

## Message from the Management

We deeply appreciate the exceptional support you have provided us.

Along with NOF CORPORATION's financial results for the first half (April 1, 2022 to September 30, 2022) of the 100th fiscal year, we hereby include the following message.

During the period under review, while there was a growing trend towards the relaxation of various restrictions and normalization of economic activities primarily in countries and regions where COVID-19 vaccines became widely available, the future outlook remained uncertain amid concerns about the stagnation of economic activities due to China's zero-COVID policy, the aggravation of the Ukraine crisis, rising resource and energy prices, further global inflation and other factors. In Japan, there were signs of a recovery in personal consumption, capital investment, and production activities as social and economic activities normalized.

Under the three-year 2022 Mid-Term Management Plan, which ends in fiscal year 2022, the Group upheld the basic policy of "Challenge and Co-create." With the basic policy, the Group has tackled its challenges, namely, "Expanding business in growth markets," "Accelerating new product and new technology development," "Enhancing coordination inside and outside the Company," "Improving productivity," and "Promoting CSR activities," strived to explore new markets, expand sales and reduce production costs, and made continuous management efforts to achieve sustainable growth. As a result, for the first half of the current fiscal year, consolidated net sales, consolidated operating income, consolidated ordinary income, and profit attributable to owners of parent all increased compared with the same term of the previous fiscal year.

For the second half of the fiscal year, as we move into a new phase of coexisting with the coronavirus, which will further solidify the balance between infectious disease controls and socioeconomic activities, we will continue to closely monitor risks such as semiconductor supply shortages, rising raw material and fuel prices, and a downturn in overseas demand, while expecting the normalization of economic activities.

Furthermore, in order to achieve carbon neutrality by 2050, we will support the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and focus on initiatives to reduce greenhouse gas emissions, as well as technological development that can contribute to the prevention of global warming.

Going forward, by creating new value through the power of humans and chemistry and 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.

We kindly ask all shareholders for your continuing support.

Takeo Miyaji  
President & Chief Executive Officer

## Business Overview

During the first half of the fiscal year under review, while there was a growing trend towards the relaxation of various restrictions and normalization of economic activities primarily in countries and regions where COVID-19 vaccines became widely available, the future outlook remained uncertain amid concerns about the stagnation of economic activities due to China's zero-COVID policy, the aggravation of the Ukraine crisis, rising resource and energy prices, further global inflation, and other factors. In Japan, there were signs of a recovery in personal consumption, capital investment, and production activities as social and economic activities normalized.

In the business environment surrounding the Group, although there were ongoing concerns about the global surge in raw materials and fuel prices, ongoing semiconductor supply shortages, and geopolitical risks such as the Ukraine crisis, overall demand in Japan and overseas remained firm.

Amid this business environment, under the three-year 2022 Mid-Term Management Plan, which ends in fiscal year 2022, the Group upheld the basic policy of "Challenge and Co-create." With the basic policy, the Group has tackled its challenges, namely, "Expanding business in growth markets," "Accelerating new product and new technology development," "Enhancing coordination inside and outside the Company," "Improving productivity," and "Promoting CSR activities," strived to explore new markets, expand sales and reduce production costs, while also focusing on maintaining appropriate prices, and made continuous management efforts to achieve sustainable growth.

With regard to the initiative of "Expanding business in growth markets," we enhanced productivity and strengthened quality control in line with the operation of manufacturing facilities for raw materials for DDS drug formations at the Kawasaki Works, thereby strengthening the supply capacity of the Life Science Segment. In addition, we have been promoting "Enhancing coordination inside and outside the Company" such as business collaboration through open innovation in the electronics field, following the biochemical products and thermal control materials projects implemented in the previous fiscal year.

As a result, for the first half of the fiscal year ending March 31, 2023, consolidated net sales were ¥103,808 million, a year-on-year increase of 15.2%. Consolidated operating income was ¥20,434 million, a year-on-year increase of 10.4%, consolidated ordinary income was ¥22,580 million, a year-on-year increase of 17.3%, and profit attributable to owners of parent was ¥17,444 million, a year-on-year increase of 30.8%.

The interim dividend has been set at ¥50 per share.

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

### (1) Functional Chemicals

In the field of fatty acid derivatives, net sales increased due to steady demand in the environmental/energy field and efforts to maintain appropriate prices.

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

In ethylene oxide and propylene oxide derivatives, net sales increased due to steady demand for toiletry products, and synthetic resins and resin processing, as well as efforts to maintain appropriate prices.

In organic peroxides, net sales increased due to steady demand in Japan and Asia and efforts to maintain appropriate prices.

In special anti-corrosion agents, net sales decreased due to sluggish automobile-related demand both in Japan and overseas.

As a result, in the Functional Chemicals Segment, consolidated net sales were ¥72,427 million (up 16.6% year on year), and consolidated operating income was ¥11,754 million (up 6.1% year on year).

### (2) Life Science

Regarding edible oils, net sales increased, despite a slowdown in demand for functional oils for confectionery and bread, as we worked to maintain appropriate prices.

In functional foods, net sales decreased as shipments of health food products declined.

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 increased due to strong shipments to Europe and the United States.

As a result, in the Life Science Segment, consolidated net sales were ¥21,158 million (up 23.6% year on year), and consolidated operating income was ¥9,603 million (up 16.4% year on year).

(3) Explosive & Propulsion

In industrial explosives, net sales decreased.

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 decreased.

In the field of functional materials and devices, net sales decreased.

As a result, in the Explosive & Propulsion Segment, consolidated net sales were ¥9,985 million (down 6.2% year on year), and consolidated operating loss was ¥127 million.

(4) Others

The Others Segment consists of the transportation and real estate businesses. In the Others Segment, consolidated net sales were ¥237 million (down 1.3% year on year), and consolidated operating income was ¥112 million (down 29.7% year on year).

## Consolidated Financial Statements

### Consolidated Balance Sheet

Account item	As of September 30, 2022	As of March 31, 2022
(Assets)	(millions of yen)	(millions of yen)
<b>Current assets</b>	<b>190,133</b>	<b>173,322</b>
Cash and time deposits	90,905	85,430
Notes and accounts receivable - trade, and contract assets	41,574	42,424
Electronically recorded monetary claims - operating	3,131	2,813
Merchandise and finished goods	31,709	25,655
Work in process	4,541	1,693
Raw materials and supplies	15,107	12,552
Other current assets	3,357	2,937
Allowance for doubtful accounts	(194)	(185)
<b>Fixed assets</b>	<b>111,645</b>	<b>116,308</b>
<b>Property, plant and equipment</b>	<b>62,421</b>	<b>61,944</b>
Buildings and structures	23,587	24,013
Land	20,805	20,706
Others	18,028	17,225
<b>Intangible assets</b>	<b>1,056</b>	<b>947</b>
<b>Investments and other assets</b>	<b>48,168</b>	<b>53,416</b>
Investment securities	41,917	47,812
Assets for retirement benefits	3,210	3,148
Other assets	3,103	2,508
Allowance for doubtful accounts	(63)	(53)
<b>Total assets</b>	<b>301,778</b>	<b>289,630</b>
(Liabilities)		
<b>Current liabilities</b>	<b>53,008</b>	<b>50,468</b>
Notes and accounts payable	23,797	21,262
Electronically recorded obligations - operating	1,008	584
Short-term bank loans	2,031	1,997
Current portion of long-term debt	500	2,800
Income taxes payable	7,446	5,879
Accrued bonuses for employees	3,603	3,473
Other current liabilities	14,621	14,471
<b>Long-term liabilities</b>	<b>17,019</b>	<b>17,455</b>
Long-term debt	1,896	610
Liabilities for retirement benefits	4,986	4,992
Other long-term liabilities	10,136	11,852
<b>Total liabilities</b>	<b>70,028</b>	<b>67,924</b>
(Net assets)		
<b>Shareholders' equity</b>	<b>206,621</b>	<b>195,627</b>
Common stock	17,742	17,742
Capital surplus	15,053	15,115
Retained earnings	179,628	166,062
Treasury stock, at cost	(5,802)	(3,292)
<b>Accumulated other comprehensive income</b>	<b>24,340</b>	<b>25,300</b>
Unrealized holding gain on securities	20,340	24,226
Translation adjustments	3,721	809
Retirement benefits liability adjustments	278	264
<b>Non-controlling interests</b>	<b>788</b>	<b>777</b>
<b>Total net assets</b>	<b>231,750</b>	<b>221,706</b>
<b>Total liabilities and net assets</b>	<b>301,778</b>	<b>289,630</b>

Consolidated Statement of Income

Account item	April 1, 2022– September 30, 2022	April 1, 2021– September 30, 2021
	(millions of yen)	(millions of yen)
<b>Net sales</b>	<b>103,808</b>	<b>90,127</b>
Cost of sales	66,244	55,560
<b>Gross profit</b>	<b>37,564</b>	<b>34,567</b>
Selling, general and administrative expenses	17,129	16,052
<b>Operating income</b>	<b>20,434</b>	<b>18,514</b>
<b>Non-operating income</b>	<b>2,339</b>	<b>966</b>
Interest and dividend income	728	562
Others	1,610	403
<b>Non-operating expenses</b>	<b>193</b>	<b>227</b>
Interest expenses	31	29
Others	162	197
<b>Ordinary income</b>	<b>22,580</b>	<b>19,254</b>
Extraordinary income	2,568	21
Extraordinary losses	13	6
<b>Profit before income taxes</b>	<b>25,136</b>	<b>19,268</b>
Income taxes	7,690	5,928
<b>Profit</b>	<b>17,445</b>	<b>13,340</b>
Profit attributable to non-controlling interests	0	9
<b>Profit attributable to owners of parent</b>	<b>17,444</b>	<b>13,331</b>

Consolidated Statement of Cash Flows

Account item	April 1, 2022– September 30, 2022	April 1, 2021– September 30, 2021
	(millions of yen)	(millions of yen)
<b>Net cash provided by (used in) operating activities</b>	<b>11,223</b>	<b>13,208</b>
<b>Net cash provided by (used in) investing activities</b>	<b>64</b>	<b>(4,456)</b>
<b>Net cash provided by (used in) financing activities</b>	<b>(7,733)</b>	<b>(5,883)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>1,429</b>	<b>757</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>4,982</b>	<b>3,627</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>81,431</b>	<b>76,596</b>
<b>Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries</b>	<b>55</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b>86,470</b>	<b>80,223</b>

(Subsidiaries subject to consolidated financial statements)

Nippon Koki Co., Ltd.  
NiGK Corporation  
HOKKAIDO NOF CORPORATION  
NOF METAL COATINGS ASIA PACIFIC CO., LTD  
JAPEX Corp.  
NICHYU TRADING CO., LTD.  
YUKA SANGYO CO., LTD.  
Changshu NOF Chemical Co., Ltd.  
PT. NOF MAS CHEMICAL INDUSTRIES  
NOF METAL COATINGS NORTH AMERICA INC.  
NOF AMERICA CORPORATION  
NOF (Shanghai) Co., Ltd.  
NOF EUROPE GmbH

Total number of consolidated subsidiaries: 25 (including the 13 companies indicated above)

**Principal Business** (as of September 30, 2022)

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

<b>Segment</b>	<b>Products</b>
<b>Functional Chemicals</b>	Fatty acids and fatty acid derivatives Surfactants Ethylene oxide and propylene oxide derivatives Organic peroxides Petrochemical products (polybutene, etc.) Functional polymers Electronic materials (LCD materials, etc.) Special anti-corrosion agents
<b>Life Science</b>	Edible oils Functional foods (nutritional products, health-related products) Biocompatible materials (MPC polymers, MPC monomers, etc.) Raw materials for DDS drug formulations (activated PEG, functional lipid, pharmaceutical surfactants)
<b>Explosive &amp; Propulsion</b>	Industrial explosives Space rocket products Defense-related explosives Functional materials and devices
<b>Others</b>	Transportation Real estate

## Corporate Information (as of September 30, 2022)

Name	NOF CORPORATION
Established	June 1, 1937
Incorporated	July 1, 1949
Capital	¥17,742 million
Offices	
Head Office	20-3, Ebisu 4-chome, Shibuya-ku, Tokyo, Japan
Regional Offices/Branch Offices	Osaka Office (Osaka) Nagoya Office (Nagoya) Fukuoka Office (Fukuoka)
Plants	Amagasaki Plant (Hyogo) Kawasaki Works [Chidori Plant, Daishi Plant, DDS Plant] (Kanagawa) Oita Plant (Oita) Aichi Works [Kinuura Plant, Taketoyo Plant] (Aichi)
Research Laboratories	Advanced Technology Research Laboratory (Ibaraki) Oleo & Speciality Chemicals Research Laboratory (Hyogo, Kanagawa) Functional Chemicals & Polymers Research Laboratory (Aichi) Functional Foods Research Laboratory (Kanagawa) Life Science Research Laboratory (Kanagawa) DDS Research Laboratory (Kanagawa)

## Status of Shareholding (as of September 30, 2022)

Total number of shares authorized	347,000,000
Total number of shares issued	81,635,781 (Excluding 1,205,595 shares of treasury stock, and including 48,200 shares (482 units of voting rights) of the Company's stock held by Custody Bank of Japan, Ltd. as trust assets of the Board Benefit Trust (BBT). The 482 units of voting rights are not exercisable.
Number of shareholders	12,504

## Major shareholders (Top 10)

Name	Number of shares (thousands)	Percentage of ownership
The Master Trust Bank of Japan, Ltd. (Trust Account)	17,904	21.93
Custody Bank of Japan, Ltd. (Trust Account)	5,845	7.16
Meiji Yasuda Life Insurance Company	3,128	3.83
Mizuho Bank, Ltd.	1,926	2.35
Nichiyu Shin Ei Kai	1,773	2.17
MSCO CUSTOMER SECURITIES	1,648	2.01
BNYM AS AGT/CLTS 10 PERCENT	1,423	1.74
Nichiyu Kyo Ei Kai	1,391	1.70
RBC IST 15 PCT LENDING ACCOUNT-CLIENT ACCOUNT	1,361	1.66
The Nomura Trust and Banking Co., Ltd. (Investment Trust Account)	1,310	1.60

- Notes: 1. The number of shares is rounded down to the nearest thousand shares.  
2. Percentage of ownership excludes 1,205,595 shares of treasury stock.  
3. Percentage of ownership is rounded down to the second decimal place.

Distribution of shares by type of shareholder

Category	Number of shareholders	Percentage	Number of shares	Percentage
Government and local public bodies	0	0.00	0	0.00
Financial institutions	37	0.29	35,733,769	43.13
Securities companies	50	0.39	373,216	0.45
Other domestic firms	295	2.35	12,530,423	15.12
Foreign corporations, etc.	299	2.39	20,893,967	25.22
Individuals and others	11,822	94.54	12,104,406	14.61
Treasury shares	1	0.00	1,205,595	1.45
<b>Total</b>	<b>12,504</b>	<b>100.00</b>	<b>82,841,376</b>	<b>100.00</b>

**Officers** (as of September 30, 2022)

**Directors**

President & Chief Executive Officer*	Takeo Miyaji
Representative Director*	Kazuhito Maeda
Director*	Masanobu Miyo
Director*	Kazuyoshi Yamauchi
Outside Director	Shingo Unami
Outside Director	Izumi Hayashi
Director Audit & Supervisory Committee Member	Tsuneharu Miyazaki
Outside Director Audit & Supervisory Committee Member	Kunimitsu Ito
Outside Director Audit & Supervisory Committee Member	Yuriko Sagara
Outside Director Audit & Supervisory Committee Member	Keiichi Miura

- Notes: 1. Directors Shingo Unami and Izumi Hayashi, and Directors Audit & 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, and Director Audit & 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. Directors with an asterisk (\*) next to their title concurrently serve as Operating Officers.

**Operating Officers**

Chief Executive Officer	Takeo Miyaji
Senior Executive Operating Officer	Kazuhito Maeda In charge of Life Science Products Group, and Human Resources & General Affairs Group
Executive Operating Officer	Hidefumi Ishiguro General Manager, Explosives & Propulsion Div.
Executive Operating Officer	Naoya Umehara General Manager, Corporate Planning & Strategy Dept., in charge of Systems Group
Executive Operating Officer	Hiroyuki Enomoto General Manager, Corporate R&D Div., in charge of Anti-Corrosion Coatings Group
Executive Operating Officer	Manabu Saito General Manager, Functional Foods Div., in charge of Finance Group



Executive Operating Officer	Koji Sawamura General Manager, DDS Development Div.
Executive Operating Officer	Masanobu Miyo In charge of Oleo & Speciality Chemicals Group, Functional Chemicals & Polymers Group, and Purchasing Group
Executive Operating Officer	Kazuyoshi Yamauchi General Manager, Responsible Care & Production Engineering Dept.
Operating Officer	Yasuhiko Kazumi General Manager, Human Resources & General Affairs Dept.
Operating Officer	Eui-Chul Kang General Manager, R&D Planning Dept., Corporate R&D Div.
Operating Officer	Kenshiro Shuto General Manager, Functional Chemicals & Polymers Div.
Operating Officer	Motoji Takimizu General Manager, Oleo & Speciality Chemicals Div.
Operating Officer	Kuniaki Tsuruoka General Manager, Anti-Corrosion Coatings Group
Operating Officer	Hideru Furukawa General Manager, Purchasing Dept.
Operating Officer	Tomoaki Mori General Manager, Finance Dept.

## Memorandum for Shareholders

Fiscal year	April 1 to March 31
Annual General Meeting of Shareholders	June
Record date	(1) Exercise of voting rights at Annual General Meeting of Shareholders: March 31 (2) Year-end dividend: March 31 (3) Interim dividend: September 30 (4) If necessary, another day may be designated as a record date with public announcement.
Method of public notice	We provide public announcement by electronic means. However, when accidents or other unavoidable reasons prevent us from using the method of electronic announcement, we will make announcements in the <i>Nikkei</i> newspaper. URL for public announcements: <a href="http://www.nof.co.jp/">http://www.nof.co.jp/</a> (in Japanese)
Share unit	100
Stock listing	Tokyo Stock Exchange, Inc.
Shareholder registry administrator (Special account management institution)	Mizuho Trust & Banking Co., Ltd. 1-3-3, Marunouchi, Chiyoda-ku, Tokyo, Japan

## General Information on Shares

	Shareholders who have an account with a securities company	Shareholders who do not have an account with a securities company (or who have a special account)
Mailing address	Your securities company	Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-8507, Japan
Telephone referral		Toll-free (in Japan): 0120-288-324 (9:00am-5:00pm except on weekends and holidays)
Agencies for procedures such as change of address, change of method for receiving dividends, etc.		Mizuho Trust & Banking Co., Ltd.: Head office and branches nationwide (excluding Trust Lounges)
Payment of dividends payable	Mizuho Trust & Banking Co., Ltd.: Head office and all branches nationwide Mizuho Bank, Ltd.: Head office and all branches nationwide	
System for electronic provision of materials for general meeting of shareholders (request for delivery of a paper copy)	Your securities company or Mizuho Trust & Banking Co., Ltd. (Dedicated number for the electronic provision system: 0120-524-324 (9:00am-5:00pm except on weekends and holidays))	

### Program That Allows Shareholders to Purchase Additional Shares to Attain a Whole Unit

We offer a program that allows shareholders to purchase additional shares to attain a whole unit.

Any shareholder may request us to sell them the exact number of shares that would constitute one whole unit of shares, together with the shares less than one unit owned by the shareholder. For more detail, contact the securities company with which you have an account. If you do not have an account with any securities

companies and instead have opened a special amount, contact our special account management institution (Mizuho Trust & Banking Co., Ltd.).

We will continue acceptance of requests for purchase of shares less than one unit.

The latest IR information, including our financial statements and summaries, are available at our website: <a href="http://www.nof.co.jp/">http://www.nof.co.jp/</a> (in Japanese).
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