



## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2021	-	24.00	-	24.00	48.00
Fiscal year ending March 31, 2022	-	28.00	-		
Fiscal year ending March 31, 2022 (Forecast)				34.00	62.00

(Note) Revision to the forecast for dividends announced most recently: Yes

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2022(April 01, 2021 to March 31, 2022)

(% indicates changes year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	358,000	9.5	32,000	10.4	33,000	12.7	21,000	27.9	203.87

(Note) Revision to the financial results forecast announced most recently: Yes

\* Notes:

(1) Changes in significant subsidiaries during the nine months ended December 31, 2021

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

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

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

1) Changes in accounting policies due to the revision of accounting standards: Yes

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

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

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

As of December 31, 2021:	103,768,142 shares
As of March 31, 2021:	103,714,442 shares

2) Total number of treasury shares at the end of the period:

As of December 31, 2021:	760,210 shares
As of March 31, 2021:	438,377 shares

3) Average number of shares during the period:

Nine months ended December 31, 2021:	103,188,950 shares
Nine months ended December 31, 2020:	103,254,290 shares

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## 1. Qualitative Information on Financial Results for the Nine Months Ended December 31, 2021

### (1) Information regarding operating results

During the nine months ended December 31, 2021 (from April 1, 2021 to December 31, 2021), the global economy continued to be on a moderate recovery trend, with progress in balancing quarantine measures against COVID-19 and economic activity. However, the outlook remained uncertain, reflecting concerns over the resurgence of infections driven by the Omicron strain and the impact of logistics disruptions and material shortages.

In the automotive sector, which is the ADEKA Group's main target market, automotive production began to show signs of recovery, despite variations among regions and manufacturers. In the ICT (information and communications technology) and consumer electronics sectors, sales of smartphones were sluggish due to the shortage of components, but investment in data centers increased as society generally became increasingly digitalized. In the food products sector, the food industry as a whole, especially the souvenir and food service industries, continued to face challenging conditions, with a lingering sense of caution about a resurgence of infections and the mood of staying home even after the state of emergency was lifted. In the life science sector, the domestic agrochemicals market held firm, although inclement weather conditions in summer made disease and pest extermination less necessary. Overseas, North America, which experienced prolonged dry spells, saw more frequent insect outbreaks than usual and demand for agrochemicals increased.

Under these conditions, the Group launched ADX 2023, a Medium-Term Management Plan covering the three-year period from FY2021 to FY2023, starting in April 2021. ADX 2023 is aimed at achieving ADEKA Group's vision for 2030, ADEKA VISION 2030 — An Innovative Company Contributing to a Sustainable future and Affluent Lifestyles —. Based on the fundamental strategies of "transforming the earnings structure," "achieving sustainable growth with new domains," and "reinforcing Group management," the Group began to pursue a range of transformation measures to increase the scale of business with an emphasis on maximizing profitability. For polymer additives, the Company is enhancing its equipment for one-pack granule additives in UAE. In the electronics and IT materials sector, the Chiba plant decided to make investment to increase the production of peripheral semiconductor materials including photoacid generators used in advanced photo resists. In addition, the Group decided to acquire an industrial site in Wanju County, North Jeolla Province, South Korea, with a view to increasing future production for further growth of the Chemical Products Business and expansion into new areas. In the functional chemicals sector, the Company is expanding its Mie Plant facilities for epoxy resin adhesives, which enable high-precision adhesion and fixation of in-vehicle electronic components. It aims to contribute to the evolution of mobility, with CASE and MaaS as keywords.

Consolidated financial results for the Nine months ended December 31, 2021 were net sales of 261,023 million yen (up 22.1% year on year), operating profit of 25,588 million yen (up 62.7%), ordinary profit of 26,403 million yen (up 74.1%), and profit attributable to owners of parent of 19,120 million yen (up 83.8%).

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, issued March 31, 2020), etc. from the beginning of first quarter of the consolidated fiscal year ending March 31, 2022. In addition, TAMA KAGAKU KOGYO CO., LTD. is included in the scope of application of the equity method from the first quarter of the consolidated fiscal year under review.

An overview by reporting segment is as follows.

#### (Chemicals Business)

The Chemical Products Business posted net sales of 148,469 million yen (up 29.5% year on year) and operating profit of 22,390 million yen (up 70.7%).

#### (Polymer additives)

In products for automobile applications, sales of nucleating agents and light stabilizers were solid compared with the year-ago level, offsetting the impact of a decrease in auto production due to shortage of semiconductor and other materials.

In products for construction materials, sales of PVC stabilizers were strong for flooring uses in North America. Meanwhile, against the backdrop of a surge in tin prices, coupled with the tightening of regulations in Southeast Asia with respect to lead-based stabilizers, sales of heavy-metal-free stabilizers for use in infrastructure were strong.

In products for food packaging and medical care applications, clarifying agents sold well, especially overseas, due to continued demand for home-cooked food despite plateauing demand for disposal medical equipment.

Antioxidants, which are widely used in plastic products, including automobiles, consumer appliances and daily necessities, sold briskly, reflecting tight supply as a result of supply problems among competitors overseas in the first half.

Flame retardants were supported by solid demand for engineering plastics used in electronic enclosures. In products for polyolefin resin, sales also rose steadily due mainly to an increase in EV-related and other applications.

Overall, the Polymer additives posted year-on-year gains in sales and profit, with increased sales volume offsetting the impact of rising materials prices.

#### (Electronics and IT Materials)

Among products for semiconductors, high dielectric constant materials used in advanced DRAM and products for NAND sold briskly, against the backdrop of the increasing functionality of digital devices and expanding investment in data centers in line with the growing popularity of IoT technologies and 5G communications. Meanwhile, sales of photoacid generators used in advanced photo resists, such as EUV and ArF, increased steadily.

Among products for displays, etching solutions for LCDs, photo (light) curing resin for optical film, and photo initiators for color filters sold strongly, with the production of panels hovering at high levels despite the plateauing of a rise in stay-at-home demand for television sets and signs of the oversupply of panels in the market partly due to the shortage of electronic components.

Overall, the Electronics and IT Materials reported higher sales and profit than in the same period a year earlier due to an increase in sales volume.

#### (Functional chemicals)

Among functional chemicals used in automotive applications, sales of lubricant additives for engine oil, lubricants for tire steel cord drawing, special epoxy resins and epoxy resin adhesive were strong compared with the same period a year earlier, offsetting the impact of a decline in auto production due to shortage of semiconductor and other materials.

Among products for general industries, sales of raw materials used in cosmetics were weak due to an ongoing slump in inbound demand. On the other hand, reactive emulsifiers for architectural coatings sold well in both Japan and overseas. Sales of propylene glycol products were also solid for industrial and personal care uses.

Overall, the Functional Chemicals Business achieved year-on-year gains in sales and profit due to an increase in sales volume and the revision of the prices of certain products, which offset the impact of rising raw material prices and logistics disruptions.

#### (Food Products Business)

The Food Products Business reported net sales of 55,347 million yen (up 8.1% year on year) and operating profit of 301 million yen (down 58.2%).

Sales of margarines, shortening and fillings for breads and confectionery were solid compared with the same period a year earlier, mainly reflecting a recovery in sweet bread demand in Japan, despite sluggish overseas sales due to the impact of the electricity problem in China and intermittent measures to curb the flow of people in Asian countries. However, profitability was a challenge both in Japan and overseas because of the severe impact of prices of animal fats and oils as well as vegetable oils such as palm oil that remained record highs across the board. The Marvelous Series, which contributes to the reduction of food loss, keeping bread products fresh for longer and expanding the need to stockpile bread products and allowing them to be kept frozen or refrigerated, achieved steady sales growth in recognition of its functionality.

Among confectionary products, whipping cream performed strongly for use in desserts sold at mass retailers and convenience stores.

Overall, the Food Products Business achieved gains in sales, reflecting the revision of prices due to rising raw materials prices. However, profit significantly decreased year on year because surges in raw materials costs were not offset by the reduction of fixed costs such as SG&A expenses, improvement of productivity at plants and higher sales of functional ingredients.

(Life Science Business)

The Life Science Business posted net sales of 51,276 million yen (up 22.8% year on year) and operating profit of 2,486 million yen (up 108.5%).

Overall, domestic sales of agrochemicals fell year on year mainly due to the discontinuation of certain products despite solid sales of core own brand agrochemical products in Japan. Overseas, sales mainly in the Americas and Asia were strong, partly due to a rise in demand for miticides associated with more frequent outbreaks in North America.

Among pharmaceuticals, topical antifungal agent Luliconazole did not sell well mainly because fewer patients visited hospitals due to COVID-19.

Overall, the Life Science Business achieved higher sales and profit than in the same period a year earlier thanks to increased sales of agrochemicals overseas.

(2) Information regarding financial position

(Assets, liabilities and net assets)

Total assets amounted to 459,605 million yen, an increase of 21,948 million yen (up 5.0%) from the end of the previous fiscal year.

Primary factors for the increase included rises in merchandise and finished goods.

Liabilities were 172,777 million yen, an increase of 6,605 million yen (up 4.0%) from the end of the previous fiscal year.

Primary factors for the increase included a rise in notes and accounts payable - trade.

Net assets were 286,828 million yen, an increase of 15,343 million yen (up 5.7%) from the end of the previous fiscal year.

The increase was mainly attributable to an increase in retained earnings.

(3) Information regarding consolidated earnings forecast and other forward-looking statements

With regard to consolidated results for the fiscal year ending March 31, 2022, sales of the chemicals business, mainly polymer additives and electronics and IT materials, exceeded our initial forecasts, against a backdrop of continued demand for semiconductors with progress in digitalization and a gradual recovery in automobile production. There are concerns about the resurgence of COVID-19 infections as well as logistics disruption and material shortages in our supply chain. Even so, we revised our previous forecasts (November 12, 2021) upward for both net sales and profits because we expect to benefit from company-wide productivity improvements and cost reductions, as well as the depreciation of the yen.

Exchange rate assumptions for 4Q are ¥114/USD and ¥130/EUR.

Please refer to "Notice revision of Consolidated Financial Forecasts and Dividend Forecast for FY 2021," released today for further details.

Fiscal 2021 Full year (April 1, 2021 – March 31, 2022)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
	Million yen	Million yen	Million yen	Million yen	Yen
Previous forecast (A)	357,000	31,000	31,500	20,000	194.16
Newly revised forecast (B)	358,000	32,000	33,000	21,000	203.87
Change (B-A)	1,000	1,000	1,500	1,000	
Rate of change (%)	0.3	3.2	4.8	5.0	
(ref.) Results for the year ended March 31, 2021	327,080	28,979	29,270	16,419	159.01

## 2. Consolidated Financial Statements and Major Notes

### (1) Consolidated balance sheets

(Million yen)

	As of March 31,2021	As of December 31,2021
<b>Assets</b>		
Current assets		
Cash and deposits	84,244	81,496
Notes and accounts receivable - trade, and contract assets	-	91,661
Notes and accounts receivable - trade	91,087	-
Securities	2,499	2,499
Merchandise and finished goods	41,486	52,939
Work in process	5,363	6,048
Raw materials and supplies	22,930	32,947
Other	8,493	11,542
Allowance for doubtful accounts	(581)	(1,124)
Total current assets	255,525	278,011
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	36,305	37,464
Machinery, equipment and vehicles, net	42,227	40,933
Land	29,129	30,414
Other, net	11,247	9,902
Total property, plant and equipment	118,909	118,715
Intangible assets		
Technical assets	7,461	6,714
Customer related assets	2,810	2,690
Other	5,883	7,041
Total intangible assets	16,155	16,446
Investments and other assets		
Investment securities	35,498	34,160
Other	11,568	12,270
Total investments and other assets	47,067	46,431
Total non-current assets	182,132	181,593
Total assets	437,657	459,605

(Million yen)

	As of March 31,2021	As of December 31,2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	50,254	66,024
Short-term borrowings	22,599	19,386
Income taxes payable	4,295	3,361
Provision for bonuses	3,321	1,734
Provision for environmental measures	508	28
Provision for loss on liquidation of subsidiaries and associates	429	156
Other provisions	166	65
Other	25,705	17,617
<b>Total current liabilities</b>	<b>107,281</b>	<b>108,374</b>
Non-current liabilities		
Bonds payable	11,481	11,323
Long-term borrowings	12,331	18,077
Retirement benefit liability	21,193	21,642
Other provisions	231	262
Other	13,652	13,096
<b>Total non-current liabilities</b>	<b>58,890</b>	<b>64,403</b>
<b>Total liabilities</b>	<b>166,172</b>	<b>172,777</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	22,994	23,048
Capital surplus	20,039	20,146
Retained earnings	169,469	183,637
Treasury shares	(406)	(1,274)
<b>Total shareholders' equity</b>	<b>212,097</b>	<b>225,557</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,921	8,600
Revaluation reserve for land	4,253	4,253
Foreign currency translation adjustment	3,379	5,404
Remeasurements of defined benefit plans	(1,576)	(1,427)
<b>Total accumulated other comprehensive income</b>	<b>15,977</b>	<b>16,830</b>
<b>Non-controlling interests</b>	<b>43,410</b>	<b>44,439</b>
<b>Total net assets</b>	<b>271,485</b>	<b>286,828</b>
<b>Total liabilities and net assets</b>	<b>437,657</b>	<b>459,605</b>



## (2) Consolidated statements of income and comprehensive income

## Consolidated statements of income

(Million yen)

	For the nine months ended December 31,2020	For the nine months ended December 31,2021
Net sales	213,844	261,023
Cost of sales	157,589	190,698
Gross profit	56,255	70,325
Selling, general and administrative expenses	40,531	44,736
Operating profit	15,724	25,588
Non-operating income		
Interest income	207	211
Dividend income	450	723
Share of profit of entities accounted for using equity method	470	479
Other	926	591
Total non-operating income	2,054	2,005
Non-operating expenses		
Interest expenses	635	592
Foreign exchange losses	1,681	316
Other	297	281
Total non-operating expenses	2,614	1,189
Ordinary profit	15,164	26,403
Extraordinary income		
Gain on sale of non-current assets	1,372	1,788
Gain on sale of investment securities	-	113
Total extraordinary income	1,372	1,902
Extraordinary losses		
Impairment losses	465	-
Loss on abandonment of non-current assets	202	176
Loss on sale of investment securities	-	41
Environmental expenses	1,390	-
Total extraordinary losses	2,057	217
Profit before income taxes	14,479	28,088
Income taxes - current	4,084	7,501
Income taxes - deferred	(151)	(556)
Total income taxes	3,933	6,945
Profit	10,545	21,142
Profit attributable to non-controlling interests	141	2,022
Profit attributable to owners of parent	10,404	19,120

## Consolidated statements of comprehensive income

(Million yen)

	For the nine months ended December 31,2020	For the nine months ended December 31,2021
Profit	10,545	21,142
Other comprehensive income		
Valuation difference on available-for-sale securities	2,184	(941)
Foreign currency translation adjustment	(32)	2,701
Remeasurements of defined benefit plans, net of tax	189	125
Share of other comprehensive income of entities accounted for using equity method	(556)	(364)
Total other comprehensive income	1,785	1,521
Comprehensive income	12,330	22,664
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,632	19,973
Comprehensive income attributable to non-controlling interests	(302)	2,690

(3) Notes to consolidated financial statements

(Notes on going concern assumptions)

No items to report.

(Notes on significant changes in the amount of shareholders' equity)

No items to report.

(Notes on accounting methods specific to preparation of quarterly financial statements)

(Calculation of tax expenses)

For some subsidiaries, taxes are calculated by reasonably estimating the effective tax rate after application of tax effect accounting to income before income taxes for the consolidated fiscal year to which the first nine months ended December 31, 2021 belong, and multiplying the quarterly income before income taxes by such estimated effective tax rate.

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition)

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, issued March 31, 2020; hereinafter, the "Accounting Standard for Revenue Recognition), etc. from the beginning of the Fiscal 2021. Under the Accounting Standard for Revenue Recognition, revenue is recognized when control over promised goods or services is transferred to customers, at an amount that the Company is expected to receive in exchange for the said goods or services. As a result, in the case of product sales in Japan, the Company now recognizes revenue mainly when the product has been accepted by the customer or when the product has been delivered to the customer instead of at the time of shipment as was previously the case. In transactions in which the Company acts as an agent when selling a product to a customer, the Company previously recognized revenue at the gross amount of consideration received from the customer. However, given the Company's role in providing goods or services to a customer (principal or agent), the Company now recognizes revenue based on the net amount of consideration. In transactions in which the Company supplies materials for a fee, the materials supplied for a fee were previously deemed to have ceased to exist. However, such supplied materials are no longer deemed as having ceased to exist if the Company is obliged to repurchase them.

In adopting the Accounting Standard for Revenue Recognition, etc., the Group followed the transitional treatment stipulated in the provision of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of retrospectively applying the new accounting policy to periods prior to the beginning of the first three months ended June 30, 2021 has been added to or subtracted from retained earnings at the beginning of first three months ended June 30, 2021, and the new accounting policy has been applied from the said beginning balance of retained earnings. The new accounting policy was not, however, retrospectively applied to contracts where recognitions of nearly all the revenue amounts for periods prior to the beginning of the first three months ended June 30, 2021 were subject to the previous treatment, by applying the method provided for in Paragraph 86 of the Accounting Standard for Revenue Recognition.

As a result, for the first nine months ended December 31, 2021, net sales decreased by 1,472 million yen, the cost of sales decreased by 1,435 million yen, and operating profit, ordinary profit and profit before income taxes each decreased by 37 million yen.

Due to the application of Accounting Standard for Revenue Recognition, "Notes and accounts receivable - trade" which were included in "Current assets" in the consolidated balance sheets for the previous fiscal year, are included in "Notes, accounts receivable – trade and contract assets" from the first three months ended June 30, 2021. In accordance with the transitional treatment stipulated in Article 89-2 of the Accounting Standard for Revenue Recognition, figures for the previous fiscal year have not been restated in accordance with the new approach to presentation. Furthermore, in accordance with the transitional treatment stipulated in Article 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, issued March 31, 2020), a breakdown of revenue from contracts with customers for the first nine months ended December 31, 2020 is omitted.

(Application of Accounting Standard for Fair Value Measurement)

The Company has applied the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, issued July 4, 2019; hereinafter, the "Accounting Standard for Fair Value Measurement"), etc. from the beginning of first three months ended June 30, 2021, and in accordance with the transitional treatment stipulated in Article 19 of the Accounting Standard for Fair Value Measurement and Article 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, issued July 4, 2019), the Company shall apply the new accounting policies stipulated in the Accounting Standard for Fair Value Measurement, etc. prospectively. Due to this application, starting from the first three months ended June 30, 2021, the measurement of the fair value of stocks with market prices in available-for-sale securities is changed from the fair value method based on their average prices during the final month of the fiscal year to the fair value method based on their fiscal year-end market prices.

(Segment information etc.)

(Segment information)

I Nine months ended December 31, 2020 ( from April 1, 2020 to December 31, 2020)

1. Information about sales and profit or loss by reportable segment

(Million yen)

	Reporting segment				Others (Note 1)	Sub total	Adjustment (Note 2)	Amount on the consolidated state ments of income (Note 3)
	Chemicals	Food Products	Life Science	Total				
Net sales								
(1) Sales to outside customers	114,653	51,193	41,744	207,591	6,252	213,844	—	213,844
(2) Intersegment sales and transfers	62	33	2	98	10,727	10,826	△10,826	—
Total	114,715	51,227	41,747	207,690	16,980	224,671	△10,826	213,844
Segment profit (loss)	13,120	722	1,192	15,035	675	15,710	13	15,724

(Note) 1 The "Others" classification consists of business that is not included in reportable segments. It includes construction work and construction work management, logistics and real estate business.

2 Adjustment of segment profit of 13 million yen includes the elimination of intersegment transactions.

3 Segment profit has been adjusted with operating profit recorded on the Quarterly Consolidated Statements of Income.

2. Information on Impairment Loss of Non-current Assets and Goodwill by Reportable Segment

An impairment loss in non-current assets is posted in the chemicals business. The impairment loss recorded in the first nine months under review was 465 million yen.

II Nine months ended December 31, 2021 ( from April 1, 2021 to December 31, 2021)

1. Information about sales and profit or loss by reportable segment

(Million yen)

	Reporting segment				Others (Note 1)	Sub total	Adjustment (Note 2)	Amount on the consolidated state ments of income (Note 3)
	Chemicals	Food Products	Life Science	Total				
Net sales								
(1) Sales to outside customers	148,469	55,347	51,276	255,093	5,930	261,023	—	261,023
(2) Intersegment sales and transfers	78	37	6	121	13,344	13,465	△13,465	—
Total	148,547	55,384	51,283	255,214	19,274	274,489	△13,465	261,023
Segment profit (loss)	22,390	301	2,486	25,179	272	25,451	136	25,588

(Note) 1 The "Others" classification consists of business that is not included in reportable segments. It includes construction work and construction work management, logistics and real estate business.

2 Adjustment of segment profit of 136 million yen includes the elimination of intersegment transactions.

3 Segment profit has been adjusted with operating profit recorded on the Quarterly Consolidated Statements of Income.

2. Matters about changes of reportable segment, etc.

As described in Changes in Accounting Policies, the Company has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of first three months ended June 30, 2021, and, as a result of a change in the accounting treatment for revenue recognition, the calculation method of segment profit (loss) was changed as well.

As a result of said change, the sales of the Chemicals Business for the nine months ended December 31, 2021 decreased by 438 million yen and segment profit decreased by 28 million yen compared with the previous method. The sales of the Food Products Business fell by 829 million yen and segment profit was 5 million yen lower. In the Life Science Business, sales decreased by 205 million yen, and segment profit was 3 million yen lower. In the "Others" segment, sales and segment profit was not affected.