

Presentation Material

For the Second Quarter Ended September 30, 2024

Financial Results

November 20, 2024

 **NOF CORPORATION**

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Comparative Income Statement(Consolidated)



- ◆ The Functional Chemicals Segment performed well
- ◆ In the Pharmaceuticals, Medicals and Health Segment, a temporary leveling off of demand in raw materials for DDS drug formulations

[¥100 million]

	FY2023 H1	FY2024 H1	Change	
			Amount	%
Net sales	1,018	1,105	87	8.5%
Gross profit	380	425	45	11.8%
% of Net Sales	37.4%	38.5%		
SG&A *1	180	192	12	
Operating profit	201	233	33	16.3%
% of Net Sales	19.7%	21.1%		
Non-operating income/expenses	22	3	(20)	
Ordinary profit	223	236	13	5.9%
Extraordinary income/losses	12	8	(4)	
Profit before income taxes	234	244	9	3.9%
Income taxes	71	73	2	
Profit*2	163	170	7	4.2%

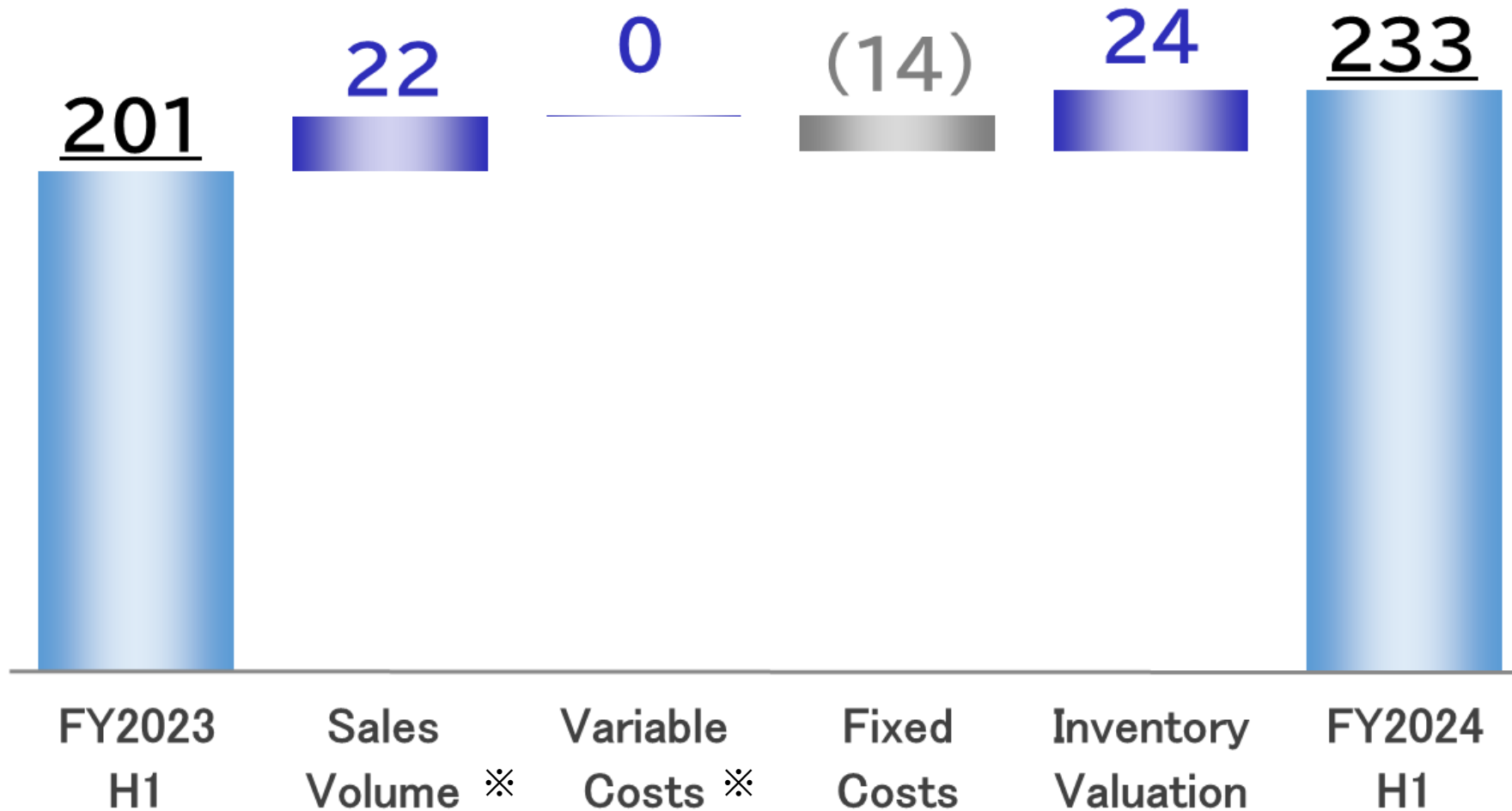
*1 SG&A=Selling, general and administrative expenses

*2 Profit=Profit attributable to owners of parent

Changes in Operating Profit

H1 FY2024 Actual vs. H1 FY2023 Actual

[¥100 million]



※Foreign exchange impact of +0.9 billion yen in sales volume and variable costs

Functional Chemicals Segment

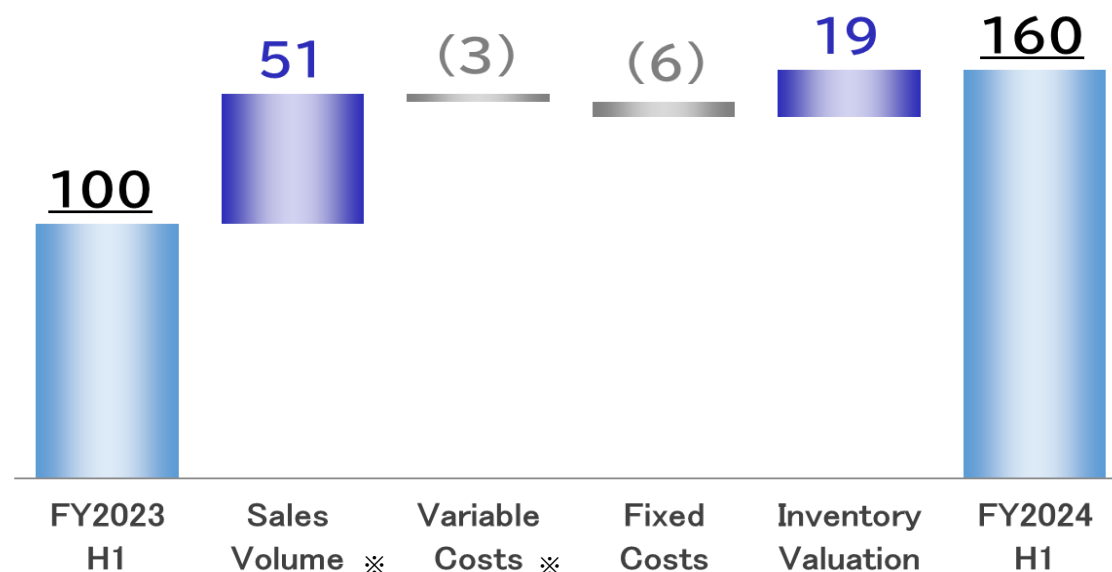
Overview of H1 FY2024

[¥100 million]

	FY2023 H1	FY2024 H1	Change
Net sales	637	755	118
Op.profit*	100	160	60
% of Net Sales	15.7%	21.3%	

* Op.profit=Operating profit

Analysis of Changes in operating profit [¥100 million]



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

- ◆ Increase in sales and profit
- ◆ Cosmetics-related and automobile-related products performed well

Overview

•Surfactants

- ⇒Strong demand for toiletries
- ⇒Cosmetics-related products performed well due to a recovery in demand for skincare products as well as demand as a result of inventory building by some customers

•Special anti-corrosion agents

- ⇒strong domestic and overseas demand

•Functional Chemicals segment in general

- ⇒Generally steady, although some products were sluggish

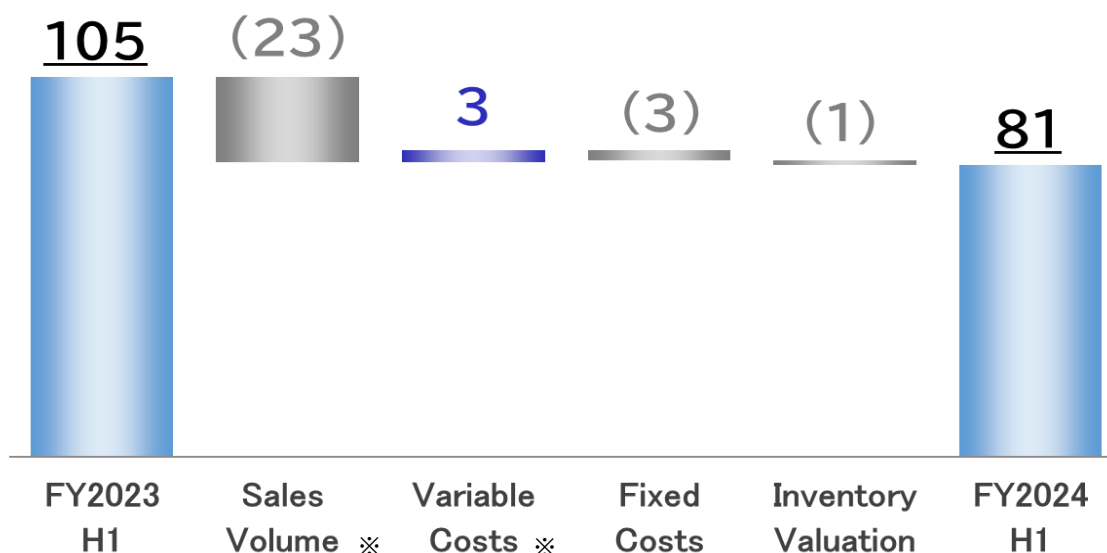
Overview of H1 FY2024

[¥100 million]

	FY2023 H1	FY2024 H1	Change
Net sales	264	230	(34)
Op.profit*	105	81	(24)
% of Net Sales	39.8%	35.1%	

* Op.profit=Operating profit

Analysis of Changes in operating profit [¥100 million]



※Foreign exchange impact of +0.8 billion yen in sales volume and variable costs

- ◆ Decrease in sales and profit
- ◆ Temporary leveling off of demand in raw materials for DDS drug formulations

Overview

- **Raw materials for DDS drug formulations**
 - ⇒ Decrease in shipments as a result of inventory adjustments for some customers
 - ⇒ Delays in clinical development as a result of monetary tightening in the United States and Europe
- **Processed edible oil/Functional food materials**
 - ⇒ Reorganization of the product line and expansion of the sales of functional food materials
- **Biocompatible materials**
 - ⇒ Firm demand for MPC related products

Explosives & Propulsion Segment

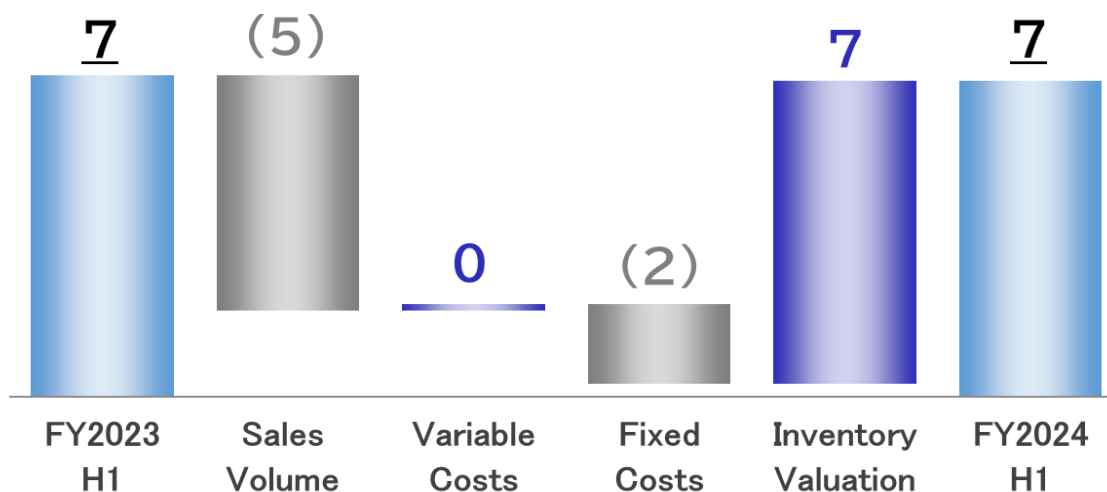
Overview of H1 FY2024

[¥100 million]

	FY2023 H1	FY2024 H1	Change
Net sales	114	117	2
Op.profit*	7	7	(0)
% of Net Sales	6.5%	6.2%	

* Op.profit=Operating profit

Analysis of Changes in operating profit [¥100 million]



- ◆ Increase in sales and profit
- ◆ Steady progress in general

Overview

•Defense-related products

⇒Sales declined(Progressed as planned for the full year)

•Space-related products

⇒Increase in demand for rocket products















•Industrial explosives

⇒Weak demand

•Functional products

⇒Strong demand

Performance Trends of Main Products(H1 FY2024 YoY) **NOF**

Segment	Products	Net sales	Operating income	Performance trends
Functional Chemicals	Surfactants			Operating profit increased due to strong demand for toiletries and cosmetics-related products
	Special anti-corrosion agents			Operating profit increased due to strong domestic and overseas demand
	Fatty acid Derivatives			Operating profit increased due to steady shipments of base materials for refrigerating oils in China
Pharmaceuticals, Medicals and Health	Raw materials for DDS drug formulations			Operating profit decreased due to a temporary leveling off of demand caused by inventory adjustments for some customers, and due to delays in clinical development, which were attributable to monetary tightening in the United States and Europe
	Processed edible oil Functional food materials			Profitability improved and operating profit increased due to product line reorganization and expanded sales of functional food materials
Explosives & Propulsion	Defense-related products			Operating profit decreased due to lower shipments
	Space-related products			Operating profit increased due to an increase in demand for rocket products

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Expected business environment in FY2024

Even though domestic economic conditions are gradually recovering, there are concerns over the impact of a downturn caused by rising prices mainly due to elevated prices of raw material and fuel, and rapid fluctuations of foreign exchange rates
Prolongation of the slump in the Chinese economy

		FY2023 Actual	FY2024 Forecast May.9	FY2024 Forecast Nov.7
Palm oil ※	US\$/MT	907	1,050	1,000
Domestically produced naphtha	¥/KL	69,050	76,000	78,000
Exchange rates	¥/US\$	144	145	150
	¥/EUR	156	155	160

※FOB Malaysia

Full Year Revised Forecast for FY2024



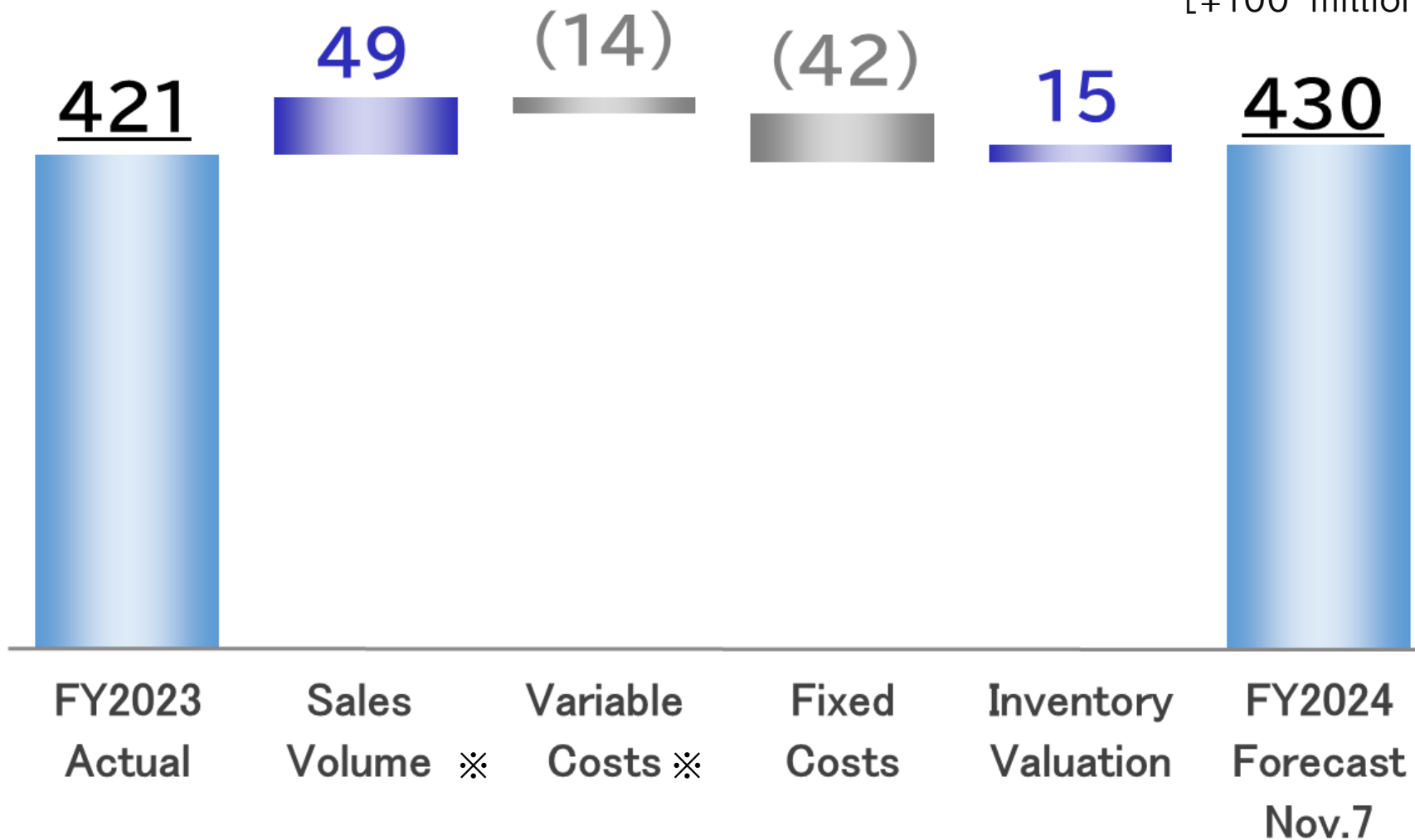
	FY2023 Actual	FY2024 Forecast May.9	FY2024 Forecast Nov.7	[¥100 million]	
				Change	
				Amount	%
Net sales	2,223	2,320	2,390	70	3.0%
Operating profit	421	405	430	25	6.2%
% of Net Sales	19.0%	17.5%	18.0%		
Ordinary profit	456	416	438	22	5.3%
Profit*	340	330	349	19	5.8%
Basic earnings per share	¥141.2	¥138.1	¥146.5	¥8.4	

* Profit=Profit attributable to owners of parent

Changes in Operating Profit

FY 2024 Forecast Nov.7 vs. FY 2023 Actual

[¥100 million]



※Foreign exchange impact of +0.7 billion yen in sales volume and variable costs

Functional Chemicals Segment

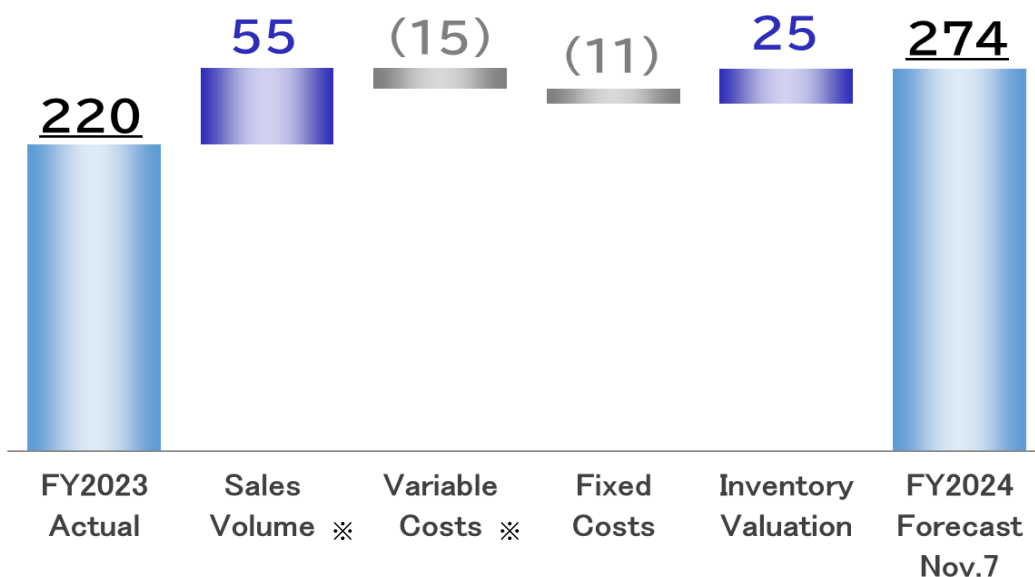
Forecast for FY2024

[¥100 million]

	FY2023 Actual	FY2024 Forecast Nov.7	Change
Net sales	1,336	1,486	150
Op.profit*	220	274	54
% of Net Sales	16.5%	18.5%	

* Op.profit=Operating profit

Analysis of Changes in operating profit [¥100 million]



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

- ◆ Increase in sales and profit
- ◆ Strong demand for cosmetics-related products

Outlook

•Surfactants

⇒While demand for cosmetics-related products remains strong, a decline is expected due to the unwinding of previous inventory building by some customers

•Special anti-corrosion agents

⇒Firm demand for automobile-related products overseas

•Functional Chemicals segment in general

⇒Expected to remain generally steady, despite some anticipated sluggishness in certain products

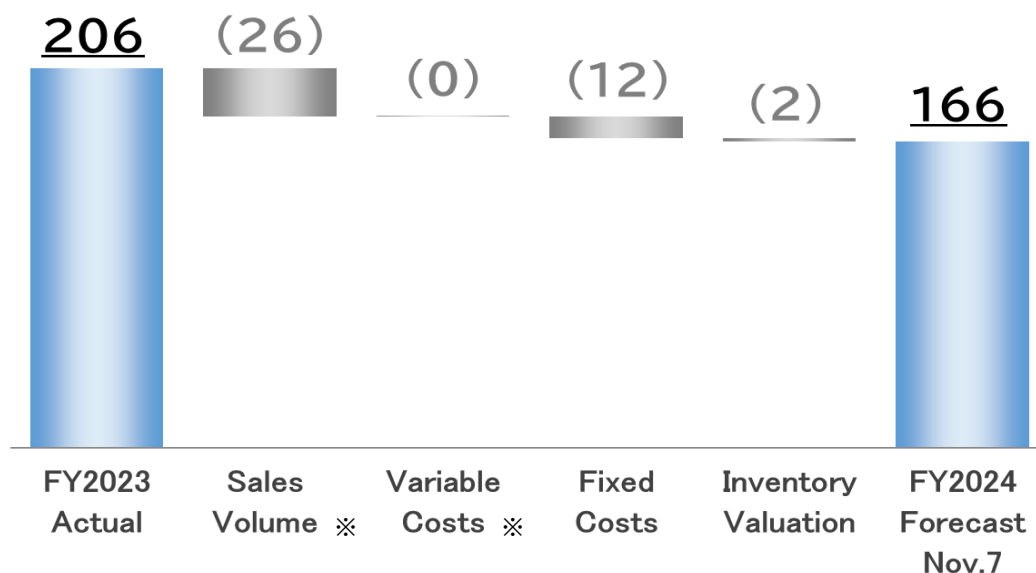
Forecast for FY2024

[¥100 million]

	FY2023 Actual	FY2024 Forecast Nov.7	Change
Net sales	540	497	(43)
Op.profit*	206	166	(40)
% of Net Sales	38.1%	33.4%	

* Op.profit=Operating profit

Analysis of Changes in operating profit [¥100 million]



※Foreign exchange impact of +0.7 billion yen in sales volume and variable costs

- ◆ Decrease in sales and profit
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Outlook

- **Raw materials for DDS drug formulations**
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Explosives & Propulsion Segment

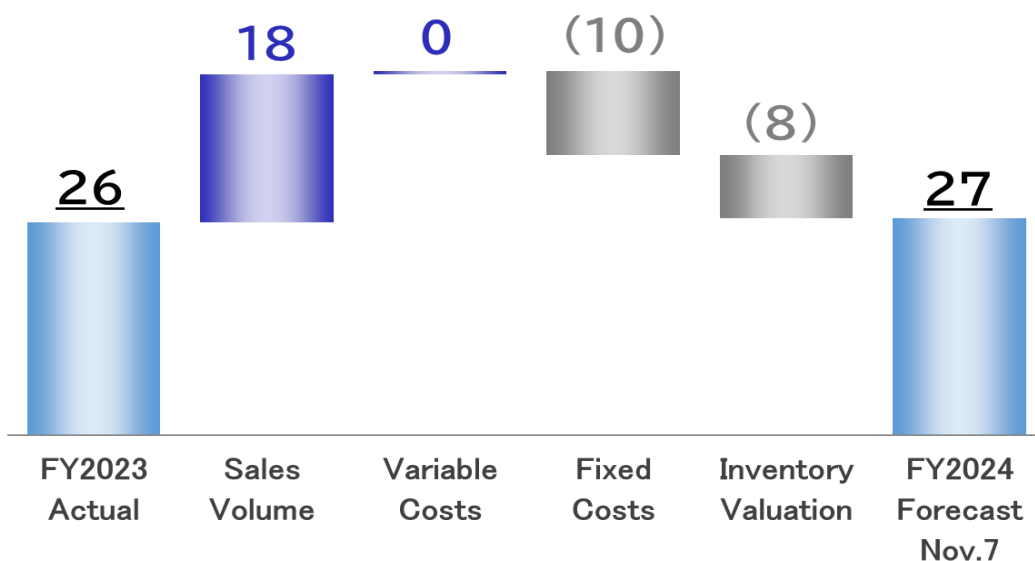
Forecast for FY2024

[¥100 million]

	FY2023 Actual	FY2024 Forecast Nov.7	Change
Net sales	341	402	61
Op.profit*	26	27	1
% of Net Sales	7.7%	6.7%	

* Op.profit=Operating profit

Analysis of Changes in operating profit [¥100 million]



- ◆ Increase in sales and profit
- ◆ Net sales of defense-related products are expected to increase

Outlook

•Defense-related products

⇒Steady delivery of products

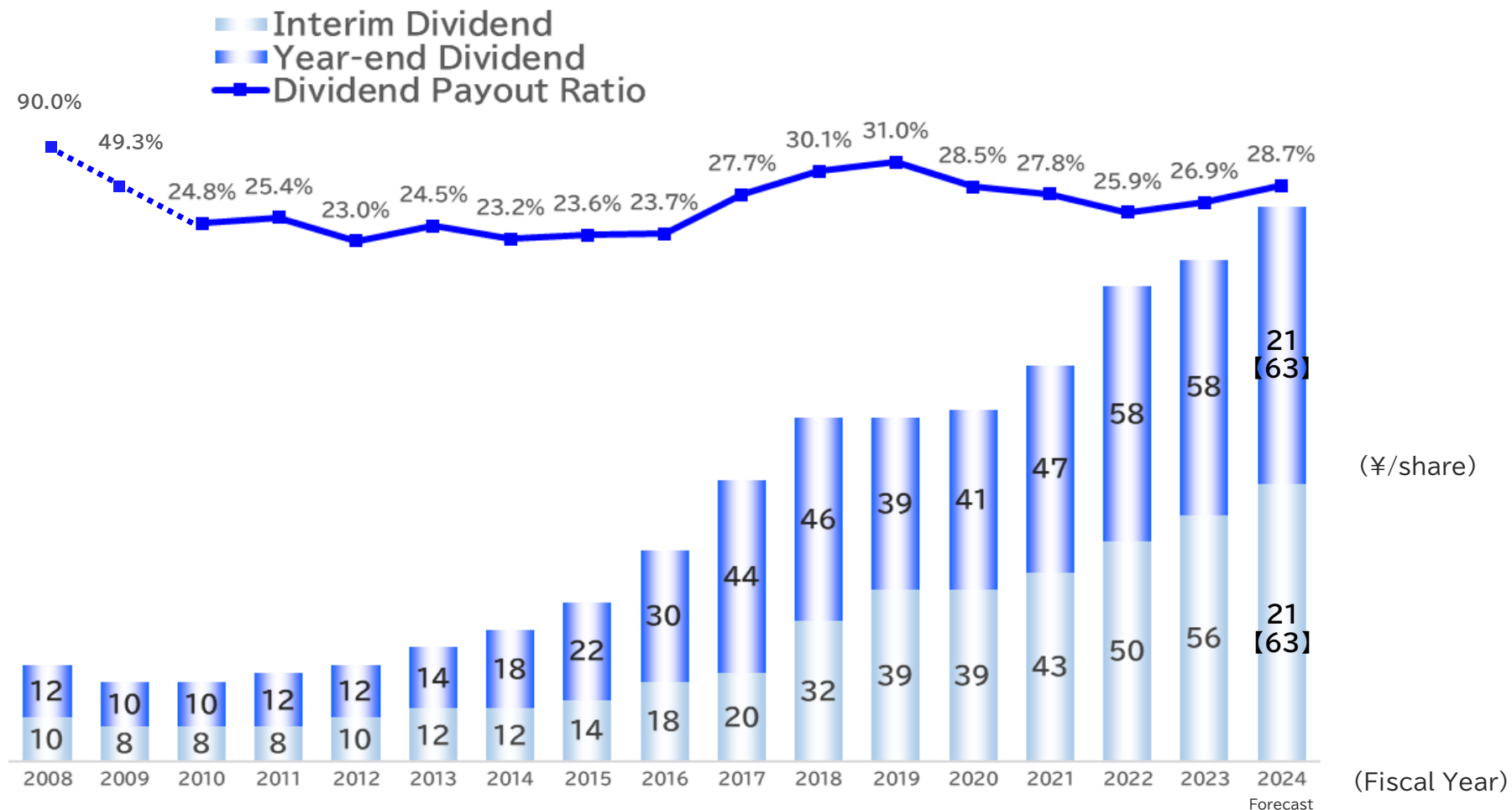
•Space-related products

⇒The 4 H3 Launch Vehicle launched on November 4, 2024

⇒Supply of solid rocket booster propellant for flagship Launch Vehicle

Dividends for FY2024

- ◆ The annual dividend for FY 2024 was revised upward to 42 yen, an increase of 2 yen compared to the previous forecast.
- ◆ Continuing to pay progressive dividends since FY2009

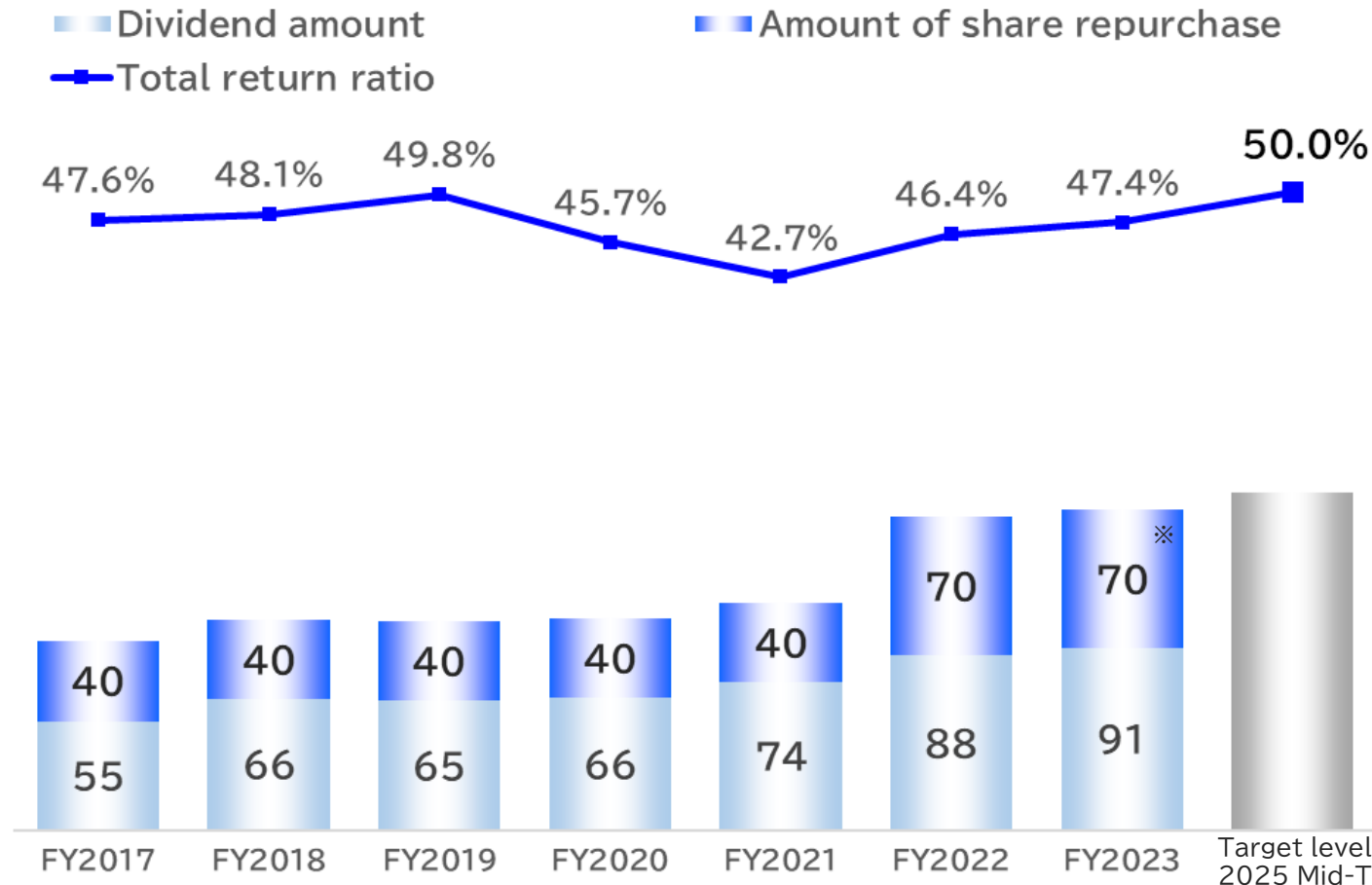


NOF conducted a reverse share split on October 1, 2017, at a ratio of 1 share for every 2 shares of common stock. The dividends prior to the interim dividend of fiscal year 2017 in the above graph are indicated in the amount assuming a share consolidation of one share for every two common shares. In addition, 3-for-1 common share split effective on April 1, 2024. Figures in [] in the FY2024 forecast are pre-split conversion figures. The graphs are based on the pre-stock-split basis.

Shareholder returns

Total return ratio

- ◆ ¥5 billion share buyback (November 8, 2024 - December 31, 2024)
- ◆ Return profits to shareholders while being aware of the improvement in capital efficiency, strive to maintain and increase shareholder returns by striking a balance with strategic investments.



Target level of the total return ratio in the 2025 Mid-Term Management Plan period: 50%

* Amount of share repurchase for FY2023 includes 2 billion yen repurchase decided on May 9, 2024.
 Period of purchase: From May 10, 2024 through June 28, 2024

Appendix

Comparative Balance Sheets(Consolidated)



[¥100 million]

	Mar. 31 2024	Sep. 30 2024	Change		Mar. 31 2024	Sep. 30 2024	Change
Cash and deposits	917	949	32	Notes and accounts payable	231	250	19
Notes and accounts receivable	582	498	(83)	Interest-bearing debt	52	51	(1)
Inventories	510	626	116	Deferred tax liabilities	129	122	(8)
Other current assets	39	49	9	Other liabilities	343	330	(14)
Property, plant and equipment and Intangible assets	769	800	32	Total Liabilities	755	752	(3)
Investments securities	512	489	(23)	Total shareholder's equity	2,319	2,423	104
Other long-term assets	85	118	33	Accumulated other comprehensive income	331	345	14
				Non-controlling interests	9	9	0
				Total Net Assets	2,659	2,778	119
Total Assets	3,414	3,530	116	Total Liabilities and Total Net Assets	3,414	3,530	116

Statements of Cash Flows(Consolidated)



[¥100 million]

	FY2023 H1	FY2024 H1
1. Cash flows from operating activities	145	154
2. Cash flows from investing activities	(71)	(86)
3. Cash flows from financing activities	(73)	(67)
Increase(Decrease) in borrowings	(1)	0
Purchase of treasury shares	(25)	(20)
Dividends paid	(47)	(46)
others	(0)	(1)
4. Others	10	28
Total of 1~4	11	28
5. Cash and cash equivalents at end of period	902	903
Free Cash Flow	74	67

Financial Indicators



		FY2023 H1	FY2024 H1	Change
Ratio of operating profit to net sales	[%]	19.7	21.1	1.4
Ratio of ordinary profit to net sales	[%]	21.9	21.4	(0.5)
Debt to Equity ratio	[X]	0.02	0.02	(0.00)
Basic earnings per share	[¥]	67.6 [*]	71.4	3.7
Net assets per share	[¥]	991.8 [*]	1,163.2	171.4
Our stock price (end of September)	[¥]	1,992 [*]	2,460	
cf. Nikkei stock average		31,858	37,920	
Price book-value ratio	[X]	2.01	2.11	0.10

※3-for-1 common shares split effective on April 1, 2024.

Basic earnings/net assets per share and our stock price as of the end of March for FY2023 H1 are shown on a share-split basis.

- 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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