To our shareholders:

Matters Disclosed on the Internet in Accordance with Laws and Regulations and the Articles of Incorporation

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June 6, 2022

ADEKA Corporation

1. Outline of the Content of Resolutions Regarding Systems etc. Put in Place to Ensure the Appropriateness of Operations, and the Operational Status of Such Systems

The outline of the Basic Policy for the Systems to Secure Appropriateness of Operations (Internal Control System) resolved by the Board of Directors of the Company is as follows.
Note that the abovementioned basic policy has been partially revised as the Company transitioned to a Company with Audit and Supervisory Committee in June 2021 and the ADEKA Group Code of Conduct was modified in March 2022.

(1) Basic policy for business operations

1) ADEKA Group Management Policy

"To be a company that is progressive and dynamic with a keen attitude towards the new changing tide"
"Creating a better future for the people of the world"

2) ADEKA Group Code of Conduct

(i) Contribute to the creation of a sustainable and prosperous society through our core business
(ii) Abide by laws and regulations in all corporate activities and conduct fair business in an ethical manner
(iii) Foster corporate transparency by truthfully and accurately disclosing information regarding our business activities
(iv) Be serious about preserving the environment
(v) Provide safe and high quality products and services
(vi) Maintain a safe and healthy working environment for our employees
(vii) Open and friendly communication and activities, to serve the interest of society and stakeholder to maintain their trust
(viii) Strive to achieve sustainable growth and success for the benefit of our employees, shareholders and society
(ix) Not tolerate anti-social forces or behavior
(x) Thorough risk management
(xi) For the betterment of society

(2) System to ensure that performance of duties by Directors or employees conforms to the provisions of applicable laws and the Articles of Incorporation (Compliance)

1) Compliance promotion organization

The Company shall establish the Compliance Promotion Committee (headquarters level) and strive to put in place a compliance system. Each department shall have a Compliance Promotion Responsible Manager and a Compliance Promotion Manager.

2) Group Compliance Regulations

In accordance with the Group Compliance Regulations, the Company shall put in place an organizational system for promoting compliance, and promote education and awareness-raising activities, as well as operations of the whistle-blowing system, etc.

3) Codes of ethics/manuals

The Company shall thoroughly comply with laws and regulations by utilizing codes and manuals such as the ADEKA Group Code of Conduct, the Compliance Action Guidelines, and the Compliance Casebook.

4) Compliance education/training

By utilizing the education and training system that combines stratified training with training based on a specific theme, laws or regulations, as well as in-house media such as company newsletters and e-mail magazines, the Company shall ensure that compliance awareness is widely and thoroughly raised across the Company.

5) Monitoring and business audit

(i) Periodic monitoring and investigation of the status of compliance with laws and regulations and the level of compliance awareness across the Company

(ii) Cooperation between the Compliance Promotion Committee and the Internal Auditing Department, such as the Internal Auditing Department reporting the results of internal audits regarding compliance to the Compliance Promotion Committee

(iii) Reporting to the Board of Directors and Audit and Supervisory Committee on the status of the Committee's activities and compliance issues

6) Whistle-blowing system

In accordance with the Compliance Whistle-blowing Regulations, the Company shall strive to detect compliance violations at an early stage and secure information about violations through the appropriate operation of the Whistle-blowing Hot-line.

7) Internal control system promotion organization

The Company shall establish the Internal Control Promotion Committee (headquarters level) to build and put in place an internal control system.

8) Prevention of damage caused by, and ban on relations with, anti-social forces

In order to prevent damage from and exclude any relations with antisocial forces, the Company shall designate the Legal Affairs & Publicity Department as the department in charge of responses to the anti-social forces. The Company shall formulate manuals, etc. on reports and responses to be made in the event of a possible case, and take a firm stand against antisocial forces, cooperating with the police and other agencies.

(3) System concerning storage and control of information pertaining to exercise by Directors of their duties

Important matters in management shall be determined at Board of Directors' meetings and Management Committee meetings, and the minutes of the meetings shall be preserved together with related materials. Regarding operations for which authority is delegated to the executive line members, procedures for approval and authorization shall be conducted, and the approval and authorization documents shall be preserved together with related materials. The storage and control of the above shall be conducted as follows.

1) Preserve documents in accordance with the document management regulations and the standards for storage and disposal of documents

2) Preserve documents in a highly searchable manner via indexing and utilization of electronic files

(4) Rules and other systems for management of risk of loss (Risk management system)

1) Establishment of the Risk Management Committee and development of a system based on the Risk Management Manual

The Risk Management Committee identifies and evaluates risks across the entire Company, drafts the Risk Management Manual, and checks the risk management system.

Based on the Risk Management Manual, the Company shall designate responsible departments for each risk category, and formulate a system to keep damages to a minimum in the event of an emergency.

2) Establishment of the Emergency Headquarters

In the event of an incident of high degree of urgency/importance, the Company shall establish the Emergency Headquarters (with the officer of the department in charge of the said incident appointed as chief of headquarters), and address the said incident in an organized manner in accordance with the Risk Management Manual.

3) Audit on risk management

The Internal Auditing Department shall conduct, and regularly report to the President & Chief Executive Officer, and Audit and Supervisory Committee the result of, an audit on the status of the risk management made by each department.

(5) System to secure efficient performance by Directors of their duties

1) Operating Officer System

The Company shall strive to speed up decision-making procedures and to clarify the responsibility for business execution by separating decision-making from business execution, based on the Operating Officers System.

2) Management Committee

The Company shall establish the Management Committee to deliberate on matters to be resolved by the Board of Directors in advance, for the purpose of expediting deliberations and sharing information on important matters in management execution. The Management Committee shall deliberate and make decisions on the agenda items stipulated in the Management Committee Regulations.

3) Term of office of Officers

With the aims of defining the management responsibilities of Directors (excluding Audit and Supervisory Committee Members) and Operating Officers and promoting efficiency, the term of office of Officers shall be one (1) year. (The term of office for Directors who are Audit and Supervisory Committee Members shall be two (2) years.)

4) Clarifying of rules on authorities, decision-making and business execution

The Company shall create a system capable of securing appropriate and efficient execution by officers of their duties by clarifying rules on authorities, decision-making and business execution based on the internal regulations.

5) Budgetary management system

The Company shall secure efficiency of business operation by setting numerical targets for each department at the beginning of a term, reviewing progress and status of the achievement using the managerial accounting method, and providing feedback on the results.

(6) System to secure proper operations in business group

1) Framework for reporting to the Company by subsidiaries of their business executions

The Representative Director of the Company requests for reports on the status of business execution at each subsidiary and strives to gather relevant information through the weekly reports and monthly reports system, participating in meetings of the ADEKA Group President Meeting, Global Strategy Meeting, and the general shareholders' meeting of each subsidiary, and through the Directors or the Audit and Supervisory Committee Members who are dispatched to subsidiaries ("Dispatched Officers".)

2) System for the risk management of subsidiaries

Each subsidiary shall be asked to construct and establish a risk management system according to their business type and scale, and to report on the operational status of the system. In addition, in the event of an emergency at a subsidiary where there is a concern of a significant impact on the Company or other subsidiaries, a Joint Emergency Team will be formed by the Company and said subsidiary, and both companies will cooperate in the response.

3) System to secure efficient performance by Directors, etc. of their duties in subsidiaries

The Company shall review and provide feedback on the status of progress and achievement of subsidiaries' budgets using managerial accounting methods. In addition, the Company strives to improve operational efficiency by using the global business management system, which enables the collection of information from subsidiaries without delay.

4) System to ensure that the execution by subsidiaries' Directors, etc. and employees of their duties conforms to the provisions of applicable laws and the Articles of Incorporation

The Company shall formulate a common code of ethics, various regulations and manuals, etc. for the entire Group, and adopt a group-wide compliance system. Each subsidiary shall be asked to construct and establish a compliance promotion system according to their business type and scale, and to report on the operational status of the system. In addition, the Company shall hold Group Compliance Council meetings and compliance lectures to cultivate awareness of compliance and share information. The Company strives to detect compliance violations at an early stage through the monitoring of subsidiaries by dispatched Officers, the Company's Audit and Supervisory Committee, and the Internal Auditing Department, and via the group-wide whistle-blowing Hot-line.

(7) Employees who should assist Audit and Supervisory Committee's duties

The Company shall establish the following system for securing the independence of employees who should assist the Audit and Supervisory Committee's duties ("Assistant Employees") and the effectiveness of instructions of Audit and Supervisory Committee, and then appoint Assistant Employees:

1) Assistant Employees who have received any instructions from Audit and Supervisory Committee necessary for audit operations shall not accept any instructions or orders from Directors, etc. (excluding Audit and Supervisory Committee Members) with regard to said instructions;

2) The Company shall appoint as Assistant Employees only persons who have skills and experience required to carry out the Audit and Supervisory Committee's instructions; and

3) Internal transfer, personnel evaluation, reward and punishment and so on of Assistant Employees shall be subject to a prior consent of the Audit and Supervisory Committee.

(8) Systems for reporting to Audit and Supervisory Committee, and other systems to secure the effectiveness of audits conducted by Audit and Supervisory Committee

1) Attendance at the Board of Directors' meeting, etc., and regular liaison conference with the Representative Director

Audit and Supervisory Committee Members shall, in addition to attending the Board of Directors' meeting and other important meetings, regularly have a liaison conference with, and receive reports on important matters including those concerning management and compliance from, the Representative Director.

2) Authorities of Audit and Supervisory Committee

Audit and Supervisory Committee shall have the rights to ask for a report on the result of internal audit from the Internal Auditing Department through full-time Audit and Supervisory Committee Members, and to demand inspection of any materials of important in-house meetings and any materials concerning decision procedures to Directors, Operating Officers and employees.

3) Cooperation with the Compliance Promotion Committee

(i) Attendance at the Compliance Promotion Committee's meeting

Full-time Audit and Supervisory Committee Members shall attend the Compliance Promotion Committee's meetings and receive a report on the status of the compliance activities from the Committee.

(ii) Whistle-blowing Hot-line

a) Upon receiving any whistle-blowing, the Secretariat of the Compliance Promotion Committee shall report it to the full-time Audit and Supervisory Committee Members.

b) In accordance with the internal regulations stipulating the securement of anonymity of whistle-blowers, confidentiality, prohibition of disadvantageous treatment to whistle-blowers, and so on, the Company shall, in cooperation with Audit and Supervisory Committee Members, strive to fairly operate the Whistle-blowing Hot-line, appropriately deal with the whistle-blowing cases, and protect the whistle-blowers.

(9) Matters concerning the processes for advance payment or reimbursement of expenses arising from the execution of the duties of the Audit and Supervisory Committee and other policies for the process of expenses or liabilities arising from the execution of such duties

The Audit and Supervisory Committee or Audit and Supervisory Committee Members may request the Company to pay necessary expenses, such as seeking advice from attorneys at law, certified public accountants, or other outside experts for the purpose of conducting audits, or entrusting investigation, expert testimony or other affairs to the Company.

The Company shall respond to such request unless it is deemed that the expenses relating to such request are not necessary for the execution of the duties of the Audit and Supervisory Committee or the audit.

The operational status of the system put in place to ensure appropriate operations is as follows.

(1) Compliance system

Compliance Promotion Committee meetings were held for four times and Group Compliance Council meetings were held twice to conduct the analysis, formulation of responses, implementation and management of issues related to compliance.

To strengthen Group-wide compliance, efforts are made to disseminate the Group Management Policy and Code of Conduct throughout the Group. In the fiscal year under review, the Company ran e-learning courses on "ADEKA-ness" created for employees to spread the ADEKA Group Management Policy, and revised the ADEKA Group Code of Conduct to add "Contribution to the creation of a sustainable society through our core business" which was the base of the ADEKA Group Management Policy and CSR Basic Policy.

The Company conducted a survey among employees of the Company and its domestic subsidiaries on compliance awareness.

Regarding education and training on compliance, compliance lectures, trainings based on a specific theme, laws or regulations, stratified training, e-learning lectures, etc. were conducted for the Group's Officers and employees.

As the law designed to prevent harassment in workplace is to be applied to small- and medium-sized businesses starting in April 2022 (the Revised Act on Comprehensively Advancing Labor Measures, and Stabilizing the Employment of Workers, and Enriching Workers' Vocational Lives (Commonly known as "Power Harassment" Prevention Act)), the Company conducted trainings on skills to respond to reporting for the members of the Group Compliance Council, and requested subsidiaries to establish their workplace harassment prevention policy and provide their employees with education to ensure their awareness of the policy. The Company also organized e-learning lectures on the "Power Harassment" Prevention Act.

(2) Risk management system

At the Company, meetings of the Risk Management Committee are held twice a year, where the evaluation, analysis, investigation, formulation of countermeasures, and management of various risks surrounding the Group's businesses are conducted, including discussions on the business continuity management system (BCMS), countermeasures for disasters and infectious diseases, and information security.

To minimize damage and harm in the event of a disaster or an accident, the Company conducts disaster prevention and evacuation drills, operational training for the safety confirmation system, and made efforts to maintain and improve BCMS.

In the fiscal year under review, in view of the impact of the COVID-19 pandemic, the Company took measures to prevent the spread of infections.

Moreover, the Company set up a crosscutting project team under the CSR Committee related to the Task Force on Climate-Related Financial Disclosures (TCFD), and conducted a scenario analysis on the impact including risks and revenue opportunity of the climate change. The Company announced its support for the TCFD's international framework in February 2022, and will continue to implement various initiatives such as identification of risks and opportunities and disclosure of information in line with the TCFD guidance.

Furthermore, in recent years, natural disasters have tended to intensify due to the effects of global warming, etc., and the Company introduced the information management portal system using ICT to improve the efficiency and speed of information sharing between related departments and parties in the event of an emergency.

In addition, the Company gathered a wide range of information on the impact and risks of Russia's invasion of Ukraine in late February 2022 on the Group's business, discussed and shared information at the Crisis Management Committee.

Through these efforts, the entire Group worked to strengthen its crisis management.

(3) Business management of subsidiaries

The Company shall ensure that subsidiaries thoroughly abide by the system of making weekly and monthly reports to the Company. In addition, the Company conducts the management and supervision of subsidiaries by receiving reports on business execution from subsidiaries at the Board of Directors' meetings of subsidiaries, the general shareholders' meeting, Global Strategy Meeting organized by each business division, and meetings of the ADEKA Group President Meeting.

Through the dispatch of Officers to subsidiaries, audits of subsidiaries conducted by the Audit and Supervisory Committee Members, and internal audits conducted by the Internal Auditing Department, the Company strives to ensure the appropriateness of operations carried out at subsidiaries.

Furthermore, the Company strives to build up the structure of business management at subsidiaries through the global business management system, in order to improve the operational efficiency of subsidiaries.

(4) System for reporting to the Audit and Supervisory Committee

Full-time Audit and Supervisory Committee Members attend Board of Directors' meetings, Management Committee's meetings, and other important meetings. In addition, they generally attend meetings of the Compliance Promotion Committee, the Group Compliance Council, and the Risk Management Committee as observers, in order to ascertain the status of compliance and risk management at the Group.

In accordance with the Compliance Whistle-blowing Regulations, whistle-blowing reports made to the Whistle-blowing Hot-line shall be reported to the Audit and Supervisory Committee Members in a timely manner. Furthermore, the said regulations stipulate the securement of anonymity of whistle-blowers, confidentiality, and prohibition of disadvantageous treatment of whistle-blowers, and so on. Accordingly, the Company shall, in cooperation with the full-time Audit and Supervisory Committee Members, strive to fairly operate the Whistle-blowing Hot-line.

2. Outline of the Content of the Basic Policy Regarding Control of the Company

(1) Basic policy on the persons who control decisions on the Company's financial and business policies

The Company has formulated a basic policy on the persons who control decisions on the Company's financial and business policies (hereinafter the "Basic Policy"). The details, etc. of the Basic Policy (matters listed in Article 118, Item (iii) of the Ordinance for Enforcement of the Companies Act) are as follows.

(Details of the Basic Policy)

The Company believes that the stance of its shareholders should be determined through free transactions of the Company's shares in the market. In the event that a large-scale purchase involving the transfer of control of the Company is made, the Company shall not automatically disprove of the act if the purchase contributes to the Company's corporate value and common interests with shareholders. However, the Company believes that the decision on whether to agree to a large-scale purchase should ultimately be based on the will of its shareholders.

In recent years, there have been movements in capital markets where forceful purchases of large amount of shares are made unilaterally, without the consent of the management of the target company. Some of these large-scale stock purchases result in clear damage to corporate value and the common interests of shareholders due to their purpose, may effectively force shareholders to sell their shares, or are cases where the Board of Directors and shareholders of the target company are not given sufficient time to deliberate the conditions of the large-scale purchase, or the Board of Directors of the target company is not provided with sufficient time and information to propose alternatives. In such cases, the purchase often does not contribute to the corporate value of the target company and the common interests of shareholders.

The Board of Directors of the Company believes that persons who control decisions on the Company's financial and business policies should have deep understanding of the details of the Company's finances and businesses as well as the sources of the Company's corporate value. Moreover, such persons need to have the ability to sustain and improve the Company's corporate value and of the common interests of the Company's shareholders.

If the persons engage in an inappropriate large-scale purchase or similar acts that may damage the Company's corporate value and the common interests of shareholders, the Company believes that it is not appropriate for them to control decisions on the Company's financial and business policies.

(2) Special initiatives that contribute to the effective use of the Company's assets, the formation of an appropriate Corporate Group, and the realization of other basic policies

1) Sources of the Company's corporate value

(a) Management Policy

Under the Management Policy of "To be a company that is progressive and dynamic with a keen attitude towards the new changing tide" and "Creating a better future for the people of the world," the Group continues to accelerate global business development through a technologically superior product group that is competitive in the global market, and continues to provide products that set the trends of the times, are environmentally friendly, and meet customer needs.

At the root of the above Management Policy is a CSR (Corporate Social Responsibility) mindset of "contributing to society through our core business." In other words, by keenly monitoring changes in the social environment and actively making full use of advanced technologies that the Company has, the Company can provide solutions to new social issues and conduct business activities that take into account the interests of all stakeholders, including shareholders and investors, customers, business partners, employees, and local communities. Accordingly, we aim to be a company that is trusted and truly needed by society.

The basic policy of the Company's management is to increase corporate value through contributing to a wide range of stakeholders and, going a step further, to continue sound and sustainable growth and development through an increase in the common interests of shareholders. The healthy relationships of trust that the Company has built since its founding with its stakeholders, including customers, business partners, employees and local communities, are the true source of its corporate value.

(b) Businesses of the Company and its characteristics

The Company conducts business activities as a unique corporation with the chemicals business, the foods business and the life science business. In the chemicals business, the Company handles polymer additives, IT related materials, and functional chemicals, while in the foods business, it handles products such as processed fat and oil products and processed food products. In the life science business, the Company handles agrichemicals and pharmaceuticals. Therefore, the Company operates an extremely wide range of business fields, but simultaneously keeps these businesses organically linked to each other, thereby formulating its unique characteristics.

The Company aims to be a corporation that can contribute to the international community by continuously developing and providing pioneering products that contribute to environmental conservation and people's healthy and affluent lives, achieved by creating new technologies and integrating them with its specialty technologies. We shall continue to develop highly unique technologies and create new value through co-creation with customers, merchants, and other business partners in each business field. Furthermore, by integrating the strong technological capabilities the Company has cultivated in each business field, the Company is focusing on new business fields such as environment and energy, and next-generation ICT.

The Company's highly original technological capabilities, cultivated since its founding under strong relationships of trust with business partners in a wide range of business fields, are also a source of its corporate value.

(c) Medium-Term Management Plan

As stated in "4. (1) Medium- to long-term management strategy" on page 27 of the Notice of the 160th Ordinary General Meeting of Shareholders, the Group has positioned the Medium-Term Management Plan "ADX 2023" as the first stage for achieving the Group's vision for 2030 "ADEKA VISION 2030." During this period, the Group will promote the integration of management and CSR, transform its management base into the one that addresses the new social environment, and pursue sustainable growth with an emphasis on profits.

The Company aims to increase its corporate value by building an earnings structure that allows for its sustainable growth from a medium- to long-term perspective and pursuing social and economic values.

(d) Strengthening of corporate governance

In promoting the above measures, the Company shall strive to further strengthen corporate governance, compliance, and risk management, which are the foundations of sound, highly transparent, and stable management.

Also, the Company has formulated the "ADEKA Group Corporate Governance Guidelines," which stipulates the basic stance and basic policy on corporate governance, with the aim of realizing the Group's corporate mission and Management Policy, and of achieving sustainable growth and improving corporate value over the medium to long term. Going forward, the Group will continue to work on strengthening corporate governance throughout the Group, in line with the purpose and spirit of the Corporate Governance Code.

(3) Outline of initiatives for preventing inappropriate persons from controlling decisions on the Company's financial and business policies, in light of the basic policy

In light of the basic policy described in (1) above, as one of the initiatives to prevent inappropriate persons from controlling decisions on the Company's financial and business policies, the Company introduced the response measures to large-scale purchases of its shares in

2007. Subsequently, the policy has been revised triennially and continued thus far.

Yet as a result of careful consideration into the matters such as opinions of shareholders, especially the ones from domestic and overseas institutional investors, recent trends regarding takeover defense measures, and changes in the business environment surrounding the Company, the Company determined to discontinue and abolish the policy at the Board of Directors meeting on May 23, 2022.

Even though the policy was abolished, the Company will continue to strive to ensure and enhance the corporate value of the Company and the common interests of its shareholders, and for those who purchase or intend to purchase the Company's shares on a large scale, the Company will require that the persons should provide necessary and sufficient information so that the shareholders can adequately determine the appropriateness of the purchase. The Company will also take appropriate measures including disclosing of the opinions of the Board of Directors of the Company, and securing of time and information that are necessary for the shareholders to take the matter in to consideration, within the scope permitted by the Financial Instruments and Exchange Act, the Companies Act and other related laws and regulations,

(4) The Board of Directors' judgment on initiatives stated in (2) and (3) above and the reasons thereof

The Company determines that the greatest defense against proposals is to sustainably improve the Group's corporate value and the common interests of the shareholders through steady implementation of the Group's Medium-Term Management Plan, initiatives to strengthen corporate governance, and business activities based on the Group's Management Policy, business characteristics, and medium- to long-term vision, and others. The response policy regarding large-scale purchases of the Company's shares was introduced with a view to preventing abusive acquisitions and avoiding damage to the corporate value and common interests of shareholders. However, institutional investors are starting to raise concerns more vocally saying that the policy limits the rights of shareholders, weakens the self-discipline of management and leads to self-protection. In addition to the opinions of the institutional investors, the revision of the TOB rules by the Financial Instruments and Exchange Act of 2009 and the rise on the Company's stock price led us to conclude that it was becoming less and less important to maintain the policy, and thus, we should discontinue (abolish) the policy.

3. Details of the Principal Business (As of March 31, 2022)

Business		Main Products
Chemicals business	Polymer additives	Additives for polyolefin, PVC stabilizers and plasticizers, flame retardants, etc.
	IT related materials	High-purity semiconductor materials, electronic circuit board etching device and chemicals, photo (light) curing resins, photoinitiators, imaging materials, etc.
	Functional chemicals	Epoxy resins, polyurethane raw materials, water borne resins, surfactants, lubricant additives, kitchen detergents, cosmetic ingredients, propylene glycol, hydrogen peroxide and derivatives, water-swelling seal materials, etc.
Foods business		Margarines, shortening, fats and oils for chocolate, frying and cooking fats and oils, whipped cream, kneading cream, fillings, frozen pie dough, mayonnaise and dressings, functional food ingredients, etc.
Life science business		Agrochemicals, pharmaceuticals, quasi-drugs, veterinary drugs, chemicals for wood, medical materials, etc.
Other businesses		Design, construction and construction management of equipment plants, equipment maintenance, logistics, warehousing, vehicle leasing, real estate, insurance agency business, etc.

4. Principal Sales Offices and Plants, etc. (As of March 31, 2022)

(1) The Company

Sales offices	Head Office (Tokyo) Osaka Main Branch (Osaka) Nagoya Main Branch (Aichi) Sapporo Sales Office (Hokkaido)	 Fukuoka Main Branch (Fukuoka) Sendai Sales Office (Miyagi)
Plants	Kashima (Ibaraki) Mie (Mie) Akashi (Hyogo)	Chiba (Chiba) Fuji (Shizuoka) Soma (Fukushima)
Laboratories	Tokyo Osaka	Saitama

Note: Names in parentheses indicate prefecture.

(2) Subsidiaries

For information on the Company's major subsidiaries and their locations, please refer to "6. Significant Subsidiaries and Associates (1) Significant subsidiaries" stated in the Notice of the 160th Ordinary General Meeting of Shareholders.

5. Status of Employees (As of March 31, 2022)

(1) Status of employees of the Group

Business department	Number of employees	Year-on-year change
Chemicals business	2,529	45
Foods business	1,012	(6)
Life science business	1,536	52
Other businesses	223	(5)
Company-wide businesses	166	2
Total	5,466	88

Note: The number of employees refers to the number of persons employed.

(2) Status of employees of the Company

Category	Number of employees	Year-on-year change	Average age (years)	Average length of service (years)
Male employees	1,522	(11)	39.2	16.3
Female employees	286	7	37.6	14.1
Total	1,808	(4)	38.9	16.0

Note: In addition to the number of employees stated above, there are 130 seconded staff members.

6. Status of Major Lenders (As of March 31, 2022)

(1) Status of lenders of the Group

Lender	Amount borrowed (millions of yen)
Mizuho Bank, Ltd.	18,142
The Norinchukin Bank	4,987
Sumitomo Mitsui Trust Bank, Limited	3,442
Sumitomo Mitsui Banking Corporation	2,583
MUFG Bank, Ltd.	2,568
Asahi Mutual Life Insurance Company	2,150

(2) Status of lenders of the Company

Lender	Amount borrowed (millions of yen)
Mizuho Bank, Ltd.	3,800
The Norinchukin Bank	2,950
Asahi Mutual Life Insurance Company	2,000
Sumitomo Mitsui Trust Bank, Limited	1,400
Chugoku Bank LTD.	650
Sumitomo Mitsui Banking Corporation	600

7. Status of Accounting Auditor

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Amount of remuneration, etc. for Accounting Auditor concerning the fiscal year under review and reasons for the Audit and Supervisory Committee's consent

1) Amount of remuneration, etc. for audit operations provided in Article 2, Paragraph 1 of the Certified Public Accountants Act
74 million yen

(Note) Since the audit contract between the Company and the Accounting Auditor does not distinguish between the amount of audit remuneration, etc. for audits based on the Companies Act and for audits based on the Financial Instruments and Exchange Act, and the two cannot be effectively distinguished, the total of these remuneration figures are stated in the above amount.

2) Total amount of money and other property benefit to be paid by the Company and its subsidiaries
94 million yen
Out of the Company's subsidiaries, OXIRANE CHEMICAL CORPORATION has been audited by Nihonbashi Audit Office, and NIHON NOHYAKU CO., LTD. has been audited by Kyowa Audit Corporation.

3) Reasons for the Audit and Supervisory Committee's consent on the amount of remuneration, etc. for the Accounting Auditor
Based on the "Practical Guidelines on Cooperation with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, the Audit and Supervisory Committee has consented to the remuneration of the Accounting Auditor under Article 399, Paragraph 1 of the Companies Act. The Committee gave its consent after reviewing the comparison of the audit plan and audit results of the previous fiscal year, confirming the trends of audit hours and remuneration amounts, and examining the appropriateness of the estimated audit hours and remuneration amount for the fiscal year under review.

(3) Contents of non-audit operations

Operations to support consideration of earlier settlement of accounts, etc.

(4) Policy for determining dismissal or refusal of reelection of accounting auditor

The Audit and Supervisory Committee shall determine the content of a proposal to the General Meeting of Shareholders for the dismissal or non-reappointment of the accounting auditor, if it is deemed necessary for the reasons among others that the accounting auditor is unable to carry out its duties duly.
In addition, if the Audit and Supervisory Committee determines that the Accounting Auditor falls under any of the items stipulated in Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall dismiss the Accounting Auditor based on the consent of all the Audit and Supervisory Committee Members.
In this case, the Audit and Supervisory Committee Members selected by the Audit and Supervisory Committee will report the fact that the Accounting Auditor has been dismissed and the reason for the dismissal at the first General Meeting of Shareholders convened after the dismissal.

Consolidated Statement of Changes in Net Assets

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

(Amount: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance on April 1, 2021	22,994	20,039	169,469	(406)	212,097
Changes during period					
Issuance of new shares	53	53			106
Dividends of surplus			(5,385)		(5,385)
Profit attributable to owners of parent			23,744		23,744
Change in scope of equity method			433		433
Purchase of treasury shares				(868)	(868)
Change in treasury shares arising from change in equity in entities accounted for using equity method				2	2
Change in ownership interest of parent due to transactions with non-controlling interests		53			53
Net changes of items other than shareholders' equity					-
Total changes during period	53	106	18,791	(866)	18,084
Balance on March 31, 2022	23,048	20,146	188,260	(1,273)	230,181

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance on April 1, 2021	9,921	4,253	3,379	(1,576)	15,977	43,410	271,485
Changes during period							
Issuance of new shares					-		106
Dividends of surplus					-		(5,385)
Profit attributable to owners of parent					-		23,744
Change in scope of equity method					-		433
Purchase of treasury shares					-		(868)
Change in treasury shares arising from change in equity in entities accounted for using equity method					-		2
Change in ownership interest of parent due to transactions with non-controlling interests					-		53
Net changes of items other than shareholders' equity	(1,859)	-	5,376	292	3,809	3,492	7,301
Total changes during period	(1,859)	-	5,376	292	3,809	3,492	25,386
Balance on March 31, 2022	8,062	4,253	8,755	(1,284)	19,787	46,902	296,871

Note: Figures of less than one million yen are rounded down.

Notes to the Consolidated Financial Statements

[Significant Accounting Policies for Preparation of Consolidated Financial Statements]

1. Scope of consolidation

(1) Number and names of major consolidated subsidiaries

Number of consolidated subsidiaries: 39

Names of major consolidated subsidiaries:

NIHON NOHYAKU CO., LTD.
ADEKA CHEMICAL SUPPLY CORP.
ADEKA CLEAN AID CORP.
ADEKA ENGINEERING & CONSTRUCTION CORP.
ADEKA FOODS SALES CORP.
OXIRANE CHEMICAL CORP.
AMFINE CHEMICAL CORP.
CHANG CHIANG CHEMICAL CO., LTD.
ADEKA KOREA CORP.
ADEKA Europe GmbH
ADEKA (CHINA) CO., LTD.

NICHINO CHEMICAL INDIA PVT. LTD., who had been a consolidated subsidiary, was excluded from the scope of consolidation due to dissolution as a result of absorption-type merger with NICHINO INDIA PVT. LTD., who is another consolidated subsidiary and a surviving entity.

(2) Names of major non-consolidated subsidiaries

Names of major non-consolidated subsidiaries:

TOKYO ENVIRONMENTAL MEASUREMENT CENTER Co., Ltd.
NICHINO VIETNAM CO., LTD.

Reasons for exclusion from the scope of consolidation:

These non-consolidated subsidiaries have been excluded from the scope of consolidation as they are all small in scale and none of their combined total assets, net sales, profit and loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest) significantly affect the consolidated financial statements.

2. Application of the equity method

(1) Number of non-consolidated subsidiaries and associates accounted for using equity method and names of major companies, etc.

Number of non-consolidated subsidiaries and associates accounted for using equity method: 6

Names of major companies, etc.:

CO-OP CLEAN CO., LTD.
SHOWA KOSAN CO., LTD.
SIPCAM EUROPE S.p.A.

TAMA KAGAKU KOGYO CO., LTD. was added to the scope of equity method because of its increased importance in the consolidated fiscal year under review.

(2) Names of non-consolidated subsidiaries and associates not accounted for using equity method

Names of major companies, etc.:

TOKYO ENVIRONMENTAL MEASUREMENT CENTER CO., LTD.
MIZUSHIMA KASOZAI CO., LTD.

Reasons for not applying equity method

Regarding non-consolidated subsidiaries and associates not accounted for using the equity method, upon examining their profit and loss (amount corresponding to equity interest) and retained earnings (amount corresponding to equity interest), they are deemed that the exclusion from the scope of equity method application will create an insignificant effect on the consolidated financial statements, and their impact is immaterial on the whole.

3. Fiscal years of consolidated subsidiaries

The account closing date of ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD. and one other company is December 31. When preparing the consolidated financial statements, the Company used their financial statements as of December 31 and made necessary adjustments for consolidation regarding significant transactions that occurred during the period between the consolidated account closing date and the above closing date.

The account closing date of ADEKA (CHINA) CO., LTD. and five other companies is December 31. When preparing the consolidated financial statements, the Company made a provisional settlement of accounts on March 31 based on the settlement of accounts on the above closing date.

4. Accounting policies

(1) Valuation standards and methods for significant assets

1) Valuation standard and method for securities

Available-for-sale securities	
Securities with market value	Fair value method (Valuation differences are all reported as a component of shareholder's equity and cost of securities sold is calculated by the moving average method)
Securities without market value	Moving average cost method

2) Valuation standard and valuation method for derivatives

Derivatives	Fair value method

3) Valuation standard and valuation method for inventories

Finished goods and merchandise	Mainly cost method based on the gross average method (with amount shown on the consolidated balance sheet written down as profitability declines)
Work in process	Mainly cost method based on the gross average method (with amount shown on the consolidated balance sheet written down as profitability declines)
Raw materials and supplies	Mainly cost method based on the moving average method (with amount shown on the consolidated balance sheet written down as profitability declines)

(2) Method of depreciation of significant depreciable assets

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

Buildings (excluding facilities attached to buildings), and machinery and equipment	Straight line method
Property, plant and equipment other than the above	Declining balance method

For facilities attached to buildings and structures acquired on or after April 1, 2016, the straight line method is applied.

The useful lives of major assets are as follows:

Buildings and structures	3-60 years
Machinery, equipment and vehicles	3-20 years
Other property, plant and equipment	3-20 years

2) Intangible assets (excluding leased assets)

The straight line method is applied.

The useful lives of major assets are as follows:

Software (for internal use)	5 years (based on expected internal useful life)
Technical assets	10 years
Customer related assets	20 years

3) Leased assets

- Leased assets related to finance lease transactions that transfer ownership

  The same depreciation method applied to company-owned non-current assets is applied.

- Leased assets related to finance lease transactions that do not transfer ownership

  The straight-line method is applied using the lease period as service life and the residual value of zero.

  Some consolidated subsidiaries adopt Item 16 of the International Financial Reporting Standards, "Leases" (hereinafter "IFRS 16"). In accordance with IFRS 16, for lessees of the leases, all leases are generally recognized as assets and liabilities on the balance sheet and the capitalized right-of-use assets are depreciated using the straight-line method.

(3) Standards for reporting significant allowances

1) Allowance for doubtful accounts

To make allowances for potential losses due to bad debts of notes receivables, accounts receivables, loans receivables, etc., an allowance is made for the estimated irrecoverable amount based on the actual default rate for general receivables. For specific doubtful receivables, the estimated irrecoverable amount is appropriated after considering the recoverability of each individual case.

2) Provision for bonuses

To provide for the payment of bonuses to employees, the estimated payment amount to be borne in the fiscal year under review is recorded.

3) Provision for bonuses for directors (and other officers)

To provide for the payment of bonuses to officers, the estimated payment amount to be borne in the fiscal year under review is recorded.

4) Provision for retirement benefits for directors (and other officers)

To provide for the payment of retirement benefits for directors (and other officers) upon their retirement, the amount payable at the end of the fiscal year under review based on internal regulations is recorded.

5) Provision for loss on disaster

To provide for the payment for restoration of facilities, etc. damaged by the Fukushima coastal earthquake, an estimated amount to be incurred is recorded.

(4) Accounting method concerning retirement benefits

To provide for the payment of retirement benefits to employees, the expected amount of retirement benefit obligations at the end of the fiscal year under review is recorded.

1) Method of attributing the estimated amount of retirement benefits to periods

When calculating retirement benefit obligations, the method of attributing the estimated amount of retirement benefits to the period until the end of the fiscal year under review is based on the benefit formula.

2) Amortization of actuarial differences and past service cost

Past service cost is amortized using the straight line method over a fixed number of years (13 years and 17 years) within the average remaining service years of employees at incurrence.

Actuarial gains and losses are amortized in an amount proportionally divided by the straight-line method over a fixed number of years (13 years and 17 years) within the average remaining service period of employees at the time of incurrence in each fiscal year and expensed from the following consolidated fiscal year of incurrence.

3) Accounting method for unrecognized actuarial differences and unrecognized past service cost

Unrecognized actuarial differences and unrecognized past service cost are recorded as remeasurements of defined benefit plans under accumulated other comprehensive income in the net assets section, after adjusted for the tax effect.

(5) Significant revenue and expense recognition standards

The details of the main performance obligations in the major businesses related to revenue from contracts with customers of the Company and its consolidated subsidiaries and the timing at which the Group typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

1) Chemicals and food products sector
The Group is engaged in manufacturing and sales of chemical products including polymer additives, electronics and IT materials, and functional chemicals, and food products. Revenue from sales of these goods is recognized when goods are transferred to, or accepted by, a customer in the case of the domestic sales transactions. For the export sales transactions, revenue is recognized when control of the goods is transferred to the customer on the basis of trade terms such as incoterms.
The transaction price is calculated at the amount of consideration promised with the customer and does not include any significant financing component because the Group generally receives consideration within a year after the performance obligation is fulfilled. There is no significant variable consideration that affects the amount of consideration.
For sales of the products that the Company and its consolidated subsidiaries act as agents, the Group recognizes revenue at the gross amount of consideration received from the customer less the amount paid to the supplier.

2) Life science sector
The Group is engaged in manufacturing and sales of insecticides, fungicides, insect-fungicides, herbicides, technical grade agrochemicals etc. The Group deems the performance obligation is satisfied when control of the goods is transferred to a customer by delivery of the goods. Revenue from sales of these goods is recognized when the goods are shipped for domestic transactions, and when the control of the goods is transferred to the customer on the basis of trade terms such as incoterms for the export transactions because the period between the release of the goods and the transfer of control of the goods to the customer is typical.
The transaction price is calculated at the amount of consideration stipulated in the contract less the estimated amount of rebates, discounts, returns, etc. only to the extent that it is

highly probable that there will be no significant reversal. The Company generally receives consideration based on sales contracts within a year after delivery of the goods, and no significant financing component is included.
For sales of the products that the Company and its consolidated subsidiaries act as agents, the Group recognizes revenue at the gross amount of consideration received from the customer less the amount paid to the supplier.

[Notes to Changes in Accounting Policies]

1. Application of Accounting Standard for Revenue Recognition, etc.

The Group has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, issued March 31, 2020; hereinafter, the "Revenue Recognition Standard"), etc. from the beginning of the fiscal year under review. Under the Revenue Recognition Standard, revenue is recognized when control over promised goods or services is transferred to customers, at an amount that the Group is expected to receive in exchange for the said goods or services. As a result, in the case of product sales in Japan, the Group now recognizes revenue mainly when the product has been accepted by the customer or when the product has been delivered to the customer instead of at the time of shipment as was previously the case. In transactions in which the Group acts as an agent when selling a product to a customer, the Group previously recognized revenue at the gross amount of consideration received from the customer. However, given the Group's role in providing goods or services to a customer (principal or agent), the Group now recognizes revenue based on the net amount of consideration. In transactions in which the Group supplies materials for a fee, the materials supplied for a fee were previously deemed to have ceased to exist. However, such supplied materials are no longer deemed as having ceased to exist if the Group is obliged to repurchase them.

In adopting the Revenue Recognition Standard, etc., the Group followed the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of retrospectively applying the new accounting policy to periods prior to the beginning of the fiscal year under review has been added to or subtracted from retained earnings at the beginning of the fiscal year under review, and the new accounting policy has been applied from the said beginning balance of retained earnings. The new accounting policy was not, however, retrospectively applied to contracts where recognitions of nearly all the revenue amounts for periods prior to the beginning of the fiscal year under review were subject to the previous treatment, by applying the method provided for in Paragraph 86 of the Revenue Recognition Standard.

As a result, for the fiscal year under review, net sales decreased by 2,343 million yen, the cost of sales decreased by 2,249 million yen, and operating profit, ordinary profit and profit before income taxes each decreased by 93 million yen.

2. Application of Accounting Standard for Fair Value Measurement

The Group has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, issued July 4, 2019; hereinafter, the "Fair Value Measurement Standard"), etc. from the beginning of the fiscal year under review, and in accordance with the transitional treatment stipulated in Article 19 of the Fair Value Measurement Standard and Article 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, issued July 4, 2019), the Group shall apply the new accounting policies stipulated in the Fair Value Measurement Standard, etc. prospectively. Due to this application, starting from the fiscal year under review, the measurement of the fair value of securities other than those without market prices in available-for-sale securities is changed from the fair value method based on their average prices during the final month of the consolidated fiscal year to the fair value method based on their fiscal year-end market prices.

Further, we have decided to add details of financial instruments by the level of fair value in "3. Matters regarding the breakdown of financial instruments by each fair value level" under [Notes to Financial Instruments].

This change gives no significant effect on the consolidated financial statements.

[Notes to Revenue Recognition]

1. Information on disaggregation of revenue

[By Region]

(Amount: million yen)

	Reporting segment				Others	Total
	Chemicals	Food Products	Life Science	Total		
Japan	74,907	63,504	25,922	164,334	4,977	169,311
China	27,961	7,512	690	36,164	1,537	37,702
Asia (excl. Japan and China)	52,113	2,113	15,285	69,512	772	70,285
Others	45,127	180	39,800	85,108	164	85,273
Revenue from contracts with customers	200,109	73,310	81,699	355,120	7,451	362,571
Revenue from other sources	9	26	200	236	226	462
Sales to external customers	200,119	73,337	81,899	355,356	7,677	363,034

[By Goods or Service]

(Amount: million yen)

	Reporting segment				Others	Total
	Chemicals	Food Products	Life Science	Total		
Polymer additives	106,876	-	-	106,876	-	106,876
Electronics and IT materials	36,455	-	-	36,455	-	36,455
Functional chemicals	56,777	-	-	56,777	-	56,777
Processed fat and oil food products	-	73,310	-	73,310	-	73,310
Agrochemicals, pharmaceuticals, etc.	-	-	81,699	81,699	-	81,699
Others	-	-	-	-	7,451	7,451
Revenue from contracts with customers	200,109	73,310	81,699	355,120	7,451	362,571
Revenue from other sources	9	26	200	236	226	462
Sales to external customers	200,119	73,337	81,899	355,356	7,677	363,034

2. Useful information in understanding revenue from contracts with customers

Useful information in understanding revenue is as presented in [Significant Accounting Policies for Preparation of Consolidated Financial Statements], 4. Accounting Policies, (5) Significant revenue and expense recognition standards.

3. Useful information in understanding the revenue amounts in the fiscal year under review and subsequent fiscal years

(1) Contract balance etc.

(Amount: million yen)

	As of April 1, 2021	As of March 31, 2022
Receivables arising from contracts with customers	91,066	100,424
Contract assets	21	35
Contract liabilities	666	1,098

(2) Transaction price allocated to the remaining performance obligations

The Group has no significant transactions with estimated contract terms of over one year and omitted information on the remaining performance obligations applying practical convenience. There is no material amount of consideration excluded from the transaction price arising from contracts with customers.

[Notes to Significant Accounting Estimates]

1. Recoverability of deferred tax assets

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

Deferred tax assets	4,342 million yen
Deferred tax liabilities	3,639 million yen

(2) Other information that contributes to the understanding of users of the consolidated financial statements

1) Calculation method

Deferred income tax assets for deductible temporary differences and tax loss carryforwards are recognized to the extent that it is probable that future taxable profits, calculated on the basis of the business plan, will be available against which the temporary differences or tax loss carryforwards can be utilized. The recoverability is calculated using the tax rate that is expected to be applied at the time the said asset is realized, based on tax rates and tax laws that have been enacted or effectively enacted by the end of the reporting period.

2) Main assumptions

The main assumptions of the business plan, which taxable income estimates are based on, are the forecasts of sales volume and manufacturing costs. Forecasts for sales volume and manufacturing costs are determined mainly based on forecasts of customer demand.

3) Impact on consolidated financial statements for the following fiscal year

Although the assumptions in the business plan are determined based on the best estimates and judgments of management, they may be affected by market trends or revisions and announcements, etc. of relevant laws and regulations. If a review of the assumptions is necessary, the recorded amount of deferred tax assets may fluctuate and there may be an impact on tax expenses.

Note: The impact of COVID-19

Regarding the impact of the COVID-19 pandemic (hereinafter the “pandemic”), since it is difficult to reasonably predict the time when the pandemic will be contained and the extent of its impact, the Company makes accounting estimates based on the assumption that the said impact will continue for a certain period of time in the following fiscal year, based on all the information available as of the end of the fiscal year under review.

[Notes to Consolidated Balance Sheet]

1. Assets supplied as collateral and liabilities concerning collateral

(1) Assets pledged as collateral

Cash and deposits	598 million yen
Notes and accounts receivable - trade, and contract assets	7,581 million yen
Merchandise and finished goods	1,190 million yen
Raw materials and supplies	1,038 million yen
Buildings and structures	706 million yen
Machinery, equipment and vehicles	1,000 million yen
Land	1,519 million yen
Total	13,636 million yen

(2) Collateral-related liabilities

Short-term borrowings	1,067 million yen
Current portion of long-term borrowings	42 million yen
Long-term borrowings	2,836 million yen
Total	3,946 million yen

2. Accumulated depreciation concerning property, plant and equipment

236,476 million yen

3. Application of the Land Revaluation Act

The Group conducted a revaluation of the land for business use based on the "Act on Revaluation of Land" (Act No. 34 of March 31, 1998) and the "Partial Revision of the Act on Revaluation of Land" (Act No. 24 of March 31, 1999; Act No. 19 of March 31, 2001). Regarding the revaluation difference, the Group posted the tax equivalent amount concerning the said revaluation difference under the liabilities section as "deferred tax liabilities for land revaluation," and posted the amount with the tax equivalent portion deducted to the net assets section as "revaluation reserve for land."

- Method of revaluation

  The revaluation amount was calculated by making reasonable adjustments to the price registered in the land tax ledger provided in Article 341, Item 10 of the Local Tax Act, as stipulated in Article 2, Item 3 of the "Enforcement Order for the Act on Revaluation of Land" (Cabinet Order No. 119 of March 31, 1998).
- Date of revaluation March 31, 2002
- Market value of land at end of fiscal year under review and difference between market value and book value after revaluation: (4,137) million yen

[Notes to Consolidated Statement of Income]

1. Revenue from contract with customers

The Company does not disaggregate revenues from contracts with customers and other sources of revenue. The amount of revenue from contracts with customers is presented in "1. Information on disaggregation of revenue" under [Notes to Revenue Recognition] of Notes to the Consolidated Financial Statements.

2. Impairment losses

In the consolidated fiscal year under review, regarding the asset groups of the following consolidated subsidiaries, the Company recorded impairment losses totaling 141 million yen as extraordinary losses. For business assets, the Group conducts grouping based on management accounting categories (by factory and segment). For idle assets, grouping is done based on each individual property.

NIHON NOHYAKU CO., LTD. (Amount: million yen)

Location	Usage	Type	Amount of impairment losses
Ichikawa, Chiba	Assets classified as held for sale	(Property, plant and equipment)	
		Buildings and structures	70
		Land	59
		Other	11
		Total	141

Regarding the assets planned to be sold in the following consolidated fiscal year, NIHON NOHYAKU CO., LTD. decided to sell them in the fiscal year under review. The book value has been reduced to the amount of estimated sale price and the reduction of ¥141 million was recorded as an impairment loss under extraordinary loss. In addition, the recoverable amount of the said asset group is measured by the net value, which is evaluated based on the real estate appraisal value. Other assets are stated at a net selling price of zero.

[Notes to Consolidated Statement of Changes in Net Assets]

1. Class and total number of issued shares at the end of the fiscal year under review

(Shares)

	Number of shares at beginning of fiscal year under review	Increase during fiscal year under review	Decrease during fiscal year under review	Number of shares at end of fiscal year under review
Issued shares				
Common shares (Note 1)	103,714,442	53,700	-	103,768,142
Total	103,714,442	53,700	-	103,768,142
Treasury shares				
Common shares (Note 2)	438,377	324,373	2,352	760,398
Total	438,377	324,373	2,352	760,398

Note 1: The increase in the number of common treasury shares is due to the issuance of new shares as restricted stock remuneration.

Note 2： The increase in the number of common treasury shares is due to the purchase of shares based on the resolution of the board of directors, purchase of shares less than one unit and the acquisition of parent company shares by entities accounted for using equity method. The decrease is due to changes in equity of associates accounted for using the equity method. .

2. Matters regarding dividends

(1) Dividends paid

Resolution	Class of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 18, 2021	Common shares	2,488	24	March 31, 2021	June 21, 2021
Board of Directors meeting held on November 12, 2021	Common shares	2,896	28	September 30, 2021	December 7, 2021

(2) Dividends with a record date in the fiscal year under review, and an effective date after the end of the fiscal year under review

Resolution	Class of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 24, 2022	Common shares	4,344	Retained earnings	42	March 31, 2022	June 27, 2022

[Notes to Financial Instruments]

1. **Status of financial instruments**

   The Group manages funds mainly through short-term deposits, bonds, etc. Funds are raised through borrowings from financial institutions such as banks.

   The Group strives to reduce customer credit risk related to notes and accounts receivable - trade in accordance with the Credit Sales Standards and the Credit Management Standards. In addition, the Group's investment securities mainly consist of shares, and the fair values of listed shares are ascertained on a quarterly basis.

   Borrowings are used for working capital (mainly short-term) and capital investment funds (long-term). Long-term borrowings are made at fixed interest rates to avoid interest rate fluctuation risk. However, to counter the interest rate fluctuation risk of certain long-term borrowings with floating interest rates, the Group enters into interest rate swaps to fix interest payments.

   For some receivables and payables denominated in foreign currencies, in order to reduce the risk of foreign exchange fluctuations, forward exchange contracts are concluded within the range of the sales amount and purchase amount.

2. **Fair values of financial instruments**

   Amounts recorded on the consolidated balance sheet, fair values as of March 31, 2022 and the differences between them are as below. Note that shares that do not have market prices are not included in the table below (see the following Note). Also, for cash, the notes are omitted, and for deposits, notes and accounts receivable - trade, and contract assets, notes and accounts payable - trade, and short-term borrowings, the notes are omitted because the fair values approach the book values since they are settled in the short term.

(Amount: million yen)

	Amount recorded on the Consolidated Balance Sheet	Fair value	Difference
Securities and investment securities			
Available-for-sale securities	24,051	24,051	-
Bonds payable	11,529	11,519	(10)
Long-term borrowings	19,934	19,947	12
Derivative transactions (*)	(21)	(21)	-

(*) Receivables and payables arising out of derivative transactions are shown on a net basis.

Note: Financial instruments for which fair values are deemed to be extremely difficult to determine

(Amount: million yen)

Category	Amount recorded on the consolidated balance sheet
Unlisted shares	12,034

3. **Matters regarding the breakdown of financial instruments by each fair value level**

   The fair values of financial instruments are categorized into the following three levels, in accordance with the observability and importance of the inputs used in the fair value calculation.

   Level 1 fair value: Fair value calculated using the unadjusted market price in an active market for an identical asset or liability.

   Level 2 fair value: Fair value calculated using inputs that are directly or indirectly observable, other than the Level 1 inputs.

   Level 3 fair value: Fair value calculated using important inputs that cannot be observed.

In cases where multiple inputs which have a material effect on the calculation of the fair value are used, among the levels to which the respective inputs belong, the fair value is categorized at the level with the lowest priority in the fair value calculation.

(1) Financial assets and financial liabilities with the carrying amount recorded using the fair value

(Amount: million yen)

Category	Fair value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities				
Shares	21,551	2,499	-	24,051
Derivatives	-	(21)	-	(21)

(2) Financial assets and financial liabilities with the carrying amount not recorded using the fair value

(Amount: million yen)

Category	Carrying amount			
	Level 1	Level 2	Level 3	Total
Bonds payable	-	11,519	-	11,519
Long-term borrowings	-	19,947	-	19,947

Note: Explanation of the valuation methods and inputs used in calculating fair values.

Investment securities

Listed shares are valued using the market price. Because listed shares are traded on active markets, their fair value is categorized as a level 1 fair value. For the unlisted shares, the fair values are classified as Level 2 because unlisted share are traded by short term transactions, and their fair values approximate their book values.

Derivatives

The fair values are calculated using observable inputs such as fair values provided by financial institutions and exchange rates and classified as Level 2.

Bonds payable and long-term borrowings

These fair values are calculated by discounting the total amount of principal and interest by the interest rate assumed when similar bonds are issued or similar new borrowings are made, and are classified as Level 2.

[Notes to Per Share Information]

1. Net assets per share: 2,426.70 yen
2. Basic earnings per share: 230.21 yen

[Notes to Significant Subsequent Events]

Not applicable.

Non-consolidated Statement of Changes in Net Assets

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

(Amount: million yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings					
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings				Total retained earnings
						Reserve for dividends	Reserve for tax purpose reduction entry of non-current assets	General reserve	Retained earnings brought forward	
Balance on April 1, 2021	22,994	20,020	74	20,095	1,096	90	60	51,241	65,493	117,981
Changes during period										
Issuance of new shares	53	53		53						
Dividends of surplus									(5,385)	(5,385)
Reversal of reserve for tax purpose reduction entry							(1)		1	-
Profit									16,626	16,626
Purchase of treasury shares										
Net changes of items other than shareholders' equity										
Total changes during period	53	53	-	53	-	-	(1)	-	11,242	11,240
Balance on March 31, 2022	23,048	20,074	74	20,148	1,096	90	58	51,241	76,736	129,222

	Shareholders' equity		Valuation and translation adjustments			Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments	
Balance on April 1, 2021	(7)	161,064	7,057	4,253	11,311	172,375
Changes during period						
Issuance of new shares		106				106
Dividends of surplus		(5,385)				(5,385)
Reversal of reserve for tax purpose reduction entry		-				-
Profit		16,626				16,626
Purchase of treasury shares	(866)	(866)				(866)
Net changes of items other than shareholders' equity			(1,186)		(1,186)	(1,186)
Total changes during period	(866)	10,480	(1,186)	-	(1,186)	9,294
Balance on March 31, 2022	(873)	171,545	5,871	4,253	10,124	181,670

Note: Figures of less than one million yen are rounded down.

Notes to the Non-consolidated Financial Statements

[Matters regarding major accounting policies]

1. Valuation standards and valuation methods for securities

(1) Shares of subsidiaries and associates	Cost method based on the moving average method
(2) Available-for-sale securities	
Securities with market value	Fair value method (Valuation differences are all reported as a component of shareholder's equity and cost of securities sold is calculated by the moving average method)
Securities without market value	Moving average cost method

2. Valuation standards and valuation method for derivatives

Derivatives	Fair value method

3. Valuation standards and valuation methods for inventories

Finished goods and work in process	Mainly cost method based on the gross average method (with amount shown on balance sheet written down as profitability declines)
Raw materials and supplies	Mainly cost method based on the moving average method (with amount shown on balance sheet written down as profitability declines)

4. Method of depreciation of non-current assets

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

Buildings (excluding facilities attached to buildings), and machinery and equipment	Straight line method
Property, plant and equipment other than the above	Declining balance method

For facilities attached to buildings and structures acquired on or after April 1, 2016, the straight line method is applied.

The useful lives of major assets are as follows:

Buildings	3-50 years
Structures	3-60 years
Machinery and equipment	3-15 ears

(2) Intangible assets (excluding leased assets)

Software (for internal use)	Straight line method based on expected internal useful life (5 years)
Other intangible assets	Straight line method

(3) Leased assets

Leased assets related to finance lease transactions that do not transfer ownership

The straight-line method is used, where the lease period is deemed as the useful life of the asset and the residual value is zero.

5. Standards for provision of allowances

(1) Allowance for doubtful accounts

To make allowances for potential losses due to bad debts of notes receivables, accounts receivables, loans receivables, etc., an allowance is made for the estimated irrecoverable amount based on the actual default rate for general receivables. For specific doubtful receivables, the estimated irrecoverable amount is appropriated after considering the recoverability of each individual case.

(2) Provision for bonuses

To provide for the payment of bonuses to employees, the estimated payment amount to be borne in the fiscal year under review is recorded.

(3) Provision for bonuses for directors (and other officers)

To provide for the payment of bonuses to officers, the estimated payment amount to be borne in the fiscal year under review is recorded.

(4) Provision for retirement benefits

To provide for the payment of retirement benefits to employees, the expected amount of retirement benefit obligations at the end of the fiscal year under review is recorded.

1) Method of attributing the estimated amount of retirement benefits to periods

When calculating retirement benefit obligations, the method of attributing the estimated amount of retirement benefits to the period until the end of the fiscal year under review is based on the benefit formula.

2) Amortization of actuarial differences and past service cost

Past service cost is amortized using the straight line method over a fixed number of years (17 years) within the employee's average remaining service years at incurrence.

Actuarial gains and losses are amortized in an amount proportionally divided using the straight-line method over a fixed number of years (17 years) within the average remaining service period of employees at the time of incurrence in each fiscal year and expensed from the following fiscal year of incurrence.

(5) Provision for loss on disaster

To provide for the payment for restoration of facilities, etc. damaged by the Fukushima coastal earthquake, an estimated amount to be incurred is recorded.

6. Revenue and expense recognition standards

The details of the main performance obligations in the major businesses related to revenue from contracts with the Company's customers and the timing at which the Company typically satisfies these performance obligations (when it typically recognizes revenue) are as follows:

Chemicals and food products sector

The Company is engaged in manufacturing and sales of chemical products including polymer additives, electronics and IT materials, and functional chemicals, and food products.

Revenue from sales of these goods is recognized when goods are transferred to, or accepted by, a customer in the case of the domestic sales transactions. For the export sales transactions, revenue is recognized when control of the goods is transferred to the customer on the basis of trade terms such as incoterms.

The transaction price is calculated at the amount of consideration promised with the customer and does not include any significant financing component because the Company generally receives consideration within a year after the performance obligation is fulfilled. There is no significant variable consideration that affects the amount of consideration.

[Notes to Changes in Accounting Policies]

1. Application of Accounting Standard for Revenue Recognition, etc.

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, issued March 31, 2020; hereinafter, the "Revenue Recognition Standard"), etc. from the beginning of the fiscal year under review. Under the Revenue Recognition Standard, revenue is recognized when control over promised goods or services is transferred to customers, at an amount that the Company is expected to receive in exchange for the said goods or services. As a result, in the case of product sales in Japan, the Company now recognizes revenue mainly when the product has been accepted by the customer or when the product has been delivered to the customer instead of at the time of shipment as was previously the case. For the export sales transactions, revenue is recognized when control of the goods is transferred to the customer on the basis of trade terms such as incoterms. In transactions in which the Company supplies materials for a fee, the materials supplied for a fee were previously deemed to have ceased to exist. However, such supplied materials are no longer deemed as having ceased to exist if the Company is obliged to repurchase them.

In adopting the Revenue Recognition Standard, etc., the Company followed the transitional treatment stipulated in the proviso of Paragraph 84 of the Revenue Recognition Standard. The cumulative effect of retrospectively applying the new accounting policy to periods prior to the beginning of the fiscal year under review has been added to or subtracted from retained earnings at the beginning of the fiscal year under review, and the new accounting policy has been applied from the said beginning balance of retained earnings. The new accounting policy was not, however, retrospectively applied to contracts where recognitions of nearly all the revenue amounts for periods prior to the beginning of the fiscal year under review were subject to the previous treatment, by applying the method provided for in Paragraph 86 of the Revenue Recognition Standard.

As a result, for the fiscal year under review, net sales decreased by 710 million yen, the cost of sales decreased by 522 million yen, and operating profit, ordinary profit and profit before income taxes each decreased by 187 million yen.

2. Application of Accounting Standard for Fair Value Measurement

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, issued July 4, 2019; hereinafter, the "Fair Value Measurement Standard"), etc. from the beginning of the fiscal year under review, and in accordance with the transitional treatment stipulated in Article 19 of the Fair Value Measurement Standard and Article 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, issued July 4, 2019), the Company shall apply the new accounting policies stipulated in the Fair Value Measurement Standard, etc. prospectively. Due to this application, starting from the fiscal year under review, the measurement of the fair value of securities other than those without market prices in available-for-sale securities is changed from the fair value method based on their average prices during the final month of the fiscal year to the fair value method based on their fiscal year-end market prices. This change gives no significant effect on the non-consolidated financial statements.

[Notes to Significant Accounting Estimates]

1. Recoverability of deferred tax assets

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

Deferred tax assets	4,076 million yen

(2) Other information that contributes to the understanding of users of the non-consolidated financial statements

The same information has been stated in [Notes to Significant Accounting Estimates], 1. Recoverability of deferred tax assets under Notes to the Consolidated Financial Statements.

Note: The impact of COVID-19

Regarding the impact of the COVID-19 pandemic (hereinafter the "pandemic"), since it is difficult to reasonably predict when the pandemic will be contained and the extent of its impact, the Company makes accounting estimates based on the assumption that the said impact will continue for a certain period of time in the following fiscal year, based on all the information available as of the end of the fiscal year under review.

[Notes to Non-consolidated Balance Sheet]

1. **Accumulated depreciation of property, plant and equipment**

162,101 million yen

2. **Contingency liabilities**

Guarantee obligations

Guarantee for borrowings from financial institutions by subsidiaries and associates — 1,200 million yen

3. **Monetary receivables from and payables to subsidiaries and associates**

Short-term monetary receivables	16,985 million yen
Long-term monetary receivables	6,632 million yen
Short-term monetary payables	7,973 million yen

4. **Application of the Land Revaluation Act**

The Company conducted a revaluation of the land for business use based on the "Act on Revaluation of Land" (Act No. 34 of March 31, 1998) and the "Partial Revision of the Act on Revaluation of Land" (Act No. 24 of March 31, 1999; Act No. 19 of March 31, 2001). Regarding the revaluation difference, the Company posted the tax equivalent amount concerning the said revaluation difference under the liabilities section as "deferred tax liabilities for land revaluation," and posted the amount with the tax equivalent portion deducted to the net assets section as "revaluation reserve for land."

- Method of revaluation

  The revaluation amount was calculated by making reasonable adjustments to the price registered in the land tax ledger provided in Article 341, Item 10 of the Local Tax Act, as stipulated in Article 2, Item 3 of the "Enforcement Order of the Act on Revaluation of Land" (Cabinet Order No. 119 of March 31, 1998).
- Date of revaluation — March 31, 2002
- Market value of land at end of fiscal year under review and difference between market value and book value after revaluation: (4,137) million yen

[Notes to Non-consolidated Statement of Income]

Volume of transactions with subsidiaries and associates

Net sales	60,781 million yen
Purchase of goods	31,052 million yen
Transactions other than operational transactions	6,215 million yen

[Notes to Non-consolidated Statement of Changes in Net Assets]

Class and number of treasury shares at end of fiscal year under review

(Shares)

	Number of shares at beginning of fiscal year under review	Increase during fiscal year under review	Decrease during fiscal year under review	Number of shares at end of fiscal year under review
Common shares	7,122	323,362	-	330,484
Total	7,122	323,362	-	330,484

Note: Breakdown of the increase in number of treasury shares
Increase due to purchase of shares of less than one unit: 362 shares
Increase due to purchase of treasury shares based on the resolution of the board of directors: 323,000 shares

[Notes to Deferred Tax Accounting]

1. Breakdown of main causes of deferred tax assets and deferred tax liabilities

Deferred tax assets		
Provision for retirement benefits	4,673	million yen
Non-deductible loss on valuation of shares of subsidiaries and associates	995	million yen
Provision for bonuses	695	million yen
Allowance for doubtful accounts	436	million yen
Non-deductible impairment losses on non-current assets	386	million yen
Non-deductible loss on valuation of shares	222	million yen
Non-deductible loss on valuation of inventories	208	million yen
Accrued business tax	197	million yen
Excess depreciation	45	million yen
Other	354	million yen
Subtotal deferred tax assets	8,211	million yen
Subtotal valuation allowance	(1,627)	million yen
Total deferred tax assets	6,584	million yen
Deferred tax liabilities		
Reserve for tax purpose reduction entry of non-current assets	(25)	million yen
Valuation difference on available-for-sale securities	(2,482)	million yen
Other	(0)	million yen
Total deferred tax liabilities	(2,507)	million yen
Net deferred tax assets	4,076	million yen
Deferred tax liabilities concerning revaluation		
Revaluation reserve for land	3,414	million yen

[Notes to Related Party Transactions]

Subsidiaries, etc.

Attribute	Company name	Ratio of voting rights held (owned) (%)	Relationship with the related party	Details of transactions	Transaction amount	Account title	Balance at end of fiscal year (millions of yen)
Subsidiary	ADEKA CHEMICAL SUPPLY CORP.	Held: Directly: 94.43 Indirectly: 5.57	Sale of the Company's products	Sale of chemical products (Note 1)	11,822	Accounts receivable - trade	4,364
	ADEKA ENGINEERING & CONSTRUCTION CORP.	Held: Directly: 100.0	Purchase of equipment, etc.	Purchase of equipment, etc. (Note 2)	7,611	Accounts payable - other	1,899
						Accounts payable - trade	529
						Accrued expenses	42

Policy for determining trading conditions and terms, etc.

Note 1: As for the price and other transaction terms, the desired price is proposed by the Company considering actual market conditions and decided by price negotiations.

Note 2: Regarding the purchase of equipment, etc., the Company shall obtain multiple estimates, and determine where to make the purchase and the price considering the actual market price.

Officers and major shareholders, etc.

Attribute	Company name or name	Ratio of voting rights held (owned) (%)	Relationship with the related party	Details of transactions	Transaction amount (millions of yen)	Account title	Balance at end of fiscal year (millions of yen)
Officer	Hidetaka Shirozume	Owned: Direct: 0.05	President and Chief Executive Officer of the Company	In-kind contri-butions of monetary compen-sation claims (Note)	17	-	-
Officer	Haruhiko Tomiyasu	Owned: Direct: 0.04	Representative Director and Senior Managing Executive Officer	In-kind contri-butions of monetary compen-sation claims (Note)	10	-	-

Policy for determining trading conditions and terms, etc.

Note: In-kind contributions of monetary compensation claims are in line with the restricted stock remuneration system (transfer restriction period of three years).

[Notes to Revenue Recognition]

Notes are omitted because useful information in understanding revenue from contracts with customers is the same as presented in [Notes to Revenue Recognition] of the Notes to the Consolidated Financial Statements.

[Notes to Per Share Information]

1. Net assets per share: 1,756.32 yen
2. Basic earnings per share: 160.52 yen

[Notes to Significant Subsequent Events]

Not applicable.