



## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2023	-	35.00	-	35.00	70.00
Fiscal year ending March 31, 2024	-	40.00	-		
Fiscal year ending March 31, 2024 (Forecast)				40.00	80.00

(Note) Revision to the forecast for dividends announced most recently: No

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024(April 1, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	410,000	1.7	34,500	6.6	34,500	5.9	21,000	25.2	204.75

(Note) Revision to the financial results forecast announced most recently: No

### \* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2023

(changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) Accounting policies adopted specially for the preparation of quarterly consolidated financial statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: No

2) Changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(4) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

December 31, 2023: 103,768,142 shares

March 31, 2023: 103,768,142 shares

2) Number of treasury shares at the end of the period:

December 31, 2023: 1,636,301 shares

March 31, 2023: 1,204,849 shares

3) Average number of shares outstanding during the period:

Nine months ended December 31, 2023: 102,199,751 shares

Nine months ended December 31, 2022: 102,803,503 shares

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

During the nine months ended December 31, 2023, the global economy continued to grow at a low rate and its outlook remained uncertain due to concerns over tensions continuing to escalate in Ukraine and the Middle East, an impact of each country's monetary policy on the real economy, and the slowdown in Chinese economy.

In the automobile-related sector, which is the ADEKA Group's main target market, production at automakers that had been sluggish due to semiconductor shortages and other supply chain disruptions recovered steadily. In the ICT (information and communications technology) and consumer electronics sectors, weak consumer spending and longer replacement cycles led to continued sluggish sales of smartphones and personal computers. In the food products sector, although a rapid increase in inbound tourism prompted an ongoing pickup in demand for souvenirs and eating out, the situation remained challenging mainly for confectionery and other indulgent products due to saving-oriented consumers persistently seeking lower price against rising costs. In the agricultural sector, demand for agrochemicals remained weak both in Japan and overseas due to unfavorable weather conditions and the impact of circulating inventory from the previous year.

Fiscal 2023 marks the last year of the Medium-Term Management Plan, *ADX 2023*. The Group has implemented measures planned for each business aiming at the enhancement of corporate value through the pursuit of social and economic value. Among resin additives, a new light stabilizer package for recycled resins was introduced to the market in the *ADK CYCLOAID* series products, which contributes to realizing a recycling-oriented society. In the Electronics and IT Materials Business, the Group has decided to expand facilities in South Korea, which manufactures high dielectric constant materials for advanced semiconductor memory, has completed construction of a new plant for materials for advanced logic semiconductors that had been undergoing in Taiwan, and has started operation of a new production facility at its Chiba Plant for photoacid generators for extreme ultraviolet (EUV) photoresists. In addition, in order to strengthen the R&D ability for the Electronics and IT Materials Business including semiconductor materials, the Group decided to construct a new research building within the Kuki R&D Center. For the Food Products Business, the Group decided to reorganize consolidated subsidiaries by reviewing the domestic sales system, with the aim of further strengthening the revenue base. Meanwhile, as a campaign for many people to gain a first-hand experience in the good taste of the *Deli-PLANTS series* of plant-based foods, the Group opened the *ADE-Café ~Delicious & Sustainable~* in Harajuku for a limited time period, which offered original menu items that use the products. In the Life Science Business, Nichino Europe Co., Ltd. acquired all outstanding shares of Interagro (UK) Ltd., a UK-based manufacturer and distributor of adjuvants and other additives as well as biostimulants, with an aim to expand its business portfolio beyond synthetic agrochemicals. In the area of creating group synergies, the Group has found a compound group that can be expected to be antiparasitic agents in its joint study's efforts combining the technologies of the Company and Nihon Nohyaku, and in July 2023, four patent applications were released internationally by the World Intellectual Property Organization (WIPO). In sustainability initiatives, the Group began to introduce an internal carbon pricing system and renewable-energy-derived electricity in order to achieve the targets of reducing GHG emissions by 46% (compared with Fiscal 2013) by 2030 and achieving carbon neutrality by 2050.

Financial results for the nine months ended December 31, 2023 were net sales of 286,491 million yen (down 3.3% year on year), operating profit of 24,046 million yen (up 1.2% year on year), ordinary profit of 24,580 million yen (up 1.0% year on year) and profit attributable to owners of parent of 16,455 million yen (up 12.1% year on year).

An overview by reportable segment is as follows.

#### (Chemicals Products Business)

The Chemicals Products Business posted net sales of 153,415 million yen (down 5.5% year on year) and operating profit of 18,079 million yen (down 13.1% year on year).

### 1) Polymer Additives

In products for automobile applications, sales of nucleating agents, light stabilizers, and plasticizers for rubber used for automobile components remained steady thanks to the continued recovery in automobile production.

In products for construction materials, sales of PVC stabilizers were weak due to lower demand for home interior materials, particularly in North America.

In products for food packaging, sales of clarifying agents were weak due to a persisting impact of inventory and production adjustments in the supply chain.

Sales of one-pack granule additives used in polyolefin resin and antioxidants were weak due to a lower resin production volume caused by economic slowdown and intensified market competition in the Middle East and Europe.

Sales of flame retardants for engineering plastics used in enclosures and other applications were weak due to a slump in demand for household electrical appliances and the like. On the other hand, sales of flame retardants for polyolefin resins were steady, particularly for large household appliances, and adoption of flame retardants for electric vehicle applications increased.

Overall, the Polymer Additives Business posted year-on-year decreases in sales and profit due to lower sales volume and an increase in fixed costs.

### 2) Electronics and IT Materials

Among products for semiconductors, sales of photoacid generators used in advanced photo resists expanded and sales of high dielectric constant materials used in advanced DRAM were also strong. On the other hand, the third quarter remained sluggish compared with the second quarter, as the production reduction by semiconductor manufacturers started to affect adversely at the beginning of the third quarter.

Among electronics-related products such as displays, although displays saw inventory adjustments at the beginning of the third quarter, sales of photo initiators for color filters and etching solutions for displays were favorable, and sales of black matrix resin were also robust. On the other hand, sales of photo (light) curing resin for optical film were weak following the shift of the panel market to China, and sales of etching solutions for electronic components used in printed circuit boards were also weak.

Overall, the Electronics and IT Materials Business posted a year-on-year increase in sales as a result of a strong sales of products for advanced semiconductors and recovery in sales of display-related materials. Meanwhile, profit fell year on year due to soaring prices of raw materials and a drop in sales prices in some products, on top of an increase in fixed costs resulting from the capital investment.

### 3) Functional Chemicals

Among functional chemicals used in automobile applications, sales of lubricant additives for engine oils that contribute to improved fuel efficiency features were strong due to the recovery of automobile production in the United States and Asia and the increased adoption of new engine oil standards. In addition, sales of epoxy resins for structural adhesives of automobiles and epoxy resin adhesives for automotive electronic components held firm.

Among products for architectural coatings, sales of reactive emulsifiers remained strong against the backdrop of the recovery in demand in China and the expansion in demand from the changing housing environment in India. Meanwhile, market conditions for consumer electronics, smartphones and personal computers continued to be sluggish, and sales of water-based resins and special epoxy resins were weak. Sales of special surfactants for cosmetics were weak due to a continued slump in demand mainly in Europe.

The supply-demand balance of propylene glycol products for industrial use deteriorated due to weaker overseas market conditions, and the demand for and peroxides continued to drop due to a stagnation in market conditions. As a result, sales of these products were sluggish, respectively.

Overall, the Functional Chemicals Business posted a year-on-year decreases in sales and profit, as the recovery trend of sales and profit was unable to offset the decline in the first half of the fiscal year.

(Food Products Business)

The Food Products Business reported net sales of 63,740 million yen (up 2.2% year on year) and operating profit of 2,884 million yen (compared with operating loss of 1,937 million yen in the same period a year earlier).

Domestic sales volumes of margarines and shortening for breads and confectionery, especially general-purpose products, fell partly due to a decrease in consumption expenditure resulting from rising food prices and downsizing in final products. On the other hand, sales of margarines and fillings for souvenir confectioneries were brisk due to the recovery in tourism demand. As for the *Marvelous series* of functional margarines, which contributes to keeping bread and other products fresher for longer and extending their used-by date, sales of new products continued to be firm. Sales of the *Deli-PLANTS series* of plant-based foods grew in Japan and overseas due to the pursuit of even better taste and usability and the strengthened proposals for popularization and penetration.

Overseas, recovery of both sales and profits proceeded as sales of high-added-value products were strong in Southeast Asia, demand was robust in China although it didn't return to the pre-COVID level, and price revisions made progress.

Overall, the Food Products Business achieved increases in sales and profit year on year, thanks to the initiatives undertaken such as the profitability improvement through integration of product varieties and improved efficiency and cost reductions in production, as well as the revision of sales price. In addition, decreased depreciation due to the recording of an impairment loss in fiscal 2022 also had a positive impact.

(Life Science Business)

The Life Science Business posted net sales of 63,283 million yen (down 4.1% year on year) and operating profit of 1,839 million yen (down 58.3% year on year).

Among agrochemicals in Japan, although the Group strove to promote and expand sales of Benzpyrimoxan (trade name: *Orchestra*), an insecticide for paddy rice, and other mainstream self-developed products, sales remained sluggish, mainly due to the impact of unfavorable weather conditions and circulating inventory from the previous year.

Overseas, sales remained sluggish due in part to an impact of the fall in prices of certain generic products associated with the intensifying competitive environment in Brazil, the world's largest agrochemical market. In addition, demand for insecticides in North America decreased due to prolonged colder weather and fewer pests than usual, resulting in sluggish sales. On the other hand, in India, despite the impact of unfavorable weather conditions, sales remained high with a focus on self-developed products such as the insecticides for gardening, which are being marketed and expanded in the cotton and vegetable fields.

Among pharmaceuticals, sales of the topical antifungal agent *Luliconazole* were weak due to an impact of the discontinuation of its sale in China.

Overall, the Life Science Business posted year-on-year decreases in sales and profit due to a significant impact of the deteriorated profitability in Brazil.

(2) Explanation of Financial Position

(Status of assets, liabilities and net assets)

Total assets increased by 14,338 million yen (up 2.9% compared with the end of the previous fiscal year) to 514,406 million yen.

The primary factor was an increase in inventories.

Liabilities increased by 1,219 million yen (up 0.6% compared with the end of the previous fiscal year) to 189,578 million yen.

The primary factor was an increase in notes and accounts payable – trade.

Net assets increased by 13,118 million yen (up 4.2% compared with the end of the previous fiscal year) to 324,828 million yen.

The primary factor was an increase in retained earnings.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

There have been no changes to the forecast of consolidated financial results for the fiscal year ending March 31, 2024, announced on November 10, 2023.

Quarterly Consolidated Financial Statements  
Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	81,119	81,224
Notes and accounts receivable - trade, and contract assets	99,623	98,743
Securities	5,499	5,499
Merchandise and finished goods	67,367	72,293
Work in process	8,524	8,882
Raw materials and supplies	40,822	43,926
Other	13,619	12,985
Allowance for doubtful accounts	(1,174)	(1,293)
<b>Total current assets</b>	<b>315,401</b>	<b>322,262</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	36,490	37,965
Machinery, equipment and vehicles, net	34,514	35,133
Land	30,515	31,346
Other, net	17,967	19,564
<b>Total property, plant and equipment</b>	<b>119,488</b>	<b>124,010</b>
Intangible assets		
Technical assets	5,471	4,725
Customer related assets	2,489	2,368
Other	10,083	10,158
<b>Total intangible assets</b>	<b>18,044</b>	<b>17,252</b>
Investments and other assets		
Investment securities	33,609	39,267
Other	13,523	11,614
<b>Total investments and other assets</b>	<b>47,133</b>	<b>50,881</b>
<b>Total non-current assets</b>	<b>184,666</b>	<b>192,144</b>
<b>Total assets</b>	<b>500,068</b>	<b>514,406</b>

(Millions of yen)

	As of March 31, 2023	As of December 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	62,235	66,693
Short-term borrowings	22,295	26,445
Income taxes payable	3,246	2,760
Provision for bonuses	3,206	1,770
Provision for environmental measures	18	-
Other provisions	157	81
Other	38,328	40,804
Total current liabilities	129,488	138,555
Non-current liabilities		
Bonds payable	5,315	4,465
Long-term borrowings	20,777	14,941
Retirement benefit liability	20,408	21,120
Other provisions	264	67
Other	12,104	10,426
Total non-current liabilities	58,870	51,023
Total liabilities	188,358	189,578
<b>Net assets</b>		
Shareholders' equity		
Share capital	23,048	23,048
Capital surplus	20,126	20,181
Retained earnings	197,843	206,603
Treasury shares	(2,304)	(3,374)
Total shareholders' equity	238,713	246,458
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,800	9,822
Deferred gains or losses on hedges	-	10
Revaluation reserve for land	3,330	3,330
Foreign currency translation adjustment	11,362	14,271
Remeasurements of defined benefit plans	(257)	(210)
Total accumulated other comprehensive income	22,236	27,224
Non-controlling interests	50,759	51,144
Total net assets	311,709	324,828
Total liabilities and net assets	500,068	514,406

Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Net sales	296,184	286,491
Cost of sales	223,947	212,593
Gross profit	72,236	73,898
Selling, general and administrative expenses	48,476	49,851
Operating profit	23,760	24,046
Non-operating income		
Interest income	442	1,583
Dividend income	722	768
Share of profit of entities accounted for using equity method	523	502
Foreign exchange gains	732	1,143
Other	749	480
Total non-operating income	3,170	4,478
Non-operating expenses		
Interest expenses	986	2,461
Loss on valuation of derivatives	1,303	938
Other	306	545
Total non-operating expenses	2,596	3,944
Ordinary profit	24,333	24,580
Extraordinary income		
Gain on sale of non-current assets	44	43
Gain on sale of investment securities	-	610
Total extraordinary income	44	653
Extraordinary losses		
Loss on disaster	133	-
Loss on abandonment of non-current assets	380	383
Loss on valuation of investment securities	5	-
Loss on valuation of shares of subsidiaries and associates	-	15
Total extraordinary losses	518	398
Profit before income taxes	23,859	24,835
Income taxes - current	6,976	7,526
Income taxes - deferred	(279)	(385)
Total income taxes	6,697	7,141
Profit	17,162	17,694
Profit attributable to non-controlling interests	2,478	1,238
Profit attributable to owners of parent	14,684	16,455

Quarterly Consolidated Statements of Comprehensive Income (For the nine months)

(Millions of yen)

	For the nine months ended December 31, 2022	For the nine months ended December 31, 2023
Profit	17,162	17,694
Other comprehensive income		
Valuation difference on available-for-sale securities	81	1,802
Deferred gains or losses on hedges	53	42
Foreign currency translation adjustment	3,030	4,143
Remeasurements of defined benefit plans, net of tax	142	2
Share of other comprehensive income of entities accounted for using equity method	54	620
Total other comprehensive income	3,361	6,610
Comprehensive income	20,524	24,305
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	17,063	21,444
Comprehensive income attributable to non-controlling interests	3,460	2,860

(3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements)

(Calculation of tax expenses)

For certain subsidiaries, the Company has adopted a method of making a reasonable estimate of the effective tax rate after application of tax effect accounting to profit before income taxes for the consolidated fiscal year to which the third quarter under review belongs and multiplying the profit before income taxes by such estimated effective tax rate.

(Additional Information)

(Occurrence of a disputed incident)

A claim for damages was filed on October 10, 2023 against Sipcam Nichino Brasil S.A. (“SNB”), a consolidated subsidiary of the Company, which was served with the complaint on October 20, 2023. Details of the litigation are presented below.

1. Summary of the litigation

On July 26, 2023, a heavily armed robbery took place at SNB, a consolidated subsidiary of the Company, during which products that SNB had been packaging in fulfillment of a contract with FMC QUÍMICA DO BRASIL LTDA. (“FMC”) were stolen. In response, FMC filed a claim for damages against SNB on October 10, 2023.

2. Details of the plaintiff

(1) Name: FMC QUÍMICA DO BRASIL LTDA.

(2) Address: Avenida Doutor José Bonifácio Coutinho Nogueira, No. 150, Commercial Complexes 103, 105, 107, 108 and 109, Jardim Madalena District, in the municipality of Campinas, State of São Paulo, CEP 13091-611

3. Amount of damages claimed (excluding delay damages)

45 million reais

4. Future outlook

The Group has obtained an opinion from an external legal expert that the incident falls within the definition of force majeure. As there are significant differences in opinions regarding matters, including the interpretation of the scope of liabilities, we will carefully examine the contents of the complaint and take appropriate action. We will defend ourselves based on the opinion of the external legal expert mentioned above, among other things. It cannot be ruled out that the litigation may have an impact on our financial position and operating results depending on the progression of the litigation. Therefore, at this moment, it is difficult to reasonably estimate whether we will have to pay the damages and the amount of the impact they would have.

(Segment information, etc.)

[Segment information]

I. For the nine months ended December 31, 2022 (from April 1, 2022 to December 31, 2022)

1. Information on net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Chemicals Products Business	Food Products Business	Life Science Business	Total				
Net sales								
(1) Net sales to outside customers	162,348	62,365	66,000	290,713	5,470	296,184	–	296,184
(2) Inter-segment net sales or transfers	117	53	5	176	14,546	14,723	(14,723)	–
Total	162,465	62,418	66,006	290,890	20,016	310,907	(14,723)	296,184
Segment profit (loss)	20,803	(1,937)	4,415	23,281	373	23,654	105	23,760

(Notes) 1. "Others" refers to business segments not included in the reportable segments and includes construction and construction management, logistics, and real estate businesses.

2. The adjustment of segment profit (loss) of 105 million yen includes the elimination of inter-segment transactions.

3. Segment profit (loss) is adjusted with operating profit in the consolidated statements of income.

II. For the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023)

1. Information on net sales and profit (loss) by reportable segment

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Chemicals Products Business	Food Products Business	Life Science Business	Total				
Net sales								
(1) Net sales to outside customers	153,415	63,740	63,283	280,440	6,051	286,491	–	286,491
(2) Inter-segment net sales or transfers	126	278	6	411	15,405	15,817	(15,817)	–
Total	153,542	64,019	63,290	280,852	21,456	302,309	(15,817)	286,491
Segment profit	18,079	2,884	1,839	22,803	1,137	23,941	105	24,046

(Notes) 1. "Others" refers to business segments not included in the reportable segments and includes construction and construction management, logistics, and real estate businesses.

2. The adjustment of segment profit of 105 million yen includes the elimination of inter-segment transactions.

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

(Significant subsequent events)

(Issuance of corporate bonds)

The Company passed a comprehensive resolution at its meeting of the Board of Directors held on January 22, 2024 regarding the issuance of domestic unsecured straight corporate bonds.

1. Maximum amount: 10,000 million yen
2. Scheduled period of issuance: from February 9, 2024 to March 31, 2024
3. Amount to be paid in: 100 yen per 100 yen of the amount of each bond
4. Interest rate: to be decided
5. Maturity: within five years
6. Method of redemption: full redemption at maturity
7. Purpose of funds: to be used as funds for redeeming corporate bonds