

**NOF CORPORATION**

**Consolidated Financial Statements**

For the years ended March 31, 2024 and 2023

## Independent Auditor's Report

The Board of Directors  
NOF CORPORATION

### *The Audit of the Consolidated Financial Statements*

#### **Opinion**

We have audited the accompanying consolidated financial statements of NOF CORPORATION (the Company) and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2024, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition in the Pharmaceuticals, Medicals and Health business	
Description of Key Audit Matter	Auditor's Response
As stated in Note 36 (Segment Information, etc.), the Company has recorded sales to customers amounting to ¥53,998 million in the Pharmaceuticals, Medicals and Health business for the year ended March 31, 2024.	<p>We conducted the following audit procedures in order to examine the appropriateness of the revenue recognition in the Pharmaceuticals, Medicals and Health business, among others:</p> <ul style="list-style-type: none"> <li>• We understood the sales process, and</li> </ul>

<p>The Pharmaceuticals, Medicals and Health business manufactures and sells processed edible oils, functional food materials, healthcare foods products, biocompatible materials, and raw materials for DDS (drug delivery system) drug formulations. Some sales transactions in the Pharmaceuticals, Medicals and Health business have relatively high margin of profit and are made primarily with overseas customers. The Company recognizes these revenues based on the terms of transaction specified in the contract or the purchase order.</p> <p>For these transactions, it is necessary to determine the point in time of revenue recognition based on the terms of the transactions. The impact on the consolidated financial statements of these transactions is large because of the relatively high margin of profit.</p> <p>Based on the above, we have determined that appropriateness of revenue recognition in the Pharmaceuticals, Medicals and Health business as a key audit matter.</p>	<p>evaluated the design of the related internal controls and tested their operating effectiveness.</p> <ul style="list-style-type: none"> <li>• In order to understand the outline of sales transactions and their terms and conditions, we discussed with managers of business divisions and the management.</li> <li>• In order to evaluate whether the point in time of revenue recognition is in line with the terms of transaction, we inspected the contract or the purchase order, the shipping documents, the delivery record of the delivery company and the exporter.</li> <li>• We performed an external confirmation procedure for the year end balances of accounts receivable, which were selected on the basis of risk and significance of the balances.</li> </ul>
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### **Other Information**

Other information comprises the information included in disclosure documents that contain audited consolidated financial statements, but does not include the consolidated financial statements and our auditor’s report thereon.

We have concluded that other information does not exist. Accordingly, we have not performed any work related to other information.

### **Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether 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. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 audit of the 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.

From the matters communicated with the Audit and Supervisory Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Convenience Translation**

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2024 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 6 to the consolidated financial statements.

### ***Fee-related Information***

The fees for the audits of the financial statements of NOF CORPORATION and its subsidiaries and other services provided by us and other EY member firms for the year ended March 31, 2024 are 119 million yen and 33 million yen, respectively.

### **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.

Ernst & Young ShinNihon LLC  
Tokyo, Japan

September 30, 2024

狩野 茂行

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Shigeyuki Kano  
Designated Engagement Partner  
Certified Public Accountant

川脇 哲也

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Tetsuya Kawawaki  
Designated Engagement Partner  
Certified Public Accountant

# NOF CORPORATION and Subsidiaries

## Consolidated Balance Sheet

**As of March 31,**

Thousands of  
U.S. dollars  
(Note 6)

	Millions of yen		2024
	2024	2023	2024
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits (Notes 25 and 27).....	¥ 91,744	¥ 92,520	\$ 605,933
Notes and accounts receivable - trade, and contract assets (Notes 7 ,11 ,27 and 35).....	54,603	45,971	360,631
Electronically recorded monetary claims-operating (Note 27).....	3,560	3,014	23,515
Merchandise and finished goods .....	27,548	30,079	181,949
Work in process.....	4,805	3,412	31,737
Raw materials and supplies.....	18,653	16,245	123,197
Other.....	4,143	2,706	27,364
Allowance for doubtful accounts.....	(195)	(199)	(1,291)
<b>Total current assets</b> .....	<b>204,863</b>	<b>193,750</b>	<b>1,353,038</b>
<b>Non-current assets:</b>			
<b>Property, plant and equipment (Notes 8 and 9):</b>			
Buildings and structures.....	80,434	76,870	531,234
Accumulated depreciation .....	(55,644)	(53,689)	(367,511)
Buildings and structures, net .....	24,789	23,181	163,722
Machinery, equipment and vehicles .....	111,310	109,677	735,162
Accumulated depreciation .....	(96,187)	(96,252)	(635,276)
Machinery, equipment and vehicles, net .....	15,123	13,424	99,886
Land.....	20,393	20,790	134,689
Leased assets.....	544	490	3,598
Accumulated depreciation .....	(421)	(344)	(2,784)
Leased asset, net .....	123	145	813
Construction in progress .....	11,325	3,927	74,802
Other.....	18,178	17,258	120,064
Accumulated depreciation .....	(15,238)	(14,863)	(100,645)
Other, net.....	2,940	2,394	19,418
<b>Total property, plant and equipment</b> .....	<b>74,695</b>	<b>63,863</b>	<b>493,332</b>
<b>Intangible assets:</b>			
Other.....	2,166	1,148	14,310
<b>Total Intangible assets</b> .....	<b>2,166</b>	<b>1,148</b>	<b>14,310</b>
<b>Investments and other assets:</b>			
Investments securities (Notes 8 ,10 ,27 and 29) .....	51,192	44,719	338,106
Long-term loans receivable.....	7	5	51
Deferred tax assets (Note 32).....	1,144	950	7,557
Retirement benefit asset (Note 30) .....	5,777	3,071	38,160
Other.....	1,661	1,988	10,973
Allowance for doubtful accounts.....	(60)	(60)	(402)
<b>Total investments and other assets</b> .....	<b>59,723</b>	<b>50,675</b>	<b>394,447</b>
<b>Total non-current assets</b> .....	<b>136,585</b>	<b>115,688</b>	<b>902,090</b>
<b>Total assets</b> .....	<b>¥ 341,449</b>	<b>¥ 309,438</b>	<b>\$ 2,255,129</b>

The accompanying notes are an integral part of the statements.

# NOF CORPORATION and Subsidiaries

## Consolidated Balance Sheet (continued)

**As of March 31,**

Thousands of  
U.S. dollars  
(Note 6)

	Millions of yen		2024
	2024	2023	2024
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Notes and accounts payable - trade.....	¥ 21,741	¥ 18,496	\$ 143,595
Electronically recorded obligations-operating.....	1,373	1,230	9,068
Short-term borrowings (Notes 27 and 28).....	1,607	2,080	10,618
Current portion of long-term borrowings (Notes 27 and 28).....	0	150	0
Lease liabilities.....	253	103	1,677
Accrued expenses.....	1,753	1,585	11,581
Income taxes payable.....	7,339	8,626	48,475
Deposits received.....	4,316	4,137	28,509
Provision for bonuses.....	3,655	3,521	24,142
Asset retirement obligations (Note 34).....	534	168	3,528
Other.....	11,553	11,496	76,306
<b>Total current liabilities.....</b>	<b>54,129</b>	<b>51,598</b>	<b>357,502</b>
<b>Non-current liabilities:</b>			
Long-term borrowings (Notes 27 and 28).....	2,775	2,332	18,330
Lease liabilities.....	530	178	3,505
Deferred tax liabilities (Note 32).....	12,927	9,820	85,383
Provision for officers' retirement benefits.....	13	56	87
Retirement benefit liability (Note 30).....	4,942	4,842	32,646
Asset retirement obligations (Note 34).....	23	388	156
Other.....	198	219	1,309
<b>Total non-current liabilities.....</b>	<b>21,412</b>	<b>17,837</b>	<b>141,419</b>
<b>Total liabilities.....</b>	<b>75,541</b>	<b>69,436</b>	<b>498,921</b>
<b>Commitments and contingencies (Note 11)</b>			
<b>Net assets:</b>			
Shareholders' equity			
Share capital.....	17,742	17,742	117,178
Authorized: 347,000,000 shares at March 31, 2024 and 2023			
Issued: 80,841,376 shares at March 31, 2024 and 82,841,376 shares at March 31, 2023			
Capital surplus.....	15,052	15,052	99,417
Retained earnings.....	206,309	192,092	1,362,590
Treasury shares.....	(7,209)	(10,299)	(47,617)
<b>Total shareholders' equity.....</b>	<b>231,894</b>	<b>214,588</b>	<b>1,531,568</b>
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities.....	26,685	21,725	176,249
Foreign currency translation adjustment.....	4,429	2,683	29,253
Remeasurements of defined benefit plans.....	1,993	180	13,164
<b>Total accumulated other comprehensive income.....</b>	<b>33,108</b>	<b>24,588</b>	<b>218,667</b>
Non-controlling interests.....	904	825	5,971
<b>Total net assets.....</b>	<b>265,907</b>	<b>240,002</b>	<b>1,756,207</b>
<b>Total liabilities and net assets.....</b>	<b>¥ 341,449</b>	<b>¥ 309,438</b>	<b>\$ 2,255,129</b>

The accompanying notes are an integral part of the statements.

Notes:1.According to the resolution of the Board of Directors held on February 7, 2024, changes to the Articles of Incorporation were made effective April 1, 2024, due to a stock split. As a result, the total number of authorized shares has increased by 623 million shares, reaching a total of 970 million shares.

2. According to the resolution of the Board of Directors held on February 7, 2024, a stock split has been implemented at a ratio of 3-for-1, effective from April 1, 2024 for each common share. As a result, the total issued shares have increased by 161,682,752 shares, bringing the total to 242,524,128 shares.



# NOF CORPORATION and Subsidiaries

## Consolidated Statement of Income

**For the Year Ended March 31,**

Thousands of  
U.S. dollars  
(Note 6)

	Millions of yen		2024
	2024	2023	
<b>Net sales (Note 13)</b> .....	¥ 222,252	¥ 217,709	\$ 1,467,888
<b>Cost of sales</b> (Notes 14 and 16).....	142,762	141,766	942,886
Gross profit .....	79,490	75,943	525,001
<b>Selling, general and administrative expenses</b> (Notes 15 and 16)	37,348	35,318	246,669
Operating profit.....	42,142	40,624	278,332
<b>Non-operating income:</b>			
Interest income .....	358	174	2,369
Dividend income .....	1,149	1,197	7,592
Rental income from real estate .....	272	273	1,800
Foreign exchange gains .....	1,532	793	10,118
Other.....	705	534	4,656
<b>Total non-operating income</b> .....	4,018	2,973	26,538
<b>Non-operating expenses:</b>			
Interest expenses .....	129	80	854
Expenses for conditional assignment.....	30	29	201
Rental expenses on real estate .....	83	82	549
Expenses for disposal of fixed assets.....	177	112	1,170
Other.....	162	110	1,073
<b>Total non-operating expenses</b> .....	582	415	3,849
<b>Ordinary profit</b> .....	45,577	43,183	301,021
<b>Extraordinary income:</b>			
Gain on sale of non-current assets (Note 17) .....	1	7	7
Gain on receipt of donated non-current assets (Note 19) .....	411	—	2,717
Gain on sale of investment securities (Note 29).....	2,612	4,840	17,256
Gain on extinguishment of tie-in shares (Note 18).....	—	34	—
<b>Total extraordinary income</b> .....	3,025	4,882	19,981
<b>Extraordinary losses:</b>			
Loss on sale of non-current assets (Note 20).....	—	0	—
Impairment losses (Note 21) .....	55	1	368
Loss on retirement of non-current assets (Note 22).....	71	23	468
Loss on sale of investment securities (Note 29) .....	7	0	49
<b>Total extraordinary losses</b> .....	134	25	886

## NOF CORPORATION and Subsidiaries

### Consolidated Statement of Income (continued)

**For the Year Ended March 31,**

Thousands of  
U.S. dollars  
(Note 6)

	Millions of yen		2024
	2024	2023	
<b>Profit before income taxes</b> .....	48,468	48,040	320,116
Income taxes - current .....	14,561	14,114	96,171
Income taxes - deferred.....	(153)	(89)	(1,016)
<b>Total income taxes (Note 32)</b> .....	14,407	14,025	95,155
<b>Profit</b> .....	34,061	34,015	224,961
Profit attributable to non-controlling interests.....	70	42	467
Profit attributable to owners of parent (Note 38).....	33,990	33,973	224,494

The accompanying notes are an integral part of the statements.

**NOF CORPORATION and Subsidiaries**  
Consolidated Statement of Comprehensive Income

**For the Year Ended March 31,**

Thousands of  
U.S. dollars  
(Note 6)

	Millions of yen		
	2024	2023	2024
<b>Profit</b> .....	¥ 34,061	¥ 34,015	\$ 224,961
Other comprehensive income (Note 23)			
Valuation difference on available-for-sale securities.....	4,965	(2,500)	32,798
Foreign currency translation adjustment.....	1,761	1,957	11,635
Remeasurements of defined benefit plans, net of tax.....	1,811	(83)	11,966
Total other comprehensive income .....	8,539	(626)	56,400
Comprehensive income .....	42,600	33,389	281,361
<b>Total comprehensive income attributable to:</b>			
Owners of parent .....	42,510	33,261	280,762
Non-controlling interests.....	90	127	598

The accompanying notes are an integral part of the statements.

**NOF CORPORATION and Subsidiaries**  
Consolidated Statement of Changes in Net Assets

**For the Year Ended March 31, 2024 and 2023**

	Number of shares of common stock (thousands)	Millions of yen					Valuation difference on available-for- sale securities	Foreign currency translation adjustment	Remeasurement s of defined benefit plans	Total accumulated other comprehensive income	Non- controlling interests	Total net assets
		Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity						
Balance at March 31, 2022.....	82,841	¥ 17,742	¥ 15,115	¥ 166,062	¥ (3,292)	¥ 195,627	¥ 24,226	¥ 809	¥ 264	¥ 25,300	¥ 777	¥ 221,706
Dividends of surplus .....	-	-	-	(7,943)	-	(7,943)	-	-	-	-	-	(7,943)
Profit attributable to owners of parent .....	-	-	-	33,973	-	33,973	-	-	-	-	-	33,973
Purchase of treasury shares.....	-	-	-	-	(7,007)	(7,007)	-	-	-	-	-	(7,007)
Disposal of treasury shares .....	-	-	0	-	0	0	-	-	-	-	-	0
Cancellation of treasury shares .....	-	-	-	-	-	-	-	-	-	-	-	-
Change in ownership interest of parent due to transactions with non-controlling interests .....	-	-	(62)	-	-	(62)	-	-	-	-	-	(62)
Net changes in items other than shareholders' equity .....	-	-	-	-	-	-	(2,501)	1,874	(84)	(711)	47	(663)
Total changes during period .....	-	-	(62)	26,030	(7,007)	18,960	(2,501)	1,874	(84)	(711)	47	18,296
Balance at March 31, 2023.....	82,841	¥ 17,742	¥ 15,052	¥ 192,092	¥ (10,299)	¥ 214,588	¥ 21,725	¥ 2,683	¥ 180	¥ 24,588	¥ 825	¥ 240,002
Dividends of surplus .....	-	-	-	(9,192)	-	(9,192)	-	-	-	-	-	(9,192)
Profit attributable to owners of parent .....	-	-	-	33,990	-	33,990	-	-	-	-	-	33,990
Purchase of treasury shares.....	-	-	-	-	(7,523)	(7,523)	-	-	-	-	-	(7,523)
Disposal of treasury shares .....	-	-	-	-	32	32	-	-	-	-	-	32
Cancellation of treasury shares .....	(2,000)	-	(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	-	-	-	-	-	0
Net changes in items other than shareholders' equity .....	-	-	-	-	-	-	4,960	1,746	1,812	8,519	78	8,597
Total changes during period .....	-	-	(0)	14,217	3,089	17,306	4,960	1,746	1,812	8,519	78	25,904
Balance at March 31, 2024.....	80,841	¥ 17,742	¥ 15,052	¥ 206,309	¥ (7,209)	¥ 231,894	¥ 26,685	¥ 4,429	¥ 1,993	¥ 33,108	¥ 904	¥ 265,907

**For the Year Ended March 31, 2024**

	Number of shares of common stock (thousands)	Thousands of U.S. dollars (Note 6)										
		Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for- sale securities	Foreign currency translation adjustment	Remeasurement s of defined benefit plans	Total accumulated other comprehensive income	Non- controlling interests	Total net assets
Balance at March 31, 2023.....	82,841	\$ 17,742	\$ 15,115	\$ 166,062	\$ (3,292)	\$ 195,627	\$ 24,226	\$ 809	\$ 264	\$ 25,300	\$ 777	\$ 221,706
Dividends of surplus .....	-	-	-	(60,711)	-	(60,711)	-	-	-	-	-	(60,711)
Profit attributable to owners of parent .....	-	-	-	224,494	-	224,494	-	-	-	-	-	224,494
Purchase of treasury shares.....	-	-	-	-	(49,692)	(49,692)	-	-	-	-	-	(49,692)
Disposal of treasury shares .....	-	-	-	-	213	213	-	-	-	-	-	213
Cancellation of treasury shares .....	(2,000)	-	(69,884)	-	69,884	-	-	-	-	-	-	-
Transfer of loss on disposal of treasury shares.....	-	-	69,884	(69,884)	-	-	-	-	-	-	-	-
Change in ownership interest of parent due to transactions with non-controlling interests .....	-	-	0	-	-	0	-	-	-	-	-	-
Net changes in items other than shareholders' equity .....	-	-	-	-	-	-	32,764	11,531	11,972	56,268	516	56,785
Total changes during period .....	-	-	(0)	93,898	20,406	114,304	32,764	11,531	11,972	56,268	516	171,090
Balance at March 31, 2024.....	80,841	\$ 117,178	\$ 99,417	\$ 1,362,590	\$ (47,617)	\$ 1,531,568	\$ 176,249	\$ 29,253	\$ 13,164	\$ 218,667	\$ 5,971	\$ 1,756,207

The accompanying notes are an integral part of the statements.

## NOF CORPORATION and Subsidiaries

### Consolidated Statement of Cash Flows

**For the Year Ended March 31,**

Thousands of  
U.S. dollars  
(Note 6)

	Millions of yen		2024
	2024	2023	2024
<b>Cash flows from operating activities:</b>			
Profit before income taxes .....	¥ 48,468	¥ 48,040	\$ 320,116
Depreciation.....	6,939	6,359	45,835
Impairment losses .....	55	1	368
Increase (decrease) in retirement benefit liability.....	7	(279)	46
Interest and dividend income.....	(1,508)	(1,371)	(9,962)
Interest expenses.....	129	80	854
Loss (gain) on extinguishment of tie-in shares.....	—	(34)	—
Loss (gain) on sale of non-current assets.....	(1)	(6)	(7)
Gain on receipt of donated non-current assets.....	(411)	—	(2,717)
Loss (gain) on sale of investment securities .....	(2,605)	(4,840)	(17,207)
Decrease (increase) in trade receivables.....	(8,413)	(2,967)	(55,564)
Decrease (increase) in inventories .....	(892)	(9,410)	(5,891)
Increase (decrease) in trade payables.....	2,518	(3,129)	16,630
Other, net .....	26	1,107	175
Sub total .....	44,313	33,548	292,675
Interest and dividends received.....	1,500	1,370	9,913
Interest paid.....	(129)	(78)	(853)
Income taxes paid .....	(15,715)	(11,506)	(103,792)
Net cash provided by (used in) operating activities.....	29,970	23,333	197,942
<b>Cash flows from investing activities:</b>			
Purchase of investment securities .....	(257)	(1,305)	(1,697)
Proceeds from sale of investment securities .....	3,572	5,612	23,592
Purchase of property, plant and equipment and intangible assets.....	(17,748)	(6,219)	(117,224)
Proceeds from sale of property, plant and equipment and intangible assets .....	1	22	7
Net decrease (increase) in short-term loans receivable.....	(43)	224	(288)
Long-term loan advances.....	(11)	(6)	(74)
Proceeds from collection of long-term loans receivable.....	8	2	58
Other, net .....	(485)	960	(3,209)
Net cash provided by (used in) investing activities.....	(14,964)	(709)	(98,835)

## NOF CORPORATION and Subsidiaries

### Consolidated Statement of Cash Flows (continued)

**For the Year Ended March 31,**

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
<b>Cash flows from financing activities:</b>			
Net increase in short-term borrowings.....	(562)	(488)	(3,716)
Proceeds from long-term borrowings.....	431	2,200	2,848
Repayments of long-term borrowings.....	(150)	(2,800)	(990)
Proceeds from sale of treasury shares.....	8	0	54
Purchase of treasury shares.....	(7,523)	(7,007)	(49,692)
Purchase of treasury shares of subsidiaries.....	(2)	(0)	(18)
Repayments of finance lease liabilities.....	(132)	(130)	(874)
Dividends paid.....	(9,160)	(7,916)	(60,498)
Dividends paid to non-controlling interests.....	(9)	(26)	(63)
Net cash provided by (used in) financing activities.....	(17,101)	(16,170)	(112,951)
<b>Effect of exchange rate change on cash and cash equivalents.....</b>	524	1,139	3,462
<b>Net increase (decrease) in cash and cash equivalents.....</b>	(1,571)	7,593	(10,382)
<b>Cash and cash equivalents at beginning of period.....</b>	89,081	81,431	588,344
<b>Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries.....</b>	—	55	—
<b>Cash and cash equivalents at end of period (Note 25).....</b>	¥ 87,509	¥ 89,081	\$ 577,962

The accompanying notes are an integral part of these statements.

# NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

## 1. Basis of presentation

NOF CORPORATION (the “Company”) and its domestic subsidiaries maintain their accounting records and prepare their financial statements in accordance with accounting principles generally accepted in Japan, and its foreign subsidiaries maintain their accounting records in conformity with those of their countries of domicile. Effective April 1, 2008, the Company adopted the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (PITF No. 18). In accordance with PITF No. 18, the accompanying consolidated financial statements have been prepared by using the accounts of foreign consolidated subsidiaries prepared in accordance with either International Financial Reporting Standards (IFRS) or accounting principles generally accepted in the United States as adjusted for certain items including those for goodwill, actuarial differences and capitalized development costs. The accompanying consolidated financial statements have been prepared in accordance with accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of IFRS, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

As permitted by the Financial instruments and Exchanges Act of Japan, amounts of less than one million yen have been omitted. As a result, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

Certain prior year amounts have been reclassified to conform to the current year’s presentation.

## 2. Summary of significant accounting policies

### (1) Scope of consolidation

The Company had 31 subsidiaries (majority-owned companies) as of March 31, 2024 (31 for 2023). The accompanying consolidated financial statements include the accounts of the Company and 25 of its subsidiaries (collectively, the “Group”) for the year ended March 31, 2024 (25 for 2023).

The remaining 6 (6 for 2023) subsidiaries, whose combined assets, net sales, net income and retained earnings in the aggregate are not significant in relation to those of the consolidated financial statements of the Group, have been excluded from consolidation.

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

The above mentioned 25 majority-owned subsidiaries are listed below:

Name of subsidiaries	Percentage of voting rights owned by the Company
	%
(Domestic subsidiaries)	
Nippon Koki Co., Ltd. ....	95.0
NiGK Corporation .....	100.0
HOKKAIDO NOF CORPORATION .....	100.0
NOF METAL COATINGS ASIA PACIFIC Co., Ltd. ....	100.0
Showa Kinzoku Kogyo Co., Ltd. ....	98.3
JAPEX Corp. ....	70.0
NICHIYU TRADING CO.,LTD. ....	100.0
NICHIYU LOGISTICS CO.,LTD. ....	100.0
Nippo Kogyo Co., Ltd. ....	98.6
YUKA SANGYO CO.,LTD. ....	100.0
Nichiyu Kogyo Co., Ltd. ....	100.0
NIKKA COATING Co., Ltd. ....	100.0
CACTUS Co., Ltd. ....	100.0
(Foreign subsidiaries)	
Changshu NOF Chemical Co., Ltd. ....	100.0
P.T. NOF MAS CHEMICAL INDUSTRIES .....	89.6
NOF METAL COATINGS NORTH AMERICA Inc. ....	100.0
NOF AMERICA CORPORATION .....	100.0
NOF (Shanghai) Co., Ltd. ....	100.0
NOF EUROPE GmbH.....	100.0
NOF METAL COATINGS EUROPE S.A. ....	100.0
NOF METAL COATINGS EUROPE N.V. ....	100.0
NOF METAL COATINGS KOREA CO., LTD. ....	100.0
NOF METAL COATINGS EUROPE S.r.l. ....	100.0
NOF METAL COATINGS SOUTH AMERICA IND.E COM.LTDA. ..	100.0
NOF METAL COATINGS SHANGHAI CO.,LTD.....	100.0

The Company and all of its consolidated subsidiaries use a fiscal year ended March 31, except for NOF METAL COATINGS ASIA PACIFIC Co., Ltd., NIKKA COATING Co., Ltd. and foreign subsidiaries. Those subsidiaries use a fiscal year ended December 31. The accounts of those subsidiaries have been consolidated by using the results of operations and account balances for the fiscal year, and necessary adjustments have been made for any material transactions that occurred between the different fiscal year-ends.

On April 1, 2024, an absorption-type merger was conducted between Nippon Koki Co., Ltd. as a surviving company and HOKKAIDO NOF CORPORATION as an absorbed company.



## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

### (2) Application of equity method

There are no affiliates accounted for using equity method.

The unconsolidated subsidiaries and affiliates, whose combined net income and retained earnings in the aggregate are not significant in relation to those of the consolidated financial statements of the Group, have been excluded from equity method.

There are no major unconsolidated subsidiaries.

The major affiliate is Amagasaki Utility Services CO., Ltd.

### (3) Investments securities

Held-to-maturity securities are stated at amortized cost (straight-line method).

Available-for-sale securities for which market quotations are available are stated at the fair value method based on their fiscal year-end market prices of the balance sheet date. Net unrealized gains or losses on those securities are reported as a separate component of net assets at a net-of-tax amount.

Available-for-sale securities for which market quotations are unavailable are stated at cost, principally determined by the moving-average method.

### (4) Inventories

Inventories are principally stated at the lower of cost, determined by the total-average method, or net selling value.

### (5) Property, plant and equipment (except for leased assets)

Depreciation of property is principally computed using the straight-line method, based on the estimated useful lives of the assets. The principal range of useful lives is principally from 7 to 50 years for buildings and structures and from 5 to 10 years for machinery, equipment and vehicles.

### (6) Intangible assets (except for leased assets)

Intangible assets are amortized using the straight-line method.

Software for internal use is amortized using the straight-line method over the useful life of the software, which is 5 years.

### (7) Leased assets

Leased assets under finance lease transactions that do not transfer ownership to the lessee are depreciated to a residual value of zero by the straight-line method using the term of contract as the useful life.

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

### (8) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at amounts sufficient to cover probable losses on collection. It consists of the estimated uncollectible amounts with respect to identified doubtful accounts and an amount calculated by a formula based on actual collection losses incurred in the past with respect to the remaining receivables.

### (9) Provision for bonuses

Certain consolidated subsidiaries recognized the estimated amount of employees' bonuses to be paid in the subsequent period that is attributable to the current fiscal year.

### (10) Provision for officers' retirement benefits

The Company calculates the amount that would be required, based on the pertinent rules of the Company, if all officers retired at the balance sheet date, and accounts for it as provision for officers' retirement benefits, which was presented as provision for officers' retirement benefits.

### (11) Retirement benefit

Accrued retirement benefits and prepaid pension cost for employees have been recorded mainly at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date.

The retirement benefit obligation for employees is attributed to each period by the benefit formula method.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods (mainly 10 years), which are shorter than the average remaining years of service of the employees.

Prior service cost is being amortized as incurred by the straight-line method over periods (mainly 10 years), which are shorter than the average remaining years of service of the employees.

Unrecognized actuarial gain or loss and unrecognized prior service cost after tax effect adjustments are recorded as retirement benefits liability adjustments in accumulated other comprehensive income of net assets.

Certain consolidated subsidiaries adopt a simplified method in calculating the retirement benefit obligation and retirement benefit expenses. The retirement benefit liability calculated using the simplified method is determined to be equal to the required amount if all the employees retired voluntarily at the balance sheet date.

## **NOF CORPORATION and Subsidiaries**

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

### (12) Reporting of significant revenue and expenses

The Company recognizes revenue when promised products and services are transferred to customers and customers gain control over the products and services based on the following five-step approach.

Step 1: Identify the contract with customers

Step 2: Identify the performance obligations in the contract

Step 3: Calculate the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity fulfills the performance obligations

The main business of the Company is manufacturing and sales of products in the Functional Chemicals Segment, the Pharmaceuticals, Medicals and Health Segment and the Explosives & Propulsion Segment. With regard to the sale of these products, The Company recognizes revenue at the time of delivery, which is generally deemed that the customer has gained the control over the products and the performance obligations has been fulfilled. However, for domestic sales, the Company recognizes revenue at the time of shipment under the Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition because the period from the time of shipment to the time when the control over the products is transferred to the customers is the normal period.

Revenue is calculated by deducting returns, discounts, and rebates, etc. from the consideration promised in the contract with the customer, within the range where there is a high possibility that a significant reversal will not occur. The promised consideration is collected mainly within one year from the time of the fulfillment of the performance obligation, and does not include significant financial factors.

For transactions involving the Company as an agent, the net amount of revenue is recognized.

Regarding a portion of the performance obligations in the Explosives & Propulsion Segment, since the control over products or services is transferred over a certain period of time, the degree of progress is measured using a method that faithfully depicts the fulfillment of the obligations, and revenue is recognized over a certain period of time.

## **NOF CORPORATION and Subsidiaries**

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

### (13) Hedge accounting

The Company has entered into forward foreign exchange contracts to reduce its exposure to the risk of fluctuation in foreign exchange rates related to its trade accounts receivables and payables. It is the Company's policy not to enter into any speculative derivatives transactions.

Gains or losses arising from changes in fair value of hedging instruments are deferred as assets or liabilities until the related gains or losses on the hedged items are recognized.

If forward foreign exchange contracts meet certain hedging criteria, however, the existing foreign currency receivables or payables are translated at their forward rates.

The Company evaluates the effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

### (14) Goodwill

Goodwill, which could estimate the useful life, is amortized using the estimated useful life and the others are using straight-line method over the useful life, which is 5 years.

### (15) Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash in hand, bank deposits able to be withdrawn on demand and short-term investments with an original maturity of three months or less and which represent a minor risk of fluctuations in value.

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

### 3. Significant accounting estimates

#### (1) Recoverability of deferred tax assets

A. Amount recorded on the consolidated financial statements as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Deferred tax assets, net .....	¥ 987	¥ 961	\$ 6,520

The amounts of deferred tax assets concerning consolidated subsidiaries, which fall under “Category 3” pursuant to Paragraph 29 of the “Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26)”

#### B. Details of significant accounting estimates related to the identified items

##### 1). Method of calculation

The recoverability of deferred tax assets is determined through an estimate of taxable income based on future earning capacity, in contrast with future deductible differences.

##### 2). Main assumptions

The estimate of taxable income based on future earning capacity uses the budget for the next fiscal year and the Mid-Term Management Plan as the foundation, and its main assumption is the future estimated sales volume.

##### 3). Impact on consolidated financial statements for the next fiscal year

Regarding the main assumption stated in 2), if actual results deviate from the assumption due to factors such as economic trends in the future, and there is a decrease in taxable income in the next fiscal year or later, there may be a review of the recoverability of deferred tax assets.

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

(2) Impairment of fixed assets

A. Amount recorded on the consolidated financial statements as of March 31, 2024 and 2023 are as follows

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Impairment losses.....	¥ 55	¥ 1	\$ 368
Property, plant and equipment and intangible assets.....	¥ 76,862	¥ 65,012	\$ 507,643

B. Details of significant accounting estimates related to the identified items

1). Method of calculation

The Group determines its asset groupings primarily according to the operating division, and assesses impairment. For assets and groups of assets with indications of impairment, the Group estimates undiscounted future cash flows based on the business plan of each business, and assesses the necessity of impairment. As a result of impairment assessment, if the recoverable amount is determined to be lower than the book value, the book value is reduced to the recoverable amount (either higher the net realizable value or value in use) and the reduction is recognized as impairment loss.

2). Main assumptions

The estimate of undiscounted future cash flows uses the business plan of each business as the foundation, and its main assumption is the future estimated sales volume.

3). Impact on consolidated financial statements for the next fiscal year

Regarding the main assumption stated in 2), if actual results deviate from the assumption due to factors such as economic trends in the future, and a group of assets shows new indications of impairment, or if undiscounted future cash flows fall below the book value of fixed assets in groups of assets, there may be impairment loss on fixed assets in the next fiscal year.

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

### 4. Accounting standards issued but not yet effective

#### Revised Accounting Standard for Current Income Taxes

The Accounting Standards Board of Japan issued the following revised accounting standards and revised implementation guidance:

- “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022)
- “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, October 28, 2022)
- “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022)

#### (1) Overview

The revised standards and revised implementation guidance provide for the classification of income taxes when taxes are imposed on other comprehensive income and for the treatment of tax effects related to the sale of shares of subsidiaries when the corporate group tax system is applied.

#### (2) Scheduled date of adoption

The Company expects to adopt the accounting standards and related implementation guidance from the beginning of the fiscal year ending March 31, 2025.

#### (3) Impact of adoption of revised accounting standard and related implementation guidance

The Company is currently evaluating the effect of the adoption of the accounting standards and related implementation guidance on its consolidated financial statements.

### 5. Additional Information

#### Board Benefit Trust (BBT)

Based on the resolution at the 96th Annual General Meeting of Shareholders held on June 27, 2019, the Company introduced in the fiscal year ended March 31, 2020 a performance-linked stock compensation plan (the Board Benefit Trust (BBT)) for Directors (excluding Outside Directors) and Executive Operating Officers (hereinafter collectively referred to as the “Directors, etc.”) (hereinafter referred to as the “Plan”).

The purpose of the Plan is to further clarify the linkage between compensation of Directors, etc., financial results of the Company and the value of the Company’s shares, and have Directors, etc. share the risk of stock value fluctuation with the shareholders, thereby strengthening the awareness of Directors, etc. of their contribution to the medium to long-term improvement in financial results and enhancement of corporate value.

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

(1) Overview of the transactions under the Plan

Under the Plan, the Company's shares are acquired through a trust using funds contributed by the Company (hereinafter, such trust established pursuant to the Plan is referred to as the "Trust"), and the Company's shares and cash equivalents of such shares at their market value (hereinafter collectively referred to as the "Company's Shares, etc.") are distributed through the Trust to the Directors, etc., pursuant to the Officer Stock Distribution Rules established by the Company. The Directors, etc. shall receive the Company's Shares, etc. upon their retirement, in principle. Accounting treatment of the trust agreement hereunder is subjected to the "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No.30, March 26, 2015).

(2) The Company's shares remaining in the Trust

The Company records the Company's shares remaining in the Trust at their book value (excluding incidental costs) at the Trust, as treasury share under net assets.

Such treasury share stood at ¥131 million of book value at March 31, 2024 and ¥164 million of book value at March 31, 2023.

The number of such shares was 116,100 at March 31, 2024 and 144,600 at March 31, 2023.

The Company conducted a 3-for-1 common share split on April 1, 2024. The above share numbers reflect the adjusted number of shares based on the share split.

6. United States dollar amounts

The Company maintains its accounting records in yen by round down to the million. The dollar amounts included in the accompanying consolidated financial statements and notes thereto represent the arithmetical results of translating yen to U.S. dollars on the basis of ¥151.41 = U.S.\$1, the approximate rate of exchange prevailing on the latest balance sheet date of March 31, 2024, and were round down to the thousand. The inclusion of such dollar amounts is solely for convenience of the reader and is not intended to imply that yen amounts have been or could be converted, realized or settled in U.S. dollars at ¥151.41 = U.S.\$1 or at any other rate. As a result, the totals shown in the accompanying consolidated financial statements do not necessarily agree with the sums of the individual amounts.

7. Receivables from contracts with customers and contract assets

Receivables from contracts with customers and contract assets as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2024	2023	(Note 6) 2024
Notes .....	¥ 572	¥ 752	\$ 3,782
Accounts Receivable .....	¥ 53,573	¥ 44,791	\$ 353,832
Contract assets .....	¥ 456	¥ 427	\$ 3,017



## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

### 8. Collateral

The Company's assets pledged as collateral for long-term borrowings and to obtain credit from banks, other financial institutions (including the current portion), and suppliers of ¥260 million (US\$1,717 thousand) at March 31, 2024, and ¥153 million at March 31, 2023 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
	Land .....	¥ 160	¥ 160
Total .....	¥ 160	¥ 160	\$ 1,056

### 9. Government grants which were deducted from acquisition costs of property, plant and equipment

The accumulative effects related to the Government grants which were deducted from acquisition costs of property, plant and equipment for the purpose of a reduction in taxable income as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
	Buildings and structures .....	¥ 512	¥ 512
Machinery, equipment and vehicles.....	442	448	2,925
Other .....	13	21	89
Total.....	¥ 968	¥ 981	\$ 6,398

### 10. Investments in unconsolidated subsidiaries and affiliates

Investments in unconsolidated subsidiaries and affiliates as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
	Investments in securities.....	¥ 342	¥ 342
Capital contribution.....	43	12	284
Total.....	¥ 385	¥ 355	\$ 2,545

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

### 11. Commitments and contingencies

(1) As of March 31, 2024 and 2023 the Company was contingently liable for the conditional assignment of ¥ 1,747 million (US\$ 11,544 thousand) and ¥ 1,686 million, respectively, of trade notes and accounts receivable with recourse obligations.

(2) As of March 31, 2024 and 2023 the Company had unused commitment agreements amounting to ¥ 5,000 million (US\$ 33,022 thousand) and ¥ 5,000 million, respectively, with banks and other financial institutions.

(3) The Company recognizes settlements of notes receivable, electronically recorded monetary claims-operating and electronically recorded obligations-operating when the bank clearance of the notes is actually made. As March 31, 2024 was a holiday for financial institutions, the following accounts include the unsettled balances of trade notes receivable, electronically recorded monetary claims-operating and electronically recorded obligations-operating in the accompanying consolidated balance sheet as of March 31, 2024.

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Notes receivable .....	¥ 18	¥ —	\$ 121
Electronically recorded monetary claims-operating .....	149	—	989
Electronically recorded obligations-operating .....	309	—	2,041

### 12. Contract liabilities

Contract liabilities included in “Other” on Current liabilities as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Contract liabilities .....	¥ 3,903	¥ 5,241	\$ 25,782

### 13. Revenue from contracts with customers

With regard to the sales, revenue from contracts with customers and other revenue are not separately presented. For details of the amount of revenue from contracts with customers, please refer to "35. Revenue Recognition (1) Information about breakdown of revenue from contracts with customers".

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

### 14. Inventories

Write-downs of inventories for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
			(Note 6)
	2024	2023	2024
Cost of sales .....	¥ 976	¥ 189	\$ 6,452

### 15. Selling, general and administrative expenses

Major elements of selling, general and administrative expenses for the years ended March 31, 2024 and 2023 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
			(Note 6)
	2024	2023	2024
Delivery and storage charges .....	¥ 5,613	¥ 5,939	\$ 37,076
Salaries and bonuses .....	9,760	9,372	64,467
Retirement benefit expenses .....	409	441	2,703
Accrued bonuses .....	1,223	1,202	8,081
Retirement benefit costs for officers .....	2	8	19
Research and development costs .....	6,333	5,697	41,828
Allowance for doubtful accounts .....	(10)	0	(71)

### 16. Research and development costs

Research and development costs for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars
			(Note 6)
	2024	2023	2024
Research and development costs .....	¥ 7,253	¥ 6,573	\$ 47,903

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2024 and 2023

#### 17. Gain on sale of non-current assets

Gain on sale of non-current assets for the years ended March 31, 2024 and 2023 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Machinery, equipment and vehicles.....	¥ 0	¥ 5	\$ 4
Others (tools, furniture and fixtures etc.)..	0	1	2
Total.....	¥ 1	¥ 7	\$ 7

#### 18. Gain on receipt of donated non-current assets

Gain on receipt of donated non-current assets for the years ended March 31, 2024 and 2023 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Buildings and structures .....	¥ 397	¥ —	\$ 2,626
Others (tools, furniture and fixtures etc.)..	13	—	91
Total.....	¥ 411	¥ —	\$ 2,717

#### 19. Gain on extinguishment of tie-in shares

Gain on extinguishment of tie-in shares for the year ended March 31, 2023 is due to the result that NIPPO SANGYO CO., LTD, an unconsolidated subsidiary, was merged to HOKKAIDO NOF CORPORATION.

There were no applicable items for the year ended March 31, 2024.

#### 20. Loss on sale of non-current assets

Loss on sale of non-current assets for the years ended March 31, 2024 and 2023 is as follows

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Machinery, equipment and vehicles.....	¥ —	¥ 0	\$ —
Total.....	¥ —	¥ 0	\$ —

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

### 21. Impairment losses

The Company and its consolidated subsidiaries have recognized impairment losses on the following classes of assets for the years ended March 31, 2024 and 2023.

2024				
Location	Major use	Asset	Millions of yen	Thousands of U.S. dollars (Note 6)
Taketoyo-cho, Chita-gun, Aichi	Facilities	Machinery, equipment and vehicles, etc	¥ 55	\$ 368

The Company and its consolidated subsidiaries have grouped business-use assets according to the operating division and have grouped idle assets on an individual basis.

When there is a decrease in profitability of a business operation and no expectation of recovery in operating earnings, the book value of the assets is written down to the recoverable amount.

The Taketoyo-cho, Chita-gun, Aichi asset listed in the above table was written down to its respective recoverable amounts and ¥ 55 million (US\$ 368 thousand) of impairment losses was recognized in the consolidated statement of income for the year ended March 31, 2024

The recoverable amounts of these groups of assets are measured at value in use. The discounted cash flow was not calculated since the estimated future cash flows are negative. The impairment losses consisted of ¥ 6 million (US\$ 43 thousand) for buildings and structures, ¥ 30 million (US\$ 203 thousand) for machinery and vehicles, ¥ 14 million (US\$ 92 thousand) for tools, furniture and fixtures and ¥ 4 million (US\$ 28 thousand) for intangible assets.

2023				
Location	Major use	Asset	Millions of yen	Thousands of U.S. dollars (Note 6)
Kawagoe city, Saitama	Facilities	Buildings	¥ 1	\$ 10

The Company and its consolidated subsidiaries have grouped business-use assets according to the operating division and have grouped idle assets on an individual basis.

When there is a decrease in profitability of a business operation and no expectation of recovery in operating earnings, the book value of the assets is written down to the recoverable amount.

Kawagoe city, Saitama asset listed in the above table was written down to its respective recoverable amounts and ¥ 1 million (US\$ 10 thousand) of impairment losses was recognized in the consolidated statement of income for the year ended March 31, 2023

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2024 and 2023

The recoverable amounts of these groups of assets are measured at value in use. The discounted cash flow was not calculated since the estimated future cash flows are negative. The impairment losses consisted of ¥ 1 million (US\$ 10 thousand) for buildings and structures.

#### 22. Loss on retirement of non-current assets

Loss on retirement of non-current assets for the years ended March 31, 2024 and 2023 is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Buildings and structures .....	¥ 23	¥ 5	\$ 153
Machinery, equipment and vehicles.....	45	12	299
Other (tools, furniture and fixtures etc.)...	2	5	15
Total.....	<u>¥ 71</u>	<u>¥ 23</u>	<u>\$ 468</u>

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
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### 23. Other comprehensive income

Reclassification adjustments and tax effects of each component of other comprehensive income for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Valuation difference on available-for-sale securities:			
Amount arising during the year.....	¥ 9,788	¥ 1,225	\$ 64,648
Reclassification adjustments for gains and losses included in net income .....	(2,605)	(4,840)	(17,207)
Amount before tax effect .....	7,183	(3,615)	47,441
Tax effect .....	(2,217)	1,114	(14,643)
Valuation difference on available-for-sale securities.....	4,965	(2,500)	32,798
Foreign currency translation adjustment:			
Amount arising during the year.....	¥ 1,761	¥ 1,957	\$ 11,635
Remeasurements of defined benefit plans, net of tax:			
Amount arising during the year.....	¥ 2,638	¥ (160)	\$ 17,427
Reclassification adjustments for gains and losses included in net income .....	(10)	44	(70)
Amount before tax effect .....	2,628	(116)	17,357
Tax effect .....	(816)	32	(5,390)
Remeasurements of defined benefit plans, net of tax.....	1,811	(83)	11,966
Total other comprehensive income.....	¥8,539	¥ (626)	\$ 56,400

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### 24. Net assets

Information regarding changes in net assets for the years ended March 31, 2024 and 2023 are as follows:

#### (1) Shares issued and outstanding / Treasury share

	Thousands of shares			
	2024			
	Number of shares at March 31, 2023	Increase	Decrease	Number of shares at March 31, 2024
Common stock.....	82,841	–	2,000	80,841
Treasury share .....	2,053	1,145	2,009	1,189

The decrease in common stock during the year ended March 31, 2024 was due to the disposal of treasury shares (2,000 thousand shares).

The increase in treasury share during the year ended March 31, 2024 was due to the purchase of odd-lot shares (2 thousand shares) and the market purchases (1,142 thousand shares).

The decrease in treasury share during the year ended March 31, 2024 was due to the disposal of treasury shares (2,000 thousand shares) and benefit payment of the Board Benefit Trust (BBT) (9 thousand shares).

Number of shares of treasury share at the beginning of the fiscal year ended March 31, 2024 includes 48 thousand shares held by the Board Benefit Trust (BBT). Number of shares of treasury share at the end of the fiscal year ended March 31, 2024 includes 38 thousand shares held by the Board Benefit Trust (BBT).

	Thousands of shares			
	2023			
	Number of shares at March 31, 2022	Increase	Decrease	Number of shares at March 31, 2023
Common stock.....	82,841	–	–	82,841
Treasury share .....	731	1,321	0	2,053

The increase in treasury share during the year ended March 31, 2023 was due to the purchase of odd-lot shares (1 thousand shares) and the market purchases (1,320 thousand shares).



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The decrease in treasury share during the year ended March 31, 2023 was due to the disposal of odd-lot shares (0 thousand shares).

Number of shares of treasury share at the end of the fiscal year ended March 31, 2023 includes 48 thousand shares held by the Board Benefit Trust (BBT).

### (2) Cash dividends

The Corporation Law of Japan provides that an amount equal to 10% of the amount to be distributed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) shall be transferred to the capital reserve or the legal reserve until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the shareholders or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

Appropriations are not accrued in the consolidated financial statements for the period to which they relate, but are recorded in the subsequent accounting period when the shareholders' approval has been obtained.

Dividends paid for the year ended March 31, 2024:

	Type of shares	Millions of yen	Thousands of U.S. dollars (Note 6)	Yen	U.S. dollars (Note 6)
		Total dividends	Total dividends	Dividends per share	Dividends per share
Annual general meeting of the stockholders on June 27, 2023	Common stock	¥ 4,688	\$ 30,965	¥ 58	\$ 0.38
Meeting of the Board of Directors on November 1, 2023	Common stock	¥ 4,503	\$ 29,746	¥ 56	\$ 0.37

Total dividends ¥ 4,688 million by Annual general meeting of the stockholders on June 27, 2023 includes ¥ 2 million of dividends for shares held by the Board Benefit Trust (BBT).

Total dividends ¥ 4,503 million by Meeting of the Board of Directors on November 1, 2023 includes ¥ 2 million of dividends for shares held by the Board Benefit Trust (BBT).

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Dividends paid for the year ended March 31, 2023:

	Type of shares	Millions of yen	Thousands of U.S. dollars (Note 6)	Yen	U.S. dollars (Note 6)
		Total dividends	Total dividends	Dividends per share	Dividends per share
Annual general meeting of the stockholders on June 28, 2022	Common stock	¥ 3,861	\$ 28,917	¥ 47	\$ 0.35
Meeting of the Board of Directors on November 2, 2022	Common stock	¥ 4,081	\$ 30,568	¥ 50	\$ 0.37

Total dividends ¥ 3,861 million by Annual general meeting of the stockholders on June 28, 2022 includes ¥ 2 million of dividends for shares held by the Board Benefit Trust (BBT).

Total dividends ¥ 4,081 million by Meeting of the Board of Directors on November 2, 2022 includes ¥ 2 million of dividends for shares held by the Board Benefit Trust (BBT).

Dividends with the cut-off date in the year ended March 31, 2023 and the effective date in the year ending March 31, 2024:

	Type of shares	Millions of yen	Thousands of U.S. dollars (Note 6)	Yen	U.S. dollars (Note 6)
		Total dividends	Total dividends	Dividends per share	Dividends per share
Annual general meeting of the stockholders on June 27, 2024	Common stock	¥ 4,622	\$ 30,526	¥ 58	\$ 0.38

Total dividends ¥ 4,622 million by Annual general meeting of the stockholders on June 27, 2024 includes ¥ 2 million of dividends for shares held by the Board Benefit Trust (BBT).

The Company conducted a 3-for-1 common share split on April 1, 2024. The dividends per share shown above is the actual dividend amounts calculated based on the number of shares before the share split, as of the dividend record date of March 31, 2024.

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### 25. Supplementary cash flow information

Cash and cash equivalents as of March 31, 2024 and 2023 are reconciled to cash and deposits in the consolidated balance sheet as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Cash and time deposits .....	¥ 91,744	¥ 92,520	\$ 605,933
Time deposits with maturity of more than three months.....	(4,229)	(3,430)	(27,932)
Separate deposit (Board Benefit Trust) .....	(5)	(8)	(39)
Cash and cash equivalents .....	¥ 87,509	¥ 89,081	\$ 577,962

### 26. Leases

The Group leases certain machinery, equipment and vehicles, software and other assets. Obligations under non-cancelable operating leases as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Due within one year .....	¥ 45	¥ 32	\$ 301
Due after one year .....	17	25	114
Total.....	¥ 62	¥ 58	\$ 415

### 27. Financial instruments

#### (1) Policy for financial instruments

In consideration of plans for capital investment, the Company and its consolidated subsidiaries raise funds through bank borrowings. The Group manages temporary cash surpluses through low-risk financial assets. Further, the Group raises short-term capital through bank borrowings. The Group uses derivatives for the purpose of reducing risk and does not enter into derivatives for speculative or trading purposes.

#### (2) Types of financial instruments and related risk and risk management system

Trade receivables—Notes and accounts receivable—are exposed to credit risk in relation to customers.

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In accordance with the internal policies of the Group for managing credit risk arising from receivables, each related division monitors credit worthiness of their main customers periodically, and monitors due dates and outstanding balances by individual customer.

Investment securities are exposed to market risk. Those securities are composed of mainly held-to-maturity securities and the shares of common stock of other companies with which the Group has business relationships, or affiliated companies.

The Group regularly monitor market prices and the financial status of issuers (business partners), and review our shares in consideration of the relationship with business partners.

The Group assesses credit risk of held-to-maturity securities is negligible because only highly safe bonds are held in accordance with internal guidelines.

The Group has also loans receivable from other companies with which it has business relationships.

Short-term borrowings are raised mainly in connection with business activities, and Long-term borrowings is taken out principally for the purpose of making capital investments. Long-term borrowings with variable interest rates is exposed to interest rate fluctuation risk.

However, to reduce such risk for Long-term borrowings bearing interest at variable rates, the Group mainly utilizes fixed interest.

The group policy for hedge accounting is indicated in Note 2 “Summary of significant accounting policies” (13) “Hedge accounting”.

### (3) Supplemental information on the fair value of financial instruments

The Group calculates the fair value of financial instruments. This estimate include variable factors and are subject to fluctuation due to changes in underlying assumptions.

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### (4) Fair value of financial instruments

The carrying value, the estimated fair value and the difference of the financial instruments on the balance sheet as of March 31, 2024 and 2023 are as follows.

"Cash" is omitted and "Deposits," "Notes and accounts receivable - trade," "Electronically recorded monetary claims-operating," "Notes and accounts payable," "Electronically recorded obligations-operating," and "Short-term borrowings" are also omitted since these accounts are settled in a short period of time and the fair value approximates the book value.

Millions of yen			
2024			
	Carrying value	Estimated fair value	Difference
<b>Assets</b>			
Investment securities			
Held-to-maturity securities .....	¥ 1,300	¥ 1,294	¥ (5)
Available-for-sale securities .....	48,439	48,439	-
Total assets.....	¥ 49,739	¥ 49,734	¥ (5)
<b>Liabilities</b>			
Long-term borrowings from banks and other financial institutions .....	¥ 2,775	¥ 2,754	¥ (20)
Total liabilities .....	¥ 2,775	¥ 2,754	¥ (20)
Millions of yen			
2023			
	Carrying value	Estimated fair value	Difference
<b>Assets</b>			
Investment securities			
Held-to-maturity securities .....	¥ 1,300	¥ 1,295	¥ (4)
Available-for-sale securities .....	42,218	42,218	-
Total assets.....	¥ 43,518	¥ 43,514	¥ (4)
<b>Liabilities</b>			
Long-term borrowings from banks and other financial institutions .....	¥ 2,482	¥ 2,473	¥ (8)
Total liabilities .....	¥ 2,482	¥ 2,473	¥ (8)

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	Thousands of U.S. dollars (Note 6)		
	2024		
	Carrying value	Estimated fair value	Difference
<b>Assets</b>			
Investment securities			
Held-to-maturity securities .....	\$ 8,585	\$ 8,552	\$ (33)
Available-for-sale securities .....	319,925	319,925	–
Total assets.....	\$ 328,511	\$ 328,477	\$ (33)
<b>Liabilities</b>			
Long-term borrowings from banks and other financial institutions .....			
	\$ 18,330	\$ 18,194	\$ (136)
Total liabilities .....	\$ 18,330	\$ 18,194	\$ (136)

Financial instruments that do not have market prices are not included in “Available-for-sale securities”. The consolidated balance sheet amount of these financial instruments is as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
	Unlisted stock.....	¥ 1,199	¥ 1,200
Fund certificate .....	¥ 0	¥ 0	\$ 1
Investment limited partnership .....	¥ 253	¥ –	\$ 1,675

(Note) Investments in investment limited partnership are not subject to disclosure of fair value in accordance with paragraph 24-16 of the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31)

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Redemption schedule for receivables and securities with maturities as of March 31, 2024 and 2023 are as follows:

	Millions of yen			
	2024			
	Within a year	1 to 5 years	5 to 10 years	Over 10 years
Cash and time deposits .....	¥ 91,735	¥ –	¥ –	¥ –
Notes.....	¥ 572	¥ –	¥ –	¥ –
Accounts Receivable .....	¥ 53,573	¥ –	¥ –	¥ –
Electronically recorded monetary claims-operating .....	¥ 3,560	¥ –	¥ –	¥ –
Investment securities				
Held-to-maturity securities				
Corporate bonds .....	¥ –	¥ 300	¥ 1,000	¥ –

	Millions of yen			
	2023			
	Within a year	1 to 5 years	5 to 10 years	Over 10 years
Cash and time deposits .....	¥ 92,512	¥ –	¥ –	¥ –
Notes.....	¥ 752	¥ –	¥ –	¥ –
Accounts Receivable .....	¥ 44,791	¥ –	¥ –	¥ –
Electronically recorded monetary claims-operating .....	¥ 3,014	¥ –	¥ –	¥ –
Investment securities				
Held-to-maturity securities				
Corporate bonds .....	¥ –	¥ 300	¥ 500	¥ 500

	Thousands of U.S. dollars (Note 6)			
	2024			
	Within a year	1 to 5 years	5 to 10 years	Over 10 years
Cash and time deposits .....	\$ 605,875	\$ –	\$ –	\$ –
Notes.....	\$ 3,782	\$ –	\$ –	\$ –
Accounts Receivable .....	\$ 353,832	\$ –	\$ –	\$ –
Electronically recorded monetary claims-operating .....	\$ 23,515	\$ –	\$ –	\$ –
Investment securities				
Held-to-maturity securities				
Corporate bonds .....	\$ –	\$ 1,981	\$ 6,604	\$ –

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### (5) Fair Value of Financial Instruments by levels

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1: Fair value derived from quoted prices in active markets for identical assets or liabilities.

Level 2: Fair value derived from observable inputs that are not included in Level 1 inputs.

Level 3: Fair value derived from unobservable inputs.

If multiple inputs are used that have a significant impact on the measurement of fair value, fair value is classified at the lowest level in the fair value measurement among the levels to which each of these inputs belongs.

1) Financial instruments measured at fair value on the consolidated balance sheet as of March 31, 2024 and 2023 are as follows.

	Millions of yen			
	2024			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock .....	¥ 48,439	¥ –	¥ –	¥ 48,439
Total assets.....	¥ 48,439	¥ –	¥ –	¥ 48,439
	Millions of yen			
	2023			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock .....	¥ 42,218	¥ –	¥ –	¥ 42,218
Total assets.....	¥ 42,218	¥ –	¥ –	¥ 42,218



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	Thousands of U.S. dollars (Note 6)			
	2024			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock .....	\$ 319,925	\$ –	\$ –	\$ 319,925
Total assets .....	\$ 319,925	\$ –	\$ –	\$ 319,925

2) Financial instruments other than those measured at fair value on the consolidated balance sheet as of March 31, 2024 and 2023 are as follows.

	Millions of yen			
	2024			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity securities				
Corporate bonds .....	¥ –	¥ 1,294	¥ –	¥ 1,294
Total assets .....	¥ –	¥ 1,294	¥ –	¥ 1,294
Long-term borrowings .....	¥ –	¥ 2,754	¥ –	¥ 2,754
Total liabilities .....	¥ –	¥ 2,754	¥ –	¥ 2,754

	Millions of yen			
	2023			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity securities				
Corporate bonds .....	¥ –	¥ 1,295	¥ –	¥ 1,295
Total assets .....	¥ –	¥ 1,295	¥ –	¥ 1,295
Long-term borrowings .....	¥ –	¥ 2,473	¥ –	¥ 2,473
Total liabilities .....	¥ –	¥ 2,473	¥ –	¥ 2,473

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	Thousands of U.S. dollars (Note 6)			
	2024			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity securities				
Corporate bonds .....	\$ -	\$ 8,552	\$ -	\$ 8,552
Total assets .....	\$ -	\$ 8,552	\$ -	\$ 8,552
Long-term borrowings .....	\$ -	\$ 18,194	\$ -	\$ 18,194
Total liabilities .....	\$ -	\$ 18,194	\$ -	\$ 18,194

Note: Valuation techniques and inputs are as follows:

**Investment securities:**

Fair value of listed stocks is based on the price on the stock exchange. They are classified in Level 1, because they are traded in an active market. However, the fair value of corporate bonds are classified in Level 2 due to quoted price in inactive market with low trade frequency.

**Long-term borrowings:**

Fair value is calculated based on the present value estimated by discounting the total principal and interest, using discount rates reflecting the remaining term and credit risk and is classified as Level 2 fair value.

### 28. Short-term borrowings and Long-term borrowings

Short-term borrowings outstanding are generally represented by notes payable issued by the Company to banks with weighted average interest rates of 1.15% at March 31, 2024, and 1.49% at March 31, 2023.

Long-term borrowings as of March 31, 2024 and 2023 consisted of the following:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
	Loans, principally from banks and insurance companies, due September 2025 to December 2028 with average interest rates of 1.54% at March 31, 2024, and 0.98% at March 31, 2023	¥ 2,775	¥ 2,482
Less: Current maturities of:			
Long-term borrowings .....	-	(150)	-
Total .....	¥ 2,775	¥ 2,332	\$ 18,330

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Aggregate annual maturities of Long-term borrowings subsequent to March 31, 2024 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 6)
2026.....	¥ 925	\$ 6,112
2027.....	700	4,623
2028.....	1,000	6,604
2029.....	150	990
2030 and thereafter .....	—	—
Total.....	¥ 2,775	\$ 18,330

### 29. Investments in securities

(1) The fair value, book value and unrealized gains or losses on held-to-maturity securities with fair value as of March 31, 2024 and 2023 are as follows:

Description	Millions of yen		
	2024		
	Fair value	Book value	Unrealized gain or loss
Book value in excess of acquisition cost			
Government bonds, local government bonds, etc.....	—	—	—
Corporate bonds.....	¥ 502	¥ 500	¥ 2
Others .....	—	—	—
Sub total.....	¥ 502	¥ 500	¥ 2
Book value not in excess of acquisition cost			
Government bonds, local government bonds, etc.....	—	—	—
Corporate bonds.....	¥ 792	¥ 800	¥ (7)
Others .....	—	—	—
Sub total.....	¥ 792	¥ 800	¥ (7)
Total .....	¥ 1,294	¥ 1,300	¥ (5)

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Description	Millions of yen		
	2023		
	Fair value	Book value	Unrealized gain or loss
Book value in excess of acquisition cost			
Government bonds, local government bonds, etc.....	-	-	-
Corporate bonds.....	¥ 503	¥ 500	¥ 3
Others .....	-	-	-
Sub total.....	¥ 503	¥ 500	¥ 3
Book value not in excess of acquisition cost			
Government bonds, local government bonds, etc.....	-	-	-
Corporate bonds.....	¥ 792	¥ 800	¥ (7)
Others .....	-	-	-
Sub total.....	¥ 792	¥ 800	¥ (7)
Total .....	¥ 1,295	¥ 1,300	¥ (4)

Description	Thousands of U.S. dollars (Note 6)		
	2024		
	Fair value	Book value	Unrealized gain or loss
Book value in excess of acquisition cost			
Government bonds, local government bonds, etc.....	-	-	-
Corporate bonds.....	\$ 3,319	\$ 3,302	\$ 17
Others .....	-	-	-
Sub total.....	\$ 3,319	\$ 3,302	\$ 17
Book value not in excess of acquisition cost			
Government bonds, local government bonds, etc.....	-	-	-
Corporate bonds.....	\$ 5,932	\$ 5,283	\$ (50)
Others .....	-	-	-
Sub total.....	\$ 5,932	\$ 5,283	\$ (50)
Total .....	\$ 8,552	\$ 8,585	\$ (33)

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- (2) The acquisition cost, book value and unrealized gains or losses on available-for-sale securities with fair value as of March 31, 2024 and 2023 are as follows:

Description	Millions of yen		
	2024		
	Acquisition cost	Book value (fair value)	Unrealized gain or loss
Book value in excess of acquisition cost			
Stocks .....	¥ 9,914	¥ 48,439	¥ 38,525
Bonds .....	-	-	-
Others .....	-	-	-
Sub total.....	¥ 9,914	¥ 48,439	¥ 38,525
Book value not in excess of acquisition cost			
Stocks .....	¥ -	¥ -	¥ -
Bonds .....	-	-	-
Others .....	-	-	-
Sub total.....	¥ -	¥ -	¥ -
Total .....	¥ 9,914	¥ 48,439	¥ 38,525
Description	Millions of yen		
	2023		
	Acquisition cost	Book value (fair value)	Unrealized gain or loss
Book value in excess of acquisition cost			
Stocks .....	¥ 10,436	¥ 41,823	¥ 31,386
Bonds .....	-	-	-
Others .....	-	-	-
Sub total.....	¥ 10,436	¥ 41,823	¥ 31,386
Book value not in excess of acquisition cost			
Stocks .....	¥ 439	¥ 395	¥ (44)
Bonds .....	-	-	-
Others .....	-	-	-
Sub total.....	¥ 439	¥ 395	¥ (44)
Total .....	¥ 10,876	¥ 42,218	¥ 31,342

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Description	Thousands of U.S. dollars (Note 6)		
	2024		
	Acquisition cost	Book value (fair value)	Unrealized gain or loss
Book value in excess of acquisition cost			
Stocks .....	\$ 65,481	\$ 319,925	\$ 254,444
Bonds .....	-	-	-
Others .....	-	-	-
Sub total.....	\$ 65,481	\$ 319,925	\$ 254,444
Book value not in excess of acquisition cost			
Stocks .....	\$ -	\$ -	\$ -
Bonds .....	-	-	-
Others .....	-	-	-
Sub total.....	\$ -	\$ -	\$ -
Total .....	\$ 65,481	\$ 319,925	\$ 254,444

- (3) Available-for-sale securities sold during the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
	Proceeds from sale of available-for-sale securities .....	¥ 3,572	¥ 5,612
Realized gain.....	¥ 2,612	¥ 4,840	\$ 17,256
Realized loss .....	¥ 7	¥ 0	\$ 49

- (4) The book value of major securities without fair value as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
	Unlisted stocks .....	¥ 1,199	¥ 858
Fund certificates.....	¥ 0	¥ 0	\$ 1
Investment limited partnership .....	¥ 253	¥ -	\$ 1,675

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### 30. Retirement benefit plans

The Company and its consolidated subsidiaries have either funded and unfunded defined benefit plans and/or defined contribution plans for benefit payments to their employees. For defined benefit plans (all funded plans), a lump-sum payment or annual pension calculated based on salary paid and length of service provided will be paid. For certain lump-sum retirement plans, the lump-sum payments are also determined based on salary paid and length of service provided. For defined benefit corporate pension plans and retirement lump-sum plans offered by certain consolidated subsidiaries, net defined benefit liability and retirement benefit expenses are calculated by a simplified method. In addition, certain consolidated subsidiaries adopt a smaller enterprise retirement allowance mutual plan and defined contribution pension plans.

#### Defined benefit plan

- (1) The changes in retirement benefit obligation during the years ended March 31, 2024 and 2023 are as follows (excluding plans using the simplified method):

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Beginning balance of retirement benefit obligation .....	¥ 23,219	¥ 23,537	\$ 153,352
Service cost .....	1,299	1,319	8,579
Interest cost .....	35	30	236
Actuarial loss .....	(17)	(16)	(114)
Retirement benefits paid .....	(658)	(1,670)	(4,349)
Other .....	47	17	310
Ending balance of retirement benefit obligation .....	¥ 23,924	¥ 23,219	\$ 158,014

- (2) The changes in plan assets during the years ended March 31, 2024 and 2023 are as follows (excluding plans using the simplified method):

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Beginning balance of plan assets .....	¥ 23,046	¥ 23,316	\$ 152,213
Expected return on plan assets .....	416	427	2,753
Actuarial loss .....	2,607	(183)	17,224
Contributions by the Company .....	743	907	4,912
Retirement benefits paid .....	(408)	(1,408)	(2,696)
Other .....	(0)	(11)	(5)
Ending balance of plan assets .....	¥ 26,406	¥ 23,046	\$ 174,402

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- (3) The changes in liabilities for retirement benefits calculated by using the simplified method during the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
	Beginning balance of net defined benefit liability .....	¥ 1,598	¥ 1,622
Retirement benefit expenses .....	253	289	1,671
Retirement benefits paid .....	(115)	(200)	(761)
Contributions by the Company .....	(89)	(112)	(591)
Ending balance of net defined benefit liability .....	¥ 1,646	¥ 1,598	\$ 10,873

- (4) The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheet as of March 31, 2024 and 2023 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
	Funded retirement benefit obligation ...	¥ 22,824	¥ 22,025
Plan assets .....	(28,056)	(24,630)	(185,303)
	(5,232)	(2,604)	(34,560)
Unfunded retirement benefit obligation	4,397	4,375	29,046
Net liabilities in consolidated balance sheet .....	(834)	1,770	(5,514)
Retirement benefit asset .....	(5,777)	(3,071)	(38,160)
Retirement benefit liability .....	4,942	4,842	32,646
Net liabilities in consolidated balance sheet .....	¥ (834)	¥ 1,770	\$ (5,514)

- (5) The components of retirement benefit expense for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
	Service cost .....	¥ 1,299	¥ 1,319
Interest cost .....	35	30	236
Expected return on plan assets .....	(416)	(427)	(2,753)
Amortization of actuarial loss .....	(10)	44	(69)
Retirement benefit expenses for simplified method .....	253	289	1,671
Retirement benefit expenses for defined benefit plans .....	¥ 1,160	¥ 1,256	\$ 7,664



## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2024 and 2023

- (6) The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
	Actuarial loss .....	¥ (2,628)	¥ 116
Total .....	¥ (2,628)	¥ 116	\$ (17,357)

- (7) The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
	Unrecognized actuarial loss .....	¥ (2,888)	¥ (260)
Total .....	¥ (2,888)	¥ (260)	\$ (19,077)

- (8) 1) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2024 and 2023 is as follows:

	2024	2023
Equity securities .....	33%	22%
Debt securities .....	24%	35%
General accounts.....	27%	30%
Other.....	16%	13%
Total .....	100%	100%

Note:

The plan assets include 12% and 10% of the retirement pension trusts for corporate pension plans as of March 31, 2024 and 2023, respectively.

- 2) The long-term expected rate of return on plan assets has been estimated based on the current and projected pension asset allocations and the current and projected return rate on various assets comprising plan assets.

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

(9) The assumptions used in accounting for the above plans are as follows:

	2024	2023
Discount rate .....	mainly 0.00%	mainly 0.00%
Long-term expected rate of return on plan assets	mainly 2.00%	mainly 2.00%
Expected rate of salary increase .....	1.00 ~ 5.53%	1.00 ~ 5.53%

### Defined contribution plans

The required contributions to the defined contribution plan for certain consolidated subsidiaries for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Defined contribution plans.....	¥ 117	¥ 100	\$ 773

### 31. Stock option

There were no applicable items.

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

### 32. Income taxes

#### (1) Significant components of deferred tax assets and liabilities

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Deferred tax assets:			
Provision for bonuses.....	¥ 1,148	¥ 1,106	\$ 7,587
Retirement benefit liability.....	2,485	2,474	16,416
Elimination of intercompany profits.	598	591	3,955
Valuation loss on inventories .....	582	258	3,849
Accrued enterprise tax.....	421	489	2,786
Impairment losses .....	320	405	2,118
Provision for officers' retirement benefits and retirement benefits for directors (and other officers) .....	4	17	27
Loss on valuation of investment securities .....	184	196	1,217
Deemed dividend by distribution in kind	2,125	2,125	14,035
Others .....	1,052	888	6,952
Subtotal.....	8,925	8,555	58,946
Valuation allowance.....	(2,490)	(2,502)	(16,445)
Total deferred tax assets.....	6,435	6,052	42,500
Deferred tax liabilities:			
Valuation difference on available- for-sale securities .....	(11,830)	(9,613)	(78,138)
Reserve for advanced depreciation of property, plant and equipment .....	(1,426)	(1,473)	(9,424)
Valuation differences .....	(1,513)	(1,513)	(9,998)
Gain on revaluation of assets trusted for retirement benefit.....	(633)	(633)	(4,185)
Others .....	(2,812)	(1,687)	(18,578)
Total deferred tax liabilities.....	(18,218)	(14,922)	(120,326)
Net deferred tax liabilities .....	¥ (11,783)	¥ (8,870)	\$ (77,825)

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

### (2) Reconciliation of the effective statutory tax rate to the Company's effective tax rate

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants' taxes and enterprise tax, which, in the aggregate, resulted in statutory rates of approximately 31.0% for the years ended March 31, 2024 and 2023. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The reconciliation between the effective tax rates reflected in the consolidated statement of income and the effective statutory tax rate for the years ended March 31, 2024 and 2023 was as follows:

	2024	2023
Effective statutory tax rate.....	—	31.0%
Non-deductible expenses.....	—	0.0
Tax credits .....	—	(1.1)
Valuation allowance .....	—	(0.1)
Inhabitants' per capita taxes .....	—	0.1
Deduction of dividends received .....	—	0.0
Different tax rates applied to foreign subsidiaries .	—	(1.1)
Other.....	—	0.3
Effective tax rates .....	—	29.2%

Note: The note of 2024 is omitted, because the difference between effective statutory tax rate and the effective tax rates reflected in the consolidated statement of income is less than 5% of effective statutory tax rate.

### 33. Business combination

There were no applicable items.

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

### 34. Asset retirement obligations

Information on the asset retirement obligations recorded on the consolidated balance sheet at March 31, 2024 and 2023 is as follows:

#### A. Outline of the asset retirement obligations

Expenses allocated for obligations to remove harmful materials such as fluorocarbon and PCB (polychlorinated biphenyl) from fixed assets and for removal of company dormitory.

#### B. Calculation method of asset retirement obligations

An estimated period of use of 2-38 years and a discount rate of 0.00%-2.27% are used to calculate the amount of the asset retirement obligations.

#### C. Changes in the total amount of the asset retirement obligations for the fiscal years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Balance at beginning of year.....	¥ 556	¥ 557	\$ 3,678
Increase due to acquisition of property, plant and equipment.....	3	2	20
Accretion expenses .....	0	0	0
Decrease due to fulfillment of asset retirement obligations .....	(2)	(3)	(15)
Balance at the end of year .....	¥ 557	¥ 556	\$ 3,684

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

### 35. Revenue Recognition

(1) Information about breakdown of revenue from contracts with customers

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 years ended March 31, 2024 and 2023 are as follows:

The consolidated subsidiary NOF EUROPE GmbH was previously included in the Functional Chemicals segment, but as a result of reviewing the business management category for this subsidiary, it is included in the Pharmaceuticals, Medicals and Health segment.

Since the net sales to Europe has increased and are material, “Others” have been reclassified into “Europe” and “Others.”

In accordance with the aforementioned changes, the information for the previous fiscal year has been restated to conform to the new classification.

Millions of yen						
2024						
Reportable segments						
	Functional Chemicals	Pharmaceuti cals, Medicals and Health	Explosives & Propulsion	Subtotal	Others	Total
Net sales						
Japan .....	¥ 90,164	¥ 23,253	¥ 33,962	¥ 147,380	¥ 466	¥ 147,847
Asia .....	32,959	2,645	130	35,735	92	35,828
Europe .....	6,575	15,601	27	22,203	—	22,203
Others .....	3,857	12,497	17	16,373	—	16,373
Sales to customers....	¥ 133,556	¥ 53,998	¥ 34,138	¥ 221,693	¥ 559	¥ 222,252
Millions of yen						
2023						
Reportable segments						
	Functional Chemicals	Pharmaceuti cals, Medicals and Health	Explosives & Propulsion	Subtotal	Others	Total
Net sales						
Japan .....	¥ 90,418	¥ 23,826	¥ 29,677	¥ 143,922	¥ 457	¥ 144,380
Asia .....	36,179	1,754	144	38,078	51	38,130
Europe .....	5,632	15,131	34	20,798	—	20,798
Others .....	3,735	10,651	14	14,401	—	14,401
Sales to customers....	¥ 135,965	¥ 51,363	¥ 29,871	¥ 217,200	¥ 509	¥ 217,709

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2024 and 2023

Thousands of U.S. dollars (Note 6)						
2024						
Reportable segments						
	Functional Chemicals	Pharmaceut icals, Medicals and Health	Explosives & Propulsion	Subtotal	Others	Total
Net sales						
Japan .....	\$ 595,496	\$ 153,580	\$ 224,311	\$ 973,389	\$ 3,083	\$ 976,472
Asia .....	217,685	17,473	861	236,020	610	236,630
Europe .....	43,425	103,040	180	146,646	—	146,646
Others .....	25,478	82,542	116	108,137	—	108,137
Sales to customers....	\$ 882,086	\$ 356,637	\$ 225,469	\$ 1,464,194	\$ 3,694	\$ 1,467,888

Notes:

1. The “Others” category represents segments other than the reportable segments, which includes transportation, real estate sales and administrative operations.
  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.
  3. 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.”
- (2) Basic information to understand revenue from contracts with customers  
For details, please refer to Note 2 “Summary of significant accounting policies” (12) “Reporting of significant revenue and expenses”.
- (3) Information about the relationship between the fulfillment of performance obligations based on contracts with customers and cash flows arising from the contracts, and the amount and timing of revenues from contracts with customers existing at the end of the fiscal year that are expected to be recognized in the following fiscal years.

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2024 and 2023

- 1) Balance of contract assets and contract liabilities, etc. as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Receivables from contracts with customers:			
Balance at beginning of year.....	¥ 48,558	¥ 41,936	\$ 320,711
Balance at end of year .....	¥ 57,706	¥ 48,558	\$ 381,130
Contract assets:			
Balance at beginning of year.....	¥ 427	¥ 488	\$ 2,825
Balance at end of year .....	¥ 456	¥ 427	\$ 3,017
Contract liabilities:			
Balance at beginning of year.....	¥ 5,241	¥ 3,452	\$ 34,617
Balance at end of year .....	¥ 3,903	¥ 5,241	\$ 25,782

Notes:

1. Contract assets are related to consideration recognized based on the fulfillment of performance obligations of the Explosives & Propulsion Segment, and are included in “Notes and accounts receivable - trade, and contract assets” on the consolidated balance sheet.
2. Contract liabilities are related to advances received from customers and are included in “Other current liabilities” under current liabilities on the consolidated balance sheet.
3. Out of the revenue recognized in the fiscal year, the amount included in the beginning balance of contract liabilities is ¥ 4,989 million (US\$ 32,951 thousand) at March 31, 2024, and ¥ 3,080 million (US\$ 23,068 thousand) at March 31, 2023.
4. In the fiscal year ended March 31, 2024, the amount of revenue recognized from performance obligations that have been fulfilled (or partially fulfilled) in previous fiscal years is immaterial.



## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

### 2) Transaction price allocated to the remaining performance obligations

In the fiscal year ended March 31, 2024, the transaction price allocated to the remaining performance obligations is ¥ 32,743 million (US\$ 216,257 thousand). If contractual assumptions are met, this amount is expected to be recognized as revenue within approximately 4 years from the end of the fiscal year ended March 31, 2024.

The Group has applied the practical expedient to the notes on transaction prices allocated to the remaining performance obligations. Contracts with an original expected duration of one year or less, and sales-based or usage-based royalties promised in exchange for a license of intellectual property, are not included in the amount above.

The total transaction price allocated to the remaining performance obligations and the time frame in which the Group expects to recognize revenue are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Within one year.....	¥ 14,035	¥ 7,510	\$ 92,695
After one year .....	18,708	17,965	123,561
Total .....	¥ 32,743	¥ 25,476	\$ 216,257

### 36. Segment information

- (1) 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 as follows:

1. Functional Chemicals --- fatty acids, fatty acid derivatives, surfactants, ethylene oxide/propylene oxide derivatives, organic peroxides, petrochemicals, functional polymers, electronic materials, and special anti-corrosion agents.
  
2. Pharmaceuticals, Medicals and Health
  - processed edible oils, functional food materials, healthcare foods products, biocompatible materials, and raw materials for DDS (drug delivery system) drug formulations.

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
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3. Explosives & Propulsion --- industrial explosives, space-related products, defense-related products, and functional products.

The accounting policies of the reportable segments are mostly the same as those in Note 2 “Summary of significant accounting policies”

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.

	Millions of yen							
	2024							
	Reportable segments							
	Functional Chemicals	Pharmaceuti cals, Medicals and Health	Explosives & Propulsion	Subtotal	Others	Total	Adjustments	Consolidated
Net sales								
Sales to external customers .....	¥ 133,556	¥ 53,998	¥ 34,138	¥ 221,693	¥ 559	¥ 222,252	¥ -	¥ 222,252
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

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2024 and 2023

Thousands of U.S. dollars (Note 6)								
2024								
Reportable segments								
Pharmaceuti								
cals, Explosives								
Functional Medicals &								
Chemicals and Health Propulsion Subtotal Others Total Adjustments Consolidated								
Net sales								
Sales to external customers .....	\$ 882,086	\$ 356,637	\$ 225,469	\$ 1,464,194	\$ 3,694	\$ 1,467,888	\$ –	\$ 1,467,888
Intersegment sales or transfers .....	25,188	6,578	90	31,857	53,656	85,513	(85,513)	0
Total .....	907,274	363,216	225,559	1,496,051	57,350	1,553,402	(85,513)	1,467,888
Segment profit .....	\$ 145,119	\$ 135,783	\$ 17,360	\$ 298,263	\$ 1,294	\$ 299,558	\$ (21,225)	\$ 278,332
Segment assets .....	\$ 843,799	\$ 311,242	\$ 446,842	\$ 1,601,884	\$ 28,039	\$ 1,629,923	\$ 625,205	\$ 2,255,129
Other items								
Depreciation .....	23,563	8,305	10,663	42,533	701	43,234	2,600	45,835
Increase in property, plant and equipment and intangible assets ....	38,241	60,221	13,778	112,241	406	112,648	10,825	123,473

#### 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 ¥ (3,213) million (\$ (21,225) thousand) in segment profit includes ¥ 73 million (\$ 488 thousand) eliminated for intersegment transactions, and ¥ (3,287) million (\$ (21,714) thousand) 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 (\$ 625,205 thousand) for segment assets includes intersegment elimination of ¥ (37,091) million (\$ (244,976) thousand) and ¥ 131,754 million (\$ 870,182 thousand) 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 (\$ 2,600 thousand) for depreciation represents depreciation related to company-wide assets.
  - 4) The adjustment of ¥ 1,639 million (\$ 10,825 thousand) 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 quarterly consolidated statements of income.

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
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#### 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 as a result of reviewing the business management category for this subsidiary, it is included in the Pharmaceuticals, Medicals and Health segment. Segment information presented for the previous fiscal year has been prepared using the names and classification method after the changes.

Millions of yen								
2023								
Reportable segments								
	Functional Chemicals	Pharmaceuti cals, Medicals and Health	Explosives & Propulsion	Subtotal	Others	Total	Adjustments	Consolidated
Net sales								
Sales to external								
customers .....	¥ 135,965	¥ 51,363	¥ 29,871	¥ 217,200	¥ 509	¥ 217,709	¥ -	¥ 217,709
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 ¥ (2,242) million (\$ (16,790) thousand) in segment profit includes ¥ 84 million (\$ 631 thousand) eliminated for intersegment transactions, and ¥ (2,326) million (\$ (17,422) thousand) 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 (\$ 675,459 thousand) for segment assets includes intersegment elimination of ¥ (31,243) million (\$ (233,981) thousand) and ¥ 121,437 million (\$ 909,441 thousand) 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.

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
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- 3) The adjustment of ¥ 266 million (\$ 1,998 thousand) for depreciation represents depreciation related to company-wide assets.
- 4) The adjustment of ¥ 422 million (\$ 3,165 thousand) 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 quarterly consolidated statements of income.

(2) Information related to reportable segments

- 1) The Group's sales by geographical area for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
	Japan .....	¥ 147,847	¥ 144,380
Asia .....	35,828	38,130	236,630
Europe .....	22,203	20,798	146,646
Others .....	16,373	14,401	108,137
Total .....	¥ 222,252	¥ 217,709	\$ 1,467,888

Note: Sales to Asia for the years ended March 31, 2023 include more than 10% of consolidated net sales to China, which is ¥ 22,729 million (\$ 150,116 thousand).

(Changes in Presentation)

Since the net sales to Europe has increased and are material, "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.

- 2) The Group's property, plant and equipment by geographical area as of March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
	Japan .....	¥ 67,969	¥ 57,325
Others .....	6,725	6,538	44,421
Total .....	¥ 74,695	¥ 63,863	\$ 493,332

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

- (3) Impairment losses by reportable segments for the years ended March 31, 2024 and 2023 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Functional Chemicals .....	¥ 55	¥ –	\$ 368
Pharmaceuticals, Medicals and Health .....	–	–	–
Explosives & Propulsion .....	–	1	–
Others .....	–	–	–
Total.....	¥ 55	¥ 1	\$ 368

### 37. Related party transactions

The information for the fiscal years ended March 31, 2024 and 2023 was not disclosed because there were no significant transactions with related parties.

### 38. Per share information

Profit attributable to owners of parent per share of common stock is based upon the weighted average number of shares outstanding during each fiscal year.

	Yen		U.S. dollars (Note 6)
	2024	2023	2024
Profit attributable to owners of parent:			
Basic earnings per share .....	¥ 141.17	¥ 139.01	\$ 0.93
Diluted earnings per share .....	–	–	–
Cash dividends applicable to the year .....	114.00	108.00	0.75
Net assets per share .....	1,109.01	986.85	7.32

Profit attributable to owners of parent – diluted for the years ended March 31, 2024 and 2023 is not disclosed because there are no diluted shares.

Cash dividends per share applicable to the period for the fiscal year ended March 31, 2024, comprise interim dividends of ¥ 56.00 and year-end dividends of ¥ 58.00.

The Company's shares held by the Board Benefit Trust (BBT) are included in treasury share subject to exclusion.

Number of shares issued that were excluded for the purpose of calculating per share information 116,100 at March 31, 2024, and 144,600 at March 31, 2023.

Average number of shares that were excluded for the purpose of calculating per share information 124,869 during the year ended March 31, 2024 and 144,600 during the year

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
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ended March 31, 2023.

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

Basis for calculating profit attributable to owners of parent:

	Millions of yen		Thousands of U.S. dollars (Note 6)
	2024	2023	2024
Profit attributable to owners of parent.....	¥ 33,990	¥ 33,973	\$ 224,494
Amount not available to common shareholders .....	—	—	—
Profit attributable to owners of parent related to common shares .....	¥ 33,990	¥ 33,973	\$ 224,494
Average number of shares outstanding (1,000 shares) .....	240,771	240,401	

### 39. Subsequent events

(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.

## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

### 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.



## NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2024 and 2023

(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” (fiscal year 2023 to fiscal year 2025) 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 (fiscal year 2025). 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<br>on the Tokyo Stock Exchange |