

Presentation Material

# 2028 Mid-term Management Plan NOF VISION 2030

May 22, 2026

 **NOF CORPORATION**

Next, I will explain the 2028 Mid-term Management Plan.

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Let me show you what I will explain.

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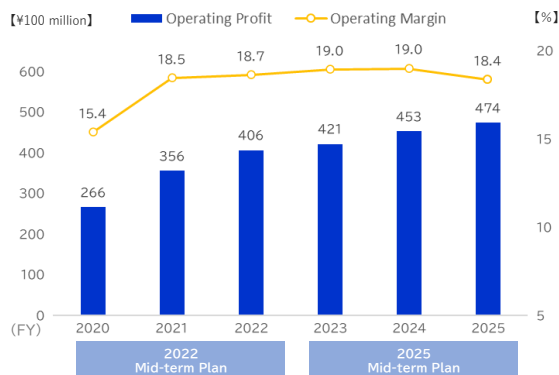
First, I will present the review of the 2025 Mid-term Management Plan.

## Management Indicators (related to Operating Profit and ROE)

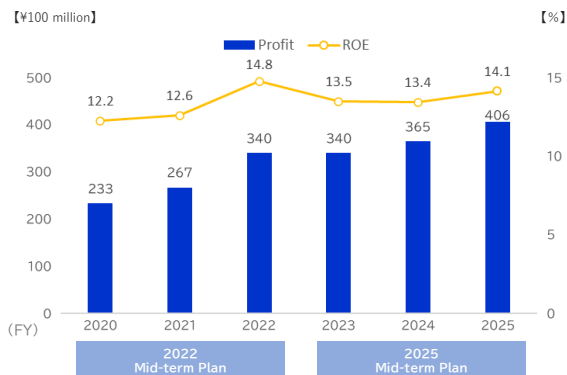


- ◆ Although the Pharmaceuticals, Medicals and Health Segment was affected by a temporary decline in demand for raw materials for DDS, steady profit growth was achieved due to growth in the cosmetics-related and automotive-related businesses of the Functional Chemicals Segment, as well as the defense-related business of the Explosives & Propulsion Segment.

Operating profit/Margin Trend



ROE/Profit Trend



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Let me start with our management indicators.

Among these indicators, we place particular emphasis on operating profit and ROE in our efforts to enhance corporate value. Our operating profit has shown consistent growth throughout the 2022 and 2025 Mid-term Management Plans. Regarding ROE as well, we have maintained and improved it throughout these two mid-term management plans.

## Summary of Management Indicators



- ◆ Achieve the operating profit target under the 2025 Mid-term Management Plan.
- ◆ Actively return profits to shareholders with a focus on improving capital efficiency, while pursuing strategic investments in facilities (such as for existing business expansion and environmental initiatives) and R&D to create new businesses.

	FY2025 Plan (2025 Mid-term Plan)	FY2025 Actual
Operating profit	460	474
Operating margin	18 or more	18.4
R O E (Return on equity)	12 or more	14.1
Capital expenditures *1	695	715
R&D expenses*1	256	233
Total return ratio*2	About 50%	71.3

\*1 Cumulative total for the 2025 Mid-term Plan period, on an acceptance basis.

\*2 The total return ratio for FY2025 includes the ¥5 billion share repurchase announced on May 11, 2026.

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Next, I will present a summary of our management indicators.

Under the 2025 Mid-term Management Plan, we successfully achieved our operating profit target. Capital expenditures and R&D expenses were broadly in line with our plans, as a result of evaluating projects in light of the changing business environment and making efficient investments, thereby laying a solid foundation for the future. Shareholder returns also exceeded our original forecast as we aimed to improve capital efficiency. Due to the growth in profits, investments aimed at driving growth, and the active pursuit of shareholder returns, the ROE reached 14.1%.

## Financial results by segment



- ◆ Overperformance of Functional Chemicals Segment and Explosives & Propulsion Segment
- ◆ Underperformance of Pharmaceuticals, Medicals & Health Segment

[¥100million]

		FY2025 Plan (2025 Mid-Term Plan) (1)	FY2025 Actual (2)	Difference (2)–(1)	Key Differences
Functional Chemicals	Net sales	1,566	1,458	(108)	<ul style="list-style-type: none"> <li>• Underperformance of fatty acid derivatives and organic peroxides</li> <li>• Overperformance of cosmetics-related products and special anti-corrosion coatings</li> </ul>
	Op.profit*	261	268	7	
Pharmaceuticals, Medicals and Health	Net sales	581	499	(82)	<ul style="list-style-type: none"> <li>• Underperformance of raw materials for DDS</li> </ul>
	Op.profit*	204	158	(46)	
Explosives & Propulsion	Net sales	398	617	219	<ul style="list-style-type: none"> <li>• Overperformance of defense-related products</li> </ul>
	Op.profit*	32	80	48	
Others	Net sales	5	6	1	
	Op.profit*	(37)	(32)	5	
Total	Net sales	2,550	2,580	30	
	Op.profit*	460	474	14	

\* Op.profit=Operating profit

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Next, I will explain our financial results by segment.

When comparing our operating profit target to the 2025 Mid-term Plan, the Pharmaceuticals, Medicals & Health Segment underperformed our expectations. However, both the Functional Chemicals Segment and the Explosives & Propulsion Segment overperformed. As a result, our overall FY2025 results exceeded the initial plan.

# Strategic Investments



Strategic investments	[¥100million]	
	2025 Mid-term Plan (Plan Total)	2025 Mid-term Plan (Actual Total)
Production	479	484
Environment	21	11
R&D	87	58
Human investment	86	50
Total	673	604

- ◆ Although some projects were revised or unexecuted due to changes in the business environment, we executed unplanned capital expenditures associated with defense-related Rapid Acquisition.
- ◆ Some unexecuted projects will continue to be reviewed under the 2028 Mid-term Management Plan.

Capital expenditures	[¥100million]	
	2025 Mid-term Plan (Plan Total)	2025 Mid-term Plan (Actual Total)
Capital expenditures <sup>※1</sup>	695	715
Depreciation & amortization	228	370

R&D Expenses	[¥100million]	
	2025 Mid-term Plan (Plan Total)	2025 Mid-term Plan (Actual Total)
Functional Chemicals	106	113
Pharmaceuticals, Medicals and Health	59	53
Explosives & Propulsion	46	37
Others <sup>※2</sup>	45	29
Total	256	233

※1 Acceptance basis

※2 Including industry-academia collaboration and collaboration with start up companies

This slide explains our strategic investments.

Due to changes in the business environment, we revised our forecasts for some projects and delayed others, but we also made capital expenditures related to rapid acquisition in the Explosives & Propulsion segment, which were not included in our initial forecast. We believe that we were able to steadily carry out investments aimed at future growth while flexibly adapting to the changing business environment.

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Next, I will explain NOF's Vision.

# 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"

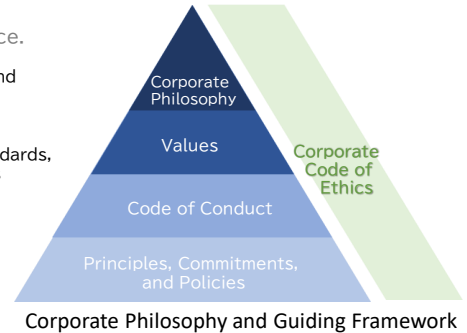
Under the business slogan "From the Biosphere to Outer Space," we will strengthen our unity for the future, aim to improve our business performance, and seek to contribute to the development of humanity and society as a chemical company with our basic policy to live in harmony with society by paying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

**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.



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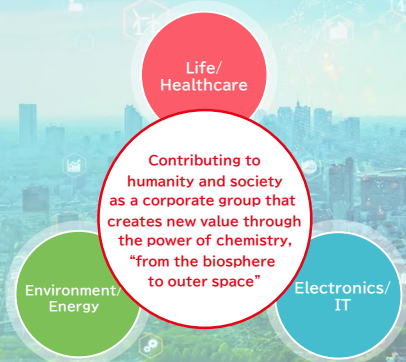
First, I will present NOF's Philosophy. Our philosophy is built upon our Corporate Philosophy, which serves as the mission and vision for our business activities: "Contributing to humanity and society as a corporate group that creates new value through the power of chemistry, 'from the biosphere to outer space.'" It is also deeply rooted in the three Values prioritized by the NOF Group as we put this Corporate Philosophy into practice.

# Corporate Vision for FY2030



## Corporate Vision

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



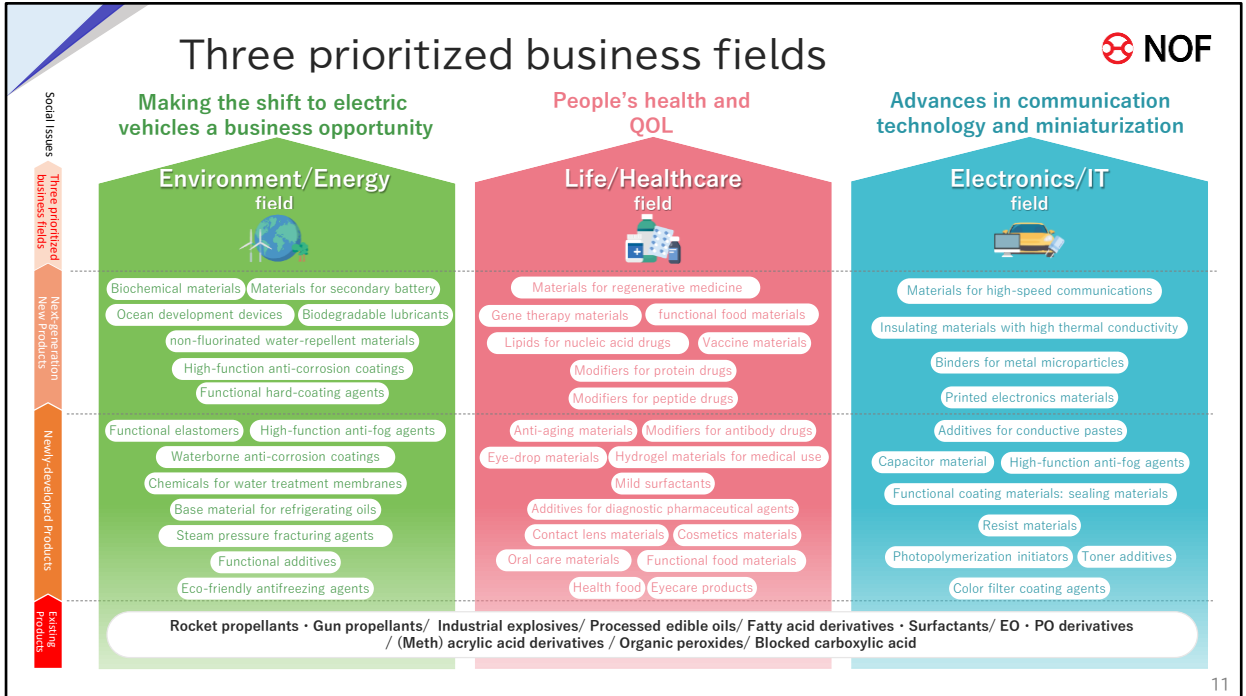
## NOF VISION 2030

[¥100million,%]

	FY2025 (Actual)	FY2028 (Plan)	FY2030 (Target)
Net sales	2,580	3,060	
Operating profit	474	570	650 <small>Upward revision</small>
Operating margin	18.4	18.6	20 or more
ROE	14.1	14 or more	15 or more

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Our Group has been operating under "NOF VISION 2030," which serves as our Corporate Vision for FY2030. In conjunction with the formulation of our 2028 Mid-term Management Plan, which I will explain today, we have revised the assumptions underlying the FY2030 targets in our corporate vision, such as changes in the business environment. We have therefore decided to raise the operating profit target from ¥60 billion, which was the target when we formulated the 2025 Mid-term Management Plan, to ¥65 billion. Furthermore, we have newly set our ROE target at 15% or more for FY2030.



Next, I will explain our three prioritized business fields.

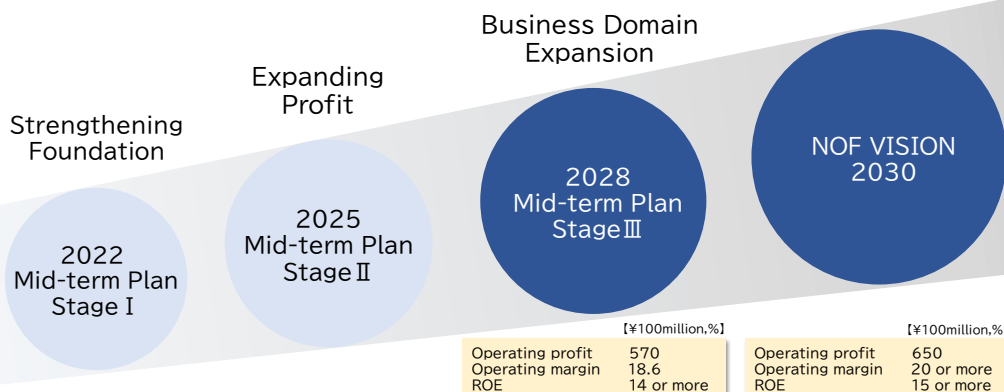
We will contribute to the resolution of social issues in the three target fields by developing new and next-generation products based on combinations of our core technologies, which have been cultivated across a wide range of business domains.

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Next, I will explain the basic policies and targets of the 2028 Mid-term Management Plan, Stage III.

# Targets and Basic Policies of the Mid-term Management Plan



## Basic Policies of the 2028 Mid-term Management Plan

Agile resource allocation aimed at creating growth drivers  
 Maximization of shareholder value based on the optimization of capital allocation

The 2028 Mid-term Management Plan is positioned as the “Business Domain Expansion Stage,” aiming for further growth by building on the various measures implemented during Stages I and II of NOF VISION 2030. Under this plan, our operating profit target is set at ¥57 billion, the operating margin at 18.6%, and an ROE of 14% or more. The basic policies of the 2028 Mid-term Management Plan are agile resource allocation aimed at creating growth drivers and the maximization of shareholder value based on the optimization of capital allocation. However, the new mid-term management plan is not simply about achieving targets over the next several years—we view it as a key mid-term plan that lays the groundwork for FY2030 and beyond, so that we can continue to achieve sustainable growth and provide value to society.

## Key management indicators



【¥100million,%】

	2025 Mid-term Plan (FY2025 Actual)	FY2026 Forecast	2028 Mid-term Plan (FY2028 Plan)	NOF VISION 2030 (FY2030 Plan)
Operating profit	474	500	570	650
Operating margin	18.4	15.7	18.6	20 or more
R O E (Return on equity)	14.1	13.1	14 or more	15 or more
Capital expenditures*	715*	705	2,080*	
R&D expenses*	233*	89	284*	
Total return ratio*	71.3	70 or more	70 or more	

\* Cumulative total for the Mid-term Management Plan period. Capital expenditures are on an acceptance basis.

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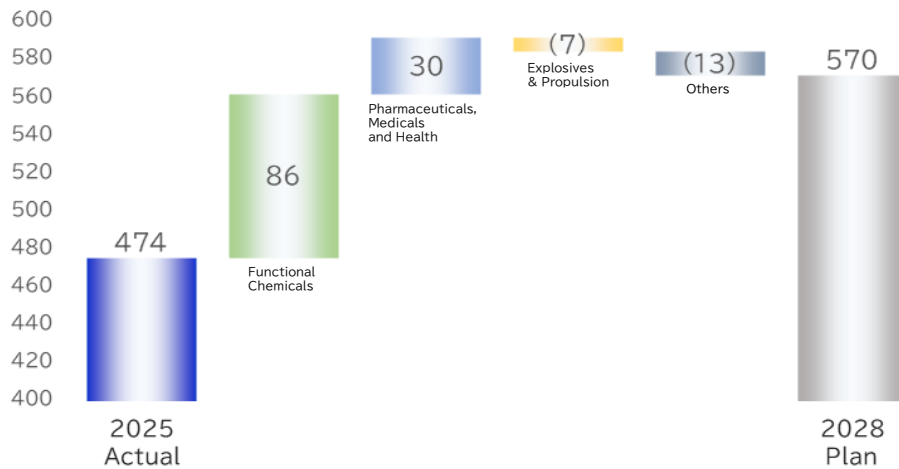
Next, I will explain the targets for our key management indicators.

We will allocate the profits generated toward investments for future growth, while also implementing active shareholder returns.

## Analysis of changes in Operating Profit by Segment



- ◆ Profit growth in Functional Chemicals and Pharmaceuticals, Medicals and Health
- ◆ In Explosives & Propulsion, the impact of initial costs related to rapid acquisition will subside and a slight decrease in profit is forecast



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Next, I will explain the breakdown of changes in operating profit by segment.

This compares the FY2025 actual results with the FY2028 plan, which is the final year of the 2028 Mid-term Management Plan. We expect to achieve profit growth driven by the Functional Chemicals Segment and the Pharmaceuticals, Medicals & Health Segment.

## Capital expenditure plan



- ◆ Along with investment aimed at creating new business, the capital expenditure plan is intended to expand growth businesses and strengthen the management base

### Capital expenditure by segment

[¥100million]

	2025 Mid-term Plan (Actual)		2028 Mid-term Plan (Plan)	
	FY2025 (Actual)	Total	FY2026 (Plan)	Total
Functional Chemicals	59	180	81	581
Pharmaceuticals, Medicals and Health	23	192	18	58
Explosives & Propulsion	257	315	577	1,308
(Of which) Initial costs related to Rapid Acquisition	229	248	547	1,150
Others	5	27	29	134
<b>Total</b>	<b>344</b>	<b>715</b>	<b>705</b>	<b>2,080</b>

\* Acceptance basis. Land acquisition costs are excluded.

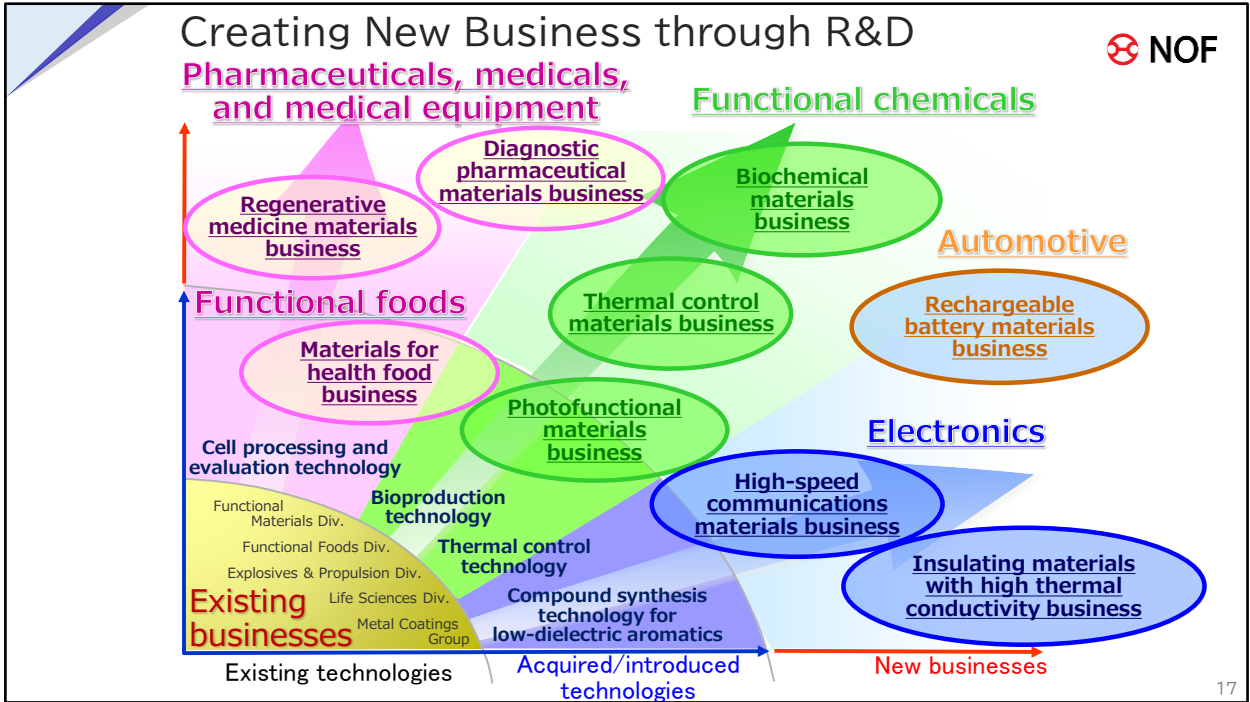
### Major Capital expenditure (2028 Mid-term Management Plan)

- Extension of manufacturing facilities for cosmetics-related products  
¥25 billion
- Construction of manufacturing facilities for toiletries-related raw materials  
¥2 billion
- Construction and extension of rapid acquisition-related facilities  
¥115 billion
- Construction of Health Science/Material Science Research Lab  
¥13 billion
- Construction and upgrade of Welfare facility  
¥6 billion

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Next, I will explain our capital expenditure plan.

We plan to actively invest in cosmetics-related and defense-related products to expand our growth businesses, as well as build the new Health Science and Material Science Research Labs with the aim of expanding our business domains. We will also pursue the renovation and construction of welfare facilities as a human investment for the purpose of strengthening our management base.



Next, I will explain the creation of new businesses through R&D.

We plan to accelerate the creation of new businesses in a wide range of business domains by acquiring new technologies through internal and external collaboration and further exploring our existing businesses.

## Aiming to Create New Businesses



### Accelerating the development of new products and technology through open innovation (2025 Mid-term Plan)

#### ■ Priority business areas

Pharmaceutical materials

Materials for medical care and medical devices

Functional chemical materials

Functional food materials

Materials for electronics

Materials for automobiles

#### ■ Status of open innovation under the 2025 Mid-term Management Plan

##### <Calls for commissioned industry-academia research>

- FY2023 Conducted in the field of medical care and medical devices
- FY2025 Conducted in the field of electronics

##### <Utilization of venture capital >

- FY2023 invested in UMI III Investment Limited Partnership (“UMI No. 3 Fund”) operated by Universal Materials Incubator Co., Ltd.

##### <Comprehensive industry-academia-government collaboration >

- FY2024 Establishment of the NOF-AIST Smart Green Chemicals Collaborative Research Laboratory

Discovery and development of promising themes in each field

Promoting commercialization through market work in the 2028 Mid-term Plan

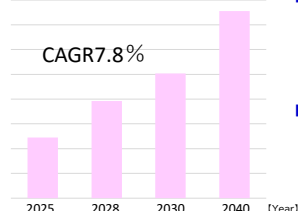
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Next, I would like to go over our initiatives for creating new businesses under the 2025 Mid-term Management Plan.

We selected six priority business areas and were able to promote open innovation to discover and develop promising themes in various fields in order to accelerate the development of new products and technologies. In the 2028 Mid-term Plan, we will pursue commercialization of these themes through market work. We are working on a number of promising themes, and the next slide presents two of these.

Regenerative medicine materials (Cell cryopreservation solution)

■ Target market trends



■ Issue/need

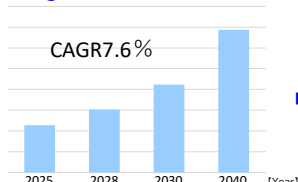
- Strong need for cryopreservation solutions that are highly effective for the cryopreservation of 2D- and 3D-cultured cells (capable of maintaining cell survival rate and cellular function)

■ Development strategy

- Develop various cell cryopreservation solutions formulated with NOF's proprietary materials, introduce them to the cryopreservation solution market for 2D- and 3D-cultured cells, and expand sales

Materials for high-speed(5G,6G) communications(Functional polyimide)

■ Target market trends



■ Issue/need

- Strong need for resins for printed circuit boards that balance low dielectric properties, low transmission loss, high adhesion to copper substrates, and high reliability

■ Development strategy

- Develop resins that demonstrate low dielectric properties, high adhesion, and high reliability; introduce new applications to the market, such as materials for high-speed communications, thermal composite materials, and semiconductor materials; and expand sales

This slide presents regenerative medicine materials and materials for high-speed communications, which are promising themes whose commercialization we will pursue during the 2028 Mid-term Management Plan.

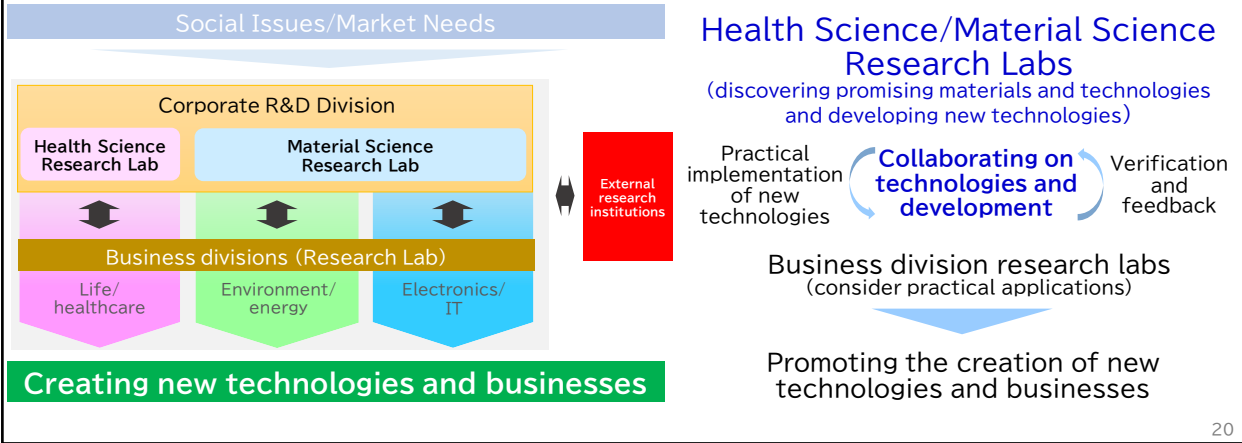
A CAGR of 7.8% is forecast for the target market for regenerative medicine materials. We aim to develop various cryopreservation solutions for cells formulated with our proprietary materials, introduce them to the cryopreservation solution market for 2D- and 3D-cultured cells, and expand sales.

A CAGR of 7.6% is forecast for the target market for materials for high-speed communications. We aim to develop resins that demonstrate low dielectric properties, high adhesion, and high reliability; introduce new applications to the market such as materials for high-speed communications, thermal composite materials, and semiconductor materials; and expand sales.

# Accelerating the Creation of New Technologies and Businesses through Strengthening the R&D System



With the aim of expanding our business domains, we have established the **Health Science Research Lab** (life/healthcare field) and the **Material Science Research Lab** (environment/energy and electronics/IT fields) in our Corporate R&D Division (April 1, 2026)



Next, I will explain the acceleration of new technology and business creation through the strengthening of our R&D system.

We have established a Health Science Research Lab and Material Science Research Lab in our Corporate R&D Division. Based on these initiatives, we will discover promising materials and technologies, develop new technologies for the discovered development themes, and collaborate with the business division's research labs to speed up development and pursue the creation of new technologies and businesses.

## R&D



[¥100million]

	2025 Mid-term Plan (Actual)	2028 Mid-term Plan (Plan)	Increase (Decrease)
Functional Chemicals	113	135	+20%
Pharmaceuticals, Medicals and Health	53	60	+12%
Explosives & Propulsion	37	43	+14%
Others*	29	47	+60%
<b>Total</b>	<b>233</b>	<b>284</b>	<b>+22%</b>

\* Including industry-academia collaboration and collaboration with start-up companies

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Next, I will explain the R&D expenses by segment for the 2028 Mid-term Management Plan period.

On a consolidated basis, we plan to increase our total R&D expenses by 22% compared to the previous 2025 Mid-term Management Plan. Through this increased investment, we will drive our R&D forward to expand our business domains.

## Strategic Investments in 2028 Mid-term Management Plan



**Strategic investments framework:  
Approx. 200 billion yen is assumed.**  
(including capital expenditure for the rapid acquisition)

Investments toward expansion of business areas  
(new businesses, R&D, and land acquisition)

Investments for the expansion of growth businesses  
(production capacity enhancement and M&A)

Investments for strengthening the management foundation  
(including human investments and others)

Forward-looking investments that generate future cash flows and  
contribute to maintaining and improving ROE

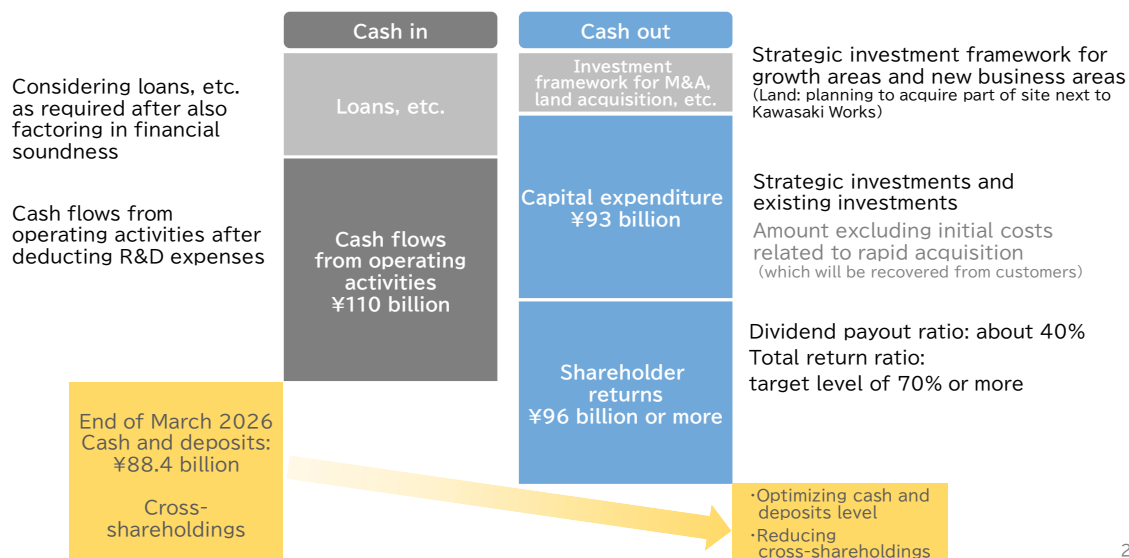
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I will now explain our strategic investments for the 2028 Mid-term Management Plan.

We have established a strategic investment framework of approximately ¥200 billion under the 2028 Mid-term Management Plan. This will take the form of investments aimed at expanding our business domains and growth businesses, including the facility investments and R&D discussed earlier, as well as investments to strengthen our management base. We will make strategic investments under the 2028 Mid-term Management Plan as upfront investments to generate cash flows for the future, including FY2030 and beyond, and to help maintain and improve a sustainable ROE.

## Capital allocation plan (total from FY2026 to FY2028)

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



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Next, I will explain our capital allocation during the 2028 Mid-term Management Plan period.

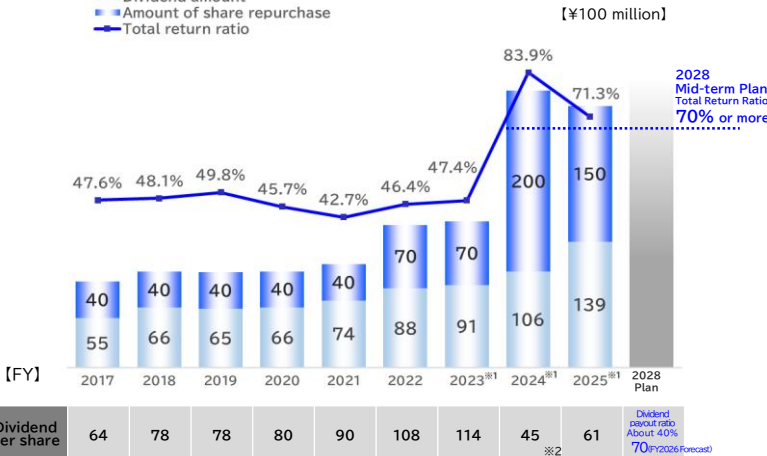
We will allocate a large portion of our cash reserves, including cash based on cash flows from operating activities and the sale of cross-shareholdings, to existing investments and strategic investments. At the same time, we will pursue active shareholder returns aimed at improving capital efficiency. We also aim to optimize the level of cash and deposits and enhance capital efficiency after considering the financial soundness that will enable us to make agile growth investments and adapt to changes in the business environment.

# Shareholder Return Policy



- ◆ Aiming to achieve progressive dividends over the medium to long term, we will implement stable shareholder returns while balancing them with investment in future growth, such as considering agile share repurchases with the aim of improving capital efficiency

■ Dividend amount  
■ Amount of share repurchase  
— Total return ratio



## Shareholder Return Policy

We forecast medium-term FCF and determine the level of shareholder returns while balancing financial soundness and growth investments

We are targeting a **dividend payout ratio of about 40%**, which is around 10% more than the FY2025 figure, with the aim of achieving progressive dividends in the medium to long term based on maintaining stable dividends

Share repurchasing aimed at improving capital efficiency  
Expanding the size of shareholder returns during the 2028 Mid-term Plan with a target **total return ratio of 70% or more**

Dividend per share	64	78	78	80	90	108	114	45	61	Dividend payout ratio About 40% 70% (2026 Forecast)
								※2		

<sup>\*1</sup> The amount of share repurchases resolved at the announcement of financial results is aggregated as the repurchase amount for the relevant fiscal year.  
<sup>\*2</sup> A 3-for-1 common share split effective April 1, 2024.

Regarding our shareholder return policy, we aim to achieve progressive dividends over the medium to long term. We will implement stable shareholder returns while balancing them with investments in future growth, which includes considering agile share repurchases to improve capital efficiency. Specifically, as our policy for the 2028 Mid-term Management Plan, we are targeting a dividend payout ratio of about 40%, and a total return ratio—including share repurchases—of 70% or more.

# Cross-Shareholdings Reduction Policy

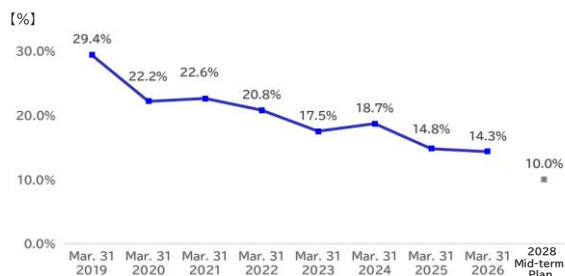
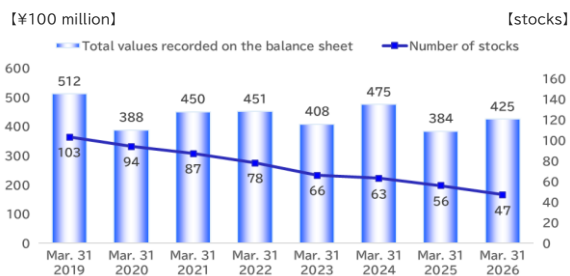


- ◆ Achieved the target ratio of cross-shareholdings to net assets of 15% or less under the 2025 Mid-term Plan
- ◆ Under the 2028 Mid-term Plan, we will pursue the reduction of cross-shareholdings with the aim of achieving a ratio of cross-shareholdings to net assets of **10% or less**

## Transition of Cross-Shareholdings

## Transition of Cross-shareholdings' Percentage of Consolidated Net Assets

In FY2025, 9 stocks were reduced and 6 stocks were partially sold. The ratio declined to 14.3%.



Ratio of the total amount of cross-shareholdings on the balance sheet and a deemed shareholding divided by net assets

Next, I will explain our cross-shareholdings reduction policy.

Under the 2025 Mid-term Management Plan, we proceeded with the sale of cross-shareholdings and successfully achieved the target ratio to net assets of 15% or less. Under the 2028 Mid-term Management Plan, we have set a new target ratio of 10% or less, and we will continue to pursue the reduction of these holdings.

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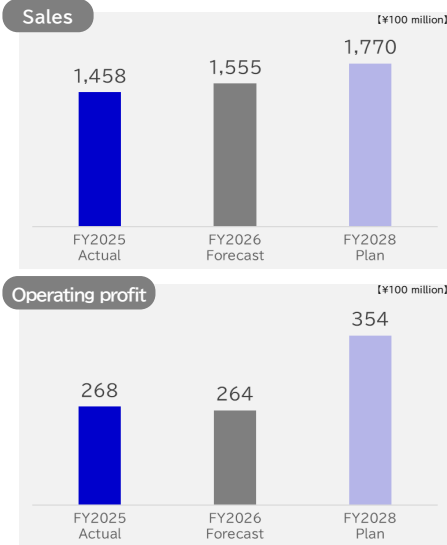
Basic Policy and Targets  
Targets by Segment  
Topic

Next, I will explain our targets by segment.

# Functional Chemicals Segment



- ◆ Business growth driven mainly by cosmetics-related products and special anti-corrosion coatings
- ◆ Business domain expansion in the electronic/IT field



## Cosmetics-related products

- Cosmetic raw materials: enhancing plant-based raw materials, sales expansion overseas
- Cosmetic ODM: expanding supply capacity, capturing new demand

## Special anti-corrosion coatings

- Sales expansion in the automobile market and development of the non-automobile market
- Enhancing the business base in emerging nations (India, etc.)

## Functional Chemicals in general

- Business domain expansion in the electronic/IT field
- Development of new fields (eco-friendly products, etc.)
- Entering the Indian market

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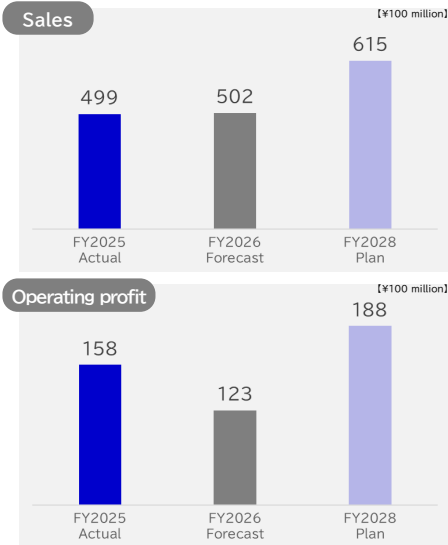
I will now explain the Functional Chemicals Segment.

With business growth driven mainly by cosmetics-related products and special anti-corrosion coatings, we plan to achieve sales of ¥177 billion and an operating profit of ¥35.4 billion in FY2028. In terms of initiatives aimed at future growth, we will implement measures such as business domain expansion in the electronics/IT field and expanding into the Indian market, which I will discuss later.

## Pharmaceuticals, Medicals and Health Segment NOF

- ◆ Growing demand for raw materials for DDS beginning in the second half of the 2028 Mid-term Plan
- ◆ Functional Foods Division shifting toward functional food materials

→ see P29, P30



### Raw materials for DDS

- Promoting adoption of activated PEGs following initial drug development by supporting customers' PEGylation drug development
- Establishing a stable supply system at the DDS Plant/LS Aichi Plant in response to large-scale demand
- Promoting the development of new technologies/products through collaboration with universities, research institutes, and the Corporate R&D Division

### Functional food materials

- New product development of modifiers\*1 and sales expansion
- Sales expansion of functional oils\*2

\*1 Additives that demonstrate a strong modifying effect based on a small quantity and provide food property improvement and flavor enhancement functions

\*2 Product group using oils that provide food property improvement and flavor enhancement functions as a base material

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Next, I will explain the Pharmaceuticals, Medicals and Health Segment.

Driven by growing demand for raw materials for DDS beginning in the second half of the 2028 Mid-term Management Plan, as well as a strategic shift toward functional food materials within the Functional Foods Division, we plan to achieve sales of ¥61.5 billion and an operating profit of ¥18.8 billion in FY2028. In the DDS business, we will promote the adoption of activated PEGs by supporting customer development with the aim of achieving medium- and long-term growth, as well as pursuing the establishment of a stable supply system aimed at increasing demand beginning in the second half of the 2028 Mid-term Management Plan.

On the next slides, I will explain the medium- to long-term forecast.

## Actual and Projected Sales of Raw Materials for DDS (Index)

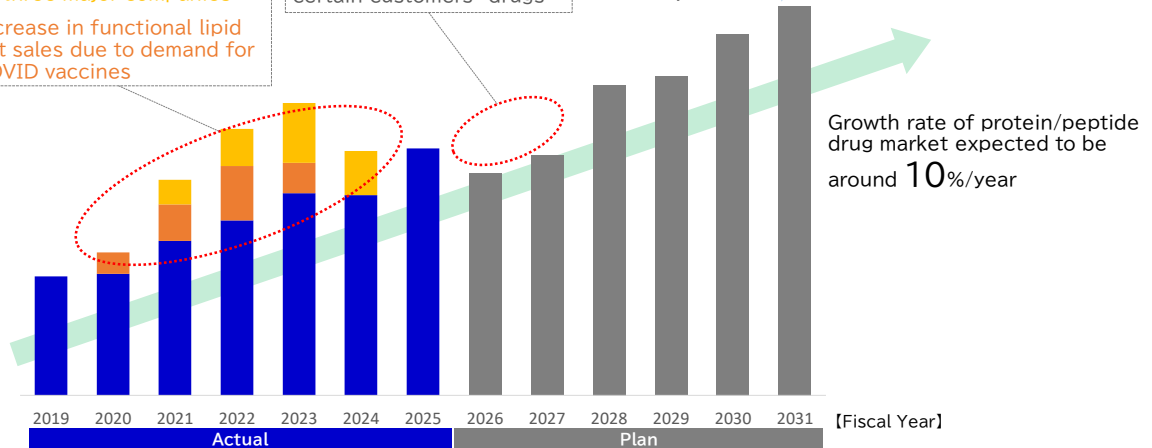
Increase in PEG modifier net sales due to higher demand at the time of drug launches by three major companies

Increase in functional lipid net sales due to demand for COVID vaccines

Decrease in PEG modifier net sales due to delays in market penetration for certain customers' drugs

Increase in PEG modifier net sales due to the recovery of demand for certain customers' drugs and new clinical and commercial demand

2nd half of 2028 Mid-term Plan and beyond



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From the 2022 Mid-term Management Plan through the 2025 Mid-term Management Plan, net sales of raw materials for DDS increased due to special demand driven by COVID vaccine demand and the timing of drug launches by three major companies. However, in the first half of the 2028 Mid-term Management Plan, net sales of PEG modifiers are expected to decrease due to delayed market penetration of drugs launched by certain customers, and we forecast that growth will slow down temporarily.

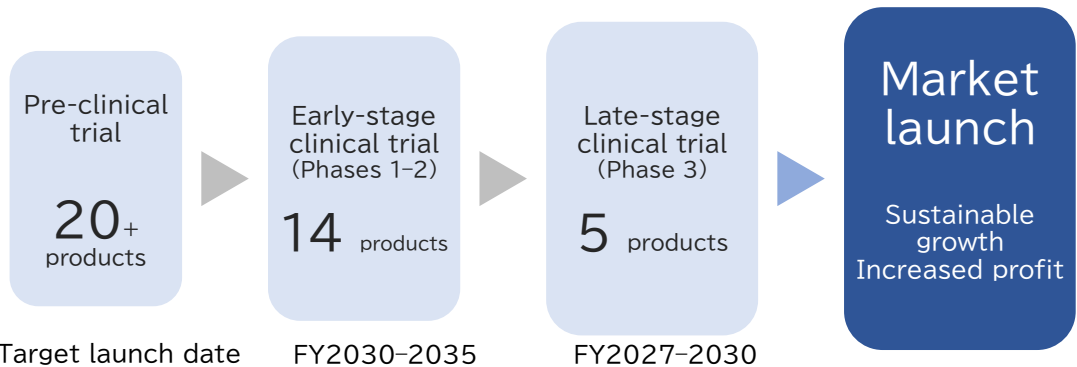
However, in the second half of the 2028 Mid-term Management Plan and beyond, net sales of PEG modifiers are expected to increase due to a recovery in demand for certain customers' drugs, as well as new clinical and commercial demand. In the medium to long term, we are aiming for growth of around 10% per year, which is equivalent to the growth rate of the protein/peptide drug market.

On the next slide, I will discuss the number of pipeline products at each stage of customer development that support this growth forecast.

## Customer Development Stages for PEG Modifiers



Pipeline products at various phases provide a source of sustainable growth



As the phases proceed, the material supply volume (net sales) for each pipeline product increases

\*Data based on the number of pipeline products at the present time

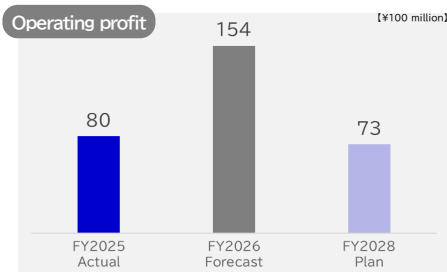
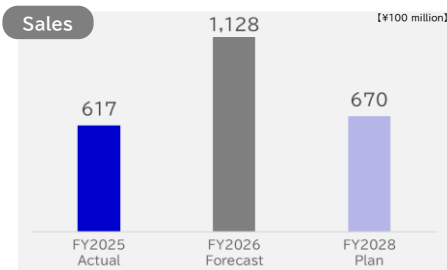
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As shown here, we supply DDS materials to customer pipeline products in various stages of development, which provides a source of sustainable growth for the DDS business. In the typical drug development process, the pipeline is progressively narrowed down based on the results of scientific and clinical validation as the development phase advances. Therefore, the number of products is more limited in the later phases, but the probability of success becomes comparatively higher. Net sales also increase as the phase advances. These pipeline products are a source of revenue supporting the medium- to long-term growth of our DDS business.

# Explosives & Propulsion Segment



- ◆ With regard to defense-related products, we will respond to increased government defense spending and pursue work on rapid acquisition facilities



## Defense-related products

- Pursuing work on rapid acquisition facilities
  - \* Plan to record profits from initial costs related to rapid acquisition mainly in FY2026 and FY2027
- Improving production capacity and efficiency for existing products
  - \* Sales forecast for defense-related products (excluding initial costs related to rapid acquisition)  
Taking net sales in FY2025 as 100:  
FY2028: 115, FY2030: 175

## Space-related products

- Improving profitability by establishing an efficient production system
- Developing a production expansion system

## Industrial explosives

- Pursuing development of wireless electronic detonators, which will help improve safety and efficiency in tunnel blasting, etc.

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Next, I will explain the Explosives & Propulsion Segment.

For FY2028, we plan to achieve sales of ¥67 billion and an operating profit of ¥7.3 billion. In the 2028 Mid-term Management Plan, with regard to defense-related products, we will respond to increased defense spending and pursue work on rapid acquisition facilities. However, we will record an operating profit decrease in FY2028 because the impact of initial costs related to rapid acquisition has subsided compared to FY2025. Going forward, we will adjust to the growing demand for defense-related products.

## Contents

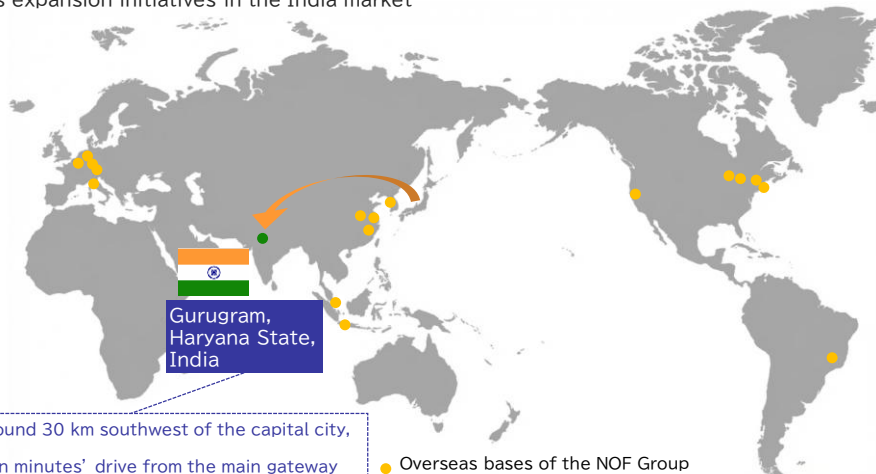
1.	Review of 2025 Mid-term Management Plan	P4 ~ 7
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3.	<b>2028 Mid-term Management Plan Stage III</b> Basic Policy and Targets Targets by Segment Topic	<b>P13 ~ 33</b>

Finally, I will present one final topic.

## Topic Establishment of a Subsidiary in the Republic of India NOF INDIA PRIVATE LIMITED



- ◆ At present, product development in India centers on the Functional Materials Division and Metal Coatings Group
- ◆ In 2026, we will establish a business base to conduct sales activities (including technical support) and information-gathering activities, as well as develop and establish sales channels, with the aim of enhancing business expansion initiatives in the India market



Located around 30 km southwest of the capital city, New Delhi  
A few dozen minutes' drive from the main gateway to India, Indira Gandhi International Airport

● Overseas bases of the NOF Group  
The United States, Brazil, Germany, France, Italy, Belgium, China, South Korea, Singapore, Indonesia

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Now I will discuss the establishment of our Indian subsidiary.

We have established a business base in the city of Gurugram, Haryana State, India. Gurugram is near India's capital of New Delhi and is also very close to an international airport. It therefore provides convenient access to both domestic and international destinations, offering a geographic advantage as a business development hub. By establishing this base, we aim to enhance our business expansion initiatives in the Indian market.

- This material is intended to provide an explanation of the company and its business, not to induce investment or any other action.
- The results forecasts presented in this document are based upon currently available information and assumptions deemed rational. A variety of factors could cause actual results to differ materially from forecasts.
- Please be aware that decisions regarding investments are the responsibility of the users themselves.
- Please note that, in this material, amounts less than ¥100 million have been rounded off.
- In the event of any discrepancy between the Japanese original and this English translation, the original shall prevail.

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This concludes my presentation. Thank you for your attention.