



February 12, 2025

## Consolidated Financial Results for the Nine Months Ended December 31, 2024 (Under Japanese GAAP)

Company name: NOF CORPORATION  
 Listing: Tokyo Stock Exchange  
 Securities code: 4403  
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 Scheduled date to commence dividend payments: —  
 Preparation of supplementary material on financial results: None  
 Holding of financial results briefing: None

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

### 1. Consolidated financial results for the nine months ended December 31, 2024 (from April 1, 2024 to December 31, 2024)

#### (1) Consolidated operating results (cumulative)

(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	%
Nine months ended								
December 31, 2024	171,170	6.9	35,759	7.5	37,606	5.2	27,627	6.2
December 31, 2023	160,099	1.4	33,262	9.9	35,733	9.9	26,011	0.6

Note: Comprehensive income For the nine months ended December 31, 2024: ¥26,267 million [(19.2)%]  
 For the nine months ended December 31, 2023: ¥32,506 million [33.8%]

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended		
December 31, 2024	116.14	—
December 31, 2023	107.85	—

Note: The Company conducted a 3-for-1 common share split on April 1, 2024. For the nine months ended December 31, 2023, “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
	Millions of yen	Millions of yen	%
As of			
December 31, 2024	344,908	275,528	79.6
March 31, 2024	341,449	265,907	77.6

Reference: Equity

As of December 31, 2024: ¥274,590 million  
 As of March 31, 2024: ¥265,003 million

## 2. Cash dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2024	—	56.00	—	58.00	114.00
Fiscal year ending March 31, 2025	—	21.00	—		
Fiscal year ending March 31, 2025 (Forecast)				21.00	42.00

Note: 1. Revisions to the forecast of cash dividends most recently announced: None

2. The Company conducted a 3-for-1 common share split on April 1, 2024. The amount shown for the dividends for the fiscal year ended March 31, 2024 is the actual dividend amounts based on the number of shares before 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	%	
Fiscal year ending March 31, 2025	239,000	7.5	43,000	2.0	43,800	(3.9)	34,900	2.7	146.53

Note: Revisions to the earnings forecasts most recently announced: None

**\* Notes**

(1) Significant changes in the scope of consolidation during the period: None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: Yes

Note: Please refer to “2. Quarterly consolidated financial statements and significant notes thereto, (3) Notes on quarterly consolidated financial statements (Notes on accounting treatment specific to the preparation of quarterly consolidated financial statements)” on page 8 of the attached document for details.

(3) Changes in accounting policies, changes in accounting estimates, and restatement

- (i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- (ii) Changes in accounting policies due to other reasons: None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of issued shares (common shares)

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

As of December 31, 2024	242,524,128 shares
As of March 31, 2024	242,524,128 shares

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

As of December 31, 2024	6,629,687 shares
As of March 31, 2024	3,568,383 shares

(iii) Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

Nine months ended December 31, 2024	237,885,311 shares
Nine months ended December 31, 2023	241,175,135 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 “(4) Number of issued shares (common shares)” shows the numbers of shares existing after the share split.

\* Review of attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes (voluntary)

\* 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., (3) Explanation on future forecast information including the forecast of consolidated financial results” on page 3 of the attached document.

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## 1. Overview of operating results, etc.

### (1) Overview of operating results during the period

In the first nine months of the current fiscal year (from April 1 to December 31, 2024), the outlook for the global economy remained uncertain, particularly because of concerns about the risk of a downturn in overseas economies, such as the effects accompanying continuing high interest rate levels in the United States and Europe and persistent stagnation in the Chinese real estate market, as well as concerns over the impact of rising prices, the situation in the Middle East region, and fluctuations in the financial and capital markets. In Japan, although there are still some areas of personal consumption where the recovery has stalled amid the improving employment and income environment, the economy appeared to be gradually recovering.

As for the business environment surrounding the Group, even though domestic economic conditions were gradually recovering, there were concerns over the impact of a downturn due to elevated prices of raw material and fuel, and rapid fluctuations of foreign exchange rates, as well as the prolongation of the slump in the Chinese economy.

In this business environment, under the three-year 2025 Mid-Term Management Plan that kicked off in the FY2023, 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.

As a result of such efforts, net sales for the first nine months of the current fiscal year were 171,170 million yen, up 6.9% year on year. Operating profit increased to 35,759 million yen, up 7.5% year on year, ordinary profit increased to 37,606 million yen, up 5.2% year on year, and profit attributable to owners of parent increased to 27,627 million yen, up 6.2% year on year.

Results by segment are as follows.

#### (i) Functional Chemicals

Net sales of fatty acid derivatives were flat year on year, reflecting steady demand and shipments of environmental energy-related products in Asia.

Net sales of surfactants increased as a result of strong demand for toiletries.

Net sales of ethylene oxide/propylene oxide derivatives increased due to strong demand for toiletries and for synthetic resin and resin processing applications.

Net sales of organic peroxides decreased due to stagnant demand in Japan and Asia.

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

As a result, net sales of Functional Chemicals were 114,509 million yen, up 15.6% year on year, and operating profit was 24,645 million yen, up 45.5% year on year.

#### (ii) Pharmaceuticals, Medicals and Health

Net sales of processed edible oils and functional food materials for use in bread, confectionery, and processed foods decreased.

Net sales of healthcare foods products declined as a result of decreased demand for health foods.

Net sales of biocompatible materials increased due to strong demand for MPC (2-methacryloyloxyethyl phosphorylcholine) related products.

Net sales of raw materials for DDS (drug delivery system) drug formulations declined due to a temporary leveling off of demand as a result of inventory adjustments for some customers and the impacts of money tightening in the United States and Europe.

As a result, net sales of Pharmaceuticals, Medicals and Health were 36,508 million yen, down 12.4% year on year, and operating profit was 11,718 million yen, down 30.8% year on year.

#### (iii) Explosives & Propulsion

Net sales of industrial explosives declined.

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

Net sales of defense-related products declined.

Net sales of functional products rose.

As a result, net sales of Explosives & Propulsion were 19,693 million yen, up 4.0% year on year, and operating profit was 1,554 million yen, up 23.3% year on year.

(iv) Others

Others consist of transportation and real estate. Net sales of others were 458 million yen, up 1.3% year on year, and operating profit was 290 million yen, up 57.4% year on year.

**(2) Overview of financial position as of December 31, 2024**

Total assets at the end of the third quarter of the current fiscal year were 344,908 million yen, an increase of 3,459 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 12,556 million yen, an increase in inventories of 12,598 million yen, a decrease in trade receivables of 1,656 million yen, and an increase in property, plant and equipment of 3,735 million yen.

Liabilities decreased by 6,161 million yen to 69,379 million yen from the end of the previous fiscal year.

The breakdown of major increases (decreases) in liabilities includes a decrease in trade payables of 1,450 million yen, a decrease in interest-bearing debt of 271 million yen, a decrease of 2,516 million yen in income taxes payable due to payment of income taxes, and a decrease of 1,686 million yen in provision for bonuses.

Net assets were 275,528 million yen, an increase of 9,621 million yen from the end of the previous fiscal year.

The breakdown of major increases (decreases) in net assets includes profit attributable to owners of parent of 27,627 million yen, an increase in foreign currency translation adjustment of 401 million yen, a decrease from dividends of surplus of 9,622 million yen, a decrease from the purchase of treasury shares of 7,006 million yen, and a decrease in valuation difference on available-for-sale securities of 1,701 million yen.

**(3) Explanation on future forecast information including the forecast of consolidated financial results**

There is no change to the consolidated earnings forecasts for the fiscal year ending March 31, 2025, which was announced on November 7, 2024 in the “Notice Regarding Revision of Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2025, and Revision of Dividends of Surplus (Interim Dividend) and Year-end Dividend Forecast.”

The forecast is based on the information that is available to the Company as of the date of the announcement of this material. Actual results may differ from the forecast due to various factors in the future.

**(4) Research and development activities**

Expenses related to research and development activities for the Group in the first nine months of the current fiscal year were 5,624 million yen.

There were no material changes in the conditions of the Group’s research and development activities in the first nine months of the current fiscal year.

**(5) Main facilities**

The amount of capital investment for the Group in the first nine months of the current fiscal year was 9,299 million yen.

There were no significant changes in the Group’s main facilities or facility plans in the first nine months of the current fiscal year.

## 2. Quarterly consolidated financial statements and significant notes thereto

### (1) Quarterly consolidated balance sheets

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
<b>Assets</b>		
Current assets		
Cash and deposits	91,744	79,187
Notes and accounts receivable - trade, and contract assets	54,603	52,375
Electronically recorded monetary claims - operating	3,560	4,131
Merchandise and finished goods	27,548	33,889
Work in process	4,805	8,542
Raw materials and supplies	18,653	21,174
Other	4,143	5,395
Allowance for doubtful accounts	(195)	(195)
Total current assets	204,863	204,501
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	24,789	26,038
Land	20,393	20,337
Other, net	29,512	32,055
Total property, plant and equipment	74,695	78,431
Intangible assets		
Other	2,166	1,979
Total intangible assets	2,166	1,979
Investments and other assets		
Investment securities	51,192	48,230
Retirement benefit asset	5,777	5,874
Other	2,813	5,951
Allowance for doubtful accounts	(60)	(60)
Total investments and other assets	59,723	59,995
Total non-current assets	136,585	140,407
Total assets	341,449	344,908
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	21,741	20,409
Electronically recorded obligations - operating	1,373	1,254
Short-term borrowings	1,607	1,413
Current portion of long-term borrowings	—	500
Income taxes payable	7,339	4,823
Provision for bonuses	3,655	1,968
Other	18,411	18,804
Total current liabilities	54,129	49,174
Non-current liabilities		
Long-term borrowings	2,775	2,278
Retirement benefit liability	4,942	5,004
Other	13,693	12,922
Total non-current liabilities	21,412	20,205
Total liabilities	75,541	69,379

(Millions of yen)

	As of March 31, 2024	As of December 31, 2024
Net assets		
Shareholders' equity		
Share capital	17,742	17,742
Capital surplus	15,052	15,732
Retained earnings	206,309	223,640
Treasury shares	(7,209)	(14,216)
Total shareholders' equity	231,894	242,899
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	26,685	24,984
Foreign currency translation adjustment	4,429	4,830
Remeasurements of defined benefit plans	1,993	1,876
Total accumulated other comprehensive income	33,108	31,691
Non-controlling interests	904	938
Total net assets	265,907	275,528
Total liabilities and net assets	341,449	344,908



**(2) Quarterly consolidated statements of income and quarterly consolidated statements of comprehensive income**

**(Quarterly consolidated statements of income)**

**(For the nine months period)**

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Net sales	160,099	171,170
Cost of sales	99,669	106,479
Gross profit	60,429	64,690
Selling, general and administrative expenses	27,167	28,931
Operating profit	33,262	35,759
Non-operating income		
Interest income	222	337
Dividend income	1,115	1,165
Foreign exchange gains	837	238
Other	688	551
Total non-operating income	2,863	2,293
Non-operating expenses		
Interest expenses	92	95
Rental expenses on real estate	58	58
Expenses for disposal of fixed assets	134	131
Other	107	160
Total non-operating expenses	392	445
Ordinary profit	35,733	37,606
Extraordinary income		
Gain on sale of non-current assets	0	442
Gain on receipt of donated non-current assets	411	—
Gain on sale of investment securities	786	1,262
Compensation income	—	220
Other	—	1
Total extraordinary income	1,198	1,927
Extraordinary losses		
Loss on retirement of non-current assets	24	94
Loss on tax purpose reduction entry of non-current assets	—	1
Loss on sale of investment securities	7	—
Total extraordinary losses	31	96
Profit before income taxes	36,900	39,437
Income taxes	10,864	11,753
Profit	26,035	27,684
Profit attributable to non-controlling interests	24	56
Profit attributable to owners of parent	26,011	27,627

**(Quarterly consolidated statements of comprehensive income)**

**(For the nine months period)**

(Millions of yen)

	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Profit	26,035	27,684
Other comprehensive income		
Valuation difference on available-for-sale securities	4,003	(1,701)
Foreign currency translation adjustment	2,462	401
Remeasurements of defined benefit plans, net of tax	4	(116)
Total other comprehensive income	6,471	(1,416)
Comprehensive income	32,506	26,267
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	32,450	26,210
Comprehensive income attributable to non-controlling interests	56	56

### **(3) Notes on quarterly consolidated financial statements**

#### **(Notes on changes in accounting policies applied)**

(Application of “Accounting Standard for Current Income Taxes”, etc.)

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, on October 28, 2022) ,etc. is applied from the first quarter of the fiscal year ending March 31, 2025. These changes had no impact on the quarterly consolidated financial statements.

#### **(Notes on accounting treatment specific to the preparation of quarterly consolidated financial statements)**

(Calculation of tax expenses)

As for tax expenses, the effective tax rate after the application of tax effect accounting to profit before income taxes is reasonably estimated for the consolidated fiscal year, which includes the third quarter of the current fiscal year, and the amount is calculated by multiplying quarterly profit before income taxes by the estimated effective tax rate.

However, for companies whose tax expenses are significantly less reasonable if calculated using the estimated effective tax rate, the amount calculated using the statutory tax rate is recorded.

**(Notes on segment information, etc.)****I For the nine months ended December 31, 2023 (from April 1, 2023, to December 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 quarterly consolidated statements of income (Notes) 3.
	Functional Chemicals	Pharmaceuti- cals, Medicals and Health	Explosives & Propulsion	Total				
Net sales								
(1) Sales to external customers	99,027	41,675	18,942	159,646	452	160,099	–	160,099
(2) Intersegment sales or transfers	2,850	651	8	3,510	6,100	9,610	(9,610)	–
Total	101,877	42,327	18,951	163,156	6,553	169,709	(9,610)	160,099
Segment profit	16,937	16,927	1,261	35,125	184	35,310	(2,047)	33,262

(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 of negative 2,047 million yen in segment profit includes 45 million yen eliminated for intersegment transactions, and negative 2,092 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.
3. Segment profit is adjusted with operating income in the quarterly consolidated statements of income.

**II. For the nine months ended December 31, 2024 (from April 1, 2024, to December 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 quarterly consolidated statements of income (Notes) 3.
	Functional Chemicals	Pharmaceuti- cals, Medicals and Health	Explosives & Propulsion	Total				
Net sales								
(1) Sales to external customers	114,509	36,508	19,693	170,711	458	171,170	–	171,170
(2) Intersegment sales or transfers	3,047	795	7	3,851	6,691	10,543	(10,543)	–
Total	117,557	37,304	19,700	174,563	7,150	181,713	(10,543)	171,170
Segment profit	24,645	11,718	1,554	37,918	290	38,208	(2,449)	35,759

(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 of negative 2,449 million yen in segment profit includes 47 million yen eliminated for intersegment transactions, and negative 2,496 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.
3. Segment profit is adjusted with operating income in the quarterly consolidated statements of income.

**(Notes on substantial changes in the amount of shareholders' equity)**

None applicable.

**(Notes on going concern assumption)**

None applicable.

**(Notes to quarterly consolidated statements of cash flows)**

The Company has not prepared quarterly consolidated statements of cash flows for the first nine months of the current fiscal year. In addition, depreciation (including amortization related to intangible assets excluding goodwill) for the first nine months of the respective fiscal years is as follows:

	(Millions of yen)	
	Nine months ended December 31, 2023	Nine months ended December 31, 2024
Depreciation	4,939	5,204

**(Revenue recognition)**

The sales of the Company are mainly revenue recognized from contracts with customers, and the breakdown of the reportable segments of the Company by region for the first nine months of the respective fiscal years is as follows:

**I For the nine months ended December 31, 2023 (from April 1, 2023, to December 31, 2023)**

(Millions of yen)

	Reportable segment				Others (Notes) 1.	Total
	Functional Chemicals	Pharmaceuticals, Medicals and Health	Explosives & Propulsion	Total		
Net sales						
Japan	67,268	17,680	18,813	103,762	385	104,148
Asia	24,068	2,013	100	26,181	66	26,248
Europe	4,945	11,407	20	16,373	—	16,373
Others	2,745	10,574	8	13,328	—	13,328
Sales to customers	99,027	41,675	18,942	159,646	452	160,099

(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. Sales are mostly revenue recognized from contracts with customers, and revenue recognized from other sources is not presented separately as it is not material.

**II. For the nine months ended December 31, 2024 (from April 1, 2024, to December 31, 2024)**

(Millions of yen)

	Reportable segment				Others (Notes) 1.	Total
	Functional Chemicals	Pharmaceuticals, Medicals and Health	Explosives & Propulsion	Total		
Net sales						
Japan	79,784	16,534	19,597	115,916	371	116,288
Asia	25,927	1,597	64	27,589	86	27,676
Europe	5,102	10,746	18	15,867	—	15,867
Others	3,695	7,630	11	11,338	—	11,338
Sales to customers	114,509	36,508	19,693	170,711	458	171,170

(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. Sales are mostly revenue recognized from contracts with customers, and revenue recognized from other sources is not presented separately as it is not material.

## **(Subsequent events)**

### **Purchase and cancellation of treasury shares**

The Company has resolved the matters pertaining to the purchase of its treasury shares pursuant to the provisions of Article 156 of the Companies Act, applied by replacing terms pursuant to the provisions of Article 165, paragraph (3) of said Act, and the matters pertaining to the cancellation of its treasury shares pursuant to the provisions of Article 178 of the Companies Act, at the meeting of the Board of Directors held on February 12, 2025.

#### **1. Reasons for purchase and cancellation 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 and cancel 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: | 2,500,000 shares (maximum)                       |
| (3) Total purchase price of shares:         | 5,000,000,000 yen (maximum)                      |
| (4) Period of purchase:                     | From February 13, 2025 through March 31, 2025    |
| (5) Method of purchase:                     | Open-market purchase on the Tokyo Stock Exchange |

#### **3. Details of the Board of Directors resolution regarding the cancellation**

- |  |                              |
|--|------------------------------|
| (1) Class of shares to be cancelled:                           | Common shares of the Company |
| (2) Total number of shares to be cancelled:                    | 6,000,000 shares             |
| (3) Scheduled date of cancellation:                            | February 28, 2025            |
| (4) Total number of outstanding shares after the cancellation: | 236,524,128 shares           |

(For Translation Purposes Only)

**Independent Auditor's Interim Review Report  
on Quarterly Consolidated Financial Statements**

February 12, 2025

The Board of Directors  
NOF CORPORATION

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Tetsuya Kawawaki  
Designated Engagement Partner  
Certified Public Accountant

**Auditor's Conclusion**

We have reviewed the accompanying quarterly consolidated financial statements of NOF CORPORATION and its consolidated subsidiaries (the Group), which comprise the quarterly consolidated balance sheet as at December 31, 2024, and the quarterly consolidated statements of income, comprehensive income for the nine-month period ended December 31, 2024, and notes to the quarterly consolidated financial statements.

Based on our review, nothing has come to our attention that causes us to believe that the accompanying quarterly consolidated financial statements are not prepared, in all material respects, in accordance with Article 4, Paragraph 1 of the Tokyo Stock Exchange, Inc.'s Standards for the Preparation of Quarterly Financial Statements (the Standards) and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.

**Basis for Auditor's Conclusion**

We conducted our review in accordance with review standards for interim financial statements generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our review of the quarterly consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the evidence we have obtained provides a basis for our conclusion.

**Management's and the Audit and Supervisory Committee's Responsibilities for the Quarterly Consolidated Financial Statements**

Management is responsible for the preparation of these quarterly consolidated financial statements in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, and for the internal controls as management determines are necessary to enable the preparation of quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the quarterly consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, including the disclosures related to matters of going concern as required by Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.



The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

### **Auditor's Responsibilities for the Review of the Quarterly Consolidated Financial Statements**

Our responsibility is to express a conclusion on these quarterly consolidated financial statements based on our review.

As part of a review in accordance with review standards for interim financial statements generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the review. We also:

- Make inquiries, primarily of management and persons responsible for financial and accounting matters and apply analytical and other interim review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in Japan.
- Conclude based on the evidence obtained whether anything has come to our attention that causes us to believe that the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards, should we determine that a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. Additionally, if we conclude that a material uncertainty exists, we are required to draw attention in our auditor's interim review report to the related disclosures in the quarterly consolidated financial statements or, if such disclosures are inadequate, to modify our conclusion. Our conclusions are based on the evidence obtained up to the date of our auditor's interim review report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate whether anything has come to our attention that causes us to believe that the overall presentation and disclosure of the quarterly consolidated financial statements are not prepared in accordance with Article 4, Paragraph 1 of the Standards and accounting principles for quarterly financial statements generally accepted in Japan, applying the provisions for reduced disclosures as set forth in Article 4, Paragraph 2 of the Standards.
- Obtain evidence regarding the financial information of the entities or business activities within the Group as a basis for expressing a conclusion on the quarterly consolidated financial statements. We are responsible for the direction, supervision and review of the documentation of the interim review. We remain solely responsible for our conclusion.

We communicate with the Audit and Supervisory Committee regarding the planned scope and timing of the review and significant review findings.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our review of the quarterly consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied to reduce threats to an acceptable level.

### **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

\* Notes to the Readers of Independent Auditor's Report

This is an English translation of the Independent Auditor's Report as required by the Companies Act of Japan for the conveniences of the reader.