

**NOF CORPORATION**

**Consolidated Financial Statements**

For the years ended March 31, 2025 and 2024

## 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, 2025, 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, 2025, 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
<p>As stated in Note 39 (Segment Information), the Company has recorded sales to customers amounting to ¥48,033 million in the Pharmaceuticals, Medicals and Health business for the year ended March 31, 2025.</p> <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>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 evaluated the design of the related internal controls and tested their operating effectiveness.</li> <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>

## 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review 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, 2025 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 7 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, 2025 are 121 million yen and 45 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, 2025

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,**

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
<b>ASSETS</b>			
<b>Current assets:</b>			
Cash and deposits (Notes 28 and 30).....	¥ 87,064	¥ 91,744	\$ 582,295
Notes and accounts receivable - trade, and contract assets (Notes 8 ,12 ,30 and 38).....	59,238	54,603	396,188
Electronically recorded monetary claims-operating (Note 30).....	3,561	3,560	23,817
Merchandise and finished goods .....	28,419	27,548	190,073
Work in process.....	6,722	4,805	44,961
Raw materials and supplies.....	22,185	18,653	148,376
Other.....	4,992	4,143	33,393
Allowance for doubtful accounts.....	(206)	(195)	(1,382)
<b>Total current assets</b> .....	<b>211,978</b>	<b>204,863</b>	<b>1,417,723</b>
<b>Non-current assets:</b>			
<b>Property, plant and equipment (Notes 9 and 10):</b>			
Buildings and structures.....	85,849	80,434	574,167
Accumulated depreciation .....	(57,365)	(55,644)	(383,667)
Buildings and structures, net .....	28,483	24,789	190,500
Machinery, equipment and vehicles .....	116,620	111,310	779,963
Accumulated depreciation .....	(99,468)	(96,187)	(665,255)
Machinery, equipment and vehicles, net .....	17,151	15,123	114,707
Land.....	20,343	20,393	136,060
Leased assets .....	573	544	3,838
Accumulated depreciation .....	(495)	(421)	(3,316)
Leased asset, net .....	77	123	521
Construction in progress .....	15,854	11,325	106,037
Other.....	18,856	18,178	126,111
Accumulated depreciation .....	(15,698)	(15,238)	(104,991)
Other, net.....	3,157	2,940	21,120
<b>Total property, plant and equipment</b> .....	<b>85,069</b>	<b>74,695</b>	<b>568,948</b>
<b>Intangible assets:</b>			
Other.....	1,950	2,166	13,047
<b>Total Intangible assets</b> .....	<b>1,950</b>	<b>2,166</b>	<b>13,047</b>
<b>Investments and other assets:</b>			
Investments securities (Notes 11 ,30 and 32).....	41,864	51,192	279,990
Long-term loans receivable.....	8	7	54
Deferred tax assets (Note 35).....	1,212	1,144	8,107
Retirement benefit asset (Note 33) .....	9,557	5,777	63,920
Other.....	5,707	1,661	38,175
Allowance for doubtful accounts.....	(151)	(60)	(1,015)
<b>Total investments and other assets</b> .....	<b>58,198</b>	<b>59,723</b>	<b>389,232</b>
<b>Total non-current assets</b> .....	<b>145,218</b>	<b>136,585</b>	<b>971,229</b>
<b>Total assets</b> .....	<b>¥ 357,196</b>	<b>¥ 341,449</b>	<b>\$ 2,388,952</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 7)

	Millions of yen		
	2025	2024	2025
<b>Liabilities</b>			
<b>Current liabilities:</b>			
Notes and accounts payable - trade.....	¥ 22,305	¥ 21,741	\$ 149,183
Electronically recorded obligations-operating.....	1,580	1,373	10,571
Short-term borrowings (Notes 30 and 31).....	1,490	1,607	9,971
Current portion of long-term borrowings (Notes 30 and 31).....	816	0	5,459
Lease liabilities.....	254	253	1,702
Accrued expenses.....	1,904	1,753	12,734
Income taxes payable.....	7,682	7,339	51,378
Deposits received .....	4,328	4,316	28,952
Provision for bonuses .....	3,915	3,655	26,187
Asset retirement obligations (Note 37) .....	174	534	1,165
Other.....	13,871	11,553	92,775
<b>Total current liabilities.....</b>	<b>58,325</b>	<b>54,129</b>	<b>390,082</b>
<b>Non-current liabilities:</b>			
Long-term borrowings (Notes 30 and 31) .....	2,008	2,775	13,430
Lease liabilities.....	473	530	3,164
Deferred tax liabilities (Note 35) .....	11,561	12,927	77,323
Provision for officers' retirement benefits.....	8	13	59
Retirement benefit liability (Note 33).....	4,976	4,942	33,285
Asset retirement obligations (Note 37) .....	22	23	153
Other .....	269	198	1,803
<b>Total non-current liabilities .....</b>	<b>19,321</b>	<b>21,412</b>	<b>129,220</b>
<b>Total liabilities.....</b>	<b>77,646</b>	<b>75,541</b>	<b>519,303</b>
<b>Commitments and contingencies (Note 12)</b>			
<b>Net assets:</b>			
Shareholders' equity			
Share capital.....	17,742	17,742	118,659
Authorized: 970,000,000 shares at March 31, 2025 and 347,000,000 shares at March 31, 2024			
Issued: 236,524,128 shares at March 31, 2025 and 80,841,376 shares at March 31, 2024			
Capital surplus.....	15,058	15,052	100,710
Retained earnings .....	220,195	206,309	1,472,682
Treasury shares.....	(6,271)	(7,209)	(41,945)
Total shareholders' equity .....	246,724	231,894	1,650,107
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities .....	21,072	26,685	140,931
Foreign currency translation adjustment .....	6,437	4,429	43,053
Remeasurements of defined benefit plans.....	4,294	1,993	28,718
Total accumulated other comprehensive income .....	31,803	33,108	212,703
Non-controlling interests.....	1,022	904	6,839
<b>Total net assets.....</b>	<b>279,550</b>	<b>265,907</b>	<b>1,869,649</b>
<b>Total liabilities and net assets .....</b>	<b>¥ 357,196</b>	<b>¥ 341,449</b>	<b>\$ 2,388,952</b>

The accompanying notes are an integral part of the statements.



- Notes: 1. Due to the stock split, changes to the Articles of Incorporation became effective on April 1, 2024. As a result, the total number of authorized shares increased by 623 million shares, reaching a total of 970 million shares.
2. On April 1, 2024, a stock split was implemented for common shares at a ratio of 3-for-1. As a result, the total issued shares 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 7)

	Millions of yen		
	2025	2024	2025
<b>Net sales (Note 14)</b> .....	¥ 238,310	¥ 222,252	\$ 1,593,835
<b>Cost of sales</b> (Notes 15 and 17) .....	153,156	142,762	1,024,320
Gross profit .....	85,153	79,490	569,515
<b>Selling, general and administrative expenses</b> (Notes 16 and 17) .....	39,845	37,348	266,490
Operating profit .....	45,308	42,142	303,024
<b>Non-operating income:</b>			
Interest income .....	500	358	3,346
Dividend income .....	1,193	1,149	7,980
Rental income from real estate .....	272	272	1,822
Foreign exchange gains .....	—	1,532	—
Other .....	460	705	3,079
<b>Total non-operating income</b> .....	2,426	4,018	16,228
<b>Non-operating expenses:</b>			
Interest expenses .....	137	129	919
Expenses for conditional assignment .....	49	30	333
Rental expenses on real estate .....	85	83	568
Expenses for disposal of fixed assets .....	239	177	1,603
Foreign exchange losses .....	319	—	2,136
Other .....	331	162	2,214
<b>Total non-operating expenses</b> .....	1,162	582	7,775
<b>Ordinary profit</b> .....	46,572	45,577	311,477
<b>Extraordinary income:</b>			
Gain on sale of non-current assets (Note 18) .....	447	1	2,995
Gain on receipt of donated non-current assets (Note 19) .....	—	411	—
Gain on sale of investment securities (Note 32) .....	3,670	2,612	24,548
Compensation income (Note 20) .....	220	—	1,471
Other .....	1	—	12
<b>Total extraordinary income</b> .....	4,340	3,025	29,028
<b>Extraordinary losses:</b>			
Loss on sale of non-current assets (Note 21) .....	1	—	6
Impairment losses (Note 22) .....	—	55	—
Loss on retirement of non-current assets (Note 23) .....	109	71	733
Loss on tax purpose reduction entry of non-current assets (Note 24) .....	1	—	12
Loss on sale of investment securities (Note 32) .....	—	7	—
Loss on valuation of investment securities (Notes 25 and 32) .....	20	—	6
Other .....	1	—	8
<b>Total extraordinary losses</b> .....	133	134	895

# NOF CORPORATION and Subsidiaries

## Consolidated Statement of Income (continued)

**For the Year Ended March 31,**

Thousands of  
U.S. dollars  
(Note 7)

	Millions of yen		
	2025	2024	2025
<b>Profit before income taxes</b> .....	50,778	48,468	339,610
Income taxes - current .....	14,680	14,561	98,183
Income taxes - deferred.....	(506)	(153)	(3,390)
<b>Total income taxes (Note 35)</b> .....	14,173	14,407	94,792
<b>Profit</b> .....	36,605	34,061	244,817
Profit attributable to non-controlling interests.....	107	70	718
Profit attributable to owners of parent (Note 41).....	36,497	33,990	244,099

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 7)

	Millions of yen		
	2025	2024	2025
<b>Profit</b> .....	¥ 36,605	¥ 34,061	\$ 244,817
Other comprehensive income (Note 26)			
Valuation difference on available-for-sale securities.....	(5,613)	4,965	(37,545)
Foreign currency translation adjustment.....	2,040	1,761	13,648
Remeasurements of defined benefit plans, net of tax.....	2,301	1,811	15,392
Total other comprehensive income .....	(1,271)	8,539	(8,504)
Comprehensive income .....	35,333	42,600	236,313
<b>Total comprehensive income attributable to:</b>			
Owners of parent .....	35,192	42,510	235,371
Non-controlling interests.....	140	90	941

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, 2025 and 2024

	Number of shares of common stock (thousands)						Millions of yen					
		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	¥ 15,052	¥ 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)	—	—	—	—	—	—	—	—
Adjustment to reserve due to change in tax rate.....	—	—	—	—	—	—	—	—	—	—	—	—
Change in ownership interest of parent due to transactions with non-controlling interests .....	—	—	0	—	—	0	—	—	—	—	—	0
Others.....	—	—	—	—	—	—	—	—	—	—	—	—
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
Dividends of surplus .....	—	—	—	(9,622)	—	(9,622)	—	—	—	—	—	(9,622)
Profit attributable to owners of parent .....	—	—	—	36,497	—	36,497	—	—	—	—	—	36,497
Purchase of treasury shares.....	—	—	—	—	(12,007)	(12,007)	—	—	—	—	—	(12,007)
Disposal of treasury shares .....	—	—	—	—	—	—	—	—	—	—	—	—
Cancellation of treasury shares .....	(6,000)	—	(12,945)	—	12,945	—	—	—	—	—	—	—
Transfer of loss on disposal of treasury shares.....	—	—	12,945	(12,945)	—	—	—	—	—	—	—	—
Adjustment to reserve due to change in tax rate.....	—	—	—	(44)	—	(44)	—	—	—	—	—	(44)
Change in ownership interest of parent due to transactions with non-controlling interests .....	—	—	5	—	—	5	—	—	—	—	—	5
Others.....	161,682	—	—	—	—	—	—	—	—	—	—	—
Net changes in items other than shareholders' equity .....	—	—	—	—	—	—	(5,613)	2,008	2,300	(1,305)	118	(1,186)
Total changes during period .....	155,682	—	5	13,885	938	14,829	(5,613)	2,008	2,300	(1,305)	118	13,642
Balance at March 31, 2025.....	236,524	¥ 17,742	¥ 15,058	¥ 220,195	¥ (6,271)	¥ 246,724	¥ 21,072	¥ 6,437	¥ 4,294	¥ 31,803	¥ 1,022	¥ 279,550

### For the Year Ended March 31, 2025

<b><u>For the Year Ended March 31, 2025</u></b>	Thousands of U.S. dollars (Note 7)											
	Number of shares of common stock (thousands)	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, 2024.....	80,841	\$ 118,659	\$ 100,674	\$ 1,379,813	\$ (48,219)	\$ 1,550,928	\$ 178,477	\$ 29,623	\$ 13,330	\$221,431	\$6,046	\$ 1,778,406
Dividends of surplus .....	—	—	—	(64,353)	—	(64,353)	—	—	—	—	—	(64,353)
Profit attributable to owners of parent .....	—	—	—	244,099	—	244,099	—	—	—	—	—	244,099
Purchase of treasury shares.....	—	—	—	—	(80,304)	(80,304)	—	—	—	—	—	(80,304)
Disposal of treasury shares .....	—	—	—	—	—	—	—	—	—	—	—	—
Cancellation of treasury shares .....	(6,000)	—	(86,578)	—	86,578	—	—	—	—	—	—	—
Transfer of loss on disposal of treasury shares.....	—	—	86,578	(86,578)	—	—	—	—	—	—	—	—
Adjustment to reserve due to change in tax rate.....	—	—	—	(298)	—	(298)	—	—	—	—	—	(298)
Change in ownership interest of parent due to transactions with non-controlling interests .....	—	—	36	—	—	36	—	—	—	—	—	36
Others.....	161,682	—	—	—	—	—	—	—	—	—	—	—
Net changes in items other than shareholders' equity .....	—	—	—	—	—	—	(37,546)	13,430	15,388	(8,727)	792	(7,935)
Total changes during period .....	155,682	—	36	92,868	6,274	99,178	(37,546)	13,430	15,388	(8,727)	792	91,245
Balance at March 31, 2025.....	236,524	\$ 118,659	\$ 100,710	\$ 1,472,682	\$ (41,945)	\$ 1,650,107	\$ 140,931	\$ 43,053	\$ 28,718	\$ 212,703	\$ 6,839	\$ 1,869,649

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 7)

	Millions of yen		
	2025	2024	2025
<b>Cash flows from operating activities:</b>			
Profit before income taxes .....	¥ 50,778	¥ 48,468	\$ 339,610
Depreciation.....	7,965	6,939	53,273
Impairment losses .....	—	55	—
Increase (decrease) in retirement benefit liability.....	(102)	7	(685)
Interest and dividend income.....	(1,693)	(1,508)	(11,327)
Interest expenses.....	137	129	919
Loss (gain) on sale of non-current assets.....	(446)	(1)	(2,988)
Gain on receipt of donated non-current assets.....	—	(411)	—
Loss (gain) on sale of investment securities .....	(3,670)	(2,605)	(24,548)
Compensation income .....	(220)	—	(1,471)
Decrease (increase) in trade receivables.....	(4,168)	(8,413)	(27,880)
Decrease (increase) in inventories .....	(5,982)	(892)	(40,010)
Increase (decrease) in trade payables.....	(232)	2,518	(1,555)
Other, net .....	(532)	26	(3,563)
Sub total .....	41,831	44,313	279,773
Interest and dividends received.....	1,681	1,500	11,244
Interest paid.....	(137)	(129)	(918)
Income taxes paid .....	(14,620)	(15,715)	(97,783)
Proceeds from compensation .....	220	—	1,471
Net cash provided by (used in) operating activities .....	28,975	29,970	193,788
<b>Cash flows from investing activities:</b>			
Purchase of investment securities .....	(2)	(257)	(19)
Proceeds from sale of investment securities .....	5,205	3,572	34,815
Purchase of property, plant and equipment and intangible assets.....	(16,336)	(17,748)	(109,260)
Proceeds from sale of property, plant and equipment and intangible assets .....	554	1	3,710
Net decrease (increase) in short-term loans receivable.....	163	(43)	1,093
Long-term loan advances.....	(9)	(11)	(66)
Proceeds from collection of long-term loans receivable.....	8	8	56
Payments for investments in capital of subsidiaries and associates .....	(3,063)	—	(20,489)
Other, net .....	(269)	(485)	(1,799)
Net cash provided by (used in) investing activities.....	(13,749)	(14,964)	(91,958)

# 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 7)
	2025	2024	2025
<b>Cash flows from financing activities:</b>			
Net increase in short-term borrowings.....	(212)	(562)	(1,420)
Proceeds from long-term borrowings .....	—	431	—
Repayments of long-term borrowings .....	—	(150)	—
Proceeds from sale of treasury shares.....	—	8	—
Purchase of treasury shares .....	(12,007)	(7,523)	(80,304)
Purchase of treasury shares of subsidiaries.....	(5)	(2)	(35)
Repayments of finance lease liabilities.....	(186)	(132)	(1,245)
Dividends paid .....	(9,593)	(9,160)	(64,159)
Dividends paid to non-controlling interests .....	(11)	(9)	(78)
Net cash provided by (used in) financing activities .....	(22,015)	(17,101)	(147,243)
<b>Effect of exchange rate change on cash and cash equivalents .....</b>	<b>1,987</b>	<b>524</b>	<b>13,293</b>
<b>Net increase (decrease) in cash and cash equivalents .....</b>	<b>(4,802)</b>	<b>(1,571)</b>	<b>(32,121)</b>
<b>Cash and cash equivalents at beginning of period.....</b>	<b>87,509</b>	<b>89,081</b>	<b>585,268</b>
<b>Cash and cash equivalents at end of period (Note 28).....</b>	<b>¥ 82,706</b>	<b>¥ 87,509</b>	<b>\$ 553,146</b>

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, 2025 and 2024**

### **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 30 subsidiaries (majority-owned companies) as of March 31, 2025 (31 for 2024). The accompanying consolidated financial statements include the accounts of the Company and 24 of its subsidiaries (collectively, the “Group”) for the year ended March 31, 2025 (25 for 2024).

The remaining 6 (6 for 2024) 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, 2025 and 2024

The above mentioned 24 majority-owned subsidiaries are listed below:

Name of subsidiaries	Percentage of voting rights owned by the Company
%	
(Domestic subsidiaries)	
Nippon Koki Co., Ltd. ....	95.4
NiGK 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. ....	99.2
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.

## **NOF CORPORATION and Subsidiaries**

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

#### **(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, 2025 and 2024**

#### **(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, 2025 and 2024

### **(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, 2025 and 2024**

#### **(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, 2025 and 2024

#### 3. Significant accounting estimates

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

A. Amount recorded on the consolidated financial statements as of March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Deferred tax assets, net .....	¥ 1,231	¥ 987	\$ 8,239

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, 2025 and 2024

### (2) Impairment of fixed assets

#### A. Amount recorded on the consolidated financial statements as of March 31, 2025 and 2024 are as follows

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Impairment losses .....	¥ —	¥ 55	\$ —
Property, plant and equipment and intangible assets .....	¥ 87,020	¥ 76,862	\$ 581,996

#### 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, 2025 and 2024

### **4. Changes in accounting policies**

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

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, on October 28, 2022), etc. has been adopted from the beginning of the current fiscal year. These changes had no impact on the consolidated financial statements.

### **5. Accounting standards issued but not yet effective**

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

- “Accounting Standard for Leases” (ASBJ Statement No. 34, September 13, 2024)
- “Implementation Guidance on Accounting Standard for Leases” (ASBJ Guidance No. 33, September 13, 2024)

#### **(1) Overview**

As part of the efforts taken by the ASBJ to align Japanese accounting standards with international standards, discussions have been held regarding the development of accounting standards for leases that require the recognition of assets and liabilities for all lessee leases, taking international accounting standards into consideration. The guiding principle is to base these standards on a single accounting model for lessees as outlined in IFRS 16; however, rather than adopting all the provisions of IFRS 16, the aim is to primarily incorporate the key provisions. This approach seeks to create a lease accounting standard that is simple, convenient, and, in principle, does not require modifications when applying the provisions of IFRS 16 to stand-alone financial statements.

For the accounting treatment of lessees concerning lease expense allocation, a single accounting model is applied for all leases, regardless of whether they are finance leases or operating leases, as outlined in IFRS 16. This model requires the recording of depreciation expense related to the right-of-use assets and interest expense related to the lease liability.

#### **(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, 2028.

#### **(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 Standard for Leases and related implementation guidance on its consolidated financial statements.



## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

#### 6. 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.

##### (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, 2025 and ¥131 million of book value at March 31, 2024.

The number of such shares was 116,100 at March 31, 2025 and 116,100 at March 31, 2024.

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.

#### 7. 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  $¥149.52 = \text{U.S.}\$1$ , the approximate rate of exchange prevailing on the latest balance sheet date of March 31, 2025, 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  $¥149.52 = \text{U.S.}\$1$  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.

# NOF CORPORATION and Subsidiaries

## Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

### 8. Receivables from contracts with customers and contract assets

Receivables from contracts with customers and contract assets as of March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Notes .....	¥ 976	¥ 572	\$ 6,531
Accounts Receivable .....	¥ 57,364	¥ 53,573	\$ 383,654
Contract assets .....	¥ 897	¥ 456	\$ 6,001

### 9. 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 ¥189 million (US\$1,266 thousand) at March 31, 2025, and ¥260 million at March 31, 2024 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Land .....	¥ 160	¥ 160	\$ 1,070
Total .....	¥ 160	¥ 160	\$ 1,070

### 10. 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, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Buildings and structures .....	¥ 528	¥ 512	\$ 3,534
Machinery, equipment and vehicles.....	439	442	2,937
Other .....	13	13	90
Total.....	¥ 981	¥ 968	\$ 6,562

# NOF CORPORATION and Subsidiaries

## Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

### 11. Investments in unconsolidated subsidiaries and affiliates

Investments in unconsolidated subsidiaries and affiliates as of March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Investments in securities.....	¥ 342	¥ 342	\$ 2,289
Capital contribution.....	3,171	43	21,211
Total.....	<u>¥ 3,513</u>	<u>¥ 385</u>	<u>\$ 23,500</u>

### 12. Commitments and contingencies

(1) As of March 31, 2025 and 2024 the Company was contingently liable for the conditional assignment of ¥ 892 million (US\$ 5,965 thousand) and ¥ 1,747 million, respectively, of trade notes and accounts receivable with recourse obligations.

(2) As of March 31, 2025 and 2024 the Company had unused commitment agreements amounting to ¥ 5,000 million (US\$ 33,440 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 7)
	2025	2024	2025
Notes receivable .....	¥ —	¥ 18	\$ —
Electronically recorded monetary claims-operating .....	—	149	—
Electronically recorded obligations-operating .....	<u>—</u>	<u>309</u>	<u>—</u>

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

#### 13. Contract liabilities

Contract liabilities included in “Other” on Current liabilities as of March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Contract liabilities .....	¥ 5,218	¥ 3,903	\$ 34,899

#### 14. 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 “38. Revenue Recognition (1) Information about breakdown of revenue from contracts with customers”.

#### 15. Inventories

Write-downs of inventories for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Cost of sales .....	¥ (569)	¥ 976	\$ (3,812)

#### 16. Selling, general and administrative expenses

Major elements of selling, general and administrative expenses for the years ended March 31, 2025 and 2024 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Delivery and storage charges .....	¥ 6,218	¥ 5,613	\$ 41,592
Salaries and bonuses .....	10,015	9,760	66,987
Retirement benefit expenses .....	425	409	2,845
Accrued bonuses .....	1,246	1,223	8,339
Retirement benefit costs for officers .....	—	2	—
Research and development costs .....	7,031	6,333	47,024
Allowance for doubtful accounts .....	4	(10)	32

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

#### 17. Research and development costs

Research and development costs for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Research and development costs .....	¥ 7,928	¥ 7,253	\$ 53,028

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

Gain on sale of non-current assets for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Machinery, equipment and vehicles .....	¥ 37	¥ 0	\$ 249
Land .....	410	—	2,745
Others (tools, furniture and fixtures etc.)..	—	0	—
Total.....	¥ 447	¥ 1	\$ 2,995

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

Gain on receipt of donated non-current assets for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Buildings and structures .....	¥ —	¥ 397	\$ —
Others (tools, furniture and fixtures etc.)..	—	13	—
Total.....	¥ —	¥ 411	\$ —

#### 20. Compensation income

Compensation income for the years ended March 31, 2025 is due to compensation for the discontinued supply of raw materials from our business partners.

# NOF CORPORATION and Subsidiaries

## Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

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

Loss on sale of non-current assets for the years ended March 31, 2025 and 2024 are as follows

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Buildings and structures .....	¥ 1	¥ —	\$ 6
Total.....	¥ 1	¥ —	\$ 6

### 22. 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.

2024			
Location	Major use	Asset	Millions of yen
Taketoyo-cho, Chita-gun, Aichi	Facilities	Machinery, equipment and vehicles, etc	¥ 55

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 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 for buildings and structures, ¥ 30 million for machinery and vehicles, ¥ 14 million for tools, furniture and fixtures and ¥ 4 million for others.

There were no applicable items recognized in the fiscal year ended March 31, 2025.

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

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

Loss on retirement of non-current assets for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Buildings and structures .....	¥ 82	¥ 23	\$ 551
Machinery, equipment and vehicles .....	7	45	49
Other (tools, furniture and fixtures etc.) ...	19	2	131
Total .....	<u>¥ 109</u>	<u>¥ 71</u>	<u>\$ 733</u>

#### 24. Loss on tax purpose reduction entry of non-current assets

Loss on tax purpose reduction entry of non-current assets for the years ended March 31, 2025 and 2024 are as follows

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Buildings and structures .....	¥ 1	¥ —	\$ 12
Total .....	<u>¥ 1</u>	<u>¥ —</u>	<u>\$ 12</u>

#### 25. Loss on valuation of investment securities

Loss on valuation of investment securities for the year ended March 31, 2025 is due to a significant decline in the value of one unlisted stock in our investment portfolio, compared to its acquisition cost. This decrease resulted in the recognition of an impairment loss.

# NOF CORPORATION and Subsidiaries

## Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

### 26. Other comprehensive income

Reclassification adjustments and tax effects of each component of other comprehensive income for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Valuation difference on available-for-sale securities:			
Amount arising during the year.....	¥ (4,051)	¥ 9,788	\$ (27,094)
Reclassification adjustments for gains and losses included in net income .....	(3,670)	(2,605)	(24,548)
Amount before tax effect .....	(7,721)	7,183	(51,643)
Tax effect .....	2,107	(2,217)	14,097
Valuation difference on available-for-sale securities.....	(5,613)	4,965	(37,545)
Foreign currency translation adjustment:			
Amount arising during the year.....	¥ 2,040	¥ 1,761	\$ 13,648
Remeasurements of defined benefit plans, net of tax:			
Amount arising during the year.....	¥ 3,671	¥ 2,638	\$ 24,552
Reclassification adjustments for gains and losses included in net income .....	(246)	(10)	(1,651)
Amount before tax effect .....	3,424	2,628	22,901
Tax effect .....	(1,122)	(816)	(7,509)
Remeasurements of defined benefit plans, net of tax.....	2,301	1,811	15,392
Total other comprehensive income.....	¥ (1,271)	¥ 8,539	\$ (8,504)



## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

#### 27. Net assets

Information regarding changes in net assets for the years ended March 31, 2025 and 2024 are as follows:

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

Thousands of shares				
2025				
	Number of shares at March 31, 2024	Increase	Decrease	Number of shares at March 31, 2025
Common stock.....	80,841	161,682	6,000	236,524
Treasury share .....	1,189	7,801	6,000	2,991

The increase in common stock during the year ended March 31, 2025 was due to a 3-for-1 common share split on April 1, 2024 (161,682 thousand shares).

The decrease in common stock during the year ended March 31, 2025 was due to the disposal of treasury shares (6,000 thousand shares).

The increase in treasury share during the year ended March 31, 2025 was due to a 3-for-1 common share split on April 1, 2024 (2,378 thousand shares), the purchase of odd-lot shares (3 thousand shares), and the market purchases (5,420 thousand shares).

The decrease in treasury share during the year ended March 31, 2025 was due to the disposal of treasury shares (6,000 thousand shares).

Number of shares of treasury share at the beginning of the fiscal year ended March 31, 2025 includes 38 thousand shares (before share split) held by the Board Benefit Trust (BBT). Number of shares of treasury share at the end of the fiscal year ended March 31, 2025 includes 116 thousand shares held by the Board Benefit Trust (BBT).

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

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

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).

#### (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, 2025:

	Type of shares	Millions of yen	Yen
		Total dividends	Dividends per share
Annual general meeting of the stockholders on June 27, 2024	Common stock	¥ 4,622	¥ 58
Meeting of the Board of Directors on November 7, 2024	Common stock	¥ 5,000	¥ 21

	Type of shares	Thousands of U.S. dollars (Note 7)	U.S. dollars (Note 7)
		Total dividends	Dividends per share
Annual general meeting of the stockholders on June 27, 2024	Common stock	\$ 30,912	\$ 0.39
Meeting of the Board of Directors on November 7, 2024	Common stock	\$ 33,441	\$ 0.14

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

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).

Total dividends ¥ 5,000 million by Meeting of the Board of Directors on November 7, 2024 includes ¥ 2 million of dividends for shares held by the Board Benefit Trust (BBT).

The dividend amount per share, as resolved at the annual general meeting of the stockholders on June 27, 2024, is based on the number of shares before the share split, as the dividend record date is set for March 31, 2024.

Dividends paid for the year ended March 31, 2024:

	Type of shares	Millions of yen	Yen
		Total dividends	Dividends per share
Annual general meeting of the stockholders on June 27, 2023	Common stock	¥ 4,688	¥ 58
Meeting of the Board of Directors on November 1, 2023	Common stock	¥ 4,503	¥ 56

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).

Dividends with the cut-off date in the year ended March 31, 2025 and the effective date in the year ending March 31, 2026:

	Type of shares	Millions of yen	Yen
		Total dividends	Dividends per share
Annual general meeting of the stockholders on June 27, 2025	Common stock	¥ 5,607	¥ 24

	Type of shares	Thousands of U.S. dollars (Note 7)	U.S. dollars (Note 7)
		Total dividends	Dividends per share
Annual general meeting of the stockholders on June 27, 2025	Common stock	\$ 37,503	\$ 0.16

Total dividends ¥ 5,607 million by Annual general meeting of the stockholders on June 27, 2025 includes ¥ 2 million of dividends for shares held by the Board Benefit Trust (BBT).

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

#### 28. Supplementary cash flow information

Cash and cash equivalents as of March 31, 2025 and 2024 are reconciled to cash and deposits in the consolidated balance sheet as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Cash and time deposits .....	¥ 87,064	¥ 91,744	\$ 582,295
Time deposits with maturity of more than three months .....	(4,349)	(4,229)	(29,093)
Separate deposit (Board Benefit Trust) .....	(8)	(5)	(55)
Cash and cash equivalents .....	<u>¥ 82,706</u>	<u>¥ 87,509</u>	<u>\$ 553,146</u>

#### 29. Leases

The Group leases certain machinery, equipment and vehicles, software and other assets. Obligations under non-cancelable operating leases as of March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Due within one year .....	¥ 55	¥ 45	\$ 373
Due after one year .....	79	17	529
Total .....	<u>¥ 134</u>	<u>¥ 62</u>	<u>\$ 902</u>

#### 30. 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.

## **NOF CORPORATION and Subsidiaries**

### **Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024**

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.

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

#### (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, 2025 and 2024 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			
2025			
	Carrying value	Estimated fair value	Difference
<b>Assets</b>			
Investment securities			
Held-to-maturity securities .....	¥ 1,300	¥ 1,279	¥ (20)
Available-for-sale securities .....	39,186	39,186	—
Total assets.....	<u>¥ 40,486</u>	<u>¥ 40,465</u>	<u>¥ (20)</u>
<b>Liabilities</b>			
Long-term borrowings from banks and other financial institutions .....	¥ 2,824	¥ 2,778	¥ (46)
Total liabilities .....	<u>¥ 2,824</u>	<u>¥ 2,778</u>	<u>¥ (46)</u>
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.....	<u>¥ 49,739</u>	<u>¥ 49,734</u>	<u>¥ (5)</u>
<b>Liabilities</b>			
Long-term borrowings from banks and other financial institutions .....	¥ 2,775	¥ 2,754	¥ (20)
Total liabilities .....	<u>¥ 2,775</u>	<u>¥ 2,754</u>	<u>¥ (20)</u>

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

Thousands of U.S. dollars (Note 7)			
2025			
	Carrying value	Estimated fair value	Difference
<b>Assets</b>			
Investment securities			
Held-to-maturity securities .....	\$ 8,694	\$ 8,554	\$ (139)
Available-for-sale securities .....	262,079	262,079	–
Total assets.....	<u>\$ 270,774</u>	<u>\$ 270,634</u>	<u>\$ (139)</u>
<b>Liabilities</b>			
Long-term borrowings from banks and other financial institutions .....	\$ 18,890	\$ 18,582	\$ (308)
Total liabilities .....	<u>\$ 18,890</u>	<u>\$ 18,582</u>	<u>\$ (308)</u>

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 7)
	2025	2024	2025
Unlisted stock.....	¥ 1,177	¥ 1,199	\$ 7,872
Fund certificate .....	¥ 0	¥ 0	\$ 1
Investment limited partnership .....	¥ 200	¥ 253	\$ 1,342

(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)

# NOF CORPORATION and Subsidiaries

## Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

Redemption schedule for receivables and securities with maturities as of March 31, 2025 and 2024 are as follows:

	Millions of yen			
	2025			
	Within a year	1 to 5 years	5 to 10 years	Over 10 years
Cash and time deposits .....	¥ 87,057	¥ –	¥ –	¥ –
Notes.....	¥ 976	¥ –	¥ –	¥ –
Accounts Receivable .....	¥ 57,364	¥ –	¥ –	¥ –
Electronically recorded monetary claims-operating .....	¥ 3,561	¥ –	¥ –	¥ –
Investment securities Held-to-maturity securities Corporate bonds .....	¥ –	¥ 300	¥ 1,000	¥ –

  

	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	¥ –

  

	Thousands of U.S. dollars (Note 7)			
	2025			
	Within a year	1 to 5 years	5 to 10 years	Over 10 years
Cash and time deposits .....	\$ 582,244	\$ –	\$ –	\$ –
Notes.....	\$ 6,531	\$ –	\$ –	\$ –
Accounts Receivable .....	\$ 383,654	\$ –	\$ –	\$ –
Electronically recorded monetary claims-operating .....	\$ 23,817	\$ –	\$ –	\$ –
Investment securities Held-to-maturity securities Corporate bonds .....	\$ –	\$ 2,006	\$ 6,688	\$ –



## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

#### (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, 2025 and 2024 are as follows.

Millions of yen				
2025				
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock .....	¥ 39,186	¥ –	¥ –	¥ 39,186
Total assets.....	¥ 39,186	¥ –	¥ –	¥ 39,186
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

# NOF CORPORATION and Subsidiaries

## Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

	Thousands of U.S. dollars (Note 7)			
	2025			
	Level 1	Level 2	Level 3	Total
Investment securities				
Other securities				
Stock .....	\$ 262,079	\$ –	\$ –	\$ 262,079
Total assets.....	<u>\$ 262,079</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ 262,079</u>

2) Financial instruments other than those measured at fair value on the consolidated balance sheet as of March 31, 2025 and 2024 are as follows.

	Millions of yen			
	2025			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity securities				
Corporate bonds .....	¥ –	¥ 1,279	¥ –	¥ 1,279
Total assets.....	<u>¥ –</u>	<u>¥ 1,279</u>	<u>¥ –</u>	<u>¥ 1,279</u>
Long-term borrowings.....	¥ –	¥ 2,778	¥ –	¥ 2,778
Total liabilities .....	<u>¥ –</u>	<u>¥ 2,778</u>	<u>¥ –</u>	<u>¥ 2,778</u>

	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.....	<u>¥ –</u>	<u>¥ 1,294</u>	<u>¥ –</u>	<u>¥ 1,294</u>
Long-term borrowings.....	¥ –	¥ 2,754	¥ –	¥ 2,754
Total liabilities .....	<u>¥ –</u>	<u>¥ 2,754</u>	<u>¥ –</u>	<u>¥ 2,754</u>

# NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2025 and 2024

	Thousands of U.S. dollars (Note 7)			
	2025			
	Level 1	Level 2	Level 3	Total
Investment securities				
Held-to-maturity securities				
Corporate bonds .....	\$ –	\$ 8,554	\$ –	\$ 8,554
Total assets.....	\$ –	\$ 8,554	\$ –	\$ 8,554
Long-term borrowings.....	\$ –	\$ 18,582	\$ –	\$ 18,582
Total liabilities .....	\$ –	\$ 18,582	\$ –	\$ 18,582

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.

## 31. 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 1.29% at March 31, 2025, and 1.15% at March 31, 2024.

Long-term borrowings as of March 31, 2025 and 2024 consisted of the following:

	Thousands of U.S. dollars (Note 7)	
	Millions of yen	
	2025	2024
Loans, principally from banks and insurance companies, due November 2026 to December 2028 with average interest rates of 1.23% at March 31, 2025, and 1.54% at March 31, 2024	¥ 2,824	¥ 2,775
Less: Current maturities of:		
Long-term borrowings.....	816	—
Total .....	¥ 2,008	¥ 2,775

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

Aggregate annual maturities of Long-term borrowings subsequent to March 31, 2025 are as follows:

Years ending March 31	Millions of yen	Thousands of U.S. dollars (Note 7)
2027.....	¥ 858	\$ 5,739
2028.....	1,000	6,688
2029.....	150	1,003
2030.....	—	—
2031 and thereafter .....	—	—
Total.....	<u>¥ 2,008</u>	<u>\$ 13,430</u>

#### 32. 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, 2025 and 2024 are as follows:

Description	Millions of yen		
	2025		
	Fair value	Book value	Unrealized gain or loss
Book value in excess of acquisition cost			
Government bonds, local government bonds, etc.....	—	—	—
Corporate bonds.....	¥ —	¥ —	¥ —
Others .....	—	—	—
Sub total.....	<u>¥ —</u>	<u>¥ —</u>	<u>¥ —</u>
Book value not in excess of acquisition cost			
Government bonds, local government bonds, etc.....	—	—	—
Corporate bonds.....	¥ 1,279	¥ 1,300	¥ (20)
Others .....	—	—	—
Sub total.....	<u>¥ 1,279</u>	<u>¥ 1,300</u>	<u>¥ (20)</u>
Total .....	<u>¥ 1,279</u>	<u>¥ 1,300</u>	<u>¥ (20)</u>

# NOF CORPORATION and Subsidiaries

Notes to Consolidated Financial Statements  
For the years ended March 31, 2025 and 2024

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)

Description	Thousands of U.S. dollars (Note 7)		
	2025		
	Fair value	Book value	Unrealized gain or loss
Book value in excess of acquisition cost			
Government bonds, local government bonds, etc.....	—	—	—
Corporate bonds.....	\$ —	\$ —	\$ —
Others .....	—	—	—
Sub total.....	\$ —	\$ —	\$ —
Book value not in excess of acquisition cost			
Government bonds, local government bonds, etc.....	—	—	—
Corporate bonds.....	\$ 8,554	\$ 8,694	\$ (139)
Others .....	—	—	—
Sub total.....	\$ 8,554	\$ 8,694	\$ (139)
Total .....	\$ 8,554	\$ 8,694	\$ (139)

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

- (2) The acquisition cost, book value and unrealized gains or losses on available-for-sale securities with fair value as of March 31, 2025 and 2024 are as follows:

Description	Millions of yen		
	2025		
	Acquisition cost	Book value (fair value)	Unrealized gain or loss
Book value in excess of acquisition cost			
Stocks .....	¥ 8,382	¥ 39,186	¥ 30,803
Bonds .....	—	—	—
Others .....	—	—	—
Sub total.....	¥ 8,382	¥ 39,186	¥ 30,803
Book value not in excess of acquisition cost			
Stocks .....	¥ —	¥ —	¥ —
Bonds .....	—	—	—
Others .....	—	—	—
Sub total.....	¥ —	¥ —	¥ —
Total .....	¥ 8,382	¥ 39,186	¥ 30,803

  

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

# NOF CORPORATION and Subsidiaries

## Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

Description	Thousands of U.S. dollars (Note 7)		
	2025		
	Acquisition cost	Book value (fair value)	Unrealized gain or loss
Book value in excess of acquisition cost			
Stocks .....	\$ 56,062	\$ 262,079	\$ 206,017
Bonds .....	—	—	—
Others .....	—	—	—
Sub total.....	\$ 56,062	\$ 262,079	\$ 206,017
Book value not in excess of acquisition cost			
Stocks .....	\$ —	\$ —	\$ —
Bonds .....	—	—	—
Others .....	—	—	—
Sub total.....	\$ —	\$ —	\$ —
Total .....	\$ 56,062	\$ 262,079	\$ 206,017

- (3) Available-for-sale securities sold during the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Proceeds from sale of available-for-sale securities .....	¥ 5,205	¥ 3,572	\$ 34,815
Realized gain.....	¥ 3,670	¥ 2,612	\$ 24,548
Realized loss .....	¥ —	¥ 7	\$ —

- (4) Impaired securities

Due to impairment, a loss on valuation of investment securities of ¥ 20 million (\$ 134 thousand) was recorded for the year ended March 31, 2025.

- (5) The book value of major securities without fair value as of March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Unlisted stocks .....	¥ 1,177	¥ 1,199	\$ 7,872
Fund certificates.....	¥ 0	¥ 0	\$ 1
Investment limited partnership .....	¥ 200	¥ 253	\$ 1,342

# NOF CORPORATION and Subsidiaries

## Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

### 33. 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, 2025 and 2024 are as follows (excluding plans using the simplified method):

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Beginning balance of retirement benefit obligation .....	¥ 23,924	¥ 23,219	\$ 160,011
Service cost .....	1,253	1,299	8,383
Interest cost .....	36	35	244
Actuarial loss .....	(3,160)	(17)	(21,137)
Retirement benefits paid .....	(724)	(658)	(4,846)
Other .....	39	47	261
Ending balance of retirement benefit obligation .....	¥ 21,369	¥ 23,924	\$ 142,917

- (2) The changes in plan assets during the years ended March 31, 2025 and 2024 are as follows (excluding plans using the simplified method):

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Beginning balance of plan assets .....	¥ 26,406	¥ 23,046	\$ 176,607
Expected return on plan assets .....	466	416	3,119
Actuarial loss .....	490	2,607	3,278
Contributions by the Company .....	777	743	5,199
Retirement benefits paid .....	(469)	(408)	(3,143)
Other .....	(41)	(0)	(278)
Ending balance of plan assets .....	¥ 27,628	¥ 26,406	\$ 184,782



## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

- (3) The changes in liabilities for retirement benefits calculated by using the simplified method during the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Beginning balance of net defined benefit liability .....	¥ 1,646	¥ 1,598	\$ 11,011
Retirement benefit expenses .....	271	253	1,813
Retirement benefits paid .....	(133)	(115)	(895)
Contributions by the Company .....	(104)	(89)	(699)
Ending balance of net defined benefit liability .....	¥ 1,679	¥ 1,646	\$ 11,230

- (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, 2025 and 2024 for the Company's and the consolidated subsidiaries' defined benefit plans:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Funded retirement benefit obligation ....	¥ 20,295	¥ 22,824	\$ 135,740
Plan assets .....	29,287	(28,056)	195,879
	(8,991)	(5,232)	(60,139)
Unfunded retirement benefit obligation	4,411	4,397	29,504
Net liabilities in consolidated balance sheet .....	(4,580)	(834)	(30,634)
Retirement benefit asset .....	(9,557)	(5,777)	(63,920)
Retirement benefit liability .....	4,976	4,942	33,285
Net liabilities in consolidated balance sheet .....	¥ (4,580)	¥ (834)	\$ (30,634)

- (5) The components of retirement benefit expense for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Service cost .....	¥ 1,253	¥ 1,299	\$ 8,383
Interest cost .....	36	35	244
Expected return on plan assets .....	(466)	(416)	(3,119)
Amortization of actuarial loss .....	(226)	(10)	(1,515)
Retirement benefit expenses for simplified method .....	271	253	1,813
Retirement benefit expenses for defined benefit plans .....	¥ 868	¥ 1,160	\$ 5,806

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

- (6) The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Actuarial loss .....	¥ (3,424)	¥ (2,628)	\$ (22,901)
Total .....	<u>¥ (3,424)</u>	<u>¥ (2,628)</u>	<u>\$ (22,901)</u>

- (7) The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Unrecognized actuarial loss .....	¥ (6,312)	¥ (2,888)	\$ (42,219)
Total .....	<u>¥ (6,312)</u>	<u>¥ (2,888)</u>	<u>\$ (42,219)</u>

- (8) 1) The fair value of plan assets, by major category, as a percentage of total plan assets as of March 31, 2025 and 2024 are as follows:

	2025	2024
Equity securities .....	31%	33%
Debt securities .....	24%	24%
General accounts.....	26%	27%
Other.....	19%	16%
Total .....	<u>100%</u>	<u>100%</u>

Note:

The plan assets include 14% and 12% of the retirement pension trusts for corporate pension plans as of March 31, 2025 and 2024, 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, 2025 and 2024

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

	<u>2025</u>	<u>2024</u>
Discount rate .....	mainly 1.57%	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, 2025 and 2024 are as follows:

	<u>Millions of yen</u>		<u>Thousands of U.S. dollars (Note 7)</u>
	<u>2025</u>	<u>2024</u>	<u>2025</u>
Defined contribution plans.....	¥ 115	¥ 117	\$ 773

#### 34. Stock option

There were no applicable items.

# NOF CORPORATION and Subsidiaries

## Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

### 35. Income taxes

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

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Deferred tax assets:			
Provision for bonuses.....	¥ 1,228	¥ 1,148	\$ 8,214
Retirement benefit liability.....	2,471	2,485	16,532
Elimination of intercompany profits.	618	598	4,138
Valuation loss on inventories .....	366	582	2,448
Accrued enterprise tax.....	463	421	3,098
Impairment losses .....	307	320	2,055
Provision for officers' retirement benefits and retirement benefits for directors (and other officers) .....	2	4	18
Loss on valuation of investment securities .....	196	184	1,313
Deemed dividend by distribution in kind	2,193	2,125	14,671
Others .....	1,766	1,052	11,817
Subtotal.....	9,615	8,925	64,308
Valuation allowance.....	(2,578)	(2,490)	(17,243)
Total deferred tax assets .....	7,037	6,435	47,065
Deferred tax liabilities:			
Valuation difference on available- for-sale securities .....	(9,723)	(11,830)	(65,028)
Reserve for advanced depreciation of property, plant and equipment .....	(1,449)	(1,426)	(9,692)
Valuation differences .....	(1,513)	(1,513)	(10,125)
Gain on revaluation of assets trusted for retirement benefit.....	(654)	(633)	(4,375)
Others .....	(4,045)	(2,812)	(27,058)
Total deferred tax liabilities.....	(17,386)	(18,218)	(116,279)
Net deferred tax liabilities .....	¥ (10,349)	¥ (11,783)	\$ (69,215)

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

#### (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, 2025 and 2024. 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, 2025 and 2024 was as follows:

	2025	2024
Effective statutory tax rate.....	31.0%	—
Non-deductible expenses.....	0.1	—
Tax credits .....	(2.2)	—
Valuation allowance .....	0.2	—
Inhabitants' per capita taxes .....	0.1	—
Deduction of dividends received .....	0.1	—
Different tax rates applied to foreign subsidiaries .	(1.7)	—
Other.....	0.4	—
Effective tax rates .....	<u>27.9%</u>	<u>—</u>

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.

#### (3) Adjustments to deferred tax assets and deferred tax liabilities due to changes in corporate tax rates, etc.

The “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 13, 2025) was enacted by the Diet on March 31, 2025, and the “Special Defense Corporation Tax” will be imposed from the fiscal year beginning on and after April 1, 2026. As a result, the effective statutory tax rate for the calculation of deferred tax assets and deferred tax liabilities has been changed from 31%, which was used for the calculation in the previous fiscal year, to 32.0% for temporary differences expected to be reversed in the fiscal year beginning on and after April 1, 2026.

As a result of this change, the deferred tax liabilities (after deducting the amount of deferred tax assets) increased by 316 million yen, valuation difference on available-for-sale securities decreased by 291 million yen, remeasurements of defined benefit plans decreased by 58 million yen, and the income taxes - deferred decreased by 32 million yen.

#### 36. Business combination

There were no applicable items.

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

#### 37. Asset retirement obligations

Information on the asset retirement obligations recorded on the consolidated balance sheet at March 31, 2025 and 2024 are 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, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Balance at beginning of year.....	¥ 557	¥ 556	\$ 3,731
Increase due to acquisition of property, plant and equipment.....	4	3	29
Accretion expenses .....	0	0	0
Decrease due to fulfillment of asset retirement obligations .....	(365)	(2)	(2,441)
Balance at the end of year .....	¥ 197	¥ 557	\$ 1,318

# NOF CORPORATION and Subsidiaries

## Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

### 38. 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, 2025 and 2024 are as follows:

Millions of yen						
2025						
Reportable segments						
	Functional Chemicals	Pharmaceuticals, Medicals and Health	Explosives & Propulsion	Subtotal	Others	Total
Net sales						
Japan .....	¥ 104,749	¥ 22,042	¥ 38,646	¥ 165,439	¥ 469	¥ 165,908
Asia .....	34,800	2,518	87	37,406	116	37,523
Europe .....	6,513	13,946	24	20,484	—	20,484
Others .....	4,851	9,524	17	14,393	—	14,393
Sales to customers....	¥ 150,915	¥ 48,033	¥ 38,775	¥ 237,724	¥ 585	¥ 238,310

  

Millions of yen						
2024						
Reportable segments						
	Functional Chemicals	Pharmaceuticals, 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

# NOF CORPORATION and Subsidiaries

## Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

Thousands of U.S. dollars (Note 7)						
2025						
Reportable segments						
	Functional Chemicals	Pharmaceut icals, Medicals and Health	Explosives & Propulsion	Subtotal	Others	Total
Net sales						
Japan .....	\$ 700,575	\$ 147,422	\$ 258,471	\$ 1,106,469	\$ 3,139	\$ 1,109,609
Asia .....	232,747	16,846	586	250,180	778	250,958
Europe .....	43,563	93,278	161	137,003	0	137,003
Others .....	32,446	63,702	115	96,264	0	96,264
Sales to customers....	<u>\$ 1,009,332</u>	<u>\$ 321,249</u>	<u>\$ 259,335</u>	<u>\$ 1,589,917</u>	<u>\$ 3,917</u>	<u>\$ 1,593,835</u>

### 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.
- (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, 2025 and 2024

- 1) Balance of contract assets and contract liabilities, etc. as of March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Receivables from contracts with customers:			
Balance at beginning of year.....	¥ 57,706	¥ 48,558	\$ 385,947
Balance at end of year .....	¥ 61,901	¥ 57,706	\$ 414,004
Contract assets:			
Balance at beginning of year.....	¥ 456	¥ 427	\$ 3,055
Balance at end of year .....	¥ 897	¥ 456	\$ 6,001
Contract liabilities:			
Balance at beginning of year.....	¥ 3,903	¥ 5,241	\$ 26,108
Balance at end of year .....	¥ 5,218	¥ 3,903	\$ 34,899

Notes:

- Contract assets are related to consideration recognized based on the fulfillment of performance obligations of the Functional Chemicals Segment and the Explosives & Propulsion Segment, and are included in “Notes and accounts receivable - trade, and contract assets” on the consolidated balance sheet.
- Contract liabilities are related to advances received from customers and are included in “Other current liabilities” under current liabilities on the consolidated balance sheet.
- Out of the revenue recognized in the fiscal year, the amount included in the beginning balance of contract liabilities is ¥ 3,741 million (US\$ 25,022 thousand) at March 31, 2025, and ¥ 4,989 million (US\$ 32,951 thousand) at March 31, 2024.
- In the fiscal year ended March 31, 2025, 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, 2025 and 2024

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

In the fiscal year ended March 31, 2025, the transaction price allocated to the remaining performance obligations is ¥ 47,068 million (US\$ 314,797 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, 2025.

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 7)
	2025	2024	2025
Within one year.....	¥ 18,277	¥ 14,035	\$ 122,241
After one year .....	28,791	18,708	192,556
Total .....	<u>¥ 47,068</u>	<u>¥ 32,743</u>	<u>\$ 314,797</u>

### 39. 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 For the years ended March 31, 2025 and 2024

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								
2025								
	Reportable segments			Subtotal	Others	Total	Adjustments	Consolidated
	Functional Chemicals	Pharmaceuticals, Medicals and Health	Explosives & Propulsion					
Net sales								
Sales to external customers .....	¥ 150,915	¥ 48,033	¥ 38,775	¥ 237,724	¥ 585	¥ 238,310	¥ –	¥ 238,310
Intersegment sales or transfers .....	3,775	1,111	12	4,899	8,918	13,818	(13,818)	–
Total .....	154,691	49,144	38,788	242,624	9,504	252,128	(13,818)	238,310
Segment profit .....	¥ 29,797	¥ 15,697	¥ 3,130	¥ 48,625	¥ 348	¥ 48,974	¥ (3,665)	¥ 45,308
Segment assets .....	¥ 133,322	¥ 54,911	¥ 77,144	¥ 265,377	¥ 4,624	¥ 270,001	¥ 87,194	¥ 357,196
Other items								
Depreciation .....	3,614	1,391	2,393	7,399	94	7,494	470	7,965
Increase in property, plant and equipment and intangible assets ....	6,374	7,825	3,722	17,922	99	18,021	359	18,381

# NOF CORPORATION and Subsidiaries

## Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

Thousands of U.S. dollars (Note 7)								
2025								
	Reportable segments			Subtotal	Others	Total	Adjustments	Consolidated
	Functional Chemicals	Pharmaceuticals, Medicals and Health	Explosives & Propulsion					
Net sales								
Sales to external customers .....	\$ 1,009,332	\$ 321,249	\$ 259,335	\$ 1,589,917	\$ 3,917	\$ 1,593,835	\$ –	\$ 1,593,835
Intersegment sales or transfers .....	25,253	7,434	82	32,771	59,645	92,416	(92,416)	–
Total .....	1,034,586	328,683	259,418	1,622,688	63,563	1,686,252	(92,416)	1,593,835
Segment profit .....	\$ 199,286	\$ 104,989	\$ 20,937	\$ 325,212	\$ 2,329	\$ 327,541	\$ (24,517)	\$ 303,024
Segment assets .....	\$ 891,668	\$ 367,248	\$ 515,945	\$ 1,774,862	\$ 30,928	\$ 1,805,791	\$ 583,161	\$ 2,388,952
Other items								
Depreciation .....	24,174	9,306	16,009	49,490	635	50,126	3,147	53,273
Increase in property, plant and equipment and intangible assets ....	42,632	52,340	24,893	119,865	663	120,529	2,407	122,936

### Notes:

- The “Others” category consists of business that is not included in reportable segments. It includes transportation, real estate sales, and management services, etc.
- An adjustment is as follows
  - An adjustment of ¥ (3,665) million (\$ (24,517) thousand) in segment profit includes ¥ 46 million (\$ 313 thousand) eliminated for intersegment transactions, and ¥ (3,712) million (\$ (24,830) 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.
  - The adjustment of ¥ 87,194 million (\$ 583,161 thousand) for segment assets includes intersegment elimination of ¥ (34,978) million (\$ (233,935) thousand) and ¥ 122,172 million (\$ 817,097 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.
  - The adjustment of ¥ 470 million (\$ 3,147 thousand) for depreciation represents depreciation related to company-wide assets.
  - The adjustment of ¥ 359 million (\$ 2,407 thousand) for increase in property, plant and equipment and intangible assets represents an increase in company-wide assets.

# NOF CORPORATION and Subsidiaries

## Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

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

Millions of yen								
2024								
	Reportable segments				Others	Total	Adjustments	Consolidated
	Functional Chemicals	Pharmaceuticals, Medicals and Health	Explosives & Propulsion	Subtotal				
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

### Notes:

- The “Others” category consists of business that is not included in reportable segments. It includes transportation, real estate sales, and management services, etc.
- An adjustment is as follows
  - An adjustment of ¥ (3,213) million in segment profit includes ¥ 73 million eliminated for intersegment transactions, and ¥ (3,287) million 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.
  - The adjustment of ¥ 94,662 million for segment assets includes intersegment elimination of ¥ (37,091) million and ¥ 131,754 million 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.
  - The adjustment of ¥ 393 million for depreciation represents depreciation related to company-wide assets.
  - The adjustment of ¥ 1,639 million for increase in property, plant and equipment and intangible assets represents an increase in company-wide assets.
- Segment profit is adjusted with operating income in the quarterly consolidated statements of income.

# NOF CORPORATION and Subsidiaries

## Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

### (2) Information related to reportable segments

- 1) The Group's sales by geographical area for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Japan .....	¥ 165,908	¥ 147,847	\$ 1,109,609
Asia .....	37,523	35,828	250,958
Europe .....	20,484	22,203	137,003
Others .....	14,393	16,373	96,264
Total .....	<u>¥ 238,310</u>	<u>¥ 222,252</u>	<u>\$ 1,593,835</u>

- 2) The Group's property, plant and equipment by geographical area as of March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Japan .....	¥ 77,188	¥ 67,969	\$ 516,239
Others .....	7,881	6,725	52,709
Total .....	<u>¥ 85,069</u>	<u>¥ 74,695</u>	<u>\$ 568,948</u>

- 3) Information for each of main customers:

		Millions of yen	Thousands of U.S. dollars (Note 7)
【Related segment】		2025	2025
Functional Chemicals			
Customer :			
Ryohin Keikaku Co., Ltd.	Net sales	¥ 32,237	\$ 215

(Note) Sales to external customers are omitted because there are no sales to specific customers that account for 10% or more of net sales in the consolidated statements of income for the years ended March 31, 2024.

## NOF CORPORATION and Subsidiaries

### Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

- (3) Impairment losses by reportable segments for the years ended March 31, 2025 and 2024 are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 7)
	2025	2024	2025
Functional Chemicals .....	¥ –	¥ 55	\$ –
Pharmaceuticals, Medicals and Health .....	–	–	–
Explosives & Propulsion .....	–	–	–
Others .....	–	–	–
Total .....	¥ –	¥ 55	\$ –

#### 40. Related party transactions

The information for the fiscal years ended March 31, 2025 and 2024 was not disclosed because there were no significant transactions with related parties.

#### 41. 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 7)
	2025	2024	2025
Profit attributable to owners of parent:			
Basic earnings per share .....	¥ 153.88	¥ 141.17	\$ 1.03
Diluted earnings per share .....	–	–	–
Cash dividends applicable to the year .....	45.00	114.00	0.30
Net assets per share .....	1,192.67	1,109.01	7.98

Profit attributable to owners of parent – diluted for the years ended March 31, 2025 and 2024 are not disclosed because there are no diluted shares.

Cash dividends per share applicable to the period for the fiscal year ended March 31, 2025, comprise interim dividends of ¥ 21.00 and year-end dividends of ¥ 24.00.

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, 2025, and 116,100 at March 31, 2024.

Average number of shares that were excluded for the purpose of calculating per share information 116,100 during the year ended March 31, 2025 and 124,869 during the year ended March 31, 2024.

# NOF CORPORATION and Subsidiaries

## Notes to Consolidated Financial Statements For the years ended March 31, 2025 and 2024

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 7)
	2025	2024	2025
Profit attributable to owners of parent.....	¥ 36,497	¥ 33,990	\$ 244,099
Amount not available to common shareholders .....	—	—	—
Profit attributable to owners of parent related to common shares .....	¥ 36,497	¥ 33,990	\$ 244,099
Average number of shares outstanding (1,000 shares) .....	237,181	240,771	

### 42. Subsequent events

#### (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, 2025, pursuant to provisions of Article 156 of the Companies Act, applied by replacing terms pursuant to provisions of Article 165, paragraph (3) of said Act.

#### 1. Reasons for purchase of treasury shares

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

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

In order to further return profits to shareholders with an awareness of improving capital efficiency, 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: 5,000,000 shares (maximum)
- (3) Total purchase price of shares: 10,000,000,000 yen (maximum)
- (4) Period of purchase: From May 12, 2025  
through September 30, 2025



**NOF CORPORATION and Subsidiaries**

Notes to Consolidated Financial Statements  
For the years ended March 31, 2025 and 2024

(5) Method of purchase: Open-market purchase  
on the Tokyo Stock Exchange