

## **Message from the Management**

We deeply appreciate the exceptional support you have provided us.

We will hold the 101st Annual General Meeting of Shareholders of the Company on June 27, 2024, and we hereby send the report on the Company's businesses for the 101st Fiscal Year (April 1, 2023–March 31, 2024) and reference materials for your reference.

In the 101st fiscal year, amid an uncertain business environment, the Group actively engaged in business activities. In addition, supported by external environment factors such as a weaker yen and stability in raw material prices, consolidated net sales increased compared with the previous fiscal year, and consolidated operating income, consolidated ordinary income, and profit attributable to owners of parent reached record highs.

Under the management philosophy of “Contributing to humanity and society as a corporate group that creates new value through the power of chemistry, from the biosphere to outer space,” the entire NOF Group continues to strive together towards achieving the targets upheld in “NOF Vision 2030.”

We kindly ask all shareholders for your continuing support.

Koji Sawamura  
President & Chief Executive Officer

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

(Stock Exchange Code 4403)

June 5, 2024

(Commencement date of electronic provision measures: May 29, 2024)

**To Shareholders with Voting Rights:**

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

**NOTICE OF  
THE 101ST 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 101st Annual General Meeting of Shareholders of NOF CORPORATION (the “Company”). Details of the meeting are as described below.

In convening this Annual General Meeting of Shareholders, the Company has taken measures for electronic provision, which have been applied to information contained in the reference documents for the general meeting of shareholders, etc. (matters to be provided electronically). These matters are posted on the Company’s website as “NOTICE OF THE 101ST ANNUAL GENERAL MEETING OF SHAREHOLDERS.” Shareholders are kindly requested to access the Company’s website shown below to confirm these matters.

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

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

TSE website (TSE Listed Company Search):

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

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

- 1. Date and Time:** Thursday, June 27, 2024, 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 101st Fiscal Year (April 1, 2023–March 31, 2024), 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 101st Fiscal Year (April 1, 2023–March 31, 2024)

**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 26, 2024 (Wednesday), Japan time. If there is no indication of a vote for or against a specific proposal on the Voting Rights Exercise Form, it shall be deemed as an indication of approval to that proposal.

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

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

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

- ◎ When attending the meeting, please submit the enclosed Voting Rights Exercise Form at the reception desk. Please bring this NOTICE OF THE 101ST ANNUAL GENERAL MEETING OF SHAREHOLDERS with you to the meeting.
- ◎ Should any revisions occur to the matters to be provided electronically, the revisions will be posted on each website where the information is posted, both before and after the modifications.
- ◎ At this Annual General Meeting of Shareholders, regardless of whether a request for written delivery has been made, we will uniformly provide a written document that includes the matters for electronic provision.

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

- (1) System for Ensuring Appropriate Conduct of Operations and the Status of Implementation of the System in the Business Report
- (2) Consolidated Statement of Changes in Net Assets, and Notes to Consolidated Financial Statements in the Consolidated Financial Statements
- (3) Non-Consolidated Statement of Changes in Net Assets, and Notes to Non-Consolidated Financial Statements in the Non-Consolidated Financial Statements

Therefore, the business report, consolidated financial statements, and non-consolidated financial statements included in the documents are part of the documents subject to audits by the Accounting Auditor and the Audit and Supervisory Committee in preparing the Accounting Audit Report and the Audit Report, respectively.

- ◎ 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 27, 2024 (Thursday), 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 101ST ANNUAL GENERAL MEETING OF SHAREHOLDERS with you to the meeting.

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

[Exercise of Voting Rights in Writing]

**Voting deadline: Arrival by 5:30 p.m., June 26, 2024 (Wednesday), 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 26, 2024 (Wednesday), Japan time**

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

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

---

■ Exercise of voting rights multiple times

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

### Usage of Electronic Voting Rights Exercise Platform for Institutional Investors

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

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

**Those attending the Annual General Meeting of Shareholders in person**

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

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

**Date and time of the Annual General Meeting of Shareholders:**

**10:00 a.m., June 27, 2024, Japan time**

**Those exercising their voting rights by mail**

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

**Please exercise your voting rights without delay.**

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

**Voting deadline:**

**Arrival by 5:30 p.m., June 26, 2024, Japan time**

**Those exercising their voting rights via the Internet**

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

**Voting deadline: 5:30 p.m., June 26, 2024, 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:

¥58 per share of the Company's common stock for a total of ¥4,622,055,670.

As the Company paid ¥56 per share as an interim dividend, the annual dividend is ¥114 per share for the fiscal year under review.

(3) Effective date of distribution of surplus:

June 28, 2024

Note: The Company conducted a 3-for-1 share split of common shares of the Company, effective April 1, 2024, but since the record date of the Company's year-end dividend for the fiscal year under review is March 31, 2024, the dividend will be paid based on the number of shares prior to adjustment due to the share split.

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

1. Reasons for amendments

In order to further improve management efficiency by revitalizing the Board of Directors and accelerating management decision-making, and to enhance the supervisory functions of the Board of Directors, the number of Directors (excluding those who are Audit and Supervisory Committee Members) as stipulated in Article 18, Paragraph 1 of the current Articles of Incorporation shall be changed from twelve or less to eight or less, and the number of Directors who are Audit and Supervisory Committee Members stipulated in Paragraph 2 of said Article shall be changed from five or less to six or less.

2. Details of amendments

The details of the amendments are as indicated below.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
(Number of Directors) Article 18. The number of Directors (excluding those who are Audit and Supervisory Committee Members) of the Company shall be <u>twelve</u> or less. 2. The number of Directors who are Audit and Supervisory Committee Members of the Company shall be <u>five</u> or less.	(Number of Directors) Article 18. The number of Directors (excluding those who are Audit and Supervisory Committee Members) of the Company shall be <u>eight</u> or less. 2. The number of Directors who are Audit and Supervisory Committee Members of the Company shall be <u>six</u> or less.

**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.

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

The candidates are as follows.

No.	Name	Gender	Current positions and responsibilities at the Company	Attendance at meetings of the Board of Directors
1	Takeo Miyaji [Reappointment]	Male	Chairman and Chief Executive Officer; Chairman of the Board	17 out of 17 (100%)
2	Koji Sawamura [Reappointment]	Male	President and Chief Executive Officer	13 out of 13 (100%)
3	Manabu Saito [Reappointment]	Male	Director and Executive Operating Officer	13 out of 13 (100%)
4	Kazuyoshi Yamauchi [Reappointment]	Male	Director and Executive Operating Officer; General Manager, Corporate Technical Div.	17 out of 17 (100%)
5	Shingo Unami [Reappointment] [Outside] [Independent]	Male	Director	17 out of 17 (100%)
6	Izumi Hayashi [Reappointment] [Outside] [Independent]	Female	Director	17 out of 17 (100%)



No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held (Of which, the number of shares to be delivered under the Board Benefit Trust (BBT))
1	Takeo Miyaji (January 12, 1956)  [Reappointment]	<p>April 1980      Joined the Company</p> <p>June 2010      Operating Officer; General Manager, Human Resources &amp; General Affairs Dept. of the Company</p> <p>June 2011      Director and Operating Officer; General Manager, Human Resources &amp; General Affairs Dept. of the Company</p> <p>June 2012      Director and Executive Operating Officer; General Manager, Human Resources &amp; General Affairs Dept. of the Company</p> <p>December 2012      Director and Executive Operating Officer of the Company</p> <p>June 2018      President and Chief Executive Officer of the Company</p> <p>June 2023      Chairman and Chief Executive Officer of the Company (to present)</p> <hr/> <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)] 13 years</p> <p>[Reason for nomination as a candidate for Director] Takeo Miyaji has been in charge of management of the Company for many years and has extensive knowledge and experience required for managerial decision-making and business execution. The Company nominates him as a candidate for Director, expecting him to strive for the enhancement of the oversight functions of the Board of Directors, management innovation through DX, etc., and the promotion of ESG initiatives.</p>	29,892 (5,892)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held (Of which, the number of shares to be delivered under the Board Benefit Trust (BBT))
2	Koji Sawamura (February 6, 1965)  [Reappointment]	<p>April 1988      Joined the Company</p> <p>January 2017    General Manager, Sales Dept., DDS Development Div. of the Company</p> <p>June 2021      Operating Officer; General Manager, DDS Development Div. of the Company</p> <p>June 2022      Executive Operating Officer; General Manager, DDS Development Div. of the Company</p> <p>April 2023      Executive Operating Officer; General Manager, Life Science Div. of the Company</p> <p>June 2023      President and Chief Executive Officer of the Company (to present)</p> <hr/> <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] Koji Sawamura is well-versed in operations such as research and development at the Company. He has also been engaged in management of overseas business and Life Science business, and has extensive knowledge and experience required for managerial decision-making and business execution. The Company nominates him as a candidate for Director, expecting him to strive for the enhancement of the oversight functions of the Board of Directors and expansion of overseas business, etc.</p>	3,226 (562)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held (Of which, the number of shares to be delivered under the Board Benefit Trust (BBT))
3	Manabu Saito (August 15, 1962)  [Reappointment]	<p>April 1985      Joined the Company</p> <p>June 2006      General Manager, Functional Foods Sales Dept., Functional Foods Div. of the Company</p> <p>August 2010    General Manager, Operations Dept., Kawasaki Works of the Company</p> <p>June 2011      General Manager, Secretariat Office of the Company</p> <p>December 2012 General Manager, Human Resources &amp; General Affairs Dept. of the Company</p> <p>June 2015      Director; General Manager, Administration Dept. of NICHYU TRADING CO., LTD.</p> <p>June 2017      Director; General Manager, General Affairs Dept. of NICHYU LOGISTICS CO., LTD.</p> <p>June 2020      Operating Officer; General Manager, Functional Foods Div. of the Company</p> <p>June 2021      Executive Operating Officer; General Manager, Functional Foods Div. of the Company</p> <p>April 2023      Executive Operating Officer; General Manager, Functional Foods Div. of the Company</p> <p>June 2023      Director and Executive Operating Officer (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 Director] Manabu Saito is well-versed in operations such as personnel and labor affairs of the Company. He has also been engaged in management mainly of Functional Foods business, and has extensive knowledge and experience required for managerial decision-making and business execution. The Company nominates him as a candidate for Director, expecting him to strive for the enhancement of the oversight functions of the Board of Directors and the promotion of ESG initiatives, etc.</p>	2,782 (1,268)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held (Of which, the number of shares to be delivered under the Board Benefit Trust (BBT))
4	Kazuyoshi Yamauchi (December 27, 1963)  [Reappointment]	<p>April 1987      Joined the Company</p> <p>August 2009    General Manager, Manufacturing Dept., Chidori Plant, Kawasaki Works of the Company</p> <p>June 2014      General Manager, Technology Dept., Amagasaki Plant of the Company</p> <p>February 2016   General Manager, Kinuura Plant of the Company</p> <p>June 2019      General Manager, Kawasaki Works; General Manager, Daishi Plant; General Manager, Operations Dept., Kawasaki Works of the Company</p> <p>June 2020      Operating Officer; General Manager, Kawasaki Works; General Manager, Daishi Plant; General Manager, Operations Dept., Kawasaki Works of the Company</p> <p>June 2021      Director and Operating Officer; General Manager, Responsible Care &amp; Production Engineering Dept. of the Company</p> <p>June 2022      Director and Executive Operating Officer; General Manager, Responsible Care &amp; Production Engineering Dept. of the Company</p> <p>April 2023      Director and Executive Operating Officer; General Manager, Corporate Technical Div. of the Company (to present)</p> <p>[Attendance at meetings of the Board of Directors] 17 out of 17 (100%)</p> <p>[Term of office as Director (At the end of this year's Annual General Meeting of Shareholders)] 3 years</p> <p>[Reason for nomination as a candidate for Director] Kazuyoshi Yamauchi is well versed in the operations of manufacturing, technology and such at the Company and has extensive knowledge and experience required for managerial decision-making and business execution. The Company nominates him as a candidate for Director, expecting him to strive for the enhancement of the oversight functions of the Board of Directors, and also for the enhancement of production and quality control systems of the Company's group companies in Japan and overseas and the environmental investment plan that aims to achieve carbon neutrality.</p>	5,993 (1,493)

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
5	Shingo Unami (November 27, 1957)  [Reappointment] [Outside] [Independent]	<p>April 1981      Joined The Yasuda Trust and Banking Company, Ltd. (currently Mizuho Trust &amp; Banking Co., Ltd.)</p> <p>April 2008      Executive Officer; General Manager of Human Resources Dept., Mizuho Trust &amp; Banking Co., Ltd.</p> <p>April 2009      Executive Officer; General Manager of Nagoya Branch, Mizuho Trust &amp; 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] 17 out of 17 (100%)</p> <p>[Term of office as Director (At the end of this year's Annual General Meeting of Shareholders)] 3 years</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. Serving as the chairman of the Compensation Committee and a member of the Nomination Committee, and attending meetings of the Sustainability Committee as a member, 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. Shingo Unami formerly had an executive role in Mizuho Trust &amp; Banking Co., Ltd., with which the Company engages in transactions. However, as of the fiscal year ended March 31, 2024, the Company's total loans from this financial institution account for 1.1% of the Company's total assets, which is a low percentage. Furthermore, the Company has ongoing transactions with multiple financial institutions and is not dependent on any particular financial institution. For these reasons, the influence of the business relationship between Mizuho Trust &amp; 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>	1,100

No.	Name (Date of birth)	Past experience, positions, responsibilities, and significant concurrent positions	Number of shares of the Company held
6	<p data-bbox="209 824 395 882">Izumi Hayashi (August 20, 1958)</p> <p data-bbox="217 913 387 1010">[Reappointment] [Outside] [Independent]</p>	<p data-bbox="432 226 1241 719"> April 1986 Public Prosecutor at the Nagoya District Public Prosecutors Office  March 1987 Registered as Attorney (Tokyo Bar Association)  Joined Logan, Takashima &amp; Nemoto  March 1993 Partner of Eitai Sogo Law Offices  November 2013 Director of Cool Japan Fund Inc. (Resigned in June 2017)  January 2015 Partner of Sakurazaka Law Offices (to present)  June 2015 Member of the Board, SEIKAGAKU CORPORATION  (Resigned in June 2019)  August 2019 Audit &amp; Supervisory Board Member, Weathernews Inc.  (Resigned in August 2023)  June 2020 Corporate Auditor of the Company (Resigned in June 2021)  June 2021 Director of the Company (to present)  June 2023 Outside Director (Audit &amp; Supervisory Committee  Member), Nifco Inc. (to present)  August 2023 Outside Director, Weathernews Inc. (to present) </p> <p data-bbox="432 725 1257 1603"> [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)]  3 years  [Reason for nomination as a candidate for Outside Director and overview of expected role]  Besides being well-versed in corporate law as an attorney, Izumi Hayashi has advanced knowledge on topics including intellectual property and corporate compliance, and has fulfilled the role as an Outside Director of the Company. Serving as the chairman of the Nomination Committee and a member of the Compensation Committee, and attending meetings of the Sustainability Committee as a member, she has also engaged in the deliberations, etc. of these committees. Although she has never been involved in corporate management except as an outside officer, for the reasons above, the Company expects her to continue fulfilling the role of conducting appropriate oversight, etc. over business execution and providing advice to management, based on her professional viewpoint, including her global perspective on legal affairs and risk management. Therefore, the Company nominates her as a candidate for Outside Director.  [Views on Independence]  Izumi Hayashi meets the Tokyo Stock Exchange’s requirements for Independent Directors/Auditors and satisfies the Company’s “Standards for Determination of the Independence of Outside Officers.” If Izumi Hayashi’s appointment is approved, the Company will register to the Tokyo Stock Exchange that she is an Independent Director/Auditor as defined by the Tokyo Stock Exchange.  Izumi Hayashi is a partner of Sakurazaka Law Offices, but there are no consulting or other relationships involving commissioning of legal services between the Company and this office. The Company has no history of payments to this office in the past three years. </p>	700

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 concluded an indemnity agreement indicated in Sub-Article 1 of Article 430-2 of the Companies Act with Takeo Miyaji, Koji Sawamura, Manabu Saito, Kazuyoshi Yamauchi, Shingo Unami and Izumi Hayashi to indemnify expenses under Item 1 of said Sub-Article and losses under Item 2 of said Sub-Article to the extent stipulated by laws and ordinances. If the candidates are elected, the Company plans to continue the said agreement with them.
  4. The Company has entered into a Directors and Officers liability insurance (D&O insurance) contract with an insurance company. In the event of claims for damages by shareholders or other third parties, arising from actions or omissions in the execution of duties by the insured Directors, the said insurance contract will cover damage incurred by the said Director. If the candidates are elected as 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.
  5. The “number of shares of the Company held” by each candidate is based on the number of shares prior to adjustment due to the share split conducted on April 1, 2024.

### **Opinions of the Audit and Supervisory Committee**

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

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

(Reference)

### Standards for Determination of the Independence of Outside Officers

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

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

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

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

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

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



(Reference) System of the Board of Directors after approval of Proposal No. 3 at the 101st Annual 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	Chairman and Chief Executive Officer	●		●		●	●
Koji Sawamura	President and Chief Executive Officer	●	●	●	●		
Manabu Saito	Director and Executive Operating Officer	●		●		●	●
Kazuyoshi Yamauchi	Director and Executive Operating Officer	●	●		●	●	
Shingo Unami	Outside Director	●				●	●
Izumi Hayashi	Outside Director				●	●	
Masanobu Miyo	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)

### Cross-Shareholdings

(Policy on Cross-Shareholdings)

In order to improve the Company's corporate value over the mid- to long-term by maintaining and enforcing smooth business operations and business relationships, the Company holds shares as cross-shareholdings only when it is deemed reasonable, after comprehensively considering factors such as risks of holding and the capital cost. It is our basic policy to reduce cross-shareholdings for which the significance of holding is deemed to have diminished.

(Efforts to reduce cross-shareholdings)

Under the basic policy, each year, the Board of Directors shall individually examine cross-shareholdings and review the appropriateness of continuing the holding. As a result of the review, the Company sold one (1) unlisted stock and five (5) stocks other than unlisted stock in fiscal year 2023 (including partial sales). The ratio of cross-shareholdings to net assets as of March 31, 2024, was 18.7%.

Number of stocks and the values recorded on the balance sheet in fiscal year 2023

	Number of stocks	Total values recorded on the balance sheet (Millions of yen)
Unlisted stock	28	840
Shares other than unlisted stock	35	46,691

In addition to the above, one stock is held as a deemed shareholding (2,132 million yen)

Stocks whose numbers were reduced in fiscal year 2023

	Number of stocks	Total sale values associated with the reduction in the number of stocks (Millions of yen)
Unlisted stock	1	107
Shares other than unlisted stock	5	2,499

## **Business Report (From April 1, 2023 to March 31, 2024)**

### **1. Current Status of the NOF Group**

#### **(1) Progress and Results of Operations**

During the fiscal year under review (from April 1, 2023 to March 31, 2024), the outlook for the global economy remained uncertain, particularly because of the prolonged crisis in Ukraine, the increasingly strained situation in the Middle East, US-China rivalry, elevated prices of raw materials and fuel, and the impacts of persistent global inflation, and monetary tightening. In Japan, the positioning of COVID-19 under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases was downgraded to Class V Infectious Disease, and partly as a result of this, social and economic activity began to normalize and there were signs of a gradual recovery, mainly in consumer spending, capital investment, and production activity.

As for the business environment surrounding the Group, even though domestic economic conditions were gradually recovering, the impact of a downturn caused by the prolongation of the slump in the Chinese economy was a cause for concern.

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

In order to further strengthen “Expanding business by addressing changes in markets,” we expanded our business with a focus on our three prioritized business fields of “life and healthcare,” “environment and energy” and “electronics and IT” as we advanced our transition into a solutions-based business model. Moreover, we promoted efforts for “Accelerating new product and new technology development,” particularly by working on business co-creation through open innovation in the medicals and medical device field, following on from initiatives undertaken previous fiscal year in the fields of materials for electronics and health foods.

As a result of the above, for the consolidated fiscal year ended March 31, 2024, consolidated net sales were ¥222,252 million, or up 2.1% from the previous fiscal year. Consolidated operating income was ¥42,142 million, or up 3.7% year on year, consolidated ordinary income was ¥45,577 million, or up 5.5% year on year, and profit attributable to owners of parent was ¥33,990 million, or up 0.1% year on year.

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

From the fiscal year under review, the name of the reportable segment that was previously shown as “Life Science” was changed to “Pharmaceuticals, Medicals and Health.” In addition, changes have been made to the naming of major products. “Edible oils” has been renamed to “Processed edible oils and functional food materials” and “functional foods (nutritional food products and health-related products)” has been renamed to “healthcare foods products.”

Also, NOF EUROPE GmbH, a consolidated subsidiary, was previously included in Functional Chemicals segment, but the Company has reviewed the business management category for this subsidiary and it is now shown Pharmaceuticals, Medicals and Health segment.

In the year-on-year comparisons provided below, the comparisons are based on figures that were reclassified

to reflect the changes to the reportable segments.

#### Functional Chemicals

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

With regard to surfactants, net sales were at the level of the previous fiscal year as demand for toiletry products recovered toward the end of the fiscal year.

In ethylene oxide/propylene oxide derivatives, net sales decreased due to sluggish demand overseas.

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

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

As a result, in the Functional Chemicals Segment, consolidated net sales were ¥133,556 million, or down 1.8%, and consolidated operating income was ¥21,972 million, or down 3.2% year on year.

#### Pharmaceuticals, Medicals and Health

Regarding edible oils and functional food materials, net sales were at the level of the previous fiscal year as a result of revision of sales prices to cope with the rise in fuel prices, although demand for confectionary, bread, and processed food products slowed down.

In health-related products, net sales increased, due to an increase in shipments for health foods.

In biocompatible materials, net sales decreased as shipments of 2-Methacryloyloxyethyl phosphorylcholine (MPC)-related products decreased.

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 Pharmaceuticals, Medicals and Health Segment, consolidated net sales were ¥53,998 million, or up 5.1% year on year, and consolidated operating income was ¥20,558 million, or up 12.9% year on year.

#### Explosive & Propulsion

In industrial explosives, net sales increased.

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

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

In the field of functional products, net sales decreased.

As a result, in the Explosive & Propulsion Segment, consolidated net sales were ¥34,138 million, or up 14.3% year on year and consolidated operating income was ¥2,628 million, or up 50.0% year on year.

#### Others

The Others Segment consists of the transportation and real estate businesses. In the Others Segment, consolidated net sales were ¥559 million, up 9.8% year on year, and consolidated operating income was ¥196 million, down 6.4% year on year.

## (2) Future Tasks

The domestic economy is recovering to pre-pandemic levels, now that COVID-19 has been reclassified as Class V Infectious Disease under the Infectious Diseases Act in Japan. However, uncertainty in the outlook for the global economy is expected to continue, due to the prolonged Ukraine crisis, increasingly strained situation in the Middle East, US-China rivalry, continuously high prices of raw materials and fuel, and the impacts of the ongoing inflation and monetary tightening across the globe.

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

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

To accelerate efforts in “Expanding business by addressing changes in markets,” the Group will actively promote strategic investment in the three prioritized fields. In the Functional Chemicals Segment, the Group will proceed to install additional production lines at Aichi Works for original design manufacturing (ODM: design and manufacture of products under other companies brands) of cosmetic products. In the Pharmaceuticals, Medicals and Health Segment, in anticipation of future growth in the biopharmaceutical market including in nucleic acid drugs, the Group will proceed 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,” the Group will promote business co-creation through open innovation by utilizing public solicitation from industry, academia, and government, as well as venture capital, mainly focusing on the fields of biochemical products, thermal control materials, electronics and health food products, so as to accelerate development of new products and new technologies.

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

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

With regard to “Promoting CSR,” the Group specified 11 items of materiality regarding Sustainability. By dividing these into three major categories, “Provision of new value to realize an abundant and sustainable society,” “Strengthening of business foundation,” and “Promotion of responsible care activities,” the Group set targets (KPIs) for each item, and is promoting relevant initiatives. Regarding “Provision of new value to realize an abundant and sustainable society,” we shall strive to provide products that utilize the Company’s

original technologies and materials in our three prioritized business fields, in order to contribute to a variety of demands, including advanced medical treatment and medicine, human beauty, health and anti-aging, reduction of environmental burden, recycling of resources, and a smart society. Regarding “Strengthening of business foundation,” the Group will put greater effort into initiatives including the following: strengthen profitability; promote work style reforms aimed at realizing work-life balance; create a corporate culture that accepts diverse values; and enhance the business continuity plan to improve resilience. Regarding “Promotion of responsible care activities,” we will consider measures aimed at realizing carbon neutrality by 2050, and implement measures such as the management of chemical substances. Furthermore, the Group supports the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and 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.

We kindly ask all shareholders for your continuing support.

### (3) Capital Investment

During the consolidated fiscal year ended March 31, 2024, capital investment amounted to ¥18.7 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, 2024

Project type/segment name	Project name/company name	Content of facilities
	The Company	
Company-wide (Shared)	Head Office	Renewal of welfare facilities
Company-wide (Shared)	Head Office	Strengthened information infrastructure for core system
Pharmaceuticals, Medicals and Health	Kawasaki Works	Introduction of a quality and production control system, and construction of a network
Pharmaceuticals, Medicals and Health	Aichi Works	New Life Science products manufacturing facility

#### (ii) New and expanded facilities during the consolidated fiscal year ended March 31, 2024

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
Functional Chemicals	Kawasaki Works	Strengthened security and disaster prevention facility
Functional Chemicals	Aichi Works	New / strengthened capacity of Functional Chemicals research facility
Functional Chemicals	Aichi Works	Strengthened capacity of Functional Chemicals research facility
Pharmaceuticals, Medicals and Health	Kawasaki Works	Introduced environmentally-friendly facility
Pharmaceuticals, Medicals and Health	Aichi Works	Construction of Life Science products manufacturing facility
Explosive & Propulsion	Aichi Works	Strengthened capacity of explosive and processed goods manufacturing facility
Functional Chemicals	Changshu NOF Chemical	Strengthened capacity of Functional Chemicals research facility and welfare facilities
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, 2024

None applicable.

#### (4) Financing

None applicable.

#### (5) Business Results and Summary of Assets

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

Category			98th Term (April 2020 – March 2021)	99th Term (April 2021 – March 2022)	100th Term (April 2022 – March 2023)	101st Term (April 2023 – March 2024)
Business performance	Net sales	(millions of yen)	172,645	192,642	217,709	222,252
	Operating income	(millions of yen)	26,602	35,595	40,624	42,142
	Ordinary income	(millions of yen)	28,870	37,624	43,183	45,577
	Profit attributable to owners of parent	(millions of yen)	23,302	26,690	33,973	33,990
	Profit per share	(yen)	93.50	107.92	139.01	141.17
Condition of assets	Total assets	(millions of yen)	271,536	289,630	309,438	341,449
	Net assets	(millions of yen)	203,516	221,706	240,002	265,907
	Net assets per share	(yen)	816.20	896.88	986.85	1,109.01
Number of companies	Consolidated subsidiaries		25	25	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 between the 99th term and the 101st term have been adjusted based on the retrospective adoption of the above standards.
4. The Company conducted a 3-for-1 share split of common shares, effective April 1, 2024. Net assets per share and profit per share are calculated based on the assumption that the share split was conducted at the beginning of the 98th term.

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

Category			98th Term (April 2020 – March 2021)	99th Term (April 2021 – March 2022)	100th Term (April 2022 – March 2023)	101st Term (April 2023 – March 2024)
Business performance	Net sales	(millions of yen)	119,168	135,865	155,139	156,410
	Operating income	(millions of yen)	20,090	27,499	32,071	32,399
	Ordinary income	(millions of yen)	24,196	31,528	38,259	42,037
	Profit	(millions of yen)	21,495	23,256	31,334	33,214
	Profit per share	(yen)	86.25	94.04	128.21	137.95
Condition of assets	Total assets	(millions of yen)	233,654	243,027	258,496	281,120
	Net assets	(millions of yen)	162,277	175,008	188,866	210,504
	Net assets per share	(yen)	653.15	710.47	779.27	880.93

- 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 between the 99th and the 101st term have been adjusted based on the retrospective adoption of the above standards.
  4. The Company conducted a 3-for-1 share split of common shares, effective April 1, 2024. Net assets per share and profit per share are calculated based on the assumption that the share split was conducted at the beginning of the 98th term.

## (6) Status of the Parent Company and Principal Subsidiaries

### (i) Status of the Parent Company

None applicable.

### (ii) Status of Principal Subsidiaries

Name	Common stock	Percentage of voting rights owned by the Company	Principal business
Nippon Koki Co., Ltd.	2,000 million yen	95.0%	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
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 AMERICA CORPORATION	100 U.S. dollars	100.0%	Export, import and sales of chemicals, etc.
NOF (Shanghai) Co., Ltd.	12,794 thousand Chinese yuan	100.0%	Export, import and sales of chemicals, etc.
NOF EUROPE GmbH	25 thousand Euros	100.0%	Export, import and sales of chemicals, etc.
NOF METAL COATINGS EUROPE S.A.	3,000 thousand Euros	100.0%	Production and sales of special anti-corrosion agents

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

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

### (iii) Status of Corporate Mergers

None applicable.

## (7) Principal Business of the Company

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

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

## (8) Principal Offices and Plants

### (i) The Company

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

### (ii) Subsidiaries

Nippon Koki Co., Ltd.	Head Office	Minato-ku, Tokyo
NiGK Corporation	Head Office	Kawagoe, Saitama
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
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 AMERICA CORPORATION	Head Office	U.S.A.
NOF (Shanghai) Co., Ltd.	Head Office	China
NOF EUROPE GmbH	Head Office	Germany
NOF METAL COATINGS EUROPE S.A.	Head Office	France

## (9) Employees

### (i) Status of Group employees

Number of employees	Year-on-year
3,879	+61

- Notes: 1. The number of employees is the number of working personnel.  
2. In addition to the above, there are also 169 temporary employees.

### (ii) Status of Company employees

Number of employees	Year-on-year	Average age	Average length of service (years)
1,794	+32	43.4	18.4

- Notes: 1. The number of employees is the number of working personnel, and includes six people that were dispatched to the Company from outside the Company.  
2. In addition to the above, there are also 62 temporary employees and 122 dispatched employees.

## (10) Major Creditors

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

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

## 2. Shares of the Company

(1) Total number of shares authorized 347,000,000

(2) Total number of shares issued 79,690,615

(Excluding 1,150,761 shares of treasury stock, including 38,700 shares (387 voting rights) of the Company held by Custody Bank of Japan, Ltd. as trust property of the Board Benefit Trust (BBT). The said 387 voting rights shall not be exercised.)

(3) Number of shareholders 13,120

(Up 543 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)	12,423	15.58
Custody Bank of Japan, Ltd. (Trust Account)	4,438	5.57
Meiji Yasuda Life Insurance Company	3,128	3.92
SSBTC CLIENT OMNIBUS ACCOUNT	2,438	3.05
BNYM AS AGT/CLTS 10 PERCENT	1,741	2.18
Nichiyu Shin Ei Kai	1,640	2.05
BNYM AS AGT/CLTS NON TREATY JASDEC	1,475	1.85
Nichiyu Kyo Ei Kai	1,358	1.70
GOVERNMENT OF NORWAY	1,342	1.68
NORTHERN TRUST CO.(AVFC) RE FIDELITY FUNDS	1,328	1.66

Notes: 1. The number of shares is rounded down to the nearest thousand shares.  
2. Percentage of ownership excludes 1,150,761 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)	4,700	2
Outside Directors (excluding Directors who are Audit and Supervisory Committee Members)	—	—
Directors who are Audit and Supervisory Committee Members	—	—

### **(6) Other important matters related to the Company's shares**

The Company conducted a 3-for-1 share split of common shares of the Company, effective April 1, 2024. The notes regarding the share split are as follows.

Mentioned items	Notes
(1) Total number of shares authorized	The total number of authorized shares stipulated in the Company's Articles of Incorporation was amended to 970,000,000 shares, effective April 1, 2024, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act.
(2) Total number of shares issued	The number of issued shares changed to 242,524,128 shares, effective April 1, 2024.
(3) Number of shareholders	-
(4) Major shareholders	The number of shares is the one prior to adjustment due to the share split.
(5) Status of shares issued to officers of the Company in the fiscal year under review in exchange for their execution of duties	The number of shares is the one prior to adjustment due to the share split.

### **3. Matters concerning stock acquisition rights**

None applicable.

## 4. Officers of the Company

### (1) Directors

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

- Notes: 1. Directors Shingo Unami and Izumi Hayashi as well as Directors who are Audit and Supervisory Committee Members Kunimitsu Ito, Yuriko Sagara, and Keiichi Miura are Outside Directors as stipulated in the Companies Act.
2. The Company has designated Directors Shingo Unami and Izumi Hayashi as well as Directors who are Audit and Supervisory Committee Members Kunimitsu Ito, Yuriko Sagara, and Keiichi Miura as Independent Directors as stipulated in Rule 436-2 of the Securities Listing Regulations of the Tokyo Stock Exchange.
3. Director who is an Audit and Supervisory Committee Member Masanobu Miyo has knowledge on the Company's operations, and can ensure the effectiveness of the audit and supervisory functions of the Audit and Supervisory Committee, by collecting information through attending important meetings, etc., and through cooperation with the Internal Audit Department, etc. Therefore, the Company has selected him as a Standing Audit and Supervisory Committee Member.
4. Director who is an Audit and Supervisory Committee Member Kunimitsu Ito is a Certified Public Accountant, and has extensive knowledge regarding finance and accounting.
5. Director who is an Audit and Supervisory Committee Member Keiichi Miura resigned as Director of Tosoh Corporation as of June 23, 2023.
6. There are no special relationships between the Company and the following corporations: Sakurazaka Law Offices, Weathernews Inc., Nifco Inc, ITO ACCOUNTING FIRM, nattoku Housing Co., Ltd., Nakamura & Partners, and TOKYO SEIMITSU CO., LTD.
7. Directors with an asterisk (\*) next to their title concurrently serve as Operating Officers.
8. The Company has adopted an operating officer system. The Operating Officers as of the end of the fiscal year under review are as indicated below.



Position	Name	Assignment
Chairman & Chief Executive Officer	Takeo Miyaji	
President & Chief Executive Officer	Koji Sawamura	
Executive Operating Officer	Naoya Umehara	General Manager, Corporate Planning & Strategy Dept., in charge of Finance Group
Executive Operating Officer	Eui-Chul Kang	General Manager, Corporate R&D Div., in charge of Life Science Products Group
Executive Operating Officer	Manabu Saito	In charge of Functional Foods Group, Human Resources & General Affairs Group, and Legal Group
Executive Operating Officer	Kenshiro Shuto	General Manager, Functional Materials Div., in charge of Purchasing Group
Executive Operating Officer	Kazuhito Narumi	General Manager, Explosives & Propulsion Div.
Executive Operating Officer	Kazuyoshi Yamauchi	General Manager, Corporate Technical Div., in charge of Corporate Communications Group, and Systems Group
Operating Officer	Satoshi Kataoka	General Manager, Purchasing Dept.
Operating Officer	Hirofumi Kato	General Manager, Functional Foods Div.
Operating Officer	Motoji Takimizu	General Manager, Information Systems Dept.
Operating Officer	Kuniaki Tsuruoka	General Manager, Anti-Corrosion Coatings Group
Operating Officer	Hideru Furukawa	General Manager, Corporate Communications Dept.
Operating Officer	Akihisa Maeda	General Manager, Human Resources & General Affairs Dept.
Operating Officer	Tomoaki Mori	General Manager, Finance 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 indemnity agreement**

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

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

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

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

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

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

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

Category	Number of persons paid	Total amount of compensation, etc.	Total amount of compensation, etc. by type		
			Fixed compensation	Performance-linked compensation	
				Bonuses	Stock compensation
Directors (excluding Audit and Supervisory Committee Members)	8	¥245 million	¥156 million	¥75 million	¥13 million
[of which Outside Directors]	[2]	[¥18 million]	[¥18 million]	[—]	[—]
Directors (Audit and Supervisory Committee Members)	5	¥51 million	¥51 million	—	—
[of which Outside Directors]	[3]	[¥27 million]	[¥27 million]		
Total	(Total) 13	¥296 million	¥207 million	¥75 million	¥13 million
[of which Outside Officers]	(Total) [5]	[¥45 million]	[¥45 million]	[—]	[—]

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

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

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

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

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

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

### (ii) Method of determining compensation, etc.

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

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

#### b. Overview of contents of determination policy

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

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

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

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

The said Compensation Committee comprises seven members, namely five independent Outside Directors, the Chairman and Chief Executive Officer, and the President and Chief Executive Officer, and is chaired by an independent Outside Director (held meetings in May, August and November of 2023 in the fiscal year under review).

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

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

(iv) Performance-linked compensation

(Bonuses)

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

(ESG indicators-linked compensation)

The Company resolved a method to calculate a portion of the next term's compensation (monthly compensation) using the achievement of ESG indicators, etc. for Directors excluding Audit and Supervisory Committee Members and Outside Directors in a Board of Directors meeting held on January 27, 2023. The calculation method for this compensation is based on the evaluation coefficient according to the achievement level, etc. of prescribed ESG indicators concerning the Group's initiatives for sustainability issues and by multiplying a predetermined coefficient determined for each position by a base amount. The Compensation Committee verifies the said calculation method and the amount paid in each term. The ESG indicator targets for the fiscal year ended March 31, 2024, were generally achieved.

(Stock compensation)

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

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

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

i. Calculation method for awarding of points

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

(Calculation formula)

Position points × Performance evaluation coefficient

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

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

ii. Method of distribution

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

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

The planned target for consolidated operating income in the 2025 Mid-Term Management Plan is ¥46.0 billion (final year of the said plan). The actual result of consolidated operating income in the fiscal year under review was ¥42.1 billion, representing a 99.4% achievement level in the consolidated fiscal year ended March 31, 2024, calculated according to the level of growth in the period of the 2025 Mid-Term Management Plan. The planned target for ROE in the 2025 Mid-Term Management Plan is 12% or more, and the actual result of ROE in the fiscal year under review was 13.48 %, representing an achievement level 112.3% based on the planned target.

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

## (6) Outside Officers

### Status of major activities

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

Position	Name	Status of major activities and outline of duties executed regarding roles expected of Outside Directors
Outside Director (Audit and Supervisory Committee Member)	Yuriko Sagara	<p>Yuriko Sagara attended 16 out of 17 meetings of the Board of Directors and 14 out of 16 meetings of the Audit and Supervisory Committee held in the fiscal year under review. At Board of Directors meetings, she actively expressed opinions from a professional viewpoint, based on her global perspective regarding risk management and intellectual property management, thereby fulfilling her role as an Audit and Supervisory Committee Member.</p> <p>She served as a member of the Nomination Committee and a member of the Compensation Committee, attended meetings of the Sustainability Committee, and made valuable remarks. She also attended a risk assessment workshop for officers, and actively expressed her views.</p>
Outside Director (Audit and Supervisory Committee Member)	Keiichi Miura	<p>Keiichi Miura attended all 17 meetings of the Board of Directors and all 16 meetings of the Audit and Supervisory Committee held in the fiscal year under review. At Board of Directors meetings, he actively expressed opinions from a professional viewpoint, based on his advanced knowledge on R&amp;D and ESG initiatives, thereby fulfilling his role as an Audit and Supervisory Committee Member.</p> <p>He served as a member of the Nomination Committee and a member of the Compensation Committee, attended meetings of the Sustainability Committee, and made valuable remarks. He also attended a risk assessment workshop for officers, and actively expressed his views.</p>

## 5. Accounting Auditors

### (1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

### (2) 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	¥72 million
2) The total amount of money and property interests paid or payable to the Accounting Auditor from the Company and subsidiaries	¥90 million

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

### (4) Content of non-audit operations

None applicable.

### (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.



## **6. System for Ensuring Appropriate Conduct of Operations**

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

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

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

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

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

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

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

11) System for ensuring the reliability of financial reporting

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

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

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

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

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

(Compliance measures)

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

During the fiscal year under review, the Company promoted enlightenment of values and compliance in the management philosophy system, and considered effective measure planning based on the engagement survey results, thereby enhancing the compliance system for the entire Group.

(Risk management measures)

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

Furthermore, during the fiscal year under review, the Company reviewed the result of climate change-related risk and opportunity analysis in accordance with the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, and focused its efforts on developing an internal system to address Sustainability-related risks including biodiversity.

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

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

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

(Evaluation of operating status of internal control system)

The internal control system is reviewed and revised annually. At the meeting of the Board of Directors held in April 2024, the Company evaluated operating status during the fiscal year under review with respect to the matters stipulated in the policy on the improvement of the internal control system, and confirmed that the system was operating appropriately.

# CONSOLIDATED BALANCE SHEET

(As of March 31, 2024)

Account item	Current fiscal year
<b>(Assets)</b>	(millions of yen)
<b>Current assets</b>	<b>204,863</b>
Cash and time deposits	91,744
Notes and accounts receivable - trade, and contract assets	54,603
Electronically recorded monetary claims-operating	3,560
Merchandise and finished goods	27,548
Work in process	4,805
Raw materials and supplies	18,653
Other current assets	4,143
Allowance for doubtful accounts	(195)
<b>Fixed assets</b>	<b>136,585</b>
<b>Property, plant and equipment</b>	<b>74,695</b>
Buildings and structures	24,789
Machinery, equipment and vehicles	15,123
Land	20,393
Construction in progress	11,325
Others	3,063
<b>Intangible assets</b>	<b>2,166</b>
<b>Investments and other assets</b>	<b>59,723</b>
Investments securities	51,192
Long term loans	7
Deferred tax assets	1,144
Assets for retirement benefits	5,777
Other assets	1,661
Allowance for doubtful accounts	(60)
<b>Total assets</b>	<b>341,449</b>

Account item	Current fiscal year
<b>(Liabilities)</b>	(millions of yen)
<b>Current liabilities</b>	<b>54,129</b>
Notes and accounts payable	21,741
Electronically recorded obligations - operating	1,373
Short-term bank loans	1,607
Lease obligations	253
Accrued expenses	1,753
Income taxes payable	7,339
Deposits received	4,316
Accrued bonuses for employees	3,655
Asset retirement obligations	534
Other current liabilities	11,553
<b>Long-term liabilities</b>	<b>21,412</b>
Long-term debt	2,775
Lease obligations	530
Deferred tax liabilities	12,927
Accrued retirement benefits for officers	13
Liabilities for retirement benefits	4,942
Asset retirement obligations	23
Other long-term liabilities	198
<b>Total liabilities</b>	<b>75,541</b>
(Net assets)	
<b>Shareholders' equity</b>	<b>231,894</b>
Common stock	17,742
Capital surplus	15,052
Retained earnings	206,309
Treasury stock, at cost	(7,209)
<b>Accumulated other comprehensive income</b>	<b>33,108</b>
Unrealized holding gain on securities	26,685
Translation adjustments	4,429
Retirement benefits liability adjustments	1,993
<b>Non-controlling interests</b>	<b>904</b>
<b>Total net assets</b>	<b>265,907</b>
<b>Total liabilities and net assets</b>	<b>341,449</b>



# CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2023 to March 31, 2024)

Account item	Current fiscal year
	(millions of yen)
<b>Net sales</b>	<b>222,252</b>
<b>Cost of sales</b>	<b>142,762</b>
<b>Gross profit</b>	<b>79,490</b>
<b>Selling, general and administrative expenses</b>	<b>37,348</b>
<b>Operating income</b>	<b>42,142</b>
<b>Non-operating income</b>	<b>4,018</b>
Interest and dividend income	1,508
Foreign exchange gains	1,532
Others	977
<b>Non-operating expenses</b>	<b>582</b>
Interest expenses	129
Others	453
<b>Ordinary income</b>	<b>45,577</b>
<b>Extraordinary income</b>	<b>3,025</b>
Gain on sale of fixed assets	1
Gain on receipt of donated fixed assets	411
Gain on sale of investment securities	2,612
<b>Extraordinary losses</b>	<b>134</b>
Impairment loss on fixed assets	55
Loss on retirement of fixed assets	71
Loss on sale of investment securities	7
<b>Profit before income taxes</b>	<b>48,468</b>
<b>Income taxes</b>	<b>14,407</b>
Income taxes - current	14,561
Income taxes - deferred	(153)
<b>Profit</b>	<b>34,061</b>
<b>Profit attributable to non-controlling interests</b>	<b>70</b>
<b>Profit attributable to owners of parent</b>	<b>33,990</b>

## Consolidated Statement of Changes in Net Assets

(From April 1, 2023 to March 31, 2024)

(millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
<b>Balance at beginning of the period</b>	<b>17,742</b>	<b>15,052</b>	<b>192,092</b>	<b>(10,299)</b>	<b>214,588</b>
Changes during the period					
Cash dividends			(9,192)		(9,192)
Profit attributable to owners of parent			33,990		33,990
Purchase of treasury stock				(7,523)	(7,523)
Disposal of treasury stock				32	32
Cancellation of treasury shares		(10,581)		10,581	—
Transfer of loss on disposal of treasury shares		10,581	(10,581)		—
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes in items other than shareholders' equity					
<b>Total changes during the period</b>	<b>—</b>	<b>(0)</b>	<b>14,217</b>	<b>3,089</b>	<b>17,306</b>
<b>Balance at the end of the period</b>	<b>17,742</b>	<b>15,052</b>	<b>206,309</b>	<b>(7,209)</b>	<b>231,894</b>

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized holding gain on securities	Translation adjustments	Retirement benefits liability adjustments	Total accumulated other comprehensive income		
<b>Balance at beginning of the period</b>	<b>21,725</b>	<b>2,683</b>	<b>180</b>	<b>24,588</b>	<b>825</b>	<b>240,002</b>
Changes during the period						
Cash dividends						(9,192)
Profit attributable to owners of parent						33,990
Purchase of treasury stock						(7,523)
Disposal of treasury stock						32
Cancellation of treasury shares						—
Transfer of loss on disposal of treasury shares						—
Change in ownership interest of parent due to transactions with non-controlling interests						0
Net changes in items other than shareholders' equity	4,960	1,746	1,812	8,519	78	8,597
<b>Total changes during the period</b>	<b>4,960</b>	<b>1,746</b>	<b>1,812</b>	<b>8,519</b>	<b>78</b>	<b>25,904</b>
<b>Balance at the end of the period</b>	<b>26,685</b>	<b>4,429</b>	<b>1,993</b>	<b>33,108</b>	<b>904</b>	<b>265,907</b>

## Notes to Consolidated Financial Statements

### Notes to Basis for Preparation of Consolidated Financial Statements

#### 1. Matters related to scope of consolidation

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

Number of consolidated subsidiaries: 25

Names of major consolidated subsidiaries

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

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

Names of major non-consolidated subsidiaries

There are no major non-consolidated subsidiaries.

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

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

#### 2. Matters related to application of equity method

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

Not applicable.

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

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

Affiliate: Amagasaki Utility Services CO., Ltd.

Reason for not accounted for using the equity method

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

#### 3. Fiscal year, etc. of consolidated subsidiaries

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

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

4. Matters related to accounting policies
- (1) Standards and methods of valuation of assets
- (i) Standards and methods of valuation of securities
- Held-to-maturity debt securities
- Amortized cost method (straight-line method)
- Other securities
- Available-for-sale securities other than shares, etc. without market value
- Mainly by the market value method based on the average market price over a period of one month prior to the consolidated balance sheet date
- (Net unrealized gains or losses on those securities are reported as a separate component of net assets and costs of securities sold are determined primarily using the moving average method.)
- Shares, etc. without market value
- Mainly by the cost method using the moving-average method
- (ii) Standards and methods of valuation of inventories
- Mainly by the cost method using the total-average method (Consolidated balance sheet amounts are written down subject to decline in profitability.)
- (2) Methods of depreciation and amortization of fixed assets
- (i) Property, plant and equipment (excluding leased assets)
- Straight-line method
- (ii) Intangible assets (excluding leased assets)
- Straight-line method; For software (for in-house use), straight-line method over licensing period for internal use (five years)
- (iii) Leased assets
- Leased assets used in finance lease transactions that do not transfer ownership to the lessee
- Straight-line method, assuming the useful life as the lease period with residual value at nil
- (3) Standards of providing allowances
- (i) Allowance for doubtful accounts
- To prepare for possible credit losses, estimated uncollectible amounts have been recorded based on collection losses for general receivables, while on individual assessment of collectability for certain receivables such as doubtful receivables.
- (ii) Accrued bonuses for employees
- To prepare for the payment of employees' bonuses, the Company and its major consolidated subsidiaries have recorded estimated amounts of employees' bonuses attributable to the consolidated fiscal year ended March 31, 2024.
- (iii) Accrued retirement benefits for executive officers
- To prepare for the expenditure of retirement benefits for executive officers, etc. of the Company, the amount to be paid at the end of the consolidated fiscal year ended March 31, 2024 has been recorded according to the internal rules.
- (4) Standards for revenue and expense recognition
- Revenue from contracts with customers
- Based on the following five-step approach, the Group recognizes revenue when a promised product or service is transferred to a customer and the customer gains control over said product or service.
- Step 1: Identify the contract with the customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Calculate the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the corporation fulfills the performance obligations
- The Group's main business is the manufacturing and sale of products in the Functional Chemicals Segment, the Pharmaceuticals, Medicals and Health Segment and the Explosive & Propulsion Segment. With regard to the sale of these products, generally, at the time of delivery, it is deemed that the customer has gained control over the product and the performance obligation has been fulfilled. Accordingly, the Group recognizes revenue at the time of delivery, etc. of said product. For domestic sales, since the period from the time of shipment to the time when the control of the product is transferred to the customer is the normal period, the Group applies the handling of shipping standards, etc. stipulated in Paragraph 98 of the Implementation Guidance on Accounting Standard for Revenue Recognition, and recognizes revenue at the time of shipment.
- Revenue is calculated by deducting returns, discounts, and rebates, etc. from the consideration promised in the contract with the customer, within the range where there is a high possibility that there will be no significant

reversal of funds into revenue. The promised consideration is collected mainly within one year from the time of the fulfillment of the performance obligation, and does not include significant financial factors. For transactions involving the Group as an agent, the net amount of revenue is recognized. Regarding a portion of the performance obligations in the Explosive & Propulsion Segment, since control over products or services is transferred over a certain period of time, the degree of progress is measured using a method that faithfully depicts the fulfillment of the obligations, and revenue is recognized over a certain period of time.

(5) Other basis for preparation of consolidated financial statements

(i) Hedge accounting

Method of hedge accounting

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

Hedging instruments and hedged items

Hedging instruments: forward exchange contracts

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

(ii) Methods of accounting retirement benefits

To prepare for retirement benefits of employees, retirement benefit liability has been recorded at the amount of the retirement benefit obligation less pension plan assets based on the estimation as of the end of the consolidated fiscal year ended March 31, 2024.

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

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

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

In calculating the retirement benefit liability, the estimated amount of retirement benefits is attributed mainly by benefit formula to the period up to the end of the consolidated fiscal year ended March 31, 2024.

## Notes regarding Important Accounting Estimates

### 1. Recoverability of deferred tax assets

- (1) Amount recorded on the consolidated financial statements for the consolidated fiscal year under review  
¥987 million in deferred tax assets, net concerning consolidated subsidiaries, which fall under “Category 3” pursuant to Paragraph 29 of the “Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26)”
- (2) Information regarding contents of accounting estimates concerning items identified
  - i. Method of calculation  
The recoverability of deferred tax assets is determined through an estimate of taxable income based on future earning capacity, in contrast with future deductible amounts.
  - ii. Main assumptions  
The estimate of taxable income based on future earning capacity uses the budget for the next fiscal year and the Mid-Term Management Plan as the foundation, and its main assumption is the future estimated sales volume.
  - iii. Impact on consolidated financial statements for the next fiscal year  
Regarding the main assumption stated in ii, if ex post facto results deviate from the assumption due to factors such as economic trends in the future, and there is a decrease in taxable income in the next fiscal year or later, there may be a review of the recoverability of deferred tax assets.

### 2. Impairment of fixed assets

- (1) Amount recorded on the consolidated financial statements for the consolidated fiscal year under review  
¥55 million in impairment loss on fixed assets, ¥76,862 million in property, plant and equipment and intangible assets
- (2) Information regarding contents of accounting estimates concerning items identified
  - i. Method of calculation  
The Group groups business-use assets primarily according to the operating division, and assesses impairment. For assets and asset groups with indications of impairment, the Group estimates undiscounted future cash flows based on the business plan of each business, and assesses the necessity of impairment. As a result of the assessment, if a total of undiscounted future cash flows falls below the book value and the recognition of impairment is deemed necessary, the book value is written down to a recoverable amount (net realizable value or value in use, whichever is higher), and a reduction in the book value is recorded as an impairment loss.
  - ii. Main assumptions  
The estimate of undiscounted future cash flows uses the business plan of each business as the foundation, and its main assumption is the future estimated sales volume.
  - iii. Impact on consolidated financial statements for the next fiscal year  
Regarding the main assumption stated in ii, if ex post facto results deviate from the assumption due to factors such as economic trends in the future, and an asset group shows new indications of impairment, or if undiscounted future cash flows fall below the book value of fixed assets in asset groups, there may be impairment loss on fixed assets in the next fiscal year.

## Additional Information

### Board Benefit Trust (BBT)

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

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

#### (1) Overview of the transactions under the Plan

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

#### (2) The Company’s shares remaining in the trust

The Company records the Company’s shares remaining in the Trust at their book value (excluding incidental costs) at the Trust, as treasury stock under net assets. At the end of the consolidated fiscal year ended March 31, 2024, such treasury stock stood at ¥131 million of book value and the number of such shares was 116,100. The Company conducted a 3-for-1 share split of common shares, effective April 1, 2024. The number of treasury shares is calculated based on the assumption that the share split was conducted at the beginning of the fiscal year under review.

## Notes to Consolidated Balance Sheet

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

Receivables from contracts with customers	57,706 million yen
Contract assets	456 million yen
Contract liabilities	3,903 million yen

### 2. Assets pledged as collateral and collateralized obligation

#### (1) Assets pledged as collateral

Land	160 million yen
------	-----------------

#### (2) Collateralized obligation

Accounts payable, etc.	260 million yen
------------------------	-----------------

### 3. Accumulated depreciation of property, plant and equipment

167,492 million yen

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

Accumulated advanced depreciation for property, plant and equipment due to acceptance of national subsidies are ¥512 million for buildings and structures, ¥442 million for machinery, equipment and vehicles, and ¥13 million for others, totaling ¥968 million.

### 5. Repurchase obligation associated with the liquidation of receivables

1,747 million yen

### 6. Notes due at the end of the consolidated fiscal year ended March 31, 2024 and electronically recorded obligations - operating

Notes	18 million yen
Electronically recorded monetary claims – operating	149 million yen
Electronically recorded obligations - operating	309 million yen

#### 7. Commitment line agreements

In order to efficiently procure working capital, the Company has concluded commitment line agreements with major financial institutions that it transacts with. The balance of unexecuted loans, etc. at the end of the consolidated fiscal year ended March 31, 2024 is as follows.

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

### Notes to Consolidated Statement of Income

#### 1. Revenue from contracts with customers

Regarding net sales, revenue from contracts with customers and other revenues are not stated separately. The amount of revenue from contracts with customers is as stated in “Notes on Revenue Recognition, 1. Disaggregation of revenue from contracts with customers.”

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

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

976 million yen

#### 3. Impairment loss on fixed assets

The Group recorded impairment loss for the following assets in the consolidated fiscal year ended March 31, 2024.

Location	Use	Type	Impairment losses
Taketoyo-cho, Chita-gun, Aichi	Production facilities, etc.	Machinery and equipment	55 million yen

The Group groups business-use assets primarily according to the operating division and idle assets on an individual basis or on an asset group basis, and assesses impairment.

Since the assets of Taketoyo-cho, Chita-gun, Aichi have little prospect of recovery in operating earnings due to declined profitability of the relevant business operation, book values of the assets with the recoverable amount falling short of the book value were written down to their respective recoverable amounts, and such reductions were recorded as impairment loss on fixed assets (¥55 million) under extraordinary losses.

The recoverable amount of each asset is measured at value in use. Values in use of assets of Taketoyo-cho, Chita-gun, Aichi are not discounted as their future cash flows are negative.

The aforementioned impairment losses consisted of ¥6 million for buildings and structures, ¥30 million for machinery, equipment and vehicles, ¥14 million for tools, furniture and fixtures, and ¥4 million for long-term prepaid expenses.



## Notes to Consolidated Statement of Changes in Net Assets

### 1. Type and number of shares issued and outstanding at the end of the consolidated fiscal year ended March 31, 2024

Common stock 80,841,376

Notes: 1. The total number of shares issued decreased by 2,000,000 shares due to the cancellation of treasury stock on November 15, 2023.

2. The Company conducted a 3-for-1 share split of common shares of the Company, effective April 1, 2024. The above items are based on the number of shares prior to the share split.

### 2. Matters related to cash dividends

#### (1) Dividends paid

Relevant resolutions	Type of shares	Total dividends (Millions of yen)	Dividends per share (yen)	Record dates	Effective dates
The Annual General Meeting of Shareholders held on June 27, 2023	Common stock	4,688	58	March 31, 2023	June 28, 2023
The Board of Directors meeting held on November 1, 2023	Common stock	4,503	56	September 30, 2023	December 1, 2023
Total		9,192			

Notes: 1. The total amount of dividends determined to be paid by the resolution at the Annual General Meeting of Shareholders held on June 27, 2023 includes dividends of ¥2 million to the Company's shares held by the Board Benefit Trust (BBT).

2. The total amount of dividends determined to be paid by the resolution of the Board of Directors meeting held on November 1, 2023 includes dividends of ¥2 million to the Company's shares held by the Board Benefit Trust (BBT).

#### (2) Dividends for which the record date falls in the consolidated fiscal year ended March 31, 2024, but the effective date falls in the consolidated fiscal year ending March 31, 2025

The Company will submit a proposal on dividends for common stock as follows at the Annual General Meeting of Shareholders scheduled to be held on June 27, 2024.

(i) Total dividends 4,622 million yen  
(ii) Dividends per share 58 yen  
(iii) Record date March 31, 2024  
(iv) Effective date June 28, 2024

Dividends shall be funded by retained earnings.

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

## Notes regarding Financial Instruments

### 1. Matters regarding financial instruments

#### (1) Policy on financial instruments

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

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

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

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

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

#### (3) Supplementary information on fair values of financial instruments

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

### 2. Fair value of financial instruments

The values recorded on the consolidated balance sheet as of March 31, 2024, their fair values, and the differences between them are as follows. Shares, etc. without a fair value are not included herein. (See Note 2). Also, the value of “Cash” is omitted. Furthermore, as “Time deposits,” “Notes and accounts receivable,” “Electronically recorded monetary claims - operating,” “Notes and accounts payable,” “Electronically recorded obligations - operating” and “Short-term bank loans” are settled in a short period of time and their fair values approximate their book values, their values are omitted.

(Millions of yen)

	Values recorded on the consolidated balance sheet (*)	Fair values (*)	Differences
1. Assets			
(1) Securities and investment securities			
Held-to-maturity debt securities	1,300	1,294	(5)
Available-for-sale securities	48,439	48,439	—
Total assets	49,739	49,734	(5)
2. Liabilities			
(1) Long-term debt (including current portion)	(2,775)	(2,754)	(20)
Total liabilities	(2,775)	(2,754)	(20)

\*1: Liabilities are shown in parenthesis.

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

(Millions of yen)

Classification	Amounts recorded on the consolidated balance sheet
Unlisted stock	1,199
Fund certificate	0
Investment limited partnership	253

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

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

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

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

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

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

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

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

#### (1) Financial instruments measured at fair value

	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Available-for-sale securities				
Shares	48,439	–	–	48,439
Total assets	48,439	–	–	48,439

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

	Fair value (millions of yen)			
	Level 1	Level 2	Level 3	Total
Securities and investment securities				
Held-to-maturity debt securities				
Bonds	–	1,294	–	1,294
Total assets	–	1,294	–	1,294
Long-term debt (including current portion)	–	2,754	–	2,754
Total liabilities	–	2,754	–	2,754

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

#### Securities and investment securities

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

#### Long-term debt

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

## Notes on Revenue Recognition

### 1. Disaggregation of revenue from contracts with customers

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

NOF EUROPE GmbH, a consolidated subsidiary, was previously included in the Functional Chemicals segment, but the Company has reviewed the business management category for this subsidiary and it is now presented in the Pharmaceuticals, Medicals and Health segment. In addition, due to the increased importance of sales in Europe, the description of "Others" has been changed to "Europe" and "Others."

Breakdown by region

	Reportable segments				Others (Note 1)	Total
	Functional Chemicals	Pharmaceuticals, Medicals and Health (Note 3)	Explosive & Propulsion	Total		
Net sales						
Japan	90,164	23,253	33,962	147,380	466	147,847
Asia	32,959	2,645	130	35,735	92	35,828
Europe	6,575	15,601	27	22,203	—	22,203
Other regions	3,857	12,497	17	16,373	—	16,373
Net sales to external customers	133,556	53,998	34,138	221,693	559	222,252

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

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

Note 3. The name of the reportable segment previously presented as "Life Science" has been changed to "Pharmaceuticals, Medicals and Health."

### 2. Basic information for understanding revenue from contracts with customers

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

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

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

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

	(millions of yen)
	Consolidated fiscal year under review
Receivables from contracts with customers (beginning balance)	48,558
Receivables from contracts with customers (ending balance)	57,706
Contract assets (beginning balance)	427
Contract assets (ending balance)	456
Contract liabilities (beginning balance)	5,241
Contract liabilities (ending balance)	3,903

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

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

Note 3. Out of the revenue recognized in the consolidated fiscal year under review, the amount included in the beginning balance of contract liabilities is ¥4,989 million.

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

(2) Transaction price allocated to the remaining performance obligations

In the consolidated fiscal year under review, the transaction price allocated to the remaining performance obligations is ¥32,743 million. If contractual assumptions are met, this amount is expected to be recognized as revenue within approximately 4 years from the end of the consolidated fiscal year ended March 31, 2024.

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

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

	(millions of yen)
	Consolidated fiscal year under review
Within one year	14,035
Over one year	18,708
Total	32,743

**Notes to Per Share Information**

Net assets per share 1,109.01 yen

Profit per share 141.17 yen

Note 1. The Company's shares held by the Board Benefit Trust (BBT) are included in treasury stock subject to exclusion.

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

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

124,869

Note 2. The Company conducted a 3-for-1 share split of common shares, effective April 1, 2024. Net assets per share and profit per share are calculated based on the assumption that the share split was conducted at the beginning of the fiscal year under review.

## Notes to Significant Subsequent Event

### Share split and partial amendment to the Articles of Incorporation

The Company has resolved to conduct a share split and partially amend the Articles of Incorporation in relation to the share split at its meeting of the Board of Directors held on February 7, 2024. The share split was conducted as follows.

#### 1. Purpose of share split

Conducting a share split is to lower the investment unit price of the Company's shares, thereby providing a more accessible investment environment to investors and also to expand the Company's investor base and enhance the liquidity of the Company's shares.

#### 2. Overview of share split

##### (1) Method

A 3-for-1 share split of common shares held by the shareholders recorded on the final list of shareholders as of the record date of Sunday, March 31, 2024 (effectively Friday, March 29, 2024 because the record date was a non-business day for the shareholder list manager).

##### (2) Increase in number of shares

Total Number of outstanding shares before the share split	80,841,376
Increase in number of shares from this share split	161,682,752
Total number of outstanding shares after the share split	242,524,128
Total number of authorized shares after the share split	970,000,000

##### (3) Schedule

Date of public notice on record date	Friday, March 15, 2024
Record date	Sunday, March 31, 2024
Effective date	Monday, April 1, 2024

##### (4) Impact on per share information

The impact of the share split is stated in Notes to Per Share Information.

#### 3. Partial Amendments to the Articles of Incorporation

##### (1) Reasons for the amendment

As a result of the share split, the total number of authorized shares stipulated in Article 5 of the Company's Articles of Incorporation was amended, effective April 1, 2024, pursuant to the provisions of Article 184, paragraph (2) of the Companies Act.

##### (2) Details of the amendment

The details of the amendment are as follows.

(Amendments are underlined.)

Current Articles of Incorporation	Proposed Amendments
(Total number of authorized shares)	(Total number of authorized shares)
Article 5. The total number of authorized shares of the Company is <u>347,000,000</u> .	Article 5. The total number of authorized shares of the Company is <u>970,000,000</u> .

##### (3) Date of the amendments

Effective date	Monday, April 1, 2024
----------------	-----------------------

#### 4. Other

There is no change to the amount of the Company's share capital as a result of the share split.

## Purchase of treasury stock

The Company has resolved the following matters pertaining to the purchase of its treasury shares at its meeting of the Board of Directors held on May 9, 2024, pursuant to the provisions of Article 156 of the Companies Act, as applied by replacing terms pursuant to the provisions of Article 165, Paragraph 3 of said Act. ↓

### 1. Reasons for purchase of treasury shares

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

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

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

- |                                       |  |
|---------------------------------------|--|
| (1) Class of shares purchased:        | Common shares of the Company                     |
| (2) Total number of shares purchased: | 1,500,000 shares (maximum)                       |
| (3) Total purchase price of shares:   | 2,000,000,000 yen (maximum)                      |
| (4) Period of purchase:               | From May 10, 2024 through June 28, 2024          |
| (5) Method of purchase:               | Open-market purchase on the Tokyo Stock Exchange |

(Other Notes)

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

# NON-CONSOLIDATED BALANCE SHEET

(As of March 31, 2024)

Account item	Current fiscal year
(Assets)	(millions of yen)
<b>Current assets</b>	<b>157,701</b>
Cash and time deposits	66,920
Notes receivable	33
Accounts receivable - trade	47,670
Merchandise and finished goods	18,903
Work in process	1,933
Raw materials and supplies	9,216
Prepaid expenses	839
Short-term loans receivable	10,177
Accounts receivable - other	556
Other	1,479
Allowance for doubtful accounts	(30)
<b>Fixed assets</b>	<b>123,418</b>
<b>Property, plant and equipment</b>	<b>52,986</b>
Buildings	14,612
Structures	3,899
Machinery and equipment	10,734
Vehicles	38
Tools, furniture and fixtures	1,888
Land	11,440
Leased assets	32
Construction in progress	10,339
<b>Intangible assets</b>	<b>1,373</b>
Leasehold interests in land	126
Software	759
Leased assets	456
Other	30
<b>Investments and other assets</b>	<b>69,058</b>
Investment securities	49,085
Shares of subsidiaries and associates	12,354
Investments in capitals of subsidiaries and associates	2,739
Long term loans	761
Long-term prepaid expenses	553
Prepaid pension cost	2,922
Other	640
Allowance for doubtful accounts	(0)
<b>Total assets</b>	<b>281,120</b>



Account item	Current fiscal year
(Liabilities)	(millions of yen)
<b>Current liabilities</b>	<b>57,451</b>
Accounts payable - trade	16,918
Short-term bank loans	700
Accounts payable - other	5,767
Accrued expenses	892
Income taxes payable	5,716
Accrued consumption taxes	1,073
Deposits received	23,107
Accrued bonuses for employees	2,443
Asset retirement obligations	518
Other	312
<b>Long-term liabilities</b>	<b>13,164</b>
Long-term debt	2,350
Deferred tax liabilities	10,183
Accrued retirement benefits for officers	13
Asset retirement obligations	17
Other	599
<b>Total liabilities</b>	<b>70,616</b>
(Net assets)	
<b>Shareholders' equity</b>	<b>184,814</b>
<b>Common stock</b>	<b>17,742</b>
<b>Capital surplus</b>	<b>15,113</b>
Legal capital surplus	15,113
<b>Retained earnings</b>	<b>159,168</b>
Legal retained earnings	3,156
Other retained earnings	156,011
Reserve for tax purpose reduction entry of fixed assets	3,176
General reserve	27,800
Retained earnings brought forward	125,035
<b>Treasury stock</b>	<b>(7,209)</b>
<b>Valuation and translation adjustments</b>	<b>25,690</b>
Unrealized holding gain on securities	25,690
<b>Total net assets</b>	<b>210,504</b>
<b>Total liabilities and net assets</b>	<b>281,120</b>

# NON-CONSOLIDATED STATEMENT OF INCOME

(From April 1, 2023 to March 31, 2024)

Account item	Current fiscal year
	(millions of yen)
<b>Net sales</b>	<b>156,410</b>
<b>Cost of sales</b>	<b>102,511</b>
<b>Gross profit</b>	<b>53,898</b>
<b>Selling, general and administrative expenses</b>	<b>21,499</b>
<b>Operating income</b>	<b>32,399</b>
<b>Non-operating income</b>	<b>10,084</b>
Interest and dividend income	7,833
Rent income on real estate	318
Foreign exchange gains	1,623
Others	309
<b>Non-operating expenses</b>	<b>446</b>
Interest expenses	85
Others	360
<b>Ordinary income</b>	<b>42,037</b>
<b>Extraordinary income</b>	<b>2,343</b>
Gain on sale of fixed assets	0
Gain on receipt of donated fixed assets	411
Gain on sale of investment securities	1,931
<b>Extraordinary loss</b>	<b>107</b>
Impairment loss on fixed assets	55
Loss on retirement of fixed assets	51
<b>Profit before income taxes</b>	<b>44,273</b>
<b>Income taxes</b>	<b>11,058</b>
Income taxes - current	11,292
Income taxes - deferred	(233)
<b>Profit</b>	<b>33,214</b>

## Non-Consolidated Statement of Changes in Net Assets

(From April 1, 2023 to March 31, 2024)

(millions of yen)

	Shareholders' equity								
	Comm on stock	Capital surplus			Legal retained earnings	Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings			Total retained earnings
						Reserve for tax purpose reduction entry of fixed assets	General reserve	Retained earnings brought forward	
<b>Balance at beginning of the fiscal year</b>	<b>17,742</b>	<b>15,113</b>	<b>0</b>	<b>15,113</b>	<b>3,156</b>	<b>3,279</b>	<b>27,800</b>	<b>111,490</b>	<b>145,727</b>
<b>Changes during the fiscal year</b>									
Cash dividends								(9,192)	(9,192)
Reversal of reserve for tax purpose reduction entry of fixed assets						(103)		103	–
Profit								33,214	33,214
Purchase of treasury stock									
Disposal of treasury stock									
Cancellation of treasury shares			(10,581)	(10,581)					
Transfer of loss on disposal of treasury shares			10,581	10,581				(10,581)	(10,581)
Net change in items other than shareholders' equity during the fiscal year									
<b>Total changes during the fiscal year</b>	<b>–</b>	<b>–</b>	<b>(0)</b>	<b>(0)</b>	<b>–</b>	<b>(103)</b>	<b>–</b>	<b>13,544</b>	<b>13,441</b>
<b>Balance at end of the fiscal year</b>	<b>17,742</b>	<b>15,113</b>	<b>–</b>	<b>15,113</b>	<b>3,156</b>	<b>3,176</b>	<b>27,800</b>	<b>125,035</b>	<b>159,168</b>

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Unrealized holding gain on securities	Total valuation and translation adjustments	
<b>Balance at beginning of the fiscal year</b>	<b>(10,299)</b>	<b>168,283</b>	<b>20,582</b>	<b>20,582</b>	<b>188,866</b>
<b>Changes during the fiscal year</b>					
Cash dividends		(9,192)			(9,192)
Reversal of reserve for tax purpose reduction entry of fixed assets		—			—
Profit		33,214			33,214
Purchase of treasury stock	(7,523)	(7,523)			(7,523)
Disposal of treasury stock	32	32			32
Cancellation of treasury shares	10,581	—			—
Transfer of loss on disposal of treasury shares					—
Net change in items other than shareholders' equity during the fiscal year			5,107	5,107	5,107
<b>Total changes during the fiscal year</b>	<b>3,089</b>	<b>16,530</b>	<b>5,107</b>	<b>5,107</b>	<b>21,638</b>
<b>Balance at end of the fiscal year</b>	<b>(7,209)</b>	<b>184,814</b>	<b>25,690</b>	<b>25,690</b>	<b>210,504</b>

## Notes to Non-Consolidated Financial Statements

### Notes to Matters related to Significant Accounting Policies

#### 1. Standards and methods of valuation of assets

##### (1) Standards and methods of valuation of securities

Shares of subsidiaries and affiliates

Cost method using the moving-average method

Held-to-maturity debt securities

Amortized cost method (straight-line method)

Other securities

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

Market value method

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

Shares, etc. without market value

Cost method using the moving-average method

##### (2) Standards and methods of valuation of inventories

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

#### 2. Method of depreciation and amortization of fixed assets

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

Straight-line method

##### (2) Intangible assets (excluding leased assets)

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

##### (3) Leased assets

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

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

#### 3. Standards of providing allowances

##### (1) Allowance for doubtful accounts

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

##### (2) Accrued bonuses for employees

To prepare for the payment of employees' bonuses, the estimated amount of employees' bonuses attributable to the fiscal year ended March 31, 2024 has been recorded.

##### (3) Provision for retirement benefits

To prepare for retirement benefits of employees, the estimated amount of retirement benefit obligation and pension plan assets at the end of the fiscal year ended March 31, 2024 have been recorded.

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

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

In calculating the retirement benefit liability, the estimated amount of retirement benefits is attributed by benefit formula to the period up to the end of the fiscal year ended March 31, 2024.

(4) Accrued retirement benefits for officers

To prepare for the expenditure of retirement benefits for executive officers, etc., the amount to be paid at the end of the fiscal year ended March 31, 2024 has been recorded according to the internal rules.

4. Standards for revenue and expense recognition

Revenue from contracts with customers

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

Step 1: Identify the contract with the customer

Step 2: Identify the performance obligations in the contract

Step 3: Calculate the transaction price

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

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

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

Revenue is calculated by deducting returns, discounts, and rebates, etc. from the consideration promised in the contract with the customer, within the range where there is a high possibility that there will be no significant reversal of funds into revenue. The promised consideration is collected mainly within one year from the time of the fulfillment of the performance obligation, and does not include significant financial factors.

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

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

Method of hedge accounting

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

## Notes regarding Important Accounting Estimates

### Impairment of fixed assets

- (1) Amount recorded on the non-consolidated financial statements for the fiscal year under review  
¥55 million in impairment loss on fixed assets  
¥54,360 million in property, plant and equipment and intangible assets
- (2) Information regarding contents of important accounting estimates concerning items identified  
Notes on this issue are omitted as the same information is contained in “Notes regarding Important Accounting Estimates” under “Notes to Consolidated Financial Statements.”

### Additional Information

#### Board Benefit Trust (BBT)

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

### Notes to Non-consolidated Balance Sheet

1. Accumulated depreciation of property, plant and equipment 114,339 million yen
2. Accumulated tax purpose reduction entries for property, plant and equipment due to acceptance of national subsidies  
Accumulated tax purpose reduction entries for property, plant and equipment due to acceptance of national subsidies are ¥462 million for buildings, ¥18 million for structures, ¥414 million for machinery and equipment, while ¥13 million for tools, furniture and fixtures, totaling ¥908 million.
3. Guarantee obligations
  - (1) The Company provides guarantees for other companies’ loan obligations to financial institutions.  
P.T. NOF MAS Chemical Industries 1,423 million yen
  - (2) The Company provides guarantees for obligations of subsidiaries and associates associated with the liquidation of receivables.  
Yuka Sangyo Co., Ltd. and one other company 428 million yen
4. Repurchase obligation associated with the liquidation of receivables 1,319 million yen
5. Monetary claims against, and monetary obligations to subsidiaries and associates

Short-term monetary claims	28,035 million yen
Long-term monetary claims	861 million yen
Short-term monetary obligations	23,780 million yen
Long-term monetary obligations	119 million yen
6. CMS lending limit for subsidiaries and associates  
For the purpose of efficient fund management and fund procurement across the Group, a cash management system (hereinafter referred to as “CMS”) is in place, whereunder the Company has concluded the CMS Basic Agreement with 16 of the Group companies and established the CMS lending limit for the Group companies.  
  
Unused lending limit available as of the end of the fiscal year ended March 31, 2024 is as follows:

Total CMS lending limit	14,780 million yen
Lending limit used	<u>9,831 million yen</u>
Lending limit unused	4,948 million yen
7. Commitment line agreements  
In order to efficiently procure working capital, the Company has concluded commitment line agreements with major financial institutions that it transacts with. The balance of unexecuted loans, etc. at the end of the fiscal year ended March 31, 2024 is as follows.

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

## Notes to Non-consolidated Statement of Income

1. Amount of transactions with subsidiaries and associates

Trading transactions	
Net sales	58,176 million yen
Purchases	11,942 million yen
Other trading transactions	8,034 million yen
Transactions other than trading transactions	6,900 million yen
  
2. Profit and loss reflecting reduced profitability of inventories held for regular sales purpose

Write-down of book value reflecting the reduced profitability (after offsetting the reversal in the previous fiscal year)	1,047 million yen
---	-------------------

## Notes to Non-consolidated Statement of Changes in Net Assets

Type and number of shares of treasury stock issued and outstanding at the end of the fiscal year ended March 31, 2024

- |              |           |
|--------------|-----------|
| Common stock | 1,189,461 |
|--------------|-----------|
- Note 1. Number of shares of treasury stock at the end of the fiscal year ended March 31, 2024 includes 38,700 shares held by the Board Benefit Trust (BBT).
- Note 2. The Company conducted a 3-for-1 share split of common shares, effective April 1, 2024, and the above items are based on the number of shares prior to the share split.



## Notes to Tax Effect Accounting

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

Deferred tax assets	
Accrued bonuses for employees	757 million yen
Provision for retirement benefits	745 million yen
Loss on valuation of inventories	487 million yen
Accrued enterprise tax	328 million yen
Impairment loss on fixed assets	135 million yen
Accrued retirement benefits for executive officers	4 million yen
Accrued expenses	9 million yen
Loss on valuation of golf club membership	20 million yen
Loss on retirement of fixed assets	166 million yen
Loss on valuation of shares of subsidiaries and associates and investment securities	292 million yen
Deemed dividends in the form of non-cash dividends	2,125 million yen
Other	832 million yen
Deferred tax assets – subtotal:	<u>5,906 million yen</u>
Valuation allowance	(2,581) million yen
Deferred tax assets - total	<u>3,324 million yen</u>
Deferred tax liabilities	
Unrealized holding gain on securities	(11,320) million yen
Reserve for tax purpose reduction entry of fixed assets	(1,426) million yen
Gain on contribution of securities to retirement benefit trust	(633) million yen
Other	(126) million yen
Deferred tax liabilities - total	<u>(13,508) million yen</u>
Net deferred tax liabilities	<u>(10,183) million yen</u>

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

Effective statutory tax rate	31.00 %
(Adjustments)	
Items excluded from gross profit such as dividend income	(4.78)
Tax exemption	(1.49)
Other	0.25
Corporate tax rate after the application of tax effect accounting	<u>24.98</u>

## Notes to the Transactions with Related Parties

### Subsidiaries and affiliates

(Millions of yen)

Type	Name of entity	Voting rights ownership ratio	Relationship with related parties	Description of transactions	Amount of transactions	Items	Fiscal year-end balance
Subsidiary	Nippon Koki Co., Ltd.,	Direct ownership 95%	Manufacture of the Company's products Lending of funds	Lending of funds (Note 2)	3,215	Short-term loans receivable Long-term loans receivable	6,627 700
Subsidiary	NiGK Corporation	Direct ownership 100%	Manufacture of the Company's products Repayment of funds	Repayment of funds (Note 2)	(586)	Deposit received	7,833
Subsidiary	NOF METAL COATINGS ASIA PACIFIC CO., LTD.	Direct ownership 100%	Repayment of funds	Repayment of funds (Note 2)	(2,715)	Deposit received	4,935
Subsidiary	Yuka Sangyo Co., Ltd.	Direct ownership 100%	Sale of the Company's products Deposit-taking of funds	Sale of products (Note 1) Deposit-taking of funds (Note 2)	26,532 969	Accounts receivable Deposit received	10,522 4,497
Subsidiary	NOF AMERICA CORPORATION	Direct ownership 100%	Sale of the Company's products	Sale of products (Note 1)	15,882	Accounts receivable	2,495
Subsidiary	NOF EUROPE GmbH	Direct ownership 100%	Sale of the Company's products	Sale of products (Note 1)	10,411	Accounts receivable	2,801

Conditions of transactions and the policy for their establishment

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

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

### Notes to Per Share Information

Net assets per share 880.93 yen

Net income per share 137.95 yen

Note 1. The Company's shares held by the Board Benefit Trust (BBT) are included in treasury stock for exclusion.

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

Average number of shares issued during the fiscal year under review excluded for the purpose of calculating per share information 124,869

Note 2. The Company conducted a 3-for-1 share split of common shares, effective April 1, 2024. Net assets per share and net income per share are calculated based on the assumption that the share split was conducted at the beginning of the fiscal year under review.

### Notes to Significant Subsequent Event

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

### Other Notes

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

(Translation)

**Independent Auditor's Report**

May 20, 2024

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, 2023 through March 31, 2024.

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 measures taken to eliminate obstacles or safeguards applied to reduce them to an acceptable level, if any.

#### Interest

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

(Translation)

**Independent Auditor's Report**

May 20, 2024

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 101st fiscal year from April 1, 2023 through March 31, 2024.

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, 2024, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

**Basis for the Opinion**

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

## Other Required Information

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### Interest

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



## Audit and Supervisory Committee's Audit Report

### Audit Report

The Audit and Supervisory Committee audited the execution of duties of the Directors during the 101st fiscal year from April 1, 2023 through March 31, 2024. The procedures and details of the audits are as follows.

#### 1. Procedures and details of the audits

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

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

Based on the procedures mentioned above, we reviewed the Business Report and the related supplementary schedules, the Non-consolidated Financial Statements, which comprise the Balance Sheet, Statement of Income, Statement of Changes in Net Assets, Notes to Non-consolidated Financial Statements, and the related supplementary schedules, as well as the Consolidated Financial Statements, which comprise the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets, and Notes to Consolidated Financial Statements for the year ended March 31, 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 22, 2024

Audit and Supervisory Committee of NOF CORPORATION	
Standing Audit and Supervisory Committee Member (Director)	Tsuneharu Miyazaki
Audit and Supervisory Committee Member (Outside Director)	Kunimitsu Ito
Audit and Supervisory Committee Member (Outside Director)	Yuriko Sagara
Audit and Supervisory Committee Member (Outside Director)	Keiichi Miura