

(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, 2023	17,253	(19,520)	(2,618)	79,537
March 31, 2022	21,072	(11,330)	(11,804)	82,799

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.

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, 2022	-	28.00	-	42.00	70.00	7,240	30.5	3.0
March 31, 2023	-	35.00	-	35.00	70.00	7,209	42.9	2.8
Fiscal year ending								
March 31, 2024 (Forecast)	-	40.00	-	40.00	80.00		39.1	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2024 (April 01, 2023 to March 31, 2024)

(% indicates changes from the previous corresponding period.)

	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 ending September 30, 2023	202,000	2.8	15,000	(0.7)	14,700	(10.5)	8,900	(10.8)	86.78
Full year	426,000	5.6	36,000	11.2	35,500	9.0	21,000	25.2	204.75

* Notes:

(1) Changes in significant subsidiaries during the fiscal year ended March 31, 2023
(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: No

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

3) Changes in accounting estimates: No

4) Retrospective restatement: No

(Note) For details, please refer to “3. Consolidated Financial Statements and Principal Notes, (5) Notes to Consolidated Financial Statements (Changes in accounting policies)” on page 16 of the attached document.

(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, 2023: 103,768,142 shares

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

2) Number of treasury shares at the end of the period:

As of March 31, 2023: 1,204,849 shares

As of March 31, 2022: 760,398 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended March 31, 2023: 102,744,280 shares

Fiscal Year ended March 31, 2022: 103,144,279 shares

(Note) For details, please refer to “3. Consolidated Financial Statements and Principal Notes, (5) Notes to Consolidated Financial Statements (Per share information)” on page 20 of the Attachments.

(Reference) Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2023 (April 01, 2022 to March 31, 2023)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

Fiscal year ended	Net sales		Operating profit		Ordinary profit		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2023	153,280	7.3	9,618	(34.1)	18,440	(13.5)	12,737	(23.4)
March 31, 2022	142,859	13.1	14,586	21.5	21,306	31.8	16,626	34.5

Fiscal year ended	Basic earnings per share	Diluted earnings per share
	Yen	Yen
March 31, 2023	123.46	-
March 31, 2022	160.52	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2023	266,203	185,423	69.7	1,800.37
March 31, 2022	260,648	181,670	69.7	1,756.32

(Reference) Equity: As of March 31, 2023: ¥ 185,423 million
As of March 31, 2022: ¥ 181,670 million

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review [Operating results for the fiscal year ended March 31, 2023]

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

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

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

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

Effective from the first quarter of the fiscal year ending March 31, 2023, revenues and expenses of certain overseas subsidiaries and other entities are translated into yen at the average exchange rate during the period, instead of at the spot exchange rate prevailing on the balance sheet date. Year-on-year comparisons are based on retroactively adjusted figures.

An overview by reporting segment is as follows.

(Chemicals Products Business)

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

1) Polymer additives

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

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

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

Sales volumes of one-pack granule additives used in polyolefin resin and antioxidants were down due to sluggish demand mainly in Europe.

Sales of flame retardants for engineering plastics used in enclosures and other applications were weak due to a slump in demand for household electrical appliances, personal computers and the like. On the other hand, in products for polyolefin resin, mainly for large household appliances, sales remained steadily.

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

2) Electronics and IT Materials

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

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

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

3) Functional chemicals

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

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

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

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

(Food Products Business)

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

Although sales of margarines and shortening for breads and confectionery fell due to downsizing in final products, alongside sluggish domestic consumption, there was an expansion in the adoption of the *Marvelous Series* of functional margarines for kneading, in recognition of its functionality in keeping bread and other products fresher for longer and extending their used-by date. Sales of fillings used in souvenir confections were also brisk due to increased movement of people as travel restrictions eased. On the other hand, the adoption of whipping cream products for confectionery and desserts decreased, leading to a decline in sales. Our new *Deli-PLANTS series* of plant-based foods gained an increased number of potential adoptions, in recognition of its deliciousness and usability. In the integration of product varieties aimed at reducing food loss, the Company has set a target of reducing the total number of products (approximately 1,000) by around 40% by March 2023, and has cut 320 products from its lineup.

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

(Life Science Business)

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

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

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

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

[Outlook for the fiscal year ending March 31, 2024]

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

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

diversification and eco-friendliness, and continue to promote optimization of selling prices and integration of product varieties. In the Life Science sector, demand for agrochemicals is expected to continue to expand globally against the backdrop of population growth and expansion of acreage in emerging countries, and sales of *Orchestra*, an insecticide for paddy rice, and other core products are expected to expand.

The following table shows the forecast for the next fiscal year.

The assumed exchange rates for the forecast are 130 yen against the U.S. dollar and 138 yen against the Euro.

Consolidated financial results forecast for the fiscal year ending March 31, 2024 (Million yen)

	Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent
Fiscal year ending March 31, 2024	426,000	36,000	35,500	21,000
Fiscal year ended March 31, 2023	403,343	32,369	32,579	16,778
Change (%)	5.6%	11.2%	9.0%	25.2%

* The statements on forecasts in this document, including earnings forecasts and other forward-looking statements, contain projections based on assumptions, outlooks, and plans related to the future as of the date of this document's release. Please note that actual results may differ from these figures due to risks and uncertainties associated with economic conditions surrounding the Group's business, market trends, exchange rate fluctuations, and other factors.

(2) Overview of Financial Position for the Fiscal Year under Review

1) Assets, Liabilities and Net Assets

Total assets increased 24,763 million yen (up 5.2%) from the end of the previous fiscal year to 500,068 million yen.

The main factor was an increase in inventories.

Liabilities increased 9,925 million yen (up 5.6%) from the end of the previous fiscal year to 188,358 million yen.

The main factor was an increase in long-term borrowings.

Net assets increased 14,838 million yen (up 5.0%) from the end of the previous fiscal year to 311,709 million yen.

The main factor was an increase in retained earnings.

2) Cash flows

Cash and cash equivalents (hereinafter "net cash") at the end of the period under review decreased 3,261 million yen (down 3.9% year on year) to 79,537 million yen.

The status of each cash flow and their factors are as follows.

(Cash flows from operating activities)

Net cash provided by operating activities decreased 3,819 million yen (down 18.1% year on year) to 17,253 million yen.

The main factor was a decrease in trade payables.

(Cash flows from investing activities)

Net cash used in investing activities increased 8,189 million yen (up 72.3% year on year) to 19,520 million yen.

The main factor was an increase in purchase of securities.

(Cash flows from financing activities)

Net cash used in financing activities decreased 9,186 million yen (down 77.8% year on year) to 2,618 million yen.

The main factor was repayments of long-term borrowings.

(Reference) Changes in cash flow-related indicators

	Fiscal Year ended March 31, 2019	Fiscal Year ended March 31, 2020	Fiscal Year ended March 31, 2021	Fiscal Year ended March 31, 2022	Fiscal Year ended March 31, 2023
Equity ratio (%)	49.4	51.4	52.1	52.6	52.2
Equity ratio based on market value (%)	40.3	34.1	51.3	58.6	46.3
Cash flow to interest-bearing debt ratio (years)	3.3	2.2	1.6	2.8	4.0
Interest coverage ratio	27.2	27.2	40.4	26.4	8.3

(Notes)

Equity ratio: Equity/ Total assets

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

Cash flow to interest-bearing debt ratio: Interest-bearing debt/Operating cash flow

Interest coverage ratio: Operating cash flows/Interest payments

1. All indicators are calculated based on consolidated financial figures.
2. Market capitalization is calculated by multiplying the closing stock price at the end of the fiscal year by the total number of shares issued and outstanding at the end of the fiscal year.
Operating cash flow is the cash flow from operating activities shown in the consolidated statements of cash flows. Interest-bearing debt covers all liabilities on the consolidated balance sheets for which interest is paid. Interest payments are based on the amount of interest paid in the consolidated statements of cash flows.
3. Effective from the fiscal year ending March 31, 2023, income and expenses of certain overseas subsidiaries are translated into yen at the spot exchange rate prevailing at the balance sheet date of the overseas subsidiaries. As a result, cash flow-related indicators for the fiscal year ended March 31, 2022 have been retroactively adjusted.

(3) Basic Policy on Profit Distribution and Dividends for the Fiscal Year under Review and Next Fiscal Year

We recognize that the return of profits to shareholders is one of the most important management issues.

In our Mid-Term Management Plan , *ADX 2023*, we have set a goal of maintaining a dividend payout ratio of 30% or more, based on the concept of maintaining stable dividends while comprehensively considering appropriate returns. Retained earnings will be used to invest in growth areas for further business expansion, to strengthen the management base, and to make investments that contribute to the environment with an awareness of carbon neutrality.

Taking into consideration the consolidated business performance and financial position for the current fiscal year, we plan to pay a year-end dividend of 35 yen per share for the current fiscal year, the same as initially forecasted. Combined with the interim dividend of 35 yen per share already paid, the annual dividend will be 70 yen per share (70 yen per share for the previous fiscal year).

For the next fiscal year, we plan to pay an annual dividend of 80 yen per share.

2. Basic Policy on Selection of Accounting Standards

For the time being, the Group has decided to adopt Japanese GAAP. The Group will consider the application of IFRS (International Financial Reporting Standards), taking into account various circumstances.

3. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Assets		
Current assets		
Cash and deposits	84,249	81,119
Notes and accounts receivable - trade, and contract assets	100,459	99,623
Securities	2,499	5,499
Merchandise and finished goods	57,248	67,367
Work in process	6,238	8,524
Raw materials and supplies	32,595	40,822
Other	11,957	13,619
Allowance for doubtful accounts	(1,382)	(1,174)
Total current assets	293,867	315,401
Non-current assets		
Property, plant and equipment		
Buildings and structures	95,265	96,178
Accumulated depreciation	(57,488)	(59,688)
Buildings and structures, net	37,777	36,490
Machinery, equipment and vehicles	185,417	187,906
Accumulated depreciation	(145,345)	(153,391)
Machinery, equipment and vehicles, net	40,071	34,514
Land	30,446	30,515
Leased assets	1,737	1,840
Accumulated depreciation	(1,036)	(1,174)
Leased assets, net	700	665
Construction in progress	3,437	9,911
Other	39,490	41,333
Accumulated depreciation	(32,605)	(33,942)
Other, net	6,885	7,390
Total property, plant and equipment	119,318	119,488
Intangible assets		
Technical assets	6,466	5,471
Customer-related assets	2,649	2,489
Software	1,751	2,005
Leased assets	57	34
Other	5,918	8,043
Total intangible assets	16,843	18,044
Investments and other assets		
Investment securities	33,586	33,609
Long-term loans receivable	778	771
Retirement benefit asset	1,527	3,193
Deferred tax assets	4,342	4,448
Other	5,608	5,308
Allowance for doubtful accounts	(568)	(197)
Total investments and other assets	45,276	47,133
Total non-current assets	181,437	184,666
Total assets	475,304	500,068

(Million yen)

	As of March 31, 2022	As of March 31, 2023
Liabilities		
Current liabilities		
Notes and accounts payable - trade	63,233	62,235
Short-term borrowings	23,802	22,295
Current portion of long-term borrowings	1,803	7,560
Lease liabilities	300	297
Income taxes payable	5,930	3,246
Provision for bonuses	3,744	3,206
Provision for bonuses for directors (and other officers)	164	157
Provision for environmental measures	-	18
Provision for loss on disaster	126	-
Other	15,747	30,470
Total current liabilities	114,852	129,488
Non-current liabilities		
Bonds payable	11,326	5,315
Long-term borrowings	18,131	20,777
Lease liabilities	695	609
Deferred tax liabilities	3,639	3,097
Deferred tax liabilities for land revaluation	3,414	3,013
Provision for retirement benefits for directors (and other officers)	278	264
Retirement benefit liability	21,034	20,408
Other	5,058	5,383
Total non-current liabilities	63,580	58,870
Total liabilities	178,433	188,358
Net assets		
Shareholders' equity		
Share capital	23,048	23,048
Capital surplus	20,146	20,126
Retained earnings	188,091	197,843
Treasury shares	(1,273)	(2,304)
Total shareholders' equity	230,012	238,713
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	8,062	7,800
Revaluation reserve for land	4,253	3,330
Foreign currency translation adjustment	8,924	11,362
Remeasurements of defined benefit plans	(1,284)	(257)
Total accumulated other comprehensive income	19,956	22,236
Non-controlling interests	46,902	50,759
Total net assets	296,871	311,709
Total liabilities and net assets	475,304	500,068

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Net sales	361,234	403,343
Cost of sales	266,021	305,124
Gross profit	95,212	98,218
Selling, general and administrative expenses	61,180	65,848
Operating profit	34,032	32,369
Non-operating income		
Interest income	306	1,554
Dividend income	933	925
Share of profit of entities accounted for using equity method	456	512
Foreign exchange gains	601	644
Other	855	896
Total non-operating income	3,153	4,532
Non-operating expenses		
Interest expenses	839	2,470
Loss on valuation of derivatives	98	1,286
Other	589	566
Total non-operating expenses	1,527	4,323
Ordinary profit	35,658	32,579
Extraordinary income		
Gain on sale of non-current assets	1,871	51
Gain on sale of investment securities	113	1,009
Total extraordinary income	1,984	1,061
Extraordinary losses		
Impairment losses	141	3,750
Loss on disaster	179	133
Loss on abandonment of non-current assets	349	555
Loss on sale of investment securities	41	2
Loss on valuation of investment securities	-	6
Total extraordinary losses	712	4,448
Profit before income taxes	36,930	29,192
Income taxes - current	10,245	9,798
Income taxes - deferred	(583)	(1,566)
Total income taxes	9,661	8,231
Profit	27,268	20,960
Profit attributable to non-controlling interests	3,581	4,182
Profit attributable to owners of parent	23,687	16,778

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Profit	27,268	20,960
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,164)	158
Foreign currency translation adjustment	7,113	3,301
Remeasurements of defined benefit plans, net of tax	100	1,538
Share of other comprehensive income of entities accounted for using equity method	(610)	(207)
Total other comprehensive income	5,438	4,791
Comprehensive income	32,707	25,751
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	27,553	19,981
Comprehensive income attributable to non-controlling interests	5,153	5,770

(3) Consolidated Statements of Changes in Net Assets

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
Cumulative effects of changes in accounting policies			(112)		(112)
Restated balance	22,994	20,039	169,357	(406)	211,984
Changes during period					
Issuance of new shares	53	53			106
Dividends of surplus			(5,385)		(5,385)
Profit attributable to owners of parent			23,687		23,687
Change in scope of equity method			433		433
Purchase of treasury shares				(868)	(868)
Disposal of treasury shares					-
Reversal of revaluation reserve for land					-
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	18,734	(866)	18,027
Balance at end of period	23,048	20,146	188,091	(1,273)	230,012

	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
Cumulative effects of changes in accounting policies			112		112		-
Restated balance	9,921	4,253	3,491	(1,576)	16,089	43,410	271,485
Changes during period							
Issuance of new shares					-		106
Dividends of surplus					-		(5,385)
Profit attributable to owners of parent					-		23,687
Change in scope of equity method					-		433
Purchase of treasury shares					-		(868)
Disposal of treasury shares					-		-
Reversal of revaluation reserve for land					-		-
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)	-	5,433	292	3,866	3,492	7,358
Total changes during period	(1,859)	-	5,433	292	3,866	3,492	25,386
Balance at end of period	8,062	4,253	8,924	(1,284)	19,956	46,902	296,871

For the fiscal year ended March 31, 2023

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	23,048	20,146	188,091	(1,273)	230,012
Cumulative effects of changes in accounting policies					-
Restated balance	23,048	20,146	188,091	(1,273)	230,012
Changes during period					
Issuance of new shares					-
Dividends of surplus			(7,949)		(7,949)
Profit attributable to owners of parent			16,778		16,778
Change in scope of equity method					-
Purchase of treasury shares				(1,178)	(1,178)
Disposal of treasury shares		(23)		145	122
Reversal of revaluation reserve for land			923		923
Change in treasury shares arising from change in equity in entities accounted for using equity method				2	2
Change in ownership interest of parent due to transactions with non-controlling interests		3			3
Net changes in items other than shareholders' equity					-
Total changes during period	-	(19)	9,752	(1,031)	8,701
Balance at end of period	23,048	20,126	197,843	(2,304)	238,713

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of period	8,062	4,253	8,924	(1,284)	19,956	46,902	296,871
Cumulative effects of changes in accounting policies					-		-
Restated balance	8,062	4,253	8,924	(1,284)	19,956	46,902	296,871
Changes during period							
Issuance of new shares					-		-
Dividends of surplus					-		(7,949)
Profit attributable to owners of parent					-		16,778
Change in scope of equity method					-		-
Purchase of treasury shares					-		(1,178)
Disposal of treasury shares					-		122
Reversal of revaluation reserve for land					-		923
Change in treasury shares arising from change in equity in entities accounted for using equity method					-		2
Change in ownership interest of parent due to transactions with non-controlling interests					-		3
Net changes in items other than shareholders' equity	(262)	(923)	2,438	1,026	2,280	3,856	6,136
Total changes during period	(262)	(923)	2,438	1,026	2,280	3,856	14,838
Balance at end of period	7,800	3,330	11,362	(257)	22,236	50,759	311,709

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2022	For the fiscal year ended March 31, 2023
Cash flows from operating activities		
Profit before income taxes	36,930	29,192
Depreciation	15,604	16,003
Impairment losses	141	3,750
Share of loss (profit) of entities accounted for using equity method	(456)	(512)
Increase (decrease) in retirement benefit liability	340	(48)
Interest and dividend income	(1,240)	(2,479)
Interest expenses	839	2,470
Foreign exchange losses (gains)	(1,167)	(1,086)
Loss (gain) on sale of non-current assets	(1,871)	(51)
Loss on abandonment of non-current assets	349	555
Decrease (increase) in trade receivables	(5,199)	5,513
Decrease (increase) in inventories	(22,480)	(17,650)
Increase (decrease) in trade payables	9,678	(4,137)
Other, net	(2,288)	(2,109)
Subtotal	29,182	29,408
Interest and dividends received	1,476	2,565
Interest paid	(798)	(2,079)
Income taxes paid	(8,787)	(12,640)
Net cash provided by (used in) operating activities	21,072	17,253
Cash flows from investing activities		
Purchase of securities	(7,999)	(17,998)
Proceeds from sale and redemption of securities	7,999	14,998
Purchase of property, plant and equipment	(10,855)	(14,488)
Proceeds from sale of property, plant and equipment	2,202	487
Purchase of intangible assets	(2,717)	(3,368)
Purchase of investment securities	(78)	(133)
Proceeds from sale of investment securities	405	1,166
Purchase of shares of subsidiaries and associates	(10)	(8)
Long-term loan advances	(16)	-
Other, net	(260)	(174)
Net cash provided by (used in) investing activities	(11,330)	(19,520)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	147	(2,619)
Proceeds from long-term borrowings	7,198	9,705
Repayments of long-term borrowings	(10,312)	(1,641)
Proceeds from issuance of bonds	-	4,036
Redemption of bonds	(193)	(223)
Dividends paid	(5,380)	(7,947)
Dividends paid to non-controlling interests	(1,577)	(2,043)
Other, net	(1,686)	(1,886)
Net cash provided by (used in) financing activities	(11,804)	(2,618)
Effect of exchange rate change on cash and cash equivalents	2,741	1,624
Net increase (decrease) in cash and cash equivalents	677	(3,261)
Cash and cash equivalents at beginning of period	82,121	82,799
Cash and cash equivalents at end of period	82,799	79,537

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Changes in accounting policies)

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

Revenues and expenses of certain overseas subsidiaries and other entities, which were previously translated into yen at the spot exchange rate prevailing on the balance sheet date, are translated into yen at the average exchange rate during the period effective from the fiscal year ended March 31, 2023.

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

This change in accounting policy has been applied retrospectively, and the consolidated financial statements for the fiscal year ended March 31, 2022 have been restated retrospectively.

As a result, compared with the figures prior to the retrospective application, net sales, operating profit, ordinary profit, profit before income taxes, and profit attributable to owners of parent for the fiscal year ended March 31, 2022 decreased by 1,799 million yen, 894 million yen, 111 million yen, 111 million yen and 57 million yen, respectively. Basic earnings per share for the fiscal year ended March 31, 2022; decreased by 0.55 yen.

Further, the cumulative impact of this change has been reflected in net assets at the beginning of the fiscal year ended March 31, 2022, resulting in a decrease of 112 million yen and an increase of 112 million yen in the beginning balance of retained earnings and foreign currency translation adjustment, respectively.

(Changes in presentation)

(Consolidated Statements of Income)

“Loss on valuation of derivatives,” which was included in “Other” under “Non-operating expenses” in the previous fiscal year, is separately presented in the current fiscal year due to the increased materiality of the amount. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, “Other” of “Non-operating expenses” of 687 million yen presented in the consolidated statement of income for the previous fiscal year has been reclassified to “Loss on valuation of derivatives” of 98 million yen and “Other” of 589 million yen.

(Segment information, etc.)

a. Segment information]

1. Summary of reportable segments

(1) Method of determining reportable segments

The Group's reportable segments are the segments for which discrete financial information is available and which are subject to periodic review by the Company's Board of Directors to determine the allocation of management resources and evaluate their performance.

The Group formulates comprehensive domestic and overseas strategies and conducts business activities in the "Chemicals Products Business," "Food Products Business," and "Life Science Business" segments, which are classified by products and services.

Accordingly, the Group has three reportable segments: "Chemicals Products Business," "Food Products Business," and "Life Science Business."

(2) Type of products and services belonging to each reportable segment

The major products in each reportable segment are as follows.

Segment name	Major products and services
Chemicals Products Business	additives for polyolefins, stabilizers and plasticizers for PVC, flame retardants, high purity semiconductor materials, electronic circuit board etching equipment and agents, photo curing resins, photo initiators, epoxy resins, surfactants, lubricant additives, raw materials for cosmetics, propylene glycols, hydrogen peroxide and derivatives, water-swelling sealing materials, etc.
Food Products Business	margarines, shortenings, fillings, etc.
Life Science Business	agrochemicals, pharmaceuticals, quasi-drugs, veterinary drugs, wood chemicals, medical materials, etc.

2. Calculation of net sales, profit or loss, assets, and other items by reportable segment

The accounting methods used for the reported business segments are generally the same as those used in the preparation of the consolidated financial statements.

Profits of reportable segments are based on operating income.

Intersegment revenues and transfers are based on prevailing market prices.

As stated in "Changes in accounting policies," revenues and expenses of certain overseas subsidiaries and other entities, which were previously translated into yen at the spot exchange rate prevailing on the balance sheet date, are translated into yen at the average exchange rate during the period effective from the fiscal year ended March 31, 2023.

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

In accordance with this change, segment information for the previous consolidated fiscal year has been prepared based on the measurement method of profit or loss after the change, and is presented in "3. Information on Sales, Profit or Loss, Assets, and Other Items by Reporting Segment" for the fiscal year ended March 31, 2022.

3. Information on Sales, Profit or Loss, Assets, and Other Items by Reporting Segment

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Chemicals Products Business	Food Products Business	Life Science Business	Total				
Net sales								
(1) Net sales to outside customers	200,119	73,337	80,100	353,557	7,677	361,234	-	361,234
(2) Inter-segment net sales or transfers	96	47	10	154	17,794	17,948	(17,948)	-
Total	200,216	73,384	80,110	353,711	25,471	379,183	(17,948)	361,234
Segment profit (loss)	29,347	(686)	4,801	33,462	429	33,891	141	34,032
Segment assets	232,275	66,586	122,031	420,894	21,032	441,926	33,378	475,304
Other items								
Depreciation (Note 4)	9,998	3,122	2,674	15,795	69	15,865	(260)	15,604
Investments in equity-method affiliates	6,213	-	3,385	9,599	-	9,599	-	9,599
Increase in property, plant and equipment and intangible assets (Note 5)	8,718	2,329	1,614	12,662	1,874	14,537	62	14,599

(Notes) 1. "Others" refers to business segments not included in the reportable segments and includes construction and construction management, logistics, and real estate businesses.

2. The details of the adjustments are as follows

The segment profit (loss) adjustment of 141 million yen includes the elimination of inter-segment transactions.

Adjustment of segment assets of 33,378 million yen mainly includes surplus funds under management (cash deposits and marketable securities) as well as long-term investment funds (investment securities) possessed by the Company.

3. Segment profit (loss) is adjusted with operating profit in the consolidated statements of income.

4. Depreciation includes amortization of long-term prepaid expenses.

5. Increases in property, plant and equipment and intangible assets include increase in long-term prepaid expenses.

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Reportable segment				Others (Note 1)	Total	Adjustment (Note 2)	Amount recorded in consolidated statements of income (Note 3)
	Chemicals Products Business	Food Products Business	Life Science Business	Total				
Net sales								
(1) Net sales to outside customers	211,720	82,525	102,082	396,327	7,015	403,343	-	403,343
(2) Inter-segment net sales or transfers	142	91	8	241	18,735	18,977	(18,977)	-
Total	211,862	82,616	102,090	396,569	25,751	422,320	(18,977)	403,343
Segment profit (loss)	26,260	(2,403)	7,793	31,650	759	32,409	(39)	32,369
Segment assets	243,985	65,910	138,897	448,793	20,124	468,917	31,150	500,068
Other items								
Depreciation (Note 4)	10,194	3,165	2,840	16,200	72	16,273	(269)	16,003
Investments in equity-method affiliates	6,022	-	3,453	9,475	-	9,475	-	9,475
Increase in property, plant and equipment and intangible assets (Note 5)	16,145	1,975	1,845	19,967	131	20,098	335	20,434

(Notes) 1. "Others" refers to business segments not included in the reportable segments and includes construction and construction management, logistics, and real estate businesses.

2. The details of the adjustments are as follows

The segment profit (loss) adjustment of (39) million yen includes the elimination of inter-segment transactions.

Adjustment of segment assets of 31,150 million yen mainly includes surplus funds under management (cash deposits and marketable securities) as well as long-term investment funds (investment securities) possessed by the Company.

3. Segment profit (loss) is adjusted with operating profit in the consolidated statements of income.

4. Depreciation includes amortization of long-term prepaid expenses.

5. Increases in property, plant and equipment and intangible assets include increase in long-term prepaid expenses.

b. Information on impairment losses on fixed assets by reportable segment

For the fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)

(Million yen)

	Chemicals Products Business	Food Products Business	Life Science Business	Others	Company-wide/ Elimination	Total
Impairment loss	-	-	141	-	-	141

For the fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)

(Million yen)

	Chemicals Products Business	Food Products Business	Life Science Business	Others	Company-wide/ Elimination	Total
Impairment loss	-	3,750	-	-	-	3,750

(Per share information)

	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Net assets per share (yen)	2,426.70	2,544.28
Basic earnings per share (yen)	229.65	163.30
Diluted earnings per share	Not shown because there were no potential shares.	Not shown because there were no potential shares.

- (Notes)
1. The basis for calculating basic earnings per share is as follows.
 2. As stated in “Changes in accounting policies,” the changes in accounting policies for the current fiscal year have been applied retrospectively, and the figures for the previous fiscal year have been retrospectively applied. As a result, basic earnings per share for the previous consolidated fiscal year decreased by 0.55 yen compared to that prior to retrospective application.

	Fiscal year ended March 31, 2022 (from April 1, 2021 to March 31, 2022)	Fiscal year ended March 31, 2023 (from April 1, 2022 to March 31, 2023)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	23,687	16,778
Amount not attributable to common stockholders (million yen)	-	-
Profit attributable to owners of the parent for common stock (million yen)	23,687	16,778
Average number of shares of common stock outstanding during the period (thousand shares)	103,144	102,744

(Significant subsequent events)

Not applicable.