5 billion, ordinary income of ¥41.6 billion, and net income of ¥33.0 billion, down from the same period last year. The ¥9.7 billion increase in consolidated net sales is due to a general return in demand in the Functional Chemicals segment and an expected increase in net sales of defense products in the Explosives & Propulsion segment. The decrease in consolidated operating income of ¥1.5 billion is mainly due to an expected temporary leveling off of demand for DDS pharmaceutical raw materials in the Pharmaceuticals, Medicals and Health segment.

Progress of the 2025 Mid-term Management Plan

The 2025 Mid-term Management Plan is progressing as planned

Under NOF VISION 2030, the target for operating income is ¥46.0 billion in fiscal 2025 and ¥60.0

* Net income in the text refers to "net income attributable to owners of parent."

Message from the President

billion in fiscal 2030. While we expect an increase in revenue and decline in profit in fiscal 2024, we aim to achieve the targets of the 2025 Mid-term Management Plan by making proactive investments, including strategic investments (upfront investments aimed at the business domains expansion stage).

In the Functional Chemicals segment, we aim to achieve the targets of the plan by leveraging synergies from the integration of business divisions, multiplying the strengths of existing businesses, creating new value, and accelerating product development in new markets.

In the Pharmaceuticals, Medicals and Health segment, we expect demand for launched pharmaceuticals to grow from fiscal 2025 onward. To meet this demand, we are making progress in constructing a manufacturing facility for pharmaceutical raw materials (PEG modifiers) toward starting operations in September 2025. We will steadily integrate increasing demand for DDS materials, such as peptide and protein pharmaceuticals.

In the Explosives & Propulsion segment, we will promote measures to strengthen defense capabilities against geopolitical risks.

We will establish revenue bases in each segment as soon as possible and strengthen profitability in all businesses by revitalizing production and sales activities. In addition, we will strive toward achieving our targets by actively promoting strategic investments to expand our business domains and advancing into new business domains. We plan for growth through the 2028 Mid-term Management Plan, focusing on both the Functional Chemicals and Pharmaceuticals, Medical Care, and Healthcare segments. The domestic Group is working to mitigate climate change in its business activities, creating a roadmap toward reducing greenhouse gas emissions with the target of reducing greenhouse gas emissions in 2030 by 40% compared to fiscal 2013 levels. Considering the possibility of an increase in emissions due to business expansion, we have decided to make a strategic investment of ¥2.1 billion in our environmental response in our 2025 Mid-term Management Plan, and are working on the conversion to renewable energy sources as Phase 2. Moreover, as Phase 3, the NOF Group will aim to become carbon neutral in 2050 by starting to consider new processes and technologies alongside reducing the financial burden

associated with transition risks.

We will also continue to give consideration to the sustainability of the raw materials we procure. The purchase ratio of RSPO-certified oil in fiscal 2023 was about 13%, about double that of fiscal 2022. As customers' understanding of RSPO certification and cost increases is growing, we will continue aiming to increase the ratio of certified oil.

Status of strategic investment

**Continuing to develop
as a global company**

In the 2025 Mid-term Management Plan, we set “Practice and Breakthrough” as our basic policy for the three years of the Plan, aiming to realize our corporate vision for fiscal 2030 as described in NOF VISION 2030. We will put into practice measures to increase earnings by bringing to fruition the measures to strengthen the earnings bases that were undertaken in the 2022 Mid-term Management Plan. We will also promote “strategic investments” to sow the seeds for future business

Message from the President

pillars, and make “breakthroughs” toward our corporate vision for fiscal 2030.

In order to realize our corporate vision for fiscal 2030, we have set a strategic investment framework of approximately ¥70.0 billion in the 2025 Mid-term Management Plan. The following are descriptions of the situation of strategic investments comprising facility investment, research and development investment, and human capital investment.

Facility investment

Increasing production capacity in areas of continued growth

During the period of the 2025 Mid-term Management Plan, we plan to invest approximately three times the amount of the 2022 Mid-term Management Plan by making facility investments for expanded demand as strategic investments, improving productivity, and investing in the environment, in addition to existing facility investment. In respect of investments in manufacturing

facilities, we are generally proceeding as initially planned with the construction and expansion of manufacturing facilities in continually growing fields, including DDS pharmaceutical raw materials, cosmetics materials, and anti-fog agents.

In terms of investments in increased productivity, we are making progress in investments for improving operational efficiencies by promoting automation and labor-saving, and for increasing the use of data in production and sales, including the introduction of DX-related technologies. We will continue to actively consider investments, including those related to information systems, and develop an environment for highly productive business operations. In terms of investments in



environmental response, we are promoting investment in energy conservation and efficiency improvement of manufacturing facilities to address the regulatory control of CFCs and reduce CO₂ emissions. We will promote facility investment toward achieving carbon neutrality by 2050.

To achieve the 2025 Mid-term Management Plan and further growth, we will continue to make proactive facility investments, including strategic investments.

Research and development investment

Actively participating in open innovation

In respect of R&D investment, we have launched industry-academia collaborative projects and are recruiting partners to promote R&D aimed at creating new businesses in the three target fields of “Life/Healthcare,” “Environment/Energy,” and “Electronics/IT.” In fiscal 2023, we chose selected organizations in the electronics field and began commissioned research into four technologies with

Message from the President

the aim of creating new businesses in the field of “Electronics/IT.” In fiscal 2024, we decided to adopt three materials and technologies in areas where future market growth and the utilization of NOF technologies are anticipated from among those in the medical care and medical device field, and will begin commissioned research.

We also leverage government R&D projects to promote industry-government-academia collaboration. We are participating in projects in the Explosives & Propulsion and Life Science businesses. For R&D, we will continue to develop new research areas with a sense of speed and provide new products and value by actively promoting collaboration with external parties without being restricted by internal knowledge resources.

Human capital investment

**Growth of human resources
is the foundation
of management**

One of the keys to achieving NOF VISION 2030 is

the development of human resources with a long-term perspective. Amid a rapidly growing interest in human capital, we have been actively sharing opinions on a broad range of matters related to human resources development at Board of Directors meetings, Sustainability Committee meetings attended by all Directors, and human resources meetings attended by those responsible for business execution. As the discussions deepen, we have become even more cognizant that employee growth is at the heart of shaping the future of the company.

In fiscal 2023, we launched the 2025 Mid-term Management Plan, and we are promoting various measures to encourage the growth of human resources who embody the values of the NOF Group of “Challenge,” “Fairness,” and “Harmony” to create new value.

One of the measures is to strengthen the development of “autonomous human resources,” which are one type of ideal person that we are looking for. We will foster a positive corporate culture: a climate in which employees are responsible for taking on challenges from their respective positions in all situations, and in which these challenges are celebrated and valued. In fiscal

2023, we held workshops for all employees using my video message as an entry point in order to promote autonomous growth. In addition, we have been working to strengthen support for self-education and development, such as distance learning and e-learning programs, to encourage employees to learn by themselves. Through these measures, we expect our employees to demonstrate their abilities to the maximum and actively take on challenges toward achieving NOF VISION 2030.

Another important issue is to maintain and improve employee motivation. In addition to emphasizing diversity and striving to promote the active participation of women, we are also promoting initiatives to increase employee motivation and job satisfaction by providing comfortable working environments for employees through suitable incentives and compensation systems and by ensuring flexible working styles. Following the introduction of a system that enables flexible working styles in accordance with each life stage by fiscal 2023, we plan to also focus on supporting career design between fiscal 2024 and fiscal 2025.

Career design is a process that enables employees to independently think about, plan for, and achieve the vision of their own future, and we

Message from the President

consider it an important element in achieving self-fulfillment and satisfaction. The NOF Group interprets career design as a vision for human resources development itself that goes beyond mere job selection to include a broad perspective that relates to an individual's overall lifestyle and working style. In today's rapidly diversifying labor market, we expect to contribute to company growth by supporting employees in career design and encouraging employee growth.

Through various initiatives based on the three pillars of "human resources development," "diversity and inclusion," and "employee engagement," the NOF Group will continue to work tirelessly to achieve sustainable growth and create new value, creating a corporate culture in which each employee can independently design his or her own career and where organizational growth and individual growth are in harmony.

Looking ahead to FY2030

We will sell cross-shareholdings based on the target of reducing the ratio thereof with consolidated net assets to 15% or less during the 2025

Mid-term Management Plan period, and will consider further reduction in the next Mid-term Management Plan toward fiscal 2030. We will set the target level of total return ratio for fiscal 2025 at around 50%, and will continue to maintain and improve shareholder returns while ensuring a balance with strategic investments, with an awareness of continuing to improve capital efficiency.

Contributing to realizing a sustainable society is not only our duty as a corporate citizen, but also a challenge to be tackled. In this context, raising awareness of fairness, including fair trade in the supply chain and respect for human rights, is fundamental to a corporation's survival.

We are committed to high ethical standards in accordance with our own values of "Challenge," "Fairness," and "Harmony." Moreover, toward fiscal 2030, we will continue to contribute to the achievement of a sustainable society by providing innovative solutions to our customers. We will achieve NOF VISION 2030 and enhance our presence as a global company.





Special Feature

NOF's Three Values

Supporting the Solving of Social Issues



The NOF Group has established “Challenge,” “Fairness,” and “Harmony” as the three values prioritized across the entire Group.

Challenge refers to “we continue to grow into our best selves through collaboration and mutual inspiration, undauntedly adapt to new realities, and tirelessly pioneer new frontiers.”

Fairness refers to “as responsible members of society, we maintain high ethical standards, act in good faith, and cultivate a corporate culture that embraces diverse values.”

Harmony refers to “we join forces to build a sustainable future in harmony with the global environment while keeping in mind safety and mutual respect.”

The NOF Group aims to create new value through the synergy of these three values.

In this special issue, we will introduce our initiatives in three fields based on our values as “Challenge x R&D,” “Fairness x Human Rights,” and “Harmony x RC Activities.”

Changing times
**Demand for
sustainability**
**Technological
innovation**

Synergy of the three values

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Challenge



Vision

Creating new value

Fairness



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Harmony

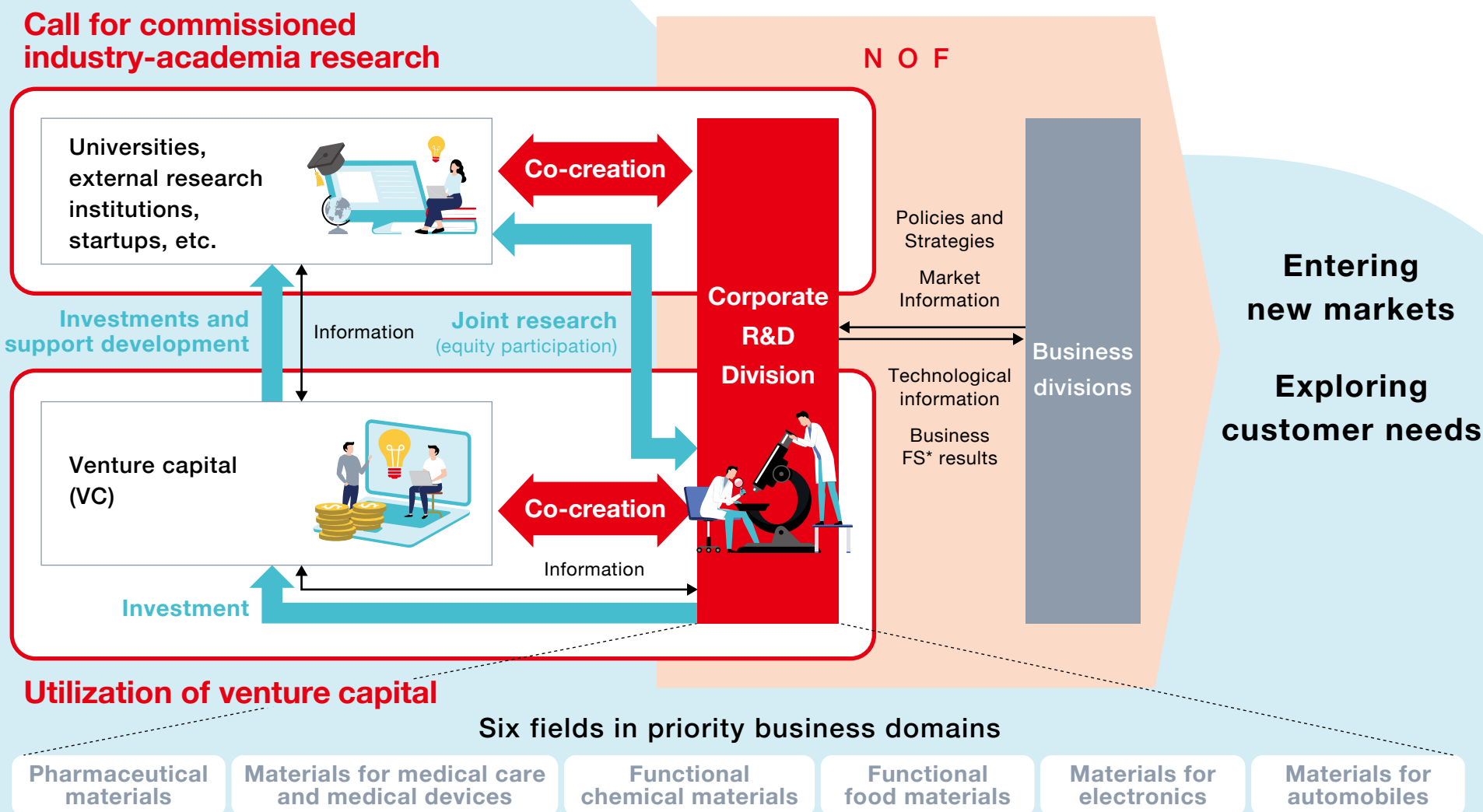


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R&D

The NOF Group will take on the **challenge** of developing new products and technologies. We will promote open innovation through public calls for research applications, industry-government-academia collaboration, and other co-creation with external parties, to open up new business domains in each of the markets where needs are expected to grow.



* Feasibility study: Advance study of the feasibility of a planned project.

Challenge



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

Eui-Chul Kang

We are creating new businesses and tackling the next steps to shape the future of society and NOF.

Tackling new challenges for NOF Vision 2030

The NOF Group has formulated a Mid-term Management Plan, NOF VISION 2030, and positioned the 2025 Mid-term Management Plan, which started in fiscal 2023, as the profit expansion stage and the 2028 Mid-term Management Plan as the business domains expansion stage in order to expand our businesses toward our vision for fiscal 2030. In the field of R&D, we have set a target of accelerating the development of new products and technologies through strategic investments in the three target areas of “Life/Health-care,” “Environment/Energy,” and “Electronics/IT.”

To achieve this, we have selected new priority business domains based on our basic strategy of creating new businesses in growth market fields by introducing new technologies with market advantages, with a focus on co-creation with startup companies and comprehensive industry-government-academia collaboration.

Strengthening our competitiveness in the market by establishing six priority areas

As priority business domains, we have selected six fields (pharmaceutical materials, materials for medical care and medical devices, functional chemical materials, functional food materials, materials for electronics, and materials for automobiles) in which we will make concentrated research investments. Further intensification of market competition is expected in each field. In respect of industry-government-academia collaboration and co-creation with venture capital (VC), we also plan to promote R&D focused on these six fields.

In the areas of pharmaceutical materials and materials for medical care and medical devices, needs have been growing for regenerative medicine, especially in the past few years. NOF is also preparing a system for commercialization in order that we can enter the chemical materials market as soon as possible. In the area of functional chemi-

cal materials, we will promote initiatives for a sustainable society, including the production of raw materials for chemicals made from biomass. We are regularly investigating new functional food materials with the goal of developing materials for health food that are effective in the four fields of beauty, lifestyle diseases, immunity, and brain function, so that all people can live healthy lives. In the area of materials for electronics, we are working together as a team to commercialize new materials for semiconductors and communication materials for 5G and 6G. In the final area of

Six fields in priority business domains



materials for automobiles, we are developing materials toward further improving the performance of rechargeable batteries for EV vehicles.

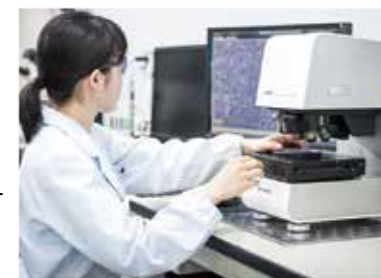
Creating new business through collaboration with external organizations

To strengthen the six priority fields, NOF continues to be involved in open innovation. By collaborating with external institutions, we can expect to discover new technologies and businesses unbound by existing business domains. For that reason, in addition to existing industry-academia-government collaborations, in January 2024 we invested in Universal Materials Incubator Co., Ltd., a VC that invests in superior technologies and businesses. The reasons behind the decision to invest in a VC were an immediate determination on the business potential of the startup's promising technology and the expertise it has that we lack at NOF. By achieving co-creation together with investee companies as a business partner, businesses can be developed not from a "seed" but from a "bud" in a short period of time. Moreover, investments in VC are also linked to promoting human resources development and R&D. We will continue to strengthen our relationships with various startup companies while anticipating

multifaceted effects.

In addition, industry-academia collaborative projects launched in fiscal 2021 produced results in the field of functional chemicals in the first fiscal year, and we expanded their scope to the electronics and health food fields in fiscal 2022, and the medical care and medical device field in fiscal 2023. For each field, we have begun to explore and research topics one by one.

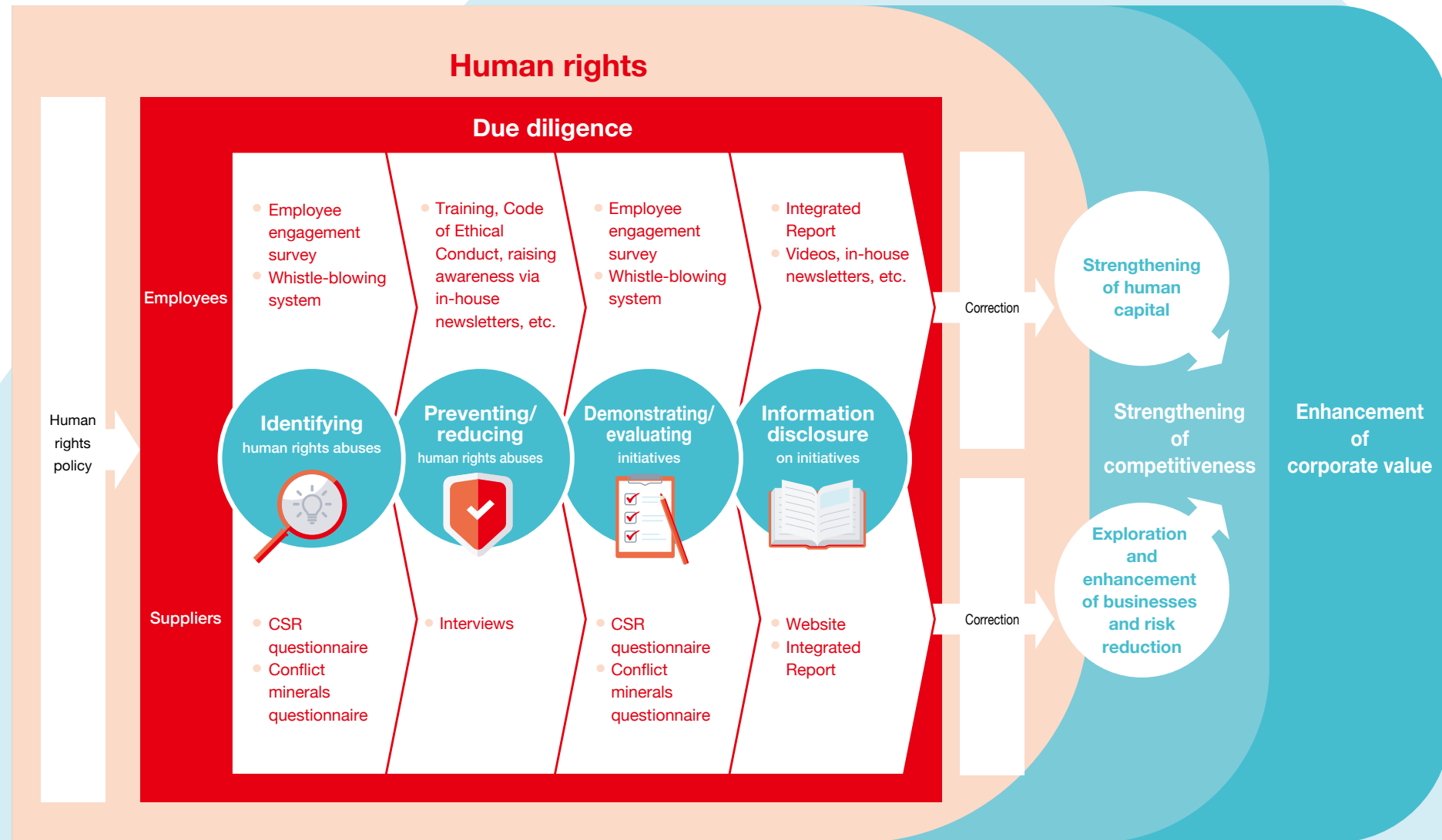
We believe that the role of the Corporate R&D Division is not only to solve current customer issues, but also to take on the future of the entire Company and determine its direction. To enable each individual in the Corporate R&D Division to become a self-motivated employee who "thinks and acts independently," we make use of internal training and education programs to not only offer passive learning, but also to improve leadership capabilities. Further, we strive to create an environment where the growth of our employees is encouraged to enable self-education and development, thereby allowing us to continually take on challenges with the power of both individuals and the team.





**Human
Rights**

The NOF Group takes an overarching view of human rights issues. Externally, to develop relationships with suppliers, and internally, to improve employee collaboration. Both will work to promote the enhancement of corporate value based on the values of “fairness.”



Fairness



We are returning to the “norm” of companies and people to strengthen relationships with suppliers and employees.

The key to corporate survival is raising awareness of fairness

Among the values of “Challenge,” “Fairness,” and “Harmony” put forth by the NOF Group, “Fairness” is a premise that all companies and employees should be aware of. Recently, several quality fraud and data tampering issues have occurred at domestic companies. We believe an important issue for the survival of a company is that employees are aware of fairness not only for the organization, but also as individual human beings, and that they continue to make correct decisions. Also, it is NOF employees who are involved in sales, which is the contact point with external parties, as well as discovering new suppliers and developing new products and technologies. In order to become an organization in which individual characteristics blend together and employees can continue to work with psychological security, we will instill the concept of fairness in each employee across NOF.

In addition, NOF has done business with many

suppliers up to present, but in order for us to decide to enter into and continue doing business with a supplier, we also require “fair and equitable treatment” from all suppliers as well. We will share the values of “Fairness” to strengthen relationships with our employees and the parties we work with, including our suppliers.

Expanding business with suppliers through permanent transactions

Corporate human rights issues are attracting a significant amount of attention in society. In 2022, the Ministry of Economy, Trade and Industry (METI) released the Guidelines on Respecting Human Rights in Responsible Supply Chains, and NOF has also developed and continually implements its own action plans toward formulating a human rights policy, conducting human rights due diligence (human rights DD) and implementing relief measures. Among them, human rights DD

General Manager of
Legal Department
and Operating Officer

**Hiroyuki
Kajikawa**

General Manager of
Purchasing Department
and Operating Officer

**Satoshi
Kataoka**

Special Feature | NOF's Three Values Supporting the Solving of Social Issues

and implementing relief measures for relevant parties are topics that we believe the entire Company should be focusing on. In particular, the Purchasing Department conducts surveys and interviews with each supplier as part of its initiatives aimed at external parties. We have established a proprietary follow-up system by conducting awareness surveys on environmental conservation and occupational safety through the use of CSR* questionnaires and the Responsible Mineral Procurement Survey, as well as holding interviews with suppliers who have issues to discuss measures together and reevaluating the effectiveness of such measures.

Future developments include (1) actions based on the values of “Fairness” and (2) the promotion of CSR-based procurement.

In respect of actions based on the value of “Fairness,” in addition to standard evaluation items such as price and quality, we have also added environmental and human rights initiatives to our terms and conditions in order to provide a fair and equitable competitive environment and strengthen the partnership between NOF and its suppliers.

Questionnaire items

I. Corporate governance concerning CSR	VI. Quality and safety
II. Human rights	VII. Information security
III. Labor	VIII. Supply chain
IV. The environment	IX. Living in harmony with local communities
V. Fair corporate activities	

As for the promotion of CSR-based procurement, we will continue to conduct surveys and interviews using questionnaires and reflect CSR procurement standards in contract documents, and by doing so, reduce risks to business continuity and fulfill our social responsibility as a company. Also, through such CSR-based procurement, we will enhance the value of the NOF brand, which will not only ensure stable procurement, but will also lead to the discovery of new suppliers and the creation of business opportunities, thereby contributing to improving the competitiveness of our businesses.

Widely gathering feedback to become a company where it is easy to work

The Legal Department conducts employee engagement surveys to visualize the status of the organization. The surveys include an open-ended section that we use to solicit a wide range of feedback from employees, such as whether they have experienced any gender discrimination or whether internal systems are easy to use. Responses are then checked within the Legal Department, and measures in line with employee requests are considered and implemented as necessary. In particular, we will take measures to deal on a case-by-case basis with whistleblowing

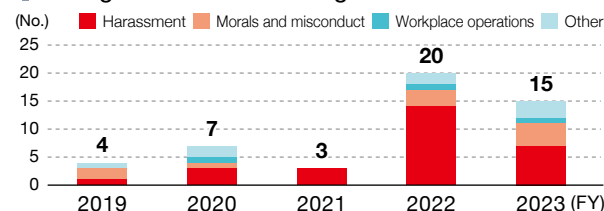
incidents, the number of which increased sharply in fiscal 2022, while bearing in mind that the issues that have surfaced are just the tip of the iceberg.



Future developments include instilling in employees the values of fairness and an awareness of human rights. We do not merely subdivide internal rules, but also strive to update regulations and systems and educate employees so that they understand the significance of why the rules exist, and enhance human capital through the development of independent human resources and friendly competition among employees.

“Fairness” is a foundation that absolutely cannot be ignored in business. NOF’s human rights initiatives for employees and suppliers aim to increase our corporate value by discovering and strengthening businesses and reducing risk, as well as enhancing market competitiveness.

Changes in whistle-blowing incidents*



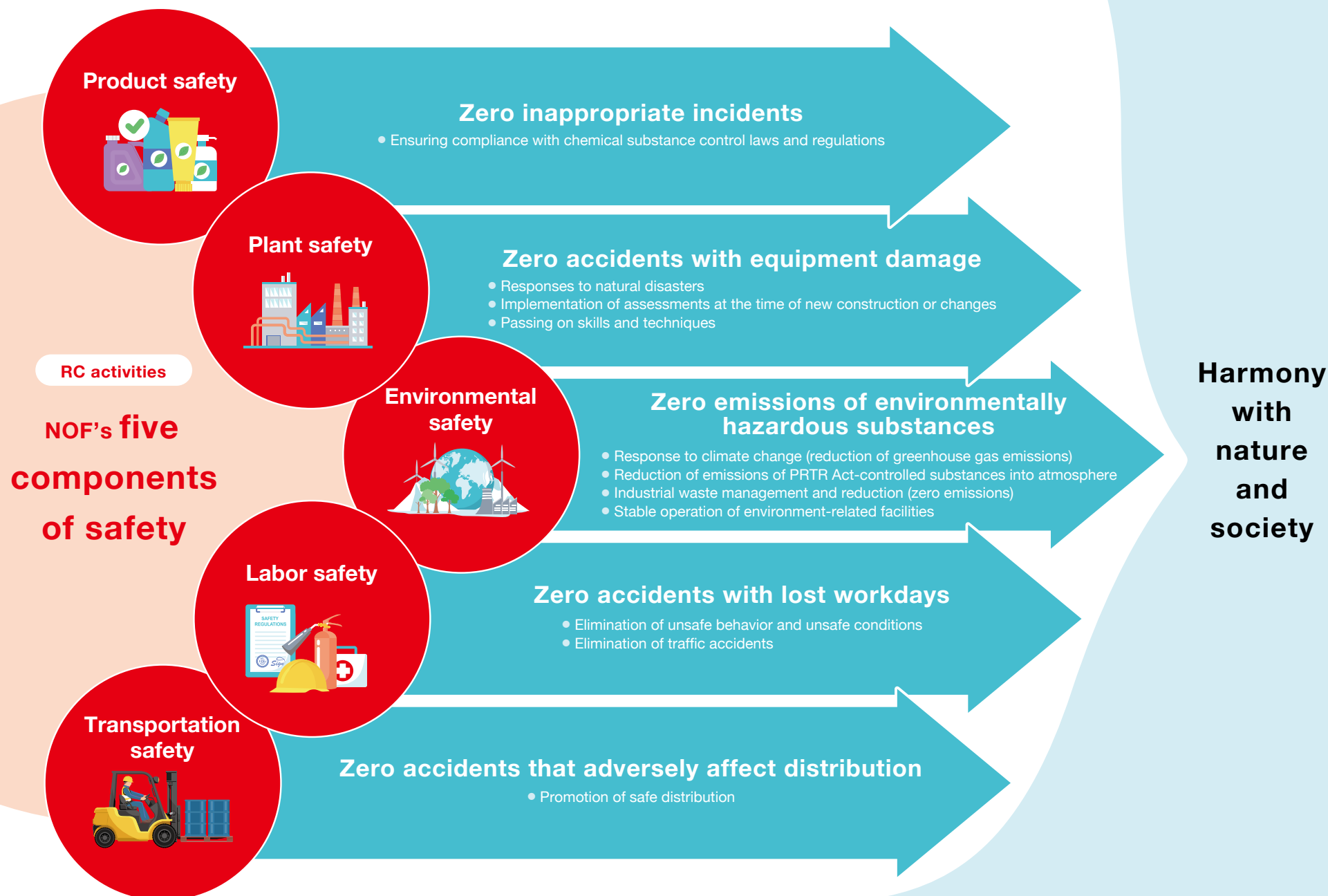
* Aggregated as the NOF Group from fiscal 2019

* CSR: Corporate social responsibility



RC activities

As a chemical manufacturer engaged in a wide range of businesses, the NOF Group has aimed for harmony with the natural and social environment. We will continue to fulfill our corporate social responsibility while expanding our business, continuing to conduct our business activities in a safe and secure manner.



Harmony



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

Kazuyoshi Yamauchi

NOF will continue to aim for zero accidents through five safety activities to ensure harmony with nature and society.

Achieving harmony through RC activities and dialogue with society

The NOF Group, which handles chemical products, 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 developing Responsible Care (RC) activities to make the results thereof publicly available and engage in dialogue and communication with society. In addition, we have defined the topics of RC activities as the “five components of safety,” which comprise “environmental safety,” “plant safety,” “product safety,” “occupational safety,” and “distribution safety,” and we have been working to steadily improve the level of these activities by implementing the PDCA cycle since 1995. Further, in order to achieve harmony with the natural and social environment, we have set a final target for the five components of safety of achieving “zero” for each item.

Reduced emissions substances that impact the environment

With NOF's “Environmental Safety,” we aim for zero emissions of environmentally hazardous substances. In response to climate change, we have set a 40% reduction from the 2013 level as a 2030 target, with the aim of achieving carbon neutrality by 2050. We are working to reduce greenhouse gas emissions by accumulating and implementing measures such as converting to low-impact energy sources, electrifying non-electrified facilities, and reviewing production processes. In addition, to raise employees' awareness of energy conservation, we will promote the efficient use of energy by visualizing energy consumption and considering the introduction of Internal Carbon Pricing (ICP).

In respect of reducing emissions of PRTR Act*-controlled substances into the atmosphere, we will work to limit emissions to 170 tons or less per year while balancing this with profit expansion. This will lead to sweeping initiatives such as further

* Act on Confirmation, etc. of Release Amounts of Specific Chemical Substances in the Environment and Promotion of Improvements to the Management Thereof (PRTR Act). In this report, we have used the notation of the PRTR Act when describing activities such as reducing emissions of specific chemical substances into the environment.

Special Feature | NOF's Three Values Supporting the Solving of Social Issues

reviewing manufacturing processes and improving recovery technologies.

In addition to these initiatives, we will improve the natural environment through the reduction and recycling of industrial waste, including plastics, and stable operation of environment-related facilities.

Creating a safe and secure environment for all stakeholders

As a company that handles chemical substances, we are committed to improving the social environment for the safety and security of its various stakeholders, including employees, local communities, and customers.

In the area of plant safety, we aim to achieve “zero accidents with equipment damage” to ensure the health and safety of our employees and local residents. To achieve our targets, we are implementing measures to prevent accidents from occurring, such as conducting assessments (objective evaluation and analysis) when equipment is newly installed or modified, and passing on safety-related skills and techniques during internal training. In addition, as part of our Business Continuity Plans (BCP) to prepare for disasters and other emergency situations, we are working to both limit damage and ensure business continuity even in the event of natural

disasters by implementing disaster prevention and disaster mitigation measures at our facilities and conducting regular disaster drills.



In the area of product safety, we aim to achieve “zero inappropriate incidents” by complying with laws, regulations, and guidelines, along with providing correct information to our customers. Further, we plan to create a Company-wide chemical substance database by fiscal 2025. By managing information previously collected by each department centrally as a Company-wide system, the accuracy of information can be improved and amendments of laws can be dealt with promptly. To ensure that our customers can use our products with peace of mind, we will continue to take measures to ensure compliance with chemical substance control laws and regulations.

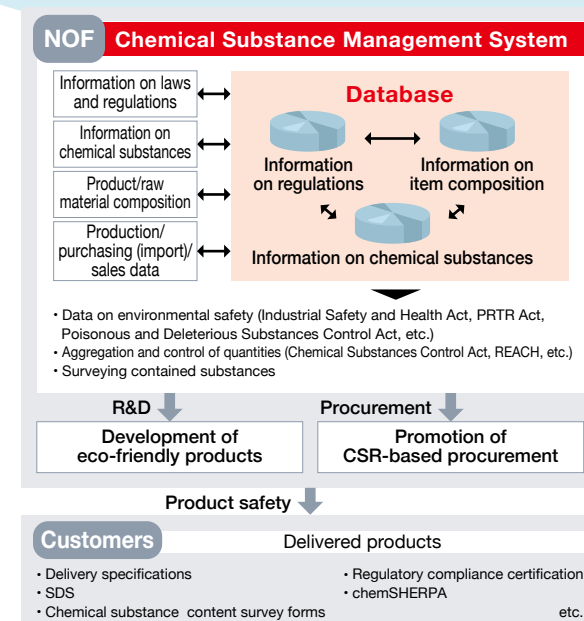
In the area of occupational safety, we aim to achieve “zero accidents with lost workdays” to protect the health and safety of workers. We strive to eliminate unsafe behavior and unsafe conditions and eliminate traffic accidents by improving sensitivity towards danger, thoroughly enforcing safety actions, and implementing education and training.

In the area of distribution safety, we strive to prevent accidents and disasters in transportation and distribution, aiming for “zero accidents that adversely

affect distribution.” In particular, in order to prevent accidental chemical leaks or spills and respond appropriately in the event of an emergency, we have prepared Safety Data Sheets (SDS) and Yellow Cards and provide information to all concerned parties without fail. In addition, we strive for further safety management by providing thorough communication and guidance to distribution companies.

Our group will continue to deliver safety and security to its various stakeholders by positioning RC activities at the core of CSR.

Image of composition of chemical substance database



NOF's Value Creation

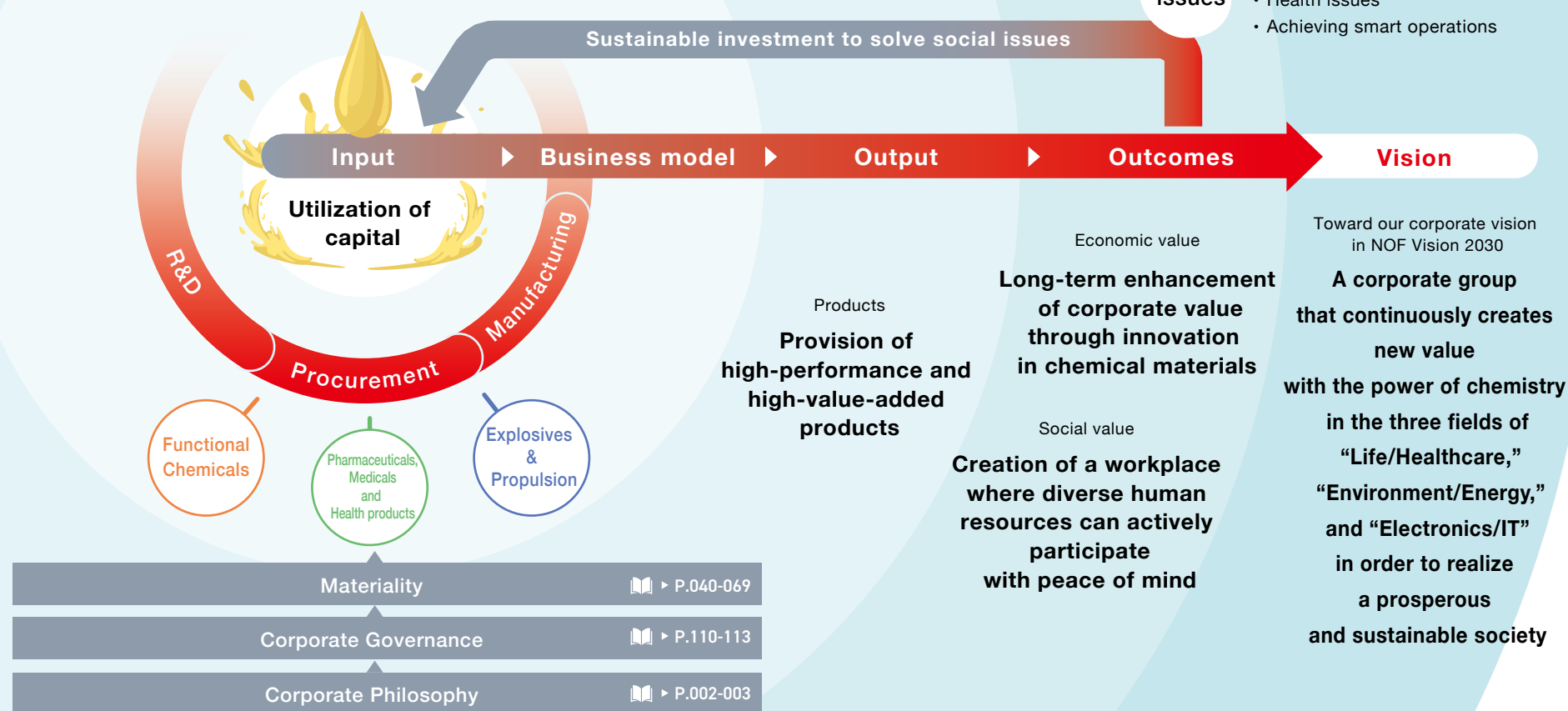
NOF develops products by combining core technologies cultivated in a wide range of business areas in the three fields of “Life/Healthcare,” “Environment/Energy,” and “Electronics/IT.”



Value creation process

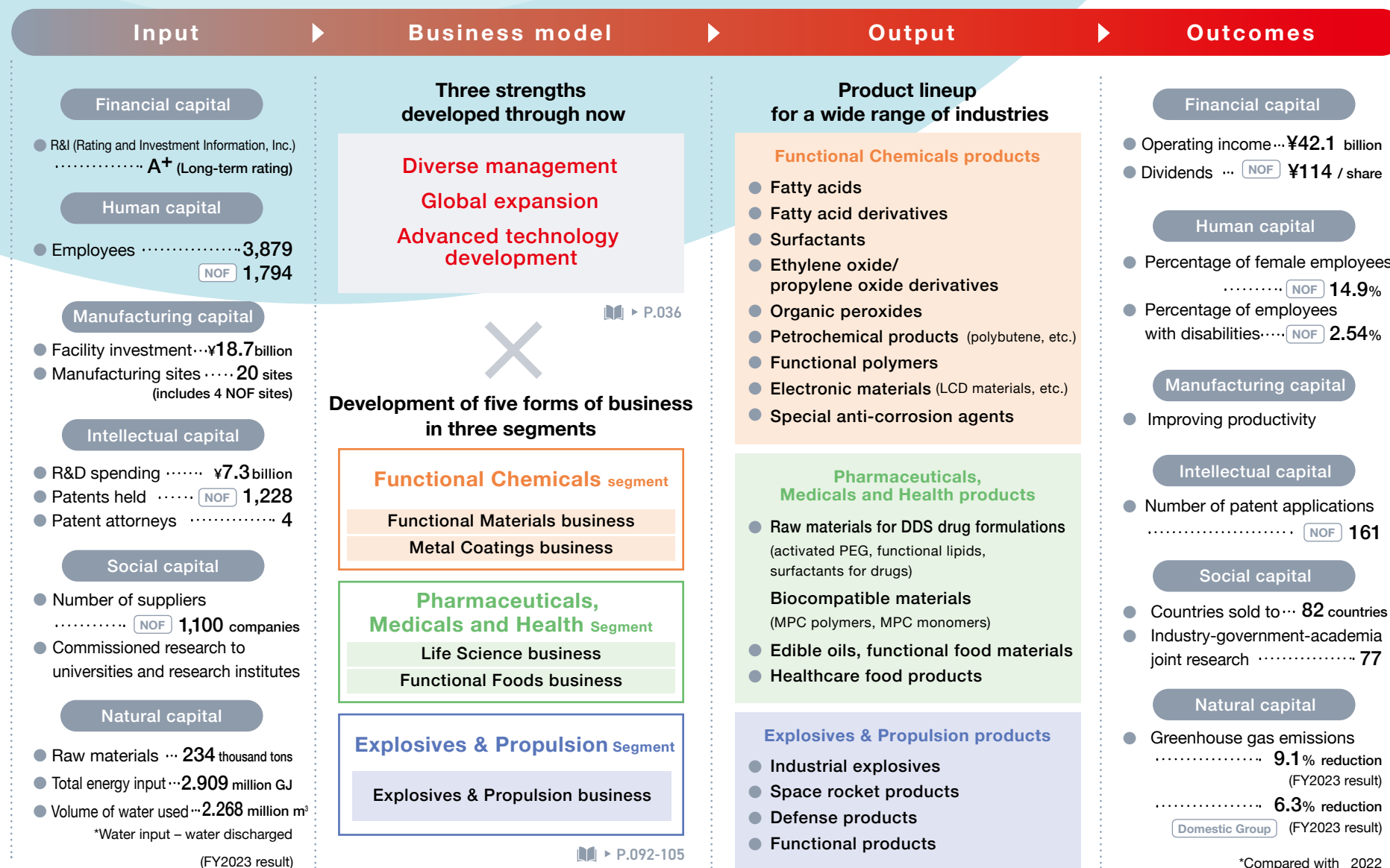
Creating products, value, and a new future with the power of chemistry

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.



Value creation process

NOF Group



*Compared with 2022

NOF's Story

since
1937

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

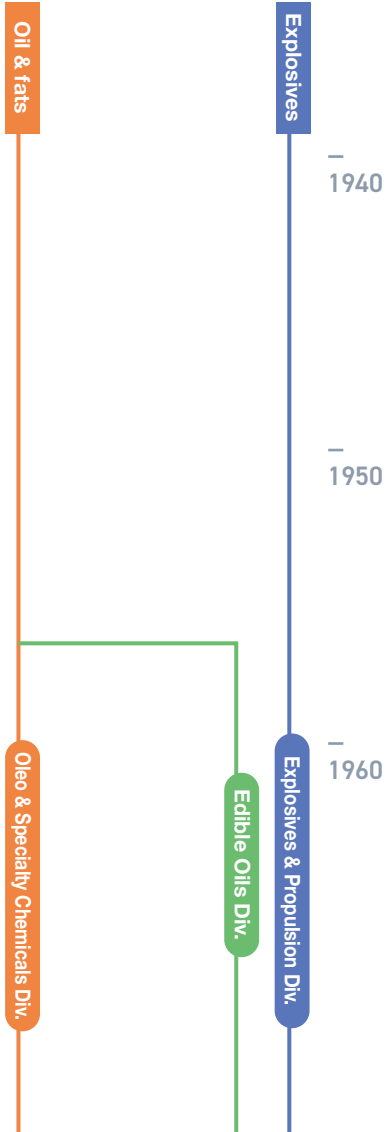


Expanding our business areas to include petrochemicals, centered on oils and fats Supporting rapid economic growth with products ahead of their time

Japan's oils and fats industry began with the export of hardened oil as a raw material for soap and margarine. As exports surged during the Showa period, Nippon Food Industries, Kokusan Industry Fuji Paint Works, Velvet Soap, and Associated Oil and Fats, which were under the Nippon Sangyo Group, merged under the Nissan concern to form the first Nippon Oil and Fats in June 1937. The company began operations as a general oleochemical company aiming for integrated production of cosmetic soap and detergent.

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

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



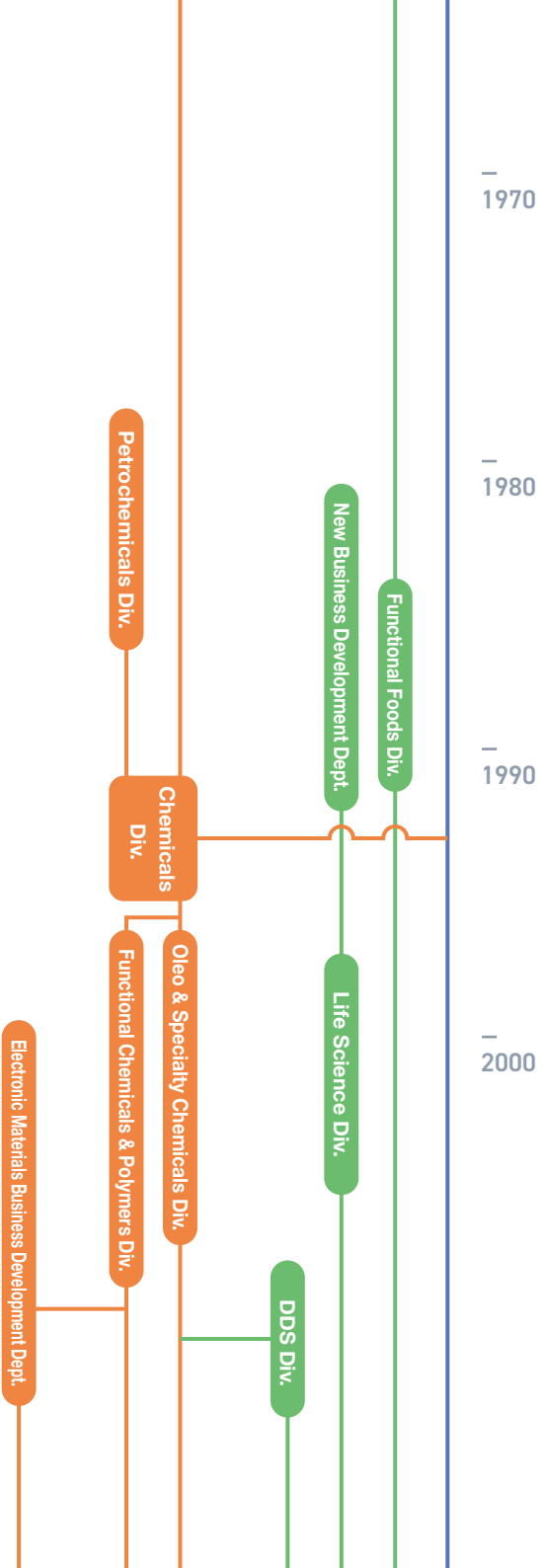
Focus on the pharmaceutical industry, centered on biotechnology

Focus on R&D of new materials to expand our product lineup

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

After the Japanese economy reached its peak in the 1980s, the bubble economy collapsed in the early 1990s, ushering in an era in which product development

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



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

Promotion of innovation toward a sustainable society

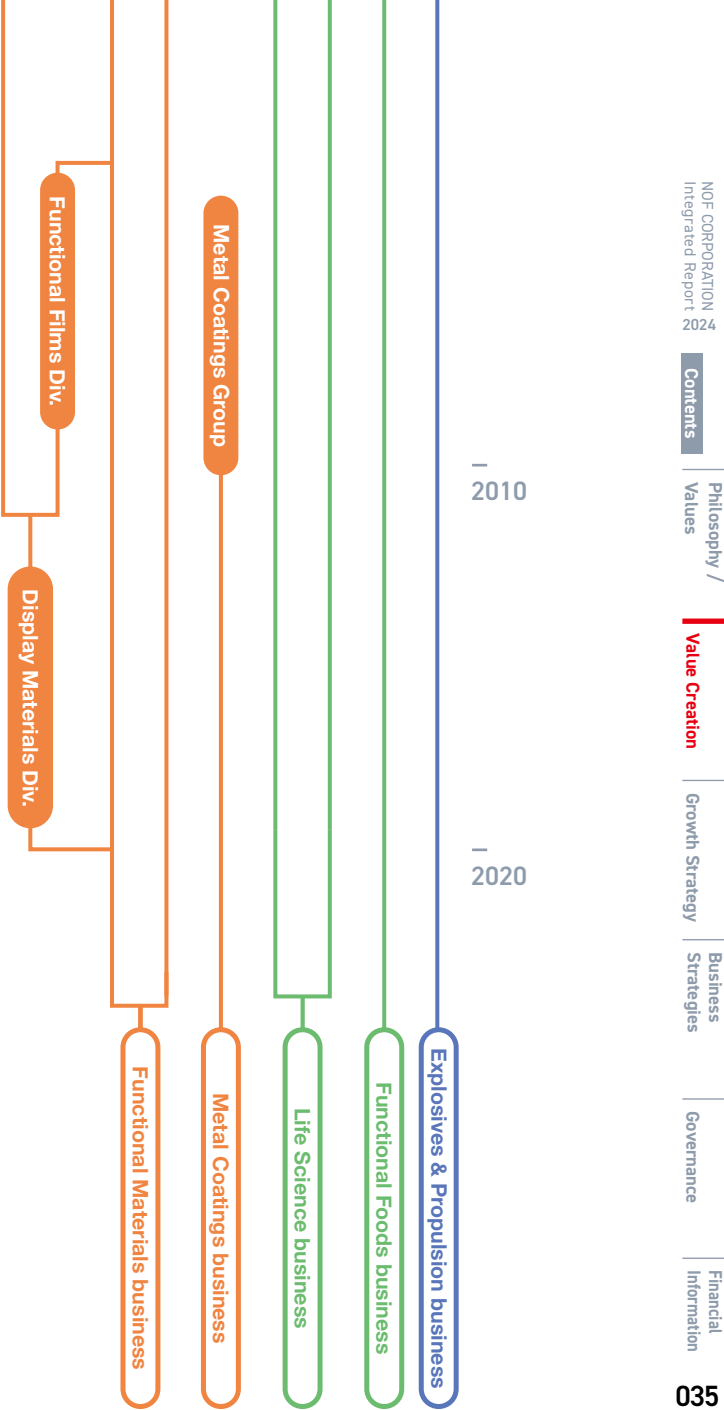
In October 2007, the 70th anniversary of our founding, the company name was changed from Nippon Oil and Fats to Nichiyu (NOF in English) with the aim of further expanding our business areas. In addition to the four core businesses of oleo & specialty chemicals, functional chemicals & polymers, explosives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

As environmental and social issues continue to mount on a global scale, expectations are increasing for innovation toward a sustainable society. Therefore, in our Mid-term Management Plan for the 2010s and beyond, we identified three fields where future demand is expected to grow: Environment/Energy, Life/Healthcare, and Electronics/IT. In the Life/Healthcare field, for example, we are working on the development of new materials through co-creation in industry-government-academia collaboration, with a focus on advanced medical technique and regenerative medicine, which are

attracting worldwide attention.

In the DDS business, which was created by integrating NOF's technologies, such as high purification and cutting-edge molecular design technologies, we provide a wide range of materials to the biopharmaceuticals field, which is expected to grow significantly in the future. Among these, the main product, activated PEG, is used in many biopharmaceuticals, including protein drugs and peptide drugs, and holds the largest share in the global market. In addition, functional lipids such as ionic lipids and PEG lipids are being developed for use in nucleic acid drugs, including expected applications in gene medicine. In response to the increase in the number of pharmaceuticals which use NOF's materials, we expanded the manufacturing facilities at our Kawasaki Works in 2021, and plan to make a facility investment of ¥10 billion in our Aichi Works by 2025.

In 2023, we renewed our Corporate Philosophy structure and reorganized our business units. We will develop our global business with 12 consolidated subsidiaries in Japan as well as 12 bases in nine countries overseas toward achieving NOF VISION 2030.



NOF's Strengths

Support through technology from general consumer goods to advanced materials

The NOF Group has created a wide variety of products as a chemical manufacturer supplying materials to companies in Japan and abroad. We have a long history spanning 87 years since our founding. We support our customers' manufacturing with our technical capabilities and response capabilities.

Strength
1

Diverse management

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

▶ P.092-105



Strength
2

Global expansion

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

▶ P.094-095



Strength
3

Advanced technology development

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

▶ P.016-019,046-049

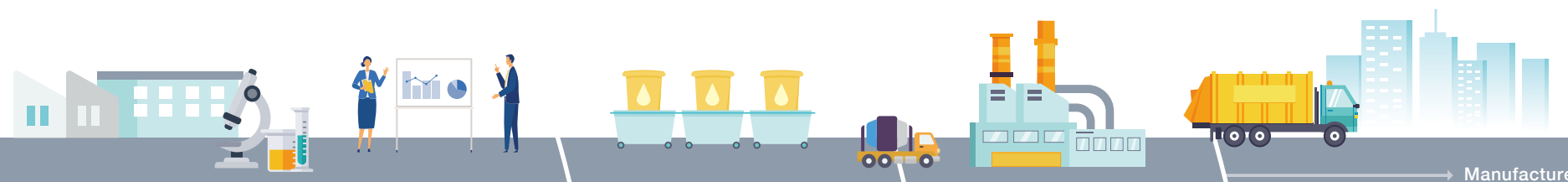


Business Model

Support for customers from development to mass production

While utilizing our core technologies, we work closely with our customers in their product development efforts, proposing materials in accordance with their objectives and needs.

In addition, in accordance with our Responsible Care (RC) Activities, we are committed to safety management throughout the entire value chain and strive to provide the best products and services.



R&D

[Material design and precision synthesis technology]

Flexible design for customer requirements

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

▶ P.016-019,046-049

[Technologies for formulation, analysis, and evaluation]

Offering functions that customers want

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

▶ P.016-019,046-049

Procurement

Stable securing of raw materials with our BCP in mind

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

▶ Sustainability Report
▶ P.148-151

Manufacturing

Stable supply of products and consideration for the environment

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

▶ Sustainability Report
▶ P.050-053,119-120,131-140

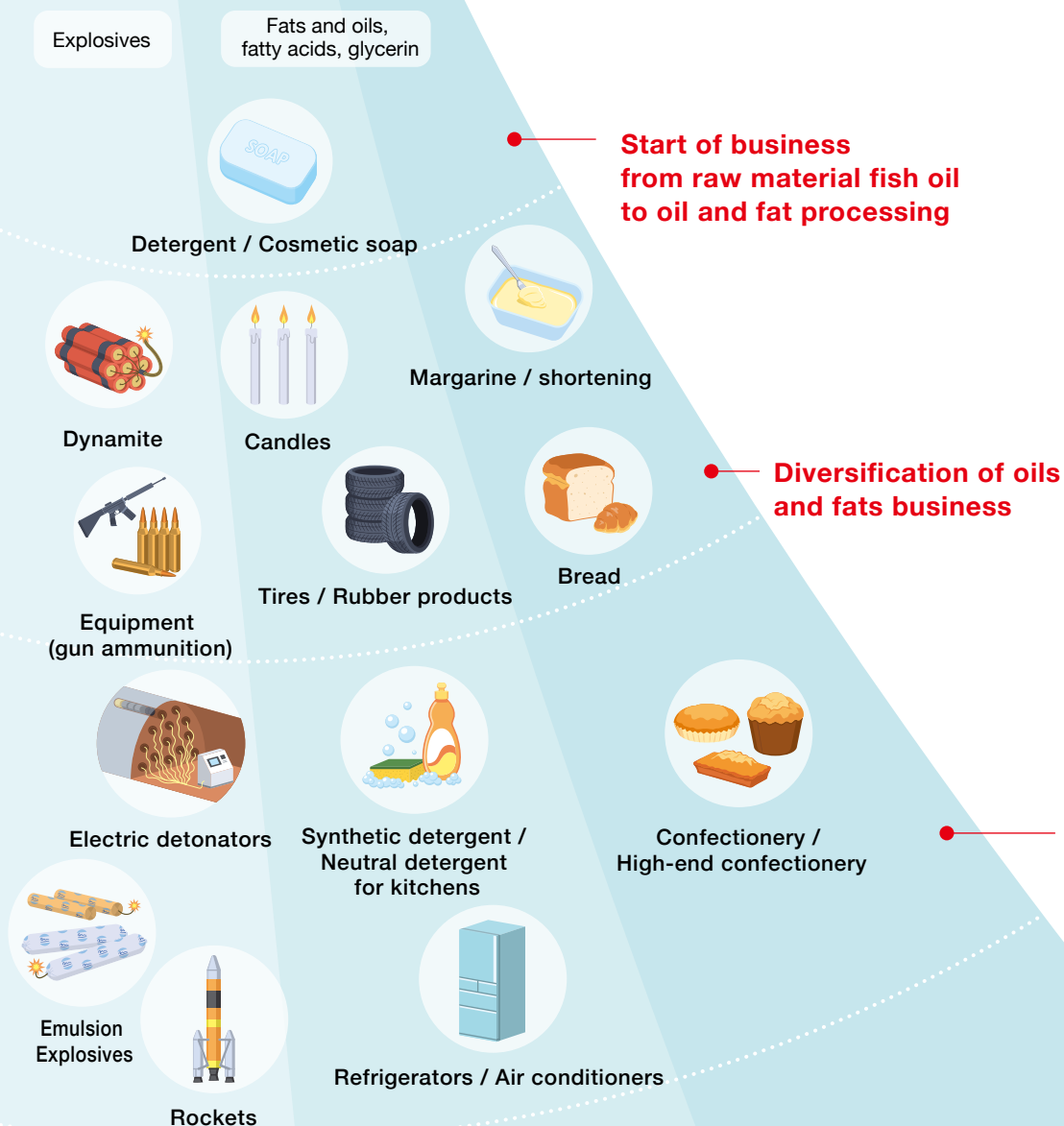
Delivery

Safety-conscious logistics with low environmental impact

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

▶ Sustainability Report
▶ P.121,131-140

Everyday Products Created from NOF's Products



The World Created through NOF's Technology

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



Materiality

Identification of 11 materiality issues (important issues)

The NOF Group has set KPIs and their targets for each issue in order to realize the ideal conditions contained in the NOF VISION 2030. Gaps between target figures and actual results are evaluated, and targets are re-set for the following year and beyond to achieve them.

Process of identifying materiality



We will draw up a list of potential themes by adding new social issues and high-profile issues to the themes considered in the previous process. We will classify and consolidate the themes as materiality factors with reference to various guidelines.

Reference material

- ISO26000
- GRI Standards
- SASB CHEMICALS
- SDGs
- Competitors' materiality issues
- In-house workshops

We will assess the priority levels with which to tackle of the materiality factors based on the two axes of “degree of impact on society” and “degree of impact on the company. We will also add the following elements to our considerations.

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

After summing up the opinions of the individual divisions that handle the promotion of CSR activities, we will hold discussions at Strategic Meetings, which comprise Operating Officers with a title, and in the Sustainability Committee chaired by the President, and select the important issues. The lead divisions and divisions tasked with handling the important issues will also draft KPIs and numerical targets.

The Board of Directors will approve the important issues. Moreover, the KPIs and numerical targets of each important issue will be adjusted as required based on the opinions of the Board of Directors. Based on this, the individual divisions will carry out their respective activities.

The important issues will undergo periodic reviews. Each of the important issues will be reviewed annually by following Steps 1-3 while incorporating internal and external stakeholders' opinions.

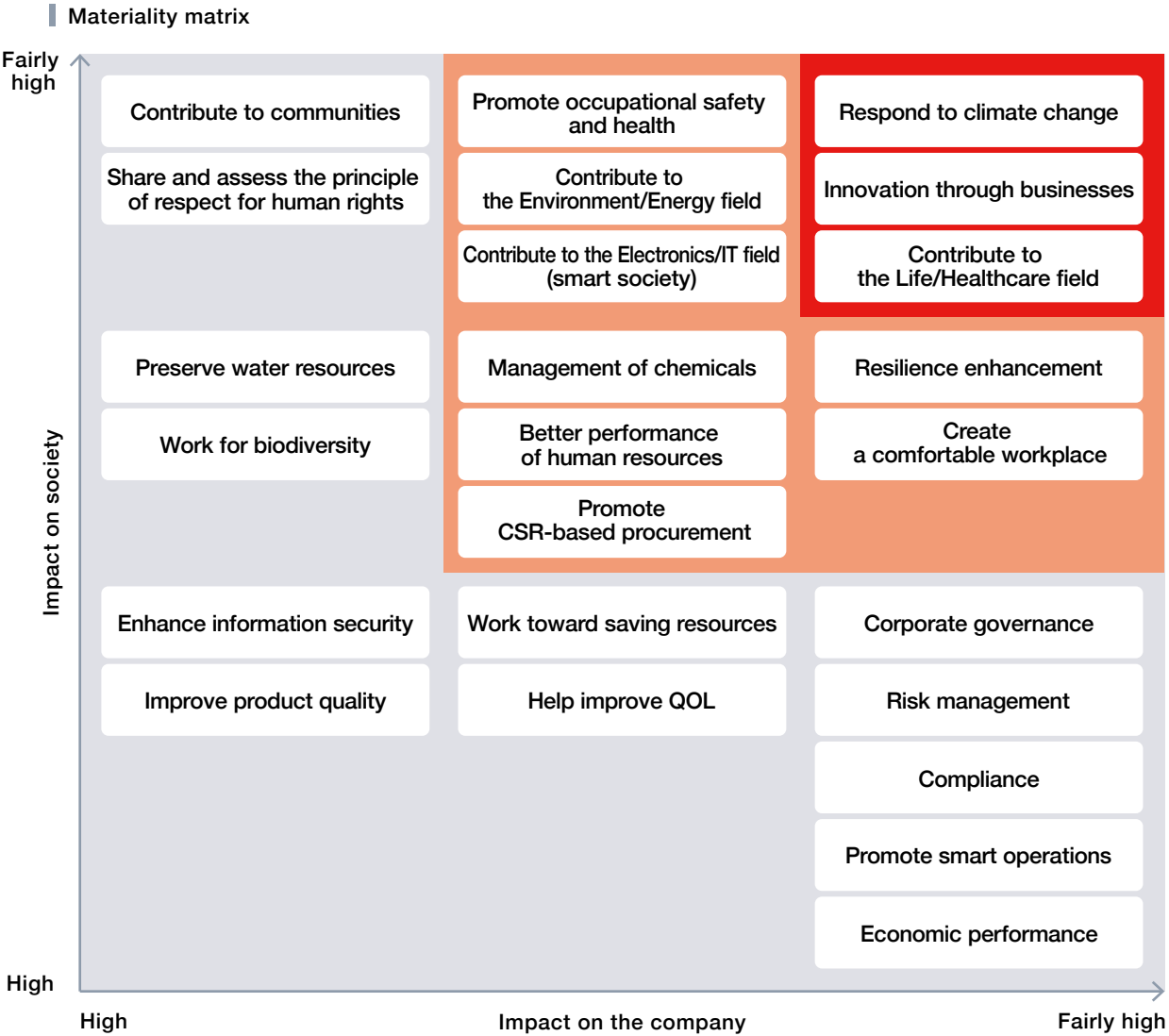
Materiality

Materiality matrix

The 24 materiality factors were mapped according to the two axes of “degree of impact on society” and “degree of impact on the company” to create a materiality matrix. The 11 items shown in the top right domain were identified as materiality issues.

FY2023 review

All Directors and Operating Officers with a title, including Outside Directors, participate in the Sustainability Committee, which is chaired by the President, and they reviewed materiality issues and set fiscal 2024 targets based on the actual results in fiscal 2023 for each materiality issue.



Materiality

Three categories and the main initiatives

The 11 important issues arranged in the Materiality Matrix were divided into three activity categories.

Provide new values to realize a prosperous and sustainable society

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



▶ P.046-049

Strengthen the business foundation

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



▶ P.050-055














Promote responsible care activities

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
















▶ P.056-069













Provide new values to realize a prosperous and sustainable society

Materiality	Goals (KPIs)	FY2023				FY2024		
		Numerical targets	Target year	Results	Details of major initiatives	Numerical targets	Target year	Details of major initiatives
Innovation through businesses	  R&D investment NOF Group	¥25.6 billion (3-year cumulative total)	2025	¥7.3 billion (achievement rate of 28%)	Enhancement of R&D capabilities <ul style="list-style-type: none"> • Call for commissioned industry-academia research • Promotion of joint research • Enhancement of support for R&D • Intellectual property strategy formulation and strategic applications 	¥25.6 billion (3-year cumulative total)	2025	Enhancement of R&D capabilities <ul style="list-style-type: none"> • Call for commissioned industry-academia research • Promotion of joint research • Enhancement of support for R&D • Intellectual property strategy formulation and strategic applications
	 Number of patent applications NOF	500 (3-year cumulative total)	2025	161 (achievement rate of 32%)		500 (3-year cumulative total)	2025	
Contribute to the Life/Healthcare field NOF Group	  Net sales of strategic products in the Life/Healthcare field	Up 15% (compared to FY2022 results)	2025	Up 3.1%	<ul style="list-style-type: none"> • Supply of strategic products to the Life/Healthcare field 	Up 15% (compared to FY2022 results)	2025	<ul style="list-style-type: none"> • Supply of strategic products to the Life/Healthcare field
Contribute to the Environment/Energy field NOF Group	      Net sales of strategic products to the Environment/Energy field	Up 15% (compared to FY2022 results)	2025	Up 11.8%	<ul style="list-style-type: none"> • Supply of strategic products to the Environment/Energy field 	Up 15% (compared to FY2022 results)	2025	<ul style="list-style-type: none"> • Supply of strategic products to the Environment/Energy field
Contribute to the Electronics/IT field (smart society) NOF Group	  Net sales of strategic products in the Electronics/IT field	Up 15% (compared to FY2022 results)	2025	Up 1.2%	<ul style="list-style-type: none"> • Supply of strategic products to the Electronics/IT field 	Up 15% (compared to FY2022 results)	2025	<ul style="list-style-type: none"> • Supply of strategic products to the Electronics/IT field

Strengthen the business foundation

Materiality		Goals (KPIs)	FY2023				FY2024		
			Numerical targets	Target year	Results	Details of major initiatives	Numerical targets	Target year	Details of major initiatives
Creation of comfortable workplaces • employee engagement <div>NOF</div>	 	Utilization rate of annual paid leave	75% or more	2025	76.0%	● Promotion of utilization of annual paid leave	75% or more	2025	● Raising awareness by disseminating the Health-Conscious Management Declaration
		Overall employee engagement score	50.0 or more	2025	49.5	● Execution of measures using employee engagement surveys as a starting point	50.0 or more	2025	● Execution of measures using employee engagement surveys as a starting point
Better performance of human resources • Human resources development • Diversity <div>NOF</div>	   	Training costs	Over 2.5-fold (compared with FY2022)	2025	1.7-fold	● Strengthening of human resources development support	Over 2.5-fold (compared with FY2022)	2025	● Strengthening of human resources development support
		Rate of hiring of female new graduates recruited for career-track positions	30% or more	Every year	32.7%	● Expansion of hiring of female new graduates recruited for career-track positions	30% or more	Every year	● Implementation of systematic recruitment
		Ratio of female management-level employees	Over 3-fold (compared with FY2021)	2030	1.1-fold	● Increasing the Ratio of female management-level employees	Over 3-fold (compared with FY2021)	2030	● Implementation of systematic recruitment ● Development and promotion of female management-level employees
		Percentage of employees with disabilities	3.0% or more	2030	2.54% (end of March 2024)	● Promotion of employment of people with disabilities	3.0% or more	2030	● Promotion of employment of people with disabilities
		Pay gap ratio between male and female full-time employees	75% or more	2030	72.6%	● Reduction in pay gap between male and female employees	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	100%	2030	97.4%	● Increase of rate of male employees utilizing childcare leave	100%	2030	● Development of environments where leave can be utilized easily
		Rate of hiring of mid-career workers for executive and career-track positions	25% or more	Every year	38.8%	● Hiring of mid-career human resources	25% or more	Every year	● Implementation of systematic recruitment
		Promotion of CSR-based procurement <div>NOF</div>	   	Coverage rate of CSR questionnaire (based on value of purchases)	85% or more	2025	83% (cumulative total over 2025 plan)	● Implementation of CSR questionnaire for suppliers (suppliers with value of purchases of ¥5 million/month or more)	85% or more
Improvement requests via interviews to target suppliers in order to firmly establish CSR-based procurement (based on number of companies)	85% or more			2025	— (planned for implementation in FY2025)	● Review of target suppliers and polishing of interview content	85% or more	2025	● Implementation (ahead of schedule) of improvement requests via interviews to target suppliers
Resilience enhancement <div>NOF Group</div>	 	BCP education and training hours	Total of 4,000 hours or more	Every year	Total of 7,000 hours	● Enhancement of each BCP manual ● Improvement of response capabilities through expanded training scenarios ● Inspection and confirmation of location activities through audits	Total of 4,000 hours or more	Every year	● Enhancement of each BCP manual ● Improvement of response capabilities through expanded training scenarios ● Inspection and confirmation of location activities through audits

Promote responsible care activities

Materiality	Goals (KPIs)	FY2023				FY2024		
		Numerical targets	Target year	Results	Details of major initiatives	Numerical targets	Target year	Details of major initiatives
Response to climate change	  CO₂ emissions Domestic Group	40% reduction (compared with FY2013)	2030	135,000 tons/year	<ul style="list-style-type: none"> Promotion of a shift to energy sources with low environmental impact Promotion of introduction of energy-saving facilities Promotion of efficient energy use and visualization 	40% reduction (compared with FY2013)	2030	<ul style="list-style-type: none"> Promotion of a shift to energy sources with low environmental impact Promotion of introduction of energy-saving facilities Promotion of efficient energy use and visualization
	  Carbon neutrality NOF Group	Aim for achievement	2050	25% reduction (compared with FY2013)		Aim for achievement	2050	
Management of chemicals	      Emissions of substances subject to PRTR Act after revision in FY2021 Domestic Group	under 170 tons/year	Every year	167 tons/year	<ul style="list-style-type: none"> Creation and execution of emission reduction measures Reevaluation of production processes 	under 170 tons/year	Every year	<ul style="list-style-type: none"> Creation and execution of emission reduction measures Reevaluation of production processes
Promote occupational safety and health	  Number of lost workday-involving accidents Domestic Group	0	Every year	3 cases	<ul style="list-style-type: none"> Enhancement of sensitivity toward danger Thorough enforcement of basic safety actions Reduction of disaster risks Strengthening of responses based on Sangen Shugi (the “three actuals” principle) 	0	Every year	Through the participation of all personnel and anticipating risk <ul style="list-style-type: none"> Enhancement of sensitivity toward danger Thorough enforcement of basic safety actions Reduction of disaster risks Strengthening of responses based on Sangen Shugi (the “three actuals” principle)

Initiatives for clean tech

Policy (our fundamental view)

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

In this era with 100-year life expectancies, there is a strong need to solve social issues related to health, such as reducing social security costs by extending healthy life expectancy and

improving the quality of life of elderly people. In addition, the level of performance required of electronic materials is increasing, such as higher picture quality for audio visual devices and smartphones, faster speed and larger capacity for telecommunications technology, and acceleration of the shift to electric automobiles (EVs). Based on these social needs, the Corporate R&D Division plans and proposes company-wide research strategies and focuses efforts on the creation of new business.

In fiscal 2023, the “NOF call for commissioned industry-academia research,” a project aimed at

business creation through an external open call, was opened from October 2023 in four areas among materials and technologies in the medical care and medical device fields for which future market growth and NOF’s technology utilization are anticipated. As a result of careful evaluation and screening, including for commercialization potential at NOF, we decided to select three materials and technologies. Those selected will be provided with commissioned research funds to conduct research over a period of one year toward contributing to society, aiming at commercialization in future.

Promotion of R&D in our three prioritized business fields

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



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



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



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

Our “commissioned industry-academia research open innovation program” through external collaboration

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



Life/Healthcare field

Called for applications from four topics related to medical care and medical devices, and selected three materials and technologies from these

The commissioned industry-academia research open innovation program, which aims to develop new technologies and products through co-creation with external parties, called for applications on topics related to the medical care and medical device fields. We called for applications on the four topics of (1) materials for regenerative medicine, cell therapy, and gene therapy; (2) in vitro diagnostic pharmaceutical materials; (3) materials for pharmaceuticals (small molecules, peptides, nucleic acid, biotech); and (4) materials for medical devices from applicants from various research and academic institutions and startups in Japan and overseas. With the support of NineSigma Holdings, Inc. and after careful screening for commercialization potential and other factors, we selected technologies from Shinshu University, Nagasaki University, and Nagoya University. Selected organizations will be provided with commissioned research funds to conduct research over a period of one year toward contributing to society, with the aim of new business creation in future.



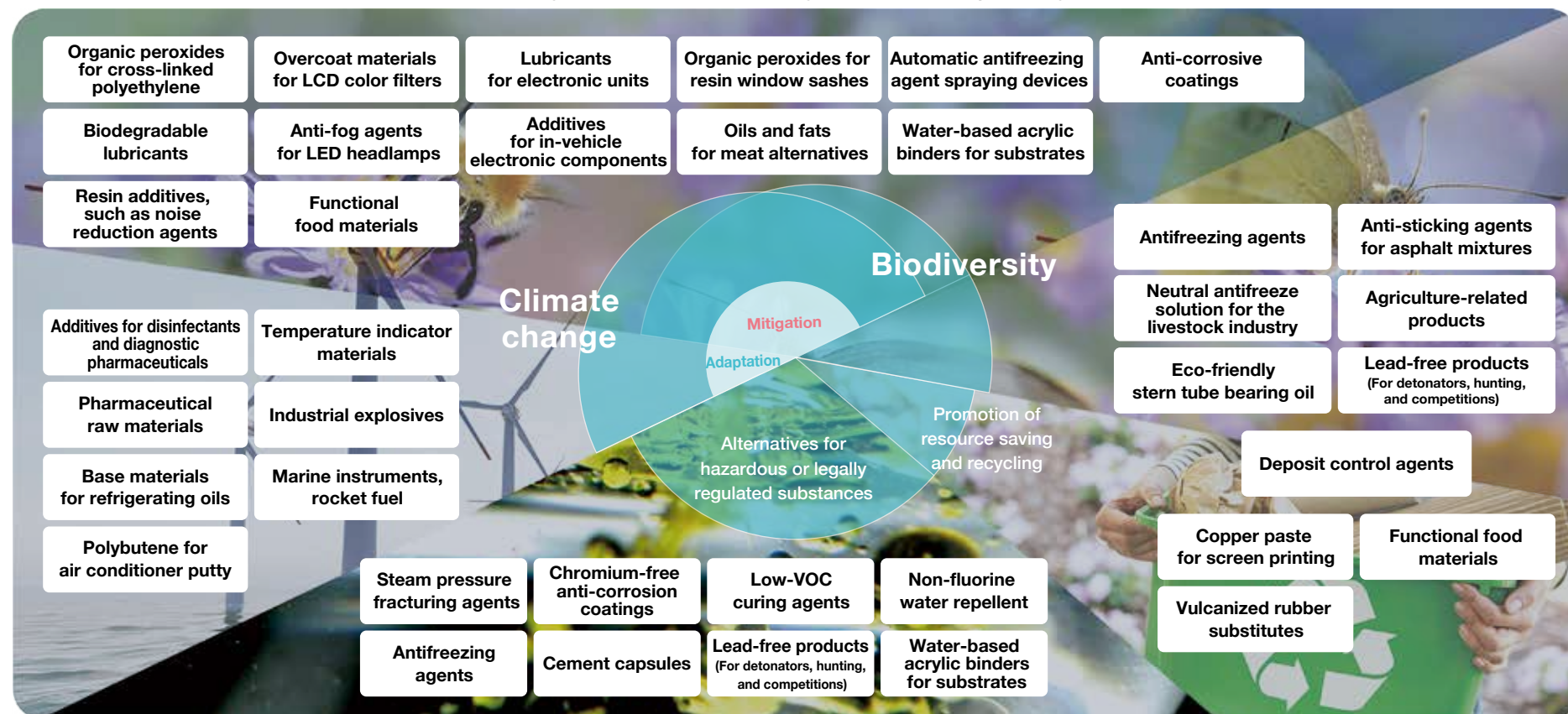
Selected organizations (in Japanese syllabary order)



Products that Contribute to the Environment

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

Products that contribute to the environment, including to address climate change and biodiversity, among the cleantech-related products of the NOF Group



Theme 2 Strengthen the business foundation

Human capital initiatives

Policy (our fundamental view)

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

We will continue to hire diverse human resources regardless of an individual's gender, age, nationality, or disability. Further, in order to create a corporate culture in which women can play a more active role, we will enhance systems that enable women to work comfortably.



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.

We will promote human resources development measures that include support for career design development in addition to the development of autonomous human resources and DX human resources. We will also work to develop employee leadership and promote a corporate culture that values “challenge” in order to achieve sustainable business growth.

Each individual takes on the challenge of creating new value

In order to further strengthen an organizational culture where employees themselves embody and act in accordance with the three values of “Challenge,” “Fairness,” and “Harmony,” we have launched human resources development initiatives to deepen all employees’ understanding of the three values as relevant to themselves. By having an awareness that each individual takes ownership in promoting businesses and is responsible for his or her own work, we hope to achieve growth both as individuals who take on the challenge of creating new value in a rapidly changing and increasingly uncertain business environment and as an organization in which human resources are assembled together. Based on the belief that human resources growth is the foundation of management, we hope to continue to provide generous support for the growth aspirations of each individual by enhancing diversity and improving employee engagement while also taking into account the perspective of human capital management.

General Manager,
HR & General Affairs
Department and Operating Officer

Akihisa Maeda



Governance

① Sustainability Committee

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

② Strategic Meetings

At Strategic Meetings, which are attended by Directors concurrently serving as Operating Officers and Operating Officers with a title, members promote activities to secure human resources, including deliberating on the number of personnel expected to be hired, their assignments, and ensuring diversity, as well as evaluating the status of hiring, in order to secure diverse human resources based on the belief that acceptance and respect for diversity encourages the creation of innovation. In addition, to ensure that each and every employee can perform their duties with motivation, we aim to create rewarding and comfortable workplaces by conducting employee engagement surveys, evaluating the survey results, and identifying issues to improve the effectiveness of our efforts.

③ Human Resources Meetings

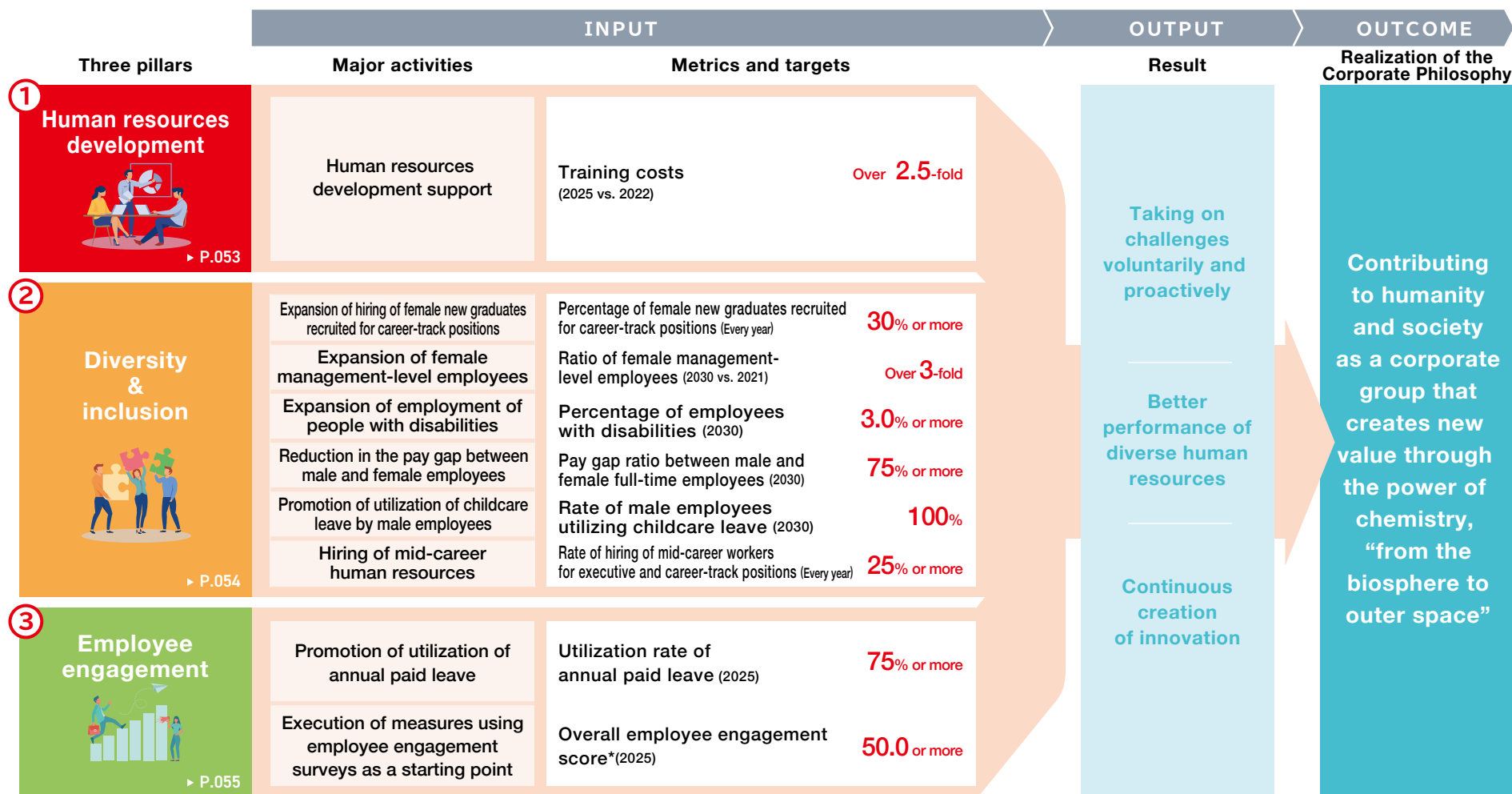
At Human Resources Meetings, which are attended by Directors concurrently serving as Operating Officers and Operating Officers with a title, members deliberate on Company-wide human resources development plans and evaluate the details of their implementation in order to steadily promote human resources development measures that support sustainable business growth. The meetings also provide a space to implement deliberations on personnel evaluations at the general manager level, periodic interviews, interviews with candidates for promotion, and reports from managerial candidates on recommendations for management policies and other matters, and members are involved in understanding the characteristics of personnel at the general manager level and human resources development measures, and a system has been established to implement a PDCA cycle for training of human resources including successive personnel.

④ Nomination Committee

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

We create diverse human resources that takes on the challenge of creating new value.

NOF



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

Human Resources Development

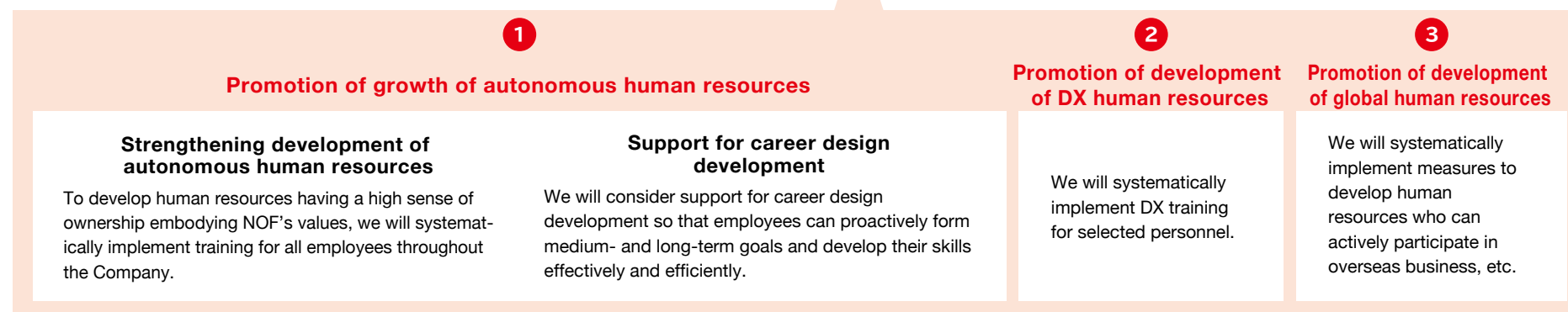


In a rapidly changing and increasingly uncertain business environment, as a driving force toward achieving our corporate vision for fiscal 2030 depicted in NOF VISION 2030, we hope to grow into an assembled team of human resources who have a high sense of ownership and are willing to see work through to the end in order to solve problems.

To this end, as investment in human capital, we will provide an environment that encourages each individual to take on challenges by offering opportunities to learn new knowledge and various insights and skills, along with enhancing training by rank and by issue and expanding support for self-education and development.

Major activities in FY2023	Career training for employees to independently and proactively consider medium-term career design	Development of autonomous human resources with a deep understanding of NOF's values and a high sense of ownership	NOF Management School, which aims to develop next-generation managerial human resources	Initiatives for development of DX human resources toward selected human resources that promote DX	Providing opportunities to get a feel for the thinking of managers, cultural figures, and researchers from various fields
	99 people	1,861 people	15 people	75 people	436 people

Training costs NOF

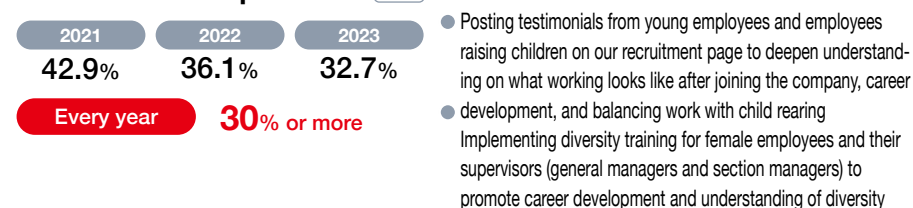


Diversity & inclusion

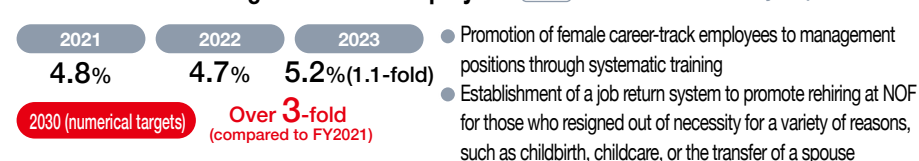


We believe that in order to achieve sustainable business growth, it is important to create an environment and culture capable of drawing out the maximum vitality of employees with diverse values, and that by accepting and respecting diversity, we can continue to generate innovation. The active participation of female employees is a major issue in promoting diversity and inclusion. 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 nine years. The percentage of female career-track employees, which was less than 10% of all career-track employees as of the end of fiscal 2015, rose to 25% by the end of fiscal 2023. 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 promote this initiative from now on in our efforts to create an environment in which diverse human resources can actively participate and increase the ratio of female management-level employees from a medium-term perspective.

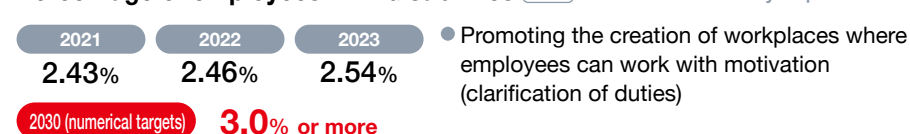
Ratio of female new graduates recruited for career-track positions NOF [Sustainability Report ▶ P.170](#)



Ratio of female management-level employees NOF [Sustainability Report ▶ P.172](#)



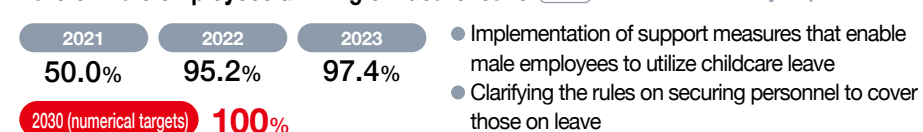
Percentage of employees with disabilities NOF [Sustainability Report ▶ P.171](#)



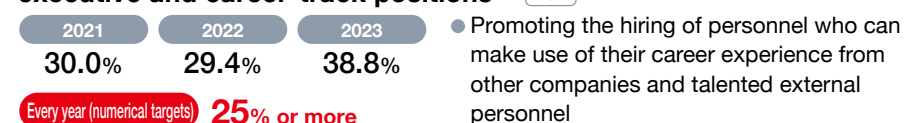
Pay gap ratio between male and female full-time employees*1 NOF [Sustainability Report ▶ P.173](#)



Rate of male employees utilizing childcare leave NOF [Sustainability Report ▶ P.176](#)



Rate of hiring of mid-career workers for executive and career-track positions*2 NOF [Sustainability Report ▶ P.170](#)



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

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

Employee engagement

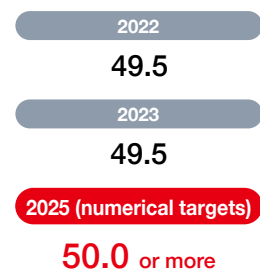


We believe that each individual employee having an understanding of our corporate philosophy and values, thereby performing his or her duties with a high sense of ownership and motivation, is the driving force for achieving sustainable business growth. We are focusing on improving employee engagement with the topic of developing human resources that can talk about and realize our vision for a decade from now, as well as increasing their number, with a view to strengthening internal branding. As efforts to achieve this, we are working to create comfortable workplaces from various perspectives, including the development of autonomous human resources based on NOF's values, diversity and inclusion, work-life balance, health, occupational health and safety, and labor-management relations. We have conducted employee engagement surveys since fiscal 2022 to ascertain employee engagement and the results of past initiatives. We identify overall employee engagement scores based on employee engagement related to work and duties (creativity, relationship building, and meaning-making) and employee engagement related to the company and organization (work content, human relations, and organizational systems). We analyze and evaluate these scores, and implement and plan the following measures.

Initiatives to improve employee engagement

- Holding workshops for all employees, etc. to share the newly defined values and promote understanding of autonomous actions based on these values
- Career development support initiatives (implementing career training, newly establishing a career consultation service)
- Support for self-education/development by enhancing distance learning
- Support for promoting health through the use of sports gyms
- Ongoing initiatives aimed at smoking cessation (from FY2021)
- Enhancing the cumulative saved leave system (revising the cumulative framework and number of days, adding illness during pregnancy as a reason for use, etc.)
- Enhancing the eligible length of service for refresh leave (service leave)

Overall employee engagement score NOF



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

- Understanding of the Corporate Philosophy
- Evaluation of the performance appraisal system management
- Evaluating of the remote work policy
- Evaluating of compliance initiatives

Theme 3 Promote responsible care activities ①

Climate change initiatives

Policy (our fundamental view)

Climate change is an urgent issue shared by the entire world. It poses various threats, including an increase in abnormal weather conditions, adverse effects on ecosystems, and a decrease in water resources. The NOF Group has set the reduction of greenhouse gas emissions as one of the goals of its responsible care (RC) activities, and has been working on various energy-saving measures. In view of the 2050 Carbon Neutral Declaration announced by the government in October 2020 and its new targets to reduce greenhouse gas emissions announced in April 2021, the NOF Group has decided to set new targets to reduce greenhouse gas emissions. By recognizing the risks and opportunities posed by climate change and promoting countermeasures, the NOF Group will

co-create new value with the power of chemistry toward the realization of a prosperous and sustainable society as stated in the NOF VISION 2030.

Support for the TCFD recommendations



In April 2022, the NOF Group announced its support for the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). Based on the TCFD recommendations, the Group will work to reduce climate-related risks and create opportunities for growth, as well as expand our information disclosure.

Governance

The NOF Group identifies materiality issues

(important issues) related to sustainability through discussions in the Strategic Meeting, which is composed of Directors concurrently serving as Operating Officers and Operating Officers with a title, and the Sustainability Committee, which is chaired by the President and Chief Executive Officer. The Board of Directors then approves the materiality issues. For each materiality issue, KPIs and numerical targets are set and activities are promoted by the supervising organizations and departments in charge, with the progress and results reported to the Sustainability Committee. All Directors participate in carrying out their review, with key issue items, KPIs, numerical targets, and response policies examined to continuously improve the level of activities.

Response to climate change is identified as one of the materiality issues, and important matters

including medium- and long-term targets are discussed 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 greenhouse gas emission reduction measures. 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. A system has been put in place in which the results of these committees and meetings are reported to the Board of Directors at least twice a year for supervision.

Risk management

The Risk Management Committee comprehensively identifies various management risks surrounding its business, and conducts Company-wide risk assessment on the level of impact and potential for occurrence of each item in order to identify risks that need to be addressed as a priority. In disclosing information based on TCFD 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 impacted by climate change among the

various management risks surrounding our business, and conducts risk management 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 risk countermeasures.

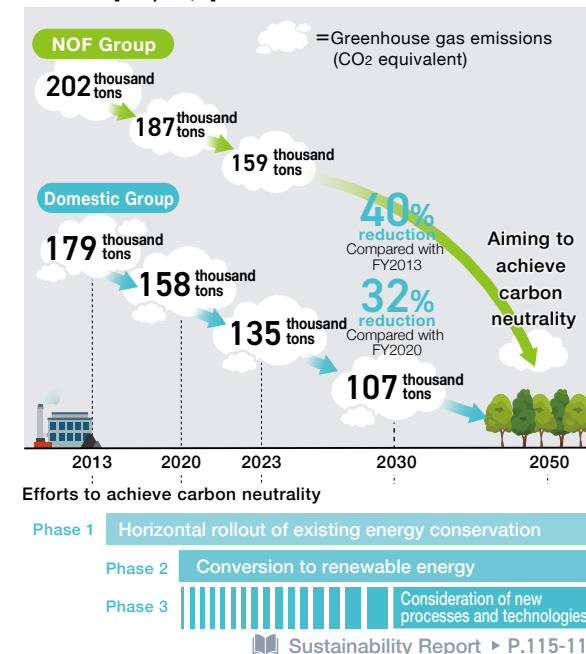
Metrics and targets

The domestic Group has created a roadmap toward reducing greenhouse gas emissions with the target of reducing greenhouse gas emissions in 2030 by 40% compared to fiscal 2013 levels, and is working to mitigate climate change in its business activities.

In Phase 1, we have been working on the horizontal rollout of existing energy conservation through waste heat recovery and other energy conservation improvement activities, upgrading to high-efficiency equipment, the introduction of solar power generation at the Daishi Plant, and more. Also, considering the possibility of an increase in emissions due to business expansion, we have decided to make a strategic investment of ¥2.1 billion for environmental response in the 2025 Mid-term Management Plan. As a new Phase 2, we are working on the conversion to renewable energy sources, including considering the introduction of Internal Carbon Pricing (ICP), electrifying non-elec-

trified facilities, converting energy sources by reviewing production processes, and introducing electricity certified to come from non-fossil fuel sources. Further, in Phase 3, the Group will aim to become carbon neutral in 2050 by starting to consider new processes and technologies, such as the transition to low energy-consumption processes and the utilization of new energy sources (hydrogen, ammonia), etc., while also reducing the financial burden associated with transition risks.

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



Strategy: Scenario Analysis

The NOF Group analyzes the risks and opportunities posed by climate change based on the 1.5°C and 2°C scenario as well as the 4°C scenario. The key risks and opportunities are as follows.

Category	Scenario	Major risks and opportunities	Overview	Level of impact (2030)	Countermeasures
Transition risks	1.5°C 2°C	Tighter domestic and international regulations	Increased financial burden due to introduction of carbon tax, etc.	Large	•Promotion of measures toward reducing greenhouse gas emissions
		Sharp rise in raw material prices	Sharp rise in prices of raw materials such as petrochemicals and vegetable and animal-based oils and fats due to a decrease in the supply of petroleum, etc. and an increase in demand for biofuels	Large	•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.)
		Sharp rise in energy and transportation costs	Sharp rise in prices of oil and natural gas	Medium	•Introduction of energy-saving equipment, review of processes •Promotion of joint delivery and modal shifts
		Changes in the sales destination environment due to the shift to a decarbonization market	Decrease in sales due to decline in market share of gasoline and diesel vehicles	Medium	•Strengthening our response to decarbonization markets, such as electric vehicles and renewable energy
		Deterioration of evaluation/reputation	Deterioration of evaluation from investors in ESG investment and reputation among customers due to delay in climate change countermeasures	Small	•Active promotion of measures to reduce greenhouse gas emissions and information communication
Physical risks	4°C	Natural disasters such as torrential rains, floods, typhoons, storm surges, etc.	Increased risk of business interruption in production sites and supply chains due to increased torrential rainfall, sea level rise, and storm surges caused by stronger typhoons as a result of climate change	Large	•Rain water countermeasures and disaster prevention measures for buildings and facilities •Review the business continuity plan (BCP) and conduct education, training, and audits •Multiple purchases of raw materials
		High temperatures and heat waves	Impact of rising temperatures on refrigeration, air-conditioned storage, etc. in warehouses	Medium	•Ongoing review of facility investment plans
Opportunities	1.5°C	Growing needs for products that contribute to climate change solutions	Expanding needs for products that contribute to climate change mitigation and adaptation (see p.60-61 for details)	Large	•Development and provision of products that contribute to climate change mitigation and adaptation
	2°C	Improvement of evaluation and reputation	Improve evaluation from investors in ESG investment and reputation among customers through active climate change countermeasures	Small	•Development and provision of products that contribute to climate change solutions and communication of information on promotion of greenhouse gas reduction

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

* 4°C scenario: A scenario in which climate change has progressed to the point where the average global temperature has increased by 4°C at the end of the 21st century compared to pre-industrial times (UN Intergovernmental Panel on Climate Change (IPCC) "RCP8.5," etc.)

* Level of impact: Financial amount of impact of risks - over 1 billion yen (large), less than 1 billion yen and over 100 million yen (medium), less than 100 million yen (small)
Market scale of opportunities - over 30 billion yen per year (large), less than 30 billion yen and over 3 billion yen (medium), less than 3 billion yen (small)

Financial impacts (selected)

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 costs 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	<p>(Hundreds of millions of yen/year)</p> <p>40 30 20 10 0</p> <p>0.5 31.6</p> <p>2020 2030 (FY)</p> <p>3.1 billion yen /year</p>	CO ₂ equivalent emissions in fiscal 2020, with a carbon price of 20,000 yen per ton of CO ₂ in fiscal 2030. Domestic Group
		Renewable energy charges	Increased energy costs	<p>(Hundreds of millions of yen/year)</p> <p>6 4 2 0</p> <p>3.8 5.2</p> <p>2020 2030 (FY)</p> <p>0.14 billion yen /year</p>	The unit price of the renewable energy charge for fiscal 2030 is set at 4.1 yen/kWh based on fiscal 2020 electricity consumption. Domestic Group
Physical risks	4°C	Storm surges	Flooding of facilities due to storm surges	<p>(Hundreds of millions of yen/year)</p> <p>100 80 60 40 20 0</p> <p>0 77</p> <p>2020 2050 (FY)</p> <p>7.7 billion yen</p>	Typhoons and embankment failures every 500 to several thousand years. NOF

Mitigation: 1.5°C and 2°C scenario

*Mitigating the progression of climate change
by reducing greenhouse gas emissions

Electric vehicles

Functional Materials business Metal Coatings business

Market
scale Large

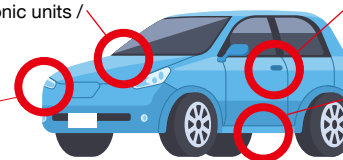
Compared to gasoline-powered vehicles, EVs are expected to cause increased demand for additives for in-vehicle electronic components, lubricants for electronic units, anti-corrosive coatings, and overcoat materials for LCD color filters due to the increase in electronic components (passive components) and electronic units, as well as more and larger LCD panels. In addition, because LED lights are effective in reducing power consumption of EVs, demand for anti-fog agents for LED headlamps is expected to increase. Furthermore, EVs will make vehicles quieter, which is expected to increase demand for resin additives, such as agents that prevent abnormal noises caused by resins rubbing against each other in interior parts.

End uses of the NOF Group's products

For capacitors and LCD panels

(Additives for electronic components /
Lubricants for electronic units /
Overcoat materials)For noise reduction agents
in door hinges and interior parts
(Resin additives)For antifogging of
LED headlamps

(Anti-fog agents)

For bolts, nuts,
and other parts
that hold batteries
in place
(Anti-corrosive coatings)

Wind / solar power generation

Functional Materials business Metal Coatings business

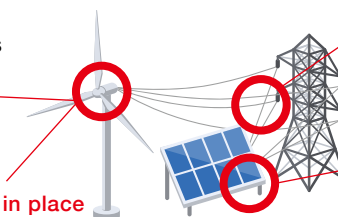
Market
scale Medium

Demand is expected to increase for anti-corrosive coatings for bolts used in wind power generation blades and solar panel mounting parts, as well as biodegradable lubricant required for gear lubrication. Demand is also expected to increase for organic peroxides for cross-linked polyethylene, which is used as a coating material for ultra-high-voltage and high-voltage electric wires used to transmit electricity from wind and solar power generation sites.

End uses of the
NOF Group's products

For gear oil

(Biodegradable lubricants)

For ultra-high-voltage
and high-voltage wire
coating materials
(Organic peroxides)For bolts
that hold blades in place
(Anti-corrosive coatings)For mounting parts
(Anti-corrosive coatings)

Meat alternatives

Functional Foods business

Market
scale Small

Demand is expected to increase for meat alternative oils and fats that help improve the flavor and texture of plant-derived meat alternatives that reduce environmental impact.

End uses of the
NOF Group's productsFor meat alternatives
such as
soy meat hamburgers

(Oils and fats for meat alternatives)



Resin window sashes

Functional Materials business

Market
scale Small

Demand for organic peroxides is expected to increase with the spread of energy-efficient housing because vinyl chloride resin is used in resin window sashes with high thermal insulation properties.

End uses of the
NOF Group's productsFor resin window sashes
(Organic peroxides)

Adaptation

*Reduction of climate change impacts through disaster prevention, etc.

Air conditioners / refrigerators

Functional Materials business

Metal Coatings business

Market
scale

Large

Demand for refrigerating machine oil, a lubricant for refrigeration equipment, anti-corrosive coatings for fastening parts for external air conditioner units, and polybutene for air conditioner putty is expected to increase due to the increasing need for air conditioners and refrigerators accompanying rising temperatures around the world, including developing countries. The base materials for refrigerating oils sold by NOF are for alternative CFC refrigerants and contribute to climate change adaptation.

End uses of the NOF Group's products

For putty
on air conditioner
pipes

(Polybutene)

For fastening parts

(Anti-corrosive coatings)

For lubricants
used in
air conditioners
and refrigerators(Base materials
for refrigerating oils)Diagnostic pharmaceuticals /
Pharmaceutical raw materials

Functional Materials business

Life Science business

Market
scale

Large

Due to climate change, there are concerns about the spread of tropical infectious diseases and other diseases and disorders. Therefore, demand for pharmaceutical raw materials is expected to increase due to the rise in disinfectants and additives for diagnostic pharmaceuticals to combat infectious diseases as well as the number of pharmaceutical products against diseases and disorders.

End uses of the
NOF Group's productsFor
disinfecting
hands
(Additives)For diagnostic pharmaceuticals
to combat infectious diseases
(Additives)For pharmaceutical ingredients
(Pharmaceutical raw materials)Environmental information /
Disaster prevention and mitigation products

Explosives & Propulsion business

Market
scale

Small

As climate change progresses, the need to survey the entire world, including seawater temperatures, may increase, and the amount of marine instruments, rocket launches, etc., for research may increase. In addition, there may be increased applications for temperature indicator materials (labels, stickers, etc.) for temperature control that change color when a specific temperature is reached. Furthermore, with the increased risk of storm surges and other such conditions, there may be an increase in embankment construction using industrial explosives involving procurement of rocks and soil from mountainous areas.

End uses of the NOF Group's products

For marine instruments
and rockets

(Marine instruments, rocket fuel)

To procure soil
for embankment
construction
(Industrial explosives)

Greenhouse gas emissions

In view of the 2050 Carbon Neutral Declaration announced by the government in October 2020 and its new targets to reduce greenhouse gas emissions announced in April 2021, the NOF Group set a new target of reducing CO₂ emissions by 40% by fiscal 2030 compared to fiscal 2013. The Group has already reduced CO₂ emissions by about 25% (compared to fiscal 2013) in fiscal 2023, and aims to reduce greenhouse gas emissions and achieve carbon neutrality by 2050.

Scope 1 and 2 CO ₂ emissions (FY2023)			
	Scope1	Scope2	Total (Scope1+2)
NOF	44.4	78.2	122.7
Domestic Group	51.2	83.4	134.5
NOF Group	58.6	100.6	159.2

(Thousand tons of CO₂)

Scope 3 CO₂ emissions (FY2023)

NOF Group

(Thousand tons of CO₂)

Category	FY2023	Calculating method
1 Purchased products and services	453.3	Calculated by multiplying the quantity and cost of each item of purchased raw materials, consumables, and repair materials by the emission intensity by division according to the guidelines Calculation scope: All of NOF, 8 domestic affiliate companies in Japan, and 2 major overseas affiliate companies
2 Capital goods	53.3	Calculated by multiplying acquisition cost of fixed assets by CO ₂ the emission intensity according to the guidelines
3 Fuels and energy-related activities not included in Scope 1 or 2	29.1	Calculated by multiplying the sum of electricity consumption and steam consumption by CO ₂ the emission intensity according to the guidelines
4 Transportation and distribution (upstream)	26.7	Calculated from ton-kilometers of transportation for purchased raw materials and ton-kilometers of transportation for delivered products for which the company is the consignor
5 Waste generated in business activities	9.7	Calculated by multiplying the weight of each type of waste generated at production sites by CO ₂ the emission intensity according to the guidelines
6 Business travel	0.5	Calculated by multiplying the number of employees by CO ₂ the emission intensity according to the guidelines
7 Employee commuting	1.4	Calculated by multiplying the amount of commuting expenses by CO ₂ the emission intensity according to the guidelines
8 Leased assets (upstream)	—	Not applicable
9 Transportation and distribution (downstream)	—	Not applicable
10 Processing of sold products	17.8	Calculated by multiplying the sales volume of processed edible oils and industrial explosives by the emission intensity according to the guidelines
11 Use of sold products	Not determined	Calculation is not possible because NOF products are mainly intermediate raw materials and the processing methods utilized by users after delivery are wide-ranging and undisclosed
12 End-of-life treatment of sold products	0.6	For packaging materials of shipped products, calculated by multiplying the weight of each type by the emission intensity according to the guidelines
13 Leased assets (downstream)	—	Not applicable
14 Franchises	—	Not applicable
15 Investments	—	Not applicable
Total	592.4	

* From fiscal 2023, the scope of Scope 3 is calculated as a consolidated Group that includes major overseas affiliate companies (Categories 1, 2, 3, and 6)

* Guidelines utilized: Emission Factor Database on Accounting for Greenhouse Gas Emissions of an Organization Throughout the Supply Chain (Ver. 3.4) (issued by the Ministry of the Environment and the Ministry of Economy, Trade and Industry)

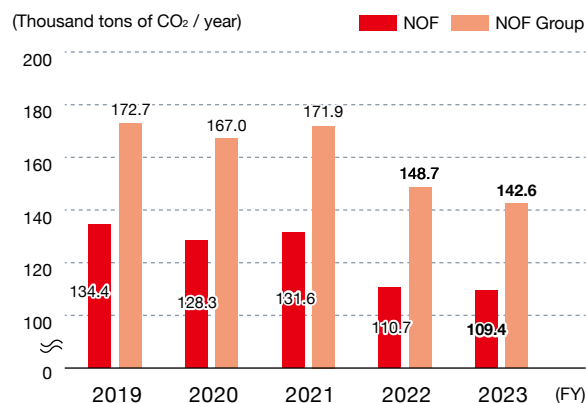
Energy consumption and CO₂ emissions

Energy consumption for fiscal 2023 decreased 6.5% from the previous year for the NOF Group, and decreased 4.5% from the previous year for NOF. The total volume of energy-derived CO₂ emissions decreased 4.1% from the previous year to 143,000 tons for the NOF Group, and decreased 1.1% from the previous year to 109,000 tons for NOF. Energy intensity per product increased 0.9% from the previous year to 13.9 GJ/t for the NOF Group, and slightly increased by 0.4% from the previous year to 14.6 GJ/t for NOF. Going forward, we will continue to steadily implement energy conservation measures, including conversion to high-efficiency equipment.

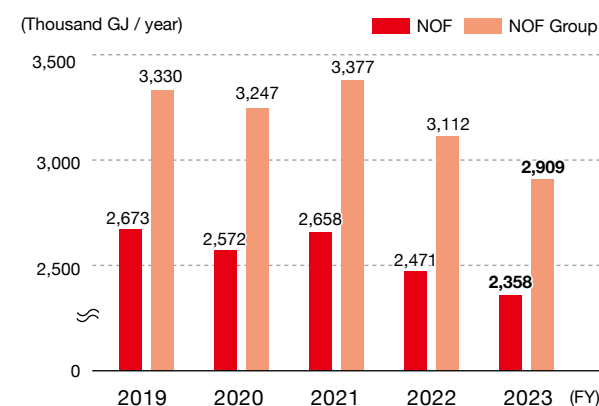
CO₂ emissions other than from energy consumption

At the Aichi Works, NOF manufactures products for specific purposes using perfluorocarbon (PFC), which has a high global warming coefficient, as the diluent for organic peroxides. In fiscal 2023, PFC emissions decreased approximately 37% from fiscal 2022, due in part to the effects of facility improvements. Going forward, we will aim to reduce emissions through efforts such as maintaining steady operation of recovery equipment and further promoting the use of alternative diluent.

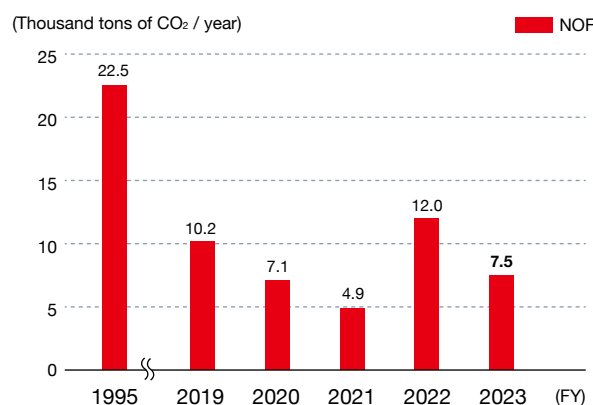
Changes in CO₂ emissions*1 by energy consumption



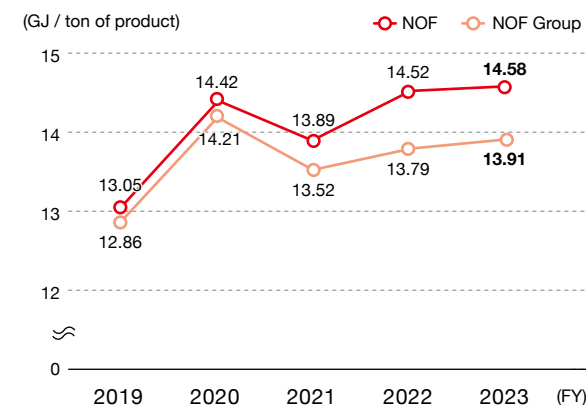
Changes in energy input*2



Changes in PFC emissions



Changes in energy intensity per product



*1 The coefficient used in converting the electricity consumption into CO₂ emissions is the emission coefficient used by electric power supply companies in the fiscal year.

*2 Energy consumption is estimated using 9.76 MJ/kWh as the coefficient when converting electric power consumption into the calorific value.

Theme 3 Promote responsible care activities ②

Chemical substance management initiatives

Policy (our fundamental view)

We have been deploying compliance and adaptation to relevant laws and regulations, management and handling of chemical substances, management and reduction of environmental impacts, and customer safety as elements of chemical safety in our responsible care (RC) activities.

We comply with relevant laws and regulations set forth in each country and region, and adapt to environmental laws and regulations by disclosing chemical substance risk information, participating in industry associations, and gathering information on regulatory trends.

In the management of chemical substances, we are also working to assess product safety risks, including new chemical substances, and enhance the functions of our management system to improve transparency and visibility. Moreover, to ensure the safety of our employees, we require the wearing of appropriate protective equipment and measure working environments based on chemical substance risk assessments.

We are also actively working to manage and reduce environmental impacts, and are managing PRTR Act-controlled substances, reducing

emissions into the atmosphere, and controlling CFCs in accordance with the law.

Further, to ensure the safety of our customers, we provide information obtained from product safety risk assessments listed on product labels and safety data sheets (SDS), as well as ensuring that Yellow Cards are carried for safety during transportation.

Through RC activities utilizing the PDCA cycle, we are working to improve the level of chemical safety each year.

Measures to reduce emissions of PRTR Act-controlled substances

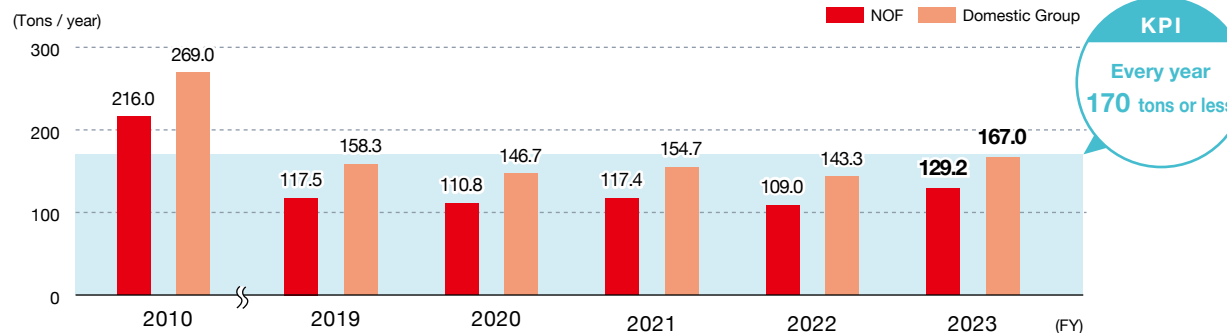
NOF has set a KPI of reducing emissions of PRTR Act-controlled substances to 170 tons or less each year. In particular, we are examining manufacturing methods in which PRTR Act-controlled substances are not used in order to reduce the amount of substances with high environmental emissions. We aim to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

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

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

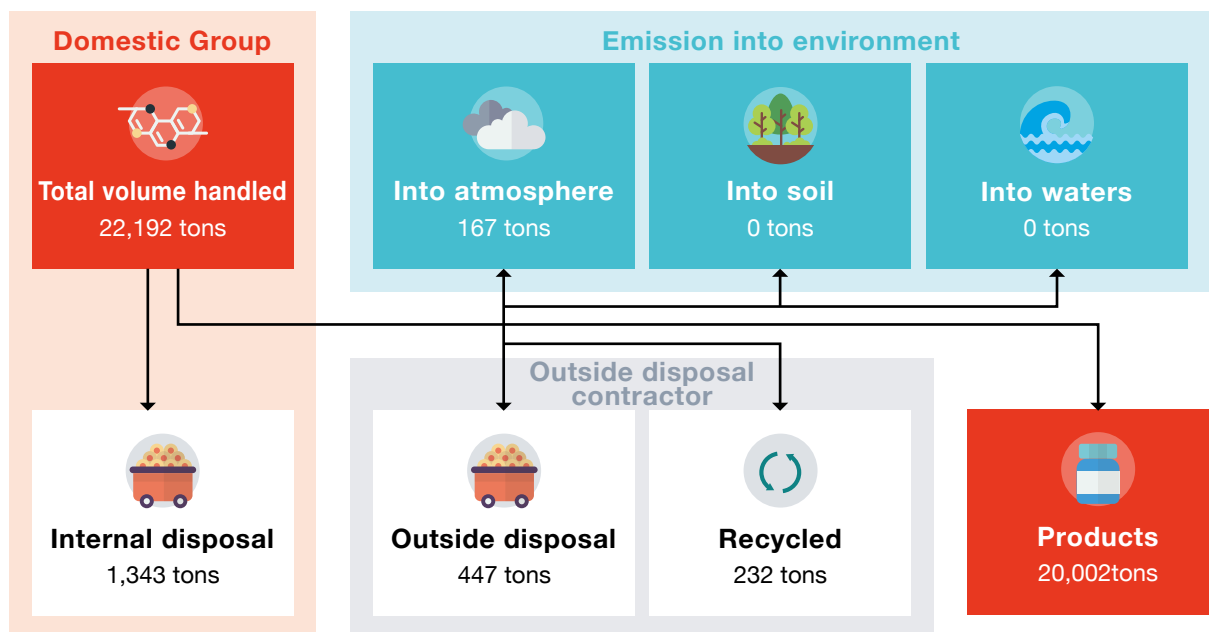
Changes in emissions of PRTR Act-controlled substances

Domestic Group



Balance of emissions of PRTR Act-controlled substances in fiscal 2023

Domestic Group



Management of chemicals

Meeting laws and regulations

Compliance with REACH

REACH* is a comprehensive system of registration, evaluation, authorization, and restriction of chemical substances within the EU. REACH aims to protect human health and the environment, and to maintain and enhance competitiveness of the EU chemicals industry, among others, and includes almost all chemical substances exported to the EU within its jurisdiction.

The NOF Group actively engages in exporting to the EU region and complies with REACH in accordance with the export volume of the chemical substance involved. We practice appropriate compliance by obtaining the latest information from industrial associations and related authorities.

Responses to other countries and regions

There has been increasing legislation of late for stricter controls over chemical substances not only in the US but also in Asian countries and regions such as South Korea, China, and Taiwan, and we are gathering the latest information regarding exports to such countries, and practicing appropriate compliance, when the situation arises.

Meeting domestic requirements

In Japan, prior notification of new chemical substances is mandatory, pursuant to the Act on the Evaluation of Chemical Substances and Regulation of Manufacture, etc (Chemical Substances Control Act) and the Industrial Safety and Health Act.

In order to make proper notifications, when beginning production of a new chemical substance, the Responsible Care & Production Engineering Department confirms compliance with laws, and such substances remain under strict control as internal audits are conducted to ensure that there are no excesses beyond the volume that has been authorized for manufacture or import. NOF also trains its responsible personnel regarding related regulatory matters in order to keep them up-to-date with the latest information.

In terms of reports on the actual quantity of general chemical substances manufactured, we practice appropriate control with the cooperation of our clients.

We also positively disclose information on the risks and other negative aspects of chemical substances through the Japan Initiative of Product Stewardship, which is the chemical industry's institution for voluntary activities for the control of chemicals.

In addition, we participate in the Long-Range

Research Initiative (LRI) implemented through the Japan Chemical Industry Association (JCIA), support research that leads to safety and security from a viewpoint that a company should “meet the needs of society,” and work together to solve social issues.

Based on the Globally Harmonized System of Classification and Labelling of Chemicals (GHS), a set of criteria for classifying the health, environmental, and physicochemical hazards of chemical substances and mixtures according to certain criteria, this information is listed on SDS and GHS labels to reflect the latest information. By doing so, the NOF Group is alerting its users, sales agents, and other companies handling our products, including product transport businesses, in order to ensure safe handling.



* Abbreviation of Registration, Evaluation, Authorization, 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.

Construction and expansion of functions of NOF's company-wide SDS creation support system

In fiscal 2020, NOF introduced and constructed a company-wide SDS creation support system, and has centralized management of SDS throughout the Company. This system enables us to manage all chemical substances used in our products on a company-wide server, and to provide our customers with the latest information on chemical substances in our products through timely updating of SDS and GHS labels issued by each business unit to reflect changes in the laws and regulations of major countries. While we have fully responded to the revisions to the PRTR Act from fiscal 2023, we are also working to expand the functions of the system to track and

manage important information such as trial usage and handling history of chemical substances, in order to improve transparency and visibility.

Occupational safety and health in chemical substance management

Chemical substances risk assessment

The NOF Group strives to reduce all risks of occupational accidents and prevent their occurrence. Among them, in order to ensure compliance with the Ordinance on Industrial Safety and Health, which was revised and came into effect on April 1, 2023 to prevent occupational accidents caused by chemical substances, we have set this risk assessment as one

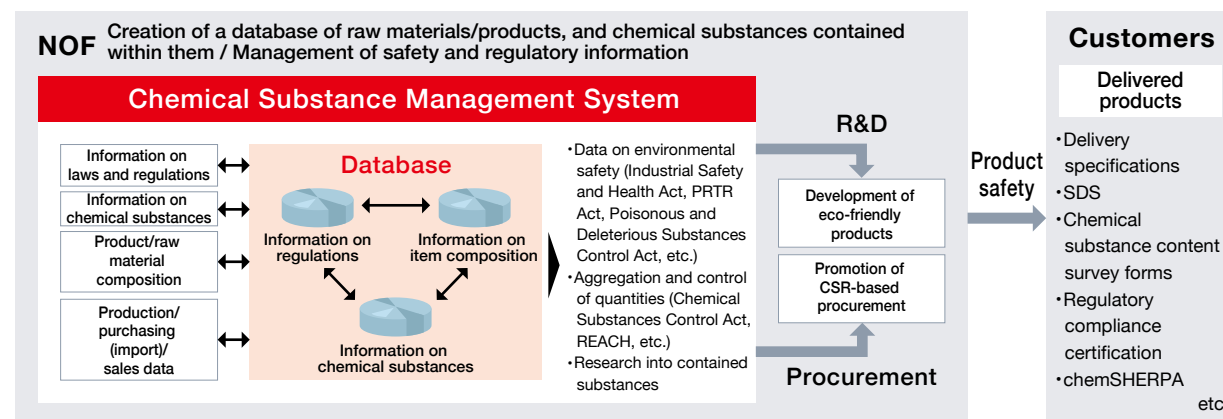
of the implementation items related to occupational safety in the RC activity targets for fiscal 2024, and are checking the implementation status during regularly conducted RC audits. Chemical substance risk assessment is one of these, and we have established a system to ensure that we do not omit anything in responding to the increasing number of substances subject to assessment each year.

Wearing protective equipment

Following this revision, not only is it mandatory to appoint a chemical substance control whose duty is to autonomously manage chemical substances, but it is also mandatory for employees who handle chemical substances to wear protective equipment and for a person in charge of protective equipment to select appropriate protective equipment and manage its use. The NOF Group is once again working to ensure the wearing of protective equipment, which it required from before, and has established a management system in line with the revised law.



Overview of Chemical Substance Management System



Theme 3 Promote responsible care activities ③

Promote occupational safety and health

Promote occupational safety and health

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

Occupational Safety and Health Policy

With the aim of eliminating labor accidents, the NOF

Group has clearly expressed its determination to make its workplaces secure and safe for all the workers involved in Group activities, and to realize this ideal, set forth its Occupational Safety and Health

Policy in April 2006. Under this policy, each of our offices, plants, and Group companies are developing activities, including the establishment of an occupational health and safety management system.

Occupational Safety and Health Policy

Fundamental idea

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

Fundamental principles

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

The principles will be made widely available to the general public. (Amended April 2015)

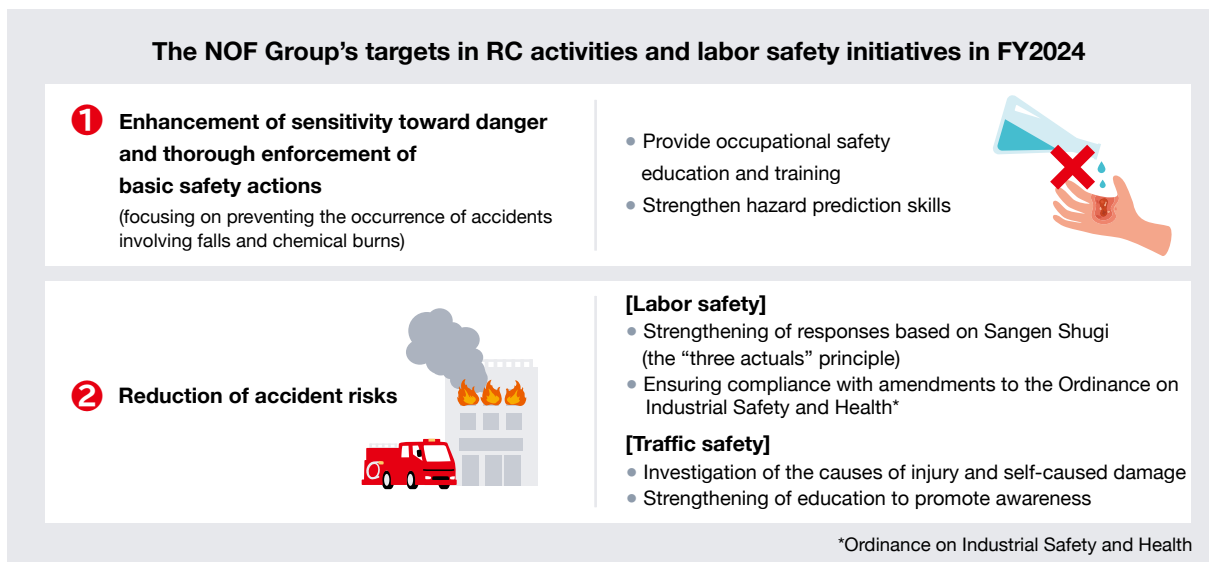
Occupational safety activities (RC activities)

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

FY2023 safety activity results and FY2024 RC activity targets

We have been striving for “completely zero accidents” since fiscal 2015. While there were zero fatal accidents in fiscal 2023, there were eight occupational accidents, thus we did not achieve our target.

In fiscal 2023, we continued with “thorough enforcement of basic safety actions” as an implementation item in RC activity targets alongside focusing on “fall accidents,” which have been occurring continuously across the Group, in working to prevent their occurrence.

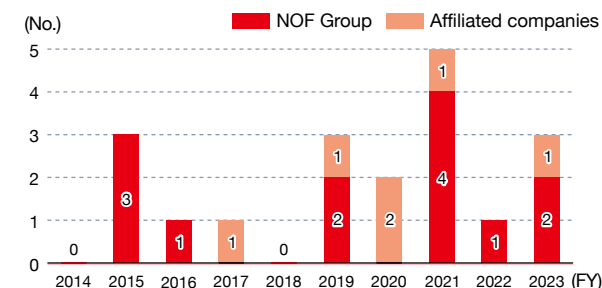


In addition, with the aim of strengthening countermeasures for potential disaster risks in the workplace, we continued to promote on-site management based on Sangen Shugi (the “three actuals” principle), in which managers actually observe work sites, recognize problem areas, and work to make operations safer. However, in comparison to fiscal 2022, the number of accidents with lost workdays increased to three (up two from the previous fiscal year) and the number of all accidents increased to eight (up two from the previous fiscal year).

Since all eight occupational accidents occurred during “peripheral tasks (including daily activities)” of “main work,” and “chemical burns” were increasing, we

decided to focus on “chemical burns” alongside “fall accidents” and work on their prevention alongside continuing with “thorough enforcement of basic safety actions.”

Changes in number of accidents with lost workdays



NOF's biodiversity conservation initiatives



Policy (our fundamental view)

The NOF Group places great importance on proactively working to protect and restore biodiversity. To this end, we have formulated the following policies.

- In order to minimize the impact of our business activities on biodiversity, we conduct environmental impact assessments, identify risks, and implement countermeasures.
- We require our employees to comply with international guidelines, laws, and regulations related to biodiversity protection and to work for environmental conservation.
- We assess supply chain risks that may cause biodiversity loss and promote sustainable procurement through cooperation with our suppliers.
- We provide educational programs to raise environmental awareness and educate employees and relevant people on the importance of biodiversity protection.

- We cooperate with local communities in participating in local ecosystem protection activities and various projects for restoring biodiversity.

Through these initiatives, we will contribute to ensuring biodiversity and realize a more sustainable future.

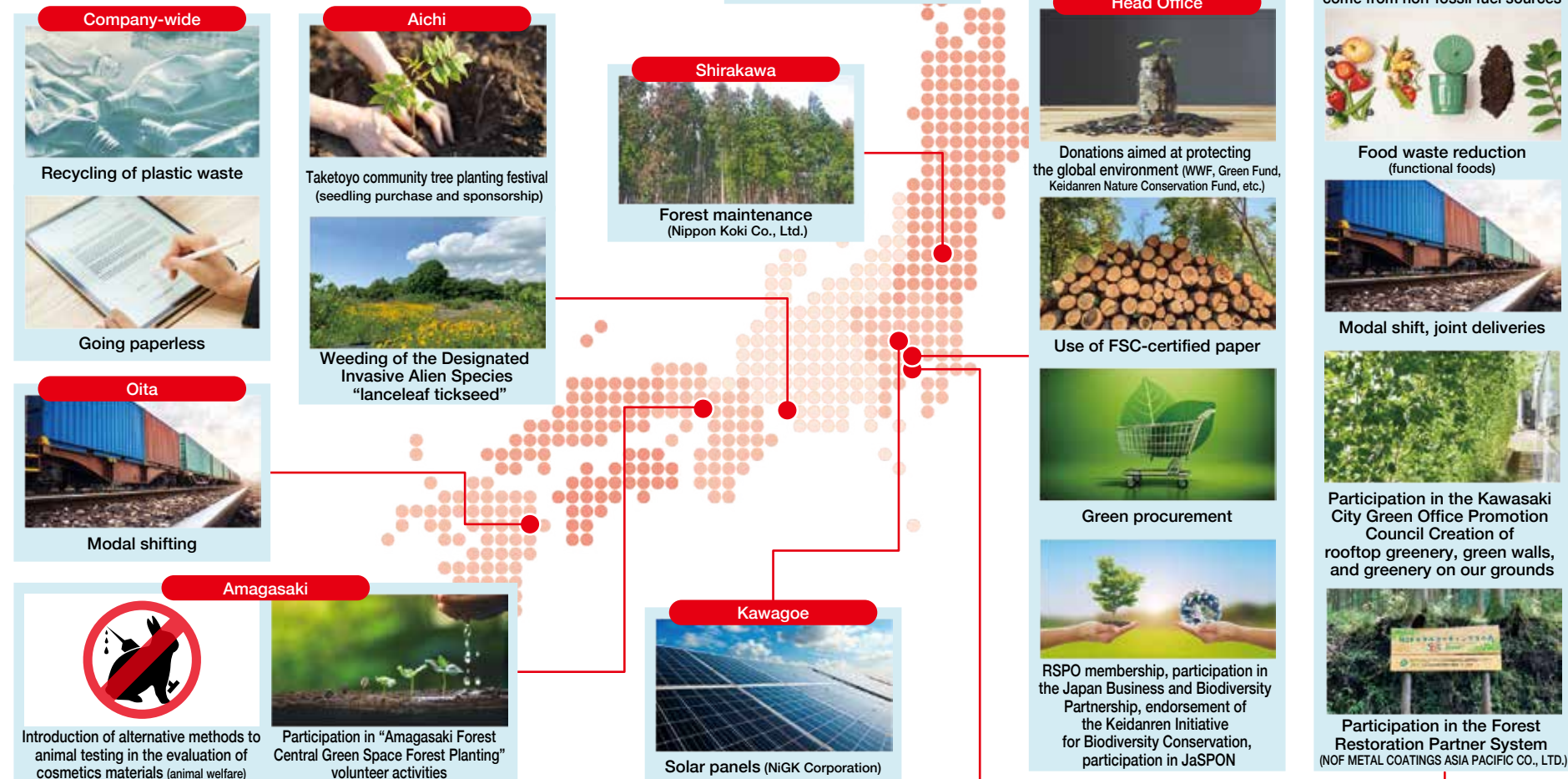
Responding to the TNFD

Since FY2023, the NOF Group has been conducting analysis in accordance with the LEAP approach* required by the Task Force on Nature-related Financial Disclosure (TNFD) to identify and assess risks and opportunities related to biodiversity. For “plant-based” and “animal-based” raw materials among those in the Functional Materials and Functional Foods businesses, which have high degrees of dependence and impact on nature, we will evaluate the main origins to identify priority regions, and work on identifying and evaluating dependence and impact, along with identifying and evaluating risks and opportunities.

*A process for systematic, science-based assessment of nature-related risks and opportunities put forward by the TNFD. LEAP is an acronym of the four phases of Locate, Evaluate, Assess, and Prepare.

Work for Biodiversity

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



Work for Biodiversity

Human rights initiatives

Nippon Koki Co., Ltd.

Forest maintenance activities

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



NOF METAL COATINGS ASIA PACIFIC CO., LTD.



Participation in the Forest Restoration Partner System under the Kanagawa Forest Restoration 50-Year Project

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 Mount Oyama and Hakone mountains to forest land in satoyama areas and urban areas. The objective is to prevent the devastation and erosion caused by lack of care and to pass on the rich blessings of the forests to the next generation. NOF METAL COATINGS supports forest maintenance on an area of about 10 hectares (equivalent to about two Tokyo Domes). The forest areas have absorbed about 247 tons of CO₂ over five years. Moreover, the decision has been made to name a portion of the forest designated by the prefecture as "NOF METAL COATINGS Forest." Going forward, as a partner company, we will conduct events for forest maintenance, nature observation, and more. The forest will be used as a place to promote health and deepen friendship with employees and their families, thereby contributing to the protection of nature and environmental preservation.

Work for Biodiversity

Amagasaki

Participation in “Amagasaki Forest Central Green Space Forest Planting” volunteer activities (from 2017)



In fiscal 2023, a total of seven employees from the Amagasaki Plant participated in the “Amagasaki Forest Central Green Space Forest Planting,” one of the initiatives of the “Amagasaki 21st Century Forest Project” promoted by Hyogo Prefecture. Together with general volunteers and the secretariat, the employees worked hard on tree planting and weeding. Through this reforestation activity, we will contribute to improving the environment of the waterfront area and ensuring the diversity of biological ecosystems.

Head Office

Use of FSC-certified paper

FSC certification is an international system that certifies “responsible forest management” for the purpose of sustainable forest utilization and conservation. NOF uses FSC-certified paper for its Integrated Report, notice of General Meeting of Shareholders, company profile, and in-house newsletters, and cooperates in activities to protect forests.



Aichi

Weeding of specified invasive non-native plants

The perennial plant “lanceleaf tickseed,” a member of the Asteraceae family native to North America, was introduced from overseas as an ornamental and greening plant. However, in 2006 it was designated as a “Designated Invasive Alien Species” under the Act on the Prevention of Adverse Ecological Impacts Caused by Designated Invasive Alien Species because of its strong reproductive capacity and potential to seriously impact the ecosystem in Japan. Cultivation, transport, sale, and release into the wild are prohibited. Local governments throughout Japan are calling for extermination of lanceleaf tickseed through their websites and other means. At NOF’s Aichi Works, lanceleaf tickseed grows in various parts of the grounds, and has increased dramatically in recent years. Therefore, the entire plant is conducting extermination activities.

Nippon Koki Co., Ltd.

Activities to protect Japanese swamp lantern clusters

The Japanese swamp lantern, which is known in Japan from the children’s song “A Memory from Summer,” is an alpine plant that grows near water. On the grounds of Nippon Koki’s Bibai Plant, which covers a vast area of about 43 hectares, or 9.2 times the size of the Tokyo Dome, there are clusters of Japanese swamp lanterns in a wetland where sunlight filters through the trees. Surrounded by Japanese white birch and other trees and water, this rich ecosystem is carefully protected with the continuous observation of employees.

NOF's Growth Strategy

We have set forth our Mid-term Management Plan NOF VISION 2030 and are promoting expansion of profit and business areas.

We aim to take even further leaps forward as a global company and contribute to the realization of a sustainable society.



NOF VISION 2030

Fiscal Year	Existing Investment (¥ billion)
FY2020	34.1
FY2021	37.1
FY2022	41.1



Mid-term Management Plan

2022 Mid-term Management Plan

Strengthening Foundation

Fundamental principles
“Challenge and Co-create”

FY 2020
(actual)

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

FY 2022
(actual)

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

FY 2023
(actual)

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

FY 2024
(forecast)

Net sales
¥232.0 billion
Operating income
¥40.5 billion
Operating income to net sales
17.5 %
ROA
11.8 %
ROE
11.7 %

FY 2025
(plan)

Net sales
¥255.0 billion
Operating income
¥46.0 billion
Operating income to net sales
18 % or more
ROA
13 % or more
ROE
12 % or more

FY 2030
(plan)

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

2028 Mid-term Management Plan

Business Domains Expansion

Advancement into new business domains

2025 Mid-term Management Plan

Expanding Profit

Strategic investment for earnings base establishment / business domains expansion

Fundamental principles

“Practice and Breakthrough”

*1 Return on assets

*2 Return on equity

Stage II

2025 Mid-term Management Plan

Expanding Profit

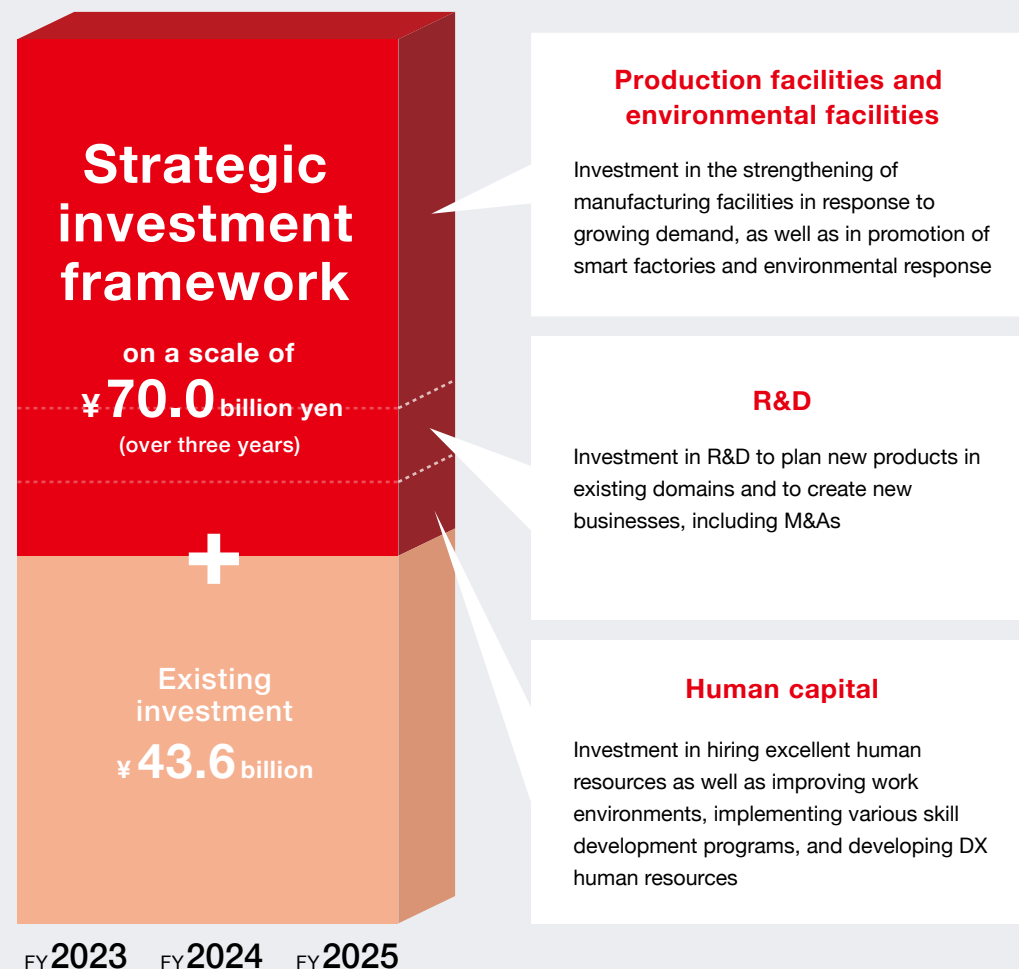
Fundamental principles

“Practice and Breakthrough”

FY2024 Management Policy

“Expanding Profit and Creating New Value”

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



Mid-term Management Plan



Facility investment: Production and facilities

Smooth implementation of automation, labor saving, and energy saving

We are newly constructing and expanding manufacturing facilities as planned in fields that continue to grow, such as raw materials for DDS drug formulations, cosmetics materials, and anti-fog agents. We are also making progress in investments to improve operational efficiency through automation and labor-saving and reduce environmental impact through energy saving, and will continue to do so proactively.

Facility investment amount FY2023 (actual) ¥ **18.7** billion FY2024 (expected) ¥ **22.6** billion

📖 Sustainability Report ▶ P.119-121,137,139

			FY2023 progress	FY2024 initiatives (planned)
Improving productivity 	Operational efficiency	Routine operations	<ul style="list-style-type: none"> Company-wide introduction of RPA Selection of AI-OCR software and operations that can utilize it 	<ul style="list-style-type: none"> Expansion of operations that utilize RPA Realization of AI-OCR utilization
		Production scheduler	<ul style="list-style-type: none"> Defining requirements and trial runs at model plants 	<ul style="list-style-type: none"> Launching operations at model plants
		Productive operations	<ul style="list-style-type: none"> Introduction of automatic filling machines and expansion of the scope of the process automation system toward promoting automation 	<ul style="list-style-type: none"> Ongoing promotion of automation
	Increasing the use of data	Promotion of smart factories	<ul style="list-style-type: none"> Network development and system studies at model plants Consideration of automatic field data collection 	<ul style="list-style-type: none"> Defining requirements and trial runs at model plants Ongoing promotion of automatic field data collection
		Introduction of sales support tools	<ul style="list-style-type: none"> Defining requirements 	<ul style="list-style-type: none"> Launching operations
		Introduction of chemical substance management system	<ul style="list-style-type: none"> Defining requirements 	<ul style="list-style-type: none"> Preparing operations at model plants
Environmental measures 	Addressing the regulatory control of CFCs	Introduction of facility maintenance management system	<ul style="list-style-type: none"> Launching operations 	<ul style="list-style-type: none"> Establishing operations Consideration of data accumulation and utilization
		Saving energy and streamlining efficiency	<ul style="list-style-type: none"> Determining specifications for equipment using natural refrigerants Promoting electrification of vacuum generators that utilize steam Establishment of a policy for shifting to boiler fuel with low environmental impact toward curbing the use of heavy oil Promoting updates to high-efficiency boiler 	<ul style="list-style-type: none"> Introducing equipment using natural refrigerants Ongoing promotion of electrification of facilities Development of fuel conversion policy Ongoing updates to high-efficiency boilers

Main facility investment **Aichi Works** • Establishment of new manufacturing facilities for raw materials for DDS drug formulations (PEG modifiers) • Establishment of new manufacturing facilities for SS lipids
• Strengthening of manufacturing facilities for cosmetics materials • Strengthening of manufacturing facilities for anti-fog agents

Mid-term Management Plan

Research and
development investment


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

We are promoting open innovation to create new technologies and businesses. To further accelerate this, in fiscal 2023 we invested in venture capital (VC) and participated in government R&D projects. We will continue working to expand R&D areas.

R&D investment

FY2023 (actual) ¥ **7.3** billion FY2024 (expected) ¥ **8.5** billion

▶ P.016-019,048


		FY2023 progress	Initiatives beyond FY2024 (planned)
Promotion of open innovation 	Call for commissioned industry-academia research	<ul style="list-style-type: none"> Launch of commissioned research into four technologies in the electronics field Launch of public call for applications in the medical care and medical device fields 	<ul style="list-style-type: none"> Launch of commissioned research into three materials and technologies in the medical care and medical device fields (FY2024) Accelerating exploration into topics and R&D in the Electronics/IT field
	Utilization of venture capital (VC)	<ul style="list-style-type: none"> Investment in the “UMI No. 3 Fund” managed by Universal Materials Incubator Co., Ltd. [Fund investment areas] Common infrastructure for development concerning the environment/energy, food/agriculture, life science, electronics/IT, mobility, and materials/chemicals fields 	<ul style="list-style-type: none"> Introduction of new technologies and creation of new businesses through business synergies Utilizing newly acquired knowledge in human resources development
	Participation in government R&D projects	<ul style="list-style-type: none"> Strategic Innovation Promotion Program (SIP), Council for Science, Technology and Innovation, Cabinet Office Development of smart infrastructure management system Participation with Wireless Detonator WINDET®II (until March 2028) Explosives & Propulsion Division Japan Agency for Medical Research and Development (AMED) Programs relating to the Strategy for Strengthening the Vaccine Development and Production System “Program on R&D of new generation vaccine including new modality application” Participation with lipid nanoparticle materials (until March 2027) Life Science Division 	

Human capital investment

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

Human capital is becoming increasingly important in business management. To ensure the sustainable growth of the NOF Group, we are investing in human capital by creating comfortable work environments, developing DX human resources, and supporting overseas business activities.

▶ P.022 Sustainability Report ▶ P.161-176,188-194

Promotion of securing and developing human resources 		FY2023 progress	FY2024 initiatives (planned)
	Promotion of employees' autonomous growth	<ul style="list-style-type: none"> Promoting understanding of the NOF Group's values of "Challenge", "Fairness", and "Harmony" and developing autonomous human resources targeting all employees 	<ul style="list-style-type: none"> Implementation of training measures toward demonstrating the skills necessary for autonomous human resources Implementation of support measures for career autonomy to improve motivation for growth through work
	Further promotion of the creation of comfortable workplaces	<ul style="list-style-type: none"> Considering measures for health management Implementation of smoking cessation program 	<ul style="list-style-type: none"> Support for promoting health (ongoing smoking cessation program, support for the use of sports gyms, etc.) Support for balancing work with treatment Revision of the leave system
	Promotion of development of DX human resources	<ul style="list-style-type: none"> Selection of DX promoters and launch of training programs 	<ul style="list-style-type: none"> Conducting and strengthening of evaluation and verification of training programs
	Strengthening of support for overseas business activities	<ul style="list-style-type: none"> Promotion of fostering of global leaders Strengthening of overseas safety measures 	<ul style="list-style-type: none"> Promotion of fostering of global leaders Enhancement of support for employees stationed overseas
	Promoting better performance of diverse human resources	<ul style="list-style-type: none"> Raising of retirement age to 65 	<ul style="list-style-type: none"> Promotion of support for the active participation of women
	Upgrading and renovation of employee welfare facilities	<ul style="list-style-type: none"> Considering upgrading dormitories in the Kansai area 	<ul style="list-style-type: none"> Launch of planning of dormitories in the Kansai area Considering upgrading company housing in the Kanto area

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

Social issues

Three prioritized business fields

Making the shift to electric vehicles a business opportunity

The shift from gasoline-powered vehicles to EVs will significantly change the components of vehicles. In addition to anti-corrosive coatings for bolts and nuts, new demand is expected for resin additives to prevent abnormal noise and antifogging 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 business integration and Group synergies to expand the applications of products that contribute to the environment.

Environment/Energy field



People's health and QOL

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

Life/Healthcare field

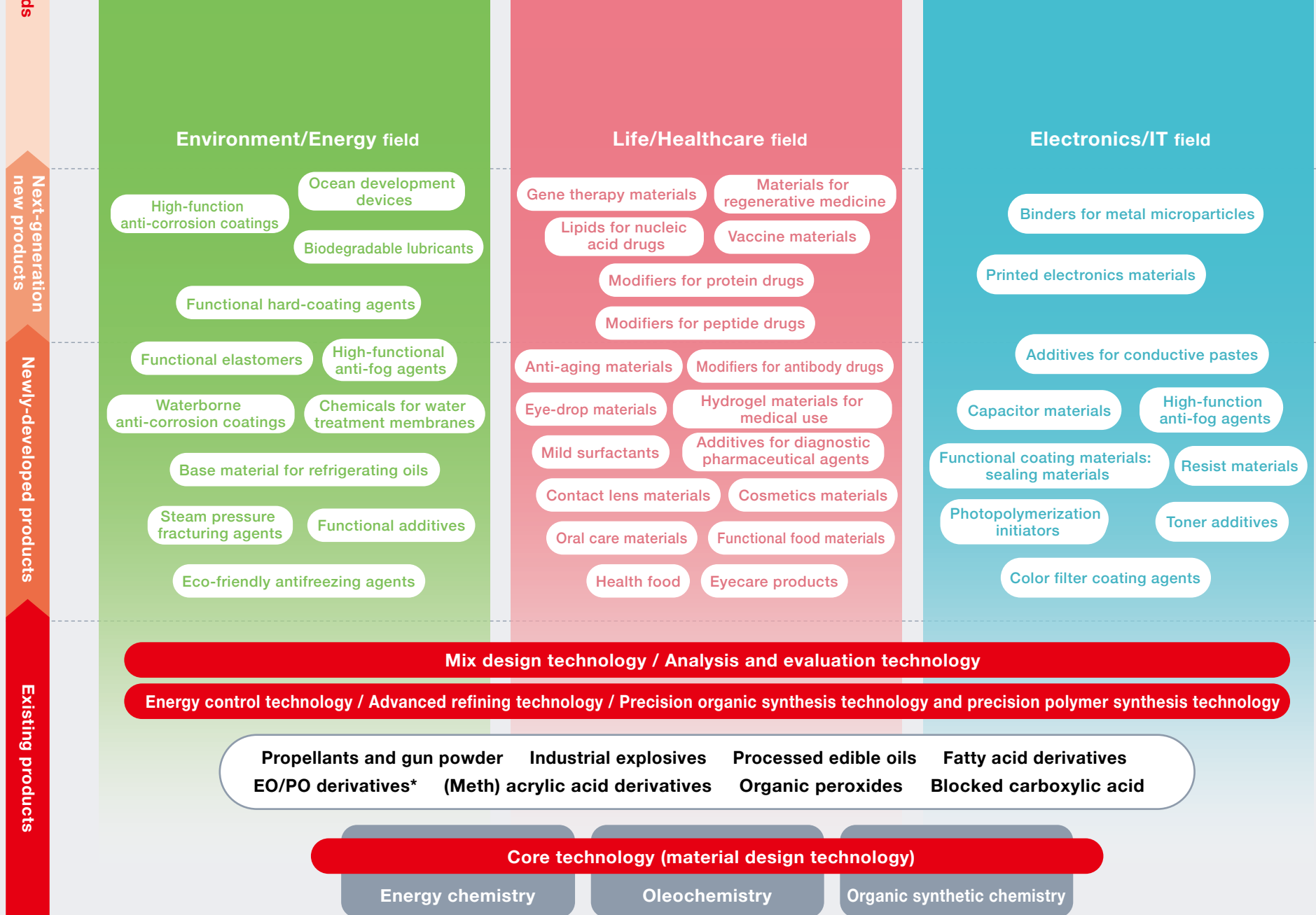


Advances in communication technology and miniaturization

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

Electronics/IT field

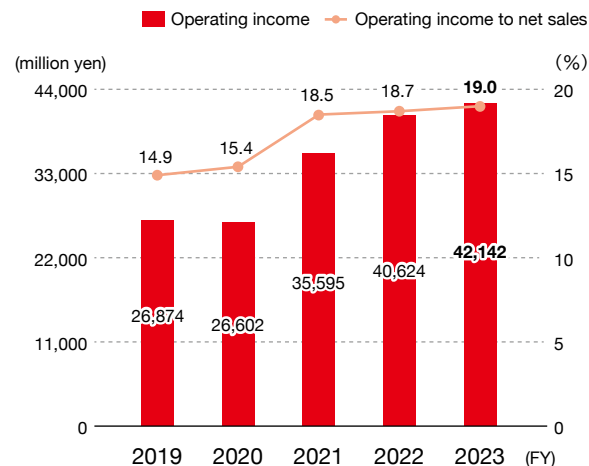




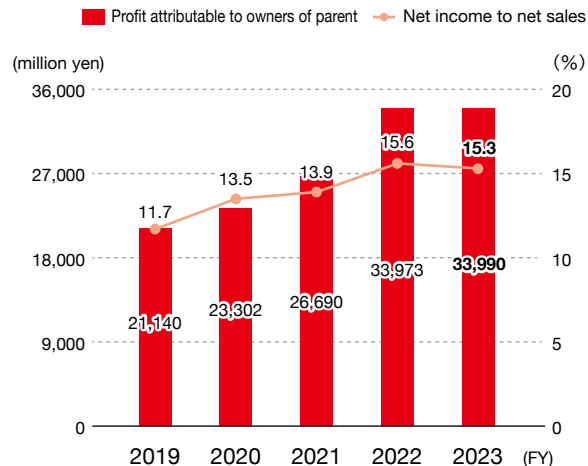
*Ethylene oxide/propylene oxide derivatives (polyalkylene glycol derivatives)

Financial highlights

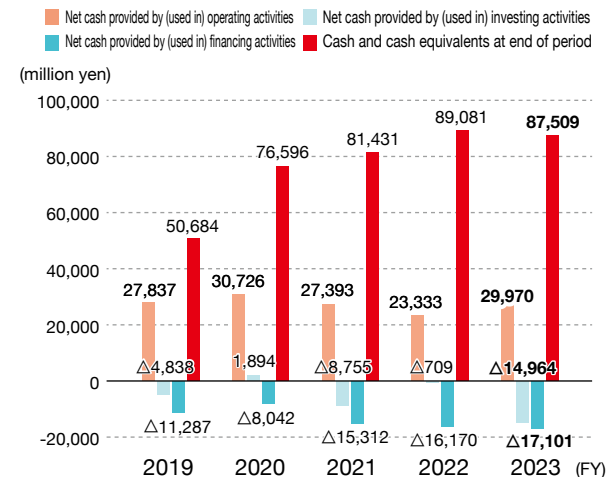
Operating income/Operating income to net sales



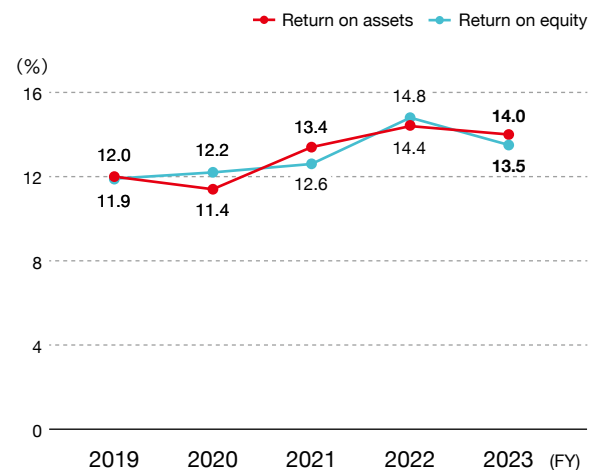
Net income attributable to owners of parent/Net income to net sales



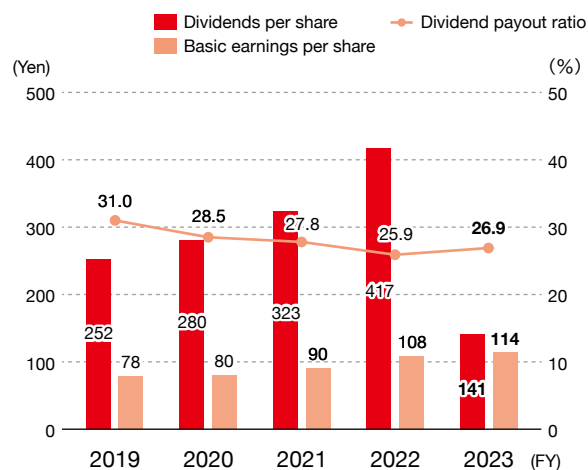
Cash flow



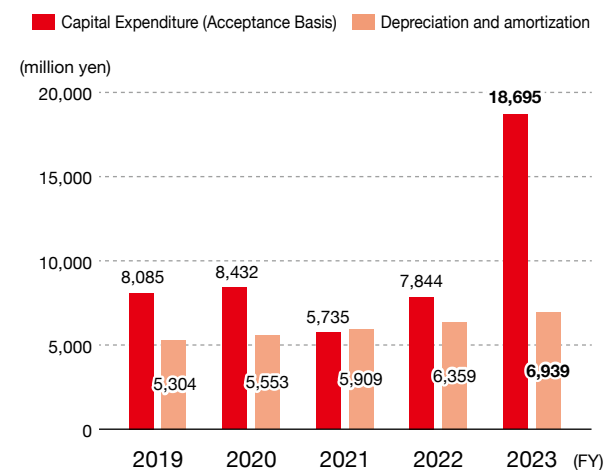
Return on assets (ROA) / Return on equity (ROE)



Basic earnings per share* / Dividend / Dividend payout ratio



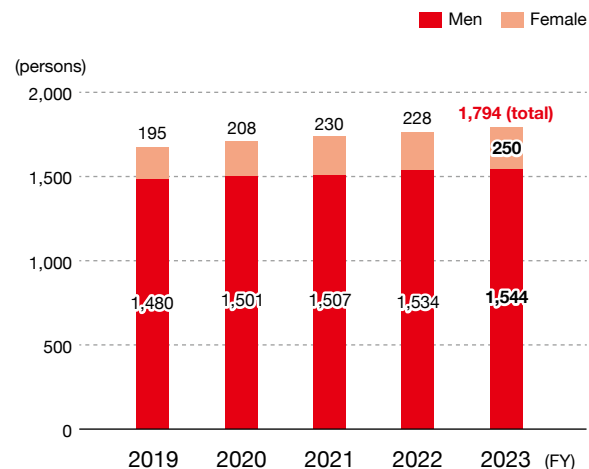
Capital Expenditure / Depreciation



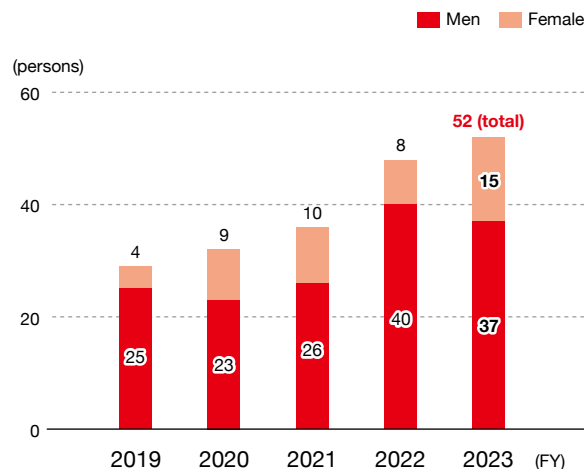
*The Company conducted a split of common stock at the ratio of one share to three shares effective April 1, 2024. Profit per share and net assets per share are calculated based on the assumption that the split was implemented at the beginning of the 101st fiscal year.

Non-financial highlights

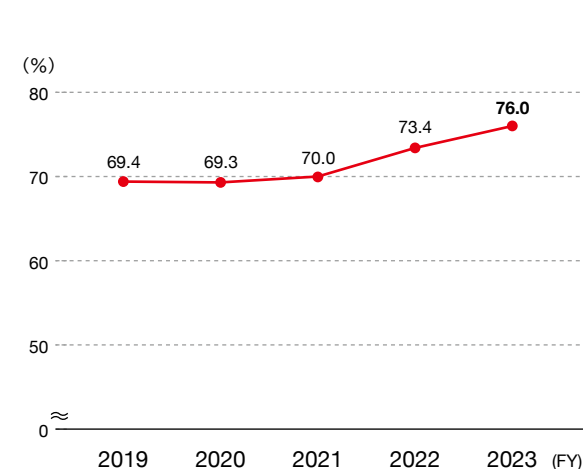
Number of employees NOF



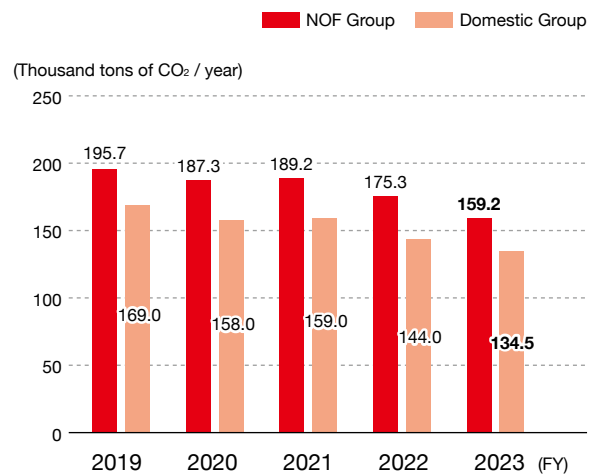
Number of employees utilizing childcare leave NOF



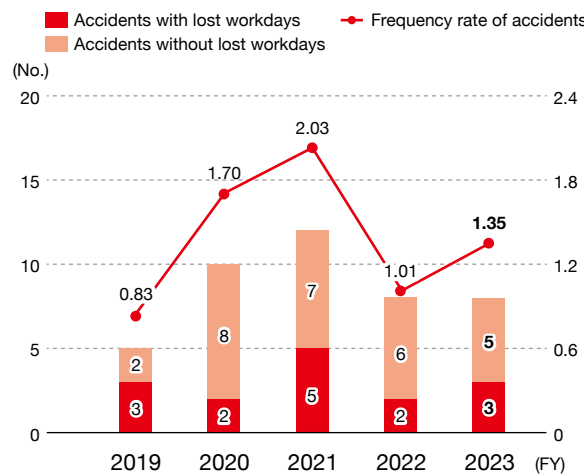
Utilization rate of annual paid leave NOF



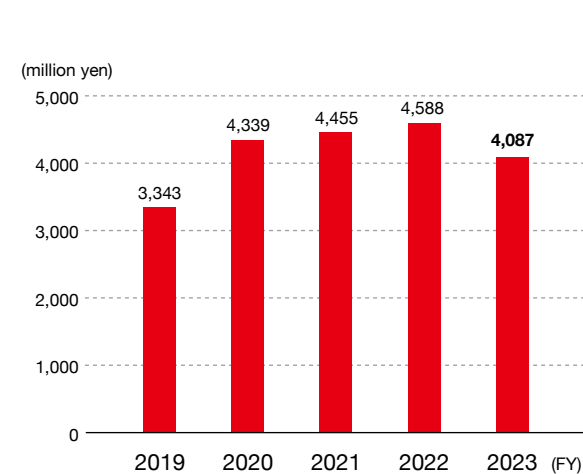
Changes in GHG emissions (reference year: FY2013)



Changes in number of labor accidents and frequency rates NOF Group



Environmental expenses NOF Group



Message from the CFO



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

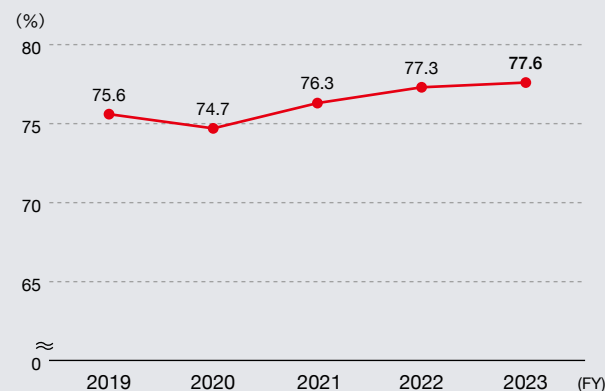
As the NOF Group aims to expand its business domains in its Mid-term Management Plan NOF VISION 2030, the Group has positioned the 2025 Mid-term Management Plan, which ends in fiscal 2025, as a stage for expanding profit, and has envisioned a strategic investment framework for active investment implementation.

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.

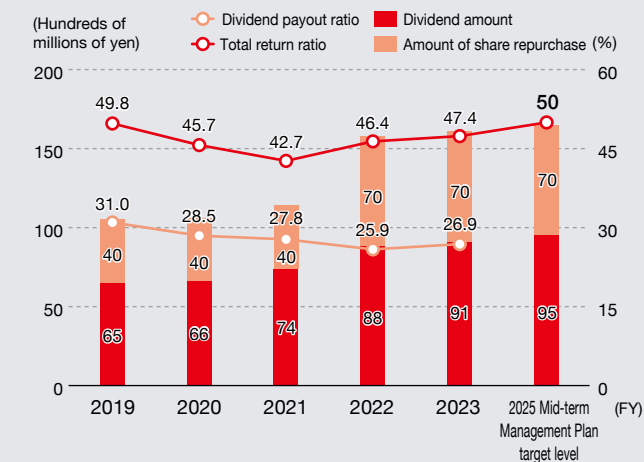
Equity-to-asset ratio



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



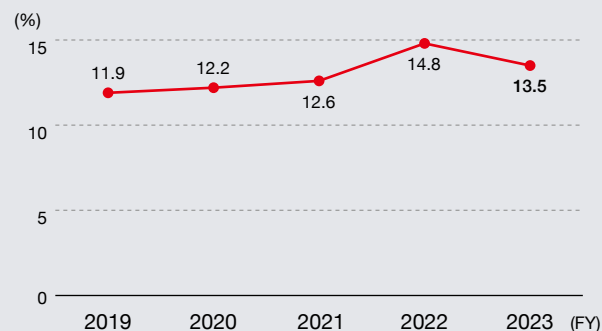
*Total shareholder return

Message from the CFO

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)

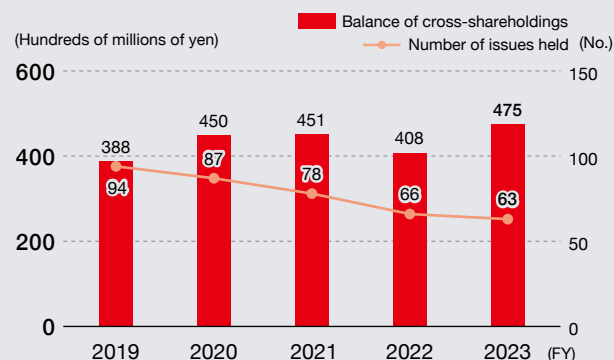


Reduction of cross-shareholdings

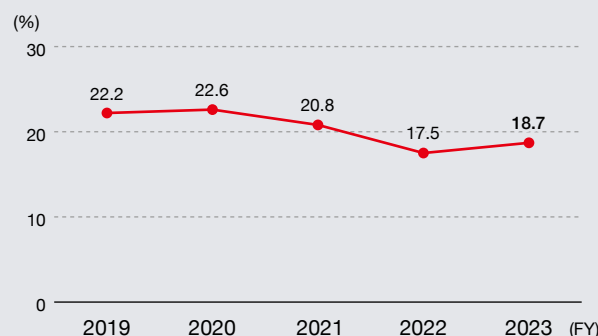
Listed shares held by subsidiaries are also included in the scope of consideration for reduction, and the NOF Group is steadily reducing its holdings. In fiscal 2023, including partial sales, NOF sold six issues on a non-consolidated basis. In the three years starting from fiscal 2021, the number of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



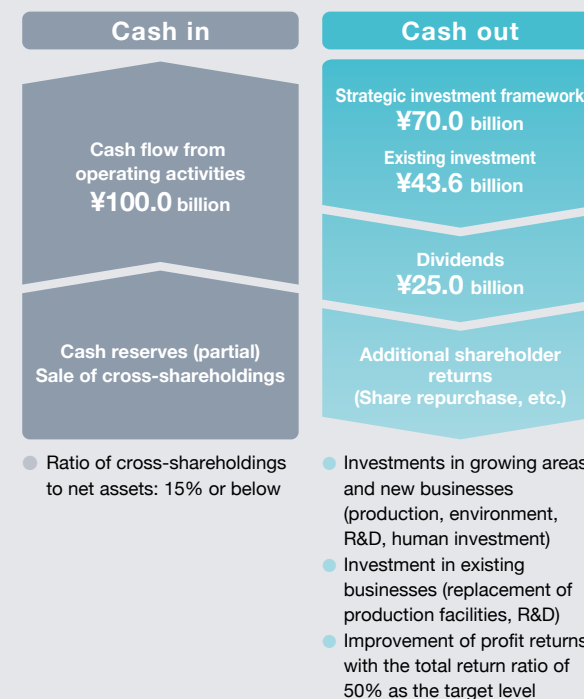
Ratio of cross-shareholdings to net assets



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



Message from the CFO

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

NOF's Business Strategies

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



Five forms of business in three segments

Functional Materials business

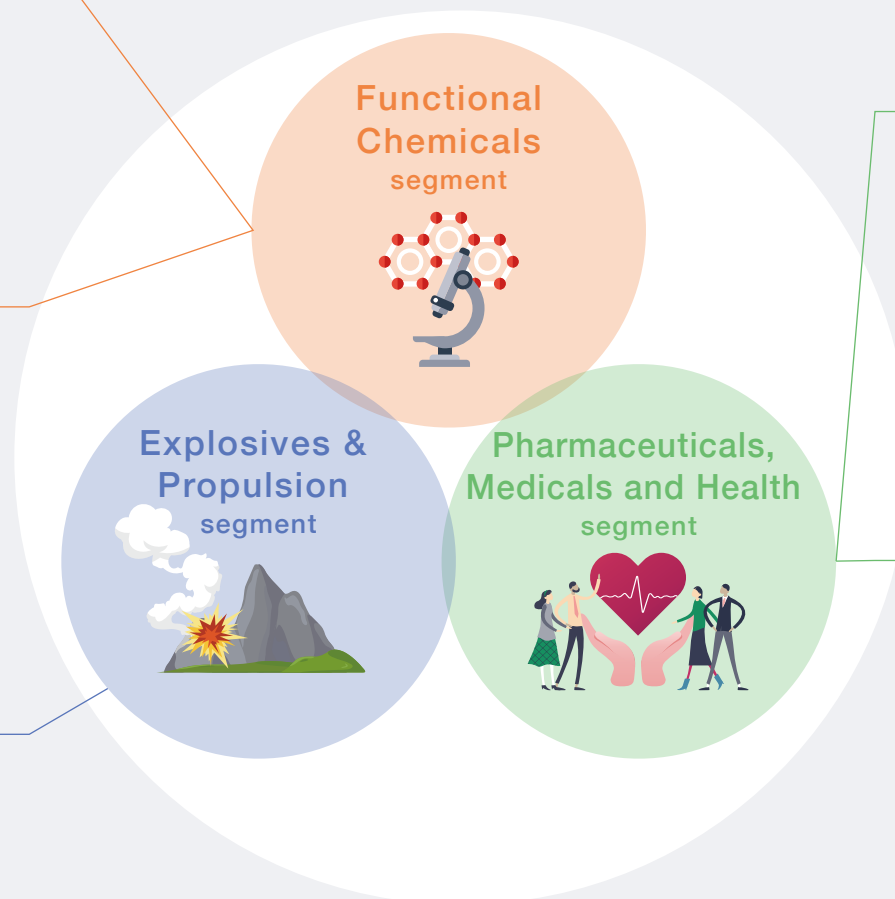
With various derivatives and petrochemical products made from oils and fats at the core, we promote business expansion in the growth fields of Life/Healthcare, Environment/Energy, and Electronics/IT.

Metal Coatings business

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

Explosives & Propulsion business

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



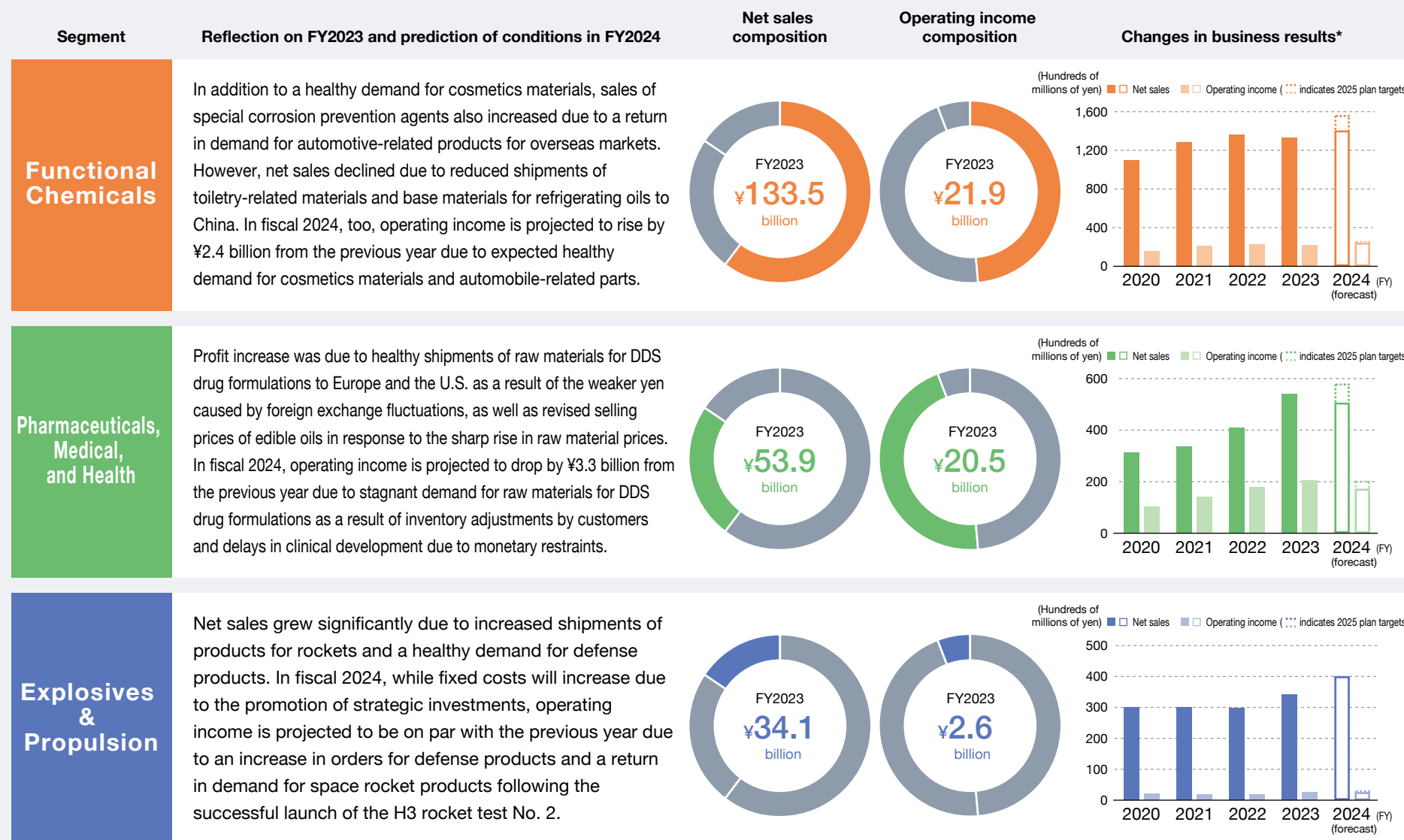
Life Science business

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

Functional Foods business

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

Five forms of business in three segments



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

Business Bases

Developing global business through our domestic and overseas bases

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

Europe

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



Changshu NOF Chemical Co., Ltd.

Asia

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



PT.NOF MAS CHEMICAL INDUSTRIES

America

NOF AMERICA CORPORATION /
NOF METAL COATINGS NORTH AMERICA INC.



NOF METAL COATINGS NORTH AMERICA INC.

NOF METALCOATINGS
SOUTH AMERICA IND. E
COM.LTDA.

Research laboratories

Ibaraki	Advanced Technology Research Laboratory
Kanagawa	I & S (Innovation & Solution) Department / Chidori Research Laboratory / Functional Foods Research Laboratory / Life Science Research Laboratory
Aichi	Taketoyo R&D Department / Kinuura Research Laboratory / Life Science Research Laboratory
Hyogo	Amagasaki Research Laboratory
Oita	Life Science Research Laboratory

Domestic consolidated subsidiaries

NICHIYU TRADING CO., LTD. / NICHIYU LOGISTICS CO., LTD. /
Nichiyo Kogyo Co., Ltd. / YUKA SANGYO CO., LTD. /
NiGK Corporation / Showa Kinzoku Kogyo Co., Ltd. /
Nippon Koki Co., Ltd.*1 / Nippo Kogyo Co., Ltd. / JAPEX Corp. /
CACTUS Co., Ltd. / NOF METAL COATINGS ASIA PACIFIC CO., LTD. /
NIKKA COATING CO., LTD.

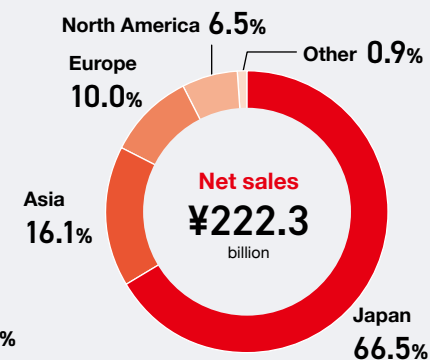
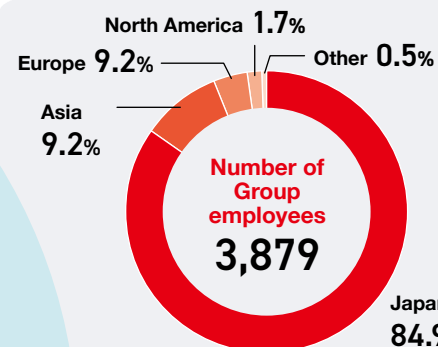
Japan

Head Office, branch offices, regional offices, sales offices

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

Plants

Kanagawa	Kawasaki Works / Chidori Plant / Daishi Plant / DDS Plant
Aichi	Aichi Works / Taketoyo Plant / Kinuura Plant / LS Aichi Plant*3
Hyogo	Amagasaki Plant
Oita	Oita Works / Oita Plant / LS Oita Plant*3



(As of March 2024)



Chidori Plant



Kinuura Plant



Nippon Koki Co., Ltd. Bibai Plant



Amagasaki Plant



Oita Plant

*1 HOKKAIDO NOF CORPORATION was merged with Nippon Koki Co., Ltd. on April 1, 2024.

*2 NOF + consolidated subsidiaries

*3 The organization and name were changed on June 21, 2024.

Functional Chemicals segment

Functional Materials business

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

Business strengths

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

Executive Operating
Officer
General Manager,
Functional Materials
Division

**Kenshiro
Shuto**



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

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

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

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

Functional Chemicals segment

Main products and uses

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

Contribute to social issues

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



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

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



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

Functional Chemicals segment

Metal Coatings business

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

Business strengths

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

Operating Officers
Group Head of the Metal Coatings Group

Kuniaki Tsuruoka



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

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

The strength of our metal coatings business lies in the global locations of our manufacturing and sales bases, and we are building a strong

network. By further strengthening this global supply chain, we aim to improve productivity and capture market needs.

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

Functional Chemicals segment

Main products and uses

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

GEOMET®, GEOMET PLUS®



Contribute to social issues

Differentiation through waterborne anti-corrosion coatings that reduce environmental impact



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

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



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

Pharmaceuticals, Medicals and Health segment

Life Science business

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

Business strengths

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

Operating Officers
General Manager,
Life Science Division

**Yuji
Yamamoto**



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

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

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

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

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

Pharmaceuticals, Medicals and Health segment

Main products and uses

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



Contribute to social issues

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



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

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



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

Pharmaceuticals, Medicals and Health segment

Functional Foods business

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

Business strengths

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

Operating Officers
General Manager, Functional Foods Division

Hirofumi Kato



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

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

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

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

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

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

Pharmaceuticals, Medicals and Health segment

Main products and uses

- **Edible oils, functional food materials**

(for bread, confections, etc.)

DELICIOUS® RICH Plus, NATULLE CONC, Crumb Soft® SK, Bready® SA, SUNSHORT®

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

DELINULAR, COOKRICH

- **Healthcare food products**

(for supplement, nutritional products, etc.)

Komecosano®, NICHYU®PS50, NICHYU®GPC85R



DELINULAR, a processed soy protein food containing oil and fats

Contribute to social issues

Contributes to reducing the environmental impact of the food industry



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

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

(improved access to more nutritious foods)



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

Explosives & Propulsion segment

Explosives & Propulsion business

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

Business strengths

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

Executive Operating Officer
General Manager, Explosives & Propulsion Division

Kazuhito Narumi



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

have a mission as a top manufacturer in Japan to meet needs for solid propellants for space rockets required for launching satellites, which have become indispensable to people's lives. In each of these businesses, we have established efficient production systems to ensure a stable supply of products and to meet increasing demand, and we are working to further improve productivity.

In addition, we have been introducing eco-friendly facilities, such as those that reduce CO2 emissions. Aiming to improve sustainability going

forward, we are promoting research on gunpowder compositions that reduce CO2 emissions, substituting eco-friendly gunpowder that does not use lead, and accelerating development of solid propellants for small rockets that have less environmental impact.

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

Explosives & Propulsion segment

Main products and uses

- **Industrial explosives**

(for quarries, tunnels, etc.)

Emulsion explosives, ANFO explosives, electric detonators

- **Space rocket products**

Solid propellants, pyrotechnic devices for space rockets

- **Defense products**

Gun propellants / rocket propellants, pyrotechnic devices for missiles, defense equipment

- **Functional Products (Consumer products)**

Temperature Labels® (temperature indicator), UV Labels®, sterilization materials, antifreezing agents, NET LAUNCHER® (crime prevention device), vapor pressure crushing agent (GANSIZER®)



Contribute to social issues

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



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

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



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

NOF's Governance

In order to realize stable and sustainable growth and development, the NOF Group aims to continue to be a company valued by all kinds of stakeholders through fulfilling its corporate social responsibility as a member of our society, such as by protecting the natural environment and securing health and safety, in addition to compliance.





Introduction of Officers



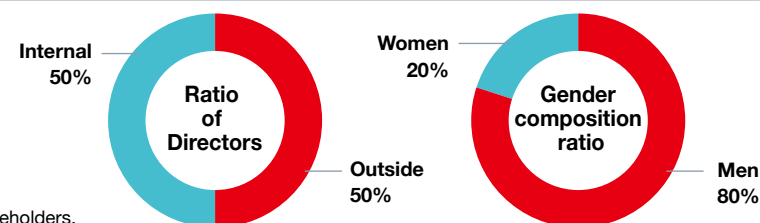
Introduction of officers | Table showing expected skills

	Name	Position	Years in current position	Attendance in FY2023	Business management, business administration, DX	R&D, quality and production technologies	Sales and marketing, SCM	Overseas business, global	Legal and ESG, environment and safety, HR and labor	Finance and accounting
	1 Takeo Miyaji	Representative Director, Executive Chairman	13 years	Board of Directors: 17/17 meetings (100%)	●		●		●	●
	2 Koji Sawamura	Representative Director, President and CEO	1 year	Board of Directors: 13/13 meetings (100%)	●	●	●	●		
	3 Manabu Saito	Director and Executive Operating Officer	1 year	Board of Directors: 13/13 meetings (100%)	●		●		●	●
	4 Kazuyoshi Yamauchi	Director and Executive Operating Officer, General Manager of Corporate Technical Division	3 years	Board of Directors: 17/17 meetings (100%)	●	●		●	●	
Outside	5 Shingo Unami	Outside Directors	3 years	Board of Directors: 17/17 meetings (100%)	●				●	●
	6 Izumi Hayashi	Outside Directors	3 years	Board of Directors: 17/17 meetings (100%)				●	●	
	7 Masanobu Miyo	Audit and Supervisory Committee Member Directors	4 years	Board of Directors: 17/17 meetings (100%) Audit and Supervisory Committee: 16/16 meetings (100%)	●		●	●		
Outside	8 Kunimitsu Ito	Audit and Supervisory Committee Member Outside Directors	4 years	Board of Directors: 17/17 meetings (100%) Audit and Supervisory Committee: 16/16 meetings (100%)				●		●
	9 Yuriko Sagara	Audit and Supervisory Committee Member Outside Directors	3 years	Board of Directors: 16/17 meetings (94%) Audit and Supervisory Committee: 14/16 meetings (88%)				●	●	
	10 Keiichi Miura	Audit and Supervisory Committee Member Outside Directors	3 years	Board of Directors: 17/17 meetings (100%) Audit and Supervisory Committee: 16/16 meetings (100%)	●	●			●	

* The ● symbols indicate skills that are particularly expected of 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 101st Annual General Meeting of Shareholders.



Sustainability Report ▶ P.034-036

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.

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graph TD
    GMS[General Meeting of Shareholders] -- "Appointment / Dismissal" --> BD[Board of Directors]
    GMS -- "Appointment / Dismissal" --> ASC[Audit and Supervisory Committee]
    BD -- "Auditing / Supervision" --> ASC
    BD -- "Selection / Dismissal" --> CEO[President and Chief Executive Officer]
    BD -- "Supervision" --> ASC
    CEO -- "Deliberation" --> EC[Executive Committee Strategic Meeting]
    CEO -- "Reporting" --> IC[Internal Control Department]
    CEO -- "Reporting" --> ASO[Audit and Supervisory Committee's Office]
    CEO -- "Reporting" --> AA[Accounting Auditor (Auditing Company)]
    CEO -- "Reporting" --> BD2[Business divisions / Corporate divisions / Affiliates]
    EC -- "Reporting" --> IC
    IC -- "Auditing" --> BD2
    ASO -- "Support" --> ASC
    AA -- "Cooperation" --> ASC
    AA -- "Cooperation" --> BD2
    SC[Sustainability Committee] -- "Support" --> CEO
    SSC[Specialist Committees (Compliance, Risk Management, RC, Quality Control)] -- "Support" --> CEO
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Corporate Governance

1

Board of Directors

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

2

Audit and Supervisory Committee

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

3

Nomination Committee

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

4

Compensation Committee

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

5

Specialist committees

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

6

Accounting Auditor

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

Outside Directors

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

Analysis and evaluation of effectiveness of the Board as a whole

NOF analyzes and evaluates the effectiveness of the Board of Directors once a year, in principle. Since fiscal 2016, NOF has implemented an effectiveness evaluation every year. In fiscal 2023, 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 2023.

Summary of results for fiscal 2023 effectiveness evaluation

The NOF Board of Directors ensures a suitable diversity of knowledge, experience, and abilities necessary in light of management strategies and provides appropriate opportunities to utilize the experience and expertise of Outside Directors. It was confirmed that based on the Corporate Philosophy and values of the NOF Group, the Board of Directors is generally operating appropriately, with Directors freely and openly expressing their opinions while leveraging their careers and expertise, open and active discussions

Corporate Governance

taking place as a Board of Directors, and ensuring of sufficient time for deliberation on important matters.

To further enhance the overall governance structure, the challenge recognized in the fiscal 2022 effectiveness evaluation, the Board of Directors decided to appoint the C-suite to direct strategies across the entire Company. Through this initiative, we will further strengthen our governance structure.

Points of improvement for the future

It was confirmed that the Company will continue to further expand the agenda of the Board of Directors to include discussions toward the realization of cost of capital-conscious management and on non-financial information, such as sustainability.

Overview of the policy on determining compensation

Under the policy to promote sustainable growth and medium- to long-term enhancement of corporate value based on our Corporate Philosophy and reward Directors for business results and other achievements through an appropriate level of compensation with decisions made through a fair and transparent process, compensation for Directors, excluding Audit and Supervisory Committee members, consists of monthly compensation, bonuses, and stock compensation. In order to maintain incentives, at least 40% of the compensation paid is set as performance-linked compensation (bonuses, ESG indicators-linked compensation, stock compensation). 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.

Compensation system

Type		Deliberation and resolution method
Fixed compensation		Calculation methods, etc. of fixed compensation for Directors are deliberated by the Compensation Committee and resolved at the Board of Directors meeting. In addition, with regard to the determination of the specific details of the amount of fixed compensation for each individual director, excluding members of the Audit and Supervisory Committee, a resolution is passed by the Board of Directors after deliberation by the Compensation Committee.
Performance-linked compensation	Bonuses	Calculation methods, etc. of bonuses for Directors (excluding Audit and Supervisory Committee members and Outside Directors) are deliberated by the Compensation Committee and resolved at the Board of Directors meeting. The calculation method of the said bonuses is based on consolidated operating income, an important indicator related to the Group's business performance evaluation. The base amount is multiplied by a designated coefficient determined for each Director position. The Compensation Committee verifies this calculation method and the amount paid in each term.
	ESG indicators-linked compensation	At the Board of Directors meeting held on January 27, 2023, it was decided to use a calculation method utilizing the level of achievement of ESG indicators and other factors for a portion of the compensation (monthly compensation) for Directors (excluding Audit and Supervisory Committee members and Outside Directors). The method for calculating this compensation is based on ESG indicators related to the NOF Group's efforts to address sustainability challenges. It is determined by multiplying a standard amount, which is set for each Director position, by an evaluation coefficient that reflects the degree of achievement. The Compensation Committee verifies this calculation method and the amount paid in each term.
	Stock compensation	<p>Based on the resolution of the 96th Annual General Meeting of Shareholders held on June 27, 2019, a new performance-linked stock compensation plan (Board Benefit Trust) was introduced. At the 98th Annual General Meeting of Shareholders held on June 29, 2021, NOF transitioned to being a company with an Audit and Supervisory Committee. In conjunction with this transition, the plan applies to Directors who concurrently serve as Operating Officers and Operating Officers with a title (excluding Outside Directors and Audit and Supervisory Committee members, hereinafter collectively "Directors, etc.").</p> <p>For each fiscal year, the Directors, etc. are awarded points, the number of which is to be decided taking into account their respective positions, achievement level of their performance, etc. based on the Officer Stock Distribution Rules. Each point awarded to the Directors, etc. is converted into one share of the Company's common stock at the time of the distribution of the Company's shares, etc. (In the event of a stock split, allotment of shares without contribution, or a consolidation of shares, the maximum number of points, the number of points already granted, and the conversion ratio will be reasonably adjusted in accordance with such ratio, etc.) The number of points held by a Director, etc., which will be used as the basis for the distribution of the Company's shares, etc., is, in principle, the number of points awarded to the said Director, etc. by the time of his/her retirement.</p> <p>The Officer Stock Distribution Rules, which determine the calculation method, etc., which considers such matters as the respective positions and achievement level of performance targets of the Directors, etc., are deliberated by the Compensation Committee and then resolved by the Board of Directors.</p>

Risk Management

Policy (our fundamental view)

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

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

Organizational setup

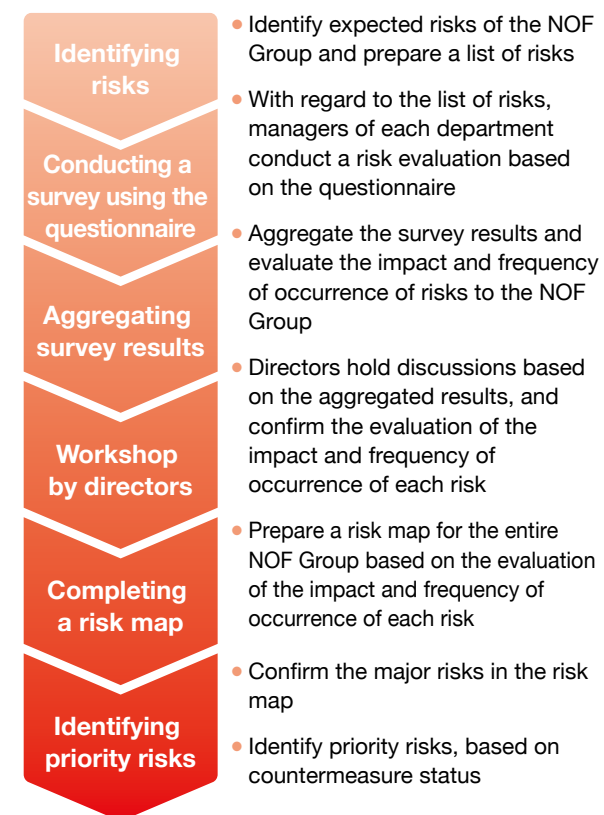
The Risk Management Committee, the Compliance Committee, the RC Committee, and the Quality Control Committee analyze management risks, consider countermeasures, and report to the Board of Directors. The Board of Directors receives reports and deliberates as necessary on various business risks, including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

Risk assessment process

We prepare 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. We also send a questionnaire to each NOF site and Group company. Based on the results of the questionnaire, the manager of each department conducts a risk evaluation and estimates the impact and

frequency of occurrence of each risk in the NOF Group based on the results of the evaluation. Based on the results, a risk map is prepared in a workshop of Directors and Operating Officers to confirm critical risks and select priority risks to be addressed.

Flow of risk assessment



Risk Management

Overview of priority risks and status of countermeasures

Priority risks	Risk description	Ongoing countermeasures	
Harassment / human rights abuses	Possible decline in trust in the Company due to human rights abuse, such as abuse of authority and sexual harassment at workplaces	<ul style="list-style-type: none"> Establish the Code of Ethical Conduct and the Compliance Manual 	<ul style="list-style-type: none"> Establish a consultation service with male and female employees as well as a contact point with attorneys
Cyberattacks and information system failures	Possible information leaks and interruption of business activities, due to illicit access from outside such as cyberattacks and information system failures	<ul style="list-style-type: none"> Establish the information security management rules and appoint a person responsible for information security management, etc. 	<ul style="list-style-type: none"> Develop a defense system against illicit access and implement safety measures at appropriate, rational levels
Inadequate governance of overseas bases	Possible decline in trust in the Company due to fraud, such as violations of laws and regulations, as a result of inadequate governance at overseas bases	<ul style="list-style-type: none"> Develop a system for ensuring the appropriateness of business operations 	<ul style="list-style-type: none"> Request a regular report on the state of business execution and financial conditions, etc.; conduct business audits
Inadequate disclosure of non-financial information	Possible loss of trust from stakeholders due to uncertainty about economic and environmental impact as well as social reputation	<ul style="list-style-type: none"> Analyze the current situation and identify targets 	<ul style="list-style-type: none"> Establish management indicators and targets and develop specific measures

Overview of major risks and status of countermeasures

Major risk	Risk description	Ongoing countermeasures	
Technology leaks	Possible decline in the Group's competitiveness, due to leakages of technology and technical information, and similar products/technologies provided by competitors	<ul style="list-style-type: none"> Establish rules for trade secrets Develop a management system for trade secrets 	<ul style="list-style-type: none"> Strengthen information security training for employees
Raw material procurement	Risk of social credibility falling due to human rights violations such as forced labor and child labor, or procurement of raw materials suspected to damage the environment	<ul style="list-style-type: none"> Statement of compliance with the CSR Procurement Policy and CSR Procurement Guidelines in sales contracts 	<ul style="list-style-type: none"> Ongoing supplier surveys through various questionnaires
Occupational accidents and incidents	Possible casualties among employees and neighborhood residents, possible suspension of business activities, and possible compensation for damages as a result of large-scale fires and explosion accidents at plants	<ul style="list-style-type: none"> Continuously improve health and safety levels through Responsible Care activities Strengthen the system for conducting safety assessments at the time of new construction 	<ul style="list-style-type: none"> Formulate emergency response manuals and implement trainings Implement joint disaster prevention drills and dialogue activities with local municipalities
Quality fraud	Possible decline in trust in the Company due to quality fraud, falsification of quality inspection results, and other situations	<ul style="list-style-type: none"> Ensure strict management of data related to quality control 	<ul style="list-style-type: none"> Raise awareness and train employees
Intellectual property infringement, etc.	Possible compensation for damages and possible orders to suspend manufacturing and shipment, due to infringements of intellectual property rights	<ul style="list-style-type: none"> Develop a check system for intellectual property management and patent infringement 	<ul style="list-style-type: none"> 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 Act, and Pharmaceutical and Medical Device Act	<ul style="list-style-type: none"> Prepare a Global Compliance Manual and country-specific compliance manuals based on the legal systems of each country 	<ul style="list-style-type: none"> Establish compliance training and contact points for whistle-blowing/consultation Establish a system for disseminating information on revisions to laws and regulations
Earthquakes, tsunami, infectious diseases	Possible interruption of production activities or business activities, including sales and distribution, due to earthquakes, tsunami, or other natural disasters	<ul style="list-style-type: none"> Formulate a business continuity plan (BCP) Conduct BCP training and internal audits 	<ul style="list-style-type: none"> Implement flood countermeasures for critical facilities
Delays in fostering human resources	Possible stall in development of core human resources who will be responsible for business growth, due to a delay in efforts to foster human resources or an unsuccessful human resource development plan	<ul style="list-style-type: none"> Build a system for deliberation and evaluation of company-wide human resources development policy plans 	<ul style="list-style-type: none"> Build a system to oversee progress and results related to human resources development

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 regula-

tions, the Company has formulated its NOF Basic CSR Policy as well as its code of conduct known as the NOF Code of Ethical Conduct 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.

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.

Basic CSR Policy

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

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

Basic Anti-Bribery Policy

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

As a result of these activities, there have been no cases of bribery offenses.

Prevention of unfair competition

NOF prohibits acts of unfair competition such as improper acquisition of trade secrets, actions that

Organizational setup

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

Operations and management

Compliance Manual

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

Compliance

Country-specific compliance manuals

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

Compliance-related training

The NOF Group regularly holds compliance-related training sessions for employees. In fiscal 2023, we continued compliance training for new employees and hires with experience, ensured awareness of precautions related to the Subcontract Act, and provided education on the Subcontract Act to procurement personnel at affiliate companies. We also held a lecture titled “The NOF Group’s Values and Human Rights & Compliance” for all employees to promote awareness of compliance from a higher perspective.

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.



Whistle-blowing system

Consultation desks in Japanese, English, Chinese (Simplified Chinese), Korean, Indonesian, and Portuguese have been set up at external third-par-

ty institutions as contact points for whistle-blowing / consultation in overseas countries where NOF’s business bases are located. Employees can contact the desks if they become aware of a violation or potential violation of compliance rules. Persons who report or consult on a violation or potential violation of compliance rules will not be treated disadvantageously because of the report or consultation, and the report or consultation will be handled with confidentiality. This system and contact points are communicated to executives and employees of the Group companies world-wide on a regular basis.

In fiscal 2023, there were 15 whistleblower cases, a decrease from the previous fiscal year, but the share of harassment cases remained high as in the past. In addition, we carefully investigated the facts of any report promptly and without searching for the whistleblower, and took necessary corrective actions and measures to prevent recurrence. As a result of these activities, there have been no cases of violations of laws and regulations. We will continue to create a better environment by understanding the purpose of the whistle-blowing system and by appropriately operating the system to respond to misconduct, corruption prevention, human rights violations, harassment, etc. in a timely manner before they become serious incidents.

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Consolidated business performance indicators

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

Consolidated balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Assets		
Current assets		
Cash and deposits	92,520	91,744
Notes and accounts receivable - trade, and contract assets	45,971	54,603
Electronically recorded monetary claims - operating	3,014	3,560
Merchandise and finished goods	30,079	27,548
Work in process	3,412	4,805
Raw materials and supplies	16,245	18,653
Other	2,706	4,143
Allowance for doubtful accounts	△199	△195
Total current assets	193,750	204,863

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Non-current assets		
Property, plant and equipment		
Buildings and structures	76,870	80,434
Accumulated depreciation	△53,689	△55,644
Buildings and structures, net	23,181	24,789
Machinery, equipment and vehicles	109,677	111,310
Accumulated depreciation	△96,252	△96,187
Machinery, equipment and vehicles, net	13,424	15,123
Land	20,790	20,393
Leased assets	490	544
Accumulated depreciation	△344	△421
Leased assets, net	145	123
Construction in progress	3,927	11,325
Other	17,258	18,178
Accumulated depreciation	△14,863	△15,238
Other, net	2,394	2,940
Total property, plant and equipment	63,863	74,695
Intangible assets		
Other	1,148	2,166
Total intangible assets	1,148	2,166
Investments and other assets		
Investment securities	44,719	51,192
Long-term loans receivable	5	7
Deferred tax assets	950	1,144
Retirement benefit asset	3,071	5,777
Other	1,988	1,661
Allowance for doubtful accounts	△60	△60
Total investments and other assets	50,675	59,723
Total non-current assets	115,688	136,585
Total assetst	309,438	341,449

Consolidated balance sheet

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Liabilities		
Current liabilities		
Notes and accounts payable - trade	18,496	21,741
Electronically recorded obligations - operating	1,230	1,373
Short-term borrowings	2,080	1,607
Current portion of long-term borrowings	150	—
Lease liabilities	103	253
Accrued expenses	1,585	1,753
Income taxes payable	8,626	7,339
Deposits received	4,137	4,316
Provision for bonuses	3,521	3,655
Asset retirement obligations	168	534
Other	11,496	11,553
Total current liabilities	51,598	54,129
Non-current liabilities		
Long-term borrowings	2,332	2,775
Lease liabilities	178	530
Deferred tax liabilities	9,820	12,927
Provision for officers' retirement benefits	56	13
Retirement benefit liability	4,842	4,942
Asset retirement obligations	388	23
Other	219	198
Total non-current liabilities	17,837	21,412
Total liabilities	69,436	75,541

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets		
Shareholders' equity		
Share capital	17,742	17,742
Capital surplus	15,052	15,052
Retained earnings	192,092	206,309
Treasury shares	△10,299	△7,209
Total shareholders' equity	214,588	231,894
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,725	26,685
Foreign currency translation adjustment	2,683	4,429
Remeasurements of defined benefit plans	180	1,993
Total accumulated other comprehensive income	24,588	33,108
Non-controlling interests	825	904
Total net assets	240,002	265,907
Total liabilities and net assets	309,438	341,449

Consolidated Statement of Income / Consolidated Statement of Comprehensive Income

Consolidated Statement of Income

(Millions of yen)

	Fiscal year April 1, 2022 to March 31, 2023	Current fiscal year April 1, 2023 to March 31, 2024
Net sales	217,709	222,252
Cost of sales	141,766	142,762
Gross profit	75,943	79,490
Selling, general and administrative expenses	35,318	37,348
Operating income	40,624	42,142
Non-operating income		
Interest income	174	358
Dividend income	1,197	1,149
Rental income from real estate	273	272
Foreign exchange gains	793	1,532
Other	534	705
Total non-operating income	2,973	4,018
Non-operating expenses		
Interest expenses	80	129
Expenses for conditional assignment	29	30
Rental expenses on real estate	82	83
Expenses for disposal of fixed assets	112	177
Other	110	162
Total non-operating expenses	415	582
Ordinary profit	43,183	45,577
Extraordinary income		
Gain on sale of non-current assets	7	1
Gain on receipt of donated non-current assets	—	411
Gain on sale of investment securities	4,840	2,612
Gain on extinguishment of tie-in shares	34	—
Total extraordinary income	4,882	3,025
Extraordinary losses		
Loss on sale of non-current assets	0	—
Impairment losses	1 *	55 *
Loss on retirement of non-current assets	23	71
Loss on sale of investment securities	0	7
Total extraordinary losses	25	134

Consolidated Statement of Income (Continued)

(Millions of yen)

	Fiscal year April 1, 2022 to March 31, 2023	Current fiscal year April 1, 2023 to March 31, 2024
Profit before income taxes	48,040	48,468
Income taxes - current	14,114	14,561
Income taxes - deferred	△89	△153
Total income taxes	14,025	14,407
Profit	34,015	34,061
Profit attributable to non-controlling interests	42	70
Profit attributable to owners of parent	33,973	33,990

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Fiscal year April 1, 2022 to March 31, 2023	Current fiscal year April 1, 2023 to March 31, 2024
Profit	34,015	34,061
Other comprehensive income		
Valuation difference on available-for-sale securities	△2,500	4,965
Foreign currency translation adjustment	1,957	1,761
Remeasurements of defined benefit plans, net of tax	△83	1,811
Total other comprehensive income	△626	8,539
Comprehensive income	33,389	42,600
Comprehensive income attributable to		
Owners of parent	33,261	42,510
Non-controlling interests	127	90

* The NOF Group calculated impairment losses on the following assets.
 [Previous fiscal year] Kawagoe City, Saitama Prefecture / Purpose: Production facilities, etc. (buildings, etc.)
 [Current fiscal year] Taketoyo Town, Chita District, Aichi Prefecture / Purpose: Production facilities, etc. (machinery, etc.)

Consolidated statement of changes in net assets

(Millions of yen)

Fiscal year (April 1, 2022 to March 31, 2023)	Shareholders' equity					Accumulated other comprehensive income				Non- controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	17,742	15,115	166,062	△3,292	195,627	24,226	809	264	25,300	777	221,706
Changes during period											
Dividends of surplus			△7,943		△7,943						△7,943
Profit attributable to owners of parent			33,973		33,973						33,973
Purchase of treasury shares				△7,007	△7,007						△7,007
Disposal of treasury shares		0		0	0						0
Cancellation of treasury shares					—						—
Transfer of loss on disposal of treasury shares											
Change in ownership interest of parent due to transactions with non-controlling interests		△62			△62						△62
Net changes in items other than shareholders' equity						△2,501	1,874	△84	△711	47	△663
Total changes during period	—	△62	26,030	△7,007	18,960	△2,501	1,874	△84	△711	47	18,296
Balance at end of period	17,742	15,052	192,092	△10,299	214,588	21,725	2,683	180	24,588	825	240,002

(Millions of yen)

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

Consolidated Statement of Cash Flows

(Millions of yen)

	Fiscal year ended (For the Year Ended) March 31, 2023	Current fiscal year (For the Year Ended) March 31, 2024
Net cash provided by (used in) operating activities		
Profit before income taxes	48,040	48,468
Depreciation and amortization	6,359	6,939
Impairment losses	1	55
Increase (decrease) in retirement benefit liability	△279	7
Interest and dividend income	△1,371	△1,508
Interest expenses	80	129
Loss (gain) on extinguishment of tie-in shares	△34	—
Loss (gain) on sale of non-current assets	△6	△1
Gain on receipt of donated non-current assets	—	△411
Loss (gain) on sale of investment securities	△4,840	△2,605
Decrease (increase) in trade receivables	△2,967	△8,413
Decrease (increase) in inventories	△9,410	△892
Increase (decrease) in trade payables	△3,129	2,518
Other, net	1,107	26
Subtotal	33,548	44,313
Interest and dividends received	1,370	1,500
Interest paid	△78	△129
Income taxes paid	△11,506	△15,715
Net cash provided by (used in) operating activities	23,333	29,970

(Millions of yen)

	Fiscal year ended (For the Year Ended) March 31, 2023	Current fiscal year (For the Year Ended) March 31, 2024
Net cash provided by (used in) investing activities		
Purchase of investment securities	△1,305	△257
Proceeds from sale of investment securities	5,612	3,572
Purchase of property, plant and equipment and intangible assets	△6,219	△17,748
Proceeds from sale of property, plant and equipment and intangible assets	22	1
Net decrease (increase) in short-term loans receivable	224	△43
Long-term loan advances	△6	△11
Proceeds from collection of long-term loans receivable	2	8
Other, net	960	△485
Net cash provided by (used in) investing activities	△709	△14,964
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term borrowings	△488	△562
Proceeds from long-term borrowings	2,200	431
Repayments of long-term borrowings	△2,800	△150
Proceeds from sale of treasury shares	0	8
Purchase of treasury shares	△7,007	△7,523
Purchase of treasury shares of subsidiaries	△0	△2
Repayments of finance lease liabilities	△130	△132
Dividends paid	△7,916	△9,160
Dividends paid to non-controlling interests	△26	△9
Net cash provided by (used in) financing activities	△16,170	△17,101
Effect of exchange rate change on cash and cash equivalents	1,139	524
Net increase (decrease) in cash and cash equivalents	7,593	△1,571
Cash and cash equivalents at beginning of period	81,431	89,081
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	55	—
Cash and cash equivalents at end of period	89,081	87,509

Environmental Performance Data

Changes

NOF Group

Item	Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Production volume	[thousand tons]	243	242	245	266	267	259	229	249	226	209
Total energy input	[thousand GJ]	3,461	3,444	3,431	3,464	3,477	3,330	3,247	3,377	3,112	2,909
Total substance input	[thousand tons]	259	263	267	280	273	253	231	261	236	248
Water resource input	[thousand m ³]	7,900	7,987	8,240	8,131	8,061	8,232	8,319	8,420	8,498	8,358
Greenhouse gas emissions	[thousand tons of CO ₂]	206	195	202	207	205	196	187	189	175	159
SOx emissions	[tons]	7	8	9	7	7	6	4	5	7	8
NOx emissions	[tons]	89	62	93	65	64	55	57	55	55	58
Soot and dust emissions	[tons]	3	3	5	4	5	5	8	4	5	3
BOD emissions	[tons]	127	105	79	160	69	74	104	93	67	74
COD emissions	[tons]	278	318	225	314	302	441	219	154	148	171
Suspended solid emissions	[tons]	35	41	39	32	50	37	40	36	25	58
Waste quantity from plants	[tons]	24,024	24,719	25,567	27,947	30,161	28,446	28,955	29,164	25,157	22,541
Internally recycled quantity	[tons]	5,100	3,929	1,177	1,190	955	1,182	1,165	953	914	976
Externally recycled amount	[tons]	14,309	14,704	17,055	17,645	19,253	16,426	17,808	17,687	16,547	14,444
Final disposal quantity by landfill	[tons]	1,157	1,260	1,333	1,168	1,046	1,302	1,588	950	1,092	617
Emissions of PRTR Act-controlled substances	[tons]	232	187	170	167	177	158	147	155	143	167

Environmental Performance Data

Domestic Group

Item	Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Production volume	[thousand tons]	214	217	219	231	232	225	194	210	188	179
Total energy input	[thousand GJ]	3,039	3,016	3,018	2,987	3,004	2,917	2,810	2,892	2,699	2,570
Total substance input	[thousand tons]	259	263	267	280	273	253	231	261	236	217
Water resource input	[thousand m ³]	6,396	6,389	6,560	6,374	6,352	6,376	6,435	6,448	6,535	6,484
Greenhouse gas emissions	[thousand tons of CO ₂]	184	182	181	173	172	169	158	159	144	135
SOx emissions	[tons]	6	7	9	6	6	5	3	3	4	6
NOx emissions	[tons]	87	60	90	62	60	52	53	50	51	54
Soot and dust emissions	[tons]	3	3	4	3	2	1	2	1	1	1
BOD emissions	[tons]	32	39	28	40	43	33	38	52	39	36
COD emissions	[tons]	61	78	68	73	66	60	60	68	44	52
Suspended solid emissions	[tons]	35	41	39	32	50	37	40	36	25	42
Waste quantity from plants	[tons]	19,966	20,508	21,351	23,466	25,976	23,662	24,176	23,796	21,270	19,132
Internally recycled quantity	[tons]	5,100	3,929	1,177	1,190	955	1,182	1,165	953	914	976
Externally recycled amount	[tons]	14,011	14,576	16,696	17,267	18,676	16,002	17,320	17,138	15,916	13,511
Final disposal quantity by landfill	[tons]	159	111	157	117	95	81	681	135	61	69
Emissions of PRTR Act-controlled substances	[tons]	232	187	170	167	177	158	147	155	143	167

NOF

Item	Unit	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Production volume	[thousand tons]	193	198	200	211	211	205	178	191	170	162
Total energy input	[thousand GJ]	2,751	2,753	2,739	2,728	2,753	2,673	2,572	2,658	2,471	2,358
Total substance input	[thousand tons]	236	243	248	259	253	233	214	244	218	202
Water resource input	[thousand m ³]	5,760	5,838	5,967	5,879	5,843	5,832	5,874	5,889	6,007	5,988
Greenhouse gas emissions	[thousand tons of CO ₂]	166	166	164	158	157	155	145	146	131	123
SOx emissions	[tons]	2	3	4	3	3	3	1	2	3	5
NOx emissions	[tons]	85	58	88	59	58	50	51	48	49	53
Soot and dust emissions	[tons]	1	2	2	2	2	1	2	1	1	1
BOD emissions	[tons]	29	35	25	37	39	30	34	50	37	33
COD emissions	[tons]	60	78	68	72	65	60	60	67	44	52
Suspended solid emissions	[tons]	29	33	31	25	35	31	33	31	22	36
Waste quantity from plants	[tons]	19,156	19,716	20,350	22,372	25,061	22,721	22,529	22,822	20,493	18,463
Internally recycled quantity	[tons]	5,100	3,929	1,177	1,190	955	1,182	1,165	953	914	976
Externally recycled amount	[tons]	13,466	14,017	16,132	16,355	17,965	15,235	16,489	16,374	15,242	12,939
Final disposal quantity by landfill	[tons]	55	60	66	61	60	50	40	54	37	48
Emissions of PRTR Act-controlled substances	[tons]	188	143	123	121	127	118	111	117	109	129

Corporate information

(As of March 31, 2024)

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

1,794 (consolidated: 3,879)

Consolidated subsidiaries

24 companies*

Accounting Auditor

Ernst & Young ShinNihon LLC

*As of April 1, 2024

Stock information

(As of March 31, 2024)

Listed stock exchange

Tokyo Stock Exchange ,Prime Market

Securities code

4403

Number of shareholders

13,120

Total number of shares authorized

347,000,000

Total number of shares issued

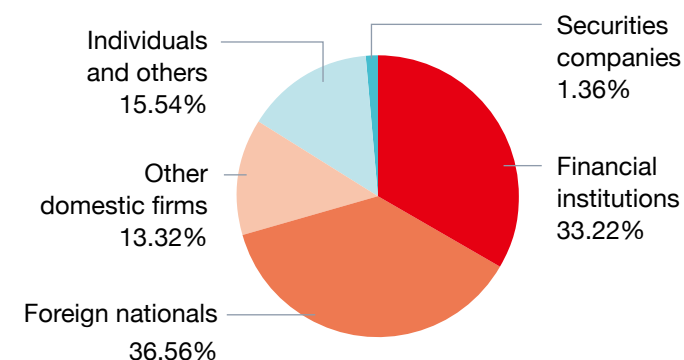
79,690,615 (excluding 1,150,761 treasury shares)

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)	12,423	15.58
Custody Bank of Japan, Ltd. (trust account)	4,438	5.57
Meiji Yasuda Life Insurance Company	3,128	3.92
SSBTC CLIENT OMNIBUS ACCOUNT	2,438	3.05
BNYM AS AGT / CLTS 10 PERCENT	1,741	2.18
NOF Shineikai	1,640	2.05
BNYM AS AGT / CLTS NON TREATY JASDEC	1,475	1.85
NOF Kyoekikai	1,358	1.70
GOVERNMENT OF NORWAY	1,342	1.68
NORTHERN TRUST CO. (AVFC) RE FIDELITY FUNDS	1,328	1.66

Notes: 1. The number of shares is rounded down to the nearest thousand shares.
2. Percentage of ownership excludes 1,150,761 shares of treasury stock.
3. Percentage of ownership is rounded down to the second decimal place.

Distribution of shares by type of shareholder



Information provision tools

NOF website

<https://www.nof.co.jp/english>



Investor Information

<https://www.nof.co.jp/english/ir>

Sustainability information

<https://www.nof.co.jp/english/csr>

Naruhodo NOF!

www.nof.co.jp/contents/about/

Corporate Governance Report

https://www.nof.co.jp/files/ir/english/home/corporate_governance.pdf

Annual Securities Report

<https://www.nof.co.jp/english/ir/library/financial-statements>

Sustainability Report

<https://www.nof.co.jp/english/csr/detail/673>

(Please see the Sustainability Report for the GRI Standards Content Index.)

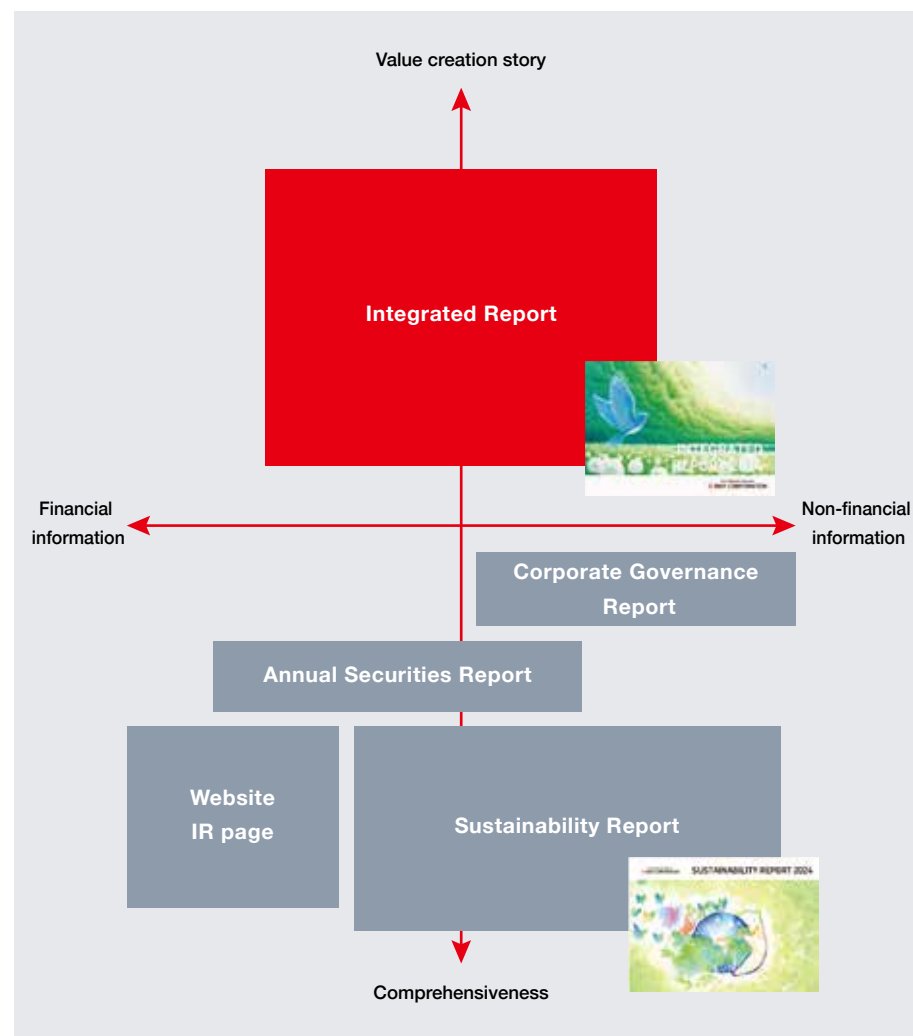


About the cover art

The cover art of the Integrated Report is by cocoa float, who is registered with the Shougaisha Jiritsu Suishin Kikou Association.

"Departure"

Positioning of the Integrated Report



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