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Securities code: 4401

June 5, 2023

Date of commencement of electronic provision measures: May 24, 2023

To our shareholders

Hidetaka Shirozume  
President and Chief Executive Officer  
**ADEKA Corporation**  
7-2-35 Higashi-ogu, Arakawa-ku, Tokyo 116-8554, Japan

## Notice of the 161st Ordinary General Meeting of Shareholders

We are pleased to announce that the 161st Ordinary General Meeting of Shareholders will be held as indicated below.

When convening this General Meeting of Shareholders, the Company has taken measures for providing information in electronic format (the “electronic provision measures”) and has posted matters subject to the electronic provision measures as “Notice of the 161st Ordinary General Meeting of Shareholders” on the following website on the Internet.

The Company website

<https://www.adeka.co.jp/en/ir/library/results/index6.html>

In addition to the website shown above, the Company also has posted this information on the following websites.

1. The Tokyo Stock Exchange website

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

Please enter the issue name (company name) or securities code, and click “Search,” and then click “Basic information” and select “Documents for public inspection/PR information”.

2. The Portal of Shareholders' Meeting operated by Sumitomo Mitsui Trust Bank

<https://www.soukai-portal.net> (in Japanese only)

Please scan the QR code or enter the login ID and password shown on the enclosed voting form. Click on the “Notice of Ordinary General Meeting of Shareholders” tab on the Soukai-portal net to view the information.

Instead of attending the meeting in person, you may exercise your voting rights in advance in writing or via the Internet, etc. as described in 4. on the next page. After having reviewed the Reference Documents for the General Meeting of Shareholders provided in the matters subject to the electronic provision measures, please exercise your voting rights by 5:15 p.m. on Thursday, June 22, 2023 (JST).

**1. Date and Time:** June 23, 2023 (Friday) 10:00 a.m. (JST)

**2. Location:** ADEKA Corporation Head Office, 15th Floor Hall  
7-2-35 Higashi-ogu, Arakawa-ku, Tokyo, Japan

**3. Purpose of the Meeting:**

**Matters to be reported:**

1. Report on the content of the Business Report, Consolidated Financial Statements and Non-consolidated Financial Statements for the 161st fiscal year (from April 1, 2022 to March 31, 2023)
2. Report on the results of audits of the Consolidated Financial Statements by the Accounting Auditor and the Audit and Supervisory Committee

**Matters to be resolved:**

- Proposal 1** Appropriation of the Surplus
- Proposal 2** Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)
- Proposal 3** Election of Three (3) Directors Who Are Audit and Supervisory Committee Members
- Proposal 4** Election of One (1) Substitute Director Who Is an Audit and Supervisory Committee Member

**4. Exercise of Voting Rights**

**(1) Exercise of voting rights in writing**

Please indicate your approval or disapproval to each of the proposals on the enclosed voting form, and return it to us **by 5:15 p.m. on Thursday, June 22, 2023.**

**(2) Exercise of voting rights via the Internet, etc.**

Please access the dedicated website for exercising voting rights specified by the Company (<https://www.web54.net>), and, having used the voting code and password, follow the on-screen explanation to enter your approval or disapproval to each of the proposals **by 5:15 p.m. on Thursday, June 22, 2023.**

When exercising your voting rights via the Internet, please refer to the “Guide to Exercising Voting Rights” and the “Guide to Exercising Voting Rights via the Internet” on page 4 & 5 (in Japanese version only).

- If you are attending the meeting in person, please submit the enclosed voting form at the reception of the venue.
- In the event that revisions are required to the matters subject to the electronic provision measures, revised versions of the matters will be posted on the respective websites where the matters are posted.
- Among the matters subject to electronic provision measures, the following matters will not be provided in the paper copy mailed to shareholders who made a request for delivery of documents in accordance with the provisions of laws and regulations and Article 15 of the Company's Articles of Incorporation. Accordingly, the documents mailed to shareholders who made a request for delivery of documents constitute only part of the documents audited by the Audit and Supervisory Committee and the accounting auditor in the preparation of the Audit Report.
  - (1) From the Business Report, the "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," and the "Outline of the content of the basic policy regarding control of the Company," "Details of the principal business," "Principal sales offices and plants, etc.," "Status of employees," "Status of major lenders," and "Status of accounting auditor."
  - (2) The "Consolidated Statements of Changes in Equity" and "Notes to the Consolidated Financial Statements" from the Consolidated Financial Statements.
  - (3) The "Non-consolidated Statements of Changes in Equity" and "Notes to the Financial Statements" from the Non-consolidated Financial Statements.

In the event that voting rights are exercised multiple times when exercising voting rights in writing and via the Internet, etc., the most recent one to arrive with us shall be considered valid, but if both arrive on the same day, the exercise of voting rights via the Internet, etc. shall be considered valid. In the event that voting rights are exercised multiple times via the Internet, etc., the most recent vote cast shall be considered valid.

If there is no indication of approval or disapproval for a proposal on the voting form you have returned to us, it shall be treated as an indication of approval of the proposal.

You may exercise your voting rights by proxy by appointing another shareholder holding voting rights of the Company pursuant to Article 17 of the Company's Articles of Incorporation. In such cases, please present a document proving the proxy's power of representation.

In order to save electricity, on the day of the meeting, the temperature of the air conditioning in the venue will be set at a slightly higher level, and accordingly we respectfully suggest that you avoid heavy clothing.

The classification of the Novel Coronavirus Infection (COVID-19) has been downgraded from a Class II Infectious Disease to a Class V Infectious Disease. Nevertheless, when attending this General Meeting of Shareholders, please give due consideration to your health condition on the day of the meeting and cooperate with our instructions, such as wearing a face mask as necessary.

## Guidance on On-Demand Distribution of the General Meeting of Shareholders

Instead of attending the General Meeting of Shareholders in person, you will be able to watch the meeting via the on-demand distribution below.

Shareholders who wish to watch the program, please access the following URL:  
<https://www.net-presentations.com/4401/20230623/bcjs3akpo/>

Or, please search the following in the search engine.

You can also access by scanning the following QR code from your smartphone.

### Considerations for viewing

- Photography, video recording, sound recording, storing and disclosing via SNS or the like are strictly prohibited.
- Please note that due to internet communication environment, video and audio may be disrupted or distribution may be interrupted.
- There is a case not be able to watch the program depending on the device or network environment.
- Any costs incurred in accessing the viewing website (Internet access charges, communication charges, etc.) shall be borne by shareholders.

## Reference Documents for the General Meeting of Shareholders

### Proposals and Reference matters

#### Proposal 1 Appropriation of the Surplus

With regard to the appropriation of the surplus, the Company proposes the following.

##### Year-end dividends

The Company's basic policy is to return profits to shareholders in an appropriate manner, having considered the financial situation and performance etc., while at the same time working to strengthen and expand the financial position and the management base, and the dividend amount is determined accordingly. As a result of careful consideration based on this dividend policy, and after having taken into account performance for the fiscal year under review, the need to reinforce the management base and future business expansion, the Company proposes a year-end dividend for the 161st fiscal year as follows.

(1) Type of dividends

Cash

(2) Dividend allocation and their aggregate amount

Dividend per common share of the Company: ¥35

Adding the year-end dividend for the fiscal year under review to the interim dividend of ¥35 yields an annual dividend of ¥70 (the annual dividend for the previous fiscal year was ¥70 per share).

Total dividends: ¥3,604,728,890

(3) Effective date of dividends of surplus

Monday, June 26, 2023

**Proposal 2** Election of Seven (7) Directors (Excluding Directors Who Are Audit and Supervisory Committee Members)

The terms of office of all twelve (12) Directors will expire at the conclusion of the Meeting. In this regard, with the aim to establish agile management system in line with the introduction of the Entrusted Executive Officer System, the Company proposes the reduction of five (5) Directors and the election of seven (7) Directors.

Candidates for the role of Director are as follows:

Candidate No.	Name	Current position and responsibilities within the Company	Reelection / New election	Attendance rate at the Board of Directors meetings
1	Hidetaka Shirozume	President and Chief Executive Officer	Reelection	100% (17 out of 17)
2	Haruhiko Tomiyasu	Representative Director and Senior Managing Executive Officer Assistant to the President, Secretarial Department, Human Resources Department, Purchasing & Distribution Department, Chair of Internal Control Promotion Committee, Chair of Risk Management Committee	Reelection	100% (17 out of 17)
3	Youji Shiga	Director and Operating Officer Finance & Accounting Department, Information System Department, Business Digitalization Department	Reelection	100% (17 out of 17)
4	Susumu Yasuda	Director and Operating Officer Legal Affairs & Publicity Department, Corporate Planning & Strategy Division, Chair of Compliance Promotion Committee, and Chair of Capital Investment Committee	Reelection	100% (17 out of 17)
5	Kazuyuki Nagai	Director	Reelection External Independent	100% (17 out of 17)
6	Shigeru Endo	Director	Reelection External Independent	100% (17 out of 17)
7	Makoto Horiguchi	Director	Reelection External Independent	76% (13 out of 17)

Reelection: Candidate for reelection as Director

External: Candidate for External Director

Independent: Registered with the Tokyo Stock Exchange as an Independent Officer

Note: The Company has concluded a directors and officers liability insurance contract which indemnifies the insured persons against damage compensation, legal costs, etc. arising from claims for damages caused by an act (including nonfeasance) based on the position of the insured persons as directors and officers of the company, and will renew this contract in August of this year. Among the candidates for Directors proposed in this Proposal, all candidates have been insured under this insurance contract and will continue to be insured after their reappointment.

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
1	Hidetaka Shirozume (November 10, 1961) [Reelection]	<p>Apr. 1985    Joined the Company</p> <p>Jun. 2005    General Manager, Electronic Materials Sales Department</p> <p>Jun. 2010    General Manager, Information &amp; Electronic Materials Sales Department</p> <p>Jun. 2011    General Manager, Chemicals Planning &amp; Marketing Department</p> <p>Jun. 2014    Operating Officer, General Manager, Chemicals Planning &amp; Marketing Department</p> <p>Jun. 2015    Operating Officer, General Manager, Osaka Main Branch</p> <p>Jun. 2016    Director and Operating Officer, General Manager, Osaka Main Branch</p> <p>Jun. 2017    Director and Managing Operating Officer, General Manager, Corporate Planning &amp; Strategy Division and Chair of Capital Investment Committee</p> <p>Jun. 2018    President and Chief Executive Officer (current position)</p>	59,600 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>As the individual responsible for the Chemicals Department and the Chemicals Planning &amp; Marketing Department, Hidetaka Shirozume has worked ceaselessly to stabilize and strengthen the chemicals business of the Company. Since June 2016, he has been involved as a Director in the management of the Company and, beginning in June 2018, his powerful leadership as President and Chief Executive Officer has used to vigorously push forward the growth strategies, strengthen the corporate governance, and carry out corporate management with awareness of sustainability of the Group for the sustainable enhancement of the corporate value. Currently he directs management from the front towards the goals of the Medium-Term Management Plan “ADX 2023” in the final year of the Plan. With his abundant experience and extensive knowledge of the businesses of the Group and broad insights and track record in company management and business strategies, he strives for a sustainable enhancement of the corporate value, the Company requests that he be elected to continue serving as Director. Moreover, in the event that he is elected as Director, he is scheduled to be selected President and Chief Executive Officer at the subsequent meeting of the Board of Directors.</p>			
<p>[Other matters of note in relation to this candidate for Director]</p> <p>No special interests exist between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
2	Haruhiko Tomiyasu (July 7, 1956) [Reelection]	<p>Apr. 1979 Joined DAI-ICHI KANGYO BANK, LTD. (present MIZUHO BANK, LTD.)</p> <p>Jul. 2005 General Manager, Administration Department, MIZUHO BANK, LTD.</p> <p>Jun. 2007 Audit &amp; Supervisory Board Member of the Company</p> <p>Jun. 2009 Resigned from position of Audit &amp; Supervisory Board Member of the Company Director and Operating Officer, Legal Affairs &amp; Publicity Department, Finance &amp; Accounting Department, Chair of Internal Control Promotion Committee, and Chair of Crisis Management Committee</p> <p>Dec. 2009 External Auditor of NIHON NOHYAKU CO., LTD.</p> <p>Jun. 2010 Director and Operating Officer, Legal Affairs &amp; Publicity Department, Finance &amp; Accounting Department, Information System Department, Chair of Internal Control Promotion Committee, and Chair of Crisis Management Committee</p> <p>Jun. 2012 Director and Operating Officer, Human Resources Department, Finance &amp; Accounting Department, Information System Department, Chair of Internal Control Promotion Committee, and Chair of Crisis Management Committee</p> <p>Jun. 2014 Director and Managing Operating Officer, Human Resources Department, Finance &amp; Accounting Department, Information System Department, Chair of Internal Control Promotion Committee, and Chair of Crisis Management Committee</p> <p>Jun. 2015 Director and Managing Operating Officer, Human Resources Department, Finance &amp; Accounting Department, Purchasing &amp; Distribution Department, Chair of Internal Control Promotion Committee, and Chair of Crisis Management Committee</p> <p>Jun. 2018 Director and Senior Managing Executive Officer, Assistant to the President, Secretarial Department, Human Resources Department, Purchasing &amp; Distribution Department, Chair of Internal Control Promotion Committee, and Chair of Crisis Management Committee</p> <p>Sep. 2018 Corporate Auditor of NIHON NOHYAKU CO., LTD.</p> <p>Jun. 2020 Director, Audit &amp; Supervisory Committee Member, NIHON NOHYAKU CO., LTD. (current position) Representative Director and Senior Managing Executive Officer, Assistant to the President, Secretarial Department, Human Resources Department, Purchasing &amp; Distribution Department, Chair of Internal Control Promotion Committee, and Chair of Crisis Management Committee (currently Chair of Risk Management Committee) (current position)</p>	47,200 shares
<p>[Reasons for nomination as candidate for Director] Haruhiko Tomiyasu possesses long years of experience in the financial industry, coupled with a high level of knowledge, and has been involved in the management of the Company and provided valuable opinions on management in general, including the treatment of important issues related to the finances of the Company as Audit &amp; Supervisory Board Member and Director. Since June 2020, he has displayed his powerful leadership as Representative Director and Senior Managing Executive Officer has been the driving force for the realization of the Medium-Term Management Plan and long-term visions of the Company. In addition, as Chair of the Internal Control Promotion Committee and Chair of the Risk Management Committee, he has pushed for the strengthening of the Group's internal control promotion system and the Group risk management system. With the expectation of leveraging his abundant experience, knowledge and track record for the benefit of the management of the Group, the Company requests that he be elected to continue serving as a Director. Moreover, in the event that he is elected as Director, he is scheduled to be selected Representative Director and Senior Managing Executive Officer at the subsequent meeting of the Board of Directors.</p>			
<p>[Other matters of note in relation to this candidate for Director] No special interests exist between the candidate and the Company. Moreover, he will retire from the position of Director, Audit &amp; Supervisory Committee Member of NIHON NOHYAKU CO., LTD at the conclusion of this year's Ordinary General Meeting of Shareholders of NIHON NOHYAKU CO., LTD, and is scheduled to assume the position of Director of NIHON NOHYAKU CO., LTD.</p>			



Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
3	Youji Shiga (August 3, 1962) [Reelection]	Apr. 1985    Joined the Company Jun. 2006    General Manager, Finance & Accounting Department Jun. 2014    Operating Officer, General Manager, Finance & Accounting Department Jun. 2018    Director and Operating Officer, General Manager, Finance & Accounting Department Jun. 2022    Director and Operating Officer, Finance & Accounting Department, Information System Department, Business Digitalization Department (current position)	30,100 shares
	[Reasons for nomination as candidate for Director] Youji Shiga has many years of experience as the individual responsible for the Finance & Accounting Department, working to strengthen the financial position of the Group as the General Manager of the Financial & Accounting Department. Since June 2018, he has been involved in the management of the Company and has been the driving force for the realization of the Medium-Term Management Plan by playing the central role in formulating and promoting the financial strategy as a Director. With the expectation of leveraging his abundant experience and track record for the benefit of the management of the Group, the Company requests that he be elected to continue serving as a Director.		
	[Other matters of note in relation to this candidate for Director] No special interests exist between the candidate and the Company.		

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
4	Susumu Yasuda (April 29, 1959) [Reelection]	<p>Apr. 1985    Joined the Company</p> <p>Jun. 2009    General Manager, Legal Affairs &amp; Publicity Department</p> <p>Jun. 2012    General Manager, Human Resources Department</p> <p>Jun. 2015    Operating Officer, General Manager, Human Resourced Department</p> <p>Jun. 2017    Operating Officer, General Manager, Osaka Main Branch</p> <p>Jun. 2020    Director and Operating Officer, Legal Affairs &amp; Publicity Department, Corporate Planning &amp; Strategy Division, Information System Department, Chair of Compliance Promotion Committee, and Chair of Capital Investment Committee</p> <p>Oct. 2020    Director and Operating Officer, Legal Affairs &amp; Publicity Department, Corporate Planning &amp; Strategy Division, Information System Department, Business Digitalization Department, Chair of Compliance Promotion Committee, and Chair of Capital Investment Committee</p> <p>Jun. 2022    Director and Operating Officer, Legal Affairs &amp; Publicity Department, Corporate Planning &amp; Strategy Division, Chair of Compliance Promotion Committee, and Chair of Capital Investment Committee (current position)</p>	23,200 shares
<p>[Reasons for nomination as candidate for Director]</p> <p>Susumu Yasuda held important positions such as General Manager of the Legal Affairs &amp; Publicity Department and General Manager of Human Resources Department, where he promoted the strengthening of the Company's management structure. In addition, as General Manager of the Osaka Main Branch, he has worked to stabilize and strengthen the company's domestic business. Since June 2020, he has been involved in the management of the Company as Director and has performed his duties in an appropriate manner such as formulating and promoting the Medium-Term Management Plan, strengthening the information security management system, promoting the digitalization of operations, and strengthening the Group Compliance System. With the expectation of leveraging his abundant experience and track record for the benefit of the management of the Group, the Company requests that he be elected to continue serving as a Director.</p>			
<p>[Other matters of note in relation to this candidate for Director]</p> <p>No special interests exist between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
	Kazuyuki Nagai (September 24, 1945) [Reelection] [External] [Independent]  Years of service (as of the conclusion of this general meeting of shareholders) Thirteen (13) years	Apr. 1981 Professor, Faculty of Law, CHUO UNIVERSITY (Companies Act) Nov. 1999 Dean, Faculty of Law, CHUO UNIVERSITY May 2004 Registered as attorney (current position) Nov. 2005 President, CHUO UNIVERSITY Dec. 2005 Chancellor, CHUO UNIVERSITY Jun. 2010 External Director of the Company (current position) Jun. 2012 Chairman, UNIVERSITY CORRESPONDENCE EDUCATION (current position) Apr. 2016 Professor Emeritus, CHUO UNIVERSITY (current position)  (Significant concurrent positions outside the Company) Chairman, UNIVERSITY CORRESPONDENCE EDUCATION Professor Emeritus, CHUO UNIVERSITY	9,100 shares
5	[Reasons for nomination as candidate for External Director and expected roles] Kazuyuki Nagai has taught commercial law (Companies Act) in the University's Law Faculty for many years, and is also a qualified attorney. He has had no direct experience of involvement in company management in the past except through his role as External Director of the Company, but the Company expects that his abundant practical experience in the management of university as Chancellor and President of the University in combination with his highly specialized knowledge, enables him to offer advice on the general management of the Company, and we therefore request that he be elected to continue serving as External Director.		
	[Matters related to independence] The candidate satisfies the requirements of the Tokyo Stock Exchange for the independence of directors, and also meets the criteria prescribed by the Company for assessing the independence of external directors. Accordingly, the Company has registered him with the Tokyo Stock Exchange as Independent Director. If he is reelected as External Director, the Company will continue his registration as Independent Director. Moreover, please refer to <Reference> Criteria for assessing the independence of external directors as described below for the criteria prescribed by the Company for assessing the independence of external directors.		
	[Limitation of liability contract] Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded with the candidate a contract with the effect of limiting the liability as stipulated in Article 423, Paragraph 1 of the same act. The maximum amount of liability pursuant to such contract is the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act. In the event that the reelection of the candidate is approved at this general meeting of shareholders, the Company intends to roll over this limitation of liability contract.		
	[Other matters of note in relation to this candidate for External Director] No special interests exist between the candidate and the Company.		

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
6	<p>Shigeru Endo (October 16, 1948) [Reelection] [External] [Independent]</p> <p>Years of service (as of the conclusion of this general meeting of shareholders) Five (5) years</p>	<p>Apr. 1974    Joined Ministry of Foreign Affairs Feb. 1989    Seconded to International Energy Agency Apr. 2001    Deputy Director-General in the Middle Eastern and African Affairs Bureau, Ministry of Foreign Affairs Feb. 2002    Deputy Director-General in the Consular and Migration Affairs Bureau, Ministry of Foreign Affairs Aug. 2003    Ambassador to the Permanent Mission of Japan to the International Organizations in Geneva, and Consul General of Japan in the Japanese Consulate in Geneva Mar. 2007    Ambassador Extraordinary and Plenipotentiary to Republic Tunisia Jul. 2009    Ambassador Extraordinary and Plenipotentiary to Saudi Arabia Oct. 2012    Retired from Ministry of Foreign Affairs Jun. 2013    External Director, JGC CORPORATION External Director, IINO KAIUN KAISHA, LTD. Apr. 2014    Special Assistant to the Ministry of Foreign Affairs Dec. 2017    Special Envoy for EXPO 2025 Jun. 2018    External Director of the Company (current position) Oct. 2019    Outside Director, JGC HOLDINGS CORPORATION (current position)  (Significant concurrent position outside the Company) Outside Director of JGC HOLDINGS CORPORATION</p>	0 shares
<p>[Reasons for nomination as candidate for External Director and expected roles] Shigeru Endo spent many years as an active diplomat, and has abundant international experience. He has had no direct experience of involvement in company management in the past except through his role as External Director of the Company, but the Company expects that his broad knowledge and insights into international affairs and his international sense, enable him to offer advice on the general management of the Company, and we therefore request that he be elected to continue serving as External Director.</p>			
<p>[Matters related to independence] The candidate satisfies the requirements of the Tokyo Stock Exchange for the independence of directors, and also meets the criteria prescribed by the Company for assessing the independence of external directors. Accordingly, the Company has registered him with the Tokyo Stock Exchange as Independent Director. If he is reelected as External Director, the Company will continue his registration as Independent Director. Moreover, please refer to &lt;Reference&gt; Criteria for assessing the independence of external directors as described below for the criteria prescribed by the Company for assessing the independence of external directors.</p>			
<p>[Limitation of liability contract] Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded with the candidate a contract with the effect of limiting the liability as stipulated in Article 423, Paragraph 1 of the same act. The maximum amount of liability pursuant to such contract is the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act. In the event that the reelection of the candidate is approved at this general meeting of shareholders, the Company intends to roll over this limitation of liability contract.</p>			
<p>[Other matters of note in relation to this candidate for External Director] No special interests exist between the candidate and the Company.</p>			

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
7	Makoto Horiguchi (December 5, 1955) [Reelection] [External] [Independent]  Years of service (as of the conclusion of this general meeting of shareholders) Two (2) years	<p>Apr. 1979 Joined Iwatani Corporation</p> <p>Jun. 2012 Executive Officer, Iwatani Corporation</p> <p>Jun. 2016 Member of the Board, Executive Officer, General Manager, Industrial Gases &amp; Machinery Business Group, Iwatani Corporation</p> <p>Apr. 2017 Executive Director and Executive Officer, Iwatani Corporation</p> <p>Apr. 2019 Member of the Board, Senior Managing Officer, Industrial Gases Division; Hydrogen Division; Machinery Division, General Manager, Customer Relations and Services Division, Iwatani Corporation</p> <p>Apr. 2020 Member of the Board, Vice President, Iwatani Corporation (current position) Responsible for Sales, Iwatani Corporation (current position)</p> <p>Jun. 2021 External Director of the Company (current position)</p> <p>Apr. 2022 In charge of New Product Development &amp; Market Research, Iwatani Corporation (current position) Risk Management Committee Chairperson, Iwatani Corporation (current position)</p> <p>(Significant concurrent positions outside the Company) Member of the Board, Vice President, Iwatani Corporation Member of the Board, Iwatani (China) Limited Director, Iwatani Australia Pty. Ltd.</p>	2,900 shares
[Reasons for nomination as candidate for External Director and expected roles] Makoto Horiguchi currently supervises the Sales Division of Iwatani Corporation as Member of the Board, Vice President of Iwatani Corporation, and has been involved in the management of its overseas operating companies. He possesses abundant experience in management and corporate governance, broad insights, global knowledge and excellent personality. The Company expects that he will offer appropriate supervision and advice on the general management of the Company and contribute to the enhancement of the corporate value of the Company, and we therefore request that he be elected to continue serving as External Director.			
[Matters related to independence] The candidate satisfies the requirements of the Tokyo Stock Exchange for the independence of directors, and also meets the criteria prescribed by the Company for assessing the independence of external directors. Accordingly, the Company has registered him with the Tokyo Stock Exchange as Independent Director. If he is reelected as External Director, the Company will continue his registration as Independent Director. Moreover, please refer to <Reference> Criteria for assessing the independence of external directors as described below for the criteria prescribed by the Company for assessing the independence of external directors.			
[Limitation of liability contract] Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded with the candidate a contract with the effect of limiting the liability as stipulated in Article 423, Paragraph 1 of the same act. The maximum amount of liability pursuant to such contract is the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act. In the event that the reelection of the candidate is approved at this general meeting of shareholders, the Company intends to roll over this limitation of liability contract.			
[Other matters of note in relation to this candidate for External Director] No special interests exist between the candidate and the Company.			

### Proposal 3 Election of Three (3) Directors Who Are Audit and Supervisory Committee Members

The terms of office of all four (4) Directors who are Audit and Supervisory Committee Members will expire at the conclusion of this General Meeting of Shareholders. In this regard, the Company proposes the election of three (3) Directors who are Audit and Supervisory Committee Members. If this Proposal is approved as proposed, the number of Directors who are Audit and Supervisory Committee Members will be three (3) with the reduction of one (1). However, in light of the current audit structure of the Company including the cooperation with Internal Audit Department, the Company has determined that the effectiveness of audits will continue to be secured.

In addition, this proposal has obtained the consent of the Audit and Supervisory Committee.

Candidates for Directors Who are Audit and Supervisory Committee Members are as follows:

Candidate No.	Name	Current position and responsibilities within the Company	Reelection / New election	Attendance rate at the Board of Directors meetings	Attendance rate at the Audit and Supervisory Committee meetings
1	Koichi Taya	Director, Full-Time Audit and Supervisory Committee Member	Reelection	100% (13 out of 13)	100% (4 out of 4)
2	Akio Okuyama	Director, Audit and Supervisory Committee Member	Reelection External Independent	100% (17 out of 17)	100% (6 out of 6)
3	Ikuko Hirasawa	–	New election External Independent	–	–

New election: New candidate for Director

Reelection: Candidate for reelection as Director

External: Candidate for External Director

Independent: Registered with the Tokyo Stock Exchange as an Independent Officer

(Notes) 1. Ikuko Hirasawa's name is recorded as Ikuko Obi on the official family register.

2. The Company has concluded a directors and officers liability insurance contract which indemnifies the insured persons against damage compensation, legal costs, etc. arising from claims for damages caused by an act (including nonfeasance) based on the position of the insured persons as directors and officers of a company, and will renew this contract in August of this year. Among the candidates for Directors who are Audit and Supervisory Committee Members proposed in this Proposal, all candidates for reappointment have been insured under this insurance contract and will continue to be insured after their reappointment. The new candidate for Director will be insured under this insurance contract after her appointment.

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
1	Koichi Taya (June 16, 1962) [Reelection]	Apr. 1986    Joined the Company	12,500 shares
		Apr. 2007    General Manager, Electronic Circuit Materials Sales Department	
		Jun. 2010    General Manager, Secretarial Department	
		Jun. 2014    General Manager, Purchasing & Distribution Department	
		Jun. 2018    Operating Officer, Purchasing & Distribution Department	
		Jun. 2020    Operating Officer, General Manager, Osaka Main Branch	
		Jun. 2022    Director, Full-Time Audit and Supervisory Committee Member (current position)	
	[Reasons for nomination as candidate for Director who is an Audit and Supervisory Committee Member] Koichi Taya's career background and practical experience includes business execution in a wide range of departments as General Managers of Sales, Secretarial Department, Purchasing and Osaka Main Branch, and he possesses in depth knowledge of the Company's operations. In addition, having served as Secretariat of the Board of Directors and the Audit & Supervisory Board as General Manager, Secretarial Department, and participated in Management Committee as Operating Officer since June 2018, he possesses a significant level of knowledge regarding company management and audit operations. Beginning in June 2022, he has supervised business execution of the Directors of the Company as Full-Time Audit and Supervisory Committee Member and has contributed to ensuring the adequacy and appropriateness of decision-making by the Board of Directors and enhancing and strengthening the audit structure of the Company. With the expectation of leveraging his abundant experience and track record as a Director to strengthen the audit structure, the Company proposes that he be elected to continue serving as a Director who is an Audit and Supervisory Committee Member.		
	[Limitation of liability contract] Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded with the candidate a contract with the effect of limiting the liability as stipulated in Article 423, Paragraph 1 of the same act. The maximum amount of liability pursuant to such contract is the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act. In the event that the reelection of the candidate is approved at this general meeting of shareholders, the Company intends to roll over this limitation of liability contract.		
	[Other matters of note in relation to this candidate for Director who is an Audit and Supervisory Committee Member] No special interests exist between the candidate and the Company.		

Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
2	Akio Okuyama (October 10, 1944) [Reelection] [External] [Independent]  Years of service (as of the conclusion of this general meeting of shareholders) Two (2) years	<p>Dec. 1968 Joined CHUO AUDIT CORPORATION</p> <p>Mar. 1971 Registered as certified public accountant</p> <p>Mar. 1983 Partner, CHUO AUDIT CORPORATION (later MISUZU AUDIT CORPORATION)</p> <p>Jul. 2001 Chairperson, JAPANESE INSTITUTE of CERTIFIED PUBLIC ACCOUNTANTS</p> <p>May 2005 Chairperson, CHUO AOYAMA AUDIT CORPORATION (later MISUZU AUDIT CORPORATION)</p> <p>Apr. 2006 Visiting Professor, Graduate School of Accountancy, WASEDA UNIVERSITY</p> <p>Feb. 2007 Chairperson, OKUYAMA ACCOUNTING FIRM (current position)</p> <p>Jun. 2009 External Audit &amp; Supervisory Board Member of the Company</p> <p>Jun. 2010 Outside Corporate Auditor, NIPPON FLOUR MILLS CO., LTD. (present NIPPON CORPORATION)</p> <p>Jun. 2014 Corporate Auditor, SHINKIN CENTRAL BANK (current position)</p> <p>Jun. 2020 Outside Director who is an Audit and Supervisory Committee Member, NIPPON FLOUR MILLS CO., LTD. (present NIPPON CORPORATION) (current position)</p> <p>Jun. 2021 External Director, Audit and Supervisory Committee Member of the Company (current position)</p> <p>(Significant concurrent positions outside the Company) Outside Director who is an Audit and Supervisory Committee Member, NIPPON CORPORATION Corporate Auditor, SHINKIN CENTRAL BANK</p>	0 shares
[Reasons for nomination as candidate for External Director who is an Audit and Supervisory Committee Member and expected roles] Akio Okuyama possesses in-depth knowledge of corporate finance and legal affairs as a certified public accountant and has a wealth of insights in the overall corporate management. Therefore, we believe that he is able to audit the execution of duties by Directors in an objective and fair manner. He has had no direct experience of involvement in company management in the past except through his role as an external auditor, but the Company expects that he will continue to exercise an auditing function on the Company's overall management for the reasons stated above, and we therefore request that he be elected to serve as External Director who is an Audit and Supervisory Committee Member.			
[Matters related to independence] The candidate satisfies the requirements of the Tokyo Stock Exchange for the independence of directors, and also meets the criteria prescribed by the Company for assessing the independence of external directors. Accordingly, the Company has registered him with the Tokyo Stock Exchange as Independent Director. If he is reelected as External Director who is an Audit and Supervisory Committee Member, the Company will continue his registration as Independent Director. Moreover, please refer to <Reference> Criteria for assessing the independence of external directors as described below for the criteria prescribed by the Company for assessing the independence of external directors.			
[Limitation of liability contract] Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded with the candidate a contract with the effect of limiting the liability as stipulated in Article 423, Paragraph 1 of the same act. The maximum amount of liability pursuant to such contract is the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act. In the event that the reelection of the candidate is approved at this general meeting of shareholders, the Company intends to roll over this limitation of liability contract.			
[Other matters of note in relation to this candidate for External Director who is an Audit and Supervisory Committee Member] No special interests exist between the candidate and the Company.			



Candidate No.	Name (Date of birth)	Career summary, positions, responsibilities, and significant concurrent positions	Number of the Company's shares owned
3	Ikuko Hirasawa (January 14, 1954) [New election] [External] [Independent]	Dec. 1989 Registered as attorney (Tokyo Bar Association) Joined Kanto Law Office	0 shares
		Feb. 2004 Opened and Joined Allegretto Law Office	
		Dec. 2009 Public Member, Tokyo Metropolitan Government Labor Relations Commission	
		Apr. 2012 Vice-Governor, Kanto Federation of Bar Associations	
		Dec. 2013 Commissioner, Telecommunications Dispute Settlement Commission, Ministry of Internal Affairs and Communications	
		Apr. 2017 Vice-President, Tokyo Bar Association	
		Apr. 2019 Vice-President, Japan Federation of Bar Associations	
3	Ikuko Hirasawa has had no direct experience of involvement in company management in the past except through her role as an external officer, but is well versed in all aspects of corporate legal affairs, with particular expertise in labor law, having been attorney for many years. In addition to the abundant experience and insights in legal affairs and the supervision of the company management, she has a high level of knowledge and expertise in HR development and diversity and inclusion (D&I), having held important positions in headquarters that promote the gender equality in the organizations that she has belonged. The Company expects that she will leverage her experience and knowledge to conduct audit work from an objective and neutral standpoint in a fair manner and that actively promote women's active participation and other D&I in the workplace of the Group, and we therefore request that she be elected to serve as External Director who is an Audit and Supervisory Committee Member.	Apr. 2021 Acting Chairperson, Former Eugenic Protection Act Lump-sum Grant Certification Committee, Ministry of Health, Labour and Welfare (current position)	0 shares
		May 2021 Regional Committee Member, Advisory Committee for the Nomination of Lower-Court Judges, Supreme Court of Japan (current position)	
		Jul. 2022 Chairperson of Board of Trustees, Nihon University (current position)	
		Sep. 2022 Partner of Oozora Law Office (current position)	
	[Reasons for nomination as candidate for External Director who is an Audit and Supervisory Committee Member and expected roles]		
	[Matters related to independence]		
	[Limitation of liability contract]		
	[Other matters of note in relation to this candidate for External Director who is an Audit and Supervisory Committee Member]		

**Proposal 4** Election of One (1) Substitute Director Who Is an Audit and Supervisory Committee Member

The Company proposes the election of one (1) Substitute Director who is an Audit and Supervisory Committee Member (hereinafter “Substitute Audit and Supervisory Committee Member”; the same shall apply hereinafter in this proposal) in case the number of Directors who are Audit and Supervisory Committee Members (hereinafter “Audit and Supervisory Committee Members”; the same shall apply hereinafter in this proposal) falls short of that required by laws and regulations.

This proposal has obtained the consent of the Audit and Supervisory Committee.

In addition, the validity of this election can be nullified by the resolution of the Board of Directors if the consent of the Audit and Supervisory Committee has been obtained, provided that the candidate has not yet assumed office as Audit and Supervisory Committee Member.

The candidate for Substitute Audit and Supervisory Committee Member is as follows:

Name (Date of birth)	Career summary and significant concurrent positions	Number of the Company's shares owned
<p>Keiji Yumiba (March 28, 1968) [External] [Independent]</p>	<p>Oct. 1992 Joined CHUO SHINKO AUDIT CORPORATION (later MISUZU AUDIT CORPORATION) Apr. 1996 Registered as certified public accountant Jul. 2004 Partner, CHUO AUDIT CORPORATION (later MISUZU AUDIT CORPORATION) Sep. 2006 General Manager, Learning &amp; Education Division (L&amp;D Division), MISUZU AUDIT CORPORATION Aug. 2007 Partner and Deputy General Manager, Human Resources Development Division, Tohmatsu &amp; Co. (present Deloitte Touche Tohmatsu LLC) Aug. 2011 Senior Managing Director, Tohmatsu e-Learning Solutions Co., Ltd. Dec. 2014 President and Representative Director, Tohmatsu e-Learning Solutions Co., Ltd. Aug. 2017 President and Representative Director, SanKei Biz Consulting, Corp. (current position) Sep. 2017 Representative Director, International Computer Auditing Education Association of Japan (current position) Feb. 2018 Part-time Audit &amp; Supervisory Board Member, Digital Knowledge Co., Ltd. (current position) Nov. 2020 External Lecturer, Aoyama Gakuin University Graduate School of Professional Accountancy (current position) Sep. 2022 External Lecturer, Graduate School of Kansai University, School of Accountancy Major of Accountancy (current position) (Significant concurrent positions outside the Company) President and Representative Director, SanKei Biz Consulting, Corp. Representative Director, International Computer Auditing Education Association</p>	<p>0 shares</p>
<p>[Reasons for nomination as candidate for Substitute External Director who is an Audit and Supervisory Committee Member and expected roles] Keiji Yumiba possesses specialized knowledge and experience in finance and accounting cultivated as a certified public accountant, as well as broad experience and abundant insights gained as a corporate manager. The Company expects that he will leverage his experience and knowledge to contribute to ensuring the soundness and appropriateness, and improving transparency of the management of the Company, and we therefore request that he be elected as Substitute External Director who is an Audit and Supervisory Committee Member.</p>		
<p>[Matters related to independence] The candidate satisfies the requirements of the Tokyo Stock Exchange for the independence of directors, and also meets the criteria prescribed by the Company for assessing the independence of external directors. If he assumes office as External Director who is an Audit and Supervisory Committee Member, the Company plans to register him with the Tokyo Stock Exchange as Independent Director. Moreover, please refer to &lt;Reference&gt; Criteria for assessing the independence of external directors as described below for the criteria prescribed by the Company for assessing the independence of external directors.</p>		
<p>[Limitation of liability contract] If the candidate assumes office as External Director who is an Audit and Supervisory Committee Member, the Company intends to conclude with the candidate a contract with the effect of limiting the liability as stipulated in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to such contract is the minimum amount prescribed under Article 425, Paragraph 1 of the Companies Act.</p>		
<p>[Directors and Officers Liability Insurance Contract] The Company has concluded a directors and officers liability insurance contract which indemnifies the insured persons against damage compensation, legal costs, etc. arising from claims for damages caused by an act (including nonfeasance) based on the position of the insured persons as directors and officers of a company. If the candidate assumes office as External Director who is an Audit and Supervisory Committee Member, he will be included in the insured of this insurance contract.</p>		
<p>[Other matters of note in relation to this candidate for Substitute External Director who is an Audit and Supervisory Committee Member] No special interests exist between the candidate and the Company.</p>		

## (Reference)

The Company strives to ensure the diverse values and expertise of the members of the Board of Directors with fairness and a broad perspective when nominating candidates for Director in order to respond vigorously to change in the business environment and social issues. We establish a skills matrix for the knowledge and experience of Directors, which is necessary in light of our management policy and strategy, and use it to confirm the skill balance of the members of the Board of Directors, as well as to provide information to shareholders. If Proposals 2 and 3 are approved as proposed, the composition of Directors will be as follows.

Name	Title (as proposed)	Knowledge and Experience that the Company Expects of Directors						
		Corporate Management	CSR	Global	Financial Strategy and Accounting	Governance Risk Management	HR Development Diversity	Research Production Management and Technology (including IT and DX)
Hidetaka Shirozume	President and Chief Executive Officer	●	●	●		●		
Haruhiko Tomiyasu	Representative Director and Senior Managing Executive Officer	●			●	●	●	
Youji Shiga	Director and Operating Officer				●	●		●
Susumu Yasuda	Director and Operating Officer		●			●	●	●
Kazuyuki Nagai	Director External / Independent					●		
Shigeru Endo	Director External / Independent			●		●	●	
Makoto Horiguchi	Director External / Independent	●		●		●		
Koichi Taya	Director, Full-Time Audit and Supervisory Committee Member (Chairperson)					●		
Akio Okuyama	Director, Audit and Supervisory Committee Member External / Independent				●	●		
Ikuko Hirasawa	Director, Audit and Supervisory Committee Member External / Independent					●	●	

## Relevant requirements for each item of the skills matrix

Skill items	Relevant requirements
Corporate Management	<ul style="list-style-type: none"> <li>• Persons with experience as executive directors of listed companies or similar companies*<sup>1</sup></li> </ul>
CSR	<ul style="list-style-type: none"> <li>• Practical experience in the relevant skills*<sup>2</sup> or management experience*<sup>3</sup></li> <li>• Advisory for the skills*<sup>4</sup></li> </ul>
Global	<ul style="list-style-type: none"> <li>• Overseas business experience or management experience</li> <li>• Knowledge and experience in international business</li> <li>• Experience in overseas assignments (excluding short-term dispatch and study abroad)</li> </ul>
Financial Strategy and Accounting	<ul style="list-style-type: none"> <li>• Practical experience or management experience in the relevant skill</li> <li>• Advisory experiences on such skills</li> </ul>
Governance Risk Management	<ul style="list-style-type: none"> <li>• Practical experience or management experience in the Legal, Compliance and Internal Control Units</li> <li>• Advisory experience in legal affairs, compliance, and internal control</li> <li>• Experienced leading role in the establishment of corporate governance</li> <li>• Experienced leading role in dealing with emergency situation*<sup>5</sup> or advisory experience in crisis management</li> </ul>
HR Development Diversity	<ul style="list-style-type: none"> <li>• Practical experience or management experience in the relevant skill</li> <li>• Advisory experiences on such skills</li> </ul>
Research Production Management and Technology (including IT and DX)	<ul style="list-style-type: none"> <li>• Practical experience or management experience in the relevant skill</li> <li>• Advisory experiences on such skills</li> <li>• Work experience at universities, external research facilities, etc.</li> </ul>

\*<sup>1</sup>: A quasi-company refers to the size of a company equivalent to a listed company

\*<sup>2</sup>: Practical experience means that the employee has been engaged mainly in the work concerned for at least three years.

\*<sup>3</sup>: Management experience refers to the employee who was in the position of department manager or higher in charge of the work concerned.

\*<sup>4</sup>: Advisory experience refers to experience in advisory work outside the Company.

\*<sup>5</sup>: Practical experience in responding to any of 14 crises stipulated in the ADEKA Group Risk Management Manual

<Reference> Criteria for assessing the independence of external directors

The Board of Directors of the Company shall nominate candidates for external directors (independent external directors), for whom there is no risk of conflict of interest with general shareholders, based on the existence or otherwise of personal relationships, capital relationships or transactional relationships with the Company, and the scale of the same relationships.

In cases where the requirements prescribed below are deemed satisfied, the candidate shall be considered to be sufficiently independent.

1. The candidate shall not be an executive officer of the Group, nor shall they have come from such a background.  
In addition, close family members (Note 1) of the candidate shall not have been executive officers of the Group within the past five (5) years.
2. The candidate shall not, either now or for the past five (5) years, correspond to one of the following categories.
  - (1) An executive officer of a major shareholder (Note 2) of the Company
  - (2) An executive officer of a major customer (Note 3), or an executive officer of a company for which the Company constitutes a major customer
  - (3) An executive officer of a major creditor of the Group (Note 4)
  - (4) A person affiliated with an auditing firm that performs statutory audits of the Company
  - (5) A person receiving large (Note 5) sums of money, other than director's remuneration, from the Company
  - (6) An executive officer from a company where directors of the Company have taken on roles, and vice versa
  - (7) A person executing the business of an organization receiving large amounts of donations or subsidies (Note 6) from the Company
3. Close family members of the candidate shall not correspond currently to 2. (1) or 2. (7).

Notes:

1. Close family members shall mean a spouse of the candidate, or relations in the second degree, or family living with the candidate.
2. Major shareholders shall mean entities with 10% or more of the voting rights at the end of the fiscal year.
3. Major customers shall mean a customer of the Company for which the annual value of transactions has accounted to more than 2% of the consolidated total revenue of the Company during the previous three fiscal years, or of the consolidated total revenue of the other party.
4. Major creditors shall mean financial institutions from which the Group has borrowed money, and for which the total outstanding loan balance at the end of the fiscal year exceeds 2% of the consolidated total assets of the Company, or of the financial institution in question.
5. Large sums of money shall mean cases in which payments received by individuals from the Company average more than 10 million yen annually over the past three fiscal years, or in cases where the consideration paid by the Company to the organization to which they belong exceeds 2% of the average revenues, or total income, of the organization over the past three fiscal years.
6. Organizations in receipt of large amounts of donations or subsidies shall mean an organization that receives more than 10 million yen annually from the Company in donations or subsidies.

Moreover, when external directors are elected, in addition to their independence from the Company, candidates shall be required to be of good character and discernment, and possess a high level of specialized knowledge of, or practical experience in, management, law or accounting etc.

# Business Report

(April 1, 2022 - March 31, 2023)

## I. Overview of the Group

### 1. Business Progress and Results

During the fiscal year under review, the global economy saw a normalization of socioeconomic activities in tandem the relaxation of travel restrictions related to COVID-19. On the other hand, in addition to growing geopolitical risks, including the situation in Ukraine, soaring raw material and fuel prices, global inflationary trends, and other factors resulted in only a slow economic recovery.

In the automobile-related sector, which is the ADEKA Group's main target market, although supply constraints on semiconductors and others have been resolved moderately since the third quarter of the fiscal year, regional variation existed and automobile production showed only slight recovery. In the ICT (information and communications technology) and consumer electronics sectors, sales of smartphones and personal computers declined, due to the plateauing of a rise in stay-at-home demand and consumers holding off purchases to cope with rising inflation. In the food products sector, although the relaxation of movement restrictions has led to a recovery in demand for souvenirs and eating out, the industry as a whole remained in challenging conditions as rising costs due to soaring raw material prices made consumers take more defensive stance toward spending. In the agricultural sector, agrochemicals demand trended slightly weak due to inclement weather conditions, including drought in Europe. However, given an increase in soybean and cotton acreage leading to higher demand in North America, and an increase in major crop acreage in Brazil, the world's largest market for agrochemicals, agrochemicals demand held firm overall.

Under these conditions, in Fiscal 2022, the second year of the Medium-Term Management Plan, ADX 2023, the Group has continued to pursue measures for the enhancement of corporate value through the pursuit of social and economic value, based on the three fundamental strategies of "transforming the earnings structure," "achieving sustainable growth with new domains," and "reinforcing Group management." For polymer additives, the Company enhanced its equipment for one-pack granule additives in UAE, whose commercial operation commenced in December 2022. In the electronics and IT materials sector, the Group began full-scale integrated production in South Korea of new products in the ADEKA ORCERA series of high dielectric constant materials for advanced semiconductor memory. In addition, a decision was made in July 2022 to invest in increasing production of that series in South Korea, and another decision was made in February 2023 to relocate ADEKA KOREA CORP. R&D Center of ADEKA KOREA CORP. to expand its R&D functions significantly. In the Food Products Business, the Group newly launched sales of the Deli-PLANTS series of plant-based foods in April 2022. In March 2023, the Deli-PLANTS series was chosen as limited edition menu items at Isetan Shinjuku Store, with efforts paying off to develop markets and make proposals to potential customers in new areas. In the Life Science Business, the Group launched full-scale sales in India of the rice insecticide, Benzpyrimoxan, and is also proceeding with the expansion of production facilities. In CSR initiatives, the Company built and reinforced its new organizational structure aimed at the realization of carbon neutrality and the achievement of the Sustainable Development Goals (SDGs), and promoted women's active participation in the workplace aimed at the realization of diversity and inclusion (D&I), thereby promoting health and productivity management. We also aired a TV commercial aimed at increasing recognition of the company name during the year-end and New Year's holidays.

Financial results for the fiscal year under review were net sales of 403,343 million yen (up 11.7% year on year), which reached a record high, operating profit of 32,369 million yen (down 4.9% year on year), ordinary profit of 32,579 million yen (down 8.6% year on year), and profit attributable to owners of parent of 16,778 million yen (down 29.2% year on year) partly because impairment losses on the Food Products Business was recorded as extraordinary losses.

Effective from the fiscal year under review, revenues and expenses of certain overseas subsidiaries and other entities are translated into yen at the average exchange rate during the period, instead of at the spot exchange rate prevailing on the balance sheet date. Year-on-year comparisons are based on retroactively adjusted figures.

An overview by reporting segment is as follows.  
(Chemicals Business)

The Chemicals Business posted net sales of 211,720 million yen (up 5.8% year on year) and operating profit of 26,260 million yen (down 10.5%).

### 1) Polymer additives

In products for automobile applications, sales of nucleating agents, etc. declined in Japan, and sales of plasticizers for rubber, etc. declined in Asia including China, due to the continued impact of a decrease in automobile production caused by shortages of semiconductors and other materials.

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

In products for food packaging, clarifying agents sold well, particularly in North America, capturing expanding demand for ready-made meals such as take-out and delivery.

Sales volumes of one-pack granule additives used in polyolefin resin and antioxidants were down due to sluggish demand mainly in 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, personal computers and the like. On the other hand, in products for polyolefin resin, mainly for large household appliances, sales remained steadily.

Overall, the Polymer additives posted year-on-year gains in sales, with the revision of prices of certain products and the impact of the exchange rate offsetting the impact of rising materials prices. Meanwhile profit fell due to lower sales volume.

### 2) Electronics and IT Materials

Among products for semiconductors, sales of some product lines declined from the latter half of the third quarter to the fourth quarter due to a decrease in production by semiconductor manufacturers against the backdrop of falling demand and memory prices. On the other hand, sales of high dielectric constant materials used in advanced DRAM and photoacid generators used in advanced photo resists, such as EUV and ArF, sold briskly. Also, sales of products for NAND were solid.

Among products for displays, sales of photo (light) curing resin for optical film, photo initiators for color filters, black matrix resists and etching solutions were weak due to significant inventory adjustments by panel manufacturers.

Overall, in the Electronics and IT Materials Business, strong sales of semiconductor materials mainly for advanced-generation products were not enough to compensate for the slump in display-related materials, resulting in year-on-year decrease in sales and in profit.

### 3) Functional chemicals

Functional chemicals used in automobile applications were affected by the decline in production caused by shortages of semiconductor and other materials, mainly in Japan, but sales of lubricant additives for engine oils were strong due to the new adoption of our products overseas and the market penetration of new engine oil standards. Special epoxy resins for structural adhesives also sold briskly mainly overseas.

Among products for architectural coatings, sales of reactive emulsifiers were solid mainly in the Asian region. Sales of special surfactants for cosmetics were also solid due to moderate recovery in market conditions both in Japan and overseas.

On the other hand, sales of propylene glycol products for industrial use were weak, affected by deteriorated market conditions. Sales of peroxides were also weak due to a slump in demand mainly for products for displays.

Overall, sales in the Functional Chemicals Business increased year on year due to the expansion of sales of lubricant additives overseas and sales price revisions. However, despite the pursuit of sales price revisions in response to soaring raw material and fuel prices, profit fell due to lower sales volumes of some products and the delay in the effects of sales prices revisions.

### (Food Products Business)

The Food Products Business reported net sales of 82,525 million yen (up 12.5% year on year) and operating loss of 2,403 million yen (operating loss of 686 million yen in the previous year).

Although sales of margarines and shortening for breads and confectionery fell due to downsizing in final products, alongside sluggish domestic consumption, there was an expansion in the adoption of the Marvelous Series of functional margarines for kneading, in recognition of its functionality in keeping bread and other products fresher for longer and extending their used-by date. Sales of fillings used in souvenir confections were also brisk due to increased movement of people as travel restrictions eased. On the other hand, the adoption of whipping cream products for confectionery and desserts decreased, leading to a decline in sales. Our new Deli-PLANTS series of plant-based foods gained an increased number of potential adoptions, in recognition of its deliciousness and usability. In the integration of product varieties aimed at reducing food loss, the Company has set a target of reducing the total number



of products (approximately 1,000) by around 40% by March 2023, and has cut 320 products from its lineup.

Overall, the Food Products Business achieved gains in sales, reflecting the revision of sales prices that it has been pursuing since the previous fiscal year. However, the Company posted operating loss because, despite the pursuit of sales price revisions to combat rises in prices of raw materials such as palm oil, they were not enough to compensate for further increases in costs for utilities, auxiliary materials, packaging materials, and logistics costs.

#### (Life Science Business)

The Life Science Business posted net sales of 102,082 million yen (up 27.4% year on year) and operating profit of 7,793 million yen (up 62.3% year on year).

In Japan, sales of agrochemicals exceeded those of the previous year, due mainly to the contribution throughout the year of sales of products of Corteva Agriscience Japan Ltd. that launched in October 2021. Overseas, agrochemicals sold briskly in Brazil, where demand for agrochemicals is expanding. In Europe, sales of herbicides mainly for potato crops were strong.

Among pharmaceuticals, sales of the topical antifungal agent Luliconazole were steady, with front-loaded orders received in some projects.

Overall, the Life Science Business achieved year-on-year gains in sales and profit due to increased sales of agrochemicals overseas.

(Millions of yen)

Business Segment	Net Sales
Chemicals Business	211,720
Food Products Business	82,525
Life Science Business	102,082
Other Business	7,015

### Topics in the Fiscal Year Under Review

During the fiscal year under review, with the aim of pursuing sustained growth and increased corporate value by maximizing both social and economic value through sustainable management based on the Medium-Term Management Plan, “ADX 2023,” the Company facilitated the development and sales promotion of products that contribute to reducing environmental footprint and solving social challenges.

In the Chemicals Business, the Company promoted development to expand the lineup of the environment-friendly resin additives ADK CYCLOAID series. Also, the Company developed T-2369X plasticizer for polylactide (PLA) to contribute to the promotion of the use of biomass plastics. The developed product improves the functionality of PLA, a biodegradable biomass plastic, allowing it to replace petrochemical products. Additionally, it contributes to the reduction of energy costs for molding by improving the molding processability of PLA. Assumed applications include soft materials such as packaging film and agricultural mulch film.

The Company has decided to relocate the ADEKA KOREA CORP. R&D Center of ADEKA KOREA CORP. to Hwaseong-si, Gyeonggi-do, in order to significantly expand its R&D capabilities in the information and electronic chemicals field. ADEKA KOREA CORP. has been possessing state-of-the-art evaluation facilities and technologies to enable development at the same speed as its customers in the rapidly evolving information and electronic materials fields, recognizing technological innovation in advanced semiconductors as a huge business opportunity. In this context, the company has acquired a facility in Hwaseong-si, Gyeonggi-do, which has seven times the total floor space and twice the clean room space, and will relocate its R&D center there to strengthen its ability to make proposals to customers and respond to market needs. The center is scheduled to open in August 2023, and in order to further enhance development functions, the Company plans to secure clean room space for additional ALD deposition and evaluation equipment, and double the number of deposition and evaluation equipment and personnel by 2030.

With regard to epoxy resin adhesives as specialty chemical products, the Company has started construction of a new plant at its Mie Plant to increase the capacity of the ADEKA REMYLOP series, which will realize the electrification of vehicles and enable high-precision adhesion and bonding. These products are expected to be used for fixing and bonding components of in-vehicle camera modules and for

ECU substrates in the next-generation automotive field. The new plant is scheduled to be operational by the end of FY2023.

In the Food Products Business, under the theme of “Contributing through Deliciousness and Caring to realization of sustainable society,” the Company has added seven new products to its lineup, including four products of the new plant-based food brand Deli-PLANTS series and three products that can contribute to solving issues in the food industry, including the reduction of food loss. The palm oil used as a raw material is sustainable RSPO-certified palm oil, which reduces trans fatty acids and allows for a pursuit of great taste in safe and secure ways. In particular, the Deli-PLANTS series utilizes the taste creation technology (“ReTERA Technology”) that reproduces milk-like flavor and animal fat-like richness from vegetable ingredients without using animal ingredients. The product series is not limited to the domestic market, but is planned to expand into overseas markets as well, which can be expected to meet the demand for switching from animal-based raw materials and complement them due to the international shortage of animal-based raw materials (dairy products) supply.

In the Life Science Business, the Company’s consolidated subsidiary Nihon Nohyaku Co., Ltd. launched NICHINO AI DIAGNOSIS. This is an overseas version of the smartphone application “LeiMe’s AI Diagnosis for Pests and Weeds,” which has been distributed in Japan since April 2020. Released in India, Vietnam and Taiwan on October 26, 2022, the app is a pest control support tool for smartphones that uses AI jointly developed by Nihon Nohyaku Co., Ltd. and NTT DATA CCS CORPORATION to diagnose pests and weeds on crops and fields from photo images. The local group companies of Nihon Nohyaku Co., Ltd. will promote the application in the three countries and regions mentioned above, along with the promotion and sales of agrochemicals. The Company will also develop solutions tailored to the needs of each country including the addition of target crops for diagnosis and expanding functions.

## 2. Status of Capital Investments

Total capital investments made during the fiscal year under review were 20,434 million yen. The main items are as follows.

### (1) Main facilities completed in the fiscal year under review

Business		Company	Item
Chemicals Business	Polymer additives	ADEKA AL OTAIBA MIDDLE EAST LLC	Expansion of production facilities of one-pack granule additives
	Electronics and IT Materials	ADEKA KOREA CORP.	New establishment of production facilities of semiconductor materials

### (2) Main facilities being built or expanded during the fiscal year under review

Business		Company	Item
Chemicals Business	Polymer additives	Amfine Chemical Corporation	New establishment of tanks for additive raw materials
	Electronics and IT Materials	ADEKA KOREA CORP.	Expansion of production facilities of semiconductor materials
		ADEKA FINE CHEMICAL TAIWAN CORP.	Expansion of production facilities of semiconductor materials
		ADEKA CORP. (Chiba Plant)	Expansion of production facilities of semiconductor materials
	Functional chemicals	ADEKA CORP. (Mie Plant)	Expansion of production facilities of epoxy resin adhesives
		ADEKA CORP. (Fuji Plant)	Expansion of production facilities of high-purity hydrogen peroxide
Life Science Business	NICHINO INDIA PVT. LTD.	Expansion of production facilities of agrochemicals	

### (3) Sale, removal, and loss of significant fixed assets

There are no items corresponding to the sale, removal, or loss of fixed assets that have a significant impact on production capacity.

### 3. Status of Financing

In the fiscal year under review, there was no financing conducted through capital increase or bond issuance.

### 4. Medium- to Long-Term Management Strategy and Issues to Be Addressed

#### (1) Medium- to long-term management strategy

The Group has established a vision for 2030 that expresses its medium- to long-term direction, “ADEKA VISION 2030: An Innovative Company Contributing to a Sustainable Future and Affluent Lifestyles.” To achieve the Sustainable Development Goals (SDGs), the Group aspires to be a corporate entity that helps build a sustainable future and supports affluent living by developing a wide range of businesses around the globe and leading the world with innovative technologies.

As the first stage in realizing ADEKA VISION 2030, the Group has implemented “ADX 2023,” the Medium-Term Management Plan for Fiscal 2021 to 2023.

ADX is short for “ADEKA Transformation,” expressing the Group’s commitment to transform itself. Toward achievement of the SDGs, whose target year is 2030, the Group will accommodate the new social environment including carbon neutrality, place emphasis on profitability, and transform itself into a robust corporate entity in order to raise corporate value through the pursuit of both social and economic value.

In fiscal 2023, the final year of the Medium-Term Management Plan, the Group is targeting operating profit of 42.0 billion yen and ROE of 9%.

#### Fundamental Policy

“Transform the management foundation to be compatible with the new social environment, aiming to achieve sustainable growth with an emphasis on profitability.”

Helping build a sustainable future, the Group will maximize sales and profit by addressing social issues through developing its products and services. The Group will build an earnings structure capable of sustained growth from a medium- to long-term perspectives and pursue social and economic value in order to raise corporate value.

#### Three Key Strategies

ADEKA will transform itself in order to accommodate the new social environment including carbon neutrality. To maximize both social and economic value, the Group will promote the following three strategies, while facilitating HR and DX strategies as the foundation for executing these key strategies.

#### 1) Transforming the earnings structure

In order to help achieve the SDGs, the Group will include eco-friendly products—products that contribute to addressing climate change, reducing environmental impact, utilizing resources effectively, and other related initiatives—and ADEKA Innovative Value Products, which are intended to create value in line with society’s expectations, within the strategic products of each of its businesses, polymer additives, chemicals, foods, and life science. Through this, it will pursue both social and economic value. In addition, the Group will work to optimize total costs by raising the productivity of its business activities overall.

#### 2) Achieving sustainable growth with new domains

The Group will seek to create new businesses as growth drivers in the target domains of life science, the environment, energy, and next-generation ICT. In addition, it will enhance and optimize its portfolio through M&A activities.

#### 3) Reinforcing Group management

In order to raise its cohesiveness, the Group will further strengthen governance and work to become a more robust corporation with a sound financial foundation. The Group also plans to incorporate new working styles.

## ADX 2023 Management Indicators

Financial indicator (Fiscal 2023)	Operating profit	42.0 billion yen
	ROE	9%
Capital investment		50.0 billion yen (total over three years)
Payout ratio (Dividend Policy)		Maintain 30% or higher (Basic policy of comprehensively considering appropriate returns and maintaining a stable dividend.)

### (2) Corporate management with awareness of sustainability

The Group is committed to materializing to raise corporate value through its sustained and stable growth and the pursuit of social and economic values and contributing to sustainable future and affluent lifestyle by addressing issues in “sustainability” from a medium- to long-term perspective.

The ADEKA Group Fundamental CSR Policy “The ADEKA Group contributes to the creation of a sustainable future by meeting stakeholders’ expectations with technologies and reliability through fair and transparent corporate activities.” expresses the Group’s basic stance of integrating management and CSR from the perspective of contributing to a sustainable society through its core business, meeting the expectations of society and stakeholders, and enhancing corporate value.

In order to specifically promote corporate activities based on this policy, the CSR Committee (chaired by the President and Chief Executive Officer) has established CSR priorities in the three areas of the environment (E), society (S), and governance (G), as well as targets (KPIs) with the year 2030, the target year for achieving the SDGs, in mind, and is carrying out company-wide initiatives.

In Fiscal 2022, the Group implemented the initiatives listed below, including the development and implementation of the “Carbon Neutrality Strategy” in the area of the environment (E), the establishment of a new D&I project team and accelerated promotion of women's activities in the area of society (S), and reorganization of the “Risk Management Committee” to improve risk management in the area of governance(G).

[Major activities in Fiscal 2022]

Environment (E)	<ul style="list-style-type: none"> <li>•Started information disclosure (on Functional chemicals business) based on TCFD (Task Force on Climate-related Financial Disclosures) recommendations (June 2022). Completed TCFD scenario analyses for all businesses and disclosed the results in May 2023. The Group will promote the incorporation of the analyses and evaluation results of each business into its business strategies, etc.</li> <li>•Developed and Implemented “Carbon Neutrality Strategies” (September 2022)</li> <li>•Decided to introduce electricity from renewable energy sources (to Head Office, Laboratories, Osaka Main Branch, etc.) (From Fiscal 2022)</li> <li>•Decided to start trial operation of ICP (Internal Carbon Pricing) (From Fiscal 2023)</li> <li>•Sales of “eco-friendly products” in Fiscal 2022 increased 1.8 times compared to Fiscal 2019.</li> </ul>
Society (S)	<ul style="list-style-type: none"> <li>•Established “D&amp;I Project Team” under the CSR Committee to accelerate promotion of women's activities (June 2022)</li> <li>•Formulated and announced “the Health and Productivity Management Strategy Map” (September 2022)</li> <li>•Recognized as a 2023 Certified Health &amp; Productivity Management Outstanding Organization (under the large enterprise category) (certified on March 8, 2023)</li> <li>•Started career training by age group (from February 2023)</li> </ul>
Governance (G)	<ul style="list-style-type: none"> <li>•Renamed the “Crisis Management Committee” to “Risk Management Committee” and revised the division of duties (June 2022)</li> <li>•Changed the chairperson of the Nomination and Remuneration Committee from the President and Chief Executive Officer to an independent external director in order to improve the fairness, transparency, objectivity and independence of the evaluation and decision-making process for nomination and remuneration of directors and executive officers (December 2022)</li> </ul>

### (3) Issues to be addressed

The global economy is expected to slow more in fiscal 2023. High raw materials and fuel prices continue to exert persistent inflationary pressure, and there are concerns about supply chain disruption due to international tensions and the impact on the economy of the financial instability that has surfaced in the

U.S. and Europe, all resulting in continued uncertainty about the future.

In the automobile-related sector, one of the Group's main target sectors, although concerns partially remain for the shortage of semiconductors and other materials, domestic catch-up production is underway and a moderate recovery scenario for overall global automobile production is envisaged. With the growing needs for electromobility, electrical installation and weight reduction of automobiles, increased sales of nucleating agents contributing to vehicle weight reduction, the ADK STB series of intumescent-type flame retardants and the ADEKA SAKURA-LUBE series of lubricating oil additive with excellent fuel consumption improvement effects, etc., are expected. In the ICT & consumer electronics sector, semiconductor production adjustments are expected to continue during the first half against the backdrop of sluggish demand for personal computers and smartphones, and a slowdown of investment in data centers. On the other hand, strong growth is expected to continue in the advanced semiconductor field supporting digitalization, and further sales expansion is expected for the ADEKA ORCERA series of high dielectric constant materials for advanced semiconductor memory and the ADEKA ARKLS series of photoacid generators for EUV photoresists. In the Food Products sector, although consumers' preference for low prices and savings continues to exist, recovery of people's flow and increase in inbound tourists are anticipated following the downgrade of COVID-19 to Class 5, and demand for breads, confectionery and desserts is expected to continue on a recovery trend. The Group will strive to expand sales of the Deli-PLANTS series of plant-based foods, for which demand is increasing from standpoints of food diversification and eco-friendliness, and continue to promote optimization of selling prices and integration of product varieties. In the Life Science sector, demand for agrochemicals is expected to continue to expand globally against the backdrop of population growth and expansion of acreage in emerging countries, and sales of Orchestra, an insecticide for paddy rice, and other core products are expected to expand.

The Group would like to thank shareholders for your continuing support and encouragement.

## 5. Trends in Assets and Income

(Millions of yen, unless otherwise specified)

Item	158th fiscal year ended March 31, 2020	159th fiscal year ended March 31, 2021	160th fiscal year ended March 31, 2022	161st fiscal year ended March 31, 2023 (Fiscal year under review)
Net sales	304,131	327,080	361,234	403,343
Operating profit	21,976	29,270	35,658	32,579
Profit attributable to owners of parent	15,216	16,419	23,687	16,778
Earnings per share (Yen)	147.69	159.01	229.65	163.30
Total assets	409,452	437,657	475,304	500,068
Net assets	250,634	271,485	296,871	311,709

Note: 1. Earnings per share is calculated using the average number of shares outstanding during the fiscal year.  
2. Effective from the beginning of the fiscal year under review, revenues and expenses of certain overseas subsidiaries and other entities are translated into yen at the average exchange rate during the period, instead of at the spot exchange rate prevailing on the balance sheet date, and the related key management indicators, etc., for the 160th consolidated fiscal year are the figures after retrospective application of the change in accounting policy.

## 6. Significant Subsidiaries and Associates (As of March 31, 2023)

### (1) Significant subsidiaries

Business	Company	Location	Paid-in capital (Millions of yen, unless otherwise specified)	Percentage of voting rights held (%)	Major business activities
Chemicals	ADEKA CHEMICAL SUPPLY CORP.	Tokyo	104	100.00 (Indirect, 5.57)	Sale of chemical products and development, manufacture, and sale of metal processing oils, etc.
	ADEKA CLEAN AID CORP.	Tokyo	140	100.00	Development and sale of commercial kitchen detergents and industrial detergents, etc.
	AMFINE CHEMICAL CORP.	U.S.	16.0 million USD	60.00	Manufacture and sale of polymer additives, etc.
	OXIRANE CHEMICAL CORP.	Tokyo	600	51.00	Manufacture and sale of epoxy plasticizers, etc.
	CHANG CHIANG CHEMICAL CO., LTD.	Taiwan	30.0 million TWD	50.50	Sale of polymer additives, etc.
	ADEKA KOREA CORP.	Korea	15.0 billion KRW	100.00	Manufacture and sale of chemical products
	ADEKA (ASIA) PTE. LTD.	Singapore	800,000 USD	100.00	Sale of chemical products
	ADEKA Europe GmbH	Germany	500,000 EUR	100.00	Sale of chemical products
	ADEKA FINE CHEMICAL TAIWAN CORP.	Taiwan	200 million TWD	100.00	Manufacture and sale of LCD panel related chemicals, import and sale of chemical products
	ADEKA POLYMER ADDITIVES EUROPE SAS	France	3.0 million EUR	100.00 (Indirect, 100.00)	Manufacture and sale of polymer additives
	ADEKA (CHINA) CO., LTD.	China	31.0 million USD	100.00	Sale of chemical products and raw materials
	ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD.	China	20.5 million USD	100.00	Manufacture and sale of polymer additives, functional polymers, electronic materials, etc.
	ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD.	China	21.54 million USD	50.00	Manufacture and sale of polymer additives
	ADEKA FINE CHEMICAL (THAILAND) CO., LTD.	Thailand	350 million THB	81.00	Manufacture, sale, and import and sale of polymer additives
	AM STABILIZERS CORP.	U.S.	8.5 million USD	100.00 (Indirect, 100.00)	Manufacture and sale of polymer additives
	ADEKA USA CORP.	U.S.	1.0 million USD	100.00	Sale of chemical products
	ADEKA FINE CHEMICAL (ZHEJIANG) CO., LTD.	China	30.0 million USD	100.00 (Indirect, 100.00)	Manufacture and sale of polymer additives, functional polymers, and electronic materials, etc.
	ADEKA AL OTAIBA MIDDLE EAST LLC	UAE	45.46 million AED	49.00	Manufacture and sale of polymer additives, sale of chemical products and food products

Business	Company	Location	Paid-in capital (Millions of yen, unless otherwise specified)	Percentage of voting rights held (%)	Major business activities
Food Products	ADEKA FINE FOODS CORP.	Tottori Pref.	50	100.00	Manufacture and sale of mayonnaise products, processed oil and fat food products, and processed products with seafood
	ADEKA (SINGAPORE) PTE. LTD.	Singapore	8.0 million SGD	90.00	Manufacture and sale of edible processed oils and fats, frozen pie crusts, and related food products
	ADEKA FOODS SALES CORP.	Tokyo	42	100.00	Sale of edible oils and fats for confections and bread products, and other food product ingredients, etc.
	YONGO CO., LTD.	Aichi Pref.	18	93.47	Wholesale of commercial materials for confection and bread products
	UEHARA FOODS INDUSTRY CO., LTD.	Tokyo	70	100.00	Manufacture and sale of flower paste, red bean paste, and pouch-packed food products
	ADEKA FOODS (CHANGSHU) CO., LTD.	China	23.0 million USD	70.00	Manufacture and sale of edible oils and fats and processed oil and fat food products
	ADEKA FOODS (ASIA) SDN. BHD.	Malaysia	90.0 million MYR	60.00	Manufacture and sale of edible processed oils and fats, margarine, shortening, and fat spreads
	CROWN CO., LTD.	Osaka Pref.	10	100.00	Manufacture and sale of edible oils and fats and processed oil and fat food products

Business	Company	Location	Paid-in capital (Millions of yen, unless otherwise specified)	Percentage of voting rights held (%)	Major business activities
Life Science	NIHON NOHYAKU CO., LTD.	Tokyo	14,939	51.00	Manufacture and sale of agrochemicals, and pharmaceutical products, etc.
	NICHINO RYOKKA CO., LTD.	Tokyo	160	100.00 (Indirect, 100.00)	Landscaping and other construction, design, installation, supervision, and sale, etc. of horticultural chemicals
	NICHINO SERVICE CO., LTD.	Tokyo	3,400	100.00 (Indirect, 100.00)	Contracting for production, order processing, storage, and delivery of agrochemicals, real estate leasing and contract management, warehousing, etc.
	NICHINO AMERICA, INC.	U.S.	700,000 USD	100.00 (Indirect, 100.00)	Production, development, and sale, etc. of agrochemicals
	NIHON ECOTECH CO., LTD.	Tokyo	20	100.00 (Indirect, 100.00)	Residual agrochemical analysis, chemical substance safety testing, environmental consulting, etc.
	TAIWAN NIHON NOHYAKU CO., LTD.	Taiwan	40.0 million TWD	57.00 (Indirect, 57.00)	Development, promotion, and sale, etc. of agrochemicals
	AGRIMART CORP.	Tokyo	50	100.00 (Indirect, 100.00)	Sale, etc. of termite control materials and insecticides for infectious disease control
	NICHINO INDIA PVT. LTD.	India	3.85 million INR	100.00 (Indirect, 100.00)	Production, development, and sale, etc. of agrochemicals
	SIPCAM NICHINO BRASIL S.A.	Brazil	223.89 million BRL	50.00 (Indirect, 50.00)	Production, promotion, and sale, etc. of agrochemicals
	NICHINO EUROPE CO., LTD.	U.K.	30,000 GBP	100.00 (Indirect, 100.00)	Production and sale of agrochemicals
	NICHINO VIETNAM CO., LTD.	Vietnam	22.680 billion VND	100.00 (Indirect, 100.00)	Sale of agrochemicals
Other	ADEKA ENGINEERING & CONSTRUCTION CORP.	Tokyo	130	100.00	Plant engineering, construction, and construction management, and plant maintenance
	ADEKA LOGISTICS CORP.	Tokyo	50	100.00	Freight forwarding, industrial waste disposal brokerage, and logistics materials sales
	ADEKA LIFE- CREATE CORP.	Tokyo	65	100.00 (Indirect, 20.00)	Trading, brokerage, and management of real estate, non-life and life insurance agency services, OA equipment office sales, and management of buildings and company-owned apartments, etc.



## (2) Significant associates

Business	Company	Location	Paid-in capital (Millions of yen, unless otherwise specified)	Percentage of voting rights held (%)	Major business activities
Chemicals	CO-OP CLEAN CO., LTD.	Saitama Pref.	80	46.88	Development and sale of soaps and detergents, etc.
	SHOWA KOSAN CO., LTD.	Tokyo	550	21.54	Sale of synthetic resins, chemicals, industrial materials, information electronic materials, and environment-related materials, etc.
Life Science	AGRICULTURAL CHEMICALS (MALAYSIA) SDN. BHD.	Malaysia	2.05 million MYR	24.18 (Indirect, 24.18)	Production and sale of agrochemicals
	SIPCAM EUROPE S.P.A.	Italy	36.94 million EUR	20.00 (Indirect, 20.00)	Production and sale of agrochemicals
	TAMA KAGAKU KOGYO CO., LTD.	Saitama Pref.	126	33.43 (Indirect, 33.43)	Manufacture and sale of organic synthetic chemicals

## 7. Details of the Principal Business (As of March 31, 2023)

Business		Main Products
Chemicals business	Polymer additives	Additives for polyolefin, PVC stabilizers and plasticizers, flame retardants, etc.
	Electronics and IT 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.
Food Products business		Margarines, shortening, fats and oils for chocolate, frying and cooking fats and oils, plant-based foods, whipped cream, kneading cream, fillings, 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.

## 8. Principal Sales Offices and Plants, etc. (As of March 31, 2023)

### (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."

## 9. Status of Employees (As of March 31, 2023)

### (1) Status of employees of the Group

Business department	Number of employees	Year-on-year change
Chemicals business	2,526	(3)
Food Products business	1,006	(6)
Life Science business	1,569	33
Other businesses	220	(3)
Company-wide businesses	173	7
Total	5,494	28

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	1,507	(15)	39.8	16.9
Female employees	289	3	38.1	14.6
Total	1,796	(12)	39.6	16.5

Note: In addition to the number of employees stated above, there are 129 seconded staff members.

## 10. Status of Major Lenders (As of March 31, 2023)

### (1) Status of lenders of the Group

Lender	Amount borrowed (millions of yen)
Mizuho Bank, Ltd.	24,003
The Norinchukin Bank	5,456
Sumitomo Mitsui Trust Bank, Limited	3,978
Asahi Mutual Life Insurance Company	2,435
Sumitomo Mitsui Banking Corporation	2,308
MUFG Bank, Ltd.	2,120

### (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

## II. Current Status of the Company

### 1. Status of Shares (As of March 31, 2023)

- (1) Total number of shares outstanding: 103,768,142  
 (2) Number of shareholders: 7,384  
 (3) Major shareholders (top ten)

Shareholder	Number of shares held (Thousands of shares)	Shareholding ratio (%)
*The Master Trust Bank of Japan, Ltd. (Trust Account)	12,180	11.83
*Custody Bank of Japan, Ltd. (Trust Account)	9,183	8.92
Asahi Mutual Life Insurance Company	4,053	3.94
*Custody Bank of Japan, Ltd., as trustee for Mizuho Bank, Ltd. Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	3,770	3.66
ADEKA Business Partners Shareholding Association	3,156	3.06
National Federation of Agricultural Cooperative Associations	2,334	2.27
The Norinchukin Bank	2,244	2.18
ZEON CORPORATION	2,188	2.12
THE BANK OF NEW YORK MELLON 140042	2,153	2.09
Showa Kosan Co., Ltd.	1,870	1.82

- Notes: 1. Shareholding ratios are calculated after deducting treasury shares (775,888 shares).  
 2. \*The number of shares held by trust banks includes shares related to the trust business.

- (4) Status of shares granted to corporate officers as compensation for performance of duties during the fiscal year under review

In order to incentivize the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members and External Directors; hereinafter, "Eligible Directors") to work to sustainably raise the Company's corporate value and to have further value shared between Directors and shareholders, the Company resolved, at the 159th Ordinary General Meeting of Shareholders held on June 18, 2021, to introduce a remuneration system that allocates restricted stock to Eligible Directors. Based on this, at the meeting of the Board of Directors held on June 24, 2022, the Company resolved to dispose of treasury stock and disposed of 44,100 shares of common stock on July 21, 2021. The number of restricted stocks allocated to the Company's Eligible Directors is as shown below.

Officer category	Number of recipients	Number of shares allotted
Directors (excluding Audit and Supervisory Committee Members and External Directors)	9	44,100

## 2. Company Officers (As of March 31, 2023)

### (1) Directors

Position	Name	Responsibilities and Significant Concurrent Positions
President and Chief Executive Officer	Hidetaka Shirozume	
Representative Director	Haruhiko Tomiyasu	Senior Managing Executive Officer Assistant to the President, Secretarial Department, Human Resources Department, Purchasing & Distribution Department, as well as Chair of Internal Control Promotion Committee and Chair of Risk Management Director, Audit & Supervisory Committee Member, NIHON NOHYAKU CO., LTD.
Director	Yoshiaki Kobayashi	Managing Operating Officer General Manager, Foods Division and Project Team Leader, East Asia Foods Business Managing Director, ADEKA FOODS (CHANGSHU) CO., LTD.
Director	Shigeki Fujisawa	Managing Operating Officer General Manager, Chemicals Division Managing Director, ADEKA FINE CHEMICAL TAIWAN CORP. Managing Director, ADEKA FINE CHEMICAL (SHANGHAI) CO., LTD.
Director	Youji Shiga	Operating Officer Finance & Accounting Department, Information System Department, Business Digitalization Department
Director	Atsuya Yoshinaka	Operating Officer General Manager, Research & Development Division President & Chief Executive Officer, TOKYO ENVIRONMENTAL MEASUREMENT CENTER
Director	Susumu Yasuda	Operating Officer Legal Affairs & Publicity Department, Corporate Planning & Strategy Division, Chair of Compliance Promotion Committee, and Chair of Capital Investment Committee
Director	Naoshi Kawamoto	Operating Officer General Manager, Polymer Additives Division Managing Director, ADEKA FINE CHEMICAL (ZHEJIANG) CO., LTD. Managing Director, CHANG CHIANG CHEMICAL CO., LTD. Managing Director, ADEKA FINE CHEMICAL (CHANGSHU) CO., LTD. Chairman & Director, ADEKA INDIA PVT. LTD. President and Chief Executive Officer, OXIRANE CHEMICAL CORP.
Director	Noriyasu Kakuta	Operating Officer General Manager, Production Division
Director (External)	Kazuyuki Nagai	Chairman, UNIVERSITY CORRESPONDENCE EDUCATION Professor Emeritus, CHUO UNIVERSITY Attorney

Position	Name	Responsibilities and Significant Concurrent Positions
Director (External)	Shigeru Endo	Special Assistant to the Ministry of Foreign Affairs Outside Director, JGC HOLDINGSCORPORATION
Director (External)	Makoto Horiguchi	Member of the Board, Vice President, IWATANI CORPORATION Director, IWATANI (CHINA) LIMITED Director, Iwatani Australia Pty. Ltd.
Director Full-Time Audit and Supervisory Committee Member	Koichi Taya	
Director Audit and Supervisory Committee Member (External)	Akio Okuyama	Certified Public Accountant Outside Director who is an Audit and Supervisory Committee Member, NIPPON CORPORATION Corporate Auditor, SHINKIN CENTRAL BANK
Director Audit and Supervisory Committee Member (External)	Yoko Takemura	Attorney
Director Audit and Supervisory Committee Member (External)	Yoshiki Sato	Special Advisor, Asahi Mutual Life Insurance Company Outside Director, FUJI KYUKO CO., LTD. President, National Federation of UNESCO Association in Japan Deputy Director, Regional Culture Award Tax Accountant's Fund Outside Auditor, Nippon Light Metal Holdings Company, Ltd.

- Notes: 1. Directors Kazuyuki Nagai, Shigeru Endo, Makoto Horiguchi, Akio Okuyama, Yoko Takemura, and Yoshiki Sato are External Directors.
2. Yoshito Hayashi and Akimasa Yajima resigned and retired from the position of Audit and Supervisory Committee Members at the conclusion of the 160th Ordinary General Meeting of Shareholders held on June 24, 2022.
3. At the 160th Ordinary General Meeting of Shareholders held on June 24, 2022, Koichi Taya was newly elected and assumed office as a member of the Audit and Supervisory Committee as a substitute for Yoshito Hayashi, who resigned as a member of the Audit and Supervisory Committee at the conclusion of the said meeting.
4. Because of strengthening of functions of audit and supervision and efficient operation of the Audit and Supervisory Committee, a full-time Audit and Supervisory Committee Member is selected.
5. Audit and Supervisory Committee Member Koichi Taya is familiar with the Company's business operations, with his practical experience in business execution mainly in the sales and purchasing departments. He also possesses significant knowledge of corporate management in general as he has been involved in the Company's management as an Executive Officer since June 2018, and serves as the General Manager of the Osaka Main Branch.  
Audit and Supervisory Committee Member Akio Okuyama possesses a significant level of knowledge of finance and accounting with many years of practical experience as a certified public accountant.  
Audit and Supervisory Committee Member Yoko Takemura is well versed in corporate legal affairs as an attorney and possesses a significant level of knowledge of finance and accounting.  
Audit and Supervisory Committee Member Yoshiki Sato has experiences of serving as director and chairman of a financial institution and has considerable knowledge of corporate management overall as well as finance and accounting.
6. The Company designates all External Directors as independent directors based on the rules of the Tokyo Stock Exchange and has registered them as such with the exchange.

## (2) Summary of limitation of liability contract

The Company has concluded with each non-executive director a contract with the effect of limiting the liability as stipulated in Article 423, Paragraph 1 of the Companies Act. The maximum amount of liability pursuant to such contract is the minimum amount prescribed under Article 425, Paragraph 1 of the

Companies Act, if such non-executive director has performed his or her duties in good faith and without gross negligence.

(3) Summary of directors and officers liability insurance contract

The Company has entered into a directors and officers liability insurance contract stipulated in Article 430-3, Paragraph 1 of the Companies Act with an insurance company to allow the Company to obtain superior talent and to support active and bold management judgement toward the Company's growth.

The insured parties of the insurance contracts include Directors (including Directors who are Audit and Supervisory Committee Members), Operating Officers, managerial employees, outside loaned officers, and retired officers and the Company bears the entire premium for all the insured parties. Under the said insurance contracts, damage caused as a result of the insured Directors and officers assuming responsibilities regarding the execution of their duties or receiving claims pertaining to the pursuit of such responsibilities shall be covered. However, to avoid impairing the appropriateness of the execution of the insured duties, the insurance contract shall not cover damages arising from criminal acts, actions taken with the knowledge that they were in violation of laws and regulations, the insured's unlawful gain or benefit, or acts that provide benefit to others.

(4) Director remuneration

1) Policy for determining the amount of the remuneration of Directors

Remuneration for the Company's Directors is comprised of director remuneration as compensation for the performance of duties, director bonuses linked to company and individual performance in the fiscal year under review, and stock remuneration designed to incentivize efforts to improve business performance and raise the stock price over the medium to long term. Policies on determining remuneration for individual Directors were resolved as follows by the Board of Directors at the meeting held on May 21, 2021.

1. Basic policy

The remuneration of the Company's Directors (excluding Directors who are Audit and Supervisory Committee Members; the same shall apply hereinafter.) shall be arranged to duly function as a motivation for proper and sound performance so that it enables transparent, fair, prompt and bold decision-making that leads to an increase in corporate value and, by extension, the common interests of shareholders.

Specifically, remuneration for Directors shall consist of basic compensation as fixed compensation, director bonuses and stock remuneration as performance-linked compensation, etc. External Directors who have the supervising function shall only be paid basic compensation in view of their duties.

2. Policy for determining the amount of individual basic compensation (money compensation)

Basic compensation for the Company's Directors shall be monthly fixed compensation, and the payment amount shall be determined according to the rank and number of years in office.

3. Policy for determining performance-linked compensation and the contents and amount/number of non-monetary compensation

In terms of performance-linked compensation, etc., director bonuses shall be paid annually at a certain time. Their amounts shall be calculated by comprehensively considering business performance (consolidated net sales, consolidated operating profit, and consolidated profit) for each fiscal year, social value that regards contribution, etc. to environmental issues in each fiscal year as subjects of evaluation, and other various circumstances.

The Company's Medium-Term Management Plan, ADX 2023 aims to integrate management with CSR and optimize both social value and economic value through businesses leading to solution of social issues. Therefore, the aforementioned performance indicators were chosen because consolidated net sales and consolidated operating profit are set as targets in the Group's Medium-Term Management Plan and because consolidated profit is also a key performance indicator that is the source of shareholder returns (dividends), which is also set as a target in the Group's Medium-Term Management Plan. Social value such as contribution to environmental issues are evaluated as a non-financial performance indicator. Results related to these financial performance indicators are as indicated in "1. Business Progress and Results" and "5. Trends in Assets and Income."

Non-monetary compensation, etc. shall be restricted stock to have a remuneration structure aimed at the improvement of the Company's medium- to long-term corporate value and, by extension, the sustainable enhancement of shareholder value. Restricted stock shall be granted by the resolution of the Board of Directors adopted by the day on which one month has passed since the start date of the execution of duties of the Eligible Director, and the number of shares of restricted stock to be granted shall be determined according to rank. In addition, the transfer restriction period shall be three years



or more from the payment date, and in principle, transfer restrictions shall be lifted on the condition that the Eligible Director has continuously served as Director during that period.

4. Policy for determining the proportion of monetary compensation, performance-linked compensation and non-monetary compensation among Directors' total compensation

The proportions of each type of remuneration for executive Directors shall be structured so that higher ranked Directors will receive a higher weight of director bonuses, which are performance-linked compensation.

A general guideline for the percentage of each type of remuneration, etc. is as follows (when performance indicators are achieved 100%).

Position	Basic compensation	Performance-linked compensation (Bonus)	Non-monetary compensation (Restricted stock)
Representative Director Chairman Representative Director President	55%	22%	23%
Director & Senior Managing Operating Officer	59%	20%	21%
Director & Managing Operating Officer	61%	17%	22%
Director & Senior Managing Officer	61%	15%	24%

5. Policy for determining the contents and amount of compensation by individual Directors

In terms of the basic compensation component of individual compensation, etc., President and Chief Executive Officer Hidetaka Shirozume shall be given delegation to determine specific details within the maximum amount resolved at the 159th Ordinary General Meeting of Shareholders. President and Chief Executive Officer Hidetaka Shirozume shall consult with the Nomination and Remuneration Committee regarding remuneration plans drafted based on the remuneration standards set according to the rank and number of years in office of Directors, and determine the individual remuneration amount of each Director in consideration of the committee's opinions and advice.

As for the director bonus component of individual remuneration, etc., President and Chief Executive Officer Hidetaka Shirozume shall be given delegation to determine specific details within the maximum amount resolved at the 159th Ordinary General Meeting of Shareholders. President and Chief Executive Officer Hidetaka Shirozume shall draft a remuneration plan by comprehensively considering business performance of each fiscal year, contribution, etc., to environmental issues, and other various circumstances, and consult with the Nomination and Remuneration Committee before the Board of Directors makes a decision in consideration of opinions and advice of the Nomination and Remuneration Committee.

President and Chief Executive Officer Hidetaka Shirozume shall consult with the Nomination and Remuneration Committee regarding the stock remuneration component of individual remuneration, etc., within the maximum amount resolved at the 159th Ordinary General Meeting of Shareholders, based on the stock remuneration regulations established by the Board of Directors, and the Board of Directors shall determine the number of shares to be allotted to each Director.

6. Person delegated with the authority to determine individual remuneration, etc. and reason thereof

As stated in 5. above, the Company has delegated President and Chief Executive Officer Hidetaka Shirozume the determination of individual remuneration etc. The reason for delegating the decision to him is that he supervises all operations as President and Chief Executive Officer, and that there exist clear remuneration standards, etc. which were deliberated and appointed by the Nomination and Remuneration Committee as a premise for delegating decisions on individual remuneration, etc. drafts a remuneration plan based on remuneration standards, etc. within the maximum amount resolved by the General Meeting of Shareholders for each type of remuneration, consults with the Nomination and Remuneration Committee, and makes determinations based on the opinions and advice of the committee. Accordingly, the authority delegated to President and Chief Executive Officer Hidetaka Shirozume is exercised appropriately.

7. The reason why the Board of Directors determined that the content of remuneration, etc., for individual

Directors pertaining to the fiscal year under review is consistent with said policy

The Board of Directors has determined that the method and content of decisions on the content of individual compensation for Directors are in line with the aforementioned policy, as the content of such decisions has been deliberated on the recommendations of the Nomination and Remuneration Committee and the remuneration standards, etc. by consultation with the Board of Directors.

2) Total remuneration for the fiscal year under review

Category	Total remuneration, etc. (millions of yen)	Total remuneration, etc. by type (millions of yen)			Number of recipients
		Basic compensation	Bonuses	Stock remuneration	
Directors (excluding Audit and Supervisory Committee Members) (of which, External Directors)	490 (32)	281 (32)	90	118	12 (3)
Directors (Audit and Supervisory Committee Members) (of which, External Directors)	62 (32)	62 (32)	–	–	6 (3)

Notes: 1. The remuneration amount for Directors does not include their salaries as employees.

2. Remuneration amount was resolved for Directors (excluding Audit and Supervisory Committee Members) at within 480 million yen annually (within 60 million yen annually for External Directors), and for Directors (Audit and Supervisory Committee Members), at within 100 million yen annually, by the 159th Ordinary General Meeting of Shareholders held on June 18, 2021.

The numbers of Directors (excluding Audit and Supervisory Committee Members) and Directors (Audit and Supervisory Committee Members) following the aforesaid Ordinary General Meeting of Shareholders are twelve (12) Directors (excluding Audit and Supervisory Committee Members) (including three (3) External Director) and five (5) Directors (Audit and Supervisory Committee Members) (including three (3) External Director).

Apart from the aforesaid remuneration category, a remuneration amount for allotting restricted stock to Directors (excluding Audit and Supervisory Committee Members and External Directors) was resolved at within 150 million yen annually by the 159th Ordinary General Meeting of Shareholders held on June 18, 2021. There are nine (9) Eligible Directors as of the conclusion of the aforementioned Ordinary General Meeting of Shareholders.

(5) Matters related to External Directors

1) Significant concurrent duties as business executives at other corporations, etc. and the relationship between those corporations and the Company

Director Nagai: Chairman, UNIVERSITY CORRESPONDENCE EDUCATION

Director Horiguchi: Member of the Board, Vice President, Iwatani Corporation;

Member of the Board, Iwatani (China) Limited;

Director, Iwatani Australia Pty. Ltd.

Director Sato (Audit and Supervisory Committee Member):

Special Advisor, Asahi Mutual Life Insurance Company;

President, National Federation of UNESCO Association in Japan;

Deputy Director, Regional Culture Award Tax Accountant's Fund

No special interests exist between the Company and the aforesaid corporations, etc.

2) Significant concurrent duties as external directors at other corporations, etc. and the relationship between those corporations and the Company

Director Endo: Outside Director, JGC HOLDINGS CORPORATION;

Director Okuyama (Audit and Supervisory Committee Member):

Outside Director who is an Audit and Supervisory Committee Member, NIPPON CORPORATION;

Corporate Auditor, SHINKIN CENTRAL BANK

Director Sato (Audit and Supervisory Committee Member):

Outside Director, FUJI KYUKO CO., LTD.;

Outside Auditor, Nippon Light Metal Holdings Co., Ltd.

No special interests exist between the Company and the aforesaid corporations, etc.

3) Main activities of the Board of Directors, the Audit and Supervisory Committee, and the Nomination and Remuneration Committee in the fiscal year under review

Category	Number of Meetings per Year	Average Attendance Rate	Main Topics
The Board of Directors	17	98% (Directors, and Audit and Supervisory Committee Members)	<ul style="list-style-type: none"> <li>· Medium-Term Management Plan</li> <li>· Business investment</li> <li>· ESG &amp; sustainability</li> <li>· Status of initiatives related to IR &amp; SR, and enhancement of PR activities</li> <li>· Capital efficiency</li> <li>· Discontinuation (abolition) of advance-warning type takeover defense measures</li> <li>· Risk management &amp; compliance</li> <li>· Internal control</li> </ul>
The Audit and Supervisory Committee	6	96% (Audit and Supervisory Committee Members)	<ul style="list-style-type: none"> <li>· Audit Policy, Audit and Other Plans and Assignment of Duties</li> <li>· Election of candidates for Directors who are Audit and Supervisory Committee Members, and selection of the Chairperson, etc. of the Audit and Supervisory Committee</li> <li>· Judgment and verification of the appropriateness of the appointment, compensation, audit, and review of the Accounting Auditor, including the audit methods and audit results</li> <li>· Audit results &amp; Audit and Supervisory Committee's Audit Report</li> </ul>
The Nomination and Remuneration Committee	3	100% (All committee members)	<ul style="list-style-type: none"> <li>· Proposed Nomination of Candidates for Board of Directors</li> <li>· Discussion on remuneration for individual Directors</li> <li>· Proposal for the development and operation of a succession plan for President &amp; Chief Executive Officer</li> <li>· Selection of the Chairperson of the Nomination and Remuneration Committee (Chairman changed from President &amp; Chief Executive Officer to an External Director)</li> </ul>

4) Main activities of External Directors

Category	Name	Attendance at the Board of Directors meetings (Attendance rate)	Attendance at the Audit and Supervisory Committee meetings (Attendance rate)	Attendance at the Nomination and Remuneration Committee meetings (Attendance rate)	Major statements made and summary of duties performed with respect to the role expected of an External Director
Director	Kazuyuki Nagai	17/17 (100%)	–	3/3 (100%)	Based on his ample management experiences and expertise on the Companies Act, he asked questions when appropriate and expressed his opinions. In doing so, he played sufficient roles as External Director that the Company expected in deciding important matters of management and supervising business execution.
	Shigeru Endo	17/17 (100%)	–	3/3 (100%)	Based on his wide range of knowledge and insight on international affairs and ample international outlook, he asked questions when appropriate and expressed his opinions from global perspectives. In doing so, he played sufficient roles as External Director that the Company expected in deciding important matters of management and supervising business execution.
	Makoto Horiguchi	13/17 (76%)	–	–	Based on his ample experiences, a wide range of insight and global knowledge on management and corporate governance, he asked questions when appropriate and expressed his opinions from global perspectives. In doing so, he played sufficient roles as External Director that the Company expected in deciding important matters of management and supervising business execution.
Director (Audit and Supervisory Committee Member)	Akio Okuyama	17/17 (100%)	6/6 (100%)	–	As needed, he asked questions when appropriate and expressed his opinions from professional standpoints as a certified public accountant. In doing so, he played sufficient roles as External personnel with fair and objective perspectives that the Company expected.
	Yoko Takemura	17/17 (100%)	6/6 (100%)	–	As needed, she asked questions when appropriate and expressed her opinions from professional standpoints mainly as an attorney. In doing so, she played sufficient roles as External personnel with fair and objective perspectives that the Company expected.
	Yoshiki Sato	16/17 (94%)	5/6 (83%)	–	As needed, he asked questions when appropriate and expressed his opinions from standpoints with ample management experiences. In doing so, he played sufficient roles as External personnel with fair and objective perspectives that the Company expected.

5) Total remuneration for External Officers

External Officers                      64 million yen for 6 External Officers

### 3. 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  
78 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  
79 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, Paragraphs 1 and 3 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 apply for approval of special exceptions related to levies
- (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.

### 4. 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.

- (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 Representative Directors 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 created and distributed posters, cards, and explanatory manuals to raise awareness of the revised ADEKA Group Code of Conduct, which incorporates the element of “contributing to society through our core business” and “sustainability management.”

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.

In the fiscal year under review, compliance leader training was held from September to October 2022 for Compliance Promotion Responsible Managers and Compliance Promotion Managers of the Company and its domestic subsidiaries.

In addition, the Company revised the “Compliance Whistle-blowing Regulations” to comply with the Revised Whistle-Blower Protection Act and explained the summary of the amendments to the Act and the Regulations as well as practical points to note to Compliance Promotion Responsible Managers of the Company’s domestic subsidiaries in a Group Compliance Council meeting held in September 2022.

(2) Risk management system

At the Company, meetings of the Crisis Management Committee have been held twice a year, where the evaluation, analysis, investigation, formulation of countermeasures, and management of various risks surrounding the Group's businesses have been conducted. In the fiscal year under review, as in the previous year, the Company continued its efforts to maintain and improve its BCMS, and implemented earthquake countermeasures, information security measures and measures to prevent the spread of the COVID-19. In addition, the Company gathered 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 Committee.

Risks have become more diverse and complex in recent years, including climate change risks, intensification of natural disasters, and geopolitical risks. The Companies Act, the Ordinance for Enforcement of the Companies Act, and the Corporate Governance Code also call for strengthening risk management systems, including those of group companies. In response to these, the Crisis Management Committee was renamed Risk Management Committee in June 2022 for the purpose of further strengthening the risk management system for the entire Group, and the ADEKA Group Risk Management Rules and the ADEKA Group Risk Management Manual were established in September 2022. In addition, the Group Risk Management Council was newly established in March 2023 to strengthen the Group risk management system.

In October 2022, the Company introduced a cloud integrated ERM system Enterprise Risk MT to support the advancement of Group risk management from a systems perspective and to enable centralized management of risk information.

Through these initiatives, the Company will strive to further strengthen Group risk 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. During the fiscal year under review, the Audit and Supervisory Committee Members and the Internal Auditing Department conducted audits in accordance with their respective audit plans.

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 full-time 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.

## **5. 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 Food Products business and the Life Science business. In the Chemicals business, the Company handles polymer additives, electronics and IT materials, and functional chemicals, while in the Food Products 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" in "I. Overview of the Group", 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.



## Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Item	Amount
<b>(Assets)</b>	
<b>Current assets</b>	315,401
Cash and deposits	81,119
Notes and accounts receivable - trade, and contract assets	99,623
Securities	5,499
Merchandise and finished goods	67,367
Work in process	8,524
Raw materials and supplies	40,822
Other	13,619
Allowance for doubtful accounts	(1,174)
<b>Non-current assets</b>	184,666
<b>Property, plant and equipment</b>	119,488
Buildings and structures	36,490
Machinery, equipment and vehicles	34,514
Land	30,515
Leased assets	665
Construction in progress	9,911
Other	7,390
<b>Intangible assets</b>	18,044
Technical assets	5,471
Customer related assets	2,489
Software	2,005
Leased assets	34
Other	8,043
<b>Investments and other assets</b>	47,133
Investment securities	33,609
Long-term loans receivable	771
Retirement benefit asset	3,193
Other investments	3,006
Deferred tax assets	4,448
Other	2,301
Allowance for doubtful accounts	(197)
<b>Total assets</b>	<b>500,068</b>

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

## Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Item	Amount
<b>(Liabilities)</b>	
<b>Current liabilities</b>	129,488
Notes and accounts payable - trade	62,235
Short-term borrowings	22,295
Current portion of long-term borrowings	7,560
Lease obligations	297
Accrued expenses	7,783
Income taxes payable	3,246
Provision for bonuses	3,206
Provision for bonuses for directors (and other officers)	157
Provision for environmental measures	18
Other	22,686
<b>Non-current liabilities</b>	58,870
Bonds payable	5,315
Long-term borrowings	20,777
Lease obligations	609
Deferred tax liabilities	3,097
Deferred tax liabilities for land revaluation	3,013
Retirement benefit liability	20,408
Provision for retirement benefits for directors (and other officers)	264
Other	5,383
<b>Total liabilities</b>	188,358
<b>(Net assets)</b>	
<b>Shareholders' equity</b>	238,713
Share capital	23,048
Capital surplus	20,126
Retained earnings	197,843
Treasury shares	(2,304)
<b>Accumulated other comprehensive income</b>	22,236
Valuation difference on available-for-sale securities	7,800
Revaluation reserve for land	3,330
Foreign currency translation adjustment	11,362
Remeasurements of defined benefit plans	(257)
<b>Non-controlling interests</b>	50,759
<b>Total net assets</b>	311,709
<b>Total liabilities and net assets</b>	500,068

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

## Consolidated Statement of Income

(April 1, 2022–March 31, 2023)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		403,343
<b>Cost of sales</b>		305,124
<b>Gross profit</b>		98,218
<b>Selling, general and administrative expenses</b>		65,848
<b>Operating profit</b>		32,369
<b>Non-operating income</b>		
Interest and dividend income	2,479	
Share of profit of entities accounted for using equity method	512	
Foreign exchange gains	644	
Other	896	4,532
<b>Non-operating expenses</b>		
Interest expenses	2,470	
Loss on valuation of derivatives	1,286	
Other	566	4,323
<b>Ordinary profit</b>		32,579
<b>Extraordinary income</b>		
Gain on sale of non-current assets	51	
Gain on sale of investment securities	1,009	1,061
<b>Extraordinary losses</b>		
Impairment losses	3,750	
Loss on disaster	133	
Loss on abandonment of non-current assets	555	
Loss on sale of investment securities	2	
Loss on valuation of investment securities	6	4,448
<b>Profit before income taxes</b>		29,192
Income taxes-current	9,798	
Income taxes-deferred	(1,566)	8,231
<b>Profit</b>		20,960
Profit attributable to non-controlling interests		4,182
<b>Profit attributable to owners of parent</b>		16,778

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

## Consolidated Statement of Changes in Net Assets

(From April 1, 2022 to March 31, 2023)

(Amount: million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance on April 1, 2022	23,048	20,146	188,260	(1,273)	230,181
Cumulative effects of changes in accounting policies			(169)		(169)
Restated balance	23,048	20,146	188,091	(1,273)	230,012
Changes during period					
Dividends of surplus			(7,949)		(7,949)
Profit attributable to owners of parent			16,778		16,778
Purchase of treasury shares				(1,178)	(1,178)
Disposal of treasury shares		(23)		145	122
Reversal of revaluation reserve for land			923		923
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		3			3
Net changes of items other than shareholders' equity					-
Total changes during period	-	(19)	9,752	(1,031)	8,701
Balance on March 31, 2023	23,048	20,126	197,843	(2,304)	238,713

	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, 2022	8,062	4,253	8,755	(1,284)	19,787	46,902	296,871
Cumulative effects of changes in accounting policies			169		169		–
Restated balance	8,062	4,253	8,924	(1,284)	19,956	46,902	296,871
Changes during period							
Dividends of surplus					–		(7,949)
Profit attributable to owners of parent					–		16,778
Purchase of treasury shares					–		(1,178)
Disposal of treasury shares					–		122
Reversal of revaluation reserve for land					–		923
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					–		3
Net changes of items other than shareholders' equity	(262)	(923)	2,438	1,026	2,280	3,856	6,136
Total changes during period	(262)	(923)	2,438	1,026	2,280	3,856	14,838
Balance on March 31, 2023	7,800	3,330	11,362	(257)	22,236	50,759	311,709

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.

##### (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.

##### (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 environmental measures**

To provide for the payment for soil investigation, etc. for redevelopment of land owned by the Group, a reasonable estimated amount at the end of the fiscal year under review 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 receives consideration based on sales contracts mostly within a year after delivery of the goods, and no significant financing component is included. Some overseas subsidiaries, however, receive some considerations more than one year after delivery of the goods. If it is deemed that they may have a large impact on financing components due to considerably high interest rates related to such considerations, we consider that they include significant financing components and allocate an amount equivalent to the amount of interest that constitutes the significant financing components to profit and loss for the applicable periods until the relevant settlement dates.

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 Presentation]**

(Consolidated Statement of Income)

“Loss on valuation of derivatives,” which was included in “Other” under “Non-operating expenses” in the previous fiscal year exceeded 10% of the total amount of non-operating expenses in the fiscal year under review. As a result, it is separately presented in the fiscal year under review.

“Loss on valuation of derivatives” for the previous fiscal year was 98 million yen.

#### **[Notes to Changes in Accounting Policies]**

##### **Changes in the method of converting revenues and expenses of foreign subsidiaries, etc.**

Revenues and expenses of certain overseas subsidiaries and other entities, which were previously translated into yen at the spot exchange rate on the balance sheet date, are translated into yen at the average exchange rate during the period effective from the beginning of the fiscal year under review.

This change came after reviewing the management system within the Group, including the standardization of budget management systems, against the backdrop of the increased materiality of overseas subsidiaries and other entities. It was also undertaken to mitigate the impact of temporary fluctuations in exchange rates on profit and loss during the period and to more appropriately reflect the profit and loss of overseas subsidiaries and other entities that are generated throughout the consolidated fiscal year in the consolidated financial statements.

This change in accounting policy has been applied retrospectively and the cumulative effects of changes in accounting policies have been reflected in the book value of net assets at the beginning of the fiscal year under review. As a result, the beginning balance of retained earnings and that of foreign currency translation adjustment of the fiscal year under review presented in the Consolidated Statement of Changes in Net Assets were a decrease of 169 million yen and an increase of 169 million yen, respectively.

**[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	78,828	70,951	28,532	178,312	3,917	182,229
China	26,113	8,273	702	35,089	1,814	36,904
Asia (excl. Japan and China)	54,101	3,149	17,320	74,571	672	75,244
Others	52,667	130	55,339	108,138	329	108,468
Revenue from contracts with customers	211,711	82,505	101,895	396,112	6,734	402,846
Revenue from other sources	9	19	187	215	281	496
Sales to external customers	211,720	82,525	102,082	396,327	7,015	403,343

[By Goods or Service]

(Amount: million yen)

	Reporting segment				Others	Total
	Chemicals	Food Products	Life Science	Total		
Polymer additives	111,315	—	—	111,315	—	111,315
Electronics and IT materials	36,371	—	—	36,371	—	36,371
Functional chemicals	64,024	—	—	64,024	—	64,024
Processed fat and oil food products	—	82,505	—	82,505	—	82,505
Agrochemicals, pharmaceuticals, etc.	—	—	101,895	101,895	—	101,895
Others	—	—	—	—	6,734	6,734
Revenue from contracts with customers	211,711	82,505	101,895	396,112	6,734	402,846
Revenue from other sources	9	19	187	215	281	496
Sales to external customers	211,720	82,525	102,082	396,327	7,015	403,343

**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, 2022	As of March 31, 2023
Receivables arising from contracts with customers	100,424	99,594
Contract assets	35	28
Contract liabilities	1,098	841

**(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 Accounting Estimates]**

**1. Impairment of non-current assets**

The asset groups of the consolidated Group's Food Products Business continuously recorded operating loss and reduced their profitability due to a rapid change of the business environment resulting mainly from a soaring procurement prices of raw materials as well as to a decreased sales volume. Under these circumstances, the Group recognized that there was a sign of impairment and determined as follows:

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

(Amount: million yen)

	Fiscal year under review
Property, plant and equipment	119,488
Intangible assets	18,044
Impairment losses	3,750

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

1) Calculation method

The Group reviews an asset group that shows a sign of impairment for impairment loss. If the Group determines that an impairment loss should be recognized, it will reduce the book value of the asset group to the recoverable value thereof, and record such reduction as an impairment loss.

In reviewing the amount of an impairment loss of non-current assets, the Group measures the recoverable amount of the asset group by the value in use.

The value in use is calculated as the discounted present value of future cash flows that contain the net selling value of non-current assets, which is evaluated based on the real estate appraisal value. Future cash flows arising from the continuous use of the asset group are estimated based on the budget approved by the Board of Directors. For any period over the budget period, they are estimated based on a growth rate.

2) Main assumptions

The main assumptions in estimate of the value in use are sales volume, sales unit prices, procurement prices of raw materials, growth rates, real estate appraisal value and discount rates that are the basis of a budget and future plan.

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

The aforementioned main assumptions have a high estimation uncertainty. A change in the assumptions may affect consolidated financial statements for the following consolidated fiscal year.

## [Notes to Consolidated Balance Sheet]

### 1. Assets supplied as collateral and liabilities concerning collateral

(1) Assets pledged as collateral	
Cash and deposits	414 million yen
Notes and accounts receivable - trade, and contract assets	7,621 million yen
Merchandise and finished goods	1,259 million yen
Raw materials and supplies	1,122 million yen
Buildings and structures	1,382 million yen
Machinery, equipment and vehicles	978 million yen
Land	2,604 million yen
Total	<u>15,382 million yen</u>
(2) Collateral-related liabilities	
Short-term borrowings	1,488 million yen
Current portion of long-term borrowings	73 million yen
Long-term borrowings	1,532 million yen
Total	<u>3,094 million yen</u>

### 2. Accumulated depreciation concerning property, plant and equipment

248,197 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: (2,857) 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 following asset groups, the Company recorded impairment losses totaling 3,750 million yen as extraordinary losses. For business assets, the Group conducts grouping based on management accounting categories (by factory and business). For idle assets, grouping is done based on each individual property.

ADEKA Corporation

(Amount: million yen)

Location	Usage	Type	Amount of impairment losses
Kamisu, Ibaraki	Food manufacturing facilities	(Property, plant and equipment)	
		Buildings and structures	315
		Machinery, equipment, and vehicles	827
		Construction in progress	47
		Other	25
		Subtotal	1,214
Kako, Hyogo	Food manufacturing facilities	(Property, plant, and equipment)	
		Buildings and structures	281
		Machinery, equipment, and vehicles	797
		Land	1,325
		Construction in progress	55
		Other	52
		(Intangible assets)	
Software	26		
		Subtotal	2,536
Total			3,750

The food manufacturing facilities of ADEKA Corporation are no longer expected to collect invested amount over the estimated period of future cash flows. ADEKA Corporation accordingly recorded an impairment loss.

The recoverable amount of the asset groups is measured by the value in use and calculated by discounting the future cash flows at 6.7%.

**[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)	103,768,142	–	–	103,768,142
Total	103,768,142	–	–	103,768,142
Treasury shares				
Common shares (Note 2)	760,398	501,584	57,133	1,204,849
Total	760,398	501,584	57,133	1,204,849

Note 1: 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 disposal of treasury shares as restricted stock remuneration and 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 24, 2022	Common shares	4,344	42	March 31, 2022	June 27, 2022
Board of Directors meeting held on November 11, 2022	Common shares	3,604	35	September 30, 2022	December 6, 2022

**(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 23, 2023	Common shares	3,604	Retained earnings	35	March 31, 2023	June 26, 2023



## [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, 2023 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, 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	27,173	27,173	-
Bonds payable	15,415	15,411	(3)
Long-term borrowings	28,338	28,487	148
Derivative transactions (*)	(768)	(768)	-

(\*) 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	11,935

### 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	21,674	5,499	–	27,173
Derivatives	–	(768)	–	(768)

**(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	–	15,411	–	15,411
Long-term borrowings	–	28,487	–	28,487

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:     | 2,544.28 yen |
| 2. Basic earnings per share: | 163.30 yen   |

**[Notes to Significant Subsequent Events]**

Not applicable.

## Non-Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Item	Amount
<b>(Assets)</b>	
<b>Current assets</b>	123,237
Cash and deposits	28,351
Notes receivable - trade	4,201
Accounts receivable - trade	34,639
Securities	5,499
Merchandise and finished goods	18,056
Work in process	7,197
Raw materials and supplies	15,766
Prepaid expenses	350
Accounts receivable - other	3,397
Other	5,806
Allowance for doubtful accounts	(30)
<b>Non-current assets</b>	142,966
<b>Property, plant and equipment</b>	65,105
Buildings	15,631
Structures	2,826
Machinery and equipment	21,785
Vehicles	24
Tools, furniture and fixtures	3,003
Land	16,752
Leased assets	448
Construction in progress	4,633
<b>Intangible assets</b>	6,965
Rights	1,297
Right to use facilities	98
Software	1,172
Leased assets	15
Software in progress	4,382
<b>Investments and other assets</b>	70,895
Investment securities	20,093
Shares of subsidiaries and associates	30,441
Investments in capital of subsidiaries and associates	7,488
Long-term loans receivable	7,661
Long-term prepaid expenses	205
Deferred tax assets	4,568
Other	1,425
Allowance for doubtful accounts	(989)
<b>Total assets</b>	<b>266,203</b>

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

## Non-Consolidated Balance Sheet

(As of March 31, 2023)

(Millions of yen)

Item	Amount
<b>(Liabilities)</b>	
<b>Current liabilities</b>	52,851
Notes payable - trade	1,185
Accounts payable - trade	24,703
Short-term borrowings	4,250
Current portion of bonds payable	10,000
Current portion of long-term borrowings	2,000
Lease obligations	169
Accounts payable - other	4,327
Accrued expenses	3,679
Income taxes payable	525
Provision for bonuses	1,764
Provision for bonuses for directors (and other officers)	80
Other	166
<b>Non-current liabilities</b>	27,927
Long-term borrowings	7,000
Lease obligations	351
Deferred tax liabilities for land revaluation	3,013
Retirement benefit liability	15,868
Asset retirement obligations	109
Long-term deposits received	1,584
<b>Total liabilities</b>	80,779
<b>(Net assets)</b>	
<b>Shareholders' equity</b>	176,203
<b>Share capital</b>	23,048
<b>Capital surplus</b>	20,125
Legal capital surplus	20,074
Other capital surplus	51
<b>Retained earnings</b>	134,934
Legal retained earnings	1,096
Other retained earnings	133,838
Reserve for dividends	90
Reserve for tax purpose reduction entry of non-current assets	55
General reserve	51,241
Retained earnings brought forward	82,452
<b>Treasury shares</b>	(1,904)
<b>Valuation and translation adjustments</b>	9,219
<b>Valuation difference on available-for-sale securities</b>	5,889
<b>Revaluation reserve for land</b>	3,330
<b>Total net assets</b>	185,423
<b>Total liabilities and net assets</b>	266,203

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

## Non-Consolidated Statement of Income

(April 1, 2022–March 31, 2023)

(Millions of yen)

Item	Amount	
<b>Net sales</b>		153,280
<b>Cost of sales</b>		117,104
<b>Gross profit</b>		36,175
<b>Selling, general and administrative expenses</b>		26,557
<b>Operating profit</b>		9,618
<b>Non-operating income</b>		
Interest income	170	
Dividend income	8,205	
Foreign exchange gains	505	
Miscellaneous income	227	9,107
<b>Non-operating expenses</b>		
Interest expenses	92	
Provision of allowance for doubtful accounts	42	
Commitment fees	35	
Miscellaneous losses	115	285
<b>Ordinary profit</b>		18,440
<b>Extraordinary income</b>		
Gain on sale of investment securities	1,009	1,009
<b>Extraordinary losses</b>		
Impairment losses	3,750	
Loss on disaster	133	
Loss on abandonment of non-current assets	432	
Loss on valuation of investment securities	4	4,320
<b>Profit before income taxes</b>		15,129
Income taxes-current	3,265	
Income taxes-deferred	(873)	2,391
<b>Profit</b>		12,737

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

## Non-consolidated Statement of Changes in Net Assets

(From April 1, 2022 to March 31, 2023)

(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, 2022	23,048	20,074	74	20,148	1,096	90	58	51,241	76,736	129,222
Changes during period										
Dividends of surplus									(7,949)	(7,949)
Reversal of reserve for tax purpose reduction entry							(3)		3	-
Profit									12,737	12,737
Purchase of treasury shares										
Disposal of treasury shares			(23)	(23)						
Reversal of revaluation reserve for land									923	923
Net changes of items other than shareholders' equity										
Total changes during period	-	-	(23)	(23)	-	-	(3)	-	5,715	5,711
Balance on March 31, 2023	23,048	20,074	51	20,125	1,096	90	55	51,241	82,452	134,934

	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, 2022	(873)	171,545	5,871	4,253	10,124	181,670
Changes during period						
Dividends of surplus		(7,949)				(7,949)
Reversal of reserve for tax purpose reduction entry		-				-
Profit		12,737				12,737
Purchase of treasury shares	(1,175)	(1,175)				(1,175)
Disposal of treasury shares	145	122				122
Reversal of revaluation reserve for land		923				923
Net changes of items other than shareholders' equity			18	(923)	(904)	(904)
Total changes during period	(1,030)	4,658	18	(923)	(904)	3,753
Balance on March 31, 2023	(1,904)	176,203	5,889	3,330	9,219	185,423

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 years

#### (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.

## **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 Presentation]**

(Non-Consolidated Statement of Income)

### **1. Change in method of presenting difference on seconded personnel**

"Difference on seconded personnel" previously presented under "Non-operating expenses" in non-consolidated statement of income has been changed to be recorded under "Selling, general and

administrative expenses” from the fiscal year under review.

This change was made based on the Company’s judgement that the changed presentation can present the Company’s operating profit and loss more appropriately given the increased materiality of amount of difference on seconded personnel due to an increase in the number of seconded personnel.

As a result, operating profit decreased by 576 million yen compared with that calculated under the previous method.

## 2. Independent presentation of commitment fees

“Commitment fees” included in “Miscellaneous losses” under “Non-operating expenses” in the previous fiscal year exceeded 10% of the total amount of non-operating expenses in the fiscal year under review. As a result, it is independently presented for the fiscal year under review.

“Commitment fees” for the previous fiscal year was 35 million yen.

### [Notes to Accounting Estimates]

#### 1. Impairment of non-current assets

The asset groups of the Company’s Food Products Business continuously recorded operating loss and reduced their profitability due to a rapid change of the business environment resulting mainly from a soaring procurement prices of raw materials as well as to a decrease in sales volume. Under these circumstances, the Company recognized that there was a sign of impairment and determined as follows:

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

(Amount: million yen)

	Fiscal year under review
Property, plant and equipment	65,105
Intangible assets	6,965
Impairment losses	3,750

##### (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 Accounting Estimates] under Notes to the Consolidated Financial Statements.

### [Notes to Non-consolidated Balance Sheet]

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

168,044 million yen

#### 2. Contingency liabilities

Guarantee obligations

Guarantee for borrowings from financial institutions  
by subsidiaries and associates

1,000 million yen

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

Short-term monetary receivables

18,290 million yen

Long-term monetary receivables	6,924 million yen
Short-term monetary payables	10,844 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: (2,857) million yen

#### [Notes to Non-consolidated Statement of Income]

##### Volume of transactions with subsidiaries and associates

Net sales	65,312 million yen
Purchase of goods	34,537 million yen
Transactions other than operational transactions	7,769 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	330,484	500,304	54,900	775,888
Total	330,484	500,304	54,900	775,888

Note 1: Breakdown of the increase in number of treasury shares

Increase due to purchase of shares of less than one unit: 304 shares

Increase due to purchase of treasury shares based on the resolution of the board of directors: 500,000 shares

Note 2: Breakdown of the decrease in number of treasury shares

Decrease due to disposal of treasury shares: 54,900 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	4,808 million yen
Non-deductible impairment losses on non-current assets	1,511 million yen
Non-deductible loss on valuation of shares of subsidiaries and associates	995 million yen
Provision for bonuses	534 million yen
Allowance for doubtful accounts	309 million yen
Non-deductible loss on valuation of inventories	231 million yen
Non-deductible loss on valuation of shares	209 million yen
Accrued business tax	95 million yen
Excess depreciation	35 million yen
Other	357 million yen
<hr/>	
Subtotal deferred tax assets	9,084 million yen
Subtotal valuation allowance	(2,029) million yen
<hr/>	
Total deferred tax assets	7,055 million yen
Deferred tax liabilities	
Reserve for tax purpose reduction entry of non-current assets	(23) million yen
Valuation difference on available-for-sale securities	(2,462) million yen
Other	(0) million yen
<hr/>	
Total deferred tax liabilities	(2,486) million yen
<hr/>	
Net deferred tax assets	4,568 million yen
Deferred tax liabilities concerning revaluation	
Revaluation reserve for land	3,013 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 (millions of yen)	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)	11,972	Accounts receivable - trade	4,069
	ADEKA ENGINEERING & CONSTRUCTION CORP.	Held: Directly: 100.00	Purchase of equipment, etc.	Purchase of equipment, etc. (Note 2)	9,860	Accounts payable - other Accounts payable - trade Accrued expenses	4,112 774 48

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: 0.06	President and Chief Executive Officer of the Company	In-kind contributions of monetary compensation claims (Note)	20	-	-
Officer	Haruhiko Tomiyasu	Owned: Direct: 0.05	Representative Director and Senior Managing Executive Officer	In-kind contributions of monetary compensation claims (Note)	11	-	-
Officer	Yoshiaki Kobayashi	Owned: Direct: 0.03	Director and Managing Operating Officer	In-kind contributions of monetary compensation claims (Note)	10	-	-
Officer	Shigeki Fujisawa	Owned: Direct: 0.03	Director and Managing Operating Officer	In-kind contributions of monetary compensation 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:     | 1,800.37 yen |
| 2. Basic earnings per share: | 123.46 yen   |

**[Notes to Significant Subsequent Events]**

Not applicable.

# Independent Auditor's Report

May 19, 2023

The Board of Directors  
ADEKA Corporation

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Tatsuya Suzuki  
Designated Engagement Partner  
Certified Public Accountant

Kazunori Onuki  
Designated Engagement Partner  
Certified Public Accountant

## Opinion

Pursuant to Article 444, paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated balance sheet, the consolidated statement of income, the consolidated statement of changes in net assets, and notes to the consolidated financial statements of ADEKA Corporation and its consolidated subsidiaries (the Group) applicable to the fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position and results of operations of the Group applicable to the fiscal year ended March 31, 2023, in accordance with accounting principles generally accepted in Japan.

## Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Other Information

The other information comprises the information included in the Group's business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Audit and Supervisory Committee is responsible for overseeing the Group's reporting process of the other information. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Responsibilities of Management, the Audit and Supervisory Committee for the Consolidated Financial Statements**

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Group's financial reporting process.

## **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit and Supervisory Committee with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

## **Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan**

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.



**This report is a translated version of the original audit report written in Japanese and for information purpose only.**

## **Independent Auditor's Report**

May 19, 2023

The Board of Directors  
ADEKA Corporation

Ernst & Young ShinNihon LLC  
Tokyo, Japan

Tatsuya Suzuki  
Designated Engagement Partner  
Certified Public Accountant

Kazunori Onuki  
Designated Engagement Partner  
Certified Public Accountant

### **Opinion**

Pursuant to Article 436, Section 2, Paragraph 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of income, the statement of changes in net assets, the notes to the financial statements and the related supplementary schedules of ADEKA Corporation. (the "Company") applicable to the 161st fiscal year from April 1, 2022 to March 31, 2023.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position and results of operations of the Company applicable to the 161st fiscal year ended March 31, 2023 in accordance with accounting principles generally accepted in Japan.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Other Information**

The other information comprises the information included in the Company business report and its supplementary schedules. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor are responsible for overseeing the Company reporting process of the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Responsibilities of Management, the Audit and Supervisory Committee for the Financial Statements**

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

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Audit and Supervisory Committee is responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the financial statements is not expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit and Supervisory Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control, that we identify during our audit.

### **Conflicts of Interest**

We have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

## **Audit Report** (English Translation)

In regard to the Directors' performance of their duties for the 161st fiscal year from April 1, 2022 through March 31, 2023, the Audit and Supervisory Committee has prepared this Audit Report after deliberations based on the audit reports prepared by each Audit and Supervisory Committee Member and reports as follows.

### 1. Method and Contents of Audits by the Audit and Supervisory Committee

The Audit and Supervisory Committee received periodic reports from Directors and employees on the details of resolutions of the Board of Directors concerning matters listed in Article 399-13, paragraph (1), Item (i), (b) and (c) of the Companies Act and the status of the construction and operation of the system (internal control system) developed based on said resolutions, sought explanations as necessary, expressed opinions, and conducted the audit by the following method.

- 1) In accordance with the audit policy and division of duties stipulated by the Audit and Supervisory Committee, in cooperation with the Company's internal control division, the Audit and Supervisory Committee attended important meetings, received reports from Directors and other employees, etc. on their performance of duties, requested explanations as necessary, reviewed significant approval documents and other items, and examined business activities and assets at the head office and major business offices. With regard to subsidiaries, Audit and Supervisory Committee Members endeavored to communicate and exchange information with the Directors and Audit and Supervisory Committee Members, and received reports from them as necessary.
- 2) In regard to the basic policies provided for in Article 118, Item (iii)(a) of the Ordinance for Enforcement of the Companies Act, the efforts provided for in Item (iii)(b) of that article and the matters noted in Article 118, Item (v)(a) of the Ordinance for Enforcement of the Companies Act, and the decisions and reasons provided for in Item (v)(b) of that article, each as stated in the Business Report, the Audit and Supervisory Committee Members considered the contents thereof taking into account matters such as the status of deliberations at meetings of the Board of Directors and other deliberations.
- 3) The Audit and Supervisory Committee Members oversaw and verified whether the Accounting Auditor maintained an independent position and conducted an appropriate audit, received reports from the Accounting Auditor on the status of the performance of its duties, and requested explanations as necessary. Additionally, the Audit and Supervisory Committee Members received notification from the Accounting Auditor that, in accordance with the "Quality Control Standards for Audits" (Business Accounting Council, October 28, 2005), etc., it had developed systems in order to ensure that its duties are appropriately performed (i.e., notification of the matters stated in the items of Article 131 of the Ordinance on Accounting of Companies) and requested explanations as necessary.

Based on the above methods, Audit and Supervisory Committee Members examined the business report and its supplementary schedules, the non-consolidated financial statements (non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to the non-consolidated financial statements) and its supplementary schedules, and the consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in net assets, and notes to the consolidated financial statements).

## 2. Results of Audit

### (1) Results of Audit of Business Report and Other Relevant Documents

- i. We find that the business report and the supplementary schedules thereto accurately present the status of the company in accordance with laws, regulations, and the articles of incorporation.
- ii. We do not find any misconduct nor any material fact constituting a violation of any law, regulation, or the articles of incorporation in relation to the Directors' performance of their duties
- iii. We find the content of the resolutions of the Board of Directors regarding internal control systems to be reasonable. Additionally, we do not find any matters that should be commented upon in regard to the statements in the Business Report or the Directors' performance of their duties relating to the internal control systems.
- iv. We find the basic policy regarding the person who controls the determination of financial and business policies of the company stated in the business report is reasonable. We find that the efforts provided for in Article 118, Item (iii)(b) of the Ordinance for Enforcement of the Companies Act stated in the Business Report are in compliance with that basic policy and do not harm the common interests of the shareholders of the Company, and that their purpose is not to maintain the positions of the directors of the Company.

### (2) Results of Audit of Financial Statements and Supplementary Schedules Thereto

We find the methods and results of the audit by the Accounting Auditor, Ernst & Young ShinNihon LLC, to be reasonable.

### (3) Results of Audit of Consolidated Financial Statements

We find the methods and results of the audit by the Accounting Auditor, Ernst & Young ShinNihon LLC, to be reasonable.

May 23, 2023

#### Audit and Supervisory Committee, ADEKA Corporation

Full-Time Audit and Supervisory Committee Member	Koichi Taya
Audit and Supervisory Committee Member	Akio Okuyama
Audit and Supervisory Committee Member	Yoko Takemura
Audit and Supervisory Committee Member	Yoshiki Sato

Note: External Audit and Supervisory Committee Member, Akio Okuyama, Yoko Takemura, and Yoshiki Sato are External Directors as defined in Article 2, Item (xv) and Article 331, Paragraph (6) of the Companies Act.