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May 9, 2024

Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (Under Japanese GAAP)

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 Listing: Tokyo Stock Exchange
 Securities code: 4403
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 Scheduled date of annual general meeting of shareholders: June 27, 2024
 Scheduled date to commence dividend payments: June 28, 2024
 Scheduled date to file annual securities report: June 27, 2024
 Preparation of supplementary material on financial results: Yes
 Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated financial results for the Fiscal Year Ended March 31, 2024 (from April 1, 2023 to March 31, 2024)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended								
March 31, 2024	222,252	2.1	42,142	3.7	45,577	5.5	33,990	0.1
March 31, 2023	217,709	13.0	40,624	14.1	43,183	14.8	33,973	27.3

Note: Comprehensive income Year ended March 31, 2024: ¥ 42,600 million [27.6%]
 Year ended March 31, 2023: ¥ 33,389 million [15.4%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to net sales
Year ended	Yen	Yen	%	%	%
March 31, 2024	141.17	—	13.5	14.0	19.0
March 31, 2023	139.01	—	14.8	14.4	18.7

Reference: Share of profit (loss) of entities accounted for using equity method Year ended March 31, 2024: ¥ - million
 Year ended March 31, 2023: ¥ - million

Note: The Company conducted a 3-for-1 common share split on April 1, 2024. “Basic earnings per share” and “Diluted earnings per share” have been calculated on the assumption that this share split had taken place at the beginning of the previous fiscal year.

(2) Consolidated financial position

	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2024	341,449	265,907	77.6	1,109.01
March 31, 2023	309,438	240,002	77.3	986.85

Reference: Equity As of March 31, 2024: ¥265,003 million
 As of March 31, 2023: ¥239,176 million

Note: The Company conducted a 3-for-1 common share split on April 1, 2024. “Net assets per share” has been calculated on the assumption that this share split had taken place at the beginning of the previous fiscal year.

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2024	29,970	(14,964)	(17,101)	87,509
March 31, 2023	23,333	(709)	(16,170)	89,081

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2023	–	50.00		58.00	108.00	8,770	25.9	3.8
Fiscal year ended March 31, 2024	–	56.00		58.00	114.00	9,125	26.9	3.6
Fiscal year ending March 31, 2025 (Forecast)		20.00	–	20.00	40.00		29.0	

Note: The Company conducted a 3-for-1 common share split on April 1, 2024. The amounts shown for the dividends for the fiscal year ended March 31, 2023 and fiscal year ended March 31, 2024 are the actual dividend amounts based on the number of shares before the share split. The amount shown for the fiscal year ending March 31, 2025 (forecast) is the amount based on the number of shares after the share split.

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2025 (from April 1, 2024 to March 31, 2025)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2025	232,000	4.4	40,500	(3.9)	41,600	(8.7)	33,000	(2.9)	138.10

Note: The Company conducted a 3-for-1 common share split on April 1, 2024. The impact of the share split has been taken into account in calculating “Basic earnings per share” of the consolidated earnings forecasts.

* Notes

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: None
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(3) Number of issued shares (common shares)

- (i) Total number of issued shares at the end of the period (including treasury shares)

As of March 31, 2024	242,524,128 shares
As of March 31, 2023	248,524,128 shares

- (ii) Number of treasury shares at the end of the period

As of March 31, 2024	3,568,383 shares
As of March 31, 2023	6,161,385 shares

- (iii) Average number of shares outstanding during the period

Year ended March 31, 2024	240,771,810 shares
Year ended March 31, 2023	244,401,433 shares

(Notes)1. Since the Company introduced “Board Benefit Trust (BBT)” in the fiscal year ended March 31, 2020, the shares of the Company held by the trust are included in the number of treasury shares at the end of the period, and the number of treasury shares excluded from the calculation of the average number of shares outstanding during the period.

2. Each of the numbers presented in “(3) Number of issued shares (common shares)” shows the numbers of shares existing after the share split.

[Reference] Overview of non-consolidated financial results

Non-consolidated financial results for the fiscal year ended March 31, 2024 (April 1, 2023 – March 31, 2024)

(1) Non-consolidated operating results

Year ended	Net sales		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2024	156,410	0.8	32,399	1.0	42,037	9.9	33,214	6.0
March 31, 2023	155,139	14.2	32,071	16.6	38,259	21.4	31,334	34.7

Year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2024	137.95	—
March 31, 2023	128.21	—

Note: The Company conducted a 3-for-1 common share split on April 1, 2024. “Basic earnings per share” and “Diluted earnings per share” have been calculated on the assumption that this share split had taken place at the beginning of the previous fiscal year.

(2) Non-consolidated financial position

As of	Total assets	Net assets	Equity-to-asset ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
March 31, 2024	281,120	210,504	74.9	880.93
March 31, 2023	258,496	188,866	73.1	779.27

Reference: Equity As of March 31, 2024: ¥210,504 million

As of March 31, 2023: ¥188,866 million

Note: The Company conducted a 3-for-1 common share split on April 1, 2024. “Net assets per share” has been calculated on the assumption that this share split had taken place at the beginning of the previous fiscal year.

* Annual financial results reports are not subject to audit by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special matters

(Notes regarding forward-looking statements)

Forward-looking statements including financial results forecasts stated in this material were compiled based on information available to the Company and certain assumptions considered reasonable at the time this material was compiled, and are not meant as a guarantee of the Company achieving such results. Therefore, the actual results, etc., may differ due to various factors. For information on the assumptions of the forecast and notes on the use of the forecast, please refer to “1. Overview of operating results, etc., (4) Future outlook” on page 5 of the attached document.

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1. Overview of operating results, etc.

(1) Overview of operating results

1) Overview of the fiscal year under review

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal year ended March 31, 2024	222,252	42,142	45,577	33,990
Fiscal year ended March 31, 2023	217,709	40,624	43,183	33,973
Change (%)	2.1	3.7	5.5	0.1

During the fiscal year under review (from April 1, 2023 to March 31, 2024), the outlook for the global economy remained uncertain, particularly because of the prolonged crisis in Ukraine, the increasingly strained situation in the Middle East, US-China rivalry, elevated prices of raw materials and fuel, and the impacts of persistent global inflation, and monetary tightening. In Japan, the positioning of COVID-19 under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases was downgraded to Class V Infectious Disease, and partly as a result of this, social and economic activity began to normalize and there were signs of a gradual recovery, mainly in consumer spending, capital investment, and production activity.

As for the business environment surrounding the Group, even though domestic economic conditions were gradually recovering, the impact of a downturn caused by the prolongation of the slump in the Chinese economy was a cause for concern.

In this business environment, under the three-year 2025 Mid-Term Management Plan that kicked off this fiscal year, and in keeping with the basic policy of “Practice and Breakthrough,” we have been working to address the following challenges: (1) expanding business by seizing market changes as opportunities, (2) accelerating development of new products and techniques, (3) improving productivity, (4) pursuing safety and security, and (5) promoting CSR. We have also made repeated management efforts to develop new markets, expand sales, and reduce production costs with a view to achieving sustainable growth.

In order to further strengthen “expanding business by seizing market changes as opportunities,” we expanded our business with a focus on our three prioritized business fields of “life and healthcare,” “environment and energy” and “electronics and IT” as we advanced our transition into a solutions-based business model. Moreover, we promoted efforts for “accelerating development of new products and techniques,” particularly by working on business co-creation through open innovation in the medicals and medical device field, following on from initiatives undertaken last fiscal year in the fields of materials for electronics and health foods.

As a result of such efforts, consolidated net sales for the fiscal year under review were 222,252 million yen, up 2.1% year on year. Consolidated operating profit was 42,142 million yen, up 3.7% year on year, consolidated ordinary profit was 45,577 million yen, up 5.5% year on year, and profit attributable to owners of parent was 33,990 million yen, up 0.1% year on year.

An explanation of results by business segment is as follows.

From the current fiscal year, the name of the reportable segment that was previously shown as “Life Science” was changed to “Pharmaceuticals, Medicals and Health.” In addition, changes have been made to the naming of major products. “edible oils” has been renamed to “processed edible oils and functional food materials” and “functional foods (nutritional food products and health-related products)” has been renamed to “healthcare foods products.”

Also, the consolidated subsidiary NOF EUROPE GmbH was previously included in the Functional Chemicals segment, but owing to a review of the business management category for this subsidiary, it is now shown in the Pharmaceuticals, Medicals and Health segment.

In the year-on-year comparisons provided below, the comparisons are based on figures that were reclassified to reflect the changes to the reportable segments.

2) Overview by segment

(Financial results by business)

(Millions of yen)

	Functional Chemicals		Pharmaceuticals, Medicals and Health		Explosive & Propulsion		Others	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Fiscal year ended March 31, 2024	133,556	21,972	53,998	20,558	34,138	2,628	559	196
Fiscal year ended March 31, 2023	135,965	22,689	51,363	18,215	29,871	1,751	509	209
Change	(2,408)	(716)	2,634	2,342	4,267	876	50	(13)

(i) Functional Chemicals

Net sales of fatty acid derivatives decreased due to a decline in demand for environmental energy-related products in Asia.

Net sales of surfactants were flat year on year as demand for toiletries recovered toward the end of the fiscal year.

Net sales of ethylene oxide/propylene oxide derivatives decreased due to a decline in demand from overseas.

Net sales of organic peroxides increased due to firm demand in Asia.

Net sales of special anti-corrosion agents increased due to strong demand in the overseas automobile industry.

As a result, consolidated net sales of Functional Chemicals were 133,556 million yen, down 1.8% year on year, and consolidated operating profit was 21,972 million yen, down 3.2% year on year.

(ii) Pharmaceuticals, Medicals and Health

Net sales of processed edible oils and functional food materials were flat year on year due to sales prices being revised in response to surging raw material and fuel prices, despite subdued demand for use in confectionery, bread, and processed foods.

Net sales of healthcare foods products rose by virtue of increased demand for health foods.

Net sales of biocompatible materials decreased due to a decline in demand for MPC (2-methacryloyloxyethyl phosphorylcholine) related products.

Net sales of raw materials for DDS (drug delivery system) drug formulations increased due to strong demand in the United States and Europe.

As a result, consolidated net sales of Pharmaceuticals, Medicals and Health were 53,998 million yen, up 5.1% year on year, and consolidated operating profit was 20,558 million yen, up 12.9% year on year.

(iii) Explosive & Propulsion

Net sales of industrial explosives rose.

Net sales of space-related products increased due to an increase in demand for rocket products.

Net sales of defense-related products increased.

Net sales of functional products declined.

As a result, consolidated net sales of Explosive & Propulsion were 34,138 million yen, up 14.3% year on year, and consolidated operating profit was 2,628 million yen, up 50.0% year on year.

(iv) Others

Others consist of transportation and real estate. Consolidated net sales of others were 559 million yen, up 9.8% year on year, and consolidated operating profit was 196 million yen, down 6.4% year on year.

(2) Overview of financial position

Total assets were 341,449 million yen, an increase of 32,010 million yen from the end of the previous fiscal year. The breakdown of major increases (decreases) in assets includes a decrease in cash and deposits of 775 million yen, an increase in trade receivables of 9,177 million yen, an increase in inventories of 1,270 million yen, an increase in property, plant and equipment of 10,831 million yen, an increase in intangible assets of 1,017 million yen, and an increase in the market value of investment securities at the end of the fiscal year, etc. of 6,473 million yen.

Liabilities increased by 6,105 million yen to 75,541 million yen from the end of the previous fiscal year. The breakdown of major increases (decreases) in liabilities includes an increase in trade payables of 3,387 million yen, an increase in interest-bearing debt of 322 million yen, a decrease in income taxes payable of 1,287 million yen, and an increase in deferred tax liabilities of 3,107 million yen.

Net assets (including non-controlling interests) were 265,907 million yen, an increase of 25,904 million yen from the end of the previous fiscal year. The breakdown of major increases (decreases) in net assets (including non-controlling interests) includes profit attributable to owners of parent of 33,990 million yen, a decrease from dividends of surplus of 9,192 million yen, a decrease from the purchase of treasury shares of 7,523 million yen, an increase in valuation difference on available-for-sale securities of 4,960 million yen, and an increase in remeasurements of defined benefit plans of 1,812 million yen.

(3) Overview of cash flows

Net cash provided by operating activities increased 6,636 million yen compared with the previous fiscal year, as a result of factors such as an increase in profit before income taxes of 428 million yen, a decrease in the burden of working capital of 8,720 million yen, and an increase in income taxes paid of 4,209 million yen.

Net cash used in investing activities increased 14,255 million yen compared with the previous fiscal year, as a result of factors such as a decrease in proceeds from the sale of investment securities of 2,040 million yen, an increase in capital investment of 11,529 million yen, and a decrease in proceeds from sale of property, plant and equipment and intangible assets of 20 million yen.

Net cash used in financing activities increased 931 million yen compared with the previous fiscal year, as a result of factors such as an increase in the purchase of treasury shares of 516 million yen, a decrease in repayments of long-term borrowings of 2,650 million yen, and an increase in dividends paid of 1,243 million yen.

As a result of the above, cash and cash equivalents at end of period amounted to 87,509 million yen, a decrease of 1,571 million yen from the end of the previous fiscal year.

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024	Change
Cash flows from operating activities	23,333	29,970	6,636
Cash flows from investing activities	(709)	(14,964)	(14,255)
Cash flows from financing activities	(16,170)	(17,101)	(931)
Effect of exchange rate change on cash and cash equivalents	1,139	524	(615)
Net increase (decrease) in cash and cash equivalents	7,593	(1,571)	(9,165)
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	55	—	(55)
Cash and cash equivalents at end of period	89,081	87,509	(1,571)

(Reference) Cash flow indicators for the NOF Group

Trends in the Group's cash flow indicators are as follows.

	Fiscal year ended March 31, 2021	Fiscal year ended March 31, 2022	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Equity-to-asset ratio (%)	74.7	76.3	77.3	77.6
Equity-to-asset ratio based on market value (%)	176.6	142.3	161.1	145.9
Ratio of interest-bearing debt to cash flow (annual)	0.3	0.2	0.2	0.2
Interest coverage ratio (times)	499.4	447.8	296.1	232.0

(Notes) Equity-to-asset ratio: equity/total assets

Equity-to-asset ratio based on market value: market capitalization/total assets

Ratio of interest-bearing debt to cash flow: interest-bearing debts/cash flow

Interest coverage ratio: cash flow/interest payments

1. All indicators are calculated based on consolidated financial figures.
2. Market capitalization is calculated by multiplying the closing stock price at the end of the fiscal year by the total number of issued shares at the end of the fiscal year (after deduction of treasury shares).
3. Cash flows from operating activities are used for cash flow. Interest-bearing debts are the sum of borrowings and lease liabilities as recorded on the consolidated balance sheets. Interest payments are based on the amount of interest paid in the consolidated statements of cash flows.

(4) Future outlook

(Millions of yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal year ending March 31, 2025	232,000	40,500	41,600	33,000
Fiscal year ended March 31, 2024	222,252	42,142	45,577	33,990
Change (%)	4.4	(3.9)	(8.7)	(2.9)

While the domestic economy is expected to see a recovery in personal consumption and expansion of capital investment, the global economy is expected to remain uncertain, particularly because of the prolonged crisis in Ukraine, the increasingly strained situation in the Middle East, US-China rivalry, elevated prices of raw materials and fuel, and the impacts of persistent global inflation and monetary tightening.

Under these circumstances, the Group will promote "NOF VISION 2030" and conduct business operations for further growth.

In terms of performance in the next fiscal year, we forecast net sales of 232,000 million yen, operating profit of 40,500 million yen, ordinary profit of 41,600 million yen, and profit attributable to owners of parent of 33,000 million yen.

An explanation of outlook by segment is as follows.

(Millions of yen)

	Functional Chemicals		Pharmaceuticals, Medicals and Health		Explosive & Propulsion	
	Net sales	Operating profit	Net sales	Operating profit	Net sales	Operating profit
Fiscal year ending March 31, 2025	140,600	24,420	50,700	17,300	40,100	2,630
Fiscal year ended March 31, 2024	133,556	21,972	53,998	20,558	34,138	2,628
Change (%)	5.3	11.1	(6.1)	(15.9)	17.5	0.1

Concerning Functional Chemicals, despite the impact of the slow recovery of the Chinese economy, demand for automotive parts is expected to recover, and cosmetics related products are expected to remain strong. Accordingly, we forecast an increase in both revenue and profit for the segment. On the other hand, in Pharmaceuticals, Medicals and Health, due to a temporary leveling off of demand, we forecast a decrease in both revenue and profit as a result of inventory adjustments for some customers for raw materials for DDS (drug delivery system) drug formulations and the impacts of money tightening in the United States and Europe. In Explosive & Propulsion, we forecast an increase in net sales due to an expected increase in orders for defense-related equipment.

(5) Basic policy on profit distribution and dividends for the current and next fiscal years

The Company recognizes that the stable return of profits to shareholders is an important management issue. The Company's basic profit distribution policy is to maintain a total return ratio of approximately 50% as the target level for the final year of the current Mid-Term Management Plan (FY2025), and the Company will pay dividends based on the maintenance of stable profit returns and will purchase and cancel treasury shares as necessary. Retained earnings will be used to invest in capital expenditures and R&D for future growth and to enhance the financial strength of the Company in order to strengthen the earnings base.

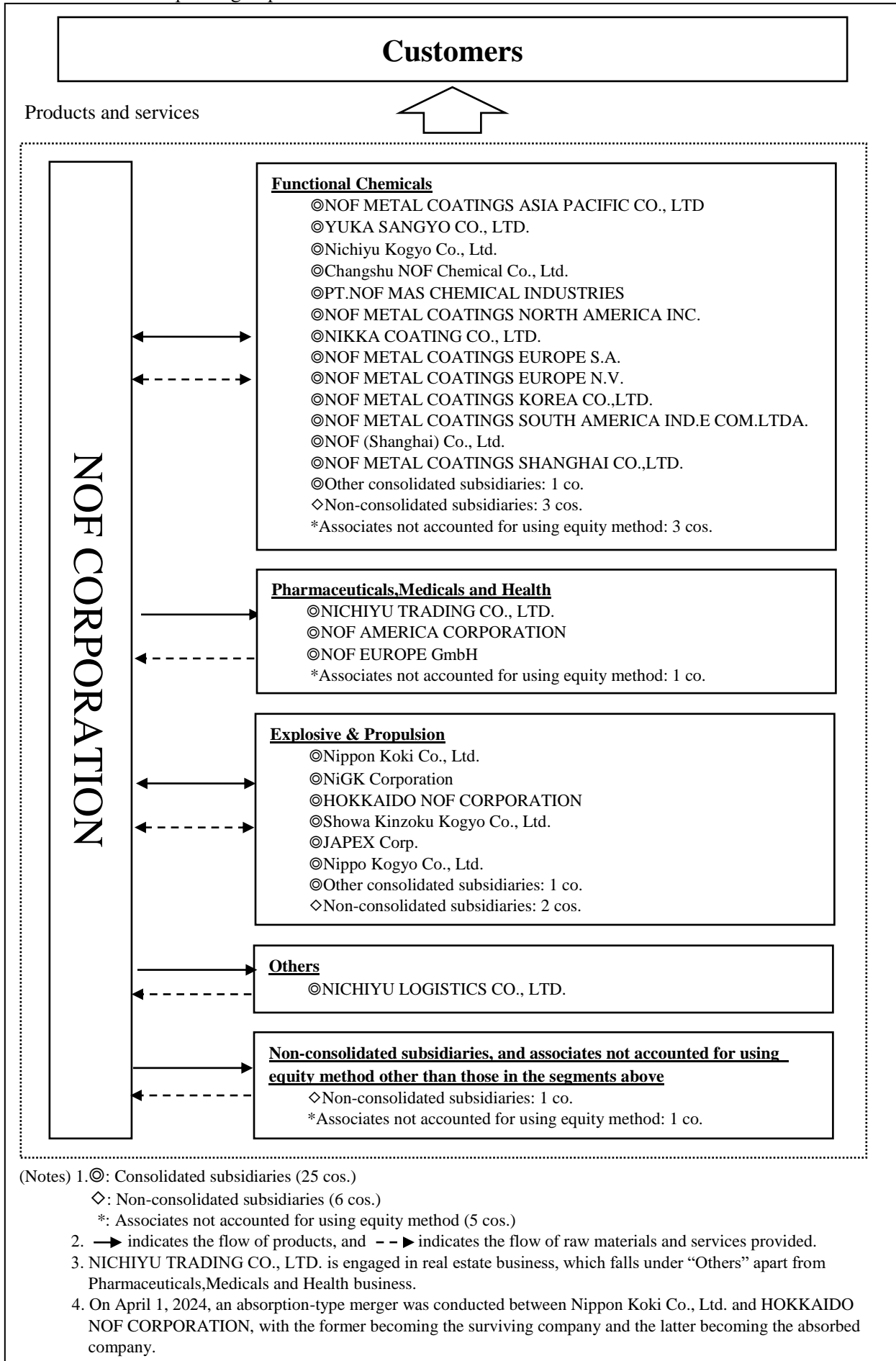
The Company plans to pay a year-end dividend of 58 yen per share for the current fiscal year. As a result, the annual dividend for the current fiscal year, including the interim dividend, will be 114 yen per share.

For the next fiscal year, we plan to pay an annual dividend of 40 yen per share (interim dividend of 20 yen and year-end dividend of 20 yen).

(Note)The Company conducted a 3-for-1 common share split on April 1, 2024. Accordingly, in the dividends above, the amount for the current fiscal year is for shares before the split while the amount for the next fiscal year is for shares after the split.

2. Status of the corporate group

The status of the corporate group is as follows.



3. Basic approach to selection of accounting standards

The Group has adopted a policy of preparing its consolidated financial statements according to the Japanese standards (Japanese GAAP) for the time being in consideration of comparability with respect to reportable periods for consolidated financial statements and comparability between respective companies.

With respect to the adoption of the International Financial Reporting Standards (IFRS) in the future, the NOF Group will take appropriate steps, taking a range of conditions both in Japan and overseas into consideration.

4. Consolidated financial statements and significant notes thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2023	As of 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
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 assets	309,438	341,449

(Millions of yen)

	As of March 31, 2023	As of 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
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

(2) Consolidated statements of income and consolidated statements of comprehensive income
(Consolidated statements of income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended 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 profit	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 1	※1 55
Loss on retirement of non-current assets	23	71
Loss on sale of investment securities	0	7
Total extraordinary losses	25	134
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 statements of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended 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		
Comprehensive income attributable to owners of parent	33,261	42,510
Comprehensive income attributable to non-controlling interests	127	90

(3) Consolidated Statements of changes in net assets
For the Year ended March 31, 2023 (April 1, 2022 to March 31, 2023)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,742	15,115	166,062	(3,292)	195,627
Changes during period					
Dividends of surplus			(7,943)		(7,943)
Profit attributable to owners of parent			33,973		33,973
Purchase of treasury shares				(7,007)	(7,007)
Disposal of treasury shares		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)
Net changes in items other than shareholders' equity					
Total changes during period	—	(62)	26,020	(7,007)	18,960
Balance at end of period	17,742	15,052	192,092	(10,299)	214,588

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	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	24,226	809	264	25,300	777	221,706
Changes during period						
Dividends of surplus						(7,943)
Profit attributable to owners of parent						33,973
Purchase of treasury shares						(7,007)
Disposal of treasury shares						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)
Net changes in items other than shareholders' equity	(2,501)	1,874	(84)	(711)	47	(663)
Total changes during period	(2,501)	1,874	(84)	(711)	47	18,296
Balance at end of period	21,725	2,683	180	24,588	825	240,002

For the Year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	17,742	15,052	192,092	(10,299)	214,588
Changes during period					
Dividends of surplus			(9,192)		(9,192)
Profit attributable to owners of parent			33,990		33,990
Purchase of treasury shares				(7,523)	(7,523)
Disposal of treasury shares				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
Net changes in items other than shareholders' equity					
Total changes during period	—	(0)	14,217	3,089	17,306
Balance at end of period	17,742	15,052	206,309	(7,209)	231,894

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	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	21,725	2,683	180	24,588	825	240,002
Changes during period						
Dividends of surplus						(9,192)
Profit attributable to owners of parent						33,990
Purchase of treasury shares						(7,523)
Disposal of treasury shares						32
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						0
Net changes in items other than shareholders' equity	4,960	1,746	1,812	8,519	78	8,597
Total changes during period	4,960	1,746	1,812	8,519	78	25,904
Balance at end of period	26,685	4,429	1,993	33,108	904	265,907

(4) Consolidated Statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Cash flows from operating activities		
Profit before income taxes	48,040	48,468
Depreciation	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
Cash flows from 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)
Cash flows from 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

(5) Notes regarding consolidated financial statements

(Notes on going concern assumption)

None applicable.

(Notes to consolidated statements of income)

***1 Impairment losses**

The Group recorded impairment losses for the following assets.

For the Year ended March 31, 2023 (from April 1, 2022, to March 31, 2023)

Location	Use	Type	Impairment losses (millions of yen)
Kawagoe, Saitama	Production facilities, etc.	Building, etc.	1

For the Year ended March 31, 2024 (from April 1, 2023, to March 31, 2024)

Location	Use	Type	Impairment losses (millions of yen)
Taketoyo-cho, Chita-gun, Aichi	Production facilities, etc.	Machinery, equipment ,etc.	55

(Segment information, etc.)

a. Segment information

1. Description of reportable segments

The Company's reportable segments are the business units for which the Company is able to obtain respective financial information separately in order for the highest decision-making body to conduct periodic investigations to determine the distribution of management resources and evaluate their business results.

The Company formulates comprehensive domestic and overseas strategies for the products it handles and engages in business activities. The Company's reportable segments are "Functional Chemicals", "Pharmaceuticals, Medicals and Health", and "Explosive & Propulsion", which are based on business divisions.

The Functional Chemicals segment manufactures and sells fatty acids, fatty acid derivatives, surfactants, ethylene oxide/propylene oxide derivatives, organic peroxides, petrochemicals, functional polymers, electronic materials, and special anti-corrosion agents.

The Pharmaceuticals, Medicals and Health segment manufactures and sells processed edible oils, functional food materials, healthcare foods products, biocompatible materials, and raw materials for DDS (drug delivery system) drug formulations.

The Explosive & Propulsion segment manufactures and sells industrial explosives, space-related products, defense-related products, and functional products.

2. Explanation of measurements of the amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

Profit by reportable segment is the figure for operating profit. Inter-segment transaction prices and transfer prices are based primarily on market prices and manufacturing costs.

3. Information about the amounts of net sales, profit or loss, assets, liabilities, and other items by reportable segment

I For the Year ended March 31, 2023 (from April 1, 2022, to March 31, 2023)

1. Information about the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segment				Others (Notes) 1.	Total	Adjustment (Notes) 2.	The amount reported on the consolidated statements of income (Notes) 3.
	Functional Chemicals	Pharmaceuti- cals, Medicals and Health	Explosive & Propulsion	Total				
Net sales								
(1) Sales to external customers	135,965	51,363	29,871	217,200	509	217,709	–	217,709
(2) Intersegment sales or transfers	4,441	1,066	16	5,525	8,139	13,664	(13,664)	–
Total	140,407	52,430	29,888	222,725	8,648	231,374	(13,664)	217,709
Segment profit	22,689	18,215	1,751	42,657	209	42,866	(2,242)	40,624
Segment assets	118,831	37,747	58,582	215,161	4,083	219,244	90,194	309,438
Other items								
Depreciation	3,356	1,002	1,630	5,989	102	6,092	266	6,359
Increase in property, plant and equipment and intangible assets	3,354	2,900	1,088	7,344	77	7,421	422	7,844

(Notes) 1. The "Others" category consists of business that is not included in reportable segments. It includes transportation, real estate sales, and management services, etc.

2. An adjustment is as follows:

(1) An adjustment of negative 2,242 million yen in segment profit includes 84 million yen eliminated for intersegment transactions, and negative 2,326 million yen for company-wide expenses that is not allocated for each reportable segment. Company-wide expenses mainly include general and administrative expenses that are not attributable to reportable segments.

(2) The adjustment of 90,194 million yen for segment assets includes intersegment elimination of negative 31,243 million yen and 121,437 million yen for company-wide assets that are not allocated for each reportable segment. Company-wide assets mainly include assets related to administrative divisions that are not attributable to reportable segments.

(3) The adjustment of 266 million yen for depreciation represents depreciation related to company-wide assets.

(4) The adjustment of 422 million yen for increase in property, plant and equipment and intangible assets represents an increase in company-wide assets.

3. Segment profit is adjusted with operating income in the consolidated statements of income.

II. For the Year ended March 31, 2024 (from April 1, 2023, to March 31, 2024)

1. Information about the amounts of net sales and profit or loss by reportable segment

(Millions of yen)

	Reportable segment				Others (Notes) 1.	Total	Adjustment (Notes) 2.	The amount reported on the consolidated statements of income (Notes) 3.
	Functional Chemicals	Pharmaceuti- cals, Medicals and Health	Explosive & Propulsion	Total				
Net sales								
(1) Sales to external customers	133,556	53,998	34,138	221,693	559	222,252	–	222,252
(2) Intersegment sales or transfers	3,813	996	13	4,823	8,124	12,947	(12,947)	–
Total	137,370	54,994	34,152	226,517	8,683	235,200	(12,947)	222,252
Segment profit	21,972	20,558	2,628	45,160	196	45,356	(3,213)	42,142
Segment assets	127,759	47,125	67,656	242,541	4,245	246,786	94,662	341,449
Other items								
Depreciation	3,567	1,257	1,614	6,439	106	6,546	393	6,939
Increase in property, plant and equipment and intangible assets	5,790	9,118	2,086	16,994	61	17,056	1,639	18,695

(Notes) 1. The “Others” category consists of business that is not included in reportable segments. It includes transportation, real estate sales, and management services, etc.

2. An adjustment is as follows:

- (1) An adjustment of negative 3,213 million yen in segment profit includes 73 million yen eliminated for intersegment transactions, and negative 3,287 million yen for company-wide expenses that is not allocated for each reportable segment. Company-wide expenses mainly include general and administrative expenses that are not attributable to reportable segments.
- (2) The adjustment of 94,662 million yen for segment assets includes intersegment elimination of negative 37,091 million yen and 131,754 million yen for company-wide assets that are not allocated for each reportable segment. Company-wide assets mainly include assets related to administrative divisions that are not attributable to reportable segments.
- (3) The adjustment of 393 million yen for depreciation represents depreciation related to company-wide assets.
- (4) The adjustment of 1,639 million yen for increase in property, plant and equipment and intangible assets represents an increase in company-wide assets.

3. Segment profit is adjusted with operating income in the consolidated statements of income.

4. Matters related to changes to reportable segments, etc.

From the current fiscal year, the name of the reportable segment that was previously shown as “Life Science” was changed to “Pharmaceuticals, Medicals and Health.” Also, the consolidated subsidiary NOF EUROPE GmbH was previously included in the Functional Chemicals segment, but owing to a review of the business management category for this subsidiary, it is now shown in Pharmaceuticals, Medicals and Health. Segment information presented for the previous fiscal year has been prepared using the names and classification method after the changes.

b. Related information

For the Year ended March 31, 2023 (from April 1, 2022, to March 31, 2023)

1. Information for each product or service

Descriptions are omitted because the categories are the same as for the reportable segments.

2. Information for each region

(1) Net sales

(Millions of yen)

Japan	Asia	Europe	Others	Total
144,380	38,130	20,798	14,401	217,709

(Note) Net sales to the Asian region include sales of 22,729 million yen in China, which account for 10% or more of net sales in the consolidated statements of income.

The percentage of net sales to regions other than Japan within consolidated net sales in the fiscal year under review is 33.7%, and of that, the percentage of net sales to Asia is 17.5% and to Europe is 9.6%.

3. Information for each of main customers

Sales to external customers are omitted because there are no sales to specific customers that account for 10% or more of net sales in the consolidated statements of income.

For the Year ended March 31, 2024 (from April 1, 2023, to March 31, 2024)

1. Information for each product or service

Descriptions are omitted because the categories are the same as for the reportable segments.

2. Information for each region(1) Net sales

(Millions of yen)

Japan	Asia	Europe	Others	Total
147,847	35,828	22,203	16,373	222,252

The percentage of net sales to regions other than Japan within consolidated net sales in the fiscal year under review is 33.5%, and of that, the percentage of net sales to Asia is 16.1% and to Europe is 10.0%.

3. Information for each of main customers

Sales to external customers are omitted because there are no sales to specific customers that account for 10% or more of net sales in the consolidated statements of income.

(Changes in Presentation)

The materiality of the net sales to Europe has increased and items formally classified as “Others” have been reclassified into “Europe” and “Others.” In accordance with the aforementioned change, the information for the previous fiscal year has been restated to conform to the new classification.

(Per share information)

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Net assets per share (yen)	986.85	1,109.01
Basic earnings per share (yen)	139.01	141.17

(Notes) 1. Diluted earnings per share is not shown in the table above, as there are no dilutive shares.

2. The Company introduced the Board Benefit Trust (BBT) from the fiscal year ended March 31, 2020, and the Company's shares held by the trust are recorded as treasury shares in the consolidated financial statements. Accordingly, the Company's shares held by the trust are included in the treasury shares deducted from the total number of issued shares at the end of the fiscal year for the purpose of calculating net assets per share. In the calculation of basic earnings per share, the Company's shares held by the trust are included in the treasury shares as a deduction in the calculation of the average number of common shares outstanding during the period. The number of said treasury shares deducted from the calculation of net assets per share was 144,600 shares at the end of the previous fiscal year and 116,100 shares at the end of the current fiscal year. The average number of said treasury shares outstanding during the period deducted from the calculation of basic earnings per share was 144,600 shares in the previous fiscal year and 124,869 shares in the current fiscal year.

3. The Company conducted a 3-for-1 common share split on April 1, 2024. "Net assets per share", "Basic earnings per share" and the number of treasury shares deducted in "Per share information" have been calculated on the assumption that this share split had taken place at the beginning of the previous fiscal year.

4. Basis for calculation of basic earnings per share is as follows.

	Fiscal year ended March 31, 2023	Fiscal year ended March 31, 2024
Profit attributable to owners of parent (millions of yen)	33,973	33,990
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to owners of parent related to common shares (millions of yen)	33,973	33,990
Average number of shares outstanding during the period (thousand shares)	244,401	240,771

(Significant events after reporting period)

Share split and partial amendment to the Articles of Incorporation

The Company resolved to conduct a share split and partially amend the Articles of Incorporation in relation with the share split at its meeting of the Board of Directors held on February 7, 2024. The share split was conducted as follows.

1. Purpose of share split

Conducting a share split is to lower the investment unit price of the Company's shares, thereby providing a more accessible investment environment to investors. It also intends to expand the Company's investor base and enhance the liquidity of the Company's shares.

2. Overview of share split

(1) Method

A 3-for-1 share split of common shares held by the shareholders recorded on the final list of shareholders as of the record date of Sunday, March 31, 2024 (effectively Friday, March 29, 2024 because the record date was a non-business day for the shareholder list manager).

(2) Increase in number of shares

Number of outstanding shares before the share split	80,841,376
Increase in number of shares from this share split	161,682,752
Total number of outstanding shares after the share split	242,524,128
Total number of authorized shares after the share split	970,000,000

(3) Schedule

Date of public notice on record date	Friday, March 15, 2024
Record date	Sunday, March 31, 2024
Effective date	Monday, April 1, 2024

(4) Impact on per share information

The effect of the share split is stated in "(5) Notes regarding consolidated financial statements (Per share information)."

3. Partial amendment to the articles of incorporation

(1) Reasons for the amendment

As a result of the share split, the total number of authorized shares stipulated in Article 5 of the Company's Articles of Incorporation was amended, effective April 1, 2024, pursuant to the provisions of Article 184, paragraph (2) of the Companies Act.

(2) Details of the amendment

The details of the amendment are as follows.

(Amendments are underlined.)

Before the amendment	After the amendment
(Total number of authorized shares)	(Total number of authorized shares)
Article 5. The total number of authorized shares of the Company is <u>347,000,000</u> .	Article 5. The total number of authorized shares of the Company is <u>970,000,000</u> .

(3) Date of the change

Effective date:	Monday, April 1, 2024
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4. Other

There is no change to the amount of the Company's share capital as a result of the share split.

Purchase of treasury shares

The Company hereby announces that it has resolved the following matters pertaining to purchase of its treasury shares at its meeting of the Board of Directors held on May 9, 2024, pursuant to provisions of Article 156 of the Companies Act, applied by replacing terms pursuant to provisions of Article 165, paragraph (3) of said Act.

1. Reasons for purchase of treasury shares

The Company recognizes the stable return of profits to its shareholders as an important managerial issue.

For the dividend policy set forth in the Mid-Term Management Plan “NOF VISION 2030 Stage II” (FY2023 to FY2025) that was announced in May 2023, the Company has established a basic policy of maintaining a stable return of profits and set a target level for the total payout ratio of around 50% for the final fiscal year of the current Mid-Term Management Plan (FY2025). Based on this basic policy, the Company has decided to purchase treasury shares.

2. Details of the Board of Directors resolution regarding the purchase

- | | |
|---|--|
| (1) Class of shares to be purchased: | Common shares of the Company |
| (2) Total number of shares to be purchased: | 1,500,000 shares (maximum) |
| (3) Total purchase price of shares: | 2,000,000,000 yen (maximum) |
| (4) Period of purchase: | From May 10, 2024 through June 28, 2024 |
| (5) Method of purchase: | Open-market purchase on the Tokyo Stock Exchange |