

Message from the Management

We deeply appreciate the exceptional support you have provided us.

We would like to express greetings as we report on the Company's businesses for the 102nd Fiscal Year (April 1, 2024–March 31, 2025).

In the 102nd fiscal year, while there were concerns about the risk of a downturn in overseas economies and rising prices, the domestic economy appeared to be gradually recovering. Under these circumstances, domestic and overseas sales remained strong as the Group actively engaged in business activities. As a result, consolidated net sales, consolidated operating income, consolidated ordinary income, and profit attributable to owners of parent reached record highs.

Under the management philosophy of “Contributing to humanity and society as a corporate group that creates new value through the power of chemistry and the three values of “Challenge,” “Fairness,” and “Harmony,” the entire NOF Group continues to strive together towards achieving the targets upheld in “NOF Vision 2030.” We kindly ask all shareholders for your continuing support.

Koji Sawamura

President & Chief Executive Officer

Note: This document has been translated from a part of the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail. The Company assumes no responsibility for this translation or for direct, indirect or any other forms of damage arising from the translation.

(Stock Exchange Code 4403)

June 5, 2025

(Commencement date of electronic provision measures: May 29, 2025)

To Shareholders with Voting Rights:

Koji Sawamura
President & Chief Executive Officer
NOF CORPORATION
20-3, Ebisu 4-chome, Shibuya-ku,
Tokyo, Japan

**NOTICE OF
THE 102ND ANNUAL GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

We would like to express our appreciation for your continued support and patronage.

You are cordially invited to attend the 102nd Annual General Meeting of Shareholders of NOF CORPORATION (the “Company”). Details of the meeting are as described below.

In convening this Annual General Meeting of Shareholders, the Company has taken measures for electronic provision, which have been applied to information contained in the reference documents for the general meeting of shareholders, etc. (matters to be provided electronically). These matters are posted on the Company’s website as “NOTICE OF THE 102ND ANNUAL GENERAL MEETING OF SHAREHOLDERS.” Shareholders are kindly requested to access the Company’s website shown below to confirm these matters.

The Company website: <https://www.nof.co.jp/english/ir/stocks/notice>

The matters to be provided electronically are posted on the website of Tokyo Stock Exchange (TSE), in addition to the aforementioned website of the Company. Please access the TSE website shown below (TSE Listed Company Search), enter the issue name (NOF) or stock exchange code (4403) to search for the Company, and select “Basic information” and “Documents for public inspection/PR information” for confirmation of these matters.

TSE website (TSE Listed Company Search):

<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>

If you are unable to attend the meeting, you can exercise your voting rights via one of the methods stated below. Please review the Reference Documents for the General Meeting of Shareholders provided in matters to be provided electronically and exercise your voting rights.

- 1. Date and Time:** Friday, June 27, 2025, at 10:00 a.m. Japan time
- 2. Place:** The Garden Hall (inside Yebisu Garden Place)
13-2, Mita 1-chome, Meguro-ku, Tokyo, Japan

3. Meeting Agenda:

- Matters to be reported:**
1. Business Report and Consolidated Financial Statements for the Company's 102nd Fiscal Year (April 1, 2024–March 31, 2025), and the results of audits on the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee
 2. Non-Consolidated Financial Statements for the Company's 102nd Fiscal Year (April 1, 2024–March 31, 2025)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
- Proposal No. 2:** Election of Six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members)
- Proposal No. 3:** Election of Four (4) Directors who are Directors who are Audit and Supervisory Committee Members

4. Exercise of Voting Rights

(1) Exercise of Voting Rights in Writing (by Mail)

Please indicate your votes for or against each of the proposals on the enclosed Voting Rights Exercise Form, and return the form for arrival by 5:30 p.m. on June 26, 2024 (Thursday), Japan time. If there is no indication of a vote for or against a specific proposal on the Voting Rights Exercise Form, it shall be deemed as an indication of approval to that proposal.

(2) Exercise of Voting Rights via the Internet, etc.

Please access the Web site for exercising voting rights stated on the enclosed Voting Rights Exercise Form, and indicate your votes for or against each of the proposals by 5:30 p.m. on June 26, 2024 (Thursday), Japan time (please refer to pages 4 and 5 for more details).

In the event that voting rights are exercised both by mail and via the Internet, etc., regardless of arrival date and time, the vote via the Internet, etc. shall prevail. In the event that voting rights are exercised multiple times via the Internet, etc. the most recent vote shall prevail.

- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Please bring this NOTICE OF THE 102ND ANNUAL GENERAL MEETING OF SHAREHOLDERS with you to the meeting.
- ◎ Should any revisions occur to the matters to be provided electronically, the revisions will be posted on each website where the information is posted, both before and after the modifications.
- ◎ At this Annual General Meeting of Shareholders, regardless of whether a request for written delivery has been made, we will uniformly provide a written document that includes the matters for electronic provision.

Of the matters subject to electronic provision, the matters listed below are not included in the paper copy to be sent to shareholders, pursuant to laws and regulations and the Articles of Incorporation of the Company.

(1) System for Ensuring Appropriate Conduct of Operations and the Status of Implementation of the System in the Business Report

(2) Consolidated Statement of Changes in Net Assets, and Notes to Consolidated Financial Statements in the Consolidated Financial Statements

(3) Non-Consolidated Statement of Changes in Net Assets, and Notes to Non-Consolidated Financial Statements in the Non-Consolidated Financial Statements

The Audit and Supervisory Committee and Accounting Auditor have audited the documents subject to audits, including the matters listed above.

- ◎ Shareholders are asked to come in casual clothes to the Annual General Meeting of Shareholders.

Method of Exercising Your Voting Rights

Those attending the Annual General Meeting of Shareholders in person
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Date and time of the Annual General Meeting of Shareholders: 10:00 a.m., June 27, 2025 (Friday), Japan time

(Reception will start at 9:00 a.m.)

When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. In order to conserve resources, please bring this NOTICE OF THE 102ND ANNUAL GENERAL MEETING OF SHAREHOLDERS with you to the meeting.

Those who are unable to attend the Annual General Meeting of Shareholders in person

[Exercise of Voting Rights in Writing]

Voting deadline: Arrival by 5:30 p.m., June 26, 2025 (Thursday), Japan time

Please indicate your votes for or against each of the proposals on the enclosed Voting Rights Exercise Form, and return the form for arrival by the voting deadline.

[Exercise of Voting Rights via the Internet]

Please refer to the next page for details.
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Voting deadline: 5:30 p.m., June 26, 2025 (Thursday), Japan time

Please access the Web site for exercising voting rights specified by the Company, and send your votes for or against each of the proposals by the voting deadline.

The Web site for exercising voting rights: <https://soukai.mizuho-tb.co.jp/>

■ Exercise of voting rights multiple times

- 1) In the event that voting rights are exercised both by mail and via the Internet, regardless of the arrival date and time, the vote via the Internet shall prevail.
 - 2) In the event that voting rights are exercised multiple times via the Internet, the most recent vote shall prevail.
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Usage of Electronic Voting Rights Exercise Platform for Institutional Investors

If application for use has been made in advance, nominal shareholders such as management trust banks (including the standing proxy) may use the electronic voting rights exercise platform for institutional investors operated by ICJ, Inc. as another method for exercising voting rights via electromagnetic means in the Company's General Meeting of Shareholders.

Voting rights are important rights that enable shareholders to participate in the management of the Company. Voting rights can be exercised using the methods below. Please refer to the Reference Documents for the General Meeting of Shareholders provided in matters to be provided electronically when exercising your voting rights.

Those attending the Annual General Meeting of Shareholders in person

Please bring the enclosed Voting Rights Exercise Form with you and **submit it at the reception desk.**

Please also bring this pamphlet with you as a reference material for the meeting.

Date and time of the Annual General Meeting of Shareholders:

10:00 a.m., June 27, 2025, Japan time

Those exercising their voting rights by mail

Please indicate your votes for or against each of the proposals on the enclosed Voting Rights Exercise Form, and return the form.

Please exercise your voting rights without delay.

The Company receives many Voting Rights Exercise Forms after the voting deadline. Please submit your votes early.

Voting deadline:

Arrival by 5:30 p.m., June 26, 2025, Japan time

Those exercising their voting rights via the Internet

Please enter your votes for or against each of the proposals on the Web site for exercising voting rights specified by the Company.

Voting deadline: 5:30 p.m., June 26, 2025, Japan time

Voting method by scanning the QR code

You can log in to the Web site for exercising voting rights without entering your voting rights exercise code or password.

1. Scan the QR code at the bottom right of the Voting Rights Exercise Form with your smartphone.
2. Follow the on-screen instructions to enter your votes.

Voting rights can only be exercised once with the above method using the QR code.

If you wish to exercise your voting rights again, or if you wish to exercise your voting rights without using the QR code, see the right for the voting method by entering your voting rights exercise code and password.

*“QR Code” is a registered trademark of DENSO WAVE INCORPORATED.

Voting method by entering your voting rights exercise code and password

Web site for exercising voting rights:

<https://soukai.mizuho-tb.co.jp/>

1. Access the above Web site for exercising voting rights from your computer, smartphone, or mobile phone.
2. Enter the voting rights exercise code and password indicated on the Voting Rights Exercise Form and click “Register.”
3. Follow the on-screen instructions to enter your votes.

Reference Documents for the General Meeting of Shareholders

Proposals and References

Proposal No. 1: Appropriation of Surplus

Recognizing the profit distribution to shareholders as one of the most important managerial issues, the Company strives to strengthen its financial position and management foundation, while improving the dividend amounts.

Concerning the year-end dividend for the fiscal year under review, taking into account the business results for the fiscal year under review, future business developments and other factors, we hereby propose the details as follows.

(1) Type of property for dividends:

Cash

(2) Allotment of property for dividends to shareholders and total amount thereof:

¥24 per share of the Company's common stock for a total of ¥5,607,562,296.

As the Company paid ¥21 per share as an interim dividend, the annual dividend is ¥45 per share for the fiscal year under review.

(3) Effective date of distribution of surplus:

June 30, 2025

Proposal No. 2: Election of Six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members)

The terms of office of all six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members; the same applies hereinafter for this proposal) will expire at the end of this year's Annual General Meeting of Shareholders.

Accordingly, the Company proposes the election of six (6) Directors.

Candidates for Director are decided by the Board of Directors after consultation with the Nomination Committee (voluntary). The Company obtained the opinion of the Audit and Supervisory Committee that it was appropriate to nominate the individuals proposed in this proposal as candidates.

The candidates are as follows.

No.	Name	Gender	Current positions and responsibilities at the Company	Attendance at meetings of the Board of Directors
1	Takeo Miyaji [Reappointment]	Male	Chairman and Chief Executive Officer; Chairman of the Board	17 out of 17 (100%)
2	Koji Sawamura [Reappointment]	Male	President and Chief Executive Officer; CEO	17 out of 17 (100%)
3	Manabu Saito [Reappointment]	Male	Director and Executive Operating Officer; CCO	17 out of 17 (100%)
4	Kazuyoshi Yamauchi [Reappointment]	Male	Director and Executive Operating Officer; CSQO; General Manager, Corporate Technical Div.	17 out of 17 (100%)
5	Takashi Kamada [New appointment] [Outside] [Independent]	Male	—	—
6	Izumi Hayashi [Reappointment] [Outside] [Independent]	Female	Director	17 out of 17 (100%)

CEO (Chief Executive Officer) CCO(Chief Compliance Officer) CSQO (Chief Safety and Quality Officer)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held (Of which, the number of shares to be delivered under the Board Benefit Trust (BBT))
1	Takeo Miyaji (January 12, 1956) [Reappointment]	<p>April 1980 Joined the Company</p> <p>June 2010 Operating Officer; General Manager, Human Resources & General Affairs Dept. of the Company</p> <p>June 2011 Director and Operating Officer; General Manager, Human Resources & General Affairs Dept. of the Company</p> <p>June 2012 Director and Executive Operating Officer; General Manager, Human Resources & General Affairs Dept. of the Company</p> <p>December 2012 Director and Executive Operating Officer of the Company</p> <p>June 2018 President and Chief Executive Officer of the Company</p> <p>June 2023 Chairman and Chief Executive Officer of the Company (to present)</p> <p>[Attendance at meetings of the Board of Directors] 17 out of 17 (100%)</p> <p>[Term of office as Director (At the end of this year's Annual General Meeting of Shareholders)] 14 years</p> <p>[Reason for nomination as a candidate for Director] Takeo Miyaji has been in charge of management of the Company for many years and has extensive knowledge and experience required for managerial decision- making and business execution. The Company nominates him as a candidate for Director, expecting him to strive for the enhancement of the oversight functions of the Board of Directors, management innovation through DX, etc., and the promotion of ESG initiatives.</p>	98,709 (21,509)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held (Of which, the number of shares to be delivered under the Board Benefit Trust (BBT))
2	Koji Sawamura (February 6, 1965) [Reappointment]	<p>April 1988 Joined the Company</p> <p>January 2017 General Manager, Sales Dept., DDS Development Div. of the Company</p> <p>June 2021 Operating Officer; General Manager, DDS Development Div. of the Company</p> <p>June 2022 Executive Operating Officer; General Manager, DDS Development Div. of the Company</p> <p>April 2023 Executive Operating Officer; General Manager, Life Science Div. of the Company</p> <p>June 2023 President and Chief Executive Officer of the Company (to present)</p> <p>[Attendance at meetings of the Board of Directors] 17 out of 17 (100%)</p> <p>[Term of office as Director (At the end of this year's Annual General Meeting of Shareholders)] 2 years</p> <p>[Reason for nomination as a candidate for Director] Koji Sawamura is well-versed in operations such as research and development at the Company. He has also been engaged in management of overseas business and Life Science business, and has extensive knowledge and experience required for managerial decision-making and business execution. The Company nominates him as a candidate for Director, expecting him to strive for the enhancement of the oversight functions of the Board of Directors and expansion of overseas business, etc.</p>	16,911 (5,519)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held (Of which, the number of shares to be delivered under the Board Benefit Trust (BBT))
3	Manabu Saito (August 15, 1962) [Reappointment]	<p>April 1985 Joined the Company</p> <p>June 2006 General Manager, Functional Foods Sales Dept., Functional Foods Div. of the Company</p> <p>August 2010 General Manager, Operations Dept., Kawasaki Works of the Company</p> <p>June 2011 General Manager, Secretariat Office of the Company</p> <p>December 2012 General Manager, Human Resources & General Affairs Dept. of the Company</p> <p>June 2015 Director; General Manager, Administration Dept. of NICHYU TRADING CO., LTD.</p> <p>June 2017 Director; General Manager, General Affairs Dept. of NICHYU LOGISTICS CO., LTD.</p> <p>June 2020 Operating Officer; General Manager, Functional Foods Div. of the Company</p> <p>June 2021 Executive Operating Officer; General Manager, Functional Foods Div. of the Company</p> <p>April 2023 Executive Operating Officer; General Manager, Functional Foods Div. of the Company</p> <p>June 2023 Director and Executive Operating Officer of the Company (to present)</p> <p>[Attendance at meetings of the Board of Directors] 17 out of 17 (100%)</p> <p>[Term of office as Director (At the end of this year's Annual General Meeting of Shareholders)] 2 years</p> <p>[Reason for nomination as a candidate for Director] Manabu Saito is well-versed in operations such as personnel and labor affairs of the Company. He has also been engaged in management mainly of Functional Foods business, and has extensive knowledge and experience required for managerial decision-making and business execution. The Company nominates him as a candidate for Director, expecting him to strive for the enhancement of the oversight functions of the Board of Directors and the promotion of ESG initiatives, etc.</p>	12,022 (5,880)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held (Of which, the number of shares to be delivered under the Board Benefit Trust (BBT))
4	Kazuyoshi Yamauchi (December 27, 1963) [Reappointment]	<p>April 1987 Joined the Company</p> <p>August 2009 General Manager, Manufacturing Dept., Chidori Plant, Kawasaki Works of the Company</p> <p>June 2014 General Manager, Technology Dept., Amagasaki Plant of the Company</p> <p>February 2016 General Manager, Kinuura Plant of the Company</p> <p>June 2019 General Manager, Kawasaki Works; General Manager, Daishi Plant; General Manager, Operations Dept., Kawasaki Works of the Company</p> <p>June 2020 Operating Officer; General Manager, Kawasaki Works; General Manager, Daishi Plant; General Manager, Operations Dept., Kawasaki Works of the Company</p> <p>June 2021 Director and Operating Officer; General Manager, Responsible Care & Production Engineering Dept. of the Company</p> <p>June 2022 Director and Executive Operating Officer; General Manager, Responsible Care & Production Engineering Dept. of the Company</p> <p>April 2023 Director and Executive Operating Officer; General Manager, Corporate Technical Div. of the Company (to present)</p> <p>[Attendance at meetings of the Board of Directors] 17 out of 17 (100%) [Term of office as Director (At the end of this year's Annual General Meeting of Shareholders)] 4 years [Reason for nomination as a candidate for Director] Kazuyoshi Yamauchi is well versed in the operations of manufacturing, technology and such at the Company and has extensive knowledge and experience required for managerial decision-making and business execution. The Company nominates him as a candidate for Director, expecting him to strive for the enhancement of the oversight functions of the Board of Directors, and also for the enhancement of production and quality control systems of the Company's group companies in Japan and overseas and the environmental investment plan that aims to achieve carbon neutrality.</p>	23,355 (6,555)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Takashi Kamada (October 3, 1961) [New appointment] [Outside] [Independent]	<p>April 1985 Joined The Yasuda Trust and Banking Company, Ltd. (currently Mizuho Trust & Banking Co., Ltd.)</p> <p>April 2011 General Manager, Human Resources Dept. of Mizuho Trust & Banking Co., Ltd.</p> <p>April 2012 Executive Officer; General Manager, Corporate Banking Dept. of Mizuho Trust & Banking Co., Ltd.</p> <p>April 2014 Senior Managing Executive Officer of Mizuho Financial Group, Inc. (Resigned from the position in April 2017)</p> <p>April 2014 Managing Executive Officer of Mizuho Trust & Banking Co., Ltd. (Resigned from the position in April 2017)</p> <p>April 2017 Deputy President of Mizuho Private Wealth Management Co., Ltd. (Resigned from the position in April 2019)</p> <p>September 2019 President of Mizuho Trust Guarantee Co., Ltd. (Resigned from the position in April 2021)</p> <p>April 2020 President of Mizuho Trust Retail Support Co., Ltd. (Resigned from the position in April 2021)</p> <p>April 2022 President of Mizuho Realty Co., Ltd. (to present, scheduled to resign from the position in June 2025)</p>	0
		<p>[Reason for nomination as a candidate for Outside Director and overview of expected role] Takashi Kamada has abundant experience and advanced insight in the financial industry, a broad range of experience and knowledge as a multi-corporate manager. The Company expects him to fulfill the role of conducting appropriate oversight, etc. over business execution and providing advice to management on all aspects of the management from a fair and objective standpoint, based on his professional viewpoint, including his advanced knowledge on human resources, labor, finance and accounting, and corporate management.</p> <p>[Views on Independence] Takashi Kamada meets the Tokyo Stock Exchange's requirements for Independent Directors/Auditors and satisfies the Company's "Standards for Determination of the Independence of Outside Officers." If Shingo Unami's appointment is approved, the Company will register to the Tokyo Stock Exchange that he is an Independent Director/Auditor as defined by the Tokyo Stock Exchange.</p> <p>Takashi Kamada formerly had an executive role in Mizuho Trust & Banking Co., Ltd., with which the Company engages in transactions. However, as of the fiscal year ended March 31, 2025, the Company's total loans from this financial institution account for 1.1% of the Company's total assets, which is a low percentage. Furthermore, the Company has ongoing transactions with multiple financial institutions and is not dependent on any particular financial institution. For these reasons, the influence of the business relationship between Mizuho Trust & Banking Co., Ltd. and the Company is not equivalent to that of the relationship with a subsidiary or an affiliate, the standard for consideration as a "major business partner" with regard to the decision-making of the Company's business execution.</p>	

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	Izumi Hayashi (August 20, 1958) [Reappointment] [Outside] [Independent]	<p>April 1986 Public Prosecutor at the Nagoya District Public Prosecutors Office</p> <p>March 1987 Registered as Attorney (Tokyo Bar Association) Joined Logan, Takashima & Nemoto</p> <p>March 1993 Partner of Eitai Sogo Law Offices</p> <p>November 2013 Director of Cool Japan Fund Inc. (Resigned from the position in June 2017)</p> <p>January 2015 Partner of Sakurazaka Law Offices (to present)</p> <p>June 2015 Member of the Board of SEIKAGAKU CORPORATION (Resigned from the position in June 2019)</p> <p>August 2019 Audit & Supervisory Board Member of Weathernews Inc. (Resigned from the position in August 2023)</p> <p>June 2020 Corporate Auditor of the Company (Resigned from the position in June 2021)</p> <p>June 2021 Director of the Company (to present)</p> <p>June 2023 Director (Audit & Supervisory Committee Member) of Nifco Inc. (to present)</p> <p>August 2023 Director of Weathernews Inc. (to present)</p>	3,200
		<p>[Attendance at meetings of the Board of Directors] 17 out of 17 (100%)</p> <p>[Term of office as Director (At the end of this year's Annual General Meeting of Shareholders)] 4 years</p> <p>[Reason for nomination as a candidate for Outside Director and overview of expected role] Besides being well-versed in corporate law as an attorney, Izumi Hayashi has advanced knowledge on topics including intellectual property and corporate compliance, and has fulfilled the role as an Outside Director of the Company. Serving as the chairman of the Nomination Committee and a member of the Compensation Committee, and attending meetings of the Sustainability Committee as a member, she has also engaged in the deliberations, etc. of these committees. Although she has never been involved in corporate management except as an outside officer, for the reasons above, the Company expects her to continue fulfilling the role of conducting appropriate oversight, etc. over business execution and providing advice to management, based on her professional viewpoint, including her global perspective on legal affairs and risk management. Therefore, the Company nominates her as a candidate for Outside Director.</p> <p>[Views on Independence] Izumi Hayashi meets the Tokyo Stock Exchange's requirements for Independent Directors/Auditors and satisfies the Company's "Standards for Determination of the Independence of Outside Officers." If Izumi Hayashi's appointment is approved, the Company will register to the Tokyo Stock Exchange that she is an Independent Director/Auditor as defined by the Tokyo Stock Exchange. Izumi Hayashi is a partner of Sakurazaka Law Offices, but there are no consulting or other relationships involving commissioning of legal services between the Company and this office. The Company has no history of payments to this office in the past three years.</p>	

Notes: 1. Izumi Hayashi's name as indicated in her family register is Izumi Sakamoto.

2. Izumi Hayashi is currently an Outside Director of the Company and was previously a non-executive director (Outside Corporate Auditor) of the Company for one year from June 2020 to June 2021. At the end of this year's Annual General Meeting of Shareholders, her term of office as an Outside Director of the Company will be four years and her total term of office including her term as an Outside Corporate Auditor will be five years.

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- Notes:
1. There is no special interest between the candidates and the Company.
 2. Pursuant to Sub-Article 1 of Article 427 of the Companies Act, the Company has concluded an agreement with Izumi Hayashi that limits her liability for damages indicated in Sub-Article 1 of Article 423 of the same Act (a limitation of liability agreement) as a Director. The amount of limitation of liability for damages based on such an agreement is the amount stipulated by laws and ordinances. If the candidate is elected as a Director, the Company plans to continue the said agreement with her.
 3. The Company has concluded an indemnity agreement indicated in Sub-Article 1 of Article 430-2 of the Companies Act with Takeo Miyaji, Koji Sawamura, Manabu Saito, Kazuyoshi Yamauchi, and Izumi Hayashi to indemnify expenses under Item 1 of said Sub-Article and losses under Item 2 of said Sub-Article to the extent stipulated by laws and ordinances. If the candidates are elected as Directors, the Company plans to continue the said agreement with them. If the newly nominated candidate Takashi Kamada is elected as a Director, the Company plans to conclude the said agreement with him.
 4. The Company has entered into a Directors and Officers liability insurance (D&O insurance) contract with an insurance company. In the event of claims for damages by shareholders or other third parties, arising from actions or omissions in the execution of duties by the insured Directors, the said insurance contract will cover damage incurred by the said Director. If the candidates are elected as Directors, they shall be insured under the said insurance contract, and the Company plans to renew the said insurance contract during their terms of office.

Opinions of the Audit and Supervisory Committee

Three Outside Directors who are Audit and Supervisory Committee Members attended meetings of the Nomination Committee, a voluntary advisory committee, as members. By confirming the details of the proposal and expressing their opinions regarding the selection of candidates for Director excluding Directors who are Audit and Supervisory Committee Members, they facilitate cooperation between the Audit and Supervisory Committee and the Nomination Committee. The Nomination Committee has established guidelines for conducting deliberations from the perspective of harmonization of the overall composition of the Board of Directors, maintaining and improving diversity, and maintaining the appropriate number of members. Members of the Nomination Committee exchanged opinions and determined that the selection of candidates for Director excluding Directors who are Audit and Supervisory Committee Members was appropriate.

After verifying the opinion of the Nomination Committee, the Audit and Supervisory Committee determined that it was appropriate to nominate the individuals proposed in this proposal as candidates.

Proposal No. 3: Election of Four (4) Directors who are Audit and Supervisory Committee Members

The terms of office of all four (4) Directors who are Audit and Supervisory Committee Members will expire at the end of this year's Annual General Meeting of Shareholders.

Accordingly, the Company proposes the election of four (4) Directors who are Audit and Supervisory Committee Members.

The Company obtained the Audit and Supervisory Committee's consent to this proposal to be submitted to the General Meeting of Shareholders and its opinion that it was appropriate to nominate the individuals proposed in this proposal as candidates.

The candidates are as follows.

No.	Name	Gender	Current positions and responsibilities at the Company	Attendance at meetings of the Board of Directors
1	Masanobu Miyo [Reappointment]	Male	Director Standing Audit and Supervisory Committee Member	17 out of 17 (100%)
2	Kunimitsu Ito [Reappointment] [Outside] [Independent]	Male	Director Audit and Supervisory Committee Member	17 out of 17 (100%)
3	Yuriko Sagara [Reappointment] [Outside] [Independent]	Female	Director Audit and Supervisory Committee Member	17 out of 17 (100%)
4	Keiichi Miura [Reappointment] [Outside] [Independent]	Male	Director Audit and Supervisory Committee Member	17 out of 17 (100%)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
1	Masanobu Miyo (January 4, 1961) [Reappointment]	<p>April 1985 Joined the Company</p> <p>June 2014 Operating Officer; General Manager, Oleo & Speciality Chemicals Div. of the Company</p> <p>June 2018 Executive Operating Officer; General Manager, Oleo & Speciality Chemicals Div. of the Company</p> <p>June 2020 Director and Executive Operating Officer; General Manager, Oleo & Speciality Chemicals Div. of the Company</p> <p>April 2021 Director and Executive Operating Officer of the Company</p> <p>June 2023 Director (Standing Audit and Supervisory Committee Member) of the Company (to present)</p> <p>[Attendance at meetings of the Board of Directors] 17 out of 17 (100%)</p> <p>[Term of office as Director (At the end of this year's Annual General Meeting of Shareholders)] 5 years</p> <p>[Term of office as Audit and Supervisory Committee Member (At the end of this year's Annual General Meeting of Shareholders)] 2 years</p> <p>[Reason for nomination as a candidate for Director who is an Audit and Supervisory Committee Member] Masanobu Miyo has been engaged in the management of the Functional Chemicals business and the Life Science business, and promoting risk management across the Company as the chairman of the Risk Management Committee at the Company, and possesses extensive experience and insight regarding the Company. Since 2023, as a Standing Audit and Supervisory Committee Member, he has been appropriately conducting audits of the compliance system and business operations of the Company and the Group, such as by attending and deliberating at meetings of the Executive Committee and other important meetings. The Company nominates him as a candidate for Director who is an Audit and Supervisory Committee Member, expecting him to continue to strive for the enhancement of audit and supervision, etc. by drawing on his extensive experience and broad insight.</p>	29,000

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	Kunimitsu Ito (August 18, 1958) [Reappointment] [Outside] [Independent]	<p>October 1984 Joined Arthur & Young Certified Public Accountant Joint Office (merged with Asahi Shinwa & Co. (currently KPMG AZSA LLC) in 1986)</p> <p>March 1989 Registered as Certified Public Accountant</p> <p>May 2009 Partner of KPMG AZSA LLC (Resigned in June 2017)</p> <p>May 2017 Registered as Certified Tax Accountant</p> <p>July 2017 Joined ITAKO Accounting Office (Resigned in November 2018)</p> <p>December 2018 Representative of ITO ACCOUNTING FIRM (to present)</p> <p>June 2020 Director of the Company</p> <p>June 2021 Director (Audit and Supervisory Committee Member) of the Company (to present)</p> <p>June 2023 Director of nattoku Housing Co., Ltd. (Resigned from the position in March 2025)</p> <p>[Attendance at meetings of the Board of Directors] 17 out of 17 (100%)</p> <p>[Term of office as Director (At the end of this year's Annual General Meeting of Shareholders)] 5 years</p> <p>[Term of office as Audit and Supervisory Committee Member (At the end of this year's Annual General Meeting of Shareholders)] 4 years</p> <p>[Reason for nomination as a candidate for Outside Director and overview of expected role] Kunimitsu Ito has deep knowledge in accounting and tax practices as a certified public accountant and a certified tax accountant. Serving as a member of the Nomination Committee and the Compensation Committee, and attending meetings of the Sustainability Committee as a member, he has also engaged in the deliberations, etc. of these committees. Although he has never been involved in corporate management except as an outside officer, for the reasons above, the Company deems that he will be able to continue fulfilling the responsibilities of conducting appropriate auditing and oversight, etc. over business execution, based on his specialized knowledge. Therefore, the Company nominates him as a candidate for Outside Director who is an Audit and Supervisory Committee Member.</p> <p>[Views on Independence] Kunimitsu Ito meets the Tokyo Stock Exchange's requirements for Independent Directors/Auditors and satisfies the Company's "Standards for Determination of the Independence of Outside Officers." If Kunimitsu Ito's appointment is approved, the Company will register to the Tokyo Stock Exchange that he is an Independent Director/Auditor as defined by the Tokyo Stock Exchange. Kunimitsu Ito is the representative of ITO ACCOUNTING FIRM, but there are no consulting or other relationships involving commissioning of accounting and tax services between the Company and this firm. The Company has no history of payments to this firm.</p>	5,000

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Yuriko Sagara (September 6, 1974) [Reappointment] [Outside] [Independent]	<p>October 2001 Registered as Attorney (Daini Tokyo Bar Association) Joined Nakamura & Partners</p> <p>August 2005 Registered as Patent Attorney</p> <p>February 2010 Registered as U.S. New York State Attorney</p> <p>January 2013 Partner of Nakamura & Partners (to present)</p> <p>June 2019 Director (Audit and Supervisory Committee Member) of TOKYO SEIMITSU CO., LTD. (to present)</p> <p>June 2021 Director (Audit and Supervisory Committee Member) of the Company (to present)</p> <p>[Attendance at meetings of the Board of Directors] 17 out of 17 (100%)</p> <p>[Term of office as Director (At the end of this year's Annual General Meeting of Shareholders)] 4 years</p> <p>[Term of office as Audit and Supervisory Committee Member (At the end of this year's Annual General Meeting of Shareholders)] 4 years</p> <p>[Reason for nomination as a candidate for Outside Director and overview of expected role] Yuriko Sagara has a high level of expertise and global-based knowledge as an attorney. In addition, as a patent attorney, she has a deep level of insight on intellectual property. Serving as a member of the Nomination Committee and the Compensation Committee, and attending meetings of the Sustainability Committee as a member, she has also engaged in the deliberations, etc. of these committees. Although she has never been involved in corporate management except as an outside officer, for the reasons above, the Company deems that she will be able to continue fulfilling the responsibilities of conducting appropriate auditing and oversight, etc. over business execution, based on her specialized knowledge. Therefore, the Company nominates her as a candidate for Outside Director who is an Audit and Supervisory Committee Member.</p> <p>[Views on Independence] Yuriko Sagara meets the Tokyo Stock Exchange's requirements for Independent Directors/Auditors and satisfies the Company's "Standards for Determination of the Independence of Outside Officers." If Yuriko Sagara's appointment is approved, the Company will register to the Tokyo Stock Exchange that she is an Independent Director/Auditor as defined by the Tokyo Stock Exchange.</p> <p>Yuriko Sagara is a partner of Nakamura & Partners, but there is no consulting relationship between the Company and this office. The Company has paid an average of approximately 50,000 yen to this office each year over the past three years.</p>	2,200

Note: Yuriko Sagara's name as indicated in her family register is Yuriko Hayakawa.

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	Keiichi Miura (November 13, 1956) [Reappointment] [Outside] [Independent]	<p>April 1980 Joined Onoda Cement Co., Ltd. (currently TAIHEIYO CEMENT CORPORATION)</p> <p>April 2012 General Manager, Central Research Laboratory of TAIHEIYO CEMENT CORPORATION</p> <p>June 2013 Executive Officer of TAIHEIYO CEMENT CORPORATION</p> <p>April 2016 Managing Executive Officer of TAIHEIYO CEMENT CORPORATION</p> <p>June 2016 Director and Managing Executive Officer of TAIHEIYO CEMENT CORPORATION</p> <p>April 2019 Director and Senior Executive Officer of TAIHEIYO CEMENT CORPORATION</p> <p>April 2020 Director of TAIHEIYO CEMENT CORPORATION (Resigned from the position in June 2020)</p> <p>June 2020 Director of Tosoh Corporation (Resigned from the position in June 2023)</p> <p>June 2021 Director (Audit and Supervisory Committee Member) of the Company (to present)</p>	2,200
		<p>[Attendance at meetings of the Board of Directors] 17 out of 17 (100%)</p> <p>[Term of office as Director (At the end of this year's Annual General Meeting of Shareholders)] 4 years</p> <p>[Term of office as Audit and Supervisory Committee Member (At the end of this year's Annual General Meeting of Shareholders)] 4 years</p> <p>[Reason for nomination as a candidate for Outside Director and overview of expected role] Keiichi Miura has been engaged in the management of TAIHEIYO CEMENT CORPORATION, and has abundant experience and advanced insight and capabilities regarding research planning, etc. Furthermore, having served as an outside director in the chemicals industry, he has a wide range of experience and knowledge. Serving as a member of the Nomination Committee and the Compensation Committee, and attending meetings of the Sustainability Committee as a member, he has also engaged in the deliberations, etc. of these committees. For the reasons above, the Company deems that he will be able to continue fulfilling the responsibilities of conducting appropriate auditing and oversight, etc. over business execution, based on his abundant experience and knowledge of advanced technology as a corporate manager. Therefore, the Company nominates him as a candidate for Outside Director who is an Audit and Supervisory Committee Member</p> <p>[Views on Independence] Keiichi Miura meets the Tokyo Stock Exchange's requirements for Independent Directors/Auditors and satisfies the Company's "Standards for Determination of the Independence of Outside Officers." If Keiichi Miura's appointment is approved, the Company will register to the Tokyo Stock Exchange that he is an Independent Director/Auditor as defined by the Tokyo Stock Exchange. Keiichi Miura formerly had an executive role in TAIHEIYO CEMENT CORPORATION, but there are no transactional relationships between the Company and this company</p>	

Notes: 1. There is no special interest between the candidates and the Company.

2. Pursuant to Sub-Article 1 of Article 427 of the Companies Act, the Company has concluded an agreement with Masanobu Miyo, Kunimitsu Ito, Yuriko Sagara and Keiichi Miura that limits their liability for damages indicated in Sub-Article 1 of Article 423 of the same Act (a limitation of liability agreement) as a Director. The amount of limitation of liability for damages based on such an agreement is the amount stipulated by laws and ordinances. If the candidates are elected as Directors who are Audit and Supervisory Committee Members, the Company plans to continue the said agreement with them.
3. The Company has concluded an indemnity agreement indicated in Sub-Article 1 of Article 430-2 of the Companies Act with Masanobu Miyo, Kunimitsu Ito, Yuriko Sagara and Keiichi Miura to indemnify expenses under Item 1 of said Sub-Article and losses under Item 2 of said Sub-Article to the extent stipulated by laws and ordinances. If the candidates are elected as Directors who are Audit and Supervisory Committee Members, the Company plans to continue the said agreement with them.
4. The Company has entered into a Directors and Officers liability insurance (D&O insurance) contract with an insurance company. In the event of claims for damages by shareholders or other third parties, arising from actions or omissions in the execution of duties by the insured Directors, the said insurance contract will cover damage incurred by the said Director. If the candidates are elected as Directors who are Audit and Supervisory Committee Members, they shall be insured under the said insurance contract, and the Company plans to renew the said insurance contract during their terms of office.

(Reference)

Standards for Determination of the Independence of Outside Officers

The Company has defined the following standards for determining the independence of Outside Directors (including Outside Directors who are Audit and Supervisory Committee Members; hereinafter collectively referred to as “Outside Officers”). When selecting Outside Officer candidates, the Company shall select persons that meet not only the standards stipulated by the Companies Act and the Tokyo Stock Exchange, but also the Company’s “Standards for Determination of the Independence of Outside Officers.”

If none of the following apply to an Outside Officer, that Outside Officer is deemed to be independent.

- (1) The Group is a major business partner of the person (a payment amount of 2% or more of the person’s consolidated net sales in the most recent fiscal year were received from the Company) or is an executive in such a party (Note 1)
- (2) The person is a major business partner of the Group (a payment amount of 2% or more of the Company’s consolidated net sales in the most recent fiscal year were received from the person) or is an executive in such a party (Note 1)
- (3) The person is a major borrower of the Group (an amount of 2% or more of the Company’s consolidated total assets in the most recent fiscal year were lent to the Company by the person) or is an executive in such a party (Note 1)
- (4) The person is a major shareholder of the Company (the person directly or indirectly possesses 10% or more of the Company’s total voting rights) or is an executive in such a party (Note 1)
- (5) The person is a member of the auditing firm that is the Group’s Accounting Auditor
- (6) The person is an attorney, tax accountant, consultant, etc. that has received a large amount (Note 2) of money or other financial benefit from the Group other than officer remuneration
- (7) The person has received a large amount (Note 2) of donations or support from the Group, or is a director or executive in a company, union, or other organization to which this applies (Note 1)
- (8) The person is an executive director (Note 3), a standing audit and supervisory committee member or a standing corporate auditor of the Group, is concurrently an outside director or outside corporate auditor of another company, and is an executive in said company (Note 1)
- (9) Any of (1) through (8) above have applied within the past three years

Note 1: Executives refer to executives as stipulated in the Regulation for Enforcement of the Companies Act. This includes executive directors, executive officers, and other employees.

Note 2: A large amount refers to an average of ¥10 million per year over the past three fiscal years in the case of individuals, or an amount exceeding 2% of the total consolidated net sales or income of a company, union, or other organization per year as an average over the past three fiscal years.

Note 3: Executive directors refer to executive directors as stipulated in the Companies Act, and applies to representative directors and directors that execute the operations of a company.

(Reference) System of the Board of Directors after approval of Proposal No. 2 and Proposal No.3 at the 102nd Annual General Meeting of Shareholders (Planned)

Name	Gender	Titles	Corporate Management, Business Management, DX	R&D, Quality and Production Technology	Sales and Marketing, SCM	Overseas Business, Global	Legal and ESG, Environment and Safety,	Human Resources Management	Finance and Accounting
Takeo Miyaji	Male	Chairman and Chief Executive Officer	●		●		●	●	●
Koji Sawamura	Male	President and Chief Executive Officer	●	●	●	●			
Manabu Saito	Male	Director and Executive Operating Officer	●		●		●	●	●
Kazuyoshi Yamauchi	Male	Director and Executive Operating Officer	●	●		●	●		
Takashi Kamada	Male	Outside Director	●					●	●
Izumi Hayashi	Female	Outside Director				●	●		
Masanobu Miyo	Male	Audit and Supervisory Committee Member; Director	●		●	●			
Kunimitsu Ito	Male	Audit and Supervisory Committee Member; Outside Director				●			●
Yuriko Sagara	Female	Audit and Supervisory Committee Member; Outside Director				●	●		
Keiichi Miura	Male	Audit and Supervisory Committee Member; Outside Director	●	●			●		

The ● symbol indicates the skills that are particularly expected of each Director.

The above list does not show all the professional skills that each person possesses.

(Reference)

Cross-Shareholdings

(Policy on Cross-Shareholdings)

The Company may hold shares as cross-shareholdings only when it is determined that it will contribute to improving the Company's corporate value over the mid- to long-term by maintaining and enforcing smooth business operations and business relationships. It is our basic policy to reduce cross-shareholdings for which the significance of holding is deemed to have diminished.

(Efforts to reduce cross-shareholdings)

Under the basic policy, each year, the Board of Directors shall individually examine cross-shareholdings and review the appropriateness of continuing the holding. As a result of the review, the Company sold one (1) unlisted stock and eight (8) stocks other than unlisted stock in fiscal year 2024 (including partial sales). The ratio of cross-shareholdings to net assets as of March 31, 2025, was 14.8%.

Number of stocks and the values recorded on the balance sheet in fiscal year 2024

	Number of stocks	Total values recorded on the balance sheet (Millions of yen)
Unlisted stock	27	818
Shares other than unlisted stock	29	37,613

In addition to the above, one stock is held as a deemed shareholding 2,835 million yen)

Stocks whose numbers were reduced in fiscal year 2024

	Number of stocks	Total sale values associated with the reduction in the number of stocks (Millions of yen)
Unlisted stock	1	0
Shares other than unlisted stock	8	5,205

Business Report (From April 1, 2024 to March 31, 2025)

1. Current Status of the NOF Group

(1) Progress and Results of Operations

During the fiscal year under review (from April 1, 2024 to March 31, 2025), the outlook for the global economy remained uncertain, particularly because of concerns about the risk of a downturn in overseas economies, such as the effects accompanying continuing high interest rate levels in the United States and Europe and persistent stagnation in the Chinese real estate market, as well as concerns over the impact of rising prices, the situation in the Middle East region, and fluctuations in the financial and capital markets. In Japan, although there are still some areas of personal consumption where the recovery has stalled amid the improving employment and income environment, the economy appeared to be gradually recovering.

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

In this business environment, under the three-year 2025 Mid-Term Management Plan that kicked off in fiscal year 2023, and in keeping with the basic policy of “Practice and Breakthrough,” we have been working to address the following challenges of “Expanding business by addressing changes in markets,” “Accelerating new product and new technology development,” “Improving productivity,” “Pursuing safety and security,” and “Promoting CSR.” We have also made repeated management efforts to develop new markets, expand sales, and reduce production costs with a view to achieving sustainable growth.

In order to further strengthen “Expanding business by addressing changes in markets,” we expanded our business with a focus on our three prioritized business fields of “life and healthcare,” “environment and energy” and “electronics and IT” as we advanced our transition into a solutions-based business model. In addition, starting this fiscal year, we established the “NOF-AIST Smart Green Chemicals Collaborative Research Laboratory” at the National Institute of Advanced Industrial Science and Technology (AIST) and promoted “Accelerating new product and new technology development” toward the realization of a sustainable society and the chemical industry as it should be in the future.

As a result of the above, for the consolidated fiscal year ended March 31, 2025, consolidated net sales were ¥238,310 million, or up 7.2% from the previous fiscal year. Consolidated operating income was ¥45,308 million, or up 7.5% year on year, consolidated ordinary income was ¥46,572 million, or up 2.2% year on year, and profit attributable to owners of parent was ¥36,497 million, or up 7.4% year on year.

The outline of the performance in each business segment of the Group is explained below.

Functional Chemicals

In the field of fatty acid derivatives, net sales decreased as shipments of environmental/energy products in Asia decreased.

With regard to surfactants, net sales increased due to strong demand for toiletry products.

In ethylene oxide/propylene oxide derivatives, net sales increased due to strong demand for toiletry products, synthetic resin and resin treatment.

In organic peroxides, net sales decreased due to weak demand in Japan and Asia.

In special anti-corrosion agents, net sales increased as a result of strong automobile-related demand overseas.

As a result, in the Functional Chemicals Segment, consolidated net sales were ¥150,915 million, or up 13.0% year on year, and consolidated operating income was ¥29,797 million, or up 35.6% year on year.

Pharmaceuticals, Medicals and Health

Regarding edible oils and functional food materials, net sales decreased for confectionary, bread, and processed food products.

In health-related products, net sales decreased, due to a decrease in shipments for health foods.

In biocompatible materials, net sales increased due to strong demand for 2-Methacryloyloxyethyl phosphorylcholine (MPC)-related products.

In the field of raw materials for DDS (drug delivery system) drug formations, net sales decreased due to a temporary leveling off of demand as caused by inventory adjustments for some customers and the impacts of monetary tightening in the United States and Europe.

As a result, in the Pharmaceuticals, Medicals and Health Segment, consolidated net sales were ¥48,033 million, or down 11.0% year on year, and consolidated operating income was ¥15,697 million, or down 23.6% year on year.

Explosive & Propulsion

In industrial explosives, net sales increased.

In the field of space rocket products, net sales increased due to higher shipments of our products for rockets.

In the field of defense-related explosives, net sales increased.

In the field of functional products, net sales increased.

As a result, in the Explosive & Propulsion Segment, consolidated net sales were ¥38,775 million, or up 13.6% year on year, and consolidated operating income was ¥3,130 million, or up 19.1% year on year.

Others

The Others Segment consists of the transportation and real estate businesses. In the Others Segment, consolidated net sales were ¥585 million, up 4.7% year on year, and consolidated operating income was ¥348 million, up 77.6% year on year.

(2) Future Tasks

The outlook for the global economy remains uncertain, particularly because of concerns about the risk of a downturn from the spread of the impact of policy trends in the United States, such as trade policy, and the impact of fluctuations in the financial and capital markets. For the Japanese economy, although the employment and income environment are improving, there are concerns about the impact of continued price increases on personal consumption. In addition to these factors, the impact of the tariff policy of the United States is expected to affect a wide range of industries and products, including chemical products, which poses a risk of downward pressure on the Japanese economy and therefore requiring continued close attention.

Under these circumstances, the Group will flexibly adapt to changes in market needs in our three prioritized business fields of life/healthcare, environment/energy, and electronics/IT. Furthermore, we will continue to create new value through the power of chemistry, and by continuously living up to the trust that all stakeholders have placed in us, we will continue challenging ourselves to realize a safe and abundant society.

In the fiscal year under review, in line with the basic policy of “Practice and Breakthrough” in the three-year plan the 2025 Mid-Term Management Plan starting from the fiscal year 2023, the Group will continue to engage in each initiative of “Expanding business by addressing changes in markets,” “Accelerating new product and new technology development,” “Improving productivity,” “Pursuing safety and security,” and “Promoting CSR.”

Operation of the additional production lines for original design manufacturing (ODM: design and manufacture of products under other companies brands) of cosmetic products in Functional Chemicals Segment, which has been actively promoted as the strategic investment at Aichi Works in the three prioritized fields to accelerate efforts in “Expanding business by addressing changes in markets,” was started as planned. In the Pharmaceuticals, Medicals and Health Segment, manufacturing facilities for raw materials for DDS drug formations, of which the Group has been promoting new installment in anticipation of future growth in the biopharmaceutical market including in nucleic acid drugs, are also in the preparation stage for operation as planned.

With regard to “Accelerating new product and new technology development,” the Group will promote business co-creation through open innovation by utilizing public solicitation from outside the Group and venture capital, as well as comprehensive collaboration with industry, academia, and government, mainly focusing on the materials of functional chemicals, functional foods, electronics, and medical and medical equipment, so as to accelerate development of new products and new technologies.

As for “Improving productivity,” the Group will continue efforts for nurturing human resources regarding Digital Transformation (DX) across the company, and engage in efforts to improve R&D efficiency through searching for new chemical materials and optimizing blending composition, etc. using Materials Informatics (MI), which utilizes data science, and to make a transition into smart factories through the introduction of a production and quality control system, the construction of a network, and such.

Regarding “Pursuing safety and security,” the Group will strive to perform appropriate business activities by providing safe and secure products, giving attention to safety of social and natural environments, and by ensuring safety, disaster prevention and occupational safety.

With regard to “Promoting CSR,” the Group specified 11 items of materiality regarding Sustainability. By dividing these into three major categories, “Provision of new value to realize an abundant and sustainable society,” “Strengthening of business foundation,” and “Promotion of responsible care activities,” the Group

set targets (KPIs) for each item, and is promoting relevant initiatives. Regarding “Provision of new value to realize an abundant and sustainable society,” we shall strive to provide products that utilize the Company’s original technologies and materials in the three prioritized business fields of the Group, in order to contribute to a variety of demands, including advanced medical treatment and medicine, human beauty, health and anti-aging, reduction of environmental burden, recycling of resources, and a smart society. Regarding “Strengthening of business foundation,” the Group will put greater effort into initiatives including the following: strengthen profitability; promote work style reforms aimed at realizing work-life balance; create a corporate culture that accepts diverse values; and enhance the business continuity plan to improve resilience. Regarding “Promotion of responsible care activities,” we will consider measures aimed at realizing carbon neutrality by 2050, and implement measures such as the management of chemical substances. Furthermore, the Group supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the Taskforce on Nature-related Financial Disclosures (TNFD), and shall work to expand climate-related and nature-related information disclosure.

In order to contribute to the realization of a sustainable society, the Group will implement these initiatives and promote further business reform to establish a tough corporate structure with international competitiveness.

We kindly ask all shareholders for your continuing support.

(3) Capital Investment

During the consolidated fiscal year ended March 31, 2025, capital investment amounted to ¥18.3 billion.

The main completed and ongoing investments on facilities are as indicated below.

(i) Main facilities completed during the consolidated fiscal year ended March 31, 2025

Project type/segment name	Project name/company name	Content of facilities
	The Company	
Functional Chemicals	Amagasaki Plant	New Functional Chemicals research facility
Functional Chemicals	Aichi Works	New / strengthened capacity of Functional Chemicals research facility
Explosive & Propulsion	Aichi Works	Strengthened capacity of explosive and pyrotechnics manufacturing facility
Explosive & Propulsion	Nippon Koki	Strengthened capacity of explosive and pyrotechnics manufacturing facility

(ii) New and expanded facilities during the consolidated fiscal year ended March 31, 2025

Project type/segment name	Project name/company name	Content of facilities
	The Company	
Company-wide (Shared)	Head Office	Renewal of welfare facilities
Functional Chemicals	Kawasaki Works	Strengthened security and disaster prevention facility
Functional Chemicals	Aichi Works	New / strengthened capacity of Functional Chemicals research facility
Functional Chemicals	Aichi Works	Strengthened capacity of Functional Chemicals research facility
Pharmaceuticals, Medicals and Health	Kawasaki Works	Introduced environmentally-friendly facility
Pharmaceuticals, Medicals and Health	Aichi Works	Construction of Life Science products manufacturing facility
Explosive & Propulsion	Aichi Works	Strengthened capacity of explosive and pyrotechnics manufacturing facility
Functional Chemicals	Changshu NOF Chemical	Strengthened capacity of Functional Chemicals research facility and welfare facilities
Explosive & Propulsion	Nippon Koki	New explosive and pyrotechnics manufacturing facility

(iii) Sales, disposal, or destruction of important fixed assets during the consolidated fiscal year ended March 31, 2025

None applicable.

(4) Financing

None applicable.

(5) Business Results and Summary of Assets

(i) Business results and summary of assets of the Group

Category			99th Term (April 2021 – March 2022)	100th Term (April 2022 – March 2023)	101st Term (April 2023 – March 2024)	102nd Term (April 2024 – March 2025)
Business performance	Net sales	(millions of yen)	192,642	217,709	222,252	238,310
	Operating income	(millions of yen)	35,595	40,624	42,142	45,308
	Ordinary income	(millions of yen)	37,624	43,183	45,577	46,572
	Profit attributable to owners of parent	(millions of yen)	26,690	33,973	33,990	36,497
	Profit per share	(yen)	107.92	139.01	141.17	153.88
Condition of assets	Total assets	(millions of yen)	289,630	309,438	341,449	357,196
	Net assets	(millions of yen)	221,706	240,002	265,907	279,550
	Net assets per share	(yen)	896.88	986.85	1,109.01	1,192.67
Number of companies	Consolidated subsidiaries		25	25	25	24
	Equity method affiliates		0	0	0	0

Notes: 1. Figures for net sales, operating income, ordinary income, profit attributable to owners of the parent, total assets, and net assets are rounded down to the nearest million yen.
2. Figures for profit per share and net assets per share are rounded to the second decimal place.
3. The Company conducted a 3-for-1 share split of common shares, effective April 1, 2024. Profit per share and net assets per share are calculated based on the assumption that the share split was conducted at the beginning of the 99th term.

(ii) Business results and summary of assets of the Company

Category			99th Term (April 2021 – March 2022)	100th Term (April 2022 – March 2023)	101st Term (April 2023 – March 2024)	102nd Term (April 2024 – March 2025)
Business performance	Net sales	(millions of yen)	135,865	155,139	156,410	168,736
	Operating income	(millions of yen)	27,499	32,071	32,399	34,462
	Ordinary income	(millions of yen)	31,528	38,259	42,037	39,056
	Profit	(millions of yen)	23,256	31,334	33,214	32,149
	Profit per share	(yen)	94.04	128.21	137.95	135.55
Condition of assets	Total assets	(millions of yen)	243,027	258,496	281,120	286,101
	Net assets	(millions of yen)	175,008	188,866	210,504	215,484
	Net assets per share	(yen)	710.47	779.27	880.93	922.72

Notes: 1. Figures for net sales, operating income, ordinary income, profit, total assets, and net assets are rounded

down to the nearest million yen.

2. Figures for profit per share and net assets per share are rounded to the second decimal place.
3. The Company conducted a 3-for-1 share split of common shares, effective April 1, 2024. Profit per share and net assets per share are calculated based on the assumption that the share split was conducted at the beginning of the 99th term.

(6) Status of the Parent Company and Principal Subsidiaries

(i) Status of the Parent Company

None applicable.

(ii) Status of Principal Subsidiaries

Name	Common stock	Percentage of voting rights owned by the Company	Principal business
Nippon Koki Co., Ltd.	2,000 million yen	95.4%	Production and sales of defense equipment, industrial explosives, various functional products (metal processed products, crime/disaster prevention products, road anti-icing agents, and spraying devices, and disposal of explosive
NiGK Corporation	1,478 million yen	100.0%	Production and sales of thermal indicator materials for temperature control, sterilized medical materials, construction materials, electrical materials, rocket components, processed chemical materials and marine equipment
NOF METAL COATINGS ASIA PACIFIC CO., LTD	186 million yen	100.0%	Production and sales of special anti-corrosion agents
JAPEX Corp.	100 million yen	70.0% (including indirect shareholding of 25.0%)	Production and sale of industrial explosives
YUKA SANGYO CO., LTD.	44 million yen	100.0%	Sales of oleochemical products, organic peroxides, Functional Chemicals, surfactants, metalworking fluid, cosmetics base ingredients, soap base ingredients, and pharmaceuticals
Changshu NOF Chemical Co., Ltd.	156,852 thousand Chinese yuan	100.0%	Production and sales of fatty acid derivatives and organic peroxides
PT. NOF MAS CHEMICAL INDUSTRIES	17,500 thousand U.S. dollars	89.6%	Production and sale of organic peroxides
NOF METAL COATINGS NORTH AMERICA INC.	1 thousand U.S. dollars	100.0%	Production and sales of special anti-corrosion agents
NOF AMERICA CORPORATION	100 U.S. dollars	100.0%	Export, import and sales of chemicals, etc.
NOF (Shanghai) Co., Ltd.	12,794 thousand Chinese yuan	100.0%	Export, import and sales of chemicals, etc.
NOF EUROPE GmbH	25 thousand Euros	100.0%	Export, import and sales of chemicals, etc.
NOF METAL COATINGS EUROPE S.A.	3,000 thousand Euros	100.0%	Production and sales of special anti-corrosion agents

Notes: 1. Figures for common stock are rounded down to the nearest million yen.

2. Percentage for voting rights owned by the Company are rounded down to the first decimal place.

(iii) Status of Corporate Mergers

Nippon Koki Co., Ltd., a consolidated subsidiary of the Company, conducted an absorption-type merger with HOKKAIDO NOF CORPORATION, a former consolidated subsidiary of the Company, whereby Nippon Koki Co., Ltd. was the surviving company, on April 1, 2024.

(7) Principal Business of the Company

The Group's business and main products are as indicated below.

Segment	Products
Functional Chemicals	Fatty acids and fatty acid derivatives Surfactants Ethylene oxide and propylene oxide derivatives Organic peroxides Petrochemical products (polybutane, etc.) Functional polymers Electronic materials (LCD materials, etc.) Special anti-corrosion agents
Pharmaceuticals, Medicals and Health	Edible oils and functional food materials Health-related products Biocompatible materials (MPC polymers, MPC monomers, etc.) Raw materials for DDS drug formulations (activated PEG, functional lipids, pharmaceutical surfactants)
Explosive & Propulsion	Industrial explosives Space rocket products Defense-related explosives Functional materials and devices
Others	Transportation Real estate

(8) Principal Offices and Plants

(i) The Company

Head Office	20-3, Ebisu 4-chome, Shibuya-ku, Tokyo	
Regional Offices/ Branch Offices	Osaka Office	Kita-ku, Osaka, Osaka
	Nagoya Office	Nakamura-ku, Nagoya, Aichi
	Fukuoka Office	Chuo-ku, Fukuoka, Fukuoka
Plants	Amagasaki Plant	Amagasaki, Hyogo
	Kawasaki Works	[Chidori Plant, Daishi Plant, DDS Plant] Kawasaki-ku, Kawasaki, Kanagawa
	Oita Works	[Oita Plant, LS Oita Plant] Oita, Oita
	Aichi Works	[Taketoyo Plant, Kinuura Plant, LS Aichi Plant] Taketoyo-cho, Chita-gun, Aichi
Research Laboratories	Advanced Technology Research Lab.	Tsukuba, Ibaraki
	Amagasaki Research Lab.	Amagasaki, Hyogo
	Chidori Research Lab.	Kawasaki-ku, Kawasaki, Kanagawa
	Kinuura Research Lab.	Taketoyo-cho, Chita-gun, Aichi
	Functional Foods Research Lab.	Kawasaki-ku, Kawasaki, Kanagawa
	Life Science Research Lab.	Kawasaki-ku, Kawasaki, Kanagawa / Taketoyo-cho, Chita-gun, Aichi / Oita, Oita

(ii) Subsidiaries

Nippon Koki Co., Ltd.	Head Office	Minato-ku, Tokyo
NiGK Corporation	Head Office	Kawagoe, Saitama
NOF METAL COATINGS ASIA PACIFIC CO., LTD	Head Office	Kawasaki-ku, Kawasaki, Kanagawa
JAPEX Corp.	Head Office	Minato-ku, Tokyo
YUKA SANGYO CO., LTD.	Head Office	Shibuya-ku, Tokyo
Changshu NOF Chemical Co., Ltd.	Head Office	China
PT. NOF MAS CHEMICAL INDUSTRIES	Head Office	Indonesia
NOF METAL COATINGS NORTH AMERICA INC.	Head Office	U.S.A.
NOF AMERICA CORPORATION	Head Office	U.S.A.
NOF (Shanghai) Co., Ltd.	Head Office	China
NOF EUROPE GmbH	Head Office	Germany
NOF METAL COATINGS EUROPE S.A.	Head Office	France

(9) Employees

(i) Status of Group employees

Segment	Number of employees	Year-on-year
Functional Chemicals	1,638	+27
Pharmaceuticals, Medicals and Health	508	+35
Explosive & Propulsion	1,343	+53
Others	287	-2
Company-wide (Shared)	221	+5
Total	3,997	+118

- Notes:
1. The number of employees is the number of working personnel.
 2. The number of employees in Company-wide (Shared) is those belonging to administrative divisions that cannot be classified into specific business segments.
 3. In addition to the above, there are also 152 temporary employees.

(ii) Status of Company employees

Number of employees	Year-on-year	Average age	Average length of service (years)
1,895	+101	43.1	17.9

- Notes:
1. The number of employees is the number of working personnel, and includes six people that were dispatched to the Company from outside the Company.
 2. In addition to the above, there are also 59 temporary employees and 121 dispatched employees.

(10) Major Creditors

Creditors	Loan Outstanding
MUFG Bank, Ltd.	1,200 million yen
Mizuho Bank, Ltd.	600 million yen

Note: Figures for outstanding loan are rounded down to the nearest million yen.

2. Shares of the Company

(1) Total number of shares authorized 970,000,000

(2) Total number of shares issued 233,648,429

(Excluding 2,875,699 shares of treasury stock, including 116,100 shares (1,161 voting rights) of the Company held by Custody Bank of Japan, Ltd. as trust property of the Board Benefit Trust (BBT). The said 1,161 voting rights shall not be exercised.)

(3) Number of shareholders 15,081

(Up 1,961 from the previous fiscal year-end)

(4) Major shareholders

Name	Number of shares (thousands)	Percentage of Ownership (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	37,568	16.07
Custody Bank of Japan, Ltd. (Trust Account)	15,545	6.65
Meiji Yasuda Life Insurance Company	9,384	4.01
BNYM AS AGT/CLTS 10 PERCENT	8,152	3.48
STATE STREET BANK AND TRUST COMPANY 505001	6,209	2.65
BNYM AS AGT/CLTS NON TREATY JASDEC	5,904	2.52
Nichiyu Shin Ei Kai	4,766	2.04
Nichiyu Kyo Ei Kai	4,017	1.71
JPMORGAN CHASE BANK 385781	3,041	1.30
GOVERNMENT OF NORWAY	2,860	1.22

Notes: 1. The number of shares is rounded down to the nearest thousand shares.

2. Percentage of ownership excludes 2,875,699 shares of treasury stock.

3. Percentage of ownership is rounded down to the second decimal place.

(5) Status of shares issued to officers of the Company in the fiscal year under review in exchange for their execution of duties

Category	Number of shares	Number of persons who received issuance
Directors (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors)	—	—
Outside Directors (excluding Directors who are Audit and Supervisory Committee Members)	—	—
Directors who are Audit and Supervisory Committee Members	—	—

3. Matters concerning stock acquisition rights

None applicable.

4. Officers of the Company

(1) Directors

Position	Name	Gender	Significant concurrent positions
Chairman and Chief Executive Officer*	Takeo Miyaji	Male	
President and Chief Executive Officer *	Koji Sawamura	Male	
Director*	Manabu Saito	Male	
Director*	Kazuyoshi Yamauchi	Male	
Outside Director	Shingo Unami	Male	
Outside Director	Izumi Hayashi	Female	Partner of Sakurazaka Law Offices Director of Weathernews Inc. Director (Audit & Supervisory Committee Member) of Nifco Inc
Director, Standing Audit and Supervisory Committee Member	Masanobu Miyo	Male	
Outside Director, Audit and Supervisory Committee Member	Kunimitsu Ito	Male	Representative of ITO ACCOUNTING FIRM Director of nattoku Housing Co., Ltd.
Outside Director, Audit and Supervisory Committee Member	Yuriko Sagara	Female	Partner of Nakamura & Partners Director (Audit and Supervisory Committee Member) of TOKYO SEIMITSU CO., LTD.
Outside Director, Audit and Supervisory Committee Member	Keiichi Miura	Male	

- Notes: 1. Directors Shingo Unami and Izumi Hayashi as well as Directors who are Audit and Supervisory Committee Members Kunimitsu Ito, Yuriko Sagara, and Keiichi Miura are Outside Directors as stipulated in the Companies Act.
2. The Company has designated Directors Shingo Unami and Izumi Hayashi as well as Directors who are Audit and Supervisory Committee Members Kunimitsu Ito, Yuriko Sagara, and Keiichi Miura as Independent Directors as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.
3. Director who is an Audit and Supervisory Committee Member Masanobu Miyo has knowledge on the Company's operations, and can ensure the effectiveness of the audit and supervisory functions of the Audit and Supervisory Committee, by collecting information through attending important meetings, etc., and through cooperation with the Internal Audit Department, etc. Therefore, the Company has selected him as a Standing Audit and Supervisory Committee Member.
4. Director who is an Audit and Supervisory Committee Member Kunimitsu Ito is a Certified Public Accountant and a Certified Tax Accountant, and has extensive knowledge regarding finance and accounting.
5. Director who is an Audit and Supervisory Committee Member Kunimitsu Ito resigned as Director of nattoku Housing Co., Ltd. as of March 31, 2025.
6. There are no special relationships between the Company and the following corporations: Sakurazaka Law Offices, Weathernews Inc., Nifco Inc, ITO ACCOUNTING FIRM, nattoku Housing Co., Ltd., Nakamura & Partners, and TOKYO SEIMITSU CO., LTD.
7. Directors with an asterisk (*) next to their title concurrently serve as Operating Officers.
8. The Company has adopted an operating officer system. The Operating Officers as of the end of the fiscal year under review are as indicated below.

Position	Name	Assignment
Chairman & Chief Executive Officer	Takeo Miyaji	
President & Chief Executive Officer	Koji Sawamura	CEO
Executive Operating Officer	Naoya Umehara	CFO In charge of Corporate Planning & Strategy Group, Corporate Communications Group, and Finance Group
Executive Operating Officer	Eui-Chul Kang	General Manager, Corporate R&D Div., in charge of Life Science Products Group
Executive Operating Officer	Manabu Saito	CCO In charge of Functional Foods Group, Human Resources & General Affairs Group, and Legal Group
Executive Operating Officer	Kenshiro Shuto	General Manager, Functional Materials Div., in charge of Purchasing Group
Executive Operating Officer	Kazuhito Narumi	General Manager, Explosives & Propulsion Div.
Executive Operating Officer	Kazuyoshi Yamauchi	CSQO, General Manager, Corporate Technical Div., in charge of Systems Group
Operating Officer	Tsuyoshi Izumisawa	General Manager, Finance Dept.
Operating Officer	Hiroyuki Kajikawa	General Manager, Legal Dept.
Operating Officer	Satoshi Kataoka	General Manager, Purchasing Dept.
Operating Officer	Hirofumi Kato	General Manager, Functional Foods Div.
Operating Officer	Toshiaki Sakaino	General Manager, Planning & Strategy Dept.
Operating Officer	Motoji Takimizu	General Manager, Information Systems Dept.
Operating Officer	Kuniaki Tsuruoka	General Manager, Anti-Corrosion Coatings Group
Operating Officer	Yoshitaka Honda	General Manager, Kawasaki Works; General Manager, Chidori Plant; General Manager, Operations Dept., Kawasaki Works
Operating Officer	Akihisa Maeda	General Manager, Human Resources & General Affairs Dept.
Operating Officer	Yuji Yamamoto	General Manager, Life Science Div.
CEO (Chief Executive Officer) CCO (Chief Compliance Officer)		CFO (Chief Financial Officer) CSQO (Chief Safety and Quality Officer)

(2) Overview of contents of limitation of liability agreement

Pursuant to Sub-Article 1 of Article 427 of the Companies Act, the Company has concluded an agreement with all Outside Directors and Directors who are Audit and Supervisory Committee Members that limits their liability for damages indicated in Sub-Article 1 of Article 423 of the same Act (a limitation of liability agreement). The amount of limitation of liability for damages based on such an agreement is the amount stipulated by laws and ordinances.

(3) Overview of contents of indemnity agreement

The Company has entered into an indemnity agreement indicated in Sub-Article 1 of Article 430-2 of the Companies Act with Directors Takeo Miyaji, Koji Sawamura, Manabu Saito, Kazuyoshi Yamauchi, Shingo Unami and Izumi Hayashi, and Audit and Supervisory Committee Members Masanobu Miyo, Kunimitsu Ito, Yuriko Sagara and Keiichi Miura, to indemnify expenses under Item 1 of said Sub-Article and losses under Item 2 of said Sub-Article to the extent stipulated by laws and ordinances. To ensure that appropriateness of Directors' execution of duties is not impaired, the agreement stipulates the maximum amount of the indemnity, Directors' obligation for reporting and submitting materials, and procedures for claiming indemnity to the Board of Directors, etc.

(4) Overview of contents of D&O insurance contract

The Company has entered into a Directors and Officers liability insurance (D&O insurance) contract with an insurance company.

All Directors are insured under the said insurance contract. The insurance fee for the policy and all added special clauses is borne by the Company and no substantial insurance fee is borne by the insured.

In the event of claims for damages by shareholders or other third parties, arising from actions or omissions in the execution of duties by the insured Directors, the said insurance contract will cover damage incurred by the said Director. However, there are certain exemptions. For instance, in case of actions taken with the knowledge that such actions are in violation of the law (including cases where there are sound reasons to deem that the insured had such knowledge), the damage arising from such a case will not be covered.

(5) Compensation, etc. of Directors and Corporate Auditors

(i) Compensation, etc. paid to Directors and Corporate Auditors

Category	Number of persons paid	Total amount of compensation, etc.	Total amount of compensation, etc. by type		
			Fixed compensation	Performance-linked compensation	
				Bonuses	Stock compensation
Directors (excluding Audit and Supervisory Committee Members)	6	¥ 266 million	¥166 million	¥85 million	¥14 million
[of which Outside Directors]	[2]	[¥18 million]	[¥18 million]	[—]	[—]
Directors (Audit and Supervisory Committee Members)	4	¥51 million	¥51 million	—	—
[of which Outside Directors]	[3]	[¥27 million]	[¥27 million]		
Total	(Total) 10	¥317 million	¥217 million	¥85 million	¥14 million
[of which Outside Officers]	(Total) [5]	[¥46 million]	[¥46 million]	[—]	[—]

Notes: 1. The above payment amounts do not include employee portion of salaries or bonuses for Directors who concurrently serve as employees.

2. The annual compensation limit for Directors (excluding Directors who are Audit and Supervisory Committee Members) was set to ¥360 million (including compensation of within ¥40 million per year for Outside Directors; excluding employee salaries) at the 98th Annual General Meeting of Shareholders held on June 29, 2021. There were six (6) Directors (excluding Directors who are Audit and Supervisory Committee Members; including two (2) Outside Directors) as of the conclusion of the said Annual General Meeting of Shareholders.

3. At the 98th Annual General Meeting of Shareholders held on June 29, 2021, regarding the performance-linked stock compensation plan “Board Benefit Trust” for Directors who concurrently serve as Operating Officers, it was resolved that separately from the maximum amount of the compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) as stated in 2 above, the maximum number of points that can be awarded to Directors in a fiscal year is a total of 12,000 points (each point awarded shall be converted into one (1) share of the Company’s common stock at the time of the distribution of the Company’s Shares, etc.). There were four (4) Directors who concurrently served as Operating Officers as of the conclusion of the said Annual General Meeting of Shareholders.

*The Company conducted a 3-for-1 share split of common shares effective April 1, 2024. As a result, maximum number of points that can be granted to Directors who concurrently serve as Operating Officers in a fiscal year is a total of 36,000 points after that date.

4. The annual compensation limit for Directors who are Audit and Supervisory Committee Members was set to ¥80 million at the 98th Annual General Meeting of Shareholders held on June 29, 2021. There were four (4) Directors who were Audit and Supervisory Committee Members as of the conclusion of the said Annual General Meeting of Shareholders.

5. Figures are rounded down to the nearest million yen.

(ii) Method of determining compensation, etc.

a. Method of determining policy concerning details of compensation, etc. of individual Directors

Regarding the policy on compensation of Directors excluding Audit and Supervisory Committee Members, after undergoing deliberation by the Compensation Committee, an advisory committee for the Board of Directors, a resolution was reached on a partial review of the policy at the Board of Directors meeting held on January 27, 2023.

b. Overview of contents of determination policy

The compensation of Directors excluding Audit and Supervisory Committee Members is based on

the Company's Corporate Philosophy, promotes sustained growth and improvement of corporate value in the medium to long term, and rewards business performance, etc. through appropriate compensation levels. Also, compensation shall be determined through a fair and transparent process. Under such a policy, compensation consists of monthly compensation, bonuses and stock compensation. The proportion of incentive compensation that is linked to short-term or mid- to long-term performance is set to about 40% (a standard proportion) (Outside Directors are paid compensation that is not linked to performance indicators). In addition, the Compensation Committee deliberates on compensation systems, compensation levels, and individual compensation, etc.

c. Reasons why Board of Directors deemed that details of compensation, etc. of individual Directors concerning the fiscal year under review aligned with the determination policy

For matters regarding the compensation system and policy concerning Directors excluding Audit and Supervisory Committee Members, matters regarding the calculation method in determining specific compensation amounts for Directors, and individual compensation amounts, etc., the Compensation Committee conducts deliberations from a multi-faceted perspective, including compliance with the policy on compensation of Directors excluding Audit and Supervisory Committee Members. The Board of Directors respects the results of the deliberations, and deems that they are aligned with the said policy.

The said Compensation Committee comprises seven members, namely five independent Outside Directors, the Chairman and Chief Executive Officer, and the President and Chief Executive Officer, and is chaired by an independent Outside Director (held meetings in April, May, August and November of 2024 in the fiscal year under review).

(iii) Fixed compensation (delegation of decisions on compensation, etc. of individual Directors)

After undergoing deliberation by the Compensation Committee, the calculation method, etc. for fixed compensation of Directors was resolved at the Board of Directors meeting. Regarding decisions on the specific details of the fixed compensation amount of individual Directors excluding Audit and Supervisory Committee Members, they are resolved at a Board of Directors meeting, after undergoing deliberation by the Compensation Committee.

(iv) Performance-linked compensation

(Bonuses)

After undergoing deliberation by the Compensation Committee, the calculation method, etc. for bonuses of Directors excluding Audit and Supervisory Committee Members and Outside Directors was resolved at a Board of Directors meeting. The calculation method of the said bonuses are based on consolidated operating income, an important indicator related to the Group's business performance evaluation, and by multiplying a predetermined coefficient determined for each position by a base amount. The Compensation Committee verifies the said calculation method and the amount paid to Directors excluding Audit and Supervisory Committee Members (excluding Outside Directors) in each term.

(ESG indicators-linked compensation)

The Company resolved a method to calculate a portion of the next term's compensation (monthly compensation) using the achievement of ESG indicators, etc. for Directors excluding Audit and Supervisory Committee Members and Outside Directors in a Board of Directors meeting held on January 27, 2023. The calculation method for this compensation is based on the evaluation coefficient according to the achievement level, etc. of prescribed ESG indicators concerning the Group's initiatives for sustainability issues and by multiplying a predetermined coefficient determined for each position by a base amount. The Compensation Committee verifies the said calculation method and the amount paid in each term. The ESG indicator targets for the fiscal year ended March 31, 2025, were generally achieved.

(Stock compensation)

Through a resolution at the 96th Annual General Meeting of Shareholders held on June 27, 2019, the Company introduced a performance-linked stock compensation plan, the “Board Benefit Trust” (BBT). Subsequently, the Company transitioned to a Company with an Audit and Supervisory Committee through the 98th Annual General Meeting of Shareholders held on June 29, 2021. Accordingly, the persons currently eligible for the BBT are as follows: Directors who concurrently serve as Operating Officers and Operating Officers with a title (excluding Directors who are Audit and Supervisory Committee Members and Outside Directors; hereinafter collectively “Directors, etc.”).

For each fiscal year, the Directors, etc. shall be awarded points, the number of which is to be decided taking into account their respective positions, achievement level of performance targets, etc. based on the Officer Stock Distribution Rules. Each point awarded to the Directors, etc. shall be converted into one (1) share of the Company’s common stock at the time of the distribution of the Company’s shares, etc. (in the event of a share split, stock allotment without contribution, or stock consolidation, etc., reasonable adjustments will be made to the maximum number of points, the number of points awarded or the conversion ratio, according to the said ratio, etc. of the event). The number of points held by a Director, etc., which will be used as the basis for the distribution of the Company’s shares, etc., shall be in principle, the number of points awarded to the said Director, etc. by the time of his/her retirement (hereinafter, the number of points calculated in such manner shall be referred to as the “Defined Number of Points”).

After undergoing deliberation by the Compensation Committee, the Officer Stock Distribution Rules, which stipulate the said calculation method, etc. after taking into account the respective positions, achievement level of performance targets, etc. of the Directors, etc., was resolved at a Board of Directors meeting.

i. Calculation method for awarding of points

The consolidated operating income and return of equity (ROE) of the Mid-Term Management Plan is an important indicator related to the Group’s business performance evaluation. A performance evaluation coefficient is determined based on the achievement level of this indicator. Multiplying this coefficient by the position points determined for each position gives the number of points.

(Calculation formula)

Position points × Performance evaluation coefficient

* Performance evaluation coefficient = (Performance evaluation coefficient based on consolidated operating income × 50%) + (Performance evaluation coefficient based on ROE × 50%)

*The performance evaluation coefficient fluctuates between 0 and 1.5 in view of the achievement level, etc.

ii. Method of distribution

After a Director, etc. of the Company retires, he/she will receive the Company’s shares and money (money will be paid to the bereaved family if the Director, etc. has passed away) in an amount equivalent to the Defined Number of Points.

iii. Achievement level of consolidated operating income and ROE in the fiscal year under review

The planned target for consolidated operating income in the 2025 Mid-Term Management Plan is ¥46.0 billion (final year of the said plan). The actual result of consolidated operating income in the fiscal year under review was ¥45.3 billion, representing a 102.4% achievement level in the consolidated fiscal year ended March 31, 2025, calculated according to the level of growth in the period of the 2025 Mid-Term Management Plan. The planned target for ROE in the 2025 Mid-Term Management Plan is 12% or more, and the actual result of ROE in the fiscal year under review was 13.4%, representing an achievement level 111.9% based on the planned target.

The Compensation Committee verifies the number of points awarded based on the defined calculation method in each term.

(6) Outside Officers

Status of major activities

Position	Name	Status of major activities and outline of duties executed regarding roles expected of Outside Directors
Outside Director	Shingo Unami	<p>Shingo Unami attended all 17 meetings of the Board of Directors held in the fiscal year under review. At Board of Directors meetings, he actively expressed opinions from a professional viewpoint, including his advanced knowledge on human resources, labor, finance and accounting, thereby fulfilling his role of providing advice to management, supervising business execution, etc.</p> <p>He served as the chairman of the Compensation Committee and a member of the Nomination Committee, attended meetings of the Sustainability Committee, and made valuable remarks. He also attended a risk assessment workshop for officers, and actively expressed his views.</p>
Outside Director	Izumi Hayashi	<p>Izumi Hayashi attended all 17 meetings of the Board of Directors held in the fiscal year under review. At Board of Directors meetings, she actively expressed opinions from a professional viewpoint, based on her global perspective on legal affairs and risk management, etc., thereby fulfilling her role of providing advice to management, supervising business execution, etc.</p> <p>She served as the chairman of the Nomination Committee and a member of the Compensation Committee, attended meetings of the Sustainability Committee, and made valuable remarks. She also attended a risk assessment workshop for officers, and actively expressed her views.</p>
Outside Director (Audit and Supervisory Committee Member)	Kunimitsu Ito	<p>Kunimitsu Ito attended all 17 meetings of the Board of Directors and all 16 meetings of the Audit and Supervisory Committee held in the fiscal year under review. At Board of Directors meetings, he actively expressed opinions from a skillful and professional viewpoint on accounting, taxation and auditing, thereby fulfilling his role as an Audit and Supervisory Committee Member.</p> <p>He served as a member of the Nomination Committee and a member of the Compensation Committee, attended meetings of the Sustainability Committee, and made valuable remarks. He also attended a risk assessment workshop for officers, and actively expressed his views.</p>

Position	Name	Status of major activities and outline of duties executed regarding roles expected of Outside Directors
Outside Director (Audit and Supervisory Committee Member)	Yuriko Sagara	<p>Yuriko Sagara attended all 17 meetings of the Board of Directors and all 16 meetings of the Audit and Supervisory Committee held in the fiscal year under review. At Board of Directors meetings, she actively expressed opinions from a professional viewpoint, based on her global perspective regarding risk management and intellectual property management, thereby fulfilling her role as an Audit and Supervisory Committee Member.</p> <p>She served as a member of the Nomination Committee and a member of the Compensation Committee, attended meetings of the Sustainability Committee, and made valuable remarks. She also attended a risk assessment workshop for officers, and actively expressed her views.</p>
Outside Director (Audit and Supervisory Committee Member)	Keiichi Miura	<p>Keiichi Miura attended all 17 meetings of the Board of Directors and all 16 meetings of the Audit and Supervisory Committee held in the fiscal year under review. At Board of Directors meetings, he actively expressed opinions from a professional viewpoint, based on his advanced knowledge on R&D and ESG initiatives, thereby fulfilling his role as an Audit and Supervisory Committee Member.</p> <p>He served as a member of the Nomination Committee and a member of the Compensation Committee, attended meetings of the Sustainability Committee, and made valuable remarks. He also attended a risk assessment workshop for officers, and actively expressed his views.</p>

5. Accounting Auditors

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Compensation paid to Accounting Auditor for the fiscal year under review

	Classification	Amount paid
1)	Compensation paid or payable to the Accounting Auditor concerning the audit services for the fiscal year under review	¥72 million
2)	The total amount of money and property interests paid or payable to the Accounting Auditor from the Company and subsidiaries	¥95 million

- Notes: 1. The audit contract between the Company and the Accounting Auditor does not separate compensation concerning audits described by the Companies Act from compensation concerning audits described by the Financial Instruments and Exchange Act, and these compensation amounts are not practically possible to distinguish. Accordingly, the amount of compensation for the current fiscal year is the total amount of these two types of compensation.
2. The Audit and Supervisory Committee of the Company conducted necessary verification of whether the contents of the Accounting Auditor's auditing plans, status of the execution of duties of the audit plan, basis for calculating estimated compensation, etc., were appropriate, and has decided to agree on the compensation amount, etc.
3. Of the Company's important subsidiaries, NOF METAL COATINGS EUROPE S.A. and six other companies were audited (solely under the provisions of the Companies Act or the Financial Instruments and Exchange Act (including foreign laws and regulations equivalent thereto)) by accounting auditors other than the Company's Accounting Auditor (including those with equivalent foreign qualifications).
4. Figures are rounded down to the nearest million yen.

(3) Content of non-audit operations

None applicable.

(4) Policy for determining the dismissal or non-reappointment of Accounting Auditor

If the Audit and Supervisory Committee has judged that it is necessary, such as when the execution of duties by an Accounting Auditor is hindered, it will determine the contents for proposals for dismissal or non-reappointment of the Accounting Auditor to be submitted at the General Meeting of Shareholders.

If an Accounting Auditor is deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act, such Accounting Auditor shall be dismissed subject to the unanimous approval at the Audit and Supervisory Committee. In this case, an Audit and Supervisory Committee Member designated by the Audit and Supervisory Committee shall report the dismissal of the Accounting Auditor and the reason for the dismissal at the first General Meeting of Shareholders to be convened after the dismissal.

(5) Overview of the content of liability limitation agreement

None applicable.

(6) Overview of contents of indemnity agreement

None applicable.

6. System for Ensuring Appropriate Conduct of Operations

(1) Outline of the System for Ensuring Appropriate Conduct of Operations

Internal control system for further enhancing the appropriateness of the operations of the Company and Group companies

- 1) Systems for ensuring that the Directors and employees perform their duties in accordance with laws, regulations, and the Articles of Incorporation
 - a. The Board of Directors makes decisions regarding matters related to systems for ensuring that the Directors perform their duties in accordance with laws, regulations, and the Articles of Incorporation.
 - b. The Directors and employees comply with corporate ethics based on the NOF Group Corporate Code of Ethics.
 - c. The Compliance Committee promotes compliance throughout the Company.
 - d. The Secretariat of the Compliance Committee is responsible for performing contact point operations that allow employees to directly report or consult regarding issues related to compliance. Reporters of issues shall not be treated disadvantageously.
- 2) System for the storage and management of information regarding the execution of duties by Directors
 - a. Information in documents, etc., concerning the execution of duties by Directors is retained and managed as stipulated in laws and regulations and internal rules such as rules on document handling and rules on information security management.
 - b. Security systems are used to protect data on electronic media concerning the execution of duties by Directors from leakage due to unauthorized access, etc.
 - c. Directors or employees designated by Directors can view or copy documents or data on electronic media at any time.
- 3) Rules and other systems for managing risks of loss
 - a. Specialist committees such as the Risk Management Committee, the Responsible Care Committee, and the Quality Management Committee analyze business risks, consider countermeasures, and report to the Board of Directors. The Board of Directors receives reports on various business risks such as compliance, information management, environmental and safety risks, and confirmation and evaluation of risk comprehensiveness, and deliberates on the risks as necessary.
 - b. In the event of an emergency, an Emergency Task Force is established in accordance with the crisis management regulations to establish a system for ensuring the safety of personnel and minimizing impact on business and economic losses.
 - c. Overseas safety measures and action manuals are established and policies to ensure personnel safety and minimize operational impact and economic losses are formulated.

- 4) System for ensuring that the duties of the Directors are efficiently performed
- a. In order to ensure that Directors perform their duties efficiently, the Board of Directors meets regularly once a month, and additionally as necessary, and makes decisions regarding important matters concerning management and business execution.
 - b. In the event of urgent important issues for which there is not enough time for Board of Directors' decision-making, these issues may be handled as they arise, provided that the decisions do not violate the laws and regulations or the Articles of Incorporation, and approved at the next meeting of the Board of Directors.
 - c. Management decision-making and supervision functions are separated from business execution functions, and an Operating Officer system is adopted to reinforce both of these functions.
 - d. Directors and employees comply with internal rules such as rules on office organization.
 - e. Goals are defined for the entire Group and shared by Directors and employees. Mid-term Management Plans are formulated based on these goals while fostering the permeation of the goals throughout the Group, and are decided by the Board of Directors. Annual plans are formulated based on Mid-term Management Plans and decided by the Board of Directors.
 - f. As a general rule, Strategic Meetings are held once a week to ensure speedy management decision-making.
- 5) System for ensuring appropriate conduct of operations by the Group composed of the Company and Group companies
- a. The Company permeates the Corporate Philosophy, values, and Code of Conduct it has formulated throughout Group companies and promotes business activities. Furthermore, Group companies formulate policies based on the basic policies and annual policies of the Mid-term Management Plan formulated by the Company.
 - b. The Company manages the businesses of Group companies in accordance with the rules on the management of Group companies, and requests regular reports of business execution status, financial conditions, etc.
 - c. The Company's Board of Directors shall approve important matters which have been deemed to have a significant impact on the assets and profits or losses of the Company and Group companies.
 - d. The Company monitors the risk management of Group companies in accordance with the rules on the management of Group companies. Furthermore, specialist committees such as the Risk Management Committee, the Responsible Care Committee, and the Quality Management Committee analyze risks, consider countermeasures, and report to the Board of Directors. The Board of Directors receives reports on various business risks such as compliance, information management, environmental and safety risks, and confirmation and evaluation of risk comprehensiveness. The Board of Directors then provides advice, etc., to Group companies as necessary via the specialist committees.

- e. Group companies with a significant impact on Group business results must deliberate with the Company regarding important management matters, attend the Company's management meetings, and gain an understanding of the Group's overall business performance.
 - f. The Company holds a Group company meeting once a year to provide an opportunity to share information necessary for efficient Group-wide operation.
 - g. As a system to prevent legal violations, etc., the Company has established whistle-blowing contact points where employees of the Company or Group companies can use to directly report and consult regarding issues.
 - h. To ensure that Directors and employees of Group companies perform their duties in accordance with laws, regulations, and the Articles of Incorporation, the Company requires Group companies to report on the status of compliance with laws and regulations, and provides advice, etc., as necessary.
 - i. The Internal Control Department regularly audits the operations of the Company and Group companies.
- 6) Matters concerning employees that the Audit and Supervisory Committee requests to be assigned in order to assist its duties, matters regarding the independence of said employees from Directors, and matters regarding assurance of the effectiveness of instructions issued by the Audit and Supervisory Committee to said employees
- a. The Audit and Supervisory Committee's Office shall be established as an organization directly under the control of the Audit and Supervisory Committee, and employees who assist the duties of the Audit and Supervisory Committee shall be assigned to the Office.
 - b. Employees with the necessary knowledge and capabilities are assigned to assist the duties of the Audit and Supervisory Committee.
 - c. Said employees who assist the duties of the Audit and Supervisory Committee shall not accept orders or instructions from Directors or persons in senior positions.
 - d. In order to ensure the independence of employees that assist the duties of the Audit and Supervisory Committee from Directors and persons in senior positions, and to ensure the effectiveness of instructions issued by the Audit and Supervisory Committee, decisions regarding the assignments, transfers, and other personnel matters related to said employees require the approval of the Audit and Supervisory Committee.
- 7) System for reporting from Directors and employees to the Audit and Supervisory Committee, system for reporting from Group company Directors or employees, or persons who have received reports from Group company Directors or employees, to the Company's Audit and Supervisory Committee, and other matters regarding reporting to the Audit and Supervisory Committee
- a. Directors and employees of the Company report important results of business execution based on decisions by the Board of Directors, Executive Committee, etc., to the Audit and Supervisory Committee.

- b. If Directors or employees of the Company discover serious legal violations or matters with the potential to cause major losses for the Company, said Directors or employees shall promptly report these matters to the Audit and Supervisory Committee.
 - c. If Directors or employees of a Group company, or persons who have received reports from Directors or employees of a Group company, discover serious legal violations or matters with the potential to cause major losses for the Company, said persons shall promptly report these matters to the Audit and Supervisory Committee.
 - d. The Internal Control Department regularly reports the business audit plan and the results of operation audits to the Audit and Supervisory Committee.
 - e. In order for the Audit and Supervisory Committee to ascertain the status of the execution of duties by Directors, Audit and Supervisory Committee Members attend meetings of the Board of Directors, meetings of the Executive Committee, and other important meetings. Furthermore, the Company shall ensure the establishment of a system that allows Audit and Supervisory Committee Members to view important documents related to decisions made in business execution, such as minutes and approval documents.
- 8) System for ensuring that the person who has reported issues to the Audit and Supervisory Committee is not subject to disadvantageous treatment
- a. The Company shall ensure the establishment of a system that prohibits the disadvantageous treatment of the person who has reported issues to the Audit and Supervisory Committee.
- 9) Matters related to policies regarding the procedures for advance payment or reimbursement of expenses arising from the execution of duties by the Audit and Supervisory Committee and the processing of other expenses or financial obligations resulting from the execution of duties by the Audit and Supervisory Committee
- a. The Company shall promptly respond to requests for the advance payment of expenses arising from the execution of duties by the Audit and Supervisory Committee, reimbursement of paid expenses, and payment for incurred financial obligations.
- 10) System for ensuring that audits by the Audit and Supervisory Committee are conducted effectively
- a. The Audit and Supervisory Committee conducts audits in accordance with the Audit and Supervisory Committee auditing standards defined by the Audit and Supervisory Committee. As necessary, they give out instructions on inspections, etc. to the Internal Control Department, etc., and deliberate with Directors to improve the effectiveness of their audits.
 - b. Accounting Auditors regularly report audit plans and audit results to the Audit and Supervisory Committee. When necessary, the Audit and Supervisory Committee shares information and exchanges opinions with Accounting Auditors, each department of the Company, and Group companies.

- c. The Audit and Supervisory Committee has regular meetings with Representative Directors, where opinions are exchanged regarding the issues to be addressed by the Company, the status of the auditing and supervisory environment of the Audit and Supervisory Committee, important issues related to auditing, etc., thereby developing deeper mutual understanding and trust.

11) System for ensuring the reliability of financial reporting

- a. In order to ensure the reliability of the financial reporting of the Company and Group companies, and to effectively and appropriately submit the internal control reports stipulated in the Financial Instruments and Exchange Act, the Internal Control Department builds and maintains internal control systems related to financial reporting and strives to enhance control activities related to important financial reporting processes.

(2) Outline of the Status of Implementation of the System for Ensuring Appropriate Conduct of Operations

Based on the above policy, the Company strives to improve its internal control system and operate it appropriately. The main initiatives carried out during the fiscal year under review were as follows.

(Measures aimed at ensuring appropriate conduct of operations by the Company and Group companies)

The Company held a regular meeting of the Board of Directors once each month and held five extraordinary meetings of the Board of Directors over the course of the fiscal year. In addition to regularly reported matters, the Board of Directors also confirmed and decided on important matters stipulated in the rules of the Board of Directors and monitored the status of the execution of the duties of Directors. Group companies requested approval from and reported on important matters stipulated in the rules on the management of Group companies to the Company.

(Compliance measures)

The Compliance Committee led the improvement of compliance related regulations such as compliance manuals, operation of whistle-blowing contact points, and provision of ongoing compliance training for all Group companies, both in Japan and abroad, including the Company.

During the fiscal year under review, the Company reviewed the NOF Code of Ethical Conduct, and renamed and restructured it as the NOF Group Corporate Code of Ethics, thereby enhancing the compliance system for the entire Group.

(Risk management measures)

Led by the Risk Management Committee, the Company shall conduct company-wide risk assessments and comprehensively ascertain, analyze, and evaluate business risks. With regard to risk management, specialist committees such as the Risk Management Committee, the Responsible Care Committee, and the Quality Management Committee monitor their respective operation fields, including Group companies, analyze results, and report measures and countermeasures to the Board of Directors. The Board of Directors receives reports on various business risks such as compliance, information management, environmental and safety risks, and confirmation and evaluation of risk comprehensiveness, and deliberates on the risks as necessary.

Furthermore, during the fiscal year under review, regarding the result of climate change-related risk and opportunity analysis, the Company worked on the introduction of a greenhouse gas aggregation and management system to further precisely assess and analyze the Task Force on Climate-related Financial Disclosures (TCFD) recommendations. In addition, the Company supports the recommendations from the Taskforce on Nature-related Financial Disclosures (TNFD), and promotes efforts to preserve natural capital. As for efforts concerning human rights, the Company continues to identify risks through engagement surveys for employees and CSR questionnaires for suppliers, as well as by receiving reports from outside the Company.

(Measures for ensuring the effectiveness of audits by the Audit and Supervisory Committee)

The Audit and Supervisory Committee provides opportunities for regular deliberations with the Internal Control Department and Accounting Auditors, and coordinates with them closely. On top of this, Audit and Supervisory Committee Members attend important meetings such as the meetings of the Board of Directors, Executive Committee, Sustainability Committee, and specialist committees; visit offices, branches, business sites, and the like; and conduct interviews with business departments and Group companies. Through this, they strive to ensure the effectiveness of their audits.

Audit and Supervisory Committee Members are provided with necessary information through explanations by Directors or internal related departments regarding the state of important decision-making or the execution of duties, or the details of said duties, and by viewing related important documents. These information are reported appropriately to Audit and Supervisory Committee Members.

(Evaluation of operating status of internal control system)

The internal control system is reviewed and revised annually. At the meeting of the Board of Directors held in April 2025, the Company evaluated operating status during the fiscal year under review with respect to the matters stipulated in the policy on the improvement of the internal control system, and confirmed that the system was operating appropriately.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2025)

Account item	Current fiscal year
(Assets)	(millions of yen)
Current assets	211,978
Cash and time deposits	87,064
Notes and accounts receivable - trade, and contract assets	59,238
Electronically recorded monetary claims-operating	3,561
Merchandise and finished goods	28,419
Work in process	6,722
Raw materials and supplies	22,185
Other current assets	4,992
Allowance for doubtful accounts	(206)
Fixed assets	145,218
Property, plant and equipment	85,069
Buildings and structures	28,483
Machinery, equipment and vehicles	17,151
Land	20,343
Construction in progress	15,854
Others	3,235
Intangible assets	1,950
Investments and other assets	58,198
Investments securities	41,864
Long term loans	8
Deferred tax assets	1,212
Assets for retirement benefits	9,557
Other assets	5,707
Allowance for doubtful accounts	(151)
Total assets	357,196

Account item	Current fiscal year
(Liabilities)	(millions of yen)
Current liabilities	58,325
Notes and accounts payable	22,305
Electronically recorded obligations - operating	1,580
Short-term bank loans	1,490
Current portion of long-term borrowings	816
Lease obligations	254
Accrued expenses	1,904
Income taxes payable	7,682
Deposits received	4,328
Accrued bonuses for employees	3,915
Asset retirement obligations	174
Other current liabilities	13,871
Long-term liabilities	19,321
Long-term debt	2,008
Lease obligations	473
Deferred tax liabilities	11,561
Accrued retirement benefits for officers	8
Liabilities for retirement benefits	4,976
Asset retirement obligations	22
Other long-term liabilities	269
Total liabilities	77,646
(Net assets)	
Shareholders' equity	246,724
Common stock	17,742
Capital surplus	15,058
Retained earnings	220,195
Treasury stock, at cost	(6,271)
Accumulated other comprehensive income	31,803
Unrealized holding gain on securities	21,072
Translation adjustments	6,437
Retirement benefits liability adjustments	4,294
Non-controlling interests	1,022
Total net assets	279,550
Total liabilities and net assets	357,196

CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2024 to March 31, 2025)

Account item	Current fiscal year
	(millions of yen)
Net sales	238,310
Cost of sales	153,156
Gross profit	85,153
Selling, general and administrative expenses	39,845
Operating income	45,308
Non-operating income	2,426
Interest and dividend income	1,693
Others	732
Non-operating expenses	1,162
Interest expenses	137
Foreign exchange losses	319
Others	705
Ordinary income	46,572
Extraordinary income	4,340
Gain on sale of fixed assets	447
Gain on sale of investment securities	3,670
Compensation income	220
Others	1
Extraordinary losses	133
Loss on sale of fixed assets	1
Loss on retirement of fixed assets	109
Loss on tax purpose reduction entry of fixed assets	1
Loss on valuation of investment securities	20
Others	1
Profit before income taxes	50,778
Income taxes	14,173
Income taxes - current	14,680
Income taxes - deferred	(506)
Profit	36,605
Profit attributable to non-controlling interests	107
Profit attributable to owners of parent	36,497

Consolidated Statement of Changes in Net Assets

(From April 1, 2024 to March 31, 2025)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of the period	17,742	15,052	206,309	(7,209)	231,894
Changes during the period					
Cash dividends			(9,622)		(9,622)
Profit attributable to owners of parent			36,497		36,497
Purchase of treasury stock				(12,007)	(12,007)
Cancellation of treasury stock		(12,945)		12,945	—
Transfer of loss on disposal of treasury stock		12,945	(12,945)		—
Adjustment to reserve due to change in tax rate			(44)		(44)
Change in ownership interest of parent due to transactions with non-controlling interests		5			5
Net changes in items other than shareholders' equity					
Total changes during the period	—	5	13,885	938	14,829
Balance at the end of the period	17,742	15,058	220,195	(6,271)	246,724

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized holding gain on securities	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
Balance at beginning of the period	26,685	4,429	1,993	33,108	904	265,907
Changes during the period						
Cash dividends						(9,622)
Profit attributable to owners of parent						36,497
Purchase of treasury stock						(12,007)
Cancellation of treasury stock						—
Transfer of loss on disposal of treasury stock						—
Adjustment to reserve due to change in tax rate						(44)
Change in ownership interest of parent due to transactions with non-controlling interests						5
Net changes in items other than shareholders' equity	(5,613)	2,008	2,300	(1,305)	118	(1,186)
Total changes during the period	(5,613)	2,008	2,300	(1,305)	118	13,642
Balance at the end of the period	21,072	6,437	4,294	31,803	1,022	279,550

Notes to Consolidated Financial Statements

Notes to Basis for Preparation of Consolidated Financial Statements

1. Matters related to scope of consolidation

(1) Number of consolidated subsidiaries and the names of major consolidated subsidiaries

Number of consolidated subsidiaries: 24

Names of major consolidated subsidiaries

Nippon Koki Co., Ltd., NiGK Corporation, NOF METAL COATINGS ASIA PACIFIC CO., LTD., JAPEX Corp., Yuka Sangyo Co., Ltd., Changshu NOF Chemical Co., Ltd., PT. NOF MAS Chemical Industries, NOF AMERICA CORPORATION, NOF METAL COATINGS NORTH AMERICA INC., NOF METAL COATINGS EUROPE S.A., NOF (Shanghai) Co., Ltd., NOF EUROPE GmbH

(2) Names of major non-consolidated subsidiaries, etc.

Names of major non-consolidated subsidiaries

There are no major non-consolidated subsidiaries.

Reason for excluding the non-consolidated subsidiaries from the scope of consolidation

They are excluded from the scope of consolidation because their combined amounts of respective categories of total assets, net sales, profit and loss (corresponding to equity interest) and retained earnings (corresponding to equity interest) are smaller than the consolidated subsidiaries' such combined amounts, and have no significant impact on the consolidated financial statements.

2. Matters related to application of equity method

(1) Number of non-consolidated subsidiaries and affiliates accounted for using the equity method, and the names of major entities accounted for by using the equity method

Not applicable.

(2) Names, etc. of major non-consolidated subsidiaries and affiliates not accounted for using the equity method

Non-consolidated subsidiary: There are no major non-consolidated subsidiaries.

Affiliate: Amagasaki Utility Services CO., Ltd.

Reason for not accounted for using the equity method

These non-consolidated subsidiaries and affiliates are not accounted for using the equity method because they individually do not have significant impact on profit and loss (corresponding to equity interest) and retained earnings (corresponding to equity interest), etc., and the impact is immaterial also on a combined basis.

3. Fiscal year, etc. of consolidated subsidiaries

The balance sheet date of consolidated subsidiaries NOF METAL COATINGS ASIA PACIFIC Co., Ltd., Changshu NOF Chemical Co., Ltd., P.T. NOF MAS Chemical Industries, NOF AMERICA CORPORATION, NOF METAL COATINGS NORTH AMERICA INC., NIKKA COATING Co., Ltd., NOF METAL COATINGS EUROPE S.A., NOF METAL COATINGS EUROPE N.V., NOF METAL COATINGS KOREA Co., Ltd., NOF METAL COATINGS SOUTH AMERICA Ind. E Com. Ltda., NOF METAL COATINGS EUROPE s.r.l., NOF (Shanghai) Co., Ltd., NOF EUROPE GmbH and NOF METAL COATINGS SHANGHAI CO., Ltd. is December 31 each year.

In the preparation of consolidated financial statements, financial statements of each subsidiary at their respective balance sheet dates are used, and any significant transaction that took place between those balance sheet dates and the consolidated balance sheet date is subjected to necessary consolidation adjustments. Balance sheet date of all consolidated subsidiaries other than the listed above is the same as the consolidated balance sheet date of March 31 each year.

4. Matters related to accounting policies

(1) Standards and methods of valuation of assets

(i) Standards and methods of valuation of securities

Held-to-maturity debt securities

Amortized cost method (straight-line method)

Other securities

Available-for-sale securities other than shares, etc. without market value

Mainly by the market value method based on the average market price over a period of one month prior to the consolidated balance sheet date

(Net unrealized gains or losses on those securities are reported as a separate component of net assets and costs of securities sold are determined primarily using the moving average method.)

Shares, etc. without market value

Mainly by the cost method using the moving-average method

(ii) Standards and methods of valuation of inventories

Mainly by the cost method using the total-average method (Consolidated balance sheet amounts are written down subject to decline in profitability.)

(2) Methods of depreciation and amortization of fixed assets

(i) Property, plant and equipment (excluding leased assets)

Straight-line method

(ii) Intangible assets (excluding leased assets)

Straight-line method; For software (for in-house use), straight-line method over licensing period for internal use (five years)

(iii) Leased assets

Leased assets used in finance lease transactions that do not transfer ownership to the lessee

Straight-line method, assuming the useful life as the lease period with residual value at nil

(3) Standards of providing allowances

(i) Allowance for doubtful accounts

To prepare for possible credit losses, estimated uncollectible amounts have been recorded based on collection losses for general receivables, while on individual assessment of collectability for certain receivables such as doubtful receivables.

(ii) Accrued bonuses for employees

To prepare for the payment of employees' bonuses, the Company and its major consolidated subsidiaries have recorded estimated amounts of employees' bonuses attributable to the consolidated fiscal year ended March 31, 2025.

(iii) Accrued retirement benefits for executive officers

To prepare for the expenditure of retirement benefits for executive officers, etc. of the Company, the amount to be paid at the end of the consolidated fiscal year ended March 31, 2025 has been recorded according to the internal rules.

(4) Standards for revenue and expense recognition

Revenue from contracts with customers

Based on the following five-step approach, the Group recognizes revenue when a promised product or service is transferred to a customer and the customer gains control over said product or service.

Step 1: Identify the contract with the customer

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 corporation fulfills the performance obligations

The Group's main business is the manufacturing and sale of products in the Functional Chemicals Segment, the Pharmaceuticals, Medicals and Health Segment and the Explosive & Propulsion Segment. With regard to the sale of these products, generally, at the time of delivery, it is deemed that the customer has gained control over the product and the performance obligation has been fulfilled. Accordingly, the Group recognizes revenue at the time of delivery, etc. of said product. For domestic sales, since the period from the time of shipment to the time when the control of the product is transferred to the customer is the normal period, the Group applies the handling of shipping standards, etc. stipulated in Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition, and recognizes revenue at the time of shipment.

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 there will be no significant reversal of funds into revenue. 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 Group as an agent, the net amount of revenue is recognized.

Regarding a portion of the performance obligations in the Explosive & Propulsion Segment, since 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.

(5) Other basis for preparation of consolidated financial statements

(i) Hedge accounting

Method of hedge accounting

Deferral hedge accounting is adopted. As for foreign currency-denominated monetary claims and obligations under forward foreign exchange contracts, allocation treatment is adopted when requirements for such treatment are met.

Hedging instruments and hedged items

Hedging instruments: forward exchange contracts

Hedged items: forward exchange contracts and foreign currency denominated trading transactions

(ii) Methods of accounting retirement benefits

To prepare for retirement benefits of employees, retirement benefit liability has been recorded at the amount of the retirement benefit obligation less pension plan assets based on the estimation as of the end of the consolidated fiscal year ended March 31, 2025.

Prior service cost is amortized as incurred by the straight-line method over certain period (10 years), within the average remaining service years of the employees.

Actuarial gain or loss is amortized from the fiscal year following the year in which the gain or loss is recognized by the straight-line method over certain period (10 years), within the average remaining service years of the employees.

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

In calculating the retirement benefit liability, the estimated amount of retirement benefits is attributed mainly by benefit formula to the period up to the end of the consolidated fiscal year ended March 31, 2025.

Notes on 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. is applied from the first quarter of the fiscal year ended March 31, 2025.

These changes had no impact on the quarterly consolidated financial statements.

Notes regarding Important Accounting Estimates

1. Recoverability of deferred tax assets

(1) Amount recorded on the consolidated financial statements for the consolidated fiscal year under review

¥1,231 million in deferred tax assets, net 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)”

(2) Information regarding contents of accounting estimates concerning items identified

i. 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 amounts.

ii. 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.

iii. Impact on consolidated financial statements for the next fiscal year

Regarding the main assumption stated in ii, if ex post facto 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.

2. Impairment of fixed assets

(1) Amount recorded on the consolidated financial statements for the consolidated fiscal year under review

¥87,020 million in property, plant and equipment and intangible assets

(2) Information regarding contents of accounting estimates concerning items identified

i. Method of calculation

The Group groups business-use assets primarily according to the operating division, and assesses impairment. For assets and asset groups 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 the assessment, if a total of undiscounted future cash flows falls below the book value and the recognition of impairment is deemed necessary, the book value is written down to a recoverable amount (net realizable value or value in use, whichever is higher), and a reduction in the book value is recorded as an impairment loss.

ii. 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.

iii. Impact on consolidated financial statements for the next fiscal year

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

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 Operating Officers with titles (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 stock under net assets. At the end of the consolidated fiscal year ended March 31, 2025, such treasury stock stood at ¥131 million of book value and the number of such shares was 116,100.

Notes to Consolidated Balance Sheet

1. Balances of receivables from contracts with customers, contract assets and contract liabilities

Receivables from contracts with customers	61,901 million yen
Contract assets	897 million yen
Contract liabilities	5,218 million yen

2. Assets pledged as collateral and collateralized obligation

(1) Assets pledged as collateral

Land	160 million yen
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(2) Collateralized obligation

Accounts payable, etc.	189 million yen
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3. Accumulated depreciation of property, plant and equipment

173,029 million yen

4. Accumulated advanced depreciation for property, plant and equipment due to acceptance of national subsidies

Accumulated advanced depreciation for property, plant and equipment due to acceptance of national subsidies are ¥528 million for buildings and structures, ¥439 million for machinery, equipment and vehicles, and ¥13 million for others, totaling ¥981 million.

5. Repurchase obligation associated with the liquidation of receivables

892 million yen

6. Commitment line agreements

In order to efficiently procure working capital, the Company has concluded commitment line agreements with major financial institutions that it transacts with. The balance of unexecuted loans, etc. at the end of the consolidated fiscal year ended March 31, 2025 is as follows.

Total amount of commitment line agreements	5,000 million yen
Balance of loans executed	—
Balance	5,000 million yen

Notes to Consolidated Statement of Income

1. Revenue from contracts with customers

Regarding net sales, revenue from contracts with customers and other revenues are not stated separately. The

amount of revenue from contracts with customers is as stated in “Notes on Revenue Recognition, 1. Disaggregation of revenue from contracts with customers.”

2. Profit and loss reflecting reduced profitability of inventories held for regular sales purpose

Write-down of book value reflecting the reduced profitability (after offsetting the reversal in the previous fiscal year)

(569) million yen

Notes to Consolidated Statement of Changes in Net Assets

1. Type and number of shares issued and outstanding at the end of the consolidated fiscal year ended March 31, 2025

Common stock 236,524,128

Note: 1. The total number of shares issued decreased by 6,000,000 shares due to the cancellation of treasury stock on February 28, 2025.

2. Matters related to cash dividends

(1) Dividends paid

Relevant resolutions	Type of shares	Total dividends (Millions of yen)	Dividends per share (yen)	Record dates	Effective dates
The Annual General Meeting of Shareholders held on June 27, 2024	Common stock	4,622	58	March 31, 2024	June 28, 2024
The Board of Directors meeting held on November 7, 2024	Common stock	5,000	21	September 30, 2024	December 2, 2024
Total		9,622			

Notes: 1. The total amount of dividends determined to be paid by the resolution at the Annual General Meeting of Shareholders held on June 27, 2024 includes dividends of ¥2 million to the Company's shares held by the Board Benefit Trust (BBT).

2. The total amount of dividends determined to be paid by the resolution of the Board of Directors meeting held on November 7, 2024 includes dividends of ¥2 million to the Company's shares held by the Board Benefit Trust (BBT).

3. The Company conducted a 3-for-1 share split of common shares, effective April 1, 2024, and the amount of dividends with a record date of March 31, 2024, is based on the number of shares prior to the stock split.

(2) Dividends for which the record date falls in the consolidated fiscal year ended March 31, 2025, but the effective date falls in the consolidated fiscal year ending March 31, 2026

The Company will submit a proposal on dividends for common stock as follows at the Annual General Meeting of Shareholders scheduled to be held on June 27, 2025.

(i) Total dividends	5,607 million yen
(ii) Dividends per share	24 yen
(iii) Record date	March 31, 2025
(iv) Effective date	June 30, 2025

Dividends shall be funded by retained earnings.

Notes regarding Financial Instruments

1. Matters regarding financial instruments

(1) Policy on financial instruments

The Group manages its funds through short-term deposits, while financing working capital and capital expenditure by internal funds or bank borrowings. Meanwhile, derivatives are not used for speculative trading, but for reducing risks.

(2) Types of financial instruments held and associated risks, and risk management system

Trade receivables such as trade notes, accounts receivable and electronically recorded obligations – operating are exposed to credit risk associated with customers. These risks are managed according to the Group's internal rules for credit control, etc. Securities and investment securities are mainly held-to-maturity debt securities and shares of companies in business relationship with the Group, which are exposed to the risk of market price fluctuations. To mitigate such risk, the Group regularly confirms fair values or financial standing of issuers (business partners), and examines the shareholding status in consideration of the relationship with business partners on an ongoing basis. Regarding held-to-maturity debt securities, the Group invests solely in highly secure debt securities according to its fund management operation guidelines and therefore the credit risk is minimal.

Short-term bank loans and long-term debt are used mainly for financing capital expenditures and are exposed to the risk of interest rate fluctuations. To avoid such interest rate risks, fixed rate deals are primarily used for the long-term debt. Trade payables, which are exposed to liquidity risks, are managed under the Group's financing plan.

Details of the Group's hedge accounting are described in "(5) Other basis for preparation of consolidated financial statements," in "4. Matters related to accounting policies," under "Notes to Basis for Preparation of Consolidated Financial Statements."

(3) Supplementary information on fair values of financial instruments

Fair values of financial instruments are calculated by taking into account variable factors, and are subject to fluctuations due to changes in underlying assumptions.

2. Fair value of financial instruments

The values recorded on the consolidated balance sheet as of March 31, 2025, their fair values, and the differences between them are as follows. Shares, etc. without a fair value are not included herein. (See Note). Also, the value of "Cash" is omitted. Furthermore, as "Time deposits," "Notes and accounts receivable," "Electronically recorded monetary claims - operating," "Notes and accounts payable," "Electronically recorded obligations - operating" and "Short-term bank loans" are settled in a short period of time and their fair values approximate their book values, their values are omitted.

(Millions of yen)			
	Values recorded on the consolidated balance sheet (*)	Fair values (*)	Differences
1. Assets			
(1) Securities and investment securities			
Held-to-maturity debt securities	1,300	1,279	(20)
Available-for-sale securities	39,186	39,186	—
Total assets	40,486	40,465	(20)
2. Liabilities			
(1) Long-term debt (including current portion)	(2,824)	(2,778)	(46)
Total liabilities	(2,824)	(2,778)	(46)

*: Liabilities are shown in parenthesis.

(Note) Values recorded on the consolidated balance sheet for shares, etc. without a fair value

(Millions of yen)	
Classification	Amounts recorded on the consolidated balance sheet
Unlisted stock	1,177
Fund certificate	0
Investment limited partnership	200

These are not included in 1. Assets (1) Securities and investment securities.

(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)

3. Fair value information by level within the fair value hierarchy

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

Level 1 fair value: Fair value measured using observable inputs, i.e. quoted prices in active markets for assets or liabilities that are the subject of the measurement.

Level 2 fair value: Fair value measured using observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value measured using unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

(1) Financial instruments measured at fair value

	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Shares	39,186	—	—	39,186
Total assets	39,186	—	—	39,186

(2) Financial instruments other than those measured at fair value

	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Held-to-maturity debt securities				
Bonds	—	1,279	—	1,279
Total assets	—	1,279	—	1,279
Long-term debt (including current portion)	—	2,778	—	2,778
Total liabilities	—	2,778	—	2,778

Note: A description of the valuation technique(s) and inputs used in the fair value measurements

Securities and investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1. Meanwhile, as bonds held by the Company are not traded in markets frequently, and are not deemed to have quoted prices in active markets, the fair value is classified as Level 2.

Long-term debt

The fair value of these items is measured using the discounted cash flow method based on the sum of principal and interest, remaining maturities and an interest rate reflecting credit risk, and is classified as Level 2.

Notes on Revenue Recognition

1. Disaggregation of revenue from contracts with customers

The Group's net sales are mainly revenue recognized from contracts with customers, and a breakdown of the Group's reportable segments disaggregated by region is as follows.

Breakdown by region

(millions of yen)

	Reportable segments				Others (Note 1)	Total
	Functional Chemicals	Pharmaceuticals, Medicals and Health	Explosive & Propulsion	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
Other regions	4,851	9,524	17	14,393	—	14,393
Net sales to external customers	150,915	48,033	38,775	237,724	585	238,310

Note 1. The "Others" segment is a business segment that is not included in the reportable segments, and consists of transportation, sale of real estate, and management operations.

Note 2. Revenue recognized from contracts with customers constitutes nearly all of net sales. Revenue recognized from other sources is not stated separately, as it is immaterial.

2. Basic information for understanding revenue from contracts with customers

The basic information for understanding revenue is as presented in "Notes to Basis for Preparation of Consolidated Financial Statements 4. Matters related to accounting policies (4) Standards for revenue and expense recognition."

3. Relationship between fulfillment of performance obligations based on contracts with customers and cash flows from the contracts, and the amount or revenue expected to be recognized in the next fiscal year onward and the period thereof in consideration of the remaining contracts with customers as of the end of the fiscal year under review

(1) Balances of contract assets and contract liabilities, etc.

The breakdown of receivables, contract assets, and contract liabilities from contracts with customers is as follows:

(millions of yen)

	Consolidated fiscal year under review
Receivables from contracts with customers (beginning balance)	57,706
Receivables from contracts with customers (ending balance)	61,901
Contract assets (beginning balance)	456
Contract assets (ending balance)	897
Contract liabilities (beginning balance)	3,903
Contract liabilities (ending balance)	5,218

Note 1. Contract assets are related to consideration recognized based on the fulfillment of performance obligations in relation to the Functional Chemicals and Explosive & Propulsion Segments, and are included in "Notes and accounts receivable - trade, and contract assets" on the consolidated balance sheet.

Note 2. Contract liabilities are related to advances received from customers and are included in "Other current liabilities" under current liabilities on the consolidated balance sheet.

Note 3. Out of the revenue recognized in the consolidated fiscal year under review, the amount included in the beginning balance of contract liabilities is ¥3,741 million.

Note 4. In the consolidated fiscal year under review, the amount of revenue recognized from performance obligations that have been fulfilled (or partially fulfilled) in previous fiscal years is immaterial.

(2) Transaction price allocated to the remaining performance obligations

In the consolidated fiscal year under review, the transaction price allocated to the remaining performance obligations is ¥47,068 million. If contractual assumptions are met, this amount is expected to be recognized as revenue within approximately 4 years from the end of the consolidated 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 royalty 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)
	Consolidated fiscal year under review
Within one year	18,277
Over one year	28,791
Total	47,068

Notes to Per Share Information

Net assets per share 1,192.67 yen

Profit per share 153.88 yen

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

Number of shares issued at the end of the fiscal year that were excluded for the purpose of calculating per share information 116,100

Average number of shares issued during the fiscal year that were excluded for the purpose of calculating per share information

116,100

Notes to Significant Subsequent Event

Purchase of treasury stock

The Company has resolved the following matters pertaining to the purchase of its treasury stock at its meeting of the Board of Directors held on May 9, 2025, pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing terms pursuant to the provisions of Article 165, Paragraph 3 of said Act.

1. Reasons for purchase of treasury stock

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

For the dividend policy set forth in the Mid-Term Management Plan "NOF VISION 2030 Stage II" (fiscal year 2023 to fiscal year 2025) that was announced in May 2023, the Company has established a basic policy of maintaining a stable return of profits and set a target level for the total payout ratio of around 50% for the final fiscal year of the current Mid-Term Management Plan (fiscal year 2025).

In order to further return profits to shareholders with an awareness of improving capital efficiency, the Company has decided to purchase treasury stock.

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

(1) Class of shares purchased: Common shares of the Company

(2) Total number of shares 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

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

(Other Notes)

Amounts and values stated in these consolidated financial statements are rounded down to the unit of presentation.

NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2025)

Account item	Current fiscal year
(Assets)	(millions of yen)
Current assets	159,351
Cash and time deposits	58,324
Notes receivable	27
Accounts receivable - trade	52,953
Merchandise and finished goods	20,118
Work in process	2,756
Raw materials and supplies	9,927
Prepaid expenses	785
Short-term loans receivable	12,461
Accounts receivable - other	592
Accrued consumption taxes	853
Other	585
Allowance for doubtful accounts	(34)
Fixed assets	126,749
Property, plant and equipment	62,061
Buildings	18,038
Structures	3,930
Machinery and equipment	11,702
Vehicles	67
Tools, furniture and fixtures	1,847
Land	11,375
Leased assets	23
Construction in progress	15,076
Intangible assets	1,175
Leasehold interests in land	126
Software	685
Leased assets	334
Other	28
Investments and other assets	63,512
Investment securities	39,933
Shares of subsidiaries and associates	12,354
Investments in capitals of subsidiaries and associates	5,868
Long term loans	334
Long-term prepaid expenses	1,097
Prepaid pension cost	3,285
Other	639
Allowance for doubtful accounts	(0)
Total assets	286,101

Account item	Current fiscal year
(Liabilities)	(millions of yen)
Current liabilities	60,422
Accounts payable - trade	18,192
Short-term bank loans	700
Current portion of long-term borrowings	500
Accounts payable - other	6,925
Accrued expenses	956
Income taxes payable	6,257
Deposits received	22,059
Accrued bonuses for employees	2,567
Asset retirement obligations	158
Other	2,105
Long-term liabilities	10,193
Long-term debt	1,850
Deferred tax liabilities	7,819
Accrued retirement benefits for officers	8
Asset retirement obligations	17
Other	498
Total liabilities	70,616
(Net assets)	
Shareholders' equity	195,289
Common stock	17,742
Capital surplus	15,113
Legal capital surplus	15,113
Retained earnings	168,706
Legal retained earnings	3,156
Other retained earnings	165,549
Reserve for tax purpose reduction entry of fixed assets	3,081
General reserve	27,800
Retained earnings brought forward	134,667
Treasury stock	(6,271)
Valuation and translation adjustments	20,194
Unrealized holding gain on securities	20,194
Total net assets	215,484
Total liabilities and net assets	286,101

NON-CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2024 to March 31, 2025)

Account item	Current fiscal year
	(millions of yen)
Net sales	168,736
Cost of sales	111,252
Gross profit	57,483
Selling, general and administrative expenses	23,020
Operating income	34,462
Non-operating income	5,355
Interest and dividend income	4,787
Rent income on real estate	321
Others	246
Non-operating expenses	761
Interest expenses	107
Foreign exchange losses	159
Others	495
Ordinary income	39,056
Extraordinary income	4,301
Gain on sale of fixed assets	410
Gain on sale of investment securities	3,670
Compensation income	220
Extraordinary loss	108
Loss on sale of fixed assets	1
Loss on retirement of fixed assets	85
Loss on valuation of investment securities	20
Others	1
Profit before income taxes	43,249
Income taxes	11,099
Income taxes - current	11,459
Income taxes - deferred	(359)
Profit	32,149

Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2024 to March 31, 2025)

(millions of yen)

	Shareholders' equity								
	Comm on stock	Capital surplus			Legal retained earnings	Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			Total retained earnings
						Reserve for tax purpose reduction entry of fixed assets	General reserve	Retained earnings brought forward	
Balance at beginning of the fiscal year	17,742	15,113	–	15,113	3,156	3,176	27,800	125,035	159,168
Changes during the fiscal year									
Cash dividends								(9,622)	(9,622)
Adjustment to reserve due to change in tax rate						(44)			(44)
Reversal of reserve for tax purpose reduction entry of fixed assets						(49)		49	–
Profit								32,149	32,149
Purchase of treasury stock									
Cancellation of treasury stock			(12,945)	(12,945)					
Transfer of loss on disposal of treasury stock			12,945	12,945				(12,945)	(12,945)
Net change in items other than shareholders' equity during the fiscal year									
Total changes during the fiscal year	–	–	–	–	–	(94)	–	9,632	9,537
Balance at end of the fiscal year	17,742	15,113	–	15,113	3,156	3,081	27,800	134,667	168,706

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Unrealized holding gain on securities	Total valuation and translation adjustments	
Balance at beginning of the fiscal year	(7,209)	184,814	25,690	25,690	210,504
Changes during the fiscal year					
Cash dividends		(9,622)			(9,622)
Adjustment to reserve due to change in tax rate		(44)			(44)
Reversal of reserve for tax purpose reduction entry of fixed assets		—			—
Profit		32,149			32,149
Purchase of treasury stock	(12,007)	(12,007)			(12,007)
Cancellation of treasury stock	12,945	—			—
Transfer of loss on disposal of treasury stock		—			—
Net change in items other than shareholders' equity during the fiscal year			(5,495)	(5,495)	(5,495)
Total changes during the fiscal year	938	10,475	(5,495)	(5,495)	4,980
Balance at end of the fiscal year	(6,271)	195,289	20,194	20,194	215,484

Notes to Non-Consolidated Financial Statements

Notes to Matters related to Significant Accounting Policies

1. Standards and methods of valuation of assets

(1) Standards and methods of valuation of securities

Shares of subsidiaries and affiliates

Cost method using the moving-average method

Held-to-maturity debt securities

Amortized cost method (straight-line method)

Other securities

Available-for-sale securities other than shares, etc. without market value

Market value method

(Net unrealized gains or losses on those securities are reported as a separate component of net assets and costs of securities sold are determined using the moving average method.)

Shares, etc. without market value

Cost method using the moving-average method

For investments in investment partnerships (which are deemed as securities under Article 2, Paragraph 2 of the Financial Instruments and Exchange Act), it is valued as the net value of equities based on the most recent financial statements available, prepared according to the financial reporting dates specified in the partnership agreements.

(2) Standards and methods of valuation of inventories

The cost method using the total-average method (Balance sheet amounts are written down subject to decline in profitability.)

2. Method of depreciation and amortization of fixed assets

(1) Property, plant and equipment (excluding leased assets)

Straight-line method

(2) Intangible assets (excluding leased assets)

Straight-line method; For software (for in-house use), straight-line method over licensing period for internal use (five years)

(3) Leased assets

Leased assets used in finance lease transactions that do not transfer ownership to the lessee

Straight-line method, assuming the useful life as the lease period with residual value at nil

3. Standards of providing allowances

(1) Allowance for doubtful accounts

To prepare for possible credit losses, estimated uncollectible amounts have been recorded based on actual collection losses for general receivables, while on individual assessment of collectability for certain receivables such as doubtful receivables.

(2) Accrued bonuses for employees

To prepare for the payment of employees' bonuses, the estimated amount of employees' bonuses attributable to the fiscal year ended March 31, 2025 has been recorded.

(3) Provision for retirement benefits

To prepare for retirement benefits of employees, the estimated amount of retirement benefit obligation and pension plan assets at the end of the fiscal year ended March 31, 2025 have been recorded.

As the estimated pension plan assets exceed the estimated retirement benefit obligation, the excess is recorded as prepaid pension cost.

Actuarial gain or loss is amortized from the fiscal year following the year in which the gain or loss is recognized by the straight-line method over certain period (10 years), within the average remaining service years of the employees.

In calculating the retirement benefit liability, the estimated amount of retirement benefits is attributed by benefit formula to the period up to the end of the fiscal year ended March 31, 2025.

(4) Accrued retirement benefits for officers

To prepare for the expenditure of retirement benefits for executive officers, etc., the amount to be paid at the end of the fiscal year ended March 31, 2025 has been recorded according to the internal rules.

4. Standards for revenue and expense recognition

Revenue from contracts with customers

Based on the following five-step approach, the Company recognizes revenue when a promised product or service is transferred to a customer and the customer gains control over said product or service.

Step 1: Identify the contract with the customer

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 corporation fulfills the performance obligations

The Company's main business is the manufacturing and sale of products in the Functional Chemicals Segment, the Pharmaceuticals, Medicals and Health Segment and the Explosive & Propulsion Segment. With regard to the sale of these products, generally, at the time of delivery, it is deemed that the customer has gained control over the product and the performance obligation has been fulfilled. Accordingly, the Group recognizes revenue at the time of delivery, etc. of said product. For domestic sales, since the period from the time of shipment to the time when the control of the product is transferred to the customer is the normal period, the Group applies the handling of shipping standards, etc. stipulated in Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition, and recognizes revenue at the time of shipment.

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 there will be no significant reversal of funds into revenue. 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.

5. Other basis for preparation of non-consolidated financial statements

Method of hedge accounting

Deferral hedge accounting is adopted. As for foreign currency-denominated monetary claims and obligations under forward foreign exchange contracts, allocation treatment is adopted when requirements for such treatment are met.

Notes on 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. is applied from the first quarter of the fiscal year ended March 31, 2025.

These changes had no impact on the quarterly consolidated financial statements.

Notes regarding Important Accounting Estimates

Impairment of fixed assets

(1) Amount recorded on the non-consolidated financial statements for the fiscal year under review

¥63,237 million in property, plant and equipment and intangible assets

(2) Information regarding contents of important accounting estimates concerning items identified

Notes on this issue are omitted as the same information is contained in "Notes regarding Important Accounting Estimates" under "Notes to Consolidated Financial Statements."

Additional Information

Board Benefit Trust (BBT)

Notes on this issue are omitted as the same information is contained in "Additional Information" under "Notes to Consolidated Financial Statements."

Notes to Non-consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment 117,543 million yen

2. Accumulated tax purpose reduction entries for property, plant and equipment due to acceptance of national subsidies

Accumulated tax purpose reduction entries for property, plant and equipment due to acceptance of national subsidies are ¥461 million for buildings, ¥18 million for structures, ¥414 million for machinery and equipment, while ¥13 million for tools, furniture and fixtures, totaling ¥907 million.

3. Guarantee obligations

- (1) The Company provides guarantees for other companies' loan obligations to financial institutions.
P.T. NOF MAS Chemical Industries 1,151 million yen
- (2) The Company provides guarantees for obligations of subsidiaries and associates associated with the liquidation of receivables.
Yuka Sangyo Co., Ltd. 133 million yen

4. Repurchase obligation associated with the liquidation of receivables 758 million yen

5. Monetary claims against, and monetary obligations to subsidiaries and associates

Short-term monetary claims	31,340 million yen
Long-term monetary claims	333 million yen
Short-term monetary obligations	23,423 million yen
Long-term monetary obligations	118 million yen

6. CMS lending limit for subsidiaries and associates

For the purpose of efficient fund management and fund procurement across the Group, a cash management system (hereinafter referred to as "CMS") is in place, whereunder the Company has concluded the CMS Basic Agreement with 15 of the Group companies and established the CMS lending limit for the Group companies.

Unused lending limit available as of the end of the fiscal year ended March 31, 2025 is as follows:

Total CMS lending limit	19,280 million yen
Lending limit used	<u>11,878 million yen</u>
Lending limit unused	7,401 million yen

7. Commitment line agreements

In order to efficiently procure working capital, the Company has concluded commitment line agreements with major financial institutions that it transacts with. The balance of unexecuted loans, etc. at the end of the fiscal year ended March 31, 2025 is as follows.

Total amount of commitment line agreements	5,000 million yen
Balance of loans executed	<u>—</u>
Balance	5,000 million yen

Notes to Non-consolidated Statement of Income

1. Amount of transactions with subsidiaries and associates

Trading transactions	
Net sales	57,773 million yen
Purchases	10,870 million yen
Other trading transactions	7,831 million yen
Transactions other than trading transactions	3,838 million yen

2. Profit and loss reflecting reduced profitability of inventories held for regular sales purpose

Write-down of book value reflecting the reduced profitability (after offsetting the reversal in the previous fiscal year)	(653) million yen
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Notes to Non-consolidated Statement of Changes in Net Assets

Type and number of shares of treasury stock issued and outstanding at the end of the fiscal year ended March 31, 2025

Common stock	2,991,799
Note. Number of shares of treasury stock at the end of the fiscal year ended March 31, 2025 includes 116,100 shares held by the Board Benefit Trust (BBT).	

Notes to Tax Effect Accounting

(1) Deferred tax assets and deferred tax liabilities classified by main reason of accrual

Deferred tax assets

Accrued bonuses for employees	795 million yen
Provision for retirement benefits	654 million yen
Loss on valuation of inventories	273 million yen
Accrued enterprise tax	375 million yen
Impairment loss on fixed assets	122 million yen
Accrued retirement benefits for executive officers	2 million yen
Accrued expenses	8 million yen
Loss on valuation of golf club membership	22 million yen
Loss on retirement of fixed assets	54 million yen
Loss on valuation of shares of subsidiaries and associates and investment securities	307 million yen
Deemed dividends in the form of non-cash dividends	2,193 million yen
Other	1,396 million yen
Deferred tax assets – subtotal:	6,207 million yen
Valuation allowance	(2,649) million yen
Deferred tax assets - total	3,558 million yen

Deferred tax liabilities

Unrealized holding gain on securities	(9,271) million yen
Reserve for tax purpose reduction entry of fixed assets	(1,449) million yen
Gain on contribution of securities to retirement benefit trust	(654) million yen
Other	(2) million yen
Deferred tax liabilities - total	(11,378) million yen
Net deferred tax liabilities	(7,819) million yen

(2) Major components of significant differences arising between the effective statutory tax rate and the rate of corporate taxes, etc. after application of tax-effect accounting

Effective statutory tax rate	31.0 %
(Adjustments)	
Items excluded from gross profit such as dividend income	(2.7)
Tax exemption	(2.3)
Other	(0.4)
Corporate tax rate after the application of tax effect accounting	25.7

(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 298 million yen, the income taxes - deferred decreased by 35 million yen, unrealized holding gain on securities decreased by 289 million yen, and reserve for tax purpose reduction entry of fixed assets decreased by 44 million yen.

Notes to the Transactions with Related Parties

Subsidiaries and affiliates

(Millions of yen)

Type	Name of entity	Voting rights ownership ratio	Relationship with related parties	Description of transactions	Amount of transactions	Items	Fiscal year-end balance
Subsidiary	Nippon Koki Co., Ltd.,	Direct ownership 95.4%	Manufacture of the Company's products Lending of funds	Lending of funds (Note 2)	2,329	Short-term loans receivable	10,259
				Collection of funds	(115)	Long-term loans receivable	193
Subsidiary	NiGK Corporation	Direct ownership 100%	Manufacture of the Company's products Deposit-taking of funds	Repayment of funds (Note 2)	(1,312)	Deposit received	6,520
Subsidiary	NOF METAL COATINGS ASIA PACIFIC CO., LTD.	Direct ownership 100%	Deposit-taking of funds	Deposit-taking of funds (Note 2)	1,097	Deposit received	6,033
Subsidiary	Yuka Sangyo Co., Ltd.	Direct ownership 100%	Sale of the Company's products Deposit-taking of funds	Sale of products (Note 1)	29,138	Accounts receivable	11,517
				Repayment of funds (Note 2)	(939)	Deposit received	3,557
Subsidiary	NOF AMERICA CORPORATION	Direct ownership 100%	Sale of the Company's products	Sale of products (Note 1)	14,171	Accounts receivable	3,200
Subsidiary	NOF EUROPE GmbH	Direct ownership 100%	Sale of the Company's products	Sale of products (Note 1)	8,926	Accounts receivable	2,155

Conditions of transactions and the policy for their establishment

Note 1. Price and other conditions of transactions are based mainly on market prices and cost of manufacturing.

Note 2. Interest rates applicable to deposit-taking and lending of funds are determined based on market rates. The Company is not engaged in accepting or providing collateral.

Note 3. Voting rights ownership ratio is rounded down to the first decimal place.

Notes to Per Share Information

Net assets per share 922.72 yen

Net income per share 135.55 yen

Note. The Company's shares held by the Board Benefit Trust (BBT) are included in treasury stock for exclusion.

Number of shares issued at the end of the fiscal year under review excluded for the purpose of calculating per share information 116,100

Average number of shares issued during the fiscal year under review excluded for the purpose of calculating per share information 116,100

Notes to Significant Subsequent Event

This information is omitted because it is presented in "Notes to Significant Subsequent Event" under Notes to Consolidated Financial Statements.

Notes on Revenue Recognition

Basic information for understanding revenue from contracts with customers

This information is omitted because the basic information for understanding revenue from contracts with customers is as presented in "Notes on Revenue Recognition 2. Basic information for understanding revenue from contracts with customers" under Notes to Consolidated Financial Statements.

Other Notes

Amounts and values stated in these non-consolidated financial statements are rounded down to the unit of presentation.

(Translation)

Independent Auditor's Report

May 20, 2025

The Board of Directors of
NOF CORPORATION

Ernst & Young ShinNihon LLC
Tokyo Office

Shigeyuki Kano
Certified Public Accountant
Designated and Engagement Partner

Tetsuya Kawawaki
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets and the notes to the consolidated financial statements of NOF CORPORATION (the “Company”) for the fiscal year from April 1, 2024 through March 31, 2025.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position and results of operations of NOF CORPORATION, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in “Auditor’s Responsibility for the Audit of the Consolidated Financial Statements.” We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Required Information

Other required information refers to the Business Report and the accompanying supplementary schedules. Management is responsible for the preparation and disclosure of other required information. In addition, the Audit and Supervisory Committee is responsible for monitoring the execution of duties by Directors in the development and operation of the reporting process for other required information.

As the scope of our audit opinions on the consolidated financial statements does not include other required information, we shall not express our opinion on other required information.

Our responsibility in auditing the consolidated financial statements is to read through other required information and through the process thereof, examine whether there are any material differences between other required information and the consolidated financial statements or the knowledge acquired in the course of our audit, and to pay attention to whether there are any signs of a material error in other required information, on top of the material differences.

Based on the operations we conduct, if we deem that there is a material error in other required information, we are required to report the fact.

There are no matters to report on regarding other required information.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the 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 whether it is appropriate to prepare the consolidated financial statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is 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 express an opinion on the consolidated financial statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall

be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.

- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the consolidated financial statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the consolidated financial statements in the audit report, or if the notes to the consolidated financial statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the consolidated financial statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the consolidated financial statements including related notes, and whether the consolidated financial statements fairly present the transactions and accounting events on which they are based.
- Plan and perform an audit of the consolidated financial statements to obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries, which provides a basis for expressing an opinion on the consolidated financial statements. The auditor is responsible for directing, supervising and reviewing the audit of the consolidated financial statements, and is solely responsible for the audit opinion.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any measures taken to eliminate obstacles or safeguards applied to reduce them to an acceptable level, if any.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

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

(Translation)

Independent Auditor's Report

May 20, 2025

The Board of Directors of
NOF CORPORATION

Ernst & Young ShinNihon LLC
Tokyo Office

Shigeyuki Kano
Certified Public Accountant
Designated and Engagement Partner

Tetsuya Kawawaki
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets and the related notes, and the accompanying supplementary schedules of NOF CORPORATION (the “Company”) for the 102nd fiscal year from April 1, 2024 through March 31, 2025.

In our opinion, the financial statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2025, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibility under the auditing standards is stated in “Auditor’s Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules.” We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other Required Information

Other required information refers to the Business Report and the accompanying supplementary schedules. Management is responsible for the preparation and disclosure of other required information. In addition, the Audit and Supervisory Committee is responsible for monitoring the execution of duties by Directors in the development and operation of the reporting process for other required information.

As the scope of our audit opinions on the financial statements does not include other required information, we shall not express our opinion on other required information.

Our responsibility in auditing the financial statements is to read through other required information and through the process thereof, examine whether there are any material differences between other required information and the financial statements or the knowledge acquired in the course of our audit, and to pay attention to whether there are any signs of a material error in other required information, on top of the material differences.

Based on the operations we conduct, if we deem that there is a material error in other required information, we are required to report the fact.

There are no matters to report on regarding other required information.

Responsibilities of Management and the Audit and Supervisory Committee for the Financial Statements and the Accompanying Supplementary Schedules

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

In preparing the financial statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the financial statements and the accompanying supplementary schedules in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

The Audit and Supervisory Committee is responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Financial Statements and the Accompanying Supplementary Schedules

Our responsibility is to obtain reasonable assurance about whether the financial statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the financial statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the financial statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the financial statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the financial statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the notes to the financial statements and the accompanying supplementary schedules in the audit report, or if the notes to the financial statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the financial statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and notes to the financial statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the financial statements and the accompanying supplementary schedules including related notes, and whether the financial statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to the Audit and Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to the Audit and Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any measures taken to eliminate obstacles or safeguards applied to reduce them to an acceptable level, if any.

Interest

Our firm and engagement partners have no interests in the Company requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Notes to the Readers of Independent Auditor's Report

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

Audit and Supervisory Committee's Audit Report

Audit Report

The Audit and Supervisory Committee audited the execution of duties of the Directors during the 102nd fiscal year from April 1, 2024 through March 31, 2025. The procedures and details of the audits are as follows.

1. Procedures and details of the audits

Regarding matters listed in Article 399-13, Paragraph 1, Item 1 (b) and (c) of the Companies Act, in accordance with the audit policies and the division of duties for the fiscal year under review, while endeavoring to communicate with Directors, internal audit staff, and other employees, collecting information and maintaining and improving the audit environment, the Audit and Supervisory Committee conducted the audit based on the following procedures.

- 1) Each Audit and Supervisory Committee Member attended the Board of Directors' meeting and other important meetings to receive reports on the status of execution of their duties from Directors and employees, requested explanations as necessary, inspected the important approval documents, etc., and examined the status of operations and conditions of assets. In addition, each Audit and Supervisory Committee Member communicated and shared information with the Directors and Audit and Supervisory Committee Members of the subsidiaries and received their business reports as necessary.
- 2) With respect to details of the resolutions by the Board of Directors regarding the establishment of systems necessary to ensure that the execution of duties by Directors stated in the Business Report complies with laws and regulations and the Articles of Incorporation and other systems prescribed by Article 100, Paragraphs 1 and 2 of the Regulation for Enforcement of the Companies Act as systems necessary to ensure the properness of operations of the corporate group comprising the Company and its subsidiaries, as well as the system established based on such resolutions (hereinafter collectively, "Internal Control System"), each Audit and Supervisory Committee Member periodically received reports from Directors and employees on the development and operation of the Internal Control System, requested explanations as necessary, and expressed his or her opinions.
- 3) The Audit and Supervisory Committee Members monitored and verified that the Accounting Auditor maintains its independence and conducts the audits appropriately, as well as received reports on the status of the execution of duties from the Accounting Auditor, and requested explanations as necessary. In addition, we were informed by the Accounting Auditor that it had arranged the "System for Ensuring Properness in Execution of Duties" (matters stipulated in the items of Article 131 of the Regulation on Corporate Accounting) in accordance with "Standards for Quality Control of Audits" (Business Accounting Council), and requested explanations as necessary.
- 4) With regard to the status of implementation and details of the audits, the Standing Audit and Supervisory Committee Member reported to the Audit and Supervisory Committee as appropriate, communicated and exchanged information with other Audit and Supervisory Committee Members, and worked to form appropriate audit opinions.

Based on the procedures mentioned above, we reviewed the Business Report and the related supplementary schedules, the Non-consolidated Financial Statements, which comprise the Balance Sheet, Statement of Income, Statement of Changes in Net Assets, Notes to Non-consolidated Financial Statements, and the related supplementary schedules, as well as the Consolidated Financial Statements, which comprise the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets, and Notes to Consolidated Financial Statements for the year ended March 31, 2025.

2. Results of Audit

(1) Results of the audit of Business Report, etc.

We acknowledge that:

- 1) The business report and supplementary schedules present fairly the financial condition of the Company in conformity with related laws, regulations, and the Articles of Incorporation of the Company;
- 2) Regarding the execution of duties by Directors, there were no instances of misconduct or material matters concerning violation of laws, regulations, or the Articles of Incorporation of the Company; and
- 3) The resolution of the Board of Directors regarding the Internal Control System is fair and reasonable. There are no matters or findings to be brought up regarding details stated in the Business Report and the execution of duties by Directors in relation to such internal control system.

(2) Results of the audit of Non-consolidated Financial Statements and supplementary schedules

We acknowledge that the audit methods used and the audit results issued of the Accounting Auditor, Ernst & Young ShinNihon LLC are fair and reasonable.

(3) Results of the audit of Consolidated Financial Statements and supplementary schedules

We acknowledge that the audit methods used and the audit results issued of the Accounting Auditor, Ernst & Young ShinNihon LLC are fair and reasonable.

May 20, 2025

Audit and Supervisory Committee of NOF CORPORATION

Standing Audit and Supervisory Committee Member (Director)	Masanobu Miyo
Audit and Supervisory Committee Member (Outside Director)	Kunimitsu Ito
Audit and Supervisory Committee Member (Outside Director)	Yuriko Sagara
Audit and Supervisory Committee Member (Outside Director)	Keiichi Miura