

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, 2022	-	28.00	-	42.00	70.00
Fiscal year ending March 31, 2023	-				
Fiscal year ending March 31, 2023 (Forecast)		35.00	-	35.00	70.00

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

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	203,000	20.9	15,600	(1.3)	15,600	(3.6)	9,800	(8.4)	95.14
Full year	420,000	16.3	37,000	8.7	36,900	3.5	22,000	(7.1)	213.58

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

Due to retrospective application of a change in accounting policy, the year-on-year change rate are calculated using the previous fiscal year's figures after retrospective application.

* Notes:

(1) Changes in significant subsidiaries during the three months ended June 30, 2022

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

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

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

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

2) Changes in accounting policies other than 1) above: Yes

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 June 30, 2022:	103,768,142 shares
As of March 31, 2022:	103,768,142 shares

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

As of June 30, 2022:	760,586 shares
As of March 31, 2022:	760,398 shares

3) Average number of shares during the period:

Three months ended June 30, 2022:	103,007,581 shares
Three months ended June 30, 2021:	103,275,856 shares

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1. Qualitative Information on Financial Results for the Three Months Ended June 30, 2022

(1) Information regarding operating results

During the three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022), the global economy continued its gradual recovery as economic and social activity normalized. However, the worsening situation in Ukraine, the lockdown in China, soaring raw material and fuel prices and rising inflation in major countries increased uncertainty about the future.

In the automotive sector, which is the ADEKA Group's main target market, supply constraints, including semiconductors, slowed auto production and auto sales recovered at a sluggish pace. In the ICT & home electronics sector, although sales of TVs and smartphones were sluggish due to growing awareness among the public of the need to economize, investment in data centers continued on the back of the expanding use of IoT and 5G communications. In the food products sector, although demand for souvenirs and eating out picked up due to the easing of restrictions on activity, consumers became even more thrifty and price-conscious as prices rose for households in general. In the life science sector, the agrochemical market remained steady as the spring season began in Japan. Overseas, although demand for agrochemicals weakened in North America due to the effects of droughts and planting delays caused by a harsh winter, demand for agrochemicals remained generally strong as the planted area of major crops expanded in Brazil.

Under these conditions, in fiscal 2022, the second year of the *ADX 2023* Mid-Term Management Plan, we continue to facilitate measures based on the strategies, transforming the earnings structure, achieving sustainable growth with new domains, and reinforcing Group management, to enhance corporate value by pursuing social and economic value.

In the electronics and IT materials sector, we decided in July 2022 to invest in increased production in South Korea of the *ADEKA ORCERA series* of high-K materials for advanced semiconductor memory. Regarding the food products, in April 2022 the Company launched the new *Deli-PLANTS* brand of plant-based foods, entering the plant-based market, which is expected to grow in the future. In response to climate change issues, starting in April 2022, the Company established and began strengthening its new organizational structure for achieving carbon neutrality and the Sustainable Development Goals (SDGs).

Consolidated financial results for the three months ended June 30, 2022 were net sales of 101,718 million yen (up 21.1% year on year), operating profit of 9,060 million yen (up 1.4%), ordinary profit of 10,437 million yen (up 12.9%), and profit attributable to owners of parent of 6,137 million yen (up 3.1%).

Revenue and expenses of certain overseas subsidiaries, etc., were previously converted into Japanese yen at the spot exchange rate on the closing date, but are now converted into Japanese yen at the average exchange rate during the period effective from the first quarter of the fiscal year under review, and figures after retrospective application is used for year-on-year comparison.

An overview by reporting segment is as follows.

(Chemicals Business)

The Chemical Products Business posted net sales of 55,597 million yen (up 15.8% year on year) and operating profit of 7,201 million yen (up 1.9%).

(Polymer additives)

In products for automotive applications, sales volumes of nucleating agents and plasticizers for rubber were lower than in the same period of the previous year, affected by production cutbacks due to the shortage of semiconductors and other factors, but sales increased due to the revision of selling prices.

In products for construction materials, sales of PVC stabilizers were strong due to continuing demand for flooring materials and other housing 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, sales of clarifying agents were strong, especially in the U.S., capturing the growing demand for home meal replacements including takeout and delivery.

Sales volume of antioxidants, which are widely used in plastic products, decreased year on year due partly to intensified competition resulting from the elimination of the supply troubles of competing products, but sales increased due to the revision of selling prices.

(Electronics and IT Materials)

Among products for semiconductors, sales of high dielectric constant materials used in cutting-edge DRAM were strong on the back of progress in digitalization. Sales of products for NAND also remained strong. Sales of photoacid generators used in advanced photo resists, for example EUV and ArF, were also steady.

Among products for displays, which were affected by panel makers' production adjustments due to a sense of panel supply surplus, sales of Photo(Light)/Thermal Curing Materials for optical film, photo initiators for color filters, black matrix resists and other products remained sluggish.

Overall, the Electronics and IT Materials reported higher year-on-year sales due to expanded sales of semiconductor materials, but profit decreased due to lower sales volume of display-related materials.

(Functional chemicals)

Among functional chemicals used in automobile applications, although domestic demand declined due to production cutbacks caused by semiconductor shortages and other factors, sales of lubricant additives for engine oil and special epoxy resins for structural bonding remained favorable due to increased overseas demand, particularly in the U.S.

Sales of special surfactants used in cosmetics recovered as market conditions picked up, although moderately, both in Japan and overseas. Meanwhile, sales of propylene glycol and peroxide products were firm, but were affected by soaring raw material and fuel prices.

Overall, the Functional Chemicals Business reported higher sales and lower profit year on year because the Company was unable to offset the cost increases despite efforts to revise selling prices in response to soaring raw materials and fuel prices.

(Food Products Business)

The Food Products Business reported net sales of 20,295 million yen (up 13.2% year on year) and operating loss of 874 million yen (while reporting operating profit of 277 million yen in the same period a year earlier).

Sales of margarines, shortening and fillings for breads and confectionery were solid reflecting increased demand for sweet breads and large bags of confections in Japan, although sales were affected by the lockdown in China. The *Marvelous Series* functional margarine grew steadily as its functionality, which contributes to sustained good taste and extending used-by date, was well received amid moves by society as a whole to reduce food loss and the growing stockpile needs. In addition, the easing of restrictions on activity has led to a pickup in tourism demand, and sales of fillings for souvenir confections were strong.

Overall, the Food Products Business achieved an increase in sales year on year, reflecting the revision of prices due to rising raw materials prices. Regarding profit, sales price revisions could not keep up with the repeated increase of raw materials prices, and the soaring cost of auxiliary materials, packaging materials, utensils and logistics coupled with the depreciation of the yen pushed the Company to post an operating loss.

(Life Science Business)

The Life Science Business posted net sales of 24,014 million yen (up 45.5% year on year) and operating profit of 2,546 million yen (up 80.0%).

Sales of agrochemicals throughout Japan were higher than in the same period of the previous fiscal year. This is due chiefly to the start of domestic sales of Corteva's products in October 2021. Overseas, sales of miticides were strong in North America, where mild weather continued and ticks were more abundant than usual. Moreover, increased demand for agrochemicals in Brazil led to robust sales of sugarcane herbicides.

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 496,551 million yen, an increase of 21,247 million yen (up 4.5%) from the end of the previous fiscal year.

The increase was mainly attributable to an increase in inventories.

Liabilities were 192,529 million yen, an increase of 14,096 million yen (up 7.9%) 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 304,022 million yen, an increase of 7,151 million yen (up 2.4%) from the end of the previous fiscal year.

This was mainly due to an increase in foreign currency translation adjustment.

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

In light of recent performance trends and exchange rate fluctuations, the Company has revised its consolidated financial results forecast for the fiscal year ending March 31, 2023 and management indicators for the final year of the *ADX 2023* Mid-Term Management Plan, as shown in the table below.

For details, please refer to the Notice of Revision of Financial Results Forecasts and the Notice of Upward Revision of Management Indicators in the *ADX 2023* Mid-Term Management Plan released today (August 10, 2022).

The first half of the fiscal year ended March 31, 2023 (April 1, 2022 - September 30, 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)	193,000	15,600	15,600	9,800	95.14
Newly revised forecast (B)	203,000	15,600	15,600	9,800	95.14
Change (B-A)	10,000	0	0	0	
Rate of change (%)	5.2	0.0	0.0	0.0	
(ref.)Results for the previous corresponding period	167,942	15,803	16,179	10,696	103.56

* Effective from the first quarter of the fiscal year ending March 31, 2023, the Company has changed its method of converting revenues and expenses of some overseas subsidiaries.

The figures for the first six months of the previous fiscal year (the first six months of the fiscal year ended March 31, 2022) are the figures after retrospective application of a change in accounting policy.

Full year of the fiscal year ended March 31, 2023(April 1, 2022 – March 31, 2023)

	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)	406,000	37,000	36,900	22,000	213.58
Newly revised forecast (B)	420,000	37,000	36,900	22,000	213.58
Change (B-A)	14,000	0	0	0	
Rate of change (%)	3.4	0.0	0.0	0.0	
(ref.)Results for the previous corresponding period	361,234	34,032	35,658	23,687	229.65

* Effective from the first quarter of the fiscal year ending March 31, 2023, the Company has changed its method of converting revenues and expenses of some overseas subsidiaries.

The figures for the previous fiscal year (the fiscal year ended March 31, 2022) are the figures after retrospective application of a change in accounting policy.

The Mid-Term Management Plan (FY2021 – 2023) ADX 2023 targets

		FY2023 (the fiscal year ended March 31, 2024)	
		Before revision	Revised
Financial indexes	Operating profit	JPY 35 billion (Net sales: JPY 380 billion)	JPY 42 billion (Net sales: JPY 430 billion)
	ROE	9 %	9 %
Capital investment amount		JPY 50 billion (3 years)	JPY 50 billion (3 years) *2
Dividend policy (Dividend payout ratio)		30% or higher *1	30% or higher *1

*1 Based on our comprehensive consideration of appropriate shareholder returns, maintaining stable dividends as our policy.

*2 Includes environmental investments for the achievement of carbon neutrality.

Note : The forecast performance and business plans specified in this document have been prepared based on information available as of the date of publication, as well as on various prerequisites; therefore, the actual results may differ from these forecasts or plans depending on various factors that may arise hereafter. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.

2. Consolidated Financial Statements and Major Notes

(1) Consolidated balance sheets

(Million yen)

	As of March 31,2022	As of June 30,2022
Assets		
Current assets		
Cash and deposits	84,249	77,342
Notes and accounts receivable - trade, and contract assets	100,459	109,122
Securities	2,499	4,499
Merchandise and finished goods	57,248	63,036
Work in process	6,238	7,102
Raw materials and supplies	32,595	40,036
Other	11,957	13,971
Allowance for doubtful accounts	(1,382)	(1,519)
Total current assets	293,867	313,592
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	37,777	38,371
Machinery, equipment and vehicles, net	40,071	39,874
Land	30,446	30,286
Other, net	11,023	10,722
Total property, plant and equipment	119,318	119,253
Intangible assets		
Technical assets	6,466	6,217
Customer related assets	2,649	2,609
Other	7,727	8,966
Total intangible assets	16,843	17,793
Investments and other assets		
Investment securities	33,586	32,903
Other	11,689	13,008
Total investments and other assets	45,276	45,911
Total non-current assets	181,437	182,958
Total assets	475,304	496,551

(Million yen)

	As of March 31,2022	As of June 30,2022
Liabilities		
Current liabilities		
Notes and accounts payable - trade	63,233	71,970
Short-term borrowings	23,802	26,544
Income taxes payable	5,930	4,221
Provision for bonuses	3,744	1,775
Provision for loss on disaster	126	62
Other provisions	164	30
Other	17,850	28,480
Total current liabilities	114,852	133,084
Non-current liabilities		
Bonds payable	11,326	11,635
Long-term borrowings	18,131	14,120
Retirement benefit liability	21,034	21,273
Other provisions	278	220
Other	12,808	12,194
Total non-current liabilities	63,580	59,444
Total liabilities	178,433	192,529
Net assets		
Shareholders' equity		
Share capital	23,048	23,048
Capital surplus	20,146	20,146
Retained earnings	188,091	189,884
Treasury shares	(1,273)	(1,273)
Total shareholders' equity	230,012	231,805
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,062	7,262
Deferred gains or losses on hedges	-	(48)
Revaluation reserve for land	4,253	4,253
Foreign currency translation adjustment	8,924	13,300
Remeasurements of defined benefit plans	(1,284)	(1,233)
Total accumulated other comprehensive income	19,956	23,534
Non-controlling interests	46,902	48,682
Total net assets	296,871	304,022
Total liabilities and net assets	475,304	496,551

(2) Consolidated statements of income and comprehensive income

Consolidated statements of income

(Million yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Net sales	84,017	101,718
Cost of sales	60,990	76,780
Gross profit	23,026	24,937
Selling, general and administrative expenses	14,094	15,877
Operating profit	8,931	9,060
Non-operating income		
Interest income	72	110
Dividend income	209	256
Share of profit of entities accounted for using equity method	225	237
Gain on valuation of derivatives	197	-
Foreign exchange gains	-	2,097
Other	169	329
Total non-operating income	873	3,031
Non-operating expenses		
Interest expenses	220	273
Loss on valuation of derivatives	-	1,312
Foreign exchange losses	273	-
Other	64	67
Total non-operating expenses	557	1,654
Ordinary profit	9,247	10,437
Extraordinary income		
Gain on sale of non-current assets	212	-
Total extraordinary income	212	-
Extraordinary losses		
Loss on disaster	-	112
Loss on abandonment of non-current assets	72	52
Loss on valuation of investment securities	27	5
Total extraordinary losses	99	169
Profit before income taxes	9,360	10,267
Income taxes - current	3,204	3,609
Income taxes - deferred	(571)	(965)
Total income taxes	2,633	2,643
Profit	6,726	7,624
Profit attributable to non-controlling interests	775	1,486
Profit attributable to owners of parent	5,951	6,137

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

(Million yen)

	For the three months ended June 30,2021	For the three months ended June 30,2022
Profit	6,726	7,624
Other comprehensive income		
Valuation difference on available-for-sale securities	(430)	(319)
Deferred gains or losses on hedges	-	(188)
Foreign currency translation adjustment	315	6,196
Remeasurements of defined benefit plans, net of tax	40	46
Share of other comprehensive income of entities accounted for using equity method	(198)	(321)
Total other comprehensive income	(273)	5,414
Comprehensive income	6,452	13,038
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,783	9,715
Comprehensive income attributable to non-controlling interests	668	3,322

(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 profit before income taxes for the consolidated fiscal year to which the first three months ended June 30, 2022 belong, and multiplying the profit before income taxes by such estimated effective tax rate.

(Changes in accounting policies)

(Changes in the method of converting revenues and expenses of overseas subsidiaries, etc.)

Revenues and expenses of some overseas subsidiaries, etc. were converted into Japanese yen at the spot exchange rate on the closing date of the overseas subsidiaries, etc., but are now converted into Japanese yen at the average exchange rate during the period effective from the first quarter of the fiscal year under review.

This change was made against the backdrop of the increased importance of overseas subsidiaries, etc., and due to a review of the management system within the Group, including the unification of budget management systems, etc. In addition, this change was made to mitigate the impact of temporary exchange rate fluctuations on periodic profit/loss, etc., and to more appropriately reflect the profit/loss of overseas subsidiaries, etc. that occurs throughout the consolidated fiscal year in the consolidated financial statements.

This change in accounting policy is applied retrospectively, and the change is reflected in the quarterly consolidated financial statements for the first quarter of the previous fiscal year and consolidated financial statements for the previous fiscal year.

As a result, compared to before retrospective application, net sales, operating profit, ordinary profit, profit before income taxes, and profit attributable to owners of parent decreased by 41 million yen, 20 million yen, 3 million yen, 3 million yen, and 2 million yen, respectively, in the first quarter of the previous fiscal year. Earnings per share decreased by 0.03 yen.

The beginning balance of retained earnings decreased by 112 million yen and the beginning balance of foreign currency translation adjustment increased by 112 million yen due to the cumulative effect on net assets at the beginning of the previous fiscal year.

(Segment information etc.)

(Segment information)

I Three months ended June 30, 2021 (from April 1, 2021 to June 30, 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	48,028	17,931	16,504	82,464	1,552	84,017	—	84,017
(2) Intersegment sales and transfers	25	16	1	44	4,323	4,367	△4,367	—
Total	48,054	17,948	16,506	82,508	5,876	88,385	△4,367	84,017
Segment profit (loss)	7,064	277	1,414	8,756	133	8,889	42	8,931

(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 42 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.

II Three months ended June 30, 2022 (from April 1, 2022 to June 30, 2022)

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	55,597	20,295	24,014	99,907	1,811	101,718	—	101,718
(2) Intersegment sales and transfers	52	27	1	81	4,673	4,754	△4,754	—
Total	55,649	20,323	24,015	99,988	6,484	106,473	△4,754	101,718
Segment profit (loss)	7,201	△874	2,546	8,874	162	9,037	23	9,060

(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 23 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.

(Changes in the method of converting the revenues and expenses of overseas subsidiaries, etc.)

As described in Changes in accounting policies, revenue and expenses of some overseas subsidiaries, etc., which were previously converted into Japanese yen at the spot exchange rate on the closing date, are now converted into Japanese yen at the average exchange rate during the period effective from the first quarter of the consolidated fiscal year under review.

This change was made against the backdrop of the increased importance of overseas subsidiaries, etc., and due to a review of the management system within the Group, including the unification of budget management systems, etc. In addition, this change was made to mitigate the impact of temporary exchange rate fluctuations on periodic profit/loss, etc., and to more appropriately reflect the profit/loss of overseas subsidiaries, etc. that occurs throughout the consolidated fiscal year in the consolidated financial statements.

As a result of this change, the method of calculating net sales and profit or loss by reportable segment has been changed, and Information about sales and profit or loss by reportable segment for the first quarter of the previous fiscal year is information after retrospective application of the change.