

Message from the Management

We deeply appreciate the exceptional support you have provided us.

Along with the report on the Company's businesses for the 99th Fiscal Year (April 1, 2021–March 31, 2022), we hereby include the following message.

During the fiscal year under review, while there were expectations of economic recovery along with signs of a gradual normalization of economic activities mainly in countries and regions with widespread distribution of COVID-19 vaccines, the future outlook remained uncertain due to the impacts of rising fuel prices, semiconductor supply shortages, and geopolitical risks such as the Ukraine crisis.

The NOF Group (the "Group") has positioned "2022 Mid-Term Management Plan," the first three years of "NOF Vision 2025" which kicked off in fiscal year 2020, as a period of strengthening foundations, and we are proceeding with our initiatives such as the promotion of active investments in growth fields and the strengthening of profitability. In response to the COVID-19 pandemic, we are taking a variety of infection prevention measures, in order to ensure the safety of Group employees and all other related parties, while striving to maintain our production and sales activities.

For the fiscal year ended March 31, 2022, as a result of the above initiatives, consolidated net sales, consolidated operating income, consolidated ordinary income, and net income attributable to owners of the parent all increased compared with the previous fiscal year.

The Group will flexibly adapt to changes in market needs in its three prioritized business fields of life/healthcare, electronics/IT, and environment/energy, while continuing to engage in the initiatives of further accelerating the development of new products and new technologies and improving productivity. 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

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 6, 2022

To Shareholders with Voting Rights:

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

**NOTICE OF
THE 99TH 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 99th Annual General Meeting of Shareholders of NOF CORPORATION (the “Company”). Details of the meeting are as described below.

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

1. Date and Time: Tuesday, June 28, 2022, 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 99th Fiscal Year (April 1, 2021–March 31, 2022), 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 99th Fiscal Year (April 1, 2021–March 31, 2022)

Proposals to be resolved:

- Proposal No. 1:** Appropriation of Surplus
Proposal No. 2: Partial Amendments to the Articles of Incorporation
Proposal No. 3: Election of Six (6) Directors (excluding 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 27, 2022 (Monday), Japan time.

(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 27, 2022 (Monday), 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, the vote via the Internet shall prevail.

In the event that voting rights are exercised multiple times via the Internet, 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 99TH ANNUAL GENERAL MEETING OF SHAREHOLDERS with you to the meeting.
- ◎ In accordance with the laws and ordinances and Article 15 of the Company's Articles of Incorporation, information on the following matters is posted on the Company's Web site (<http://www.nof.co.jp/>), so it is not attached to this NOTICE OF THE 99TH ANNUAL GENERAL MEETING OF SHAREHOLDERS.
 - (1) System for Ensuring Appropriate Conduct of Operations
 - (2) Consolidated Statement of Changes in Net Assets, Notes to Consolidated Financial Statements
 - (3) Non-Consolidated Statement of Changes in Net Assets, Notes to Non-Consolidated Financial Statements
- ◎ Should any revisions occur to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements and the Non-Consolidated Financial Statements for the Company's 99th Fiscal Year, the revisions will be posted on the Company's Web site (<http://www.nof.co.jp/>).
- ◎ 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

Date and time of the Annual General Meeting of Shareholders: 10:00 a.m., June 28, 2022 (Tuesday), 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 99TH 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 27, 2022 (Monday), 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.

Voting deadline: 5:30 p.m., June 27, 2022 (Monday), 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, 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 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 28, 2022, 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 27, 2022, 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 27, 2022, 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.

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:

¥47 per share of the Company's common stock for a total of ¥3,861,410,161.

As the Company paid ¥43 per share as an interim dividend, the annual dividend is ¥90 per share for the fiscal year under review.

(3) Effective date of distribution of surplus:

June 29, 2022

Proposal No. 2: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

The amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the “Act Partially Amending the Companies Act” (Act No. 70 of 2019) will be enforced on September 1, 2022. Accordingly, in order to prepare for the introduction of the system for electronic provision of materials for general meetings of shareholders, the Articles of Incorporation of the Company shall be amended as follows.

- (1) The proposed Article 15, Paragraph 1 provides that information contained in the reference documents for the general meeting of shareholders, etc. shall be provided electronically.
- (2) The purpose of the proposed Article 15, Paragraph 2 is to establish a provision to limit the scope of matters to be included in the paper copy to be sent to shareholders who have requested it.
- (3) The provisions related to the internet disclosure and deemed provision of reference documents for a general meeting of shareholders, etc. (Article 15 of the current Articles of Incorporation) will become unnecessary, and will therefore be deleted.
- (4) In line with the above establishment and deletion of the provisions, supplementary provisions related to the effective date, etc. shall be established.

2. Details of amendments

The details of the amendments are as indicated below.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
<u>(Internet disclosure and deemed provision of reference documents for a general meeting of shareholders, etc.)</u> <u>Article 15. When convening a general meeting of shareholders, the Company may deem that it has provided its shareholders with information pertaining to matters to be stated or indicated in the reference documents for the general meeting of shareholders, business report, non-consolidated financial statements and consolidated financial statements by disclosing such information via the internet in accordance with the Ordinance of the Ministry of Justice.</u>	(Deleted)
(New)	<u>(Measures for electronic provision, etc.)</u> <u>Article 15. The Company shall, when convening a general meeting of shareholders, provide information contained in the reference documents for the general meeting of shareholders, etc. electronically.</u> <u>2 Among the matters to be provided electronically, the Company may choose not to include all or part of the matters stipulated in the Ordinance of the Ministry of Justice in the paper copy to be sent to shareholders who have requested it by the record date for voting rights.</u>

Current Articles of Incorporation	Proposed Amendments
<p style="text-align: center;">Supplementary Provisions</p> <p>(Transitional measures regarding exoneration of Statutory Auditors from liability)</p> <p><u>1.</u> (Omitted)</p> <p>(New)</p>	<p style="text-align: center;">Supplementary Provisions</p> <p>(Transitional measures regarding exoneration of Statutory Auditors from liability)</p> <p><u>Article 1.</u> (Unchanged)</p> <p><u>(Transitional measures regarding measures for electronic provision, etc.)</u></p> <p><u>Article 2.</u> <u>The deletion of Article 15 (Internet disclosure and deemed provision of reference documents for a general meeting of shareholders, etc.) of the current Articles of Incorporation and the proposed establishment of Article 15 (Measures for electronic provision, etc.) shall come into effect on the date of enforcement of the amended provisions stipulated in the proviso of Article 1 of the supplementary provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (the “Effective Date”).</u></p> <p><u>2 Notwithstanding the provisions of the preceding paragraph, Article 15 of the current Articles of Incorporation shall remain in force with respect to a general meeting of shareholders to be held on a date within six months from the Effective Date.</u></p> <p><u>3 This Article shall be deleted after the lapse of six months from the Effective Date or the lapse of three months from the date of the general meeting of shareholders set forth in the preceding paragraph, whichever is later.</u></p>

Proposal No. 3: 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.

The candidates are as follows.

Candidates for Director are decided by the Board of Directors after consultation with the Nomination Committee (voluntary).

No.	Name	Current positions and responsibilities at the Company	Attendance at meetings of the Board of Directors
1	Takeo Miyaji [Reappointment]	President and Chief Executive Officer	17 out of 17 (100%)
2	Kazuhito Maeda [Reappointment]	Representative Director and Senior Executive Operating Officer	17 out of 17 (100%)
3	Masanobu Miyo [Reappointment]	Director and Executive Operating Officer	17 out of 17 (100%)
4	Kazuyoshi Yamauchi [Reappointment]	Director and Operating Officer; General Manager, Responsible Care & Production Engineering Dept.	13 out of 13 (100%)
5	Shingo Unami [Reappointment] [Outside] [Independent]	Director	13 out of 13 (100%)
6	Izumi Hayashi [Reappointment] [Outside] [Independent]	Director	13 out of 13 (100%)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
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 (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)] 11 years [Reason for nomination as a candidate for Director] Takeo Miyaji has been in charge of management of the Company for many years. The Company nominates him as a candidate for Director, expecting him to strive for the enhancement of the decision-making and oversight functions of the Board of Directors, management innovation through DX, etc., and the promotion of ESG initiatives by drawing on his extensive experience and performance.</p>	20,700

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
2	Kazuhito Maeda (November 1, 1956) [Reappointment]	<p>April 1981 Joined the Company</p> <p>June 2010 Operating Officer; General Manager, DDS Development Div. of the Company</p> <p>June 2011 Director and Operating Officer; General Manager, DDS Development Div. of the Company</p> <p>June 2012 Director and Executive Operating Officer; General Manager, DDS Development Div. of the Company</p> <p>June 2013 Director and Executive Operating Officer of the Company</p> <p>June 2016 Director and Executive Operating Officer; General Manager, Anti-Corrosion Coatings Group of the Company</p> <p>June 2020 Representative Director and Senior Executive Operating Officer 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)] 11 years [Reason for nomination as a candidate for Director] Kazuhito Maeda has been in charge of management of the Company for many years. The Company nominates him as a candidate for Director, expecting him to strive for the enhancement of the decision-making and oversight functions of the Board of Directors, and also for the expansion of overseas business centering on the life science field and the enhancement of the Company's developmental capabilities by drawing on his extensive experience, including work at an overseas research institute, and performance.</p>	16,800

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
3	Masanobu Miyo (January 4, 1961) [Reappointment]	<p>April 1985 Joined the Company</p> <p>June 2005 General Manager, Functional Materials Sales Dept. 2, Sales Div., Oleo & Speciality Chemicals Div. of the Company</p> <p>April 2008 General Manager, Industrial Functional Materials Sales Dept., Oleo & Speciality Chemicals Sales Div., Oleo & Speciality Chemicals Div. of the Company</p> <p>June 2010 General Manager, Oleo & Speciality Chemicals Sales Div., Oleo & Speciality Chemicals Div. of the Company</p> <p>April 2014 General Manager, Oleo & Speciality Chemicals Div. of the Company</p> <p>June 2014 Operating Officer; General Manager, Oleo & Specialty 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 (to present)</p>	5,900
		<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] Masanobu Miyo has been engaged in the management of the Functional Chemicals business and the Life Science business at the Company. The Company nominates him as a candidate for Director, expecting him to strive for the enhancement of the decision-making and oversight functions of the Board of Directors, and also for business innovation centering on the electronics, information, environment and energy fields and the expansion of overseas business by drawing on his extensive experience and performance.</p>	

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
4	Kazuyoshi Yamauchi (December 27, 1963)	<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 (to present)</p>	2,913
	[Reappointment]	<p>[Attendance at meetings of the Board of Directors] 13 out of 13 (100%)</p> <p>[Term of office as Director (At the end of this year's Annual General Meeting of Shareholders)] 1 year</p> <p>[Reason for nomination as a candidate for Director] Kazuyoshi Yamauchi has been engaged in the operations of manufacturing, technology and such at the Company. The Company nominates him as a candidate for Director, expecting him to strive for the enhancement of the decision-making and 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 by drawing on his extensive experience and performance.</p>	

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	<p>Shingo Unami (November 27, 1957)</p> <p>[Reappointment] [Outside] [Independent]</p>	<p>April 1981 Joined The Yasuda Trust and Banking Company, Ltd. (currently Mizuho Trust & Banking Co., Ltd.)</p> <p>April 2008 Executive Officer; General Manager of Human Resources Dept., Mizuho Trust & Banking Co., Ltd.</p> <p>April 2009 Executive Officer; General Manager of Nagoya Branch, Mizuho Trust & Banking Co., Ltd. (Resigned from the position in April 2011)</p> <p>April 2011 Senior Executive Operating Officer, Heisei Buildings Co., Ltd. (Resigned from the position in March 2013)</p> <p>April 2013 Director and Executive Vice-President, Mizuho Trust Systems Co., Ltd. (Resigned from the position in April 2018)</p> <p>April 2018 Senior Director, Mizuho Corporate Pension Fund (Resigned from the position in April 2021)</p> <p>June 2021 Director of the Company (to present)</p> <p>[Attendance at meetings of the Board of Directors] 13 out of 13 (100%)</p> <p>[Term of office as Director (At the end of this year's Annual General Meeting of Shareholders)] 1 year</p> <p>[Reason for nomination as a candidate for Outside Director and overview of expected role] Shingo Unami has abundant experience and advanced insight in the financial industry, a broad range of experience and knowledge regarding corporate management, and expresses appropriate opinions on all aspects of the management from a fair and objective standpoint. As the chairman of the Compensation Committee and a member of the Nomination Committee, he has also engaged in the deliberations, etc. of these committees. The Company expects him to continue fulfilling the role of conducting appropriate oversight, etc. over business execution and providing advice to management, based on his professional viewpoint, including his advanced knowledge on human resources, labor, finance and accounting. Therefore, the Company nominates him as a candidate for Outside Director.</p> <p>[Views on Independence] Shingo Unami 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>Shingo Unami 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, 2022, the Company's total loans from this financial institution account for 1.5% 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>	200

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 in June 2019)</p> <p>January 2015 Partner of Sakurazaka Law Offices (to present)</p> <p>June 2015 Member of the Board, SEIKAGAKU CORPORATION (Resigned in June 2019)</p> <p>August 2019 Audit & Supervisory Board Member, Weathernews Inc. (to present)</p> <p>June 2020 Corporate Auditor of the Company</p> <p>June 2021 Director of the Company (to present)</p>	100
		<p>[Attendance at meetings of the Board of Directors] 13 out of 13 (100%)</p> <p>[Term of office as Director (At the end of this year's Annual General Meeting of Shareholders)] 1 year</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. As the chairman of the Nomination Committee and a member of the Compensation Committee, 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.</p> <p>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>	

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

- 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 Shingo Unami and Izumi Hayashi 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, the Company plans to continue the said agreement with them.
 3. 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 Director, 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, 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 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.

(Reference) System of the Board of Directors after approval of Proposal No. 3 at the 99th General Meeting of Shareholders (Planned)

Name	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	President and Chief Executive Officer	●		●		●	●
Kazuhito Maeda	Representative Director and Senior Executive Operating Officer	●	●	●	●		
Masanobu Miyo	Director and Executive Operating Officer	●		●	●		
Kazuyoshi Yamauchi	Director and Executive Operating Officer		●		●	●	
Shingo Unami	Outside Director	●				●	●
Izumi Hayashi	Outside Director				●	●	
Tsuneharu Miyazaki	Audit and Supervisory Committee Member; Director	●	●	●			
Kunimitsu Ito	Audit and Supervisory Committee Member; Outside Director				●		●
Yuriko Sagara	Audit and Supervisory Committee Member; Outside Director				●	●	
Keiichi Miura	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)

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.

Business Report

1. Current Status of the NOF Group

(1) Progress and Results of Operations

During the fiscal year under review, although the COVID-19 global pandemic continued, there was a growing trend towards normalization of economic activities in line with the relaxation of various restrictions primarily in countries and regions where vaccines became widely available. In Japan, although personal consumption was sluggish due to factors such as restrictions on outings owing to a rapid expansion of infections, there were signs of recovery supported by overseas demand and public investment, which are on a recovery track. Meanwhile, during the second half, uncertainty about the economy intensified due to the Ukraine crisis.

Although the business environment surrounding the Group was impacted by the global rise in fuel prices, the shortage in semiconductor supply, and geopolitical risks such as the Ukraine crisis, demand in the healthcare and automobile-related fields remained on a recovery track.

Amid this business environment, under the three-year 2022 Mid-Term Management Plan launched in fiscal year 2020, 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 and expand sales, and made continuous management efforts to achieve sustainable growth.

To further advance its efforts in “Expanding business in growth markets,” the Group added manufacturing facilities for ethylene oxide (EO) derivatives and manufacturing facilities for raw materials for DDS drug formations at Kawasaki Works, and strove to strengthen the supply capacity for products in the Functional Chemicals Segment and the Life Science Segment. With regard to “Accelerating new product and new technology development,” the Group promoted activities for open innovation on biochemical products and thermal control materials through industry-academia collaborations with the aim of harmonizing with society and the natural environment. As for “Improving productivity,” the Group promoted Digital Transformation (DX), and worked on various initiatives such as improving the efficiency of R&D through the introduction of Materials Informatics (MI) utilizing data science.

As a result of the above, for the consolidated fiscal year ended March 31, 2022, consolidated net sales were ¥192,642 million (¥172,645 million in the same period of the previous fiscal year). Consolidated operating income was ¥35,595 million (¥26,602 million in the same period of the previous fiscal year), consolidated ordinary income was ¥37,624 million (¥28,870 million in the same period of the previous fiscal year), and profit attributable to owners of parent was ¥26,690 million (¥23,302 million in the same period of the previous fiscal year). The adoption of the Accounting Standard for Revenue Recognition and other standards had the effect of decreasing sales by ¥5,994 million and the effect of increasing profit by ¥309 million.

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 increased due to strong demand in the environmental/energy field.

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 coatings and toiletry products.

In organic peroxides, net sales increased due to strong demand in Japan and Asia.

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

As a result, in the Functional Chemicals Segment, consolidated net sales were ¥128,416 million (¥109,822 million in the same period of the previous fiscal year) and consolidated operating income was ¥21,460 million (¥15,655 million in the same period of the previous fiscal year). The adoption of the Accounting Standard for Revenue Recognition and other standards had the effect of decreasing sales by ¥4,227 million and the effect of increasing profit by ¥43 million.

Life Science

Regarding edible oils, net sales increased, although demand for functional oils for confectionary and bread slowed down.

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

In biocompatible materials, net sales decreased due to sluggish 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 ¥33,745 million (¥31,232 million in the same period of the previous fiscal year), and consolidated operating income was ¥14,109 million (¥10,310 million in the same period of the previous fiscal year). The adoption of the Accounting Standard for Revenue Recognition and other standards had the effect of decreasing sales by ¥662 million and the effect of increasing profit by ¥257 million.

Explosive & Propulsion

In industrial explosives, net sales increased.

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

In the field of defense-related explosives, net sales were level with the previous fiscal year.

In the field of functional products, net sales increased.

As a result, in the Explosive & Propulsion Segment, consolidated net sales were ¥30,012 million (¥30,078 million in the same period of the previous fiscal year) and consolidated operating income was ¥1,764 million (¥2,036 million in the same period of the previous fiscal year). The adoption of the Accounting Standard for Revenue Recognition and other standards had the effect of decreasing sales by ¥192 million and the effect of increasing profit by ¥8 million.

Others

The Others Segment consists of the transportation and real estate businesses. In the Others Segment, consolidated net sales were ¥468 million (¥1,511 million in the same period of the previous fiscal year) and consolidated operating income was ¥291 million (¥228 million in the same period of the previous fiscal year). The adoption of the Accounting Standard for Revenue Recognition and other standards had the effect of decreasing sales by ¥912 million.

(2) Future Tasks

Despite concerns over a resurgence of infections due to variants, the impact of the COVID-19 pandemic is expected to gradually decrease going forward, owing to further distribution of vaccines and policies aimed at achieving both preventing the spread of COVID-19 and maintaining social economic activities. However, uncertainty in the outlook for the global economy is expected to continue, due to concerns over supply chain disruptions due to the Ukraine crisis and semiconductor supply shortages, and continuously high fuel prices, among others.

Under these circumstances, the Group will flexibly adapt to changes in market needs in our three prioritized business fields of life/healthcare, electronics/IT, and environment/energy. Furthermore, we will create new value through the power of humans and 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 this fiscal year as well, in accordance with the basic policy of the 2022 Mid-Term Management Plan, “Challenge and Co-create,” the Group will continue to engage in each initiative of “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.”

To accelerate efforts in “Expanding business in growth markets,” the Group will actively promote strategic investment in the three prioritized fields. In the Life Science Segment, in anticipation of future growth in the biopharmaceutical market including in nucleic acid drugs, the Group will proceed with its plan to newly install manufacturing facilities for raw materials for DDS drug formations at Aichi Works.

With regard to “Accelerating new product and new technology development,” at the I&S Department that the Group established within the Corporate R&D Division, the Group will work on initiatives including the commercialization of the business of materials related to leading edge medicine and medical treatments, such as regenerative medicine. The Group will continue striving to expand into new business domains.

As for “Improving productivity,” the Group will promote Digital Transformation (DX), and engage in efforts to improve R&D efficiency through searching for new compounds and stabilizing quality, 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.

With regard to “Promoting CSR activities,” 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 our three prioritized business fields, in order to contribute to a variety of demands, including advanced medical treatment and medicine, human 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 shall work to expand climate-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.

With regard to the COVID-19 pandemic, we will place our highest priority on ensuring the safety of Group employees and all other related parties. We will do our utmost to perform appropriate business activities, while striving to prevent the spread of the disease and keeping a close eye on societal and economic conditions after the situation settles.

We kindly ask all shareholders for your continuing support.

(3) Capital Investment

During the consolidated fiscal year ended March 31, 2022, capital investment amounted to ¥5.7 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, 2022

Project type/segment name	Project name/company name	Content of facilities
	The Company	
Functional Chemicals	Amagasaki Plant	Strengthened environmental facilities
Functional Chemicals	Amagasaki Plant	Strengthened capacity of Functional Chemicals manufacturing facility
Functional Chemicals	Kawasaki Works	Strengthened capacity of Functional Chemicals manufacturing facility
Explosive & Propulsion	Aichi Works	Strengthened capacity of explosive and processed goods manufacturing facility

(ii) New and expanded facilities during the consolidated fiscal year ended March 31, 2022

Project type/segment name	Project name/company name	Content of facilities
	The Company	
Company-wide (Shared)	Head Office	Renewal of welfare facilities
Functional Chemicals	Amagasaki Plant	New Functional Chemicals research facility
Life Science	Kawasaki Works	Strengthened capacity of Life Science products manufacturing facility
Life Science	Kawasaki Works	Introduction of a quality and production control system, and construction of a network
Life Science	Aichi Works	New Life Science products manufacturing facility
Explosive & Propulsion	Aichi Works	Strengthened capacity of explosive and processed goods manufacturing facility
Explosive & Propulsion	Nippon Koki	Strengthened capacity of explosive and processed goods manufacturing facility

(iii) Sales, disposal, or destruction of important fixed assets during the consolidated fiscal year ended March 31, 2022

None applicable.

(4) Financing

None applicable.

(5) Business Results and Summary of Assets

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

Category			96th Term (April 2018 – March 2019)	97th Term (April 2019 – March 2020)	98th Term (April 2020 – March 2021)	99th Term (April 2021 – March 2022)
Business performance	Net sales	(millions of yen)	189,152	180,917	172,645	192,642
	Operating income	(millions of yen)	28,442	26,874	26,602	35,595
	Ordinary income	(millions of yen)	30,099	28,830	28,870	37,624
	Profit attributable to owners of parent	(millions of yen)	22,034	21,140	23,302	26,690
	Profit per share	(yen)	259.29	251.72	280.49	323.77
Condition of assets	Total assets	(millions of yen)	244,533	235,248	271,536	289,630
	Net assets	(millions of yen)	178,285	178,716	203,516	221,706
	Net assets per share	(yen)	2,108.77	2,140.98	2,448.60	2,690.65
Number of companies	Consolidated subsidiaries		24	24	25	25
	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 third decimal place.

3. The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the 99th term. Figures regarding the operating results and financial status of the 99th term have been adjusted based on the retrospective adoption of the above standards.

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

Category			96th Term (April 2018 – March 2019)	97th Term (April 2019 – March 2020)	98th Term (April 2020 – March 2021)	99th Term (April 2021 – March 2022)
Business performance	Net sales	(millions of yen)	130,943	122,371	119,168	135,865
	Operating income	(millions of yen)	21,396	19,636	20,090	27,499
	Ordinary income	(millions of yen)	24,759	23,071	24,196	31,528
	Profit	(millions of yen)	18,869	18,308	21,495	23,256
	Profit per share	(yen)	222.04	218.00	258.74	282.11
Condition of assets	Total assets	(millions of yen)	210,018	201,890	233,654	243,027
	Net assets	(millions of yen)	143,356	142,251	162,277	175,008
	Net assets per share	(yen)	1,703.19	1,711.62	1,959.45	2,131.40

- 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 third decimal place.
3. The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc. from the beginning of the 99th term. Figures regarding the operating results and financial status of the 99th term have been adjusted based on the retrospective adoption of the above standards.

(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	95.0%	Production and sales of defense equipment, industrial explosives, pyrotechnics and crime prevention products
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
HOKKAIDO NOF CORPORATION	220 million yen	100.0%	Production and sales of industrial explosives and road anti-icing agents
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
NICHIYU TRADING CO., LTD.	60 million yen	100.0%	Sales of coatings, construction materials, edible oils, and health-related products Property insurance agency
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 EUROPE S.A.	3,000 thousand Euros	100.0%	Production and sale 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.

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 second decimal place.

(iii) Status of Corporate Mergers

The Company has 25 consolidated subsidiaries, including the 13 companies whose status was indicated in the above section of (ii) Status of Principal Subsidiaries. There are no affiliates accounted for using the equity method.

(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
Life Science	Edible oils Functional foods (nutritional food products, 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	Kawasaki Works	[Chidori Plant, Daishi Plant, DDS Plant] Kawasaki-ku, Kawasaki, Kanagawa
	Aichi Works	[Taketoyo Plant, Kinuura Plant] Taketoyo-cho, Chita-gun, Aichi
	Amagasaki Plant	Amagasaki, Hyogo
	Oita Plant	Oita, Oita
Research Laboratories	Advanced Technology Research Lab.	Tsukuba, Ibaraki
	Oleo & Speciality Chemicals Research Lab.	Amagasaki, Hyogo / Kawasaki-ku, Kawasaki, Kanagawa
	Functional Chemicals & Polymers Research Lab.	Taketoyo-cho, Chita-gun, Aichi
	Functional Foods Research Lab.	Kawasaki-ku, Kawasaki, Kanagawa
	Life Science Research Lab.	Kawasaki-ku, Kawasaki, Kanagawa
	DDS Research Lab.	Kawasaki-ku, Kawasaki, Kanagawa

(ii) Subsidiaries

Nippon Koki Co., Ltd.	Head Office	Minato-ku, Tokyo
NiGK Corporation	Head Office	Kawagoe, Saitama
HOKKAIDO NOF CORPORATION	Head Office	Bibai, Hokkaido
NOF METAL COATINGS ASIA PACIFIC CO., LTD	Head Office	Kawasaki-ku, Kawasaki, Kanagawa
JAPEX Corp.	Head Office	Minato-ku, Tokyo
NICHIYU TRADING CO., LTD.	Head Office	Shibuya-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 EUROPE S.A.	Head Office	France
NOF AMERICA CORPORATION	Head Office	U.S.A.
NOF (Shanghai) Co., Ltd.	Head Office	China
NOF EUROPE GmbH	Head Office	Germany

(9) Employees

(i) Status of Group employees

Number of employees	Year-on-year
3,787	+32

- Notes: 1. The number of employees is the number of working personnel.
2. In addition to the above, there are also 183 temporary employees.

(ii) Status of Company employees

Number of employees	Year-on-year	Average age	Average length of service (years)
1,737	+22	43.4	18.8

- Notes: 1. The number of employees is the number of working personnel, and includes 13 people that were dispatched to the Company from outside the Company.
2. In addition to the above, there are also 61 temporary employees and 121 dispatched employees.

(10) Major Creditors

Creditors	Loan Outstanding
MUFG Bank, Ltd.	1,100 million yen
Mizuho Trust & Banking Co., Ltd.	700 million yen
The Norinchukin Bank	700 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 347,000,000

(2) Total number of shares issued 82,157,663

(Excluding 683,713 shares of treasury stock, including 48,200 shares (482 voting rights) of the Company held by Custody Bank of Japan, Ltd. as trust property of the Board Benefit Trust (BBT). The said 482 voting rights shall not be exercised.)

(3) Number of shareholders 12,565

(Up 20 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)	17,709	21.55
Custody Bank of Japan, Ltd. (Trust Account)	4,556	5.54
Meiji Yasuda Life Insurance Company	3,128	3.80
Mizuho Bank, Ltd.	1,926	2.34
Nichiyu Shin Ei Kai	1,797	2.18
MSCO CUSTOMER SECURITIES	1,743	2.12
BNYM AS AGT/CLTS 10 PERCENT	1,428	1.73
Nichiyu Kyo Ei Kai	1,375	1.67
The Nomura Trust and Banking Co., Ltd. (Trust Account)	1,261	1.53
Sompo Japan Insurance Inc.	1,110	1.35

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

2. Percentage of ownership excludes 683,713 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)	1,800	2
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	Significant concurrent positions
President & Chief Executive Officer*	Takeo Miyaji	
Representative Director*	Kazuhito Maeda	
Director*	Masanobu Miyo	
Director*	Kazuyoshi Yamauchi	
Outside Director	Shingo Unami	
Outside Director	Izumi Hayashi	Partner of Sakurazaka Law Offices Audit & Supervisory Board Member, Weathernews Inc.
Director, Standing Audit and Supervisory Committee Member	Tsuneharu Miyazaki	
Outside Director, Audit and Supervisory Committee Member	Kunimitsu Ito	Representative of ITO ACCOUNTING FIRM
Outside Director, Audit and Supervisory Committee Member	Yuriko Sagara	Partner of Nakamura & Partners Director serving as Audit and Supervisory Committee Member, TOKYO SEIMITSU CO., LTD.
Outside Director, Audit and Supervisory Committee Member	Keiichi Miura	Director, Tosoh Corporation

- 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. Director who is an Audit and Supervisory Committee Member Kunimitsu Ito is a Certified Public Accountant, and has extensive knowledge regarding finance and accounting.
3. Director who is an Audit and Supervisory Committee Member Tsuneharu Miyazaki 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. There are no special relationships between the Company and the following corporations: Sakurazaka Law Offices, Weathernews Inc., ITO ACCOUNTING FIRM, Nakamura & Partners, TOKYO SEIMITSU CO., LTD., and Tosoh Corporation.
5. 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.
6. Directors with an asterisk (*) next to their title concurrently serve as Operating Officers.
7. The Company has adopted an operating officer system. The Operating Officers as of the end of the fiscal year are as indicated below.

Position	Name	Assignment
President & Chief Executive Officer	Takeo Miyaji	
Senior Executive Operating Officer	Kazuhito Maeda	In charge of Life Science Products Group, DDS Development Group, and Human Resources & General Affairs Group
Executive Operating Officer	Hidefumi Ishiguro	General Manager, Explosives & Propulsion Div.
Executive Operating Officer	Naoya Umebara	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	Masanobu Miyo	In charge of Oleo & Speciality Chemicals Group, Functional Chemicals & Polymers Group, and Purchasing Group
Operating Officer	Yasuhiko Kazumi	General Manager, Human Resources & General Affairs Dept.
Operating Officer	Koji Sawamura	General Manager, DDS Development Div.
Operating Officer	Kenshiro Shuto	General Manager, Functional Chemicals & Polymers 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.
Operating Officer	Kazuyoshi Yamauchi	General Manager, Responsible Care & Production Engineering Dept.

(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 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.

(4) 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)	10	¥219 million	¥132 million	¥72 million	¥14 million
[of which Outside Directors]	[4]	[¥17 million]	[¥17 million]	[—]	[—]
Directors (Audit and Supervisory Committee Members)	4	¥38 million	¥38 million	—	—
[of which Outside Directors]	[3]	[¥20 million]	[¥20 million]	—	—
Corporate Auditors	4	¥9 million	¥9 million	—	—
[of which Outside Corporate Auditors]	[3]	[¥4 million]	[¥4 million]	—	—
Total	(Total) 18	¥267 million	¥180 million	¥72 million	¥14 million
[of which Outside Officers]	(Total) [10]	[¥42 million]	[¥42 million]	[—]	[—]

- Notes: 1. Through a resolution at the 98th Annual General Meeting of Shareholders held on June 29, 2021, the Company transitioned to a Company with an Audit and Supervisory Committee on the same date.
2. The above payment amounts do not include employee portion of salaries or bonuses for Directors who concurrently serve as employees.
3. The above payment amounts include the compensation paid to four (4) Directors and four (4) Corporate Auditors who retired during the fiscal year under review.
4. 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.
5. 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 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.
6. 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.
7. 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 April 26, 2021.

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 fixed compensation, bonuses and stock compensation. In order to increase the relevant incentives, at least a third of the compensation paid is set as performance-linked compensation (bonuses, stock compensation) (Outside Directors only receive fixed compensation). 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. 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 six members, namely five independent Outside Directors and the President and Chief Executive Officer, and is chaired by an independent Outside Director (held meetings in May, July and November of 2021, and in March of 2022, 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) Bonuses

After undergoing deliberation by the Compensation Committee, the calculation method, etc. for bonuses of Directors (excluding 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. 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.

(v) 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 Outside Directors and Directors who are Audit and Supervisory Committee Members; 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 stock 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 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, etc. 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

*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 of the Mid-Term Management Plan in the fiscal year under review

The planned target for consolidated operating income in the 2022 Mid-Term Management Plan is ¥29.0 billion (final year of the said plan). The actual result of consolidated operating income in the fiscal year under review was ¥35.5 billion, representing a 125.8% achievement level in the consolidated fiscal year ended March 31, 2022, calculated according to the level of growth in the period of the 2022 Mid-Term Management Plan.

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

(5) 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 13 meetings of the Board of Directors held after he assumed office on June 29, 2021. 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, and made valuable remarks. Since this fiscal year, he has also served as a member of the CSR Committee, and actively expressed his views during discussions on materiality reviews, responses to climate change, and TCFD recommendations.</p>
Outside Director	Izumi Hayashi	<p>Izumi Hayashi attended all 13 meetings of the Board of Directors held after she assumed office on June 29, 2021. 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, and made valuable remarks. Since this fiscal year, she has also served as a member of the CSR Committee, and actively expressed her views during discussions on materiality reviews, responses to climate change, and TCFD recommendations.</p>
Outside Director (Audit and Supervisory Committee Member)	Kunimitsu Ito	<p>Kunimitsu Ito attended all 13 meetings of the Board of Directors and all 11 meetings of the Audit and Supervisory Committee held after he assumed office on June 29, 2021. 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 and Compensation Committees, and made valuable remarks. Since this fiscal year, he has also served as a member of the CSR Committee, and actively expressed his views during discussions on materiality reviews, responses to climate change, and TCFD recommendations.</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 13 meetings of the Board of Directors and all 11 meetings of the Audit and Supervisory Committee held after she assumed office on June 29, 2021. 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 and Compensation Committees, and made valuable remarks. Since this fiscal year, she has also served as a member of the CSR Committee, and actively expressed her views during discussions on materiality reviews, responses to climate change, and TCFD recommendations.</p>
Outside Director (Audit and Supervisory Committee Member)	Keiichi Miura	<p>Keiichi Miura attended 12 out of 13 meetings of the Board of Directors and all 11 meetings of the Audit and Supervisory Committee held after he assumed office on June 29, 2021. 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 and Compensation Committees, and made valuable remarks. Since this fiscal year, he has also served as a member of the CSR Committee, and actively expressed his views during discussions on materiality reviews, responses to climate change, and TCFD recommendations.</p>

5. Accounting Auditors

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Outline of the contents of liability limitation agreement

None applicable.

(3) 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	¥67 million
2) The total amount of money and property interests paid or payable to the Accounting Auditor from the Company and subsidiaries	¥94 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. was audited by Ernst & Young Audit. PT. NOF MAS CHEMICAL INDUSTRIES was audited by Ernst & Young Purwantono, Sungkoro & Surja.
 4. Figures are rounded down to the nearest million yen.

(4) Content of non-audit operations

Audits of English financial statements, etc. were provided to the Company.

(5) 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.

CONSOLIDATED BALANCE SHEET

(As of March 31, 2022)

Account item	Current fiscal year
(Assets)	(millions of yen)
Current assets	173,322
Cash and time deposits	85,430
Notes and accounts receivable - trade, and contract assets	42,424
Electronically recorded monetary claims-operating	2,813
Merchandise and finished goods	25,655
Work in process	1,693
Raw materials and supplies	12,552
Other current assets	2,937
Allowance for doubtful accounts	(185)
Fixed assets	116,308
Property, plant and equipment	61,944
Buildings and structures	24,013
Machinery, equipment and vehicles	13,547
Land	20,706
Construction in progress	1,423
Others	2,255
Intangible assets	947
Investments and other assets	53,416
Investments securities	47,812
Long term loans	2
Deferred tax assets	985
Assets for retirement benefits	3,148
Other assets	1,521
Allowance for doubtful accounts	(53)
Total assets	289,630

Account item	Current fiscal year
(Liabilities)	(millions of yen)
Current liabilities	50,468
Notes and accounts payable	21,262
Electronically recorded obligations - operating	584
Short-term bank loans	1,997
Current portion of long-term debt	2,800
Lease obligations	130
Accrued expenses	1,514
Income taxes payable	5,879
Deposits received	3,803
Accrued bonuses for employees	3,473
Asset retirement obligations	169
Other current liabilities	8,853
Long-term liabilities	17,455
Long-term debt	610
Lease obligations	92
Deferred tax liabilities	11,117
Accrued retirement benefits for officers	48
Liabilities for retirement benefits	4,992
Asset retirement obligations	388
Other long-term liabilities	206
Total liabilities	67,924
(Net assets)	
Shareholders' equity	195,627
Common stock	17,742
Capital surplus	15,115
Retained earnings	166,062
Treasury stock, at cost	(3,292)
Accumulated other comprehensive income	25,300
Unrealized holding gain on securities	24,226
Translation adjustments	809
Retirement benefits liability adjustments	264
Non-controlling interests	777
Total net assets	221,706
Total liabilities and net assets	289,630

CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2021 to March 31, 2022)

Account item	Current fiscal year
	(millions of yen)
Net sales	192,642
Cost of sales	123,713
Gross profit	68,928
Selling, general and administrative expenses	33,333
Operating income	35,595
Non-operating income	2,543
Interest and dividend income	1,131
Foreign exchange gains	681
Others	730
Non-operating expenses	514
Interest expenses	60
Others	454
Ordinary income	37,624
Extraordinary income	1,218
Gain on sale of fixed assets	1,154
Gain on sale of investment securities	63
Extraordinary losses	864
Loss on sale of fixed assets	0
Impairment loss on fixed assets	51
Loss on retirement of fixed assets	51
Loss on tax purpose reduction entry of fixed assets	697
Loss on sale of investment securities	44
Others	18
Profit before income taxes	37,977
Income taxes	11,255
Income taxes - current	11,026
Income taxes - deferred	228
Profit	26,722
Profit attributable to non-controlling interests	31
Profit attributable to owners of parent	26,690

NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2022)

Account item	Current fiscal year
(Assets)	(millions of yen)
Current assets	137,330
Cash and time deposits	66,646
Notes receivable	87
Accounts receivable - trade	37,927
Merchandise and finished goods	17,540
Work in process	1,112
Raw materials and supplies	7,327
Prepaid expenses	584
Short-term loans receivable	5,012
Accounts receivable - other	630
Other	483
Allowance for doubtful accounts	(22)
Fixed assets	105,697
Property, plant and equipment	40,939
Buildings	13,693
Structures	4,165
Machinery and equipment	9,599
Vehicles	32
Tools, furniture and fixtures	1,458
Land	11,437
Leased assets	19
Construction in progress	533
Intangible assets	536
Leasehold interests in land	126
Software	332
Leased assets	44
Other	31
Investments and other assets	64,221
Investment securities	45,115
Shares of subsidiaries and associates	12,354
Investments in capitals of subsidiaries and associates	2,739
Long term loans	477
Long-term prepaid expenses	79
Prepaid pension cost	2,803
Other	652
Allowance for doubtful accounts	(0)
Total assets	243,027

Account item	Current fiscal year
(Liabilities)	(millions of yen)
Current liabilities	57,740
Accounts payable - trade	17,711
Short-term bank loans	700
Current portion of long-term debt	2,800
Accounts payable - other	4,007
Accrued expenses	830
Income taxes payable	4,516
Deposits received	24,469
Accrued bonuses for employees	2,312
Asset retirement obligations	154
Other	238
Long-term liabilities	10,278
Long-term debt	150
Deferred tax liabilities	9,498
Accrued retirement benefits for officers	45
Asset retirement obligations	381
Other	203
Total liabilities	68,019
(Net assets)	
Shareholders' equity	151,899
Common stock	17,742
Capital surplus	15,113
Legal capital surplus	15,113
Retained earnings	122,336
Legal retained earnings	3,156
Other retained earnings	119,179
Reserve for tax purpose reduction entry of fixed assets	3,331
General reserve	27,800
Retained earnings brought forward	88,047
Treasury stock	(3,292)
Valuation and translation adjustments	23,108
Unrealized holding gain on securities	23,108
Total net assets	175,008
Total liabilities and net assets	243,027

NON-CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2021 to March 31, 2022)

Account item	Current fiscal year
	(millions of yen)
Net sales	135,865
Cost of sales	88,829
Gross profit	47,036
Selling, general and administrative expenses	19,537
Operating income	27,499
Non-operating income	4,440
Interest and dividend income	3,204
Rent income on real estate	317
Foreign exchange gains	658
Others	259
Non-operating expenses	411
Interest expenses	88
Others	323
Ordinary income	31,528
Extraordinary income	1,208
Gain on sale of fixed assets	1,145
Gain on sale of investment securities	63
Extraordinary loss	782
Impairment loss on fixed assets	8
Loss on retirement of fixed assets	33
Loss on tax purpose reduction entry of fixed assets	697
Loss on sale of investment securities	42
Profit before income taxes	31,954
Income taxes	8,698
Income taxes - current	8,546
Income taxes - deferred	152
Profit	23,256

(Translation)

Independent Auditor's Report

May 18, 2022

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, 2021 through March 31, 2022.

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.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the consolidated financial statements. The auditor is responsible for instructing, supervising, and implementing 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 safeguards that are in place to reduce or eliminate obstacles.

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.

(Translation)

Independent Auditor's Report

May 18, 2022

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 99th fiscal year from April 1, 2021 through March 31, 2022.

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, 2021, 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 safeguards that are in place to reduce or eliminate obstacles.

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.

Audit and Supervisory Committee's Audit Report

Audit Report

The Audit and Supervisory Committee audited the execution of duties of the Directors during the 99th fiscal year from April 1, 2021 through March 31, 2022. The procedures and details of the audits are as follows.

Regarding audits conducted between April 1, 2021 and June 29, 2021 before the Company's transition to a company with an Audit and Supervisory Committee, the audit contents conducted by each Audit & Supervisory Board Member at the time were passed on to the Audit and Supervisory Committee, which incorporated them into the audit report for the fiscal year under review after verifying the contents.

1. Procedures and details of the audits

(1) 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 at the Company's head office and principal offices. 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, October 28, 2005), 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, 2021.

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 18, 2022

Audit and Supervisory Committee of NOF CORPORATION

Standing Audit and
Supervisory Committee
Member

Tsuneharu Miyazaki

Audit and Supervisory
Committee Member

Kunimitsu Ito

Audit and Supervisory
Committee Member

Yuriko Sagara

Audit and Supervisory
Committee Member

Keiichi Miura