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Summary of Consolidated Financial Results for the Year Ended March 31, 2022 (Based on Japanese GAAP)

May 13, 2022

Company name: ADEKA CORPORATION
Stock exchange listing: Tokyo
Code number: 4401
URL: https://www.adeka.co.jp
Representative: HIDETAKA SHIROZUME PRESIDENT AND CHIEF EXECUTIVE OFFICER
Contact: FUMITAKE KOYAE GENERAL MANAGER, LEGAL AFFAIRS & PUBLICITY DEPARTMENT
Phone: 03-4455-2803
Scheduled date of Annual General Meeting of Shareholders: June 24, 2022
Scheduled date of commencing dividend payments: June 27, 2022
Scheduled date of filing annual securities report: June 24, 2022
Availability of supplementary briefing material on annual financial results: Yes
Schedule of annual financial results briefing session: Yes

(Yen amounts are rounded down to million, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(1) Consolidated Operating Results (% indicates changes year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	363,034	11.0	34,927	20.5	35,770	22.2	23,744	44.6
March 31, 2021	327,080	7.5	28,979	28.7	29,270	33.2	16,419	7.9

(Note) Comprehensive income: Fiscal year ended March 31, 2022: ¥ 32,707 million [18.2%]
Fiscal year ended March 31, 2021: ¥ 27,678 million [137.9%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to net sales ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2022	230.21	-	9.9	7.8	9.6
March 31, 2021	159.01	-	7.5	6.9	8.9

(Note)The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the first quarter of the current fiscal year, and each figure for the fiscal year ending March 31, 2022, is the figure after applying the accounting standard and relevant revised ASBJ regulations.

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	475,304	296,871	52.6	2,426.70
March 31, 2021	437,657	271,485	52.1	2,208.40

(Reference) Equity: As of March 31, 2022: ¥ 249,968 million
As of March 31, 2021: ¥ 228,074 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2022	21,367	(11,317)	(11,853)	82,799
March 31, 2021	36,872	(14,189)	(6,551)	82,121

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2021	-	24.00	-	24.00	48.00	4,977	30.2	2.3
March 31, 2022	-	28.00	-	42.00	70.00	7,240	30.4	3.0
Fiscal year ending March 31, 2023 (Forecast)	-	35.00	-	35.00	70.00		32.8	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2023 (April 01, 2022 to March 31, 2023)

(% 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
Six months ended September 30, 2022	193,000	14.6	15,600	(2.0)	15,600	(3.2)	9,800	(8.3)	95.14
Full year	406,000	11.8	37,000	5.9	36,900	3.2	22,000	(7.3)	213.58

* Notes:

(1) Changes in significant subsidiaries during the period under review (changes in specified subsidiaries resulting in changes in scope of consolidation): No

(2) 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

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

As of March 31, 2022:	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 March 31, 2022:	760,398 shares
As of March 31, 2021:	438,377 shares

3) Average number of shares during the period:

As of March 31, 2022:	103,144,279 shares
As of March 31, 2021:	103,259,688 shares

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2022 (April 01, 2021 to March 31, 2022)

(1) Non-consolidated Operating Results (% indicates changes year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Net income	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2022	142,859	13.1	14,586	21.5	21,306	31.8	16,626	34.5
March 31, 2021	126,281	(1.8)	12,000	20.3	16,163	22.8	12,364	4.2

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
March 31, 2022	160.52	-
March 31, 2021	119.24	-

(2) Non-consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Million yen	Million yen	%	Yen
March 31, 2022	260,648	181,670	69.7	1,756.32
March 31, 2021	245,782	172,375	70.1	1,662.14

(Reference) Equity: As of March 31, 2022: ¥ 181,670 million
As of March 31, 2021: ¥ 172,375 million

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1. Overview of operating results, etc.

(1) Overview of operating results for the fiscal year under review

During the fiscal year under review, the global economy continued to be on a moderate recovery trend, as economic and social activities being moving toward nominalization as a result of measures to prevent the spread of COVID-19 infection. However, the resurgence of infections driven by the Omicron strain and logistics restriction due to parts and material shortage and higher prices of raw fuels are downward pressure to economic recovery.

In the automobile-related sector, which is the ADEKA Group's main target market, automobile production showed only slight recovery due to prolonged impact of semiconductor shortages and logistics disruptions. In the ICT (information and communications technology) and consumer electronics sectors, investment in data centers continued expanding as society generally became rapidly digitalized. The shipment volume of smartphones supporting 5G communications also increased. In the food products sector, the food industry as a whole, especially the souvenir and food service industries, continued to face challenging conditions, with impacts such as lingering concerns about the resurgence of infections, the mood of staying home and overseas lockdown. 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, with increasing major crop acreage, demand for agrochemicals expanded in general.

Under these conditions, the Group launched ***ADX 2023***, a Medium-Term Management Plan covering the three period from Fiscal 2021 to Fiscal 2023, 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 began to reinforce facilities for stabilizers for PVC, which continues to grow in demand for use in building materials and as a substitute for tin in the U.S. The Company is also enhancing its equipment for one-pack granule additives in UAE. In the electronics and IT materials sector, the Chiba plant decided to invest to increase the production of peripheral semiconductor materials including photoacid generators used in advanced photo resists. In addition, the ADEKA FINE CHEMICAL TAIWAN CORP decided to build a new plant for materials used of cutting-edge logic IC. 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 development into new sectors. 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. In the life science sector, the Company is expanding production facilities in India, to launch full-fledged sale of a new rice insecticide in Japan and overseas. In response to climate change issues, the Company established a roadmap for carbon neutral policy, while revising upward the greenhouse gas reduction target for 2030 to 46% from the Fiscal 2013 level. Furthermore, with the announcement of supporting TCFD (Task Force of Climate Financial Disclosure) in February 2022, the Company is discussing and promoting impact analysis and evaluation that climate change could give to its business activities as well as countermeasures to contribute to materializing sustainable society.

Financial results for the fiscal year under review were net sales of 363,034 million yen (up 11.0% year on year), operating profit of 34,927 million yen (up 20.5%), ordinary profit of 35,770 million yen (up 22.2%), and profit attributable to owners of parent of 23,744 million yen (up 44.6%), all of which reached record highs.

The Company has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, issued March 31, 2020) and other standards. from the beginning of the current consolidated fiscal year. In addition, TAMA KAGAKU KOGYO CO., LTD. is included in the scope of application of the equity method from the current consolidated fiscal year. NICHINO CHEMICAL INDIA PVT. LTD., a consolidated subsidiary, is excluded from the scope of consolidation because the company disappeared due to an absorption-type merger in which NICHINO INDIA PVT. LTD, a consolidated subsidiary of the Company, is the surviving company.

An overview by reporting segment is as follows.

(Chemicals Business)

The Chemical Products Business posted net sales of 200,119 million yen (up 13.8% year on year) and operating profit of 29,347 million yen (up 44.2%).

(Polymer additives)

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

In products for construction materials, sales of PVC stabilizers were strong due to expanding demand for flooring and other home interior materials 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 expanding in demand for home-cooked food and 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 the revision of prices of certain products and the impact of the exchange rate 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 PCs after the third quarter, and strong sense of the oversupply of panels.

Overall, the Electronics and IT Materials reported higher sales and profit than in the previous year due to an increase in sales volume and the exchange rate.

(Functional chemicals)

Among functional chemicals used in automobile 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 previous year, offsetting the impact of a decline in 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 and adhesives sold well in both Japan and overseas. Sales of propylene glycol products were also solid for industrial and personal care uses for the full year despite the impact of rising raw material prices in the fourth quarter.

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 as well as exchange rate, which offset the impact of rising raw material prices and logistics disruptions.

(Food Products Business)

The Food Products Business reported net sales of 73,337 million yen (up 4.7% year on year) and operating loss of 686 million yen (while reporting operating profit of 1,397 million yen in the same period a year earlier).

Sales of margarines, shortening and fillings for breads and confectionery were solid compared with the previous year mainly reflecting a recovery in sweet bread demand in Japan, despite sluggish overseas sales due to the impact of intermittent measures to curb the flow of people in Asian countries. However, profitability was a challenge both in Japan and overseas because of the continuing record-high prices of animal fats and oils as well as vegetable oils such as palm oil, although the Company implemented unprecedented three-time revision of prices. The Marvelous Series, which contributes to the reduction of food loss, keeping bread products fresh for longer and extending used-by date, 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, the Company posted operating loss because surges in raw materials and utilities 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, in addition to the ongoing depreciation of yen.

(Life Science Business)

The Life Science Business posted net sales of 81,899 million yen (up 14.6% year on year) and operating profit of 5,695 million yen (down 5.7%).

Overall, domestic sales of agrochemicals exceeded those of previous year, due to the launching of sales of products of Corteva Agriscience Japan Ltd. since October 2021. Overseas, sales mainly in the Americas and Asia were strong.

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 year-on-year gains in sales due to increased sales of agrochemicals overseas. Meanwhile it posted less profit than in the previous year due to declining sales of pharmaceuticals.

[Projections for the Fiscal Year Ending March 31, 2023]

For the next fiscal year, the global economy is expected to continue gradual recover as a result of effects of economic policies in each country, gradual easing of action restrictions and restrictions on overseas travel in line with the progress of vaccinations. On the other hand, the business environment is expected to remain unpredictable due to the growth uncertainly of the global economy caused by the worsening situation in Ukraine such as the further rise in raw material, fuel prices, the stagnation of logistics, and accelerated inflation in addition to the impact of COVID-19.

In the automobile-related sector, one of the Group's main target sectors, concerns remain for the shortage of semiconductors and the difficulty in procuring materials, but production volume is expected to gradually recover since demand for new vehicles remain at a high level. In the ICT & home electronics sector, growth trend in semiconductors and electronics component are expected to continue against the backdrop of the increased functionality of handsets and the sophistication of communication networks and data centers accompanying the spread of 5G communications. In the food products sector, the delay in resolving the mood to refrain from going out and the rising costs for raw materials and packaging materials are expected to weigh on the industry, and a full-fledged recovery in the souvenirs and the restaurant industries are expected in the second half or later. In the life science sector, demand for agrochemicals is expected to expand globally due to the expansion of food demand against the backdrop of global population growth and economic development in emerging countries.

Amid such conditions, the Group will implement various measures to enhance the corporate value based on social and economic values and further contribute to a sustainable society as the second year of the key strategies of its Medium-Term Management Plan, ***ADX 2023***. In the first year of ***ADX 2023***, the Group has reached the level of the target of achieving financial indicators (operating profit of 35.0 billion yen, ROE of 9 % in the final year of fiscal 2024). To further improve our business performance, the Group will promote sales expansion of the competitive products, which are expected to expand the market.

Among products for automobile applications, sales are expected to grow mainly in the *ADEKA SAKURA-LUBE series* of lubricant additives which have an outstanding effect of increasing fuel efficiency, high performance nucleating agents that are a significant aid in reducing vehicle weight, and the *ADEKA STAB series* of intumescent flame retardants that reduce to needs for reducing CO_2 and other environmental impacts and to the emergence of electric vehicles. Among products for semiconductors, the *ADEKA ORCERA series* of new high dielectric materials for which integrated production commenced in the Republic of Korea and the *ADEKA ARKLS series* of semiconductor peripheral materials for cutting-edge photo resists will attain steady sales growth amid solid demand for memories. Regarding the food products, the Company will work hard to improve profitability through the integration of different varieties and the streamlining of production and to implement appropriate repricing in the face of surging raw material and service prices. In addition, the Company will roll out to the business application market its new brand of *Deli-PLANTS* for plant-based food products with environmental and health considerations released in April 2022. It will thus aim to expand its business domains and to shift to business that is not susceptible to circumstances surrounding materials. In the life science sector, the Orchestra 10SC new insecticide for paddy rice, registered as an agrochemical in India, is scheduled to be released around June 2022 for culture in the rainy season.

For the objectives of attaining carbon neutrality in 2050 and meeting the Sustainable Development Goals (SDGs) in 2030, the Company will respond swiftly to changes in social environment and quickly implement companywide actions under a structure centering on the Corporate Sustainability Dept. and the Carbon-Neutral Strategy Dept. launched in April 2022.

The table below indicates the financial forecasts for the next fiscal year.

The forecasts are based on the assumption that the US dollar is 114 yen and the euro is 130 yen.

Consolidated financial results forecast for the fiscal year ending March 31, 2023 (Million yen)

Fiscal year ended	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
March 31, 2023	406,000	37,000	36,900	22,000
March 31, 2022	363,034	34,927	35,770	23,744
Changes	11.8%	5.9%	3.2%	△7.3%

(Note) Financial forecasts, future predictions and equivalent statements in this material contain predictions based on assumptions, outlooks and plans for the future as of the date of publication of this material.

Please note that the stated figures may differ from actual financial results because of risks and uncertainties regarding economic circumstances surrounding the Group's businesses, market trends, foreign exchange fluctuations and equivalents.

(2) Overview of financial position for the fiscal year under review

① Assets, liabilities and net assets

Total assets amounted to 475,304 million yen, an increase of 37,647 million yen (up 8.6%) from the end of the previous fiscal year.

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

Liabilities were 178,433 million yen, an increase of 12,260 million yen (up 7.4%) 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 296,871 million yen, an increase of 25,386 million yen (up 9.4%) from the end of the previous fiscal year.

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

② Cash and cash equivalents (hereinafter referred to as "cash") at the end of the fiscal year ended March 31, 2022 increased by 677 million yen (up 0.8%) from the previous fiscal year end to 82,799 million yen.

The status and primary contributing factors for each cash flows category were as follows.

(Cash flows from operating activities)

Net cash provided by operating activities decreased 15,505 million yen or 42.1% year on year, to 21,367 million yen.

The decrease was mainly attributable to an increase in inventories.

(Cash flows from investing activities)

Net cash used in investing activities decreased 2,871 million yen or 20.2% year on year, to 11,317 million yen.

The major factor was a decrease in purchase of property, plant and equipment.

(Cash flows from financing activities)

Net cash used in financing activities increased 5,302 million yen or 80.9% year on year, to 11,853 million yen.

The increase was mainly attributable to an increase in repayments of long-term borrowings.

(Reference) Trends in cash flow-related indicators

	March 31, 2018	March 31, 2019	March 31, 2020	March 31, 2021	March 31, 2022
Equity ratio (%)	63.0	49.4	51.4	52.1	52.6
Shareholders' equity ratio at market base (%)	63.2	40.3	34.1	51.3	58.6
Debt to cash flow ratio (%)	1.4	3.3	2.2	1.6	2.7
Interest coverage ratio	56.0	27.2	27.2	40.4	26.2

(Notes) Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

The ratio of interest-bearing debt to operating cash flow: Interest-bearing debt / Cash flows from operating activities

Interest coverage ratio: Cash flows from operating activities / Interest payments

1. All indicators are calculated using consolidated financial data.
2. Market capitalization is calculated by multiplying the closing stock price at the fiscal year-end by the total number of shares issued at the fiscal year-end.

Cash flows from operating activities is net cash provided by (used in) operating activities on the consolidated statement of cash flows. Interest-bearing debt is all the debt with interest on the consolidated balance sheet. Interest payments equal the amount of interest paid on the consolidated statement of cash flows.

(3) Basic policy for redistribution of profits and dividends for the fiscal year under review and next fiscal year

The Company recognizes that the return of profits to shareholders is one of management's most important tasks.

Under ***ADX 2023***, the Mid-Term Management Plan, the Company set a target dividend payout ratio of at least 30% based on a basic policy of giving comprehensive consideration to the payment of appropriate returns to shareholders and maintaining stable dividends. The Company will utilize the retained earnings for investments in growing domains for further business expansion, for reinforcing Group management, and for investments and other expenditures serving the environment with a focus on carbon neutrality.

The Company plans to raise the year-end dividend for the fiscal year ended March 31, 2022 from the initial forecast of 34 yen per share (announced on February 10, 2022) by 8 yen to 42 yen, generally taking account of the consolidated business results of the fiscal year under review, its financial position, and other factors. The annual dividend will be 70 yen per share, including the interim dividend of 28 yen per share that has already been paid. For the previous fiscal year, the annual dividend was 48 yen per share.

The annual dividend for the next fiscal year is forecast at 70 yen per share.

2. Basic concept concerning the selection of accounting standards

The Group will apply the Japanese accounting standard for the time being. Meanwhile, we will examine the application of the Introduction of International Financial Reporting Standards (IFRS) by considering the conditions.

3. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(Million yen)

	As of March 31,2021	As of March 31,2022
Assets		
Current assets		
Cash and deposits	84,244	84,249
Notes and accounts receivable - trade, and contract assets	-	100,459
Notes and accounts receivable - trade	91,087	-
Securities	2,499	2,499
Merchandise and finished goods	41,486	57,248
Work in process	5,363	6,238
Raw materials and supplies	22,930	32,595
Other	8,493	11,957
Allowance for doubtful accounts	(581)	(1,382)
Total current assets	255,525	293,867
Non-current assets		
Property, plant and equipment		
Buildings and structures	91,742	95,265
Accumulated depreciation	(55,437)	(57,488)
Buildings and structures, net	36,305	37,777
Machinery, equipment and vehicles	180,278	185,417
Accumulated depreciation	(138,050)	(145,345)
Machinery, equipment and vehicles, net	42,227	40,071
Land	29,129	30,446
Leased assets	1,512	1,737
Accumulated depreciation	(1,015)	(1,036)
Leased assets, net	496	700
Construction in progress	3,812	3,437
Other	38,130	39,490
Accumulated depreciation	(31,192)	(32,605)
Other, net	6,938	6,885
Total property, plant and equipment	118,909	119,318
Intangible assets		
Technical assets	7,461	6,466
Customer-related assets	2,810	2,649
Software	1,702	1,751
Leased assets	97	57
Other	4,084	5,918
Total intangible assets	16,155	16,843
Investments and other assets		
Investment securities	35,498	33,586
Long-term loans receivable	753	778
Retirement benefit asset	1,914	1,527
Deferred tax assets	4,417	4,342
Other	5,023	5,608
Allowance for doubtful accounts	(539)	(568)
Total investments and other assets	47,067	45,276
Total non-current assets	182,132	181,437
Total assets	437,657	475,304

(Million yen)

	As of March 31,2021	As of March 31,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	50,254	63,233
Short-term borrowings	22,599	23,802
Current portion of long-term borrowings	10,715	1,803
Lease liabilities	310	300
Income taxes payable	4,295	5,930
Provision for bonuses	3,321	3,744
Provision for bonuses for directors (and other officers)	130	164
Provision for environmental measures	508	-
Provision for loss on liquidation of subsidiaries and associates	429	-
Provision for loss on disaster	-	126
Other	14,715	15,747
Total current liabilities	107,281	114,852
Non-current liabilities		
Bonds payable	11,481	11,326
Long-term borrowings	12,331	18,131
Lease liabilities	527	695
Deferred tax liabilities	4,737	3,639
Deferred tax liabilities for land revaluation	3,414	3,414
Provision for retirement benefits for directors (and other officers)	231	278
Retirement benefit liability	21,193	21,034
Other	4,972	5,058
Total non-current liabilities	58,890	63,580
Total liabilities	166,172	178,433
Net assets		
Shareholders' equity		
Share capital	22,994	23,048
Capital surplus	20,039	20,146
Retained earnings	169,469	188,260
Treasury shares	(406)	(1,273)
Total shareholders' equity	212,097	230,181
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	9,921	8,062
Revaluation reserve for land	4,253	4,253
Foreign currency translation adjustment	3,379	8,755
Remeasurements of defined benefit plans	(1,576)	(1,284)
Total accumulated other comprehensive income	15,977	19,787
Non-controlling interests	43,410	46,902
Total net assets	271,485	296,871
Total liabilities and net assets	437,657	475,304

(2) Consolidated statement of income and comprehensive income

Consolidated statements of income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Net sales	327,080	363,034
Cost of sales	240,348	266,511
Gross profit	86,732	96,523
Selling, general and administrative expenses	57,752	61,595
Operating profit	28,979	34,927
Non-operating income		
Interest income	404	309
Dividend income	632	933
Share of profit of entities accounted for using equity method	428	463
Gain on valuation of derivatives	291	-
Other	938	857
Total non-operating income	2,695	2,564
Non-operating expenses		
Interest expenses	949	855
Foreign exchange losses	999	181
Other	455	684
Total non-operating expenses	2,404	1,721
Ordinary profit	29,270	35,770
Extraordinary income		
Gain on sale of non-current assets	1,372	1,871
Gain on sale of investment securities	68	113
Total extraordinary income	1,441	1,984
Extraordinary losses		
Impairment losses	707	141
Loss on disaster	-	179
Loss on abandonment of non-current assets	271	349
Loss on sale of investment securities	-	41
Loss on valuation of investment securities	9	-
Loss on valuation of shares of subsidiaries and associates	74	-
Provision for loss on liquidation of subsidiaries and associates	429	-
Environmental expenses	1,498	-
Total extraordinary losses	2,990	712
Profit before income taxes	27,721	37,042
Income taxes - current	8,342	10,279
Income taxes - deferred	(62)	(600)
Total income taxes	8,280	9,678
Profit	19,441	27,363
Profit attributable to non-controlling interests	3,021	3,618
Profit attributable to owners of parent	16,419	23,744

Consolidated statements of comprehensive income

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Profit	19,441	27,363
Other comprehensive income		
Valuation difference on available-for-sale securities	3,997	(1,164)
Foreign currency translation adjustment	3,984	7,025
Remeasurements of defined benefit plans, net of tax	741	100
Share of other comprehensive income of entities accounted for using equity method	(486)	(617)
Total other comprehensive income	8,237	5,343
Comprehensive income	27,678	32,707
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	23,543	27,553
Comprehensive income attributable to non-controlling interests	4,135	5,153

(3) Consolidated statements of changes in net assets

For the fiscal year ended March 31,2021

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	22,994	19,986	158,872	(441)	201,412
Changes during period					
Issuance of new shares					-
Dividends of surplus			(4,976)		(4,976)
Profit attributable to owners of parent			16,419		16,419
Change in scope of consolidation			(889)		(889)
Change in scope of equity method			43		43
Purchase of treasury shares				(18)	(18)
Disposal of treasury shares		23		52	76
Change in treasury shares arising from change in equity in entities accounted for using equity method					-
Change in ownership interest of parent due to transactions with non-controlling interests		29			29
Net changes in items other than shareholders' equity					-
Total changes during period	-	53	10,596	34	10,684
Balance at end of period	22,994	20,039	169,469	(406)	212,097

	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 at beginning of period	6,541	4,253	155	(2,096)	8,854	40,367	250,634
Changes during period							
Issuance of new shares					-		-
Dividends of surplus					-		(4,976)
Profit attributable to owners of parent					-		16,419
Change in scope of consolidation					-		(889)
Change in scope of equity method					-		43
Purchase of treasury shares					-		(18)
Disposal of treasury shares					-		76
Change in treasury shares arising from change in equity in entities accounted for using equity method					-		-
Change in ownership interest of parent due to transactions with non-controlling interests					-		29
Net changes in items other than shareholders' equity	3,380	-	3,223	520	7,123	3,042	10,166
Total changes during period	3,380	-	3,223	520	7,123	3,042	20,850
Balance at end of period	9,921	4,253	3,379	(1,576)	15,977	43,410	271,485

For the fiscal year ended March 31,2022

(Million yen)

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

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

Consolidated statements of cash flows

(Million yen)

	For the fiscal year ended March 31,2021	For the fiscal year ended March 31,2022
Cash flows from operating activities		
Profit before income taxes	27,721	37,042
Depreciation	15,069	15,620
Impairment losses	707	141
Share of loss (profit) of entities accounted for using equity method	(428)	(463)
Increase (decrease) in retirement benefit liability	1,250	340
Provision for loss on liquidation of subsidiaries and associates	429	-
Interest and dividend income	(1,037)	(1,242)
Interest expenses	949	855
Foreign exchange losses (gains)	226	(943)
Loss (gain) on sale of non-current assets	(1,372)	(1,871)
Loss on abandonment of non-current assets	271	349
Environmental expenses	1,498	-
Decrease (increase) in trade receivables	(6,390)	(5,102)
Decrease (increase) in inventories	1,236	(22,796)
Increase (decrease) in trade payables	2,363	9,777
Other, net	1,846	(2,186)
Subtotal	44,341	29,521
Interest and dividends received	1,245	1,479
Interest paid	(912)	(814)
Income taxes paid	(7,801)	(8,819)
Net cash provided by (used in) operating activities	36,872	21,367
Cash flows from investing activities		
Purchase of securities	(6,999)	(7,999)
Proceeds from sale and redemption of securities	6,000	7,999
Purchase of property, plant and equipment	(12,928)	(10,880)
Proceeds from sale of property, plant and equipment	1,824	2,202
Purchase of intangible assets	(1,524)	(2,719)
Purchase of investment securities	(28)	(78)
Proceeds from sale of investment securities	99	405
Purchase of shares of subsidiaries and associates	(70)	(10)
Long-term loan advances	(61)	(14)
Other, net	(500)	(221)
Net cash provided by (used in) investing activities	(14,189)	(11,317)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	643	428
Proceeds from long-term borrowings	3,677	6,980
Repayments of long-term borrowings	(3,912)	(10,411)
Redemption of bonds	(199)	(206)
Dividends paid	(4,977)	(5,380)
Dividends paid to non-controlling interests	(1,220)	(1,577)
Other, net	(563)	(1,687)
Net cash provided by (used in) financing activities	(6,551)	(11,853)
Effect of exchange rate change on cash and cash equivalents	1,119	2,481
Net increase (decrease) in cash and cash equivalents	17,250	677
Cash and cash equivalents at beginning of period	60,888	82,121
Increase in cash and cash equivalents resulting from inclusion of subsidiaries in consolidation	3,982	-
Cash and cash equivalents at end of period	82,121	82,799

(3) Notes to consolidated financial statements

(Notes on going concern assumptions)

No items to report.

(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.

For application of the Revenue Recognition Accounting Standards, the Company follows the transitional treatment prescribed in the provisions of Paragraph 84 of the Standards, adds/deducts the cumulative effect of retroactive application of the new accounting policy prior to the beginning of the first quarter consolidated accounting period to/from retained earnings at the beginning of the first quarter consolidated accounting period, and applies the new accounting policy from the beginning balance of the period. 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 quarter consolidated accounting period 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 year ended March 31, 2022, net sales decreased by 2,343 million yen, the cost of sales decreased by 2,249 million yen, and operating profit, ordinary profit and profit before income taxes each decreased by 93 million yen.

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 current fiscal year. 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 prescribed in Paragraph 89-3 of the Revenue Recognition Accounting Standards, the Company did not make any notes to the revenue recognition accounting concerning the previous fiscal year.

(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 the first quarter consolidated accounting period, 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 quarter consolidated accounting period, 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.

(Changes in presentation method)

(Consolidated statement of cash flows)

Starting the fiscal year under review, the Company began to independently state foreign exchange losses (gains) and loss (gain) on sale of non-current assets, which used to be included in “Other, net” under cash flows from operating activities in the previous fiscal year, in light of their increased importance. To reflect this change in the presentation method, the Company rearranged its financial statements for the previous fiscal year.

Accordingly, the amount of 700 million yen that was stated in “Other, net” under cash flows from operating activities in the consolidated statements of cash flows for the previous fiscal year is now posted as 226 million yen in “foreign exchange losses (gains),” △1,372 million yen in “loss (gain) on sale of non-current assets” and 1,846 million yen in “Other, net.”

(Additional information)

(Accounting estimates on the impact of the COVID-19 pandemic)

The Group has made an accounting estimate of the impact of the pandemic on the assumption that this impact will persist into the following fiscal year on the basis of all information available as of the end of the fiscal year under review, given that it is difficult to reasonably predict the timing of the end of the pandemic and the extent of its impact.

(Segment information etc.)

1. Outline of reportable segments

(1) Determination of reportable segments

The reportable segments of the consolidated Group for which separate financial information is available and which the Board of Directors regularly examines to determine the distribution of management resources and evaluate performance.

The consolidated Group devises comprehensive strategies on operations in Japan and for overseas operations for individual segments determined by products and services and develops its business in each of these segments. These segments are the Chemicals Business, the Food Products Business and the Life Science Business.

Therefore, the consolidated Group has defined the three segments, i.e. the Chemicals Business, the Food Products Business and the Life Science Business, as reportable segments.

(2) Product and service types belonging to each reportable segment

The following specifies principal products in each of the reportable segments.

Business segment	Main products and service
Chemicals	Additives for polyolefins, PVC plasticizers/stabilizers, Flame retardants, High-purity materials for semiconductors, AFES System and etching agents, Photo(Light)/heat curing materials, photoinitiators, Epoxy resins, Surfactants, Lubricant additives, Cosmetic ingredients, Polypropylene glycol, Hydrogen peroxide and derivative products, Water-swelling sealing materials, and others.
Food products	Margarines, Shortenings, Fillings, and others.
Life science	Agrochemicals, Agricultural materials, Pharmaceuticals&Veterinary products, Wood preservative, and others.

2. Method of calculating net sales, profit (loss), assets, and other items by reportable segment

Accounting methods for the reported business segments are almost the same as those used for the preparation of consolidated financial statements.

Income by business segment reported is calculated based on operating income.

The internal revenue and transfer between segments are based on the actual market price.

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

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Million yen)

	Reporting segment				Others (Note 1)	Sub total	Adjustment (Note 2)	Amount on the consolidated statements of income (Note 3)
	Chemicals	Food Products	Life Science	Total				
Net sales								
(1) Sales to outside customers	175,823	70,043	71,482	317,348	9,731	327,080	－	327,080
(2) Intersegment sales and transfers	82	46	3	133	15,058	15,191	△15,191	－
Total	175,906	70,089	71,485	317,481	24,790	342,272	△15,191	327,080
Segment profit (loss)	20,349	1,397	6,038	27,786	1,088	28,874	105	28,979
Segment assets	210,168	66,615	114,020	390,804	17,169	407,974	29,683	437,657
Other items								
Depreciation*4	9,525	3,092	2,632	15,249	70	15,320	△250	15,069
Investment in equity method affiliates	6,772	－	2,481	9,253	－	9,253	－	9,253
Increase in property, plant and equipment and intangible assets*5	10,599	2,376	1,462	14,438	41	14,480	△160	14,320

(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 The details of the adjustment amount are as follows.
The segment profit adjustment of 105 million yen includes the amount of inter-segment transaction elimination.
The adjustment amount of segment assets of 29,683 million yen is mainly for surplus investment funds (cash deposits and securities) and long-term investment funds (investment securities) at the Company.

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

4 Depreciation includes the depreciation of long-term prepaid expenses.

5 The increase in property, plant and equipment and intangible assets includes the increase in long-term prepaid expenses.

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Million yen)

	Reporting segment				Others (Note 1)	Sub total	Adjustment (Note 2)	Amount on the consolidated statements of income (Note 3)
	Chemicals	Food Products	Life Science	Total				
Net sales								
(1) Sales to outside customers	200,119	73,337	81,899	355,356	7,677	363,034	－	363,034
(2) Intersegment sales and transfers	96	47	10	154	17,794	17,948	△17,948	－
Total	200,216	73,384	81,910	355,510	25,471	380,982	△17,948	363,034
Segment profit (loss)	29,347	△686	5,695	34,356	429	34,785	141	34,927
Segment assets	232,275	66,586	122,031	420,894	21,032	441,926	33,378	475,304
Other items								
Depreciation*4	9,998	3,122	2,691	15,811	69	15,881	△260	15,620
Investment in equity method affiliates	6,213	－	3,385	9,599	－	9,599	－	9,599
Increase in property, plant and equipment and intangible assets*5	8,718	2,329	1,642	12,690	1,874	14,565	62	14,627

(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 The details of the adjustment amount are as follows.

The adjustment amount of segment profit of 141 million yen includes the amount of elimination of transactions between segments.

The adjustment amount of 33,378 million yen for segment assets is mainly surplus investment funds (cash deposits and securities) and long-term investment funds (investment securities) at the Company.

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

4 Depreciation includes the depreciation of long-term prepaid expenses.

5 The increase in property, plant and equipment and intangible assets includes the increase in long-term prepaid expenses.

4. Matters on changes in reportable segments

As described in Changes in Accounting Policies, the Company has applied the Accounting Standard for Revenue Recognition, etc. from the beginning of the fiscal year ended March 31, 2022, 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 fiscal year ended March 31, 2022 decreased by 722 million yen and segment profit decreased by 83 million yen compared with the previous method. The sales of the Food Products Business fell by 1,093 million yen and segment profit was 6 million yen lower. In the Life Science Business, sales decreased by 527 million yen, and segment profit was 3 million yen lower. In the "Others" segment, sales and segment profit was not affected.

b． Information on impairment losses for non-current assets in reportable segments

Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

(Million yen)

	Chemicals	Food Products	Life Science	Other business	Eliminations / Corporate	Total
Impairment loss	450	181	—	74	—	707

Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)

(Million yen)

	Chemicals	Food Products	Life Science	Other business	Eliminations / Corporate	Total
Impairment loss	—	—	141	—	—	141

(Net income per share)

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Net assets per share	2,208.40 yen	2,426.70 yen
Basic earnings per share	159.01 yen	230.21 yen
Diluted earnings per share	Diluted earnings per share is not shown because MRI has not issued potential shares.	Diluted earnings per share is not shown because MRI has not issued potential shares.

(Note) The basis for calculating net income per share is as follows.

	Fiscal year ended March 31, 2021 (April 1, 2020 to March 31, 2021)	Fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	16,419	23,744
Profit not attributable to common shareholders (million yen)	—	—
Profit attributable to owners of parent with respect to common stock (million yen)	16,419	23,744
Average number of shares of common stock outstanding during the period (thousand shares)	103,259	103,144

(Significant subsequent events)

No items to report.