

Presentation Material

Financial Results

For the Second Quarter Ended September 30, 2022

November 18, 2022

 **NOF CORPORATION**

Agenda

1. Financial Results for the Second Quarter Ended September 30, 2022
2. Full Year Forecast for the Fiscal Year Ending March 31, 2023

Comparative Income Statement(Consolidated)

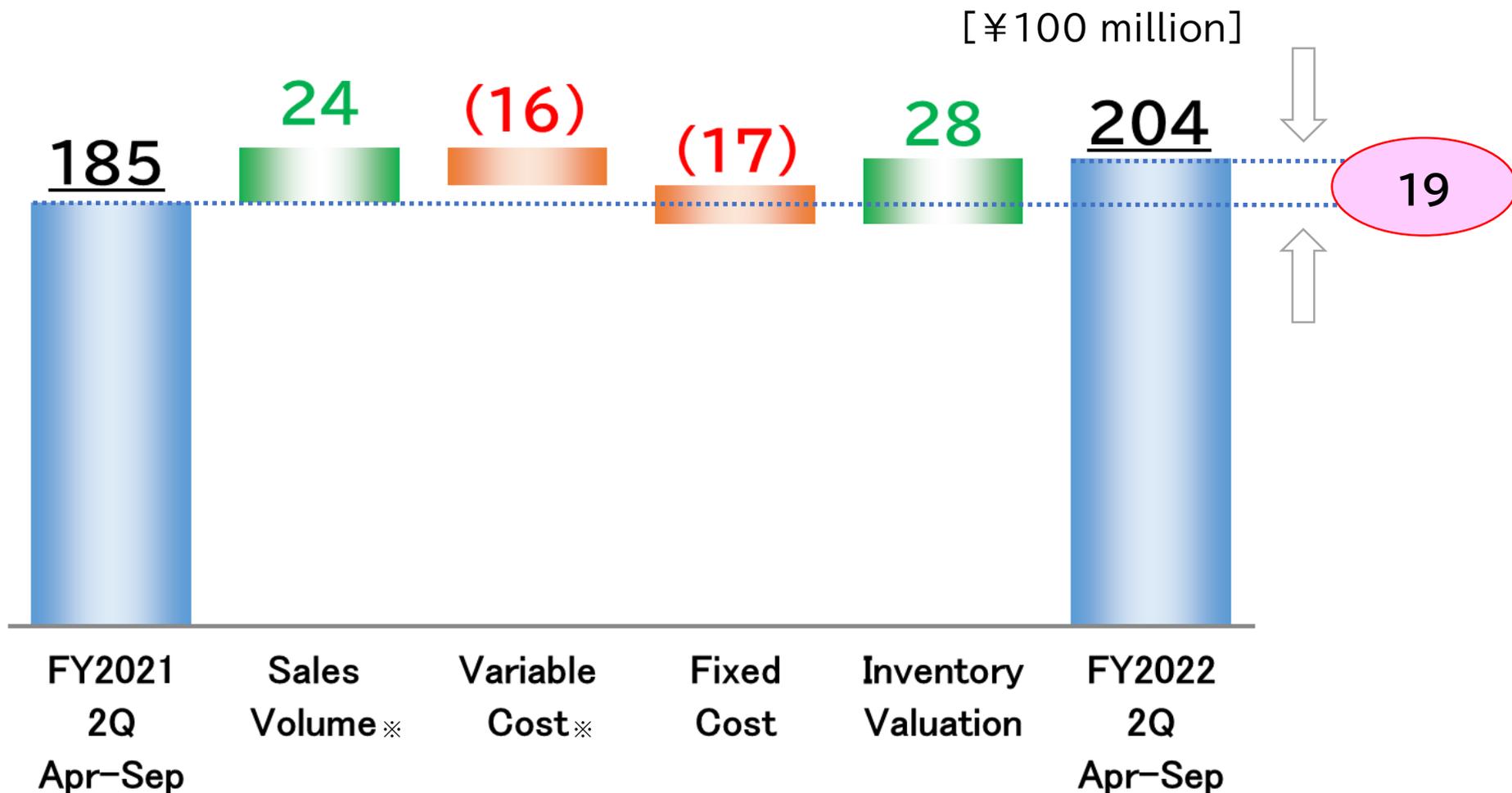
[¥100 million]

	FY2021-2Q	FY2022-2Q	Change	
	Apr-Sep	Apr-Sep	Amount	%
Net sales	901	1,038	137	15.2%
Gross profit	346	376	30	8.7%
% of Net Sales	38.4%	36.2%		
SG&A ^{*1}	161	171	11	
Operating income	185	204	19	10.4%
% of Net Sales	20.5%	19.7%		
Non-operating income/loss	7	21	14	
Ordinary income	193	226	33	17.3%
Extraordinary income/loss	0	26	25	
Net income before taxes and other adjustments	193	251	59	30.4%
Taxes and other adjustments	59	77	18	
Net income ^{*2}	133	174	41	30.8%

*1 SG&A=Selling, general and administrative expenses

*2 Net income=Net income attributable to owners of parent

Changes in operating income (2Q FY2022 Actual vs. 2Q FY2021 Actual)



※Foreign exchange impact of +1.0 billion yen in sales volume and variable costs

Functional Chemicals Segment Results

[¥100 million]

	FY2021-2Q Apr-Sep	FY2022-2Q Apr-Sep	Change
Net sales	621	724	103
Op.income*	111	118	7
% of Net Sales	17.8%	16.2%	

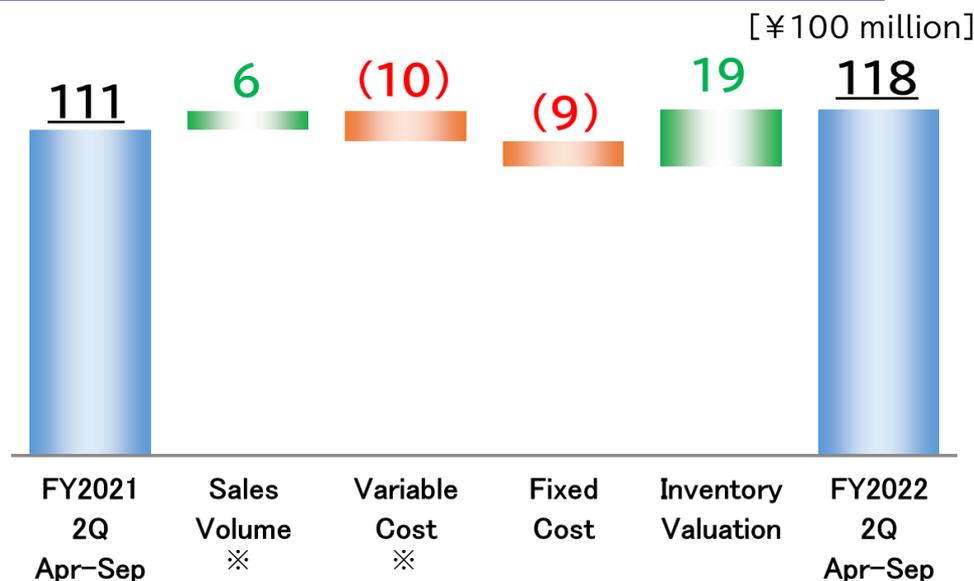
* Op.income=Operating income

Net sales(YoY)

- Revisions to selling prices in response to soaring raw material and fuel prices
- Strong demand for cosmetics materials

Operating income(YoY)

Analysis of Changes in operating income



Increase Factors

- Increase in raw materials and fuel prices pushed up the valuation of inventories at the end of the second quarter, resulting in positive inventory impact
- Strong demand for cosmetics materials

Decrease Factors

- Increase in variable costs, including the impact of higher raw material and fuel prices and sales price revisions
- Stagnant product demand for automobiles

※Foreign exchange impact of -0.0 billion yen in sales volume and variable costs

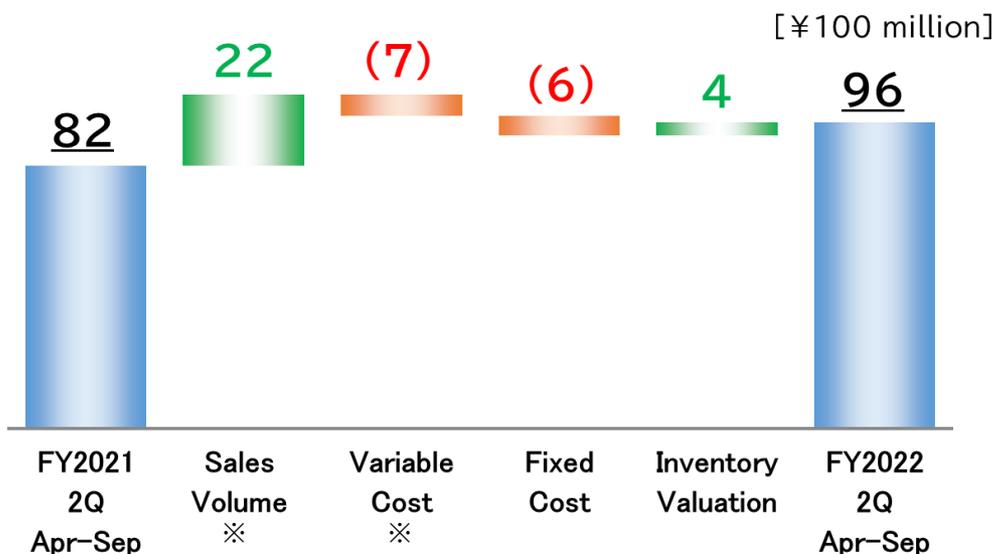
Life Science Segment Results

[¥100 million]

	FY2021-2Q Apr-Sep	FY2022-2Q Apr-Sep	Change
Net sales	171	212	40
Op.income*	82	96	14
% of Net Sales	48.2%	45.4%	

* Op.income=Operating income

Analysis of Changes in operating income



※Foreign exchange impact of +1.0 billion yen in sales volume and variable costs

Net sales(YoY)

- Foreign exchange impact on foreign currencies-denominated sales
- In the Functional Foods Division, revisions to selling prices in response to soaring raw material and fuel prices
- Strong demand for the biocompatible materials and Materials for pharmaceutical formulation

Operating income(YoY)

Increase Factors

- Foreign exchange impact on foreign currencies-denominated sales
- Strong demand for the biocompatible materials and Materials for pharmaceutical formulation

Decrease Factors

- Increase in variable costs, including the effects of surging raw material and fuel prices and sales price revisions

Explosives & Propulsion Segment Results

[¥100 million]

	FY2021-2Q Apr-Sep	FY2022-2Q Apr-Sep	Change
Net sales	106	100	(7)
Op.income*	(0)	(1)	(1)
% of Net Sales	(0.4%)	(1.3%)	

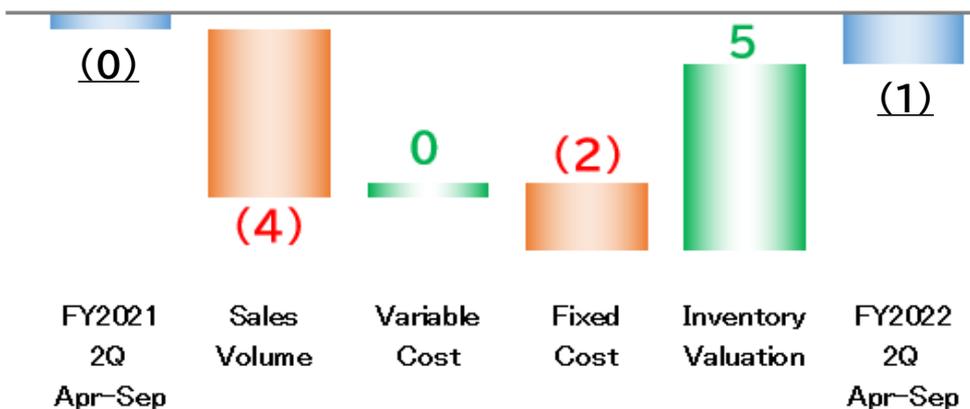
* Op.income=Operating income

Net sales(YoY)

- Industrial Explosives sales decreased
- Defense-related products sales decreased
- Functional products sales decreased

Analysis of Changes in operating income

[¥100 million]



Operating income(YoY)

Decrease Factors

- Accidents at raw material sources (Our production was also affected)

Comparative Balance Sheets(Consolidated)

[¥100 million]

	Mar. 31 2022	Sep. 30 2022	Change		Mar. 31 2022	Sep. 30 2022	Change
Cash and time deposits	854	909	55	Notes and accounts payable	218	248	30
Notes and accounts receivable	452	447	(5)	Interest-bearing debt	56	46	(10)
Inventories	399	514	115	Deferred tax liabilities	111	94	(17)
Other current assets	28	32	4	Other liabilities	293	312	19
Property, plant and equipment and Intangible assets	629	635	6	Total Liabilities	679	700	21
Investments securities	478	419	(59)	Total shareholder's equity	1,956	2,066	110
Other long-term assets	56	63	6	Accumulated other comprehensive income	253	243	(10)
				Non-controlling interests	8	8	0
				Total Net Assets	2,217	2,318	100
Total Assets	2,896	3,018	121	Total Liabilities and Total Net Assets	2,896	3,018	121

Statements of Cash Flows(Consolidated)

[¥100 million]

	FY2021-2Q Apr-Sep	FY2022-2Q Apr-Sep
1. Cash flows from operating activities	132	112
2. Cash flows from investing activities	(45)	1
3. Cash flows from financing activities	(59)	(77)
Increase(Decrease) in borrowing	(1)	(13)
Purchase of treasury stock	(24)	(25)
Cash dividends paid	(34)	(38)
others	(0)	(1)
4. Others	8	15
Total of 1~4	36	50
5. Cash and cash equivalents at end of period	802	865
Free Cash Flow	88	113

Financial indicators

		FY2021-2Q Apr-Sep	FY2022-2Q Apr-Sep	Change
Ratio of operating income to net sales	[%]	20.5	19.7	(0.8)
Ratio of ordinary income to net sales	[%]	21.4	21.8	0.4
Debt to Equity ratio	[X]	0.05	0.02	(0.03)
Net income attributable to owners of parent per share	[¥]	161.6	213.4	51.8
Net assets per share	[¥]	2,587.7	2,830.8	243.1
Our stock price (end of September)	[¥]	6,320	5,220	
cf. Nikkei stock average		29,453	25,937	
Price book-value ratio	[X]	2.44	1.84	(0.60)

Expected business environment in FY2022

- ◆ Normalization of global economic activity by the spread of vaccination
- ◆ Risk factors
 - Rising raw material and fuel prices
 - Insufficient supply of semiconductors
- ◆ Continued depreciation of the Japanese yen

		FY2021 Actual	FY2022 Forecast May.11	FY2022 Forecast Nov.2
Palm oil (FOB Malaysia)	USD/MT	1,055	1,600	1,380
Domestically produced naphtha	JPY/KL	56,600	76,000	81,500
Exchange rates	JPY/USD	112	120	140
	JPY/EUR	131	135	140

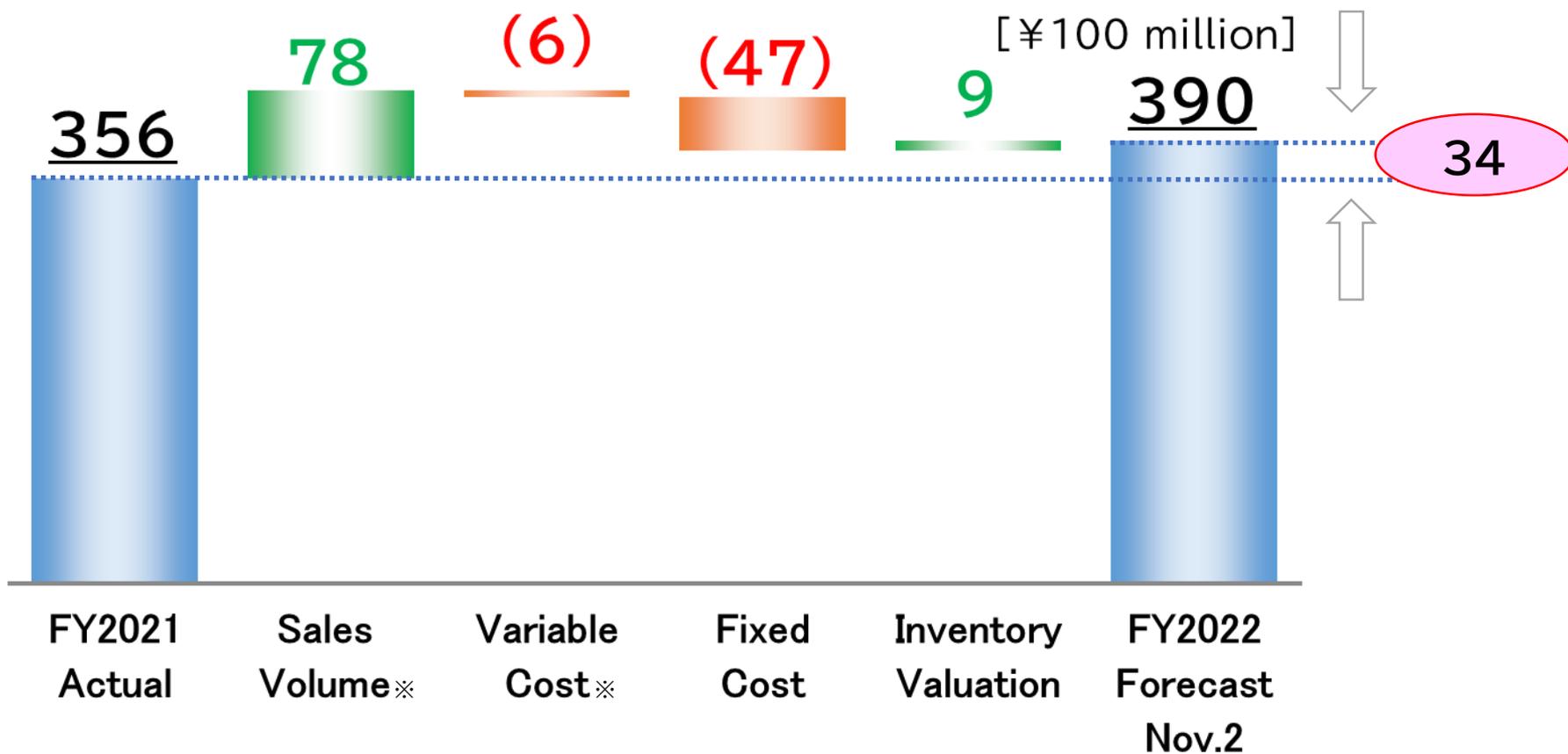
Full Year Revised Forecast for FY2022

[¥100 million]

	FY2021 Actual	FY2022 Forecast May.11	FY2022 Forecast Nov.2	Change	
				Amount	%
Net sales	1,926	2,130	2,200	70	3.3%
Operating income	356	345	390	45	13.0%
% of Net Sales	18.5%	16.2%	17.7%		
Ordinary income	376	356	414	58	16.3%
Net income*	267	251	323	72	28.7%
Net income per share	¥323.8	¥305.7	¥396.6	¥90.9	

* Net income = Net income attributable to owners of parent

Changes in operating income (FY 2022 Forecast Nov.2 vs. FY 2021 Actual)



※Foreign exchange impact of +2.6 billion yen in sales volume and variable costs

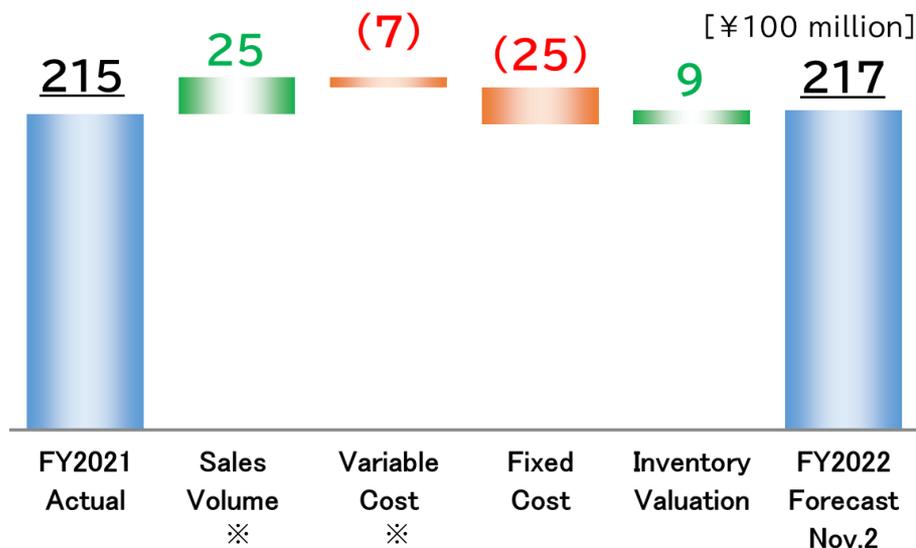
Functional Chemicals Segment Forecast

[¥100 million]

	FY2021 Actual	FY2022 Forecast Nov.2	Change
Net sales	1,284	1,473	189
Op.income*	215	217	2
% of Net Sales	16.7%	14.7%	

* Op.income=Operating income

Analysis of Changes in operating income



※Foreign exchange impact of +0.1 billion yen in sales volume and variable costs

Net sales(vs. FY2021 Actual)

- Revisions to selling prices in response to soaring raw material and fuel prices
- Strong demand for cosmetics materials

Operating income(vs. FY2021 Actual)

Increase Factors

- Strong demand for cosmetics materials
- Foreign exchange impact on foreign currencies-denominated sales

Decrease Factors

- Increase in expenses for normalization of business activities, etc.
- Increase in variable costs, including the effects of surging raw material and fuel prices and sales price revisions

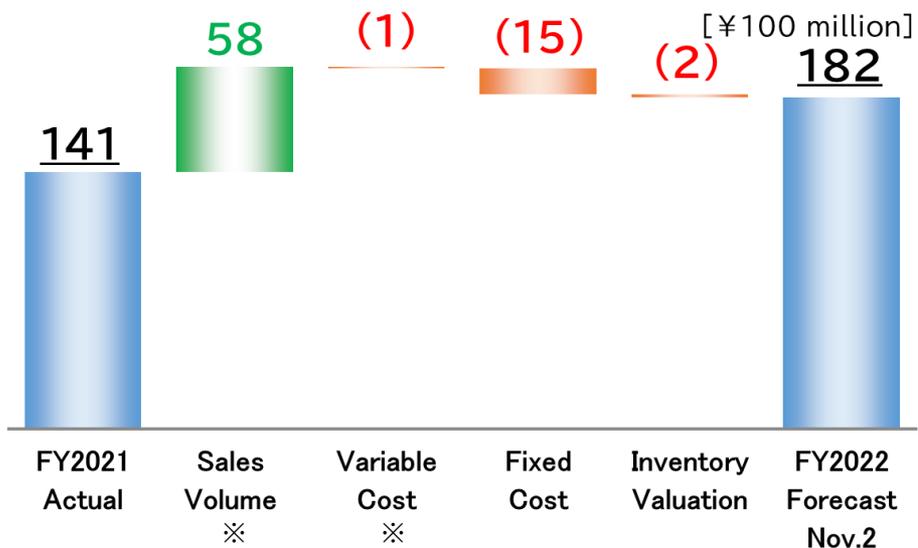
Life Science Segment Forecast

[¥100 million]

	FY2021 Actual	FY2022 Forecast Nov.2	Change
Net sales	337	425	88
Op.income*	141	182	41
% of Net Sales	41.8%	42.8%	

* Op.income=Operating income

Analysis of Changes in operating income



※Foreign exchange impact of +2.5 billion yen in sales volume and variable costs

Net sales(vs. FY2021 Actual)

- Foreign exchange impact on foreign currencies-denominated sales
- In the Functional Foods Division, revisions to selling prices in response to soaring raw material and fuel prices
- Strong demand for the biocompatible materials and Materials for pharmaceutical formulation

Operating income(vs. FY2021 Actual)

Increase Factors

- Foreign exchange impact on foreign currencies-denominated sales
- Strong demand for the biocompatible materials and Materials for pharmaceutical formulation

Decrease Factors

- Increase in fixed costs (Labor costs due to increase in number of employees, etc.)

Explosives & Propulsion Segment Forecast

[¥100 million]

	FY2021 Actual	FY2022 Forecast Nov.2	Change
Net sales	300	300	(0)
Op.income*	18	14	(4)
% of Net Sales	5.9%	4.7%	

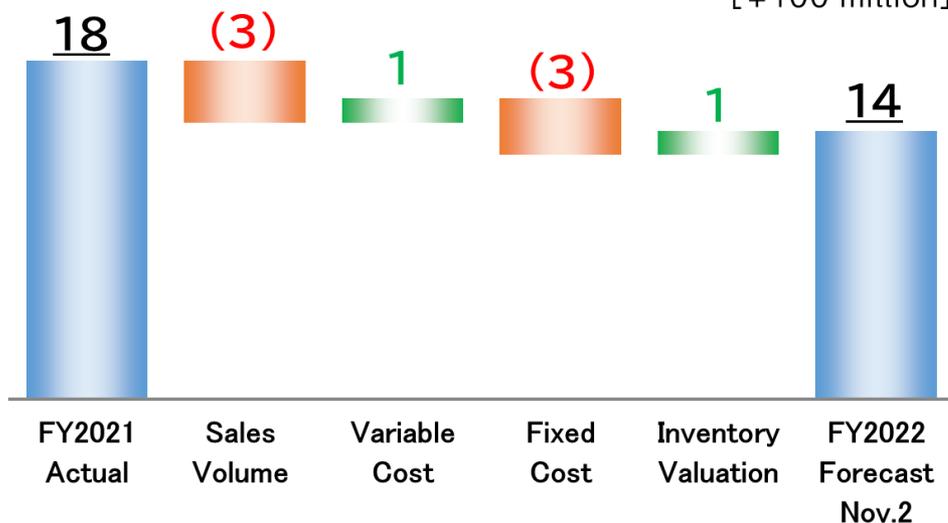
* Op.income=Operating income

Net sales(vs. FY2021 Actual)

- Same as previous fiscal year

Analysis of Changes in operating income

[¥100 million]



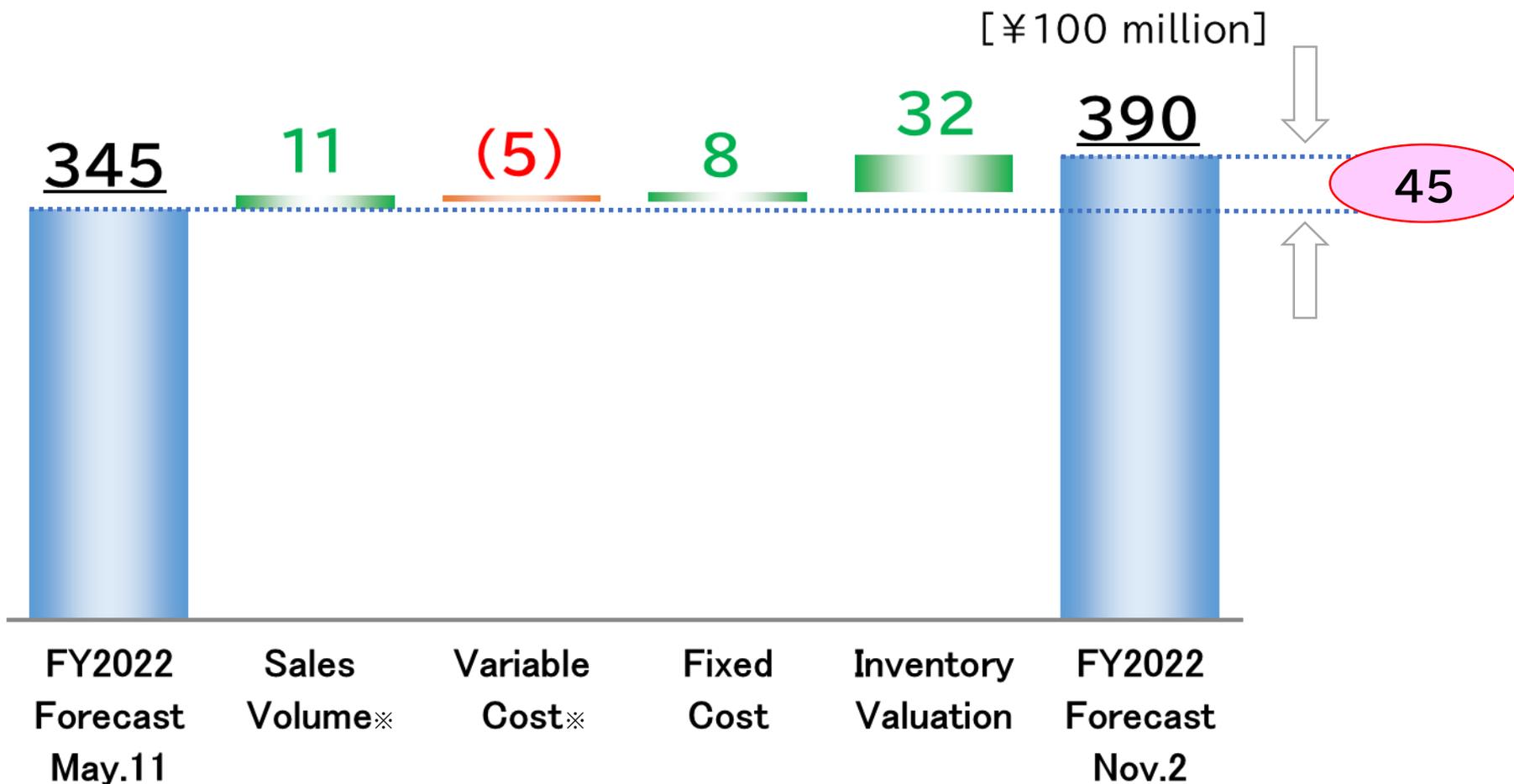
Operating income(vs. FY2021 Actual)

Decrease Factors

- Accidents at raw material sources (Our production was also affected)

Changes in operating income

(FY 2022 Forecast Nov.2 vs. FY 2022 Forecast May.11)



※Foreign exchange impact of +1.4 billion yen in sales volume and variable costs

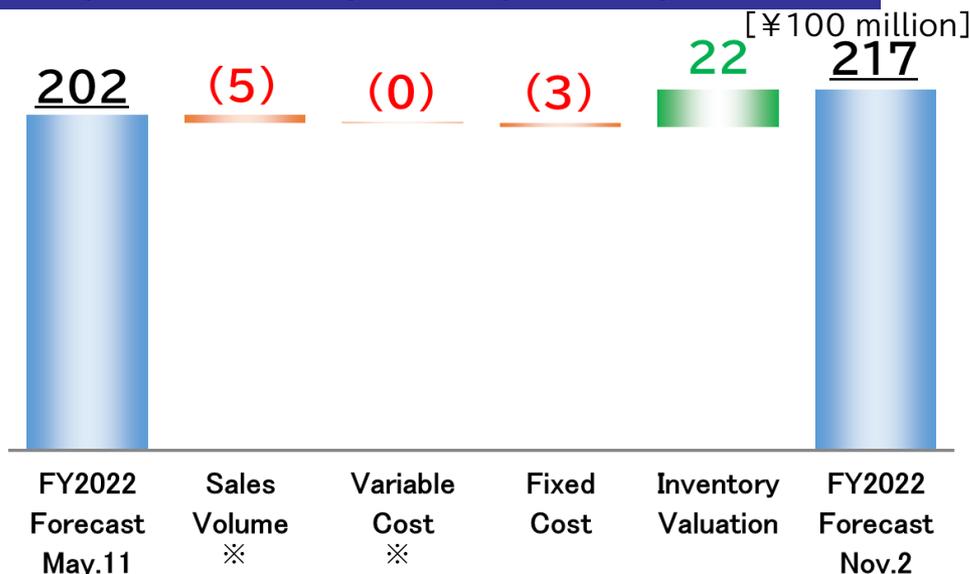
Functional Chemicals Segment Forecast

[¥100 million]

	FY2022 Forecast May.11	FY2022 Forecast Nov.2	Change
Net sales	1,437	1,473	36
Op.income*	202	217	15
% of Net Sales	14.1%	14.7%	

* Op.income=Operating income

Analysis of Changes in operating income



※Foreign exchange impact of -0.2 billion yen in sales volume and variable costs

Net sales(vs. Previous Forecast)

- Revisions to selling prices in response to soaring raw material and fuel prices

Operating income(vs. Previous Forecast)

Increase Factors

- Significant increase in raw materials and fuel prices and so on pushed up the valuation of inventories at the end of the second quarter, resulting in positive inventory impacts

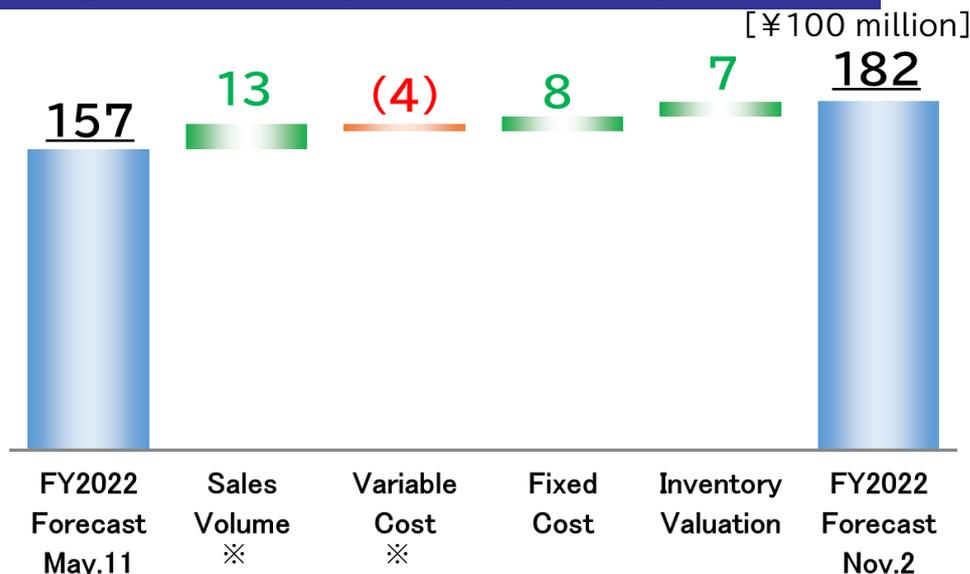
Life Science Segment Forecast

[¥100 million]

	FY2022 Forecast May.11	FY2022 Forecast Nov.2	Change
Net sales	390	425	35
Op.income*	157	182	25
% of Net Sales	40.3%	42.8%	

* Op.income=Operating income

Analysis of Changes in operating income



※Foreign exchange impact of +1.7 billion yen in sales volume and variable costs

Net sales(vs. Previous Forecast)

- Foreign exchange impact on foreign currencies-denominated sales
- In the Functional Foods Division, revisions to selling prices in response to soaring raw material and fuel prices

Operating income(vs. Previous Forecast)

Increase Factors

- Foreign exchange impact on foreign currencies-denominated sales

Decrease Factors

- Increase in variable costs, including the effects of surging raw material and fuel prices and sales price revisions

Explosives & Propulsion Segment Forecast

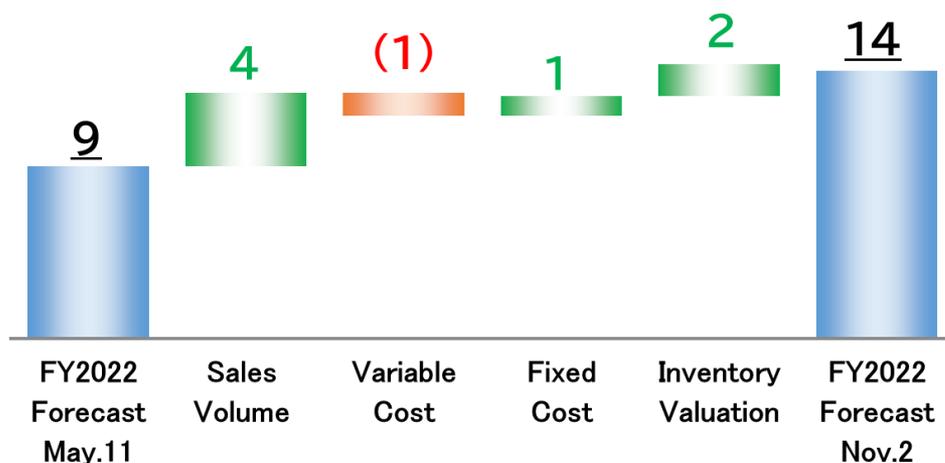
[¥100 million]

	FY2022 Forecast May.11	FY2022 Forecast Nov.2	Change
Net sales	299	300	1
Op.income*	9	14	5
% of Net Sales	3.0%	4.7%	

* Op.income=Operating income

Analysis of Changes in operating income

[¥100 million]



Net sales(vs. Previous Forecast)

- Same as previous forecast

Operating income(vs. Previous Forecast)

Increase Factors

- Improvement by product mix

Dividend revised forecast for FY2022

- ◆ Annual dividend per share forecast rises from ¥90 to ¥100.

Dividend per share	FY2021 Actual	FY2022 Forecast May.11	FY2022 Forecast Nov.2	Change
Interim dividend	¥43	¥45	¥50	¥5
Year-end dividend	¥47	¥45	¥50	¥5
Annual dividend	¥90	¥90	¥100	¥10

- ◆ ¥3 billion share buyback
(November 4, 2022 - January 31, 2023)

- 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.

Contact us : NOF CORPORATION Finance Dept. IR Office
Address : 20-3,EBISU 4-CHOME,SHIBUYA-KU,TOKYO 150-6019
E - m a i l : iroffice@nof.co.jp
Homepage : <http://www.nof.co.jp>